

www.teda.org.za

June 2015



Contents Page

Foreword by the CEO	1
TEDA Welcomes new Board Members	2
State of the Capital Address	3 - 4
Township Economic Revitalisation	5 - 6
Tshwane SMME Fair 2015	7 - 8
Entrepreneurs Corner	9
Benefits for Exempted Micro Enterprises - Revised BEE Codes	10
Tshwane MassMart Trade Expo	11 - 12
Tshwane House coming soon!	13



TEDA
Business Review
vol. 5



Editor in Chief: Paseka Rakosa
Editor: Dumisani Maluleke
Graphic Design: Tshepo Pete

Teda Contacts
Ground Floor
Eco Origin Building Block F
349 Witch Hazel Ave
Eco-Park, Centurion
Tel: (012) 358 6552
www.teda.org.za

Editorial Enquiries
Email: dumisanimal@Tshwane.gov.za
Tell: (012) 358 6544



CEO of TEDA: Mr Solly Mogaladi

FOREWORD BY THE CHIEF EXECUTIVE OFFICER

This edition of the TEDA Business Review brings us to the end of our current financial year. Accordingly 2015 will go down in history as the most significant year for South Africa in particular and the African continent in general with regard to economic transformation. Besides the fact that South Africa hosted the Pan African Parliament, the country also hosted a successful African Union Meeting which adopted a Free Trade Agreement for the continent.

In addition, we played host to the Africa World Economic Forum meeting held early in June this year. These events have placed South Africa in a strong position to playing a key role in the development of the continent. The City of Tshwane being the Capital City of South Africa and the fastest growing city has to take advantage of these developments.

On the local front, the Executive Mayor of Tshwane, Cllr Kgositso Ramokgopa delivered both his State of the Capital Address and Budget Speech in May. The State of the Capital Address highlighted critical areas of focus for the City including the roll out of the WiFi-network across all regions in 96.

wards, with about 575 hotspot sites and additional 50 sites to be added in the 2015/16 financial year. This is all done in order to encourage economic growth in the City. The revival of both the Rooiwal and Pretoria West power stations with a generation capacity of 1000 mega-watts and the finalisation of the investment incentive policy which will come into effect in July 2015 is another area that will also capacitate business in Tshwane.

Other bold announcements made by Cllr Ramokgopa include setting aside 25% of procurement spent for local SMMEs, the establishment of a Business Process Outsourcing Park in Hammanskraal that will attract almost R525million infrastructure investments with over 3000 jobs to be created upon completion. It was also announced that the City will now focus on the following economic sectors, namely: Education and Knowledge Economy; Agriculture and Agro-processing; Business and Diplomatic Tourism and the Green Economy. The City will still support traditional sectors such as the automotive, mining, retail, finance and support services sectors.

Our drive to expose SMMEs to key markets will still continue as we will be embarking on various outbound missions, participating in National Pavilions, trade fairs and exhibitions. This was further boosted by the successful Trade Exhibition that the City of Tshwane and TEDA hosted in collaboration with Massmart in June this year.

The 2015 SMME Fair was a resounding success. We brought over 230 SMMEs, government agencies and other stakeholders on board to ensure the easy access of services for our SMMEs. Another unique feature of the SMME Fair was the adoption of about 6 SMMEs into the enterprise development programme supported by our Partner Royal Fields Finance. These SMMEs will receive support for the next three years in areas such as mentorship, coaching, high growth strategy development, technical support, Wits University Entrepreneurship Course and funding.

In the new financial year our goal will be to move with speed in the projects space by starting with projects that will create a legacy for our City.

TEDA Welcomes New Board Members



Prof D L Mosoma



Mrs S Mzizi



Ms Z Mpungose

Prof DL Msoma – has been appointed as the Chairperson of the Tshwane Economic Development Agency Board in May 2015.

Prof David Luka Msoma is an accomplished executive leader and academic who has demonstrated leadership in academia and in the corporate world. His experience at executive level has seen him serve in governance structures of various professional, academic and civil organisations. He holds a PHD in Philosophy from the University of Princeton in New Jersey, USA and various other qualifications on executive leadership & governance, Managerial Leadership & Corporate Citizenship.

