



Supplier Park Development Company SOC Ltd t/a
Automotive Industry Development Centre

QUARTERLY REPORT FOR THE PERIOD

April to June 2016

Quarter One

SECTION A

Executive Summary

2016/17 Quarterly Project Progress

Litigation Report

Emerging Risks

Strategic Promotions and Marketing

Appendix A: Performance information report

SECTION B

Human Resource Information

SECTION C

Financial Information

Procurement Tables

SECTION D

Annexures

Annexure A: Income Statement

Annexure B: Balance Sheet

Annexure C: Cash Flow Statement

Annexure D: 12 monthly cash flow for 2015/16

Annexure E: Debtors age analysis

Annexure F: Creditors age analysis

Annexure G: Projects report

Annexure H: Procurement Information (BEE spend etc.)

Annexure I: Summary Segmental Financial information

Compliance Reports :

Annexure J : PFMA

Annexure K : Expenditure Report - Financial Misconduct report

Annexure L : Report on Cost Containment measures

Annexure M : Procurement Plan Q1 Actual versus Planned Progress

1. Executive Summary

1.1. Subsidiary Background and Mandate

Based on strategic reasons, a Shareholder decision was taken to merge the AIDC Development Centre (Pty) Ltd (AIDC) and the Supplier Park Development Company (Pty) Ltd (SPDC). The new entity started operating as an amalgamated and consolidated Schedule 3C PFMA business concern on 1 April 2013. This entity is still operating as the Supplier Park Development Company SOC¹ Ltd trading as AIDC. The following brand names have been retained due to their brand equity and market positioning:

- Automotive Industry Development Centre (AIDC); and
- Automotive Supplier Park (ASP).

Liquidation actions related to the former AIDC are managed through the office of the GGDA Company Secretary, after which the former SPDC is due to undergo a formal name change to AIDC.

The merged entity is operating within the mandate of its approved business plan for 2016/17. The AIDC's activities remain aligned with the new agenda of 'transformation, modernisation and re-industrialisation (TMR)', as well as the Gauteng City Region's (GCR) imperatives under the Gauteng Economic Development Framework (GEDF). The final business plans for 2016/17 up to 2018/19 were completed for final sign-off by the Board on 30 March 2016, including the final budget allocations for 2016/17.

1.2. 2016/2017 Key Interventions

The key interventions for 2016/17 are

- Fully operationalise the Learning Centre, and increase revenue at the Center;
- Establishing and fitting out the Trade Test Centre at the ASP;
- To operationalise (with Nissan) the Nissan simulator;
- To complete the construction on the mini factory 11 at the ASP;

¹ SOC – is, in terms of the new companies act, referring to State Owned Companies.

- To complete the construction on the Incubation Centre at Nissan, to fit out the centre with production equipment and tooling and appoint 6 new incubatees;
- To maintain operations and increase revenue at the Winterveld Enterprise Hub and engaging community in respect of unrest issues threatening the Hubs' operations;
- To maintain operations at the Incubation Centre at Ford with 6 incubatees of which 2 are new, as well as engaging with key stakeholders to contain the prevailing unrest;
- To obtain funding for three construction projects at ASP – linked to BMW and NSA.
- To finalise the ELV feasibility and bus sector report and the precinct plans for the TAC.
- Strategic Planning sessions to prepare for 17/18 APP process, commencing with the first draft and progressing towards final approval in quarter four.

2. 2016/2017 Quarter 1 Progress to date

The AIDC was busy with finalisation of the 2015/16 close out action for the AG audit. The final 2015/16 KPI achievements and Annual Financial Statements were approved for submission for AG audit on 24 May 2016. Project Charters for 16/17 were finalised for implementation and project performance tracking at the monthly Project Review Meetings commenced in earnest. Site business plans are under review. The strategic risk register for 2016/17 was approved by the Board on 24 May 2016. In addition, construction at the mini factory building and at the Nissan Incubator construction site continued in all earnest with very good progress made. Completion is anticipated for the second quarter of 2016.

GGDA was engaged to assist with securing the top structure funding for the three construction projects from the DED. No progress can be reported as yet.

On the project front, all project managers commenced with various project implementation actions across all projects.

A problem is being experienced at the Winterveld Enterprise Hub with community unrests. Operations had to be halted mid-June 2016 in fear of safety of AIDC Staff. AIDC Management has engaged with the community to find a peaceful and amicable resolve. The situation was at the time of writing the report was calm.

Same kind of labour-related unrest prevailed at the Ford plant that also caused operations to be halted. This is affecting the operationalisation of the one new incubatee. This will impact on delivery to Ford. The situation was at the time of writing the report still tense.

3. 2016/17 Quarter 1 project progress

The following is a brief overview of all the projects the AIDC is engaged in covered in the KPI matrix – see Appendix A for detail performance analysis.

3.1 GGDA Strategic Goal 1: Gauteng's economy radically transformed

3.1.1 Project AIDC 43: The Winterveld Enterprise Hub

- Planned target is to do 15 vehicles, with 30 people trained, with 8 SMMEs operating and an independence ratio of 10%. (Independence ratio is define as the external income earned as a % of the MTEF opex project allocation)
- Actual achieved is 23 vehicles 9 SMMEs, zero trained and an independence ratio of 7.1% achieved.
- Training was hampered by the community unrest.
- Discussions with government vehicle users (e.g. SA Police Services and G-Fleet) have been held and a follow-up meeting the new G-Fleet management is being arranged to ensure that G-Fleet and the City of Tshwane use the township hub for auto repairs. Emergency Medical Services (EMS) on the other hand has been using the facility more frequently, and this has improved vehicle throughput considerably. The problem is that the spray booth is designed for passenger vehicles and cannot accommodate ambulances due to their height. A second spray booth is required to overcome this challenge. There are presently 9 SMMEs (employing around 26 people) operating through the Hub, with a total of already 10 registered with the Hub.
- The facility requires an alternative access road. Once this access road is completed we anticipate to be provided with the Certificate of Occupancy (COO). The tender for the award of the construction of the new access road into the Winterveld Enterprise Hub had been awarded in 2015/16 but commencement of the actual work was delayed till June 2016 due to unforeseen delays within obtaining the CoT's approval of the design plans; and later community unrests. Construction work is still to commence due to the community unrest recently being experienced.

- The Memorandum of Agreement with the City of Tshwane regarding the lease and use of the premises remains to be signed. This matter had been escalated to the relevant MMC in the CoT Council.

3.1.2 Project AIDC 44/1: AIDC Township revitalisation/re-industrialisation concepts – End of Life Vehicle.

- Planned target was to publish the tender and award the contract.
- Actual achievement is that the tender has gone through Bid Adjudication phase.
- The AIDC developed a 5-year master plan that would be implemented progressively subject to availability of funds.

3.1.3 Project AIDC45: Bus sector study report

- Planned target was to have the first progress report by end June 2016.
- Actual achievement is that there was no report received.
- Feedback from the project manager points to some limited desk top research was done and an operational (internal) progress report submitted. A first order market assessment was done also with the view to appoint a consultant but costs quoted were too high. This remains in tendering process (2nd round). An accelerated plan has been put in place to ensure that the annual target will be met, despite this quarter one delay.

3.1.4 Project AIDC 05: the AIDC's Automotive Incubation Centre at Ford

- Planned target is to maintain 6 SMMEs operational and to commence planning for the 3rd graduation, while training some 31 people (operators).
- Actual achievement is that there are 6 SMMEs but only 5 operational with only 6 people trained.
- The reason for this is attributable to the time to set up the new incubatee, as well as community unrest that caused the facility to be shut down. This will negatively impact on operations and deliverables to Ford.

3.1.5 Project AIDC22/3(b): The final appointment of up to 8 BEE SMME Incubatees for the AIDC's Automotive Incubation Centre at Nissan

- Planned target is to commence with discussions with NSA and Tier 1 entities wrt off-take agreements and commence identifying production equipment.
- Actual achievement to date is that the negotiations with NSA is ongoing, albeit slow with the result that no Tier 1 could as yet be approached before agreement with NSA had not been reached. This also impacted on the planning for the

production equipment needed and no progress on the latter can be reported as yet.

