

ANNUAL REPORT 2020/2021

Thank you to our core funder, eThekweni Municipality,
and member firms who have supported the Durban Chemicals
Cluster over the past 13 years

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LETTER FROM THE CHAIRPERSON

I am pleased to present the Durban Chemical Cluster's annual report for 2020/21 as we reflect on our experiences and highlights over the year. As the industry continues to grapple with various challenges presented by the pandemic, the DCC has remained at the forefront in supporting the industry navigate the crisis. We have quickly adapted our programmatic delivery to address immediate member challenges and developed various strategies and tools to ensure that crisis mitigation and recovery support was provided to members during the period.

The pandemic has greatly highlighted the value of clustering, peer learning and what can be achieved by working together. The DCC is proud to have played a key role in fostering the much-needed interactions between large lead enterprises, SME's and stakeholders for the collective growth of the industry. To that end, the chemicals industry shows tremendous growth opportunities and we are excited to support members with new ventures into green manufacturing and sustainability markets, innovative product offerings and helping members establish and develop new partnerships with their customers to unlock growth.

In 2020/21, the DCC is proud to have achieved an unqualified audit result. Although the past year has been challenging, the DCC has made great strides to support the chemicals sector through the customized COVID-19 recovery support, through investment and growth, operational excellence as well as skills development and transformation activities.

I am pleased to report that there are a significant number of achievements that are worth highlighting:

PARTNERSHIPS:

The cluster strengthened its relationship with eThekweni Municipality, its primary funder, through a renewed three-year funding relationship. The DCC also partnered with Trade & Investment KwaZulu-Natal (TIKZN) through a memorandum of understanding (MOU). The DCC has continued its collaboration with Chemicals Industries Education & Training Authority (CHIETA) for delivery of skills programmes to unemployed youth and small businesses and also established a new relationship with Provincial Government (Department of Economic Development Tourism and Environmental Affairs) to support transformation and small business development in the chemicals industry.



MARKET DEMAND:

The COVID-19 pandemic has highlighted a strong need to identify new opportunities for growth in the chemicals sector. The cluster undertook a detailed analysis of industry growth drivers and the associated upstream implications for commodities and investment. To this end, the cluster has engaged with various stakeholders and large lead enterprises (LLE's) in KwaZulu-Natal to support the realisation of these growth opportunities in order to provide a positive growth outlook for their suppliers.



SKILLS:

Over the year, skills development programmes had to be remodeled to tackle the challenges posed by the COVID-19 pandemic. The cluster developed two new skills training programmes in support of members. The Team Leader Development Programme (TLDP) targeted at team leaders and supervisors, and the Emerging Leaders Development Programme (ELDP) targeted at junior and middle management have been unique in that they are customised for the manufacturing sector and aim to develop both the technical skills and soft skills of learners. 79 ELDP learners and 34 TLDP learners are currently being trained.



TRANSFORMATION:

The DCC successfully delivered the third annual Business Accelerator Programme in December 2020. The cluster is privileged to have supported 17 small businesses (all provided with free 1-year DCC membership) in pitch preparation, five of whom entered an intensive financial and operational mentorship programme, with the possibility of access to affordable and developmentally structured financing.



The preparations for an expanded programme in 2021 have begun and we are pleased to announce that the cluster has a larger group of large lead enterprises supporting the programme, namely H&R South Africa and SAPREF who join founding partners Ferro Polymers and NCS Resins.

The cluster continues to maintain a healthy and sustainable financial position, as well as compliance with all applicable legislation. The cluster generated revenue in 2020/21 was over R 5 million, and the newly diversified funding base provides testament to the impact and value offered.

A special vote of thanks is offered to eThekweni Municipality for their continued support as a core funder and as active participants on the Cluster's Executive Committee. Industry appreciates the positive relationship established between manufacturing and the City through this cluster.

I would also like to thank my predecessor as previous DCC Chairperson, Clive Wood, for steering the ship through challenging times. Clive has continued to be actively engaged within the industry.

To the members who are continuously engaging with the cluster programmes, the cluster would not have achieved its successes without your partnership. A special thanks to the team at B&M Analysts for their energy in developing a number of the programmes for the cluster and instrumental to the delivery of our programmes to our members. Finally, I would like to thank the Executive Committee for their unwavering support through turbulent times in 2020/21. Your contribution to the cluster, strategic inputs and dedication has been integral in surviving and persevering through this period.

The DCC looks forward to another successful year.



Rudi van Niekerk

Chairperson, DCC
Regional General Manager, H&R Africa



LETTER FROM THE CITY

The continued public-private partnership between the Durban Chemicals Cluster and eThekweni Municipality has emerged as a favoured vehicle to drive growth of the chemicals sector. The Durban Chemicals Cluster provided pivotal, much needed support to the industry during the onset of the COVID-19 crisis and became a testament to the positive value of clustering on industrial development. The support offered by the cluster supported large and small companies mitigate risks, stay afloat in one of the most challenging business environments of living memory, retain jobs and find new markets.

The chemicals manufacturing sector plays a significant role to the local economy and the City's manufacturing base. Having witnessed the contributions of the cluster to the sector, the City is proud of the continued partnership through funding and strategic oversight. The cluster has provided - platforms enabling the Municipality to engage closely with the industry on multiple strategic projects that sought to stimulate growth, promote economic development and transformation in the industry.

