



the dti

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Department:  
Trade and Industry  
REPUBLIC OF SOUTH AFRICA

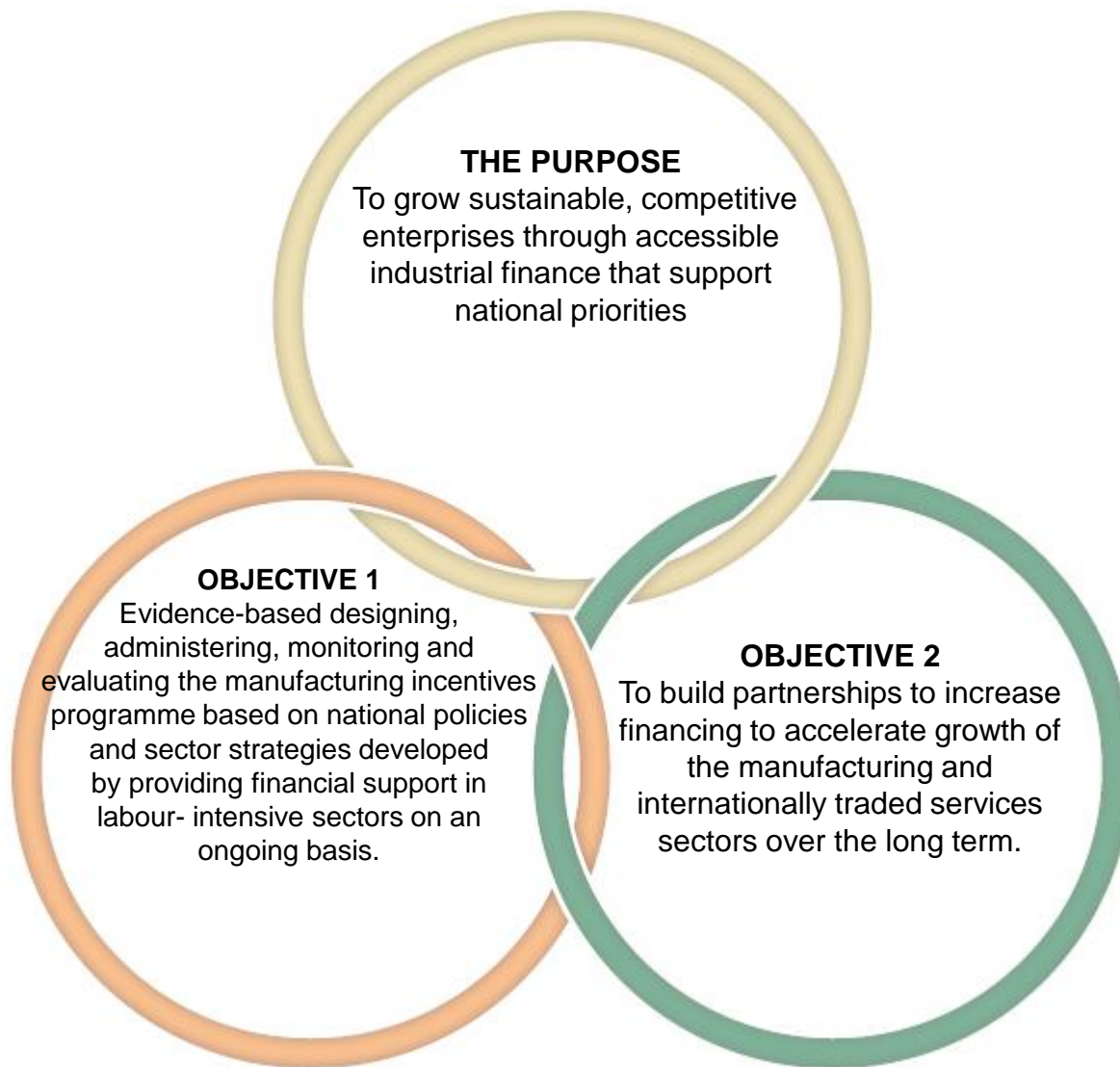
**2018/19 ANNUAL INCENTIVE PERFORMANCE  
FREE STATE**

**Tsépiso Makgothi  
Chief Director: SP & CC  
26-27 September 2019**

# Outline

- Background
- Purpose and Objectives
- Economic Developmental Impact
- Incentive Clusters
- Incentive Support Programmes
- Application Process
- Contact Details

