



Automotive Industry Development Centre

Your partner in becoming globally competitive

Automotive Supplier Park

Investor Guide 2015



Automotive
Supplier Park



your partner
in becoming
**GLOBALLY
COMPETITIVE**



About the AIDC

From its humble beginnings in April 2000, the Automotive Industry Development Centre (AIDC) has evolved into a leading implementation agency within government, having pioneered numerous world-first automotive projects and being the recipient of several business accolades.

The organisation operates as a subsidiary of the Gauteng Growth and Development Agency (GGDA), an entity owned by Gauteng Provincial Government's Department of Economic Development.

It was established as a government support centre to increase the local automotive industry's global competitiveness and to promote Gauteng as the automotive industry investment destination of choice.

Having met all of these objectives, the AIDC prides itself as a world-class organisation which specialises in Skills Developments and Training, Enterprise Development, Incubation Programmes, Management of Incentive Programmes, and offers state-of-the-art manufacturing support facilities.

The organisation has expedited economic growth within the automotive sector by partnering with key stakeholders such as industry leaders, government, and non-government agencies, among others.

The AIDC's partnership with various OEMs and local government has resulted in the establishment of

two Incubation Hubs in the province. Current Incubation programmes include the AIDC's Automotive Incubation Centre at Ford Motor Company of Southern Africa's (FMCSA) plant in Silverton and Winterveld Township Enterprise Hub: Automotive.

Plans are underway to build a second Automotive Incubation Centre at Nissan's Rosslyn plant in 2015, and additional Township Enterprises in the Province.

In June 2014, the AIDC launched the Gauteng Automotive Learning Centre in Rosslyn. The Learning Centre caters for the needs of industry in skills development and training.

The organisation manages the Automotive Supplier Park (ASP), an automotive hub based in Rosslyn, housing various automotive component manufacturers, suppliers and service providers to OEMs including BMW, Nissan, Ford, Iveco and Tata.

The AIDC has played a fundamental

role in the roll-out of Total Productive Maintenance South Africa.

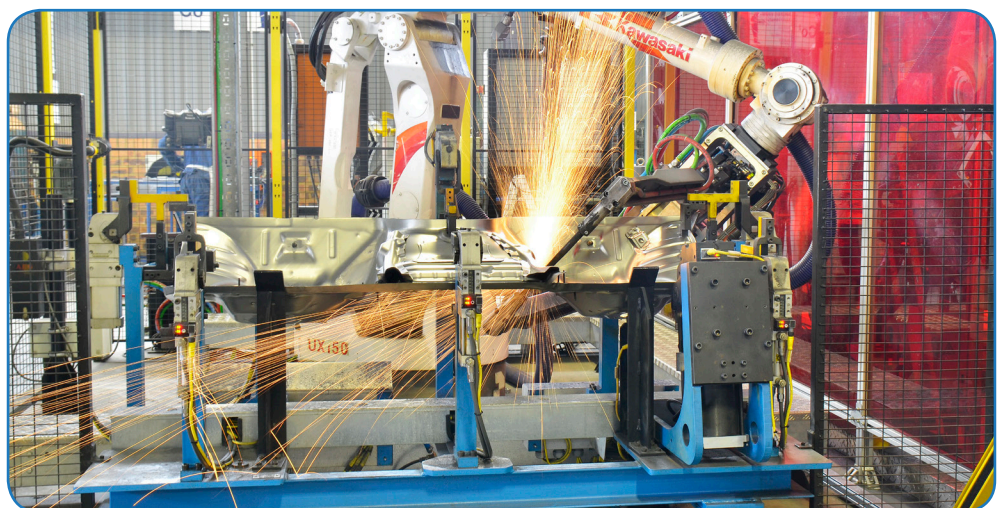
A key drive for the AIDC is to promote Gauteng as an attractive automotive destination. Gauteng, although landlocked, is close to the northern borders of South Africa, making it an ideal gateway to sub-Saharan Africa.

Gauteng offers an excellent manufacturing base with access to various logistics corridors linking it to various distribution networks.

It has a well-developed road, rail and air infrastructure for the efficient export and import of goods.

The AIDC understands that in order to become the catalyst for economic growth in the Province, it requires the skills of the "best in the business".

The AIDC strives to make excellence an attitude whilst delivering world-class service and support to the automotive industry.



Why an Automotive Park?