The COVID-19 pandemic has presented a significant and unprecedented challenge to the chemicals sector globally. As the sector has moved to the recovery phase and given the strengthening of the economic outlook, the cluster's programmatic support and commitment towards the shared vision for the industry remains undisputed. Notable programmes included the market demand initiatives to stimulate industry growth as well as skills programmes to develop industry leaders.

The City would like to reaffirm its commitment to the Durban Chemical Cluster and we are pleased to announce the signing of a three-year funding commitment for the cluster until 2023.

eThekweni Municipality is a proud partner of the DCC and looks forward to another year of encouraging outcomes from the cluster's programmes.



Councillor Sipho Kaunda

Chairperson: Economic Development
and Planning Committee



Q&A WITH THE FACILITATION TEAM

Q The world has changed over the last year, and effects will be felt in the long term. What are some of the key programmes the cluster has implemented to support the industry navigate the crisis?

A 2020 saw a complete disruption of the cluster's support programmes, necessitating a rapid pivot to sector support with regards to COVID-19 risk identification and mitigation. The support provided to members over the year has been well received and met with much success. The cluster held multiple risk mitigation support sessions to tackle firm challenges through peer learning, themes focused on: market demand, finance, operations, people and supply chain, as well as one-on-one engagements to further unpack individual firm challenges. In support of recovery, the cluster also developed a comprehensive range of training interventions to support members with access to world class employee development solutions.



Sazi Sibiya - Facilitator, DCC

Q 2021 has been a year of transition. How is the cluster planning to support members in shaping the future?

A Barring any unexpected crisis events, the industry may now look forward into the future rather than focusing only on the present. The pandemic has presented challenges - to forecast the profile of the growth path, yet the cluster has made headway and revised programmatic offerings to support recovery and industry growth in the immediate future and long term. Most notably, the cluster is working with stakeholders in the chemicals sector to unlock market opportunities in wind energy. The performance benchmarking programme has also been revamped and improved to support members' recovery and growth. Members may look forward to continued support from the cluster in relevant areas as well as deriving value from future growth initiatives.



Megan Wuite - Facilitator, DCC

Q Peer-learning across the industries is an essential aspect of clustering. How has this improved, and how have members benefited from this during the pandemic?

A Shared learning between firms has been highlighted as paramount in navigating the COVID-19 crisis. The impact of shared learning in a time where there was a need for rapid dissemination of information was invaluable. During the crisis, the cluster remained up to date with all relevant information, insights and regulations that have impact on the sector. Most notably, the cluster also facilitated various inter-firm engagements which were well received by members.

These Working Groups sparked important conversations and provided an opportunity for large and small enterprises to understand how other firms were dealing with various challenges facing the industry, including operational, supply chain, finance and human resources. The practical solutions shared between these sessions were immediately implementable by firms.



Meghan King - Chief Facilitator

THE STATE OF THE SOUTH AFRICAN AND KWAZULU-NATAL CHEMICALS INDUSTRY

2020 presented an extremely unusual year for the chemicals industry, dominated by the impacts of the COVID-19 pandemic globally. The manufacturing industry contracted by 74.9% in quarter two. Despite recovery in quarters 3 and 4, in 2020, total manufacturing production decreased by 11% compared with 2019. Petroleum, chemical products, rubber and plastic products reported a negative growth of -9.1%, contributing -2% points to the 11% total. Seasonally adjusted manufacturing production increased by 5.2% in the fourth quarter of 2020, compared with the third quarter of 2020 with food and beverage, motor vehicles, iron and steel and wood contributing the largest positive contributions.

South Africa's chemical industry is the biggest in Africa with an estimated value of US\$30bn.

Contribution to national GDP	3%																		
Contribution to national manufacturing output	20%																		
Contribution to national imports	15.8%																		
Contribution to national exports	7.7%																		
National employment	1.4% of total employment in SA, mainly of high level and artisanal skills. 169 798 people nationally employed in 2020																		
Provincial employment	<table> <tr><td>Eastern Cape</td><td>8%</td></tr> <tr><td>Free State</td><td>6%</td></tr> <tr><td>Gauteng</td><td>42%</td></tr> <tr><td>KwaZulu-Natal</td><td>17%</td></tr> <tr><td>Limpopo</td><td>1%</td></tr> <tr><td>Mpumalanga</td><td>7%</td></tr> <tr><td>North West</td><td>3%</td></tr> <tr><td>Northern Cape</td><td>1%</td></tr> <tr><td>Weste</td><td>15%</td></tr> </table>	Eastern Cape	8%	Free State	6%	Gauteng	42%	KwaZulu-Natal	17%	Limpopo	1%	Mpumalanga	7%	North West	3%	Northern Cape	1%	Weste	15%
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North West	3%																		
Northern Cape	1%																		
Weste	15%																		

Factsheet for the chemicals sector:

Kwazulu-Natal's sector growth is similar to that of the national chemicals industry, with production growing at a rate below that of GDP growth. The KZN chemicals industry is dominated by five producer-driven value chains:



Coatings, Inks
Adhesives and Dyes



Resins and
Polymers



Petroleum
and Gas



Pulp and
Paper



Water
Treatment

As a result of the pandemic, the global manufacturing sector was severely disrupted, KZN being no exception. Chemical's manufacturing was more resilient in that many firms were able to easier pivot/upscale to essential pandemic support. Over the year 2020, cluster facilitators, B&M Analysts surveyed 101 manufacturers across South Africa to understand the impact of COVID-19 on business sustainability, 16% of which were from chemical suppliers across the value chain and sub-sectors in KwaZulu Natal.

