THE INCENTIVE DEVELOPMENT AND ADMINISTRATION DIVISION (IDAD) 2013-14 PERFORMANCE REPORT

the dti

Department:
Trade and Industry
REPUBLIC OF SOUTH AFRICA

towards full-scale industrialisation and inclusive growth

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Contents

ABBREVIATIONS AND ACRONYMS 4

1. EXECUTIVE SUMMARY 6

1.1. Broadening Participation Cluster (BPC).............6

1.2. Competiveness Investment Cluster (CIC)..........7

1.3. Manufacturing Investment Cluster (MIC)............8

1.4. Services Investment Cluster...............................9

FOREWORD BY THE MINISTER 10

FOREWORD BY THE DIRECTOR-GENERAL.............12

2. IDAD OVERVIEW 15

2.1. INCENTIVE DESIGN 15

2.2. INCENTIVE ADMINISTRATION.......................15

2.3. INCENTIVE CLUSTERING..............................15

2.4. INCENTIVE MONITORING AND EVALUATION 15

2.5. STRATEGIC PARTNERSHIPS AND CUSTOMER CARE..16

3. STRUCTURE OF THE REPORT.................. 16

4. BROADENING PARTICIPATION CLUSTER 16

4.1. INTRODUCTION...17

4.2. BLACK BUSINESS SUPPLIER DEVELOPMENT PROGRAMME 17

4.3. CO-OPERATIVE INCENTIVE SCHEME..........25

4.4. INCUBATION SUPPORT PROGRAMME 34

CLUSTER REFERENCE 40

5. Competiveness Investment Cluster (CIC) 42

5.1. INTRODUCTION...42

5.2. MANUFACTURING COMPETITIVENESS ENHANCEMENT PROGRAMME (MCEP).......42

5.3. CAPITAL PROJECTS FEASIBILTIY PROGRAMME (CPFP) 48

5.4. EXPORT MARKETING AND INVESTMENT ASSISTANCE SCHEME (EMIA) 53

5.5. SECTOR-SPECIFIC ASSISTANCE SCHEME FOR EMERGING EXPORTERS...............................59

CLUSTER REFERENCE 65

6. Manufacturing Investment Cluster (MIC) .. 66

6.1. INTRODUCTION...66

6.2. THE SECTION 12I TAX ALLOWANCE INCENTIVE 66

6.3. THE AUTOMOTIVE INVESTMENT SCHEME (AIS)...74

6.4. MANUFACTURING INVESTMENT PROGRAMME (MIP)..83

6.5. AQUACULTURE DEVELOPMENT AND ENHANCEMENT PROGRAMME (ADEP) 91

CLUSTER REFERENCES...94

7. SERVICES INVESTMENT CLUSTER INCENTIVE PROGRAMMES 95

7.1. INTRODUCTION...95

7.2. FILM AND TV PRODUCTION INCENTIVE......95

7.3. BUSINESS PROCESS SERVICES (BPS).....106

7.4. TOURISM SUPPORT PROGRAMME............112

CLUSTER REFERENCES.............................118

8. INFRASTRUCTURE SUPPORT CLUSTER (ISC)...119

8.1. CRITICAL INFRASTRUCTURE PROGRAMME (CIP).....................................119

9. IDAD Contact Details 126

ABBREVIATIONS AND ACRONYMS

AIS	Automotive Investment Scheme
ADEP	Aquaculture Development and Enhancement Programme
B-BBEE	Broad-Based Black Economic Empowerment
BBSDP	Black Business Supplier Development Programme
BPC	Broadening Participation Cluster
BPS	Business Process Services
CIC	Competitiveness Investment Cluster
CM	Component Manufacturer
CPFP	Capital Projects Feasibility Programme
CIP	Critical Infrastructure Programme
CIS	Co-operative Incentive Scheme
EIP	Enterprise Incentive Programme
EMIA	Export Marketing and Investment Assistance
ESS	Enterprise Support Services
IDAD	Incentive Development and Administration Division
ISP	Incubator Support Programme
MIP	Manufacturing Investment Programme
MIC	Manufacturing Investment Cluster
NIPF	National Industrial Policy Framework
OEM	Original Equipment Manufacturer
P-AIS	People-carrier Automotive Investment Scheme
PFMA	Public Finance Management Act
SARS	South African Revenue Services

SASS	Sector-Specific Assistance Scheme
SEZ	Special Economic Zone
SMEDP	Small and Medium Enterprise Development Programme
SIC	Services Investment Cluster
the dti	The Department of Trade and Industry
TSP	Tourism Support Programme

1. EXECUTIVE SUMMARY

This report provides a summative analysis of the performance of the incentive programmes that are administered and managed by the Incentive Development and Administration Division (IDAD) within the Department of Trade and Industry (**the dti**) for the period April 2013 to March 2014. The report is structured according to the incentive clusterings, namely the Broadening Participation Cluster (BPC), Competitiveness Investment Cluster (CIC), Manufacturing Investment Cluster (MIC), Services Investment Cluster (SIC) and Infrastructure Support Cluster (ISC).

1.1. Broadening Participation Cluster (BPC)

The BPC aims to strengthen economic development and participation and continually attempts to address the needs of South Africa's economic citizens, particularly women, youth and people with disabilities and communities living in marginalised regions. This cluster consists of the Black Business Supplier Development Programme (BBSDP), the Co-operative Incentive Scheme (CIS) and the Incubator Support Programme (ISP).

During 2013/14, BBSDP supported 1 066 enterprises, CIS 243 co-operatives and ISP 28 incubators, to a total value of R983.9 million. With the assistance of Network Facilitators (NFs), the BBSDP was accessed by enterprises from all nine provinces, with KwaZulu-Natal and the Eastern Cape showing a significant increase in the number of enterprises supported from 2012/13 to 2013/14. The programme continues to largely support enterprises from the construction sector, with 432 approved during 2013/14. However, approvals were also granted for enterprises involved in new business activities in the transport sector, such as freight transport and warehousing. In addition, various activities in the agriculture sector were approved, such as sugar cane, fruit, vegetable and peanut farming.

The CIS continued to provide support to co-operatives in mostly rural provinces, such as the Eastern Cape, Northern Cape and Limpopo. Even though agriculture continued to receive the most support through CIS (141), 2013/14 also saw the approval of new activities in the services sector such as information technology (IT) and disk jockey (DJ) services. During 2013/14, co-operatives operating in the transport sector were approved for the first time since the inception of the CIS. The programme also played a role in encouraging increased participation from female entrepreneurs, accounting for 61% of all members from supported co-operatives. Female entrepreneurship is a well-used instrument by developing economies to reduce poverty, particularly in informal settlements and rural areas where few opportunities exist. In addition, 15% of all co-operative members are younger than 35 years old.

Of the 28 incubators approved in 2013/14, Gauteng and the Western Cape had the most approvals, with seven projects each to the value of R154 million and R107 million respectively. The Northern Cape and Limpopo showed major improvements, from no projects approved in 2012/13 to three each in 2013/14. Two of the incubators approved in Limpopo are jewellery incubators and aim to transfer design and business skills to people in the province to help them benefit from its mineral-rich resources and contribute to the reduction of poverty. The agricultural sector received the most approvals and had the highest grant approved in 2013/14, with six approvals to the value of R117.8 million. These incubators will provide small enterprises with business and technical training related to crop farming, farming equipment, technical skills to use this equipment and access to finance. Their objectives include establishing and growing start-up commercial farming enterprises, job creation and alleviating poverty.

1.2. Competiveness Investment Cluster (CIC)

The Manufacturing Competitiveness Enhancement Programme (MCEP), Capital Projects Feasibility Programme (CPFP), Export Marketing and Investment Assistance Scheme (EMIA) and Sector-Specific Assistance Scheme (SSAS) form part of the CIC, which aims to promote structural transformation in the economy to create a dynamic industrial and globally competitive South Africa. Incentive support across the CIC significantly increased in all sub-programmes during 2013/14, with R3.1 billion approved for MCEP (365 enterprises), EMIA (1 017 enterprises), CPFP (26 projects) and SSAS (63 projects).

From the R3.1 billion approved, R2.8 billion was for MCEP. Approved enterprises reported a total projected investment of R11.7 billion and 106 539 jobs to be sustained as a result of MCEP assistance. Improvements in approvals have been noted for provinces such as the North West, Free State and Eastern Cape. The agro-processing sector, metals and chemicals continued to dominate MCEP approvals during 2013/14, however, sectors such as construction were approved for the first time since the inception of MCEP.

Feasibility studies were incentivised for a total of R195.4 million for projects outside of South Africa, mainly in countries such as Mozambique, Zambia, Ghana, Sierra Leona, Tanzania and Zimbabwe. The country distribution of approved feasibility studies shows **the dti**'s support for placing African countries on a path of sustainable growth and development. A spike in the number of CPFP approvals (26) was observed during 2013/14, mainly due to the majority of projects receiving the maximum grant amount of R8 million[1]. Enterprises approved are mainly operating in the engineering, construction and mining sectors and located in Gauteng and the Western Cape.

EMIA approved R77.1 million for South African exporters, with R24.5 million being accessed by female-owned and R17.2 million by black male-owned enterprises Approved female-owned exporters include those operating in previously male-dominated sectors such as metals and electro-technical. While Gauteng, the Western Cape and KwaZulu-Natal accessed a significant portion of the EMIA grant, Mpumalanga experienced a noteworthy increase in approvals during 2013/14 as compared to the previous financial year. Supported exporters reported an impressive 2 422 jobs created by their enterprises and a total of R1.9 billion export sales generated six months after attending EMIA-funded international events. The SSAS assisted 786 emerging exporters across all nine provinces with R69.3 million. The majority of the assisted exporters are black female-owned enterprises operating in the cultural sector.

1 In November 2012, the guidelines were amended to increase the maximum grant amount from R5 million to R8 million

1.3. Manufacturing Investment Cluster (MIC)

The manufacturing sector's immense contribution to the country's economy is indisputable. The sector's potential is, however, diluted by such challenges as stiff competition, rising input costs and an unstable labour situation, which lead to decreased business confidence. According to the Manufacturing Circle, South Africa's manufacturing export competitiveness could be greatly boosted by promoting competition, clearing infrastructure bottlenecks and bringing down administered costs, as well as deepening regional integration.

Government is aware of both the sector's potential to create employment and contribute to economic growth, and of the challenges that exist within the sector. IDAD's incentive programmes to support the manufacturing industry include the Section 12I Tax Allowance (12I), Automotive Investment Scheme (AIS), Manufacturing Investment Programme (MIP) and Aquaculture Development and Enhancement Programme (ADEP). The ADEP was launched in March 2013 and considered projects in operation from September 2012. The MIP was supposed to cease end July 2014, but was suspended in September 2012 due to oversubscription. Although the programme closed for applications, adjudication of applications received prior to the suspension date continues. The MIP funds are still disbursable on a bi-annual basis over a maximum period of three years. For claims exceeding R5 million, beneficiaries can submit a maximum of four claims over a two-year period. It is estimated that MIP claims will be finalised in the next five years if all current approvals are paid out and a spending rate of approximately R700 million a year is maintained.

During 2013/14, the MIC approved 445 projects for a total grant amount of R8.7 billion. Although the number of approved projects decreased from 589 in 2012/13, the grant approved increased from R5.1 billion in 2012/13 to R8.7 billion in 2013/14. Of the 445 projects approved in the cluster, the majority were for the MIP, with 374 approvals to the value of R1.4 billion, followed by the AIS with 38 (R2.4 billion), ADEP with 20 (R92.8 million) and 12I Tax Allowance with 13 to the value of R4.8 billion. The 12I Tax Allowance had the highest value of approvals because approved projects are high-value manufacturing.

As in 2012/13, Gauteng continued to dominate cluster performance in 2013/14, with 135 approvals valued at R886 million. The main contributor to the province's performance was the MIP, with 128 approvals valued at R553.6 million. The Eastern Cape, however, had the highest grant amount approved of R5.1 billion for 64 projects, of which five were for the 12I Tax Allowance, constituting 38,5% of all 12I approvals, to the value of approximately R3 billion. The Northern Cape had the least number of approved projects, with five.

In terms of sectors, agro-processing had the most approved projects, with 94 to the value of R470 million. The chemicals sector, however, had the highest grant approved of R2.1 billion for 90 projects, followed by the electro-technical sector with only four projects approved for R1.16 billion.

The MIC incentives are projected to support the creation of 33 586 jobs. Of this, 19 849 (40%) jobs were projected by the 12I projects, constituting 2 681 direct and 17 168 indirect jobs. The MIP projects projected 11 734 jobs and supported the creation of 44 025 actual jobs (these are recorded at claim stage), while the AIS projected 1 429 and sustained 1 656, of which 1 646 (99%) were sustained by components manufacturers and 10 by P-AIS projects. The OEM projects approved in 2013/14 did not sustain any jobs. Sustained jobs are only counted once at application stage and not when a project applies for the second time.

During this period, **the dti** paid 1 381 claims worth R1.6 billion, of which 1 247 worth R738.4 million (45,2%) were paid to MIP projects, 130 worth R817 million (54,4%) to AIS projects and four to the value of R7.1 million (0,44%) to the ADEP beneficiaries.

1.4. Services Investment Cluster

The SIC incentives have been designed to encourage services industries to contribute towards the creation of employment, enhance the international profile and promote Black Economic Empowerment as well as attract foreign direct investment. The cluster incentives include the Film and TV Production Incentive, Business Process Services (BPS) Incentive and Tourism Support Programme (TSP), which was transferred to the National Department of Tourism (NDT) at the end of September 2012. However, **the dti** is still processing the TSP claims for the projects approved prior to the transfer.

The 2013/14 financial year experienced a decrease of 82 approved projects for the cluster, from 205 in 2012/13 to 123. This decrease can be attributed to the transfer of TSP to NDT in 2012; the programme approved 122 projects in 2012/13 compared to 31 in 2013/14. The total grant value for the 123 approved projects amounted to R650.5 million. Of the 123 projects, 83 approved to the value of R527 million were for Film and TV productions; nine to the value of R18.5 million for BPS; and 31 to the value of R105 million for TSP. The nine BPS approved projects included four for the Western Cape, one for KwaZulu-Natal and four for Gauteng, while the 83 approved Film and TV Productions comprised 66 for South African Productions, six for Co-Productions and 11 for Foreign Productions. Of the 31 TSP projects approved, four were from the Eastern Cape, seven from Gauteng, four from KwaZulu-Natal, five from Limpopo, one from Mpumalanga, five from the North West and five from the Western Cape. The 82 approved Film and TV Productions comprise 55 productions from Gauteng, 24 from the Western Cape, three from KwaZulu-Natal and one from Mpumalanga.

The approved film productions attracted R1.976 billion towards the Qualifying South African Production Expenditure (QSAPE), of which South African Productions contributed R670 million, Co-Productions R159 million and Foreign Productions R1.147 billion. The approved TSP and BPS projects attracted investments of R495 million and R2.6 billion respectively.

The total amount disbursed for the cluster was approximately R712.8 million for 548 claims consisting of R269.2 million (38%) paid to 140 project claims for Film and TV Productions, R165.1 million (23%) to 309 TSP project claims and R278.5 million (39%) to 99 BPS project claims. A total of 122 049 jobs were supported under this cluster, of which 92 672 were recorded under the Film and TV Production incentive, 26 005 under BPS and 3 372 under TSP. The 92 672 jobs supported under the Film and TV Production comprised 60 005 (65%) from South African productions, 16 379 (18%) from co-productions and 16 288 (17%) from foreign productions.

FOREWORD BY THE MINISTER

Dr Rob Davies, MP

Minister of Trade and Industry

Incentives are a vital mechanism used by **the dti** to grow the economy. In 2013/14, the department continued to make an impact in strategic areas such as broadening participation, increased competitiveness, export promotion and job creation through the incentive approval of approximately R13.6 billion to small, medium and large enterprises.

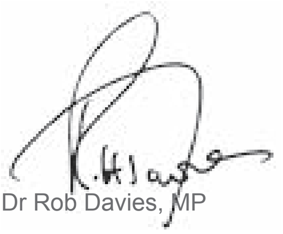
Black-owned enterprises were empowered in 2013/14 to upgrade their skills and equipment and become part of the mainstream formal economy, with the BBSDP funding 1 066 SMMEs and the CIS 243 co-operatives. The range of activities supported by these two incentives is remarkable and includes freight transportation, construction, sugar cane and peanut farming, information technology and entertainment services. The ISP, which promotes private-sector partnerships with Government to support incubators of SMMEs with skills transfer, enterprise development and supplier development, supported 2 345 SMMEs that will create a total of 15 719 new jobs.

Broadening participation was further achieved through the approval of 786 SSAS and 1 012 EMIA emerging exporters to attend world-renowned exhibitions abroad, affording them the opportunity to promote their enterprises and showcase their products. These exporters have reported the creation of 2 422 jobs and R1.9 billion in export sales generated six months after attending these events.

Another incentive expected to increase exports of South African goods and services upon completion of projects in Africa is the CPFC, which saw the approval of 26 feasibility studies to be conducted for projects in countries such as Mozambique, Ghana, Sierra Leone and Tanzania. To improve critical infrastructure in South Africa, the CIP supported eight infrastructure projects that have specified a projected investment value of R10 billion and 4 000 jobs. Other incentives that continued to attract investments during 2013/14 included the Business Support Services (R2.6 billion) and the Film and TV Production Incentive (R1.9 billion).

To assist South Africa's manufacturing sector to become more competitive in an increasingly difficult global environment, 838 manufacturing projects were supported during 2013/14 to a total value of R12 billion. As a result of the manufacturing incentives, 106 539 jobs will be retained by MCEP-assisted enterprises and 1 656 by AIS enterprises. Projected jobs to be created by supported 12I allowance enterprises constitute 2 681 direct and 17 168 indirect jobs, while MIP projects stated an impressive 11 734 projected jobs at application stage. The MCEP, AIS and 12I Tax Allowance beneficiaries have reported a projected investment value of R29.4 billion. A number of technological intensive sectors were supported during 2013/14, including the chemicals and electro-technical sectors.

These outcomes highlight the contribution made by **the dti** to the sustainable growth and development of the South African economy. We hope that our partners and stakeholders will find this report useful in their work on industrialisation and enterprise development.



Dr Rob Davies, MP

Minister of Trade and Industry

FOREWORD BY THE DIRECTOR-GENERAL

Mr Lionel October

Director-General

In a highly competitive global economy, creating an enabling environment for local and foreign investments is paramount to business and economic growth. The substantial contribution by **the dti** to enterprise and industrial development and investment is the continuous provision of a diversified incentive package that supports Government priorities such as broadening economic participation, inclusive growth and job creation.

Performance reporting on the incentive programmes is integral to the department's service delivery strategy. This reports details **the dti** support to enterprises, large and small, across provinces, sectors and different groups. During the 2013/14 financial year, the department approved approximately R13.6 billion in incentives to support 3 384 private sector enterprises.

Over the last three years of the implementation of the IPAP, the department's incentives and other programmes have impacted profoundly on corporate behaviour, with beneficial outcomes in terms of investment, growth and employment in sectors such as clothing and textiles, automotives, business process services, and film and TV production. For example, since the inception of MCEP in May 2012, 562 projects with an estimated investment of about R16 billion for grants totalling R2.8 billion have been approved.

To realise its commitment to broaden economic participation and inclusive growth, **the dti** has ceaselessly supported the development of SMMEs through the BBSDP and CIS. Since its inception in 2011/12, the BBSDP has approved a total of 2 585 enterprises, of which 904 are women-owned, for an incentive amount of R1.1 billion. Over the same period, the CIS approved a grant amount of R205.4 million to support 739 co-operatives that comprise 3 222 women and 917 youth members.

During 2013/14, EMIA approved an amount of R77.1 million, of which R24.5 million was accessed by female-owned and R17.2 million by black male-owned projects. Approved female-owned exporters include those operating in previously male-dominated sectors, such as metals and electro-technical.

I am confident that our continued efforts to bring about economic transformation are inclusive and contributing to employment creation. This is evident from the geographical spread of our incentives and increased access by female entrepreneurs.

I would like to thank IDAD for its continued efforts to inform our stakeholders of not only our financial offerings, but also of their performance.

Mr Lionel October

Director-General

2. IDAD OVERVIEW

The purpose of IDAD is to stimulate and facilitate the development of sustainable, competitive enterprises through the efficient provision of effective and accessible incentive measures that support national priorities. This is achieved through the design, administration, clustering, monitoring and evaluation of a wide spectrum of incentives for micro to large enterprises.

2.1. INCENTIVE DESIGN

The incentive programmes are designed to address identified market failures to support the sector strategies and the National Industrial Policy Framework (NIPF) and its action plans. Once completed, incentive programmes are handed over to incentive administration units for implementation**.**

2.2. INCENTIVE ADMINISTRATION

All applications received are assessed for eligibility, after which a decision is made by the adjudication committees appointed by **the dti**. The adjudication committees comprise both internal and external officials with diversified technical skills and specific industry and sector knowledge, promote transparency and good governance and generally meet once a month. Verification processes of specific criteria, which include site visits and/or inspections, are conducted at different stages of the incentive administration before approval and payment of claims.

2.3. INCENTIVE CLUSTERING

To enhance its strategic focus, IDAD has grouped the incentive programmes into the following clusters**:**

- **Broadening Participation** (BPC) promotes the broadened participation of historically disadvantaged enterprises and consists of three incentive programmes, namely the BBSDP, CIS and ISP;
- **Competitiveness Investment** (CIC) supports industrial competitiveness and consists of the EMIA, SSAS, CPFP and MCEP;
- **Manufacturing Investment** (MIC) encourages additional investment in the manufacturing sector through the MIP, AIS, 12I Tax Allowance and ADEP;
- **Services Investment** (SIC) stimulates increased investment and growth in the services sector through the BPS and Film and Television Production Incentive programmes; and
- **Infrastructure Support** (ISC) leverages investments to the South African economy by providing infrastructure critical to industrial development. The cluster largely focuses on the IDZs and one incentive programme, the CIP.

2.4. INCENTIVE MONITORING AND EVALUATION

The Performance Monitoring and Evaluation unit continuously monitors the performance and evaluates the impact of the incentive programmes administered in the division.

2.5. STRATEGIC PARTNERSHIPS AND CUSTOMER CARE

The Strategic Partnerships and Customer Care Unit raises awareness around the incentive programmes administered by IDAD and establishes strategic partnerships to enhance the sustainability of the benefitting enterprises.

3. STRUCTURE OF THE REPORT

This report provides an analysis of the performance of incentives programmes per cluster, from April 2013 to March 2014. Each section provides an overview of the objective of the cluster and then focuses on the performance of each incentive programme in the cluster. Indicators reported on include the number and value of approvals, provinces and sector distribution of approvals, and grant amounts disbursed. Finally, the highlights for each incentive programme during 2013/14 are briefly discussed.

Indicators reported on are not consistent across incentive programmes primarily due to the different objectives and non-standardisation and availability of data for each programme. It is envisaged that the constant review of the Performance Monitoring Plans, which identify key indicators for the incentive programmes, and the implementation of the Integrated Electronic Management System, a central information technology system for all IDAD incentive programmes, will assist in standardising the type of data captured and thereby reporting.

4. BROADENING PARTICIPATION CLUSTER

Black Business Supplier Development Programme (BBSDP)

Co-operative Incentive Scheme (CIS)

Incubation Support Programme (ISP)[2]

4.1. INTRODUCTION

The BPC provides incentive programmes that broaden economic participation by facilitating the development and improvement of registered co-operatives and promoting and enhancing the development and competitiveness of small black-owned enterprises through the inclusion and full participation of historically disadvantaged groups. Incentive programmes in this cluster include the revised BBSDP, CIS and ISP. The performance of these incentive programmes is discussed in sections below.

4.2. BLACK BUSINESS SUPPLIER DEVELOPMENT PROGRAMME

The revised BBSDP was launched in June 2010 to assist eligible SMMEs to improve their competitiveness and sustainability to become part of the mainstream economy.

TABLE 1: BBSDP INFORMATION

OBJECTIVE
• To fast-track exisiting SMMEs that exhibit good potential for growth into the mainstream economy. • To grow black-owned enterprises by fostering linkages between black SMMEs, corporate and public sector enterprises. • To complement current affirmative procurement and outsourcing inititatives of corporate and public enterprises. • To enhance the capacity of grant recipient enterprises to successfully compete for corporate and public sector tenders and outsourcing opportunities.
START DATE
• 1 September 2010
END DATE
• 31 July 2017
TARGET MARKET
• Black-owned small enterprises

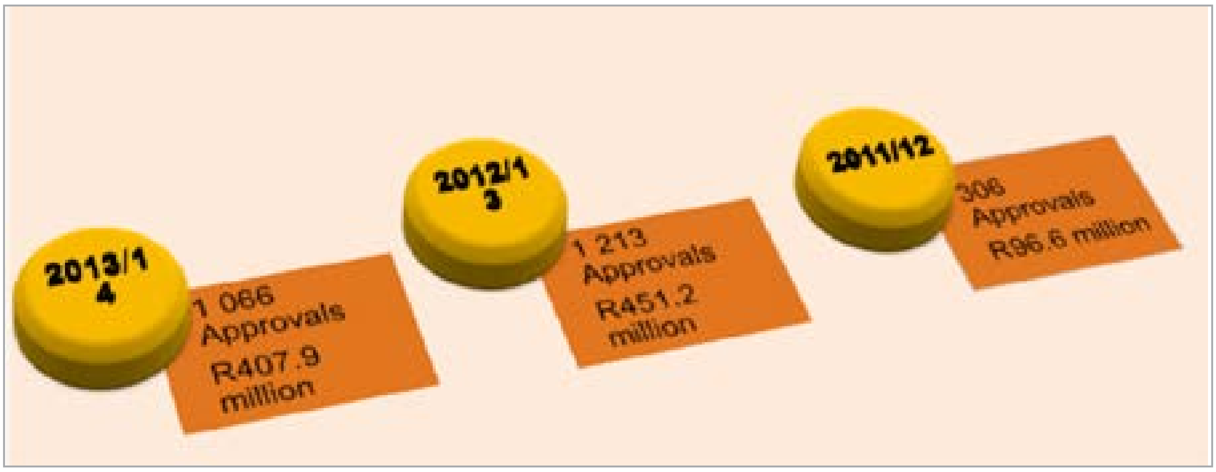
2 Own Source Photos: taken during monitoring site visits and focus groups sessions conducted by the Monitoring and Evaluation Unit officials and Virginia School of Jewellery website

ELIGIBLE CRITERIA
• Predominantly black-owned (50+1%) • Have a predominantly black management team (50%) • R250 000 to R35 000 000 annual turnover • Registered with SARS with a valid tax clearance certificate and VAT registration number • Operating or trading for at leats one year
MAXIMUM GRANT
• Maximum of R1 million for Enterprise Support Services and Tools, Machinery and Equipment including Network Facilitation of up to R21 000 • Enterprise Support Services: Maximum of R200 000 • Tools, Machinery and Equipment: Maximum of R800 000
CLAIMS PROCESS
• Claims are paid by **the dti** directly to service providers that provide the activities approved for each beneficiary • Claims are paid only after the service provider has submitted proof of the beneficiary's share of payment for the provided service • A single claim is paid to each service provider for each intervention approved per application

A. NUMBER OF ASSISTED BLACK-OWNED SMMES

From 2011/12 to 2013/14, the BBSDP approved 2 585 applications worth R955.7 million, of which 1 066 were approved to a total value of R407.9 million during 2013/14. During the first half of 2013/14, there was an improvement in the internal adjudication process, resulting in an increase in the number of applications processed from a monthly average of 60 to 100. This, however, resulted in a rapid decline of funds as more applications were approved than anticipated. As a result, fewer applications were processed during the second half of the financial year, resulting in BBSDP approving fewer applications in 2013/14 compared to 2012/13.

FIGURE 1: BBSDP APPLICATIONS APPROVED: 2013/14



Network Facilitators (NFs), who are hired and trained by **the dti** to assist BBSDP applicants, accessed 5% (R22.4 million) of the total value of approvals in 2013/14, which is slightly more compared to the 2% (R7.8

million) accessed by NFs during 2012/13. NFs are paid a maximum of R21 100 per approved application and are responsible for a range of activities, including compiling company profiles, conducting diagnostic tests and ensuring that applicants meet the prescribed BBSDP requirements.

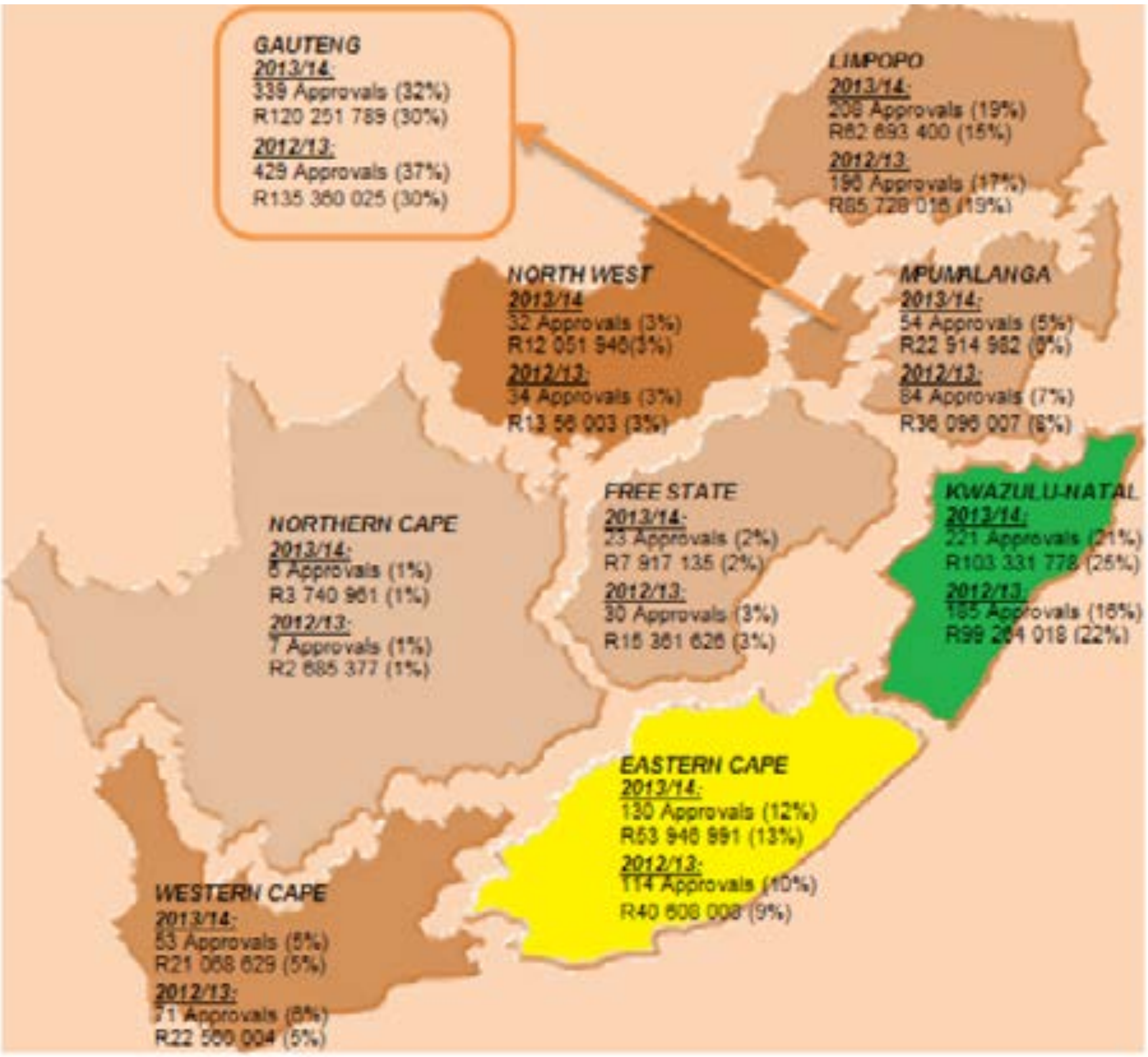
TABLE 2: TASKS PERFORMED BY NETWORK FACILITATORS

NETWORK FACILITATOR TASKS
(1) **Conduct rapid assessment to assess whether the BBSDP will be able to assist enterprises and if the interventions applied for are what the enterprises need.**
(2) **Assist enterprises to complete the BBSDP application form.**
(3) **Collect required documentation, such as proof of ownership of the enterprise, ID copies of owners, managers and shareholders, list of employees with their ID numbers and signed financial statements for the latest financial year.**
(4) **Obtain three competitive quotes, which are the same in terms of quality of service delivery.**
(5) **Conduct company diagnostics to determine what the enterprise needs for further growth.**
(6) **Conduct financial projections to determine whether the enterprise will be able to pay their share of the matching grant.**

B. BLACK-OWNED SMMEs ASSISTED ACROSS PROVINCES: 2013/14

Gauteng had the highest approvals in 2013/14 with 339 applications approved to the value of R120.3 million. Despite the overall decrease in approvals from 2012/13 to 2013/14, KwaZulu-Natal and the Eastern Cape recorded increases in both the number and value of approvals during this period.

FIGURE 2: BBSDP APPLICATIONS APPROVED IN 2013/14 PER PROVINCE



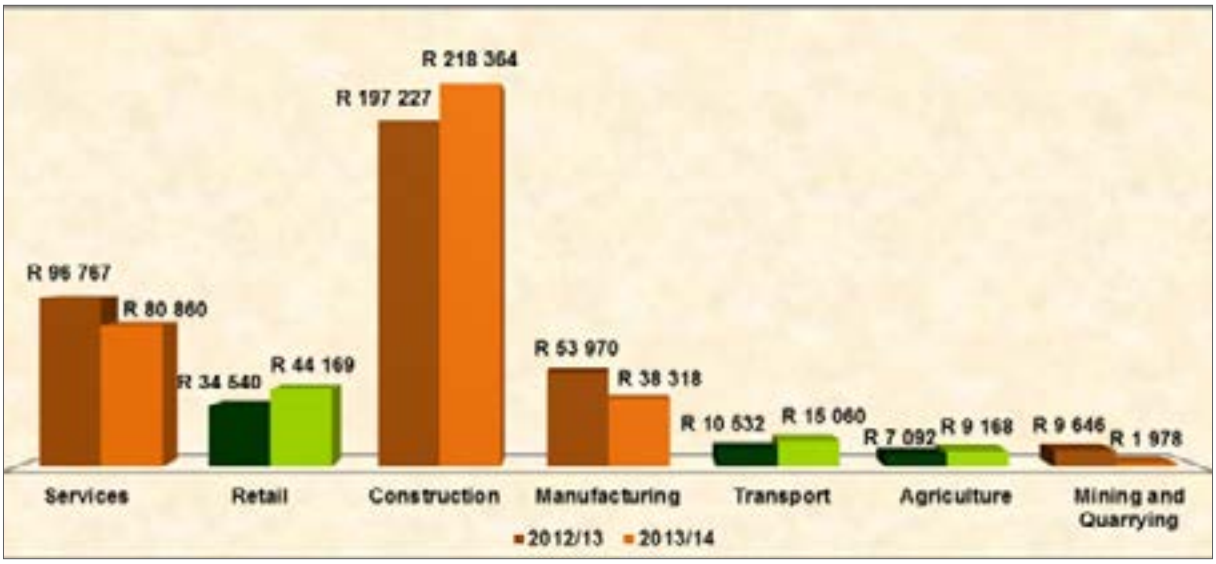
Enterprises approved from KwaZulu-Natal and the Eastern Cape are operating in a variety of activities, such as panel beating, financial services, funeral services, events management, security services, cleaning services, computer training, furniture manufacturing and telecommunication equipment suppliers. In both provinces, marketing initiatives undertaken by NFs, such as radio and newspaper advertisements, workshops with municipalities in conjunction with local Small Enterprise Development Agencies (**seda**s) and the distribution of pamphlets, have attracted more enterprises to apply for the BBSDP.

To increase the uptake of incentives, particularly from rural provinces, IDAD is recruiting and training more NFs in the Northern Cape, North West, Free State and Mpumalanga. Through these initiatives, it is expected that a more equitable grant allocation throughout the country will be achieved.

C. ENTERPRISES APPROVED PER SECTOR

The BBSDP's contribution in assisting with the transformation of the construction sector is reflected by the continuous increase in its support; 432 black-owned enterprises in the sector were approved during 2013/14. According to a baseline study conducted by the Construction Sector Charter Council (2014), increased black ownership in this sector is important for building entrepreneurial capacity and creating sustainable black enterprises. Enterprises in the construction sector, which constitute 40% of total approvals (1 066), were approved for interventions such as backhoe loaders, excavators and generators.

FIGURE 3: NUMBER AND VALUE (R'000) APPLICATIONS APPROVED PER SECTOR: 2013/14



Year	Services	Retail	Construction	Manufacturing	Transport	Agriculture	Mining and Quarrying
2012/13	397	109	430	129	29	18	14
2013/14	275	173	432	106	42	31	7

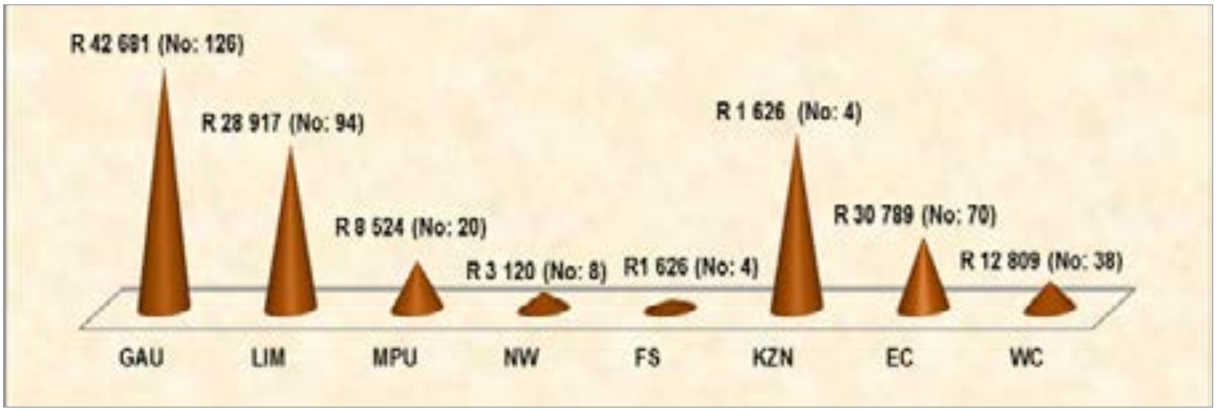
Despite the overall decrease in approvals recorded for 2013/14, evident improvements were noted for the agriculture, transport and retail sectors, which had approvals from enterprises operating in a variety of activities.

Agriculture	Transport	Retail
• Sugar cane • Fruit • Vegetables • Peanuts	• Car rental • Warehousing • Freight transport	• Panel beaters • Freshstop convenience stores

D. FEMALE-OWNED APPROVED ENTERPRISES

The BBSDP empowered 375 female-owned black SMMEs in 2013/14, a slight decrease from the 409 approvals during 2012/13. During 2013/14, the 126 approved female-owned enterprises from Gauteng accounted for approximately R42.6 million (32%) of the value of applications approved, while the 94 female-owned enterprises from Limpopo accounted for R28.9 million (22%). No female-owned black enterprises were approved from the Northern Cape, while only four female-owned black enterprises were approved from the Free State. It is expected that the recruitment of NFs in these two provinces will attract more female-owned enterprises from these provinces to apply for BBSDP.

FIGURE 4: FEMALE-OWNED BBSDP APPROVED ENTERPRISES PER PROVINCE (R'000): 2013/14

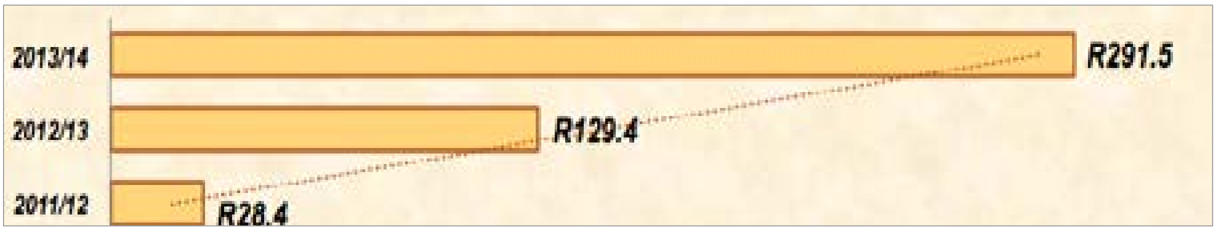


Female-owned black SMMEs supported during 2013/14 still account for only 35% of all SMMEs approved through BBSDP. This could be linked to the findings of a recent study conducted by the Global Entrepreneurship Monitor Report for South Africa (2012), which shows that only 35% of South African women believe they are capable of being successful entrepreneurs. However, a recent research article by the Small Business Project (SBP, 2013), a private sector development and research company that specialises in improving the environment for doing business, found that the attitude of young women towards entrepreneurship is becoming more positive. Hence it is critical that more female-owned SMMEs are aware of the BBSDP to increase their uptake of the incentive.