- Currently the project teams are working closely to finalise the commodity list to be incubated. The concept of a building 'swop' is no longer the anticipated direction on this matter. Nissan is going to be providing an additional building to supplement the space with our new building, for Incubation purposes. The nature of the activities in both these buildings will be incubation related. The final position on this matter will be tabled to the Board within the next 2 months.

NB: The Jobs Funds' Nissan Investment Support Programme (NISP)

- The AIDC is experiencing some major challenges as related to the non-achievement of the number of trainees and jobs originally projected. This is directly attributable to the delay in the manufacturing of the Nissan's H60A, which was supposed to have commenced with production in 2016, but subsequently deferred to 2018. This resulted in the Jobs Fund insisting that the AIDC obtains written employment undertakings (Letters of Intent (LOI)) from all the NISP partners (Nissan and all its suppliers) for the targeted number of jobs (4000 in total, however a figure of only 1005 could be secured). If the evidence submitted does not meet the Jobs Funds' expectation, National Treasury may decide to reallocate a portion of this project's funding to other national imperatives. However, National Treasury verbally indicated that they would not cause half completed works, but no formal confirmations had been received as yet. The Jobs Fund NISP project management team visited the Learning Centre, the technical labs, the simulator and the Incubation Centre on 26 May 2016 and were satisfied with the general progress. The next Jobs Fund report (e-portal) is due by 7 July 2016.

3.1.6 Project AIDC 36: the AIDC's Automotive Industry Efficiency Improvement Programme

- Planned target - the aim of this programme is to implement efficiency interventions across some 10 automotive component manufacturers and to perform an agreed to gap analysis on interventions required to eventually achieve a 10% efficiency improvement per intervention). The programme will also address the training/upskilling of some 20 people.
- Actual achievement was that 10 companies were signed up and gap analysis commenced with training of 127 people.
- The reason for the number of people is attributable to the unexpected interest from the companies signed up to expose their staff to the AIDC's training in efficiency methods on the specific interventions engaged in.

- BMW wants the AIDC to assist them to become the first OEM with an ISO5001 certification (energy standards certification).
- Projects such as clean and lean manufacturing, quality assurance (ISO 9001), environmental (ISO140001), total production maintenance (TPM) and rapid improvement processes (RIP) are being undertaken, as well as energy savings (ISO5001). Benchmarking is being done through the relationship the AIDC has with the Japan International Cooperation Agency (JICA) and the auto manufacturer association in India. Valuable lessons are also learnt through the DTI/UNIDO programme.

3.1.7 Project AIDC 46: Tshwane Automotive City (TAC) Concept Development

- Planned target is the initiation of the Master Plan Phase with a first progress report.
- Actual achievement is that the first inception report was received.
- The project had been registered with SIP2.

3.2 GGDA Strategic Goal 2: Gauteng's economy re-industrialised

3.2.1 Project AIDC22/1a: This project entails the establishment of the Learning Centre class rooms, technical laboratories, a canteen and offices.

- Planned target is 110 people.
- Actual achievement is 424.
- The reason for the overachievement is attributable to the high levels of unanticipated usage by BMW as their own training facility is under construction.
- All equipment (class room and technical) and CCTV systems are now installed and commissioned.
- Technical labs are at 99% completion.
- There was already an inspection at the Gauteng Automotive Learning Centre from the City Council with the Fire Inspector insisting on additional fire proof ceilings to be installed. This work was completed in May 2016 after which the AIDC requested final inspections from the City Council in order to get the required Certificate of Occupancy (COO) from them. The Certificate of Occupancy is expected by August 2016.
- Note: The non-performance claim from the Learning Centre/simulator contractor's (Soaring Summits) performance guarantee is still to be finalised as the contractor has applied severe delaying tactics and has raised objections with the guarantors, which have to be investigated first. The matter has been

referred for arbitration by GGDA Legal and the outcome of the legal process is being awaited. (This matter is covered also in the litigation report.)

3.2.2 Project 22/1b: Number of people trained under the Skills development and Training programme

- Planned target is 250 people to be trained (or in training).
- Actual achievement is only 99.
- The primary reasons for this under achievement are attributable to training evidence from Ford that is either not received in time or that does not comply with required standards. This matter is being taken up with Ford.
- Secondly the NSA simulator is still not operationalised by Nissan and no training could be started as yet. This delay is linked to the delayed production launch of certain models due to be manufactured at Nissan's plant in Rosslyn.
- Meetings of the Skills Advisory Forum for Industry are continuing. A few Higher Education Institutions attend as well as representatives of the Department of Higher Education (Curriculum Development Department – in charge of Lecturer and Technical and Vocational Education and Training (TVET) college development). GCRA is also represented in this Forum. The partnership with DHET will play an important role going forward and unlocking other funding streams and fostering collaboration at a strategic level.
- The Siemens project currently has 41 active students.
- CoT is funding the training of 25 learners in Automotive Component Manufacturing and Assembly (ACMA) – these students will be absorbed by Nissan on completion of 12 month's training.
- Artisans' skills and development draft plan had been drawn up and is reviewed to determine its viability, the role of the AIDC and access to adequate resources, for the AIDC to be able to give effect to the roll out of this plan as from 2016/17 in a more structured manner. Artisan training is already on the accredited curricula of the Learning Centre.
- One proposal (2 projects) for training to Nissan has been signed, and delivery has started in June 2016. The first project is a training programme consisting of 2 Learnerships for a total of 52 (+2 for attrition) people with disabilities. AIDC has paid 8 disabled learners in June 2016 on this programme. 6 will be paid by Nissan from July 2016 and the June payroll to be reimbursed to AIDC. One contract trainer has been appointed for 9 months in order to deliver on these programmes. One more trainer will be appointed in Q2. The second project is a graduate development programme for 20 graduates through UNISA. (A certificate in operations management).

3.2.3 Project 22/2: Number of students or trainees placed in jobs by SD&T

- Planned target is zero for Q1.
- Actual achievement is that 28 people could be placed.
- Due to the non-achievement of the job target in 15/16 a much more focused attention is given by SD&T to this task. The target planned was for a year end result as people would have been in training and then placed. These appointments are at the IC at Ford and Siemens.

3.2.4 Project 22/6: Drive the Learning Centre towards full financial independence

- Planned target is 12%.
- Actual achievement is at 33%
- This overachievement is due to the unanticipated high usage demand from BMW as well as the PWD (people with disabilities) from Nissan's Learnership Programme.

3.3 GGDA Strategic Goal 3: GGDA capacitated to deliver and implement efficiently and effectively.

3.3.1 Project AIDC13: Construction of a 2,500sqm ASP Mini Factory (11) Phase 2

- Planned progress is 70% (measured payment against project budget for the year).
- The actual achievement is at 28%.
- Reason – most of the materials were bought in previous year, enough to keep the project going well into quarter one due to the reserves built up. Hence spending on material was lower than anticipated.
- Construction is progressing very well and is at around 70% and there is a possibility that the work will be finished ahead of schedule.
- BMW has signed a lease agreement for Mini Factory (10) Phase 1 facility (completed in 2015/16) as from 1 May 2016. BMW had made some interior changes and that delayed the COO. However, final City Council approval for the building's COO is awaited.
- There is already a prospective tenant in the pipeline for Mini Factory 11.

3.3.2 Project AIDC22/3(a): Construction of a 7,500sqm Incubation Centre at Nissan

- Planned target is 80% (measured payment against project budget for the year).
- Actual achieved is at 41%.

- Reason – most of the materials were bought in previous year, enough to keep the project going well into quarter one due to the reserves built up. Hence spending on material was lower than anticipated.
- The construction work has made very good progress and is at around 70% completion.

3.3.3 Project AIDC47: The new Trade Test Centre

- Planned target is to identify a suitable building in ASP and to commence with renovation.
- Actual achievement is that a building with 1000sqm space had been identified. This building will be re-classified from Investment Property to Property, Plant and Equipment due to it becoming owner occupied.
- The epoxy flooring had been done and the first draft layout design received.
- The Learning Centre in collaboration with the Skills Development and Training Department identified a serious shortage of trade test centres in the province to trade test various artisans. This trade test centre is to address the backlog with getting artisans qualified at NQF level 5. The trade test centre will be established during 2016/17 (the DED made some R8m available for the procurement of trade test equipment in 2015/16), the balance of around R5,3m will be procured in 2016/17 (Jobs Fund money). This would be for 9 different trades versus the 13 originally planned for. The balance of trade test stations (4) will be done in 2016/17 and 2017/18 subject to adequate funding.