Key outcomes of the survey included:

- Supplier sales forecasts for 2020 were overestimated with suppliers indicating a 5% YOY increase in sales for Q4 compared to a -7,3% projected drop in SA GDP.
- Profit levels remained under pressure in 2020. Manufacturers were faced with the contradictory challenge of addressing a cash flow crisis (requiring reduced operational expenditure) and a lockdown crisis necessitating investment in stockholding. 80% of manufacturers cancelled or cut their 3-year capex budgets to accommodate for and survive the immediate crisis.
- Firms immediately turned to government UIF TERS support, however 31% of the firms looked at initiating retrenchments by YE; a figure likely to increase in H1 2021. 62% of firms considered revisions to sourcing strategies and were actively seeking to localise.

Looking forward into the future, the industry can use the COVID-19–driven crisis as an opportunity to build stronger businesses by making informed and deliberate strategic choices about which end markets they focus on. Furthermore, the South African chemicals manufacturers should be focusing on the necessary interventions to react swiftly to the global trends in order to grow and survive the challenges of the COVID-19 pandemic.



IMPACT 2020/21



13 years of adding
value to chemicals
manufacturers



75
Members



Total participation:
1 843 participants
in Working Groups



42 Working
Groups



88% Average
Approval
Rating



88% Average
Facilitation
Rating



38 Small
Businesses
Supported in
2020/21



80% of Cluster
Members Involved
in COVID-19 Risk
Mitigation Programme



79 ELDP
learners



34 TLDP
learners



A REFLECTION OF 2020/21 CLUSTER ACTIVITIES



OUR STORIES

Case Study- D-Chem Group

FROM START-UP TO MANUFACTURING SUCCESS!

PROBLEM:

Many small businesses struggle with challenges ranging from market penetration, sourcing, and supply challenges, to the need to develop skills required to grow the company. Each of these challenges demands different and strategic solutions. Our client, D-Chem Group; struggled in the competitive chemicals market, competing against larger, more established firms, and had significant capacity constraints limiting their growth potential.

SOLUTION:

D-Chem group received sponsorship to attend the DCC African Chemicals Imbizo, a strategic buyer, supplier match making initiative. Through this initiative, D-Chem was able to secure local raw material suppliers, greatly expand their horizons through marketing their company and engage with potential partners. Nomandla Ngcoya, the company's Managing Director, participated in various cluster SME programmes, most notably, the small business development programme and was met with an opportunity to partner and collaborate with other cluster members on business and product development ventures.

D-Chem Group has since grown significantly and is pleased to have recently launched a chemical manufacturing in Pietermaritzburg. Through the support from the Durban Chemicals Cluster, the firm has been able to broaden their product profile and customer base.



Testimonials



We create chemistry

"We at BASF are always happy to support Durban Chemicals Cluster as a very useful organisation to defend the interests of the chemical industry."

Dr Michael Gotsche, Vice President: Market Area Africa of BASF.

SunChemical®

a member of the DIC group 
Color & Comfort

"Great presentations and topic! Well done to the organising team at Durban Chemicals Cluster! We will surely appreciate having further discussions on SharePoint."

Keketso Mohapi, General Manager of Sun Chemical.



"I have found the course to be interesting with plenty of valuable information provided as part of the course. The breakdown and course outline is relevant to the business operations and enhances the theory and concepts to provide a better understanding."

Tyran Naidoo, The Sherwin-Williams Company.



With us you are Number One

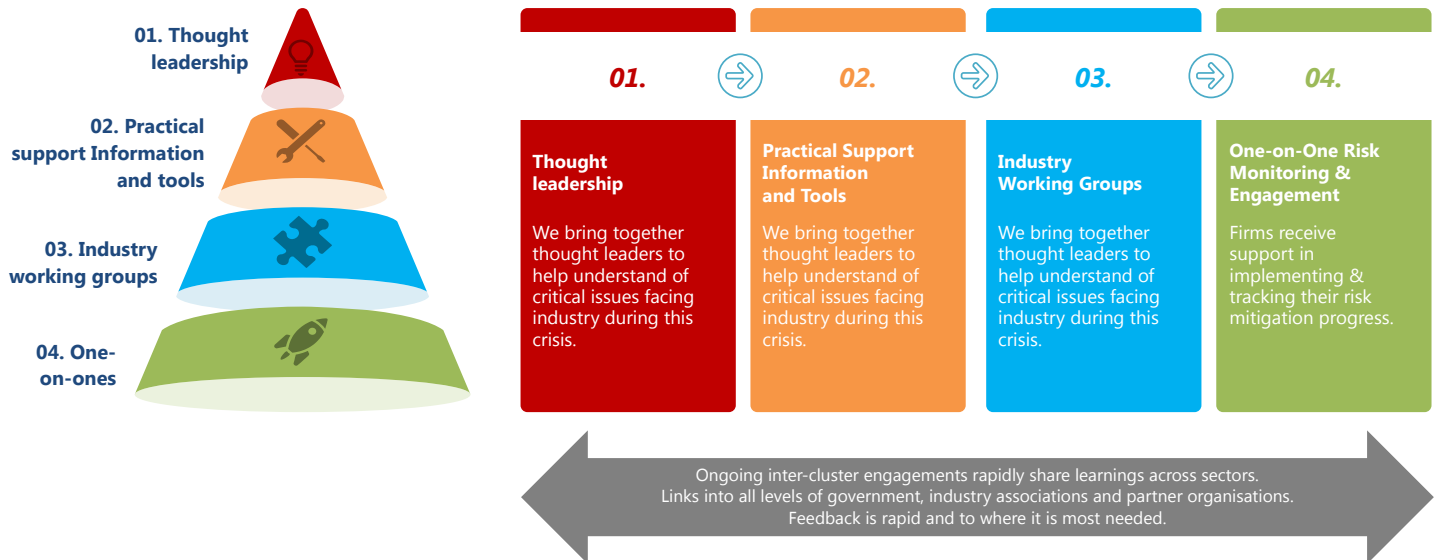
"The topics you cover are so relevant to all businesses and provide firms with a roadmap and business survival tips that are relevant to all, no matter the business size. Thank you for your support in our industry."

