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THE PRESIDENCY

No. 1317 10 December 2001

It is hereby notified that the President has assented to the following Act, which is hereby published for general information:—

No. 49 of 2001: Industrial Development Amendment Act, 2001



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Act No. 49, 2001 INDUSTRIAL DEVELOPMENT AMENDMENT ACT, 2001

- (g) to encourage the creation of new knowledge-based industries and services and the establishment and growth of new technology-based firms; and
- (h) to enhance corporate governance so as to achieve business excellence.”

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Amendment of section 4 of Act 22 of 1940, as amended by section 2 of Act 67 of 1961, section 3 of Act 52 of 1964, section 1 of Act 47 of 1975, section 2 of Act 96 of 1980, section 2 of Act 53 of 1984 and section 3 of Act 9 of 1995

2. Section 4 of the principal Act is hereby amended—

- (a) by the substitution for paragraphs (a) and (b) of the following paragraphs, respectively: 10
- “(a) to promote or assist in the promotion of companies for conducting industrial operations in the Republic, the Southern African region and the rest of Africa;
- (b) to lend or advance money to any company or other person engaged in or proposing to establish or to expand or modernize any **[industry or industrial undertaking]** activity referred to in section 3, or, in the case of any such company, to acquire an interest in it or to provide or, by underwriting or otherwise, to assist in the subscription of capital for it;” 15
- (b) by the substitution for paragraph (f) of the following paragraph: 20
- “(f) by the issue of debentures or debenture stock or otherwise, and in accordance with the procedures laid down by the Public Finance Management Act, 1999 (Act No. 1 of 1999), to raise loans or borrow moneys[, **provided**] : Provided that the amount owing at any time by the corporation and its wholly-owned financing subsidiaries in respect of loans raised or moneys borrowed shall not, without the approval of the shareholders previously given at a meeting of shareholders, exceed **[three-fourths]** 100 per cent of the issued capital and reserves of the corporation and its wholly-owned financing subsidiaries at that time;” 25
- (c) by the addition of the following paragraphs: 30
- “(j) to implement procurement and outsourcing policies and programmes that encourage economic empowerment;
- (k) to consider investment proposals in large beneficiation projects such that the viability of mid- and downstream manufacturing activities is ensured; 35
- (l) to develop and appraise large investment projects in securing foreign partners to co-invest in such projects;
- (m) to promote viable strategic investment projects in spatial development initiatives and industrial development zones as part of the government’s industrial and integrated rural development strategies; 40
- (n) to provide venture capital finance and services;
- (o) to assist South African exporters and importers of capital goods and services through extended credit facilities.”; and
- (d) by the substitution for the words following upon paragraph (i) of the following words: 45
- “and, generally, to enter into any contract and perform any act, whether within the Republic or elsewhere, which may be necessary for or incidental or conducive to the attainment of any of the objects of the corporation, or which are calculated directly or indirectly to enhance the value of the services which the corporation can render towards industrial development or ancillary or related economic activities within the Republic, the Southern African region and the rest of Africa.” 50

Amendment of section 5 of Act 22 of 1940, as amended by section 2 of Act 27 of 1942

3. Section 5 of the principal Act is hereby amended by the substitution for paragraphs (b) and (c) of the following paragraphs, respectively:

- “(b) that all matters relating to the raw materials necessary for carrying on the [industry or industrial undertaking, or the proposed industry or industrial undertaking] activities contemplated in section 3, to the labour supply available for the carrying on thereof, to the rates of wages proposed to be paid and to the markets available for the disposal of the products and services thereof are carefully reviewed; and 5
- (c) that, generally, the activities of the corporation referred to in paragraph (b) of section [three] 3 are directed towards guiding and assisting others in financing the establishment or development of industries or industrial, or ancillary or related economic, undertakings and that, so far as may be practicable, the corporation shall not be required to provide an unduly large proportion of the capital which is necessary for such establishment or development.”. 10 15

Repeal of section 5quat of Act 22 of 1940

4. Section 5quat of the principal Act is hereby repealed.

Substitution of section 8 of Act 22 of 1940

5. The following section is hereby substituted for section 8 of the principal Act:

“**Members of Parliament, provincial legislature or municipal council not to be directors** 20

8. No person shall be appointed, nominated or elected or remain a director or alternate director who is a [senator or a member of the House of Assembly or a provincial councillor] member of Parliament, any provincial legislature or any municipal council.” 25

Amendment of section 11 of Act 22 of 1940, as amended by section 4 of Act 52 of 1964

6. Section 11 of the principal Act is hereby amended by the substitution for subsections (1) and (2) of the following subsections, respectively:

“(1) The [chairman or any other director] chairperson shall be a non-executive director and may not be appointed as managing director of the corporation. 30

(2) The managing director shall exercise such powers and perform such duties as may be authorized or prescribed by the board, and may delegate such powers to and authorize performance of such duties by the staff committees or other structures of the corporation.” 35

Amendment of section 12 of Act 22 of 1940, as amended by section 3 of Act 27 of 1942, section 5 of Act 52 of 1964, section 1 of Act 45 of 1966, section 15 of Act 102 of 1976 and section 46 of Act 97 of 1986

7. Section 12 of the principal Act is hereby amended— 40
 (a) by the deletion of paragraph (a) of subsection (3); and
 (b) by the deletion of subsection (10).