3.3.4 Project 40: Construction of the JCI facilities at ASP and Project 41: Construction of the Metalsa facilities at ASP and Project 41: Construction of the JCI facilities at ASP are all in suspension pending the allocation of funding. Tender scoping will nevertheless be done in the meantime.

- Note: Construction of the JCI facilities at ASP: Some R 14 million adjustments required by JCI will be embarked upon, as soon as a signed lease is received from the tenant. This will be funded from self-generated profits over the years. The rest of the requirements are all suspended pending the allocation of funding. Tender scoping will nevertheless be done in the meantime.

4 General Matters

4.1 Financial management:

- The new tendering process charters from National Treasury are being incorporated into the AIDC's tendering and supply chain processes, as well as the Register on Supply Chain abuse.
- Problems are being experienced with payments of suppliers that had not been registered on the Central Supplier Database (CSD) of National Treasury. This CSD system has not allowed the AIDC entity to register either, as the system does not cater for State Owned entity types. The problem had been escalated to Treasury.
- The AIDC's constituted Investment Committee has commenced meeting and several proposals had already been considered. The Committee Members are the CFO, the Senior Manager Business Development, the Finance Manager Strategic and Project Accounts and Projects. The Executive Industry Development is an optional member. Matters that require the GGDA Investment Committee's attention/support are elevated accordingly by the CEO.
- Commercial business plans progress: All four of the AIDC's sites (ASP, Winterveld Enterprise Hub (WEH), the Incubation Centre at Ford (ICF) and Gauteng Automotive Learning Centre (GALC) will continue a process of gradually moving towards commercial independence as far as practically possible. Separate business plans for each site are presently reviewed and updated – due date end June 2016 (plans were initially drafted in June last year). This is coordinated by M&E (as part of APP performance tracking) and reviewed by Finance. These will be approved by AIDC Exco when ready. These site business plans will in future be required to be reviewed and prepared in line with the same time lines followed for the APP process.
- An independent technical opinion was obtained (2015/16) by the AIDC from Ernest & Young on, inter alia, No 1 Central Place, in terms of how to deal with complex transactions in relation to technical transactions. This matter is now being dealt with by GGDA and the AIDC has (for the time being) no further involvement in it.
- During this quarter no other complex transaction opinions were required, as all current matters has been dealt with in the last quarter of 2015/16.
- The Jobs Fund bank account has enough reserves to finish the Incubation Centre at Nissan. The DED's full match funding commitment was achieved by 31

March 2016. The National treasury still needs to respond to the transfer of the remainder Jobs Fund portion.

- The ASP maintenance material and spares storeroom falls under the control of Procurement. Items are booked out per job card as generated through the Concept Evolution program related to service calls logged at the facilities help desk. Regular inventory checks are performed.
- The COIDA and SARS VAT refunds remain outstanding. SARS has embarked on a 3 year VAT audit, and is also auditing the last 2 financial year's Income Tax submissions.

4.2 The Automotive Supplier Park (ASP).

- The maintenance and improvement actions are on-going due to the repetitive nature of many of the tasks. Business Development remains otherwise tasked with several key initiatives as part of the value proposition development plan for the ASP – one key activity remains finding replacement tenants – this remains challenging work-in-progress. The occupancy rate for Q1 stands at 94%. A tenant pipeline exists as mitigation for replacing tenants leaving the ASP. Several improvement projects are underway, such as additional tenant parking some 4,300sqm for 120 vehicles, replacing street lights with LEDs, epoxy flooring for the new Trade Test Centre (TTC), building changes to building F 4 and F5 to accommodate the eminent JCI tenant, and further improvements at the Lapa in order to get it 'market ready'.
- Maintenance is otherwise rendered to the other sites as and when needed. One full time maintenance support staff was placed at the Incubation Centre at Ford.
- The process of securing Certificates of Occupancy (COO) remains a challenge as we are unable to prove and certify that the buildings have been completed in accordance with the approved building plans and all other relevant City Council requirements. These include the installation of firefighting equipment to the satisfaction of the fire department, approved water and electricity connections, structural engineering and glazing certificates. A tender for securing professional services to attend to these issues had been awarded in 2015. However, the appointed contractor subsequently approached the AIDC on 1 March 2016 claiming that the scope of work they are required to do was not properly defined by the AIDC in the tender. This reportedly resulted in the contractor under quoting and stopping all outstanding work. The contract was as a result terminated and a settlement payment made for work done. This has set the whole project back by around at least 6-9 months.

- However, out of 9 certificates, 5 certificates will be done internally since the appointment of the Operations Executive Manager who is professionally qualified and registered with the professional body to issue the 5 certificates. The AIDC SHEQ division is also regularly inspecting all sites to ensure that they remain safe for use.

4.3 The SHEQ section was responsible for

- The tenders for the waste management, cleaning services (for all four sites) and canteen (ASP only) – these were all awarded in this quarter. The period of appointment for the Canteen was however changed to one year (it was advertised for 3 years) and subsequent negotiations with the awarded bidder needed to be embarked on. This may result in service interruptions on canteen services.
- The new CCTV system was installed and commissioned – covered by a SLA.
- The gardening services contract (all four sites) only expires in 2018.
- A new security tender (for all four sites) is in process as the existing contract expires in October 2016.
- A tender is also in process for an electric fence at the Learning Centre – reason is due to all the equipment installed and still to be installed in the technical labs and the simulator.
- The new boom gates and biometric access control systems installed and commissioned late 15/16 are all operational and covered by a SLA. Due to the theft of the mini buses, the boom gates at the logistics gate (where the vehicles were leaving the Park) were enhanced with additional steel gates that would make it much more difficult to just drive vehicles out of the Park.
- Regular SHEQ inspections are carried out across all sites and no other serious incidents have been reported for Q1 – except the vehicle theft (see paragraph below).
- The implementation of the ISO9001 process is making good progress and it is anticipated that the AIDC will be ready for inspection for certification by around September 2016.
- **Security Incident:** Two almost brand new Nissan mini busses ('donated' by Nissan under a no cost lease agreement with AIDC (for Learning Centre use) were stolen from the ASP in April 2016. This was an inside job by one of the Fidelity guard supervisors. The incident remains under SAPS investigation. Fidelity's insurance made a settlement payment only late in June 2016. Nissan will be replacing the two mini buses. The AIDC is also negotiating some additional busses needed for transporting factory workers from the main gate to

the various factory sites in the Park. These buses are made available by Nissan on a no-payment lease basis where the AIDC only carries maintenance and running costs.

- Based on a feasibility study done last year, the waste management site for the ASP remains work-in-progress, as it is dependent on tenants' contributions due to AIDC budgetary constraint to fund such a site on its own. Indications are that the majority of tenants are prepared to contribute. Final costing needs to be done for the business case to serve before the Investment Committee.

4.4 The AIDC's Contact Centre.

- The AIDC Contact Centre has to date, captured 18 567 questionnaires from various township throughout the *Qondis ishishini lakho* campaign. The campaign roadshows are set to end June 2016 as indicated by DED. However a way forward in terms of keeping the contact centre line still open for the campaign is yet to be confirmed (a three months period is anticipated for this). A detailed analysis report is being prepared for DED in terms of data by township; number of questionnaires completed in each township; prevalent sectors in each township settlement; business support needs of each township; profile of business owners in terms of gender; and whether there's overwhelming support for a state bank.
- Post a meeting between DED, GEP, Provincial Treasury and Heads of Departments. DED Head of Department suggested that the AIDC Contact Centre be utilised to verify a database of around 40 000 SMMEs. AIDC Contact Centre had a meeting with GEP on 2 June 2016 to further discuss the database verification and requirements by the AIDC CC, which were forwarded through for consideration. GEP responded on Friday 24 June 2016 to confirm they are going ahead with the database verification through the AIDC's contact centre. GEP will forward to AIDC a two pager proposal to request funds from DED by Friday 24 June 2016. It was resolved to kick start the campaign in August 2016 to allow the processing and finalisation of the plan.

