



# UNLEASHING THE POTENTIAL OF AGRICULTURE TO CREATE JOBS THROUGH AGRO INCENTIVE PERFORMANCE IN THE AGRO-PROCESSING SECTOR

2016/17 TO 31 OCTOBER 2018



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PRESENTATION TO THE PORTFOLIO COMMITTEE ON  
AGRICULTURE, FORESTRY AND FISHERIES

DATE: 27 NOVEMBER 2018

Towards a full-scale industrialization and inclusive growth

# PRESENTATION OUTLINE

- STRATEGIC IMPERATIVES OF THE DTI
- INCENTIVE DEVELOPMENT AND ADMINISTRATION DIVISION OF THE DTI
- OVERVIEW OF INCENTIVE PERFORMANCE IN THE AGRO-PROCESSING SECTOR
  - BLACK INDUSTRIALIST SCHEME
  - AGRO-PROCESSING SUPPORT SCHEME
  - EXPORT MARKETING AND INVESTMENT SCHEME
- WORKING AS ONE GOVERNMENT

# STRATEGIC IMPERATIVES

## the dti

### Objectives

Grow the manufacturing sector to promote industrial development, job creation, investment and exports

Improved conditions for consumers, artists and opening up of markets for new patents players

Strengthened capacity to deliver on **the dti** mandate

### GOALS

1. To facilitate transformation of the economy to promote industrial development, investment, competitiveness and employment creation

2. Build mutually beneficial regional and global relations to advance South Africa's trade, industrial policy and economic development objectives;

3. Facilitate broad-based economic participation through targeted interventions to achieve more inclusive growth;

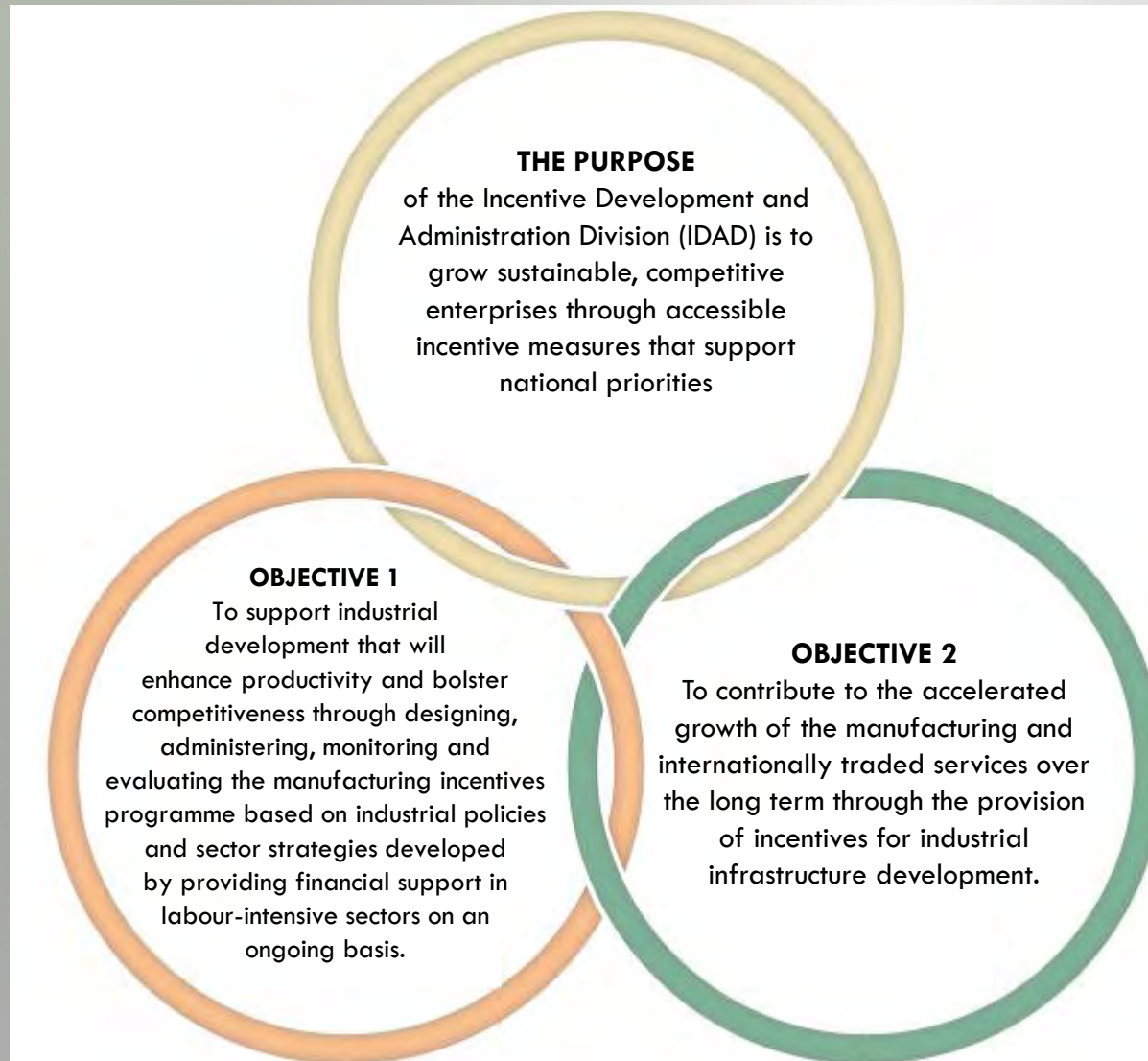
4. Create a fair regulatory environment that enables investment, trade and enterprise development in an equitable and socially responsible manner;

