



TEDA BUSINESS REVIEW

JUNE Edition 2019

www.teda.org.za

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Foreword By the CEO

TEDA CEO,
Mr Solly Mogaladi



This edition marks the end of our local government financial year for 2018/19, as we will be starting a new year in July 2019. As an organisation we have continued to strive for excellence and meet the expectations of our stakeholders, being our shareholder namely the City of Tshwane, residents of the City and businesses and industry associations, business chambers and others we will not be able to mention by name.

In TEDA both staff members and the Board, we see ourselves as prisoners of hope in the midst of a difficult economic environment of low growth and business confidence. The recent economic growth figures as released by Statistics SA have shown that the economy contracted by 3, 2% in the first quarter of 2019 with manufacturing, mining and trade the biggest contributor to the decline.

“The 3, 2% decline is the biggest quarterly fall in the economy since the first quarter of 2009, when the economy was under strain from the global financial crisis” said Statistic SA.

Being prisoners of hope mean that even under these circumstances we need not despair and throw our hands in the air but knuckle down to action and summon our reserve strength. Therefore we are working hard as a City to position ourselves for growth and investment in the productive sectors of our economy in order to create job opportunities for the people of Tshwane in line with our mandate as an agency. In this edition we report on some of the major developments such as the Garankuwa Smart City, the Tshwane Trade and Investment Summit and investments that are made by companies that see Tshwane as an attractive investment destination. Another, major development we covering is the Tshwane Automotive City that has a potential to attract over R50 billion to Tshwane.

The Member of the Mayoral Committee, Cllr Isak Pietersen has contributed to this edition highlighting some of the exciting developments within the City which will place the City on higher growth trajectory with TEDA playing a pivotal role.



Mayor Delivers A Pro Poor Budget

Executive Mayor of Tshwane,
Councillor Steven Mokgalapa

The Executive Mayor of Tshwane, Councillor Steven Mokgalapa delivered a pro poor and service delivery focussed budget in a Council meeting held in May. He used this occasion to plead with the 28 000 workers of the City of Tshwane to go back basics. Cllr Mokgalapa told Council that the people of Tshwane deserved the greatest value for money and emphasised that the administration should regard service delivery as his only priority.

The total budget for the 2019/20 financial year amounts to R39, billion with the operating budget of R35, 6 billion. The Capital Budget amounts to R4, 2 billion which is R200 million higher than the previous year.

Budget highlights

A City that facilitates economic growth and job creation

- R 132 million for Extended Public Works Programme to create job opportunities – thus far the city has created 43 950 and aims to create a total of 104 000 job opportunities;
- R 72,5 allocated for facilitate investments in the City – Mayor indicated that the City has already attracted R4,3 billion since assuming office;

- R36,7 million towards industrial revatilisation in economic zones, which include Rosslyn Urban Realm upgrade, multimodal interchange, and the Civic and Northern Gateway Precints;
- Intensification of plans and efforts to attract more tourists as Tshwane remains a rich historical destination in South Africa.

A City that cares for residents and promotes inclusivity

Human Settlement

- Housing Company Tshwane has been allocated R263,5 million for realising its goals of delivering social housing;
- Letsema Unit focusing on formalising informal settlements received R1,5 billion which will allocated to Formalisation of informal settlements (R77,3 million), top structures (R156 million) water tankers (R197 million), sanitation – chemical toilets (R37,8 million) and bulk infrastructure (R949 million).

Health Care

- HIV and AIDS – R14, 4 million;
- Drugs and Substance Abuse Programme – R35,5 million;
- Medicine and supplies – R2 million

- Three Clinics to operate on 24 hours basis namely Boikhutsong in Soshanguve Block T, KT Motubatse in Soshanguve X 5 and Refilwe;

Community and Social Development Programmes

- Early Childhood Development Programme and NGO support – R8 million
- Food bank – R4,9 million
- Sport and Community Libraries – R6,1 million

A City that delivers excellent services and protects the environment

Water and Sanitation Infrastructure

- Water purifications, jobs and storage – R213,9 million;
- Bulk purchases for water – R2,8 billion;
- Refurbishment of water networks and backlog eradication – R35 million;
- Replacement, upgrading and construction of waste water treatment works – R175 million;
- Replacement of worn-out-network pipes – R80 million;
- Project Tirane (Re Aga Tshwane) – R65 million; Mamelodi X 11 (R50 million), Nellmapius X 22 (R15 million);
- Water conservation and demand management – R62, 9 million.
- This allocation will also address issues of water in Refilwe X 7 and 8.
- About 16 756 in the 2018/19 financial year. The target for 2019/20 is 43 050.