# Purpose and Objectives



## DIVISIONAL SERVICE CHARTER



Integrity



Caring



Transparency



Performance Excellence

We commit to customer centricity by:

- Treating customers trustfully, honestly ethically and professionally.
- Caring for our investors, entrepreneurs, customers, communities, nation and environment.
- Being accountable and taking full responsibility for our actions.
- Embracing operational excellence

# Economic Developmental Impact

## DEVELOPMENTAL OBJECTIVES



**JOB  
CREATION**



**EXPORTS**



**SKILLS  
DEVELOPMENT**



**SUPPLIER  
DEVELOPMENT**



**INDUSTRIAL  
DECENTRALISATION  
AND LOCALISATION**



**WOMEN**



**YOUTH**



**PEOPLE WITH  
DISABILITIES**



**AND THOSE BASED IN  
HISTORICALLY  
DISADVANTAGED REGIONS**

# Incentive Clusters



## INNOVATION CLUSTER

- Technology and Human Resources for Industry Programme (**THRIP**)
- Support Programme for Industrial Innovation (**SPII**)



## MANUFACTURING INVESTMENT CLUSTER

- Black Industrialist Scheme (**BIS**)
- 12I Tax Allowance Incentive (**12I**)
- Automotive Incentive Scheme (**AIS**)
- Agro-Processing Support Scheme (**APSS**)
- Aquaculture Development and Enhancement Programme (**ADEP**)
- Incubation Support Programme (**ISP**)
- Manufacturing Competitiveness Enhancement Programme (**MCEP**)



## SERVICES INVESTMENT CLUSTER

- Global Business Services (**GBS**)
- Film and Television Production (**Film and TV**)



## EXPORT PROMOTION CLUSTER

- Export Marketing and Investment Assistance (**EMIA**)
- Sector-Specific Assistance Scheme (**SSAS**)
- Capital Projects Feasibility Programme (**CPFP**)



## INFRASTRUCTURE INVESTMENT CLUSTER

- Special Economic Zones (**SEZ**)
- Critical Infrastructure Programme (**CIP**)
- Industrial Parks

# INNOVATION CLUSTER

Incentive Programme	Purpose	Target / Eligibility Criteria	Incentive Offering
<b>Technology and Human Resources for Industry Programme (THRIP)</b>	To increase the number of people with appropriate skills in the development and management of research-based technology for industry.	<ul style="list-style-type: none"> <li>▪ South African registered legal entities.</li> <li>▪ Registered higher education or further education institution in partnership with private sector.</li> <li>▪ Licensed and/or registered science councils in partnership with private sector</li> </ul>	<ul style="list-style-type: none"> <li>▪ THRIP is a cost-sharing grant of up to R8m per annum for a period (3) years for approved project engaged in applied research and development in science, engineering and technology</li> </ul>

# INNOVATION CLUSTER

Incentive Programme	Purpose	Target / Eligibility Criteria	Incentive Offering
<b>Support Programme For Industrial Innovation (SPII)</b>	<p>Promote technology development in industry in South Africa, through the provision of financial assistance for the development of innovative products and /processes that are commercially viable &amp; internationally competitive</p> <p>Focus – Development phase</p> <p>(Basic Research to pre-production Prototype</p>	<ul style="list-style-type: none"> <li>▪ South African registered legal entities.</li> <li>▪ Registered higher education or further education institution in partnership with private sector.</li> <li>▪ Licensed and/or registered science councils in partnership with private sector</li> </ul>	<ul style="list-style-type: none"> <li>▪ 50:50 cost-sharing support for large Enterprises</li> </ul>

# MANUFACTURING INVESTMENT CLUSTER

Incentive Programme	Purpose	Target / Eligibility Criteria	Incentive Offering
<b>Black Industrialist Scheme (BIS)</b>	Partner with Black owned and managed companies on their expansion and green field investments	<ul style="list-style-type: none"><li>▪ Must be at least 51% Black owned</li></ul>	<ul style="list-style-type: none"><li>▪ Cost sharing grant of up to R50 million based on qualifying costs</li></ul>