E. GRANT AMOUNT DISBURSED 2013/14

During a seminar hosted in April 2013 by Alpha Media Holdings in partnership with **the dti,** Ms Elizabeth Thabethe, the former Deputy Minister of **the dti**, stated that the South African Government is committed to supporting the development of SMMEs because of the critical role they play in the country's economy. Government's commitment to supporting SMMEs is evident through the R291.5 million disbursed to BBSDP beneficiaries during 2013/14, which is a significant increase of more than 100% from the R129.4 million paid out during 2012/13.

FIGURE 5: VALUE OF CLAIMS DISBURSED (R'MILLION): 2013/14



F. HIGHLIGHTS FOR BBSDP

During 2013/14, 31 agriculture enterprises were approved across the Eastern Cape, Gauteng, KwaZulu-Natal, Limpopo and Mpumalanga. The majority of these enterprises were approved for tractors and implements to a total value of R4 million.

FIGURE 6: TWO TYPES OF TRACTORS APPLIED FOR BY AGRICULTURE ENTERPRISES THROUGH BBSDP (SOURCE: OWN PICTURES)

Other sectors that are progressively supported include the manufacturing sector, which received BBSDP approval for 16 clothing and textile manufacturing enterprises to the value of R5.4 million across the Eastern Cape, Free State, Gauteng, Limpopo, Mpumalanga, North West and Western Cape. These enterprises, which are mostly female-owned, applied for embroidery machines, embroidery software and over-lockers

FIGURE 7: EXAMPLES OF EMBROIDERY MACHINES AND OVER-LOCKERS SUPPORTED THROUGH BBSDP (SOURCE: OWN PICTURE (LEFT), ELNA SWISS DESIGN (RIGHT))

The BBSDP also assisted a significant number of catering and events management enterprises from the services sector across all provinces, except the Northern Cape. The catering enterprises received assistance with the purchase of walk-in fridges, bain-maries, rectangular roll tops, gas burners and other catering equipment to a total value of R960 568. The enterprises supported during the first two quarters of 2013/14 in the events management sub-sector received assistance with the purchase of porta-loos, marque tents and catering equipment. Since these types of enterprises often need additional employees during events, it is expected that they will create temporary employment opportunities for unskilled and semi-skilled young people and provide them with relevant skills in the catering sector.

FIGURE 8: EXAMPLE OF A MARQUEE TENT (SOURCE: ACE TENTS AND TARPS)

Claims to the value of R291.5 million were paid for BBSDP interventions received by beneficiaries. Monitoring site visits and focus group sessions were conducted during 2013/14 to determine the performance of a sample of enterprises that have already received the interventions. One such focus group session was held with beneficiaries in KwaZulu-Natal that are part of the panel-beating industry. Representatives from six panel-beating enterprises attended the session, which was used to understand the business performance of panel beaters. The interventions received by these enterprises included panel-beating equipment required to obtain accreditation with different motor manufacturers, such as Hyundai, Mercedes, Volkswagen, etc. These enterprises stated that BBBSDP has assisted them to:

- Receive accreditation from motor manufacturers and hence move into the mainstream economy;
- Increase their annual turnover by an average of 20%; and
- Increase their employees by an average of four new employees per enterprise.

FIGURE 9: PANEL BEATERS TAKING PART IN THE FOCUS GROUP (LEFT), SIGNAGE PROVIDED THROUGH BBSDP TO THE ENTERPRISE VISITED IN AUGUST 2013 (RIGHT)

Monitoring visits were conducted with five other enterprises, ranging from a guesthouse in the Eastern Cape (approved for signage and branding) to an enterprise that provides internet services (approved for a colour printer and T-shirt printing machine) in a township near Pretoria. The owner of the guesthouse indicated that BBSDP had helped her to attract more customers, hire eight more employees and increase annual turnover by 40%, while the owner of the internet café said BBSDP interventions had allowed her to provide a larger variety of services and increase annual turnover by 40%. A site visit was also conducted with a plastics manufacturing enterprise, which received a Rotomoulding plant and compact cooler used to make small plastic items such as combs, baby bottles, etc. As a result of BBSDP, the enterprise was able to improve the quality and volume of its production and employed seven more people.

FIGURE 10: CUSTOMERS WAITING TO BE ASSISTED AT THE SECOND ENTERPRISE VISITED IN JANUARY 2014 (LEFT), ROTOMOULDING MACHINE RECEIVED BY THIRD ENTERPRISE VISITED IN JANUARY 2014 (RIGHT)

4.3. CO-OPERATIVE INCENTIVE SCHEME

The CIS was introduced on 1 April 2005 to assist co-operative enterprises in the emerging economy to acquire competitive business development services, machinery and start-up and working capital requirements.

TABLE 3: CIS INFORMATION

OBJECTIVE
• To promote co-operatives through the provision of a matching grant. • To improve the viability and competitiveness of a co-operatives by lowering the cost of doing business. • To assist the co-operatives to acquire their start-up requirement. • To build an Initial asset base for emerging co-operatives to enable them to leverage other support. • To provide an incentive that supports B-BBEE.
START DATE
• 1 April 2005
END DATE
• Open-ended
TARGET MARKET
• Co-operative Enterprises
ELIGIBLE CRITERIA
• Incorporated and registered in South Africa in terms of the Co-operatives Act of 1999 • Emerging co-operatives with a majority black ownership • Have projects in any of the different economic sectors • Adhere to co-operative pricinples (have at least five members: be able to produce proof of regular members' meetings or ready to hold one in the near future) • Be owned by a historically disadvantaged individual (HDI) • Be rural or semi-urban based
MAXIMUM GRANT
• Maximum of R350 000 for all activities that will benefit the co-operatives core business

CLAIMS PROCESS
• CIS claims are paid directly to the service provider delivering the reuired and approved services to beneficiaries. • Service providers must provide a letter with a submitted claim indicating when the service was delivered. • Claims can be paid to up to five service providers per beneficiary.

A. NUMBER OF ASSISTED CO-OPERATIVES

Incentive programmes such as the CIS play an important role in developing South African co-operatives into sustainable enterprises that contribute to economic growth and employment. Over the last five years, 1 167 co-operatives have been approved to the value of R283.5 million, of which 21% (243) were approved during 2013/14 to the value of R62 million.

FIGURE 11: CIS NUMBER AND VALUE (IN R'000) OF APPROVED CO-OPERATIVES: 2009/10 - 2013/14

While the overall trend depicts an increase in approvals from 2009/10 to 2013/14, a slight decrease in both the number and value of approvals has been noted, from 314 (R85.3 million) in 2012/13 to 243 (R62 million) in 2013/14, with only 65% of the annual 2013/14 target of 375 achieved. During the first half of 2013/14, 193 co-operatives were approved. However, processing of a large backlog of claims during the first six months of the financial year resulted in a budget constraint that allowed only 50 more applications to be approved in the second half of the year.

FIGURE 12: NUMBER AND VALUE APPROVED: 2013/14

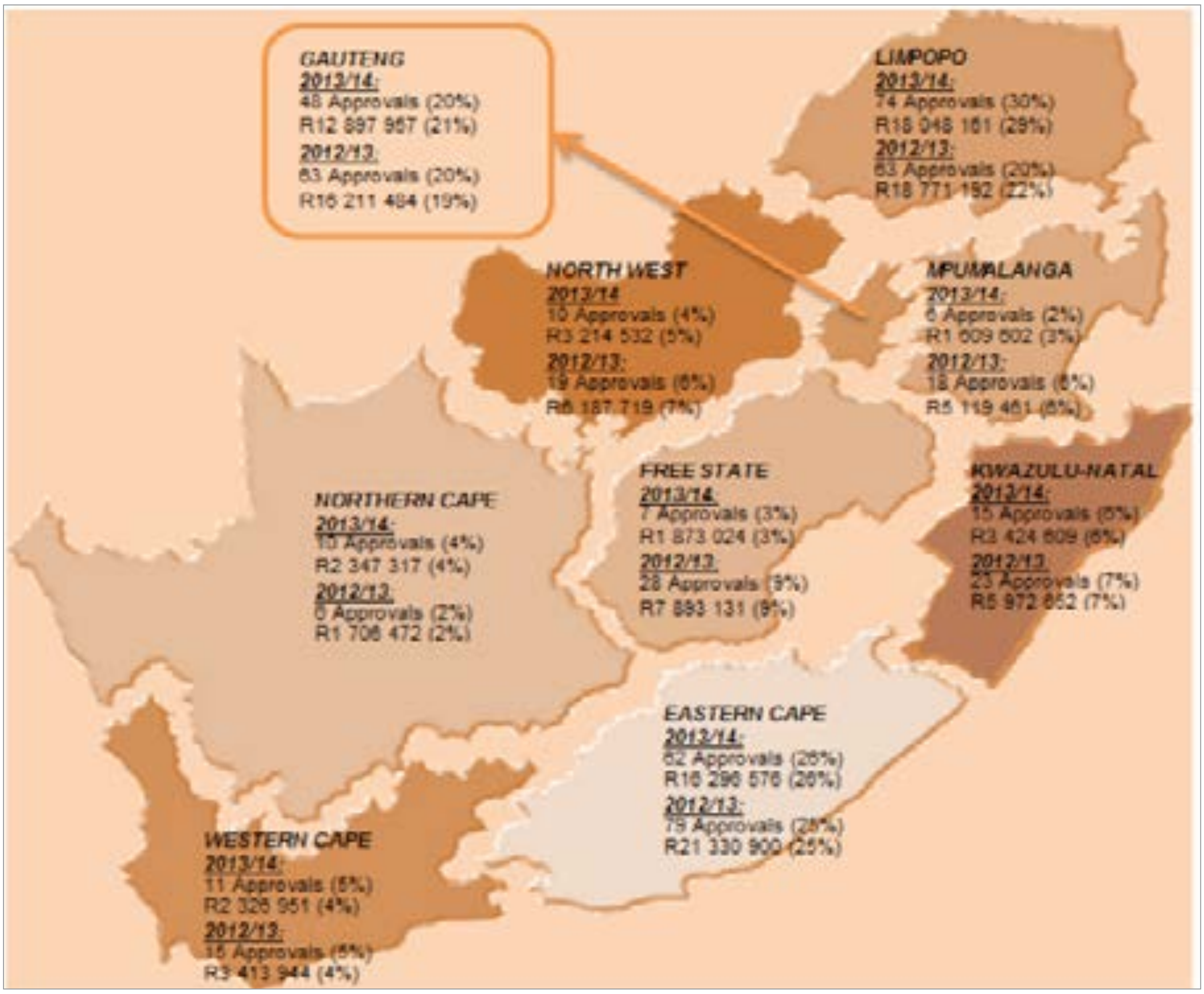
B. CO-OPERATIVES ASSISTED ACROSS PROVINCES: 2013/14

Limpopo and the Eastern Cape accessed the largest share of the total value of approvals in 2013/14, primarily due to the high number of vegetable and poultry co-operatives approved in both provinces. The co-operatives were approved for a variety of interventions, including those listed in Table 4.

TABLE 4: INTERVENTIONS APPROVED IN LIMPOPO AND THE EASTERN CAPE PROVINCES DURING 2013/14

Province	Activities	Interventions		Value
Limpopo	• Poultry • Vegetables • Bakery • Block-making • Sewing • Welding • Funeral services	• Boreholes • Irrigation systems • Tractors with implements • Broilers • Fencing • Fertilizers	• Seedlings • Chicken feed • Sewing machines • Block-making equipment • Welding equipment • Catering chairs	• R18 045 161
Eastern Cape	• Poultry • Vegetables • Sewing • Cleaning • Bakery • Brick-making • Catering • Gardening • Piggery • Welding • Paint manufacturing	• Overlockers • Embroidery machines • Material • Grass-Cutting Equipment • Safety Equipment • Block-Making Equipment • Cement	• Carpentry Equipment • Tractors with Implements • Broilers • Fencing • Chicken feed • Welding Equipment • Paint-mixing Equipment	R16 296 576

FIGURE 13: CIS APPLICATIONS APPROVED IN 2013/14



Although the total number of approvals decreased between 2012/13 and 2013/14, the Northern Cape showed a notable improvement. The number and value of approvals improved from six in 2012/13, worth R1.7 million, to 10 in 2013/14, worth R2.3 million. Co-operatives mainly applied for interventions such as fencing, vehicles, baking equipment, freezers, catering and toilet-paper-making equipment since they largely operate in the catering, baking and recycling industries.

C. CO-OPERATIVES ASSISTED ACROSS SECTORS: 2013/14

Rural co-operatives in the agriculture sector continued to receive the most approvals during 2013/14, both in terms of the number and value of assistance. Assistance provided to them is vital for sustainable development and to ensure that communities in rural areas enjoy the same economic benefits as in urban areas, including sufficient economic activity, adequate infrastructure and reduced unemployment.

FIGURE 14: NUMBER AND VALUE (R'000) OF APPLICATIONS APPROVED PER SECTOR: 2013/14

Year	Agriculture	Manufacturing	Mining and Quarrying	Retail	Services	Transport
2012/13	184	67	2	2	60	0
2013/14	141	62	0	1	35	4

During 2013/14, new activities such as pottery, IT and even disk jockey services were approved for the CIS. More information on the co-operatives operating in these activities is provided in Table 5.

TABLE 5: ADDITIONAL INFORMATION ON CO-OPERATIVES IN NEW ACTIVITIES APPROVED DURING 2013/14

Activity	Number of Co-operatives	Province of operation	Interventions approved	Expected outcomes
Information Technology	3	Gauteng and KwaZulu-Natal	Computer Equipment	With the CIS assistance, these start-up co-operatives want to provide internet and printing services to improve computer literacy within their communities.
Disk Jockey	1	KwaZulu-Natal	Speaker System and Music Mixing Equipment	The co-operative expects that the CIS intervention will allow it to expand its current service providing live entertainment to include disk jockey services at events such as weddings.
Pottery	1	North West	Potter's wheel and other pottery equipment	The start-up co-operative expects to produce pots, vases, dinner plates and mugs that will be sold to tourists.

In 2013/14, the value of approvals across all sectors declined as compared to 2012/13. During 2012/13, no applications were approved in the transport sector, while four were approved in 2013/14 for co-operatives that operate in Gauteng and KwaZulu-Natal. These co-operatives provide courier services, as well as the transportation of carnival equipment, furniture, tents and branding between events. They were approved for vehicles with trailers and safety equipment.

TABLE 6: TRANSPORT CO-OPERATIVES APPROVED DURING 2013/14

Co-operative	Province	Value approved	Intervention
Transport Co-op 1	Gauteng	R348 099	Truck for courier services
Transport Co-op 2	KwaZulu-Natal	R349 980	Truck for sand distribution
Transport Co-op 3	KwaZulu-Natal	R189 082	Minibus to provide tourism services
Transport Co-op 4	Gauteng	R326 890	Truck, trailer and safety equipment to transport carnival equipment

D. ADDRESSING HISTORICAL DISPARITIES

FEMALE CO-OPERATIVE MEMBERS

FIGURE 15: FEMALE CO-OPERATIVE MEMBERS APPROVED: 2013/14

About 61% (974) of all members from co-operatives approved in 2013/14 were female, which is a slight improvement on the 56% (1 421) recorded in 2012/13. It shows that the CIS encouraged greater participation from female entrepreneurs. According to the *Forbes Business Magazine* (2011), female entrepreneurship can be a tool to reduce poverty, particularly in informal settlements and rural areas where few opportunities exist and women account for 50% of the main breadwinner in households (StatsSA, 2012 General Household Survey).

Limpopo has the biggest share of female members, of which the majority is involved in the agriculture sector. This is vital considering that this province only contributed 7% to the South African Gross Domestic Product (GDP) in 2011 and supported co-operatives play an important role in reducing poverty and assisting with socio-economic development. Female members in this province increased from 19% (269) in 2012/13 to a remarkable 37% (362) in 2013/14.

FIGURE 16: FEMALE CO-OPERATIVE MEMBERS SUPPORTED ACROSS PROVINCES: 2014

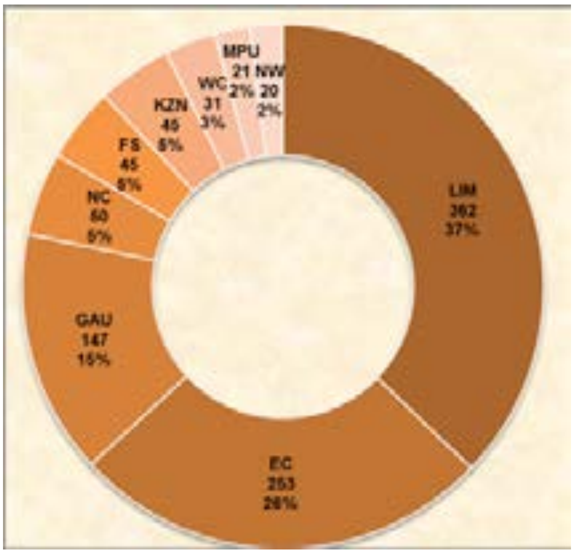
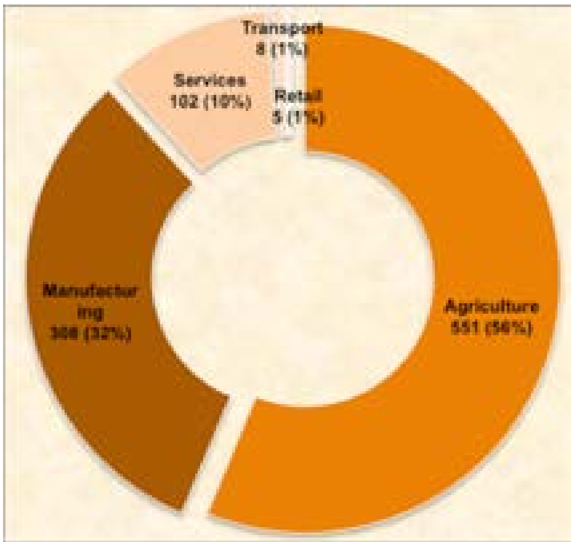


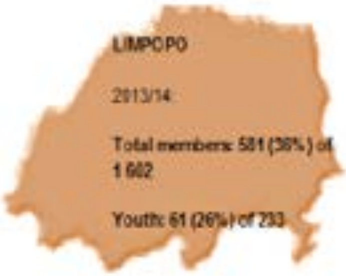
FIGURE 17: FEMALE CO-OPERATIVE MEMBERS SUPPORTED ACROSS SECTORS: 2013/14

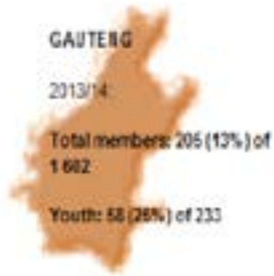


As in 2012/13, most approvals for female members in 2013/14 were from co-operatives operating in the agriculture and manufacturing sectors. There was a change in trend in the retail and transport sectors, which attracted co-operatives with female members for the first time since the start of the programme. The four transport co-operatives approved for R1.2 million have a total of eight female members, while the retail co-operative approved for R195 248 has a total of five female members. The retail co-operative was approved for kitchen equipment and it is envisaged that the intervention will assist it to diversify its products.

YOUTH AND DISABLED CO-OPERATIVE MEMBERS

In 2013/14, the CIS supported youth entrepreneurship through the approval of 233 youth co-operative members. Although the total number declined from 451 approvals in 2012/13, Limpopo and Gauteng had a higher share of youth members approved during 2013/14 compared to 2012/13, which is an indication of young people's eagerness to create their own employment opportunities through entrepreneurial activities in these provinces. The majority of youth co-operatives supported during 2013/14 are from the agriculture (135) and services (53) sectors, the same trend that was noticed during 2012/13.





The number of disabled co-operative members remained constant at 23 in both the financial years. Almost half (10) of the disabled members from co-operatives supported in 2013/14 are from Limpopo and operate in the agricultural sector.

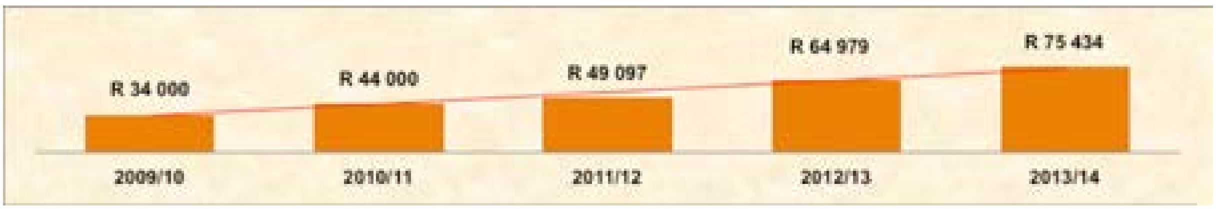
TABLE 7: CO-OPERATIVES WITH DISABLED MEMBERS IN LIMPOPO PROVINCE

Co-operative	Value approved	Activity	Intervention
Agricultural Co-op 1	R330 723	Poultry	Broiler, irrigation, fencing
Agricultural Co-op 2	R181 664	Vegetables	Irrigation, fencing, tractor with implements
Agricultural Co-op 3	R215 862	Vegetables	Tunnel structure, irrigation, fertilizers

E. GRANT AMOUNT DISBURSED FOR THE SUPPORT OF CO-OPERATIVES

A continuous upward trend in CIS disbursements has been observed from 2009/10 to 2013/14, with R75.4 million paid to beneficiaries in 2013/14. According to the preliminary findings of the CIS Follow-up Study conducted in 2013 to verify the performance of co-operatives, the claims paid to co-operatives assisted them to acquire start-up funds and establish business contracts.

FIGURE 18: CIS CLAIMS PAID (R'000)



F. HIGHLIGHTS FOR CIS

In 2013/14, 88 vegetable co-operatives were approved in the agricultural sector to the value of R23.7 million across the Eastern Cape, Limpopo, Gauteng, KwaZulu-Natal, North West and Western Cape. Almost half (43) of these co-operatives are operating in Limpopo. It is expected that these co-operatives will create job opportunities and increase turnover.

FIGURE 19: EXAMPLE OF SUPPORTED VEGETABLE CO-OPERATIVES (OWN PICTURE)

The CIS also provided support to co-operatives in the manufacturing sector, including bakery co-operatives. Ten bakeries were approved to the value of R2.4 million, with five located in Limpopo. These co-operatives have mostly female members and hope to increase turnover through marketing their products to low-income earners in their villages, spaza shops, day-care centres and catering businesses.

Figure 20: EXAMPLE OF PRODUCTS SOLD BY BAKERY (SOURCE: STOCK.XCHNG ROYALTY FREE STOCK)

In 2013/14, new activities were supported, including IT in the services sector. Three co-operatives were approved for this activity and received computer equipment to the value of R116 736, R101 899 and R100 023 respectively. One co-operative aims to improve the computer literacy of the members of the community to enable them to apply for jobs and improve their quality of life. The other two will provide internet and printing services to their communities.

FIGURE 21: EXAMPLES OF INTERVENTIONS APPLIED FOR BY IT TECHNOLOGY CO-OPERATIVES (SOURCE:LENOVO.COM (LEFT), STOCK.XCHNG ROYALTY-FREE STOCK (RIGHT))

the dti conducted focus group sessions and monitoring site visits to determine the performance of the co-operatives that have already received the approved CIS interventions. In November 2013, a focus group was conducted with 13 vegetable co-operatives operating near Mthatha in the Eastern Cape. The interventions received included fencing, irrigation systems, fertilizers, seeds and tractors with implements. Members from these co-operatives indicated that CIS has assisted them to:

- Expand their customer base from only walk-in customers to supplying vegetables to schools, local shops and milling companies;
- Increase their annual turnover on average between 5% and 10%; and
- Increase their number of employees by between five and 25 people per co-operative.

FIGURE 22: CO-OPERATIVE MEMBERS ATTENDING THE FOCUS GROUP HELD IN NOVEMBER 2013 (LEFT), TRACTOR RECEIVED BY ONE OF THE CO-OPERATIVES VISITED IN JUNE 2013 (RIGHT)

Monitoring visits were conducted with six vegetable co-operatives that operate close to Tzaneen in Limpopo. The co-operatives form part of a cluster of 16 co-operatives that produce organic vegetables. Interventions received included tractors with implements, fencing, irrigation systems and seeds. All six co-operatives indicated that they were able to increase the number of employees on average by 15 people per co-operative and expand their walk-in customers to include supermarkets as they now have secured a contract to supply vegetables to Pick n Pay.

4.4. INCUBATION SUPPORT PROGRAMME

The ISP started operating in October 2012 and aims to support incubators to develop successful enterprises with the potential to revitalise communities and strengthen local and national economies through partnerships with large enterprises. The programme's objectives will be achieved through partnerships with large enterprises that will also assist SMMEs with skills transfer, enterprise development, supplier development and marketing opportunities.

TABLE 8: ISP INFORMATION

OBJECTIVE
• To encourage private sector partnerships with Government to support incubators to develop SMMEs • To nurture SMMEs into sustainable enterprises that can provide employment and contribute to economic growth
DURATION
• 1 October 2012 to 31 March 2022
TARGET MARKET
• Companies, closed corporations, co-operative enterprises, higher education institutions, science councils
ELIGIBLE CRITERIA
• Registered legal entities registered in South Africa in terms of the Companies Act (1973) or the Companies Act (2008); the Closed Corporations Act (1984) or the Co-operatives Act (2005) • Registered higher or further education institutions • Licensed and/ or registered science councils • To establish new incubators or expand existing ones
• Physical or virtual incubation support services • May be a corporate, private investor, academic or research institution in cubator in partnership with industry • Must be focused on establishing and/or growing enterprises that will graduate to sustainable enterprises
MAXIMUM GRANT
• Maximum of R10 million (VAT inclusive) per year over a three-year period
CLAIMS PROCESS
• ISP grants are disbursed on a quarterly basis, based on submitted cash flow projections upon submission of a quarterly report and completed claim form. • First payment is subject to confirmation that the incubator has an advisory board in place and that the private sector partner has made a contribution to the financial requirements of the incubator in line with its business plan. • Subsequent grant disbursements are subject to satisfactory verification of expenditure incurred by the incubator, which may include an audit confirmation and on-site visits by officials from **the dti.**

A. ISP PERFORMANCE: 2013/14

Since inception, a total of 42 incubators have been approved; 28 (67%) during 2013/14 to the value of R513.8 million, and 14 (33%) during 2012/13 to the value of R168.6 million. The two-fold increase shows that the marketing of the programme via workshops with large companies, higher education institution and science councils is bearing results. The uptake has also increased as a result of IDAD officials assisting clients to ensure that they provide the correct supporting documents at application stage.

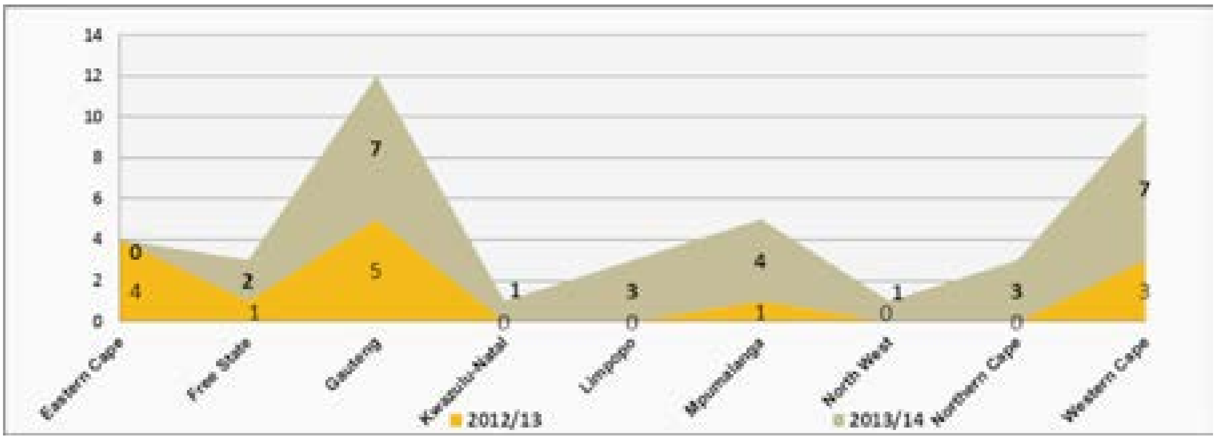
FIGURE 23: ISP PERFORMANCE (2012/13 AND 2013/14)

B. INCUBATORS APPROVED ACROSS PROVINCES

In 2013/14, all provinces recorded approvals, with the exception of the Eastern Cape, which moved from having the second-most approvals (four) in 2012/13, after Gauteng (five), to no approved projects. Gauteng and the Western Cape had the most approvals in 2013/14, with seven projects each to the value of R154 million and R107 million respectively. Gauteng accounted for 30% of the total grant value approved, while the Western Cape accounted for 21%.

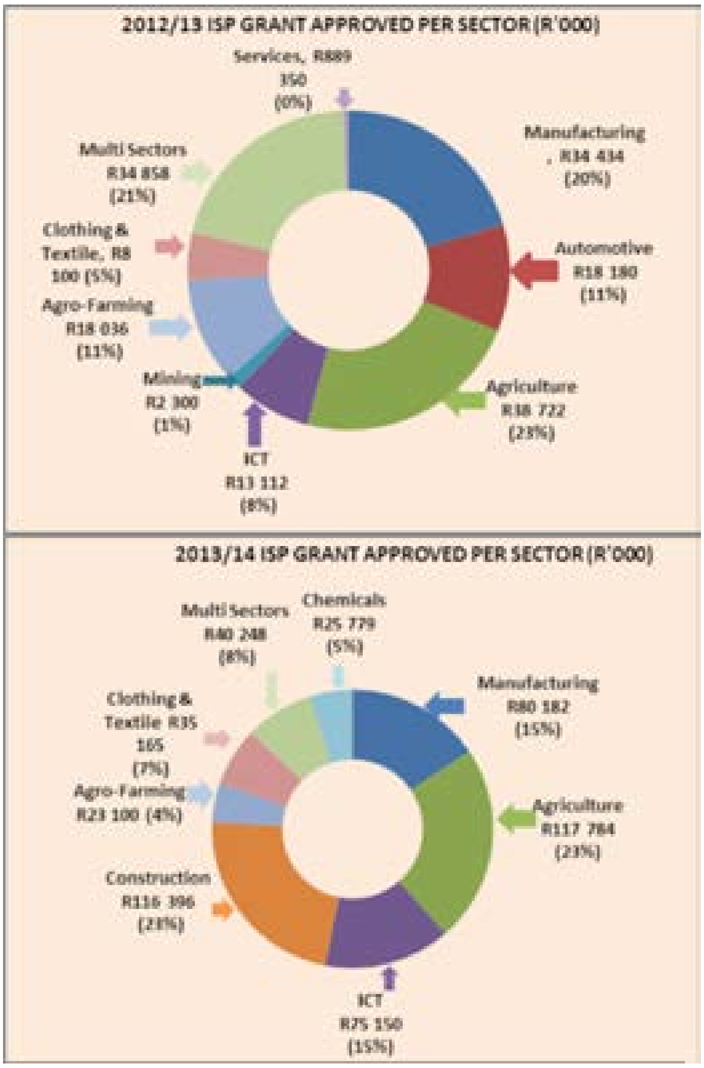
The Northern Cape and Limpopo recorded major improvements, from no projects approved in 2012/13 to three each in 2013/14. Projects in the Northern Cape were approved for R78.4 million (15%) and in Limpopo for a total grant amount of R65.8 million, accounting for 12,8% of the total grant approved. The improved performance from these two provinces indicates the importance and uniqueness of the ISP in provinces that usually have fewer approvals in manufacturing. Two of the approvals in Limpopo are jewellery incubators in the manufacturing sector that aim to transfer design and business skills to people in Limpopo to help them benefit from the province's mineral-rich resources and contribute to the reduction of poverty.

FIGURE 24: 2012/13 AND 2013/14 ISP APPROVALS PER PROVINCE



C. SECTORIAL PERFORMANCE OF INCUBATORS

FIGURE 25: 2012/13 AND 2013/14 ISP PERFORMANCE PER SECTOR (R'000)



The agricultural sector received the most approvals and had the highest grant approved in 2013/14, with six approvals to the value of R117.8 million. These incubators will provide small enterprises with business and technical training related to crop farming, farming equipment, technical skills to use this equipment and access to finance. Their objectives include establishing and growing start-up commercial farming enterprises, job creation and alleviating poverty.

The construction sector, which recorded the biggest improvement from no approvals in 2012/13 to five in 2013/14, was a close second in terms of grant approved, with R116.4 million in 2013/14. The manufacturing sector also had five approvals to the value of R80.2 million, while the ICT sector had four to the value of R75.2 million. The clothing and textiles sector had two approvals worth R35.2 million, located in the Western Cape and KwaZulu-Natal. The objective of both incubators is to provide seamstresses with technical and business development skills to create small enterprises that have easier access to markets and create more employment opportunities. The smallest grant approved in 2013/14 was in agro-farming, with R23.1 million for two approvals.

In 2012/13, all sectors had two or fewer approvals each. The agricultural sector, with two approvals, had the highest grant approved of R38.7 million. The smallest grant approved was for the mining sector, with R2.3 million approved for one project. The sector had no approvals in 2013/14.

D. JOBS PROJECTED BY APPROVED INCUBATORS

FIGURE 26: NUMBER OF PROJECTED JOBS 2012/13 AND 2013/14

At the application stage, applicants are requested to project the number of jobs to be created with the assistance of ISP. During 2013/14, the 2 345 SMMEs supported by ISP-assisted incubators reported that they would create a total of 15 719 new jobs. In 2012/13, a total of 9 330 jobs were projected by the 1 288 SMMEs to be incubated.

TABLE 9: PROJECTED JOBS BY SMMEs TO BE SUPPORTED PER PROVINCE 2012/13 AND 2013/14

	Projected Jobs		Number of SMMEs to be Supported	
Province	**2012/13**	**2013/14**	**2012/13**	**2013/14**
Eastern Cape	4 559	0	303	0
Free State	2 000	228	195	86
Gauteng	666	4 981	490	635
KwaZulu-Natal	0	1 470	0	42
Limpopo	0	1 540	0	280
Mpumalanga	581	1 015	75	168
North West	0	2 000	0	50
Northern Cape	0	2 350	0	448
Western Cape	1 524	2 135	225	636
Grand Total	**9 330**	**15 719**	**1 288**	**2 345**

Of the 2 345 SMMEs to be supported by incubators, 636 (27,1%) were from the Western Cape, followed closely by Gauteng with 635 (27%). The Northern Cape was third with 448 SMMEs to be incubated, followed by Limpopo with 280 and Mpumalanga with 168. In 2012/13, 490 SMMEs were from Gauteng, followed by 303 from the Eastern Cape, 225 from the Western Cape and 195 from the Free State.

The highest number of jobs of 4 981 (32%) was projected by SMMEs in Gauteng, followed by the Northern Cape with 2 350 (15%) and the Western Cape with 2 135 (13,6%). The Eastern Cape did not support any incubators in 2013/14, but projected the most jobs of 4 559 through its four incubators supported during 2012/13.

E. GRANT AMOUNT DISBURSED FOR THE SUPPORT OF INCUBATORS (2013/14)

In 2013/14, a total of 16 claims to the value of R36.4 million were paid to incubators that were able to meet claims requirements, i.e. having an advisory board in place and a financial contribution by a private-sector partner in line with the incubator's business plan. Claims are paid over a three-year period and subsequent disbursements will be made to these incubators based on their performance with regard to the number of jobs sustained and created; the number of SMMEs supported; and the number of supported SMMEs that have shown an increase of at least 10% in annual turnover. Over the next three years, the expected value of claims to be paid to the 16 approved incubators amounts to R440.6 million, with R303 million to be paid in 2013/14, R73.6 million in 2014/15. .and R64 million in 2015/16.

NUMBER OF CLAIMS PAID (2013/14)

16

RAND VALUE OF CLAIMS PAID (2013/14)

R36 372 264

F. HIGHLIGHTS OF ISP BENEFICIARIES

1. Bandwidth Barn

Several interesting incubators were approved during 2013/14. One is the Bandwidth Barn in Cape Town, which is an existing incubator in the Information and Communication Technology (ICT) sector that is involved in technology and design. This incubator targets SMMEs that show the potential for growth and job creation, but are in need of assistance in commercialising their products.

90 SMMEs to be supported per year	**180** jobs to be supported per year
270 SMMEs to be supported over three years	**540** jobs to be supported over a three-year period

The incubator was approved in July 2013 for a total of R22 million to be disbursed over a period of three years. It is expected that the incubator will support at least 90 SMMEs and create at least 180 jobs per year. The objectives of this incubator are to support the development of sustainable enterprises that deliver innovative services as well as to support the development of at least 80 black-owned suppliers in the ICT sector during 2013, of which at least 20 must be women-owned.

2. Virginia Jewellery School

Another notable incubator that received assistance from **the dti** is the Virginia Jewellery School in Virginia, Free State, which will assist micro entrepreneurs in the manufacture of jewellery. SMMEs will receive training in the design and manufacture of globally competitive products, including rings, pendants, earrings, bracelets, photo frames, etc.

The enterprise was approved for an incentive amount of R7 million. It is expected that the incubator will provide the necessary skills and resources to assist small enterprises in the jewellery sector, with at least 10 SMMEs to be assisted over a period of three years. The incubator is expected to create 50 new jobs during this period. The SMMEs will be expected to be globally competitive with an ability to provide for both the local and international jewellery markets.

FIGURE 27: EXAMPLE OF PRODUCTS FROM ENTERPRISES IN THIS INCUBATOR.

Source: vjsjewellers.wozaonline.co.za

CLUSTER REFERENCE

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14. **LENOVO.COM. 2013.** *Picture of laptop (Figure 21).* **[Available online:** http://shop.lenovo.com/za/en/laptops/lenovo/g-series/g580/**] Permission requested from** accounts@lenovo.com **on 13 November 2013.**

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19. **STOCK.XCHNG ROYALTY FREE STOCK. 2013.** *Picture of bread (Figure 20), Picture of network points (Figure 21).* **[Available online:www.sxc.hu] Accessed: 18 November 2013**

5. Competiveness Investment Cluster (CIC)

Manufacturing Competiveness Enhancement Programme

Export Marketing Investment Assistance (EMIA)

Capital Projects Feasibility Programme (CPFP)

Sector-Specific Assistance Scheme (SSAS)

5.1. INTRODUCTION

Incentive programmes under the CIC include the Export Marketing and Investment Assistance (EMIA), Sector-Specific Assistance Scheme (SSAS), Capital Projects Feasibility Programme (CPFP) and Manufacturing Competitiveness Enhancement Programme (MCEP). All incentives in this cluster aim to promote industrial competitiveness and export growth.

5.2. MANUFACTURING COMPETITIVENESS ENHANCEMENT PROGRAMME (MCEP)

In 2012, **the dti** introduced the MCEP to assist local manufactures to improve enterprise competitiveness and job retention. The MCEP consists of two key components, namely the Production Incentive Programme (PIP), which is managed by **the dti**, and the Industrial Financing Loan Facility, which is managed by the Industrial Development Corporation (IDC). The PIP comprises five sub-programmes: Capital Investment; Green Technology and Resource Efficiency Improvement; Enterprise-Level Competitiveness Improvement; Feasibility Studies; and Cluster Competitiveness Improvement.

TABLE 10: MCEP INFORMATION

OBJECTIVE
• To promote enterprise competitiveness and job creation
START DATE
• May 2012
END DATE
• 2017
TARGET MARKET
• South African registered entities in manufacturing Standard Industrial Classification (SIC 3) • Engineering services that support manufacturing • Conformity assesment agencies (SIC 88220) servicing the manufacturing sector
ELIGIBLE CRITERIA
The applicant must be a registered legal entity in South Africa in terms of any of the following legislation: • the Companies Act, No. 62 of 1973 (as amended) • the Close Corporation Act, 1984 (as amended) • the co-operatives Act, No. 14 of 2005 (as amended) • The approved project may not result in a reduction of the base-year employment
CLAIM PROCESS
• Claims are paid on milestone achievements per company • However, clients can submit all claims at once (depending on asset verification by **the dti** inspectors)

A. MCEP OVERALL PERFORMANCE

2013/14
Number of Approved Applications: **365**

2013/14
Value of Approvals: **R2.8 billion**

2013/14
Value of Investment: **R11.7 billion**

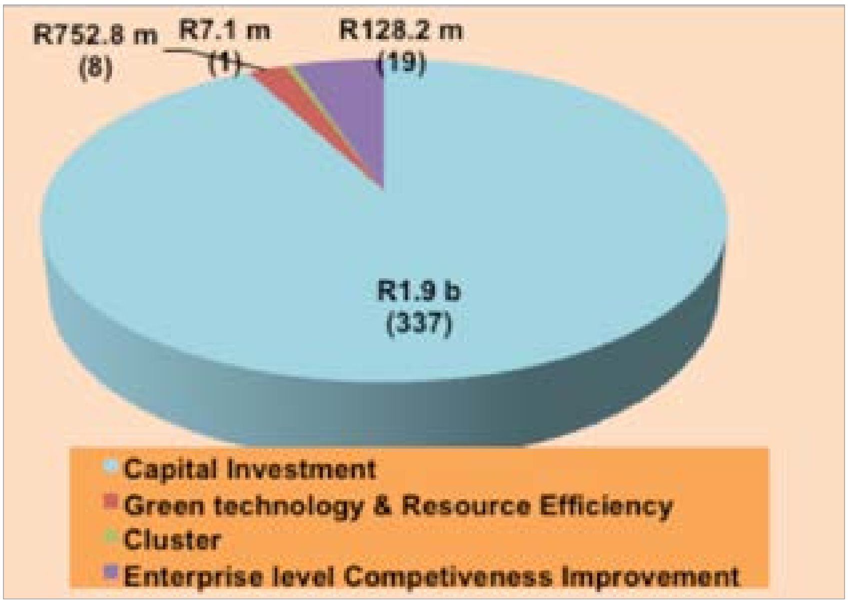
2013/14
Jobs sustained: **106 539**

A remarkable improvement has been achieved in MCEP approvals from 2012/13 to 2013/14. In fact, the number of MCEP approvals increased by 85% and the value from R983 million to R2.8 billion. MCEP approval of 365 projects resulted in a projected investment value of approximately R11.7 billion and a total of 106 539 jobs to be sustained. These are recorded at application stage. The marked increase in approvals is a result of the general increase in awareness about the two-year-old incentive programme.