Electricity

- Electricity reticulation, power stations and connections – R121, 2 million;
- Bulk purchases: Electricity R9,2 billion;
- Reservoir extensions – R 104 million;
- Electricity for all – R162,7 million;
- Tshwane Public Lighting Programme – R97 million;
- Prepaid electricity meters – R 42 million;
- New bulk electricity infrastructure – R120 million;
- Electricity vending infrastructure – R10 million;
- Electricity distribution losses – R 50 million;
- Repairs and maintenance R 1, 6 billion.





Environmental and Agriculture management operating allocations:

- Agricultural assistance and support – R1,8 million;
- City sustainability (green desk) – R18,2 million;
- Solid waste – R5,9 million;
- Rehabilitation of landfill sites – R7,7 million;
- Household refuse removal – R436,7 million;
- Illegal dumping – R96,6 million

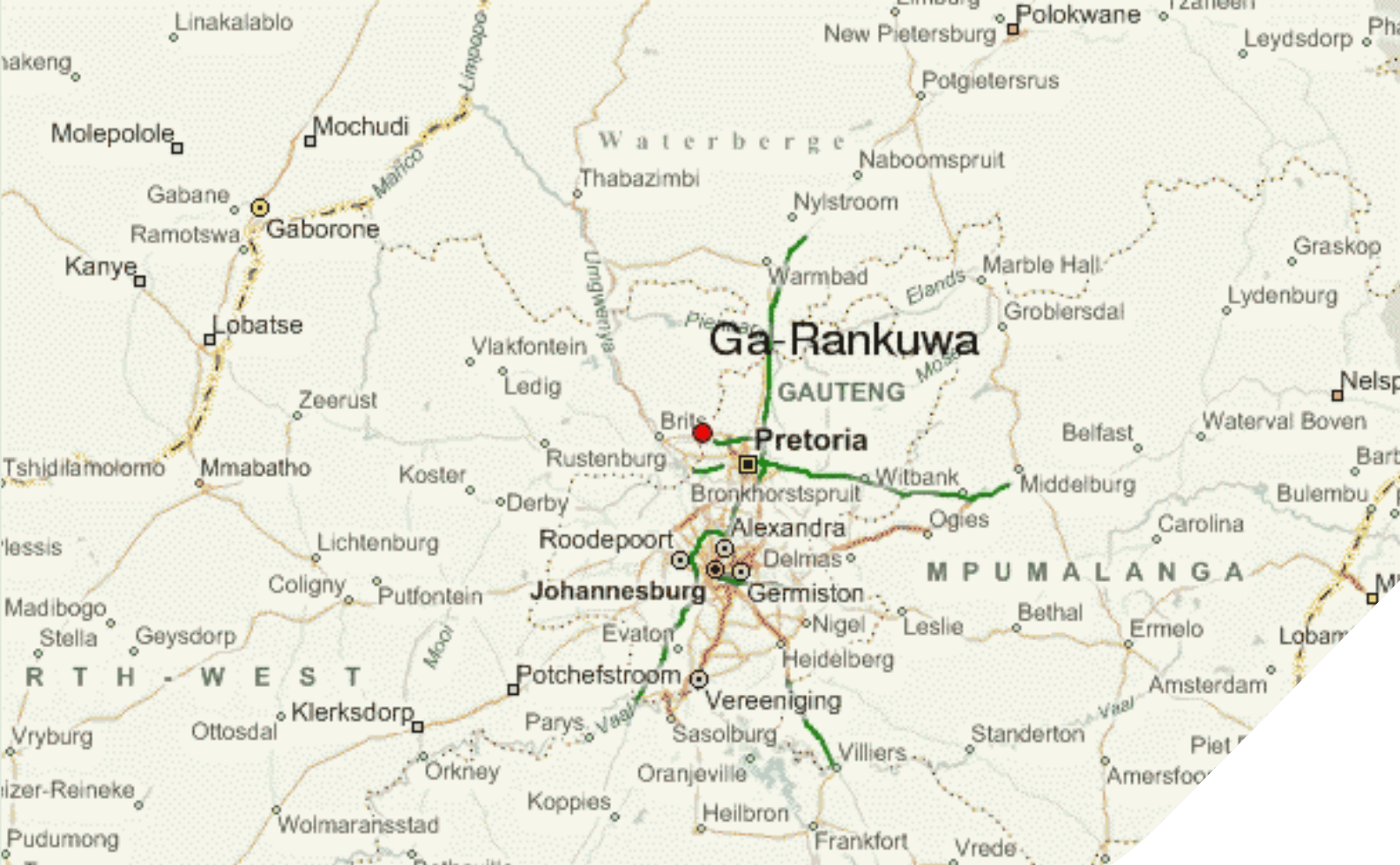
Roads and Transport

- Roads and Transport – R 408 million;
- A Re Yeng repairs and maintenance – R46,4 million