4.5 The ICT department.

- This department is facing staff shortage problems and an infrastructure support contractor had to be appointed to ensure that the AIDC maintains its 99% internet and telephony connectivity (uptime).
- Additional security software had been deployed to also curtail 'ransomware' attacks. Systems integrity audits will be conducted.

- There are still challenges, which are identified in the Systems Review project which require urgent attention. However, the AIDC's business continuity management (BCM) and business recovery processes (BRP) are in place. Site recovery plans remain work in progress.
- The process of improved document management has commenced (this will in future be on the AG's audit agenda). This includes the use of SharePoint (or similar) software and digitisation methods for ease of e-filing of supporting documents and its retrieval.

4.6 The AIDC Supplier and Enterprise Development department (SEDD):

- SEDD collaborated with the dti and applied to the Government of Japan, through JICA (Japan International Cooperation Agency), to dispatch experts to support the Automotive Industry competitiveness in South Africa. The JICA experts were approved by the Embassy of Japan in 2015. (The first expert Mr. Hayashi started in May 2015, and is hosted at AIDC ASP for a period of 2 years over 8 visits of 4 weeks each. One more expert, Mr Suzuki started at the AIDC in August 2015. They will perform work in Gauteng, KwaZulu Natal and Eastern Cape.) This support programme will be maintained for 2016/17.
- Various interventions are planned with various Transnet Group (mainly Black Owned) component manufacturers and suppliers. Transnet is funding a rapid process improvement project for 45 Transnet supplier companies over a three year period. The project commenced in February 2014.
- The AIDC recently secured a UNIDO (United Nations Industrial Development Organisation, based in Vienna) and ILO (International Labour Office, based in Geneva) a contract to develop a joint project proposal for the enhancement of competitiveness levels at lower tier suppliers in the South African automotive industry. The programme is a testing phase that includes assessment of 10 automotive suppliers and development of appropriate implementation methodology with 5 suppliers nationally. SEDD officially started with the task in June 2015 and completed it successfully by end June 2016.
- The National Foundry Technology Network (NFTN) funded foundries programme's objective is to provide the manufacturing companies within the NFTN with better knowledge and understanding of problem solving and continuous improvement methodology. The programme assists the companies by motivating and encouraging them to implement what they will learn during practical and detailed workshops that will also have follow up sessions over a period of 3 months and will be facilitated by AIDC. Progress made on this project will be reported in quarter two.

- The AIDC partnered with the Small Enterprise Development Agency (SEDA) in February 2015 to implement and provide capacity to SEDA advisors on implementation of their Manufacturing Support Programme (MSP) and to access the AIDC automotive supplier database for the roll out of the programme. The programme was scheduled to be completed in January 2016, however a request had been received from SEDA to extend and expand the programme. This still needs to be finalised.

4.7 Human Resources Report

- The HR statistical report is under Section B.
- The first recruitment process for the filling of 14 critical vacant positions was completed with the exception of 8 positions which remains work in progress. The AIDC has a total staff compliment of 247 of which 90 position are vacant with 14 frozen. Approval from the MEC was obtained to commence recruitment for 64 vacant positions. Recruitment of the latter has been put on hold till further notice.
- A Job Grading and Salary Benchmarking exercise was conducted during 2015/2016 and the recommendations from this exercise were approved by the Board in Quarter 4 of 2015/2016. The purpose of the exercise was to harmonise salary benchmarks and Job Grades across all staff, post the SPDC/AIDC merger. During quarter one of 2016/2017, the HR Division submitted an '*Implementation Approach*' for this process to GGDA Management.
- A recommendation for implementation of "Equal Pay for Work of Equal Value" was submitted also to GGDA HR.
- All Performance Management activities for quarter one were concluded. These include policy workshops, 2016/2017 performance contracting and 2015/2016 performance assessment and calibration of performance scores.
- The Statutory Workplace Skills Plan, Pivotal Training Plan, Annual Training Report and Pivotal Training Report were submitted to Services SETA within the due timeline.

4.8 The Government Incentive Schemes Department.

- Support to the Motor Industry Development Council (MIDC) and its Monitoring Committee continued, funded from overhead cost as part of the industry information exchange required for planning and conducting all AIDC automotive manufacturing related projects.
- Automotive Investment Scheme (AIS): The dti issued a request for proposal for engineering assessments of AIS (Automotive Investment Scheme), EIP (Enterprise Investment Programme) and other investment incentive claims, to

which the Department responded on behalf of the AIDC. The outcome is being awaited. If secured, this will occupy the department to capacity for the next quarter.

- BMW Localisation Support Project: Further input for BMW SA's planning to identify and localise local component supply via BEE companies is awaiting a DED decision on whether Government can provide funding to implement this project.
- The Gauteng Manufacturing Development Programme (GMDP): – Further developments by DED are being awaited with a view to potential implementation support.
- Tshwane Economic Development Agency (TEDA): – Participated in the Tshwane International Trade and Infrastructure Investment Conference.
- Identified a potential overseas client and/or investor for the Vehicle End of Life Township Hub project. This contact was transferred to BDD for further development.

5. LITIGATION REPORT OF THE SUPPLIER PARK DEVELOPMENT COMPANY SOC LIMITED:

No.	Matter	Course of action	Commencement	Completion	Attorneys	Legal Costs
Supplier Park Development Company SOC Limited t/a AIDC						
1.	Njoko	Mr Njoko (former HR Manager) referred his dismissal from AIDC based on gross dishonesty to the CCMA The former employee authorized loan payment to himself.	The employee was dismissed in August 2008	The matter was decided by the CCMA in favour of the AIDC. The employee has initiated review proceedings at the Labour Court. SPDC awaits a trial date from the Labour Court which date should be requested by Mr Njoko or his attorneys	Sunny Jugwanth Attorneys	R310 000.00
2	Project Management of South Africa	PMSA who were the project Managers at SPDC, are suing SPDC pursuant to the termination of the project management agreement by SPDC due to poor performance. The claim is in respect of invoice not paid and early termination of the contract. The contract was for a duration of 5 years and was entered into on 20 December 2006 and was terminated on 1 December 2008. The claim of PMSA is for the approximate amount of R21million	The contract was terminated on 1 December 2008	The matter was firstly heard on 3 October 2011. The Arbitrator dealt with an interim issue of whether SPDC is liable for the work done on risk. The arbitrator ruled in favour of SPDC that they are not liable for the work done on risk. PMSA appealed the finding and the panel of arbitrators ruled in their favour in May 2012 and SPDC paid an amount of R4.8 million in line with the appeal award. Another arbitration was held in March 2015 to determine whether SPDC is liable for penalties payable for early termination of the contract and the extent of the liability. In the said arbitration, the arbitrator found in favour of PMSA by indicating that SPDC is liable for penalty payable to PMSA based on all projects conceived at the time of conclusion of the Professional Services Agreement, regardless of whether or not they were implemented or completed. PMSA had claimed R13 314 231 as penalties in this regards. SPDC will quantify the	Mkhabela Huntley Adekeye	R880 000.00

No.	Matter	Course of action	Commencement	Completion	Attorneys	Legal Costs
				amount payable and make an offer to PMSA.		
4	Soaring Summits	AIDC is claiming penalties of R 10,4 million from Soaring Summits Performance Guarantee Insurance Underwriters, for Soaring Summits late delivery on the Nissan Learning Center construction project, and their poor services. Soaring Summits is disputing this claim. The matter has been referred to arbitration.	The arbitration letter was received on April 2015	It is anticipated that the matter will be finalised by October 2016	Bib Rikhotso	R34 000.00
5	Outsource Digital	AIDC has a claim of R 52k against Outsource Digital, in terms of high rates that they have charged the AIDC on printing costs, and not the contractual rate. Outsource Digital is reluctant to repay the high rates. Summons has been issued against Outsource Digital	Since September 2014	It is anticipated that the matter will be finalised September 2016	Bibi Rikhotso Inc	Awaiting invoice from the Attorneys
6	UPDATE ON LEGISLATION: No update on legislation in the previous quarter having an impact on the operations of SPDC					
7	UPDATE ON CASE LAW : There were no reported cases in the last quarter that may have a direct impact on the operations of the SPDC t/a AIDC					

6. Emerging Risks:

All strategic risks are covered in the SRR that is submitted under a separate submission.