Modelled on leading supplier parks in Europe, Japan and America, the ASP concentrates automotive component manufacturers, suppliers and service providers in one location to achieve synergies and cost benefits through:

- Strategic location, in close proximity to vehicle manufacturers,
- Shared infrastructure and facilities,
- Shared Services,
- Central logistics warehouse,
- Logistics services optimised for automotive supply chain process, and a
- World-class production environment.

Geographical Location

Location: Gauteng's Automotive Cluster

- Close Proximity to Major OEMs
- Skilled Labour in Region
- Good Road & Rail links
- At the doorstep of SA's largest Automotive Market

- Shared Services – Cost Effective / Economies of Scale
- Shared Facilities
- World-class Logistics Centre
- Sophisticated Operating Technologies
- Work Environment – Pleasant, Productive and Dynamic
- Strong Security

Conference Facility

The Automotive Supplier Park's 4-Star graded Conference Centre houses seven fully equipped and air conditioned boardrooms that cater from small meetings to large conferences.

The conference venues seat from 10 to 230 delegates, depending on the seating arrangement and rooms selected.

The ASP Conference Centre foyer, which is ideally located for visibility adjacent to conference facilities, may be used as exhibition space for clients to showcase their organisation.

Set up can be arranged to meet client's requirements.

The Conference Centre offers a range of Conference Packages, which includes catering, facilities and equipment.

Catering is done by an on-site service provider who offers a wide range of function menus to choose from, i.e. cocktail, buffet, plated and braai menus, etc.

A dedicated conference management team handles all bookings, conference organisation and catering requirements.

The conference centre is equipped with the following standard equipment:

- Overhead Projector
- Manual screens
- Flipcharts and white boards
- Video conferencing
- Lapel and roving microphones

Additional facilities available include:

- Clinic and optional emergency medical services,
- Free WiFi access,
- DSTV facility,
- Business Centre with free internet access. Administrative assistance can be provided on request,
- Free and secure parking,
- Sports facility that has a soccer field, netball, volleyball court and grand stands for spectators, and
- Lapa.



Value Proposition

Property Management

- Increase real-estate flexibility and minimise risk on property investment,
- Turnkey infrastructure development with custom tailored buildings, and
- Flexible lease arrangements with OEM contract alignment options Freely available land for development.

- 2007 – R228mil
- 2008 – R306mil
- 2009 – R295mil
- 2010 – R200mil

This equates to:

- Facilitation of Job Creation,
- ASP has created over 20 000 direct jobs since inception, and
- Over 2500 people currently employed.

Local Content

- Foreign direct investment,
- Domestic direct investment, and
- Incubation facilities have been

established to improve access to SMME and lower tier suppliers.

Logistics Costs

The ASP addresses logistics costs by bringing suppliers closer and have thus reduced logistics costs and the general cost of doing business.

Additional Offerings:

- Skills development and Training support, and
- Enterprise and Supplier Development support.

Impact of the ASP Interventions to date:

Economic Impact - GDP Contribution



The dti Investment Scheme

The APDP - Summary and Guidelines

The Automotive Production and Development Programme (APDP) replaced the Motor Industry Development Programme (MIDP) on 01 January 2013.

The APDP consists of four (4) pillars that will drive the programme:

- Import Duty
- Vehicle Assembly Allowance (VAA)
- Production Incentive (PI)
- Automotive Investment Scheme (AIS)

Tariffs:

Import duties on vehicles and components will be frozen at 2012 levels (25% on light vehicles and 20% on components) through to 2020. A preferential agreement will result in imported vehicles from the EU paying only 18% duty.

Vehicle Assembly Allowance (VAA):

This support is in the form of duty-free import credits issued to vehicle assemblers based on 20% of the ex-factory vehicle price in 2013, reducing by 1% in 2014 and in 2015 to 18% of the value of light motor vehicles produced domestically.

The equivalent value of this to the vehicle assemblers will be the allowance multiplied by the duty rate, so 4% in 2013 reducing to 3.6% in 2015.

From 2013 this support starts at 55% reducing by 1% annually to 50% of value added, and is also in the form of duty-free import credits.

Certain products, identified as “vulnerable products”, will earn a PI of 80% in 2013 and 2014, reducing thereafter by 5% annually to 50% in 2020.

Value added is defined as the manufacturer’s selling price less the value of non-qualifying material and components.

The incentive will be earned through the supply chain and will flow through to the end producer, which will be the vehicle assembler or the component manufacturer in the case of component exports and aftermarket sales.

There are certain eligibility requirements to ensure that the beneficiaries are companies producing substantial components for vehicle assembly, and to exclude accessories.