Regional Operations and Coordination

- Repairs and maintenance of infrastructure and community facilities – R785,7 million;
- Sinkholes – R30 million;
- Centurion lake maintenance – R28,6 million;

These are some of the highlights we could cover for this edition, however you can access the budget speech on www.teda.org.za.



Rankuwa Smart Development

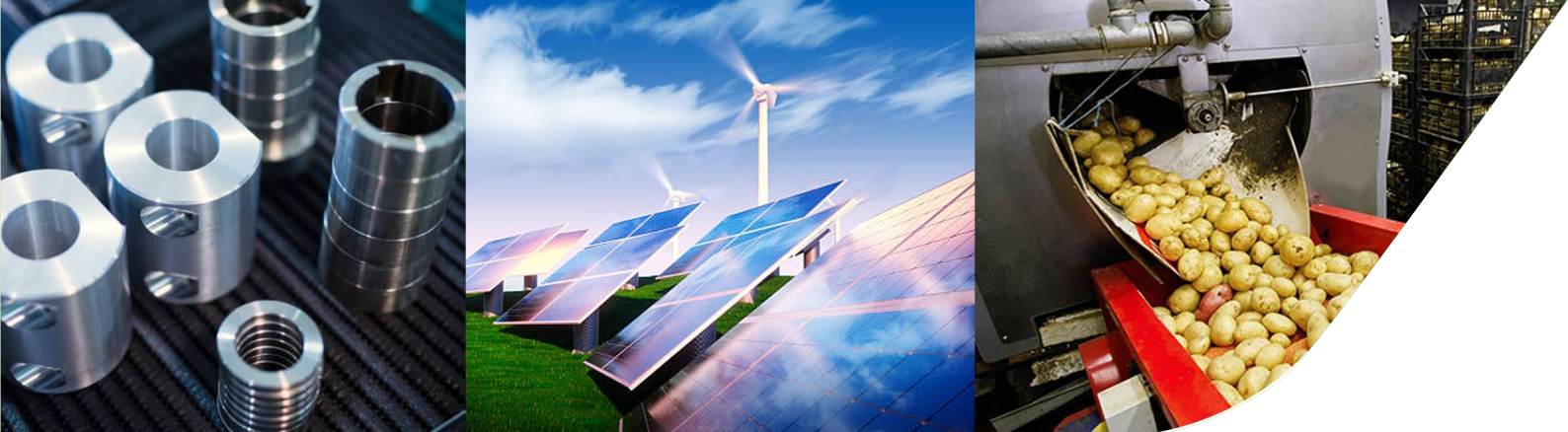
The Tshwane Economic Development Agency (TEDA) has been working closely with MIO-Liviero Garankuwa, the developers for the Rankuwa Smart City Development for the successful delivery of the project. MIO-Liviero was awarded the rights in 2014 to plan and develop a mixed-use and income development known as Rankuwa Smart City Development. The project entails the following:

- Planning, development, marketing, sales and transfers of 5 742 affordable housing including social housing, FLISP housing and bonded housing;
- Planning and development, Marketing and sales of retail, office, light industrial and special retails facilities.