Pravesh Rampersad, Product & Pricing Manager from Engen.



PROGRAMME DELIVERY SUMMARY

The unprecedented global COVID-19 completely disrupted the DCC cluster support programmes and necessitated a rapid pivot to sector support with regards to COVID-19 risk identification and mitigation. Together with members and the Executive Committee, the cluster developed a response programme comprising of fortnightly working groups, one-on-one member support and thought leadership content development.



Some of the highlights from the year are presented below:

SharePoint Portal

Over the 2020/21 year, the cluster has shared a great deal of information and resources frequently with members and sharing information through emails was slowly becoming a challenge. The cluster was required to consider a cost-effective and convenient method to share information with members through a method that was sustainable in the new and virtual environment and had long-term benefits for members. The cluster developed and launched the SharePoint Portal as an online central repository for all DCC content where members have gained unlimited and anytime access to the portal and this served as a key enabler of knowledge sharing in the cluster.

Some benefits for members include access to:



Member news and networking



Industry insights and news



Best practice peer learning documentation

COVID-19 Risk Mitigation Support: Working Groups

The core of a cluster is to promote shared learning. The cluster utilised this element to ensure that members were updated on the COVID-19 regulations and protocols, challenges and strategies to minimise risks. The feedback that the cluster received from members was that the Working Group sessions provided a platform to share and understand challenges and empowered them with solutions that they could implement immediately in their own firms.

Shared learnings and the Working Group sessions were a major contributor to members navigating the complexities of the crisis. Members also had opportunity to engage with cluster facilitators on a one-on-one basis which was a support mechanism for firms that were not able to always participate in the working group sessions.

The Working Groups focused on themes that were relevant and important to firms:



Market
Demand



Finance and
Liquidity



Production &
Operations



Supply Chain
Management



Human Resources
and Employee Safety

Risk mitigation tools related to each theme were also developed, discussed and unpacked in the sessions.

The cluster was further involved in research and analysis projects that focused on the impact of the COVID-19 pandemic, the chemicals sector intelligence report, and graduates' skills gaps.

Risk Mitigation: COVID-19 Sector Impact report

The cluster undertook a Manufacturing Impact Assessment to identify and unpack the structural impact of COVID-19 on the chemicals sector. The intention of this research was to provide insight into the impact of the pandemic, but also inform firm strategic decision making in the short and medium term. The report highlighted the impact of the COVID-19 pandemic on sales and demand, financial stability and operations & supply chains.

Member feedback:

"Thank you for the very interesting, informative and thought-provoking views from your research report. I believe this will add value for our business and how we see the future business environment." Anton Booysen, Safripol



Market Demand: Unpacking Large Lead Enterprise Growth Drivers

The cluster sought to better understand the growth drivers and practices of the large lead enterprises in the chemicals sector and support member firms to explore growth opportunities for South African manufacturers aligned to these growth drivers. To this end the cluster undertook chemicals sector intelligence research that aimed to:



Understand global and local sector trends.



Understand macro-economic changes in global value chain structure and policy shaping sector investment and development.



Unpack policy, regulatory and incentive changes that impact sector investment.



Inform discussions around sector specific product priorities for investment.

The report has been used to inform the strategic direction of the activities of the cluster especially focusing on localisation and growth.



Value Chain Development

The DCC has been working with various stakeholders in the chemicals sector to unlock market opportunities in wind energy. Through research, the cluster has identified opportunities for manufacturing to capitalise on South Africa's wind energy strategy and with a growing proportion of energy projected to come from wind in the future, the local production of blades and other turbine components poses a significant market opportunity. Over the year, the cluster has drafted a White Paper to motivate for the designation of wind turbine manufacturing. Linked to this project, the cluster launched a technology transfer programme for Black suppliers. The programme aims to identify Black suppliers that have specific capabilities (current or future) aligned to the local production of wind turbines, and facilitates a technology transfer partnership with international leaders.

