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Department:
Trade and Industry
REPUBLIC OF SOUTH AFRICA

INCENTIVE PROGRAMMES

DEA Conference
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SIHLE DLAMINI

PRESENTATION OUTLINE

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 - Manufacturing Investment Cluster of Incentives
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 - Infrastructure Investment Cluster of Incentives

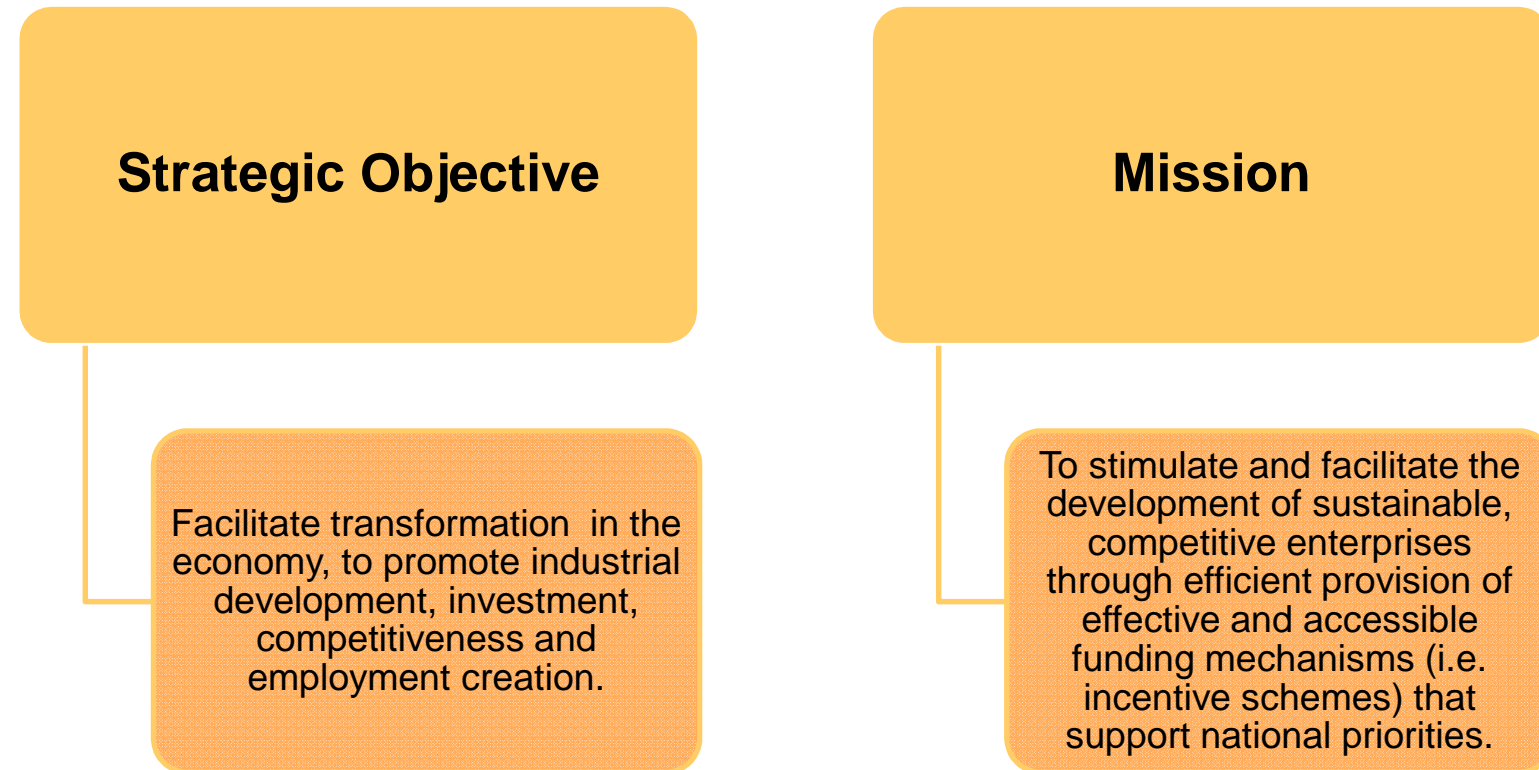


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IDAD MISSION AND STRATEGIC OBJECTIVE

Incentive Development and Administration Division



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INCENTIVE PROGRAMME CLUSTERS

Broadening Participation

- Incubation Support Programme (ISP)
- Support Programme for Industrial Innovation (SPII)
- Black Industrialist Scheme
- Technology and Human Resource Investment Programme

Competitiveness Investment

- Manufacturing Competitiveness Enhancement Programme (MCEP) – Temporary Suspension
- Export Marketing Investment Assistance (EMIA)
- Sector Specific Assistance Scheme (SSAS)
- Capital Projects Feasibility Programme (CPFP)

Manufacturing Investment

- 12I Tax Allowance Programme
- Automotive Investment Scheme (AIS)
- Aquaculture Development and Enhancement Programme (ADEP)

Services Investment

- Film & TV Production Incentive
- Business Process Services (BPS)

Infrastructure Investment

- Critical Infrastructure Programme (CIP)
- Cluster Development Programme



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BROADENING PARTICIPATION CLUSTER



- To broaden economic participation of small enterprises owned by historically disadvantaged individuals including women, youth, and people with disabilities.
- To promote economic participation of enterprises from historically disadvantaged communities and marginalised regions into the mainstream economy.



