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THE PROMOTION OF INDUSTRIAL DEVELOPMENT AS
AN ELEMENT OF A CO-ORDINATED REGIONAL
DEVELOPMENT STRATEGY FOR SOUTHERN AFRICA

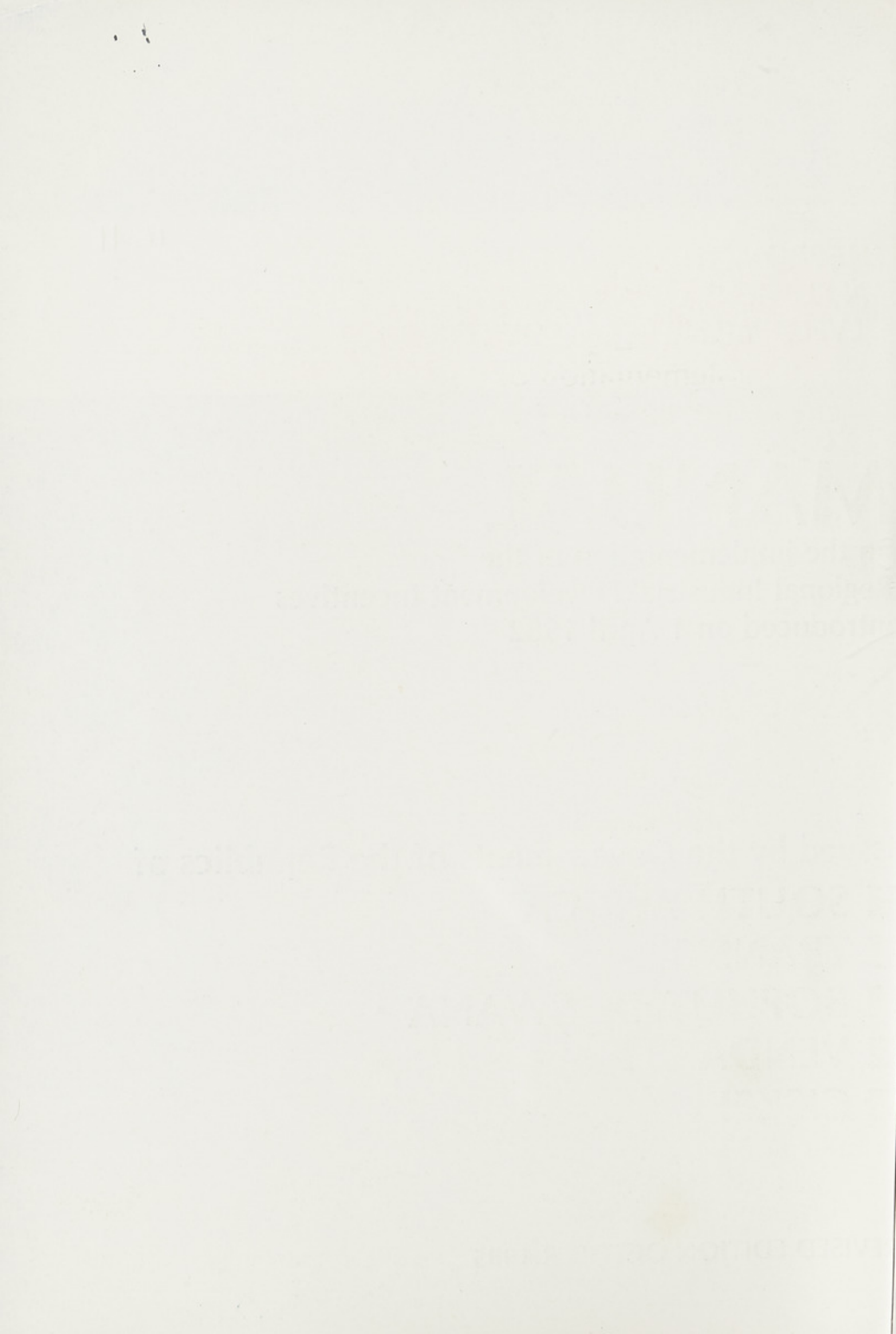
MANUAL

on the implementation of the
Regional Industrial Development Incentives
introduced on 1 April 1982

Issued by the Governments of the Republics of

- SOUTH AFRICA
- TRANSKEI
- BOPHUTHATSWANA
- VENDA
- Ciskei

REVISED EDITION OCTOBER 1985



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Revised Edition: October 1985

Published by the Secretariat for Multilateral Co-operation in Southern Africa
(SECOSAF) on behalf of the Republics of South Africa, Transkei, Bophuthatswana,
Venda and Ciskei.

This manual contains details about the practical implementation of the incentives for the Promotion of Industrial Development introduced with effect from 1 April 1982.

In the event of uncertainty which might still exist in respect of any aspect of the incentives, either of the following authorities, hereafter referred to as Regional Industrial Development Authorities, should be approached for clarification.

REPUBLIC OF SOUTH AFRICA

Board for the Decentralisation of Industry
Private Bag X84
PRETORIA 0001
Tel. (012) 28-5500

TRANSKEI

Transkei Development Corporation
P O Box 103
UMTATA
Republic of Transkei
Tel. (0471) 2-3321/2-6881

OR

Department of Industry, Commerce and Tourism
Private Bag X5029
UMTATA
Tel. (0471) 2-5191

BOPHUTHATSWANA

Department of Economic Affairs
Private Bag X2008
MMABATHO
Republic of Bophuthatswana
Tel. (01401) 29-2750/55

OR

Bophuthatswana National Development Corporation
P O Box 3011
MMABATHO
Republic of Bophuthatswana
Tel. (01401) 2-2151

VENDA

Venda Industrial Development Board
Private Bag X2244
THOHOYANDOU
Republic of Venda
Tel. (01559) 2-1031
OR

Venda Development Corporation
P O Box 9
THOHOYANDOU
Republic of Venda
Tel. (01559) 2-1131

CISKEI

Ciskei Industrial Development Board
Private Bag X520
ZWELITSHA
Republic of Ciskei
Tel. (0433) 2-2500
OR

Ciskei Peoples Development Bank
P O Box 66
BISHO
Republic of Ciskei
Tel. (0401) 2-1540

The five Southern African nations included in the nine development regions are:

- **THE REPUBLIC OF SOUTH AFRICA.** Occupying the southernmost portion of the African continent, the Republic of South Africa (RSA) lies between latitudes 22°S and 35°S. It consists of four provinces — the Cape of Good Hope, Natal, Transvaal and the Orange Free State. The administrative capital is Pretoria, and the seat of legislature, Cape Town.
- **THE REPUBLIC OF TRANSKEI.** Transkei lies on the south-eastern coast of Africa, between the South African provinces of Natal in the north-east and the Cape of Good Hope in the south. The nation became independent in October 1976. The capital of Transkei is Umtata.

- **THE REPUBLIC OF BOPHUTHATSWANA.** Bophuthatswana consists of six separate areas extending in an arc from the industrial area to the north and west of Pretoria, westwards through the South African Province of the Transvaal into the north-western Cape Province. A small segment of the country lies in the South African Province of the Orange Free State, between Bloemfontein and the Lesotho border. Bophuthatswana became independent in December 1977. Its capital is Mmabatho which incorporates the historic town of Mafikeng.
- **THE REPUBLIC OF VENDA.** Venda lies north of the Tropic of Capricorn and is located in the north-eastern corner of South Africa, close to the Zimbabwe border. The Kruger National Park borders Venda on the north-east. Venda became independent in September 1979. The nation's capital is Thohoyandou which is some 70 km east of the South African town of Louis Trichardt in the Northern Transvaal.
- **THE REPUBLIC OF CISKEI.** Ciskei juts into the Eastern Cape Province of South Africa like a finger between East London and Port Elizabeth. Ciskei became independent in December 1981. Its capital is Bisho which lies next to the town of King William's Town in the Republic of South Africa, and is approximately 45 minutes by road from the port of East London.
- **THE SELF-GOVERNING NATIONAL STATES.** Applications for the establishment of industries in these states are being considered by the RSA Decentralisation Board, but such applications should be directed to the respective development corporations of the states concerned in the first instance for processing and submission to the Decentralisation Board. These corporations are listed below:

— **GAZANKULU**

Shangaan-Tsonga Development Corporation
P O Box 559
GIYANI 0826

Tel. (01526) 3213

— **KANGWANE**

KaNgwane Economic Development Corporation
P O Box 935
WHITE RIVER 1240

Tel. (01311) 3-1101

— **KWANDEBELE**

KwaNdebele National Development Corporation
P O Box 1300
BRONKHORSTSPRUIT 1020

Tel. (012121) 22011

— **KWAZULU**

KwaZulu Finance & Investment Corporation
P O Box 2801
DURBAN 4000

Tel. (031) 907-1055

— **LEBOWA**

Lebowa Development Corporation
P O Box 951
PIETERSBURG 0700

Tel. (01521) 7-2221

— **QWAQWA**

QwaQwa Development Corporation
P O Box 5063
PHUTHADITJHABA 9866

Tel. (01432) 9311

DECLARATION BY THE REPUBLICS OF SOUTH AFRICA, TRANSKEI, BOPHUTHATSWANA, VENDA AND CISKEI TO PROMOTE PRIVATE INVESTMENT

We, the Heads of Government of the Republics of South Africa, Transkei, Bophuthatswana, Venda and Ciskei, declare our belief that the private business sector can and must play a vital role in the economic development of our countries and in raising the standard of living of all our peoples. We therefore resolve to encourage private investment in our countries:

- by promoting peace and political stability;
- by subscribing to the rule of law which prevents the emergence of arbitrary government;
- by providing monetary stability;
- by restricting the public sector's direct role in the economy mainly to the provision of collective and strategic goods and services and to the co-ordination of regional development;
- by providing, within the framework of each government's social and other non-economic policies, as much scope as possible to private business enterprises to decide what, how, where and for whom to produce;
- by ensuring the maximum mobility of labour, capital, technology and entrepreneurship which can be reconciled with our official social and other non-economic policies;
- by giving private business enterprises the assurance that they will not be nationalised and that their ability to make profits and to repatriate dividends will not be arbitrarily restricted;
- by minimising the use of direct controls of a socialistic nature;
- by generally providing a framework in which the forces of free enterprise and the market mechanism can make the maximum contribution to the economic welfare of all our people.

In making this declaration we are fully aware that, from an economic point of view, the framework within which private business enterprises operate in our countries has certain deficiencies which require urgent attention. To remove these deficiencies and to improve the general climate for private investment in our economies, we resolve to give priority attention to the following problems through the agencies of joint committees of representatives of our different countries:

- In certain sectors of our economy many prospective entrepreneurs lack the necessary managerial and technological qualifications.

- There exists a measure of uncertainty regarding the ownership of fixed property in certain areas and the free transfer of assets between enterprises.
- There is an over-concentration of economic activities in certain metropolitan areas, which makes it necessary to have a clearly defined policy on industrial decentralisation and rural development.
- The training of workers has not kept pace with the needs of industry in our respective countries, with the result that economic development is being retarded by a shortage of skilled labour. Certain regions have also been adversely affected by a movement of trained workers to other areas where the remuneration and other attractions are greater. The need to improve the training of workers and to improve the utilisation of manpower is therefore urgent.
- For important social and other non-economic reasons the mobility of labour within and between our countries is not as great as might be desirable from a purely economic point of view. The implications of this state of affairs need to be studied further.
- In certain areas of our countries private investment is hampered by insufficient infrastructural services, including physical services such as roads, railways, harbours, communication facilities, electricity, water and housing, and social services such as health and training facilities.
- In order to protect local firms from outside competition with a view to encouraging domestic economic development and the creation of employment opportunities, restrictions are sometimes placed on the free movement of goods and services over the borders of our respective countries. Although national or regional protective policies of this kind are often not without merit, they can cause serious disruption in the exporting countries if unilaterally applied. It is desirable therefore that the states concerned should deliberate together before imposing restrictions on the mobility of goods and services, and that full opportunity should be provided for negotiation and for consideration of the private investor's interests.

We trust that this joint declaration will serve its intended purpose of encouraging increased private sector participation in the development of our respective economies. We intend both jointly and separately to apply the principles set out in this declaration. Where necessary, we shall consult with one another and with the private sector, while we undertake to keep one another informed of our progress. All interested entrepreneurs are invited to discuss their problems, initiatives and plans with our Governments, with a view to removing possible obstacles in the way of increased private sector investment. We are convinced that the enormous development potential of Southern Africa can be fully realised only through close co-operation between the public and private sectors.

Agreed to at the Summit Meeting on July 23 1980 in Pretoria.

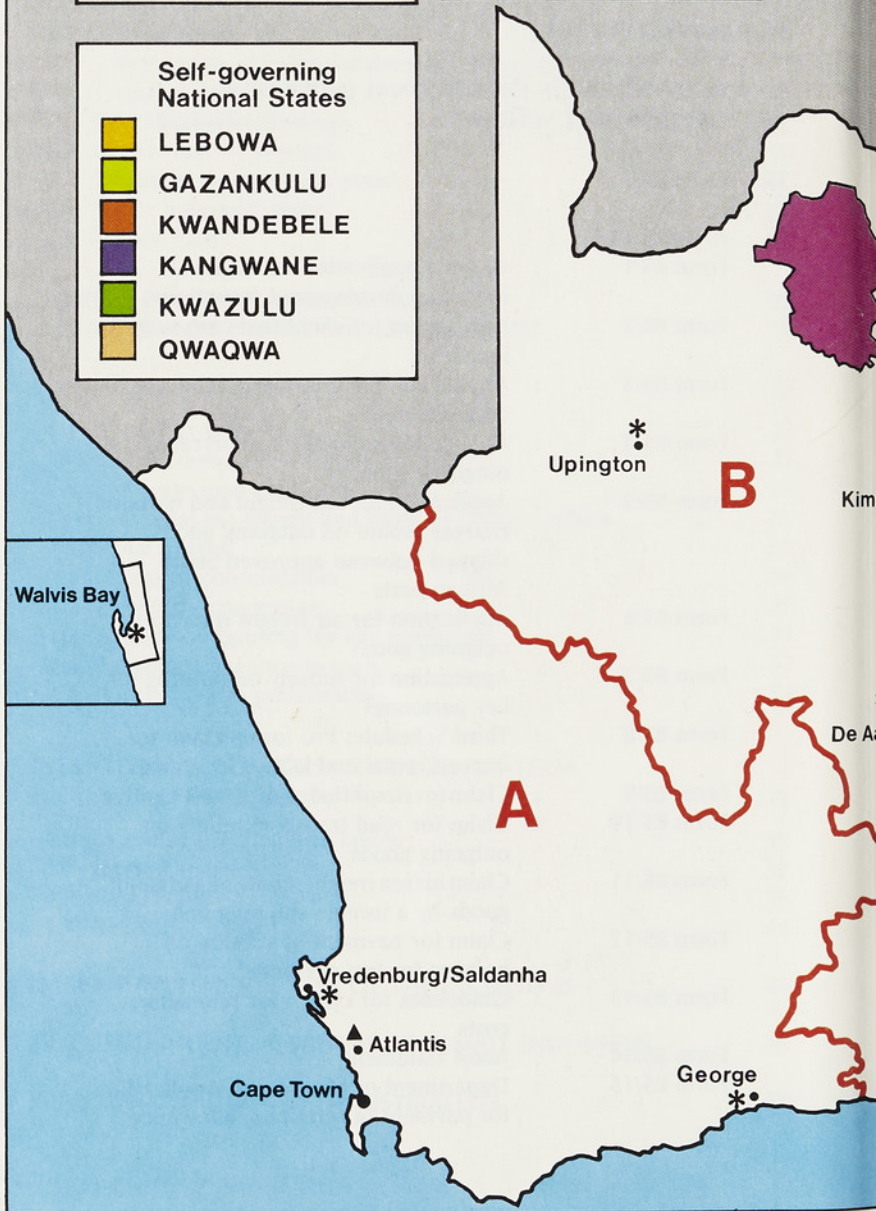
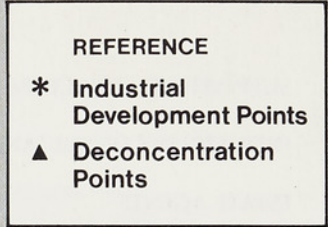
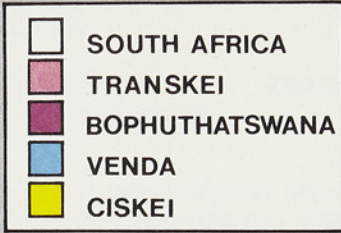
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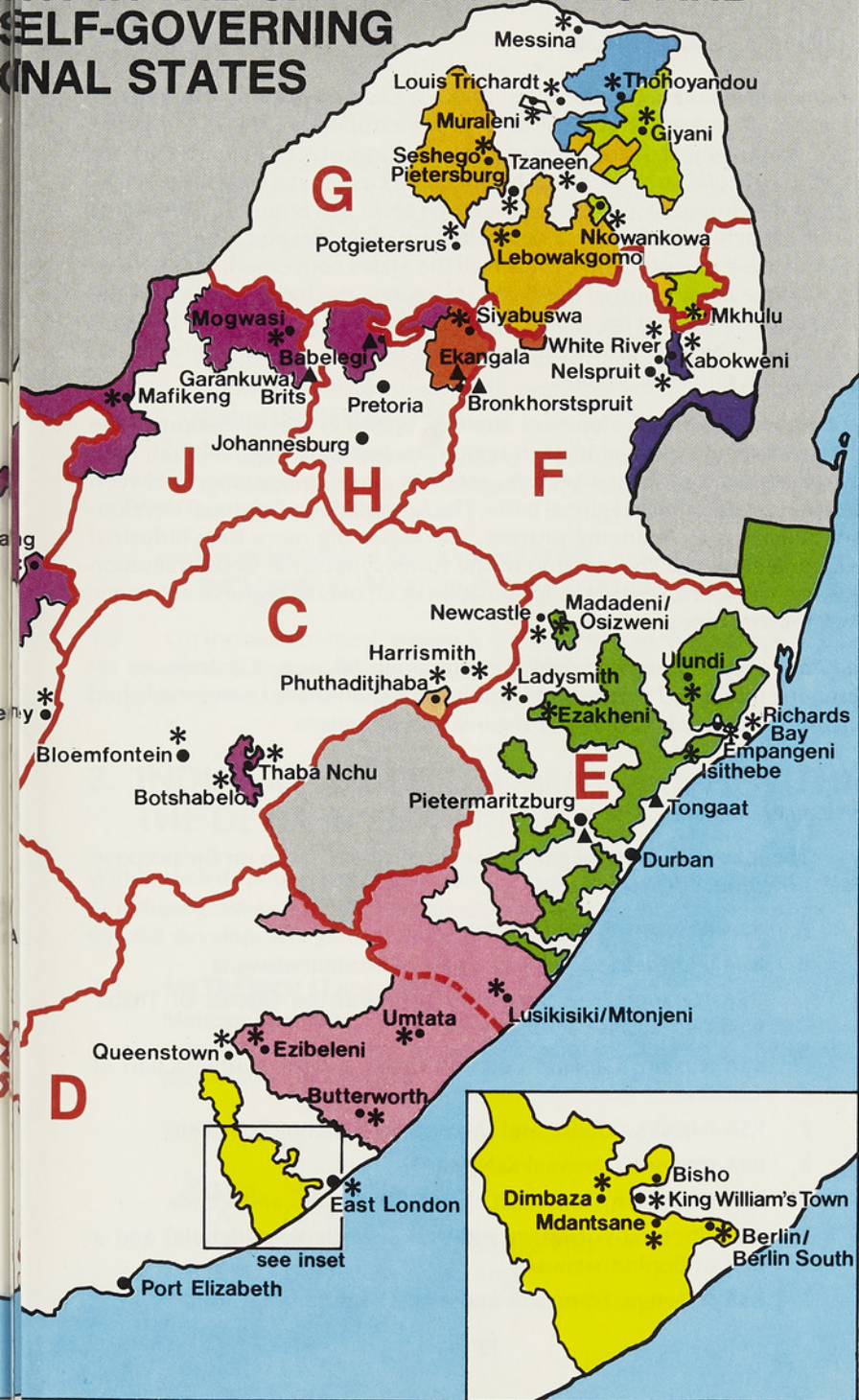
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REGIONAL INDUSTRIAL DEVELOPMENT

