



GAUTENG DEPARTMENT OF
ECONOMIC DEVELOPMENT

GAUTENG GBS/BPO INCENTIVES PARKKAGE



GAUTENG PROVINCE
ECONOMIC DEVELOPMENT
REPUBLIC OF SOUTH AFRICA

GGT2030
GROWING GAUTENG TOGETHER



Demand-Led and Critical Skills Development & Training

The Gauteng Provincial government supports initiatives to enhance the skills of the sector workforce and align them with the demand needs of the GBS/BPO industry. These incentives include:

Managerial Skills

Subsidies per worker for demand-led skills and training for **managerial and supervisory skills**.

This includes training of managers and supervisors for call/contact centres, specialist delivery centres and hubs of excellence providing IT, finance and legal services.

Assumes a subsidy of 25% of total training costs per manager/supervisor.*

Specialist Skills

Subsidies per knowledge worker for demand-led skills and training for specialist skills including:

- **AI engineers**
- **Data annotators**
- **Content moderators**
- **Finance analysts**
- **IT help desk agents**
- **IT/cyber security specialists**
- **Junior data analysts**
- **Junior software developers**
- **Junior support engineers**
- **Legal aids/specialists, and**
- **Paralegals**

Assumes a subsidy of 50% of total training costs per knowledge worker.*



Provincial government support initiatives to enhance the skills of the workforce and align them with the needs of the GBS/BPO industry



Gauteng Province will **establish a panel of accredited operators** and **identify suitable skills development partnerships**



Develop service level agreements with operators providing skills development and training and **pay them a stipend**



Panelists will provide services for a period of three years and then then readvertise every three years to **get new providers on the panel**

Enable and support operators in achieving a good B-BBEE Status

Skills Development stands as a key element on the B-BBEE Scorecard, and as such GBS/BPO operators could score between 20 to 25 points on their scorecards.

Beyond compliance, this strategic **focus on enhancing skills has far-reaching effects on employability**, economic participation, and the overall **development of a skilled workforce**.

Supporting Incentives: Infrastructure



More than **50 townships** are now **covered with broadband** as a result of the partnership between Gauteng Province Telkom, Herotel and Broadband Infraco



Significant investments has been made to **modernise infrastructure** for the rollout of the Gauteng Provincial Network (GPN)



Wide Area Networks (WAN)

12 349 sites



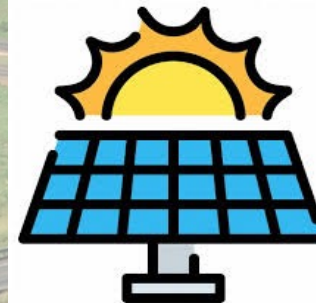
Local Area Network (LAN)

719 sites



Equipped with voice capabilities

344 sites



The Gauteng Department of Economic Development (GDED) through its Green Economy Unit is currently **implementing** a project that seeks to support enterprises with solar energy



Supporting Incentives: Infrastructure



The Gautrain

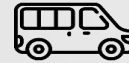


The Gautrain links key locations in Gauteng, including O.R. Tambo International Airport, Johannesburg, and Pretoria/Tshwane.

Busses and Taxis

Gauteng provides good Staff and Agent Transport in Gauteng

Cost of transport used by Gauteng Commuters Traveling to Work



R11/US\$0.61
R45/US\$2.50
Minibus Taxis



R20/US\$1.11
R195/US\$10.83
Bus



9

National Highways Connecting to Gauteng to Major Cities, including Bloemfontein, Cape Town, Durban and Pretoria/Tshwane

5 640 Kilometres

Total Length of Gauteng's Road Network Supporting



Providing innovative workspaces for operators

Gauteng province is establishing a hot desking spaces through accelerator hubs spread across the five corridors in Gauteng.