Growth Diagnostics Programme

Building on from the existing benchmarking programme, the cluster developed a growth diagnostic programme to maximise profit and growth of members. The cluster's Growth Diagnostic Tool has four objectives:



To understand market needs of members.



To provide an assessment of supplier against market needs and competitors



To identify and diagnose growth opportunities



To provide recommendations with an action plan.

Skills Development: Cluster-based response to skills needs

Skills development was very challenging for manufacturers in 2020/21, budgets were reduced and retrenchments limited skills development activities. The cluster developed cost-effective, lasting and world-class training solutions in consultation with manufactures across South Africa to address the most pressing industry needs.

The Emerging Leadership Development Programme (ELDP) and Team Leader Development Programme (TLDP) were launched in January and February 2021, respectively. The ELDP was well received with 79 participants, many of whom are undertaking the optional practical component of the course. The TLDP has registered 34 participants.



THE EXECUTIVE COMMITTEE

Senior executives from member firms and officials from the eThekweni Municipality make up the DCC's Executive Committee. The Executive Committee provides strategic oversight and programmatic direction for the cluster.



R. Van Niekerk

DCC Chairperson
H&R South Africa



Leo Maistry

Nominated Industry Representative
NCS Resins



Clive Wood

Chairperson and Operational Excellence Programme Chair (Until December 2020)
H&R South Africa



Vijay Pramjee

Refinery Representative
Engen



Lulamani Mabaso

Investment and Growth Programme Chair
Gold Reef Chemicals



Takalani Rathiyaya

eThekweni Municipality Representative
eThekweni Municipality



Ziningi Ntombela

Skills Development & Transformation Programme Chair
Flint Group



Ravesha Govender

eThekweni Municipality Representative
eThekweni Municipality



Daniel Souchon

DCC Director
NCS Resins



Meghan King

Non-voting Facilitator
B&M Analysts



Trevor l'Ons

DCC Director
NCS Resins



Megan Wuite

Non-voting Facilitator
DCC



Claude du Plessis

Nominated Industry Representative
Gold Reef Chemicals

OUR PARTNERS

The DCC expresses gratitude to eThekweni Municipality and all supporting partners for 2020/21:



eThekweni
Municipality



The Chemical Industries
Education and Training
Authority (CHIETA)



The Department of
Trade Industry and
Competition (dtic)



Trade and Investment
KwaZulu-Natal
(TIKZN)



Invest Durban



EDTEA



GOVERNANCE AND COMPLIANCE

- Registered as a Non-Profit Company
- Memorandum of Incorporation (MOI) that entrenches Public-Private Partnership (PPP) model, transparent governance and clear accountability
- Clear business plan and accompanying implementation plan
- Memorandum of Agreement (MOA) governing relationship with the primary funder
- Performance management and reporting systems that are effective and efficient
- Financial control systems that are effective, efficient and transparent
- Adequate solvency and liquidity provisions
- Clean, unqualified annual financial audit
- Risk management practices that are effective, efficient and transparent
- Competition Law checklist and related safeguards
- Procurement systems that are effective, efficient and transparent
- Service Level Agreement (SLA) governing relationship with facilitation service provider
- Capacity to comply with funding agreements
- Compliance with the Companies Act; The Income Tax Act; Consumer Protection Law; the Public Finance Management Act; the Municipal Finance Management Act and the POPI Act
- Broad-Based Black Economic Empowerment (B-BBEE) level 4 contributor and 100% of expenditure can therefore be claimed as Preferential Procurement



Members of 2020/21



Aerosol Canners

031 563 6355
admin@aerosolcanners.co.za
www.aerosolcanners.co.za



Associated Additives

031 468 1561
info@almstab.co.za
www.almstab.co.za



BASF Agricultural Specialities

031 769 2003
www.basf.co.za



BASF SA

031 904 7860
www.basf.com



Buckman Laboratories

031 736 8800
www.buckman.com



Dow Southern Africa

031 716 5900
www.dow.com



Drizit

031 274 2300
drizit@iafrica.com
www.drizit.com



Engen

031 460 3911
info@engen.co.za
www.engen.co.za



Ferro Coating Resins

031 910 3500
www.ferrocoatingresins.co.za



Ferro Dispersions

031 466 8700
www.ferrodispersions.co.za



Gold Reef Specialty Chemicals

031 910 7500
info@gold-reef.co.za
www.gold-reef.co.za



H&R South Africa

031 466 8700
www.hur.com



Isegen

031 913 3200
info@isegen.co.za
www.isegen.co.za



Kansai Plascon

031 451 3200
www.kansaiplascon.co.za



KZN Resins

031 461 3883
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www.kznresins.co.za



M&S Colorchem

031 539 6016
www.colorchem.co.za



Mondi
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SI Group
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Flint Group
031 912 1928
www.flintgrp.com