All strategic risks are covered in the SRR that is submitted under a separate submission.

However, from an operational point of view it is important to note that

- a. Community and labour-related unrest caused a temporary stay of operations of the Winterveld Hub and the Incubation Centre at Ford. This may have an impact on some of these two sites' targets for 16/17.
- b. Non-availability of Certificate of Occupancy (COO) for ASP buildings, WEH and the Incubation Centre (IC) at Ford and the Learning Centre posing a possible insurance risk as well as possible consequential damages claims. However, out of 9 certificates, 5 certificates will be done internally since the appointment of the Operations Executive Manager who is professionally qualified and registered with the professional body to issue the 5 certificates. The AIDC SHEQ division is also regularly inspecting all sites to ensure that they remain safe for use.
- c. The possible knock-on impact on the Nissan project and consequential reputational risk with the Jobs Funds cancelling the contract and not transferring the outstanding funding; with Nissan in parallel wanting an exchange in buildings that may further set back the implementation of the incubation centre.
- d. Operational ICT systems, particularly on possible contractual pitfalls, technical vulnerability and functionality, which do not only affect AIDC financial management, but also the management of AIDC personnel data; and the operations of the newly established trade union. A business impact analysis should be undertaken before the impact of the proposed TSS ICT standardisation can be fully implemented at AIDC.
- e. The inability of the AIDC to secure adequate funding for the on time establishment of possibly four new construction projects contemplated for the ASP as part of both BMW and Nissan localisation programmes. For BMW specific the project must be ready to go into production by August 2017.

7. Strategic Promotions and Marketing

The Marketing and Events Department of Business Development Division responsible for execution of marketing and events activities for the AIDC:

The following key events were executed or participated in during quarter one (Q1) of 2016-17 financial year:

- SA Festival of Motoring Launch event: 12 April 2016
- AIDC Supplier Workshop: 14 April 2016
- VW BEE Supplier Day: 5 May 2016
- GP OEM Workshop: 18 May 2016
- Tshwane Investment & Infrastructure Conference, Expo & Site Tours: 17-19 May 2016
- Rosslyn Business Forum Launch: 25 May 2016
- Gauteng Economic Indaba Conference: 8-9 June 2016
- Youth Day Expo event: 10-17 June 2016
- Mpumalanga Government visit to ASP: 31 May 2016

Event Description	Event Purpose	Where	Date	Outcomes (Success/Failure)
April 2016				
a. NISSAN / NIGERIA NADDC & NAMA Delegation visit to ASP	Visit by Nigerian Govt & Auto Association hosted by NISSAN SA for benchmark of ASP facility	Automotive Supplier Park, Rosslyn	12 April 2016	Delegation provided with relevant information on ASP model
b. SA Festival of Motoring Launch event	Launch event of new SA Festival of Motoring replacing JIMS Trade Show to stakeholders	Kyalami Race Circuit, Midrand	12 April 2016	Automotive stakeholder communication of the launch of the new SA Festival of Motoring event to be hosted in September 2016
May 2016				
c. VW BEE Supplier Day	Launch of Inaugural BEE Supplier Day and exhibition hosted by VW for automotive stakeholders	VW facility, Uitenhage, Eastern Cape	5 May 2016	Potential investment and tenancy for the ASP
d. SEDD/TRANSNET RPI Awards	Awards ceremony for AIDC SEDD Rapid Process Improvement programme sponsored by TRANSNET	AIDC GALC, Rosslyn	11 May 2016	Increased visibility of AIDC SEDD Programme and brand, as well as stakeholder engagement
e. GP OEM Workshop	Collaboration workshop hosted by AIDC with BMW, FORD & NISSAN	Automotive Supplier Park, Rosslyn	18 May 2016	Collaboration workshop for AIDC support to OEM's including hosting of GP OEM supplier day event.
f. TITTIC 2016 Conference & Expo	COT Infrastructure conference and exhibition to showcase AIDC ASP & TAC and site tour of ASP facility	CSIR Conference Centre, Pretoria	17-19 May	Increase visibility of Automotive Supplier Park & Tshwane Auto City and International Investors site tour of ASP
g. Rosslyn Business Forum Launch event	Formal launch of the Rosslyn Business Forum hosted by AIDC	Automotive Supplier Park, Rosslyn	25 May 2016	Stakeholder engagement and communication of the new forum to business
h. Mpumalanga Govt Delegation visit to ASP	Benchmark visit to ASP facility for establishment of similar facility by	Automotive Supplier Park, Rosslyn	31 May 2016	Benchmark visit and increased visibility of ASP facility

	Mpumalanga Govt				
June 2016					
i.	SAACI Congress	Annual conferencing facilities and event organisers conference	Bloemfontein	5-7 June 2016	Benchmarking & Increased visibility of ASP Conference Centre facility
j.	NDP Vision 2030 Conference	Annual conference attendance by AIDC hosted by stakeholders	Emperors Palace, East Rand	8-9 June 2016	Stakeholder engagement opportunities
k.	Gauteng Economic Indaba Conference	Premier's Economic Conference attended by stakeholders where AIDC was speaker and delegate	Woodmead, Sandton	8-9 June 2016	Increased visibility of AIDC brand and stakeholder engagement
ISSUE AND MEDIA		MAIN MESSAGE		MENTION	
April 2016					
ABR magazine: AIDC SEDD article		Increase visibility of AIDC through placement of article on AIDC SEDD programmes		AIDC SEDD publicity	
ABR magazine: AIDC SD&T hosts Deputy Minister Higher Education article		Increase visibility of AIDC SD&T programmes		AIDC SD&T publicity	
ABR magazine: AIDC SEDD article		Increase visibility of AIDC through placement of article on AIDC SEDD programmes		AIDC SEDD publicity	
Engineering News: ASP advert placement		Increase visibility of AIDC's Automotive Supplier Park through placement of advert		ASP publicity	

Engineering News: AIDC SD&T hosts Deputy Minister of Higher Education article	Increase visibility of AIDC SD&T programmes	AIDC SD&T publicity
Venue Search Website: ASP Conference Centre advert	Increase visibility of ASP Conference Centre facility	ASP Conference Centre publicity
Autolive magazine: AIDC/JICA Launch event article	Increase visibility of AIDC & JICA partnerships through SEDD programmes	AIDC SEDD publicity
ShowMe Pretoria online: AIDC TAC article	Increase visibility of AIDC TAC project	AIDC TAC publicity
TNT News: AIDC TAC article	Increase visibility of AIDC TAC project	AIDC TAC publicity
Rekord Pretoria North: AIDC TAC article	Increase visibility of AIDC TAC project	AIDC TAC publicity
May 2016		
ASP advert in Engineering News online	Increase visibility of AIDC's Automotive Supplier Park through placement of advert	AIDC WEH publicity
Venue Search Website: ASP Conference Centre advert	Increase visibility of ASP Conference Centre facility	ASP Conference Centre publicity
Engineering News article: Tshwane to spend R188m on land for Automotive City	Increase visibility of AIDC TAC project	AIDC publicity
Biz Community article: VWSA supports economic transformation with first Black-Owned Suppliers' Day	Increase visibility of AIDC programmes	AIDC publicity
Biz Community article: Davies urges car makers to bring in black suppliers	Increase visibility of AIDC programmes	AIDC publicity
ABR Move article: NEF sets its eye on boosting BEE in the automotive industry	Increase visibility of AIDC programmes	AIDC publicity
News24 article VWSA leads the way in sourcing black suppliers	Increase visibility of AIDC programmes	AIDC publicity
Autolive: AIDC hosts deputy minister of higher education at Winterveld Enterprise Hub	Increase visibility of AIDC SD&T programmes	AIDC publicity
June 2016		
Automobil magazine: SD&T article	Increased visibility of AIDC SD&T programmes	AIDC SD&T publicity

Divisional highlights/challenges

- AIDC Successful hosting of Gauteng OEM Workshop including BMW, NISSAN and FORD for proposal on areas of collaboration.
- AIDC key partner and speaker at VW BEE Supplier Day event at Uitenhage.
- Increased publicity of AIDC brand during Quarter One (Q1).
- AIDC speaker in most stakeholder conferences during Quarter One.