5. Promote a professional, ethical, dynamic, competitive and customer-focused working environment that ensures effective and efficient service delivery.

### Vision

A dynamic industrial, globally competitive South African economy, characterised by inclusive growth and development, decent employment and equity, built on the full potential of all citizens.

# INTRODUCTION TO IDAD: PURPOSE AND OBJECTIVES



## DIVISIONAL SERVICE CHARTER



Integrity



Caring



Transparency



Performance  
Excellence

We commit to customer centricity by:

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

# INTRODUCTION TO IDAD: INCENTIVE CLUSTER OVERVIEW

## Broadening Participation Cluster

Provides incentive programmes that promote broader participation in the mainstream economy of businesses owned by individuals from historically disadvantaged communities and marginalised regions. The broadening participation cluster comprises of the Black Industrialist Scheme, the Technology and Human Resource for Industry Programme and the Support Programme for Industrial Innovation.



## Manufacturing Investment Cluster

Provides incentives to promote additional investment in the manufacturing sector. The manufacturing investment cluster comprises the following programmes and schemes: the section 12I Tax Incentive Allowance, the Automotive Investment Scheme, the Manufacturing Investment Programme, the Agro-processing Support Scheme, the Aquaculture Development and Enhancement Programme and the Incubator Support Scheme.



## Services Investment Cluster

Provides incentive programmes that promote increased investment and job creation in the services sector. The programmes include the Business Process Services programme, and the Film and Television Production Incentive Support Programme for South African and foreign productions.



## Competitiveness Investment Cluster

Provides incentive programmes that promote industrial competitiveness and growth of South African goods and services in the global economy. This cluster consists of the following programmes: the Manufacturing Competitive Enhancement Programme, the Export Marketing and Investment Assistance Scheme, the Sector Specific Assistance Scheme and the Capital Projects Feasibility Programme



## Infrastructure Investment Support Cluster

Provides grants for industrial infrastructure initiatives; the SEZs, Critical Infrastructure Programme, including Industrial Parks, and the Cluster Development Programme, which are aimed at enhancing infrastructure and industrial development, increasing investment and export of value-added commodities.



