

Black industrialists: numbers target on track, official says

The government is confident it will meet its target of supporting 30 black industrialists in the first year of the roll out of the multi-billion-rand programme, which kicked off at the beginning of the year.



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So far 22 applications had been approved for investments of R1.4bn, with the combined support of government and its entities valued at R700m, Department of Trade and Industry chief economist Stephen Hanival said on Tuesday, 27 September.

The Industrial Development Corporation, the Land Bank and the Public Investment Corporation would take part in the project, which aims to speed up the growth of black industrialists involved in the productive sectors.

Grant funding only represented about R200m of the support, with the rest of the package being made up of loan facilities at subsidised interest rates for working capital, Hanival said.

The aim of the black industrialists programme is to set up 100 black industrialists over the medium term: 30 this year, 30 next year and 40 in the third year. Four applications valued at R500m in the agro-processing, plastic, pharmaceuticals, electrical equipment and metals sectors were approved in the first three months of the current financial year.

"Stakeholder campaigns have been rolled out to inform potential applicants of the programme and provide support in the

development of their business plans," Science and Technology Minister Naledi Pandor said at a media briefing on Tuesday on the work of the economic, employment and infrastructure development cluster of government departments.

Pandor also emphasised government's determination to unlock the potential of small and mediumsized enterprises, co-operatives, townships and rural enterprises by expediting the full implementation of the 30% set-aside procurement policy. This will set aside 30% of all government procurement, which totals about R500bn each year, to these types of operations.

Department of Trade and Industry director-general Lionel October told the briefing that the Treasury was finalising the regulations on the set asides. The draft preferential procurement regulations were released for public comment three months ago and Treasury chief procurement officer Kenneth Brown said a sizeable number of comments had been received. Brown said no major changes had been made to the Treasury's initial draft. Questioned as to how Treasury would limit price escalation in the 30% setaside contracts, he said that acceptable prices would have to prevail. Concern about price escalation lay behind the Treasury's initial resistance to a set-aside scheme.

"We can't have a situation where something that should cost us R10 costs us R20 at the end of the day. The onus will be on the procuring entity that the final price is a market-related price. They will have to conduct market research. That has been clarified in the final regulations," Brown said.

The draft regulations published in July proposed to make it compulsory to subcontract a minimum of 30% of the value of all contracts above R30m to emerging suppliers including businesses owned by black woman.

Deputy Economic Development Minister Madala Masuku said the department was working on measures to toughen competition law and address the abuse of market dominance and excessive pricing. A number of possible amendments were being looked at.

Source: Business Day

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