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BROADENING PARTICIPATION CLUSTER

Incentive Programme	Purpose	Target / Eligibility Criteria	Incentive Offering
Incubation Support Programme	Encourage private sector partnership with government to support incubators to develop and nurture SMMEs into sustainable enterprises that can provide employment and contribute to economic growth	<ul style="list-style-type: none"> ▪ South African registered legal entities. ▪ Registered higher education or further education institution in partnership with private sector. ▪ Licensed and/or registered science council in partnership with private sector 	<ul style="list-style-type: none"> ▪ 50:50 cost-sharing support for large private sector investors. ▪ 60:40 cost-sharing support for SMMEs. ▪ Cap = max R10m per financial year over 3 years.



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BROADENING PARTICIPATION CLUSTER

Incentive Programme	Purpose	Target / Eligibility Criteria	Incentive Offering
Support for Industrial Innovation	<ul style="list-style-type: none"> Promote technology development in South Africa through the provision of financial assistance for the development of innovative competitive products and/or processes Provision for the development of new products and or processes 	<ul style="list-style-type: none"> Aimed at SMMEs <p>Financial assistance will vary depending on shareholding</p>	<ul style="list-style-type: none"> Up to 2million Up to 5 million



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BROADENING PARTICIPATION CLUSTER



Incentive Programme	Purpose	Target / Eligibility Criteria	Incentive Offering
<p>Black Industrialist Scheme</p>	<ul style="list-style-type: none"> • Unlock the potential of Black Industrialists within the SA economy through targeted, well defined financial and non financial interventions • Assist the Black Industrialists in selected manufacturing sectors and value chains reflected by contribution to growth, investment, exports and employment • Create multiple and diverse pathways and instruments for BI to enter strategic and targeted marketing sectors and value chain 	<ul style="list-style-type: none"> • Investment should be min of 30 million rand • Must comply with the mandatory requirements of the guidelines (section 3 and 4) 	<ul style="list-style-type: none"> ▪ Cost sharing grant of 30-50% based on mandatory conditions, shareholdership and economic table criteria met ▪ Capital Investment cost ▪ Feasibility studies towards a bankable business plan (max of 3% of projected inv project cost) ▪ Post investment support (up to a max of R500k) ▪ Business Development Services to a max of R2 million

COMPETITIVENESS INVESTMENT CLUSTER

To create an enabling environment that promotes industrial competitiveness and the growth of South African goods and services in the global economy.



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COMPETITIVENESS INVESTMENT CLUSTER

Incentive Programme	Purpose	Target / Eligibility Criteria
<p>Manufacturing Competitiveness Enhancement Programme (MCEP)</p> <p>Temporary Suspension</p>	<p>To promote or enhance entities' competitiveness and job retention.</p>	<ul style="list-style-type: none"> ▪ Manufacturing entities (under SIC 3) existing for a minimum 12 months. ▪ Engineering services and conformity assessment bodies that support the manufacturing sector. ▪ Automotive manufacturers with <25% of base-year turnover earned as part of the supply chain locally and/or internationally. ▪ Entity should be at least a Level 4 B-BBEE contributor status in terms of B-BBEE codes. Investment projects may not result in reduction of base-year employment figures. ▪ Minimum investment required in machinery and equipment: <ul style="list-style-type: none"> below R5m = R500 000; R5m and R30m = R1m; R30m & above = R2 m.



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COMPETITIVENESS INVESTMENT CLUSTER

Incentive Programme	Purpose	Incentive Offering	
Export Marketing Investment Assistance (EMIA)	Aims to develop export markets for South African products / services, thus attracting new FDIs into the country.	Individual Exhibition Participation	<ul style="list-style-type: none"> Return airfare Subsistence allowance Transportation of samples Exhibition costs
		Primary Market Research & Foreign Direct Investment (two confirmed appointments per day)	<ul style="list-style-type: none"> Return airfare Subsistence allowance Transportation of samples Patents Production of marketing material
		Individual Inward Missions	<ul style="list-style-type: none"> Return airfare Subsistence allowance Car rental



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COMPETITIVENESS INVESTMENT CLUSTER

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



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MANUFACTURING INVESTMENT CLUSTER

To address economic shortfalls and market failures within the manufacturing sector as well as to enhance and stimulate the manufacturing sector.



