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## Vision and Mission



### Vision

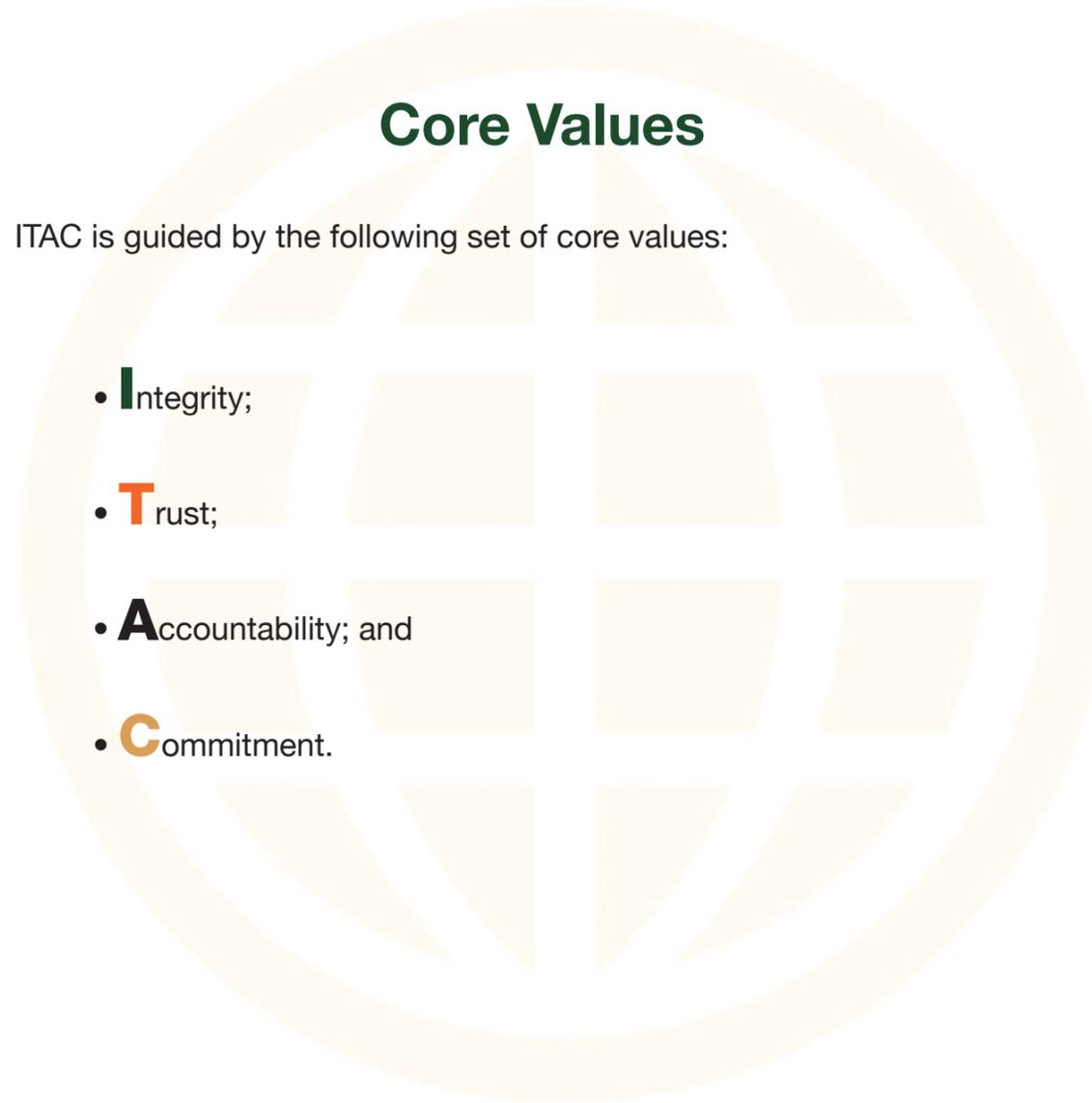
An institution of excellence in international trade administration, enhancing economic growth and development.

### Mission

ITAC aims to create an enabling environment for fair trade through:

- Efficient and effective administration of its trade instruments, and
- Technical advice to Economic Development Department and **the dti**.

## Core Values



### Core Values

ITAC is guided by the following set of core values:

- **I**ntegrity;
- **T**rust;
- **A**ccountability; and
- **C**ommitment.

## Report of the Chief Commissioner



**Mr Siyabulela Tsengiwe**  
Chief Commissioner of ITAC

The international trade terrain in which ITAC operates is complex and dynamic. This requires equally complex and dynamic responses on the part of ITAC in the use of its instruments.

The recent global financial crisis and its adverse impact on the domestic economy presented new challenges. There is increased optimism about the global and domestic economic recovery, and indeed, over the past year, the volume of domestic manufacturing production has increased. However, the negative after-effects of the downturn, such as continued domestic unemployment, will be felt for years. Despite the cautious recovery, employment creation lags behind economic growth.

It is against this background that ITAC has harmonised its strategy and policies with the trade policy direction enunciated in the New Growth Path (NGP). The National Industrial Policy Framework and Industrial Policy Action Plan (IPAP), together with the South African Trade Policy and Strategy Framework (SATPSF), set out the contribution that tariff policy should make in a competitive and dynamic global arena. The NGP places employment creation at the centre of

## Report of the Chief Commissioner (continued)

economic development. The NGP, consistent with IPAP and SATPSF, advocates developmental trade policies. The NGP, on the trade policy direction, states among other things, that trade policy should seek to promote exports of value-added manufacturing while addressing unfair competition against domestic producers and assisting new economic activities. In this vein, ITAC follows a strategic approach to tariff-setting with the objective of promoting manufacturing, employment creation, and international competitiveness.

In response to the economic downturn, under the overarching NEDLAC Framework, ITAC revised its time-frames for investigations from 12 to 9 months with regard to trade remedies; 12 to 6 months for normal tariff investigations; and to four months in the case of tariff investigations for vulnerable sectors.

One of the central aims of the developmental growth path, enunciated in the NGP, is to develop a low carbon-emission economy. In making a contribution to this objective, ITAC has embarked on an analysis of the tariff regime for green goods such as renewable energy plant and energy-efficient products and industrial systems, with a view to monitoring trade and identifying industrial opportunities in this dynamic market. The green goods sector has great potential for creating jobs. At its infancy stage, the green industry may require developmental tariffs.

Other employment drivers that have been identified and that are of particular relevance to ITAC are, firstly, the infrastructure programmes. In encouraging the domestic sourcing of components for these programmes, ITAC may provide tariff support to new industries supplying such components. During the year under review, ITAC recommended tariff increases for the industry manufacturing towers and lattice masts for telegraph lines and electric power lines, utilising the opportunities generated by the electricity and telecommunications infrastructure programmes.

Secondly, on the agriculture value chain, it is crucial to note that agro-processing contributes not just by increasing high value-added exports and employment, but also improves the geographical spread of economic activities by including rural areas. Tariff support for agro-processed goods down the food value chain will be considered on a case-by-case basis informed by the circumstances and peculiarities of each sector. In this context, it must be mentioned that increased international price levels of food have serious implications for tariff-setting, in particular when considering applications for an increase in customs duties for agricultural products. On the one hand, the Commission must support farming as a sustainable, profitable business, while on the other, it must guard against the price-raising ripple-effects of import tariffs throughout the full agro-processing value



## Report of the Chief Commissioner (continued)

chain, in particular with regard to staple foods.

And, lastly, on the mining and manufacturing value chain, import tariffs downstream will be positioned in a manner that supports domestic mineral beneficiation. Tariffs on capital-intensive upstream resource-based and mature industries have been reviewed and in some instances reduced or removed in the interest of lowering input costs into labour-intensive downstream activities. Tariffs on downstream industries, particularly those that are strategic from an employment and value-addition perspective, will be retained or in some instances raised.

ITAC has now begun to make all tariff support conditional to reciprocal commitments by applicants to gauge the performance of beneficiaries against the policy objectives of increased production, investment and employment. Tariff increases will also be tied to a specific period of time after which tariffs may be reviewed.

During the year under review, ITAC completed its revised customs tariff policy and accompanying regulations.

ITAC investigated and recommended the implementation of increases in duty on the mentioned towers and lattice masts for telegraph lines and electric power lines and on certain semi-fabricated aluminium products. Six rebate provisions on inputs used for

manufacturing purposes were implemented. Some of the beneficiaries of duty relief on imported intermediate inputs were the consumer electronic manufacturing industry (set top boxes), the chemical and paper manufacturing industries, and the home textiles industry. Tariff support and relief will have the effect of improving the price competitive position of the companies in the face of stiff competition from abroad. Tariff reductions were implemented in cases where products are not manufactured or unlikely to be manufactured domestically.

Import control measures or restrictions in a more globally integrated economy are limited to those allowed under the relevant World Trade Organization (WTO) Agreements. Import control measures are essentially for health, safety and environmental reasons. In this regard ITAC makes a contribution to the green economy. In the enforcement of standards and the curbing of illegal and fraudulent trade, ITAC will be positioning itself to play a more strategic role with regard to import control measures and enforcement. As mentioned, mineral beneficiation has been identified as one of the areas where jobs can be created. ITAC will therefore align its export control measures to support the beneficiation of minerals.

Trade remedies instruments: countervailing measures, safeguards, and in particular, anti-dumping, will be receiving more attention in the medium to long term. The specific

## Report of the Chief Commissioner (continued)

objectives in trade remedies that are interconnected to the key strategic objective of promoting growth and development are: retention and creation of jobs, sustainable industrialisation and international competitiveness. The investigations have to be carried out in compliance to domestic law and consistent with the WTO Agreements.

Action against unfair trade in the form of injurious dumping is a critical government measure to protect jobs. Injurious dumping must be acted against swiftly, thereby levelling the playing field, so that foreign firms are not allowed to compete unfairly with domestic firms.

During the year under review, ITAC completed its revised anti-dumping policy and regulations. Anti-dumping duties were imposed on staple polyester fibre originating in or imported from the People's Republic of China on a number of Chinese manufacturers and exporters of staple polyester fibre. In six anti-dumping sunset reviews on products such as acrylic blankets, certain chemicals, electric cables, and fasteners, existing anti-dumping protection was maintained and, in the case of fasteners, increased.

Judicial reviews and litigation will continue to be a challenge in this complex and technical area of work. All jurisdictions active in this field have to contend with this reality.

At a multilateral level, a major part of WTO Settlement of Disputes is constituted by trade remedies cases. Being procedurally and substantively compliant in carrying out trade remedies investigations cannot be overemphasised. ITAC has won the majority of the few cases brought against it. Since January 2008 to August 2010, ITAC made 30 recommendations to the Minister on trade remedies. Only one of these recommendations was the subject of two different review applications in the high court involving wire ropes and cables. There are two other pending cases that commenced prior to 2008: Tyres (Anti-dumping) and Lysine (Safeguards).

From August 2010 to June 2011, ITAC made nine recommendations on trade remedies to the Minister of Trade and Industry. None of these were taken on judicial review. Encouragingly, on wire ropes and cables, ITAC recently won a landmark Constitutional Court decision. The Court determined that the setting, changing, or removal of anti-dumping duties is a policy-laden executive decision that flows from the power to formulate and implement domestic and international policy, and that courts should give due weight to findings of fact and policy decisions made by those with special expertise and experience in the field.

In conclusion, given its mandate, ITAC is faced with a challenge of adaptation and renewal.

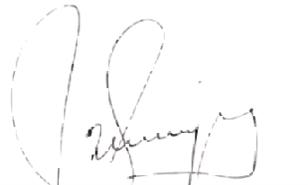


## Report of the Chief Commissioner *(continued)*

ITAC, in light of the institutional information and knowledge accumulated from its trade instruments in the form of product specific investigations and the administration of industrial development programmes such as the MIDP (Motor Industry Development Programme), to be superseded by the Automotive Production Development Programme (APDP) in 2013, is positioned to make contributions to the successful implementation of the New Growth Path (NGP).

ITAC must continue to provide technical advice on its instruments in trade negotiations. In addition, in the context of the work on the NGP, ITAC must now build capacity to engage in monitoring trade flows, identifying opportunities and threats. This is a logical evolution of ITAC's role in its alignment with the Economic Development

Department's objectives. This has led to a recognition that, in addition to providing trade instruments in reaction to industry applications, ITAC has to be more explicit and proactive in the technical advice that it provides on the implementation of trade policy.



**Mr Siyabulela Tserigiwe**  
Chief Commissioner

## Commentary by the Chairperson of the Commission

During the year under review, the Commission considered customs tariff and trade remedy applications cognisant of the recommendations contained in the Industrial Policy Action Plan (IPAP 2) that has become the critical platform for driving the manufacturing goals of the New Growth Path (NGP).

During the year under review, the Commission considered, after thorough investigation by its investigative staff, a number of applications for tariff increases. Domestic industries that manufactured products for which tariff increases were recommended comprised the industries manufacturing towers and lattice masts for telegraph lines and electric power lines, certain semi-fabricated aluminium products, lysine and similar animal feed supplements, glycerol, calcium propionate (a bread preservative), and colour pigments. Tariff support for these industries has the aim of enhancing the price competitive position of domestically manufactured products compared to imported products. An application for an



**Ms Tina Eboka**  
Chairperson of the Commission



## Commentary by the Chairperson of the Commission *(continued)*

increase in customs tariffs by the paper and paperboard manufacturing industry could not be supported.

The Commission also considered applications for rebate of the import duty on inputs used for manufacturing purposes. It recommended that a rebate of duty provision be introduced for components used for the manufacture of set top boxes; for certain (EU environmentally compliant) complex petroleum oils used for the manufacture of tyres; and for caustic soda for use in the extraction of uranium oxide from uranium ore and for the manufacture of hardwood pulp, liner board and newsprint. Tariff relief will have the effect of reducing the cost of production for the beneficiary industries as well as improving the competitive position of the companies in the face of fierce low-priced competition from abroad.

Of the seventeen applications received for a reduction in duties, the Commission could only support five. Upon receipt of demonstrable evidence that the products were not manufactured domestically and unlikely to be manufactured domestically, the Commission recommended the reduction in duties on pistons for motor vehicle engines, self-copy paper used by printers to produce

business forms, stainless steel nuts, glass ampoules for pharmaceutical applications, and tyre cord fabric, and rubberised textile fabrics and chemical compounds used for tyre manufacturing.

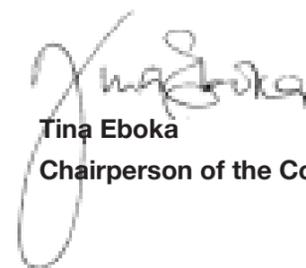
Anti-dumping investigations on staple polyester fibre originating in or imported from the People's Republic of China and on picks originating in or imported from India were finalised. Upon completion of the investigations, the Commission recommended that anti-dumping duties be imposed on multiple Chinese manufacturers and exporters of staple polyester fibre but, as the domestic industry did not experience material injury, the Commission did not recommend the imposition of measures on picks imported from India.

In six anti-dumping sunset reviews on products such as acrylic blankets, polyethylene terephthalate for the manufacture of plastic containers, acetaminophen (paracetamol), paper-insulated lead-covered electric cables, unframed mirrors, and steel bolts and nuts, the Commission recommended that existing anti-dumping protection be maintained, and in one instance increased.

## Commentary by the Chairperson of the Commission *(continued)*

I wish to express my sincere thanks and appreciation to Commission members for their support and to investigative staff for their dedication, expert advice and detailed

examination of the merits or demerits of the tariff applications and trade remedies considered by the Commission during the past year.