Repeal of section 13 of Act 22 of 1940

8. Section 13 of the principal Act is hereby repealed.

Substitution of section 16 of Act 22 of 1940, as amended by section 46 of Act 97 of 1986

9. The following section is hereby substituted for section 16 of the principal Act.

“Declaration of dividends

16. Dividends may from time to time be declared by the board with the approval of the Minister.” 5

Substitution of section 17 of Act 22 of 1940

10. The following section is hereby substituted for section 17 of the principal Act:

“Financial statements and audit

17. (1) The board shall cause proper [**books of account**] financial statements to be kept, and also all necessary books and records in relation thereto. 10

(2) The [**accounts**] financial statements of the corporation shall be audited by two persons who publicly carry on the profession of accountants and auditors, to be appointed annually by the board, one of them upon the nomination of the Minister, and the other upon nomination by the private shareholders.”. 15

Amendment of section 18 of Act 22 of 1940

11. Section 18 of the principal Act is hereby amended by the deletion of paragraph (h).

Amendment of section 19 of Act 22 of 1940, as amended by section 4 of Act 27 of 1942 20

12. Section 19 of the principal Act is hereby amended by the substitution for subsections (1) and (2) of the following subsections, respectively:

“(1) As soon as practicable after the meeting of shareholders at which the [**balance sheet and accounts**] financial statements of the corporation are submitted has been held, the corporation shall transmit to the Minister in respect of its last preceding financial year copies of— 25

(a) [**a balance sheet and profit and loss account**] financial statements showing separately the financial details in connection with any industrial undertaking established and conducted by the corporation under [**paragraph (a) of**] section [**three**] 3(a) and duly certified by the auditors appointed under section [**seventeen**] 17; and 30

(b) the report (if any) of the board submitted, and the address (if any) of the [**chairman**] chairperson of the board delivered, at the said meeting, or if no such report was submitted or address delivered, a full report on the operations of the corporation during the said financial year. 35

(2) The Minister shall [**lay**] table copies of all such [**balance sheets, accounts**] financial statements, reports or addresses [**upon the Tables of both Houses of**] in Parliament within [**fourteen**] 14 days after their receipt by him or her, if Parliament is [**then in ordinary session**] sitting, or, if Parliament is not [**then in ordinary session**] sitting, within [**fourteen**] 14 days after the commencement of [**its**] the next ensuing [**ordinary session**] sitting of Parliament.”. 40

Substitution of section 21 of Act 22 of 1940

13. The following section is hereby substituted for section 21 of the principal Act:

“Use of name of corporation

21. No association or company shall carry on business under or be registered under the Companies Act, [**1926**] 1973 (Act No. 61 of 1973), as 45

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amended from time to time, by a name or shortened title identical with that of the corporation, or so nearly resembling the name or shortened title of the corporation as to be calculated to deceive: Provided that this section shall not prohibit any company from carrying on business under, or remaining registered by, the name by which it was registered under the said Act at the commencement of this Act.”. 5

Substitution of section 22 of Act 22 of 1940, as amended by sections 46 and 47 of Act 97 of 1986

14. The following section is hereby substituted for section 22 of the principal Act:

“Application of Companies Act 10

22. (1) The Minister may by notice in the *Gazette* apply to the corporation any provision of the Companies Act, [1926 (Act No. 46 of 1926)] 1973 (Act No. 61 of 1973), or any amendment thereof, which is not inconsistent with the provisions of this Act[, with such modifications as he may think fit, and may withdraw or amend any such notice]. 15

(2) Subject to the provisions of subsection (1), none of the provisions of the Companies Act, [1926] 1973 (Act No. 61 of 1973), or any amendment thereof, or of any other law relating to companies, shall apply to the corporation.”.

Substitution of section 23 of Act 22 of 1940 20

15. The following section is hereby substituted for section 23 of the principal Act:

“Short title

23. This Act shall be called the Industrial Development Corporation Act, 1940.”.

Substitution of certain words in Act 22 of 1940 25

16. The principal Act is hereby amended by the substitution for the words “he”, “him”, “his” and “chairman”, wherever they occur, of the words “he or she”, “him or her”, “his or her” and “chairperson”, respectively.

Short title

17. This Act is called the Industrial Development Amendment Act, 2001. 30