While generally materials are excluded from value added, certain materials, which have been locally beneficiated to suit automotive specifications, will have a standard 25% of their value included in the value addition, or 40% (reducing by 5% annually from January 2015 to 25% in 2017) where they are used to produce vulnerable products.

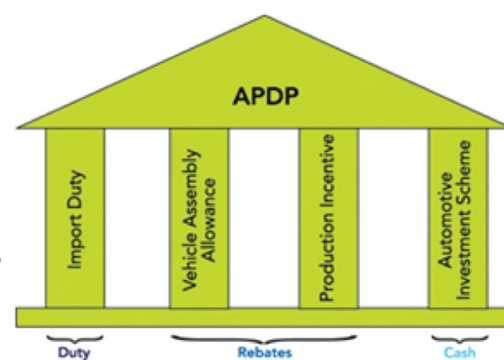
The equivalent value of the PI will be the incentive multiplied by the component duty rate of 20%, so 11% of normal value added in 2013, reducing to 10% by 2018.

Automotive Investment Scheme (AIS)

The Automotive Investment Scheme (AIS) is an incentive designed to grow and develop the automotive sector through investment in productive assets to be used in the manufacture of new and/ or replacement models and components that will increase plant production volumes, sustain employment and or strengthen the automotive value chain.

It is a cash grant amounting to between 20% and 30% of qualifying capital investment, payable over three years.

The percentage depends on the level of achievement of economic benefit requirements including support for development of the local vehicle related tooling industry, R&D related to the manufacturing project, employment creation, introduction of new components, substantial increase in local value add and substantial increase in production volume (OEMs) or turnover (component manufacturers).



Operations

The AIDC's Operations Division is responsible for the planning, maintenance, ICT and Soft Services at its four sites, namely:

- Automotive Supplier Park (ASP) in Rosslyn,
- Winterveldt Enterprise Hub: Automotive
- Gauteng Automotive Learning Centre in Rosslyn, and
- Automotive Incubation Centre at Ford Motor Company South Africa in Silverton.

The division comprises of four departments:

Facilities Planning

The AIDC offers affordable turnkey solutions for all tenants within the ASP.

The Facilities Planning Department possesses the skills and know-how to assist micro and macro businesses with infrastructure development of their factories.

This includes the design, legislative approvals, and the planning for construction of the factories.

At present, the AIDC has four sites with 140 000m² of combined factory floor area. The Facilities Planning Department has future development plans to expand the ASP by a further 30 000m² of factory space, and develop 34 hectares of land in-and-around Rosslyn.

The department also provides SHEQ services, i.e. Safety, Health,

Environmental and Quality management services to all tenants. OHS and EHS inspections are conducted regularly, and as such, these audits assist tenants to meet legal compliance for continuous improvement.

Factories are developed to tenant requirements and legislative approvals. The design and finishes of the buildings are governed by the ASP's architectural guidelines and meet international automotive standards.

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Facilities Helpdesk

The Facilities Maintenance Department is responsible for landscaping and the maintenance of common areas at the ASP. The service is also available to all tenants who have a garden area within their premises.

The department offers a Facilities Helpdesk at the ASP, which is available 24/7, to assist tenants with all aspects of maintenance and repairs. Skilled technicians are available onsite to provide assistance quickly and efficiently when required.

The ASP's current tenant pool comprises mainly of component manufacturers and suppliers to OEMs, who require a constant supply of components to assembly plants, and cannot afford disruptions to their operations.

As a result, the Facilities Maintenance Department has prioritised routine maintenance to ensure minimal downtime at any of the factories within the ASP.

Informations Communications Technology

The Information Communications Technology (ICT) department is responsible for managing the ICT framework, i.e. management of hardware, software and infrastructure needs; to support the business scope of the AIDC and many of the organisation's on and off-site facilities.

Soft Services

These services include security and access control, gardening, canteen services, cleaning, hygiene and pest control. These services are all accessible via the Facilities Helpdesk.

As part of the Soft Services offering, the Operations Division manages a 4-Star (graded by Tourism SA) Conference Centre at the ASP.

The facility offers seven boardrooms which have been designed to accommodate from 10 to 230 delegates (dependant on the seating arrangement and venue selected).

All seven boardrooms are equipped with an overhead projector, screens, flipcharts and white boards, with lapels and roving microphones.



Information Communications Technology

The Information Communications Technology (ICT) department is responsible for managing the ICT framework, i.e. management of hardware, software and infrastructure needs; to support the business scope of the AIDC and many of the organisation's on and off-site facilities.