**Tina Eboka**  
Chairperson of the Commission



## Background to ITAC

ITAC was established through an Act of Parliament, the International Trade Administration Act, 2002 (Act No. 71 of 2002) (ITA Act), which came into force on 1 June 2003.

The aim of ITAC, as stated in the 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 Union Area by establishing an efficient and effective system for the administration of international trade subject to this Act and the Southern African Customs Union (SACU) Agreement. The core functions are: customs tariff investigations; trade remedies; and import and export control.

The ITA Act makes provision for a Chief Commissioner who serves as the Chief Executive Officer. The Chief Commissioner is assisted by a Deputy Chief Commissioner and a maximum of ten Commissioners who can be appointed to serve on a full or part-time basis.

There is currently a full-time Chief Commissioner and Deputy Chief Commissioner with six part-time Commissioners.

The Commission meets once a month to evaluate investigations conducted by investigative staff and make recommendations to the Minister of Trade and Industry. The Commissioners come from diverse backgrounds including, Economics, International Trade Law, Agriculture, Business and Labour.

## Commissioners



**Siyabulela Tsengiwe**  
Chief Commissioner



**Tina Eboka**  
Chairperson of the Commission



**Brenda Mabaso Chipeio**  
Deputy Chief Commissioner



**Tanya van Meelis**  
Commissioner



**Michael P. McDonald**  
Commissioner



**Riaan de Lange**  
Commissioner



**Ronny Mkhwanazi**  
Commissioner



**Matome Morokolo**  
Commissioner



## Senior Management Team



**Siyabulela Tsengiwe**  
Chief Commissioner



**Brenda Mabaso Chipeio**  
Deputy Chief Commissioner



**Noni Khuse**  
General Manager: Corporate Services



**Chris Arnold**  
Senior Manager: Technical Advisory Services



**Phillip Semela**  
Chief Information Officer



**Justin Daniel**  
Chief Financial Officer



**Phillip Snyman**  
Senior Manager: Import and Export Control



**Carina van Vuuren**  
Senior Manager: Trade Remedies I



**Zoleka Xabendlini**  
Senior Manager: Trade Remedies II

## Senior Management Team (continued)



**Rika Theart**  
Senior Manager: Tariff Investigations I



**Nomonde Somdaka**  
Senior Manager: Tariff Investigations II



**Virginia Mashele**  
Senior Manager: Human Resources



**Niki Kruger**  
Senior Manager: Legal Services



**Bhekithemba Kgomo**  
Senior Manager: Internal Audit



**Alexander Amrein**  
Senior Manager: Policy and Research



## List of reports issued by ITAC in 2010/2011

(A full list of current and previous reports with more details is available on the ITAC website: [www.itac.org.za](http://www.itac.org.za))

Report Number	Report title
336	Amendment to rebate item 317.06/00.00/05.00 and the deletion of rebate items 317.06/42.00/01.02 and 317.06/00.00/04.00 of the Customs and Excise Act, relating to automotive leather products
337	Application for a reduction in the rate of customs duty on lever arch-file mechanisms
338	Application for a rebate of duty on woven fabrics containing 85 percent, or more by mass of polyester filaments used for the manufacture of faux leather (look-alike leather) lounge suites.
339	Termination of the anti-dumping duties on acrylic blankets originating in or imported from Turkey
340	Increase in the rate of customs duty on lysine and its esters, and feed supplements containing by mass 40 per cent, or more lysine, whether or not containing added antibiotics or added melengestrol acetate
341	Increase in the rate of customs duty on calcium propionate
342	Increase in the rate of customs duty on inorganic pigments and preparations based on chrome oxide green, lead chromate, zinc chromate, barium chromate, or strontium chromate
343	Termination of the anti-dumping duties on hexagon nuts of iron, or steel originating in or imported from Chinese Taipei
344	Rebate of duty on complex petroleum hydrocarbons for use as plasticizers in the manufacture of synthetic rubber and pneumatic tyres
345	Investigation into the alleged dumping of picks originating in, or imported from India: Final determination
346	Reduction in the duty on stainless steel nuts
347	Reduction in duty on pistons for motor vehicle engines
348	Exclusion of bolts fitted with base metal expansion sleeves from the existing anti-dumping duties applicable on bolts and nuts originating in, or imported from the People's Republic of China
349	Application for a rebate of duty on insulated electrical cables used for the manufacture of automotive wiring harnesses
350	Rebate of the duty on materials and components used in the manufacture of set top boxes
351	Review of rebate item 460.11/00.00/01.00 for the importation of used overcoats

## List of reports issued by ITAC in 2010/2011

Report Number	Report title
352	Amendment of rebate items 311.12/60.05/01.04 and 311.12/60.06/01.04 for the importation of warp, knitted or crocheted fabrics
353	Investigation into the alleged anti-dumping duties on acrylic blankets originating in or imported from the People's Republic of China (PRC) and Turkey: Final Determination
354	Rebate of duty on solid sodium hydroxide for use in the extraction of uranium oxide from uranium ore
355	Reduction in the duty on glass ampoules
356	Increase in the customs duty on towers and lattice masts for telegraph lines or electric power lines
357	Increase in the rate of duty on aluminium extrusions
358	Reduction in the rates of duty on rubberised textile fabrics, tyre cord fabrics and polymerised 1,2 dihydro-2,2,4-trimethyl-quinoline
359	Creation of a rebate facility for sodium hydroxide (caustic soda) used in the manufacture of hardwood pulp, liner board and newsprint
360	Sunset review of the anti-dumping duties on unframed mirrors originating in or imported from India: Final Determination
361	Sunset review of the anti-dumping duties on polyethylene terephthalate originating in, or imported from Chinese Taipei, the Republic of Korea and India: Final Determination
362	Sunset review of the anti-dumping duties on hexagon bolts and nuts of iron, or steel originating in, or imported from the People's Republic of China: Final Determination
363	Amendment to the duty and rebate dispensation for certain monitors
364	Sunset Review of the anti-dumping duties on acetaminophenol originating in, or imported from the People's Republic of China (PRC) and the United State of America (USA): Final Determination
365	Sunset review of the anti-dumping duty on paper insulated lead covered electric cables originating in or imported from India: Final Determination
366	Termination of the anti-dumping duties on biaxially orientated polymers of propylene (BOPP) film originating in, or imported from Brazil



## Tariff Investigations

The objectives of the Tariff Investigations Unit are to promote domestic production, job creation, and international competitiveness.

To assist companies and sectors in distress, ITAC revised its timeframes for investigations from 12 to 6 months for ordinary tariff investigations and to four months in the case of tariff investigations for vulnerable sectors.

The Commission considered, after thorough investigation, 10 applications for tariff increases. Domestic industries that manufactured products for which tariff increases were recommended comprised the industries manufacturing towers and lattice masts for telegraph lines and electric power lines, for firms utilising the opportunities generated by the electricity and telecommunications infrastructure programmes, certain semi-fabricated aluminium products, lysine and similar animal feed supplements, glycerol, calcium propionate (a bread preservative), colour pigments, and sewing thread of man-made filaments. Tariff support for these industries, given the production possibilities, has the aim of improving the price competitive position of domestically manufactured products in the face of fierce foreign competition. The support enables firms to fully utilise production capacity and achieve increased economies of scale with a reduction in marginal cost of production.

The Commission also considered 20 applications for rebate of the import duty on inputs not produced or insufficiently produced domestically and used for manufacturing purposes. It recommended that a rebate of duty provision be introduced for components used for the manufacture of set top boxes; for certain (EU environmentally compliant) complex petroleum oils used for the manufacture of tyres; for caustic soda for use in the extraction of uranium oxide from uranium ore and for the manufacture of hardwood pulp, liner board and newsprint; and for certain textile fabrics for the manufacture of household textiles. Tariff relief will have the effect of reducing the cost of production for the beneficiary industries as well as improving the competitive position of the companies in the face of low-priced competition from abroad.

The tariff relief for the home textiles industry included reciprocity provisions. Qualifying companies started making use of the rebate provision with effect from June 2010. Information has been received on improved employment and increased production and investment. Imports of home textiles have also declined.

ITAC has now begun to make all tariff support conditional to reciprocal commitments by applicants to gauge the performance of beneficiaries against the policy objectives of increased production, investment and employment.

## Tariff Investigations (continued)

Of the seventeen applications received for a reduction in duties, the Commission could only support five. Upon receipt of demonstrable evidence that the products were not manufactured domestically and unlikely to be manufactured domestically, the Commission recommended the reduction in duties on pistons for motor vehicle engines, self-copy paper used by printers to produce business forms, stainless steel nuts, glass ampoules for pharmaceutical applications, and tyre cord fabric, rubberised textile fabrics and chemical compounds used for tyre manufacturing.

Consequent upon the revised customs tariff and rebate provisions introduced during 2009/2010 to the benefit of the domestic television set assembly industry that has led to new investment and employment within this industry, the Commission, during the year under review, recommended the withdrawal of an outdated rebate provision that unintentionally allowed for the duty-free importation of certain television monitors. The abuse of this rebate provision detrimentally affected the television set assembly industry.

The Commission also reviewed the rebate provision that allows for a partial rebate of duty on used overcoats. The recommended revised provision, while still allowing consumers at the lower end of the market access to relatively inexpensive overcoats,

significantly reduced the difficulties experienced in administering the rebate provision without an adverse effect on the financial position and employment in the overcoat manufacturing industry or an overdue disruptive impact on employment within the used overcoat business.

The Tariff Investigations Unit administers the Motor Industry Development Programme (MIDP) to be superseded by the Automotive Production Development Program (APDP) in 2013.

In the financial year 2010/2011, ITAC issued 2 206 import rebate credit certificates in terms of the MIDP provisions and 1683 permits in terms of other standing rebate provisions in Schedules No. 3, 4 and 5 of the Customs and Excise Act, including the export promoting provisions in terms of which the duties on imported materials and components are rebated on condition that the final product manufactured domestically, is exported.



## Trade Remedies

In accordance with domestic law and regulations and consistent with WTO rules, ITAC is responsible for conducting investigations of anti-dumping protection, countervailing duty protection to counteract subsidisation in foreign countries, and safeguard measures against an unforeseen surge in imports that causes serious injury to domestic producers.

In the main, applications to ITAC are for anti-dumping measures, as has been the case during 2010/2011.

Dumping is a form of international price discrimination, which refers to the practice of a firm selling the same goods at a lower price in an export market than in its own domestic market. If such discriminatory pricing by foreign producers exporting to South Africa is causing material injury to local producers of identical or similar goods, ITAC may recommend the imposition of additional specific anti-dumping duties on imports. Material injury is a technical term and refers to injury that is not insignificant. It is measured in terms of declines in the prices, sales volume, profits, market share, employment and other factors of domestic manufacturers.

Unrestricted international price discrimination has the potential of causing injury to domestic producers to the extent of driving

them out of the domestic market even if these were efficient producers. Action against unfair trade in the form of injurious dumping is, therefore, a critical government measure to protect jobs and sustain industrialisation. Injurious dumping must be acted against swiftly, thereby levelling the playing field, so that foreign firms are not allowed to compete unfairly with domestic firms.

To assist companies and sectors in distress, ITAC revised its timeframes for anti-dumping investigations from 12 to 9 months.

During the year under review, the Commission considered a number of sunset reviews of existing anti-dumping duties, as well as two new applications and made the recommendations as outlined below:

### Staple polyester fibre

A new application was lodged in a previous period for the possible introduction of an anti-dumping duty on staple polyester fibre originating in or imported from the People's Republic of China.

During its subsequent investigation conducted over the past financial year, the Commission found that the subject product exported by Zhe Jiang Waysun and a number of non-cooperating exporters in China was being dumped on the SACU market. The Commission also found evidence that the

## Trade Remedies (continued)

applicant suffered material financial injury due to the exportation of the product to SACU by a number of Chinese exporters at prices lower than reigning domestic market prices in China.

The Commission recommended that an anti-dumping duty of R0.93/kg be introduced on staple polyester fibre exported by Zhe Jiang Waysun and that an anti-dumping duty of R5.83/kg be introduced on staple polyester fibre exported by non-cooperating exporters. The firms Cixi Jiangnan, Ningbo Dafa, Nantong Sanjia, and Huvis Sichuan were found not to be dumping and these firms were excluded from payment of the anti-dumping duties.

### Picks

The Commission considered an application lodged in a previous period for the introduction of an anti-dumping duty on picks originating in or imported from India. The Commission found that, although dumping of the subject product was taking place, the SACU industry was not experiencing material injury as a result, nor did a threat of injury exist as a result of the dumped imports. The Commission therefore recommended to the Minister of Trade and Industry that the investigation be terminated without imposition of measures.

### Acrylic blankets

Subsequent upon a substantiated request by the Textiles Federation of South Africa, the Commission conducted a sunset review investigation of the existing anti-dumping duties on acrylic blankets originating in or imported from the People's Republic of China and Turkey.

A sunset review is undertaken when a domestic industry submits demonstrable evidence that the expiry of the anti-dumping duties after the normal five years of existence, would likely lead to the continuation or recurrence of dumping and causal injury.

None of the importers or exporters of acrylic blankets cooperated in the investigation.

In the light of the information at its disposal, the Commission found that the expiry of the anti-dumping duties would in all likelihood lead to the recurrence of dumping and consequent material injury to the domestic industry manufacturing blankets.

The Commission recommended that the existing anti-dumping duties of 691c/kg on acrylic blankets imported from Turkey and 2834c/kg on acrylic blankets imported from the PRC be maintained at these levels.



## Trade Remedies *(continued)*

### Steel bolts and nuts

The Commission investigated a sunset review application by the South African Fastener Manufacturers Association for the retention of the anti-dumping duties on hexagon bolts and nuts (excluding those of stainless steel and those used for certain special applications) originating or imported from China. Considering the information at its disposal, the Commission concluded that the expiry of the anti-dumping duty would in all likelihood lead to the continuation of dumping and consequent material injury to the SACU industry. Only one Chinese company manufacturing bolts, Ningbo Jinding Fastening Piece Company, responded to the Commission's request for information. It was found that this company did not export its products to SACU at prices lower than those charged in China. This company was therefore excluded from future payments of the recommended anti-dumping duty. Based on the available information, the Commission recommended that the existing residual anti-dumping duty on hexagon bolts of steel (excluding certain specialty bolts) be increased from 29% to 55.4%, and the existing anti-dumping duty on nuts (excluding specialty nuts) be increased from 36% to 122.7%.

### Paper insulated lead covered electric cables

A sunset review investigation of paper insulated lead covered electric cables imported from or originating in India was initiated by the Commission. None of the importers or Indian exporters of paper insulated lead covered electric cables responded to the Commission's questionnaire. On the basis of the information at its disposal, the Commission made a determination that the expiry of anti-dumping duties on paper insulated lead-covered electric cables imported from or originating in India would likely lead to recurrence of dumping and recurrence of material injury. The Commission recommended that the existing anti-dumping duty of 65.47% be maintained as this level is considered sufficient to protect the domestic industry as there were no imports of the subject product since the imposition of the original anti-dumping duty.

### Polyethylene terephthalate, acetaminophenol, and unframed mirrors

Subsequent upon the completion of sunset reviews, the Commission recommended that the existing anti-dumping duties on polyethylene terephthalate, manufactured domestically and used for the manufacture of

plastic containers for, among others, soft drinks, water, and oils; the existing anti-dumping duties on acetaminophenol (paracetamol), and the existing anti-dumping duties on unframed mirrors, be retained. It was recommended that the anti-dumping duty on polyethylene terephthalate originating or imported from Chinese Taipei, India, and

the Republic of Korea be maintained at 75%, 54.1%, and 19.7%, respectively; that the duty on acetaminophenol originating or imported from the PRC and the USA be maintained at 2573c/kg, and 2371c/kg respectively; and that the duty on unframed mirrors originating or imported from India, be maintained at 68.74%.