Prof Mosoma is a known patron of the Tshwane Business Forum, member of the ANC Gauteng PEC, Chairperson of the Banakome Investment Committee, Chairperson of the Institute of Contextual Theology (1992-2005) amongst other positions that he has held or is currently holding.

Mrs Sizo Mzizi

Mrs Sizo Mzizi is a qualified Chartered Management Accountant with experience and knowledge of corporate governance, Public Finance Management Act, Municipal Finance Management Act, Treasury regulation and the Companies Act.

She is a keen subscriber to corporate governance

as prescribed in the King III report. Mrs Mzizi is currently serving at the Chartered Institute of Management Accountants (Gauteng) as a treasurer; she is also serving as an Independent Audit and Risk Committee member of Metrobus at the City of Johannesburg.

Ms Zandile Mpungose

Ms Zandile Mpungose is an admitted attorney who is in private practice; she has extensive expertise in areas such as contract management, transaction advisory services, policy development, governance and compliance management, procurement and legislative compliance. Prior to her going into private practice, she worked at the City of Johannesburg's Infrastructure and Services Unit as a Director: Legal and Regulation, and she was also an executive in charge of legal, compliance, environmental, safety and risk management at Pikitup Johannesburg (PTY) Ltd.

Ms Mpungose holds a BA (Law), LLB from University of Kwazulu Natal, LLM in Commercial Law from Unisa and a certificate in Corporate Law from the University of Johannesburg.



Executive Mayor - Cllr. Kgositso Ramokgopa

STATE OF THE CAPITAL 2015

Remaking the people's capital through radical economic transformation and spatial justice.

The 2015 State of the Capital Address was delivered at Freedom Park against the backdrop of two major milestones in South Africa: the 60th anniversary of the adoption of the Freedom Charter and 15 years of local government in its current form. The theme of the address was: "Remaking the people's capital through radical economic transformation and spatial justice".

In his speech, the Executive Mayor of Tshwane, Cllr Kgositso Ramokgopa, highlighted significant victories for the City of Tshwane under his leadership. He also unpacked projects that the City would be embarking on to ensure that the envisioned radical economic transformation and spatial justice materialises.

Some of the highlights from the 2015 State of the Capital Address were:

Free Wi-Fi

The Tshwane Free Wi-Fi project boasts 575 sites that are servicing over 2 million users. The City of Tshwane will have added another 50 sites by the end of the current financial year. All seven regions in Tshwane have coverage, and there are 566 801 unique or registered users and over 15 million

logged sessions.

Free Wi-Fi has also given birth to Tshwane Wi-Fi TV, which was launched in 2014. Wi-Fi TV has given employment to unemployed youth who have shown a keen interest in the media industry. Free Wi-Fi has also transformed the City's communication with residents. Izimbizo's have gone digital, with the introduction of #DIGI-IMBIZO taking place on social media platforms such as YouTube, Facebook, Twitter and Wi-Fi TV. On top of this, the Executive Mayor's #AskRamokgopa is giving residents the opportunity to interact with him directly.

JOB OPPORTUNITIES/EMPLOYEMENT

The success of the Extended Public Works Programme has resulted in the reduction of the unemployment rate and poverty levels in Tshwane. Between July 2013 and June 2014, 30 208 work opportunities have been created, and the target for June 2015 is 40 000.

Tshepo 10 000 remains a successful programme of the City. Run in partnership with Absa and the University of Pretoria, it has seen 405 youth-owned

cooperatives trained, 193 of which are registered City of Tshwane vendors. The City has awarded opportunities to the value of R273 million to Tshepo 10 000 cooperatives. Through targeted procurement, the City aims to invest R280 million in cooperatives by the end of June 2015.

RELEASE OF LAND PARCELS & REAGA TSHWANE

Re Aga Tshwane is a programme that aims to give back dignity to over 100 000 people living in informal settlements. Through this initiative the City of Tshwane will issue title deeds to residents, offer essential services such as prepaid electricity and water, onsite sanitation, refuse removal and road infrastructure, and provide decent housing.