The estimated total investment in the development is R 3.556 billion which will generate the following in terms of local economic development:

- Jobs to be created 4 161 during development and 222 permanent jobs on completion;
- Target 2500 youth and 1000 for employment;
- Set asides for SMME amounting to 35% of the estimated value of the project.

Mr Isaac Nkosi from MIO-Liviero has expressed his appreciation to TEDA for assistance it offered in terms of facilitation and specifically supporting and facilitating commercial close for the development. "We are happy with the working relationship between TEDA (under the leadership of Executive Manager, Mr Mogau Leshilo and MIO-Liviero in this regard. We look forward to working with TEDA on any future developments to be undertaken by MIO-Liviero Garankuwa" said Nkosi.



The Tshwane Trade and Investment Summit 2019

The City of Tshwane has tasked Tshwane Economic Development Agency (TEDA) to prepare and organize the next instalment of the Tshwane Trade and Investment Summit (TTIS). This trade and investment summit draws from insights derived from both the Mayoral Economic Summit; the 2016 Tshwane International Trade and Investment Conference and the Inaugural Presidential Investment Conference of 2018. The event will focus on bringing potential investors to the City of Tshwane in the following targeted sectors:

- Automotive & components
- Energy (including renewable technologies)
- Agro-processing
- Tourism
- Property development and Construction

The summit will be staged at the CSIR Convention Centre on 17-18 September 2019. There are a number of important aspects that have been incorporated into the planning of this instalment of the event which include the following:

- Involvement of the industry association and local chambers in the planning – which signifies joint planning between government and private sector;
- Focusing on addressing issues that have been raised by business in previous meetings;
- Drawing experienced entrepreneurs to share their experiences and advise government policy makers and officials on how to respond to the needs of business in order to grow the economy.



From left: Vehicles, Mike Whitfield, Managing Director, Nissan Group of Africa, Mr Peyman Kargar, Senior Vice President, Chairman of Management Committee for Africa, Middle East, and India (MC AMI), His Excellency, Norio Maruyama, Ambassador-Designate for Japan in South Africa, His Excellency, President Cyril Ramaphosa, President of the Republic of South Africa, Mr David Makhura, Premier of the Gauteng Province, Mr Ernest Mahlaule, Board Chairman of the Gauteng Growth and Development Agency, and Minister Rob Davies, minister for trade and industry, South Africa (now retired).

Nissan to Produce Award-Winning Navara Pickup in South Africa

- Major investment in plant, equipment and training
- Rosslyn facility to expand role as LCV export hub for Navara, NP200 and NP300
- Significant job creation at plant and supply chain
- Full range of Navara models to be produced on new, flexible production line

Nissan has announced a R3 billion investment in its facility in Rosslyn, north of Tshwane, to prepare the plant for production of the next generation Nissan Navara pickup.

The move expands the role of the plant as a Light Commercial Vehicle manufacturing hub for Nissan. The Navara will join the popular NP200 and NP300 models, which are already built at Rosslyn and sold in the domestic market, as well as up to 45 pan-African countries.

I create around 1,200 new jobs directly at the facility as well as across the local supply chain. Depending on market conditions, it is anticipated Navara's arrival will add 30,000 units to Rosslyn's current annual production volume of 35,000, creating the need for a new, second shift at the plant.

The announcement was made at the Rosslyn plant and attended by the President of the Republic of South Africa Cyril Ramaphosa, Peyman Kargar, chairman of Nissan's Africa, Middle East and India region (AMI) and Mike Whitfield, managing director for the Nissan Group of Africa.