## Import and Export Control

Import and export control measures are applied to enforce health, environmental, safety, and technical standards in terms of domestic laws and international agreements, such as the Montreal Protocol on Substances that Deplete the Ozone Layer, the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal, the movement of hazardous chemicals in terms of the Rotterdam and Stockholm Conventions, and the 1988 UN Convention Against the Illicit Traffic in Narcotic Drugs and Psychotropic Substances. All used or second-hand goods are also subject to import control. The exportation of metal scrap and ingots is controlled to assist local fabricators in acquiring sufficient raw materials for further processing domestically.

To fulfil its mandate, ITAC established partnerships with other government departments and agencies such as the Departments of Environmental Affairs, Mineral Resources, Energy, Health, Agriculture, Forestry and Fisheries, and the National Regulator for Compulsory Specifications (NRCS).

Specifically, agreements have been signed with the SAPS with regard to chemicals listed in the 1988 United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances; the Department of Agriculture, Forestry and Fisheries regarding the exportation of Yellowwood, Stinkwood,

Blackwood and Wattle Seed; the Department of Mineral Resources regarding the exportation of Tiger's Eye and Sugulite to assist the Department with strategies for domestic beneficiation; the Department of Environmental Affairs regarding the movement of marine products, hazardous chemicals, and hazardous waste; the National Regulator for Compulsory Specifications regarding the importation of pneumatic tyres; and the Department of Health on the control over the movement of radioactive sources.

Formal working relationships were also developed by establishing a discussions forum with the Cross Border Road Transport Agency and the South African Revenue Service.

During the reporting period, 15 489 import permits and 7 284 export permits were issued. The bulk of the import permits, namely a total of 3 490 permits, were issued to import machinery and mechanical appliances, equipment and parts thereof of chapter 84 to the Harmonised Customs Tariff. A total of 2 941 import permits were issued for the importation of vehicles and parts thereof of Chapter 87, a total of 1 490 import permits to import fish, crustaceans, molluscs and other aquatic invertebrates of Chapter 03, a total of 1 393 permits to import rubber and articles thereof, including tyres, of Chapter 40, a total of 832 permits to import arms and ammunition of chapter 93, a total

## Import and Export Control (continued)

of 637 permits to import electrical machinery and equipment and parts thereof of Chapter 85, and a total of 1 021 to import metals of Chapters 72 to 81.

The bulk of export permits, namely a total of 2 747 were issued for the exportation of ferrous and non-ferrous waste and scrap of Chapters 72 to 81 of the Customs Tariff. A total of 1 071 export permits were issued for the exportation of organic chemicals of Chapter 29, and 2 256 for the exportation of used motor vehicles. A total of 723 export permits were issued to export inorganic chemicals of Chapter 28 and 426 export permits to export mineral fuels and oils, and products of their distillation of Chapter 27.

The enforcement component of the Import and Export Control Unit conducts its activities in terms of Section 41 of the International Trade Administration Act 2002 (No. 71 of 2002). Enforcement activities are carried out to ensure compliance with the provisions of the Act, the regulations promulgated in terms of the Act, as well as import and rebate permit conditions.

Enforcement comprises scheduled inspections, unscheduled or surprise inspections and investigations.

During the 2010/2011 financial year, 708 scheduled inspections, 524 unscheduled or surprise inspections and 24 investigations were carried out. Industry sectors inspected were clothing; overcoats; footwear; sporting equipment; electronic equipment; metals, including ferrous and non-ferrous waste and scrap; rubber, including tyres; automotive; and machinery and equipment.

The inspections resulted in 23 investigations being conducted where *prima facie* evidence existed that contravention of the provisions of the ITA Act occurred. The Act empowers Investigators to seize illegally imported or exported goods. During the financial year, illegally imported goods were seized in four instances. The sectors affected by these seizures were the automotive (used vehicles), clothing (used clothing) and the rubber (used tyre casings) sectors.

The Enforcement Unit also successfully participated in enforcement operations with other stakeholders such as SARS and SAPS.



## Performance against predetermined objectives

### TARIFF INVESTIGATIONS

#### STRATEGIC OBJECTIVE 1

Contribute to employment creating growth and development through effective delivery of International Trade instruments

BUSINESS UNITS	MEASURABLE OBJECTIVES	TARGETS/OUTPUTS TO BE DELIVERED BY 31 MARCH 2011	PERFORMANCE INDICATORS	QUARTELY / MILESTONES OBJECTIVES	ACTUAL PERFORMANCE	REASONS FOR VARIANCE
<b>Tariff Investigations</b>	Customs Tariff Reductions investigated in order to reduce cost of production and improve international competitiveness	15 Investigations presented to Commission	Evaluated and presented investigations, resulting in approved letters, Government Gazetting, reports, and amendment to the relevant Schedules of the Customs and Excise Act	Q1: 4 investigations presented to Commission Q2: 4 investigations presented to Commission Q3: 4 investigations presented to Commission Q4: 3 investigations presented to Commission	17 tariff reduction investigations were evaluated and presented to Commission for consideration	Target exceeded as more applications received from industry
	Customs Tariff rebates investigated in order to reduce cost of production and improve international competitiveness	20 Investigations presented to Commission	Evaluated and presented investigations, resulting in approved letters, Government Gazetting, reports, and amendment to the relevant Schedules of the Customs and Excise Act	Q1: 5 investigations presented to Commission Q2: 5 investigations presented to Commission Q3: 5 investigations presented to Commission Q4: 5 investigations presented to Commission	20 customs tariff rebate investigations were presented to Commission	Target met
	Customs Tariff increases investigated in order to sustain jobs, investment and industrialisation	10 investigations evaluated and/or presented to Commission	Evaluated and presented investigations, resulting in approved letters, Government Gazetting, reports, and amendment to the relevant Schedules of the Customs and Excise Act	Q1: 3 investigations presented to Commission Q2: 3 investigations presented to Commission Q3: 2 investigations presented to Commission Q4: 2 investigations presented to Commission	10 tariff increase investigations evaluated and presented to Commission	Target met



## Performance against predetermined objectives

BUSINESS UNITS	MEASURABLE OBJECTIVES	TARGETS/OUTPUTS TO BE DELIVERED BY 31 MARCH 2011	PERFORMANCE INDICATORS	QUARTELY / MILESTONES OBJECTIVES	ACTUAL PERFORMANCE	REASONS FOR VARIANCE
Tariff Investigations	Motor Industry Development Programme (MIDP) managed in order to reduce cost of production and improve international competitiveness	Issued: 2000 Import Rebate Credit Certificates (IRCC)	Certificates issued in accordance with Legislation, Policy, Rules and Regulations	Q1 - Q4: 500 IRCCs	• 2206 IRCCs	IRCCs increased in line with the improving economy, showing a recovery from the economic crisis.
		60 Productive Asset Allowance certificates (PAA)		15 PAA certificates	• 70 PAA certificates	Increase in PAA claims presented by industry, attributed to the economic recovery
		260 Eligible Export Certificate (EEC)		65 EECs	• 66 EECs	Due to the extension on the validity date of EECs, few requests for renewal were received from industry
		100 Heavy Commercial Vehicles Certificate (HCV)		25 HCV	• 119 HCVs	More certificates issued, attributed to the economic recovery
	MIDP verifications conducted in order to ensure compliance	Conducted 100 MIDP verifications	MIDP verifications conducted in accordance with Legislation, Policy, Rules and Regulations	Q1 - Q4: 25 Verifications	334 desk and on-site verifications	More on-site and desk verifications done on MIDP claims so as to strengthen control of program and enhance compliance.
	Textile and Clothing Industry Development Programme (TCIDP) Duty Credit Certificates issued in order to reduce input costs and increase competitiveness	Issued 740 DCC certificates	DCC certificates issued in accordance with Legislation, Policy, Rules and Regulations	Q1 - Q4: TCIDP: 185 DCC certificates	920 certificates issued in accordance with legislation, policy and within set timelines.	Increased number of certificates issued due to more transfers from Lesotho and as a result of the phasing out of the programme.
	Import rebates and drawback permits issued in order to reduce input costs and increase competitiveness	Issued 880 permits	Permits issued in accordance with Legislation, Policy and guidelines	Q1 - Q4: Other: 220	763 permits issued in accordance with legislation, policy and within set timelines.  Permits include those that were issued for the Gautrain project, the Petroleum pipelines and home textiles. Reports on the utilisation were compiled and presented to Commission.	Decrease in the number of permits due to contraction in demand



## Performance against predetermined objectives *(continued)*

### STRATEGIC OBJECTIVE 2

Ensure strategic alignment and continued relevance with the Economic Development Department and National Agenda

BUSINESS UNITS	MEASURABLE OBJECTIVES	TARGETS/OUTPUTS TO BE DELIVERED BY 31 MARCH 2011	PERFORMANCE INDICATORS	QUARTELY / MILESTONES OBJECTIVES	ACTUAL PERFORMANCE	REASONS FOR VARIANCE
Tariff Investigations	<ul style="list-style-type: none"> <li>• Technical inputs to Trade and Industrial policy implementation</li> </ul>	<ul style="list-style-type: none"> <li>• 4 engagements</li> </ul>	Accepted inputs	<ul style="list-style-type: none"> <li>• Q1 - Q4: 1 engagement</li> <li>• Q3: 1 engagement</li> <li>• Q1 - Q4: 2 engagements</li> <li>• Q1 - Q4: 1 engagement</li> </ul>	<ul style="list-style-type: none"> <li>• Participated in 5 of the monthly IPAP2 meetings which provides a platform for discussions and giving technical input to trade and industrial policy implementation</li> </ul>	Technical inputs on WTO negotiations are dependant on the agenda and whether there are scheduled meetings requiring ITAC's input
	<ul style="list-style-type: none"> <li>• Technical inputs on negotiating positions and policy inputs on Customs Tariffs</li> </ul>	<ul style="list-style-type: none"> <li>• Meetings attended as per invitation/ according to WTO schedule</li> </ul>	Approved policy input papers and submissions		<ul style="list-style-type: none"> <li>• Participated and gave technical input in 3 SACU meetings including making inputs on the development of a strategy for the SACU Textile and Clothing industry and on issues regarding the amendment of rebate for TV monitors</li> </ul>	
	<ul style="list-style-type: none"> <li>• Engagements with Government departments and relevant stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>• 8 engagements</li> </ul>	Qualitative technical advice provided		<ul style="list-style-type: none"> <li>• Concept paper on variable tariff formula presented to the National Agricultural Marketing Council (NAMC) and Wheat Forum</li> <li>• 3 engagements with Wheat Task team comprising of representatives from ITAC, the dti, NAMC, DAFF, Grain SA and Millers</li> <li>• Engagement with ITED on areas of involvement from Tariff Investigations in trade negotiations</li> </ul>	



## Performance against predetermined objectives *(continued)*

BUSINESS UNITS	MEASURABLE OBJECTIVES	TARGETS/OUTPUTS TO BE DELIVERED BY 31 MARCH 2011	PERFORMANCE INDICATORS	QUARTELY / MILESTONES OBJECTIVES	ACTUAL PERFORMANCE	REASONS FOR VARIANCE
<b>Tariff Investigations</b>	<ul style="list-style-type: none"> <li>Engagements with SACU/SADC</li> </ul>	<ul style="list-style-type: none"> <li>4 engagements</li> </ul>	Reports presented, circulated and filed		<ul style="list-style-type: none"> <li>7 engagements with the automotive stakeholders on monitoring of MIDP and adjudication of the Automotive Industry Scheme</li> <li>Participated in 2 SACU Technical Liaison Committee meetings</li> </ul> <p><i>Reports on meetings attended circulated and filed</i></p>	



## Performance against predetermined objectives *(continued)*

STRATEGIC OBJECTIVE 3 Ensure organisational efficiency and effectiveness						
BUSINESS UNITS	MEASURABLE OBJECTIVES	TARGETS/OUTPUTS TO BE DELIVERED BY 31 MARCH 2011	PERFORMANCE INDICATORS	QUARTELY / MILESTONES OBJECTIVES	ACTUAL PERFORMANCE	REASONS FOR VARIANCE
<b>Tariff Investigations</b>	Reviewed Tariff Investigations' policies and procedures	<ul style="list-style-type: none"> <li>Developed guidelines for new rebate provisions which are subject to a permit from ITAC</li> <li>Review guidelines and questionnaires for existing rebate provisions</li> <li>Finalise the review and implementation of Tariff Investigations Guidelines</li> <li>Finalise the review and implementation of Tariff Amendment questionnaires</li> <li>Interactions with stakeholders regarding the changes in policy and regulations</li> </ul>	<ul style="list-style-type: none"> <li>Approved Guidelines and questionnaires for rebates</li> <li>Approved Tariff Amendment questionnaires</li> <li>Approved Tariff Investigations Guidelines</li> <li>Workshops</li> <li>Brochure</li> </ul>	<ul style="list-style-type: none"> <li>Q1 - Q4: Developed guidelines for newly approved rebate provisions which are subject to a permit from ITAC</li> <li>Q3 and Q4: Reviewed guidelines and questionnaires for Rebate 405.04 (donations). Reviewed guidelines and questionnaires for Rebate item 460.11 (used overcoats)</li> <li>Q4: Developed guidelines for new APDP programme</li> <li>Q4: Finalised the review of the Tariff Investigations Guidelines</li> <li>Q3: Finalised the review of the Tariff Amendment questionnaire</li> </ul>	<ul style="list-style-type: none"> <li>Guidelines for new rebate provisions developed and approved</li> <li>Reviewed rebate items 405.04 for donations, rebate 460.11 for worn overcoats and rebate item 460.16/85.28/02.04 for monitors, to include stricter control measures</li> <li>Developed draft implementation guidelines for new APDP program</li> <li>Draft Guidelines finalised, awaiting approval</li> <li>Reviewed, finalised and implemented the Tariff Amendment questionnaires</li> <li>Extensive engagements and consultation with industry through workshops and meetings</li> </ul>	<p>All actions identified were completed</p> <ul style="list-style-type: none"> <li>Review could only commence after approval of the revised Tariff Regulations</li> </ul>