Since 2000, the department has provided locally-hosted, commodity-orientated ICT shared services to tenants located at the Automotive Supplier Park (ASP).

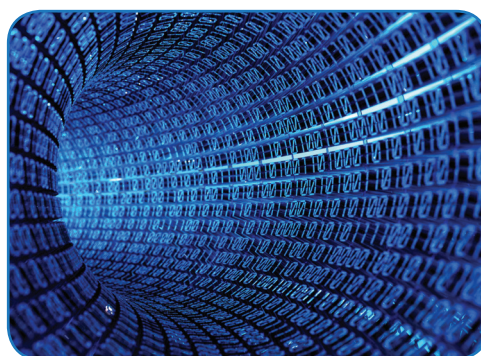
The ICT department has structured its services that are typically delivered through cloud-based and/or legacy infrastructures.

In this way, the ASP tenants are able to keep their IT costs as low as possible, hence increasing its competitiveness.

There are three general categories of ICT shared services, namely:

- Commodity – infrastructure and asset management, email, helpdesk, collaboration, website, content management and access control,
- Support – HR management, records management, finance management; and
- Core – performance management, communications, supply chain management, logistics, facilities management and business continuity.

The backbone of the department is its ability to deliver shared services to internal and external customers.



The ICT department's internal customer, the AIDC, is used as a "test" environment for new solutions before being deployed to external customers.

The ICT department's external customers are those based at the ASP, Gauteng Automotive Learning Centre, the Automotive Incubation Centres, and Winterveld Enterprise Hub.

The department also renders its services to the Gauteng Growth and Development Agency (GGDA) and its subsidiaries: The Innovation Hub (TIH) and Constitution Hill, whose business applications are hosted at the ASP (i.e. Maconomy and VIP).

Currently, the ICT department has a staff complement of 14 experienced individuals who provide support to around 1000 users via LAN and WAN communications.

SHEQ Management

Safety, Health, Environment and Quality division is part of Facilities Planning Maintenance Department the division was established in 2013 and comprises of three (3) people.

The division is responsible for The ASP OHS, shuttle bus service, security ensuring that employees and companies Valuables are secured and the environment in which they operate on complies to legislations.

To also ensure that the Facilities

at tenants site are maintained properly to reduce and or eliminate the Risks of injuries, environmental impacts and fatalities.

The services that ASP provides to the tenants / clients is of Good quality and meet requirements.

ISO 9001 Accreditation

- AIDC has a culture of continuous improvement and is successfully working towards QMS accreditation.
- The SHEQ Team continuous

monitoring OHSACT requirements as well as legislations and by laws reflects the care and attention to detail we afford our stakeholders in relation to environmental impacts and H&S.

SHEQ Training

AIDC ensures that all its employees and service providers are trained to comply to requirements and to be able to assist in case of emergencies.

Enterprise Development

The AIDC's Enterprise Development Department (EDD) was established to develop component manufacturers in the supply chain to conform to the international standards prescribed by the automotive manufacturing industry.

The department's service offering ranges from a combination of efficiency improvement projects related to productivity, quality assurance in accordance with ISO standards, including environmental, lean and clean production (including all green projects as related to the Government and the Province's low carbon economy projects), to manufacturing concepts, logistics, clustering and SMME development initiatives.

The AIDC's roll out of TPM (Total Productivity Management/ Maintenance) in South Africa, have already seen component manufacturing companies increasing their competitiveness by achieving zero accidents, breakdowns, defects and losses within the manufacturing process.

The Engineering student internship programme, managed by the EDD, is an opportunity for aspiring graduate engineers intending on applying their trade within the manufacturing sectors.

The AIDC uses its collaboration with companies participating in the various supplier development programmes as a delivery mechanism for internship programme.

The programme offers companies engineering capacity in the form of interns, who are directly mentored and coached on specific projects aimed at improving the company's productivity and efficiency.

The EDD specifically focuses on:

- Total Productive Maintenance (TPM) Programme,
- Cleaner Production Programme (including all green projects related to the Province's low carbon economy projects),
- Lean Manufacturing Programme,
- Rapid Process Improvement Workshops (RPIW), and
- Quality Management Systems (QMS).

Other programmes offered by the EDD include:

- Company benchmarking to ensure that they meet global best practice standards,
- Logistics and Lean manufacturing assessments,
- Accredited Supervisor training, and
- Engineering student internship to support on key programmes.



