



Automotive Industry Development Centre
Your partner in becoming globally competitive

Quarterly Report for the period July to September 2014
as approved by the Board in the meeting of 23 October 2014
held at GGDA, 124 Main Street, 19TH Floor Boardroom, Johannesburg

Quarter 2 Progress report for 2014/15

1STRATEGIC GOAL 1 : To enable equitable economic development and inclusive growth through focused support to targeted sectors.															
Strategic Goal	Strategic Objective	Performance Indicator	Annual Target 2014/15	Quarterly Targets				Quarterly Performance				Reason for deviation	Corrective action	P/NO	
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
STRATEGIC GOAL 1:	1.2. Priority Sector Development to enable equitable economic development and inclusive growth.	Advanced Manufacturing sector development Increasing skills in automotive and allied-related 2Manufacturing sector efficiency improvement – efficiency and productivity improvement programme	20 companies signed up under the efficiency programme and engaged with assistance through various types of efficiency improvement projects. Interventions completed and signed off. (Year-end target - 8 interns placed and 140 customer staff trained)	10 companies signed up under the efficiency programme and engaged with assistance through various types of efficiency improvement projects	15 companies signed up under the efficiency programme and engaged with assistance through various types of efficiency improvement projects	20 companies signed up under the efficiency programme and engaged with assistance through various types of efficiency improvement projects	20 companies signed up under the efficiency programme and engaged with assistance through various types of efficiency improvement projects. Interventions completed and signed off. (Year-end target - 8 interns placed and 140 customer staff trained)	10 Companies signed up under Efficiency improvement projects. Year to date 39 people were trained under TPM Project	13 Companies signed up under Efficiency improvement projects. Year to date 134 people were trained under TPM Project				Two companies withdrew interest and had to be replaced.	Two replacement companies contracted but await contract signature in Oct 2014 only.	AIDC1

¹ Baseline document date as approved dd 12 March 2014

² Allied-related refers to that part of the automotive sector that is not passenger vehicle focussed. This include for example busses, MHCV, heavy duty trailers, utility tracks, yellow goods related to construction and mining

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		Increasing skills in Automotive sector T 6 Utilisation FET students trained in a 5 day vehicle assembly practical training course using Ford T6 simulator	200 received training - recognition is provided according to the nature, depth and length of training – FET students receive recognition as part of the academic process	50 in training	120 in training	150 in training	200 received training – recognition is provided according to the nature, depth and length of training – FET students receive recognition as part of the academic process	0 in training.	(83AIDC) 30 Ford Staff year to date total of 113			The FET students planned to be trained in Aug/Sept cannot be moved forward due to examination	Complete schedule / Project plan is currently under review wrt new timelines.	AIDC 2

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		Automotive sector development Increasing skills in Automotive and allied-related sector Auto body repairer mentorship ³	Mentoring and training of 20 new mentees completed – 40 mentees from 13/14 continued and completed programme	Identification and selection and screening of 20 new mentees – 40 mentees from 13/14 continue with programme	Appointment and commencement of 20 new mentees – 40 mentees from 13/14 continue with programme	Mentoring and training of 20 new mentees – 40 mentees from 13/14 continue with programme	Mentoring and training of 20 new mentees – 40 mentees from 13/14 continued and completed programme	40 Mentees from previous FY with new 20 mentees were selected for current Financial year.	40 mentees from previous FY with 20 new mentees are continuing with programme					AIDC3
		Increasing skills in Automotive sector	Reported per project	Reported per project	Reported per project	Reported per project	Reported per project	373 people has been trained	870 people has been trained			n/a	n/a	n/a

³ Mentorship is conducted over a three year cycle to get to a full “graduation” level. From this year the focus will include mentees from Winterveld in support of the WEH project

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		Number of beneficiaries from Youth reskilling and training programme – artisans trade tests	40 apprentices finishing year 2 trade test - qualified	40 artisans continued training for Q1 and Q2	40 artisans continued training	40 artisans and commence finishing trade tests	40 artisans qualified	45 Apprentices are currently receiving training at host companies. Moved students between hosts to ensure that all modules are covered	45 apprentices in training	38 apprentices registered with merSETA to date with 5 Apprentice registered with Foodbev. 22 trade test application submitted to merSETA.			The additional 5 apprentices are accommodated through funding from industry and AIDC	Placed 3 students at Falcon, who wants to employ 2 permanently Booked Trade Test dates at Training Centre. All students' merSeta registrations were handed to merSeta, 9 confirmed as registered	AIDC4