List of abbreviations used

ACMA - Automotive Component Manufacturing and Assembly
AG – Auditor General
AIDC – Automotive Industry development Centre
AIS – Automotive Investment Scheme (under new APDP scheme)
AMM – The American Axle Manufacturers
APDP – Automotive Production Development Plan
APP – Annual Performance Plan
ASCCI – Automotive Supply Chain Competitiveness Initiative
ASP – Automotive Supplier Park, Rosslyn
BCM – Business Continuity Management
BDD – Business Development Department
BEE – Black Economic Empowerment
BI - Business Intelligence
BRP – Business Recovery Process
CEO – Chief Executive Officer
CCMA – Council for Conciliation, Mediation and Arbitration
CCTV – Closed Circuit Television
COO – Certificate of Occupancy
COC – Certificate of Compliance
CoT - City of Tshwane
CSD – Central Supplier Database
DED – Department of Economic Development, Gauteng Legislature
ELV – End-of-life-vehicle
EMS – Emergency Medical Services
EMT – Executive Management Team of the MEC
FIG – Foreign Investment Grant
GALC – the Gauteng Automotive Learning Centre
GCR – Gauteng City Region
GCRA – Gauteng City Region Academy
GEDF – Gauteng Development Framework
GEP – Gauteng Enterprise Propeller
GIBS – Gordon Institute for Business Science
GGDA – Gauteng Growth and Development Agency
GMDP – Gauteng Manufacturing Development Programme
HR – Human Resources
IC – Incubation Centre
ICF – refers to the AIDC's automotive Incubation Centre at Ford
ICN - refers to the AIDC's automotive Incubation Centre at Nissan
IDC – Industrial Development Corporation
ILO – International Labour Organisation
ISDA - Industrialisation Supplier Development Association
ISO – International Standards Organisation
JICA – Japan International Cooperation Agency
ITAC – International Trade Administration Commission of South Africa
JCI – Johnsons Control Instruments
JMAC - Japan Management Association (Consulting)
KPI – Key Performance Indicator
kVa – Kilo Volt-ampere
LC – Learning Centre (i.e. GALC)
LOI – Letter of Intent
MCEP – Manufacturing Competitiveness Enhancement Programme
MERSETA – Manufacturing, engineering and related services Sector Education and Training Authority (SETA)
MIDC – Motor Industry Development Corporation
MIDP - Motor Industry Development Programme
MISP – manufacturing incentive support programme
MoU – memorandum of understanding
MSP – Manufacturing Support Programme
MTEF – Medium Term Expenditure Framework
NDA – non disclosure agreement
NECSA - Nuclear Energy Corporation of South Africa
NFTN - National Foundry Technology Network
NISP – Nissan Investment Support Programme
NSA – Nissan South Africa
NTIP - The National Tooling Initiative Programme
NQF – National Qualifications Framework
OEM – Original Equipment manufacturer
OLA – Operational Level Agreement
ORR – operational risk register
PAA – Productive Automotive Allowance (under former MIDP)
PDP - Personal Development Plan
PFMA - Public Finance Management Act
PMO – Programme Management Office
POE – Portfolio of Evidence
PSA – Peugeot South Africa
PTY LTD – Proprietary Limited (company)
Q1 (2/3/4) – Quarter One, two three or four
SABS – South African Bureau of Standards
SAMBRA – South African Motor Body Repairers Association
SANTACO – The South African Taxi Council
SEDA – Small Enterprise Development Agency
SEDD – Supplier and Enterprise Development Department
SEFA – Small Enterprise Finance Agency
SETA – Sector Education and Training Authority
SHEQMAN – Safety, Health and Environmental Quality Management System
SD&T – Skills Development and Training
SIP – Strategic Infrastructure Programmes
SLA – Service Level Agreement
SMME – Small, Medium and Micro enterprises
SOC – state owned company
SPDC – Supplier Park Development Company
SMME - Small, Medium and Micro Enterprises
SRR - strategic risk register
T6 - refers to the Ford Ranger series
TAC – Tshwane Auto City
TID – Technical Indicator description
TEDA – Tshwane Enterprise Development Agency
TER – Township Enterprise revitalisation
TMR – Transformation, Modernisation and re-industrialisation
TPM - Total Production Maintenance
TSS – Transversal Shared Services (a DED initiative of 2015)
TTC – Trade test centre (for artisans)
TUT – Tshwane University of Technology
TVET Technical and Vocational Education and Training
UNIDO – United nations Industrial Development Corporation
UNISA – University of South Africa.



Supplier Park Development Company SOC Ltd t/a
Automotive Industry Development Centre

Performance Information Matrix 2016-17

Quarter One - 1 April -30 June 2016

GGDA Strategic Goal 1: Gauteng's economy radically transformed

AIDC Strategic objective 1: Gauteng's economy radically transformed. Revitalised and modernised township economies reflecting radical transformation and re-industrialisation of Gauteng's economy

Strategic Objective	AIDC Project	Performance Indicator	Quarterly Targets				Quarterly Actual	Annual Target 2016/17	commentary			Budget		PI No
			Q1	Q2	Q3	Q4	Q1		Variance	Mitigation action	Evidence	Budget allocation	Year to date spend	
To develop automotive projects in To develop various townships (as part of the TER strategy) (Note: This objective addresses specific plans for developing automotive projects in various townships (as part of the TER strategy) [Pillar 1: Radical	[Project name: Winterveld Enterprise Hub (WEH) Project No. AIDC43]	% independence ratio	10% independence ratio	15% independence ratio	20% independence ratio	35% independence ratio	7.1% ²	35% independence ratio	Due to lower turnover.		Sustainability Report			AIDC 1 a
		SMME operating through the Hub	8 SMME operating through the Hub	8 SMME operating through the Hub	8 SMME operating through the Hub	8 SMME operating through the Hub	9 SMME operating through the Hub	8 SMME operating through the Hub	112%		Signed Contract			AIDC 1 b
		Vehicles repaired or under repair	15 vehicles repaired or under repair	25 vehicles repaired or under repair	30 vehicles repaired or under repair	30 vehicles repaired or under repair – by year-end - 100 in total	23 vehicles repaired	100 vehicles repaired or under repair	8 vehicles more – demand higher than anticipated	None	Invoice Reports			AIDC 1 c

² Subject to auditing of WEH's income statement

Strategic Objective	AIDC Project	Performance Indicator	Quarterly Targets				Quarterly Actual	Annual Target 2016/17	commentary			Budget		PI No
			Q1	Q2	Q3	Q4	Q1		Variance	Mitigation action	Evidence	Budget allocation	Year to date spend	
economic transformation; Pillar 6: Modernisation of the Economy; Pillar 9: Re-industrialisation of GP]		Body repairers trained	30 body repairers trained	10 body repairers trained	5 body repairers trained	5 body repairers trained for Q4.	0 body repairers trained	50 body repairers trained for the year	None trained due to community unrest	In discussion with community	Report from Dept Manager			AIDC1d
	[Project name: New Township hubs (as from 14/15) Project No. AIDC 44 /1]	ELV feasibility study completed	Publish tender and award contract	First progress report	First draft report submitted and reviewed by AIDC	Final feasibility study received	Tender Adjudication done	ELV feasibility study completed	Contract yet to be awarded	Award will be early July 2016	SCM Bid Evaluation Documents			AIDC 2

Strategic Objective	AIDC Project	Performance Indicator	Quarterly Targets				Quarterly Actual	Annual Target 2016/17	Commentary			Budget		PI No
			Q1	Q2	Q3	Q4			Q1	Variance	Mitigation action	Evidence	Budget allocation	
Establishing of BEE SMME automotive incubation centres and to provide assistance to the auto sector manufacturers to improve efficiencies and global competitiveness	[Project name: Bus sector study report Project No. AIDC45]	Bus sector report completed	First progress report submitted	Second progress report submitted	First draft report submitted	Final study report submitted.	No report received.	Bus sector report completed	Limited research done and an operational (internal) progress report submitted Still in tendering process, no progress reports as yet. First order market assessment was done to appoint a consultant but costs quoted were too high.	Second RFQ/Tender award in Q2	SCM Request for Proposal Document. First internal progress report.			AIDC12
	[Project name: AIDC Automotive Incubation Centre ³ at Ford. Project No. AIDC05]	Graduate incubatees	Preparations for 1 st graduation	1 x graduation completed	Preparation for 2 nd graduation	1 x graduation completed	In discussions with Ford for graduation opportunities and Criteria for the graduation established	2 graduation	None		Barometer assessment over 3 scored and in graduation phase of Incubation.			AIDC3 a