THE NAT



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1. INTRODUCTION

Economic development in Southern Africa is characterised by a large concentration of industrial activity in a few metropolitan areas. Efforts to achieve a more equal distribution of secondary industry have up to 1981 not met with particular success, and it had become clear that a new approach to promote development in the less developed areas was required. This object can only be achieved through a rationalisation of the development process, by way of close co-operation between all the States concerned. This entails, inter alia, the elimination of duplicate structures, the harmonisation of development policies and the mutual development and utilisation of basic infrastructures which, in turn, requires the formulation of development strategies for the different regions.

A coherent regional development strategy, aimed at the utilisation of the full development potential of each region, including the agricultural, mining, services and industrial sectors, requires close co-operation between the different States on a regional basis. The formulation of regional development policies is a continuing process, encompassing more than industrial development alone. The revision of the former industrial decentralisation measures was a first step in the formulation of an overall regional economic development strategy.

With this end in view Regional Development Advisory Committees representing interested parties within different regions have been established to assist in the whole process of regional development.

Development regions

- 1.1 The following broad regions have been agreed upon for the purpose of regional development:
- A RSA (Western Cape Province)
 - B RSA (Northern Cape) and a part of Bophuthatswana
 - C RSA (Orange Free State/QwaQwa) and the District of Thaba Nchu of Bophuthatswana
 - D RSA (Eastern Cape/Border) and Ciskei and the southern part of Transkei
 - E RSA (Natal/KwaZulu) and the northern part of Transkei
 - F RSA (Eastern Transvaal/KaNgwane)
 - G RSA (Northern Transvaal/Lebowa/Gazankulu) and Venda
 - H RSA (Pretoria-Witwatersrand-Vaal Triangle/KwaNdebele) and a part of Bophuthatswana
 - J RSA (Western Transvaal) and a part of Bophuthatswana

Due to its location Walvis Bay is not included in these regions but is treated as a separate industrial development point.

These regions are shown on the map, pages 10 and 11.

- 1.2 Since the actual development needs vary from region to region, it was deemed necessary to classify these regions according to the development priority of each. For this purpose the following three criteria were employed:
- the need for employment creation as measured by the rate of unemployment, the absolute number of unemployed and the future need for employment estimated according to the number of adults and children who will probably enter the labour market during the next ten years
 - the need for a higher standard of living as measured by the average income of the inhabitants of a region and its distribution amongst the inhabitants
 - the potential of a development region to satisfy its own employment needs in the future through economic growth
- 1.3 On the basis of these criteria a specific order of precedence of development regions was arrived at and differentiated levels of industrial incentives were introduced for them.

2. INDUSTRIAL DEVELOPMENT AREAS WITHIN THE DEVELOPMENT REGIONS

Within each development region a distinction was made between four types of industrial areas, namely metropolitan areas, deconcentration points, industrial development points, and other industrial points.

2.1 METROPOLITAN AREAS

Metropolitan Areas are areas where the establishment of industries is most favourable for private enterprise because of the existing agglomeration advantages.

The following are the metropolitan areas:

Region	Metropolitan area
A	Cape Peninsula
D	Port Elizabeth/Uitenhage area
E	Durban/Pinetown area
H	Pretoria/Witwatersrand/Vaal Triangle area (PWV)

2.1.1 REGULATION OF INDUSTRIAL DEVELOPMENT IN THE METROPOLITAN AREAS

In addition to the positive incentives applied in certain areas outside the metropolitan areas, the following general measures are applied for the regulation of industrial development in the Republic of South Africa:

- (a) The provision of industrial land will continue to be controlled under section 2 of the Physical Planning Act, 1967 (Act 88 of 1967)
- (b) Certain indirect fiscal measures aimed at recovering the cost of infrastructural and other government services will be applied.

(Paragraphs (a) and (b) refer to domestic SA arrangements)

As far as the regulation of industrial development in the metropolitan areas is concerned, cognisance is taken of the fact that the degree of industrial concentration at present differs markedly among the four metropolitan areas. These differences will be taken into consideration in the application of the indirect control measures. In the case of areas such as the Cape Peninsula and the Port Elizabeth/Uitenhage area, it was accepted that no severe problems of over-concentration were being experienced. Since no deconcentration point is identified in the Port Elizabeth/Uitenhage area, and there is a pressing need for job creation in this area in order to cater for the needs of its growing population, the area warranted selective incentives to stimulate growth.

2.1.2 PORT ELIZABETH/UITENHAGE

The following incentives are applicable to the Municipal areas of Port Elizabeth, Uitenhage and Despatch:

- (i) Interest and/or rental concession of 40%
- (ii) 40% Transport rebate (including rail, road, air and coastal sea freight and harbour charges)
- (iii) Training allowance in cash
- (iv) Special tender preference of 4%
- (v) Electricity concession
- (vi) Simplified tax-free cash wage incentive for small industries referred to in section 6 below subject to a maximum of R50 per worker per month, plus a factor of 20%.

2.2 DECONCENTRATION POINTS

Deconcentration Points are points adjacent or close to the metropolitan areas towards which industrial growth could be channelled

to lessen the pressure of over-concentration in the metropolitan areas. These were identified primarily with a view to accommodating industries which by the nature of their operations require regular contact with the metropolitan areas.

2.2.1 The undermentioned deconcentration points were identified and the incentives applicable thereto are as follows:

LEVELS OF INCENTIVES AT DECONCENTRATION POINTS IN THE DIFFERENT REGIONS

	Transport rebate %	Employment incentive for 7 years		Training grant	Interest and/or rental concession for 10 years (%)	Housing subsidy (% of interest rate)	Relocation allowance	Price preference on tenders %
		% of salary & wage bill	Maximum amount per worker R/month					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Region A								
RSA — Atlantis	40 (Electricity concession applies)	80	70	YES	40	40	YES	4
Region E								
(i) RSA — Pietermaritzburg	20*	80	25	YES	15	20	YES	4
(ii) Tongaat	20*	80	30	YES	20	20	YES	4
(iii) A point south of Durban	STILL TO BE DETERMINED							
(iv) KWAZULU — Imbali/Swarkops/Edendale, a point south of Durban, a point north of Durban (but not further south than Tongaat)	20*	80	35	YES	25	20	YES	4

* The transport rebate at deconcentration points in region E will not apply in respect of goods transported to the Durban/Pinetown metropolitan area.

	Transport rebate %	Employment incentive for 7 years		Training grant	Interest and/or rental conces- sion for 10 years (%)	Housing subsidy (% of interest rate)	Relocation allowance	Price pre- ference on tenders %
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Region H								
(i) RSA — Bronk- horst- spruit, Brits	NO	80	30	YES	20	20	YES	4
(ii) BOPHUTHA- TSWANA — Babelegi, Garankuwa	NO	80	35	YES	25	20	YES	4
(iii) KWANDEBELE Ekangala (Ekandustria industrial area)	NO	80	35	YES	25	20	YES	4

2.2.2 EXPANSIONS OF INDUSTRIES UTILISING THE PREVIOUS SCHEDULE OF CONCESSIONS AT DECONCENTRATION POINTS

With effect from 1 April 1984, expansions of existing factories situated at these points and which are still utilising the previous Schedule of concessions are only eligible for the current Schedule of concessions introduced on 1 April 1982.

2.3 INDUSTRIAL DEVELOPMENT POINTS

Industrial Development Points are points where alternative agglomeration advantages can be created to counterbalance the existing metropolises, to create employment opportunities in the regions concerned and, in the process, to achieve a better spatial balance in the development in Southern Africa. As indicated in paragraph 11, infrastructure will be created at these points on a strict priority basis which means that additional infrastructure will not necessarily be provided at all of these points.

2.3.1 The undermentioned industrial development points were identified and the incentives applicable thereto are as follows:

LEVELS OF INCENTIVES AT INDUSTRIAL DEVELOPMENT POINTS IN THE DIFFERENT REGIONS

	Transport rebate %	Employment incentive for 7 years		Training grant	Interest and/or rental conces- sion for 10 years (%)	Housing subsidy (% of interest rate)	Reloca- tion allowance	Price prefe- rence on tenders %	Elec- tricity conces- sion
		% of salary & wage bill	Maximum amount per worker R/month						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Region A									
(i) RSA — George/ Pacalts- dorp/ Vreden- burg/ Saldanha	40	80	70	YES	40	40	YES	5	YES
Region B									
(i) RSA — Kimberley De Aar Upington	40	80	70	YES	40	40	YES	5	YES
(ii) BOPHUTHA- TSWANA Taung	40	80	80	YES	45	40	YES	10	YES
Region C									
(i) RSA — Bloemfon- tein Harrismith	40	80	70	YES	40	40	YES	5	YES
(ii) QWAQWA Phuthaditj- haba A point in the vicinity of Harrismith	40	95	110	YES	75	40	YES	10	YES
	STILL TO BE DETERMINED								
(iii) Botshabelo	40	95	100	YES	70	40	YES	10	YES
(iv) BOPHUTHA- TSWANA Thaba' Nchu	40	95	100	YES	70	40	YES	10	YES

	Transport rebate %	Employment incentive for 7 years % of salary & wage bill	Maximum amount per worker R/month	Training grant	Interest and/or rental conces- sion for 10 years (%)	Housing subsidy (% of interest rate)	Reloca- tion allowance	Price prefer- ence on tenders %	Elec- tricity conces- sion
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Region D									
(i) RSA — Berlin King William's Town, East London Queenstown	60	80	100	YES	60	60	YES	5	YES
(ii) TRANSKEI — Butterworth Umtata Ezibeleni	60	95	110	YES	80	60	YES	10	YES
(iii) CISKEI Dimbaza Mdantsane Berlin South Sada*	60	95	110	YES	80	60	YES	10	YES
Region E									
(i) RSA — Ladysmith Newcastle Richards Bay/Empan- geni, a point in Southern Natal	50	80	80	YES	45	50	YES	5	YES
(ii) TRANSKEI Lusikisiki/ Mtonjeni	50	95	105	YES	70	50	YES	10	YES
(iii) KWAZULU Isithebe Ulundi Ezakeni Madadeni/ Osizweni	50	95	105	YES	70	50	YES	10	YES

* Sada receives these incentives on an *ad hoc* basis

	Transport rebate %	Employment incentive for 7 years		Training grant	Interest and/or rental conces- sion for 10 years (%)	Housing subsidy (% of interest rate)	Reloca- tion allowance	Price prefer- ence on tenders %	Elec- tricity conces- sion
		% of salary & wage bill	Maximum amount per worker R/month						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
A point near Richards Bay, a point in southern KwaZulu	50	95	105	YES	70	50	YES	10	YES
Region F									
(i) RSA — Nelspruit/ White River	40	80	70	YES	40	40	YES	5	YES
(ii) KANGWANE Kabokweni (A further point to be added)	40	95	110	YES	70	40	YES	10	YES
Region G									
(i) RSA — Pietersburg Louis Trichardt Potgietersrus Tzaneen Messina	50	80	90	YES	50	50	YES	5	YES
(ii) VENDA Thohoyandou Muraleni	60 50	95 95	110 110	YES YES	80 70	60 50	YES YES	10 10	YES YES
(iii) LEBOWA — Seshego Lebowa- kgomo, a point near Steelpoort Valley	50 50	95 95	100 110	YES YES	60 70	50 50	YES YES	10 10	YES YES
(iv) GAZANKULU Ciyani Nkowanowa Mkhuhlu	50	95	110	YES	70	50	YES	10	YES

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Region H									
KWANDEBELE —									
Siyabuswa (A further point to be added)	40	80	80	YES	45	40	YES	10	YES
Region J									
BOPHUTHA- TSWANA									
Mogwasi Mafikeng	40	80	80	YES	45	40	YES	10	YES
Walvis Bay	50	80	90	YES	50	50	YES	5	YES

2.3.2 EXPANSIONS OF INDUSTRIES UTILISING THE PREVIOUS SCHEDULE OF CONCESSIONS AT INDUSTRIAL DEVELOPMENT POINTS

With effect from 1 April 1984 expansions of existing factories situated at these points and which are still utilising the previous schedule of concessions are only eligible for the current Schedule of incentives introduced on 1 April 1982.

2.4 OTHER INDUSTRIAL POINTS

2.4.1 REPUBLIC OF SOUTH AFRICA

Other Industrial Points in the Republic of South Africa are points where concessions have previously been granted, but which are not deconcentration points, industrial development points or ad hoc cases.

The previous levels of incentives have been maintained and transformed as provided for in the announcement at the inception of the incentive scheme on 1 April 1982.

2.4.2 TRANSKEI, BOPHUTHATSWANA, VENDA AND CISKEI (TBVC States) AND THE SELF-GOVERNING NATIONAL STATES.

Industries established at points other than deconcentration points or recognised industrial development points in Transkei, Bophuthatswana, Venda and Ciskei (TBVC States) as well as in the Self-governing National States* will receive the same levels of incentives as those applicable to industries established at the nearest identified industrial development point within the same region in the Republic of South Africa. (For particulars of these incentives, see paragraph 2.3.1 above).**

* These constitute the Self-governing National States in South Africa

** In the case of KwaNdebele, Region F is accepted for this purpose

2.4.3 EXPANSIONS OF INDUSTRIES UTILISING THE PREVIOUS SCHEDULE OF CONCESSIONS AT OTHER INDUSTRIAL POINTS

With effect from 1 April 1984 expansions of existing factories situated

at these points and which are still utilising the Second Schedule of concessions which were applicable before 1 April 1982 are only eligible for the current Schedule of concessions.

2.5 AD HOC CASES

Ad hoc cases refer to specific projects and not to industrial points as such, and comprise all those cases which fall outside the above-mentioned four categories which may in exceptional circumstances be considered by the Regional Industrial Development Authority concerned to merit certain incentives. The local circumstances, the type of project and its location, will be deciding factors for the granting of such incentives strictly in accordance with the special needs of the applicant. In adjudicating ad hoc cases, the Regional Industrial Development Authority will take cognisance of the need to promote concentrated regional development and will maintain the differentiated incentive levels in favour of the industrial development points. The Regional Industrial Development Authority could in exceptional circumstances approve incentives for ad hoc cases up to the level applicable to the nearest development point.

3. GENERAL PRINCIPLES AND PROCEDURES

- (a) Any person who applies for incentives or who claims payment of incentives, should first acquaint himself with the general principles and requirements contained in this Manual including its annexures, and any amendments thereof, as well as with the specific conditions in terms of which the incentives are to be or were granted.
- (b) All information supplied to the Regional Industrial Development Authorities by the private sector in discussions and negotiations will be treated in the strictest confidence.
- (c) Only secondary industry is eligible for regional industrial development incentives. In this connection the following principles are generally applied:
 - (i) The Regional Industrial Development Authorities consider secondary industry operations to be manufacturing, processing and assembling. Basic agricultural, mining, commercial and service activities are excluded.
 - (ii) By mutual agreement between the participating states, certain locality bound and raw material orientated industries do not qualify for incentives.
 - (iii) As a general guideline, the value added of approved industries should at least constitute 25% of the ex factory price of the product. The value added includes the administrative and marketing

overheads, the remuneration of labour (wages and salaries), provision for depreciation, payment for the services of capital (interest, returns on land and intangible assets (rent, royalties, copyrights, patents) and the reward for entrepreneurship (profit before tax and after interest payments).