Skills Development and Training

The Skills Development and Training Department (SD&T) was established with the mandate to build human capacity specifically aimed at addressing the needs of the automotive industry to meet its global challenges pertaining to skills development and addressing the skills deficiency in line with the Skills Development Act, 1998 (act no 97 of 1998) .

The Department's objectives are:

- to be the conduit between industry and Government in addressing scarce and critical skills in the automotive sector,
- to build a talent pipeline programme at level 3 and 4 in line with the Human Resources Development Strategy (HRDS) in the automotive sector,
- to facilitate collaboration amongst key industry role players and decision makers to address current skills requirements.
- to Enhance trades and artisan development initiatives key to the success of the industry through a collaborative process thus improving global competitiveness and improving local manufacturing,
- to Support talent pipeline strategies as a feeder into the automotive sector, and
- to align operations in lieu of supporting the automotive sector within the following spheres:
 - Original Equipment Manufacturing (OEM)
 - Tier 1,2, and 3
 - After market sector.

Given the fact that the South

African Government is in pursuit of growing the automotive sector by doubling current production capacity from 650K units to 1.2m units and to increase local content from 35% to 70% by 2020, Skills Development activities play a pivotal role in ensuring that the targets are enhanced.

As mandated by the Gauteng Growth and Development Agency (GGDA) through the Department of Economic Development, AIDC is mandated to address one of the key focus areas relating to skills development, which is:

To develop scarce and critical skills in accordance with long term requirements emanating from the automotive sector's needs.

The AIDC recently established an industry forum that will ensure buy-in of key industry stakeholders, as well as alignment of skills development objectives with industry.

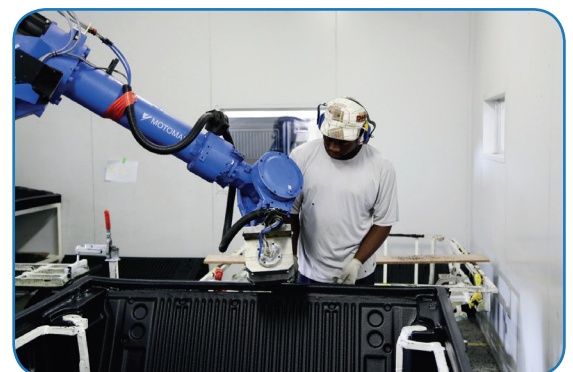
Focused and demand driven learning centre outputs with skills and mentorship development programmes will be developed and managed through the Gauteng Automotive Learning Centre (GALC) in Rosslyn.

Our current partnership with merSETA plays a

pivotal role in the successful development of the unskilled workforce and SMME development in the automotive sector.

This relationship ensures quality training and development of relevant skills through recognised QCTO model.

This relationship cascades to partnerships we have established with Higher learning institutions.



Automotive Supplier Park: Phases 1 and 2



SPACE AVAILABLE





Tshwane Automotive City

The Tshwane Automotive City (TAC) concept was started in 2008, as a shared vision between Government and the automotive industry, to transform the City of Tshwane into a leading automotive investment destination.

The development of the TAC concept has been made possible through the partnership between the Automotive Industry Development Centre, the City of Tshwane Metropolitan Municipality and Tshwane Economic Development Agency. While the TAC concept aims to assist the local automotive industry to become globally competitive by increasing locally manufactured parts and components, it also aims to boost the Gauteng Province's economy.

The TAC aims to achieve these by attracting both foreign and local direct investment into a multi-billion Rand infrastructure programmes that will transform the Rosslyn area into the world's largest multi-OEM Automotive City.

The TAC development aims to emulate well established motor cities such as 'The Autostad' in Wolfsburg, Germany and Toyota Automotive City in Japan.

TAC will include:



An advanced logistics and supply chain network



Schools, Residential Estates and Malls



Public Environment and Links



A Community and Civic Node with parks

The TAC implementation will result in the creation of an economic engine that will thrust the South African automotive industry into a globally enhanced competitive position. In line with the objectives of the Automotive Production and Development Programme (APDP) formulated by the DTI, the TAC programme is also aligned to the Premier of Gauteng, David Makhura's multi-pillar programme which includes radical transformation, modernisation and reindustrialisation of Gauteng Province.

For more information on the TAC Development Project update visit www.aidc.co.za

The TAC Programme is made possible through a partnership between:



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For more information on space availability, or extension plans to your pre-existing infrastructure, contact the Business Development Department at the AIDC.

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