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		Establish incubator centre and a Gauteng auto-motive learning centre and simulator based at Rosslyn .	900 finished training	200 in training Note: 150 are carried over from previous financial year.	400 in training	900 in training	900 finished training – with merSeta applications prepared	218 in training.	Year to date 455 people received training			None	None	AIDC 5
		Number of SMMEs operating from the AIDC Incubator Programme.	⁴ 6 BEE SMMEs maintained operations at Ford	6 BEE SMMEs maintained operations at Ford	6 BEE SMMEs maintained operations at Ford	6 BEE SMMEs maintained operations at Ford	6 BEE SMMEs maintained operations at Ford	6 BEE SMME's maintained at FORD.	5 BEE SMME's operating at FORD IC			One Incubatee relationship agreement terminated.	Replacement plans in progress with Tier 1. Workers transferred to Tier 1 till new entity can be established.	AIDC 6

⁴ These BEE SMME are – 4 production, 1 logistics and 1 canteen operator

STRATEGIC GOAL 2: To strategically position the province as a globally competitive city region and create an enabling environment for trade and investment.															
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STRATEGIC GOAL 2:	2.1. Viable foreign & local investment directly facilitated.	Arrange and host Auto Industry Conference	SAAW Event in Oct 2014, hosted by AIDC ⁵	Commence all procurement actions. Appoint match-making service provider; Radio advertising	Appoint medical service provider; Appoint photography; Airport welcome desk setup; Work-shop planning; Pay venue balance; Appoint MC	Opening event – Oct '14; Draft report; Settle trade show account	Close out report	Quotations received for SAAW outstanding event items. The match Making meetings programme will proceed as planned however it will be run by Inkanyezi. Radio advertisement excluded on scope on due to SAAW budget cut.	All plans and arrangements are on track for the event to be held at Gallagher Estates 13-17 Oct 2014.						AIDC 7
			New Township development initiatives			2 concept studies commence (desk top)	2 concept studies completed	n/a	n/a – only approved 17 Sep 2014						New

⁵ Risk - The reduction of the R8m funding from GGDA (MTEF) forced the AIDC to down scale the event – now faced with a dispute and resultant arbitration from the appointed event organisers, Inkanyezi.

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		Increased number viable value propositions to attract foreign and domestic investors for the ASP	Completed one value proposition with EIA for one prospective customer for the ASP	Project plan developed – potential investor list developed	Economic impact assessments in process for 1 potential investor	Commence drafting of value proposition	Completed one value proposition with EIA for one prospective customer for the ASP	Project scope determined. GGDA meeting took place and clarity received. Charter was finalised. Investor pipeline updated	Project approval from CEO's office end Aug 2014. Mid-September – new timeline approved end Nov 2014 by Exec.			Due to lack of resources	Additional resources temporarily relocated to BDD	AIDC 8

STRATEGIC GOAL 3: To stimulate employment-led growth and development through the facilitation of strategic economic development interventions.														
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STRATEGIC GOAL 3:	3.1. Strategic economic infrastructure projects implemented.	Enhanced Infrastructure at Automotive Supplier Park ASP Infrastructure (Mini Factory 10&11)	Phase 1 of mini factory 100% completed ⁶	Mini factory phase 1 100% completed	25% = earthworks & foundation	50% = building structure	75% = building structure, roofing and cladding	70%	Milestone 1 - 79% of Phase 1 A and Phase 1B is at 50%			Late start of project in 2013. Delays due to heavy rains first quarter. Also some delays in delivery of construction materials due to strikes. Outside paving construction faulty – is in process of being corrected.	Phase 1A should be completed by end of Oct 2014 ready for tenancy. Phase 1B should be completed by December 2014.	AIDC 9a
			Second phase of mini factory at 50% completed of construction milestone 1 and partly milestone 2 – 55% completed	Phase 2 is an on-going activity as the contract for the full factory was signed in 2013, subject to availability of funding – 30% completed	commences with construction milestone 1 – 35% completed	Work second phase 30% completed – continue with construction milestone 1 - 40% completed	Second phase of mini factory at 50% completed of construction milestone 1 and partly construction milestone 2 – 55% completed	30%	The bulk earthworks for Phase 2 had been completed – 35%.					

⁶ Due to budgetary constraints the mini factory had to be planned in phases. Phase 1A (of Phase 1) will be a warehouse/factory. Phase 1B are be offices block inside the warehouse/factory – Eastern side - and Phase 2 will be the remainder warehouse/factory. Construction progress reports are hence provided for each of the three phases.