Figure 28: Number and value of approved application for 2012/13 AND 2013/14

The Capital Investment Component continued to access 68% of the total value of approvals, but approvals for Green Technology and Resource Efficiency increased from two in 2012/13 to eight in 2013/14. During the 2013/14 financial year, one approval was granted to the value of R7.1 million for the Cluster Competitiveness Improvement Component. From inception to the end of 2013/14, no applications had been approved for feasibility studies.

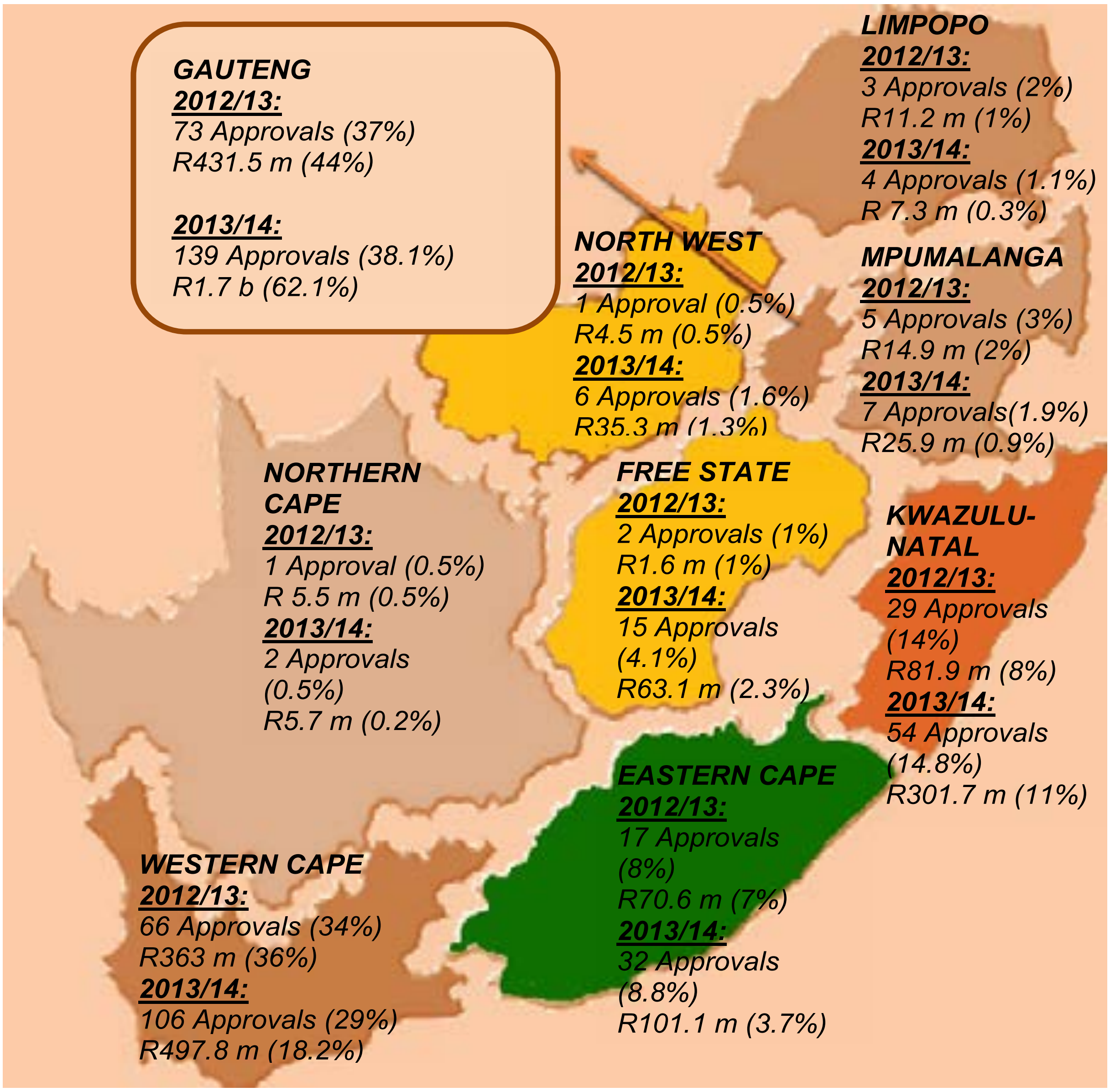
FIGURE 29: VALUE OF APPROVALS PER COMPONENT 2013/14



B. MCEP ASSISTANCE ACROSS PROVINCES

Although Gauteng, the Western Cape and KwaZulu-Natal dominated the MCEP approvals in 2013/14, there was a noted improvement for the rest of the provinces from 2012/13 to 2013/14, including the North West, Free State and Eastern Cape. The North West recorded six approvals in 2013/14 to the value of R35.3 million for enterprises operating in agro-processing (one), plastics (two), metals (two) and non-metals (one); in 2012/13 the province recorded one approval in the metal sector to the value of R5.5 million.

FIGURE 30: NUMBER AND VALUE OF APPLICATIONS APPROVED PER PROVINCE FOR 2012/13 AND 2013/14

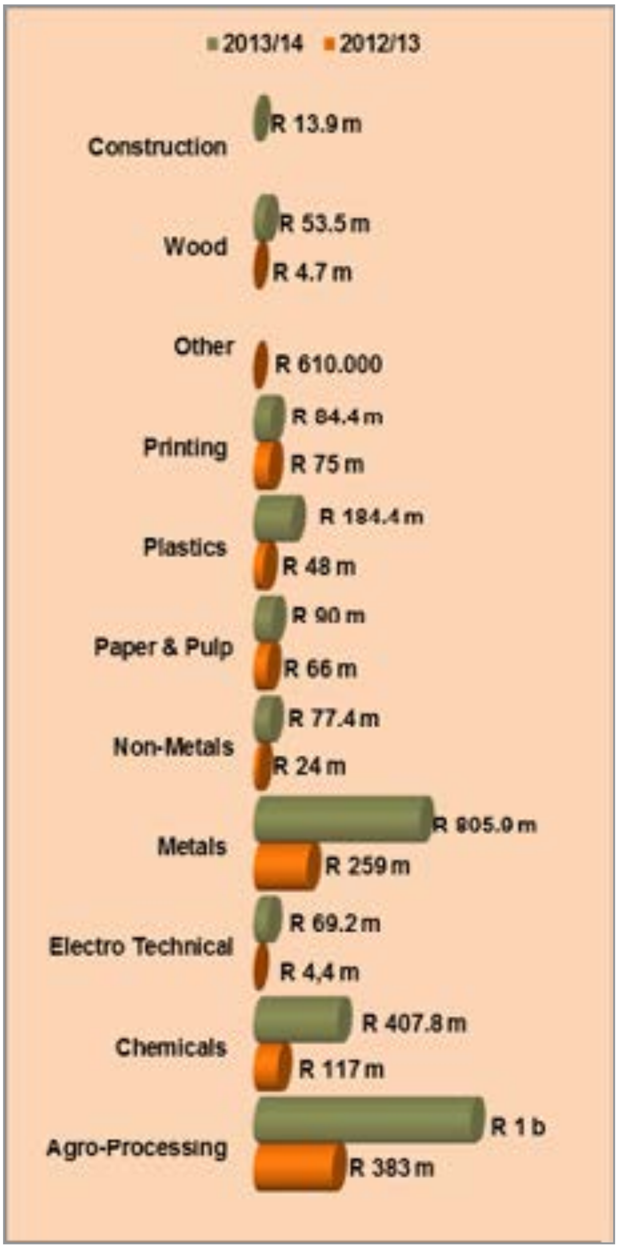


C. MCEP ASSISTANCE ACROSS SECTORS

Manufacturers in the agro-processing, metals and chemical sectors continued to dominate the MCEP approvals in 2012/13 and 2013/14. The plastic sector accounted for 7% of the total value of approvals in 2013/14, however, a significant increase in approvals has been noted for this sector, from 13 worth R48 million in 2012/13 to 37 worth R166.2 million in 2013/14. The 2013/14 financial year also saw the approval of four enterprises for the first time from the construction sector. These enterprises were approved for the Capital Investment Component to a total of R5.2 million.

FIGURE 31A: NUMBER OF SECTOR APPROVALS

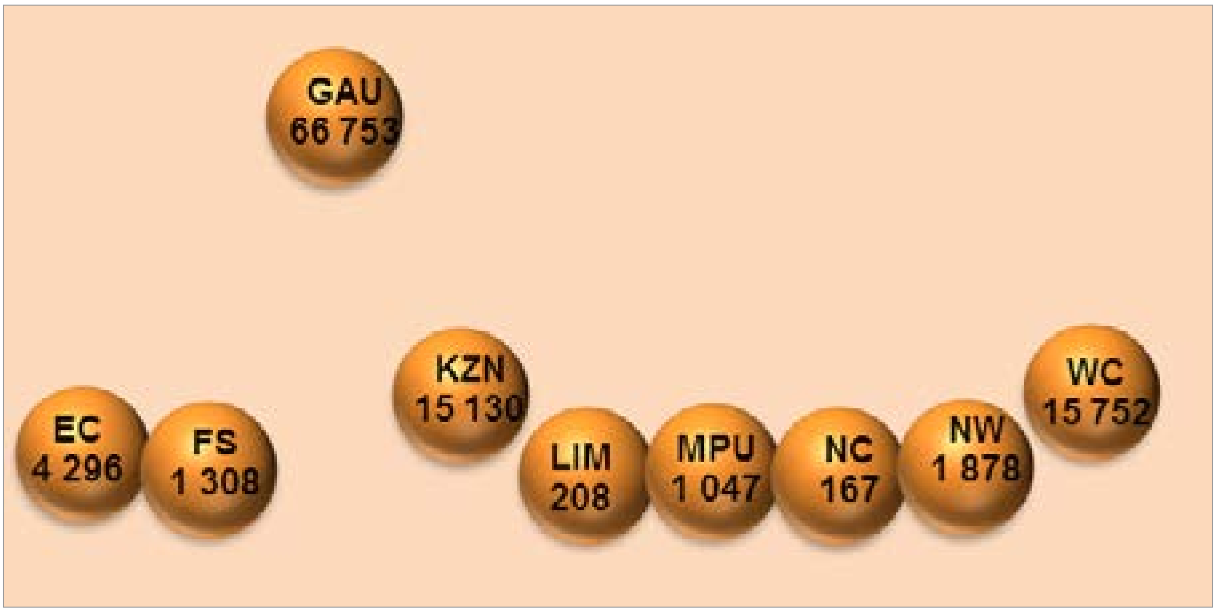
FIGURE 31B: VALUE OF SECTOR APPROVALS



D. NUMBER OF BASELINE JOBS TO BE RETAINED

The MCEP provides enhanced manufacturing support aimed at encouraging manufacturers to upgrade their production facilities in a manner that sustains employment and maximises value-addition in the short to medium term. A total number of 106 539 baseline jobs was reported by the approved entities at the application stage during 2013/14, an increase of 31% from baseline jobs reported in 2012/13. A substantial number of these baseline jobs were reported by enterprise operating in the Gauteng (66 753), Western Cape (15 752) and KwaZulu-Natal (15 130).

FIGURE 32: NUMBER OF BASELINE JOBS RETAINED FOR 2013/14



E. NUMBER AND VALUE OF CLAIMS PAID

2012/13	2013/14
12 Claims Paid	270 Claims Paid

In terms of the MCEP guidelines, the first claim must be submitted within 12 months after the completion of approved activities. The fact that the incentive programme was launched during May 2012 and claims were expected 12 months later means there was a significant increase in the number and value of claims paid during 2013/14 compared to 2012/13. Claims paid to beneficiaries increased from 12 worth R64.9 million in 2012/13 to 270 to the value of R995.9 million in 2013/14.

F. HIGHLIGHTS FOR MCEP

In 2013/14, a marked improvement was recorded in the number of applications approved compared to the same period in 2012/13. Applications were approved from a range of sectors across all provinces in South Africa. Within the chemical sector, the pharmaceutical sub-sector benefited from the approval of five applications, with Airliquide (Pty) Ltd approved for R51.9 million for the Capital Investment and Enterprise Level Competitiveness Improvement component of MCEP. This enterprise is based in Gauteng and engaged in the manufacturing of oxygen, argon and nitrogen products. Airliquide currently employs 667 workers. Its current plant is old and the technology outdated, hence the new the machinery is expected to increase energy-efficiency and reduce the cost of production. In addition, the enterprise envisages a constant supply of customers as the new machinery will improve reliability of production.

Figure 33: Airliquide Plant. Source: Airliquide (Pty) Ltd

The plastic sector showed a significant increase in approvals, from 13 in 2012/13 to 37 in 2013/14. Most of these enterprises are located in the Gauteng (11), KwaZulu-Natal (10) and the Western Cape (9) and received a total approval of R166.2 million to upgrade machinery and technology and improve competitiveness. All approved plastic enterprises recorded 5 638 baseline jobs at application stage that will be retained with MCEP assistance and projected a total investment value of approximately R1 billion.

In 2013/14, construction enterprises were approved for the first time. Enterprises in this sector that operate in the Eastern Cape, Gauteng, KwaZulu-Natal and Western Cape were approved for R5.2 million and reported 350 baseline jobs at the application stage with a projected investment of R12 million. Through MCEP, Grahamstown Bricks (Pty) Ltd received an incentive to the value of R1.3 million for the upgrade of machinery to improve production capacity. Grahamstown Bricks produces a full range of clay brick products, including face bricks, stock bricks and pavers.

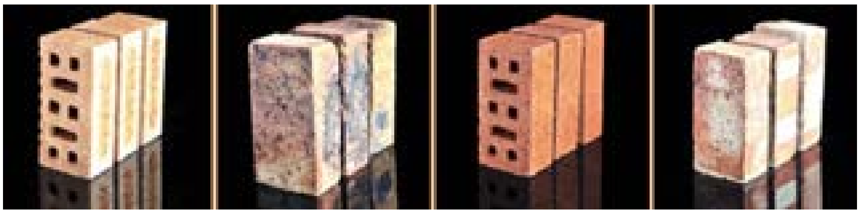


Figure 34: Some of the clay bricks manufactured by Grahamstown Bricks (Pty) Ltd. Source: Grahamstown Bricks (Pty) Ltd

5.3. CAPITAL PROJECTS FEASIBILTIY PROGRAMME (CPFP)

The CPFP was established in June 2003 to contribute to the cost of feasibility studies likely to lead to projects that will increase South African exports and stimulate the growth for local capital goods and services. The programme's contribution is in the form of a cost-sharing grant up to a maximum of 50% for feasibility studies for projects outside Africa and 55% for projects in Africa. The size of the grant falls within the range of R100 000 to R8 million.

TABLE 11: CPFP INFORMATION

OBJECTIVE
• The primary objective of the programme is to facilitate feasibility studies that are likely to lead to high-impact projects that will stimulate value-adding economic activities in South Africa as this will have greater impact on the country's industrial policy objectives.
START DATE
• June 2003
END DATE
• Open-ended
TARGET MARKET
• South African companies or companies with 50% local content that operate in the local capital goods and services sector and consulting engineers.
ELIGIBLE CRITERIA
• Feasibility studies must be undergaken by a South African registered legal entity in terms of the Companies Act, 1973. • If a feasibility study is undertaken by a foreign entity, the application wil only be considered if that entity partners with a South African registered company and the application is submitted by the South African entity. • The programme's contribution is in the form of a grant of up to 50% of the feasibility study costs for projects outside Africa and 55% for projects in Africa
MAXIMUM GRANT
• Maximum of R8 million
CLAIM PROCESS
• CPFP claims are paid according to completed milestones as per the grant approval. • Once the milestone is completed the applicant have 30 days to submit the claim with all supporting documentation

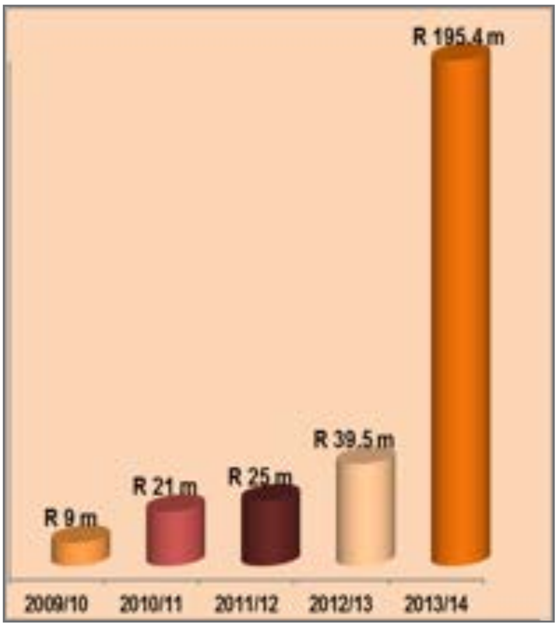
A. NUMBER OF APPROVED PROJECTS

2012/13 **Number of Approved Projects: Nine**	**2012/13** **Value of Approvals: R39.5 million**
2013/14 **Number of Approved Projects: 26**	**2013/14** **Value of Approvals: R195.4 million**

The number and value of approvals has steadily increased from three to the value of R9 million in 2009/10 to 26 to the value of R195.4 million in 2013/14. The significant increase in the number of approvals noted for 2013/14 can be attributed to a greater understanding of the incentive programme as a result of extensive marketing to the private sector in Africa (including South Africa) via workshops conducted by **the dti** in conjunction with the Built Environment Professions Export Council. The prominent spike in value of approvals is largely due to the majority (16) of projects approved for the maximum grant amount of R8 million. Enterprises approved during 2013/14 are operating in the engineering, construction and mining sectors and located in the Gauteng and the Western Cape.

FIGURE 35: CPFP NUMBER OF APPLICATIONS APPROVED FROM 2008/09 TO 2013/14

FIGURE 36: CPFP VALUE OF APPLICATIONS APPROVED FROM 2008/09 TO 2013/14



B. CPFP ASSISTANCE ACROSS COUNTRIES FOR 2013/14

Countries in which potential projects are to be implemented include Angola (one), Burundi (two), Cameroon (one), Ethiopia (one), Ghana (two), Guinea (two), Madagascar (one), Malawi (one), Mozambique (three), Namibia (two), Sierra Leone (two), Senegal (one), Tanzania (two), Zambia (three) and Zimbabwe (two). The country distribution of approved applications shows the programme's progressive efforts to stimulate project development in Africa and support the New Partnership Plan for Africa's Development by placing African countries on a path of sustainable growth and development.

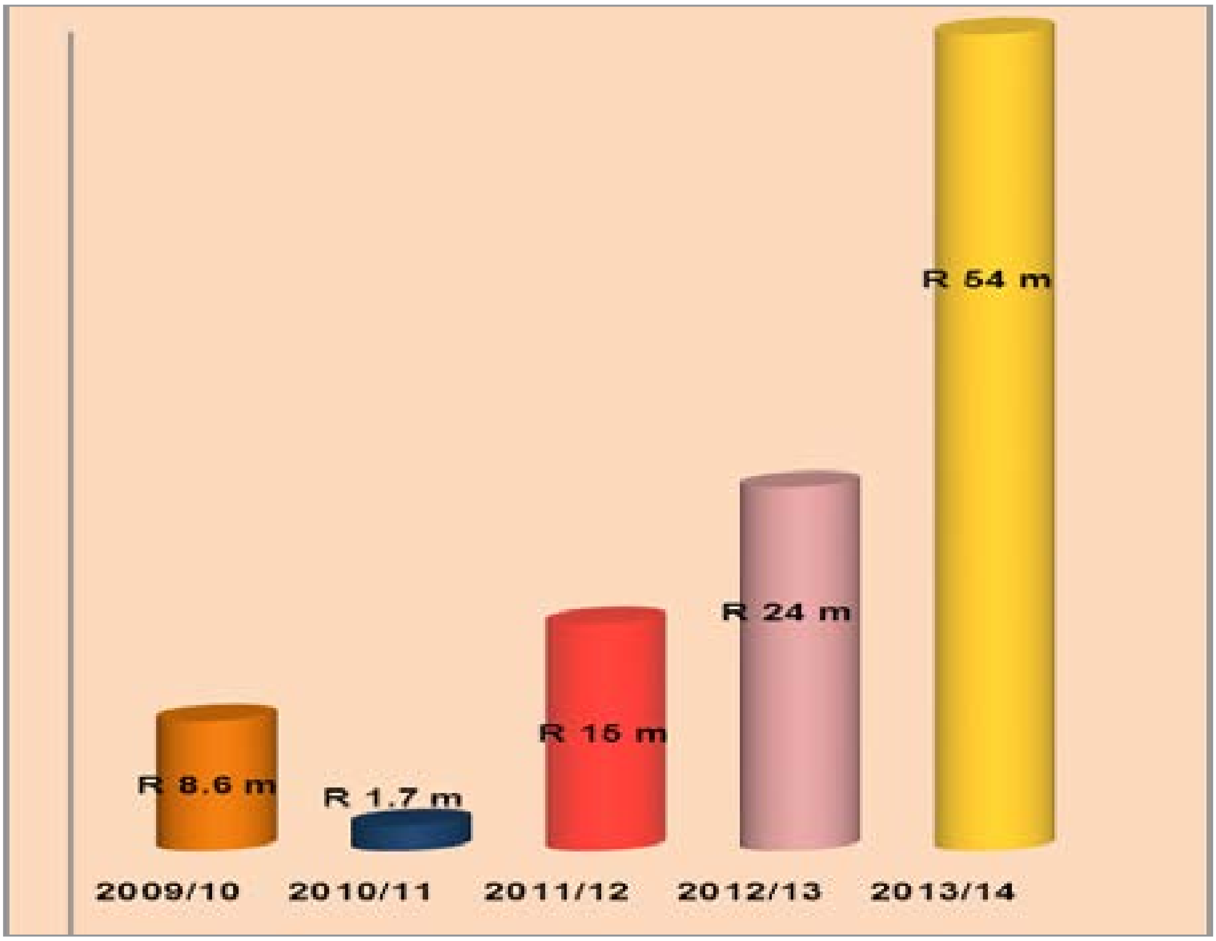
FIGURE 37: CPFP NUMBER OF APPLICATIONS APPROVED PER COUNTRY IN 2013/14

(Source: Eco Friendly Africa Travel)

C. VALUE OF CLAIMS PAID TO BENEFICIARIES

Over the five-year period from 2009/10 to 2013/14, the value of claims dipped in 2010/11 followed by an upward trend with a significant increase from R24 million in 2012/13 to R54 million in 2013/14. During 2013/14, 21 claims to the value of more than R1 million each were paid to beneficiaries compared to just seven claims in the previous financial year. Six feasibility studies were completed and the projects are expected to be implemented in 2014. The completed studies are for two projects in Zimbabwe (Integrated Development Plan and Master Plan), two in Zambia (Commercial Property Development and Establishment of an Industrial/Logistics Park) and one each in Namibia (Renewable Agricultural Development) and Mozambique (Oil Terminal Development).

FIGURE 38 : VALUE OF CLAIMS PAID IN 2013/14



D. HIGHLIGHTS FOR CPFP

During 2013/14, **the dti** supported 26 projects/entities in conducting feasibility studies to promote the exports of South African Capital Goods and Professional Services for potential projects on the African continent. The programme has performed extremely well, exceeding the annual target of 10 projects, with a significant increase noted in the value of approvals, from R39.5 million in 2012/13 to R195.4 million in 2013/14.

One of the approved projects to be implemented in 2014 is Tenova Bateman (South Africa) for the Marampa Iron Ore Mine in Sierra Leone. The feasibility study, which was approved in November 2011 for an amount of R5 million, is for the development of an operational plan to mine and process 18.5Mt/y of weathered ore, generate 8Mt/y of coarse concentrate and transport it by river barge to the transhipment location. Engineering was completed and the entire plant has been in full operation since March 2014. Of the R5 million approved for the feasibility study, the return on investment (exports of South African capital and service) is projected at R17 billion. Not only will this project positively impact the South African economy, but benefits such as direct employment (400 locals) will also be enjoyed by local communities in Sierra Leone.

During March 2013, Farmsecure Energy was appointed by London Mining to complete a feasibility study for the implementation of a renewable energy project at the Marampa mine situated 125km north-east of Freetown in

Sierra Leone. The total cost of the feasibility study is R5.9 million, of which R3.2 million was approved by CPFP in July 2013. The project initiation date is 1 January 2015 and full operation date 1 January 2018. Of the R3.2 million approved for the feasibility study, the return on investment (exports of South African capital and service) is projected at $101 million. Apart from the economic benefits to South Africa, the implementation of this project will create significant benefits for communities in Sierra Leone, including the creation of 700 jobs (200 permanent), the transfer of skills to the local community, and business opportunities for small local enterprises.

5.4. EXPORT MARKETING AND INVESTMENT ASSISTANCE SCHEME (EMIA)

The EMIA scheme provides marketing assistance to exporters to develop new and grow existing export markets for South African products. It consists of the following sub-programmes: Individual Exhibition Participation (IE), Primary Market Research (PMR), Foreign Direct Investment (FDI) and Individual Inward Missions (IIM).

TABLE 12: EMIA INFORMATION

OBJECTIVE
Paritally compensate South African exporters for costs incurred to: • Develop export markets for South African products and services such as marketing assistance and research; matchmaking and patent registration. • Facilitate growth in FDI through missions and FDI research assistance.
START DATE
• August 1997
END DATE
• Open-ended
TARGET MARKET
• Registered South African Manufacturers and Exporters; South African Export Trading Houses or Commission Agents • Export Councils, Industry Associations, Joint Action Groups, Provincial Investment Promotion Agencies, Local and Provincial Government
ELIGIBLE CRITERIA
• Applicants must be registered for TAX and VAT • Colour brochure of products/services • Event brochure • Latest audited financial statements or three months' bank statemetns • Export Marketing Plan • Copy of Incorporation Certificate and Export Registration Certificate
MAXIMUM GRANT
• **Individual Exhibitions**: Airfare (R6 500 for large enterpirses and R13 000 for SMMEs) Subsistance Allowance (R2 000 per day); Transport of Samples (R17 500); Exhibition Cost (inclusive R5 000 for marketing materials) • **Primary Market Research and Foreign Direct Investment**: Airfare (R6 500 for large enterpirses and R13 000 for SMMEs); Subsistance Allowance (R2 000 per day); Transport of Samples (R1 000); Marketing Materials (R10 000 per annum); Patent Registration in foreign market (50% of cost to maximum of R100 000). • **Individual Inward Mission**: Airfare (R6 500 for large enterpirses and R13 000 for SMMEs) Subsistance Allowance (R2 000 per day for maximum of 5 days); Rental of Vehicle (R2 00 per day for maximum of 5 days)
CLAIM PROCESS
• Claims submitted within 3 months after the last day of the event.

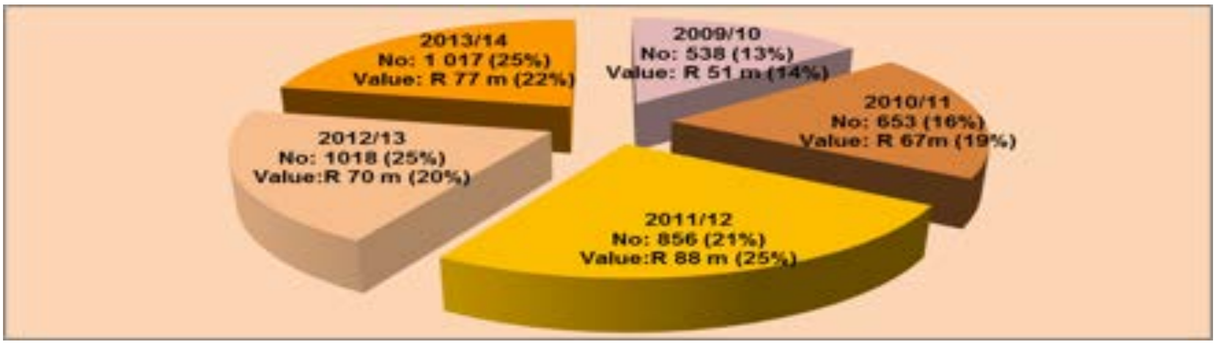
A. NUMBER OF ASSISTED EXPORTERS FOR 2013/14

2013/14 1 017 exporters approved to the value of R77.1 million	2013/14 197 black male-owned SMMEs approved to the value of R17.2 million
2013/14 281 women-owned SMMEs approved to the value of R24.5 million	

During 2013/14, 1 017 exporters were supported through the EMIA scheme to the value of R77.1 million. While the majority of assisted exporters were white-owned SMMEs (439), a significant number of black-owned (383) SMMEs and large enterprises (102) also received EMIA. Fewer approvals, in terms of numbers, were noted for women-owned SMMEs (89) and disabled entrepreneurs (four). This financial year also saw the approval of four enterprises owned by disabled entrepreneurs, of which two operating in the metal sector were funded to showcase their products at international events such as Metaltech in Malaysia and Shenzen International Marketing Manufacturing Industry in China.

Over a five-year period from 2009/10 to 2013/14, the total number of approvals were 4 082 worth R353 million. While the number of approvals remained more or less constant from 2012/13 to 2013/14, the value substantially increased by approximately R7 million largely due to the weakness of the rand and general increase in global exhibition costs. Some of the popular exhibitions attended in 2013/14 included the Vinexpo 2013 in France, Yantai Wine Show in China, the Exponor in Chile and Fashion Week Las Vegas in the United States.

FIGURE 39: EMIA NUMBER AND VALUE OF APPLICATIONS APPROVED FROM 2009-2014



B. EMIA ASSISTANCE ACROSS PROVINCES

Gauteng, the Western Cape and KwaZulu-Natal continued to dominate EMIA approvals in 2013/14, accounting for 52%, 31% and 7% respectively of the total number of approvals. The same trend for these provinces was recorded in 2012/13 and likely reflects the structural distribution of the South African economy, as these provinces account for roughly 75% of the country's manufacturing and economic output (Stats SA, 2012). While approvals declined in most of the rural provinces such as North West, Limpopo and the Free State, Mpumalanga experienced a noteworthy increase in approvals from 10 worth R3.3 million in 2012/13 to 50 worth R4.8 million in 2013/14. During 2014/15, **the dti** in conjunction with the Provincial Investment Agencies such as Free State Development Corporation, Invest North West, Limpopo Economic Development Agency and Northern Cape Chamber of Commerce will be hosting a number of Export Awareness workshops in areas of low uptake to create awareness of EMIA.

Gauteng has the largest number of approved black female-owned enterprises with smaller numbers recorded for Mpumalanga and the Western Cape.

FIGURE 40: EMIA APPROVED BLACK WOMEN-OWNED ENTERPRISES PER PROVINCE FOR 2013/14

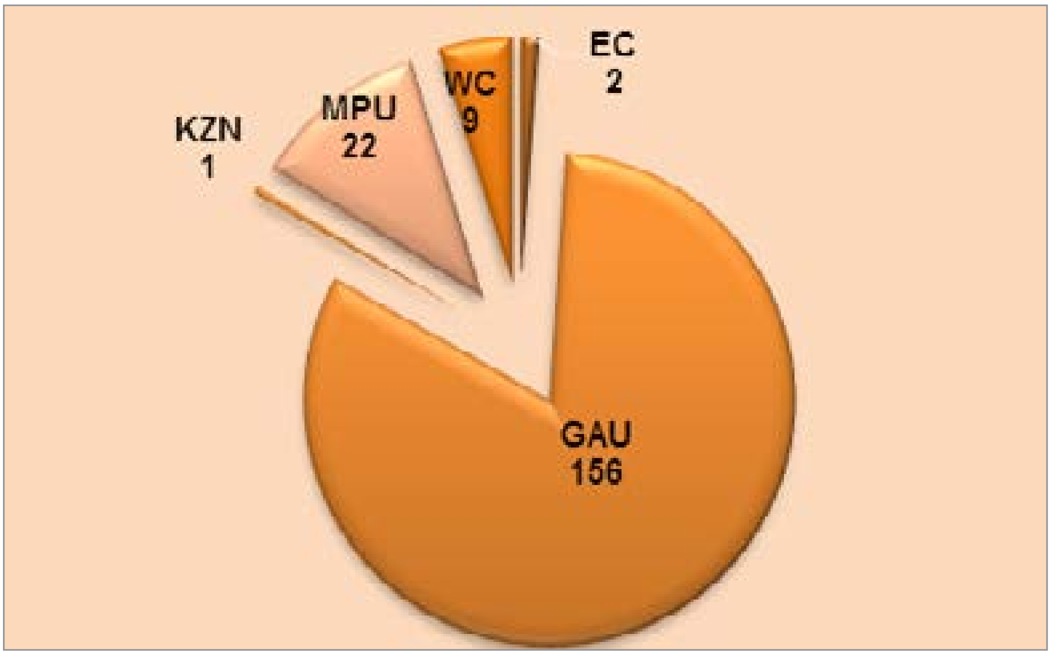
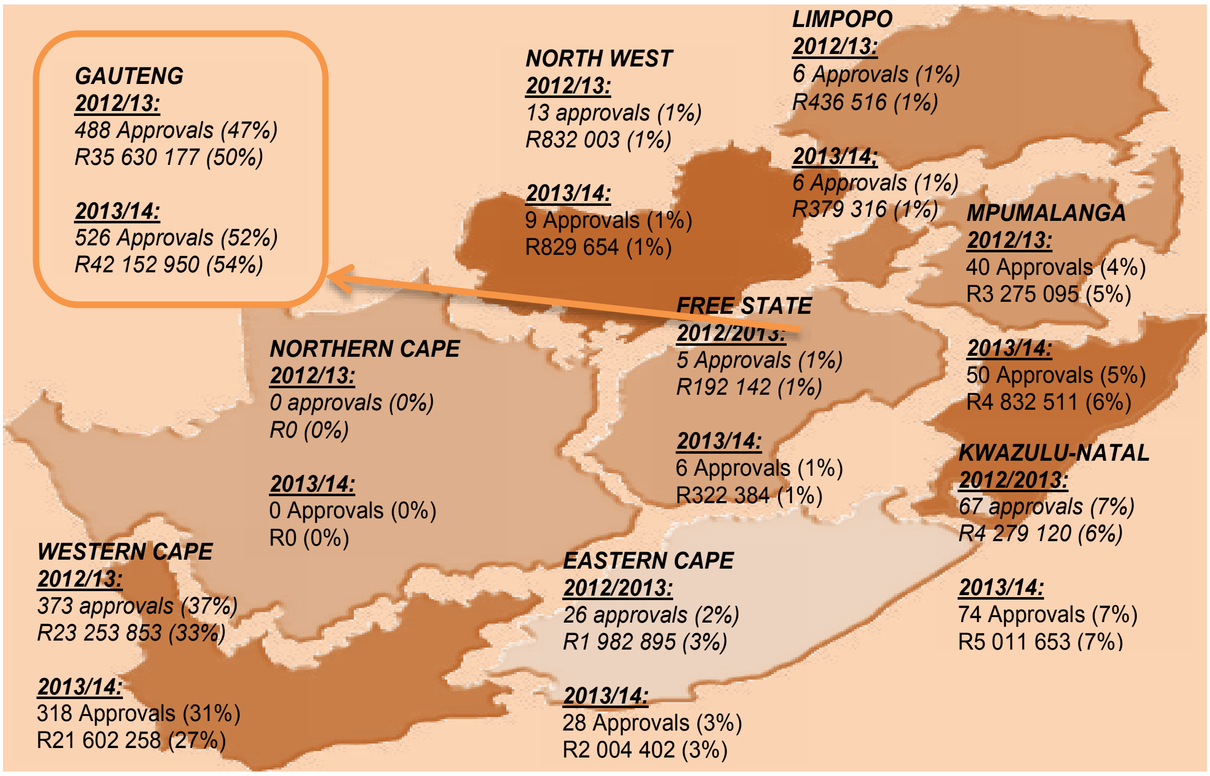


FIGURE 41: EMIA NUMBER AND VALUE OF APPLICATIONS APPROVED PER PROVINCE FOR 2012/13 AND 2013/14

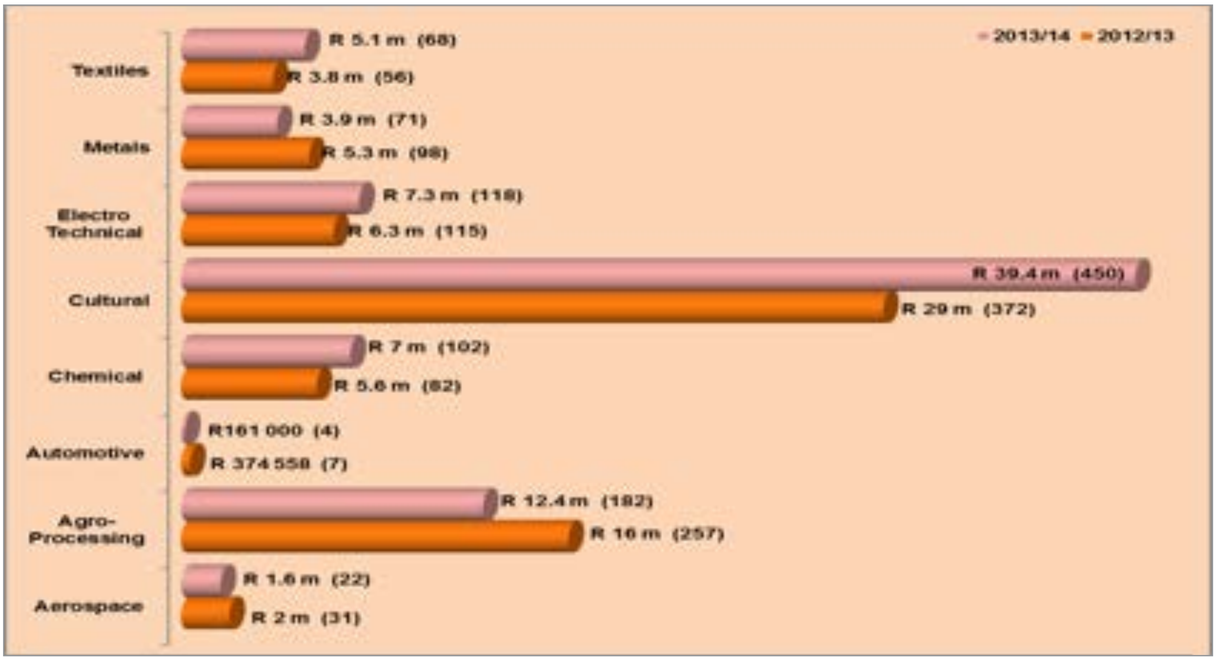


C. EMIA ASSISTANCE ACROSS SECTORS

Cultural industries, agro-processing and electro-technical dominated the number and value of approvals in both 2012/13 and 2013/14. The textile sector, which has been identified as a priority sector in the IPAP (2014/15) to attain long-term developmental growth in South Africa, recorded a considerable improvement in 2013/14, with EMIA supporting 68 enterprises to the value of R5.1 million. The majority of these textile exporters are based in Gauteng (31) and the Western Cape (18) and were funded to attend exhibitions in France, Germany, the United States and United Kingdom.

It is interesting to note that the previously male-dominated sectors of metals and electro-technical received EMIA funding for one and three women-owned enterprises respectively in 2013/14.

FIGURE 42: NUMBER AND VALUE OF EMIA APPLICATIONS APPROVED PER SECTOR FOR 2012/13 AND 2013/14



D. VALUE OF CLAIMS PAID TO BENEFICIARIES

The 2013/14 financial year showed a significant increase of 27% in EMIA claims to the value of R44.9 million. From 2009/10 to 2013/14, R202.6 million was disbursed to exporting enterprises, 22% in 2013/14 alone.

FIGURE 43: EMIA VALUE OF CLAIMS: 2009-2014

E. NUMBER OF JOBS SUPPORTED

One of the objectives of the EMIA programme is to support exporters to retain and create jobs. EMIA beneficiaries are expected to submit job figures six months after attending international events. During 2013/14, 2 422 jobs were created by EMIA-supported enterprises, of which 860 were permanent and 1 562 temporary. Aligned with the number of approvals, provinces that reported the highest number of jobs for 2013/14 are Gauteng (530 temporary and 530 permanent jobs), the Western Cape (429 temporary and 88 permanent jobs) and KwaZulu-Natal (473 temporary and 124 permanent jobs). Black-, women- and disabled-owned enterprises contributed 56% to the total number of jobs created by supported enterprises. While the textile sector only received 20% and 14% of the total value of approvals in 2012/13 and 2013/14 respectively, it reported the creation of an impressive 345 jobs by supported enterprises in 2013/14.