- Introduction of a “hot desking” arrangement through an accelerator hub
- Supporting GBS organizations by providing an innovative hub where GBS/BPO employees share a pool of available workspaces





Government continues to support SAPS in Gauteng and improve police visibility in communities and access to police services

Gauteng is Investing in Innovative technology to fight crime

Provincial Initiation Crime Committee



GPG has established a Provincial Initiation Crime Committee (PICC) in 2023 that **seeks to protect economic infrastructure from vandalism** and all related threats that may put in danger the investment made

e-Panic Buttons in Gauteng



Successfully piloted the deployment of e-panic buttons, which operate through a cellphone app, among staff in Gauteng departments. During the pilot phase, over **7,900 users**, including **1000 Safety Ambassadors**, have downloaded the app.

Number plate recognition



Stolen and hijacked cars are central to crimes that are committed in Gauteng. The current number plates system is outdated, and The National Department of Transport has **developed a draft legislative proposal for the harmonisation of national plates** which includes the security features

Helicopters and drones



Gauteng has acquired two new helicopters and drones that have allowed them to **establish the Gauteng Air Wing unit that did not exist before the last year**. These have been instrumental in crime-fighting operations across the province, such as the operation to combat illegal mining and cash-in-transit attempts

Green Energy Support Programmes



The Gauteng Department of Economic Development (GDED) through Service Level Agreement appointed NCPC-SA, a unit within CSIR to implement the project to support the SMEs with green energy alternatives.

The Department has invested **R11 million** towards the support of the SMEs

**30
SMEs**

identified as expression of interests through the expression of interest process

**17
Companies**

Received the solar PVs installations which includes solar panels, batteries and three phase inverters

The project at an overview managed to improve the energy security at the SMEs and the implementation contributed to the business improvement

Many of the South African entrepreneurs expressed gratitude over the support they received and that the project had a major positive impact on their business



Gauteng aims to scale-up the project to reach more SMEs on energy security while securing energy profile for the province and grow the economy

In addition, Gauteng has committed to generate **400 megawatts** from alternative and renewable sources



Green Energy Support Programmes



The Gauteng government is committed to working with all spheres of government and stakeholders to end load shedding and ensure a stable supply of affordable power.



Gauteng's strategic intent includes the following:



Ensuring **energy security** for desirable **economic growth**



Ensuring universal, **affordable and modern energy to all citizens** of the Gauteng City Region



Diversifying energy sources within the province to **include renewables and other forms of energy**



Promoting energy efficiency measures across all sectors of the economy and improving provincial energy governance and administration.



Gauteng government has established the Energy Emergency Council to respond to the worsening electricity supply crisis.

The Gauteng Energy Crisis Response Plan aims to develop a sustainable energy mix to reduce the province's reliance on the national grid



Urban Development Zone (UDZ)



The **Urban Development Zone** tax incentive is an incentive scheme **aimed at encouraging inner city renewal across South Africa**

Any taxpaying, property owning individual or entity may claim the tax benefits of the UDZ incentive

The incentive takes the form of a tax allowance covering an accelerated depreciation of investment made in either refurbishment of existing property or the creation of new developments within the inner city, over a period of five/ 17 years

18km²

The inner city of Johannesburg is **the largest UDZ in South Africa**, reflective of its status of the economic powerhouse of South Africa

There are five criteria that need to be evaluated for UDZ:

Building requirement

Urban development zone requirement

Trade requirement

Owner requirement

Date requirements



City of Johannesburg, in partnership with the South African Property Owners Association (SAPOA), has developed a **comprehensive property database for the UDZ**

The UDZ tax incentive applies in these regions:

- | | | |
|---------------------|----------------|----------------------|
| • Buffalo City | • eThekwin | • Msunduzi |
| • City of Cape Town | • Johannesburg | • Nelson Mandela Bay |
| • Ekurhuleni | • Mangaung | • Polokwane |
| • Emalahleni | • Matjhabeng | • Sol Plaatje |
| • Emfuleni | • Mbombela | • Tshwane Metro |

Supporting Incentives: One Stop Shop



Gauteng Province is launching a “one stop shop” to **fast-track municipal applications** and provide aftercare for investors, aiming to **overcome delays** and **enhance investor support**



Fast Tracking Processes with One Stop Shop

This initiative supports investors by:

- Assisting prospective investors with **streamlining processes and ease of doing business.**
- **Support with feasibility studies for operators** to set-up and identify suitable sites, facilities etc.
- **Streamlining processes and/or resources** for building permits and municipal services
- Connecting investors to **other incentives** offered by various municipalities in Gauteng

Providing continued support and After care services

The Gauteng Province continues to build relationships with investors by delivering after care services from post-establishment through to development support to **retain investment and encourage follow-on investment with local and provincial government support**



Municipality Incentives

PROVINCE

Municipality Incentives



Ekurhuleni Aerotropolis



Due to the interregional nature and **transformative magnitude of Aerotropolis**, this project has now been elevated to a Gauteng City Region-wide initiative

The Tambo Springs inland port development will have an estimated **R7.5 billion** investment over five years

This project will create a total of:

110 000 jobs
over **15 years**

Vaal Special Economic Zone in Sedibeng



The aim of the Vaal SEZ is to **grow the untapped potential** in the agricultural, manufacturing, logistics and renewable energy sectors

In the Southern Corridor, which represents the Sedibeng district and the Vaal Triangle, the goal is to **shift the economy away from its overreliance on the steel industry and diversify** to include tourism, entertainment, agro-processing and logistics.



Lanseria Smart City

The Lanseria Smart City is an initiative taken by the Presidency, City of Joburg, City of Tshwane and Mogale City to develop a Smart City in the greater Lanseria node

The project involves the **development of economic activities, residential areas, agricultural land use, modernised road and railway transportation, renewable energy, up to date infrastructure** for cell phones, information networks and high-speed broadband connectivity to **enhance the experience of residents, businesses and visitors**

Mogale City



Mogale City has created an investor-friendly environment by creating multi-sectored economic growth

Investment proposals are aimed to **satisfy the growth potential of investors and residents.**

In addition to the incentive schemes offered by the Department of Trade and Industry, Mogale City also offers a wide range of incentives for prospective investors in an attempt to **enhance foreign and local investment in globally competitive industries.**



The “one stop shop” and fast-track services include **links to various municipality incentives**



Utilities

- Electricity and water rebates and deductions.
- Partner with CityPower who is trialing a program that allows companies to apply for exemption from load shedding



SMME Support

- Employment stipend support for SMMEs hosting new employees, covering stipend.
- Employee upskilling programs for existing staff in SMMEs, covering training materials, instructors, and facilities.
- Eligible SMMEs receive financial assistance to acquire silent generators.
- License and permits support to cover costs associated with obtaining essential licenses, permits, and compliance certifications for qualifying SMMEs.
- Incentive for Tier 1 BPOs to partner with SMMEs in 30% participation of provision of centre services.



Township/Tier III Incentives

- Rebate on the total market value of all unregistered plots of land marked off for building purposes in a township
- Once-off facilities set-up and remodelling costs of \$100,000.
- ICT and technology subsidies/grants.

Municipality Incentives: SMME Support



The City of Tshwane has implemented The National Development Plan expects that Small Medium Micro Enterprises (SMMEs) will contribute 60-80% to the Gross Domestic Product (GDP) and generate 90% of the 11 million new jobs in South Africa by 2030

The Industrial Support Programme Framework (ISPF) is addressing critical challenges faced by SMMEs in Gauteng. By providing financial support and other resources to SMMEs, the program aims to foster job creation, maintain existing employment, and empower SMMEs to thrive in a competitive market

These grants will have an impact on operational continuity, regulatory compliance, workforce development, and youth employment. As such, the framework can be incorporated as an aspect of the Gauteng GBS/BPO Incentives.