³ There are 6 BEE SMMEs at the Incubation Centre per annum

Strategic Objective	AIDC Project	Performance Indicator	Quarterly Targets				Quarterly Actual	Annual Target 2016/17	Commentary			Budget		PI No
			Q1	Q2	Q3	Q4	Q1		Variance	Mitigation action	Evidence	Budget allocation	Year to date spend	
		Appoint new incubatees	Commence establishing a pipeline for selecting replacements	Selecting of possible candidates	Pre-incubation induction	Appointment of 2 new Incubatees	Commence establishing a pipeline for selecting replacements with reviewing the recruitment process for replacement of two incubatees	2 new BEE Incubatees recruited as replacements.	None		Draft memo for the recruitment process			AIDC3b
		Mentoring and training of SMME owners and their operators	Mentoring and training of SMME owners and their operators – 40 in total	Mentoring and training of SMME owners and their operators – 40 in total	Mentoring and training of SMME owners and their operators – 40 in total	Mentoring and training of SMME owners and their operators – 30 for Q4 - but 150 in total	Mentoring and training of SMME owners and their operators = 31 people	Mentoring and training of SMME owners and their operators – 150 in total	Only 78% achieved. Delays in activities at IC mainly due to community unrest that causes the new facilities required not to be completed and no production could start as yet.	Training of operators in post-graduation Start-up companies slower than anticipated – will be caught up in Q2.	Training Register			AIDC3c

Strategic Objective	AIDC Project	Performance Indicator	Quarterly Targets				Quarterly Actual	Annual Target 2016/17	Commentary			Budget		PI No
			Q1	Q2	Q3	Q4	Q1		Variance	Mitigation action	Evidence	Budget allocation	Year to date spend	
Establishing of BEE SMME automotive incubation centres and to provide assistance to the auto sector manufacturers to improve efficiencies and global competitiveness	[Project name: AIDC Automotive Incubation Centre at Nissan. Project: AIDC22/3]	Up to 8 candidates identified for establishing in the IC to commence production in 2017/18	Commence discussion with NSA and Tier 1 entities with regards to off-take and incubation	Develop criteria for Incubatee selection and place advertisement	Interviews and selection process completed	Appointment of 8 candidates into Pre-Incubation Programme	Discussions commenced with NSA	Appointment of 8 candidates into Pre-Incubation Programme	Discussions with Tier 1 Suppliers yet to commence	Currently meeting with the first two tier 1's in the coming weeks	Emails detailing the meeting between NSA, AIDC			AIDC4a
		Factory/incubator production line designs and determination of final equipment requirements – for issuance of tenders for equipment.	Identification of production machinery requirements	Request for technical information of possible equipment suppliers	Design first order production layout	Final production layout with a final list of machinery and equipment compiled for issuance of tenders	No Progress	layout with a final list of machinery and equipment compiled for issuance of tenders	Nissan still to provide feedback on commodities before contracting can commence	Post the signing of a contract with Tier 1, will enter into discussions around production equipment.				AIDC4b
		Mentoring and training of incubatees – once appointed (2017)						Mentoring and training of incubatees – once appointed (2017)						AIDC4c

Strategic Objective	AIDC Project	Performance Indicator	Quarterly Targets				Quarterly Actual	Annual Target 2016/17	Commentary			Budget		PI No
			Q1	Q2	Q3	Q4	Q1		Variance	Mitigation action	Evidence	Budget allocation	Year to date spend	
To Establish a World Class Automotive City Pillar 1: Radical economic transformation; Pillar 6: Modernisation of the Economy; Pillar 9: Re-industrialisation of GP	[Project name: Tshwane Auto City (TAC) Project No. AIDC 46]	Completed TAC Development Framework, Master Plan, and first draft of the Precinct Plans (with design guidelines)	Initiation of the TAC Master Plan Phase (progress report)	Completion of the TAC Master Plan Phase	Initiation of the TAC Precinct Plan Phase (progress report)	Completion of the first draft of the TAC Precinct Plan Phase	First inception report received.	Completed TAC Development Framework, Master Plan, and first draft of the Precinct Plans (with design guidelines)			Initiation Report			AIDC6

GGDA Strategic Goal 1: Gauteng's economy radically transformed

AIDC Strategic objective 2: Gauteng's economy re-industrialised and modernised. Develop and support automotive SMMEs, township enterprises and cooperatives participation in the value chain of the automotive economic sector

Strategic Objective	AIDC Project	Performance Indicator	Quarterly Targets				Quarterly Actual	Annual Target 2016/17	commentary			Budget		PI No
			Q1	Q2	Q3	Q4			Variance	Mitigation action	Evidence	Budget allocation	Year to date spend	
To improve auto sector companies' efficiencies DED Pillar 1 – Radical economic transformation; Pillar 6 = Modernisation of the economy; Pillar 9 – Re-industrialisation of GP.	[Project name: Efficiency improvement programme. Project: AIDC36]	40 companies signed up under the efficiency programme and engaged with assistance through various types of efficiency improvement projects	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	10 companies signed up under the efficiency programme and engaged with assistance through various types of efficiency improvement projects	Last 5 plus all Close-outs of efficiency improvement projects for 15/16 with intervention completed signed off by 40 companies	10 companies signed up under the efficiency programme	40 companies signed up under the efficiency programme and engaged with assistance through various types of efficiency improvement projects	None		Signed Contracts			AIDC7a
		10% efficiency improvement measured per intervention per company	Gap analysis for contracted companies, commence implementation at contracted companies	Gap analysis for contracted companies, commence implementation at contracted companies	Gap analysis for contracted companies, commence implementation at contracted companies	10% efficiency - measured per intervention per company	Commencement with Gap analysis for contracted companies,	10% efficiency improvement measured per intervention per company	None		Gap Analysis reports			AIDC7b

Strategic Objective	AIDC Project	Performance Indicator	Quarterly Targets				Quarterly Actual	Annual Target 2016/17	commentary			Budget		PI No
			Q1	Q2	Q3	Q4	Q1		Variance	Mitigation action	Evidence	Budget allocation	Year to date spend	
		To train and upskill 260 people in efficiency improvement	To train and upskill 20 people in efficiency improvement	To train and upskill 100 people in efficiency improvement	To train and upskill 100 people in efficiency improvement	To train and upskill 40 people in efficiency improvement – total of 260	127 people trained	To train and upskill 260 people in efficiency improvement	The number of people that attended these programmes had been underestimated – one because of a major OEM being involved i.e. BMW	Circumstances/events like these are unforeseen	Training Attendance Registers			AIDC7c

GGDA Strategic Goal 2: Gauteng’s economy re-industrialised

AIDC Strategic objective 3: Skills development and training. Appropriately skilled human resource and business capacity that meet the needs of a radically transformed economy

Strategic Objective	AIDC Project	Performance Indicator	Quarterly Targets				Quarterly Actual	Annual Target 2016/17	commentary			Budget		PI No
			Q1	Q2	Q3	Q4	Q1		Variance	Mitigation action	Evidence	Budget allocation	Year to date spend	
Develop scarce and critical skills: Science, technology, engineering and mathematics (“STEM” skills) in accordance with long term requirements emanating from the automotive sector’s needs.	Number of people trained or under training at or through the Learning Centre and its various training sites [Project: AIDC22/1a]	People trained or under training (in/through the Learning Centre)	110 people trained or under training	584 people trained or under training	250 people trained or under training	181 people trained or under training – a total of 1125 for the year	424 people trained	1125 people trained or under training	Utilisation underestimated, primarily due to the number of people brought in by BMW in Q1	Unforeseen circumstances – BMW’s own trng facility not ready yet	Training Attendance Registers			AIDC5a
To train, mentor and up-skill students, mentees and trainees for the automotive sector. DED Pillar 1 – Radical economic	Number of people under training, mentoring or testing by SD&T [Project: AIDC22/1b]	People under training, mentoring or testing by SD&T	250 people under training, mentoring or testing	300 people under training, mentoring or testing	150 people under training, mentoring or testing	300 people under training, mentoring or testing – 1000 in total	99 people trained	1000 people under training, mentoring or testing	Only 40% achievement, main reasons are problems with training registers from Ford on the T6 simulator and the fact that the NSA simulator could as yet not start operations due to delays on the NSA side.	Ford management is being engaged to improve on training evidence. Due to new product launch site is out of bounds. Unforeseen circumstances – NSA.	Training Attendance Registers			AIDC5b