FIGURE 44: TOTAL JOBS CREATED PER SECTOR: 2013/14

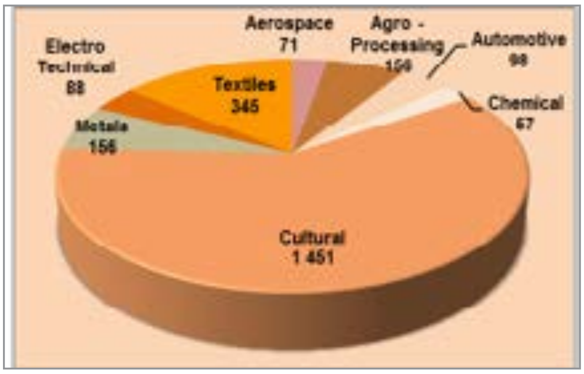
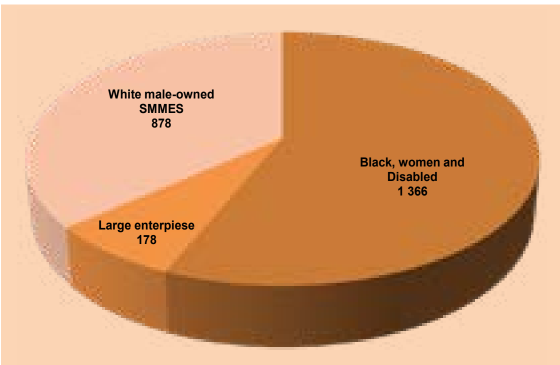


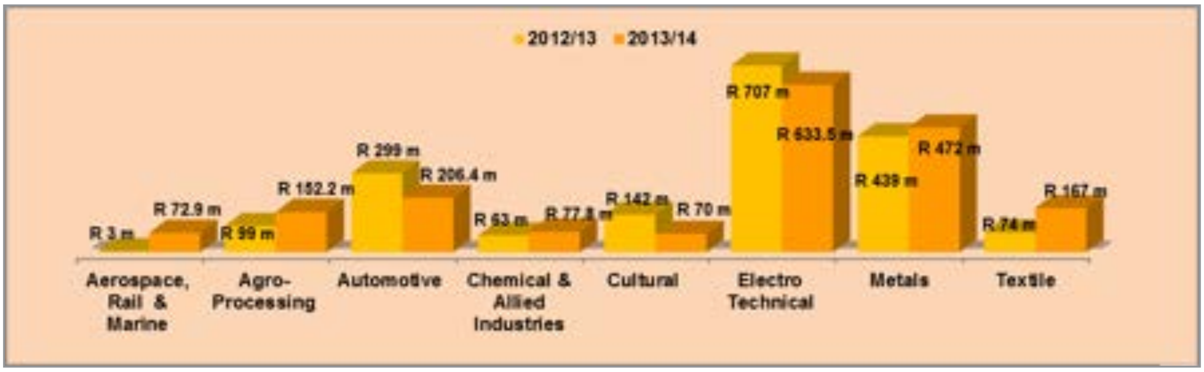
FIGURE 45: TOTAL JOBS CREATED PER ENTERPRISE TYPE: 2013/2014



F. EXPORT SALES GENERATED PER PROVINCE AND SECTOR

EMIA-supported enterprises are also expected to submit export sales figures six months after attending international events. A total of R1.9 billion export sales was generated in 2013/14, mainly from enterprises based in KwaZulu-Natal (R685 million) Gauteng (R504 million), the Western Cape (R375 million) and Eastern Cape (R284 million). Sectors with high export values in both financial years include electro-technical, metals and automotive.

FIGURE 46: EMIA EXPORT SALES GENERATED PER SECTOR (R'000): 2012/13 AND 2013/14



HIGHLIGHTS FOR EMIA

EMIA has assisted a total of 1 017 South African exporters to showcase their local products at international and national trade exhibitions during 2013/14. EMIA continues to increase the contribution of the previously disadvantaged to the South Africa economy through the approval of 387 black-owned and 281 women-owned enterprises. Some of the popular events attended by women-owned enterprises include the 10th International Handicrafts Gift Fair in Turkey, which showcases the latest designs in clothing and fashion, and the Feincartes in Brazil, which showcases advanced decorative craft items and products.

An important event for the mining industry in South Africa is the Exponor Antofagasta International Event. Seven South African exporters who were supported by EMIA to the total value of R380 000 attended this event in June 2013. The event took place in the heart of the Chilean copper mining industry and hosted more than 1 000 exhibitors from 30 countries. All seven EMIA participants were extremely satisfied with their participation at the event and generated a total value of R44.4 million in export sales.

EMIA supported six members from the South African Boatbuilders Export Council (SABBEX) and Marine Industry Association of South Africa (MIASA) to the total value of R635 000 to attend the Strictly Sail Miami International Boat Show in Miami in the US. South African boatbuilders showcasing their products included Cruiser Cats, Matrix Yachts, Maverick Yachts, Royal Cape Catamarans, St Francis Marine and Tag Yachts. There is growing interest from foreign brands to build in South Africa and the show provided local boatbuilders with the opportunity to gain exposure and knowledge of annual market research to remain competitive.

5.5. SECTOR-SPECIFIC ASSISTANCE SCHEME FOR EMERGING EXPORTERS

The SSAS was established in 2009 to develop emerging South Africa exporters by compensating the cost of export activities such as exhibition stands, marketing materials, transport of samples and travel subsistence. The incentive comprises two sub-programmes, namely Generic Funding, which is managed by Trade and Investment South Africa (TISA) and Project Funding for Emerging Exporters and Export Councils/Joint Action Groups managed by IDAD. SSAS supported enterprises that do not apply directly to **the dti**, are represented by non-profit organisations that have the mandate of strengthening local enterprises and include Export Councils, Industry Associations, Joint Action Groups, Business Chambers, Small Enterprise Development Agencies, Local Municipalities, Metropolitan Councils, Provincial Investment and Economic Development Agencies.

TABLE 13: SSAS INFORMATION

OBJECTIVE
• Developing an industry sector as a whole • Broadening the exportbase • Promoting broader participation of black-owned and SMMEs in the economy
START DATE
• 2009
END DATE
• Open-ended
TARGET MARKET
• South African companies or companies with 50% local content that operate in the local capital goods and services sector and consulting engineers
ELIGIBLE CRITERIA
• Export Councils • Industry Associations • Joint Action Groups • Provincial Investment and Economic Development Agencies
MAXIMUM GRANT
• 80:20 cost-sharing grant • Maximum grant is R1.5 million per project and broken down as follows: • Exhibition cost R40 000 per exhibitor to a maximum of R700 000; Marketing materials R2 000 per exhibitor up to maximum of R30 000; 100% of transport cost of samples and travel subsistance • No daily subsistance allowance
CLAIM PROCESS
• Claim forms, together with supporting douments, should be submitted for further consideration and approval • No late claims will be considered for payment • Complete claims will be paid within 30 working days of receipt • Extension should be requested in writing to the senior manager before the termination date • Claims not received after the extension will be automatically cancelled

A. NUMBER OF ASSISTED EMERGING EXPORTERS FOR 2013/4

2012/13	2013/14
Number of Approved Projects: 25	**Number of Approved Projects: 63**

A remarkable improvement was recorded in both the number and value of applications approved for project co-ordinators in 2013/14 compared to 2012/13. The number of applications approved increased from 25 (benefitting 424 enterprises) to 63 (with 786 enterprises), resulting in a 51% increase in the value of approvals, from R46 million to R69.3 million. Project co-ordinators with the highest number of approvals noted for 2013/14 include the Small Enterprise Development Agency (**seda**), Western Cape Destination Marketing Investment and Trade Promotion Agency (WESGRO), Cape Film Commissions (CFC) and Association for Transformation in Film and Television (ATFT). A list of SSAS-supported events attended during 2013/14 is listed below with a high participation rate recorded for the International Businesses Women Forum in Qatar.

Figure 47: Some of the local and international events attended

Event	Country	Number of Participants
Local Events		
Food wine design show 2013	South Africa	20
Nedbank golf challenge		15
International Events		
London book fair	UK	10
International documentary film festival and market	Netherlands	19
Qatar international business woman forum	Qatar	21
The AF-L'Artigiano In Fiera (Crafts and Selling Exhibition)	Italy	19
Private Label Trade Show	USA	14
American Film Market		8
Outward investment mission		18

FIGURE 48: PROJECT CO-ORDINATORS WITH THE HIGHEST NUMBER OF APPROVALS: 2013/14

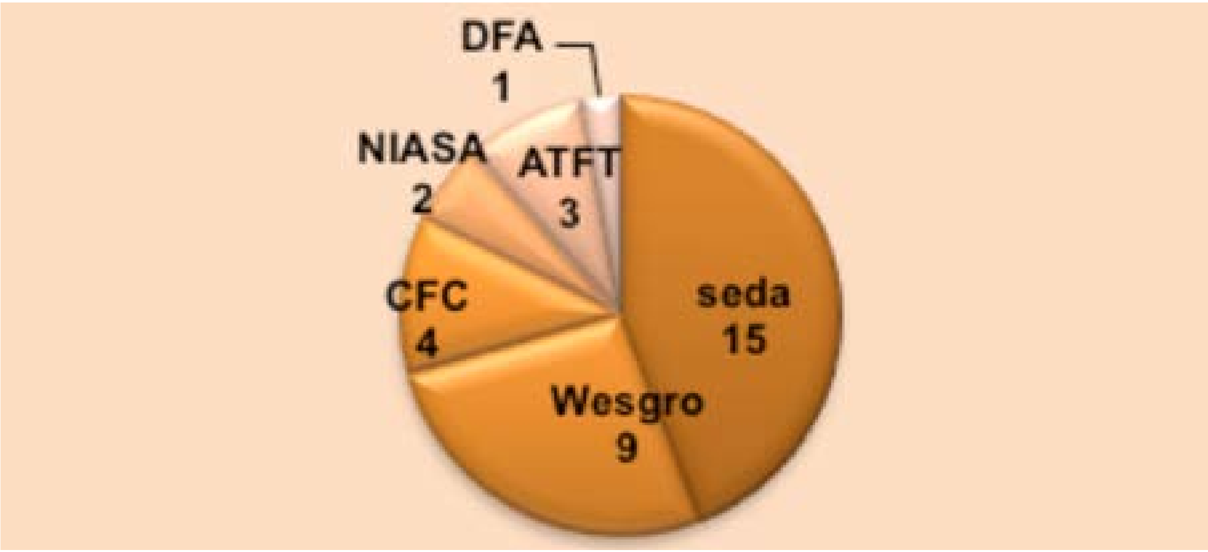
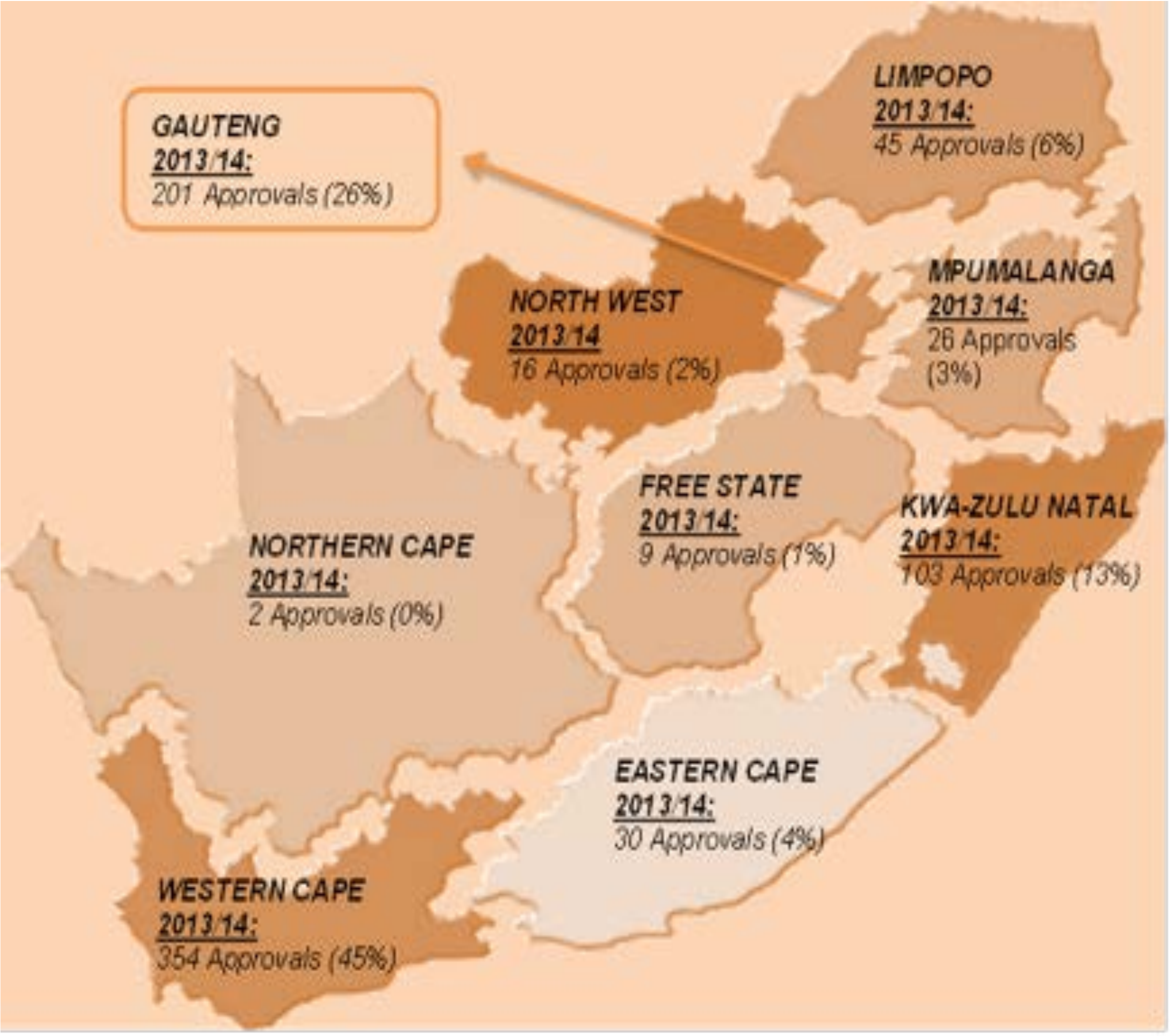


FIGURE 49: APPROVED PROJECT CO-ORDINATORS for 2013/14

B. PROVINCIAL SPREAD OF ENTERPRISES 2013-14

During 2013/14, SSAS assisted emerging exporters across all nine provinces. Noteworthy improvements have been made from the first half of the 2013/14 financial year for provinces such as Limpopo (15 approvals in Q1&Q2 compared to 30 in Q3&Q4) and the Eastern Cape (10 approvals in Q1&Q2 compared to 20 in Q3&Q4). Based on low participation of enterprises in the Free State, Northern Cape and North West provinces, **the dti** in conjunction with the relevant provincial agencies (Free State Development Corporation, Northern Cape Economic Development Agency and Invest North West) will in 2014/15 be hosting export awareness workshops to promote SSAS in these areas.

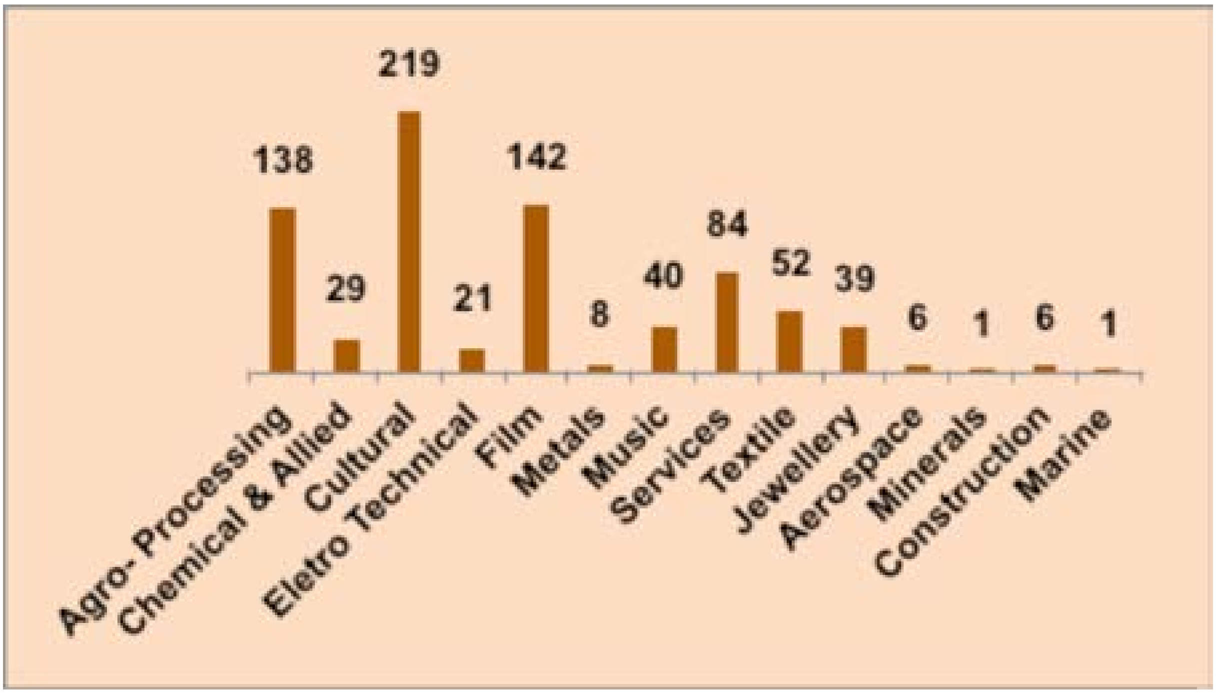
FIGURE 50: APPLICATIONS APPROVED PER PROVINCE FOR 2013/14



C. SUPPORT ACROSS SECTORS

While the cultural, film and agro-processing sectors received the largest number of approvals, the marine sector received SSAS funding for the first time since inception. The enterprise in this sector was funded to attend the ICT, Oil and Gas Trade Mission held in Nigeria in July 2013 and organised by WESGRO.

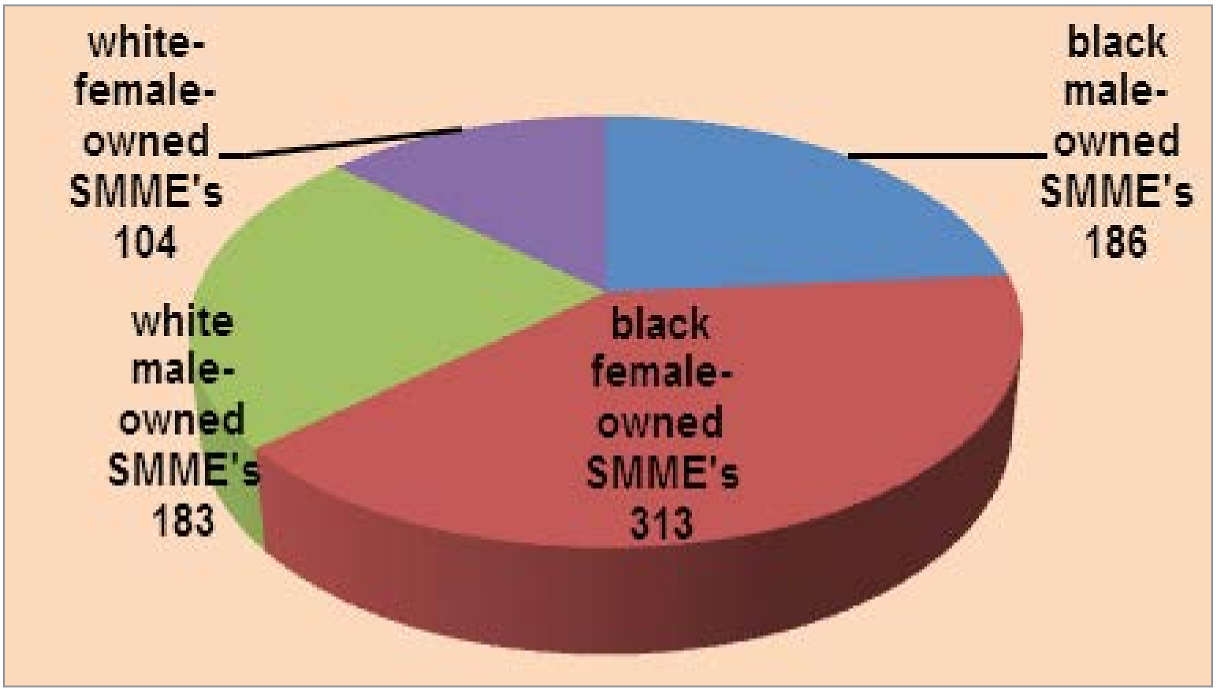
FIGURE 51: APPROVED ENTERPRISES PER SECTOR: 2013/14



D. SUPPORT ACROSS OWNERSHIP TYPE

Of the 786 SMMEs supported in 2013/14, the majority (313) were black women-owned enterprises operating in the cultural sector. A significant number of white male-owned SMMEs (183) that were assisted work primarily in the film and agro-processing sectors.

FIGURE 52: APPROVED SMMES BY OWNERSHIP TYPE: 2013/14



E. VALUE OF CLAIMS PAID TO BENEFICIARIES

Over the three-year[3] period, from 2011/12 to 2013/14, an upward trend was noticed for claims paid, with a substantial improvement of 39% from 2012/13 to 2013/14.

FIGURE 53: VALUE OF CLAIMS PAID

F. HIGHLIGHTS FOR SSAS

the dti, through SSAS for Emerging Exporters, supported 61 project co-ordinators in 2013/14 consisting of 770 enterprises. The total incentive value for the approvals was R67.7 million.

One of the projects supported was the Third G20 Africa Infrastructure Investment Conference in London, UK. Leading Woman of Africa was the organising and co-ordinating body for this conference and was granted an amount of R680 605 for the following items: economy return airfare (R296 420); accommodation (R92 800); ground transport (R3 868); and accreditation tickets (R287 517). Twenty emerging exporters in the build environment/infrastructure sector were funded to attend this conference from 17-19 July 2013.

This trade mission showcased South African women-owned companies that excel in infrastructure and is a practical example of women's integration in a sector previously reserved for men. The involvement of women in this sector provides an opportunity to correct and balance the inequitable distribution of wealth and opportunities of the past.

In 2013/14, enterprises in the cultural sector were the largest recipients of SSAS. Of the 271 cultural enterprises that enjoyed SSAS funding, nine emerging exporters attended the New York NOW exhibition from 17-21 August 2013. This exhibition showcases the best lines across the home, lifestyle and gift spectrum. The Cape Craft and Design Institute was the project co-ordinator for the exhibition and granted an approval amount of R1,139 155 for the following qualifying activities: economy return airfare (R140 184); accommodation (R142 184); marketing materials (R18 000); transport of samples (R23 769); and exhibition stands (R624 544). Assisted exporters recorded a total amount of R4.8 million of sales at the event.

SSAS also supported a trade mission organised by WESGRO to Lagos, Nigeria, from 9-12 July 2013. A total of 11 emerging exporters were approved for an incentive value of R525 000 to participate in the mission, which aimed to promote enterprises operating in the oil and gas industries. One of these supported exporters was 6Sigma Naval Architects Pty (Ltd), which operates in the marine and oil sector and is based in the Western Cape. 6Sigma Naval Architect specialises in naval architecture, including the design and repair of vessels, ship and oil rigs.

3 Claims data for SSAS available from 2011/12

CLUSTER REFERENCE

1. **DEPARTMENT OF TRADE AND INDUSTRY. 2013a.** *Adjudication meeting reports.* **[Internal reports]**

2. **DEPARTMENT OF TRADE AND INDUSTRY. 2013b.** *Incentive Administrators*

3. **DEPARTMENT OF TRADE AND INDUSTRY. 2014.** *Industrial Policy Action Plan 2014/15 – 2016/17* **[Available online: http://www.dti.gov.za/industrial_development/industrial_development.jsp]**

4. **DEPARTMENT OF STATISTICS SOUTH AFRICA.2012 Annual GDP Publication**

5. **Investment Incentives:** http://www.investmentincentives.co.za/mcep/incentives/production

6. **Report back reports from approved enterprises**

7. **RECKITT BENCKISER SOUTH AFRICA (PTY) LTD. (Figure 29) Pictures of products manufactured by enterprise**

8. **GRAHAMSTOWN BRICKS (PTY) LTD. (Figure 30) Pictures of products manufactured by enterprise**

9. **ECO FRIENDLY AFRICA TRAVEL (Figure 33) Map of Africa**

10. **TENOVA BATEMAN (SOUTH AFRICA) (Figures 35) Pictures of construction site at the Marampa Iron Ore Mine**

11. **FARMSECURE SUSTAINABILITY AND PROFITABILITY IN AGRICULTURE (Figure 36) Pictures of construction site at London Mining**

12. **SOUTH AFRICAN CAPITAL EQUIPMENT EXPORT COUNCIL (SACEEC) (Figure 45) Picture of the South African Exhibition Stand**

13. **SOUTH AFRICAN BOAT BUILDERS EXPORT COUNSIL (SABBEX) (Figure 46) Picture of the South African boat builders Yachts**

14. **LEADING WOMAN OF AFRICA (Figure 54) Picture of company logo**

15. **LEADING WOMAN OF AFRICA (Figure 55) Picture of Ms. Mkunu**

16. **LEADING WOMAN OF AFRICA (Figure 56) Picture of South African conference attendees**

17. **CAPE CRAFT DESIGN INSTITUTE (CCDI) (Figure 57 & 58) Picture of exhibition stand at the event**

6. Manufacturing Investment Cluster (MIC)

THE AUTOMOTIVE INVESTMENT SCHEME (AIS)

THE SECTION 12I TAX ALLOWANCE INCENTIVE

MANUFACTURING INVESTMENT PROGRAMME (MIP)

AQUACULTURE DEVELOPMENT AND ENHANCEMENT PROGRAMME (ADEP)

6.1. INTRODUCTION

The MIC consists of incentive programmes that promote and attract investment into the manufacturing sector to support economic growth and job creation. These incentives are the 12I Tax Allowance (12I), AIS, MIP and the ADEP. This section of the report looks at the performance of each of these incentive programmes during the period April 2013 to March 2014.

6.2. THE SECTION 12I TAX ALLOWANCE INCENTIVE

The 12I was launched in July 2010 and focuses on investment in new manufacturing projects as well as expansions or upgrades of existing industrial projects. The tax allowance programme, which incorporates a training allowance component, aims to accelerate economic growth in the South African industrial sector and supports the IPAP 2014/15 – 2016/17, particularly in terms of employment, skills development through training and energy efficiency in manufacturing. Table 14 summarises the 12I programme.

Table 14: The 12I Tax Allowance Information

OBJECTIVE
• To accelerate economic growth in the industrial sector • To contribute towards job creation • To improve the productivity of the South African manufacturing sector and training of personnel • To improve labour productivity and the skills profile of the South African labour force
DURATION
• July 2010 to December 2015
TARGET MARKET
• New manufacturing projects; energy efficiency; skills development
ELIGIBLE CRITERIA
• New industrial projects that utilise only new and unused manufacturing assets • Expansions or upgrades of existing industrial projects
MAXIMUM ALLOWANCE
• R550 million per greenfield project or R900 million per greenfield project with a preferred status. R350 million per brownfield project or R550 million in the case of a brownfield project with a preferred status • An additional training allowance per employee may be deducted from taxable income as follows: a maximum additional training allowance is R20 million per qualifying project & R30 million per preferred project
TAX DEDUCTION PROCESS
• **the dti** administers the programme, but the financial benefit is managed by the South African Revenue Service (SARS). • Projects approved by **the dti** obtain a tax deduction from SARS. The tax deduction period, after projects are approved, is open-ended.

A. 12I PROJECTS APPROVED (APRIL 2013 TO MARCH 2014)

During the 2013/14 financial year, **the dti** approved 13 projects under 12I for a total tax allowance amount of R4.8 billion and a training allowance of R70.2 million. Compared to the 2012/13 total of 12 approved projects for a tax allowance of R3.3 billion, the 2013/14 performance represents an increase by a single project, while the tax allowance amount of R4.8 billion represents a year-on-year increase of R1.5 billion. The training allowance increased by R9.3 million year-on–year, from R60.9 million in 2012/13 to R70.2 million in 2013/14. Efforts by the 12I administration unit to increase uptake of the programme have consistently yielded positive results. The unit continues to engage with consulting firms that deal with 12I projects and assists applicants with their applications.

TABLE 15: OVERVIEW OF APPROVED 12I PROJECTS (2012/13 AND 2013/14)

Investment to be leveraged from the 13 projects approved during this period amounted to R9.2 billion, representing a decrease of R924 million from the 2012/13 amount of R10.2 billion from only 12 approvals.

TABLE 16: PROVINCIAL PERFORMANCE OF APPROVED 12I PROJECTS (2013/14)

PROVINCIAL 12I PERFORMANCE (2013/14)				
Province	Number of projects approved	Tax allowance approved (R)	Projected investment (R)	Training allowance approved (R)
Eastern Cape	5	2 957 775 080	5 031 529 155	31 752 920
Gauteng	2	685 645 568	1 642 757 695	14 076 000
KwaZulu-Natal	3	787 296 562	1 411 578 915	14 868 000
Mpumalanga	1	191 553 403	582 620 438	540 000
Western Cape	2	151 948 058	568 519 362	8 956 663
Total	**13**	**4 774 218 671**	**9 237 005 565**	**70 193 583**

Approved projects were from the Eastern Cape (five), KwaZulu-Natal (three), Gauteng (two), the Western Cape (two) and Mpumalanga (one). The five projects in the Eastern Cape, with a projected investment to be leveraged of R5 billion, accounting for 55,5% of the total investment, were approved for approximately R3 billion in tax allowances, representing 62% of the total tax allowances approved during 2013/14. The training amount approved for the five Eastern Cape projects was the highest at R31.7 million (45%) compared to the R15.2 million (30%) approved for two projects in 2012/13.

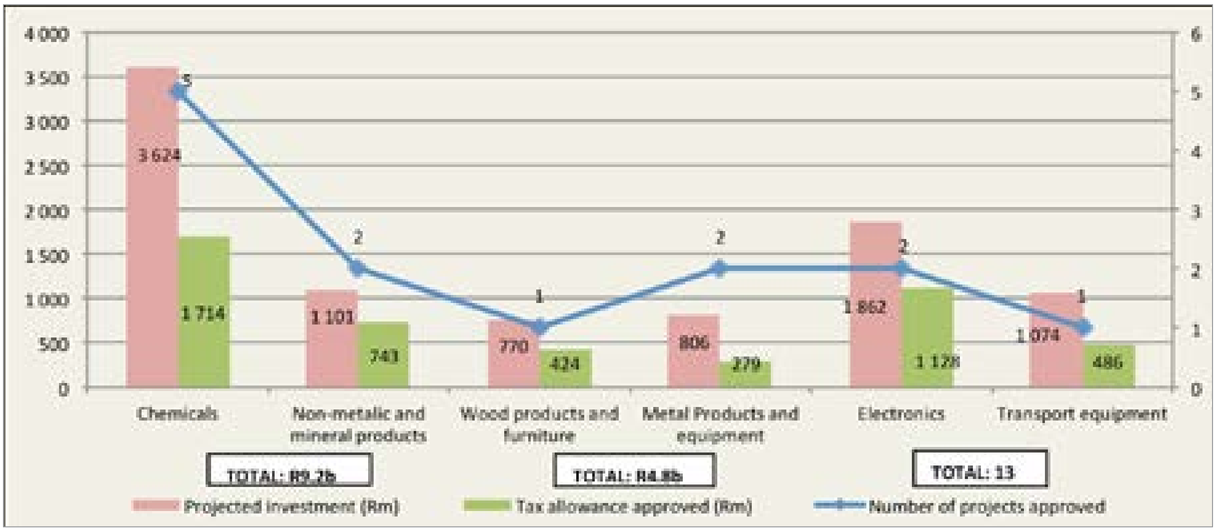
With only two approved projects, Gauteng projected the second-highest investment of R1.6 billion (18%) and a tax allowance of R686 million (14%). The Western Cape, with two projects approved, projected the lowest investment of R568 million (6%) and a tax allowance of R152 million (3%).

During 2012/13, Gauteng had the majority of projects approved of four (33%), followed by KwaZulu-Natal with three (25%) and the Eastern Cape with two (17%). The Western Cape, Free State and North West each had a single approved project. The two projects based in the Eastern Cape projected the highest investment to be leveraged of R3.4 billion and the highest tax allowance of R1 billion. The Eastern Cape projects continue to project the highest investment to be leveraged, totalling R8.4 billion in the past two financial years. Gauteng's four approved projects had the second-highest projected investment of R1.6 billion and the second-highest approved tax allowance of R769 million.

B. 12I SECTORAL PERFORMANCE (2013/14)

Of the 13 projects approved, eight were new, four were expansions and one an upgrade. The five Eastern Cape-based projects were new; two were for chemicals, two for non-metallic and mineral products, and one for the electronics sector. Two of the three approved projects from KwaZulu-Natal are expansions and the other an upgrade. The three projects are in different sectors, namely chemicals, wood products and furniture, and electronics. Of the two projects in Gauteng, one is new in the transport equipment sector and the other an upgrade in the metals sector. The Western Cape had one expansion project in the chemicals sector and one new project in metals, while Mpumalanga's single approved project was an expansion in the chemicals sector.

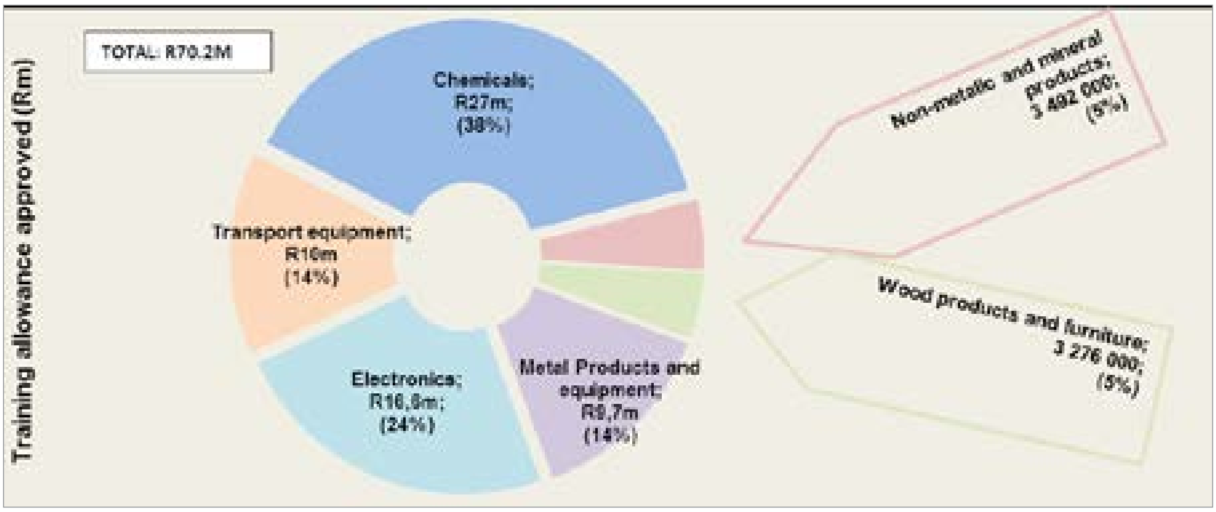
Figure 54: Sectorial Distribution of 12I Tax Allowance (2013/14)



Of the 13 projects approved in 2013/14, five were in the chemicals sector, followed by two each in non-metallic and mineral products, metals products and equipment and electronics, and one in the wood products and furniture sectors. Chemicals is reportedly the highest contributing sector in the 12I Tax Allowance year-on-year, with four (33%) approved projects in 2012/13. Total projected investment from these chemicals projects amounted to R3.6 billion, representing 39% of the total projected investment during this period (R9.2 billion). The sector also had the highest tax allowance approved of R1.7 billion, followed by electronics with R1.1 billion, and non-metallic and mineral products with R743 million.

The two electronics projects projected investment of R1.9 billion, while an investment of R806 million was projected by the two metals projects. The project in transport equipment sector, which is the first in this sector to be approved for the 12I tax allowance programme since its inception in 2010/11, projected an investment of R1 billion and was approved for a tax allowance of R486 million. The two projects in the electronics equipment sector were also the first in this sector to be approved under the 12I. The two projects, based in KwaZulu-Natal and Gauteng, are new and obtained a preferred status, mainly for their contribution to job creation.

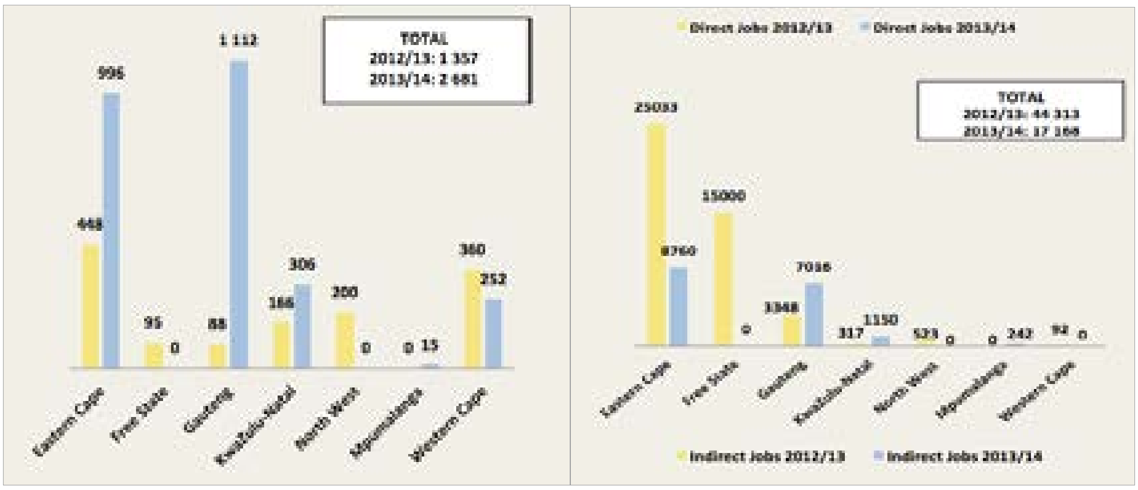
Figure 55: Sectorial Distribution of 12I Training Allowance (2013/14)



The five chemicals sector projects were approved for a training allowance of R27 million, constituting 38% of the R70.2 million total training allowance approved. In 2012/13, the four approved chemicals sector projects received the largest share of the training allowance of R21.8 million (44%). This is attributable to the number of projects approved for the sector, which was relatively high for both years.

C. 12I DIRECT AND INDIRECT JOBS (2013/14)

Figure 56: 12I Direct and Indirect Jobs per province: 2012/13 and 2013/14

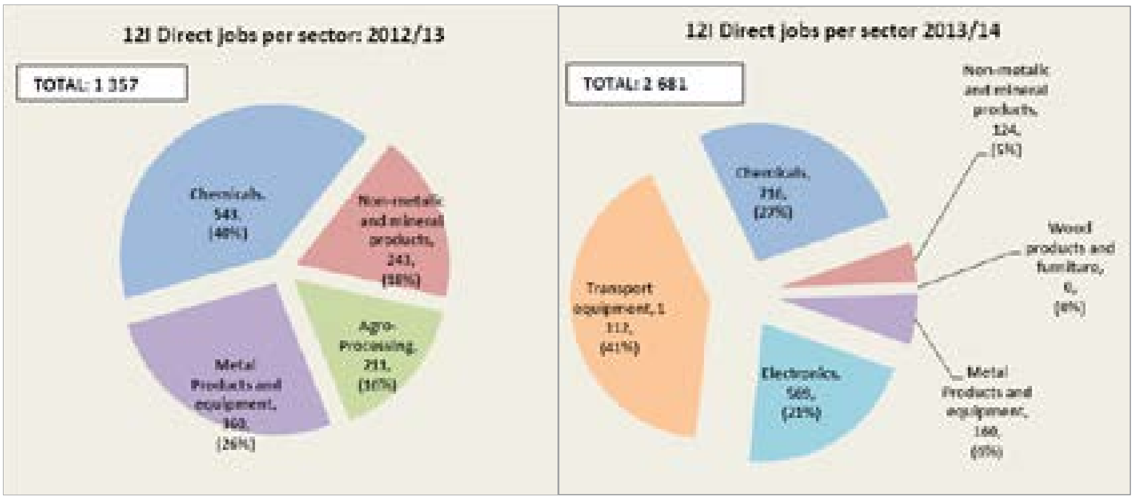


The 13 approved projects projected a total of 2 681 direct jobs, compared to the 1 357 projected in 2012/13. The highest contribution to the direct jobs of 1 112 (41,5%) came from the one project in Gauteng in the transport equipment sector. This number can be attributed to the fact that the project is new and in a labour-intensive sector. The other project in Gauteng is an expansion in the metals sector and did not project any jobs as expansions usually train existing employees to operate new machinery and equipment.

