

Incentive Support for Industrial Infrastructure Projects

Presentation to Select Committee on Trade and Industry,
Economic Development, Small Business Development, Tourism,
Employment and Labour

31 May 2022

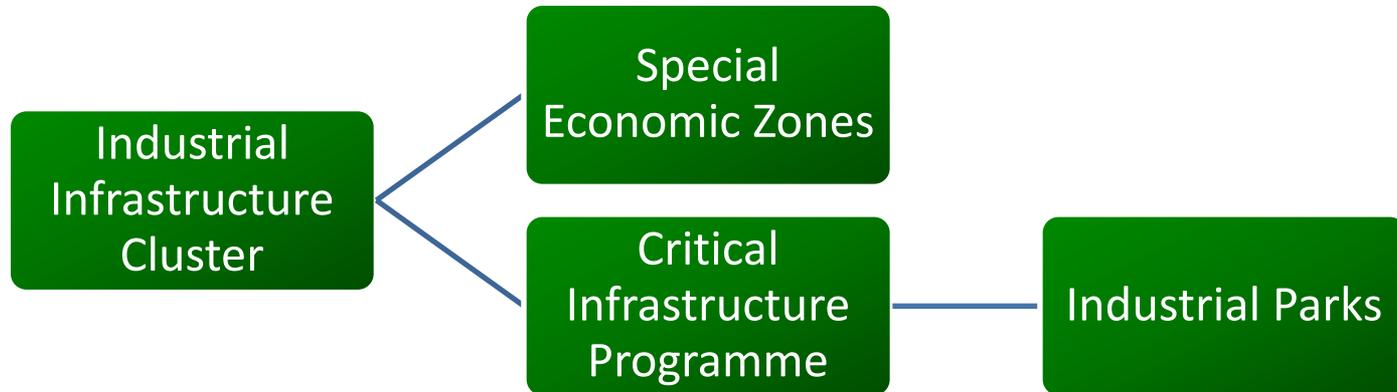
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OVERVIEW of the Industrial Infrastructure Cluster

The Industrial Financing Branch (IFB), within **the dtic** supports industrialisation of the country through incentivising infrastructure development.



SEZ Performance

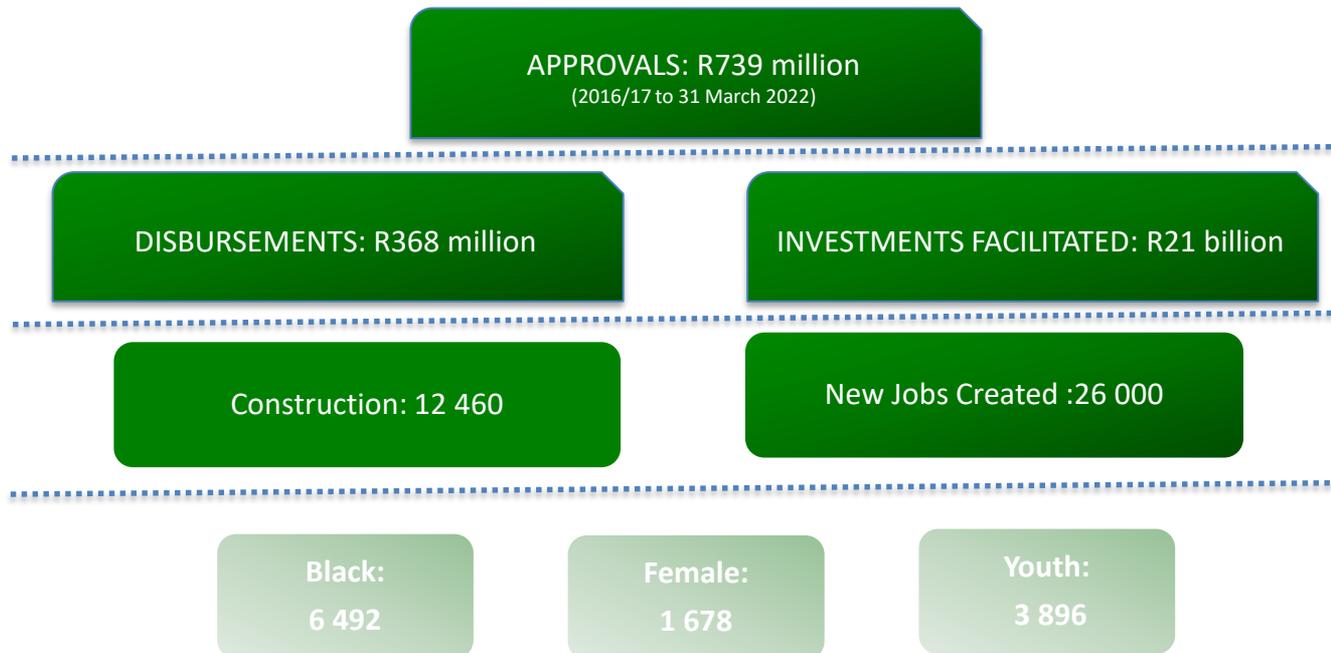
SEZs are geographically designated areas reserved for targeted economic activities in order to promote trade, economic growth and industrialisation. To date, there are 11 designated SEZs operating across seven provinces and others proposed or being planned in the North West, Free State, and Northern Cape provinces. Eight of these 11 have applied for the SEZ incentive.