- (iv) Applications shall be submitted to the Regional Industrial Development Authority concerned on the prescribed form, a copy of which appears in the Annexures. Such Authority, in considering an application will take into consideration, amongst others, the degree of processing, assembling or manufacturing, the viability of the industry, employment opportunities to be created, the capital/labour ratio of the project, the cost-effectiveness of incentives in terms of cost per job opportunity and the contribution of the project towards the development of the point/region as well as in attaining the overall objectives of the whole scheme. Any decision taken by such Authority shall be final and binding.
- (v) It must be clearly understood that the utmost good faith is expected of an applicant and that the information submitted by him will have a material bearing on any decision to be taken by such Authority relating to the application and that, should it subsequently appear to such Authority that any information in the application was not correct, or that certain information was omitted, then such Authority shall be entitled to reject the application or to terminate the incentives, as the case may be and, without prejudice to any other rights, to claim back any amounts paid or other concessions granted to the applicant under the scheme.
- (d) In order to qualify for concessions, the prior approval of the Regional Industrial Development Authority concerned must be obtained for new projects, the expansion of existing projects and the relocation of projects. For the relocation of projects, please see paragraph 4.9.
- (e) Industries which intend to relocate or have relocated from one identified development point to another will not be eligible for any incentives under the scheme. Applications for incentives from industries which intend relocating from any rural point in Southern Africa to any of the identified regional development points, will be treated with the greatest circumspection with a view to sustaining employment in rural areas.
- (f) Existing industries located at development points do not qualify for the short-term concessions. Such industries may, however, qualify for the long-term incentives available at the development points concerned subject to the approval of the Regional Industrial Development Authority concerned.

- (g) Industries already established at regional development points may qualify for the short-term incentives based on *an expansion* of their projects at such points. For this purpose “expansion” shall mean a planned expansion of a project, resulting in the employment of meaningful additional capital and labour in the full financial year on which the application is based. If prior written approval for an expansion is not obtained the industrialist runs the risk of forfeiting any incentives in respect of such expansion.
- (h) Only industries established on approved industrial property within the regional development points, i.e. deconcentration, industrial development, and other industrial points mentioned above, will qualify for incentives. In the case of the RSA, authority has to be obtained under the Physical Planning Act, 1967, for the establishment of a factory on land other than proclaimed industrial land.
- (i) Industries which are eligible for incentives must also comply with the prescribed requirements of other authorities regarding the establishment of factories. If necessary, the Regional Industrial Development Authorities will assist industrialists and provide guidance in this matter.
- (j) The regional industrial development incentives granted by the Regional Industrial Development Authorities will apply in addition to any other concessions for which industries may be eligible under any other government scheme, such as export incentives, etc.
- (k) “Financial year” means a financial period of the company as accepted by the relevant taxation authority. Changes in financial years of companies must be cleared with the relevant taxation and Regional Industrial Development Authorities prior to such changes.
- (l) Industrialists claiming payment of incentives will be required to submit audit certificates issued by an external auditor as prescribed. Such audit certificates must be submitted on the prescribed form, Annexure 85/14.
- (m) Any over-payment to an industry will be recoverable from such industry or may be deducted from monies payable to it or which will become payable to it.
- (n) Regional Industrial Development Authorities reserve the right to conduct inspections of the premises, manufacturing activities and records of industries who have applied for or who receive incentives with a view to verifying particulars concerning the granting or payment of such incentives. Such industries must retain the necessary records in respect of their operations for at least three years.
- (o) The application, the general principles and provisions contained in this Manual including its annexures and any amendments thereof as

well as the conditions subject to which the incentives have been granted, as set out in the concession letter, constitute the complete agreement between the applicant and the Authority concerned which supersedes all previous communications, representations or agreements, either written or oral, with respect to the subject matter hereof.

- (p) Furthermore, no relaxation which any authority may allow an industrialist at any time in regard to the carrying out of any of his obligations in terms of this agreement nor any deviation from or breach of or failure to comply with the terms thereof, shall be construed as a condonation, waiver or ratification of such deviation, breach or failure or of any future deviation, breach or failure.
- (q) The South African Decentralisation Board is the co-ordinating body for regional industrial development in those regions in the Republic of South Africa where incentives are offered under the regional industrial development scheme. The Board should, therefore, be approached with regard to a proposed project in any of the South African development regions. Applications for incentives at regional development points in South Africa *must be submitted* to the Board on its prescribed form (a copy of which is attached to this Manual) *prior to the establishment or expansion of a project*. If necessary, further copies of the application form may be obtained from the Board or the development corporations and local authorities at regional development points in the various regions.
- (r) With regard to industrial establishment in the Self-governing National States, applications should in the first instance be directed to their respective development corporations listed on page 4, which will process such applications and submit them to the Decentralisation Board for consideration.
- (s) Applications for incentives in respect of projects to be established or expanded in the TBVC States should be directed to the Regional Industrial Development Authority concerned in these states. (For addresses see pages 2 and 3 of this Manual).
- (t) Industrialists who invest in the TBVC States may apply for insurance cover against losses caused by —
 - (i) the operation of a law, or of an order or a decree, or regulation, having the force of law, which prevents, restricts or controls the transfer from the country in which the investment was made to the Republic of South Africa of dividends and interest, or payments in respect of the investment; and
 - (ii) expropriation or confiscation.

Full details of this insurance scheme are obtainable from the Credit Guarantee Insurance Corporation of Africa Ltd, P O Box 9244, Johannesburg 2000.

4. INCENTIVES FOR INDUSTRIAL DEVELOPMENT

In general, there are two distinctive sets of industrial incentives, namely—

- (a) those aimed at compensating industrialists for certain long-term cost disadvantages in the areas concerned; and
- (b) those aimed at alleviating certain short-term financing problems, especially during the initial years after the establishment of industries at regional development points.

In this section the nature and certain aspects concerning these incentives are explained. The nature and extent of incentives for the different regions and points are set out in paragraphs 2.1, 2.2, 2.3 and 2.4.

LONG-TERM INCENTIVES

All industries established at regional development points and which comply with the criteria laid down by the Regional Industrial Development Authorities will be considered for the long-term incentives. Applications for such incentives must be submitted for approval to the Authority concerned on the prescribed form.

4.1 TRANSPORT REBATES:

4.1.1 RAIL TRANSPORT REBATE ON OUTGOING GOODS

- (a) All industries at regional development points where the rebate is applicable will be considered for the rebate, which may be utilised in respect of all official means of transport, i.e. either by means of SA Transport Services' own transport facilities (rail and road) or those of the national carriers of the other participating states, or transport contracted by these services. (This concession is also applicable to goods forwarded f.o.r. sender's station).
- (b) To utilise the rebate industrialists must register with the Regional Industrial Development Authority concerned as approved manufacturers and for this purpose the prescribed form, Annexure 85/3, must be used. Only approved goods produced by an industry at and consigned from a regional development

point or other prior approved point will be considered for the rebate. Approved rebates will take effect on the first day of the month following the date of approval of registration thereof by the Regional Industrial Development Authority. In the case of industries already in production, the rebate will be operative from the date indicated in the concession letter.

- (c) Goods on which a rebate is granted must be consigned via the nearest railway station or Road Motor Transport Services depot, unless the Regional Industrial Development Authority concerned has agreed that such goods may be consigned from another point for the purposes of the implementation of the rebate scheme.
- (d) In order to enable the Regional Industrial Development Authority to make the necessary arrangements with SA Transport Services for the implementation of the rebate from the effective date, the industrialist should, immediately upon receipt of his concession letter, furnish full particulars of his products which are to be transported. New industries which have not yet commenced production must advise the Regional Industrial Development Authority at least two months before the first consignment takes place. When advising the Regional Industrial Development Authority, descriptions according to the Official Goods Tariff Book of the SA Transport Services or of national carriers of the other participating states, the corresponding tariff classes, and the station nearest to the factory from where the products are to be consigned, should be provided.
- (e) When consigning goods under the rebate scheme, the consignment note must be endorsed by the consignor as follows:

This is to certify that the product/products listed on this consignment note has/have been manufactured in the approved factory atand qualifies/qualify for the% rebate.

(signed)

Designation.....

Date
- (f) In the case of approved products being transported to a point outside the SATBVC States, the rebate applies only to transport costs within the SATBVC States.

4.1.2 PRIVATE ROAD TRANSPORT REBATE ON OUTGOING GOODS

NB: This is *not a standard concession* and is subject to strict compliance with all the undermentioned requirements.

- (a) Industrialists' own vehicles and other private vehicles
- (i) The exemption to regional industries provided for in the appropriate road transport legislation of the participating states is retained. In terms of this general exemption a regional industry is permitted to convey its own goods by means of one goods vehicle only, the gross vehicle mass of which does not exceed 26 000 (twenty six thousand) kg, or by means of one trailer only, the gross vehicle mass of which does not exceed 18 100 (eighteen thousand one hundred) kg both of which have an approximate carrying capacity of 14 000 kg and of which the regional industrialist is the owner, provided such goods vehicle or trailer, as the case may be, is registered and identified in terms of government regulation in the participating states.
 - (ii) The above-mentioned vehicle may be utilised for the transportation of all the industrialists' own goods, i.e. both raw materials to and finished goods from the factory at the regional development point.
 - (iii) Industrialists established at industrial development points which have been announced in accordance with Section 2(c) of the Road Transportation Act, 1977, of the Republic of South Africa or equivalent road transport legislation of the other participating states, should register with the SA Department of Transport, Private Bag X193, Pretoria 0001 or the appropriate authorities in the TBVC States in order to qualify for this rebate.
 - (iv) The relevant percentage transport rebate applicable to industries at the various regional development points may also apply to outward road transportation of the goods produced by such industries and conveyed by other private vehicles, subject to the necessary permits first being obtained, unless already exempted, as well as receiving prior approval from the Regional Industrial Development Authority concerned.
- (b) Public carriers
- The relevant percentage transport rebate applicable to industries at the various regional development points may also apply to outward road transportation of approved goods manufactured by such industries in respect of the vehicles of a public carrier hired for this purpose.
- (c) The following procedure for the implementation of the rebate scheme in respect of the above cases of private road transportation will apply:
- (i) Industrialists who wish to utilise the rebate in respect of

road transportation of the specific products on which the rebate is to be granted, must apply to the Regional Industrial Development Authority concerned.

- (ii) The rebate will only be granted where the industrialist, or carrier who undertakes the haulage on behalf of the industrialist, is in possession of the necessary private or public road transportation permit or other authorising exemption in terms of the road transport legislation of the participating states.
- (iii) The foregoing does not affect the SA Transport Services' own Road Motor Transport Service.
- (iv) The Regional Industrial Development Authorities will enter into a firm agreement with industrialists in respect of the rebate on the products which are registered with these authorities and the points to which deliveries may be made. Only the transportation of the registered goods between points specifically approved by the Regional Industrial Development Authority concerned, who may limit such points, will qualify for the rebate after an agreement has been entered into between the industrialists and the Regional Industrial Development Authority concerned. For the purpose of this rebate, points shall mean towns and not delivery addresses.
- (v) The Regional Industrial Development Authorities will pay the rebate in respect of the industrialist's actual comparable road transportation cost or an applicable or calculated rail tariff for the products agreed upon, whichever is the lower. The SA Transport Services will assist these authorities in determining the tariffs applicable to products which are registered with the latter, and which are eligible for the rebate on private road transportation. In cases where standard rail tariffs are available, the industrialist must obtain such tariffs from his local station master and submit such tariffs to the Regional Industrial Development Authority with his application.
- (vi) The rebate will become effective on the first day of the month following approval thereof by the Regional Industrial Development Authority.
- (vii) In the case of approved products being transported to a point outside the SATBVC States, the rebate applies only to transport costs within the SATBVC States.
- (viii) In the application of the road transport rebate the same principles applicable to transport by the SA Transport Ser-

VICES will be adhered to, i.e. delivery between approved points by the shortest route.

- (ix) Copies of the prescribed forms to apply for and claim this rebate are attached, Annexures 85/4 and 85/10.
- (x) Within four months after the end of each financial year, a certificate issued by an external auditor in the form prescribed by the Regional Industrial Development Authority concerned must be submitted in substantiation of the claims in respect of that financial year.

4.1.3 SEA FREIGHT AND HARBOUR CHARGES REBATE ON OUTGOING GOODS SHIPPED BETWEEN APPROVED SOUTH AFRICAN PORTS

- (a) The existing percentage transport rebate applicable at the various identified regional development points where the products are manufactured, are allowed on outgoing coastal sea freight in respect of approved products.
- (b) The same percentage rebate as above is also allowed on the related harbour charges at the South African ports of shipment and discharge.
- (c) The transportation of the products by road or rail from the regional development point to the port of shipment as well as from the port of discharge to the final point of delivery, may also qualify for the relevant percentage transport rebate applicable to the regional development point where the products are manufactured, except where such costs are included in the relevant harbour charges.
- (d) The rebate will be payable on actual coastal shipping costs plus harbour charges plus road or railage costs from the regional development point to the port of shipment and again from the port of destination to the final delivery point (town), except where such road or railage costs are included in the relevant harbour charges; or the applicable rail tariff or reference rail tariff, should the products be transported overland by rail, *whichever is the lower*.
- (e) If a South African shipping line is used the rebate will be allowed to the regional industry by the shipping line as well as the relevant SA Harbours, who will claim all rebates so allowed from the Regional Industrial Development Authority concerned.
- (f) If a foreign shipping line is used the SA Harbours will allow the regional industry the relevant harbour rebate and then claim the rebate so allowed from the Regional Industrial Development

Authority concerned. The sea freight should, however, be paid by the regional industry to the foreign shipping line in full. The rebate on such sea freight may be claimed by the regional industry direct from the Regional Industrial Development Authority concerned. Special claim forms for this purpose are available from the Regional Industrial Development Authorities.

- (g) Application for the rebate on coastal sea freight and harbour charges must be made on the prescribed form, Annexure 85/5.

- NB:
- (i) In the case of Walvis Bay, all goods produced there and shipped from there to another South African port, irrespective of whether the goods qualify for the transport rebate or not, qualify for the 50% rebate on harbour charges.
 - (ii) In the case of East London, goods produced by industries in Region D and shipped from that port to another South African port, irrespective of whether the goods qualify for the transport rebate or not, qualify for the 60% rebate on harbour charges.

4.1.4 AIR FREIGHT REBATE ON OUTGOING GOODS (ONLY TRADITIONAL AIR FREIGHT COMMODITIES DISPATCHED ON A REGULAR BASIS)

- (a) Approved products of regional industries may qualify for an outward transport rebate on air freight between airports within the borders of the participating states. The rebate will be the same as the existing percentage transport rebate applicable at the various identified regional development points where the products are manufactured.
- (b) The rebate will be allowed by South African Airways or any other scheduled airline to the regional industry on the air freight when the goods are shipped, and will then be claimed from the Regional Industrial Development Authority concerned.
- (c) Application for the rebate on air freight must be made on the prescribed form, Annexure 85/6.

4.1.5 FREIGHT CONSOLIDATORS

Details of the procedure to be followed when use is made of a freight consolidator may be obtained from the Regional Industrial Development Authority concerned.

4.2 ELECTRICITY CONCESSION

- (a) The cost of electricity to consumers supplied directly by ESCOM, and electricity generated by the local authorities themselves at industrial development points, is subsidised in order to ensure an effective end tariff equal to the ESCOM basic tariff (presently the Eastern Transvaal Region). This concession also

applies to Port Elizabeth/Uitenhage/Despatch, Walvis Bay and Atlantis. Municipalities and other bulk industrial consumers involved will, as in the past, pay the full tariff to ESCOM, but will subsequently be compensated by the Regional Industrial Development Authorities in respect of the difference between the above-mentioned tariffs.

- (b) In cases where municipalities are involved, the benefit of this concession must be passed on to final consumers in the municipal power supply area, provided that such area forms an integral part* of the industrial development point. Arrangements have been made with local authorities which receive the concession to pass on these benefits less service charges to consumers of electricity in the form of a separate item on their monthly accounts.
- (c) Applications for payment of the concession should be submitted monthly to the Regional Industrial Development Authority concerned on the form prescribed by municipalities or bulk consumers of electricity who are supplied directly by ESCOM.

* Note: As the position may differ from one point to another, the Regional Industrial Development Authorities will deal with each case on merit.

4.3 SUBSIDY ON HOUSING FOR KEY PERSONNEL

- (a) Housing for key personnel may be subsidised by the Regional Industrial Development Authorities to the extent indicated in the schedules of concessions outlined above for a maximum period of 20 years on new mortgage loans or on the outstanding loan repayment period in respect of existing loans subject to the maximum of 20 years. The maximum amounts per housing unit which will be eligible for subsidies are as follows:
 - (i) At Mandini (Zinkwazi, Ballitoville, Salt Rock and Mtunzini are exceptional cases until sufficient residential sites are available at Mandini) and Richards Bay/ Empangeni — R59 000 per housing unit
 - (ii) At all other points — R55 000 per housing unit
 - (iii) One housing unit out of ten at R68 000 at all points

These amounts will be reviewed periodically.

NB: In the case of existing loans only the outstanding balance, subject to the above maxima and period, will be considered for subsidisation.

- (b) For the purpose of the housing subsidy, key personnel are persons employed on a permanent full-time basis in at least a su-

pervisory capacity. However, as a general guideline, the Regional Industrial Development Authorities reserve the right to limit the granting of housing subsidies in respect of key personnel to not more than 10% of the total permanent full-time labour force employed in the factory.

- (c) For purposes of the implementation of the scheme, the authorities concerned will base the subsidy on the interest rate of the largest building society as determined from time to time, irrespective of the period of the loan, but with the proviso that the interest rate after the subsidy has been applied should not be lower than 6%.
- (d) Subsidies will be considered by the authorities concerned in respect of loans provided by industrialists, the Industrial Development Corporation, building societies, and other approved institutions in the SATBVC States, as well as in respect of existing loans granted by these bodies.
- (e) The approval of the authorities concerned must be obtained in all instances before payment of a subsidy will be considered, and applications must be submitted on the prescribed form, Annexure 85/7. Further details regarding the general rules applicable to the subsidised housing scheme for key personnel are contained in an annexure attached to the relevant form.
- (f) In exceptional cases, subject to the approval of the Regional Industrial Development Authority, the housing subsidy will also apply in respect of rented accommodation of key personnel on the submission of a certified copy of the rental agreement. Claims must be substantiated by proof of payment. In this instance the subsidy is calculated on a straight-line basis, employing the relevant percentage housing subsidy applicable to the regional development point concerned. In no instance would such subsidy exceed the subsidy amount that would have been payable on the applicable maximum loan amount.
- (g) Subsidy claims must be submitted on the prescribed form, Annexure 85/12.

