

R500m incentive for metals engineering sector

Trade and industry minister Rob Davies has announced the establishment of the metals and engineering incentive aimed at stimulating investment in the sector.



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The minister said this when he briefed the media ahead of tabling the department's Budget Vote debate on Tuesday afternoon.

"The next issue that I think is covered in the speech is that we are making an announcement about the new sector specific incentive. You will recall that last year, the one that we announced was on agro-processing. This year, we are announcing the sector-specific incentive on the metal and engineering value chain. It will be a R500m new incentive that will be rolled out," he said.

The minister said that, in some respects, the department has seen that it gets better value for money in the sector specific programmes.

Malebo Mabitje-Thompson, the deputy director-general for incentive development and administration, said similarly to the support that is being given to the auto sector, the incentive is aimed at supporting the purchasing of equipment as well as investing in competitiveness enhancing activities of an enterprise.

“...and where it also makes sense, we will partner with some of the enterprises for supplier development and the reason we are doing it is that we are looking at the sector more as a value chain rather than just individual companies without looking at the supplier relationships.

“We are worried about the foundry sector. We are worried that if that sector continues to decline in the manner in which it is declining now, we will quickly de-industrialise. We want to stabilise the foundry sector and, in doing so, also work with the engineering services,” she said.

DTI to roll-out new-look black industrial programme

The minister said, meanwhile, that under the Black Industrialist Programme’s incentive grant, as at the end of the financial year that ended in March this year, the dti supported 102 black industrialists.

He said that the programme has provided market access support to 48 of the 102 black industrialists and that the interventions have leveraged R8 billion in investments and led to the creation and the retention of 18,484 jobs.

“We are also going to be announcing the shape of the new programme. Just to say we are setting the same target for the next two financial years – we want to support a further 100 black industrialists but we are also saying that we want to differentiate that support into different categories – the pioneers, the catch-up and the infant stage support.”

Delivering his speech at the National Assembly later in the afternoon, the minister said the pioneers consist of black industrialists that were approved during the inaugural window of the programme up to March 2018.

He said for this category, support would be provided through a post-investment office which will be established to troubleshoot any barriers including regulatory hurdles to fast track their development.

The catch-up category consists of the second wave of the Black Industrialist Scheme and will run between 2018/19 to 2020/21.

“It will entail financial support for projects in line with approved guidelines and the available non-financial support. Eligible projects will be expansion and green field projects with potential to grow fast in a relatively short time frame,” he said.

He said the projects would be supported through a combination of grants, loans and market access interventions.

The minister said the third leg will involve working with the Department of Small Business Development to align some of their programmes to support infant-stage black industrialists.

“The support will be targeted at small companies in the manufacturing sector (particularly those in the township and rural areas) to improve their performance and prospects of growth into black industrialists,” he said.