The five Eastern Cape projects projected 996 (37%) direct jobs, followed by KwaZulu-Natal with 306 (11,4%), the Western Cape with 252 (9,4%) and Mpumalanga with 15 (0,6%). Gauteng, the Eastern Cape and KwaZulu-Natal reported increased projections for direct jobs when compared to 2012/13. The Free State contributed 95 direct jobs in 2012/13, but did not have any approved projects in 2013/14. Mpumalanga's chemicals sector project is the province's third approval for the 12I tax allowance, and the first from a sector other than wood and furniture products. It projected the least direct jobs mainly because it is an expansion. The North West projected 200 direct jobs in 2012/13, but did not have any approvals during 2013/14.

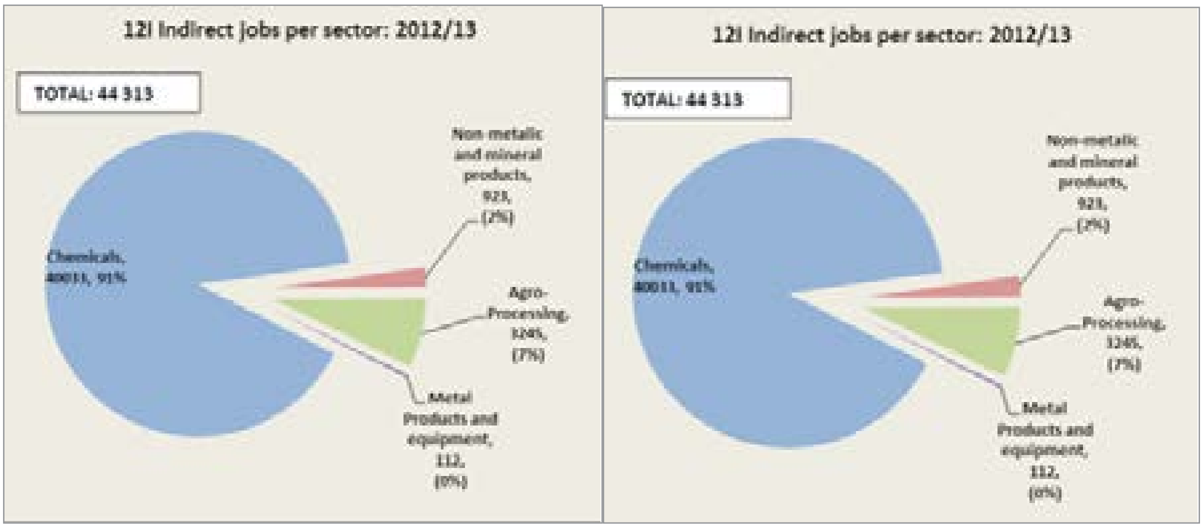
With regards to indirect jobs, the Eastern Cape projected the most of 8 760 compared to 25 033 in 2012/13. The reason for the high number of jobs in 2012/13 was the approval of a project from the biofuels sub-sector, which projected 25 000 indirect jobs. The sector has strong linkages with highly labour-intensive sectors such as agriculture. Projects from Gauteng projected 7 016 indirect jobs, followed by KwaZulu-Natal with 1 150. The two Western Cape projects (one new and one expansion) reported 252 direct jobs and no indirect jobs.

Figure 57: Sectorial 12I Direct Jobs per sector (2012/13 and 2013/14)



Sectorally, the transport equipment sector contributed 1 112 (41%) to direct jobs, while the chemicals and electronics sectors contributed 716 (27%) and 569 (21%) respectively. Despite the slight increase in the number of approvals (from 12 in 2012/13 to 13 in 2013/14), year-on-year projections for indirect jobs decreased significantly by 27 145, from 44 313 in 2012/13 to 17 168 in 2013/14.

Figure 58: Sectorial 12I indirect jobs per sector (2012/13 and 2013/14)



The non-metallic and mineral products sector and transport equipment contributed significantly to indirect jobs, with 7 472 and 7 016 respectively. The chemicals sector was the biggest contributor with 40 033 in 2012/13. In 2013/14, chemicals had the most approved projects (five), but contributed only 3% (500) indirect jobs. Most of the jobs from projects in this sector were direct jobs (543 or 40%).

D. SUCCESS STORY: 12I TAX ALLOWANCE

Name of company: Omnia Group (Pty) Ltd – Fertilizer Division

Company background

Omnia is a South African company that manufactures and supplies specialised chemical products and services used in the mining, agriculture and chemicals sectors. Omnia has been in operation in South Africa since 1953 and over this period has continually shown its commitment to the sustainable, long-term growth and development of the business and the South African economy, society and environment. The company is listed in the chemicals sector of the Johannesburg Securities Exchange.

Support from the dti

Omnia was one of the first manufacturing companies to make use of the tax allowance available under Section 121 of the Income Tax Act (Act 58 of 1962). This meant that as early adopters of the programme, it was largely part of a collaboration process to iron out and ultimately finalise the details relating to processing applications and establishing an approach for effectively accessing the allowance.

Omnia made the critical decision, during a period of global economic contraction, to invest R1.4 billion in the establishment of a nitric acid complex in Sasolburg, Mpumalanga. This complex secures the supply of raw materials of vital importance to several industries in the country, thus ensuring independence from international shortages, competing demand for supply and excessive price increases. This is of particular significance to both the mining and agriculture sectors, both of which depend heavily on the supply of nitric acid and ammonium nitrate (for explosives and fertilizer respectively) produced by the facility. The new manufacturing capacity will further support growth in the key sectors of agriculture and mining in the country.

The tax allowance and its effects

Under the Section 12I Tax Allowance, Omnia qualified for a tax allowance of R232,678,893 to support the R1.4 billion investment in the new nitric acid complex. The tax allowance effectively created an investment environment conducive to such a significant investment, and specifically supported the additional investment required to make this facility a world leader in terms of efficient energy consumption. Introduction of new technology has had wide-ranging effects on the business, customers, the economy and environment.

Environmental effects/benefits

Because the nitric acid facility is designed according to rigorous world-class and green standards, it will avoid greenhouse gas emissions of approximately 500,000 tons of CO2 equivalent (CO2e) per year relative to a similar benchmark facility. This will contribute significantly towards the targeted reduction of Greenhouse Gas Emissions in South Africa and the national climate change commitments and objectives. The new nitric acid complex has also been successfully registered as a Clean Development Mechanism (CDM) project by the United Nations Framework Convention on Climate Change (UNFCCC). The facility should generate between 250 000 and 350 000 carbon credits annually. Besides the direct energy saving and environmental benefits, this could effectively contribute an influx of between R4 million and R30 million from foreign investment per annum, dependent on the market price for certified emission reductions (CERs).

With the new facility, Omnia also introduced a waste heat recovery solution that utilises excess steam produced from the primary production process to generate electricity. This plant generates sufficient electricity to provide approximately 50% of the total electricity demand of the entire Sasolburg site. It therefore provides a buffer against escalating electricity prices and greatly reduces Omnia's environmental impact and effect on climate change.

Employment creation

The new complex created 109 employment opportunities, resulting in a 4% increase in Omnia's existing global workforce. Under the tax allowance, this initiative further qualified Omnia for a training allowance of R3,924,000 to be used both to address specific training needs and towards the development of technical skills relating to the project.

Social Responsibility

Omnia has a long-standing record of community development initiatives and an investment target for socio-economic development of 1% of net profit after tax. The growth and increase in net profit resulting from the addition of this new facility should also see an increase in the annual spend on socio-economic and community projects.

Conclusion

Omnia's experience with the tax allowance demonstrates the benefits of effective public and private collaboration. It also shows that the direct and indirect benefits of the tax allowance extend well beyond the direct financial stimulus.

Omnia Performance Summary	
Total Investment Approved	**R1 454 100 000**
Total Qualifying Investment	**R664 796 837**
Tax allowance approved	**R232 678 893**
Training amount approved	**R3 924 000**
Number of Indirect Jobs	**200**
Number of direct jobs	**109**
Production start date	**31 March 2012**
Date of commercial Production	**1 April 2012**

6.3. THE AUTOMOTIVE INVESTMENT SCHEME (AIS)

Launched in July 2009, the AIS is an incentive designed to support light motor vehicle and automotive component manufacturers through investment in new and/or replacement models and components with a potential to increase plant production volumes, sustain employment and/or strengthen the automotive value chain. The AIS provides for a taxable cash grant of 20% of the value of qualifying investment in productive assets approved by **the dti**. An additional taxable cash grant of 5% or 10% may be available to projects **the dti** considers to be strategic.

Table 17: Programme summary for AIS

OBJECTIVE
• To grow and develop the automotive sector • Increase investment in new and/or replacement models and components • Increase plant production volumes • Sustain employment • Strengthen the automotive value chain
DURATION
• The programme started in July 2009 and is open-ended
TARGET MARKET
• Light motor vehicle manufacturers and components manufacturers
ELIGIBLE CRITERIA
• The project must be undertaken by a manufacturer of specified light motor vehicles registered with the International Trade Administration Commission in terms of Note 1 to Chapter 98 of the Customs and Excise Act OR • The project must be undertaken by a component manufacturer or a deemed component manufacturer that is part of the original equipment manufacturer (light motor vehicle manufacturer) supply chain.

MAXIMUM ALLOWANCE
• The AIS provides for a taxable cash grant of (20%) of the value of qualifying investment in productive assets as approved by **the dti**.
• An additional taxable cash grant of (5% - 10%) may be made available for projects that maintain their base-year employment throughout the incentive period, and achieve at least two of the following economic requirements in terms of tooling, research and development in the country, employment creation, strengthening the automotive value chain and value addition.
CLAIMS PROCESS
• AIS claims are paid within a three-year period. In the case of enterprises that claim at the start of commissioning, a two-year claims period is awarded following the commissioning period

In 2013, **the dti** introduced a sub-component to the AIS, called the People-Carrier Automotive Incentive Scheme (P-AIS). The programme is designed to stimulate a growth path for the people-carrier vehicles industry through investment in new and/or replacement models and components that will create new employment, retain existing employment and strengthen the automotive value chain. Performance of this new component is discussed along with other AIS sub-sectors below.

A. PROJECTS APPROVED (2013/14)

TABLE 18: OVERVIEW OF APPROVED AIS PROJECTS (2012/13 AND 2013/14)

	Financial Year	No of Projects Approved	Grant Approved (R)	Investment Approved (R)	Sustained Jobs	Projected Jobs
COMPONENTS MANUFACTURES	**2012/13**	25	125 679 000	546 302 000	6 265	582
	2013/14	33	390 621 941	1 585 196 761	1 646	680
ORIGINAL EQUIPMENT MANUFACTURERS (OEM)	**2012/13**	4	281 314 000	1 259 003 000	10 720	185
	2013/14	3	1 976 806 139	6 815 259 694	0	441
PEOPLE-CARRIER: ORIGINAL EQUIPMENT MANUFACTURERS (P-AIS)	**2012/13**	0	0	0	0	0
	2013/14	2	26 055 615	111 816 076	10	308
TOTALS	**2012/13**	29	406 994 000	1 805 306 000	16 985	767
	2013/14	**38**	**2 393 483 695**	**8 512 272 531**	**1 656**	**1 429**

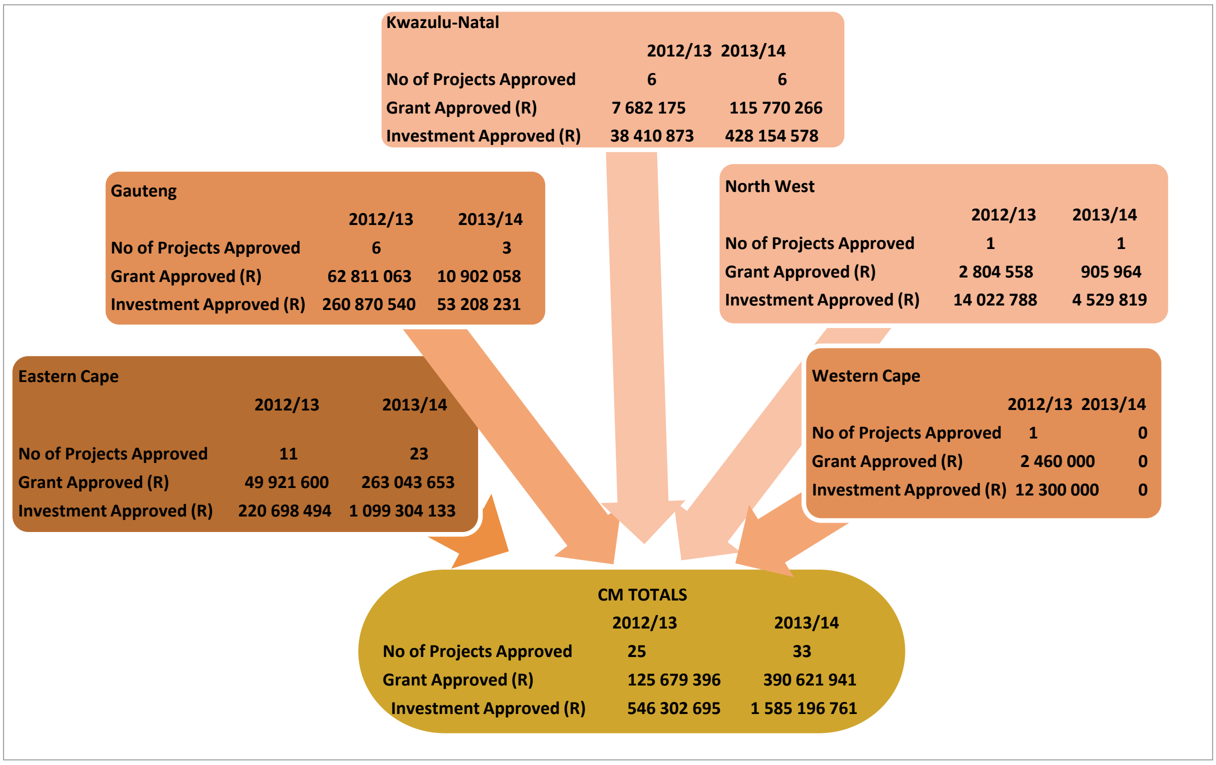
During 2013/14, 38 AIS projects were approved to the value of R2.4 billion, compared to 29 in 2012/13 to the value of R407 million, representing a massive year-on-year increase. The largest increase in grant approved was from original equipment manufacturer (OEM) projects, with a grant value of approximately R2 billion compared to R281.3 million in 2012/13. Of the 38 projects, 33 were component manufacturer (CM) projects (25 in 2012/13), three OEM (four in 2012/13) and two P-AIS, and had a combined projected investment of R8.5 billion, which represents a massive increase of R6.7 billion from the R1.8 billion projected in 2012/13.

While the three OEM projects received the largest grant share of R2 billion (82.6%), the 33 CM projects were approved for R390.6 million and the two P-AIS projects for R111.8 million. In 2012/13, 25 CM and four OEM projects were approved for a grant value of R125.7 million and R281 million respectively. There are usually more CM than OEM projects due to the fact that CM companies can supply different components to a single OEM project. However, the three OEMs were approved for a significantly higher grant amount because they are high-value projects.

B. COMPONENT MANUFACTURERS' PERFORMANCE (2013/14)

In 2013/14, the bulk of approved CM projects were from the Eastern Cape, with 23 (69.7%) approvals, followed by KwaZulu-Natal with six (18%), Gauteng with three (9%) and the North West with one (3%). In 2012/13, the Eastern Cape had the most approved CM projects of 11, followed by Gauteng and KwaZulu-Natal with six each, and the North West and Western Cape with one each. The Eastern Cape had the most approved projects in 2012/13 and 2013/14 because of the three approved OEM projects from the province, two in 2012/13 and one in 2013/14, with a combined projected investment of R6.6 billion and a grant approved value of R1.9 billion.

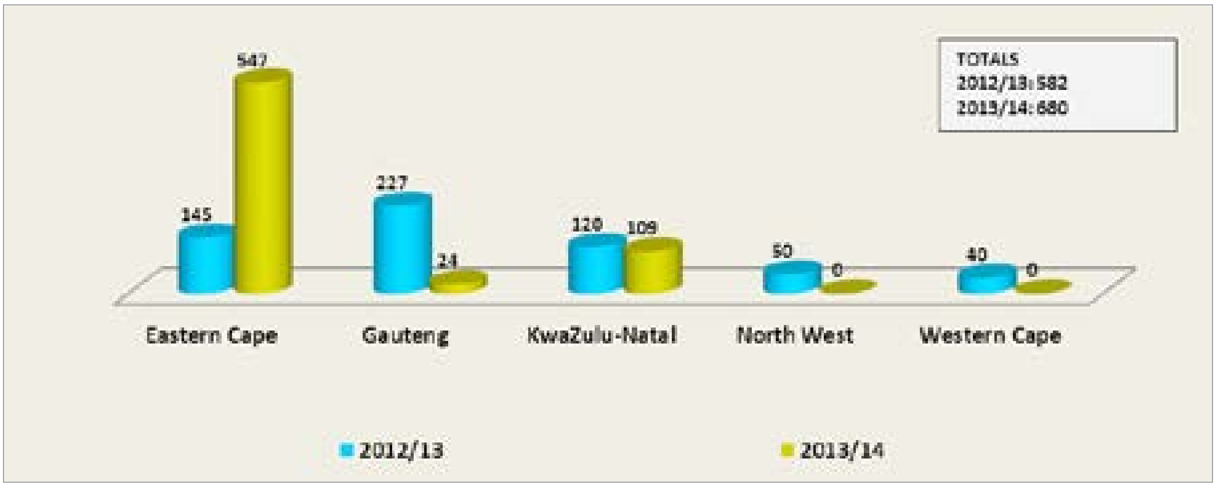
FIGURE 59: PROVINCIAL PERFORMANCE OF AIS COMPONENTS MANUFACTURERS: 2012/13 AND 2013/14



The 23 approved Eastern Cape projects account for R263 million (67%) of the R390.6 million grant approved for CM projects. During 2012/13, six approved CM projects from Gauteng received the biggest share of the grant approved of R62.8 million (50%). The distribution of projected investment for CM projects is linked to the number of approvals and the grant approved, with the Eastern Cape contributing R1 billion in investment.

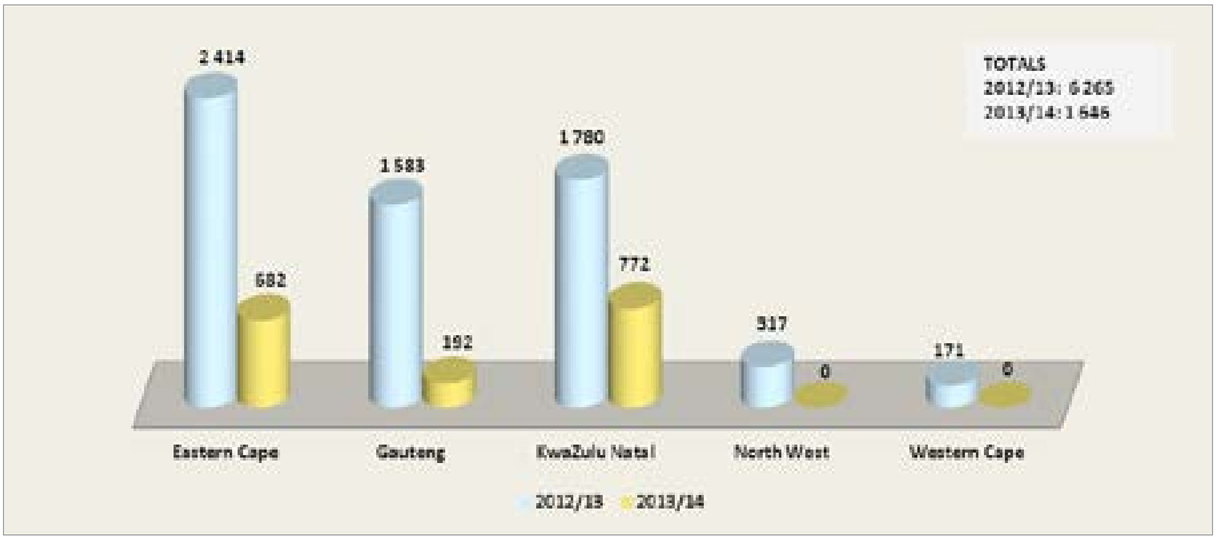
The six projects approved for KwaZulu-Natal projected a total investment of R428 million (27%) and were approved for R10.9 million (30%). The province had an equal number of CM projects approved in 2012/13, with a projected investment of R38 million and grant amount of R7.7 million. The increased investment from KwaZulu-Natal's CM projects can be attributed to the high-value OEM project approved in 2013/14 with an investment of R1.3 billion. Gauteng's three approved CM projects had a projected investment of R53 million and were approved for a grant amount of R11 million (3%). There was a decrease in the number of approvals for Gauteng, from six projects in 2012/13 to three in 2013/14. This could be a result of the fact that in 2012/13 Gauteng had an approved OEM project, which the CM projects would subsequently have supplied, while in 2013/14 no OEM project was approved for the province.

Figure 60: CM Projects' Projected Jobs (2012/13 and 2013/14)



A total of 680 jobs were projected by the 33 CM projects approved during 2013/14, 98 more than the 582 projected by approved CM projects in 2012/13. The 23 CM projects in the Eastern Cape contributed the largest proportion (547 or 80%) of the 680 projected jobs. KwaZulu-Natal's six CM projects contributed 109 (16%) jobs, while the three Gauteng projects projected 24 jobs. In 2012, the largest contribution to projected jobs was from Gauteng (227), followed by the Eastern Cape with 145 jobs and KwaZulu-Natal with 120. The project from the North West did not project any jobs and qualified for a 20% investment. In 2012/13, there was one project from the Western Cape, while in 2013/14 no CM projects were approved for the province.

Figure 61: CM Projects' Sustained Jobs (2012/13 and 2013/14)



The total number of jobs sustained by the 33 approved CM projects during this period is 1 646, which is significantly lower than the 6 265 jobs sustained by 11 projects in 2012/13. The 1 646 jobs represent 99% of the total 1 656 jobs sustained during this period by all AIS projects. There was no obvious reason for the year-on-year decrease in sustained jobs across all provinces, however, it could be due to the fact that many would have been accounted for in previous applications by the same CM projects as these are counted only at application stage. The largest decrease was observed from KwaZulu-Natal, with 1 008 fewer jobs sustained in 2013/14 than in 2012/13 when 1 780 jobs were sustained by six CM projects. Gauteng showed the second-steepest decline, with 1 391 fewer jobs sustained in 2013/14 than in 2012/13 when the province's six approved CM projects sustained 1 583 jobs. There were no approved CM projects from the Western Cape in 2013/14 compared to one in 2012/13, which sustained 171 jobs.

C. PERFORMANCE OF ORIGINAL EQUIPMENT MANUFACTURERS (OEM) PROJECTS

Table 19: PROVINCIAL PERFORMANCE OF AIS OEM PROJECTS: 2012/13 AND 2013/14

Gauteng	2012/13
No of Projects approved	1
Grant approved (R)	19 721 250
Investment approved (R)	78 885 000

KwaZulu-Na1tal	2012/13	2013/14
No of Projects approved	1	1
Grant approved (R)	1 344 279	336 510 000
Investment approved (R)	6 721 396	1 346 040 000

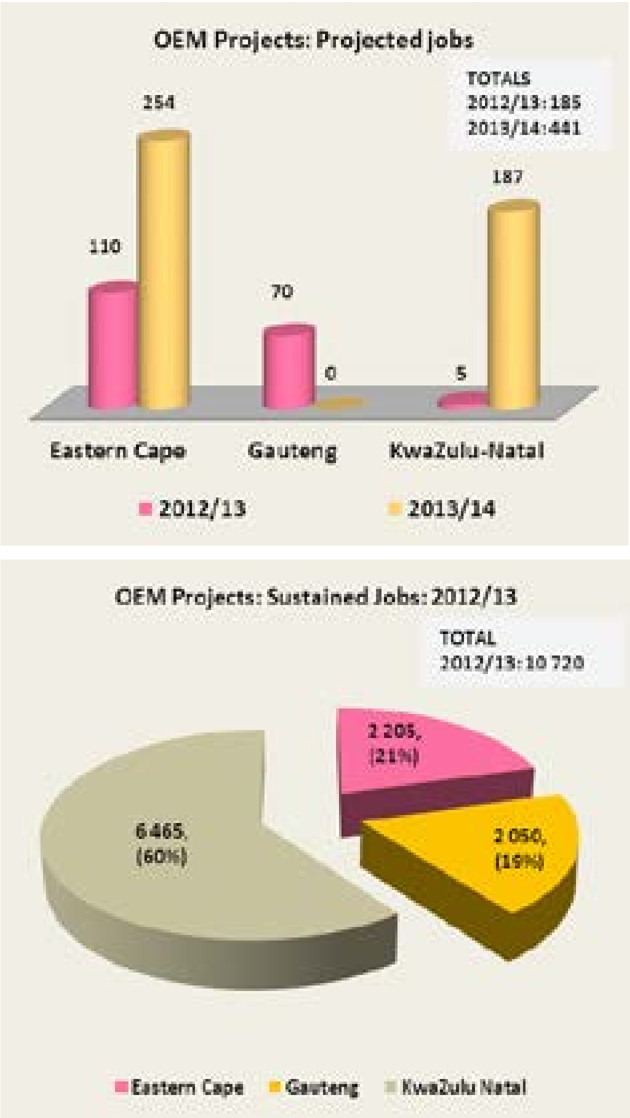
OEM TOTALS	2012/13	2013/14
No of Projects approved	4	3
Grant approved (R)	281 314 929	1 976 806 139
Investment approved (R)	1 259 003 994	6 815 259 694

Eastern Cape	2012/13	2013/14
No of Projects approved	2	1
Grant approved (R)	260 249 400	1 639 356 601
Investment approved (R)	1 173 397 598	5 464 522 004

Western Cape	2013/14
No of Projects approved	1
Grant approved (R)	939 538
Investment approved (R)	4 697 690

Three OEM projects were approved during 2013/14 compared to four in 2012/13. These were from the Eastern Cape, KwaZulu-Natal and Western Cape, with a total approved investment of R6.8 billion and approved grant of approximately R2 billion. The highest investment approved of R5.5 billion and highest grant amount approved of R1.6 billion were for the OEM projects based in the Eastern Cape. In 2012/13, four OEM projects were approved, two of which were based in the Eastern Cape with the highest investment of R1.2 billion and grant approved of R260 million, one in Gauteng for R19.7 million, and one in KwaZulu-Natal with R1.26 billion investment approved and a total grant of R281 million.

Figure 62: OEM Projects' Projected and Sustained Jobs (2012/13 and 2013/14)

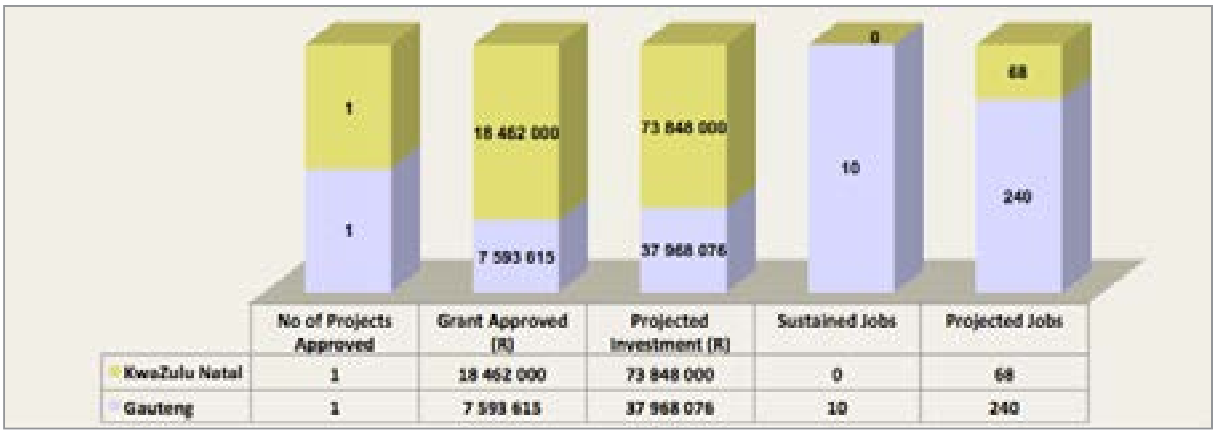


Projected jobs by OEM projects in 2013/14 equalled 441, which is 256 more than the 185 jobs projected by approved OEM projects in 2012/13. The Eastern Cape projected 254 jobs, followed by KwaZulu-Natal with 187. Gauteng did not have any approved projects in 2013/14, but one project approved during 2012/13 projected 70 jobs. The Western Cape had no projects approved during 2012/13 and the one project approved in 2013/14 did not project any jobs. The three OEM projects approved in 2013/14 did not sustain any jobs during this period because these were not the companies' first AIS applications. Jobs sustained are only considered at application stage as base-year jobs and not recounted with companies' subsequent projects. During 2012/13, a total of 10 720 jobs were sustained by four approved OEM projects, mostly from the two Eastern Cape-based OEM projects, which sustained 6 465 jobs (60%). During this period, the Western Cape and Gauteng projected 2 205 (21%) and 2 050 (19%) respectively, each from a single OEM.

D. PEOPLE-CARRIER AIS PROJECTS (P-AIS): 2013/14

The newly introduced P-AIS approved two OEM projects during this period to the value of R26 million. The projects are based in KwaZulu-Natal and Gauteng, with R18.5 million and R7.6 million in grants approved respectively. The projects have a combined projected investment of R112 million, of which R73.8 million (66%) was for KwaZulu-Natal and R38 million (34%) for Gauteng. The projects projected 308 and sustained 10 jobs.

FIGURE 63: PROVINCIAL PERFORMANCE OF P-AIS OEM PROJECTS (2013/14)



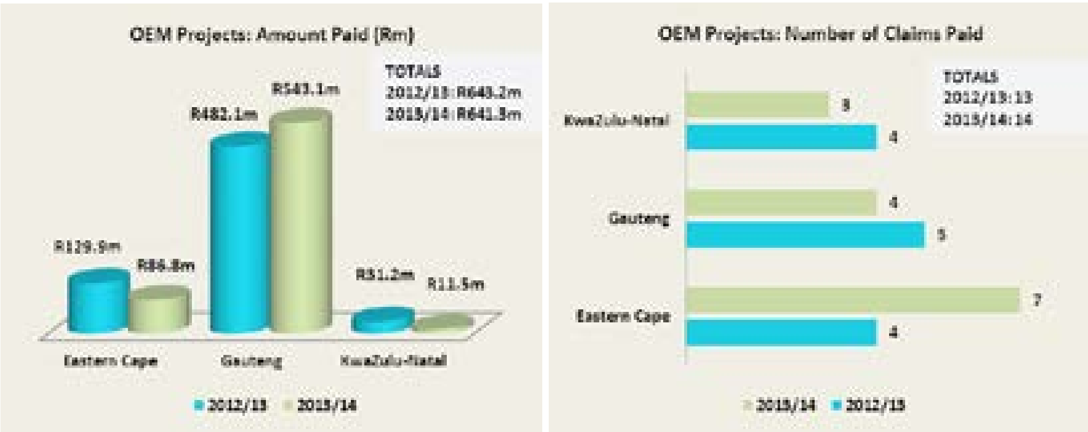
E. AIS CLAIMS PAID (2013/14)

AIS claims are paid within a three-year period. The first claim covers the commissioning period and is paid after commissioning, while the second and third claims are paid 12 and 24 months after the start of production respectively. In the case of enterprises that claim at the start of commissioning, a two-year claims period is awarded following the commissioning period.

Figure 64: AIS Claims paid to CM projects (2012/13 and 2013/14)

During the period under review, 130 AIS claims to the value of R817 million were paid to AIS-approved projects, including 114 to CM projects to the value of R167 million, 14 to OEM projects valued at R641 million and two to P-AIS projects for R8.6 million. Of the 130 claims paid to CM projects, 42 were paid to Eastern Cape projects to the value of R44.8 million, 40 to Gauteng to the value of R111.8 million, 25 to KwaZulu-Natal to the value of R5.2 million, six to North West to the value of R3.7 million and one to the Western Cape for R1.7 million. During 2012/13, the Eastern Cape, Gauteng and KwaZulu-Natal had the most claims paid with 56, 37 and 15 respectively. With regard to the value of claims paid during 2012/13, the Eastern Cape received the highest amount of R81.7 million, followed by Gauteng with R78.6 million and KwaZulu-Natal with R11.9 million.

Figure 65: AIS Claims paid to OEM projects (2012/13 and 2013/14)



The 14 OEM claims paid in 2013/14 were spread across three provinces, with seven in the Eastern Cape to the value of R86.8 million, four in Gauteng to the value of R543.1 million and three in KwaZulu-Natal to the value of R11.5 million. During 2012/13, 13 claims were paid to OEM projects totalling R643.2 million: five in Gauteng to the value of R482.1 million, four in the Eastern Cape to the value of R129.9 million and four in KwaZulu-Natal to the value of R31.2 million.

Table 20: AIS Claims paid to P-AIS projects (2013/14)

The newly introduced P-AIS paid a total of R8.6 million to one approved project in KwaZulu-Natal during 2013/14. Two P-AIS projects were approved, one in KwaZulu-Natal and one in Gauteng, to the value of R26 million. No claims have been paid to the Gauteng project.

F. SUCCESS STORY: AIS COMPONENT MANUFACTURER

Name of company

Shatterpruffe, a division of PG Group (Pty) Ltd

Assets acquired and used in pre-process and CSF upgrade (automotive toughening glass)

Company background

Shatterpruffe, a division of PG Group, has been the premium windscreen manufacturer in South Africa since 1935 and became a household name in the country. The company manufactures and distributes SABS-approved car windscreen, rear and side glass products.

Support from the dti

The company applied for assistance from **the dti** through the AIS as an existing component manufacturer and was conditionally approved for a 20% cash grant up to the maximum value of R8 055 319, assuming a projected maximum investment of R40 276 595, which is payable over a three-year period. The first claim was submitted in May 2013 and funds to the value of R2 234 232 were received by Shatterpruffe in December 2013. The second claim will be submitted during 2014. The AIS grant assisted Shatterpruffe with the procurement of new assets.

The purpose of the project was to make a step change in the competiveness of the toughening door glass stream at the Struandale automotive toughening plant in the Eastern Cape. This facility was uncompetitive on doors and was losing original equipment market share.

The pre-process lines were upgraded and included the installation of online logo printing at the Carbolite Furnaces (CSF), as well as the extension of the CSF by adding a six metre heating cell to reduce cycle times. The total number of pre-processing lines utilised reduced from six to three. The project took 12 months to complete, in line with the project plan and ended R3 million below budget.

Effects/benefits

The investment has improved the future viability of the automotive components toughening business and the retention of jobs. Specifically, Shatterpruffe achieved improved cycle times, reduced losses and realised cost savings as a result of this project and the investment by **the dti**. This will ensure the future viability of the business.

Employment creation

Before the project commenced, the pre-process lines and CSF furnace were operated by 123 employees consisting of permanent staff and temporary labour. The current headcount is 106 employees. Even though there has been a reduction in the number of employees as a result of online trademarking and the reduction in pre-processing lines, the main purpose of the project was to improve the future viability of the business and therefore the retention of jobs. This has been achieved.

Eight additional inspectors and scrappers are required due to the speed of the furnace. In addition, two employees per shift have been added to reduce machine downtime.

Conclusion

The project has assisted Shatterpruffe to become more competitive with global benchmark prices in the OE market and therefore more likely to secure future business and increased turnover. Capacity has also increased, allowing Shatterpruffe to produce additional toughened volumes for sale to OEMs and other markets. The AIS grant assisted in making this possible.

Shatterpruffe Performance Summary	
AIS grant approved	R8 055 319
Amount paid to company	R2 234 232
Number of jobs	106

6.4. MANUFACTURING INVESTMENT PROGRAMME (MIP)

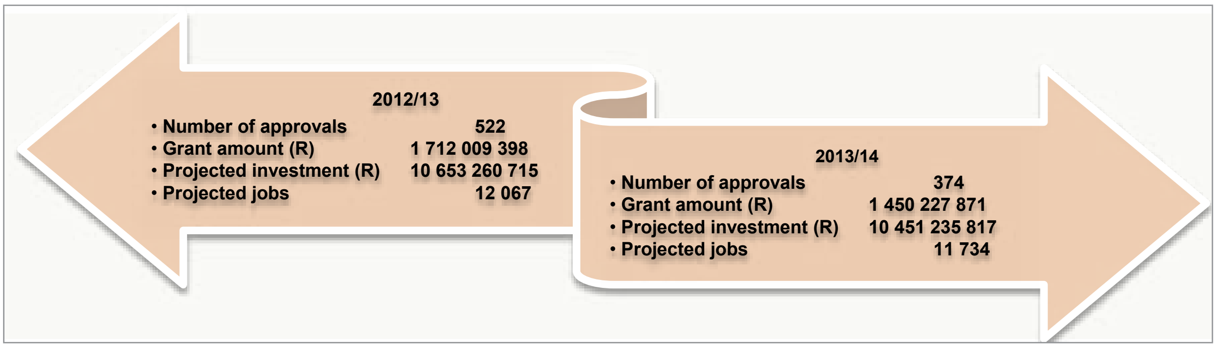
Introduced in May 2008, the MIP, a sub-programme of the Enterprise Investment Programme (EIP), aims to stimulate manufacturing investment, enhance the sustainability of manufacturing enterprises and facilitate job creation. The programme provides investment support to both local and foreign-owned entities by offering an investment grant of up to 30% of the value of qualifying investment costs in machinery, equipment, commercial vehicles and land and buildings required for establishing a new production facility, expanding an existing production facility or upgrading production capability in an existing clothing and textile production facility. The MIP has been effective for five years and is currently suspended due to oversubscription.

Table 21: Programme summary for MIP

OBJECTIVE
• Stimulate investment within the manufacturing industry. • Enhance the sustainability of manufacturing investment projects by small enterprises. • Support large-to-medium-sized investment projects.
DURATION
• May 2008 to July 2014. Programme suspended in September 2012 due to oversubscription.
TARGET MARKET
• Small, medium and large manufacturing enterprises • Local and foreign-owned manufacturing enterprises
ELIGIBLE CRITERIA
• Projects must be classified as being within the manufacturing sector (Standard Industry Classification Code 3), in terms of the Standard Industrial Classification of all Economic Activities. • Projects must constitute new production facilities; expansion of an existing production facility; or upgrading of production capability in an existing clothing and textile production facility.
MAXIMUM ALLOWANCE
• Up to 30% of the value of qualifying investment costs in machinery, equipment, commercial vehicles, land and buildings, capped at R200 million
CLAIMS PROCESS
• MIP claims are disbursable on a bi-annual basis over a maximum period of three years. For claims exceeding R5 million, beneficiaries can submit a maximum of four claims over a two-year period.

A. MIP PROJECTS APPROVED (2012/13 AND 2013/14)

Figure 66: APPROVED MIP PROJECTS (2012/13 AND 2013/14)



A total of 374 MIP projects were approved during 2013/14 to a total grant value of R1.4 billion; 148 projects less than the 522 approved in 2012/13 to the value of R1.7 billion. This is attributable to the suspension of the programme on 30 September 2012. Only applications that were received prior to the programme's suspension continue to be adjudicated. Projected investment also declined slightly, from R10.6 billion in 2012/13 to R10.4 billion in 2013/14. The majority of approved projects were small enterprises (177) to the value of R171 million and medium enterprises (132) to the value of R318 million, constituting 83% of all MIP approvals in 2013/14 and 33,7% of the total grant amount approved during the same period.

TABLE 22: PROVINCIAL PERFORMANCE OF APPROVED MIP PROJECTS (2013/14)

MIP APPROVALS PER PROVINCE IN 2013/14				
Province	Number of projects approved	Grant Amount (R)	Projected Investment (R)	Projected Jobs
Eastern Cape	38	196 016 024	1 274 582 964	1 298
Free State	8	27 483 491	173 479 183	146
Gauteng	128	553 592 201	4 007 735 317	3 983
KwaZulu-Natal	71	188 397 797	1 128 244 646	3 775
Limpopo	20	37 101 577	179 471 993	371
Mpumalanga	12	89 660 968	889 620 388	309
North West	12	56 710 105	365 553 787	208
Northern Cape	5	37 940 184	771 600 079	82
Western Cape	80	263 325 524	1 660 947 460	1 562
Grand Total	**374**	**1 450 227 871**	**10 451 235 817**	**11 734**

Of the 374 MIP projects approved in 2013/14, 128 were from Gauteng to the value of R553.6 million; 80 from the Western Cape to the value of R263.3 million; and 71 from KwaZulu-Natal to the value of R188.4 million. The Eastern Cape had 38 approved projects for an amount of R196 million, while Limpopo had 20 projects approved for R37 million. The other provinces had no more than 12 approvals each, with the least being five for the Northern Cape to the value of R38 million.

Total projected investment from MIP projects amounted to R10.4 billion, of which 38% (R4 billion) was projected from Gauteng projects, and 16% (R1.7 billion) from the Western Cape projects. The Northern Cape with the least approvals (five projects) had a relatively high projected investment of R771.6 million, constituting 7,4% of the total projected investment, while the Free State's eight approved projects had the lowest projected investment of R173.5 million (1,65%). Over the years, the Northern Cape had the lowest MIP applications because of its minimal manufacturing activity. However, this relatively large investment projected by the five projects affirms the fact that while there is limited manufacturing, the province can attract high-value projects. The province's main manufacturing activities are in the agro-processing sub-sector.