# MANUFACTURING INVESTMENT CLUSTER

Incentive Programme	Purpose	Target / Eligibility Criteria	Incentive Offering
<b>12I Tax Allowance</b>	To promote industrial upgrading and use of new technology in manufacturing.	Greenfield (new) and Brownfield (expansion) investments	<ul style="list-style-type: none"><li>▪ Tax allowances up to 55 % of the investment cost and Training Allowance</li><li>▪ Additional benefit for locating in an SEZ</li></ul>

# MANUFACTURING INVESTMENT CLUSTER

Incentive Programme	Purpose	Target / Eligibility Criteria	Incentive Offering
<b>Automotive Investment Scheme (AIS)</b>	To grow and develop the automotive sector	<ul style="list-style-type: none"><li>▪ Light motor vehicle manufacturers</li><li>▪ Component manufacturers</li></ul>	<ul style="list-style-type: none"><li>▪ Non taxable cash grant of up to 30% for qualifying investments</li></ul>

Incentive Programme	Purpose	Target / Eligibility Criteria	Incentive Offering
<b>Aquaculture Development and Enhancement Programme (ADEP)</b>	<p>To stimulate investment in the Aquaculture sector and broaden participation in the sector</p>	<p>South African Registered Entities engaged in the following operations:</p> <p><b>Primary</b></p> <ul style="list-style-type: none"> <li>▪ Brood Stock</li> <li>▪ Seed Production</li> <li>▪ Juvenile (spat, fry, fingerling) operations including hatchery and nursery facilities</li> <li>▪ On-growing operations</li> </ul> <p><b>Secondary</b></p> <ul style="list-style-type: none"> <li>▪ Post-harvesting handling, eviscerating, packing &amp; quick freezing</li> <li>▪ Filleting, portioning and packaging</li> <li>▪ Value adding: curing, brining &amp; smoking</li> <li>▪ Waste stream handling</li> </ul> <p><b>Ancillary</b></p> <ul style="list-style-type: none"> <li>▪ Feed manufacturing,</li> <li>▪ R&amp;D projects</li> <li>▪ Privately owned aquaculture veterinary services</li> </ul> <p>▪ <b>Emerging Black farmers</b></p>	<p>Reimbursable cost-sharing grant of up to a max of R30 million for qualifying costs</p> <ul style="list-style-type: none"> <li>▪ Machinery and equipment; bulk infrastructure; land and/or buildings; competitiveness improvement activities; commercial vehicles and work boats.</li> <li>▪ <b>Score based on economic benefit criteria</b></li> </ul>

Incentive Programme	Purpose	Target / Eligibility Criteria	Incentive Offering
<b>Agro-Processing Support Scheme (APSS)</b>	<p>To stimulate investment by SA Agro-Processing /beneficiation (agri-business) enterprises. Investment to achieve some of the following:</p> <ul style="list-style-type: none"> <li>• Increased Capacity</li> <li>• Employment Creation</li> <li>• Modernised Machinery &amp; Equipment</li> <li>• Competitiveness &amp; productivity improvement</li> <li>• Broadening Participation</li> </ul>	<p>South African Registered Entities in the following sub-sectors:</p> <ul style="list-style-type: none"> <li>• Food &amp; beverage value addition and processing (including Black winemakers)</li> <li>• Furniture manufacturing</li> <li>• Fibre processing</li> <li>• Feed production; and</li> <li>• Fertilizer production</li> </ul>	<p>Reimbursable cost-sharing grant of 20% to 30% to a max of R20 million for qualifying costs</p> <ul style="list-style-type: none"> <li>▪ New machinery, equipment &amp; tools;</li> <li>▪ New commercial vehicles registered in the name of the applicant;</li> <li>▪ Buildings;</li> <li>▪ Competitiveness Improvement Costs</li> </ul>