## Performance against predetermined objectives *(continued)*

BUSINESS UNITS	MEASURABLE OBJECTIVES	TARGETS/OUTPUTS TO BE DELIVERED BY 31 MARCH 2011	PERFORMANCE INDICATORS	QUARTELY / MILESTONES OBJECTIVES	ACTUAL PERFORMANCE	REASONS FOR VARIANCE
Tariff Investigations		<ul style="list-style-type: none"> <li>Develop a brochure for Tariff Investigations</li> </ul>		<ul style="list-style-type: none"> <li>Q3: Finalise the development of brochure</li> </ul>	<p>regarding changes in policy and regulations</p> <ul style="list-style-type: none"> <li>Finalised the development of Tariff Investigations brochure</li> </ul>	
	Revised Customs Tariff Policy	<ul style="list-style-type: none"> <li>Finalised the review and implementation of the Customs Tariff Policy</li> </ul>	Approved Customs Tariff Policy	Finalise by 31 May 2010	Customs Tariff Policy reviewed finalised approved by Commission and presented to EDD for Ministers consideration	
	Amended Tariff Investigation Regulations	Finalised the review and implementation of the Tariff Investigation Regulations	Gazetted Tariff Regulations	Finalise by 31 July 2010	Amended Regulations finalised approved by the Commission and presented to EDD for Minister's consideration	
	Impact assessment study on use of Tariff instruments (increases)	<p>Completed Terms of Reference (TOR) for impact assessment study.</p> <p>Completed impact assessment report</p>	Approved TOR and Report	<p>Q2: TOR</p> <p>Q2: Commenced Procurement process</p> <p>Q3: Commenced study</p> <p>Q4: Approved Report</p>	<p>Terms of Reference completed, scope of research identified and approved, questionnaires developed and sent to industry for collation of information. Delays in completing the impact assessment</p>	Study/Research was initiated but not good enough response from industry with regards to providing required information, thus study could not be finalised and the research approach has been redefined
	Raising awareness about Tariff Investigations instruments	<ul style="list-style-type: none"> <li>SARS Coordination Committee (4)</li> <li>Road shows (1)</li> <li>Presentations to Commission on technical Tariffs issues (2)</li> <li>Internal information-sharing sessions (3)</li> <li>Information-sharing with targeted industries (3)</li> <li>Government agencies</li> </ul>	Workshop/Road shows/Meetings	<p>Q1: SARS</p> <ul style="list-style-type: none"> <li>Government agency</li> <li>Media article</li> </ul> <p>Q2: Internal Information sharing</p> <ul style="list-style-type: none"> <li>SARS</li> <li>Targeted Industries</li> <li>Media article</li> <li>Commission Presentations</li> </ul> <p>Q3: SARS</p> <ul style="list-style-type: none"> <li>Government agency</li> <li>Targeted Industries</li> </ul>	<p><i>The following engagements where awareness raising was done include:</i></p> <ul style="list-style-type: none"> <li>4 engagements with the SARS/ITAC Cooperation Forum</li> <li>3 roadshows (Bloemfontein, Polokwane, North West)</li> <li>4 presentations to Commission</li> </ul>	All actions identified were completed



## Performance against predetermined objectives *(continued)*

BUSINESS UNITS	MEASURABLE OBJECTIVES	TARGETS/OUTPUTS TO BE DELIVERED BY 31 MARCH 2011	PERFORMANCE INDICATORS	QUARTELY / MILESTONES OBJECTIVES	ACTUAL PERFORMANCE	REASONS FOR VARIANCE
Tariff Investigations		(4) one per quarter • Media publications (3)		<ul style="list-style-type: none"> <li>• Road show</li> <li>• Government agency</li> <li>• Internal info session</li> <li>Q4: Media article</li> <li>• Presentation to Commission</li> <li>• SARS</li> <li>• Government agency</li> </ul>	<ul style="list-style-type: none"> <li>• Engagements with various industries i.e. Television, agriculture, automotive glass, yachts, boats and catamarans industries, etc.</li> <li>• Information-sharing sessions with, inter alia, Competition Commission, Durban Chamber of Commerce, EU Economic Councillors and IDC. Internal information-sharing session on the revised Customs Tariff Policy, Calculation of the Cost Build Up and on the element of Reciprocity</li> <li>• 4 Media publications</li> </ul>	
	Risk Management	Addressed identified risks and identify new risks	Implementation of corrective measures and minimised risks	Q1 – Q4 Participated, implemented and reported on risk management	Ensured implementation of risk measures as per the risk register, a number of risks were minimised and new ones identified resulting in improved risk controls.	



## Performance against predetermined objectives *(continued)*

### TRADE REMEDIES

#### STRATEGIC OBJECTIVE 1

Contribute to employment creating growth and development through effective delivery of International Trade Instruments

BUSINESS UNITS	MEASURABLE OBJECTIVES	TARGETS/OUTPUTS TO BE DELIVERED BY 31 MARCH 2011	PERFORMANCE INDICATORS	QUARTELY / MILESTONES OBJECTIVES	ACTUAL PERFORMANCE	REASONS FOR VARIANCE
Trade Remedies	Sunset reviews investigations	6 investigations	Published government gazette notice and/ gazetted amendments to the relevant Schedule in the Customs and Excise Act	Q1:4 investigations	6 sunset review investigations	Less applications for anti-dumping; countervailing and safeguard investigations were received from industry than anticipated. Investigations are dependant on applications received, which are industry driven
	Anti-dumping investigations	6 investigations		Q2:4 investigations		
	Countervailing investigations	2 investigations		Q3:4 investigations		
	Safeguard investigations	1 investigation		Q4:3 investigations		
					0 countervailing investigation	
					0 safeguard investigation	

#### STRATEGIC OBJECTIVE 2

Ensure strategic alignment and continued relevance with the Economic Development Department and National Agenda

	Participation in WTO Committee and Technical group meetings	4 meetings according to WTO schedule	Feedback reports and approved input papers and submissions	Q1: 2 meetings Q2: 0 Q3: 0 Q4: 2 meetings	1 meeting attended	Meetings are scheduled by the WTO and attendance is based on invitations received for particular meeting and on the agenda
	Participation in WTO Negotiating Group on Rules	4 meetings according to WTO schedule	Approved negotiating texts	Q1: 2 meetings Q2: 1 meeting Q3: 0 Q4: 1 meeting	1 meeting attended	Meetings are scheduled by the WTO and attendance is based on invitations received for particular meeting and on the agenda



## Performance against predetermined objectives *(continued)*

BUSINESS UNITS	MEASURABLE OBJECTIVES	TARGETS/OUTPUTS TO BE DELIVERED BY 31 MARCH 2011	PERFORMANCE INDICATORS	QUARTELY / MILESTONES OBJECTIVES	ACTUAL PERFORMANCE	REASONS FOR VARIANCE
Trade Remedies	Participation in EU EPA negotiations	2 meetings as per invitation/according to <b>the dti</b> schedule	Approved negotiating texts	Q1: 0 Q2: 0 Q3: 1 meeting Q4: 1 meeting	2 meetings attended	Meetings are scheduled by <b>the dti</b> and attendance is therefore based on receipt of an invitation to a particular meeting and the agenda
	Participation in regional integration issues	2 meetings as per invitation/ according to <b>the dti</b> schedule	Approved negotiating texts, input papers and submissions reports	Q1: 0 Q2: 1 SACU/SADC meeting Q3: 0 Q4: 1 SACU/SADC meeting	2 SACU meetings attended. Provided input on ITAC-BLNS Framework. Provided input on Terms of Reference for unfair trade practises study.	Meetings are scheduled by <b>the dti</b> and attendance is therefore based on receipt of an invitation to a particular meeting
	Participation in SACU-India trade bilateral negotiations	2 meetings as per invitation/ according to <b>the dti</b> schedule	Approved negotiating texts, input papers and reports	Q1: 0 Q2: 1 meeting Q3: 1 meeting Q4: 0	1 meeting attended	Meetings are scheduled by <b>the dti</b> and attendance is therefore based on receipt of an invitation to a particular meeting and the agenda



## Performance against predetermined objectives *(continued)*

STRATEGIC OBJECTIVE 3 Ensure organisational efficiency and effectiveness						
BUSINESS UNITS	MEASURABLE OBJECTIVES	TARGETS/OUTPUTS TO BE DELIVERED BY 31 MARCH 2011	PERFORMANCE INDICATORS	QUARTELY / MILESTONES OBJECTIVES	ACTUAL PERFORMANCE	REASONS FOR VARIANCE
Trade Remedies	Reviewed policy, regulations, questionnaires, investigation guidelines.	Anti-dumping policy	Approved anti-dumping (AD) policy		Extensive inputs were provided for the drafting of the new anti-dumping policy. The draft policy was finalised and refinement of the final policy document is underway.	Introduction of New Growth Path (NGP) had influence on review of the AD policy as policy had to be aligned to NGP
		Review safeguard regulations	Gazetted regulations	Q3: Review safeguard regulations	Worked with Research Unit to discuss the scope and issues for consideration in the review	Draft regulations are in process of development. Was put on back burner due to work on AD/CVD Regulations and AD Policy
		Implement anti-dumping regulations and questionnaires	Published government gazette notice	Q2: Start implementation of anti-dumping regulations and questionnaires	Questionnaires have been reviewed and amended. Various internal discussions with Research Unit and Legal Unit took place. Re-drafted regulations were submitted to EDD Minister for approval.	NGP and AD Policy had direct influence on regulations. Further amendments were necessary and final draft is now awaiting approval. Thereafter, implementation of new questionnaires can commence.
		Implement countervailing regulations; manual and questionnaires	Published government gazette notice	Q2: Start implementation of countervailing regulations and questionnaires	Questionnaires have been reviewed and amended and new manual developed. Various internal discussions with Research Unit and Legal Unit took place. Re-drafted regulations were submitted to EDD Minister for approval.	NGP and AD Policy had direct influence on regulations. Further amendments were necessary and final draft is now awaiting approval. Thereafter, implementation of new questionnaires and manual can take place.



## Performance against predetermined objectives *(continued)*

BUSINESS UNITS	MEASURABLE OBJECTIVES	TARGETS/OUTPUTS TO BE DELIVERED BY 31 MARCH 2011	PERFORMANCE INDICATORS	QUARTELY / MILESTONES OBJECTIVES	ACTUAL PERFORMANCE	REASONS FOR VARIANCE
Trade Remedies		Update Trade Remedies brochure	Trade Remedies brochure	Q3: Completed and use of updated brochure	Brochures were reviewed and finalised, taking into account the changes in policy development.	
	Conducted ad-hoc research projects	Research reports on:  Investigations time frames  Calculation of benefit in countervailing investigations  Sampling  Safeguard measures: <ul style="list-style-type: none"> <li>• Unforeseen developments</li> <li>• Surge of Imports</li> <li>• Process</li> </ul> Analysis of criteria for selection of third country  Like product vs directly competitive product.  Participation and role of ITAC in the WTO Trade and Environment Negotiations	Approved research papers	Q1:  Q2: Finalise research plans  Q3:  Q4: Approved research papers	All ad hoc research project papers were finalised and posted on intranet for further reference.	All actions planned were completed.
	Raising awareness about Trade Remedies instruments	6 SARS coordination Committee meetings  2 Provincial roadshows	Attended workshop / roadshow / meeting presentations	Q1: Commission presentations. SARS, ITED  Q2: Internal information-sharing; SARS, targeted industries Media article	6 SARS meetings held.  3 Roadshows (Bloemfontein, Polokwane, North West)	Additional roadshow held as a result of an additional request from Polokwane



## Performance against predetermined objectives *(continued)*

BUSINESS UNITS	MEASURABLE OBJECTIVES	TARGETS/OUTPUTS TO BE DELIVERED BY 31 MARCH 2011	PERFORMANCE INDICATORS	QUARTELY / MILESTONES OBJECTIVES	ACTUAL PERFORMANCE	REASONS FOR VARIANCE
Trade Remedies		<p>5 presentations to Commission</p> <p>1 Internal information-sharing session</p> <p>3 Information sharing-sessions with targeted industries</p> <p>4 ITED engagements</p> <p>2 Media publications</p> <p>Egypt technical exchange</p>		<p>Commission presentations, roadshow, ITED</p> <p>Q3: Commission presentations; SARS Targeted industries Roadshow, ITED Presentations to Commission, SARS</p> <p>Q4: Media article Technical exchange workshop</p>	<p>2 presentations to Commission</p> <p>7 Internal information sharing sessions (AD Policy review; tyre court case; questionnaire review; draft research papers; draft China strategy paper)</p> <p>4 External information sharing sessions (Grain SA; Potato SA; Durban Chamber)</p> <p>4 ITED (<b>the dti</b>) engagements</p> <p>2 media publications (tyre court case; agricultural goods)</p> <p>Technical exchange with Egypt took place</p> <p><b><i>The following was also done to raise awareness:</i></b></p> <p>EU Comparative study: Meeting with consultant and draft responses to questions were provided.</p>	<p>Only 2 out of 5 presentations to the Commission were done as the Commission schedule was stretched and outstanding presentations deferred to the next financial year.</p> <p>Changes in policy required that there be more information sharing sessions</p> <p>More requests for information-sharing received from industry</p> <p>Some of the events for awareness raising are reactive responses to invitations.</p>



## Performance against predetermined objectives *(continued)*

BUSINESS UNITS	MEASURABLE OBJECTIVES	TARGETS/OUTPUTS TO BE DELIVERED BY 31 MARCH 2011	PERFORMANCE INDICATORS	QUARTELY / MILESTONES OBJECTIVES	ACTUAL PERFORMANCE	REASONS FOR VARIANCE
Trade Remedies					<p>Attended 2nd Annual for Africa Trade and Export Conference</p> <p>Presentations to Namibia Board of Trade and at Botswana Trade Remedies Seminar were done</p>	
	Risk Management	Addressed identified risks and identify new risks (specific risks are contained in the risk management report)	Implementation of corrective measures and minimised risks	Q1 – Q4 Participated, implemented and reported on risk management	Ensured implementation of risk measures as per the risk register, a number of risks were minimised and new ones identified resulting in improved risk controls	



## Performance against predetermined objectives *(continued)*

### IMPORT AND EXPORT CONTROL

#### STRATEGIC OBJECTIVE 1

Contribute to employment creating growth and development through effective delivery of International Trade Instruments

BUSINESS UNITS	MEASURABLE OBJECTIVES	TARGETS/OUTPUTS TO BE DELIVERED BY 31 MARCH 2011	PERFORMANCE INDICATORS	QUARTELY / MILESTONES OBJECTIVES	ACTUAL PERFORMANCE	REASONS FOR VARIANCE
Import and Export Control	Import Permits issued for enforcement of health, safety, security and technical standards and international agreements and to promote domestic value addition and curbing the erosion of domestic market	12 000 Import Permits	Permits issued in accordance with Regulations and Policy	3000 permits per quarter	15 489 import permits issued in accordance with regulations and policy	Exceeding annual target as a result of the increased number of import permit applications received from industry
	Export Permits issued for enforcement of health, safety, security and technical standards and international agreements and to promote domestic value addition and curbing the erosion of domestic market	6 000 Export Permits	Permits issued in accordance with Regulations and Policy	1500 permits per quarter	7 284 export permits issued	Exceeding the annual target as a result of the number of export permit applications received from industry
	Enforcement of the Act and Regulations detection of non-compliance with permit conditions	500 Scheduled Inspections  700 Unscheduled Inspections  16 investigations completed	Timely, effective and efficient inspections conducted   Timely, effective and efficient investigations conducted	125 Inspection per quarter  175 Inspection per quarter  4 investigations per quarter	708 scheduled inspections done  524 unscheduled inspections done  24 investigations conducted and completed	Exceeding target as result in the increased number of containers imported that were subject to compulsory inspection  Increased number of Scheduled inspections conducted and the lack of enforcement capacity resulted in the target not being met



## Performance against predetermined objectives *(continued)*

### STRATEGIC OBJECTIVE 2

Ensure strategic alignment and continued relevance with Economic Development Department and National Agenda

BUSINESS UNITS	MEASURABLE OBJECTIVES	TARGETS/OUTPUTS TO BE DELIVERED BY 31 MARCH 2011	PERFORMANCE INDICATORS	QUARTELY / MILESTONES OBJECTIVES	ACTUAL PERFORMANCE	REASONS FOR VARIANCE
Import and Export Control	Engagements with Government Departments to provide input on draft SARS legislation	4 Engagements	Qualitative technical advise provided	1 Session per quarter	No requests received	Engagement with SARS and other Departments dependent on requests and requirements on technical input. No requests were received during the period
	Engagement with Government Departments on Quality and Safety Standards	4 Engagements	Qualitative technical advise provided	1 Session per quarter	4 Sessions attended with Bureau of Standards, Councils for Scientific and Industrial Research (CSIR), <b>the dti</b> , National Regulator for Compulsory Speculations (NRCS)	
	Review/amend Import and Export Control Regulations, Policies and Guidelines to comply with international agreements, standards, environmental and health reasons	Amended Import Control Regulations as a result of SA being signatory to the Stockholm and Rotterdam Conventions to Control the importation of chemicals listed in the Conventions	Import Control Regulations published	Q1: Conclude preparatory discussions and identify tariff headings. Q2: Prepare draft regulations and submit to Department of Environmental Affairs (DEA) and SARS for perusal. Q3: Submit to Commission and Minister for approval and publish. Q4: Review	2x Technical discussions DEA held	Awaiting formal request from DEA. Stockholm and Rotterdam Secretariat must still approve the DEA chemical lists before the formal requests will be made by DEA
		Amended Import Control Regulations as a result of a request from Marine and	Import Control Regulations published	Q1: Conclude preparatory discussions and identify tariff headings.	Awaiting formal request from Dept of Agriculture	Import Control Regulations not finalised as a result of the restructuring of DAFF.