Assisting Operators with License and Permits

The grant covers the costs associated with acquiring the following licenses –
Once off payment of R55 000

Set up/operational costs for operators

This program could help beneficiaries with other essential costs required to set up and run a business – Offers a once off grant fund to the value of up to **R100 000** per business

Programme

Description

Employee Up-skilling Support

The **grant funds skills training** programs for existing staff in SMMEs, covering training materials, instructors, and facilities

Employment Stipend Support

Grant **supports SMMEs hosting new employees**, covering stipends. Offers stipends to the value of R3 500 per hosted employee for 1 year

Programme

Description

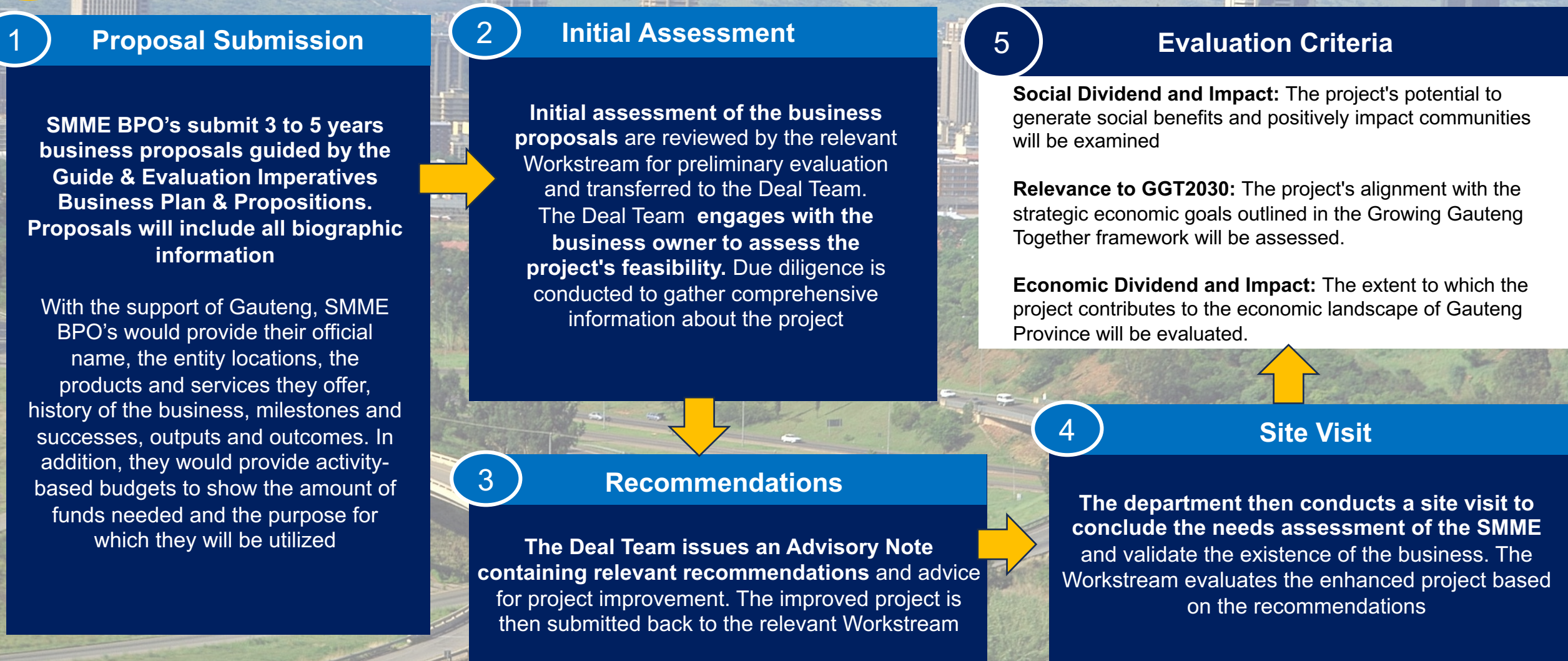
Supporting BPO operators with Equipment support

Eligible SMMEs receive financial assistance to acquire silent generators in the form of a once off grant of up to **R55 000**

Municipality Incentives: SMME Support



Similar to **The City of Tshwane**, the government could assist SMME operators to apply for support by following the process below:





Incentives to Employ Workers with Disabilities

More than **17 million** working-age individuals have a self-reported **disability that limits work** and according to recent Census data, their **unemployment rate is also twice** as high as those without a work disability

Besides from tax deductions for employing persons with a disability, there are also:

- Learnership Cash Grants (LCG)
- Strategic Cash Grants (SCG)
- SMME Grant
- Assessor & Moderator Grant,
- Lifelong Learning (LL) events
- Project funding availability



The City of Tshwane offers various incentives to encourage businesses to hire individuals with intellectual disabilities and the GPG could leverage these opportunities to incentivise BPO SMMEs that employ individuals with disabilities

Work Opportunity Tax Credit (WOTC)

This tax credit provides a financial incentive to businesses that hire individuals with disabilities

The credit can be up to \$2,400 per employee for for-profit companies and up to \$1,200 for tax-exempt organizations

Disabled Access Credit

This provides a tax credit for small businesses that make their facilities more accessible to individuals with disabilities.

The credit can be up to \$5,000 per year and can be used for a variety of accessibility improvements, such as installing ramps or widening doorways

Municipality Incentives: Township/Tier III



The City of Tshwane currently offer incentives for Township/Tier III

Rebate on the total market value of all unregistered plots of land marked off for building purposes in a township

Incentives where rebates are given when unused land in township areas are used to grow the community

Once-off facilities set-up and remodeling costs of \$100,000

The GPS can support investors with a grant of \$100 000 when **setting up operations in townships**

ICT and technology subsidies/grants.

Additional subsidies can be considered for in **developing ICT and digital infrastructure,**

The GPG could offer a Rebate on the total market value of all unregistered erven in a township

This incentive is currently offered by the City of Tshwane and its purpose is the levying of property rates on a category of “Township Development” instead of “Vacant”

- When a developer proclaims a township, an entry is opened in the valuation roll that contains all the unregistered erven (the properties still belong to the developer).
- Observations from India **show significant incentives for CAPEX costs, including a 50% capex and reduced subsidies on property rentals** for up to five years, creating cost-effective packages for setting up operations



There should be a long-term vision to operate from townships, focusing on **community-based business locations with** expansion to include more operational sites within these community-focused areas.



ANNEXURE

The dtic National Global Business Services (GBS) Incentive



The Global Business Services Incentive comprises of two components as follows:

- A base incentive, a three-tier differential incentive for non-complex jobs, complex and highly-complex jobs, based on the fully loaded cost per job.
- The base incentive is a five-year operational expenditure (OPEX) grant that tapers down in line with the narrowing cost gap between South Africa and other offshoring destinations.
- A graduated bonus incentive, which is offered for greater job creation and sustainability, if the applicant exceeds certain annual offshore job creation targets

Objectives

Primary objective to create employment in South Africa through servicing offshore activities.

The secondary objectives of the programme are to:

- Create employment opportunities for the youth (age 18-34 years); and
- Contribute to the country's export revenue from offshoring services.

The dtic will determine whether a project is eligible taking the following into account:

- For projects performing mostly (>50%) non-complex jobs (Tier-1), the project must create a minimum of 50 new offshore jobs within three years from start of operation and employ at least 80% youth as part of the approved project;
- For projects performing mostly (>50%) complex and highly-complex jobs (Tier-2&3) combined, the project must create a minimum of 30 new jobs within three years from start of operation and employ at least 60% youth as part of the approved project;

Grant Calculation

- The base incentive is calculated on projected offshore jobs to be created based on a tapering scale and is awarded on actual offshore jobs created as per the definition of full-time equivalence.
- The base incentive offers a differential (three-tier structure) incentive for non-complex jobs, complex and highly-complex jobs based on a fully loaded operating cost per job.
- The base incentive is paid over a period of five years (60 months) from the date which offshore job is created.
- The base incentive will be determined at application stage depending on the fully loaded operating costs
- The base incentive for non-complex jobs, complex and highly-complex jobs are as follows:

The dtic National Global Business Services (GBS) Incentive

The base incentive for non-complex jobs, complex and highly-complex jobs are as follows:

					R130 000				
Non-Complex Jobs (Tier 1)					R130 000				
					R134 000				
					R138 000				
					R142 000				
Number of offshore Jobs	2019/2020 (From Jan)	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
Up to 500	R30 000	R30 000	R30 000	R26 000	R26 000	R26 000	R26 000	R26 000	R26 000

