**THE NATIONAL ASSEMBLY**

 **QUESTION FOR WRITTEN REPLY**

**3060. Mr A R McLoughlin (DA) to ask the Minister of Trade and Industry:**

(1) With reference to the 59,1% underspend in respect of his department’s Programme 6 in the first quarter of the 2017-18 financial year, what amount has actually been spent to date on the (a) Critical Infrastructure, (b) Manufacturing Development Incentives, (c) Service Sector Development Incentives and (d) Special Economic Zones Programmes;

(2) have (a) the delays caused by outstanding compliance documentation required for the processing of claims and (b) claims that failed to comply with the guidelines been rectified in each case; if not, in each case, (a) why not and (b) what steps have been put in place to rectify the situation; if so, are there any further foreseen causes for future delays?NW3376E

**Response:**

(1)Incentive programmes are cost sharing and reimbursable grants dependent on investments made by enterprises. The expenditure on incentives by its nature is linked to the business cycle of enterprises as well as the timing of investments and commissioning of assets and infrastructure. To date Critical infrastructure has spent R90 million, Manufacturing Development Incentives R856 million, Service Sector Development Incentives R308 million and Special Economic Zones Programmes R220 million.

(2) Incentive claims are payable once all performance criteria agreed at application are met and verified. In addition compliance documentation as outlined in the guidelines must be submitted. Given that payment of claims is performance based, there is usually a disjuncture between projections and actual expenditure. This disjuncture is normalized by year end resulting in the division spending all its allocated budget as it has been the case in previous financial years. The division engages with approved enterprises throughout the claim cycle to ensure that performance criteria are met and required documentation is submitted timely.