



**PARLIAMENT**  
OF THE REPUBLIC OF SOUTH AFRICA

Industrial Development  
Corporation Act, 1940  
Act No. 22 of 1940

22 May 2012



# Industrial Development Corporation Act, 1940

Amended:

1942, 1951, 1961, 1964, 1965, 1966, 1972, 1974, 1975,  
1976, 1980 (2); 1984, 1986, 1995, 1996, 2001

Objects:

“To constitute a corporation the object of which shall be to promote the establishment of new industries and industrial undertakings and the development of existing industries and industrial undertakings, and to provide for other incidental matters.”



## IDCA, 22 of 1940

### Section 2 - Constitution and Registration

- “Body corporate”
- Registrar of Companies to enter the name in registers



*Your partner in  
development finance*



“Established in 1940, we are a national development finance institution set up to promote economic growth and industrial development. We are owned by the South African government under the supervision of the Economic Development department.”



## IDCA, 22 of 1940

### Section 3 - Objects of IDC

- Establish and conduct industrial undertakings;
- Facilitate, promote, guide and assist in the financing of new industries and expansions;
- Promote the economic empowerment of the historically disadvantaged communities and persons;
- Foster the development of small and medium enterprises and co-operatives;
- Promote employment-creating activities, particularly in underdeveloped areas;
- Leverage foreign direct investment in SA, Southern A. and Africa ;
- Encourage the creation of new knowledge-based industries and services and the establishment and growth of new technology-based firms;
- Enhance corporate governance so as to achieve business excellence.



**driving industrial  
capacity development**

Your partner in  
development finance



“We provide finance for industrial development projects, playing a catalytic role in promoting partnerships across industries within and outside our borders, promoting regional economic growth.”

## **How?**

- “Proactively identifying and funding of high-impact and labour-intensive projects;
- Leading the creation of viable new industries;
- Using our diverse industry expertise to drive growth in priority sectors
- Taking up higher-risk funding projects”



## IDCA, 22 of 1940

### Section 4 - Powers of corporation

- Promote industrial companies in SA, Southern A. & Africa; consider investment in large beneficiation projects that will give beneficiation downstream or are FDI; promote spatial development initiatives and IDZ;
- Financial powers: loans / venture capital / have commercial interests in assets and negotiable instruments / issue guarantees / credit facilities for capital goods;
- Active participation: manager / secretary / director of companies assisted;
- Advising: technical / expert / specialized advice,
- IDC administrative related: procure registration of the corporation in any country or territory; may borrow; procurement to encourage economic empowerment;



## IDCA, 22 of 1940

### Section 5 – General lines along which corporation's powers should be exercised

- Every application or proposal must be considered on its economic merits;
- Consideration must be given to raw materials; labour supply; rates of wages; markets available;
- Guidance and assistance to obtain finance is preferred to major capital input;





## IDCA, 22 of 1940

### Section 5ter - Taking over of certain interests by Minister in terms of agreement with corporation

- If the Minister, the dti, requested IDC to incur an obligation in connection with an industrial undertaking; and
- If it is in the public interest; and
- The Minister of Finance concurs –
  
- The Minister , the dti, may enter into an agreement to take the interests of the IDC over in that industrial undertaking;
- Against payment of compensation (as prescribed in the IDCA)



## IDCA, 22 of 1940

Section 6 – Board of Directors

Section 7 – Alternate Directors

Section 8 – Members of Parliament ...not to be Directors

Section 9 – Tenure and Conditions of Office

IDC's operations to be managed and controlled by a board of directors:

- 5 – 15 directors (if less, may still continue) appointed for 3 or 5 years;
- The Minister, the dti may appoint max 8 directors (based on ability and experience in business or administration) with 1 as Chairperson;
- Private shareholders may elect max 7 directors;
- The directors may appoint a deputy chairperson;
- Non observation of the regulations in appointment shall not affect a decision;
- Each Director may nominate an alternate with full powers;
- MPs, or members of Provincial Legislature or Municipal Council may not be Directors
- Conditions of remuneration will be prescribed, but the amount is determined by the board.



## IDCA, 22 of 1940

### Section 10 – Meetings of the Board

- The chairperson presides at meetings and has a deliberative vote and casting vote;
- The deputy chairperson presides if the chairperson is absent with all powers save for a casting vote;
- If both absent: directors present elect a person to preside;
- The decision of the majority of the directors present constitutes the decision of the board.



## IDCA, 22 of 1940

### Section 11 – Managing Directors

- The chairperson is a non-executive director
- The chairperson may not be appointed as MD of the IDC
- The MD's appointment (or an acting MD) must be approved by the board, subject to approval of the Minister, the dti;
- The MD's powers and duties are authorized / prescribed by the board
- The MD may delegate these powers



## IDCA, 22 of 1940

### Section 12 – Share Capital

Section 14 – Meeting of Shareholders at which only one shareholder is present

### Section 15 – Expenditure

### Section 16 – Declaration of Dividends

### Section 17 – Financial Statements and audit

- Share capital is determined in IDCA, but may be increased by the board;
- While Government holds all B shares in IDC, one shareholder present is sufficient to sign a resolution of shareholders;
- Expenditure incurred is defrayed from the funds of IDC;
- The board may declare dividends with approval of the Minister, the dti;
- The board must ensure financial statements are kept and audited as prescribed in IDCA;



## IDCA, 22 of 1940 Section 18 - Regulations

The shareholders may by resolution make regulations, which must be signed by the Minister, the dti:

- The election of directors and the nomination of auditors;
- The non remunerative conditions of appointment of directors;
- The circumstances in which a director shall vacate office;
- The circumstances when an alternate director may act as Director;
- Meetings of the board; its procedure and quorum; minutes;
- The taking of decisions by directors without holding a meeting;
- Meetings of shareholders;
- The submission annually of a balance sheet and accounts to a meeting of shareholders;
- Other matters necessary for carrying out the purposes of the Act.



## IDCA, 22 of 1940

# Section 19 - Information to be furnished to the Minister and to Parliament

To be provided to the Minister:

- Financial statements submitted at the shareholders' meeting;
  - The report (if any) of the board and the address (if any) of the chairperson at the shareholders' meeting or a full report on the operations of the corporation during the financial year.
  - Minutes of a board meeting;
  - Record of a decision taken without holding a meeting
- 
- The Minister must table copies of the financial statements and report at Parliament within 14 days after their receipt / after Parliament commenced sitting again



## IDCA, 22 of 1940

Section 20 – Winding up of corporation

Section 21 – Use of name of corporation

Section 22 – Application of the Companies Act

- May only be wound up by an Act of Parliament;
- No association or company may use the name IDC, or a shortened title or a title resembling the name;
- The Minister, the dti, may by notice in the GG make any section of the Companies Act applicable to the IDC – if not, no section shall apply to the IDC.





---

Thank you

---