President Ramaphosa said the decision to produce Navara in South Africa was further proof of the increasing contribution of the automotive industry

to the country. He said, "Automotive is already the largest part of South Africa's manufacturing sector, contributing around 7.0% GDP annually and accounting for a third of manufacturing output. I am delighted Nissan will produce Navara here and congratulate the employees for their efforts in securing this important model."

Nissan's Africa, Middle East and India chairman, Peyman Kargar commented: "Africa is an essential part of Nissan's M.O.V.E. to 2022 midterm plan in which we aim to double our presence across the Africa, Middle East and India region. We already have a strong industrial footprint in Africa including plants in Egypt, Nigeria, South Africa and a planned facility in Algeria. Today's announcement highlights the continuing evolution of Africa as one of the most important global markets. In South Africa, this is supported by the government's creation of a stable environment for long-term investment."

The investment in Navara production will result in further modernization of the Rosslyn plant, including a new, flexible production line and additional facilities, as well as training and upskilling of staff. Working with the Automotive Industry Development Centre (AIDC), a Provincial Government agency that promotes small businesses in the supply chain and skills development, Nissan has identified 15 black-owned companies that it will support in step with its preparations for the new Navara. It

plans to partner with these businesses as it ramps up production and increases its spending on local content.

To date, Nissan together with the AIDC has incubated 8 new component manufacturers and related companies from its Broad Based Black Economic Empowerment start up programme. In total Nissan has 318 BBBEE suppliers which make up 34% of the total number of suppliers in South Africa.

Mike Whitfield, managing director for the Nissan Group of Africa, commented: "The new Navara is the perfect model for South Africa and our workforce is ready to build it, supported crucially by the government's Automotive Production and Development Programme (APDP). Vehicles already account for around 14% of total exports from South Africa. Navara production will allow us to expand Rosslyn's role as an export hub for Light Commercial Vehicles and contribute further to the local automotive sector, fully in line with the goals in the next phase of the APDP."

Navara has won multiple awards across the world since its launch, including the 2016 International Pickup of the Year.

In calendar year 2018, global sales totalled 231,435 units – a 6% increase year-on-year - establishing Navara as Nissan's highest selling pickup worldwide.



Masterplan Adoption and K217 Construction



The Tshwane Automotive City (TAC) Masterplan which was developed in 2016, has recently been adopted by the City of Tshwane (CoT) and incorporated into the Regional Spatial Development Framework (RSDF) on 28 February 2019. As part of this adoption, the city also plans to avail necessary funding in line with the TAC Masterplan.

The decision to adopt the TAC Masterplan came after a number of consultations that have taken place between industry, impacted community representatives and council members from all functions within the City.

Subsequent to the City of Tshwane's decision to adopt the TAC Masterplan, the City, Province and various key developers in the area have recommended and requested authorities to commence with the construction of the road K217 which unlocks over R50 billion worth of investments within the TAC boundaries.

The adoption by the City of Tshwane, necessitates the road K217 road development as this is a catalyst infrastructure project for the entire TAC development. The K217 is a provincial road which completes the road network in the region 1 area, this provincial route has been on the Gauting

Provincial Department of Roads and Transport's plans from the 1980s but was not prioritized due to the unavailability of funds. The pledge by some of the key investors in the area aims to change this by supporting government with funding, land donations and other technical contributions that will accelerate the road construction. This road development will immediately trigger the development of an Inland Port Precinct and unlock a R5 billion mixed use development by the Rosslyn Hub Development Company (Pty) Ltd.

The approximate length of this link is approximately 11 kilometers. On completion, the road is planned to become a class 2 road with 4 lanes. This road acts as both a freight and public transport link between Pyramid South Terminal through K6, Soshanguve, Rosslyn, and Orchards area to the N4 Bakwena Highway.

The TAC programme is a strategic infrastructure programme that is aimed at creating a Living and a Productive City, through stimulating automotive vehicle assembly and components manufacturing by accelerating the development of key infrastructure such as Logistics, Residential and Recreational through public and private partnerships in the Rosslyn adjacent areas.