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MANUFACTURING INVESTMENT CLUSTER

Incentive Programme	Purpose	Target / Eligibility Criteria	Incentive Offering
Aquaculture Development Enhancement Programme (ADEP)	To stimulate investment in the aquaculture sector and increase geographic spread of aquaculture activities.	<ul style="list-style-type: none"> ▪ Primary aquaculture: breeding and related activities. ▪ Secondary aquaculture: processing and related activities. ▪ Ancillary aquaculture: services related to aquaculture. 	Reimbursable cost-sharing grant of up to a maximum of R40 million for machinery and equipment; bulk infrastructure; land and/or buildings; competitiveness improvement activities; commercial vehicles and work boats.



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MANUFACTURING INVESTMENT CLUSTER



Incentive Programme	Purpose	Target / Eligibility Criteria	Incentive Offering
12I Tax Allowance	To promote industrial upgrading and use of new technology in manufacturing.	Greenfields (new): min investment = R50m	<ul style="list-style-type: none"> ▪ 55% of investment costs (100% if located in an SEZ): <ul style="list-style-type: none"> - max R900m (preferred status) - max R550 (qualifying status) ▪ Training allowance: <ul style="list-style-type: none"> - max R30m (preferred status) - max R20m (qualifying status)
		Brownfields (expansion) min investment = R30m	<ul style="list-style-type: none"> ▪ 35% of investment costs (100% if located in an SEZ): <ul style="list-style-type: none"> - max R550m (preferred status) - max R350m (qualifying status) ▪ Training allowance: <ul style="list-style-type: none"> - max R30m (preferred status) - max R20m (qualifying status)

MANUFACTURING INVESTMENT CLUSTER

Incentive Programme	Purpose	Target / Eligibility Criteria	Incentive Offering
Automotive Investment Scheme (AIS)	To grow and develop the automotive sector through investment in new and/or replacement models and components, and to stimulate the increase of plant production volumes, sustain employment and/or strengthen the automotive value chain.	<ul style="list-style-type: none"> ▪ Light motor vehicle manufacturers ▪ Component manufacturers ▪ Deemed component manufacturers 	<ul style="list-style-type: none"> ▪ Non-taxable cash grant of 20% of the value of qualifying investment in productive assets by light motor vehicle manufactures. ▪ Non-taxable cash grant of 25% of the value of qualifying investment in productive assets by component manufactures and tooling companies. ▪ Additional taxable cash grant of between 5% to 10% may be made available to projects that are found to be strategic by the dti. ▪ Additional taxable cash grant of 5% to projects that meet the economic benefit criteria.



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SERVICES INVESTMENT CLUSTER

To stimulate investment that creates employment opportunities and attracts foreign investors with the intention of building South Africa's international profile.



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SERVICES INVESTMENT CLUSTER

Incentive Programme	Purpose	Target / Eligibility Criteria	Incentive Offering
Business Process Services (BPS)	To attract investment and create employment in South Africa through offshoring activities.	New or expanding project that will perform BPS activities which may be operated from more than one physical location in South Africa.	Base incentive of between R16 000 and R40 000 depending on the number of jobs created and an additional bonus grant for additional jobs.
Film and Television Production	SA Black Emerging Filmmakers Incentive: To nurture and capacitate emerging black filmmakers to take up big productions and contribute towards employment opportunities.	South African local Black-owned qualifying productions with a total production budget of R1 million and above.	A rebate of up to 50% for the first R6 million of the Qualifying South African Production Expenditure (QSAPE) and 25% thereafter. No cap is applicable for this rebate.



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SERVICES INVESTMENT CLUSTER

Incentive Programme	Purpose	Target / Eligibility Criteria	Incentive Offering
Film and Television Production	Foreign Film and Television Production and Post-production: to attract foreign-based film productions to shoot on location in SA and conduct post-production activities in the country.	SPCV with Qualifying South African Production Expenditure (QSAPE) of R12 million, and at least 50% of principal photography to be done in SA for minimum 4 weeks.	<ul style="list-style-type: none"> 20% of QSAPE (Production). 22.5% of R1.5m QSAPE plus 2.5% for QSAPPE and 25% of R3m QSAPE plus 5% for QSAPPE (Production & Post-production). 22.5% of R1.5m QSAPE or 25% of R3m QSAPE (Post-production).
	SA Film and Television Production and Co-production: to assist local film producers in the production of local content and stimulate investment that creates employment opportunities and attracts foreign investors with the intention of building SA's international profile.	Qualifying South African productions and official treaty co-productions with minimum production budget of R2.5 million.	35% of the first R6 million of QSAPE and 25% of the on amounts above R6 million.



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INFRASTRUCTURE INVESTMENT CLUSTER

Enhance and develop the country's infrastructure for investment purposes.



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MANUFACTURING INVESTMENT CLUSTER

Incentive Programme	Purpose	Target / Eligibility Criteria	Incentive Offering
Critical Infrastructure Programme (CIP)	Leverage strategic investment projects by financially supporting infrastructure critical to such projects.	Registered private entities and municipalities	<ul style="list-style-type: none"> ▪ A grant of between 10% and 30% of the development costs for qualifying infrastructure. ▪ A 100% grant of the development costs for qualifying infrastructure distressed municipalities. ▪ Cap = R50m.



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Thank you



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