## Performance against predetermined objectives *(continued)*

BUSINESS UNITS	MEASURABLE OBJECTIVES	TARGETS/OUTPUTS TO BE DELIVERED BY 31 MARCH 2011	PERFORMANCE INDICATORS	QUARTELY / MILESTONES OBJECTIVES	ACTUAL PERFORMANCE	REASONS FOR VARIANCE
Import and Export Control		Coastal Management (MCM) to expand import control measures on fish and fish products		Q2: Prepare draft regulations and submit to MCM and SARS for perusal. Q3: Submit to Commission and Minister for approval and publish. Q4: Review		Draft Co-operation Agreement was completed and submitted to DAFF for perusal and signing
		Amended Import Control Regulations as a result of a request by Dept of Health (DoH) to control X Ray equipment	Import Control Regulations published	Q1: Conclude preparatory discussions and identify tariff headings. Q2: Prepare draft regulations and submit to DoH for perusal. Q3: Submit to Commission and Minister for approval and publish. Q4: Review	Awaiting formal request from DoH	ITAC was requested to participate in a DoH Ministerial Task Team to complete regulatory functions project pertaining to radio active sources. On completion, a formal request will be tabled.
		Amended Export Control Regulations as a result of SA being a signatory to the Rotterdam and Stockholm Conventions to control the exportation of chemicals listed in the Conventions	Export Control Regulations published	Q1: Conclude preparatory discussions and identify tariff headings. Q2: Prepare draft regulations and submit to DEA and SARS for perusal. Q3: Submit to Commission and identify tariff headings. Q4: Review	Technical discussions with DEA held	Awaiting formal request from DEA. Stockholm and Rotterdam Secretariat to approve DEA chemical list before the formal request will be made by DEA
		Amended Export Control Regulations at	Export Control Regulations published	Q1: Conclude preparatory	Awaiting formal request so as to initiate	Export Control Regulations not



## Performance against predetermined objectives *(continued)*

BUSINESS UNITS	MEASURABLE OBJECTIVES	TARGETS/OUTPUTS TO BE DELIVERED BY 31 MARCH 2011	PERFORMANCE INDICATORS	QUARTELY / MILESTONES OBJECTIVES	ACTUAL PERFORMANCE	REASONS FOR VARIANCE
Import and Export Control		the request of Coastal Marine Management to control exportation of fish and fish products		discussions and identify tariff headings. Q2: Prepare draft regulations and submit to MCM and SARS for perusal Q3: Submit to Commission and Minister for approval and publish. Q4: Review	amendment and publication of regulations	amended as a result of the restructuring of DAFF
		Updated Import Control Policy as a result of the amendments of the Import Control Regulations to provide for the rationale for control as well as process	Approved and implemented Import Control Policy	Q2: Prepare draft policy Q3: Submit to Commission and Minister for approval Q4: Review	Policy review, completed and submitted to Chief Commissioner for his consideration prior to submitting to Minister for approval	Approval process still underway and project has been deferred to next financial year for finalisation
		Updated Export Control Policy as a result of the Amendment of the Export Control Regulations to provide for the rationale for control as well as process	Approved and implemented Export Control Policy	Q2: Prepare draft policy Q3: Submit to Commission and Minister for approval Q4: Review	Policy review, completed and submitted to Chief Commissioner for his consideration prior to submitting to Minister for approval	Approval process still underway and project has been deferred to next financial year for finalisation
		Signed co-operation Agreements with stakeholder Department to formalise co-operation and the flow of information in the administering control measures	Implemented co-operation with DEA in accordance with agreement			



## Performance against predetermined objectives *(continued)*

BUSINESS UNITS	MEASURABLE OBJECTIVES	TARGETS/OUTPUTS TO BE DELIVERED BY 31 MARCH 2011	PERFORMANCE INDICATORS	QUARTELY / MILESTONES OBJECTIVES	ACTUAL PERFORMANCE	REASONS FOR VARIANCE
Import and Export Control		- Basel Convention (DEA)	Signed agreement	Q1: Complete legal scrutiny Q2: Signed agreement	Agreement signed by DG: DEA and ITAC Chief Commissioner	Awaiting response from DEA regarding the Stockholm Secretariat approval of the list of chemicals to be controlled which form basis of both the Stockholm and Rotterdam co-operation agreement
		- Stockholm Convention (DEA)	Signed agreement	Q1: Draft agreement Q2: Engagement with stakeholder Q3: Complete legal scrutiny Q4: Sign agreement	Discussions held with DEA and awaiting response and input from DEA on the content and scope of agreement	
		- Rotterdam Convention (DEA)	Signed agreement	Q1: Draft agreement Q2: Engagement with stakeholder Q3: Complete legal scrutiny Q4: Sign agreement	Discussions held with DEA and awaiting response and input from DEA on the content and scope of agreement	
		- NRCS	Signed agreement	Q1: Complete legal scrutiny Q2: Sign agreement	Signed Memorandum Of Understanding (MOU) received from NRCS and signed by ITAC Chief Commissioner	



## Performance against predetermined objectives *(continued)*

STRATEGIC OBJECTIVE 3						
Ensure organisational efficiency and effectiveness						
BUSINESS UNITS	MEASURABLE OBJECTIVES	TARGETS/OUTPUTS TO BE DELIVERED BY 31 MARCH 2011	PERFORMANCE INDICATORS	QUARTELY / MILESTONES OBJECTIVES	ACTUAL PERFORMANCE	REASONS FOR VARIANCE
<b>Import and Export Control</b>	Amend/Review/draft policy guidelines for: - Used vehicles imports	Reviewed and updated policy guidelines pertaining to the importation of used vehicles and related used goods	Approved policy guidelines and posted on ITAC website	Q1: Review/update guidelines, internal discussion and posted on ITAC website	Policy guidelines reviewed, amended/ updated and approved by the Chief Commissioner for public use and posting on ITAC website	
	- Ferrous and non-ferrous exports	Policy guidelines regarding the process of applying and obtaining an export permit for the exportation of ferrous and non-ferrous waste and scrap	Policy guidelines posted on ITAC website	Q1: Draft guidelines, internal discussion and posted on ITAC website	Policy guidelines amended/updated and approved by Chief Commissioner for public use and posting on ITAC website	
	- Importation and exportation of fossil fuels	Policy guidelines regarding the process of applying and obtaining import & export permits for fossil fuels	Policy guidelines posted ITAC website Policy guidelines posted on ITAC website	Q1: Draft guidelines, internal discussion and posted on ITAC website	Policy guidelines amended/updated and approved by Chief Commissioner for public use and posted on ITAC website	
	- Donated goods	Policy guidelines pertaining to the process of applying and obtaining an import permit for the importation of donated goods.	Policy guidelines posted on ITAC website	Q1: Draft guidelines, internal discussion and posted on ITAC website	Policy guidelines amended/updated and approved by Chief Commissioner for public use and posting on ITAC website	
	Reviewed import permit applications forms	Reviewed import permit applications to address shortcomings and to provide for applications	Application forms posted on ITAC website for public use	Q1 : Review existing application form and post on ITAC website Q2 : Draft application forms for newly	Import permit application forms reviewed, amended/ updated and approved by the Chief Commissioner	



## Performance against predetermined objectives *(continued)*

BUSINESS UNITS	MEASURABLE OBJECTIVES	TARGETS/OUTPUTS TO BE DELIVERED BY 31 MARCH 2011	PERFORMANCE INDICATORS	QUARTELY / MILESTONES OBJECTIVES	ACTUAL PERFORMANCE	REASONS FOR VARIANCE
<b>Import and Export Control</b>		as a result of the amended Import Control Regulations		controlled goods (new guidelines) Q3 : Internal discussion, post on ITAC website	for public use and posting on the website	
	Reviewed export permit application forms	Reviewed export permit applications to address shortcomings and to provide for applications as a result of the amended Export Control Regulations	Application forms posted on ITAC website for use	Q1 : Review existing application form and post on ITAC website Q2 : Draft application forms for newly controlled goods (new guidelines) Q3 : Internal discussion stakeholder discussion, post on ITAC website	Export permit application forms reviewed, amended/ updated and approved by the Chief Commissioner for use	
	Concluded Ad hoc research project. Local manufacture of: - Pumps for liquids - Electrical switches - Overhead cranes	Researched information with regard to availability of goods from local manufacturing industries, product range, time frames and local content determined	Researched information used in the process of adjudicating import permit applications	Q1 : Complete submission and technical framework Q2 : Conduct research, compile research result, internal discussion, implement.	Research project completed, noted by the Chief Commissioner and presented to the Commission	
	Organised information-sharing session with stakeholders: - South African Police Service (SAPS): on Second Hand Goods Act	Clear understanding of responsibilities emanating from the promulgated Act	Implemented responsibilities emanating from the Act	Q2 : SAPS session	SAPS advised that Regulations are not promulgated as yet. Act is not in force. Matter to be deferred till promulgation	Await SAPS promulgation of Regulations



## Performance against predetermined objectives *(continued)*

BUSINESS UNITS	MEASURABLE OBJECTIVES	TARGETS/OUTPUTS TO BE DELIVERED BY 31 MARCH 2011	PERFORMANCE INDICATORS	QUARTELY / MILESTONES OBJECTIVES	ACTUAL PERFORMANCE	REASONS FOR VARIANCE
Import and Export Control	- Agriculture, Forestry and Fisheries	Evaluated effect of the amended export control regulations on fish and fish products	Evaluated effect of Export Control regime on the exportation of fish and fish products	Q4 : Marine Recoures Management session	Regulations not published as a result of the restructuring of DAFF	Awaiting formal request from DAFF
	- Cross Border Road Transport Agency	ITAC/Cross Border information-sharing forum	Active Forum for sharing operational information on foreign vehicles operating in SA	Q3 : CBRTA session	Information-sharing forum introduced, meeting bi-monthly	
	- SARS/ITAC discussion Forum	Effective operational information-sharing forum	Active Forum for sharing operational information regarding the importation/ exportation of goods	Q1 : session Q2 : session Q3 : session Q4 : session	Information-sharing forum introduced, meeting bi-monthly	
	Organised information-sharing sessions with representative and business organisations: - Paper Manufacturer Association (PMA)	Conducted information-sharing sessions pertaining to the exportation of paper waste	2 information-sharing sessions per annum	Q2 : session Q4 : session	Information-sharing sessions with PMA held	
	Tyre Dealers Association	Information-sharing sessions pertaining to the importation of tyre casings and verification of retreaders	2 information-sharing sessions per annum	Q2 : session Q4 : session	Meetings held and agreement of co-operation concluded	
	Business Chambers	Presentation on Import and Export Control	1 informarion-sharing session	Q1 : session	Presented to Durban Chamber Membership	
	Engagement with SARS to ensure SARS introduce electronic permit system at SACU Land Border Post to address potential fraudulent activities with hard copy permits	Activated electronic permit system as SACU Land Border Posts	Import permits for goods entering SA via SACU Land Border Post electronically forwarded to SARS	Q1 : Track progress by means of regular discussions with SARS. Q2 : Implementation and testing Q3 : Review and update	SARS postponed implementation of modernisation programme till September 2011	Regular interaction with SARS to enquire on status of the project



## Performance against predetermined objectives *(continued)*

BUSINESS UNITS	MEASURABLE OBJECTIVES	TARGETS/OUTPUTS TO BE DELIVERED BY 31 MARCH 2011	PERFORMANCE INDICATORS	QUARTELY / MILESTONES OBJECTIVES	ACTUAL PERFORMANCE	REASONS FOR VARIANCE
<b>Import and Export Control</b>	Engagement with SARS to introduce “new and used goods indicator” on bills of entry to address fraudulent imports	New and used goods indicator incorporated in bills of entry.	Importers of controlled goods declared such as new or used	Q1 : Track progress by means of regular discussions with SARS. Q2 : Implementation and testing Q3 : Review and update	SARS introduced the new/used goods indicator to the bill of entry document for importers to complete	
	Developed and implemented process and procedure manual for: - Enforcement Unit - Import Control - Export Control	Completed and implemented procedure manuals: - Enforcement Unit - Import Control - Export Control	Approved procedure manuals	Q1 : Draft procedure manuals Q2 : Conducted internal staff engagement and update Q3 : Implemented	Process and procedure manuals drafted, approved and implemented	
	Participated in the revision of rebate item 460.11 to address shortcomings that result in non-compliant imports	Revised and implemented rebate provision	Effective enforcement of permit conditions and detection of non-compliance	Q1 : Conclude discussion with Tariffs and SARS Q2 : Implement Tariffs revised rebate provision	Participated in the process until submission was submitted to the Commission	
	Participated in Risk Management	Addressed identified risks and identify new risks Management of identifies risks as per risk register.	Implemented procedures to minimise risk	Q1 – Q4 : Participated, implemented and reported on risk management	Ensured implementation of risk measures as per the risk register, a number of risks were minimised and new ones identified resulting in improved risk controls	
	Raised awareness about Import and Export control instrument including enforcement	2 Road shows to targeted groups  2 Internal information-sharing sessions	Successfully conducted sessions  Successfully conducted sessions	Q1 : Road show Q4 : Road show  Q1 : Roadshows Q4: Roadshows Q2: Internal session Q4: Internal session	Trade Investment Limpopo Present to National Waste Management Forum  Internal discussion session conducted	



## Performance against predetermined objectives *(continued)*

### REGIONAL INTEGRATION

#### STRATEGIC OBJECTIVE 2

Ensure strategic alignment and continued relevance with Economic Development Department and National Agenda

BUSINESS UNITS	MEASURABLE OBJECTIVES	TARGETS/OUTPUTS TO BE DELIVERED BY 31 MARCH 2011	PERFORMANCE INDICATORS	QUARTELY / MILESTONES OBJECTIVES	ACTUAL PERFORMANCE	REASONS FOR VARIANCE
<b>Regional Integration</b>	Develop and recommend negotiating positions and technical inputs for the review of the 2002 SACU Agreement.	Approved position papers	Paper analysing the administration of customs tariffs by the European Union with a view of recommending a feasible ITAC position on the review of the SACU agreement.	Q3: Submit the draft paper  Q4: Submit the final paper	Due to non progress in SACU in the area of establishing the Tariff Board, this project has been shelved for future consideration	



## Performance against predetermined objectives (continued)

### REGIONAL INTEGRATION

#### STRATEGIC OBJECTIVE 3

Ensure organisational efficiency and effectiveness

BUSINESS UNITS	MEASURABLE OBJECTIVES	TARGETS/OUTPUTS TO BE DELIVERED BY 31 MARCH 2011	PERFORMANCE INDICATORS	QUARTELY / MILESTONES OBJECTIVES	ACTUAL PERFORMANCE	REASONS FOR VARIANCE
Regional Integration	Presented to ITAC Commission & the dti highlighting the identified risk associated with the establishment of the Tariff Board.	One presentation to the ITAC Commission and the dti highlighting the identified risk associated	Submission to Commission and meetings held with ITED	Q1 - Q4: Commission and Interdepartmental meetings	Submission presented to the ITAC Commission.	
	Presented to BLNS countries and SACU Commission on ITAC's work particularly the regulations, investigations procedures and adjudication criteria.	Two BLNS and SACU Commission presentations	Appreciation of ITAC procedures and regulations by the BLNS countries	Q2 - Q4: presentations to SACU structures	The presentations were made at the SACU Task Team level to Lesotho, Namibia and Swaziland countries	
	Participated at the SACU TLC and supported principals at Commission and Council of Ministers Meetings regarding the development of SACU policies	<ul style="list-style-type: none"> <li>• Development of the SACU Textiles and Clothing Strategy</li> <li>• Guidelines on Infant Industry Protection</li> <li>• Unfair Trade Practices</li> <li>• SACU Trade and Customs Tariff Policies</li> </ul>	Effective representation and participation of ITAC in SACU structures.	Q1-4.: Periodical Inputs into the TLCs, Task Teams, Workshops, Commission and Council Meetings	Meeting relevant to ITAC area of work were attended	
	Convened internal annual briefing session on the consolidation of SACU or the review of the 2002 SACU Agreement	Workshop convened	Workshop report	Q4: Facilitate workshop	Workshop on SA's Trade Policy and its perspective on Southern Africa Economic Integration Agenda was convened on 4 Nov, report has been circulated to ITAC staff.	
	Risk Management	Address identified risks and Identify new risks	Implementation of measures to minimised risks	Q1 - Q4 :	Risk identified were addressed.	