					R200 000				
Complex Jobs (Tier 2)					R200 000				
					R205 000				
					R210 000				
					R215 000				
Number of offshore Jobs	2019/2020 (From Jan)	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
Up to 200	R45 000	R45 000	R45 000	R40 000	R40 000	R40 000	R40 000	R40 000	R40 000

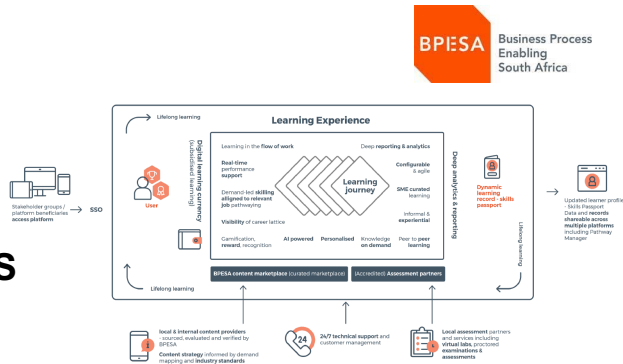
					R275 000				
Highly Complex Jobs (Tier 3)					R275 000				
					R280 000				
					R285 000				
					R290 000				
Number of offshore Jobs	2019/2020 (From Jan)	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
Up to 200	R60 000	R60 000	R60 000	R55 000	R55 000	R55 000	R55 000	R55 000	R55 000

The bonus incentive is to be paid only at the end of year five (5) where the applicant becomes eligible for it.

- The bonus incentive for non-complex jobs is only available to applicants that create and maintain more than 500 offshore jobs over a five (5) year period
- The bonus incentive for complex jobs is only available to applicants that create and maintain more than 200 offshore jobs
- The bonus incentive for highly-complex jobs is only available to applicants that create and maintain more than 100 offshore jobs

Supporting Skills Initiatives

Business Process Enabling South Africa (BPESA) promotes domestic and foreign investment into the GBS sector in South Africa



Their Future Skills Platform Solution is a three-year programme to **develop the skills of 500 000 workers in the South African GBS market**

The Future Skills Platform will **provide an opportunity to individuals not yet employed to have an informed view of in-demand job pathways** and skills requirements; trending skills

and qualifications; access to industry subject matter experts and peers; access to leading content which could potentially be subsidised by various government entities.

Work Readiness Accelerators



The GPG could provide supporting initiatives by promoting and partnering with organisations like Harambee Youth Employment Accelerator and CareerBox

These initiatives would support the incentives programme by addressing the **barriers in the labour market** and providing an end-to-end, solution that are designed to **transition disadvantaged** 18 to 28-year-old unemployed work seekers, with no prior work experience, **into entry level jobs**.

Other Work and Skills Programme

Gauteng can also provide support to initiatives such as Collective X, WeThinkCode, Ekasi Labs and Explore Data Science Academy, linking them to investors

- These opportunities **combines technical and soft skills training** in the context of “hands-on” work experience.
- These are **demand-led and aim to improve the employability** of participants through incentivised workplace experience.

Additional SMME Support:

The SMME sector is seen as the most likely to create new jobs as efficiently and as cheaply as possible

National government has created a new agency to **spur the development of small, medium and micro enterprises (SMMEs)**

The Small Enterprise Finance Agency (SEFA) will do the work previously done by three separate bodies and aims to get Loans out to small businesses as quickly as possible.



The new agency will be under the control of the Industrial Development Corporation, one of the biggest and most significant agencies in economic development in the country



Small Enterprise Development Agency (Seda)

Seda supports the growth of small business. People can go to Seda for help to start a business or, if they already have a business, to make it stronger and more profitable. There is a Seda branch in each district municipality.

These branches offer:

- **Information, advice and referrals**
- **Tender information and advice**
- **Import and export training**
- **Trade information**
- **Business assessments**
- **Business mentoring**
- **Technical support**
- **Market access**