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		Construction of Incubation Centre (Nissan) Nissan announced a 30 month delay in new product launch	30% - earthworks completed, commence preparation for foundations	10% - tendering process for earthworks, prepare the design concept. Drafting legal agreement for review.	20% - tenders for demolition and earthworks issued, design concept submitted for appr. by NSA and AIDC. Legal agreement reviews in process.	25% progress with demolition and earthworks, design concept signed off together will all legal agreement signed off.	30% - earthworks completed, commence preparation for	Contractor for Demolition appointed. BAC sat and approved the tender for the demolition tender on the 5th June 2014. The tender document for the earthworks approved on the 12th.	Tenders for the demolition and earthworks have been processed and evaluated, appointment delayed subject to Design and Construction Agreement being signed with Nissan.			Baseline design of IC delayed by NSA not approving it and changing the scope. This is the cause of delay in construction AIDC Management in discussion with NSA Management.	Pre handover meeting on 18th June 2014. Business plan deviation - see par 15 of the 2015/16 APP approved 17 September 2014.	AIDC 10

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		Phase completion of Winterveld Township Enterprise Hub	Auto Hub fully operational	Auto Hub fully operational – business plan developed	Auto Hub fully operational	Auto Hub fully operational	Auto Hub fully operational	80% WEH operational Year to date 8 staff members from 3 SMMEs have received training on Paint booth and Financial management.	80% WEH operational Year to date 63 staff members from 4 SMMEs have received training on Paint booth and Financial management. And 8 people were recruited in to date			Delays in securing the occupancy certificate	The Fire Consultant has been appointed-the escape doors are fully installed at the Auto-hub.	AIDC11

Strategic Goal 4: To enhance public accountability; high standards of corporate governance and efficient resource utilisation.														
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STRATEGIC GOAL 4:	4.2. Enhanced financial accountability and compliance with prescribed financial regulations and guidelines.	Sound Corporate Governance and Internal Control	Unqualified Audit	0	0	0	Unqualified Audit	0	0			n/a	n/a	AIDC 12
	4.3. Enhanced business and operational processes	Stakeholder relationship management	Combined survey results reported to Board – an average score of 3.15 is the target	Stakeholder, Customer /Client and tenant management plan compiled	Draft annual survey approved by management	Carry out a surveys on 80% of Stakeholder, Customer /Client and tenant base	Survey results of Stakeholder, Customer /Client and tenant base completed end March and reported to Board in April – an average score of 3.15/5 is the target	Not done	Not done			Lack of resources. Plan will be ready in Q3	Additional resources temporarily relocated to BDD.	AIDC 13

Strategic Goal 4: To enhance public accountability; high standards of corporate governance and efficient resource utilisation.														
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	4.3. Enhanced business and operational processes.	Optimal occupancy of precinct	95% ⁷	95%	95%	95%	95%	96%	96%					AIDC 14
		Growth and expansion of the precinct	10 marketing events for ASP, as well as GALC and WEH	2 marketing events for ASP, as well as GALC and WEH	5 marketing events for ASP, as well as GALC and WEH	8 marketing events for ASP, as well as GALC and WEH	10 marketing events for ASP, as well as GALC and WEH	2 marketing events for ASP	9 Marketing Events for ASP			None	None	AIDC 15
		Enhanced business integration and organisational effectiveness	All policies reviewed and approved for Financial year	0	0	Review and approval of policies	Revise all policies for adoption in 2015/16	0	Various GGDA policies under review – should be completed in Q3			None	None	AIDC 16
		Effective Monitoring and Evaluation of Organisational Performance	4 Q reports submitted	1 Q report submitted	2 Q reports submitted	3 Q reports submitted	4 Q reports submitted	Q 1 report submitted	Q2 report submitted			None	None	AIDC 17

⁷ 95% is the industry norm set by the Shareholder

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		Implement an organisational performance management (PM&E) system.	Final performance assessment for 2014-15 completed in May 2015	100%	100%	100%	100%	To date 99 % annual performance assessments have been received. 82% of 2014/2015 Performance Contracts submitted to HR. 26 are still outstanding.	To date 99 % annual performance assessments have been received. 82% of 2014/2015 Performance Contracts submitted to HR. 3 are still outstanding.			Close out actions and ramping up actions contributing factor – aggravated by a number of vacancies in key positions	HR issued notices to all managers to be submitted immediately	AIDC18

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		To increase BBEE spend through internal budget	80% budget spend	80% budget spend	80% budget spend	80% budget spend	80% budget spend	97%	109%			<p>BEE Spend is based on Actual amount paid against the Supplier Recognition Level so it can get to over 100%. BEE Spend is measure based on each and every expenditure incurred at the time of reporting, against the Supplier Recognition level.</p> <p>E.g. Level 1 BEE contributor = Spend amount x 135%.</p>		AIDC 19