Recently the City put aside land parcels that are meant to be auctioned. The money raised from the auction will fund the Re Aga Tshwane programme and help unlock the housing backlog.

Since its inception in 2013, Re Aga Tshwane has seen the formalisation of 68 townships, which consist of about 68 071 stands. Of the 68 formalised townships, about 13 have already been proclaimed.

Between April 2011 and April 2015, the City of Tshwane has issued a total of 17 746 title deeds; over 4 000 were issued in the 2014/15 financial year.

The City will embark on a mega housing project in partnership with the Gauteng Department of Human Settlement. The project will result in the building of about 180 875 housing units in the next five years. The units will be clustered in Tshwane North (Soutpan, Hammanskraal and Winterveld), Tshwane Central (Lotus Gardens, Fort West, Zandfontein, Capital Park, Vermeulen Point, Kruger Park, Timberland and Townlands), Tshwane South (Olievenhoutbosch Extensions 26, 36 and 60), Tshwane East (Pienaarspoort, Nellmapius Extensions 4, 21, 22 and 24) and Tshwane Far East (Zithobeni Extensions 8 and 9, Zithobeni Heights and Reima Park Extension 6).

TRADE & INVESTMENT (CATALYTIC PROJECTS)

The City of Tshwane has identified various catalytic projects that will boost trade and investment in Tshwane. One of the key projects is the BPO Park development in Hammanskraal. The project is estimated to attract investment to the value of R525



million and to create 1 000 job opportunities during the construction of the first phase. Altogether 3 300 new job opportunities will have been created upon completion of the project.

Other projects that offer investment opportunities include the Caledonian Inner City Park, Government Boulevard, West Capital Development, Symbio City, A Re Yeng and the East Capital, which have the potential to unlock private sector investment of between R4 and R6 billion.



MMC for Economic Development and City Planning, Cllr Subesh Pillay

TOWNSHIP ECONOMIC REVITALISATION

When the Gauteng Provincial Government announced the township revitalisation programme, the City of Tshwane used this opportunity to re-affirm its commitment to the development of the township economy and bring it into the mainstream. The programme is in line with the work that the City has been doing with the Tshepo 10 000 programme, which focuses on empowering youth-owned cooperatives.

During his State of the Capital Address the Executive Mayor, Cllr Kgosientso Ramokgopa, announced key projects that the City will use to kick-start township revitalisation. The good thing about these projects is that they will be fully owned by cooperatives run by township youth beneficiaries. The projects are as follows:

1. BRICK MANUFACTURING FACTORY

The project aims to equip selected cooperatives or beneficiaries of Tshepo 10 000 with the

required skills in brickmaking and provide them with economic opportunities. The project's central idea is to train these beneficiaries for three to five years in the factory. Afterwards they should be able to operate and run the factory in a financially sustainable manner and so contribute to the mainstream economy. The City allocated R4,9 million to fund the construction of the facility and procure the machinery.



2. INTERGRATED VEHICLE WASHING FACILITY (CAR WASH)

The facility will be located in Mamelodi, and it will offer high-quality hand-wash and detailed services. The facility will service private and public sector fleets, including the Region 6 fleet. The City allocated R6,6 million to the project and the facility will be equipped with free Wi-Fi for the patrons.



3. COMMUNITY BAKERY (YOUTH OWNED)

The bakery will provide fresh, quality bread and baker's delights at affordable prices. The owners will be empowered through training and mentorship in order to ensure that they become successful business owners. The facility will be located in Soshanguve Block T, Ward 25. The City allocated R3,8 million to the project.



4. PAPER TOWEL MANUFACTURING

The City, in partnership with cooperatives and the private sector, will set up a factory for the manufacturing of paper towels. The project will utilise a collective approach to support cooperatives to ensure maximum beneficiation for the local communities. Young people will be sourced through Tshepo 10 000. The project was allocated R3 million for the construction of the factory.



5. FRESH PRODUCE BUSINESS

This initiative aims to establish a long-term sustainable relationship with established as well as emerging farmers, particularly black Africans in Tshwane. The initiative also aims to support and encourage informal traders in all the municipal regions to establish green markets in their regions and sell to the public in order to bring in business worth R1 billion per annum in five years. Informal traders across Tshwane will also be assisted to migrate their businesses to the mainstream economy. Altogether R13,5 million from the City's capital budget was allocated to this project for the next three years, R3 million of which was set aside for 2015/16.