Incentive Programme	Purpose	Target / Eligibility Criteria	Incentive Offering
<b>Manufacturing Competitiveness Enhancement Programme (MCEP)</b>	To make South African manufacturing companies more competitive.	<p>Start ups as well as existing Businesses (private companies, CCs and Cooperatives, which are Black Industrialists</p> <p>Only applicable to manufacturing companies under SIC code 3;</p> <p>Max. repayment term: 84 months;</p> <p>B-BBEE: Level 4, or achieve status within 2 years of approval;</p> <p>First draw down: within 6 months of approval;</p> <p>Applicant should not lay off staff during the duration;</p> <p>Must qualify with <b>the dti</b> definition of Black Industrialist.</p>	<p>Plant &amp; Equipment Loan: Capped at R50m / application;</p> <p>Pre- and Post Business Development Support will be capped at R3m per application;</p>

# SERVICES CLUSTER

Incentive Programme	Purpose	Target / Eligibility Criteria	Incentive Offering
Global Business Process	Aim of the programme is to support international companies to invest in South Africa in order to provide back office support	New or expanding operations	<ul style="list-style-type: none"><li>Up to R40000.00 depending on the number of jobs created</li></ul>

# EXPORT PROMOTION CLUSTER

Incentive Programme	Purpose	Incentive Offering	
<b>Export Marketing Investment Assistance (EMIA)</b>	Aims to support exporters to explore new export markets	Individual Exhibition Participation	<ul style="list-style-type: none"> <li>▪ Return airfare</li> <li>▪ Subsistence allowance</li> <li>▪ Transportation of samples</li> <li>▪ Exhibition costs</li> </ul>
		Primary Market Research & Foreign Direct Investment	<ul style="list-style-type: none"> <li>▪ Return airfare</li> <li>▪ Subsistence allowance</li> <li>▪ Transportation of samples</li> <li>▪ Patents</li> <li>▪ Production of marketing material</li> </ul>
		Individual Inward Missions	<ul style="list-style-type: none"> <li>▪ Return airfare</li> <li>▪ Subsistence allowance</li> <li>▪ Car rental</li> </ul>
		Group Missions & National Pavillions	<p>Selected Trade Fairs &amp; Exhibitions / Export Councils, Industry Associations &amp; Provincial Trade Promotion Agencies</p> <ul style="list-style-type: none"> <li>▪ Return airfare</li> <li>▪ Subsistence allowance</li> <li>▪ Transportation of samples</li> <li>▪ Exhibition costs</li> </ul>

# COMPETITIVENESS CLUSTER

Incentive Programme	Purpose	Incentive Offering
<b>Sector Specific Assistance Scheme (SSAS)</b>	Offer support to projects that promote the development of emerging exporters.	<p>80:20 cost-sharing, max R1m for</p> <ul style="list-style-type: none"> <li>▪ Local and international air travel;</li> <li>▪ Accommodation;</li> <li>▪ Subsistence allowance of R200 per day;</li> <li>▪ Transportation of samples;</li> <li>▪ Exhibition costs;</li> <li>▪ Specialised training (e.g. product development, design colour trends, project management, etc.)</li> </ul>



# EXPORT PROMOTION CLUSTER

Incentive Programme	Purpose	Incentive Offering
Capital Projects Feasibility Programme (CPFP)	Strengthen international competitiveness and create a long-term demand of South African capital goods sector and allied industries.	Grant of up to 50% of the feasibility study costs for projects outside Africa and 55% for projects in Africa.

# INFRASTRUCTURE INVESTMENT CLUSTER

Incentive Programme	Purpose	Target / Eligibility Criteria	Incentive Offering
<b>Critical Infrastructure Programme (CIP)</b>	Co Sponsor investment in common infrastructure that is essential for competitiveness .	Registered private entities and municipalities	<ul style="list-style-type: none"><li>▪ A grant of between 10% and 30% of the development costs for qualifying infrastructure.</li></ul>

# INFRASTRUCTURE INVESTMENT CLUSTER

Incentive Programme	Purpose	Target / Eligibility Criteria	Incentive Offering
<b>Special Economic Zone (SEZ)</b>	<ul style="list-style-type: none"><li>▪ Attract investment in geographically designated areas that have been set aside for specifically targeted economic activities</li></ul>	<ul style="list-style-type: none"><li>▪ Bulk Infrastructure and top structures for companies</li></ul>	<ul style="list-style-type: none"><li>▪ Preferential taxes (including 12i Tax Allowance)</li><li>▪ Building Allowance</li><li>▪ Employment Incentive</li><li>▪ Customs Controlled Area</li></ul>