The Great Supply
031 700 4168
admin@thegreatsupply.co.za
www.thegreatsupply.co.za



valspar

**Sherwin-Williams t/a
Valspar**

031 4598400
www.sherwin-williams.com



**Veolia Water
Technologies**

031 5795529
veoliawatertechnologies.co.za



Vopak

031 466 9200
www.vopak.com/terminals/vopak-terminal-durban

SMME Members of 2020/21

- African Memories
- AziB Technologies
- Bantek Engineering
- BAP South Africa
- Basadi Solutions
- Bokang Muso
- Chemweb
- Chwama Household
- Duma Brands
- Emakheni Cleaning & Industrial Services
- Energy Efficiency
- Eunicia Trading
- Foi Science
- Gamamboh Engineering
- Gotec
- Hitech Industrial Services
- Innosa Projects
- Investeach Lerakat
- Klenz Chemicals
- Ku Green Hands
- khethaservices@outlook.com
- Makhi Holdings
- Mamoza Skincare
- Mofa Science
- MSC Engineering
- Natural Route Agri-Tech Solutions
- Ocean Plastic Technologies
- Olumiyo Construction and Suppliers
- Oplene Group
- Phosela Trading
- Purichem Pty Ltd
- Qubuka Trading Enterprise
- RN Liquids
- Rocky Brands & Marketing
- Siyandile Cleaning
- Sne Natural Skincare
- The Pursuit of Perfection
- Thulasizwe Global Projects
- TPJ's hygiene
- Vk Vision Enterprise
- Zicheman

AGM AWARDS

The cluster recognises the engagement and support from members firms and would like to award the following members with awards for their support in the cluster's success in 2020/21

MEMBER	REASON
Scott Bader	For continuous engagement in cluster programmes and most notably being a knowledge sharing leader in SHEQ initiatives.
Ferro Polymers	For executive oversight, strong support in skills development and being a lead enterprise in the cluster Business Accelerator programme.
H&R SA	For strategic management of the cluster, continued and long-term support of peer learning activities as well as a lead firm in the Business Accelerator.
Ocean Plastic Technologies	For strong engagement in cluster programmes and being exemplary in small business development and innovation.
NCS Resins	For providing strategic guidance to cluster activities, being a lead enterprise in the Business Accelerator programme and supporting the cluster to achieve its long-term vision and objectives.
Gold Reef Chemicals	For providing strategic insights and driving the cluster Investment & Growth initiatives.
Sapref	For ongoing support of peer learning initiatives and being a lead enterprise in the cluster Business Accelerator programme.
Engen	For providing guidance and support in steering the cluster's strategic direction.
BASF SA	For continuous engagement in cluster initiatives and most notably, commitment to skills development programmes.
Flint Group	For strategic management and support in driving the cluster skills development and transformation programme.

Contact Us



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Cluster facilitation services provided by



ABOUT OUR FUNDER

PREFACE

The Economic Development Unit (EDU) is mandated to promote economic development, job creation, economic transformation and economic intelligence within the municipal region.

The EDU Sector Development Programmes Department facilitates the stimulation and growth of priority sectors, by providing city-wide support to the targeted economic sectors in-line with the National Industrial Development Policy Framework, eThekweni's Integrated Development Plan (IDP) 2 as well as the eThekweni Economic Development and Job Creation Strategy.

eThekweni Municipality's EDU is implementing Sector Development Programmes through special purpose vehicles (SPVs) such as clusters. Clustering is a collaborative enabling platform for industry formations, government, academia, non-profit organizations, state-owned enterprises as well as other agents to address issues of common interest. Innovation, collaboration, knowledge transfer and networking required to support competitiveness are facilitated by the intensity of linkages provided within a dense clustering of related firms.

The Sector Development Programmes Department demonstrates several positive economic development attributes such as the propensity to retain and grow employment opportunities; the ability to derive export earnings; and the ability to support economic activities in related sectors.

List of Programmes & Clusters:

Business Process Outsourcing

Business Enabling South Africa
www.bpesa.org.za

Clothing & Textiles

KZN Clothing & Textiles Cluster
www.kznctc.org.za

Business Process Outsourcing

Business Enabling South Africa
www.bpesa.org.za

Business Process Outsourcing

Business Enabling South Africa
www.bpesa.org.za

Business Process Outsourcing

Business Enabling South Africa
www.bpesa.org.za

ICT & Electronics

Smart XChange
www.smartxchange.co.za

EThekweni Furniture Cluster

KwaMashu Furniture Incubator
www.furntech.org.za

Agro-Processing

Edamame Development Programme
www.edamame.co.za

Sustainable Tourism

Durban Green Corridors
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ANNUAL FINANCIAL STATEMENTS

DURBAN CHEMICALS MANUFACTURING CLUSTER NPC

Annual Financial Statements for the year ended 30 June 2021

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Clustering programme for chemical manufacturers in Kwa-Zulu Natal
Directors	Rudolf Jacob Francois Van Niekerk Trevor Andrew I'Ons Maurice Daniel Souchon Douglas Scott Comrie
Registered office	The House Bellevue Campus 5 Bellevue Road Kloof 3610
Business address	The House Bellevue Campus 5 Bellevue Road Kloof 3610
Banker	Investec Bank Limited
Auditor	Mazars Registered Auditor
Company registration number	2008/025461/08
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008,.
Preparer	The annual financial statements were independently compiled by: D Bates Chartered Accountant (SA)
Issued	22 October 2021

DURBAN CHEMICALS MANUFACTURING CLUSTER NPC

Annual Financial Statements for the year ended 30 June 2021

Directors' Responsibilities and Approval

The directors are required by the Companies Act 71 of 2008, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the annual financial statements. The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints. The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 30 June 2022 and, in the light of this review and the current financial position, They are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future. The external auditor is responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditor and their report is presented on pages 6 - 8 .