4.4 TRAINING ALLOWANCE IN CASH

- (a) In order to facilitate training at the regional development points industrialists who have been approved to receive incentives, are allowed to deduct, in addition to the ordinary tax allowance on expenses actually incurred, a further allowance as determined in the South African Income Tax Act, 1962, which is equal to 75% of the training expenses in respect of approved training courses conducted by training centres and schemes registered by the

South African Department of Manpower or its counterparts in the TBVC States for income tax purposes. The said allowance was 125% up to 31 August 1984 but has been reduced to 75% as from 1 September 1984. This concession has been made more attractive by paying the effective tax saving, calculated at the current rate of income tax, in respect of the aforementioned percentages as a training allowance, as allowed by the tax authorities concerned subject to the provisions of subparagraphs (c) and (h) below in the form of a non-taxable cash grant. The cash payment will be made by the South African Department of Manpower and its counterparts in the TBVC States.

- (b) For the purpose of this paragraph "training expenses" means mutatis mutandis the expenses referred to in subsections (5), (6) and (7) of section 11 sept of the South African Income Tax Act, 1962, and in the taxation acts of the TBVC States. Industrialists will not forfeit the wage incentive in respect of employees who undergo approved training under this scheme for a reasonable period of time.
- (c) The training allowance is applicable to all employees whose gross remuneration (i.e. including all fringe and other benefits) does not exceed R15 000 during the employer's year of assessment. This restriction does not apply to the training of trainers/instructors.
- (d) Payment of the allowance will take effect at the end of the industrialist's first complete financial year following the date of approval of the concession by the Regional Industrial Development Authority concerned.
- (e) Subsequent allowances will be paid annually after the close of the industrialist's financial year, or at such shorter intervals as may be practicable.
- (f) The allowance will be paid only in respect of approved training courses and on receipt of a duly completed application form (see Annexure 85/15) and such information as may be required by the South African Department of Manpower or its counterparts in the TBVC States in connection with the training or the application.
- (g) Applications for payment of the allowances must be accompanied by a certificate in the form determined by the South African Director-General of Manpower or his counterparts in the TBVC States, and in which a registered accountant and auditor certifies that the applicant's training expenses for the period in respect of which the allowances are claimed, are correct.
- (h) The conditions and basis for payment of the allowance will apply

for such period as the industrialist qualifies for the regional development incentives determined by the Regional Industrial Development Authorities and may at any time, with the concurrence of the responsible authorities, be amended or withdrawn. Notwithstanding the foregoing the rate at which the allowance will be paid is subject to any change in the South African Income Tax Act, 1962, or the taxation acts of the TBVC States, provided that the basis of payment of the allowance shall not exceed the amount as determined in accordance with section 11 sept of the South African Income Tax Act, 1962.

4.5 SPECIAL TENDER PREFERENCES

- (a) The percentage price preferences on tenders as outlined in the relevant concession schedules, over and above other preferences, will apply in respect of purchases by all government departments, the South African Transport Services, the Department of Posts and Telecommunications, provincial administrations and local authorities, as well as by similar bodies, where applicable, in the TBVC and Self-governing National States. This concession will, therefore, apply across the borders of the respective states in regard to all products which qualify for the tender preference.
- (b) The percentage preference to which the industrialist at the regional development point is entitled, will be deducted from his tender price for comparison purposes only by the responsible tender authorities.
- (c) In respect of supplies to tender authorities in cases where the delivery basis is f.o.r. sender's station, i.e. where the former pays the railage, the appropriate rail rebate should be deducted from the tender price for comparison purposes. However, if the tender is accepted, the contract will be awarded at the full tender price. (This applies to both (b) and (c) above.)
- (d) Preferences will also be allowed to manufacturers of goods at regional development points who employ agents, wholesalers, etc, for the marketing of their products, or who act as subcontractors to third parties in respect of final products which could be clearly identified, provided that delivery of such products is effected in a manner which satisfies the tender authorities concerned.
- (e) In applying for the preferences, full particulars should always be furnished on the prescribed forms provided by the tender authorities concerned.

INCENTIVES TO COMPENSATE FOR SHORT-TERM FINANCING PROBLEMS

Industrialists at regional development points will only be eligible for payment of the short-term incentives in respect of new projects of the expansion of existing operations after approval thereof by the Regional Industrial Development Authorities. Relocated projects specifically approved by the Regional Industrial Development Authorities also qualify for these incentives.

The levels of the short-term incentives applicable to the different regional development points are set out in the relevant schedules. Application for these incentives must be made on the prescribed form, Annexure 85/1.

The incentives under paragraphs 4.6, 4.7 and 4.8 may be claimed on a quarterly basis on the prescribed form, Annexure 85/8, with the exception of the final year, in respect of which only one claim will be entertained.

4.6 INCENTIVE PERTAINING TO LABOUR

- (a) This incentive is payable in the form of a non-taxable cash grant for seven years, i.e. 84 months, to approved regional development industries and will apply to all personnel employed at and directly involved in the manufacturing plant at the regional development point. The incentive will be calculated according to the average number of workers per month employed for at least eight hours per working day during a full financial year. As indicated in the schedule, the incentive per employee is calculated on the basis of a percentage of the average salary/wage per employee per month subject to a maximum amount per employee per month. In order to determine the amount of the labour incentives to be paid out, the salaries and wages paid will be calculated separately. For purposes of this calculation all employees earning more than R500 per month shall be deemed to be earning a salary. The percentage and maximum figures will be applied to each of the categories salaries and wages separately and the two amounts will then be added together to arrive at the total sum to be paid.
- (b) In the case of seasonal or part-time employees, the industry must submit schedules of the hours and days of work performed by such seasonal/temporary staff. The Regional Industrial Development Authority will determine the number of employees and period of employment to be recognised for subsidy purposes in the following manner: The total man-hours performed per month by all seasonal/part-time workers are divided by eight to determine the number of full working days so accumulated. For

each block of twenty working days so calculated (i.e. 160 hours) the industry qualifies for a subsidy payment for that month for one employee. In the case of five-week months, 200 hours represent one unit of employment per month. Where industries claim for more than one shift per day, it should be certified that such shifts are eight-hour shifts. Industries cannot claim for full units of employment for shifts of less than eight hours per working day.

- (c) The labour incentive may also be paid in respect of piece-work at the discretion of and on a basis acceptable to the Regional Industrial Development Authority.
- (d) A reconciliation will be done on receipt of the financial statements, as well as an audit certificate issued by an external auditor in the form set out in Annexure 85/14, at the end of each financial year whether a full financial year or part thereof. Any further payments will be withheld until such time as the reconciliation has been finalised.
- (e) The maximum permissible amount per worker per month for subsidy purposes will be reviewed periodically.
- (f) Where a base figure of employment has been determined for purposes of calculating concessions and the same company applies for concessions in respect of an expansion of its activities, all employees in the regional development project at the time of the utilisation of the last concessions will be taken as the base employment figure in calculating the new incentives. For purposes of calculating the base figure of employment Regional Industrial Development Authorities may, at their discretion, apply an average of the preceding three years' employment figures.
- (g) Where, in the case of expansions approved for full concessions, employment suffers an erosion for whatever reason and drops below the industry's base employment figure determined for its expansion, the following rules shall apply:
 - (i) If the erosion occurs before the industry can start claiming for the expansion, that expansion forfeits all its concessions as it then no longer qualifies for recognition as an expansion.
 - (ii) If the erosion occurs after the industry concerned has already submitted its first wage/salary incentive claim for employees in excess of the determined base employment figure, the industry may continue to qualify for rental/interest concessions for a period of not more than two years. Wage/salary incentives *forfeited* during such period will not be compensated in any other later years within the concession period.

- (h) If the industry does not succeed in restoring its base labour component within the two-year period, payment of the interest and rental concession is also temporarily terminated until such time as it can comply with the requirements regarding additional employment over and above the determined base employment figure, in order to qualify for an expansion in terms of this Manual. In the event of a temporary termination of the interest and rental payment, the industry, as in the case of the labour incentive, *forfeits* the interest and rental concession for that period.

4.7 INTEREST CONCESSION

- (a) A percentage interest concession, as indicated in the relevant schedules of incentives above, will be paid on a quarterly basis as a taxable cash grant to approved industries at regional development points for a period of ten years (120 months) on 100% of their investment in land and buildings (excluding residential accommodation), the value of which is based on cost as reflected in the financial statements of the industry (as accepted by the tax authorities), and 50% of their investment in other assets taken at cost, in respect of a project with a total capital investment not exceeding R7 million. The investment will be determined for the full ten-year period at the end of the industry's first or second full financial year. The R7-million limit will be reviewed periodically.
- (b) The concession will be calculated on the basis of a predetermined market-related interest rate. The rate will be reviewed on the first working day of January and July of each year.
- (c) In the case of a project with a total capital investment exceeding R7 million, the interest concession will be limited to the maximum amount applicable to that of a project of R7 million. All the other incentives, both short and long term, may be granted in respect of such a project.

In the case of a total investment in excess of R7 million the interest concession will be granted on the total investment in land and buildings and, if applicable, on 50% of the value of investment in other assets subject to an overall maximum of R7 million. Should the value of land and buildings be less than R7 million the interest incentive will be granted on the total investment in land and buildings and 50% of the difference between R7 million and the investment in land and buildings.

- (d) The concession is paid on finance provided for the regional development project by the development corporations, any recognised financial institution, the industrialist himself or shareholders in the project.
- (e) In cases where the development corporations provide finance, the total amount to be considered will be determined by their assessment of the viability, risk and financial structure of the project, as well as by the availability of funds. The difference between the loans provided by these corporations and that on which the Regional Industrial Development Authorities are prepared to pay the concession, may be taken up from other financiers with the approval of the relevant corporation. However, the corporations are under no obligation to provide finance in part or in full in respect of a project in respect of which the Regional Industrial Development Authorities are prepared to pay the concession.
- (f) The interest concession will be calculated as a percentage of the predetermined market-related interest rate applicable at the closing date of each financial year (irrespective of the effective rate of interest the industrialist is actually paying to the financier). In cases where the interest rate of the Regional Industrial Development Authorities at the end of the industry's financial year in any particular year of a claim may differ from the interest rate on which a concession was paid during the course of the financial year, a reconciliation and adjustment will be made at the end of the industry's financial year.
- (g) Quarterly claims may be certified by the public officer of the industry, but annual claims for reconciliation purposes must be certified by an external auditor as set out in Annexure 85/14.

NOTES

1. "Land and buildings" referred to in paragraph 4.7(a) above does not include company owned homes or offices/buildings, warehouses and showrooms situated outside the industry's manufacturing premises at the regional development point or goodwill, patents and royalties.

2. "Other assets" referred to in paragraph 4.7(a) above comprise manufacturing plant, machinery and equipment, office furniture, company vehicles (excluding passenger vehicles), stocks and trade debtors.

3. No concession is paid on cash assets. Loans of all descriptions to parent/affiliated companies are viewed as cash on hand and therefore do not qualify for the concession.

4. For the purpose of calculating the concession, the level of debtors is limited to the industry's annual sales divided by four, i.e. one quarter of the annual sales.
5. The volume of stocks of finished products and raw materials recognised for the purpose of calculating the concession is limited to two months' stock requirements based on the industry's annual turnover.
6. Only those inter-company debts which form part of the ordinary sales transactions in respect of approved products manufactured by the regional industry, qualify for purposes of calculating the interest concession.
7. The value of leased equipment is determined by taking the cash price of the equipment and adding GST and other taxes and duties such as import duties. Financing charges and stamp duties applicable to the agreement are specifically excluded. The relevant cash prices are to be verified against authenticated copies of the relevant lease agreements. Only leased items which appear in the financial statements of the industry are eligible for payment of the concession.
8. The value of hire-purchase/suspensive sale equipment are taken as the value of such equipment as reflected in the financial statements of the industry, i.e. the cash price together with GST and other taxes and duties. Finance charges and stamp duties applicable to the agreement are excluded. The values referred to in this paragraph have to be certified correct by an external auditor.

4.8 RENTAL CONCESSION

- (a) A percentage rental concession, as indicated in the relevant schedules of incentives above, will be paid on a quarterly basis as a taxable cash grant to approved industries at regional development points for a period of ten years (120 months, although the lease may be for a longer period) on the rental paid by such industries in respect of a project with a total investment not exceeding R7 million. The amount on which the rental concession will be based, as set out in paragraph (b), will be determined for the full ten-year period at the end of the industry's first or second full financial year.
- (b) (i) The rental concession is calculated on the value of the rented property or on the actual rental paid, capitalised according to the following formula, whichever is the lower:

$$\text{Rental per annum} \times \frac{100}{15}$$

The effective ongoing concession calculation will employ the percentage rebate applicable to the relevant growth point and the variable market related rate which is revised on 1 January and 1 July of each year.

- (ii) The industrialist's first rental claim should accordingly be supported by a certified copy of the *actual* lease agreement as well as the value of the rented property. If the property owner is not prepared to divulge information regarding the value of the property to the lessee, he should furnish the information to the Regional Industrial Development Authority directly.
 - (iii) As an alternative to book value or erection cost, the value of the property may be submitted by the property owner or the industrialist in the form of a valuation by a recognised valuer, a municipal valuation or the insured value of the rented premises.
 - (iv) Once a valuation for this purpose has been established as under (i) to (iii) above, that amount remains fixed for the full period of the concession (10 years). Rental escalation clauses are not recognised.
- (c) Quarterly claims may be certified by the public officer of the industry, but annual claims for reconciliation purposes must be certified by an external auditor as set out in Annexure 85/14.
- (d) In respect of rental facilities provided by development corporations —
- (i) the rental of factory buildings with a manufacturing area of up to 2 000 m² provided by a development corporation outside the TBVC States and the Self-governing National States will be allowed without an undertaking to purchase being required.
However, this does not mean that an undertaking to purchase will always be required where the area exceeds 2 000 m², as the relevant corporations treat each case on merit. There are no set rules in this regard and it is advisable to negotiate with the corporation concerned.
 - (ii) bank or other guarantees will not necessarily be a requirement for the rental of buildings with a manufacturing area of 800 m², or less. Reference is made here mainly to rental guarantees for a certain period, which in the Self-governing National States is normally for six months. No set rule applies in this instance and it is advisable to approach the corporations concerned in this connection

- (iii) in the case of rented buildings being provided by a corporation outside the TBVC States and the Self-governing National States, the guarantee required refers to protection against possible losses on the hired building. Guarantees from the lessee, or any other acceptable guarantor may be required.
- (e) Where private developers use their own funds to erect industrial buildings and develop industrial land at regional development points, an industrialist renting such premises will, after approval of his project by the Regional Industrial Development Authorities, also qualify for the concession. In such cases the owner of the building may charge the industrialist the full rental rate and the Regional Industrial Development Authorities will compensate the industrialist to the extent shown in the relevant schedules of incentives above and calculated on the market-related interest rate.
- (f) In all cases mentioned under paragraph (e) above, the concession must be claimed by the industrialist from the Regional Industrial Development Authorities for the periods prescribed by them. See "Incentives to compensate for short-term financing problems", above.
- (g) In cases where rented buildings are provided by the development corporations at rentals that are not market or cost related, the rental concessions will be paid to the corporations and are not to be claimed by the industrialist from the Regional Industrial Development Authorities.

4.9 RELOCATION COSTS

- (a) Relocation costs of approved items will be considered for reimbursement where an industrialist moves his complete factory, or an acceptable part thereof, as a *going concern* —
 - (i) from the PWV and Durban/Pinetown areas to any regional development point
 - (ii) from the Cape Peninsula to Atlantis, Darling and Vredenburg/Saldanha
 - (iii) from countries outside the Republics of South Africa, Transkei, Bophuthatswana, Venda and Ciskei to any regional development point in these countries.
- NB No relocation costs will be paid by the Regional Industrial Development Authorities in cases where an industrialist moves from one regional development point in the SATBVC

States to another, or from any other place within these countries to an identified regional development point. See paragraph 3(e) regarding payment of other concessions.

- (b) Industrialists relocating will be able to claim up to a maximum of R500 000 in respect of acceptable relocation costs.
- (c) A list of acceptable cost items is incorporated in Annexure 85/13. It should be noted that an enhancement of up to 20% of acceptable relocation costs which must be fully specified and be approved may be paid to compensate for unforeseen relocation costs acceptable to the Regional Industrial Development Authority concerned. The 20% will not apply in respect of costs incurred in the transport of vehicles or household effects of personnel.
- (d) Application procedure
 - (i) The industry should apply to the Regional Industrial Development Authority for approval in principle for the reimbursement of relocation costs together with its general application for incentives (form 85/1) and should submit a realistic estimate of such costs.
 - (ii) Shortly before the actual relocation of the industry takes place, quotations covering all acceptable items of relocation costs must be obtained from independent contractors, subject to the conditions and procedures as prescribed by the Regional Industrial Development Authorities (see also Annexure 85/13). The lowest of the quotations will be considered for reimbursement. However, no firm commitments for the relocation of the factory or personnel should be entered into without the Regional Industrial Development Authority's prior approval.
 - (iii) The procedure in (ii) above will also apply in cases where the industrialist intends relocating all or part of the factory by means of his own labour, vehicles, equipment, etc.
 - (iv) Should the industrialist prefer, for whatever reason, to utilise the services of any other than the lowest quotation, the Regional Industrial Development Authority will base the reimbursement on the amount of the lowest acceptable quotation submitted.
 - (v) Any relocation which will be effected in phases must be cleared with the Regional Industrial Development Authority in advance.