B. MIP SECTORAL PERFORMANCE (2013/14)

Table 23: Number of approvals per sector (2013/14)

MIP PER SECTOR FOR 2013/14				
Sub-Sector	**Number of projects approved**	**Grant Amount (R)**	**Projected Investment (R)**	**Projected Jobs**
Agro-Processing	90	392 420 837	3 105 584 426	2 128
Chemicals and plastics	84	383 075 613	3 021 808 367	2 745
Clothing and textile	22	41 680 068	212 982 772	2 602
Electro-technical	2	10 279 642	106 809 360	201
Metals fabrication	73	385 112 553	2 718 379 331	2 057
Wood and paper	43	88 250 897	466 067 665	881
Other	60	149 408 261	819 603 896	1 120
Grand Total	**374**	**1 450 227 870**	**10 451 235 817**	**11 734**

The bulk of the 374 approved projects were in agro-processing (90), followed by 84 in chemicals and 73 in metals. The highest grant amount approved of R392 million was for projects in agro-processing, which had the highest projected investment of R3.1 billion, followed closely by chemicals with a projected investment of R3.0 billion and grant approved of R383 million. Projects in the metals sub-sector projected an investment of R2.7 billion and were approved for a grant of R385 million.

For the past two consecutive years, the same three sub-sectors have dominated manufacturing sector performance. In 2012/13, agro-processing dominated in terms of approvals, with 154 projects for R421 million, followed by chemicals with 146 approvals for the highest grant amount of R576 million, and metals with 128 projects approved for R447 million. The lowest approvals in terms of both numbers and value in both years was the electro-technical sector, with five approvals to the value of R8 million in 2012/13 and two approvals to the value of R10.3 million in 2013/14.

FIGURE 67: MIP GRANT AMOUNT APPROVED PER SECTOR (2012/13 AND 2013/14)

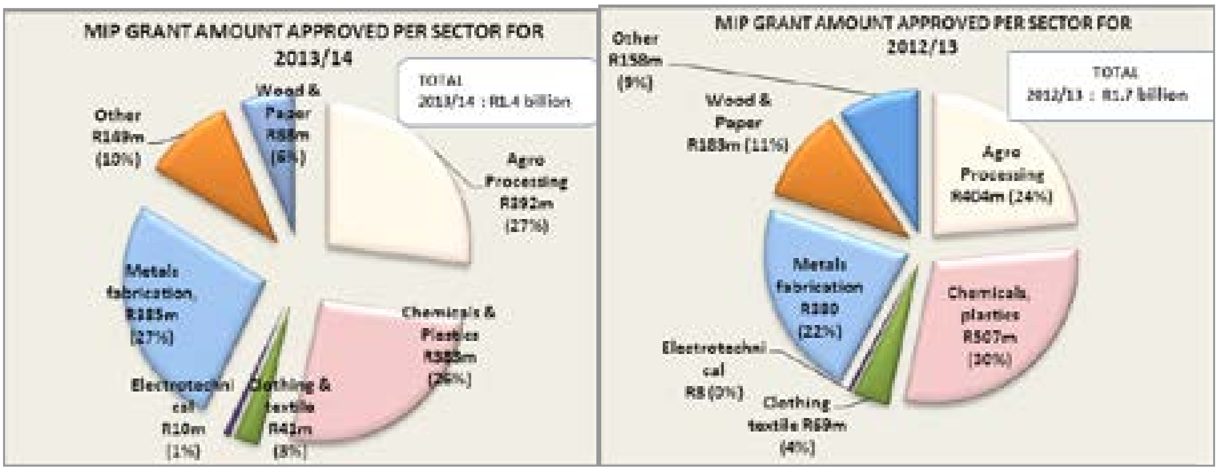
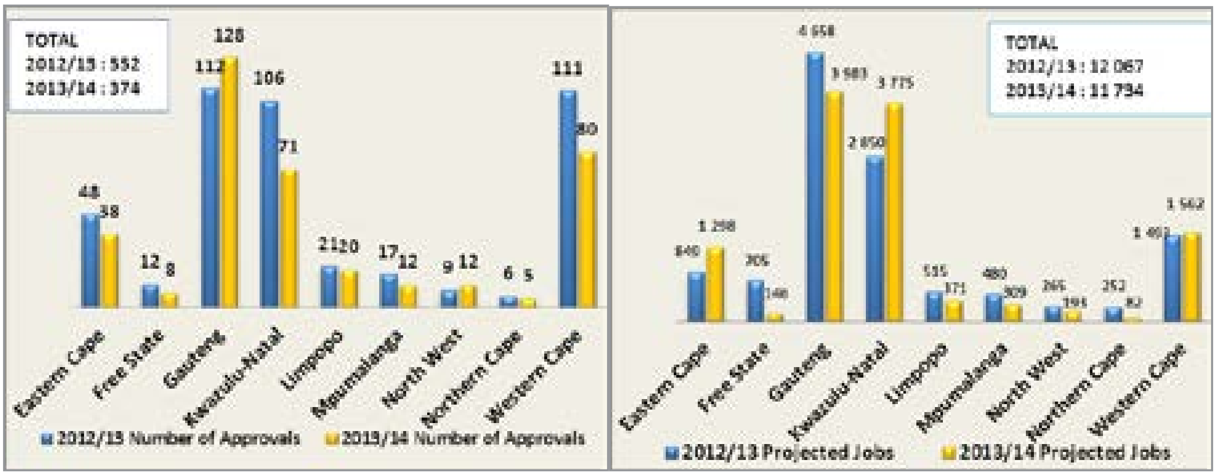
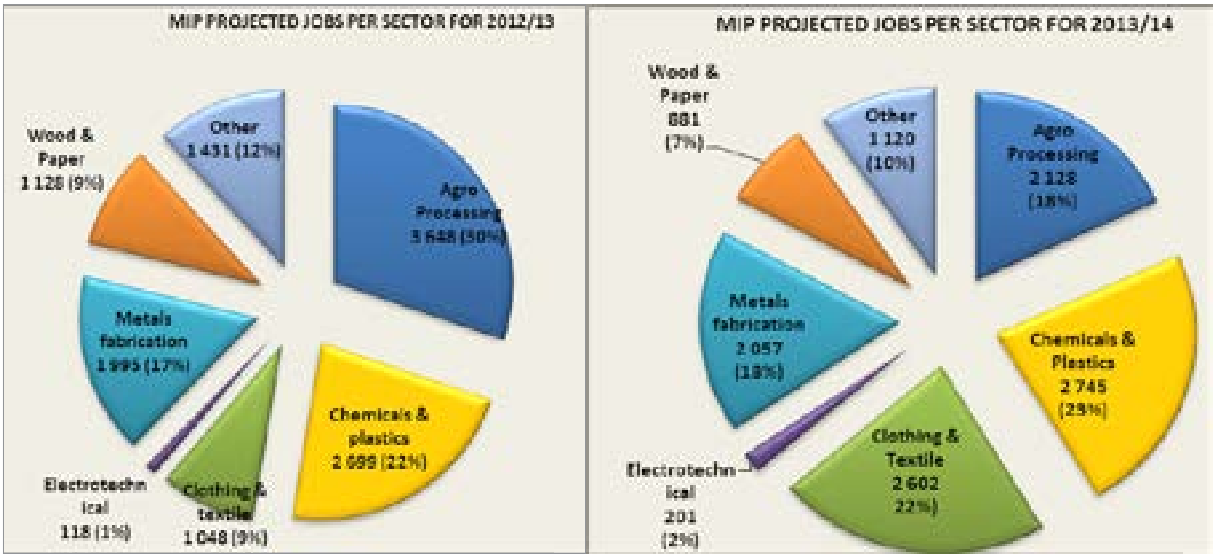


Figure 68: MIP Projected Jobs Per Province: 2012/13 and 2013/14



Due to suspension of the programme and a decrease in number of approved projects, projected jobs from MIP-approved projects declined by 333 from 12 067 in 2012/13 to 11 734 in 2013/14. The biggest reduction in the number of projected jobs between 2012/13 and 2013/14 was in Gauteng, with 675 fewer jobs projected in 2013/14, from the highest projection of 4 658 jobs in 2012/13 to 3 983 in 2013/14. Free State projects recorded the second-steepest decline in projected jobs, from 705 in 2012/13 to 146 in 2013/14. The steep decreases in the two provinces can be attributed to decreases in approvals, with Gauteng having 76 (37%) fewer projects approved in 2013/14 (128 projects approved) compared to 2012/13 (204 projects approved) and the Free State having four (33%) less projects in 2013/14 (eight projects approved) than in 2012/13 (12 projects approved). In 2013/14, KwaZulu-Natal projected 3 775 (32%) jobs compared to 2 850 (25%) in 2012/13, representing an increase of 925.

Figure 69: MIP Projected Jobs per sector: 2012/13 and 2013/14



Sectoral analysis shows that the chemicals sub-sector had the most projected jobs, with 2 745 (23%) in 2013/14 compared to 2 699 (22%) in 2012/13. This is followed by the clothing and textiles sector projects, with 2 602 jobs (22%), a huge improvement from the 2012/13 performance of 1 048 (9%). Apart from the minor increase in approvals in this sector, from 21 in 2012/13 to 22 in 2013/14, the increased number of projected jobs is attributable largely to an expansion project in KwaZulu-Natal that manufactures wearing apparel and projected 1 894 jobs, accounting for 73% of the total jobs projected in 2013/14. In 2012/13, the agro-processing sector contributed the most projected jobs of 3 648 (30%) compared to 2013/14 when it was the third-biggest contributor with 2 128 (18%), followed closely by metals with 2 057 (18%). During both 2012/13 and 2013/14, the electro-technical sector had the least approvals and projected the least jobs, with 201 (2%) in 2013/14 and 118 (0.9%) in 2012/13.

Table 24: MIP Actual Jobs Per Province (2012/13 and 2013/14)

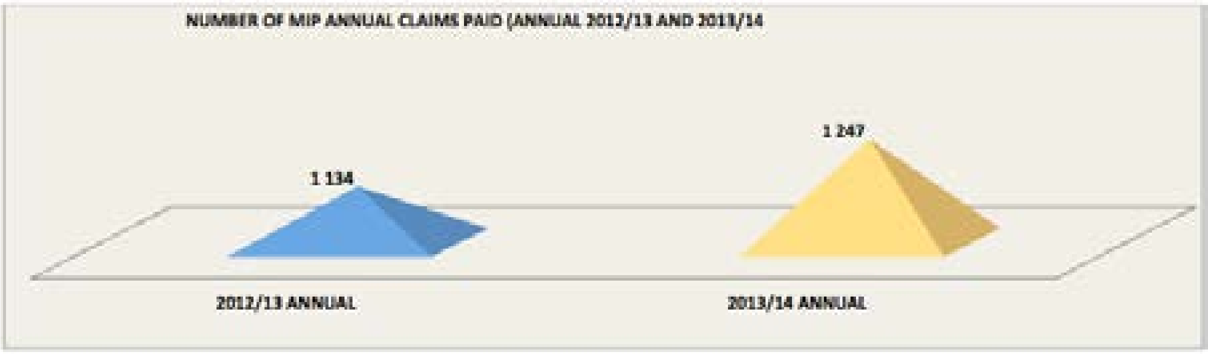
A total of 44 025 jobs have been supported by MIP projects that received payments during 2013/14, an increase of 2002 actual jobs from the 42 023 created by MIP projects in 2012/13. During the period under review, Western

Cape projects created the most jobs, totalling 14 431 (33%), compared to the 2012/13 contribution of 11 503 (27%). In 2012/13, it was Gauteng projects that created the most jobs of 13 511 (32%). Projects from Gauteng contributed 12 285 (28%) to the total jobs created in 2013/14.

The Northern Cape, which had the least value of claims in both 2012/13 and 2013/14 owing to low approvals from the province, contributed the least number of actual jobs, with 622 (1,4%). During 2012/13, the least jobs were created by Limpopo projects, with 681 (1,6%), while the Northern Cape projects created 1 102 (2,6%), surpassing both Limpopo and the Free State.

C. MIP CLAIMS PAID (2013/14)

Figure 70: Number of approvals per sector (2013/14)



MIP claims are paid in instalments over a maximum of three years. For claims exceeding R5 million, beneficiaries can submit a maximum of four claims over a two-year period. MIP claims paid during 2013/14 totalled 1 247, an increase of 113 from the 1 134 claims paid during 2012/13. These claims amounted to a value of R738.4 million, exceeding the R718 million paid during 2012/13 by R20.4 million.

In terms of provincial numbers and value of claims paid, Gauteng took the lead with 403 claims paid to the value of R267 million, followed by the Western Cape with 355 claims paid to the value of R139 million, and KwaZulu-Natal with 236 claims paid valued at R132.6 million. The same three provinces led in 2012/13, with Gauteng having 336 claims paid worth R287 million, followed closely by the Western Cape with 335 claims paid valued at R153.6 million, and KwaZulu-Natal with 199 claims to the value of R117 million.

The Northern Cape had the least value of claims paid during 2013/14 and 2012/13, with 16 claims paid to the value of R10.3 million in 2013/14 and R6 million in 2012/13. The claims are in line with the low approvals received by **the dti** from the Northern Cape, a consequence of low manufacturing activity in the province.

TABLE 25: MIP CLAIMS PAID PER PROVINCE: 2012/13 AND 2013/14

Province	NUMBER OF CLAIMS PAID		VALUE OF CLAIMS PAID (R)	
	2012/13	2013/14	2012/13	2013/14
Eastern Cape	123	97	73 660 467	66 741 179
Free State	26	28	17 438 071	57 327 000
Gauteng	336	403	286 778 617	266 624 548
KwaZulu-Natal	199	236	116 838 696	132 584 512
Limpopo	33	40	17 900 524	15 528 977
Mpumalanga	33	41	20 305 310	37 600 539
North West	33	31	26 550 531	12 835 267
Northern Cape	16	16	5 953 458	10 319 613
Western Cape	335	355	152 589 952	138 863 021
Grand Total	**1 134**	**1 247**	**718 015 626**	**498 462 656**

D. SUCCESS STORY: BOTTLE RECYCLING MIP BENEFICIARY

Name of company: Extrupet bottle-to-bottle facility: Wadeville, Gauteng

Expansion/Upgrade

Company background

Extrupet is a 100% British stakeholder-owned company that was acquired from South African owners in 2004 to expand the recycling operation of Post-Consumer PET bottles recovered from waste dumping sites. Extrupet's bottle recycling facility is located in the Wadeville district in Gauteng. The plant produces food-grade recycled Polyethylene Terephtalate (RPET) resin for the bottle-blowing and sheet thermo-forming market. It is the only food-grade plastic recycling plant in South Africa.

Support from **the dti**

The company applied for the MIP incentive for an expansion project with a projected investment value of R135 million, but only managed to make an actual investment of R104 million. However, due to an increase in demand for its products, the company will further invest R70 million to enable it to secure contracts with the large companies that utilise plastic bottles and containers.

Effects/benefits

The plant had an initial production capacity of 425 tons of RPET resin a month, which has since been increased to 550 tons following an upgrade in January 2010. The upgraded facility has an in-house laboratory, which is equipped with a gas chromatograph that is capable of testing and separating different types of material such as flakes and chips produced at the plant. Extrupet is the only facility that has its own testing laboratory and is the first recycler in the world to have been certified by the British Recycling Corporation (BRC).

The large wash plant installed through the MIP grant improves the cleanliness and quality of the product. The company only had a medium wash plant before receiving MIP and the new, bigger plant made Extrupet the first recycling company in the world to produce cleaner and hygienic bottle grade chips.

Before accessing MIP, the company processed 1.6 million bottles daily. Output per day has since increased to 2 million.

Employment creation

Extrupet started with 257 employees in 2004 and currently has 375. There is confidence that employment will continue to rise once the company's planned expansion is complete.

Conclusion

The MIP has been beneficial as a gearing mechanism for Extrupet to expand its operations and access new markets.

Extrupet Performance Summary	
Projected Investment	**R135 020 147**
AIS Grant approved	**R20 253 147**
Amount paid to company	**R15 million**
Number of jobs	**375**

6.5. AQUACULTURE DEVELOPMENT AND ENHANCEMENT PROGRAMME (ADEP)

Table 26: Programme summary for ADEP

OBJECTIVE
• To increase production • To sustain and create jobs • To encourage geographical spread • Broaden participation
DURATION
• September 2012 up to March 2018
TARGET MARKET
• Available to South African-registered entities engaged in primary, secondary and ancillary activities in both marine and freshwater
ELIGIBLE CRITERIA
• Projects must be registered legal entity in South Africa in terms of Company Act, 2008 (Act No.71 of 2008) as amended and Close Corporation act,1984 (Act No.69 of 1984), as amended. • Projects must be a registered higher or further institution eduction and a licensed and/or registered research institution.
MAXIMUM ALLOWANCE
• The ADEP offers reimbursable cost-sharing incentive of up to a maximum of R40 million for investment in machinery and equipment, bulk infrastructure, owned land and/or buildings, leasehold improvements and competitiveness improvement activities.
CLAIMS PROCESS
• ADEP claims can be submitted at the commencement of commercial production/operation AND first full 12 months after start of commencial production/operations

A. ADEP PROJECTS APPROVED (2013/14)

The ADEP was launched by the Minister of Trade and Industry in March 2013. The programme considers projects that started production from September 2012. During 2013/14, 39 ADEP applications were received with projected investment totalling R824 million. Of the 39 applications, 20 (51%) were approved with a projected investment of approximately R383.5 million, while 14 (36%) were rejected with a projected investment of R209.5 million. Common reasons for rejections were non-submission of regulatory compliance certificates, non-aquaculture establishments[4] and withdrawals by applicants.

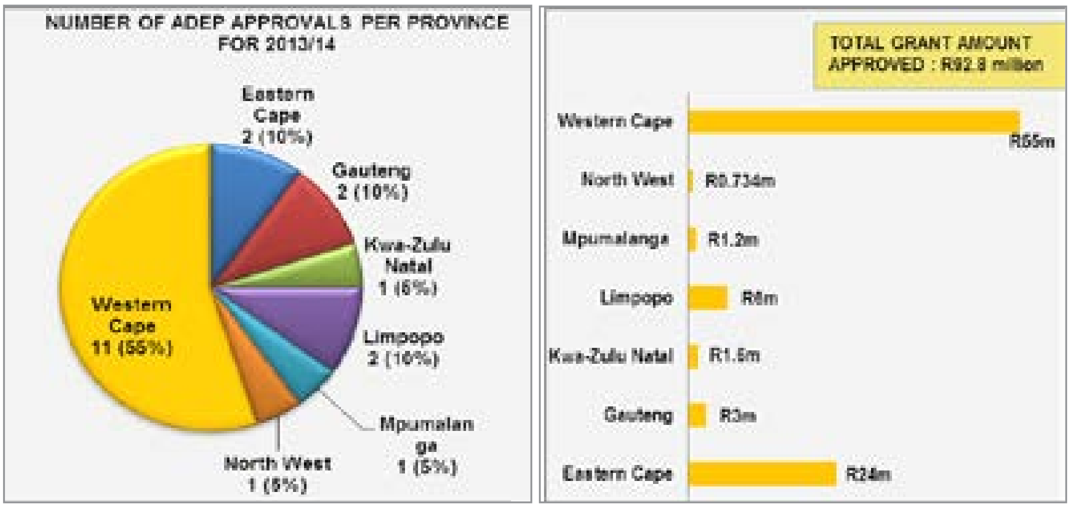
4 Non-aquaculture establishments refers to non-cultured fishing activities such as catching or harvesting of species from their natural habitat

TABLE 27: ADEP APPLICATIONS STATUS (2013/14)

ADEP APPLICATIONS (2013/14)			
	NUMBER OF APPLICATIONS	PROJECTED INVESTMENT	INCENTIVE APPROVED
NUMBER OF APPLICATIONS RECEIVED	39	R823 868 010	R156 559 254
PROJECTS APPROVED	20	R403 721 037	R92 776 724
APPLICATIONS IN PROCESS	5	R85 420 838	R8 110 559

The 20 projects were approved for an incentive value of R92.8 million. In 2012/13, no ADEP projects were approved because the six applications that had been received were yet to be adjudicated as the programme was launched in March 2013.

FIGURE 71: ADEP Number of approvals and grant amount approved per province (2013/14)



Eleven of the 20 projects approved were from the Western Cape, constituting 55% of total projects approved, with a grant amount of R55 million (59,8%). The Eastern Cape, Gauteng and Limpopo each had two approvals, constituting 10% of the total number of projects approved. These three provinces had a combined grant amount approved of R33 million. The remaining three (15%) approved projects are equally divided between KwaZulu-Natal, Mpumalanga and the North West, with one approval each. The North West was the only province approved for less than R1 million, with an incentive amount of R734 000 approved.

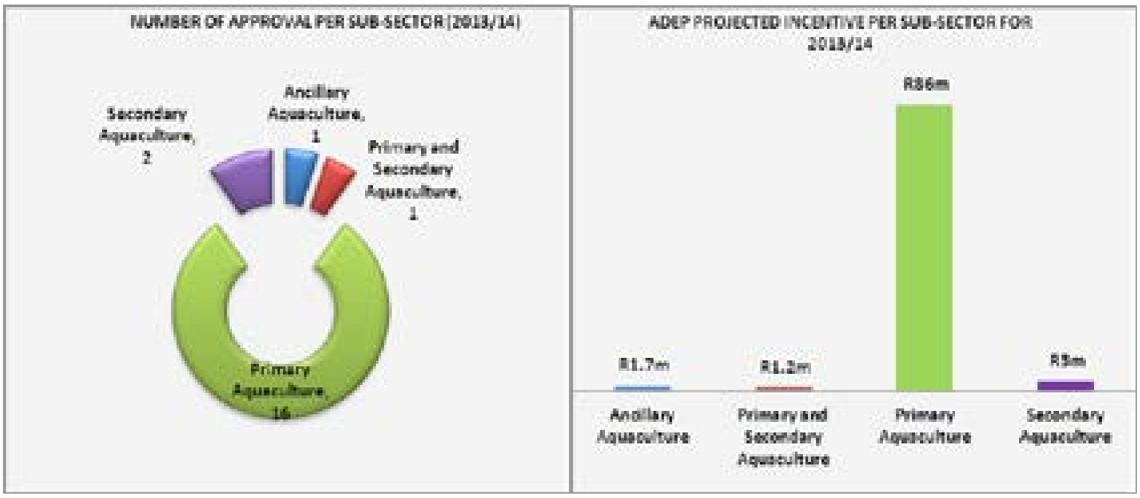
Sixteen of the 20 projects approved were from Primary Aquaculture Operations[5] with a grant amount of R86.8 million, two in Secondary Aquaculture Operations[6] with R3 million approved, and one each in Ancillary Aquaculture

5 Primary Aquaculture Operations have the following stages, Brood stock operations; Seed production operations; Juvenile (spat, fry, fingerling) operations, including hatchery and nursery facilities; On-growing operations, including but not limited to rafts, net closures, net pens, cages, tanks raceways and ponds

6 Secondary Aquaculture Operations entails processing of primary aquaculture products such as (post-harvest handling, eviscerating, packing, quick freezing); Secondary processing for aquaculture (filleting, portioning, packaging); Tertiary processing for aquaculture (value adding: such as curing, brining, smoking, further value adding such as terrines, roulades, pates, paters); Waste stream handling for aquaculture (extraction of fish oils, protein beneficiation, organic fertilizers, pet feeds, animal feeds).

Operations[7] for a grant amount of R1.7 million and Primary and Secondary Operations for a grant amount of R1.2 million. The 16 Primary Aquaculture projects projected the highest investment of R386.8 million, constituting 96% of the total investment of R403.7 million.

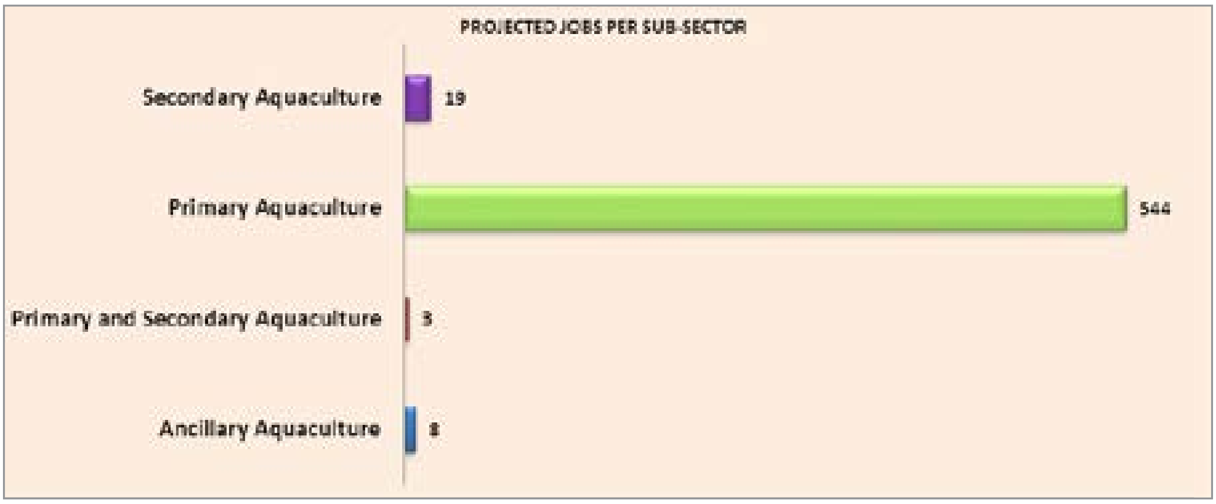
FIGURE 72: ADEP PERFORMANCE PER SUBSECTOR (2013/14)



B. ADEP PROJECTED JOBS (2013/14)

The 11 projects approved from the Western Cape projected the highest number of jobs, with 391 jobs accounting for 68% of the total ADEP projected jobs of 574. The two projects in the Eastern Cape projected 98 (17%) jobs, while the two projects in Limpopo projected 48 (8%), followed by KwaZulu-Natal's one project with 21 (4%). The two projects from Gauteng projected 10 (2%) jobs. The sub-sector with the most projected jobs is Primary Aquaculture with 544 (95%).

FIGURE 73: ADEP PROJECTED JOBS PER SUBSECTOR (2013/14)



7 Ancillary Aquaculture Operations e.g. Aquaculture feed manufacturing operations; Research and Development projects related to aquaculture; Privately-owned aquaculture veterinary services (farm inspections, disease surveillance and control, histopathological analysis, etc. specifically for the aquaculture industry).

C. ADEP CLAIMS PAID AND ACTUAL JOBS SUPPORTED (2013/14)

ADEP paid its first claims during 2013/14 to four enterprises amounting to R7.1 million. The four enterprises that received payments from **the dti** created a total of 78 jobs, accounting for 39% of the 200 jobs projected.

Table 28: ADEP claims paid and actual jobs supported (2013/14)

Number of Claims Paid: 4
Value of Claims Paid: R7 145 447
Actual Jobs supported: 78

CLUSTER REFERENCES

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2. Department of Trade and Industry. 2012. ADEP Guidelines
3. Department of Trade and Industry. 2009. AIS Guidelines
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5. Department of Trade and Industry. 2013. *Quarterly Adjudication meeting reports.* [Internal reports]
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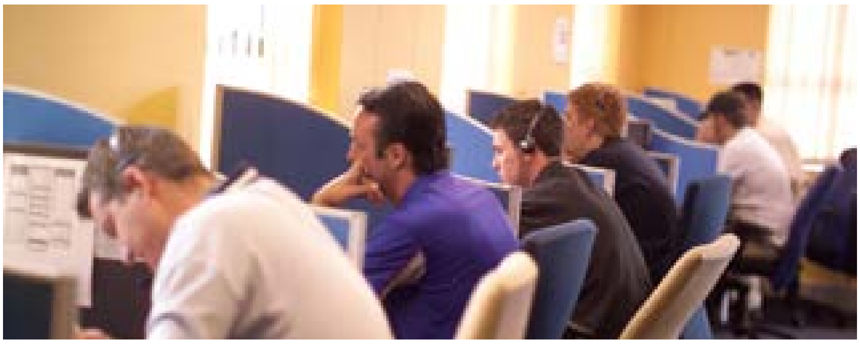
8. Manufacturing Investment Support Unit. 12I Tax Allowance Directorate. 2014. *Omnia Success Story.* (Email: 3 June 2014)

FILM AND TV PRODUCTION INCENTIVE



BUSINESS PROCESS SERVICES (BPS)

TOURISM SUPPORT PROGRAMME

7. SERVICES INVESTMENT CLUSTER INCENTIVE PROGRAMMES

7.1. INTRODUCTION

The Services Investment Cluster (SIC) comprises incentive programmes designed to promote increased investment, foreign direct investment, employment creation and growth in the services sector. Incentive programmes that fall under this cluster include the Film and TV Production Incentive, Business Process Services (BPS) Incentive and Tourism Support Programme (TSP). The TSP was transferred to the National Department of Tourism (NDT) as of October 2012, but **the dti** still continues to administer payment of claims for the applications that were received and approved before the incentive programme was transferred.

7.2. FILM AND TV PRODUCTION INCENTIVE

The Film and TV Production Incentive, effective from 2008, will cease operation in March 2017. The programme has four categories, namely the South African Film and Television Production and Co-Production Incentive and the Foreign Film and Television Production and Post-Production Incentive. The South African Film and Television Production and Co-Production Incentive is available only to qualifying South African productions and official treaty co-productions with total production budgets of R2.5 million and above.

A Foreign Film and Television Production shooting at a South African location should have Qualifying South African Production Expenditure (QSAPE) of R12 million and above. The post-production incentive is available to foreign-owned qualifying productions with Qualifying South African Post-Production Expenditure (QSAPPE) of R1.5 million and above.

The incentive categories aim to support the local film industry and encourage and attract large budget films and television productions and post-production work that will contribute towards employment creation, the enhancement of the international profile and increase the country's creative and technical skills base.

Table 29: Film and TV Production Programme Description

OBJECTIVE
• Support local film industry • Encourage and attract large budget films • Build South Africa's international profile • Increase South Africa's creative and technical skills base
START DATE
• 1 February 2008 (SA, Co and Foreign Production) • 1 April 2012 (Post-Production)
END DATE
• 31 March 2017
TARGET MARKET
• SA productions • Co-productions • Foreign productions • Post-productions
ELIGIBLE CRITERIA
• Registered SPCV • Compliant with BEE • 50% of principal photgraphy schedule and a minimum of two shooting weeks for SA and Co-production, and a minimum of 4 shooting weeks for Foreign production filmed in South Africa
MAXIMUM GRANT

- At least 75%of Total Production Expenditure is defined as QSAPE for SA and Co-production.
- QSAPE should be R12 million and above for Foreign productions
- QSAPPE of R1.5 million and above for Post-Productions

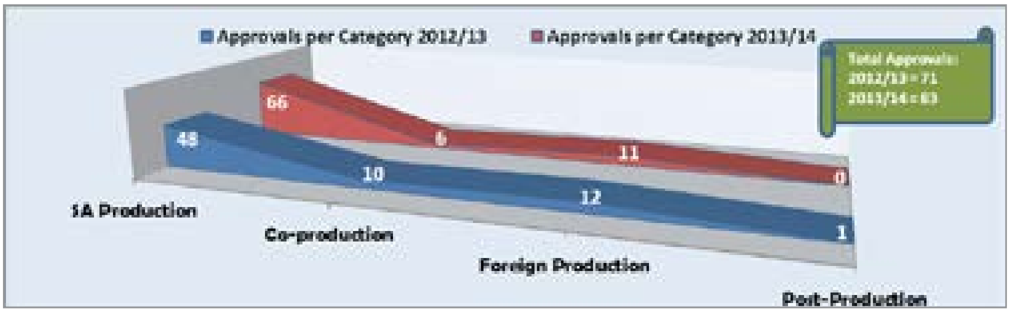
CLAIMS PROCESS

- Incentive for production is disbursed on completion of production and receipt of final DVD or after reaching certain milestones.
- For productions between R2.5 million and R6 million, 70% of the cost of completion bond is subsidised.
- For productions between R6 million and R10 million, 50% of the cost of completion bond is subsidised.

A. FILM AND TV APPROVED PRODUCTIONS PER CATEGORY: 2013/14

During 2013/14, the Film and TV Production Incentive approved a total of 83 productions with an increase of 12 productions from 71 in 2012/13. Of the 83 approved, 66 were South African productions, 11 foreign, six co-productions and no post-productions. South African productions recorded an increase of 18, from 48 in 2012/13 to 66 in 2013/14, whereas foreign productions dropped by one from 12 to 11. Co-productions also decreased by four, from 10 in 2012/13 to six in 2013/14, followed by post-productions with one, from one in 2012/13 to no productions in 2013/14.

Figure 74: Film and TV Production Approvals per Category – April 2013 to March 2014



B. FILM AND TV APPROVED PRODUCTIONS PER CATEGORY AND PROVINCE: 2013/14

Of the 66 South African productions approved, Gauteng took the lead with 49, followed by the Western Cape with 13, KwaZulu-Natal with three and Mpumalanga with one. Only Gauteng and the Western Cape had foreign and co-productions during 2013/14. Gauteng is dominated by South African productions, while the Western Cape had a fair spread of productions across all categories.

Figure 75: Film and TV Production Approvals per Category and Province – April 2013 to March 2014

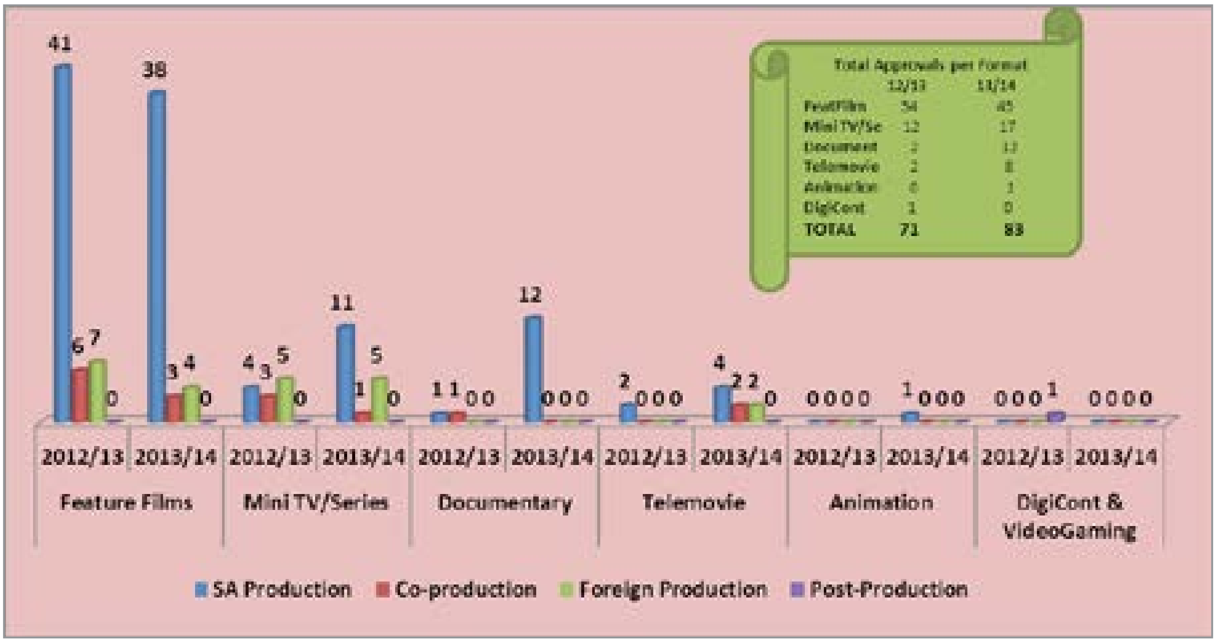
C. FILM AND TV APPROVED PRODUCTIONS PER FORMAT: 2013/14

The 83 productions approved include 45 feature films, 17 mini/TV series, 12 documentaries, eight tele-movies and one animation. The 45 feature films comprise 38 South African productions, four foreign productions and three co-productions. Feature films for South African productions slumped by three productions, from 41 in 2012/13 to 38 in 2013/14, whereas feature films for foreign productions decreased by three, from seven to four, and co-productions by three, from six to three. There were no feature films for post-productions during both years.

Of the 17 mini/TV series approved, 11 were South African productions, five foreign productions and one a co-production. Mini/TV series for South African productions recorded an increase of seven productions, from four in 2012/13 to 11 in 2013/14, while mini/TV series for foreign productions was consistent with five for both years. On the contrary, mini/TV series for co-productions dropped by two, from three in 2012/13 to one in 2013/14. The 12 documentaries approved in 2013/14 were all South African productions. Documentaries for South African productions had a drastic increase of 11 productions, from one in 2012/13 to 12 in 2013/14. On the other hand, documentaries for co-productions dropped by one, from one to no productions.

Tele-movies for South African productions improved from two productions in 2012/13 to four in 2013/14, while tele-movies for co-productions and foreign productions increased from zero to two productions respectively. South African productions recorded one animation for 2013/14, whereas animation for co-production and foreign had no production to report on. Digital content and video gaming for post-production had a steady decrease of one production, while digital content and video gaming for other categories were constant with no productions.

Figure 76: Film and TV Production Approvals per Category and Format – 2013/14



D. FILM AND TV PRODUCTION GRANT APPROVED PER CATEGORY AND PROVINCE: 2013/14

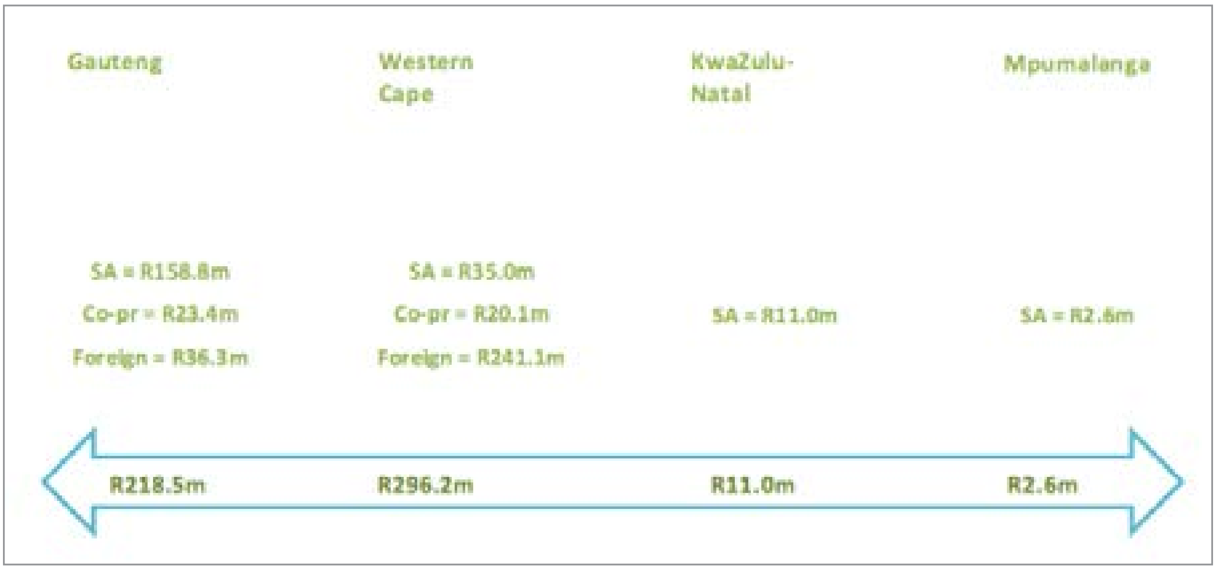
Film and TV Production had a total grant approved of R527 million in 2013/14 comprising R277 million for foreign production, R207 million for South African production and R43 million for co-production. Foreign productions increased drastically by R165 million, from R112 million in 2012/13 to R277 million in 2013/14, while South African production improved by R62 million, from R145 million to R207 million. Co-production plummeted by R29 million, from R72 million to R43 million, and post-production dropped from R2 million in 2012/13 to no grants in 2013/14.

Table 30: Film and TV Production Grant Approved per Category – 2013/14

Grant Approved: Categories	2012/13 (R'm)	2013/14 (R'm)
SA Production	145	207
Co-production	72	43
Foreign Production	112	277
Post-Production	2	0
TOTAL	331	527

Of the total grant approved of R527 million, the Western Cape had the highest value of 296 million, followed by Gauteng with R218 million. KwaZulu-Natal was in the third place with R11 million and Mpumalanga with R2 million. The 296 million for the Western Cape comprises R35 million for South African productions, R20 million for co-productions and R241 million for foreign productions. Meanwhile, R218 million for Gauteng consisted of R159 million for South African productions; R23 million for co-productions and R36 million for foreign productions. Both KwaZulu-Natal and Mpumalanga had R11 million and R2.6 million for South African productions respectively.