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# Annual Financial Statements

## for the year ended 31 March 2011

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The International Trade Administration Act 2002, (Act No. 71 of 2002), (ITA Act), requires the Chief Commissioner to ensure that the International Trade Administration Commission of South Africa (ITAC) maintains full and proper records of its financial affairs. The annual financial statements for the year ended 31 March 2011 fairly present the state of affairs of ITAC, its financial performance and its financial position as at the end of the year in terms of Statements of Generally Recognised Accounting Practice (GRAP) as disclosed in the accounting policies. These annual financial statements are based on appropriate accounting policies, supported by reasonable and prudent judgements.

The annual financial statements for the year ended 31 March 2011 are the responsibility of the Chief Commissioner. The Auditor-General is responsible for independently auditing and reporting on the financial statements.

The Chief Commissioner has reviewed ITAC's budgets and cash flow forecasts for the year ended 31 March 2011. On the basis of this review, and in view of the current financial position and existing resources of the Economic Development Department (EDD) 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.

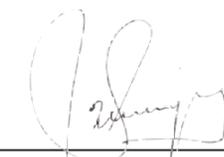
To enable the Chief Commissioner to meet the above responsibilities, the Executive Committee sets standards and implements systems of internal control and risk management that are designed to provide reasonable, but not absolute

assurance against material misstatements and losses. ITAC maintains internal financial controls to provide assurance regarding the safeguarding of assets against unauthorised use or disposal.

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 the 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 statement presentation. Furthermore, because of changes in conditions, 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 year ended 31 March 2011, 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 on the results of ITAC for the year ended 31 March 2011.



**Siyabulela Tsengiwe**  
**Chief Commissioner**  
**Date: 29 July 2011**



## Corporate Governance Report for the year ended 31 March 2011

ITAC adheres to a comprehensive set of policies designed in accordance with input from all appropriate stakeholders. This contributes towards the effectiveness of corporate governance strategies and in accordance with the Public Finance Management Act, (No 1 of 1999-PFMA).

The ITAC Corporate Services Delegations of Authority, which includes the Finance and Supply Chain Management delegations, was reviewed and approved in the reporting period under review.

### Internal Financial control

Internal financial controls focus on the critical risk areas, which are identified by Management and reviewed by the Audit Committee. The Executive Committee and the governing structures are confident that the standards that have been set and the systems of internal control and accounting control that have been implemented are adequate to ensure the integrity and reliability of the financial statements and accountability of ITAC's assets. These systems are continuously monitored throughout the year by both Management and Internal Audit.

### Risk Management

An independent risk management process is in place to enable management to effectively identify, evaluate and assess risks. The Internal Auditors monitor the prescribed procedures of risk management in line with Treasury Regulations. The Internal Audit Unit has direct access to the Chief Commissioner, the Audit Committee and Management.

A Materiality Framework was developed and approved by the Accounting Authority.

## Audit Committee Report for the year ended 31 March 2011

We are pleased to present our report for the financial year ended 31 March 2011.

### Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet four times per annum as per its approved terms of reference. During the current year, four meetings were held.

Name of member	Number of meetings attended
• S. Hari (Chairperson)	4
• M. Nembambula ( <i>resigned 16 October 2010</i> )	0
• K. Singh ( <i>Appointed 1 April 2009</i> )	4
• P.R. Mnisi ( <i>Appointed 1 June 2009</i> )	4
• S. Tsengiwe	4

### Audit committee responsibility

The Audit Committee reports that it has complied with its responsibilities arising from section 38(1)(a) of the PFMA and Treasury Regulation 3.1. The Audit Committee also reports 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 system of internal control applied by ITAC over financial risk and risk management is effective, efficient and transparent.

In line with the PFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and Management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the Annual Financial Statements and the Management Report of the Auditor-General, it was noted that matters were not reported indicating any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, we can report that the system of internal control for the period under review was efficient and effective.



## Audit Committee Report *(continued)* for the year ended 31 March 2011

## Report Of The Auditor General for the year ended 31 March 2011

The Audit Committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Authority of ITAC during the year under review.

### Evaluation of annual financial statements

We have:

- Reviewed and discussed the Audited Annual Financial Statements to be included in the annual report, with the Auditor-General and management;
- Reviewed the Auditor-General of South Africa's management letter and management's response thereto;
- Reviewed changes in accounting policies and practices;
- Reviewed the entities compliance with legal and regulatory provisions;
- Reviewed significant adjustments resulting from the audit.

We concur with and accept the Auditor-General of South Africa's report the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

### Internal audit

We are satisfied that the Internal Audit function is operating effectively through our evaluation of the Internal Audit function and that it has addressed the risks pertinent to the entity and its audits.

### Auditor-General of South Africa

We have met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

### Closure

The Audit Committee wishes to congratulate the Chief Commissioner and the management team of ITAC for their commitment in striving towards excellence that has resulted in ITAC receiving an unqualified audit report for the 2010/2011 financial year.

*Shaile Hari*

**Chairperson of the Audit Committee**

**Date: 28 July 2011**

### To Parliament on the International Trade Administration Commission of South Africa

### REPORT ON THE FINANCIAL STATEMENTS

#### Introduction

1. I have audited the accompanying financial statements of the International Trade Administration Commission of South Africa (ITAC), which comprise the statement of financial position as at 31 March 2011, and the statement of financial performance, the statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 85 to 116.

#### Accounting authority's responsibility for the annual financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

#### Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and section 24(9) of the International Trade Administration Act, 2002 (Act No. 71 of 2002), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing and *General Notice 1111 of 2010*, issued in *Government Gazette No. 33872 of 15 December 2010*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's



## Report Of The Auditor General (continued) for the year ended 31 March 2011

judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management; and as well as evaluating the overall presentation of the financial statements.

6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

7. In my opinion, the financial statements present fairly, in all material respects, the financial position of ITAC as at 31 March 2011 and its financial performance and cash flows for the year then ended in accordance SA Standards of GRAP and the requirements of the PFMA.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

8. In accordance with the PAA and in terms of *General notice 1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010*, I include below my findings on the annual performance report and material non-compliance with laws and regulations applicable to the public entity.

#### Predetermined objectives

#### Usefulness of information

9. The reported performance information was deficient in respects of the following:
- Consistency: The reported objectives, indicators and targets are not consistent with the approved strategic plan.
  - Measurability: The indicators are not well defined and verifiable.

## Report Of The Auditor General (continued) for the year ended 31 March 2011

10. The following audit findings relate to the above criteria:

- Reported performance against predetermined objectives, indicators and targets was not consistent with the approved strategic plan.
- For the selected objectives, 47% of the planned and reported indicators were not clear, as unambiguous data definitions were not available to allow for data to be collected consistently.
- For the selected objectives, valid performance management processes and systems that produce actual performance against planned indicators did not exist for 47% of the indicators.

### Compliance with laws and regulations

#### Procurement and contract management

11. Goods and services with a transaction value of R97 104 were procured without inviting at least three written price quotations from prospective suppliers as per the requirements of Treasury Regulations 16A6.1 and National Treasury Practice Note 8 of 2007/08. Furthermore no reasons for the deviations were recorded and approved by the accounting authority or delegated official prior to the procurement of these goods and services.

12. Certain awards were made to service providers who did not submit a SBD 4 form, declaring whether the bidder or any person connected with the bidder is employed by the state or, if the bidder is a legal person, whether the bidder has a relationship with persons involved in the evaluation and/or adjudication of the bids, as per the requirements of Practice Note 7 of 2009/2010.

#### Expenditure management

13. The accounting authority did not take effective and appropriate steps to prevent irregular expenditure of R97 104 as per the requirements of section 51(1) (b) of the PFMA.

#### Internal Control

14. In accordance with the PAA and in terms of *General notice 1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010*, I considered internal control relevant to



## Report Of The Auditor General *(continued)* for the year ended 31 March 2011

my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

### Leadership

15. ITAC did not have sufficient monitoring controls to ensure proper implementation of the overall process of planning, implementation and reporting of performance information.

### Financial and performance management

16. The non-compliance with supply chain management legislation could have been prevented had compliance been properly reviewed and monitored.

*Auditor General*

The Auditor-General

Pretoria  
31 July 2011



AUDITOR-GENERAL  
SOUTH AFRICA

Auditing to build public confidence

## Accounting Authority's Report for the year ended 31 March 2011

### 1. Introduction

Report by the Accounting Authority to the Executive Authority and Parliament of the Republic of South Africa.

### 2. Operating results

The surplus of ITAC for the period to 31 March 2011 was R 2 675 920 (2010: R1 733 493). The interest received year to date is R1 357 215. During the year under review, R1 227 137 was transferred from the retained surplus for depreciation of assets which were funded from the 2008 retained surplus.

### 3. Review of activities

#### Main business and operations

The aim of ITAC, as stated in the 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 union area by establishing an efficient and effective systems for the administration of international trade subject to this Act and the Southern African Customs Union (SACU) Agreement. The core functions are: customs tariff investigations, trade remedies and import and export control. ITAC's primary source of revenue is the quarterly transfer of funds from EDD. Funds were applied to defray personnel and operating expenses, as well as costs involved in the establishment and maintenance of ITAC's infrastructure, and the costs of litigation. The costs for running ITAC are increasing annually as a result of the increased human resource costs which is in excess of the "year on year" growth of the government grants. Legal costs are increasing due to the complex nature of the cases dealt with by ITAC as well as an increase in the number of new cases.

	2011	2010
Total operating costs	(64,307,472)	(65,093,170)
ITAC budget allocation from EDD (the dti 2010)	64,343,000	60,885,000

### 4. Member and executive managers emoluments

Disclosure of the Executive Management remuneration is detailed in note 14 to the annual financial statements.



## Accounting Authority's Report *(continued)* for the year ended 31 March 2011

### 5. Review of financial position

ITAC was granted permission by National Treasury to retain an amount of R14 136 205 being the 2008 accumulated surplus. Of this amount R10 400 000 was set aside for the Job Evaluation exercise and capital expenditure. ITAC submitted a request to National Treasury to retain the 2009 surplus of R4 143 268 and received an approval in April 2011. In the current financial period, ITAC submitted a request to National Treasury to retain the 2010 surplus of R1 733 491 and is still awaiting approval.

### 6. Materiality and significant framework

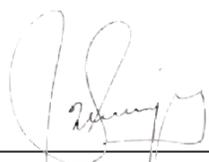
ITAC has developed and adopted a materiality and significant issues framework for reporting losses through criminal conduct, irregular, fruitless or wasteful expenditure, as well as for significant transactions envisaged per section 54(2) of the PFMA. The materiality amount for the year is R326 150. This represents 0.5% of ITAC's total approved revenue budget for the financial year under review.

### 7. Business address:

DTI Campus (Building E)  
77 Meintjies Street  
Sunnyside  
PRETORIA

### 8. Approval of the financial statements

The financial statements set out on pages 85 to 116 have been approved by the Executive Committee and signed on its behalf by the Chief Commissioner.



**Siyabulela Tsengiwe**  
Chief Commissioner  
Date: 29/07/2011

## Statement of Financial Position for the year ended 31 March 2011

	Notes	2011 R	2010 R
<b>Assets</b>			
<b>Current Assets</b>			
Inventory	2	48,885	51,205
Trade and other receivables	3	299,186	62,743
Prepayments	4	32,528	34,459
Cash and cash equivalents	5	23,017,905	21,548,723
		<b>23,398,504</b>	<b>21,697,130</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	6	2,727,625	3,432,371
Intangible assets	7	317,908	259,443
		<b>3,045,533</b>	<b>3,691,814</b>
Non-Current Assets		3,045,533	3,691,814
Current Assets		23,398,504	21,697,130
<b>Total Assets</b>		<b>26,444,037</b>	<b>25,388,944</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Finance lease obligation	9	194,190	-
Trade and other payables	8	2,862,056	4,103,837
Provisions	10	3,323,863	3,088,499
		<b>6,380,109</b>	<b>7,192,336</b>
<b>Non-Current Liabilities</b>			
Finance lease obligation	9	408,906	171,538
Provisions	10	2,243,797	2,062,629
		<b>2,652,703</b>	<b>2,234,167</b>
Non-Current Liabilities		2,652,703	2,234,167
Current Liabilities		6,380,109	7,192,336
<b>Total Liabilities</b>		<b>9,032,812</b>	<b>9,426,503</b>
Assets		26,444,037	25,388,944
Liabilities		(9,032,812)	(9,426,503)
<b>Net Assets</b>		<b>17,411,225</b>	<b>15,962,441</b>
Accumulated surplus		17,411,225	15,962,441
<b>Total Net Assets and Liabilities</b>		<b>26,444,037</b>	<b>25,388,944</b>



## Statement Of Financial Performance for the year ended 31 March 2011

	Notes	2011 R	2010 R
<b>Revenue</b>			
Government grants & subsidies	11	64,343,000	60,885,000
Interest income	12	1,357,215	1,779,876
Other income	13	1,283,177	4,161,787
<b>Total Revenue</b>		<b>66,983,392</b>	<b>66,826,663</b>
<b>Expenditure</b>			
Personnel	14	(47,696,987)	(42,649,237)
Depreciation and amortisation		(1,703,106)	(1,343,383)
Finance costs	15	(44,827)	(55,100)
Repairs and maintenance		(11,191)	(11,383)
Operating costs		(14,851,361)	(21,034,067)
<b>Total Expenditure</b>		<b>(64,307,472)</b>	<b>(65,093,170)</b>
Revenue		66,983,392	66,826,663
Expenditure		(64,307,472)	(65,093,170)
<b>Surplus for the year</b>	16	<b>2,675,920</b>	<b>1,733,493</b>

## Statement of Changes In Net Assets for the year ended 31 March 2011

	Accumulated surplus R
Accumulated surplus at 31 March 2010	15,970,706
Adjustments	
Depreciation funded from Surplus	(1,227,137)
Change in estimate of useful life of assets, Adjustment	464
<b>Balance at 01 April 2010 as restated</b>	<b>14,744,033</b>
Changes in net assets	
2010 Accumulated Depreciation adjustment	(8,728)
Net income (losses) recognised directly in net assets	14,735,305
Surplus realised in 2011	2,675,920
<b>Balance at 31 March 2011</b>	<b>17,411,225</b>



## Cash Flow Statement

for the year ended 31 March 2011

	Notes	2011 R	2010 R
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Government grants & subsidies		64,343,000	60,885,000
Interest income		1,357,215	1,779,876
Other income		52,040	16,868
		<b>65,752,255</b>	<b>62,681,744</b>
<b>Payments</b>			
Employee costs		(47,696,987)	(42,649,237)
Suppliers		(15,883,769)	(20,174,975)
Finance costs		(44,827)	(55,100)
		<b>(63,625,583)</b>	<b>(62,879,312)</b>
Total receipts		65,752,255	62,681,744
Total payments		(63,625,583)	(62,879,312)
<b>Net cash flows from operating activities</b>	17	<b>2,126,672</b>	<b>(197,566)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6	(873,370)	(3,225,984)
Purchase of other intangible assets	7	(215,677)	(6,874)
Proceeds from sale of other intangible assets	7	-	2
<b>Net cash flows from investing activities</b>		<b>(1,089,047)</b>	<b>(3,232,856)</b>
<b>Cash flows from financing activities</b>			
Finance lease payments		431,558	(374,022)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,469,183</b>	<b>(3,804,444)</b>
Cash and cash equivalents at the beginning of the year		21,548,723	25,353,167
<b>Cash and cash equivalents at the end of the year</b>	5	<b>23,017,906</b>	<b>21,548,723</b>

## Accounting Policies

for the year ended 31 March 2011

### 1. Basis of preparation

The Annual Financial Statements have been prepared in accordance with Statements of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board in accordance with Section 55 of the Public Finance Management Act (Act no. 29 of 1999). The Annual Financial Statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3 and the hierarchy approved in Directive 5 issued by the Accounting Standards Board. Assets, liabilities, revenues and expenses have not been offset except where offsetting is required or permitted by a Standard of GRAP. These accounting policies are consistent with the previous period, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy. The principal accounting policies adopted in the preparation of these Financial Statements are set out below.