- (vi) In support of a claim for the reimbursement of relocation costs, an audit certificate issued by an external auditor, as set out in Annexure 85/14, must be provided by the industrialist. Such audit certificate must also include a statement that the industry has, in fact, been physically relocated and is in production.

5. DATE OF IMPLEMENTATION OF INCENTIVES

- (a) All incentives, both short and long-term, approved for regional industries become effective as from the first day of the month following the date of approval by the Regional Industrial Development Authorities. This date will appear in the letter of approval of incentives sent to successful applicants. *Incentives are not granted retroactively.*
- (b) In exceptional circumstances, Regional Industrial Development Authorities may, at their discretion, condone applications received from industries which are already in production as late applications and consider such industries for full incentives *if the application is made within twelve months after starting with production.* If the industry was in production for *more than a year* before the date of its application, *the industry will only be considered for the long-term incentives.*
- (c) In the event of condoned late applications, the incentives will also only become effective on the first day of the month following the date of approval of the application. If the late application involves an expansion, the base employment and base asset figures are those of the original project as on the date of commencement of the first financial year of the expansion. However, the incentives, both short and long-term, only become payable as stated above, i.e. from a current date.
- (d) Industries for which short-term incentives were approved, may commence claiming as from the end of the first full quarter of their financial year following the date of implementation reflected in the letter of approval of incentives. In the event of an interval of one or two remnant months occurring before the first full quarter following the date of approval of the incentives, claims in respect of these remnant months may be consolidated with those in respect of the first full financial quarter, except where those remnant months are respectively the eleventh or twelfth months of the first financial year. In that event, these months may not be included in the claim for practical accounting reasons. However, where such remnant months are claimed

for at the beginning of the concession period, these months form part of the rental/interest concession period, as well as the salary/wage incentive period.

6. SIMPLIFIED INCENTIVE SCHEME FOR SMALL INDUSTRIES: GUIDELINES AND PROCEDURES

6.1 INTRODUCTION

As part of the process of identification and cultivation of entrepreneurial skills among small business undertakings, the SATBVC States have decided to extend the present scheme of regional industrial development incentives to small industries. A clear distinction is being made between small industries which can comply with all the prescribed requirements and procedures to qualify for standard incentives, as set out in this Manual, and small industries which, by the nature of their operations, cannot meet these requirements and procedures.

Small industries in the former category will be eligible for the standard package of incentives, while those in the latter category will be eligible for a simplified package of incentives as set out hereunder.

6.2 DEFINITION

A small industrialist is an entrepreneur striving towards economic self-dependence or one who has become economically self-dependent by owning and operating a small manufacturing concern. The manufacturing concern need not be wholly owned by the entrepreneur, but he should at least hold the majority share in the concern. A small industry may also be a partnership.

6.3 THE SMALL INDUSTRIALIST HAS A CHOICE BETWEEN THE FOLLOWING TWO INCENTIVE SCHEMES:

(a) Standard incentives

- (i) Small industrialists who can comply with the prescribed procedure and documentation as outlined in this Manual will be eligible for the standard industrial incentive package applicable to the specific development points. Small industrialists may, however, retain any existing special rental concessions which they may receive from development cor-

porations or other governmental authorities and may continue to utilise such concessions over and above any other incentives for which they may qualify.

- (ii) The prescribed criteria, rules, guidelines and procedures contained in this Manual, including the formal auditing requirements, must in all cases be strictly complied with.
- (iii) Payment of incentives is, in accordance with current policy, effective from the beginning of the month following on the month in which such applications are approved by the Regional Industrial Development Authority concerned.

*** (b) Simplified (tax-free) cash wage incentive**

- (i) In order to facilitate the administration and control of the simplified wage incentive scheme for small industries preferring this scheme, the following criteria have been accepted as a general guide for identification purposes of such small industries only:
 - The small industrialist must provide a minimum of 10% of his capital investment (this contribution may include cash, machinery, tools and stocks); and
 - he must have a total capital investment of less than R50 000 (excluding land and buildings).
- (ii) These industries must comply with the following criteria:
 - They must be established on premises approved by the authorities concerned;
 - they must be registered with the Regional Industrial Development Authority concerned.
 - their factory activities must be approved by the Regional Industrial Development Authority concerned and must comply with the requirements as set out in paragraph 3(c);
 - they must run their factory activities on a full-time basis; and
 - they must keep an approved wage register, duly signed by the individual employees, which can be checked from time to time.
- (iii) Small industries whose operations are such that they cannot comply with the prescribed requirements and procedures to qualify for the standard package of incentives, may be eligible for the simplified cash wage incentive.

- (iv) The cash wage incentive is calculated on the basis of the average number of workers per month employed in the factory during the quarter to which the claim relates and is based on the actual wages paid subject to the maximum percentage and amount applicable to the development point or area concerned, as set out in this Manual, plus a factor of 20% to compensate the small industrialist for the interest and rental concession which he is unable to utilise. The simplified cash wage incentive is calculated according to the standard formula for labour incentives for the different development points as set out in this Manual. The additional 20% must not be regarded as an additional wage incentive as the purpose is to compensate the small industrialist for the interest and rental concessions he cannot utilise. The calculation is done according to the formula and the 20% is added. The simplified wage incentive is *not taxable*.
- (v) Small industries opting for the simplified wage incentive scheme will, where applicable, also be eligible for long-term incentives.
- (vi) Date of implementation:
The simplified cash wage incentive is payable from the beginning of the month following on the month in which the application for assistance is approved by the Regional Industrial Development Authority concerned, and is subject to a maximum period of seven years. This incentive is paid in cash on a quarterly basis.
- (vii) Small industries which have chosen the simplified wage incentive as an alternative to the standard package of incentives can on application, and with the necessary approval of the Regional Industrial Development Authorities, convert to the standard package of incentives, but only for the unexpired period of the seven-year period originally approved.

6.4 THE ROLE OF THE NATIONAL DEVELOPMENT CORPORATIONS AND REGISTERED CONSULTANTS IN RESPECT OF THE SIMPLIFIED CASH WAGE INCENTIVE

- (a) The national development corporations have undertaken to fulfil the following functions to accommodate small industries:
 - (i) The provision of factory premises for the accommodation of the small industrialist;

- (ii) training;
 - (iii) provision of administrative and consultation services; and
 - (iv) the submission of applications and claims as well as their certification.
- (b) Small industries may also make use of the services of consultants, registered under the approved rebate scheme of the Small Business Development Corporation, to process and submit their applications and claim forms to the respective Regional Industrial Development Authorities.

NB: Please note that small industries qualifying for the standard incentives remain subject to the Regional Industrial Development Authorities' formal auditing requirements.

Application for the simplified wage incentive must be made on the prescribed form, Annexure 85/2. Forms are also obtainable from the respective Regional Industrial Development Authorities and the development corporations of the Self-governing National States. Claims must be submitted on the prescribed form, Annexure 85/9.

7. IMPROPER CONDUCT BY INDUSTRIALISTS

7.1 If the Authority concerned is of the opinion that —

- (i) an applicant, in relation to the obtaining of any incentives under this scheme; or
- (ii) an industrialist or any enterprise or person with whom such applicant or industrialist is actively associated or where the industrialist is a company, closed corporation or partnership, any manager, director, auditor, employee or any person who wholly or partly exercises or may exercise any control over such a company, closed corporation or partnership, or any person who has done any work for such industrialist, company or partnership, has acted fraudulently, dishonestly or in bad faith or in any improper manner in obtaining or in the implementation of the incentives; or

7.2 where an industrialist (or his or its employees) has in the conduct of his (or its) enterprise neglected to comply with any statutory requirements or has failed to comply with any of the provisions of the scheme or has knowingly or negligently claimed or received incentives or amounts to which he (or it) was not entitled; or

7.3 where application has been made for the sequestration (or liqui-

dation or judicial management or where a compromise has been offered to creditors) of the industrialist; then the Authority concerned may ignore or reject such application or terminate or suspend any or all of such incentives and claim back any amounts to which such industrialist was not entitled, without prejudice to any other rights available to such Authority, as the case may be.

8. SUPPORTING SERVICE INDUSTRIES

In exceptional circumstances where the lack of supporting service industries retards industrial development at the industrial development points, the Regional Industrial Development Authorities may decide to extend some or all of the industrial incentives to supporting service industries at such points. The merits of each case will be considered individually. Applications from such undertakings are treated very selectively and with discretion and incentives will only be granted where applicants can prove to the satisfaction of the Regional Industrial Development Authorities that they, in fact, are rendering essential services directly related to the maintenance of industrial production facilities at an identified industrial development point. Activities of commercial, financial and other service institutions do not qualify for concessions.

9. INDUSTRIAL CONSULTANTS

Industrialists may use the services of industrial consultants in the preparation of detailed submissions in respect of financial aid and incentives required. The fees involved will not be reimbursed by the Regional Industrial Development Authorities, but will be deductible for income tax purposes as allowed by the relevant income tax authorities. This also applies in the event of an industrialist using the services of any other professional adviser.

10. ESTATE AGENTS

Estate agents are allowed to market industrial sites. In cases where the property belongs to a government institution, that institution is liable for payment of estate agents' commission.

11. INFRASTRUCTURE

The governments concerned have agreed to concentrate their efforts in connection with the provision of infrastructure to a limited number of the identified industrial development points on an agreed priority basis in order to obtain the maximum benefits of concentration. The number of points identified should, therefore, not be taken to indicate that the industrial development effort will be fragmented, or that each of the industrial development points will automatically be entitled to assistance as far as the creation of infrastructure is concerned. In deciding on the creation of new infrastructure, the results achieved by way of the establishment of industries will be a guiding factor for the authorities concerned. This implies that the incentives could in the case of particular points only be taken up by industries until such time as the presently available space and facilities are fully utilised.

The creation of new infrastructure at regional development points is the responsibility of the respective authorities who may raise funds for this purpose from own resources or the capital markets, or who may approach the Development Bank of Southern Africa in this regard.

12. EVALUATION OF THE REGIONAL INDUSTRIAL DEVELOPMENT SCHEME

Since regional industrial development is an ongoing process, the results achieved in this regard will, as in the past, be closely scrutinised and evaluated on a continuous basis. Adjustments to the incentive scheme may therefore become necessary from time to time.

In this connection the Regional Industrial Development Authorities will liaise with interested parties and will, among others, rely on inputs received from private sector organisations. The Regional Development Advisory Committees, which are the recognised representative bodies in the various regions on matters relating to regional development, will play a meaningful role in advising the governments on the particular development needs of their respective regions.

The scheme may be withdrawn or adjustments may be made thereto or to any incentives granted to a particular industrialist by the authorities concerned, after full consultation with the interested parties, in the following circumstances:

- (i) where, in the opinion of the Authority concerned, the aims of development in respect of a specific development point or region have been achieved. In such a case, two years prior notice will be given to industrialists and other interested parties of such withdrawal or adjustment. In such a case individual industrialists will be permitted to utilise the short-term incentives granted them for the remaining portion of the period for which they were granted even if it extends beyond the two-year period;
- (ii) where, after an in-depth cost and financial investigation of an enterprise by an independent analyst appointed by the Regional Industrial Development Authority concerned, it appears that such enterprise will not become economically viable within a reasonable time. In such cases notice will be given to suspend or terminate the scheme or specific incentives from a specified date; and
- (iii) where increased or decreased stimulation is considered necessary or as a consequence of the evaluation for the scheme as a whole, elements thereof or for a specific industry/industries in order to improve the cost-effectiveness of the scheme or to achieve the set regional development goals. Any decision in this regard will be taken after consultation with the affected parties and will become effective from a specified date.

The above measures will obviously only be taken with the greatest circumspection and after full consultation with the interested parties.

13. GENERAL

All the Governments concerned consider economic development of their respective regions to be of paramount importance and, therefore, attach the highest priority to this scheme. It is their earnest desire that sound and permanent industries be established in their respective development regions. They will, therefore, do everything in their power to ensure the successful implementation of the scheme and there should be no fear whatsoever that these Governments would lightly do anything that could thwart this aim.

ANNEXURES

GENERAL APPLICATION FORM FOR REGIONAL INDUSTRIAL DEVELOPMENT INCENTIVES

(PLEASE TYPE OR PRINT IN BLACK)

NOTE:

Information provided on this form is for purposes of adjudication of the application. Although incentives will be based on the actual investment as at the end of the first or second financial year of the project (at the discretion of the industrialist) and on the actual employment, it is important that realistic figures of investment and employment are submitted.

1. (i) Name and postal address of applicant (or company to be formed)

.....

.....

.....

.....
- (ii) Point of establishment/expansion

.....
- (iii) (a) Name of proclaimed industrial township.....
- (b) Erf number.....
- (c) Is the site zoned for industrial purposes?.....

2. (i) Contact person..... Tel.....
- Telex.....
- (ii) Income tax reference number (if available).....
- (iii) Office of tax assessment.....
- (iv) Financial year for tax purposes.....

3. Please identify hereunder the type of project applied for (mark X where applicable).
Does the project represent
- (i) An existing undertaking at a regional development point (if so, complete column A in paragraphs 4, 5 and 6).
- (ii) The expansion of an existing undertaking at a regional development point (if so, complete columns A and B in paragraphs 4, 5 and 6).

Please indicate expansion number (e.g. 1st, 2nd, etc.)

- (iii) The relocation of an existing undertaking to a regional development point (if so, complete *column C* in paragraphs 4, 5 and 6).

Relocation

From

To.....

Will this be a complete/partial/phased relocation?

.....

Please provide full particulars

.....

.....

.....

- (iv) The establishment of a new undertaking at a regional development point (if so complete *column C* in paragraphs 4, 5 and 6).

4. (i) *Estimated* capital investment on completion of the new or expanded undertaking at the regional development point (at the end of the first or second full financial year after commencement of production, ending on

OR

- (ii) Capital investment of the existing undertaking as at the end of the last financial year ending on

	A	B	C
Summary of fixed and current assets	Existing project	Expansion project	New project or relocated project
A. FIXED ASSETS:	R	R	R
(i) Land and Buildings:			
Owned <input type="checkbox"/>			
Leased <input type="checkbox"/>			
@ R.....p.a.			
(ii) Manufacturing Plant and Machinery	R	R	R
Owned <input type="checkbox"/>			
Leased <input type="checkbox"/>			
@ R.....p.a.			
(iii) Company Vehicles (excluding passenger vehicles) and office furniture	R	R	R
Total (ii) and (iii)			

B. CURRENT ASSETS:

- (i) Stocks (maximum two months)
- (ii) Trade Debtors (maximum three months)
- Total (i) and (ii)
- TOTAL ALL ASSETS A & B

R	R	R
R	R	R
R	R	R

- Note:**
- (i) The value of land and buildings at the development point must reflect the original cost for income tax purposes. (Investment in housing to be excluded).
 - (ii) Where land and buildings are rented, the annual rental figure must be provided as well as the value of the premises as provided for in the Manual.
 - (iii) The investment in stocks and debtors must be restricted to own products manufactured at the regional industrial development point.
 - (iv) Should any of the above investment figures change materially during the establishment of the project, the Regional Industrial Development Authority concerned must be advised without delay.

5. Details of total employment on completion of the project (either first or second financial year ending on

A		B		C	
Existing project (last financial year prior to expansion)		Expansion project		New or relocated project	
Average number	Annual salaries and wages	Average number	Annual salaries and wages	Average number	Annual salaries and wages

NOTE: The average number of employees must be calculated on a monthly basis in respect of all full-time personnel at the regional industrial development point, excluding building and construction workers.

6. Details of premises

	A	B	C
	Existing project	Expansion project	New or relocated project
	Area	Area	Area
Site	ha	ha	ha
Factory buildings	m ²	m ²	m ²
Administrative buildings	m ²	m ²	m ²

7. Expected date of commencement of production at the regional industrial development point:

8. (i) Products to be manufactured in this project at the regional industrial development point. Please give full details and be specific.

NOTE: IF THE PRODUCT RANGE IS ALTERED IN ANY WAY THE REGIONAL INDUSTRIAL DEVELOPMENT AUTHORITY MUST BE NOTIFIED IMMEDIATELY.

(No generic classification will be accepted)

.....

(ii) Detailed outline of production process:

.....

(iii) Source of raw materials:

.....

9. (i) Please indicate whether any of the assets employed in this project have previously enjoyed any decentralisation benefits (irrespective of ownership)

YES

NO

(ii) If so, please give full details:

.....
.....
.....

10. Please furnish an estimate of the total annual cost of transporting your firm's finished products within the SATBVC borders, other than local deliveries, in respect of:

- (a) Rail transport and SATS motor transport services: R _____
(b) Private/public road transport: R _____
(c) Airfreight: R _____
(d) Coastal seafreight and harbour charges: R _____

NOTE: In the case of an expansion to an establishment already enjoying transport rebates, furnish only additional costs in respect of the expansion.

11. Please provide the percentage value added to your raw material cost through the production process. The formula to calculate this figure is as follows:

$$\frac{\text{Ex Factory Unit Price minus Unit Cost of Raw Material} \times 100}{\text{Ex Factory Unit Price}} \quad 1$$

(Please show your calculation).....%

12. Relocation costs (where applicable)

Estimated relocation costs R..... (itemised list to be supplied in support of estimate)

The figure must reflect a realistic estimate. If it is substantially exceeded, approval thereof will be subject to reconsideration by the Regional Industrial Development Authority.

13. Applications for long-term incentives, namely the respective transport rebates and the housing subsidies must be submitted to the Regional Industrial Development Authority on the appropriate application forms (85/3 to 85/7) No application for long-term incentives will, however, be considered unless this general application form has been submitted in the first place.

14. Applicants are under no obligation to proceed with a project after incentives have been approved in principle by the Regional Industrial Development Authority.

15. Applicants are free to submit any additional information in substantiation of their applications to the Regional Industrial Development Authority. Viability studies, cash flow calculations and financial statements etc. need not, however, be submitted with the application.