All these projects will help cement the City of Tshwane's views on SMME development. The City acknowledges the role that SMMEs play in creating employment, generating income and growing the economy of Tshwane and South Africa.





MMC for Economic Development & City Planning, Cllr Subesh Pillay, Mr Septi Bokola (Osiba Management), Ms Gugu Cele (CNBC Africa), Ms Tembeka Mhleka (SED Economic Development at City of Tshwane), Mr Solly Mogaladi (CEO of TEDA), Mr Mncedisi Xego (CEO of Royal Fields Finance), Ms Phumlile Tshiredzo (Regional Operations Management), Yershen Pillay (Chairperson of NYDA)

TSHWANE SMME FAIR 2015

The Tshwane Economic Development Agency hosted the 2nd edition of the Tshwane SMME Fair at the Distong Museum of Cultural History under the theme **“IMPROVEMENT, A LOGICAL FORM OF CHANGE”**. This year’s SMME fair saw a stellar cast of speakers who contributed to the discussions. In ensuring that there was a tangible and meaningful contribution made by TEDA in SMME development and growth, TEDA partnered with leading financial institution Royal Field Finance, who offered 6 Tshwane based SMME’s an opportunity to be a part of their enterprise development programme that they offer in partnership with Wits University.

MMC for Economic Development and City Planning Cllr Subesh Pillay addressed the attending delegates on strides that the city is taking in the development of Tshwane SMME’s. He spoke about projects that the city is embarking on to support the Gauteng Provincial Government clarion call on Township Revitalisation. The City of Tshwane will be launching a youth owned township bakery in Soshanguve, a brick manufacturing factory; plastic manufacturing factory at the Industrial parks of Babelegi, Ga-rankuwa and Ekaindustria. The city will provide car wash owners with land, infrastructure and free Wi-Fi connectivity to

support the entrepreneurs in the car wash business. All these interventions will run by youth owned co-operatives, and the city has undertaken to give off-takes for these businesses in order to show the city’s commitment in ensuring that these initiatives succeed.



Mr D Herbst - CEO UP Business Enterprises with one of the SMMEs

CEO of TEDA Mr Solly Mogaladi highlighted the importance of SMME’s in the growth of the economy at both national and local government level. He summed up the importance of SMME’s in



“Improvement, a logical form of change”

Tshwane SMME Fair 2015

his address by stating that “in 2008 there were close to 3 million registered SMME’s in the country according to a National Treasury research study, and they make up 97% of all firms in South Africa and they employ 60% of the population”.

The fair also had a panel discussion that was done in collaboration with CNBC Africa, the panel included Mr Solly Mogaladi (TEDA CEO), Ms Tembeka Mhlekwa (SED for Economic Development at City of Tshwane), Mr Yershen Pillay (Chairperson of NYDA), Ms Phumlile Tshiredzo (Regional Operations Management), Mr Mncedisi Xego (CEO of Royal Fields Finance). There was a common theme that came out during the panel discussion, and that was the aspect of collaboration amongst the agencies themselves and the collaboration between government and private sector to help catalyse the growth and development of SMME’s in the country.

TSHWANE SMME FAIR 2015

www.teda.org.za

Municipal Entity of the City of Tshwane





**Portia M Skin Solution owner:
Ms Portia Mngomezulu**

The skin care market in South Africa is a difficult market to penetrate with the well-established international brands having secured their market share. Small businesses are always challenged in the skin care market and Portia M has not been immune to this, but government has been assisting her with various aspects of the business: “Having been a client of the Small Enterprise Development Agency (SEDA), I have been assisted in getting my products tested, and now the Tshwane Economic Development Agency (TEDA) is assisting me with setting up a quality management system (QMS) for the business through the SABs,” said Ms Mngomezulu.