# AGRO-PROCESSING PERFORMANCE OVERVIEW

Incentive Approvals

**376**



Projected Investment  
**R2.6 billion**



**86%** are Level 1  
to Level 4  
B-BBEE Compliant



Grants  
**R859 million**

**4 641**

Projected jobs to  
be  
Retained

**4 080**

Projected jobs to  
be  
Created

**324** SMME's  
Supported

**20** Black Industrialists  
Supported

# BLACK INDUSTRIALISTS SCHEME



- ❖ The Black Industrialist Scheme (BIS) proposes focused efforts to facilitate the inclusion and participation of black industrialists and centers on the growth and global competitiveness of black-owned enterprises.
- ❖ The intention is to contribute towards shifting the demographic composition of South Africa's industrial sector and to engage under-utilised sources of jobs, revenue, taxes and innovation through the Black Industrialist Scheme.
- ❖ Despite the short time of implementation, the policy has been showing significant results. However, it is still in an early phase and should be considered to be leaning towards further scale and expansion.
- ❖ The entry criteria for the BI Scheme are industrially and economically rigorous, including the dominance and participation of black ownership and doing business in a favoured manufacturing sector relative to the dti's industrial policy action programme.

# BLACK INDUSTRIALISTS AGRO-PROCESSING APPROVALS

APPROVED  
PROJECTS

**R604  
million**

PROJECTED  
INVESTMENT

**R1.5  
billion**



Black industrialists  
are growing in  
independence and  
confidence



Positive multiplier  
effects on  
investment



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

Investment Multiplier  
**2.4**

## BIS APPROVALS PER PROVINCE

PROVINCE	APPROVAL AMOUNT	PROJECTED INVESTMENT	PROJECTED JOBS TO BE CREATED	PROJECTED JOBS TO BE RETAINED
EASTERN CAPE	R39,477,378	R111,606,029.00	182	41
FREE STATE	R75,128,136	R196,618,890.00	193	0
GAUTENG	R274,475,746	R671,382,006.32	558	579
KWAZULU-NATAL	R49,689,057	R113,970,000.00	39	40
LIMPOPO	R48,345,460	R120,863,650.00	70	125
MPUMALANGA	R50,000,000	R111,266,799.00	329	50
WESTERN CAPE	R66,964,587	R142,355,468.00	201	170
<b>TOTAL</b>	<b>R604,080,364</b>	<b>R1,468,062,842.32</b>	<b>1,572</b>	<b>1,005</b>



# BLACK INDUSTRIALISTS AGRO-PROCESSING APPROVALS



## Dursorts Group

Established	2014
Ownership	Black-owned
Province	Limpopo
Sector	Agro-processing
Products	Tomato Related Food Products
Grant	R48m
Export Country	Russia

Small scale local farmers and cooperatives from nearby areas such as Tzaneen, Giyani, Thohoyandou and Musina are selling their produce to Dursots.



Established	2016
Ownership	Black and Youth-owned
Province	Gauteng
Sector	Agro-processing
Products	Pet food and treats
Grant	R12,5m
Export Region	European Union United States of America

# AGRO-PROCESSING SUPPORT SCHEME APPROVALS

- ❖ The Agro-Processing Support Scheme (APSS) seeks to stimulate increased investment by South African companies in agro-processing and beneficiation (agri-business).
- ❖ To qualify for **the dti** support, the investment should demonstrate that it will achieve one or more of the following:
  - increased capacity;
  - employment creation;
  - modernised machinery and equipment;
  - competitiveness and productivity improvement;
  - broadening participation (supply development).
- ❖ The APSS is targeted at five key identified focus areas:
  - food and beverage value addition and processing (including black winemakers);
  - furniture manufacturing;
  - fibre processing;
  - feed production; and
  - fertiliser production.



# AGRO-PROCESSING SUPPORT SCHEME APPROVALS

APPROVED  
PROJECTS

**R230  
million**

PROJECTED  
INVESTMENT

**R1.1  
billion**



Approvals, projected investment and new jobs to less industrialised provinces such as Mpumalanga, Limpopo, Eastern Cape and KwaZulu-Natal is an encouraging sign of broadening participation.