16. *Certification:* I am aware of the fact that the above information submitted by me will have a material bearing on any decision taken by the Regional Industrial Development Authority relating to the application and if it, therefore, subsequently appears to the Regional Industrial Development Authority that any information in the application was not correct, or that certain information was omitted, the Regional Industrial Development Authority shall be entitled to reject the application or to terminate the incentives, as the case may be, and, without prejudice to any other rights, to claim back any amounts paid or other concessions allowed to the applicant under the scheme.
I hereby declare that the information contained in this application is true and correct.

.....

.....

SIGNED

DESIGNATION

.....

(Authorised company official)

NAME IN PRINT

DATE

NOTE: THE INDIVIDUAL REGIONAL INDUSTRIAL DEVELOPMENT AUTHORITY MAY REQUEST ANY ADDITIONAL INFORMATION THEY MAY REQUIRE. IN VIEW THEREOF, THE OFFICIAL APPLICATION FORM OF THE AUTHORITY CONCERNED SHOULD BE USED.

85/2

APPLICATION FOR SIMPLIFIED CASH WAGE INCENTIVE

(PLEASE TYPE OR PRINT IN BLACK)

PART A

(To be filled in by a small industrialist applying for the simplified cash wage incentive with the assistance of a Regional Industrial Development Authority, a national development corporation or consultant firm).

NAME OF BUSINESS:
SITUATED AT (PLACE):

BUSINESS ADDRESS:

STREET
POSTAL
TELEPHONE

NAME OF KEY PERSON

.....
DATE OF BIRTH MALE/FEMALE
HOME ADDRESS

NATURE OF BUSINESS.....
TYPE OF LICENCE.....
PRODUCTS (DETAILED DESCRIPTION):
.....
DESCRIPTION OF PRODUCTION PROCESS.....
.....
DATE OF COMMENCEMENT OF PRODUCTION:
EQUIPMENT USED:
.....
SOURCE OF RAW MATERIALS:
.....

VALUE ADDED TO RAW MATERIAL COST THROUGH THE PRODUCTION PROCESS:

.....
(i.e. $\frac{\text{Ex factory unit price minus unit cost of raw material}}{\text{ex factory unit price}} \times 100$)

DETAILS OF PREMISES:

OWNER'S NAME:
TYPE (e.g. industrial, commercial, etc.)
SIZE (AREA) OF SITE (where applicable) ha
SIZE OF BUILDING m²

EMPLOYMENT:

AVERAGE NUMBER OF FULL-TIME EMPLOYEES:

NOTE The average number of employees must be calculated on a monthly basis in respect of all persons employed in the factory.

TOTAL ANNUAL SALARIES/WAGES: R.....

ASSETS

VALUE OF TOTAL ASSETS, EXCLUDING LAND AND BUILDINGS: R.....

VALUE OF LAND AND BUILDINGS, IRRESPECTIVE OF OWNERSHIP: R

FINANCED BY:

— BANK:	R.....
— DEVELOPMENT CORPORATION:	R.....
— OWN FUNDING:	R.....
— OTHER (SPECIFY):	R.....
TOTAL	R.....

VALUE OF ASSETS CONTRIBUTED BY THE OWNER (INCLUDING CASH, MACHINERY, TOOLS, STOCKS, ETC.):..... R

NOTE: THE INDIVIDUAL REGIONAL INDUSTRIAL DEVELOPMENT AUTHORITY MAY REQUEST ANY ADDITIONAL INFORMATION THEY MAY REQUIRE. IN VIEW THEREOF, THE OFFICIAL APPLICATION FORM OF THE AUTHORITY CONCERNED SHOULD BE USED.

PART B

(To be filled in by the Regional Industrial Development Authority concerned, national development corporation or consultant firm).

NAME OF NEAREST REGIONAL DEVELOPMENT POINT:

REMARKS:

.....

.....

.....

.....

.....

RECOMMENDED:

DATE..... (SIGNATURE)

CAPACITY:.....

NAME IN PRINT:

FOR AND ON BEHALF OF:

APPLICATION FOR RAIL TRANSPORT REBATE ON OUTGOING GOODS

(PLEASE TYPE OR PRINT IN BLACK)

1. NAME AND ADDRESS OF APPLICANT:

.....

2. TEL..... CONTACT PERSON TELEX.....

3. (A) REGIONAL DEVELOPMENT POINT (FACTORY SITE)

(B) RAILWAY STATION USED*

(C) DATE FROM WHICH REBATE WILL BE CLAIMED

4. FINISHED PRODUCTS MANUFACTURED AT THE REGIONAL DEVELOPMENT POINT AND FOR THE CONVEYANCE OF WHICH A REBATE IS REQUIRED

Product (description in accordance with SATS Tariff Book)	Tariff class	Unit cost of raw material	Ex factory unit price*	Value added (%)	Estimated railage cost per annum
		R	R		R
(a)					
(b)					
(c)					
(d)					
(e)					
(f)					

* To obtain the factory price the following costs must be added to the cost of raw materials:- administrative and marketing overheads, wages and salaries, provision for depreciation, capital, rent, royalties, copyrights, patents, profit before tax and after interest payments.

5. PRODUCTION PROCESS (for each product in para. 4 above).

.....

6. **EXISTING CONCESSIONS**

Does your company receive regional industrial development incentives? If so, please provide particulars and the date of approval:

.....
.....
.....
.....

NAME (In Print)	SIGNATURE	ID NUMBER
DESIGNATION.....		DATE.....

FOR OFFICE USE ONLY

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APPLICATION FOR ROAD TRANSPORT REBATE ON OUTGOING GOODS

(PLEASE TYPE OR PRINT IN BLACK)

1. NAME AND ADDRESS OF APPLICANT INDUSTRIALIST:

.....

 CONTACT PERSON TEL..... TELEX.....

2. REGIONAL DEVELOPMENT POINT: (FACTORY SITE)

3. FINISHED PRODUCTS MANUFACTURED AT THE REGIONAL DEVELOPMENT POINT AND FOR THE CONVEYANCE OF WHICH A REBATE IS REQUIRED

Product (description in accordance with SATS Tariff Code)	Tariff class (subject to confirmation)	Unit cost of raw materials	Ex factory unit price	Value added (%)	Estimated transport cost per annum
(a)		R	R		R
(b)					
(c)					
(d)					
(e)					
(f)					

4. PRODUCTION PROCESS (for each product in 3 above):

.....

5. ARE OFFICIAL RAIL OR SCHEDULED ROAD MOTOR TRANSPORT SERVICES BY THE SA TRANSPORT SERVICES AVAILABLE: IF SO, WHY ARE THEY NOT UTILISED:

.....

6. **NAME AND ADDRESS OF PUBLIC OR PRIVATE CARRIER:**

.....

7. **PUBLIC/PRIVATE CARRIER AUTHORITY (PERMIT OR EXEMPTION):**

.....
NOTE: In the case of carriers operating under permit, carriers transporting exempt products 1(2)(d) or exempt carriers authorised under Section 1(2)(z) or 1(2)(v) of the Act, a **certified copy of the relevant document authorising the exemption must be submitted with the application.**

8. **ROAD TRANSPORT WILL BE EFFECTED FROM THE REGIONAL DEVELOPMENT POINT TO:**

NOTE: The rebate will be granted only in respect of a reasonable number of points of destination. The road transport rebate will be based on the SA Transport Services reference tariff applicable between the production and delivery points or the industrialist's effective road transportation cost, whichever is the lower.

(A) Main destination **	(B) distance in km one direction for destinations in Column A	(C) Public/Private/ Own transport cost* cents/100 kg
.....
.....
.....

* In the case of container transport, a road rate based on a 6 m ISO container as well as the rate of break bulk, should be furnished.

** Eg. Kaserne railway station will cover the whole of the PWV-area, i.e. Springs to Krugersdorp.

9. **EXISTING CONCESSIONS:** Does your firm receive regional industrial development incentives? If so, please provide particulars and the date of approval:

.....

10. **OFFICER AUTHORISED BY THE FIRM TO SIGN ALL CLAIM DOCUMENTS:**

NAME:

SIGNED: IDENTITY NUMBER:

DESIGNATION: DATE:

ALTERNATE

NAME:

SIGNED: IDENTITY NUMBER:

DESIGNATION: DATE:

**APPLICATION FOR SEA FREIGHT AND HARBOUR CHARGES REBATE ON OUTGOING
GOODS SHIPPED BETWEEN APPROVED SOUTH AFRICAN PORTS**

(PLEASE TYPE OR PRINT IN BLACK)

1. **NAME AND ADDRESS OF APPLICANT INDUSTRY:**

.....

 CONTACT PERSON..... TEL TELEX.....

2. **REGIONAL DEVELOPMENT POINT (FACTORY SITE):**.....

3. **FINISHED PRODUCTS MANUFACTURED AT THE REGIONAL DEVELOPMENT
POINT AND FOR THE CONVEYANCE OF WHICH A REBATE IS REQUIRED**

Product (description in accordance with SATS Tariff Book)	Tariff class	Unit cost of raw materials	Ex factory unit price*	Value added (%)	Estimated transport cost per annum
(a)					
(b)					
(c)					
(d)					
(e)					
(f)					

* To obtain the factory price the following costs must be added to the cost of raw materials:- administrative and marketing overheads, wages and salaries, allowance for depreciation capital interest on rent, royalties, copyrights, patents, profit before tax and after interest payments.

4. **PRODUCTION PROCESS: (FOR EACH PRODUCT IN 3 ABOVE).**

.....

5. **PORT SHIPPED FROM:**.....

6. **PORT(S) SHIPPED TO:**.....

.....

7. **NAME AND ADDRESS OF SHIPPING LINE(S):**

.....

8. **EXISTING CONCESSIONS:**

Does your firm receive regional industrial development incentives? If so, please provide particulars and the date of approval:

.....
.....
.....

9. **NAME OF OFFICER AUTHORISED BY THE FIRM TO SIGN ALL CLAIM DOCUMENTS:**

NAME IN PRINT:

SIGNED: IDENTITY NUMBER:

DESIGNATION: DATE:

ALTERNATE

NAME IN PRINT:

SIGNED: IDENTITY NUMBER:

DESIGNATION: DATE:

FOR OFFICE USE ONLY

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**APPLICATION FOR AIR FREIGHT REBATE ON
OUTGOING GOODS**

(PLEASE TYPE OR PRINT IN BLACK)

1. **NAME AND ADDRESS OF APPLICANT INDUSTRY:**

.....

 CONTACT PERSON..... TEL..... TELEX.....

2. **REGIONAL DEVELOPMENT POINT (FACTORY SITE):**.....

3. **FINISHED PRODUCTS MANUFACTURED AT THE REGIONAL DEVELOPMENT POINT AND FOR THE CONVEYANCE OF WHICH A REBATE IS REQUIRED**

Product (description in accordance with SATS Tariff Book)	Tariff class	Unit cost of raw materials	Ex factory unit price*	Value added (%)	Estimated transport cost per annum
(a)					
(b)					
(c)					
(d)					
(e)					
(f)					

* To obtain the factory price the following costs must be added to the cost of raw materials:- administrative and marketing overheads, wages and salaries, allowance for depreciation capital interest on rent, royalties, copyrights, patents, profit before tax and after interest payments.

4. **PRODUCTION PROCESS: (FOR EACH PRODUCT IN 3 ABOVE).**

.....

5. **AIRPORT SHIPPED FROM:**.....

6. **AIRPORT(S) SHIPPED TO:**.....

.....

7. **NAME AND ADDRESS OF AIRLINE(S):**

.....

8. **EXISTING CONCESSIONS:**
Does your firm receive regional industrial development incentives? If so, please provide particulars and the date of approval:
.....
.....
.....

9. **NAME OF OFFICER AUTHORISED BY THE FIRM TO SIGN ALL CLAIM DOCUMENTS:**

NAME IN PRINT:

SIGNED: IDENTITY NUMBER:

DESIGNATION: DATE:

ALTERNATE

NAME IN PRINT:

SIGNED: IDENTITY NUMBER:

DESIGNATION: DATE:

FOR OFFICE USE ONLY

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**APPLICATION FOR SUBSIDY ON HOUSING FOR KEY PERSONNEL
EMPLOYED IN REGIONAL INDUSTRIES**

(PLEASE TYPE OR PRINT IN BLACK)

1. **NAME AND ADDRESS OF DECENTRALISED INDUSTRY:**

.....

2. **DECENTRALISED POINT (FACTORY SITE):**

3. **DETAILS OF HOUSING LOANS PREVIOUSLY GRANTED**

No. of Units	Place	Date of approval	Amount on which subsidy is based
(a)
(b)
(c)
(d)
(e)

4. **DETAILS OF KEY PERSONNEL NOW REQUIRING HOUSING SUBSIDIES**

Name	Position held in company	Amount on which subsidy is required	Place
(a)
(b)
(c)
(d)
(e)

5. **DETAILS OF EXISTING LOANS (IF ANY) IN RESPECT OF THE ABOVE PERSONNEL**
(In Par. 4. above)

Name	Present outstanding balance on bond	Bondholder	Date of registration of bond	Place
(a)
(b)
(c)
(d)
(e)

6. **DETAILS OF PROPOSED SUBSIDISED PROPERTY(IES) — IF AVAILABLE**

(a)

(b)

(c)

(d)

(e)

7. TOTAL EMPLOYMENT ACCORDING TO THE FOLLOWING CLASSIFICATION
(ORGANISATIONAL CHART MUST BE ATTACHED)
(AS AT.....19.....)

Manufacturing activities Non-manufacturing activities

SIGNED*.....DESIGNATION.....DATE.....

NAME (IN PRINT)..... TEL.....

TELEX.....

*Public Officer of the firm.

ADDENDUM TO FORM 85/7

GUIDELINES FOR SUBSIDISED HOUSING LOANS FOR KEY PERSONNEL EMPLOYED IN REGIONAL INDUSTRIES

1. Applications for subsidies on housing loans in respect of key personnel employed in regional industries must be submitted to the Regional Industrial Development Authority (RIDA) on form 85/7.
2. Subsidies are paid in respect of funds provided by industrialists themselves, building societies, the Industrial Development Corporation or other approved bond issuing institutions who may be approached after the RIDA has approved the payment of such subsidies in principle.
3. Existing housing loans of key personnel held by the institutions mentioned in 2 above may also qualify for the subsidy.
4. Any approval of a subsidy by the RIDA will be deemed to have lapsed if a bond has not been registered **within 24 months** of approval unless a renewal or extension of such an approval has been applied for and been authorised in writing by the RIDA.
5. Key personnel is defined as those employees above the position of normal factory workers who are involved in the production process in the factory or in a supervisory capacity for which they have been trained and without whose services the production process will not operate efficiently. Full-time management not involved in the manufacturing activities is included.
6. The RIDA will periodically determine the maximum loans which can qualify for the subsidy.

Any amount which exceeds the maximum limit approved by the RIDA will not qualify for the subsidy.

One out of ten loans, i.e. also the first loan, can qualify for a higher amount as determined by the RIDA.

7. In the event of any upward adjustment in building society interest rates the housing subsidy will, where applicable, be paid on existing bonds already approved by the RIDA.

8. Under no circumstances will interest rates be subsidised to a level below 6% per annum.
9. When a property on which a subsidy is being paid by the RIDA is vacated by a key personnel member of an industrialist at a regional development point, the industrialist must immediately notify the RIDA of such circumstances. The subsidy will cease to be paid as from the date on which the employee vacates such premises.
10. In the case of a replacement of the former key personnel member mentioned in 9 above the RIDA can again be approached for a subsidy in respect of the new incumbent.
11. Bonds over small-holdings occupied by key personnel may be subsidised only in exceptional cases provided such property is within the municipal boundary of the regional development point.
12. As a matter of priority the RIDA will consider subsidising housing loans in respect of properties acquired at the regional development points only.

However, in exceptional circumstances the RIDA may consider the granting of subsidies in other residential areas in close proximity to the regional development point. Such applications must be accompanied by a full motivation.

13. Should a key employee wish to substitute a property in respect of which a subsidy is paid, the subsidy on the new property shall not be paid on a higher loan than that which was applicable at the time of the original approval of that subsidy. The subsidy on the higher loan will only be paid for the remaining period of the original loan. The RIDA's prior approval must be obtained in cases of such substitution of loans.
14. The RIDA's approval must be obtained before increasing subsidised loans for any reason whatsoever. In cases where the intended increase is in respect of improvements to the subsidised property, a fully motivated application for such improvements must be submitted for approval to the RIDA.
15. It is advisable to approach the RIDA for clarification pertaining to housing subsidies which may not be covered in these guidelines.
16. This application can only be considered together with an application for general concessions, form 85/1, or after such concessions have been approved.
17. An organisational chart reflecting key personnel together with their designations must be submitted with this application form, also indicating existing subsidies approved.
18. Alternatively the salary grade as depicted on the organisational chart may be submitted.
19. All applications will be considered on merit.

**THIRD SCHEDULE: PRO FORMA CLAIM FOR INTEREST/RENTAL
AND LABOUR INCENTIVES**

(PLEASE TYPE OR PRINT IN BLACK)

1. **NAME AND ADDRESS OF APPLICANT:**
.....
.....
.....
2. **REGIONAL DEVELOPMENT POINT (FACTORY SITE)**
.....
.....
3. **DATE OF REGIONAL DEVELOPMENT AUTHORITY'S LETTER AUTHORISING INCENTIVES IN RESPECT OF PROJECT —**
 - (a) New Ref. No. Date
 - (b) Relocation Ref. No. Date
 - (c) Expansion No. Ref. No. Date
 - (d) Product range manufactured:

NOTE: A separate claim form must be submitted in respect of each approved project.