Figure 77: Film and TV Production Grant Approved per Production Category and Province - April 2013 to March 2014



E. FILM AND TV PRODUCTION QSAPE APPROVED PER CATEGORY AND PROVINCE: 2013/14

A total of R1.9 billion QSAPE was approved in 2013/14, of which foreign production was the highest with R1.1 billion (58%), followed by South African production with R670 million (34%) and co-production with R159 million (8%). A remarkable increase of R603 million in foreign production QSAPE was recorded, from R497 million in 2012/13 to R1.1 billion in 2013/14. Meanwhile, South African production QSAPE improved by R40 million, from R630 million in 2012/13 to R670 million in 2013/14, co-production recorded a R12 million decrease, from R171 million to R159 million, and post-production dropped from R8 million to no QSAPE during the same period.

Table 31: Film and TV Production QSAPE Approved per Category – 2013/14

QSAPE / QSAPPE Categories	2012/13 (R'm)	2013/14 (R'm)
SA Production	630	670
Co-production	171	159
Foreign Production	497	1 147
Post-Production	8	0
TOTAL	1 306	1 976

Of the total QSAPE approved, the Western Cape had a share of R1.1 billion (58%), followed by Gauteng with R760 million (39,7%) and KwaZulu-Natal and Mpumalanga with a minimal share of R37 million (1,9%) and R7 million (0,4%) respectively. The R1.1 billion QSAPE for the Western Cape includes R990 million for foreign production, R109 million for South African production and R73 million for co-production. The South African production had the biggest share of R517 million QSAPE in Gauteng, followed by foreign production with R157 million, and co-production with R86 million. KwaZulu-Natal and Mpumalanga had the smallest share for South African production, with R37 million and R7 million respectively.

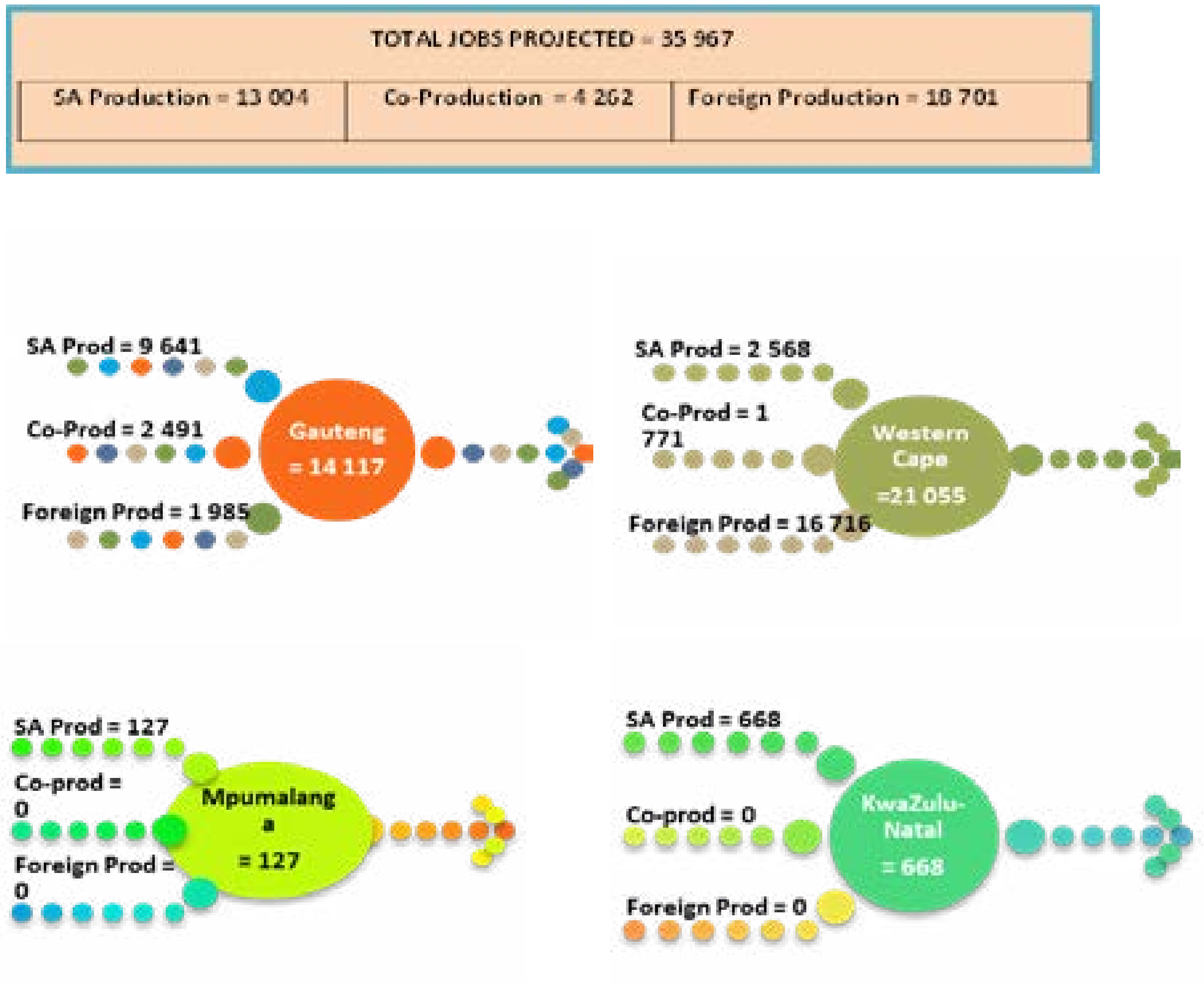
Table 32: Film and TV Production QSAPE Approved per Province and Category – 2013/14

Gauteng	Western Cape	KwaZulu-Natal	Mpumalanga
•SA Production = R517m	•SA Production = R109m	•SA Production = R37m	•SA Production = R7m
•Co-production = R86m	•Co-production = R73m		
•Foreign = R157m	•Foreign = R990m		
•TOTAL = R760m	•TOTAL = R1.172bn	•TOTAL = R37m	•TOTAL = R7m

F. FILM AND TV PRODUCTION JOBS PROJECTED PER CATEGORY AND PROVINCE: 2013/14

A total of 35 967 jobs were projected in 2013/14. Of the 35 967 projected jobs, 18 701 (52%) were from foreign productions, 13 004 (36%) from South African productions and 4 262 (12%) from co-productions. The projected jobs of 13 004 for South African productions indicates that majority of its 66 projects were small as compared to 11 foreign productions with 18 701 projected jobs. Of the 18 701 projected jobs for foreign productions, the Western Cape had 16 716, which is 8,4 times the projected jobs from Gauteng of 1 985. Conversely, Gauteng had 9 641 projected jobs for South African productions, which is 3,7 times the projected jobs from the Western Cape of 2 568. The success stories from the two provinces for each category can be beneficial to other provinces to replicate their models. The gap between the projected jobs for co-production in Gauteng and the Western Cape is close and reflects some similarities in their performance.

Figure 78: Film and TV Production Jobs Projected per Category and Province – 2013/14



G. FILM AND TV PRODUCTION SHOOTING WEEKS PER PROVINCE: 2013/14

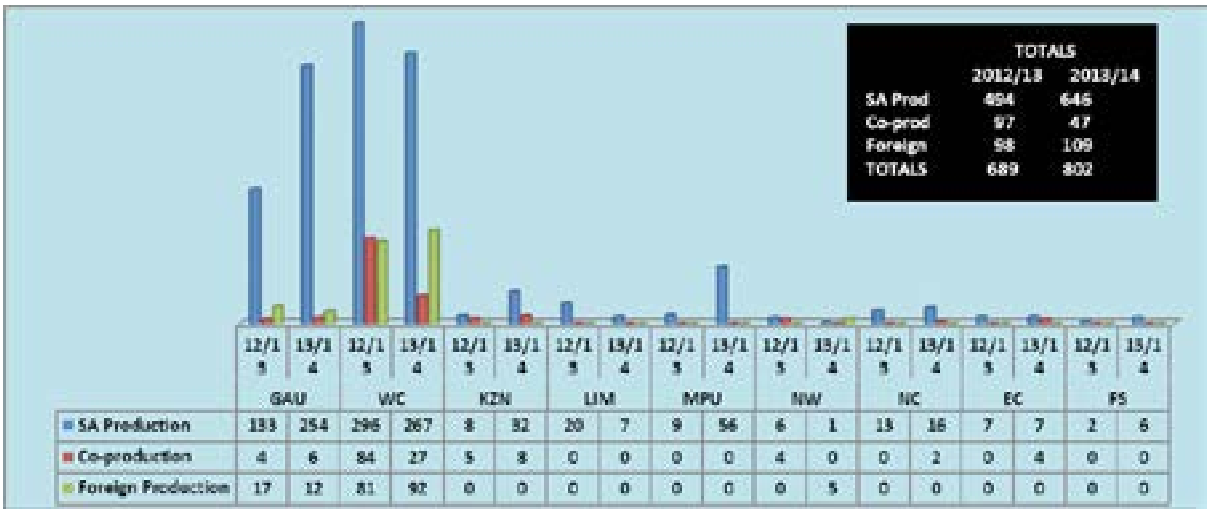
During the period under review, a total of 802 shooting weeks were recorded across all categories as compared to 689 in 2012/13. The 802 shooting weeks consisted of 646 for South African productions, 109 Foreign productions and 47 Co-productions. SA productions increased by 152 shooting weeks from 494 in 2012/13 to 646 in 2013/14 followed by Foreign Productions with 11 from 98 to 109 whereas Co-productions decreased by 50 from 97 to 47.

Of the 646 shooting weeks for South African productions, the Western Cape dominated with 267, followed by Gauteng with 254, Mpumalanga 56, KwaZulu-Natal 32, the Northern Cape 16, Eastern Cape seven, Limpopo seven, Free State six and North West one. Shooting weeks for Gauteng increased notably by 121, from 133 the previous year to 254 in 2013/14, followed by Mpumalanga with 47, from nine to 56, KwaZulu-Natal with 24, from eight to 32, Free State with four, from two to six, and the Northern Cape with three, from 13 to 16. Conversely, the Western Cape slumped by 29 shooting weeks, from 296 in 2012/13 to 267 in 2013/14, followed by Limpopo with 13, from 20 to seven and the North West with five, from six to one. The Eastern Cape was consistent with seven shooting weeks both years.

A total of 109 shooting weeks for foreign productions is composed of 92 shooting weeks from the Western Cape, 12 from Gauteng and five from the North West. Shooting weeks from the Western Cape increased by 11, from 81 to 92, while the North West had an increase of five, from zero to five. Gauteng recorded a decrease of five, from 17 to 12.

The 47 shooting weeks for co-productions comprised 27 shooting weeks for the Western Cape, eight for KwaZulu-Natal, six for Gauteng, four for the Eastern Cape and two for the Northern Cape. The Western Cape recorded a decrease of 57, from 84 in 2012/13 to 27 in 2913/14, while the North West dropped by four, from four to zero shooting weeks. On the other hand, KwaZulu-Natal increased by three, from five in 2012/13 to eight in 2013/14, followed by the Eastern Cape with four, from no shooting weeks to four, Gauteng with two, from four to six, and the Northern Cape with two, from no shooting weeks to two. Gauteng and the Western Cape are the only provinces that are performing well in all categories.

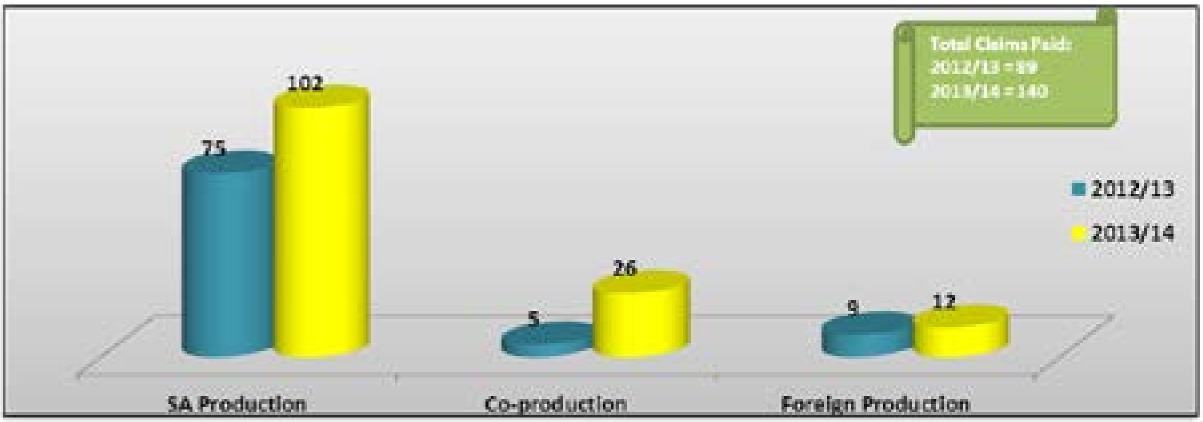
Figure 79: Shooting Weeks per Province and Production Category 2013/14



H. FILM AND TV PRODUCTION NUMBER OF CLAIMS PAID PER CATEGORY: 2013/14

During 2013/14, 140 claims were paid consisting of 102 claims for South African productions, 26 for co-productions and 12 for foreign productions. South African productions recorded a considerable increase of 27 claims, from 75 to 102, while co-production improved by 21 claims from five in 2012/13 to 26 in 2013/14, and foreign production increased slightly by three, from nine to 12. An increase of 51 claims across all categories was experienced, from 89 claims in 2013/13 to 140 claims in 2013/14. Claims for South African productions and co-productions are disbursed on either completion date of production or after reaching certain milestones. Applicants wishing to make use of the milestone payment method must acquire a completion bond. For foreign and post-productions, the claims are disbursed on completion of production and receipt of the final DVD.

Figure 80: Film and TV Production Number of Claims Disbursed per Category – 2013/14



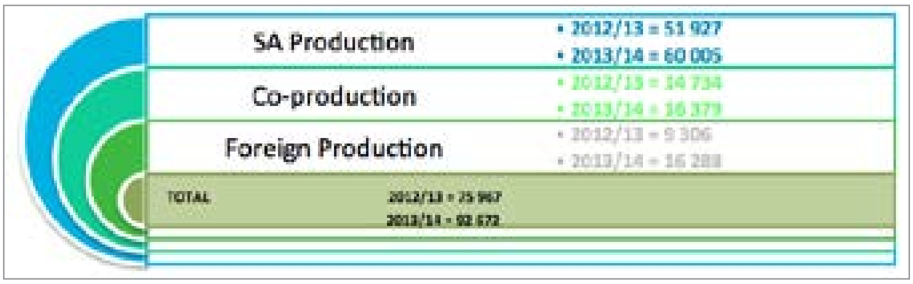
I. FILM AND TV PRODUCTION CLAIMS PAID AND JOBS SUPPORTED PER CATEGORY: 2013/14

The 140 claims paid had a total value of R269.2 million to support 92 672 actual jobs. Of this total, 102 claims to the value of R92.9 million were paid for South African productions supporting 60 005 actual jobs, followed by 26 claims to the value of R61.5 million for co-productions supporting 16 379 actual jobs and 12 claims to the value of R114.8 million for foreign productions supporting 16 288 actual jobs.

Figure 81: Film and TV Production Value of Claims Disbursed (R'm) per Category – 2013/14

Generally, the total actual jobs increased by 16 705, from 75 967 in 2012/13 to 92 672 in 2013/14. South African productions improved by 8 078 actual jobs, from 51 927 in 2012/13 to 60 005 in 2013/14, followed by foreign productions with an increase of 6 982 actual jobs, from 9 306 in 2012/13 to 16 288 in 2013/14. Co-productions increased slightly by 1 645, from 14 734 to 16 379.

Figure 82: Film and TV Production Jobs Supported per Category – 2013/14

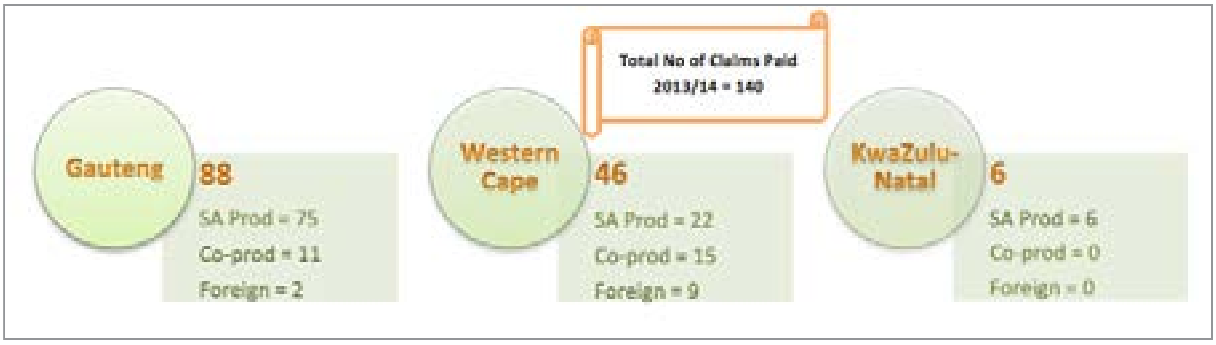


J. FILM AND TV PRODUCTION NUMBER OF CLAIMS PAID PER PROVINCE AND CATEGORY: 2013/14

Eighty-eight or 63% of the 140 claims paid went to Gauteng, followed by the Western Cape with 46 (33%) and KwaZulu-Natal with six (4%). The number of claims in Gauteng (88) is almost double the number of claims in the Western Cape (46), but its QSAPE is 1,5 times less, i.e. Gauteng had R760 million and Western Cape R1.172 billion.

Of the total number of claims (88) from Gauteng, South African production had 75, followed by co-production with 11 and foreign production with two. The total number of claims from the Western Cape (46) had a split of 22 South African productions, 15 co-productions and nine foreign productions. Meanwhile, KwaZulu-Natal reported only six South African production claims and no claims in other categories.

Figure 83: Film and TV Production Number of Claims Disbursed per Province – 2013/14



K. FILM AND TV PRODUCTION CLAIMS PAID AND JOBS SUPPORTED PER PROVINCE AND CATEGORY: 2013/14

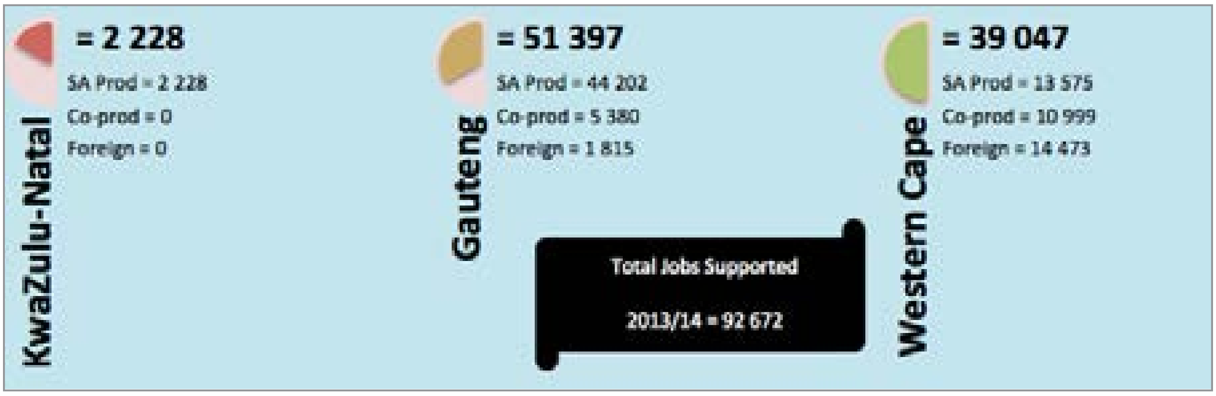
The total claims paid of R269.2 million were distributed across provinces to support 92 672 actual jobs. Of the total claims paid, the Western Cape had the biggest share of R149 million (55%) to support 39 047 jobs, while Gauteng received R110 million (41%) to support 51 397 jobs and KwaZulu-Natal R9.7 million (4%) to support 2 228 jobs.

In Gauteng, South African productions dominated with R63 million (57%) claims paid to support 44 202 jobs, followed by foreign productions with R24.9 million (23%) to support 1 815 jobs, and co-production with R22 million (20%) to support 5 380 jobs. The Western Cape experienced the opposite scenario, with foreign productions taking the lead with R89.8 million (60%) claims paid to support 14 473 jobs, followed by co-productions with R39 million (26%) to support 10 999 jobs and South African productions with R20 million (14%) to support 13 575 jobs. Of the three provinces, KwaZulu-Natal is the province with only one category (South African productions) claiming R9.7 million to support 2 228 jobs.

Figure 84: Film and TV Production Value of Claims Disbursed (R'000) per Province and Category – 2013/14

Of the total 92 672 jobs supported, Gauteng took the lead by creating 51 397 (55,5%), followed by the Western Cape with 39 047 (42%) and KwaZulu-Natal with 2 228 (2.5%). Generally, South African productions created the most jobs in Gauteng at 44 202 or 86%. The Western Cape had a fair balance of jobs distributed across all categories. The Western Cape had a difference of 898 jobs between foreign productions (14 473) and South African productions (13 575), and a massive difference of R69.7 million claims between foreign (R89.8 million) and South African productions (R20.1 million).

Figure 85: Film and TV Production Jobs Supported per Province and Category – 2013/14



L. HIGHLIGHTS AND KEY ACHIEVEMENTS IN THE FILM AND TV INDUSTRY

TABLE 33: South African Production

ZAMBEZIA	SA Production Animation Feature Film
The SPVC is 100% owned by Zambezia Film (Pty) Ltd, a South African company that is owned by Triggerfish Animation CC. The production was approved for a grant of R8 million based on a QSAPE of R30.9 million to support 89 jobs consisting of three white SPVC members, 36 black employees (creative personnel, crew, cast and extras) and 50 white employees (creative personnel, crew, cast and extras).	Approval: 4 June 2009 Commencement: 1 August 2009 Completion: 21 March 2011
Synopsis	
Directed by Wayne Thornley and written by Andrew Cook, Raffaella Delle Donne, Anthony Silverston and Thornley, the film tells the story of a young falcon bird that leaves the desolate desert where he lives with his father to discover action and adventure in the big city of Zambezia.	
Success Story	
The home-grown 3D animation feature film, *Adventures in Zambezia*, won the best Feature Film for Children Award at the ANIMA MUNDI, which took place from 2 to 11 August 2013 in Rio de Janeiro, Brazil. The film's achievement came after its successful run at the 2012 Durban International Film Festival, where it won the award for Best South African Feature Film. Other awards that the animated feature has won include Best Animation at the South African Film and Television Awards (SAFTAs) and Best Animation at the African Movie Academy Awards. *Zambezia* was the first African 3D animated feature to be nominated at the Annie Awards last year. These Hollywood-based awards are the most prestigious awards in the animation industry and are coveted by all the major studios. The film had been sold to more than 40 territories and within 12 weeks of its release in five territories had sold over one million tickets, notably reaching number two at the box office in Russia and Germany. *Zambezia* will also be released in other markets by its French distributor from mid-August across 477 screens.	

7.3. BUSINESS PROCESS SERVICES (BPS)

The BPS incentive came into effect on 1 January 2011 and was expected to cease operation in March 2014, but has been extended to September 2014. The revised BPS incentive programme will be introduced in October 2014 as a continuation. The programme aims to attract investment and create employment in South Africa through offshoring activities. This incentive comprises two components: the base incentive, which offers a three-year operational expenditure (OPEX) grant that tapers down in line with the narrowing cost gap between South Africa and other destinations; and a graduated bonus incentive, which is offered for greater job creation if the applicant exceeds 400 offshore jobs.

TABLE 34: BPS PROGRAMME DESCRIPTION

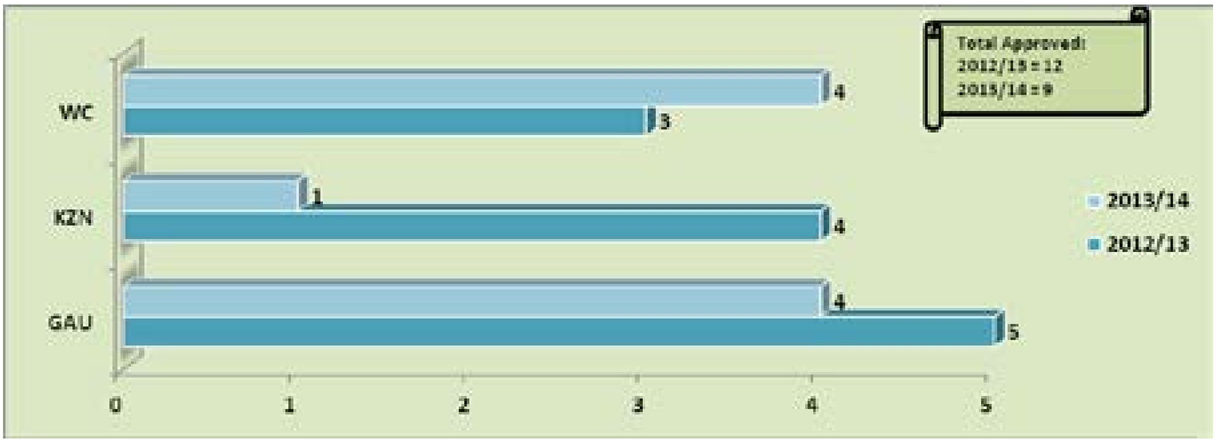
OBJECTIVE
• Attract investment • Create employment opportunities
START DATE
• 1 January 2011
END DATE
• Programme is currently being revised for extension

TARGET MARKET
• Enterprises offering business process services to off-shore market
ELIGIBLE CRITERIA
• Registered legal entity • Perform BPS activities
MAXIMUM GRANT
• R112 000 is payable to an offshore job created and sustained from 2011/12 to 2013/14; R104 000 from 2012/13 2014/15 and R88 000 from 2013/14 to 2014/15.
CLAIMS PROCESS
• Maximum of four claims paid for every approval. Base incentive is paid for three years while bonus incentive is available to applicants that create 400 offshore jobs. Grant is paid out based on actual jobs created and maintained for the specified claim period.

A. BPS APPROVED PROJECTS PER PROVINCE: 2013/14

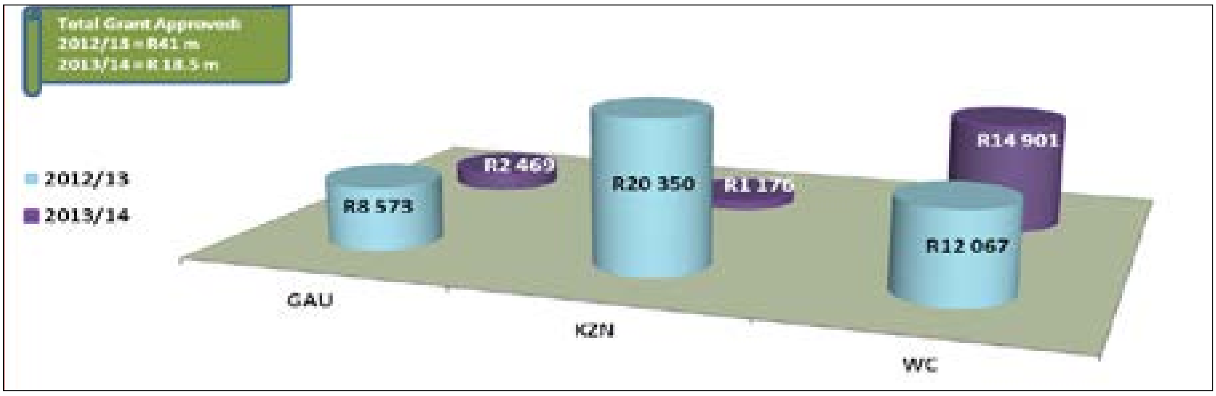
A total of nine projects were approved during the period under review. The approvals dropped by three projects, from 12 in 2012/13 to nine in 2013/14. Of the nine approved projects, four were from the Western Cape, four from Gauteng and one from KwaZulu-Natal. Projects from the Western Cape increased by one project, from three to four, whereas KwaZulu-Natal decreased by three, from four to one, and Gauteng by one, from five to four.

Figure 86: BPS Approved Projects per Province – 2013/14



A total grant of R18.5 million was approved during the period under review. Of the R18.5 million, the Western Cape was approved for R14.9 million, an increase of R2.9 million from the previous financial year, Gauteng for R2.5 million and KwaZulu-Natal for R1.1 million. KwaZulu-Natal experienced a massive decrease of R19.2 million in the value of grant approved, from R20.3 million in 2012/13 to R1.1 million in 2013/14, followed by Gauteng with a decrease of R6.1 million, from R8.6 million to R2.5 million. As a result, a total decrease in grant approved of R22.5 million has been observed, from R41 million to R18.5 million. The reductions were due to over-projections of total investments that resulted in higher grant approvals during the previous year. The over-projections were later corrected through inspection advices.

Figure 87: BPS Grant Approved per Province (R'000) – 2013/14



B. BPS PROJECTED INVESTMENT AND JOBS PER PROVINCE: 2013/14

The nine approved projects for 2013/14 had a total projected investment of R541.4 million, which is R628.6 million less than the R1.17 billion of the previous year. The projected investment for Gauteng decreased sharply by R749.8 million, from R802.3 million in 2012/13 to R52.5 million in 2013/14, while KwaZulu-Natal experienced a noticeable decrease of R156.9 million, from R236.1 million to R79.2 million. The Western Cape experienced a massive increase of R278.1 million, from R131.6 million to R409.7 million.

Figure 88: BPS Projected Investment per Province: 2013/14

A total of 2 514 jobs were projected in 2013/14 as compared to 3 936 in 2012/13. Of the 2 514 projected jobs, 1 748 were from the Western Cape, 616 from Gauteng and 150 from KwaZulu-Natal. Projected jobs from the Western Cape increased by 640, from 1 108 in 2012/13 to 1 748 in 2013/14. Both Gauteng and KwaZulu-Natal tumbled by 975 jobs, from 1 591 to 616, and by 1 087, from 1 237 to 150, respectively.

Figure 89: BPS Projected Jobs per Province: 2013/14

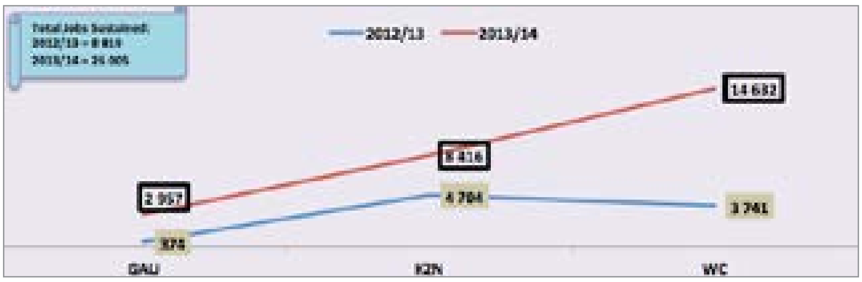
C. BPS ACTUAL INVESTMENT AND ACTUAL JOBS SUPPORTED PER PROVINCE: 2013/14

The nine approved projects for 2013/14 had a total of R2.6 billion actual investments, of which R1.87 billion was from the Western Cape to support 14 632 actual jobs, R501.8 million from KwaZulu-Natal to support 8 416 actual jobs and R247.1 million from Gauteng to support 2 957 actual jobs. The actual jobs for the Western Cape increased by 10 891, from 3 741 in 2012/13 to 14 632 in 2013/14, while Gauteng had a growth of 2 583, from 374 to 2 957, and KwaZulu-Natal supported 4 704 actual jobs in 2012/13, which grew by 3 712 to 8 416 in 2013/14.

Figure 90: BPS Actual Investment Leveraged per Province: April 2013 – March 2014

The actual jobs for the period under review totalled 26 005 as compared to 8 819 in 2012/13. The actual jobs had a similar trend as actual investment in terms of position, i.e. Gauteng came third for both investment and jobs, while KwaZulu-Natal was second and the Western Cape first. Of the 26 005 jobs, the Western Cape had the most actual jobs of 14 632 (56,3%), followed by KwaZulu-Natal with 8 416 (32,3%) and Gauteng with 2 957 (11,4%).

Figure 91: BPS Actual Jobs Supported per Province: April 2013 to March 2014



Of the 26 005 total actual jobs, 14 751 were for women and 11 254 for male employees. Gauteng had a total of 2 957 actual jobs, comprising 1 797 women and 1 160 men, while KwaZulu-Natal had 8 416 consisting of 4 943 women and 3 473 men. The Western Cape took the lead with a total of 14 632 actual jobs, of which 8 011 were for women and 6 621 for men. In total, women had 14 751 (57%) jobs as compared to 11 254 (43%) for men.

Table 35: BPS Actual Jobs Supported per Province and Gender: April 2013 to March 2014

Actual Jobs per Gender (2013/14)			
Province	**Female**	**Male**	**Total**
Gauteng	1 797	1 160	2 957
KwaZulu-Natal	4 943	3 473	8 416
Western Cape	8 011	6 621	14 632
TOTAL	**14 751**	**11 254**	**26 005**

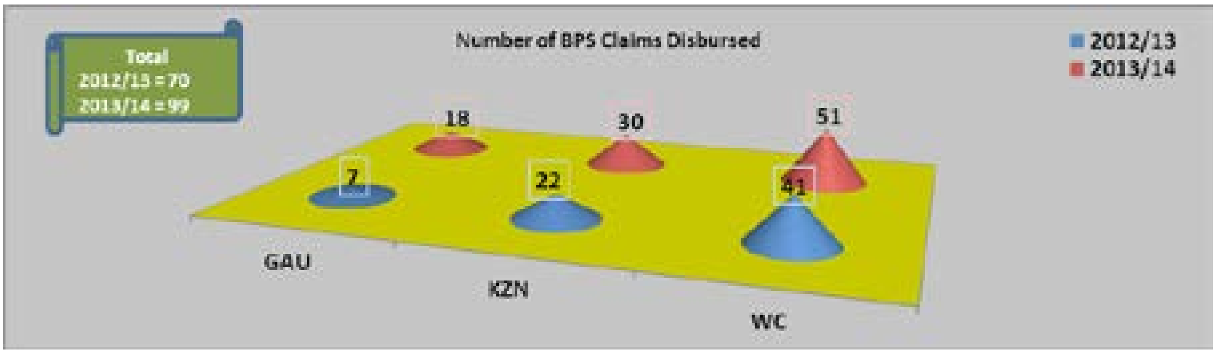
From the 26 005 actual jobs mentioned above, a total of 15 168 (58%) jobs were for youth. The 15 168 jobs comprised 7 621 (50%) jobs for Western Cape followed by KwaZulu-Natal with 5 776 (38%) and 1 771 (12%) for Gauteng.

Figure 92: BPS Actual Jobs Supported for Youth per Province: April 2013 to March 2014

D. BPS CLAIMS DISBURSED PER PROVINCE: 2013/14

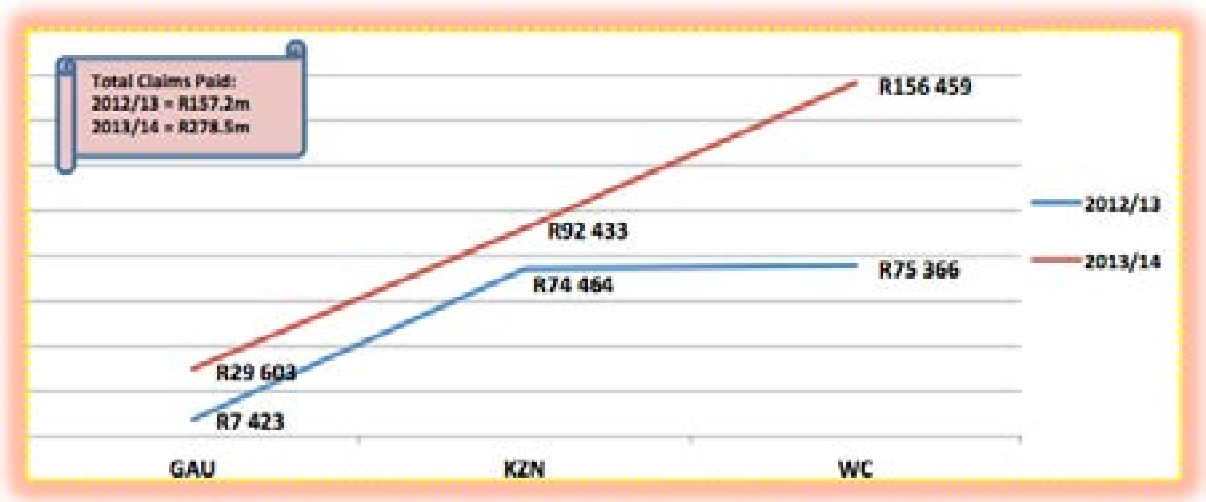
A total of 99 claims to a value of R278.51million was paid during 2013/14 to support 26 005 actual jobs. Of the 99 claims, 18 were from Gauteng to the value of R29.6 million, 30 from KwaZulu-Natal to the value of R92.4 million and 51 from the Western Cape to the value of R156.5 million. Gauteng and the Western Cape recorded increases of 11 claims, from seven in 2012/13 to 18 in 2013/14, and 10, from 41 to 51, respectively. KwaZulu-Natal had the smallest increase of eight, from 22 in 2012/13 to 30 in 2013/14.

Figure 93: BPS Number of Claims Disbursed per Province: April 2013 to March 2014/



Claims paid for the Western Cape showed an increase of R81.1 million, from R75.4 million in 2012/13 to R156.5 million in 2013/14, followed by Gauteng with an increase of R22.2 million, from R7.4 million to R29.6 million, and KwaZulu-Natal with an increase of R17.9 million, from R74.5 million to R92.4 million.

Figure 94: BPS Claims (R'000) Disbursed per Province: April 2013 to March 2014



E. HIGHLIGHTS AND KEY ACHIEVEMENTS IN THE BUSINESS PROCESS SERVICES INDUSTRY

TABLE 36: BPS Expansion Project

MINDPEARL SA (Pty) Ltd	Project Type: Expansion
Mindpearl is a BPO specialist focusing on international, high-quality contact centre operations. Mindpearl's management are the majority shareholders in the business, with an emphasis on inbound customer support through multiple communication channels encompassing phone, e-mail, web chat and social media. Mindpearl supports global brands in the aviation, leisure, telecommunications, retail and weight management industries. **Mindpearl South Africa (Pty) Ltd** was approved for a maximum grant of R14.4 million for the 2013/14 financial year to sustain 296 existing jobs and create 154 additional jobs.	Approval: 23 April 2013 Commencement: 1 January 2011 Completion: 31 March 2016

MINDPEARL SA (Pty) Ltd	**Project Type**
	Expansion
Services	
Mindpearl focuses on international, high-quality multilingual contact centres for the aviation, leisure, telecommunications, retail and weight-management industries.	
Success Story and Key Achievements	
Mindpearl had been nominated for a number of British industry awards for outsourcing excellence. Mindpearl is nominated in three categories in the National Outsourcing Association (NOA) Awards, namely, Outsourcing Contact Centre Provider of the Year, Offshoring Project of the Year and BPO Contract of the Year. The NOA is known as the centre of excellence and best practice for outsourcing in the United Kingdom and Europe. These nominations represent the best of the best in outsourcing. Just to be nominated and ranked among 37 other award-winning companies is an achievement in itself. Winners for the NOA Awards were announced at an official award ceremony taking place on Thursday, 24 October 2013, at the Park Plaza Riverbank in London. Mindpearl eventually won the Outsource Contact Centre Provider of the Year 2013 at the NOA Awards.	

CCI CALL CENTRES (Pty) Ltd	**Project Type**
	Expansion
CCI, an offshore company based in Mauritius, was registered in South Africa in 2009. The company with its South African head office in La Lucia and a branch in Umhlanga, Durban, is one of South Africa's leading international call centres providing outsourced customer contact services. **CCI Call Centres (Pty) Ltd** was approved by the BPS Incentive on 30 May 2011 for the grant amount of R209 million to support 1738 jobs in three years.	Approval: 30 May 2011 Commencement: 1 March 2011 Completion: 31 February 2014
Services	
CCI Call Centres (Pty) Ltd specialises in the operation of outbound, inbound and blended multi-channel contact centres that improve clients' business operations and call centre effectiveness by delivering efficient outsourcing solutions.	
Success Story and Key Achievements	
CCI has extensively contributed to job creation, starting with 30 employees in 2006 and now having 1 731 employees based in La Lucia. The use of its sister company, Career Box, for the training of youth to acquire call centre skills has also contributed in harnessing skills development that leads to employability. The technology that the company has acquired allows it to make 750 000 inbound and outbound calls every day, complete nearly 10 000 service enquiries and make about 32 000 successful customer retention calls on a monthly basis. Through its technology and training techniques, the company has an average of one to 20 minutes for an agent to close a deal through calls servicing the market in the UK and Australia. In 2010, CCI in partnership with the Services SETA placed a total of 680 trainees in a 16-week level two and four learnership programmes and another 40 in 2012. Eighty per cent of the trainees completed the programme. On 25 February 2014, CCI was the first company to be approved for a Graduated Bonus Incentive of R3.2 million for creating more than 400 jobs and R3.8 million for creating more than 800 jobs. The total graduated bonus incentive amounted to R7 million for 4 240 actual jobs created and sustained.	