SEZ APPROVALS AND DISBURSEMENTS OVERVIEW (2013/14 to 31 March 2022)

IDZ	Approval Amount	Claim amount	Investment amount	Jobs created
COEGA IDZ	R2.5 billion	R1.9 billion	R11.2 billion	8 019
DTPC	R289.3 million	R262.7 million	R2.2 billion	4 057
ELIDZ	R2.2 billion	R2 billion	R5.6 billion	3 223
MAP IDZ	R534.4 million	R226 million	R1 billion	164
OR Tambo IDZ	R711.4 million	R502.4 million	R359 million	2 322
RBIDZ	R915.5 million	R369.3 million	R352 million	90
SBIDZ	R949.9 million	R588.5 million	R295 million	190
TASEZ	R3.3 billion	R3.2 billion	R360 million	625
Total	R10.4 billion	R9 billion	R21.4 billion	18 690

CIP Performance

The Critical Infrastructure Programme (CIP) aims to leverage investment by supporting infrastructure that is deemed to be critical, thus lowering the cost of doing business. Infrastructure is deemed to be critical if the investment could not take place without funding from CIP, or if the investment would not operate optimally.



Industrial Parks Performance

Under the CIP, **the dtic** supports infrastructure development in state-owned industrial parks as part of the state-owned Industrial Parks Revitalisation Programme (IPRP).

The programme is implemented in a phased approach and since its inception, R840 million has been approved for industrial parks (IPs) in various provinces.

The implementation of the programme is divided into five progressive phases. As of 31 March 2022, 12 IPs completed phase one, six IPs were approved for phase two and two new IPs were approved for Phase one in 2021/22.

PROVINCE	INDUSTRIAL PARK	CLAIM AMOUNT	TOTAL JOBS
Eastern Cape	Komani/Queendustria IP	R 45 million	249
Eastern Cape	Vulindlela IP	R 61.4 million	223
Eastern Cape	Dimbaza IP	R 50 million	174
Free State	Botshabelo IP	R 49.7 million	288
Free State	Phudthadithjaba IP	R 50 million	85
Gauteng	Babelegi IP	R 76.7 million	277
Gauteng	Ekandustria IP	R 50 million	81
Gauteng	Garankuwa IP	R 42.1 million	62
KwaZulu-Natal	Isithebe IP	R 46 million	227
Limpopo	Nkowankowa IP	R 40.2 million	201
Limpopo	Seshego IP	R 12.9 million	33
North West	Mogwase IP	R 84.4 million	284

Industrial Infrastructure Performance

- In 2021/22, support of R660.1 million was approved for industrial infrastructure projects that will collectively invest R13 billion into the economy. This investment includes R11.8 billion in largely rural districts and townships such as:
 - OR Tambo in the Eastern Cape;
 - Amajuba, iLembe and King Cetshwayo in KwaZulu-Natal;
 - Vhembe in Limpopo;
 - Ehlanzeni in Mpumalanga;
 - ZF Mgcawu in the Northern Cape;
 - Townships of Ga-Rankuwa and Soshanguve in the City of Tswane Metropolitan municipality in Gauteng; and
 - KwaMashu, Phoenix and Verulam in the eThekweni Metropolitan Municipality in KwaZulu-Natal.

Industrial Infrastructure Performance

- Industrial Infrastructure projects are expected to create 14 000 direct jobs and 35 000 construction jobs. These jobs include:
 - 10 000 direct and 22 000 construction jobs that will be created by a project located in Umhlanga in the eThekweni Metropolitan Municipality and that will be using employees from townships such as KwaMashu, Phoenix and Verulam within the same municipality.
 - 500 direct and 600 construction jobs that will be created in a project in Rosslyn, City of Tshwane for people from the Ga-Rankuwa and Soshanguve townships in this municipality.
 - 3000 direct and 11 000 construction jobs projected in the rural district municipalities of OR Tambo, Amajuba, iLembe, King Cetshwayo, Vhembe, Ehlanzeni, and the ZF Mgcawu.