4. **INCOME TAX REFERENCE NO.**
5. **OFFICE OF TAX ASSESSMENT**
6. **THIS CLAIM RELATES TO THE**
 - (a) First quarter ended on.....19.....
 - (b) Second quarter ended on.....19.....
 - (c) Third quarter ended on.....19.....
 - (d) Fourth quarter ended on.....19.....
 - (e) Financial year ended on.....19.....
7. **DATE OF COMMENCEMENT OF PRODUCTION OF THIS PROJECT**
.....
8. **DETAILS OF INVESTMENT IN THE PROJECT ARE AS FOLLOWS:**
NOTES
 - (a) Quarterly claims are to be certified by the **designated Public Officer** of the company, while the annual reconciliation claim must in all instances be certified by an external auditor in the prescribed form, as set out in Annexure 85/14.
 - (b) For a **new project**, only column 1 must be completed to show the investment at the end of the quarter in respect of which the claims are submitted. When the reconciliation for the full financial year is done, the interest concession for the financial year will be based on the investment at the end of the financial year.
 - (c) For an **expansion** of an existing undertaking in a decentralised area all three columns must be completed, column 1 to show investment prior to expansion. Audited financial statements in respect of the preceding year must be submitted.

- (d) (i) Land and buildings, excluding housing, must be indicated at original cost for income tax purposes and should relate solely to manufacturing activities. If leased, a certified copy of the lease agreement and certification of the value of the land and buildings must be submitted together with the first claim.

(ii) **Details of premises**

	A	B	C
	Existing project	Expansion project	New or relocated project
	Area	Area	Area
Site	ha	ha	ha
Factory buildings	m ²	m ²	m ²
Administrative buildings	m ²	m ²	m ²

- (iii) Land and buildings owned by associated companies (i.e. parent companies) must be reflected and substantiated by an external auditor.

- (e) Plant and machinery, as defined for income tax purposes, must be reflected on a separate schedule as follows: —

New: Original Cost

Used: Depreciated cost for income tax purposes. **Revaluations are not acceptable for concession purposes.**

- (f) In respect of plant and machinery in note (e) above schedules providing the following information must be submitted for reconciliation purposes at the end of the first or second full financial year when a base investment figure is to be established.

(i) **New plant and machinery**

- Description of plant and machinery
- Date purchased
- Date taken into use
- Cost price of each item (indicate whether own manufacture or purchased)
- Cost factors capitalised for tax purposes, where applicable.

(ii) **Used plant and machinery**

[(Used by the applicant in his own factory or factories of the group of companies in a metropolitan area (accepted for decentralisation purposes) and moved to a decentralised area for **continuous use** for own manufacture. Used plant and machinery purchased from undertakings other than from the group of companies, must be shown separately in the schedule "new plant and machinery").]

- Description of plant and machinery
- Date purchased
- Date originally taken into use
- Cost price of each item (indicate whether own manufacture or purchased)
- Accumulated depreciation of each item as at the end of the first financial year after establishing/expansion in a decentralised area
- Initial allowance allowed by the Receiver of Revenue in respect of each item
- Cost factors capitalised for tax purposes, where applicable

(iii) **Leased plant and machinery**

- Description of plant and machinery
 - Date of lease agreement
 - Cost price of each item i.e. excluding accruing finance charges
- (g) A reconciliation of the schedules requested in note (f) with the balance sheet must be submitted.
- (h) In respect of leased plant and machinery certified copies of the lease agreements must be provided.
- (i) The investment in stocks and debtors should be within reasonable proportions to annual turnover acceptable to the Regional Industrial Development Authority and must be restricted to own approved products manufactured and stored at the regional development point. The investment in stock and debtors recognised for concession purposes will be restricted to two months' stock requirements (approved products, related raw materials and work-in-progress) as well as three months' trade debtors, both measured against the company's turnover.
- (j) **THE RELEVANT AUDITED FINANCIAL STATEMENTS MUST ACCOMPANY THE ANNUAL RECONCILIATION CLAIM.**
- (k) Please note that the incentives approved relate to the investment and employment in your **manufacturing activities only**. Any investment or employment relating to non-manufacturing activities such as installation, repairs, services, retail trading, etc., must be excluded for purposes of claiming incentives. Your claim must indicate any such division of assets and employment and be accompanied by an explanation of the allocation basis used. An external auditor must, furthermore, certify that the allocation basis is fair and reasonable.

	(1)	(2)	(3)
DETAILS (see notes above)	Financial year/quarter ended	Financial year ended	Additional investment (for expansion only)
	
19.....19.....	

(1) OWN ASSETS			
Land (see (d) above).....			
Buildings (d) above).....			
Plant and machinery (e above).....			
Vehicles* and furniture.....			
TOTAL FIXED ASSETS			
Stocks and Trade Debtors (see (i) above)			
CURRENT ASSETS			
TOTAL ASSETS			
(2) LEASED PLANT AND MACHINERY (see (f) and (h) above)			

* (excluding passenger vehicles)

9. DETAILS OF EMPLOYMENT AND SALARIES/WAGES ARE AS FOLLOWS:

NOTES:

(a) **FOR A NEW PROJECT —**

- (i) for the first full financial year, only column 1 must be completed;
- (ii) for the second full financial year, and subsequent financial years both columns must be completed.

(b) **FOR AN EXPANSION —**

- (i) for the first full financial year both columns must be completed, column 1 to show details for the financial year prior to expansion;
- (ii) for the second full financial year and subsequent financial years both columns must be completed; column 1 to indicate base year as in (b)(i) above.

(c) **BY GROSS SALARIES AND WAGES IS MEANT SALARIES AND WAGES PAID TO ALL FULL TIME FACTORY EMPLOYEES (EXCLUDING BUILDING OR CONSTRUCTION WORKERS) AND FRINGE BENEFITS AS WELL AS THE EMPLOYER'S CONTRIBUTION TO STATUTORY AND OTHER FUNDS**

(d) **A SCHEDULE PROVIDING THE FOLLOWING INFORMATION MUST BE SUBMITTED:**

- (i) Month ending
- (ii) Average number of employees per week/month, whichever is applicable.
- (iii) Total monthly gross salaries and wages separately. For the purpose of distinguishing between salaries and wages, all employees earning more than R500 per month shall be deemed to be earning a salary.

(iv) Salaries and wages must be calculated on working days of at least 8 hours. (40 hours per week)

	1		2	
	Financial year ended19.....		Financial year ended19.....	
	Average No. employed (See note d)	Total gross salaries/ wages R	Average No. employed (see note d)	Total gross salaries/ wages R
Employees earning salaries*				
Employees earning wages				

*For this purpose, all employees earning more than R500 per month.

NOTE: IN THE CASE OF A RECONCILIATION CLAIM, A STATEMENT BY AN EXTERNAL AUDITOR IN THE FORM AS SET OUT IN ANNEXURE 85/14, MUST BE SUBMITTED TOGETHER WITH THE CLAIM.

NAME:..... SIGNED:.....

DESIGNATION..... PUBLIC OFFICER.....

DATE..... 19..... Tel.....

Telex.....

NOTE: THE INDIVIDUAL REGIONAL INDUSTRIAL DEVELOPMENT AUTHORITIES MAY REQUEST ANY ADDITIONAL INFORMATION THEY MAY REQUIRE. IN VIEW THEREOF, THE OFFICIAL FORM OF THE AUTHORITY CONCERNED MUST BE USED.

CLAIM FOR SIMPLIFIED CASH WAGE INCENTIVE

(PLEASE TYPE OR PRINT IN BLACK)

TO BE FILLED IN BY REGIONAL INDUSTRIAL DEVELOPMENT AUTHORITY/NATIONAL DEVELOPMENT CORPORATION OR CONSULTANT FIRM

NOTE: DETAILS IN RESPECT OF SALARIES PAID MUST BE SHOWN SEPARATELY. FOR THE PURPOSE HEREOF, EMPLOYEES EARNING MORE THAN R500 PER MONTH SHALL BE DEEMED TO BE EARNING A SALARY

PERIOD COVERED.....

NAME OF APPLICANT.....

ADDRESS

LOCALITY OF INDUSTRY

REF. NO..... PAYMENT ACCOUNT NO.....

DATE OF WAGE PAYMENT	WAGE REGISTER PAGE NO.	NO OF EMPL. PAID	AMOUNT OF WAGES PAID	WAGES PAID PLUS 20%	NO. OF EMPL.X MAX. RATE	INCENTIVE RATE

PREPARED BY..... CHECKED BY.....

NAME IN PRINT..... TELEPHONE.....

DESIGNATION..... DATE.....

FOR COMPLETION BY AUTHORITY CONCERNED:

PASSED FOR PAYMENT..... DATE.....

	REF	DATE	INITIAL
TRANSFERRED TO CLAIM SUMMARY			
PAYMENT EFFECTED			

**SUMMARY SCHEDULE OF SALARIES AND WAGES ON A
QUARTERLY BASIS**

PERIOD COVERED:
NAME OF APPLICANT:
NAME OF BUSINESS:

Salaries (employees earning more than R500 p.m.)			Wages (employees earning R500 p.m. or less)		
Month ending	Number employed	Gross salaries	Week ending	Number employed	Gross wages
Total			Total		

CLAIM FOR ROAD TRANSPORT REBATE ON OUTGOING GOODS

(PLEASE TYPE OR PRINT IN BLACK)

1. NAME AND ADDRESS OF REGISTERED INDUSTRY:

 POSTAL CODE:..... TEL:.....
 CONTACT PERSON:..... TELEX:.....
 REGIONAL DEVELOPMENT POINT (FACTORY SITE):.....

2. PERIOD OF CLAIM: FROM..... TO.....

3. DATE AND REFERENCE NUMBER OF REGIONAL INDUSTRIAL DEVELOPMENT
 AUTHORITY (RIDA) APPROVAL OF REBATE:
 REFERENCE:..... DATE.....

4. TAX PARTICULARS:
 INCOME TAX NO..... TAX OFFICE.....

5. PARTICULARS OF GOODS TRANSPORTED UNDER REBATE:

Please furnish full particulars on the attached schedule; alternatively computer printouts summarising the required particulars and certified correct by the company's Public Officer, must be submitted in support of claims.

NOTE: Do not submit invoices/delivery notes with certified summary statements. Copies of the original invoices/delivery notes supporting the monthly/quarterly claims, should be kept available for inspection by the RIDA or its authorised representatives, if so required. Such documents should be retained for a period of 3 years.

6. TOTAL CLAIM AS PER ATTACHED SCHEDULE:.....

7. NAME AND ADDRESS OF CARRIER:.....

 TEL:..... TELEX:.....

8. CERTIFICATION:

It is hereby certified that

- (i) the attached schedule or private/public road transport services rendered to or performed by the above-stated approved regional industry during the period.....correctly summarizes the actual transport transactions as documented in the relevant original invoices/delivery notes;
- (ii) the goods transported were approved for private/public road transportation rebates by the RIDA in terms of letter(s) No(s).
dated.....19.....;

- (iii) the goods were carried under authorised exemption or under authorising permit in terms of Act No. 74 of 1977, copies of which documents are attached/were submitted to the RIDA for clearance on.....
- (iv) the goods were delivered to destinations reflected on the statement referred to under (i) above and receipt thereof was acknowledged by the consignee(s);
- (v) only destinations for which the RIDA's prior approval has been obtained, have been included in the Schedule.

SIGNATURE:.....NAME:.....
DESIGNATED PUBLIC OFFICER

NAME OF FIRM:

DATE:.....

9. PARTICULARS OF GOODS TRANSPORTED BY ROAD UNDER REBATE

Delivery date	Invoice/ delivery note re- ference	Product description	Destination of consign- ment	Mass kg	km (SATS)	SATS reference tariff	Public/ private own trans- port cost	Agreed contract rate	Rebate claimed
						cent/100 kg	cent/100 kg	%	Rand c

79

NAME (IN PRINT): SIGNATURE:

PUBLIC OFFICER

NAME OF FIRM:

10. **SUMMARISED CALCULATIONS I.R.O. GOODS TRANSPORTED BY ROAD UNDER REBATE:**

(This summary will relate to the details provided in Par. 9)

APPLICANT:

REGIONAL DEVELOPMENT POINT:

PERIOD OF CLAIM: FROM..... TO

NB: DESTINATIONS MUST BE SEPARATED.

DESTINATION: DESTINATION:

Delivery date	Inv./Del. note No.	Product description	Mass kg
TOTAL MASS			

Delivery date	Inv./Del. note No.	Product description	Mass kg
TOTAL MASS			

**CLAIM FOR SEA FREIGHT REBATE ON OUTGOING GOODS
SHIPPED BY A FOREIGN SHIPPING LINE**

(PLEASE TYPE OR PRINT CLEARLY IN BLACK)

1. **NAME AND ADDRESS OF REGISTERED INDUSTRY:**

.....

POSTAL CODE:..... **TEL:**.....
CONTACT PERSON:..... **TELEX:**.....
REGIONAL DEVELOPMENT POINT (FACTORY SITE):.....

2. **PERIOD OF CLAIM: FROM**..... **TO**.....

3. **DATE AND REFERENCE NUMBER OF REGIONAL INDUSTRIAL DEVELOPMENT
AUTHORITY APPROVAL OF REBATE:**
REFERENCE:..... **DATE:**.....

4. **TAX PARTICULARS:**
TAX NO...... **TAX OFFICE**.....

5. **PARTICULARS OF GOODS SHIPPED UNDER REBATE:**

Please fill in the attached schedule in full and submit together with original or certified copies of the relevant Coastal Transit Bill (containers) — CTBC or Coastal Cargo Transit Bill (other cargo) — CCTB.

6. **TOTAL CLAIM AS PER ATTACHED SCHEDULE:**.....

7. **NAME AND ADDRESS OF SHIPPING LINE:**

TEL:..... **TELEX:**.....

8. **CERTIFICATION:**

It is hereby certified that

- (i) the attached schedule of coastal shipment on behalf of the above-stated approved regional industry during the period..... correctly summarises the actual coastal seafreight as documented in the relevant original CTBC or CCTB;
- (ii) the goods shipped were approved for coastal seafreight rebates by the Regional Industrial Development Authority in terms of letter No. dated.....;
- (iii) the above shipping line(s) were approved by the SA Harbours as a regular service qualifying for use for concession purposes;
- (iv) the goods were delivered to destinations reflected on the statement referred to under (i) above and receipt thereof was acknowledged by the consignee(s).

NAME:.....

SIGNATURE:.....

DESIGNATED PUBLIC OFFICER

NAME OF COMPANY:.....

DATE:.....

% REBATE.....

9. PARTICULARS OF GOODS TRANSPORTED BY COASTAL SHIPPING UNDER REBATE BY A FOREIGN SHIPPING LINE

Shipping date	Invoice No.	Product description	Routing of consignment (harbours used & end destination)	Mass (total) kg	SATS* reference tariff	Industrialists own transport cost;					Rebate claimed	
						Cost of road/rail leg from factory to harbour	Harbour charges	Sea freight cost	Cost of road/rail leg from harbour of discharge to end destination	Rand	c	

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*To be determined between the Industrialist and SATS

Certified correct:
SATS/SA HARBOURS

NAME OF COMPANY:
PUBLIC OFFICER:
(NAME IN PRINT)
SIGNATURE.....

CLAIM FOR PAYMENT OF SUBSIDY ON HOUSING FOR KEY PERSONNEL

(PLEASE TYPE OR PRINT IN BLACK)

- 1. NAME AND ADDRESS OF EMPLOYER:
.....
.....
.....
- 2. DECENTRALISED POINT (FACTORY SITE).....
- 3. DATE OF REGIONAL INDUSTRIAL DEVELOPMENT AUTHORITY'S APPROVAL OF SUBSIDY
.....
- 4. DETAILS OF EXISTING LOAN FOR WHICH SUBSIDY IS CLAIMED
 - 4.1 NAME OF EMPLOYEE.....
 - 4.2 POSITION HELD IN COMPANY
 - 4.3 STREET ADDRESS OF SUBSIDISED PROPERTY
 - SUBURB
 - 4.4 ERF NO.....TOWNSHIP.....
 - 4.5 BOND HOLDER
 - ACCOUNT NO.....
 - 4.6 MONTHLY INSTALMENT.....
 - 4.7 BALANCE OF LOAN: AT APPROVAL R
 - PRESENTLY R.....
 - 4.8 PRESENT INTEREST RATE ON LOAN.....
 - 4.9 INCOME TAX NO OF COMPANY.....
 - 4.10 TAX OFFICE.....

NOTE: THE APPLICANT MUST PROVIDE THE BOND HOLDER'S QUARTERLY STATEMENT OF ACCOUNT AND PAYMENTS IN SUPPORT OF THE ABOVE INFORMATION.

- 5. Lease agreement and proof of payment (certified copies) must be submitted in the case of rented accommodation.
- 6. **CERTIFICATE TO BE COMPLETED BY THE PUBLIC OFFICER OF THE FIRM IN SUPPORT OF THIS CLAIM**

I certify that.....
 who holds the position of

in the regional development industry at.....
 and who resides at

has occupied the above premises and has been employed continuously by this firm in the position indicated for the entire period covered by this claim,

from..... to.....

DATE:..... SIGNATURE:.....

NAME IN PRINT..... DESIGNATION.....

GUIDELINES FOR CLAIMS FOR REIMBURSEMENT OF RELOCATION COSTS IN RESPECT OF INDUSTRIES TO BE ESTABLISHED AT REGIONAL DEVELOPMENT POINTS

1. **GENERAL**

- (a) The industrialist should apply to the Regional Industrial Development Authority (RIDA) concerned for the reimbursement of relocation costs together with his general application for incentives (form 85/1) and must submit a realistic estimate of such costs.
- (b) Shortly before the actual relocation of the industry takes place quotations covering all acceptable items of relocation costs must be obtained from independent contractors, subject to the conditions and procedures prescribed by the RIDA concerned. The lowest of the quotations which will be considered for reimbursement. However, no firm commitments should be entered into without the RIDA's prior approval.
- (c) The procedure in (b) above will also apply in cases where the industrialist intends relocating all or an acceptable part of the factory as a going concern by means of his own labour, vehicles, equipment, etc.
- (d) Should the industrialist for one reason or another prefer to utilise the services of any other contractor than the one who submitted the lowest quotation, the RIDA will base the reimbursement of relocation costs on the amount of the lowest quotation submitted.