Strategic Objective	AIDC Project	Performance Indicator	Quarterly Targets				Quarterly Actual	Annual Target 2016/17	commentary			Budget		PI No
			Q1	Q2	Q3	Q4	Q1		Variance	Mitigation action	Evidence	Budget allocation	Year to date spend	
transformation; Pillar 6 = Modernisation of the economy; Pillar 9 – Re-industrialisation of GP.	Number of students / trainees placed in jobs (including Host Employment) by SD&T [Project AIDC22/2]	People placed in jobs (including Host Employment)	No activity – people in training	No activity – people in training	Place 5 adverts, lobbying with various auto sector entities (including Host Employment)	95 people placed in jobs - including Host Employment	28 people placed in jobs	95 people placed in jobs (including Host Employment)	None		Employment Confirmation Letters			AIDC5c
	Drive the Learning Centre towards full Financial self-sustainability [Project AIDC 22/6]	% independence ratio	12% independence ratio	25% independence ratio	35% independence ratio	50% independence ratio	33% ⁴	50% independence ratio	Higher usage than anticipated.		Financial report			AIDC5e
	Establish a Trade Test Centre at ASP [Project: AIDC47]	For 2016/17 this project is reported under AIDC Strategic objective 3 (infrastructure).											AIDC5f	

⁴ Subject to auditing of GALC's income statement

GGDA Strategic Goal 3: GGDA capacitated to deliver and implement efficiently and effectively.

AIDC Strategic objective 4: Infrastructure development. To establish, maintain and manage strategic infrastructure.

Strategic Objective	AIDC Project ⁵	Performance Indicator	Quarterly Targets				Quarterly Actual	Annual Target 2016/17	commentary			Budget		PI No
			Q1	Q2	Q3	Q4			Q1	Variance	Mitigation action	Evidence	Budget allocation	
To develop manufacturing infrastructure for the auto sector and to maintain it DED Pillar 2 – Decisive spatial transformation; Pillar 6 = Modernisation of the economy; Pillar 9 – Re-industrialisation of GP; Pillar 10 – Taking the lead in Africa's new industrial revolution.	[Construction] Of the Mini Factory (11) Phase 2 Project No. AIDC13]	Mini factory 11 (Phase 2) Construction 100% complete	Construction 70% completed	Construction 100% completed	De-snagging completed Issuance of occupancy certificate and hand over	n/a	Physical Construction 70% completed Performance % against payment certificate sits 28% ⁶	Mini factory 11 (Phase 2) Construction 100% complete	Installation of ducting and brackets, finalising side cladding, excavating for sewer line to waste area and sprinkler line connection, finalising external brickwork, construction of waste area and stripping off shutters for office slab.	None – project is making good progress	Payment Certificates against Project Budget for FY			AIDC8

⁵ The MSSL construction project did not materialise as anticipated.

⁶ However, when considering the progress payment made at end of Q4 15/17 the overall performance sits at (58%+28%) = 86% against a planned target of 70%. It was an oversight on our side not to have indicated that the quarterly percentages did take the previous year's progress also into consideration.

Strategic Objective	AIDC Project ⁵	Performance Indicator	Quarterly Targets				Quarterly Actual	Annual Target 2016/17	commentary			Budget		PI No
			Q1	Q2	Q3	Q4			Q1	Variance	Mitigation action	Evidence	Budget allocation	
	[Construction Of the Incubation Centre at NSA. Project No. AIDC22/3]	Construction 100% complete	Construction 80% completed	Construction 100%	De-snagging completed Issuance of occupan-cy certificate and hand over	n/a	Physical Construction 80% completed Performance % against payment certificate sits a 41% ⁷	Construction 100% complete	Workshop area: Construction of roadway – installation of roof sheeting, site cladding and louvers , rock excavation at the storm water channel, Ablution Facility: External painting, installation of wall tiles, urinals, water closet, heat pump connection, basin taps, ducting for ventilation and installation of sewer waste fittings.	None – project is making good progress	Payment Certificates against Project Budget for FY	Jobs Fund		AIDC9
	Maintain occupancy in ASP [Not a Project]	% of rentable space is occupied	95% of rentable space is occupied	95% of rentable space is occupied	95% of rentable space is occupied	95% of rentable space is occupied	94%	95% of rentable space is occupied	Loss of tenants		Tenancy Schedule – tenant pipeline in place.	n/a		AIDC10

⁷ However, when considering the progress payment made at end of Q4 15/17 the overall performance sits at (51%+41%) = 92% against a planned target of 80%. It was an oversight on our side not to have indicated that the quarterly percentages did take the previous year's progress also into consideration.

Strategic Objective	AIDC Project ⁵	Performance Indicator	Quarterly Targets				Quarterly Actual	Annual Target 2016/17	commentary			Budget		PI No
			Q1	Q2	Q3	Q4			Q1	Variance	Mitigation action	Evidence	Budget allocation	
	Establish a Trade Test Centre at ASP [Project: AIDC47]	Commence establishing a trade test centre at ASP	Identify suitable building and commence renovation	Do trade test equipment analysis and compile tenders	Tenders advertised and renovation at 80%	Renovation and preparation of facility is complete and tender for first batch of equipment awarded	Identify suitable building and commence renovation at Supplier Park earmarked. Epoxy flooring done and fist layout design completed	Finish establishing a trade test centre at ASP (hand over to Learning Centre)			Project progress report			AIDC13
	Progress on and Completion of the JCI facilities at ASP [Project No. AIDC 49]	Construction 50% complete	Tender scoping and award	Construction 10% progress	Construction 30% progress	Construction 50% complete	No Progress	Construction 50% complete	Conditions to commence with construction have not been satisfied yet	Engage BMW with regards to timelines for finalising contract to the Suppliers.		None as yet		AIDC15
	Progress on and Completion of the Metalsa facilities at ASP [Project No. AIDC 50]	Construction 50% complete	Tender scoping and award	Construction 10% progress	Construction 30% progress	Construction 50% complete	No Progress	Construction 50% complete	Conditions to commence with construction have not been satisfied yet	Engage BMW with regards to timelines for finalising contract to the Suppliers.		None as yet		AIDC16
	Progress on and Completion of the B&D Interiors facilities at ASP (Project: AIDC51)	Construction 50% complete	Tender scoping and award	Construction 10% progress	Construction 30% progress	Construction 50% complete	No Progress	Construction 50% complete	Conditions to commence with construction have not been satisfied yet	Engage BMW with regards to timelines for finalising contract to the Suppliers.		None as yet		AIDC17

GGDA Strategic Goal 1: Gauteng's economy radically transformed

AIDC Strategic objective 5: Modernisation of government and governance. Modernisation of the public service - An efficient, effective and development oriented public service.

Strategic Objective	AIDC Project	Performance Indicator	Quarterly Targets				Quarterly Actual	Annual Target 2016/17	commentary			Budget		PI No
			Q1	Q2	Q3	Q4	Q1		Variance	Mitigation action	Evidence	Budget allocation	Year to date spend	
<p>To enhance public accountability; high standards of corporate governance and efficient resource utilisation.</p> <p>This entail also enhanced financial accountability and compliance with prescribed financial regulations and guidelines. DED Pillar 4 – Transformation of state and governance; Pillar 5 – Modernisation of the public service and guidelines.</p>	To maintain targets for BBBEE spend as a % of spend (year to date) ⁸	% budget spend – average over the year	80% budget spend	80% budget spend	80% budget spend	80% budget spend	115%	80% budget spend	Accelerated procurement actions		BEE Spent Report			AIDC11

⁸ Excluding non-discretionary spend