Industrial Infrastructure Province and District

EASTERN CAPE

- **Incentives:** SEZ and IP
- **Type of support received:** Top structure, bulk infrastructure such as electrical, waste water and road infrastructure.
- **Districts supported:** Nelson Mandela Bay Metropolitan Municipality, Buffalo City Metropolitan Municipality, OR Tambo District Municipality, Chris Hani District Municipality
- **Benefits include:** Upgrading and revitalising the districts, procuring from SMMEs
- **Approved to date: R4.9 billion**
- **Claimed to date: R4 billion**
- **Actual Investment: R16.8 billion**
- **Direct Jobs supported: 11 000**

The development of **Queendustria IP** substation has made a difference in the region by distributing electricity to the nearest township Ezibeleni, Komani Hospital, Veekos, Stevenson Road, Kooleen and Zell Wager. Local SMMEs such as Lukhozi Consulting Engineers benefited by obtaining a contract to erect the substation.

The main aim of the **Vulindlela IP** park is to increase manufacturing in the region, to grow economy and to create jobs for the community members. Vulindlela Park currently has 87% occupancy rate and has employed 866 people on a full-time basis. More occupants will result into more job creation.

The **Wild Coast IP** is anticipated to grow the agro –processing and hospitality industries in the region. It will also revitalise the King Sabata Dalindyebo local municipality which has a 43% unemployment rate through its high potential for job creation for both Mthatha and Mqanduli community members



Industrial Infrastructure Province and District

FREE STATE

- **Incentives:** SEZ, CIP and IP
- **Type of support received:** Bulk infrastructure
- **Districts supported:** Mangaung Metropolitan, Fezile Dabi District municipality
- **Benefits include** contribute to employment creation in the textiles, electrical, plastic, poultry and food processing industries in the Botshabelo township. The contracting of local SMMEs during the upgrade of an electrical substation to provide power to a local manufacturer of phosphate.
- **Approved to date: R651.4 million**
- **Claimed to date: R337.5 million**
- **Actual Investment: R1.1 billion**
- **Construction jobs supported: 300**
- **Direct Jobs supported: 900**

The main purpose of the **Botshabelo IP** is to create employment for community members and the surrounding areas, to attract investment and encourage manufacturing. The renovation has attracted R500 million investment so far and created 5 000 permanent jobs through the full functionality of 108 factories.

the dtic is also rolling out digital hubs in various industrial parks, utilising factory spaces to house the hubs. The first hub has been completed in the Botshabelo IP. The Digital Hubs Programme focuses on creating a central meeting point for technology, innovation, and creative businesses in the areas surrounding the IP, which in turn will support start-up accelerator programmes, business incubators, and training programmes.



Industrial Infrastructure Province and District

GAUTENG

- **Incentives:** CIP, IP and SEZ
- **Type of support received:** Bulk infrastructure, property development, top structure, feasibility studies
- **Districts supported:** City of Tshwane Metropolitan, City of Johannesburg Metropolitan, City of Ekurhuleni Metropolitan municipalities
- **Benefits include the** upgrading of infrastructure in the municipalities, the creation of employment as well as local supplier development for various automotive component suppliers. SMMEs that were contracted during construction are also being retained for maintenance.
- **Approved to date: R4.7 billion**
- **Claimed to date: R4 billion**
- **Actual Investment: R21.5 billion**
- **Construction Jobs supported: 6 000**
- **Direct Jobs supported: 11 000**

The main aim of the **Babelegi IP** is to revitalize the state owned park and create jobs. Through the revamp, the functional companies have opened doors of employment to the local population of Hammanskraal

Projects supported in the Tshwane Automotive SEZ all noted the following similar benefits:

- Improved Market Access as the companies are located in the same SEZ as the light motor vehicle manufacturer (Ford) that they supply.
- Focussed Skills and knowledge training and development
- Reduced transport costs
- Reduced Input cost
- Indirect Jobs associated with transport logistics and maintenance.
- Temporary jobs to be created during construction,



Industrial Infrastructure Province and District

KWAZULU-NATAL

- **Incentives:** CIP, IP and SEZ
- **Type of support received:** Bulk infrastructure, property development, top structure, feasibility studies
- **Districts supported:** eThekweni Metropolitan, Amajuba District, iLembe District, King Cetshwayo District municipality
- **Benefits include:** the creation of jobs in local communities, the revitalisation of municipalities to attract investment, local SMEs to be contracted during the construction of a mall and residential building. Procurement of local raw materials.
- **Approved to date: R1.4 billion**
- **Claimed to date: R735.6 million**
- **Actual Investment: R2.6 billion**
- **Construction Jobs supported: 300**
- **Direct Jobs supported: 5 000**

Through development of the Mall and residential building in Umhlanga, employment will be created for the neighbouring communities and work opportunities created for local SMMEs through the procurement of plumbing and electrical service jobs. In addition, the taxi and bus industry will also benefit through the increased number of people requiring transport to and from work.

The development of the industrial area in **Danhouser Local Municipality** will provide employment opportunities for people from nearby communities. In addition, the improved storm water systems and bulk electrical reticulation will improve access to clean water and electricity in the area.