7.4. TOURISM SUPPORT PROGRAMME

The TSP is a sub-programme of the EIP launched in 2008. The TSP was transferred to the National Department of Tourism as of October 2012. Although **the dti** no longer accepts applications for this programme, applications received before the transfer of the programme are still considered and claims thereof paid. This programme offered a grant of up to 30% towards qualifying investment costs for establishing and expanding existing operations in South Africa, except for projects located in the metropolitan areas of Johannesburg, Cape Town and eThekwini. Qualifying investment includes furniture, equipment, vehicles, land and buildings.

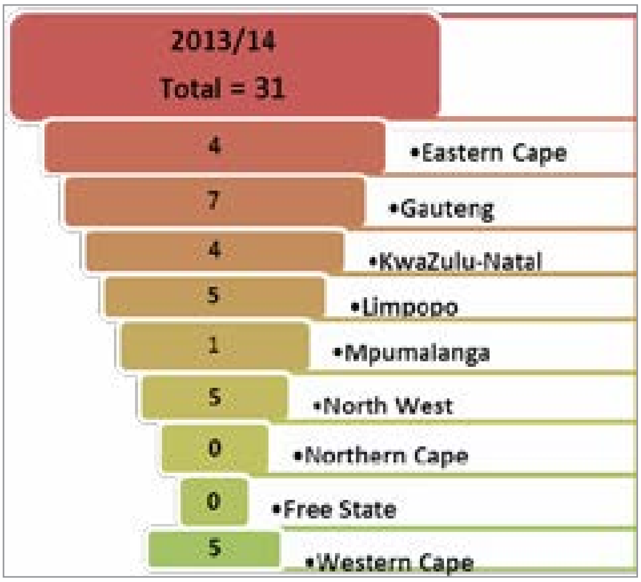
TABLE 37: TSP PROGRAMME DESCRIPTION

OBJECTIVES	START DATE	END DATE	TARGET MARKET	ELIGIBLE CRITERIA	MAXIMUM GRANT	CLAIMS PROCESS
Stimulate job creation Encourage geographic spread of tourism investment Promoting BEE	21 July 2008	31 March 2014	Small, Medium and Large tourism enterprises	Applicant be taxpayer in good standing Registered legal entity in SA Project applied for must constitute a new investment or the expansion of an existing tourism project	R30m for applicants investing R200m. R5m and below qualify for 30% of their qualifying investment cost up to R1.5m. R5m but less than R30m qualifying for a grant on a regressive scale between 15% and 30% up to R4.5m. Above R30m qualify for a grant of 15% up to R30m	disbursable on a bi-annual basis subject to the approved project meeting the prescribed performance requirements

A. TSP PROJECTS APPROVED PER PROVINCE: 2013/14

The total number of approved projects during this period drastically dropped by 91, from 122 in 2012/13 to 31 in 2013/14 because new applications were no longer accepted due to the programme being transferred to National Department of Tourism. Subsequently, all nine provinces have shown a decrease, led by the Eastern Cape with 21 projects, from 25 projects in 2012/13 to four in 2013/14. The Eastern Cape was followed by Western Cape with 19 projects, from 24 in 2012/13 to five in 2013/14, and Mpumalanga with 12, from 13 to one. The Northern Cape and Free State have shown a 100% decrease, while Gauteng and Limpopo dropped by nine projects, from 16 to seven and 14 to five respectively. The North West experienced a slight reduction of two projects, from seven to five, and KwaZulu-Natal of one, from five to four.

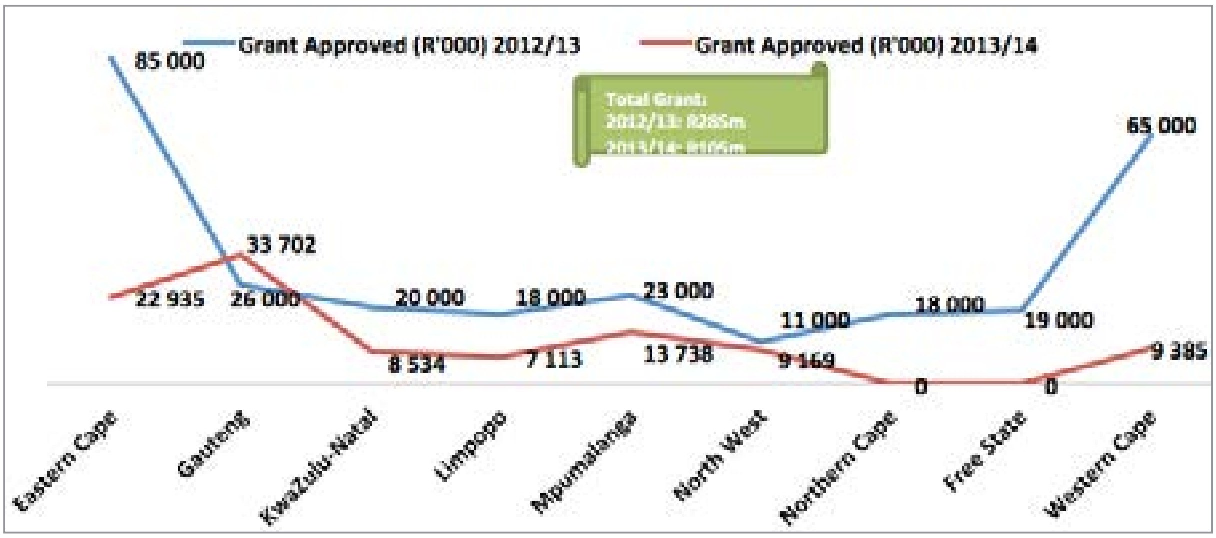
TABLE 38: TSP PROJECTS APPROVED PER PROVINCE – 2013/14



B. TSP PROJECTS APPROVED PER PROVINCE: 2013/14

The total grant approved decreased by R180 million, from R285 million in 2012/13 to R105 million in 2013/14. Gauteng had the highest grant of R33.7 million, followed by the Eastern Cape with R22.9 million. The projects from Gauteng reduced by nine, whereas the grant approved increased by R7.7 million, from R26 million to R33.7 million. The Eastern Cape tumbled by R62.1 million, from R85 million to R22.9 million, as its projects fell by 21, while the Western Cape fell by R55.6 million, from R65 million to R9.4 million, following its decrease of 19 projects. Though KwaZulu-Natal decreased by one project, its grant approved came down by R11.5 million, from R20 million to R8.5 million. Limpopo decreased by nine projects and its grant approved fell by R11 million, from R18 million to R7 million. The rest of the provinces gradually dropped both projects and grants approved simultaneously.

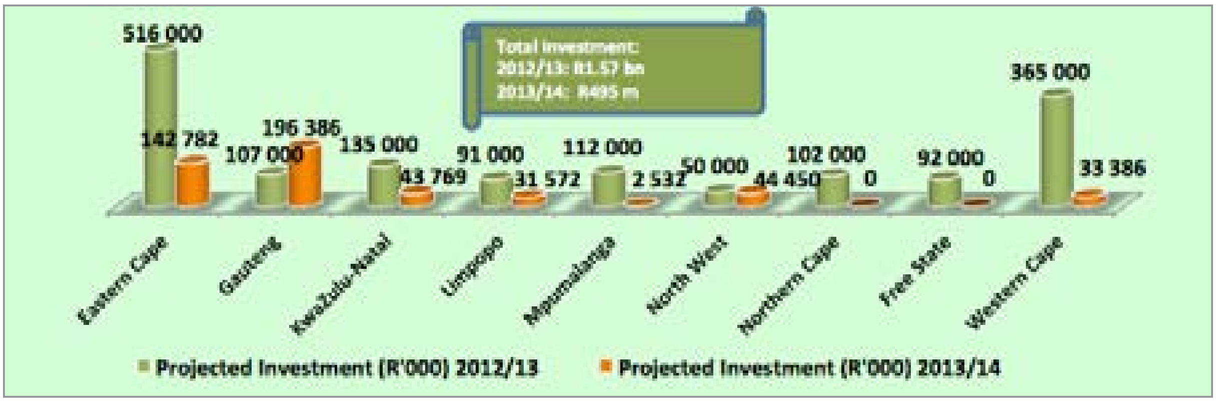
Figure 95: TSP Grant Approved per Province – April 2013 to March 2014



C. TSP PROJECTED INVESTMENT PER PROVINCE: 2013/14

The total TSP projected investment for 2013/14 amounted to R495 million, with Gauteng surpassing the Eastern Cape with the largest investment value of R516 million in 2012/13. The Eastern Cape plunged by R373.2 million, dropping from R516 million in 2012/13 to R142.8 million in 2013/14, whereas Gauteng increased by R89.4 million from R107 million to R196.4 million. The projected investment of most provinces indicates a decrease from the previous year, with the Western Cape plummeting by R331.6 million, from R365 million in 2012/13 to R33.4 million in 2013/14, and Mpumalanga dropping by R109.5 million, from R112 million to R2.5 million. The Northern Cape and Free State had no investment projected for the period under review, from R102 million and R92 million respectively in the previous period. The rest of other provinces had a reduction of less than R92 million.

Figure 96: TSP Projected Investment (R'000) per Province – April 2013 to March 2014



D. TSP APPROVED PROJECTS PER PROVINCE AND ACTIVITY: 2013/14

During this period, the following activities benefited from the TSP programme: 17 hotel and motels; six bed and breakfasts; four hotels; one tour operator; one letting services; one museum services; and one water transport services. Hotel and motel dropped by 41 projects, from 58 in 2012/13 to 17 in 2013/14, followed by bed and breakfast with 20 projects, from 26 to six, and hotel with five projects, from nine to four. Tour operator and letting services were consistent with one project, whereas museum and water transport services improved by one project each.

The Western Cape is the only province with projects in all activities followed by KwaZulu-Natal with projects in four activities. All other provinces had projects only in three activities, with the Eastern Cape, Gauteng and Limpopo performing well in hotel and motel. Gauteng maintained the lead in hotel and motel and the Eastern Cape surpassed Limpopo, which plunged by eight projects.

Table 39: TSP Approved Projects per Activity and Province – April 2013 to March 2014

TSP Projects Approvals per Activity														
	Bed & Breakfast		Hotel		Hotel & Motel		Tour Operator Services		Letting Services		Museum Services		Water Transport Services	
Province	12/13	13/14	12/13	13/14	12/13	13/14	12/13	13/14	12/13	13/14	12/13	13/14	12/13	13/14
EC	9	0	1	1	9	3	-	-	-	-	-	-	-	-
GAU	3	0	2	2	8	5	-	-	-	-	-	-	-	-
KZN	2	1	1	-	1	2	0	1	-	-	-	-	-	-
LIM	3	3	-	-	10	2	-	-	-	-	-	-	-	-
MPU	2	0	1	0	7	1	-	-	-	-	-	-	-	-
NW	2	2	-	-	3	3	-	-	-	-	-	-	-	-
NC	1	0	1	0	5	0	-	-	-	-	-	-	-	-
FS	1	0	-	-	6	0	-	-	-	-	-	-	-	-
WC	3	0	3	1	9	1	2	0	2	1	0	1	0	1
TOTAL	**26**	**6**	**9**	**4**	**58**	**17**	**2**	**1**	**2**	**1**	**0**	**1**	**0**	**1**

E. CLAIMS PAID AND JOBS SUPPORTED PER PROVINCE: 2013/14

A total value of R165.1 million was paid in 2013/14 to support 3 372 actual jobs; a decrease of R19.8 million from the R184.9 million claimed in 2012/13. The reduction had an opposite effect on the jobs supported as there was an overall increase of 2 000 actual jobs, from 1 372 in 2012/13 to 3 372 in 2013/14. Of the 165.1 million, the Eastern Cape had the biggest share of R39.4 million to support 590 jobs, followed by the Western Cape with R31.9 million for 557 jobs. Although Gauteng took third place with a payout of R28.3 million, it supported 1 024 jobs, which is higher than the jobs supported in the Eastern Cape by a margin of 434 (42,4%). KwaZulu-Natal took fourth place, with a claims value of R21.3 million to support 420 jobs and the remaining provinces claimed R17.2 million and below.

The value of claims from the Eastern Cape increased by R13.9 million, from R25.5 million in 2012/13 to R39.4 million in 2013/14, with an increase of 261 jobs, from 329 to 590. The Western Cape recorded a similar trend in which the value of claims increased by R3.1 million, from R28.8 million in 2012/13 to R31.9 million in 2013/14, with an increase of 249 jobs, from 308 to 557. Conversely, Gauteng recorded a decrease of R20.9 million in the value of claims, from R49.2 million in 2012/13 to R28.3 million, with an increase of 874 jobs, from 150 to 1 024. KwaZulu-Natal also experienced a decrease of R17.3 million in the value of claims, from R38.6 million in 2012/13 to R21.3 million, with an increase of 323 jobs, from 97 to 420.

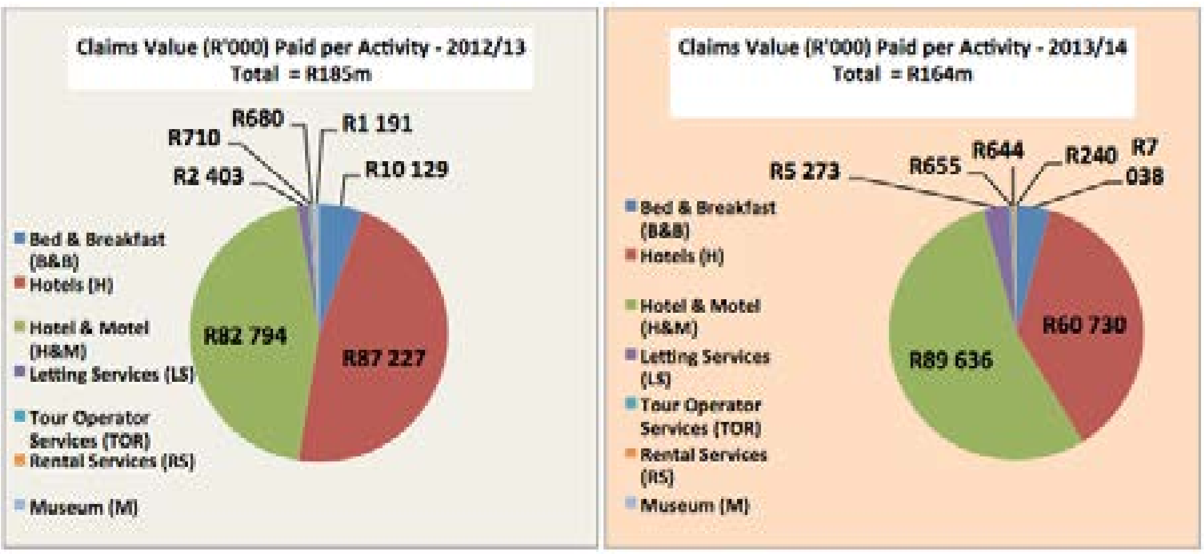
Table 40: TSP Claims Paid and Jobs Supported per Province: April 2013 to March 2014

April 2013 to March 2014						
Province	*No of Claims*		*Value of Claims (R'm)*		*Jobs Supported*	
	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14
Eastern Cape	54	43	25.5	39.4	329	590
Free State	29	22	5.5	5.1	96	135
Gauteng	100	85	49.2	28.3	150	1024
KwaZulu-Natal	33	16	38.6	21.3	97	420
Limpopo	41	32	12.5	6.8	124	217
Mpumalanga	38	35	8.9	8.8	125	165
North West	18	13	15.1	17.2	56	220
Northern Cape	4	12	0.796	6.3	87	44
Western Cape	49	51	28.8	31.9	308	557
TOTAL	**366**	**309**	**184.9**	**165.1**	**1 372**	**3 372**

F. TSP CLAIMS PAID PER ACTIVITY: 2013/14

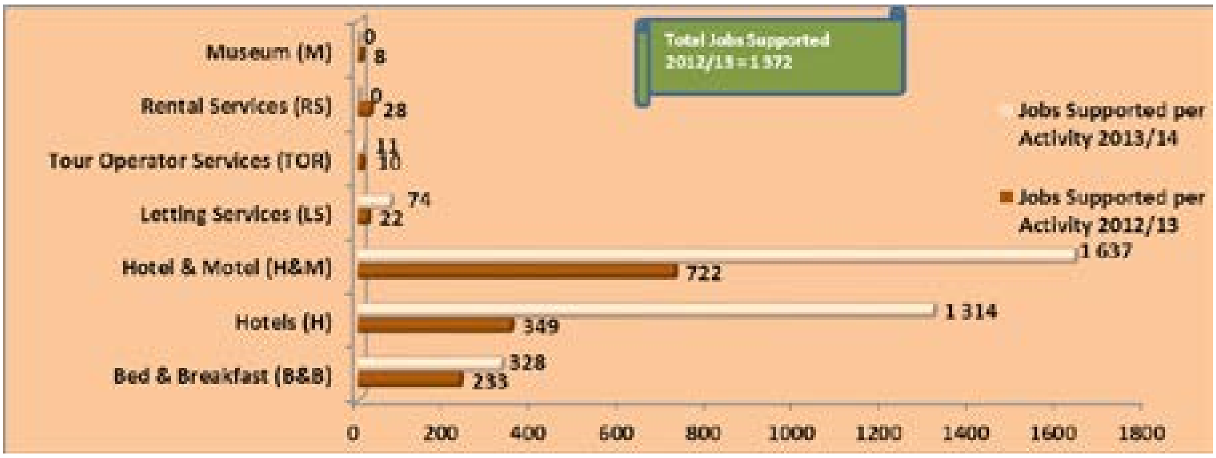
Hotel and motel had the highest claims paid of R89.6 million to support 1 637 jobs, followed by hotels with R60.7 million supporting 1 314 jobs. Bed and breakfast was the third-highest activity paid, with R7 million to support 328 jobs. The payout for hotels claims dropped drastically by R26.7 million, from R87.2 million in 2012/13 to R60.7 million in 2013/14, but there was an increase in jobs of 965, from 349 to 1 314. A similar trend was observed with bed and breakfast, in which the payout of claims decreased by R3 million, from R10 to R7 million, but jobs improved by 95, from 233 to 328. Letting services recorded a drop in the payout of claims by R2.8 million, from R5.2 million to R2.4 million, and an increase in jobs of 52, from 22 to 74.

Figure 97: TSP Claims Paid Per Activity and Jobs Supported – April 2013 to March 2014



A total of 3 364 actual jobs were supported. Of these, 1 637 were for hotel and motel, 1 314 for hotels, 328 for bed and breakfast, 74 for letting services and 11 for tour operators services. Hotel and motel actual jobs took the lead by creating 1 637 in 2013/14, with an increase of 915 jobs, from 722 in 2012/13. Hotels took second place with actual jobs increasing by 965, from R349 in 2012/13 to 1 314 in 2013/14, followed by bed and breakfast with 95, from 233 to 328, and letting services with 52, from 22 to 74. Tour operators services had a slight increase of one actual job from 10 in 2012/13 to 11 in 2013/14, whereas rental services and museum dropped by 28 and eight respectively.

Figure 98: TSP Jobs Supported per Activity – April 2013 to March 2014



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8. INFRASTRUCTURE SUPPORT CLUSTER (ISC)

8.1. CRITICAL INFRASTRUCTURE PROGRAMME (CIP)

The CIP is a non-refundable cash grant that covers between 10% and 30% of the total cost of specific infrastructure developments. Typically, the kind of project that will qualify for assistance under this programme has two main elements: an investment project; and a supporting infrastructure project.

A. CIP PERFORMANCE AGAINST SET TARGETS FOR 2013/14

TABLE 41: CIP PERFORMANCE AGAINST SET TARGETS FOR 2013/14

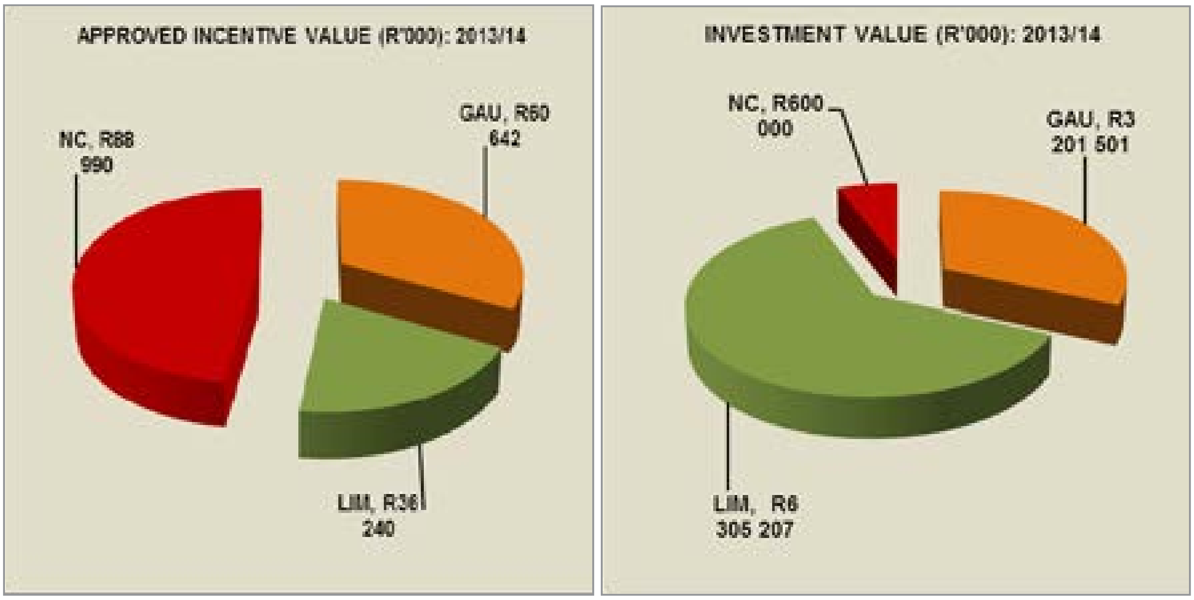
KPIs	2013/14 TARGETS	QUARTERLY TARGETS	Q1	Q2	Q3	Q4	Y-T-D	Y-T-D (%)
NO.OF PROJECTS SUPPORTED	12	3	2	2	0	4	8	66 .7
PROJECTED INVESTMENT VALUE (R'000)	6 000 000	1 500 000	2 382 591	5 505 000	0	2 219 117	10 106 708	168
PROJECTED NUMBER OF DIRECT JOBS	4 000	1 000	374	1 835	0	2 053	4 262	106.6

The above table depicts the CIP key performance indicators (KPIs) as well as the targets and actual achievements for the 2013/14 financial year. The CIP planned to approve 12 projects in 2013/14, with at least three projects per quarter. However, eight approved projects were approved with an estimated investment value of R10 billion.

The approved projects are expected to create more than 4 000 jobs. While the number of projects supported was below the target, the projected investment value for the approved projects exceeded the target.

B. PROVINCIAL SPREAD OF CIP APPLICATIONS

FIGURE 99: PROVINCIAL SPREAD OF CIP APPROVED PROJECTS BY INCENTIVE VALUE (R'000)): 2013/14



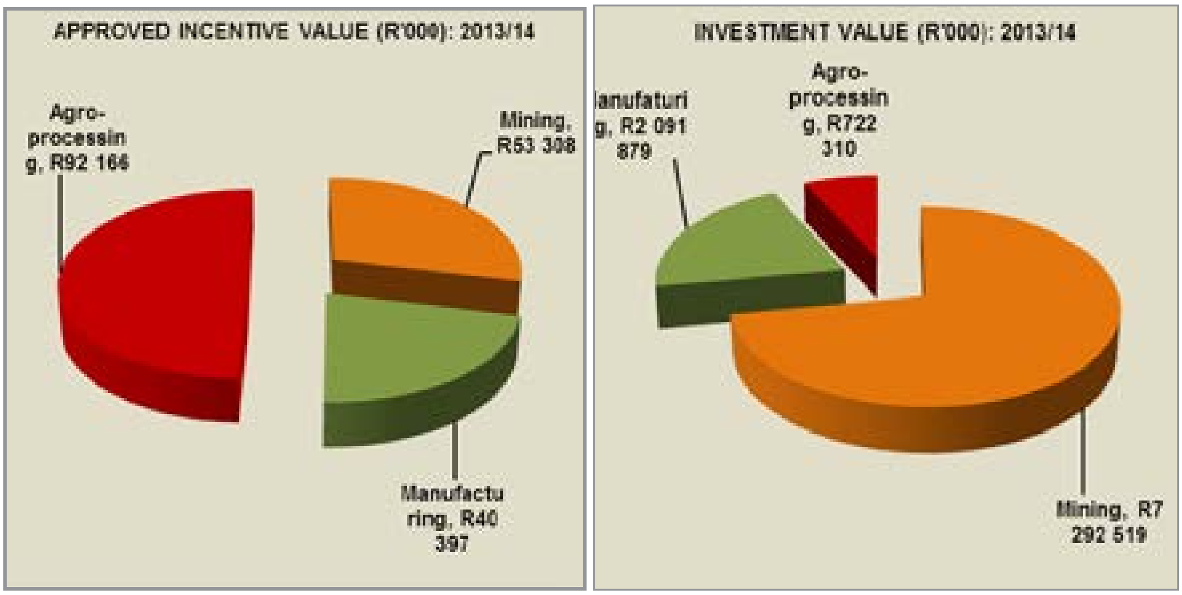
SOURCE: CIP UNIT

Figure 98 presents the provincial spread of the CIP projects approved during the 2013/14 financial year. The provincial spread is presented according to the approved incentive value as well as the investment value. The eight approved projects are collectively valued at R10.1 billion, while the incentive value amounts to R185.8 million.

Despite the number of approved projects for Gauteng being five (more than in other provinces), the value of the CIP incentive is relatively low compared to other provinces. The Gauteng-based projects were collectively valued at R3.2 billion and are second in terms of investment value. Two Limpopo-based projects have a collective incentive value of R36.2 million and the projects are worth R6.3 billion. Only one project from Northern Cape was approved.

C. SECTORAL SPREAD OF CIP APPLICATIONS

Figure 100: SECTORAL SPREAD OF CIP APPROVED PROJECTS BY INCENTIVE VALUE (R'000) 2013/14



SOURCE: CIP UNIT

Figure 99 shows the sectoral spread of the CIP-approved projects in terms of incentive value and investment value for 2013/14. Of the eight projects approved for the CIP incentive, three are mining projects, three manufacturing and two agro-processing. Although the least projects approved were in the agro-processing sector, they received the biggest share (49,6%) of the incentive compared to the mining (28,7%) and manufacturing (21,7%) sectors.

Figure 101: SPATIAL DISTRIBUTION OF SUPPORTED PROJECTS: 2013/14

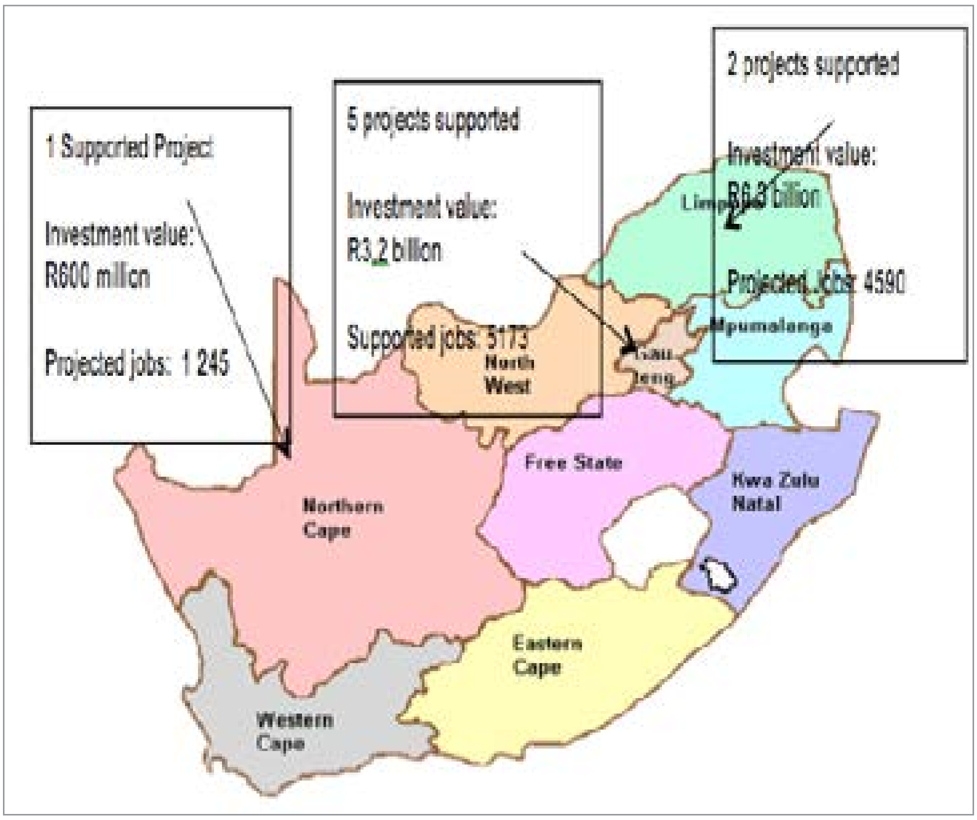


Figure 100 presents the provincial spread of the CIP projects approved in 2013/14. The provincial spread of the approved projects is presented according to the approved incentive value as well as the investment value. The eight approved projects are collectively valued at R10.1 billion, while the incentive value amounts to R185.8 million.

Of the eight approved projects, five are in Gauteng with a value of approximately R3,2 billion, two in Limpopo with an estimated investment value of R6,3 billion, and one in the Northern Cape with an investment value of R600 million.

D. Performance Results

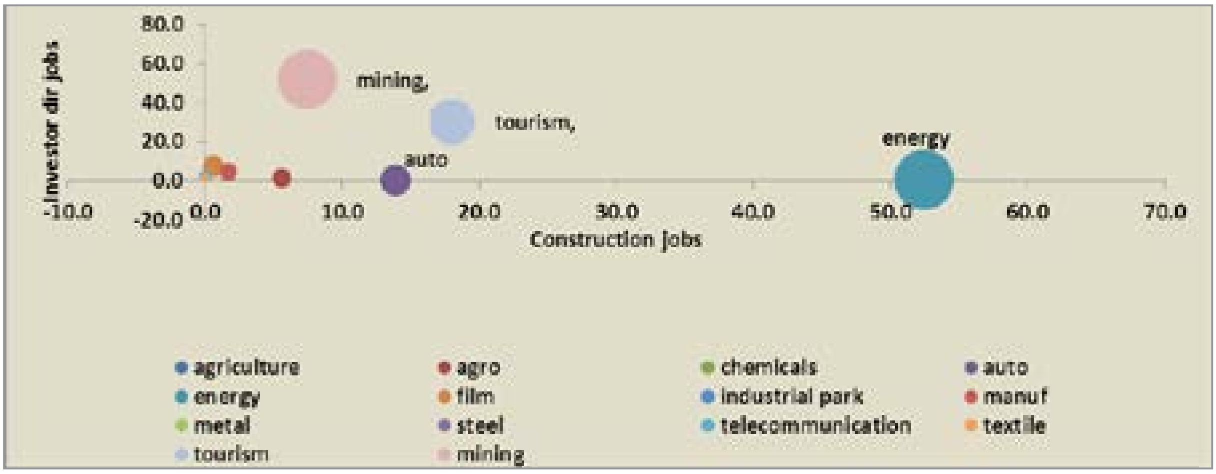
Return on Investment Analysis

In 2013/14, the eight new projects supported are expected to leverage an estimated 11 008 jobs (both construction and investor direct permanent jobs). The analysis suggests that 61% of the jobs projected would be directly created during the construction phase. These are projected jobs not yet created.

Among the supported projects, mining sector projects (10,8%) were more labour-intensive, followed by manufacturing (9,6%) and agro-processing (1,5%).

Table 42: CIP PERFORMANCE ANALYSIS FOR 2013/14

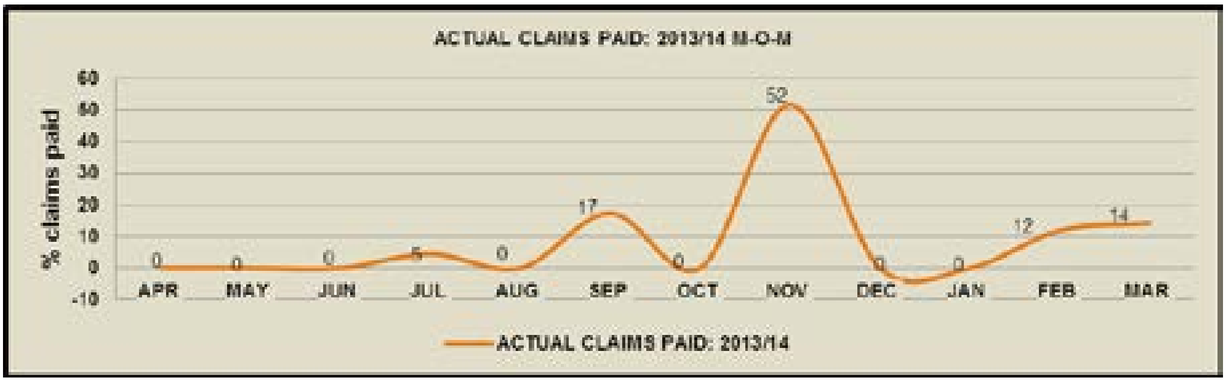
2013/14 Investment Projects Supported								
Sector	No. of projects supported	Investment value (R'000)	Project est. costs (R'000)	Grant (R'000)	Construction jobs	Investor direct jobs (est)	Total supported jobs (est)	Labour intensity
Mining	3	7 292 519	251 846	53 308	4 356	1 397	5 753	10.8%
Agro	2	722 310	312 516	92 166	590	800	1 390	1.5%
Manuf	3	2 091 873	179 329	40 396	1 800	2 065	3 865	9.6%
TOTAL	**8**	**10 106 708**	**743 691**	**185 870**	**6 746**	**4 262**	**11 008**	**5.9%**

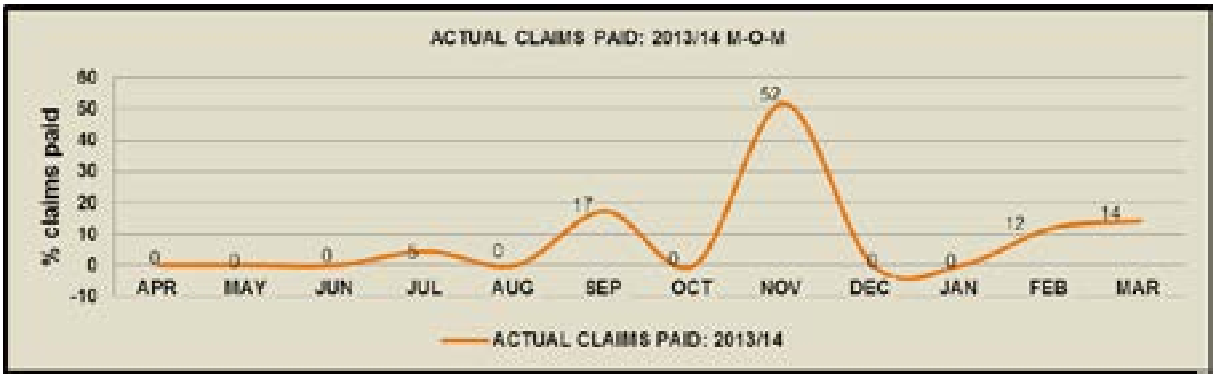


SOURCE: CIP UNIT

In terms of sector contribution to employment, the energy sector created more construction jobs, while mining and tourism contributed a bigger share to the direct permanent jobs. Between 2002/3 and 2013/14, the CIP supported a total of 62 investment projects leveraging an estimated investment value of R138.8 billion and an estimated 66 810 permanent jobs. Since the inception of the programme, a bigger share of the supported projects are in the mining sector (41%), manufacturing (15%), energy (6%), chemicals (7%), tourism (6%), film (4%), metal (5%) and steel (2%).

Figure 103: CUMULATIVE CLAIMS PAID AS A PERCENTAGE OF TOTAL BUDGETS: 2012/13 AND 2013/14





SOURCE: CIP UNIT

Figure 102 shows the claims paid as a percentage of total budget for 2012/13 and 2013/14. The disbursement of claims in the first quarters of the 2013/14 financial year was low compared to the first quarter of 2012/13.

In quarter one of the 2012/13 financial year, the CIP paid 8,2% of the budget, while there were no disbursements in quarter one of 2013/14. However, the disbursement rate in the two last quarters of 2013/14 period improved drastically, outperforming disbursements in the same period in 2012/13. The month-on-month claim disbursement analysis reveals that there were no claims paid-out in three consecutive months of the beginning of the financial year. The bigger share of the budget was disbursed in November of the period under review.

E. CIP-Supported Projects: Key Highlights

PROJECT 1

KALAGADI ROAD UPGRADE PROJECT

PROJECT NAME: Kalagadi Manganese Pty (Ltd)

PROJECT LOCATION: Northern Cape

PROJECT TYPE/SECTOR: Mining

INVESTMENT VALUE: R10 billion

QUALIFYING INFRASTRUCTURE VALUE: R206 million

CIP GRANT APPROVED: R50.2 million

NO. OF JOBS CREATED: 6 700 (00 (Construction jobs)

Social Returns

Kalagadi mine plant does not only contribute to the economic growth of South Africa, but also to the community's enrichment. Besides providing more than 1 000 jobs for the surrounding community, the plant provides its own health care to the workers. It has its own ambulance and a clinic on site. The mine also has housing settlements on site for the mine workers. In addition, Kalagadi Manganese is constructing a bridge that will be used by the surrounding farmers. This bridge will be accessible not only to the farmers' vehicle, but also to their herds. More so, education seems to be one of the mine's focal points as it has built a nursery school supporting the local community. It has also started a computer lab in Makgolokwe Junior Secondary School and donated 10 laptops. A campaign was hosted in September 2013 with the aim of spreading awareness against drugs and substance abuse.

PROJECT 2

STUDIO'S BEACH RESERVOIR

PROJECT NAMES: Cape Town Film Studio

PROJECT LOCATION: Western Cape

PROJECT TYPE/SECTOR: Film

INVESTMENT VALUE: R1.3 billion

QUALIFYING INFRASTRUCTURE VALUE: R259 million

CIP GRANT APPROVED: R23 million (first approval R16.37 million and second approval R6.9 million)

NO. OF JOBS CREATED: 1 530

Social Returns

An official of Cape Town film studio indicated that the studio is working hand-in-hand with the local municipality with regards to the waste and refuse material. They once experienced a problem of people illegally dumping their refuse in the neighbouring areas. To solve this problem, it was initiated that the studio be allowed to recycle this wastage to create carbon. The studio also periodically hosts set tours for the local schools, giving them exposure to the finer details of the movie industry.

CONCLUSION

The MIC incentive programmes (MIP, AIS, 12I, ADEP and ISP) continued to perform well in 2013/14 in their objective of attracting and promoting investment into the manufacturing sector and creating much-needed employment. Through these programmes, **the dti** invested R1.6 billion into the manufacturing sector, supporting the creation of 77 233 jobs. The R1.6 billion represents an increase in manufacturing support of R100 million, from R1.5 billion during the previous financial year (2012/13).

The suspended MIP alone supported the creation of 55 314 jobs, comprising 44 025 actual jobs created by benefitted enterprises and 11 289 projected jobs. MIP disbursements totalled R738.4 million paid to 1 247 enterprises compared to R700 million paid to 1 132 enterprises in 2012/13. The large-scale industrial projects supported through the 12I Tax Allowance programme are expected to achieve accelerated economic growth and job creation. **the dti** invested a total tax allowance of R4.8 billion in the large-scale industrial projects and the investment resulting in 19 849 direct (2 681) and indirect (17 168) projected jobs. Through the AIS, **the dti** injected R817 million into the automotive industry, which is projected to support the creation of 1 496 jobs and sustain 1 656. Moreover, in an effort to develop and nurture local SMMEs into sustainable enterprises, the department paid out R36.4 million to qualifying incubators. The developing aquaculture sector received a R7.1 million boast through the ADEP.

The SIC incentives (Film and TV Production, BPS and TSP) contributed immensely towards attracting foreign direct investment (FDI) and the creation of employment. During 2013/14, the SIC attracted a total FDI of R5 billion to support the creation of 122 049 jobs. Film and TV contributed the biggest share of 92 672 (76%) jobs and attracted R1.3 billion QSAPE through its foreign (R1 147 million) and co-production (R159 million) incentive. The BPS contributed R2.6 billion in FDI to create 26 005 (21%) jobs.

The Film and TV Production incentive had more productions approved than in the previous period, which translated to more jobs supported and shooting weeks increased. There was a decrease in the number of BPS projects approved, but an increase in the number of jobs sustained with great support to jobs for youth. Lastly, the TSP approved less tourism projects considering the move of this scheme to the National Department of Tourism, but supported more jobs than in the previous year.

Investment attraction for the CIP incentive remains a challenge since the programme is not getting enough projects and not achieving its project target over the financial years. In both 2012/13 and 2013/14, the programme approved six and eight projects respectively, which were below the annual target of 12 projects to be approved. However, a marketing strategy has been developed and is being implemented to address these challenges. The unit is engaging with various financial institutions to identify potential investors that may need funding for infrastructure.

It is advisable that the targets be revised regularly to take into account changes in economic and environmental condition.

There were no projects supported in the Free State since inception of the programme. The unit intends to engage with Developmental Financial Institutions and municipalities to address this challenge.

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