#### 1.1 Presentation currency

These financial statements are presented in South African Rand, as that is the currency in which the majority of ITAC's transactions are denominated.

#### 1.2 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 represented 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 / Held to maturity investments and/or loans and receivables

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



## Accounting Policies (continued) for the year ended 31 March 2011

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

### Fair value estimation

Unquoted financial assets are measured at fair value using valuation techniques. Inherent to these techniques are certain uncertainties like time of cash flows and interest rates used for discounting.

### Taxation

ITAC is currently exempt from Income Tax in terms of Section 10(1)(a) of the Income Tax Act, 1962.

### 1.3 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Depreciation is charged to depreciate assets to their residual values over their estimated useful lives, using the straight-line method. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. 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.

ITAC tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance. A previously recognised impairment loss is reversed when there is an indication that it may no longer exist or may have decreased, however not to an amount higher than the carrying amount that would have been determined (net of depreciation) had no impairment been recognised in prior years.

## Accounting Policies (continued) for the year ended 31 March 2011

### Disposals

Any gain or loss arising from the disposal or retirement of an asset is determined as the difference between the carrying amount of the asset and the proceeds from the sale of the asset. The difference is recognised as an income or an expense in the statement of financial performance.

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

Item	Average useful life
Office furniture	6 to 8 years
IT equipment	3 to 5 years
Infrastructure	5 to 7 years
Leased Assets	3 to 5 years

### 1.4 Intangible assets

The only intangible assets owned by ITAC are computer software. Computer software that are not an integral part of the hardware and which can be identified and separated are capitalised as intangible assets. Costs associated with developing or maintaining in-house computer software programmes are capitalised when they are incurred. Intangible assets are stated at historical cost less accumulated amortisation and are amortised over a period of two years on the straight-line method. Expenditure that enhances or extends the performance of software programmes beyond their original specifications is recognised as a new acquisition.

At each reporting date, ITAC reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount for an individual asset, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are immediately recognised as an expense, unless the relevant asset is carried at a re-valued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under the standard. Where an impairment loss



## Accounting Policies *(continued)* for the year ended 31 March 2011

subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

### 1.5 Financial instruments

#### Classification

Financial instruments carried on the statement of financial position include cash and bank balances, receivables and payables. These financial instruments are generally carried at their estimated fair value, which is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction.

#### Initial recognition and measurement

Financial assets and financial liabilities are recognised on the statement of financial position when ITAC becomes a party to the contractual provisions of the instrument. Financial instruments are initially recognised using the trade date accounting method.

Financial instruments are initially measured at fair value plus transaction costs. Subsequent to initial recognition these instruments are measured as set out below;

#### Trade and other receivables

Receivables are stated at the nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. The carrying amount of these receivables approximates fair value because of the short period to maturity of these instruments.

#### Trade and other payables

Trade and other payables are stated at their nominal value. The carrying amount of these payables approximates fair value because of the short period to maturity of these instruments.

## Accounting Policies *(continued)* for the year ended 31 March 2011

### Cash and cash equivalents

Cash and cash equivalents are initially and subsequently recorded at fair value.

### 1.6 Leases

#### Finance leases - lessee

Leases are classified as finance leases whenever the terms of the lease transfers substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised as assets at their fair value at the inception of the lease or, if lower the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and a reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the surplus or deficit in the statement of financial position.

Leases, in which a significant portion of the risk and rewards of ownership are retained by the lessor, are classified as operating leases and are charged to the Statement of Financial Performance on a straight line basis over the period of the lease.

### 1.7 Inventory

Inventory, consist mainly of stationery and consumables. Inventory is valued at the lower of cost and net realisable value determined on the weighted average basis. The weighted average method is considered to be more appropriate in valuing inventory. Inventory on hand at the reporting date is measured at cost.

### 1.8 Employee benefits

#### Short-term employee benefits

The cost of all short-term employee benefits, such as salaries, bonuses, housing allowance, medical and other contributions is recognised during the period in which the employee renders the related service.



## Accounting Policies (continued) for the year ended 31 March 2011

### Post-employment benefits

ITAC provides a defined benefit scheme for its employees, which is the Government Employees Pension Fund (GEPF). The fund is funded by payments from employees and ITAC. ITAC's contributions to the GEPF are charged to the statement of financial performance in the year to which they relate. ITAC is not liable for any deficit due to the difference between the present value of the benefit obligations and the fair value of the assets managed by the GEPF. Any potential liabilities are disclosed in the financial statements of the National Revenue Fund and not in the financial statements of ITAC.

### Other post retirement obligations

No contributions to the medical aid of retired employees are made by ITAC.

### Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. ITAC recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without the possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. If the benefit falls due more than 12 months after reporting date, it is discounted to present value.

### 1.9 Provisions and contingencies

Provisions are recognised when ITAC has a present legal or constructive obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be reliably estimated. The determination of provisions, in particular legal provisions remains a key area where management's judgement is required. The resulting provisions could also be influenced by changing economic and statutory considerations. It is envisaged that, based on the current information available, any additional liability in excess of the amounts provided, will not have a material adverse impact on ITAC's financial position, liquidity or cash-flow.

## Accounting Policies (continued) for the year ended 31 March 2011

### 1.10 Revenue

Revenue is recognised when it is probable that future economic benefits will flow to ITAC and these benefits can be measured reliably. Revenue is measured at the fair value.

### Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

### Other grants and donations

Other grants and donations 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.

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

### Interest income

Interest received is recognised on a time proportionate basis by reference to the principal cash investment and the interest rate applicable.

### Other income

Other income is recognised on an accrual basis.



## Accounting Policies *(continued)* for the year ended 31 March 2011

### 1.11 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

### 1.12 Irregular, fruitless and wasteful expenditure

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with, a requirement of any applicable legislation, including:

- the PFMA as amended, or
- any national legislation providing for procurement procedures.

Fruitless and wasteful expenditure means expenditure that was made in vain and could have been avoided had reasonable care been exercised.

Any irregular, fruitless or wasteful expenditure is charged against income in the period in which it is incurred.

### 1.13 New GRAP standards issued but not yet effective

The following new standards of GRAP has been issued but is not yet effective and was therefore not yet adopted by ITAC:

- GRAP 18: Segment reporting - will not have an impact on the financials of ITAC.
- GRAP 21: Impairment of non-cash generating assets - will not have an impact on the financials of ITAC.
- GRAP 23: Revenue from non-exchange transactions - This standard is in line with IAS 20 and will have no significant impact on financials of ITAC.
- GRAP 24: Presentation of budget information in Financial Statements - A reconciliation between budget and statement of financial performance is disclosed in note 28.
- GRAP 25: Employee benefits - This standard is in line with the IAS 19 which is applied and therefore there will be no significant impact in the period of initial application of GRAP 25.

## Accounting Policies *(continued)* for the year ended 31 March 2011

- GRAP 26: Impairment of cash-generating assets - IAS 36 is currently applied and therefore there will be no significant impact in the period of initial application of GRAP 26.
- GRAP 103: Heritage assets – This standard is not applicable to ITAC and will have no significant impact on the financials of ITAC.
- GRAP 104: Financial instruments - As this standard has used the IFR standards as development basis it will not have a significant impact on the financials in the period of initial application.



## Notes to the Annual Financial Statements (continued)

for the year ended 31 March 2011

	2011 R	2010 R
<b>2. Inventory</b>		
Stationery and consumable	48,885	51,205
<b>3. Trade and other receivables</b>		
Cellphones	372	11,210
Other debtors	49,272	36,031
Subsistence and travel	105,027	15,502
Bursaries	9,382	-
DTI-Secondment	135,133	-
	<b>299,186</b>	<b>62,743</b>

No trade and other receivables were pledged as security for any financial liability.

Management considers that all the above financial assets are of good quality. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. None of the receivables defaulted in the year under review. None of the financial assets that are fully performing have been renegotiated in the last year.

There are no receivables past due but not impaired.

	2011 R	2010 R
<b>4. Prepayments</b>		
Suppliers paid in advance	32,528	34,459

The fraud hot line was paid in advance in order for ITAC to utilise the discount that was being offered by the supplier.

## Notes to the Annual Financial Statements (continued)

for the year ended 31 March 2011

### 5. Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term, highly liquid deposits that are held with Treasury approved banking institutions, with maturities of three months or less and that are subject to insignificant interest rate risk. Cash and cash equivalents are measured at realisable value. ITAC was exempted by the National Treasury from the requirement of Treasury Regulation 31.3 to invest surplus funds with the Corporation for Public Deposits.

	2011 R	2010 R
Cash and cash equivalents consist of:		
Cash on hand	2,186	2,257
Bank balances	591,550	179,002
Call account	22,424,169	21,367,464
	<b>23,017,905</b>	<b>21,548,723</b>

Management considers that all the above cash and cash equivalent 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. The cash and cash equivalents were not pledged as security for any financial liabilities.



## Notes to the Annual Financial Statements (continued)

for the year ended 31 March 2011

### 6. Property, plant and equipment

	2011			2010		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Office furniture	1,291,879	(762,291)	529,588	1,089,362	(543,323)	546,039
IT equipment	3,431,716	(1,821,042)	1,610,674	3,525,436	(784,341)	2,741,095
Leased assets	1,705,160	(1,117,797)	587,363	1,044,476	(899,239)	145,237
<b>Total</b>	<b>6,428,755</b>	<b>(3,701,130)</b>	<b>2,727,625</b>	<b>5,659,274</b>	<b>(2,226,903)</b>	<b>3,432,371</b>

#### Reconciliation of property, plant and equipment - 2011

	Opening balance	Additions	Disposals	Depreciation	Total
Office furniture	546,039	202,517	-	(218,968)	529,588
IT equipment	2,741,095	10,169	(32,221)	(1,108,369)	1,610,674
Leased assets	145,237	660,684	-	(218,558)	587,363
	<b>3,432,371</b>	<b>873,370</b>	<b>(32,221)</b>	<b>(1,545,895)</b>	<b>2,727,625</b>

### 7. Intangible assets

	2011			2010		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	652,929	(335,021)	317,908	437,252	(177,809)	259,443

#### Reconciliation of intangible assets - 2011

	Opening balance	Additions	Amortisation	Total
Computer software	259,443	215,677	(157,212)	317,908

## Notes to the Annual Financial Statements (continued)

for the year ended 31 March 2011

	2011 R	2010 R
<b>8. Trade and other payables</b>		
Service bonus	1,152,376	926,753
IT and technical support	355,176	301,387
Training	16,930	114,000
Internal audit fee	711,334	305,258
Legal fees	189,804	2,007,930
Other accruals	436,436	448,509
	<b>2,862,056</b>	<b>4,103,837</b>

All creditors are paid within 30 days of receipt of invoice and there is no default in terms of payment.

	2011 R	2010 R
<b>9. Finance lease obligation</b>		
<b>Minimum lease payments due</b>		
- within one year	284,621	177,530
- in second to fifth year inclusive	474,369	-
	758,990	177,530
less: future finance charges	(155,894)	(5,992)
<b>Present value of minimum lease payments</b>	<b>603,096</b>	<b>171,538</b>
<b>Present value of minimum lease payments due</b>		
- within one year	194,190	171,538
- in second to fifth year inclusive	408,906	-
	603,096	171,538
Non-current liabilities	408,906	171,538
Current liabilities	194,190	-
	<b>603,096</b>	<b>171,538</b>
Less amounts due for settlement within 12 months	(194,190)	(171,538)

#### Finance lease obligation 2011.

ITAC is leasing labour saving devices on a finance lease with effect from 1 December 2010. There are no restrictions imposed on ITAC in terms of the lease. The lease obligation is secured by the lessor's title to the leased assets. The lease expires on 30 November 2013. The total monthly instalment of the lease amounts to R23 718.

#### Finance lease obligation 2010.

ITAC leased the above equipment on finance leases with effect from 1 September 2007. There are no restrictions imposed on ITAC in terms of the lease. The lease obligation was secured by the lessors' title to the leased assets. The leases expired on 31 August 2010. The total monthly instalment of these leases was R 35 506.



## Notes to the Annual Financial Statements (continued)

for the year ended 31 March 2011

### 10. Provisions

#### Reconciliation of provisions - 2011

	Opening Balance	Raised during the year	Utilised during the year	Total
Legal fees	986,000	1,896,533	(1,844,576)	1,037,957
Performance bonus	679,659	736,296	(679,659)	736,296
Workmens compensation	138,244	152,519	(149,971)	140,792
Leave pay	3,347,225	429,104	(123,714)	3,652,615
	<b>5,151,128</b>	<b>3,214,452</b>	<b>(2,797,920)</b>	<b>5,567,660</b>
Non-current liabilities			2,243,797	2,062,629
Current liabilities			3,323,863	3,088,499
			<b>5,567,660</b>	<b>5,151,128</b>

#### Legal fees provisions

Legal Fees represent amounts payable in respect of counsel fees for trade administration litigation matters in progress.

#### Performance bonus

Performance bonus represents amounts that may be payable to qualifying employees who meet the predetermined performance targets for the period under review.

#### Workmens compensation

Workmen's compensation represents an estimate of the amount payable to the Workmen's Compensation Commissioner on receipt of the final assessment for the 2010/11 tax year.

#### Leave pay provision

Leave pay provision represents the potential liability in respect of leave outstanding at year end.