Nine of the projects are women-owned. They are involved in processing activities such as vegetables, dairy products, cookies and ready-to-eat meals.

**Investment Multiplier  
4.9**

PROVINCE	APPROVAL AMOUNT	PROJECTED INVESTMENT	PROJECTED JOBS TO BE CREATED	PROJECTED JOBS TO BE RETAINED
EASTERN CAPE	5,981,235	19,937,450	50	77
FREE STATE	12,237,493	65,548,531	56	0
GAUTENG	66,968,413	320,697,661	755	114
KWAZULU-NATAL	16,915,551	54,874,020	166	154
LIMPOPO	25,766,052	119,510,685	629	0
MPUMALANGA	24,835,282	127,231,131	65	608
NORTH WEST	3,111,612	11,675,407	14	23
NORTHERN CAPE	523,038	1,974,767	5	0
WESTERN CAPE	73,899,315	407,903,473	768	2,660
<b>TOTAL</b>	<b>230,237,991</b>	<b>1,129,353,125</b>	<b>2,508</b>	<b>3,636</b>

# AGRO-PROCESSING SUPPORT SCHEME APPROVALS

## Company highlight: Vuma Rural Development Primary Co-operative



B-BBEE



**R1,7 million**  
Grant awarded



**R7,2 million**  
Projected Investment



KwaZulu-Natal



Food and Beverage  
washing, sorting and  
packing of vegetables



**47**  
Projected new jobs

## Company highlight: Sekhomo Investment (Pty) LTD



B-BBEE



**R1,2 million**  
Grant awarded



**R3,9 million**  
Projected Investment



Limpopo



Food and Beverage  
making of atchar



**15**  
Projected new jobs



**100%**  
Black male-owned

# EXPORT MARKETING AND INVESTMENT SCHEME AGRO-PROCESSING APPROVALS

The Export Marketing and Investment Assistance (EMIA) Scheme develops export markets for South African products and services and supports the process of soliciting new foreign direct investment into the country by:

- ❖ providing marketing assistance to develop new export markets and grow existing export markets;
- ❖ assisting with the identification of new export markets through market research;
- ❖ assisting companies to increase their competitiveness by supporting patent registrations, quality marks and product marks;
- ❖ assisting with facilitation to grow FDI through missions and FDI research; and
- ❖ increasing the contribution of black-owned businesses and SMMEs to South Africa's economy.

**198**  
Female-owned  
SMME's

**153**  
Black-owned  
SMME's

PROVINCE	APPROVAL AMOUNT
EASTERN CAPE	R243,913
GAUTENG	R1,331,981
KWAZULU-NATAL	R879,803
LIMPOPO	R343,480
MPUMALANGA	R86,083
NORTH WEST	R89,199
WESTERN CAPE	R21,774,288
<b>TOTAL</b>	<b>R24,748,747</b>

## Company highlight: Vinifera Grape Seed Oil (Pty) Ltd

Vinifera Grape Seed Oil is a South African producer of extra virgin cold pressed grape seed oil for both the local and export markets.

Export sales six months at and after the event: R2 million

Event attended: Vitafoods Europe Trade Fair 2017

Date: 9-11 May 2017

Country: Switzerland

Approved amount: R76 698



B-BBEE



Western Cape



White-Female



Agro-processing

# WORKING AS ONE GOVERNMENT

- ❖ Department of Agriculture, Forestry and Fisheries and National Treasury are part of the adjudication process.
- ❖ **the dti** has worked with the Department of Agriculture, Forestry and Fisheries on the Emerging Black Farmer Programme which is along the same lines as the Black Industrialist Scheme.
- ❖ Further work must be done to grow farmers from subsistence to sustainable and profitable businesses.
- ❖ Have to look at Agriculture as a value-chain Agriculture/Agro-processing/Manufacturing services.

THANK YOU  
NGIYATHOKOZA  
KE A LEBOHA  
KE A LEBOGA  
SIYABONGA  
INKOMU  
NDO LIVHUWA  
ENKOSI  
NGIYABONGA  
DANKIE