The annual financial statements set out on pages 9 - 17, which have been prepared on the going concern basis, were approved by the board of directors on 22 October 2021 and were signed on its behalf by:

Approval of annual financial statements

Rudolf Jacob Francois Van Niekerk

Trevor Andrew l'Ons

Maurice Daniel Souchon

Douglas Scott Comrie

DURBAN CHEMICALS MANUFACTURING CLUSTER NPC

Annual Financial Statements for the year ended 30 June 2021

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Durban Chemicals Manufacturing Cluster NPC for the year ended 30 June 2021.

Nature of business

Durban Chemicals Manufacturing Cluster NPC was incorporated in South Africa. The company is engaged in the provision of cluster-based development and support to the chemical industry. The company operates in South Africa.

There have been no material changes to the nature of the company's business from the prior year.

Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

Directors

The directors in office at the date of this report are as follows:

Directors		
Rudolf Jacob Francois Van Niekerk	Appointed	26/03/2021
Trevor Andrew l'Ons		
Maurice Daniel Souchon		
Douglas Scott Comrie		
Clive Richard Wood	Resigned	26/03/2021

Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report, however close monitoring of any potential impact from COVID-19 is being undertaken by the directors.

Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future, including specific consideration of the risk associated with COVID-19. Accordingly, the annual financial statements have been prepared on a going concern basis. As per note 11, the impact of the pandemic has been assessed and the directors have satisfied themselves that the company is in a sound financial position and it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

Auditor

Mazars continued in office as auditors for the company for 2021.

Practitioner's Compilation Report

To the Management of Durban Chemicals Manufacturing Cluster NPC

on pages 9 - 16, based on information you have provided. These annual financial statements comprise the statement of financial position of Durban Chemicals Manufacturing Cluster NPC as at 30 June 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these annual financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities. We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These annual financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these annual financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities.

Mazars
D Bates
22 October 2021
Durban

Independent Auditor's Report

To the Shareholder of Durban Chemicals Manufacturing Cluster NPC

Report on the Audit of the Annual Financial Statements

Opinion

We have audited the annual financial statements of Durban Chemicals Manufacturing Cluster NPC (the company) set out on pages 9 to 16, which comprise the statement of financial position as at 30 June 2021, and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Durban Chemicals Manufacturing Cluster NPC as at 30 June 2021, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Financial Statements section of our report. We are independent of the company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of annual financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note 11 in the annual financial statements which are indicative of events or conditions, subsequent to the financial period, that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Independent Auditor's Report

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Durban Chemicals Manufacturing Cluster NPC annual financial statements for the year ended 30 June 2021", which includes the Directors' Report as required by the Companies Act 71 of 2008 and the Detailed Income Statement, which we obtained prior to the date of this report. The other information does not include the annual financial statements and our auditor's report thereon.

audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the annual financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Annual Financial Statements

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

Independent Auditor's Report

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

Mazars

D Bates

22 October 2021

Durban

DURBAN CHEMICALS MANUFACTURING CLUSTER NPC

Annual Financial Statements for the year ended 30 June 2021

Statement of Financial Position as at 30 June 2021

Figures in Rand	Notes	2021	2020
Assets			
Current Assets			
Trade and other receivables	2	97,019	70,688
Cash and cash equivalents	3	562,356	594,297
		659,375	664,985
Total Assets		659,375	664,985
Equity and Liabilities			
Equity			
Retained income		219,698	268,486
Liabilities			
Current Liabilities			
Trade and other payables	4	439,677	396,499
Total Equity and Liabilities		659,375	664,985

DURBAN CHEMICALS MANUFACTURING CLUSTER NPC

Annual Financial Statements for the year ended 30 June 2021

Statement of Financial Position as at 30 June 2021

Figures in Rand	Notes	2021	2020
Revenue	5	4,644,548	5,066,407
Other income	6	69,009	1,735
Operating expenses		(4,767,154)	(4,817,642)
Operating Surplus/(Deficit)		(53,597)	250,500
Investment revenue	7	4,809	17,772
Surplus/(Deficit) for the year		(48,788)	268,272

DURBAN CHEMICALS MANUFACTURING CLUSTER NPC

Annual Financial Statements for the year ended 30 June 2021

Statement of Changes in Equity

Figures in Rand	Retained income	Total equity
Balance at 01 July 2019	214	214
Surplus/(Deficit) for the year	268,272	268,272
Balance at 01 July 2020	268,486	268,486
Surplus/(Deficit) for the year	(48,788)	(48,788)
Balance at 30 June 2021	219,698	219,698

DURBAN CHEMICALS MANUFACTURING CLUSTER NPC

Annual Financial Statements for the year ended 30 June 2021

Statement of Cash Flows

Figures in Rand	Notes	2021	2020
Cash flows from operating activities			
Cash (used in) generated from operations		(36,750)	50,095
Cash flows from investing activities		(4,767,154)	(4,817,642)
Interest Income		4,809	17,772
Total cash movement for the year		(31,941)	67,867
Cash at the beginning of the year		594,297	526,430
Total cash at end of the year	3	562,356	594,297

DURBAN CHEMICALS MANUFACTURING CLUSTER NPC

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

The directors have pleasure in submitting their report on the annual financial statements of Durban Chemicals Manufacturing Cluster NPC for the year ended 30 June 2021.