## Notes to the Annual Financial Statements (continued)

for the year ended 31 March 2011

### 11. Government grants and subsidies

	2011 R	2010 R
Government grants	64,343,000	60,885,000
Funds received comprise transfer payments received from EDD.		

### 12. Investment revenue

#### Interest revenue

Call account (Standard Bank)	1,357,215	1,779,876
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### 13. Other income

Other income	52,040	16,868
Depreciation recovery	1,227,137	487,015
Transfer from retained income	-	3,657,904
Proceeds from sale of assets	4,000	-
	<b>1,283,177</b>	<b>4,161,787</b>

### 14. Employee related costs

Basic	37,953,060	34,446,625
Bonus	721,212	705,688
Medical aid - company contributions	1,315,198	1,144,920
UIF	174,898	166,558
WCA	152,520	135,618
Leave pay provision charge	429,103	323,702
Post-employment benefits - Pension - Defined benefit plan	4,006,572	3,610,104
13th Cheques	2,477,710	2,042,210
Car allowance *	66,418	-
Housing benefits and allowances *	49,863	-
Group Life	53,582	73,812
Non-pensionable cash allowance *	296,851	-
	<b>47,696,987</b>	<b>42,649,237</b>

\* Included in Basic Salary in 2010.



## Notes to the Annual Financial Statements (continued)

for the year ended 31 March 2011

### Executive Management remuneration

ITAC remunerates its employees in line with the dpsa salary dispensation.

Personnel costs include gross remuneration of the following Executive Managers

	2011 R	2010 R
<b>Chief Commissioner</b>		
Basic	850,869	866,259
Vehicle allowance	90,000	120,000
Bonus	53,378	49,612
Pension	48,567	73,295
Medical	18,150	20,540
	<b>1,060,964</b>	<b>1,129,706</b>
<b>Deputy Chief Commissioner</b>		
Basic	674,171	550,313
Vehicle allowance	74,208	189,998
Pension	35,308	60,329
Medical	17,605	15,110
Bonus	42,604	-
	<b>843,896</b>	<b>815,750</b>
<b>General Manager: Corporate Services</b>		
Basic	753,374	623,474
Vehicle allowance	-	88,000
Bonus	42,604	6,534
Pension	38,764	62,871
	<b>834,742</b>	<b>780,879</b>
Number of employees at year end	124	119

## Notes to the Annual Financial Statements (continued)

for the year ended 31 March 2011

	2011 R	2010 R
<b>15. Finance costs</b>		
Interest on convertible instruments	1,550	3,049
Finance leases	43,277	52,051
	<b>44,827</b>	<b>55,100</b>
<b>16. Included in surplus are the following</b>		
External auditors fees	891,237	1,143,343
<b>Audit Committee</b>		
Fees	77,893	82,315
Expenses	2,607	2,730
	<b>80,500</b>	<b>85,045</b>
<b>Depreciation and amortisation</b>		
Computer equipment and peripherals	1,108,466	627,783
Office furniture and fittings	218,869	152,638
Computer software	157,213	214,838
Leased assets	218,558	348,124
	<b>1,703,106</b>	<b>1,343,383</b>
Internal audit fees	748,188	717,275
<b>Operating lease payments</b>		
Buildings	2,501,325	2,348,662
Motor vehicles	281,120	322,345
Leasing charges equipment	118,320	10,801
	<b>2,900,765</b>	<b>2,681,808</b>
Legal expenses	2,086,961	2,666,507
Employee costs	47,696,987	42,649,237
Consulting and professional fees	446,422	1,195,158
Stock write off	2	31,278



## Notes to the Annual Financial Statements (continued)

for the year ended 31 March 2011

	2011 R	2010 R
<b>17. Cash generated from (used in) operations</b>		
Surplus	2,675,920	1,733,493
<b>Adjustments for:</b>		
Depreciation and amortisation	1,703,106	1,343,383
Transfer from retained surplus	-	(3,657,902)
Loss on disposal of assets	32,221	51,010
Transfer from deferred income	(1,227,133)	(487,017)
<b>Changes in working capital:</b>		
Inventory	2,320	5,434
Trade and other receivables	(236,444)	43,813
Prepayments	1,931	(7,492)
Trade and other payables	(1,241,781)	400,605
Movements in provisions	416,532	377,107
	<b>2,126,672</b>	<b>(197,566)</b>

### 18. Accumulated surplus

Included in accumulated surplus are the following ring-fenced amounts in respect of specific projects in progress that were approved by National Treasury as part of the 2008/09 retained surplus and which is to be utilised by ITAC in line with its Business Plan in the next three years;

Project	Budget	Costs to date	Total
Job evaluation exercise	3,000,000	-	3,000,000
File plan system	500,000	(192,660)	307,340
Core business information technology system	3,000,000	(467,661)	2,532,339
Computer refresh program	3,500,000	(3,085,840)	414,160
Furniture and equipment	400,000	(342,661)	57,339
	<b>10,400,000</b>	<b>(4,088,822)</b>	<b>6,311,178</b>

## Notes to the Annual Financial Statements (continued)

for the year ended 31 March 2011

### 19. Prior period errors

In compliance with the pronouncements of Generally Recognised Accounting Practice 17 (GRAP 17) relating to the assessment of useful lives and residual values of property, plant and equipment at the end of each financial year, ITAC has, during the year under review, embarked on an exercise to assess the useful lives of its assets in accordance with GRAP 17. This resulted in a decision to extend the useful lives of some of the assets. GRAP 3 requires that a change in accounting estimate be applied prospectively. As the depreciation was recalculated from the acquisition date of the affected assets, this exercise gave rise to a prior year error which necessitated a retrospective prior year adjustment. The adjustment was done by restating comparative figures (2009/10) for both the statement of financial performance as well as the statement of financial position.

The effect of the prior year errors on the results of 2009/10 are shown below:

	2010 R
<b>Statement of financial position</b>	
Increase in depreciation	8,728
Decrease in profit for the year	(8,728)
Surplus for 2009/10 previously stated	1,733,491
Surplus for 2009/10 restated	<b>1,724,765</b>
<b>Statement of Financial Performance</b>	
Decrease in property, plant and equipment	8,728
Decrease in Equity for the year	8,728

### 20. Contingent liabilities

#### Legal liabilities

ITAC faces a potential legal liability of R4.8 million. A summons of R1.8 million was served on ITAC in one matter and a judgement for costs of R3 million was granted in another matter. The summons is being defended by ITAC and ITAC is appealing against the judgement.

	2011 R	2010 R
<b>Surplus</b>	<b>2,675,920</b>	<b>1,733,493</b>

In terms of the PFMA, all surplus funds at year end may be forfeited to National Treasury should an application for retention of surplus funds be denied. ITAC submitted a request to National Treasury to retain the 2009/2010 year surplus of R 1,733,493 and will submit a request to retain the current years surplus of R 2,675,920.



## Notes to the Annual Financial Statements (continued)

for the year ended 31 March 2011

### 21. Operating lease

At year end there were outstanding commitments under non-cancellable operating leases, which fall due as follows :

Vehicles are classified as operating leases as they do not meet the criteria for classification as finance leases. Rent is for premises occupied by ITAC on the dti campus on a year to year rental. There is no lease agreement between ITAC and the dti for the premises occupied, thus the rate has been applied as if no increases will take place.

2011	Up to 1 year	2 to 5 years	Total
Premises - rent	2,850,275	11,401,101	14,251,376
Vehicles	346,308	519,462	865,770
	<b>3,196,583</b>	<b>11,920,563</b>	<b>15,117,146</b>

### 22. Related parties

#### Relationships

Economic Development Department	National Department in National Sphere
The Department of Trade and Industry	National Department in National Sphere
SA Revenue Services	Public Commission in National Sphere
Department of Justice and Constitutional Development	National Department in National Sphere
Government Employees Pension Fund	National Department in National Sphere
Government Printing Works	National Department in National Sphere
Palama	Public Commission in National Sphere

Parties are considered to be related if one party has the ability to control the other party or to exercise significant influence or joint control over the other party in making financial and operational decisions. A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

ITAC is a schedule 3A public entity as outlined in the Public Finance Management Act and it reports to the Economic Development Department.

## Notes to the Annual Financial Statements (continued)

for the year ended 31 March 2011

### Related party balances and transactions

	2011 R	2010 R
<b>Department of Trade and Industry (the dti)</b>		
Transfer payments received from dti	(135,133)	(60,885,000)
Rent	2,501,325	2,532,439
Telephone and internet	577,030	830,746
Due at year-end	44,222	55,827
<b>Economic Development Department</b>		
Transfer payments received from EDD	(64,343,000)	-
<b>SARS</b>		
Payments	9,147,104	7,907,330
Due at year-end	-	-
<b>Department of Justice and Constitutional Development</b>		
Legal costs	1,845,200	2,019,336
Due at year-end	988,304	986,000
<b>Government Employees Pension Fund</b>		
Pension contributions	6,343,722	5,696,145
<b>Government Printing Works</b>		
Publications	171,748	307,158
Due at year-end	13,823	30,427
<b>Palama</b>		
Training	-	114,022

### 23. Risk management

#### Financial risk management

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



## Notes to the Annual Financial Statements (continued) for the year ended 31 March 2011

### Liquidity risk

Liquidity risk is the risk that ITAC would not have sufficient funds available to cover future commitments. ITAC regards this risk to be low; taking into consideration ITAC's current funding structures and availability of cash resources.

The following reflects ITAC's exposure to liquidity risk from financial risk.

At 31 March 2011				
	Carrying amount	Total cash flow within 1 year	Contractual cash flow within 1 year	Contractual cash flow between 1 and 5 years
Other financial liabilities	9,032,812	9,032,812	6,380,109	9,032,812

At 31 March 2010				
	Carrying amount	Total cash flow within 1 year	Contractual flow within 1 year	Contractual cash flow between 1 and 5 years
Other financial liabilities	9,426,503	9,426,503	7,192,336	9,426,503

### Market Risk

Market risk is the risk that changes in market prices, such as the interest rate will affect the value of the financial assets of ITAC.

### Interest rate risk

ITAC is exposed to interest rate changes in respect of returns on its investments with financial institutions and interest payable on finance leases contracted with outside parties. ITAC's exposure to interest risk is managed by investing, on a short term basis, in call accounts with Standard Bank.

## Notes to the Annual Financial Statements (continued) for the year ended 31 March 2011

### Sensitivity analysis

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

2011			
	Change in investments	Increase / (decrease) in net surplus for the year Upward change	Increase/ (decrease) in net surplus for the year Downward change
Cash and cash equivalents	1%	230,179	(230,179)
Finance lease	1%	(194,190)	194,190

2010			
	Change in investments	Increase / (decrease) in net surplus for the year Upward change	Increase/ (decrease) in net surplus for the year Downward change
Cash and cash equivalents	1%	215,487	(215,487)
Finance lease	1%	(410,621)	410,621

### 23. Risk management (continued)

#### Credit risk

ITAC trades only with recognised, creditworthy third parties. It is the ITAC's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables balances are monitored on an ongoing basis with the result that the ITAC's exposure to bad debts is not significant. The maximum exposure is the carrying amounts as disclosed in Note 7. There is no significant concentration of credit risk within ITAC.

With respect to credit risk arising from the other financial assets of the ITAC, which comprise cash and cash equivalents, ITAC's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. ITAC's cash and cash equivalents are placed with high credit quality financial institutions therefore the credit risk with respect to cash and cash equivalents is limited.



## Notes to the Annual Financial Statements (continued) for the year ended 31 March 2011

Financial assets exposed to credit risk at year end were as follows:

	2011 R	2010 R
Cash and cash equivalents	23,017,905	21,548,723
Other receivables	331,714	97,202

### Concentration of credit risk

The maximum exposure to credit risk for financial assets at the reporting date by credit rating category was as follows:

2011	AAA and Government	Unrated
Cash and cash equivalents	23,017,905	-
Other receivables	-	331,714

2010	AAA and Government	Unrated
Cash and cash equivalents	21,548,723	-
Other receivables	-	97,202

## Notes to the Annual Financial Statements (continued) for the year ended 31 March 2011

The following table provides information regarding the credit quality of assets which may expose ITAC to credit risk.

2011	Neither past due nor impaired	Past due but not impaired -less than 2 months	Past due but not impaired -more than 2 months	Carrying value
Cash and cash equivalents	23,017,905	-	-	23,017,905
Other receivables	331,714	-	-	331,714

2010	Neither past due nor impaired	Past due but not impaired -less than 2 months	Past due but not impaired -more than 2 months	Carrying value
Cash and cash equivalents	21,548,723	-	-	21,548,723
Other receivables	97,202	-	-	97,202

The entity reviews its foreign currency exposure, including commitments on an ongoing basis. The entity expects its foreign exchange contracts to hedge foreign exchange exposure.

### 24. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

2011	Loans and receivables	Total
Trade and other receivables	331,714	331,714
Cash and cash equivalents	23,017,905	23,017,905
Payables	2,862,056	2,862,056
Finance lease	194,190	194,190
	<b>26,405,865</b>	<b>26,405,865</b>



## Notes to the Annual Financial Statements (continued)

for the year ended 31 March 2011

2010		
	Loans and receivables	Total
Trade and other receivables	97,202	97,202
Cash and cash equivalents	21,548,723	21,548,723
Payables	4,103,837	4,103,837
Finance leases	580,444	580,444
	<b>26,330,206</b>	<b>26,330,206</b>

### 25. Irregular expenditure

ITAC did not comply with Treasury Regulation 16 A 6.4 relating to the procurement of goods and services. If in a specific case it is impractical to invite competitive bids, the accounting officer or accounting authority may procure the goods or services by other means, provided that the reasons for deviating from inviting competitive bids must be recorded and approved by the accounting officer or accounting authority.

	2011 R	2010 R
Opening balance	1,178,916	1,023,294
Add: Irregular Expenditure *	97,104	155,622
Less: Amounts condoned	(1,276,020)	-
Closing balance	<b>-</b>	<b>1,178,916</b>

\* The irregular expenditure of R97 104 relates to ex-post facto approvals in respect of sole supplier appointments

## Notes to the Annual Financial Statements (continued)

for the year ended 31 March 2011

### 26. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure means expenditure that was made in vain and could have been avoided had reasonable care been exercised. Any irregular, fruitless or wasteful expenditure is charged against income in the period in which it is incurred.

ITAC incurred some expenditure that is considered as fruitless and wasteful as follows:

	2011 R	2010 R
SARS (Interest and penalties paid)	<b>2,858</b>	<b>3,839</b>

### 27. Commitments

ITAC had the following commitments other than lease commitments at year end.

	2011 R	2010 R
<b>Contract Description</b>	<b>Commitment up to Year 1</b>	<b>Commitment after Year 1</b>
Internal audit services	27,427	-
Employee health & wellness programme	133,299	266,598
Software licences	259,570	519,141
New asset system and reporting tool	185,027	-
	<b>605,323</b>	<b>785,739</b>



## Notes to the Annual Financial Statements *(continued)*

for the year ended 31 March 2011

### 28. Reconciliation between budget and statement of financial performance

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

	2011 R	2010 R
Net surplus per the statement of financial performance	2,675,920	1,733,491
<b>Adjusted for:</b>		
Other income	(56,040)	(16,872)
Transfer from retained income	-	(3,657,904)
Transfer from retained income for depreciation recovery	(1,227,137)	(487,011)
Interest income	(470,215)	(892,876)
Payroll expenditure in excess/(lower than) of budget	(2,784,042)	793,839
Operational expenditure in excess/(lower than) of budget	1,861,514	2,527,333
<b>Net surplus per approved budget</b>	-	-

### 29. Expenditure relating to Soccer World Cup

	2011 R	2010 R
World Cup Expenditure		
Tickets acquired	-	-
Purchases of other world cup apparel	-	-
Travel costs	-	-
<b>Total world cup expenditure</b>	-	-

ITAC did not incur any expenditure relating to the 2010 Soccer World Cup.