# 2018/19 Incentive Performance Overview

## Types of Support 2018/19

Loans  
**R457 m**  
(5%)

Tax  
Allowance  
**R618 m**  
(7%)



Grants  
**R7,8bn**  
(88%)

## 2018/19 Performance



**793**  
Incentive  
approvals

**R31,3bn**  
Projected Investment to be  
leveraged



**> R8bn**  
approved

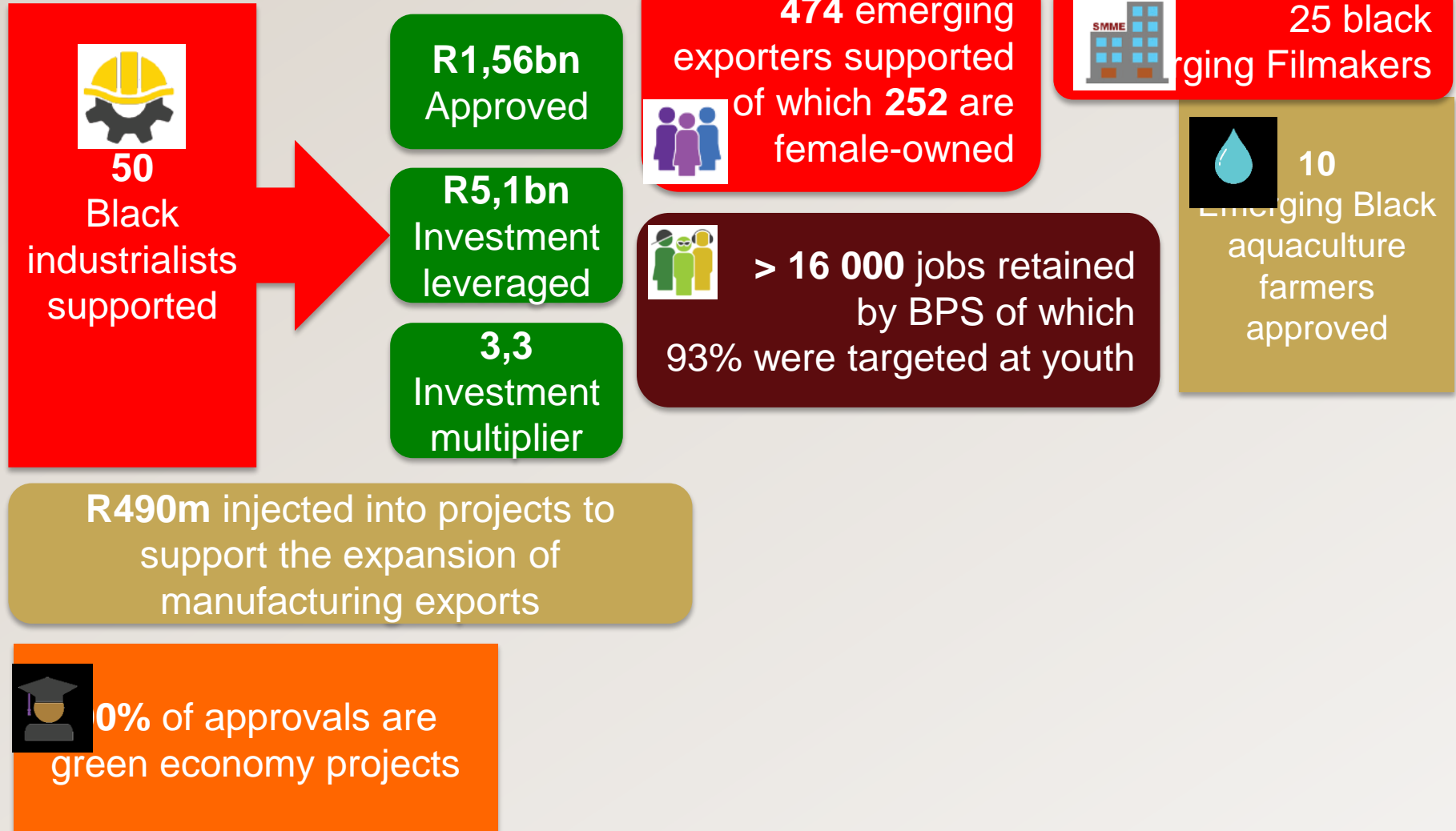


**38 366** jobs to be retained  
**29 735** jobs to be created

**R5,1bn**  
Disbursed

# Incentive Performance Overview 2018/19

the dti supports radical economic transformation



# Provinces Overview

## Gauteng

**R3,6 billion**  
Approval  
Amount



**R15 billion**  
Projected  
Investment

Projected jobs  
to be retained  
**147**

Projected jobs  
to be created  
**4 321**

## GRAND TOTAL

**R8,9 billion**  
Approval  
Amount



**R31,3 billion**  
Projected  
Investment

Projected jobs  
to be retained  
**38 366**

Projected jobs  
to be created  
**29 735**

## Limpopo

**R246 million**  
Approval  
Amount



**R2,2 billion**  
Projected  
Investment

Projected jobs  
to be retained  
**147**

Projected jobs  
to be created  
**4 321**

## North West

**R132 million**  
Approval  
Amount



**R341 million**  
Projected  
Investment

Projected jobs  
to be retained  
**391**

Projected jobs  
to be created  
**455**

## Northern Cape

**R523  
thousand**  
Approved



**R1.9 million**  
Projected  
Investment

Projected jobs  
to be retained  
**0**

Projected jobs  
to be created  
**5**

## Mpumalanga

**R155 million**  
Approval  
Amount



**R1 billion**  
Projected  
Investment

Projected jobs  
to be retained  
**18**

Projected jobs  
to be created  
**1 491**

## KwaZulu-Natal

**R1,3 billion**  
Approval  