1 Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act 71 of 2008. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the annual financial statements.

1.2 Financial instruments

Initial recognition

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments. The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial instruments are measured initially at fair value, including transaction costs for those that are not at fair value through profit or loss. Transaction costs on financial instruments at fair value through profit or loss are recognised immediately in profit or loss.

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period. Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses. Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

Impairment of financial instruments

At the end of each reporting period, the entity assesses whether there is objective evidence of impairment of financial assets that are measured at cost or amortised cost. If there is objective evidence of impairment, the entity recognises an impairment loss in profit or loss immediately.

DURBAN CHEMICALS MANUFACTURING CLUSTER NPC

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

1.2 Financial instruments (continued)

Effective interest rate method

The effective interest rate method is a method of calculating the amortised cost of a debt instrument and allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts over the expected life of a debt instrument to the net carrying amount on initial recognition.

Trade and other receivables

Trade and other receivables are classified as loans and receivables.

Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other payables

Trade and other payables are classified as financial liabilities at amortised cost.

Trade and other payables are initially measured at fair value, less any transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Cash

Cash and cash equivalents comprise cash at bank and cash on hand and other short term deposits with an original maturity of three months or less. Cash and cash equivalents are short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value. These are classified as loans and receivables.

1.3 Revenue

Revenue is measured at the fair value of membership fees received or receivable excluding value added tax.

Government funding is recognised when received by reference to the amount specified in the agreement undertaking in respect of funding entered into between the government and the cluster.

Interest is recognised, in profit or loss, using the effective interest rate method.

DURBAN CHEMICALS MANUFACTURING CLUSTER NPC

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

Figures in Rand	2021	2020
2 Trade and other receivables		
Trade receivables	39,883	16,343
VAT	57,136	54,345
	97,019	70,688
3 Cash and cash equivalents		
Cash and cash equivalents consist of:		
Investec Current Account	534,133	268,989
Investec Investment	13,681	310,913
Investec Cash Management Account	14,542	14,395
	562,356	594,297
4 Cash and cash equivalents		
Trade payables	439,677	396,499
5 Revenue		
TIKZN Funding	282,500	-
Other Project Income	945,500	917,300
CHIETA Funding	30,825	389,375
Membership Fees	1,129,483	1,134,742
eThekweni Municipality	2,256,240	2,624,990
	4,644,548	5,066,407
6 Other income		
Changes in bad debts provision	69,009	1,735
7 Investment revenue		
Interest revenue		
Bank	4,809	17,772

DURBAN CHEMICALS MANUFACTURING CLUSTER NPC

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

Figures in Rand	2021	2020
8 Auditor's remuneration		
Fees	20,220	2,524
9 Cash generated from operations		
(Loss) profit before taxation	(48,788)	268,272
Adjustments for:		
Interest received	(4,809)	(17,772)
Changes in working capital:		
Trade and other receivables	(26,331)	56,354
Trade and other payables	43,178	(256,759)
	(36,750)	50,095
10 Related parties		
Relationships		
Entity under common management	Benchmarking and Manufacturing Analysts SA Proprietary Limited B and M Analysts Proprietary Limited	
Related party balances and transactions with other related parties		
Related party balances		
Amounts included in Trade Payable regarding related parties		
B and M Analysts Proprietary Limited	439,676	385,505
Related party transactions		

DURBAN CHEMICALS MANUFACTURING CLUSTER NPC

Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

Figures in Rand	2021	2020
11 Going concern		
The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future, including specific consideration of the risk associated with COVID19-. Accordingly, the annual financial statements have been prepared on a going concern basis. As per note 12, the impact of the pandemic has been assessed and the directors have satisfied themselves that the company is in a sound financial position and it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.		
12 Events after the reporting period		
The directors are not aware of any material event which occurred after the reporting date and up to the date of this report, however close monitoring of any potential impact from COVID19- is being undertaken by the directors.		

DURBAN CHEMICALS MANUFACTURING CLUSTER NPC

Annual Financial Statements for the year ended 30 June 2021

Detailed Income Statement

Figures in Rand	2021	2020
Revenue		
TIKZN Funding	282,500	-
Other Project Income	945,500	917,300
CHIETA Funding	30,825	389,375
Membership Fees	1,129,483	1,134,742
eThekweni Municipality	2,256,240	2,624,990
	4,644,548	5,066,407
Other income	20,220	2,524
Decrease in provision for bad debts	69,009	1,735
Operating expenses		
Accounting fees	3,050	-
Auditors remuneration	20,220	2,524
Bad debts	2,722	61,645
Bank charges	2,108	3,822
Executive Services	488,966	827,656
Investment and Growth	1,062,040	929,546
Operational Excellence	1,654,578	982,603
TIKZN	220,569	-
Transformation and Skills	1,312,901	2,009,846
	4,767,154	4,817,642
Operating surplus/(deficit)	(53,597)	250,500
Investment income	4,809	17,772
Surplus/(Deficit) for the year	(48,788)	268,272
Surplus/(Deficit) for the year		