PROFILE OF PORTIA M SKIN SOLUTIONS

The South African cosmetic and personal care industry is vibrant and dynamic, comprising an interesting mix of multinational giants, entrepreneurial companies, and small, medium and large local brands. The total size of the South African cosmetics and personal care products market for 2010 was estimated at R25,3 billion at retail level and contributed 1,0% to the gross domestic product. The total exports amounted to R2,8 billion, equivalent to 0,53% of total exports, while imports amounted to R4 billion, equivalent to 0,63% of total imports.

Portia M Skin Solutions is a proudly South African black woman-owned skin care product manufacturing company. The company was started by the owner, Ms Portia Mngomezulu, in 2011, after she spotted a gap in the market for a skin care product manufactured for Africans by Africans.

“I have always been passionate about a healthy skin and ingredients that are good for the African climate, and the fact that we don’t have much representation of black-owned products in the cosmetic sector/market influenced my decision to start my own skin care range to service the gap in the market,” said Ms Mngomezulu.



The company is working towards a 10% market share as part of their growth plan. They want to achieve this through an increased presence in major retail outlets. Currently the products are sold at Makro and Pick n Pay stores.

Ms Mngomezulu has a five-year vision of being the leading skin care brand in Africa and beyond.



Mr Ndivhuwo Madzivhandila - Senior Manager: Supply Chain Management

Benefits for Exempted Micro Enterprises

South Africa is blessed with the world's highest concentration of mineral wealth, and it is valued at over R36 trillion. In addition, the JSE is valued at about R12 trillion. However, there is an unequal distribution of wealth regardless of the black economic empowerment (BEE) strategy that is in place. That is why BEE codes are forever challenged and reviewed.

Economic inequality in South Africa has become progressively worse over the past 20 years. The objective measure of economic inequality is not efficient. Over 20 years ago South Africa was rated as the most unequal society in the world after Brazil. Today, 20 years after achieving our "freedom", we find that we are the most unequal society in the world, regardless of BEE.

The revised BEE codes regulate that for all exempted micro enterprise (EME) certificates issued without empowering supplier status, the interpretation stated in the Amended Codes of Good Practice clause 3.3.1, Amended Code Series 400 Gazette No 36928 will be applied, which state that EMEs and start-ups are automatically recognised as empowering suppliers.

Black participants in broad-based ownership schemes and employee share ownership programmes holding rights of ownership in a measured entity must only score points under the ownership scorecard.

A transitional period for the alignment of sector codes will run until the end of October 2015.

It is believed that over and above the revision of the BEE codes, we need to track all BEE deals. Once a person benefited, say R10 million, from a BEE deal, then he must be regarded as "empowered" or "advantaged" and can no longer be regarded as a historically disadvantaged individual (HDI). The next person in the queue who is an HDI must then be in line for a BEE deal.

All future BEE deals should limit the maximum benefit to a single HDI to no more than R5 million per deal with a maximum of, say, R10 million. The current situation where the same person gets repeated doses of empowerment and the rest of the population is left disempowered is simply unfair and unjust.

For detailed information on the revised codes refer to Gazette no 29617 or visit www.pgwonline.co.za.



Mr Jason Ngobeni - City Manager of the City of Tshwane, Ms Sherry-Lee Singh - Head of Supplier Development at MassMart signing the MOU between City of Tshwane and MassMart

TSHWANE MASSMART TRADE EXPO

In their quest to support small, medium and micro enterprises, the City of Tshwane and the Tshwane Economic Development Agency (TEDA) joined hands with Massmart to host the Tshwane Massmart Trade Expo at the Tshwane Events Centre in May 2015.

The aim of the exhibition was to afford Tshwane-based manufacturers an opportunity to showcase their products with a possibility of enrolling them on Massmart's supply chain.

Massmart has established a R242 million supplier development fund to assist emerging small and medium enterprises (SMEs), especially those from the previously marginalised community, to produce goods and services. The objective is to make inclusive sourcing an on-going and sustainable feature of all commercial direct farm procurement activities. The programme also aims to develop a database of suppliers of products to the Massmart chain.

"South Africa is an industrious nation and we continue to identify small and medium local

suppliers and facilitate their access to opportunities within the Massmart supply chain," said Massmart Supplier Development Operations Head, Sherry-Lee Singh.