2. The following represent the main cost items which are acceptable, or not acceptable, for purposes of the reimbursement of relocation costs.

A. **FACTORY PLANT, MACHINERY AND EQUIPMENT**

1. **Acceptable costs**

- (a) (i) Costs of disconnecting used factory, plant machinery and equipment in operation at the applicant's existing factory prior to relocating it to the new factory at the regional development point, the dismantling, packing, loading, transportation to and re-installation thereof at the new factory.
- (ii) In the case of investors from abroad who wish to establish at regional development points, relocation costs will be paid in respect of all machinery, plant and equipment (used or new) to be installed in such a venture at the regional development point. General sales tax, import duties and surcharges paid on capital goods imported will also be reimbursed.
- (iii) Costs connected with the change-over of electric motors and equipment in order to adapt to the power supply at the new factory.

- (iv) Cost of insurance premiums covering damage to machinery, plant and equipment (excluding premiums covering the loss of production).

2. **Non-acceptable costs**

- (a) (i) Subject to the provisions of paragraph 1(a)(ii) above, the costs of transport, loading and installation of factory plant, machinery and equipment acquired before or during the process of moving a factory to a regional development point;
- (ii) The costs in respect of machinery, equipment and plant acquired for installation in a new project will not be reimbursed.
- (b) Special foundation bases for equipment and platforms (or similar permanent fixtures which cannot readily be removed) in the factory at the regional development point. Such items are deemed to part of the factory construction.

B. **CONSUMABLE STORES, RAW MATERIALS, FINISHED AND UNFINISHED PRODUCTS**

1. **Acceptable costs**

Non-recurring costs in connection with the packing, loading, transportation, and unloading of consumable stores, raw materials, finished and semi-finished goods at the factory at the regional development point.

2. **Non-acceptable costs**

- (a) Intermediate storage costs and handling charges in respect of the goods mentioned in paragraph B.1 above.
- (b) Costs resulting from delays in moving the above goods.

C. **THE FIRM'S VEHICLES INVOLVED IN THE RELOCATION**

1. **Acceptable costs**

Costs of moving used company vehicles to the new decentralised factory at the current government tariffs (particulars of which may be obtained from the relevant RIDA).

2. **Non-acceptable costs**

Subsistence and travelling allowances in respect of drivers and passengers where unloaded vehicles are moved permanently to the factory at the regional development point.

D. **RELOCATION OF PERSONNEL TO THE REGIONAL DEVELOPMENT POINT**

1. **Acceptable costs**

- (a) Transportation costs of private household effects of personnel direct to the regional development point. Reimbursement will be considered in respect of personnel moving from a metropolitan area only.
- (b) Costs of moving private vehicles of personnel direct to the regional development point at current government tariffs.
- (c) Where personnel travel by means of public transport, the cost of railing their private vehicles to the point concerned including the cost of fares at normal tourist rates for the employees and their dependent family members to the regional development point. Documentary evidence of expenses incurred in this regard must accompany applications for reimbursement.

- (d) No enhancement will be allowed in respect of costs incurred in the transport of vehicles or household effects of personnel.
2. **Non-acceptable costs**
- (a) Costs of storage of household effects of personnel.
 - (b) Transportation costs between place of storage and residence at the regional development point.
 - (c) Hotel accommodation expenses in respect of personnel.
 - (d) Cost of moving dependent families and private household effects of all personnel temporarily transferred (for example for training or relieving purposes).
 - (e) Costs of moving personnel from one regional development industry to another.
- E. An enhancement of up to 20% of acceptable relocation costs which must be fully specified and approved, may be paid by the RIDA concerned to compensate for unforeseen relocation costs acceptable to the RIDA.
- F. In all cases claims for the reimbursement of acceptable costs should be submitted directly to the RIDA and must be accompanied by an audit certificate issued by an external auditor to the effect that the acceptable relocation costs claimed have in fact been incurred and that the industry has, in fact, been physically relocated and is in production.
- G. In the event of any uncertainty pertaining to relocation costs, the matter should be clarified with the RIDA.

AUDIT STATEMENT (MINIMUM REQUIREMENTS)

Report to the (insert name of the Regional Industrial Development Authority concerned).

At the request of (insert name of industrialist) located at we have examined the attached claim(s) for (insert type of regional development incentive/s) relating to the year ended We have initialled the claim for identification purposes.

Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such auditing procedures as we considered necessary in the circumstances.

In our opinion, the claim has been prepared in accordance with the requirements and principles set out in the Revised 1985 Edition of the Manual on Regional Industrial Development Incentives, the letter dated in terms of which incentives were granted to the industrialist mentioned above and the annexure to that letter (if any).

Name.....

Date.....

NOTE: In the case of a claim in respect of relocation costs, the auditor must also certify that the industry has, in fact, been physically relocated and is in production.

DEPARTMENT OF MANPOWER OF SOUTH AFRICA
MANPOWER TRAINING ACT, 1981

(PLEASE TYPE OR PRINT IN BLACK)

APPLICATION FOR PAYMENT OF A TRAINING ALLOWANCE TO AN
INDUSTRIALIST IN TERMS OF SECTION 37A OF THE MANPOWER TRAINING ACT

Fill in and return to the Divisional Inspector, Department of Manpower, at the relevant address indicated in paragraph 6 of the addendum to this form.

The Divisional Inspector
Department of Manpower

1. Name and address of Industrialist (for a description of "industrialist" see paragraph 5 of the addendum to this form)
.....
.....
.....
.....
2. Income Tax Reference Number:.....
3. Name and telephone number of person responsible for the claim:
4. Nature of manufacturing or similar process involved:
.....
.....
.....
5. (a) In which industrial development area is the undertaking being operated?
(b) Are you in receipt of any industrial incentives from the Decentralisation Board? YES/NO* If so, indicate the reference number and attach a copy of the relevant letter.....
6. (a) Name and address of private training centre or training scheme where or under which employees received training (attach a separate schedule of employees who attended approved courses):
- (b) (i) Name and address of group training centre, if applicable, where employees received training:
.....
(ii) Attach a schedule of employees who attended such courses
(iii) Indicate on the schedule mentioned in (ii) the approved course fee paid and the employees gross remuneration.
- (c) Where training has been undergone in a National State indicate (i) name and address of centre or scheme which provided the training, and (ii) reference number.
(i)
(ii)

7. (a) Is the group training centre, private training centre or training scheme mentioned in 6 registered with the Department of Manpower? YES/NO*. If so, indicate the reference number and date of registration:
 No. Date.....
- (b) In the event of training being provided in terms of an Industrial Council Agreement indicate name of Industrial Council or Training Board:

8. (a) In respect of which period are training expenses being claimed?
 (b) When did your financial year close?
9. Supply details of training expenses incurred during the period mentioned in 8 (a) in accordance with the prescriptions contained in Annexure A.
10. Have you recovered or recouped any training expenses referred to in paragraph 1 of Annexure A in respect of the subsidy or recovery on waste materials? YES/NO*. If so, specify the amount and nature of training expenses recouped:

11. Did you during the period mentioned in 8 above receive any grant or compensation in respect or training received by your employees from a training scheme provided for in an industrial council agreement or any other scheme? YES/NO*. If so, specify the amount and name of scheme:

SIGNATURE OF EMPLOYER OR DULY AUTHORISED AGENT

DATE:.....

*Delete whichever is not applicable.

ADDENDUM TO FORM 85/15

TRAINING ALLOWANCES IN TERMS OF SECTION 37A OF THE MANPOWER TRAINING ACT, 1981

Note: The information contained herein is also applicable to industrialists in the Self-governing National States whose employees receive or have received training approved by the Registrar of Manpower Training. Industrialists in the Independent States (TBVC States) must apply to the corresponding Departments in such states for the allowance.

1. The expression "training expenses" has the same meaning assigned thereto as in section 11 **sept** (5) of the Income Tax Act, 1962, and comprises the following expenditure:
- (a) The remuneration of instructional, supervisory and clerical personnel in respect of the services of such personnel which are

- directly connected with the operation of registered training centre or scheme, including so much of the contributions made by the applicant to a benefit fund, pension fund or provident fund as relate to such personnel and would, if treated as remuneration, relate to the said services (names of staff members, their duties and salary scales per week or per month, the period in respect of which the amount is claimed, as well as the name of the fund must be supplied);
- (b) the remuneration of employees who have received training in respect of the training periods in accordance with approved courses conducted by a registered training centre or scheme, less so much of that remuneration as may on the basis of a fair and reasonable apportionment, be regarded as having been incurred in respect of productive work done by those employees during the relevant training periods (indicate names of employees who have received training, title of the courses in which each has been trained, remuneration of employees per week or per month, period of training and amount claimed). Where employees have attended external courses, the prescribed certificate of attendance issued by the training centre must be attached;
 - (c) expenses in respect of training premises* or equipment used wholly or mainly for the purposes of conducting approved training courses at a registered training centre or scheme, including —
 - (i) rent for such premises or equipment;
 - (ii) maintenance costs and the cost of repairs (must be specified);
 - (iii) property rates levied by a municipality or a similar authority;
 - (iv) insurance of such premises or equipment (indicate the name and address of the insurance company and the premium);
 - (v) interest on a loan incurred in order to finance the cost of acquisition, erection, construction of or any extension or addition to such premises or equipment (indicate details of the premises and equipment, the expenses incurred, the period in respect of which the premises or equipment have been used for approved training purposes, from whom the loan was obtained and the amount claimed);

*Where premises and equipment are specifically erected or set aside for approved training purposes, such items or ex-

penditure will only qualify for the allowance as long as the period of use of the facilities exceeds the period used for other purposes. If training is done on the factory floor, expenses of such premises will not qualify since they would be used mainly for production.

It is not permissible to charge a nominal rental in respect of owned premises since only expenses "incurred" may be deducted;

- (d) depreciation allowed in terms of section 11(e) of the Income Tax Act with regard to equipment used wholly or mainly for approved training courses conducted by a registered training centre or scheme, less so much of the cost as may on the basis of a fair and reasonable apportionment, be regarded as having been incurred in respect of materials, fuel or power consumed in respect of productive work done by the trainees in such a centre or under such a scheme (such expenses must be specified);
- (e) the cost of materials, fuel or power consumed for the purpose of an approved training course conducted by a registered training centre or scheme less so much of the cost as may on the basis of a fair and reasonable apportionment, be regarded, as having been incurred in respect of materials, fuel or power consumed in respect of productive work done by the trainees in such a centre or under such a scheme (such expenses must be specified);
- (f) travelling expenses incurred in the operation of or in respect of employees attending approved training courses at a registered training centre or scheme (such expenses must be specified);
- (g) Approved fees paid in respect of the training of trainees in accordance with approved training courses at or under a registered training centre not operated by the applicant or the tuition of instructors employed for the purposes of a registered training centre or scheme (must be specified). Note that where the State pays 75% of the course fees direct to a group training centre, the 25% of the fee paid by the employer only qualifies for a once only deduction, i.e. as a running expense; and
- (h) expenditure of any other nature directly incurred in the operation of a registered training centre or scheme. Full details must be furnished of such expenses.

The expression "registered training centre or scheme" includes centres or schemes which are provided for in an industrial council agreement or centres or schemes in a Self-governing National State which provide training approved by the Registrar of

Manpower Training. It must be emphasised that only courses approved by the Registrar will qualify for the training concession or allowance.

2. As from 1 September 1984 the training allowance no longer applies to employees whose gross remuneration (i.e. including all fringe and other benefits) exceeded R15 000 during the employer's year of assessment.
3. Training expenses recovered by an employer or any subsidy or grant received in respect of the training of his employees from a training scheme provided for by an Industrial Council Agreement, or a scheme referred to in section 39(4) of the Act, or any other scheme, must be deducted from the amount calculated in accordance with paragraph 1 of this Annexure. Such expenses will, however, not be reduced by the wage concessions which an industrialist receives or has received from the Decentralisation Board. Details of waste materials and equipment disposed of must be furnished.
4. Application for the payment of training allowances must be accompanied by —
 - (a) a separate statement relative to the period mentioned in paragraph 8(a) of the application form, in respect of each item mentioned in paragraph 1 of this Annexure;
 - (b) a table of approved courses in which training has been undergone by employees as well as the duration of such training;
 - (c) a schedule of certificates in respect of training provided at a group training centre or a private training centre;
 - (d) a certificate stating that gross remuneration of employees (trainees) during the employer's year of assessment did not exceed R15 000; and
 - (e) an audit certificate from a person registered as an accountant and auditor in terms of section 23 of the Public Accountant's and Auditors' Act, 1951, (Act 51 of 1951) indicating the correctness of the applicant's training expenses and information set out in the statements accompanying his application.
5. For the purposes of training allowances, an "Industrialist" means an employer involved in the activities described in paragraphs 3(b) and (c) of the Manual. In short, this means employers engaged in processing, manufacturing or assembling activities but excluding activities relating to agriculture, mining, trade and services.

6. The addresses and areas of jurisdiction of the Divisional Inspectors, Department of Manpower, to whom the completed application forms must be forwarded, are as follows (where an industrialist's premises are situated in an area not specifically mentioned, for example in a Self-governing National State, the application must be forwarded to the Divisional Inspector whose area of jurisdiction is the nearest to the area in question):
- (a) The Divisional Inspector, Department of Manpower, P O Box 393, Pretoria 0001; in the Magisterial Districts of Barberton, Belfast, Brits, Bronkhorstspuit, Carolina, Cullinan, Groblersdal, Koster, Letaba (Tzaneen), Lydenburg, Marico (Zeerust), Messina, Middelburg (Transvaal), Nelspruit, Pietersburg, Pilgrim's Rest, Potgietersrus, Pretoria, Rustenburg, Soutpansberg, Swart-ruggens, Thabazimbi, Warmbaths, Waterberg, Waterval-Boven, White River, Witbank and Wonderboom;
 - (b) The Divisional Inspector, Department of Manpower, P O Box 4560, Johannesburg 2000; in the Magisterial Districts of Alberton, Amersfoort, Balfour, Benoni, Bethal, Bloemhof, Boksburg, Brakpan, Christiana, Coligny, Delareyville, Delmas, Ermelo, Germiston, Heidelberg (Transvaal), Heilbron, Highveld Ridge, Johannesburg, Kempton Park, Klerksdorp, Krugersdorp, Lichtenburg, Nigel, Oberholzer, Parys, Piet Retief, Potchefstroom, Randburg, Randfontein, Roodepoort, Sasolburg, Schweizer-Reneke, Springs, Standerton, Vanderbijlpark, Ventersdorp, Vereeniging, Volksrust, Vredefort, Wakkerstroom, Westonaria and Wolmaransstad;
 - (c) The Divisional Inspector, Department of Manpower, P O Box 940, Durban 4000; in the Province of Natal;
 - (d) The Divisional Inspector, Department of Manpower, P O Box 312, East London 5200; in the Magisterial Districts of Albert, Aliwal North, Barkly East, Cathcart, East London, Elliot, Fort Beaufort, Indwe, King William's Town, Komga, Lady Grey, Maclear, Molteno, Queenstown, Sterkstroom, Stockenström, Stutterheim, Tarka and Woodhouse;
 - (e) The Divisional Inspector, Department of Manpower, Private Bag X3908, Port Elizabeth 6000; in the Magisterial Districts of Aberdeen, Adelaide, Albany, Alexandria, Bathurst, Bedford, Colesberg, Cradock, Graaff-Reinet, Hankey, Hanover, Hofmeyr, Humansdorp, Jansenville, Kirkwood, Middelburg (Cape), Murraysburg, Noupoot, Pearston, Port Elizabeth, Richmond (Cape), Somerset East, Steynsburg, Steytlerville, Uitenhage, Venterstad and Willowmore;

- (f) The Divisional Inspector, Department of Manpower, P O Box 872, Cape Town 8000; in the Magisterial Districts of Beaufort West, Bellville, Bredasdorp, Caledon, Calvinia. The Cape, Carnarvon, Ceres, Clanwilliam, Fraserburg, Goodwood, Heidelberg (Cape), Hermanus, Hopefield, Kuils River, Ladismith (Cape), Laingsburg, Malmesbury, Montagu, Namaqualand, Paarl, Piketberg, Prince Albert, Robertson, Simonstown, Somerset West, Stellenbosch, Strand, Sutherland, Swellendam, Tulbagh, Vanrhynsdorp, Victoria West, Vredenburg, Vredendal, Wellington, Williston, Worcester, Wynberg and the port and settlement of Walvis Bay;
- (g) The Divisional Inspector, Department of Manpower, Private Bag X6545, George 6530; in the Magisterial Districts of Calitzdorp, George, Joubertina, Knysna, Mossel Bay, Oudtshoorn, Riversdale and Uniondale;
- (h) The Divisional Inspector, Department of Manpower, P O Box 522, Bloemfontein 9300; in the Province of the Orange Free State, excluding the Magisterial Districts of Heilbron, Parys, Salsburg and Vredefort;
- (i) The Divisional Inspector, Department of Manpower, Private Bag X5012, Kimberley 8300; in the Magisterial Districts of Barclay West, Britstown, De Aar, Gordonia, Hartswater, Hay, Herbert, Hopetown, Kenhardt, Kimberley, Kuruman, Philipstown, Postmasburg, Prieska, Vryburg and Warrenton.

7. Applications from industrialists in the Self-governing National States must be forwarded to the Divisional Inspectors, Department of Manpower, as indicated hereunder:

Gazankulu	Divisional Inspector
KaNgwane	Department of Manpower
KwaNdebele	P O Box 393
Lebowa	PRETORIA
	0001
Kwazulu:	Divisional Inspector
	Department of Manpower
	P O Box 940
	DURBAN
	4000
Qwaqwa:	Divisional Inspector
	Department of Manpower
	P O Box 522
	BLOEMFONTEIN
	9300

Perskor