Making Tshwane Vision 2030 A Reality

The development of the SEZ in Tshwane is going to be a game changer in terms of positioning the City of Tshwane for faster growth and investment attraction.

By Isak Pietersen, Member of the Mayoral Committee for Economic Development and City Planning

One of the most critical pillars of the Tshwane Vision 2030, adopted by the City of Tshwane in 2017, is that of positioning Tshwane as a City that facilitates economic growth and job creation. A critical priority within this pillar is to attract investment and encourage growth by making it easy to do business in Tshwane. In his recent budget speech the Executive Mayor of Tshwane, Cllr Steven Mokgalapa reiterated our commitment of attracting R10 billion in investments.

It is worth noting that through the efforts of the Tshwane Economic Development Agency (TEDA), the City has already attracted over R 7 billion since 2017. This early success prompted the City to support and widen the mandate of TEDA to include tourism promotion and management of a new Special Economic Zone (SEZ) to be established in Silverton Watloo Area for the Automotive Sector.

The Silverton/Watloo SEZ project is part of the Tshwane Automotive City Development which will see an investment of R13 billion in infrastructure in the medium to long term. This development will happen in a portion of land spanning over 220 hectares. The success of this significant milestone is buttressed by excellent working relations that the City has established with the Gauteng province and Department of Trade and Industry. On completion

and full operation the SEZ has a potential to create approximately 70 000 jobs. The City of Tshwane has already earmarked over R300 million to be used to install bulk infrastructure and prepared detailed designs.

In addition, TEDA has earmarked the following projects for implementation to boost growth and job creation:

- Tshwane Bio-Energy Project;
- Tshwane Vertical Farming;
- Tshwane Clothing and Textile Hub;
- Tshwane Agro-Processing Hub;
- Groenkloof Nature Reserve Precinct;
- Pyramid South Freight Terminal and Logistics Hub;
- Asmcors Development Project
- Pretoria West Industrial Precinct; and
- Tshwane Fresh Produce Market.

The development of the SEZ in Tshwane is going to be a game changer in terms of positioning the City of Tshwane for faster growth and investment attraction.

All of these initiatives by the City will be further enhanced by the staging of the Tshwane Trade and Investment Summit later this year, we will be streamlining our activities and present an attractive value proposition to the investment community.

TEDA Staff is Appreciated and Engaged

Management and Employees of TEDA took time out on Friday, 28 June 2019 to reflect on the year that was and plan ahead for the new financial year. It was not only about business but also building team spirit and getting all TEDA employees to shape the future of their organisation. The CEO of TEDA, Mr Solly Mogaladi expressed his gratitude to all staff members for enabling TEDA to reach another milestone of achieving two clean audits for 2016-17 and 2017-2018 financial years.



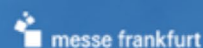


4-6 July 2019

Wonderboom National Airport,
Pretoria, Tshwane, South Africa

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The African Show For General Aviation



Aero South Africa To Be Staged At Wonderboom Airport

Aero SA is set to be Africa's largest general aviation trade show, covering the full spectrum of services and products for the aviation industry. It is an opportunity to discover what direction developments in the General Aviation industry are going into.

The AERO South Africa conference and exhibition takes place from 4-6 July 2019 and is poised to be Africa's largest general aviation trade show. The event will expose visitors to the latest advances, developments, products and services across the aviation industry.

From ultralights and gliders to business jets, helicopters, remotely piloted aircraft and electric aircraft as well as avionics and maintenance, various companies will be afforded the opportunity to showcase their cutting-edge products and services.

Meet with leading industry experts, enthusiasts, aviation companies, flight training schools, pilots, business jet owners and private aircraft owners over 3 days of excitement, demonstrations and face-to-face business meetings.

AERO South Africa is presented in collaboration with Messe Friedrichshafen, the organisers of the industry's major trade show that attracts 35,000 visitors from 60 different countries. Other partners of the Aero SA are the City of Tshwane, Wonderboom Airport and CAASA.