Amount



**R5,2 billion**  
Projected  
Investment

Projected jobs  
to be retained  
**9 559**

Projected jobs  
to be created  
**5 127**

## Western Cape

**R1,0 billion**  
Approval  
Amount



**R1,4 billion**  
Projected  
Investment

Projected jobs  
to be retained  
**2 416**

Projected jobs  
to be created  
**4 492**

## Eastern Cape

**R2 billion**  
Approval  
Amount



**R3,9 billion**  
Projected  
Investment

Projected jobs  
to be retained  
**13 755**

Projected jobs  
to be created  
**1 199**

## Free State

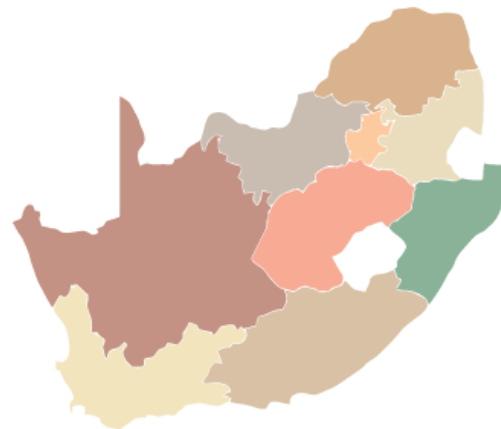
**R198 million**  
Approval  
Amount



**R1,7 billion**  
Projected  
Investment

Projected jobs  
to be retained  
**361**

Projected jobs  
to be created  
**1 331**



# Key Strategic Sectors: Overview



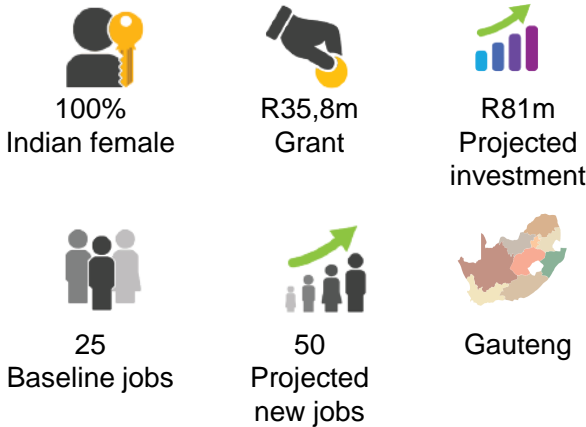
Sector	Agro-Processing	Automotive	Clothing, Textiles, leather	Chemical Products, Pharmaceuticals and Plastics	Mining and Mineral Beneficiation
Grant Amount	R579 million	R2,5 billion	R99 million	R788 million	R19,6 million
Projected Investment	R2,3 billion	R8,5 billion	R160 million	R2,8 billion	R49 million
Projected new jobs	4 070	1 225	277	1 679	180
Baseline jobs retained	2 668	27 044	269	923	20

# Black Industrialist Scheme (BIS)

2017/18	Aggregate Performance	2018/19
50	Projects approved	50
R1,4bn	Value of grants	R1,56bn
R5,5bn	Projected investment	R5,14bn
5 159	Projected new jobs	3 136
2 536	Baseline jobs	1 551
R505,1m	Disbursements	R468m

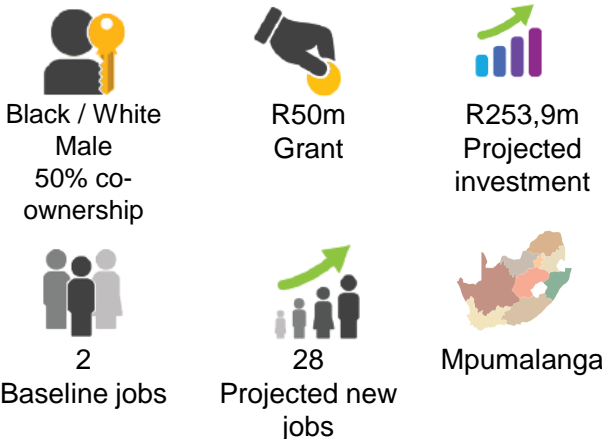
## Company highlight: Ocean's Peak

Oil and gas expansion project



## Company highlight: Dalisu Holdings

Chemicals, pharmaceuticals and plastics