The main purpose of the King Shaka Mall and Civic centre in the **KwaDukuza Local Municipality** is to revitalise the electrical infrastructure in the area. The upgrades will allow the Civic Centre to house all government activities, freeing up space in the central business district for other commercial activities, while the upgrades at the mall are expected to attract more businesses, thereby reducing the need for community members to travel for shopping, and creating jobs in the area.



Industrial Infrastructure Province and District

LIMPOPO

- **Incentives:** CIP and IP
- **Type of support received:** Bulk infrastructure, feasibility studies
- **Districts supported:** Vhembe District, Capricorn district municipalities
- **Benefits include the** revitalising two local municipalities through upgrading commercial blocks and residential areas as well as the contracting of local SMMEs during the construction phase.
- **Approved to date: R188.8 million**
- **Claimed to date: R87 million**
- **Projected Investment: R2.8 billion**
- **Construction Jobs supported: 1 400**
- **Direct Jobs supported: 400**

The **Collins Chabane Local Municipality** project is a mixed-development project that consists of retail, commercial, residential and hospitality. 30% of the construction value will be allocated to local SMME'S and 90% of the unskilled labour will be sourced from the Nkunzana area which is a distressed area with a 75% unemployment rate.

Once construction of the mall is completed, the **Makhado Local Municipality** expects to attract new business to uplift the community and contribute to job creation and reduce the number of job seekers leaving the area.



Industrial Infrastructure Province and District

MPUMULANGA

- **Incentives:** CIP
- **Type of support received:** Bulk infrastructure, feasibility studies
- **Districts supported:** Ehlanzeni District municipality
- **Benefits include** skills transfer in the agro-processing industry and the creation of new jobs.
- **Approved to date: R77.6 million**
- **Claimed to date: R37.3 million**
- **Actual Investment: R90.1 million**
- **Construction Jobs Supported: 2 800**
- **Direct Jobs supported: 3 300**

The main purpose of the redevelop and expansion of the Bushbuckridge Mall project is to alleviate poverty through creating jobs to the vulnerable communities.

If found feasible, the Biocompostable Brands project will create job opportunities for the Nkomazi population. The collaborating technical partner has agreed to impart skills of manufacturing the production of plastic material to BBSA and its employees.



Industrial Infrastructure Province and District

NORTH WEST

- **Incentives:** CIP and IP
- **Type of support received:** Bulk infrastructure
- **Districts supported:** Bojanala Platinum District and Dr Ruth Segomotsi Mompoti District Municipality
- **Benefits include** the upgrading of infrastructure to attract future investors
- **Approved to date: R140.8 million**
- **Claimed to date: R125.7 million**
- **Projected Investment: R2 billion**
- **Construction jobs supported: 90**
- **Direct Jobs supported: 700**

The **Bodirelo IP** is occupied by tenants such as engineering companies, management companies, wholesalers, equipment retail, manufacturing companies and that has opened job opportunities to Mogwase population.

Lekwa-Teemane Local Municipality has implemented the electrical reticulation infrastructure support project. The project required the upgrading of the power line capacity for future economic development in the surrounding industrial area.



NORTHERN CAPE

Industrial Infrastructure Province and District

- **Incentives:** IP
- **Type of support received:** Bulk infrastructure
- **Districts supported:** ZF MgCawu District municipality
- **Benefits include** increased localisation and beneficiation of natural resources as well as capacity building and the empowerment of marginalised groups
- **Approved to date: R50 million**
- **Claimed to date: No claims paid to date**
- **Projected Investment: R382 million**
- **Projected Jobs: 300 construction**

The revitalisation of the **Upington IP** aims to allure investors and boost the economy and reduce unemployment and poverty in the area. In particular the IP intends to attract investors operating in renewable energy, aviation, agro-processing, automotive and business incubation.



Industrial Infrastructure Province and District

WESTERN CAPE

- **Incentives:** CIP and SEZ
- **Type of support received:** Bulk infrastructure
- **Districts supported:** West Coast District municipality
- **Benefits include** the creation of employment and socio-economic projects to uplift the local community
- **Approved to date: R986.9 million**
- **Claimed to date: R580.6 million**
- **Projected Investment: R 2.3billion**
- **Construction jobs supported: 100**
- **Direct Jobs supported: 2 000**

The **Mouton Citrus** created direct jobs through production, packaging and exports of citrus, and indirect jobs through companies in the area that procure raw materials, such as citrus juice extract for use in products such as citrus flavoured rooibos tea. In addition, the farm supports the local area with socio-economic projects such as multi-purpose facilities, sport facilities, cultural activities, internet services, educational support, and health care assistance.



Thank you

Briefing by **the dtic** on the [2020/21 Annual Incentive Report](#).