The three-year partnership agreement with the City of Tshwane and TEDA will enable Massmart to identify and assist smallholder farmers and manufacturing SMMs within Tshwane with financial support, education, mentorship and market access.

"Our overall focus is on assisting small and medium enterprises who are producing products that can be sold in Massmart's owned stores. Preference, but not exclusivity, is given to women-owned and black-owned enterprises," Singh added.

In his address, the Executive Mayor of Tshwane, Cllr Kgosisentso Ramokgopa, said, "We have committed to creating employment opportunities as a core component of cementing social cohesion within our society; we also made a commitment to facilitate the creation of employment opportunities by attracting investment to Tshwane and embarking on initiatives that seek to address job creation."

"The partnership with Massmart, is a true testimony to our desire to restore human dignity by defeating



Cllr. Kgositso Ramokgopa, Cllr Aaron Maluleka, MMC Subesh Pillay, Mr Solly Mogaladi (TEDA CEO), with one of the SMMEs - Mr Shadrack Mogoane

the social challenges in our midst. So we will continue to provide these platforms for Tshwane-based entrepreneurs with the aim of equipping them to thrive in this environment,” he concluded.

The exhibition included SMMEs exhibiting their products and getting advice from a team of experienced Massmart buyers on how the SMMEs can be part of the Massmart supplier chain and what Massmart buyers look for when selecting suppliers. In addition, attendees gained technical insights in business-specific issues such as rebates and logistics management, which will help them run their businesses sustainably and ensure they are in a position to successfully do business with Massmart or other retailers.

“TEDA aims to grow the footprint of Tshwane companies by creating market opportunities. So this partnership is geared towards growing the Tshwane economy through creation of employment opportunities for our communities. This partnership is an example of taking opportunities to the doorstep of our business community,” said Mr Solly Mogaladi, CEO of TEDA.



Cllr. Kgositso Ramokgopa with one of the SMMEs





Executive Mayor of City of Tshwane - Cllr. Kgositso Ramokgopa with Dr. Anna Mokgokong sign the PPP agreement to construct Tshwane House

Tshwane house coming soon!

The Executive Mayor of Tshwane, Cllr Kgositso Ramokgopa, and the Group Executive Chairperson of Community Investment Holdings, Dr Anna Mokgokong, signed a public-private partnership (PPP) agreement to construct Tshwane House.

A chapter in the history of the City of Tshwane ended on 7 July 2013 when Munitoria was imploded. A new chapter started on 17 April 2015 when the Executive Mayor of Tshwane, Cllr Kgositso Ramokgopa, and the Group Executive Chairperson of Community Investment Holdings, Dr Anna Mokgokong, signed a public-private partnership (PPP) agreement to construct Tshwane House, which is estimated to be completed within two years.

The development is funded jointly by the City and private partners in what is said to be the first PPP of such a scale at a municipal level in South Africa.

Tshwane House is part of remaking the capital city, which entails intervening decisively to create a modern urban fabric in Tshwane so as to achieve spatial justice, sustainability, resilience, quality and efficiency. The core objective of the remaking the capital city is to forge a new identity. This requires the mobilisation of other spheres of government, residents, civil society and the private sector to concretise a process that will lead to the shared development of Tshwane as envisioned in Tshwane Vision 2055.

Cllr Ramokgopa says that the implosion of Munitoria closed a significant chapter in the history of Tshwane. "Out of its ashes, which represent our past, will rise Tshwane House, which constitutes a vision of the future with which people can associate and interact," he said.

Tshwane House is part of the Municipality's plan to regenerate the inner city and make the central business district a pleasant experience for the workforce.



CELEBRATING YOUTH MONTH

"Young people are capable, when aroused, of bringing down the towers of oppression and raising the banners of freedom." Nelson Mandela

Physical Address:

349 Witch Hazel Avenue
Eco Origin Building
Block F
Ground floor
Centurion

Postal Address:

PO Box 11751
Zwartkop
0051

For more information, Please contact:

Tel: (012) 358 6552



Tshwane Economic Development Agency



@TshwaneEconDev

www.teda.org.za

Municipal Entity of the City of Tshwane