## Highlights



Increase in value of approvals from 2017/18 to 2018/19



Broad span of manufacturing sub-sectors approved



Black industrialists are growing in independence and confidence



Positive multiplier effects on investment and on projected jobs in all sub-sectors approved



More potential among black industrialists emerging through the scheme than was previously known



Payments and claims show sound achievements of projected investments and jobs



# BIS Approvals per Province



Eastern  
Cape

**Free  
State**

Limpopo

KwaZulu-  
Natal

Gauteng

Western  
Cape

Mpuma-  
langa

North  
West



3

**2**

4

11

24

2

3

1



R97,1m

**R69,5m**

R110m

R373,3m

R740,2m

R33,3m

R101m

R40,3m



0

**76**

0

244

1 066

136

0

29



190

**154**

172

1 136

1 149

90

177

68



R318m

**R169,6m**

R229,1m

R2,06bn

R1,8bn

R70,4m

R402,7m

R81m

<sup>1</sup>New projects hence baseline jobs are zero

# BIS Disbursements per Province



	Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Limpopo	Western Cape
	4	1	26	9	1	1
	R70,4m	R2,3m	R354,2m	R74,7m	R40,5m	R1,7m
	R354,7m	R5,6m	R1,46bn	R361,8m	R99,6m	R52,3m
	0	0	2012	763	125	11
	72	2	1 726	799	196	37
	72	2	608	36	71	26

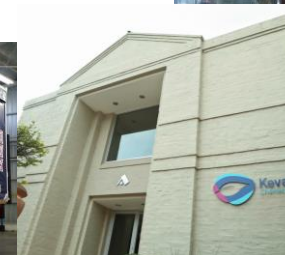


## Company highlight: Maneli Pets

Established	March 2016
Ownership	91% Black-owned
Sector	Agro-processing
Products	Pet food and treats
Grant	R12,5m

## Company highlight: Kevali Chemicals

Established	2014
Ownership	50% Black-owned
Sector	Chemicals & Pharm
Products	Water treatment, sanitation chemicals, adhesives
Grant	R8,02m





Thank you



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