

JANUARY | QUARTERLY EDITION 2019

ZONEBEAT

OFFICIAL NEWSLETTER OF THE *east london idz*



IN THIS EDITION...

PAGE

1. A WORD FROM THE ELIDZ CEO TO INVESTORS
3. ELIDZ WELCOMES R502 MILLION INVESTMENT INTO ZONE
4. FROM GRASSROOTS TO COMMERCIALISATION
5. A GROWTH INSPIRED ZONE
5. EXTENDING OUR REACH
6. AT THE FOREFRONT OF LEADING INNOVATION



Simphiwe Kondlo - CEO ELIDZ

A WORD FROM THE ELIDZ CEO TO INVESTORS

An Industrial Development Zone at the forefront of changing lives – this was our motto in 2018. The commitment of our investors and new investments that landed in the Zone saw more lives change for the better in 2018.

As a State-Owned-Enterprise (SOE) going through multiple waves of legislative uncertainties, we have responded in ways that have strengthened the East London IDZ's business case, confidence in the programme and extended our leadership position. This has been through periodic engagements with shareholders and key stakeholders, complemented by continuous re-engineering of our processes.

This committed and enduring spirit is part of the East London IDZ DNA. The organisation was built on hopes to bring about positive influence on the economy of the region, unlock employment opportunities for local communities and business for emerging entrepreneurs. Over the years, we have succeeded in creating a conducive environment for growth-inspired business to thrive and impact more lives.

Today, faced with an unprecedented pace of change in investor needs and dwindling appetite from foreign investments, we are driven by this spirit to deliver on our mandate to better the lives of South African residents. Our dedication to progress, which fuels our growth and efficiency, was in the past year laid bare for all to see when we welcomed three diverse investments into the Zone.

INVESTMENT ANNOUNCEMENTS

The year 2018 was a good year for domestic investment, in June we welcomed our first and biggest investor in the ICT sector, Yekani Manufacturing. The company is the first black industrialist to locate within our Zone 1B precinct and a beneficiary of the DTI SEZ Fund. Yekani Manufacturing is set to create 1000 meaningful jobs when fully operational.

Furthermore, in November, we announced two new local investors and black industrialists, Meek Mines SA and Nulatex SA, worth over R500 million. These two companies occupy existing facilities within the organisation's Zone 1A precinct.

Over and above these three investors, a third phase expansion of the East London IDZ Automotive Supplier Park to accommodate new automotive players is underway. This will see the organisation grow its investment portfolio in 2019 on course to achieve Vision 2020, a five-year roadmap towards a faster-growing business.

As such, after three years of the five-year strategic cycle, the East London IDZ has an overall achievement rate of 76% against the five key strategic thrusts. This is a resounding success given that we have an investment pipeline of over R 12.9 billion with an employment potential of 7921 direct jobs to achieve the 100% target by year 2020.

INVESTMENT MILESTONE

During 2017/18 we attracted five new investors meeting the annual target of five investors for the period. With a combined investment value of R1.3 billion, these investments significantly exceeded the R320 million target for the period. To date the organisation has

secured 42 investors with an investment value of over R8 billion. Of these investors, 36% are foreign owned, while 28% are locally owned, 23% are 100% black owned and 49% are BBBEE compliant.

Infrastructure delivery projects in the same financial year created over 510 direct construction employment opportunities.

To this end, in our efforts to deliver on our mission, we are guided by strong and meaningful values, including an unwavering commitment to integrity. We reinforce and build on our ability to deliver on our mission with a continuous innovative drive to align ourselves to our value proposition - engineered efficiency.

THE IMPORTANCE OF STAKEHOLDERS

Throughout our decorated history, success has come through a collaborative effort with both government and business. One notable example is the fruitful relationship we have with both our shareholders, the Department of Economic Development Environmental Affairs and Tourism (DEDEAT) and the Buffalo City Metropolitan Municipality (BCMM) as well as the custodians of the Special Economic Zone (SEZ) programme, the Department of Trade and Industry (DTI). As such, through this collaborative partnership, the East London IDZ's footprint can be traced through 10 countries in all seven continents.

CLEAN AUDIT FOR THE ORGANISATION

Through the diligent efforts of our employees, the organisation received a clean audit for the third consecutive year from the Auditor General of South Africa (AGSA). This outcome supports the organisation's commitment to maintaining good governance.

This is also indicative of the company's pledge to good corporate governance and all other regulatory prescripts that govern SOEs. Corporate Governance Stewardship remains our sacrosanct hallmark, which permeates all our operations.

OUR FUTURE

Looking to the future, we will build on our 17 years of continuous innovation and proven leadership in the programme as we move to attract investors, boost regional economy and create meaningful jobs for local communities on course to achieve Vision 2020.

In 2019, we seek to continue with our drive to engage stakeholders on key issues surrounding investor attraction and address some of the challenges impeding this all-important task.

BUILDING THE **E**CONOMY

POWERING THE **EASTERN CAPE**

R8 BILLION
VALUE OF SECURED
INVESTMENT
SINCE INCEPTION

3654
DIRECT INDUSTRY
JOBS ACTIVATED

R1.3 BILLION
COMBINED INVESTMENT
VALUE OF THE
5 INVESTORS
ATTRACTED IN THE 2017/18

42 SIGNED
SINCE
INCEPTION
BY THE
ELIDZ
BOARD
INVESTORS

23%
OF SECURED INVESTORS
ARE **100% BLACK**
OWNED

Since it attracted its first investor in 2005, the East London IDZ has improved the lives of thousands of the Eastern Cape's residents through the attraction of strategic investments that have

- created sustainable **employment**
- **diversified** the industrial footprint of the region
- enabled the **localization of new skills and technology**
- Increased the region's **export capability**

These are all vital building blocks for transformation of the Eastern Cape Province's economy.



east london idz
business streamlined

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ELIDZ WELCOMES R502 MILLION INVESTMENT INTO ZONE

National and Eastern Cape provincial governments jointly announced the combined R502 million investment into the East London Industrial Development Zone (ELIDZ).



The Deputy Minister of the Department of Trade and Industry (DTI), Honourable Bulelani Magwanishe and Eastern Cape MEC for the Department of Economic Development, Environmental Affairs and Tourism (DEDEAT), Honourable Lubabalo Oscar Mabuyane jointly announced two new local investors, Meek Mines SA and Nulatex SA.

The ELIDZ Chief Executive Officer (CEO), Mr Simphiwe Kondlo welcomed the investment saying it will create a total of 450 jobs for the locals. "The new investments respond to government's call to promote regional integration, promote beneficiation and meaningful job creation" said ELIDZ CEO.

He added that beyond the number of jobs to be created, there will be value chain opportunities for local small businesses that will also bring money into the provincial economy.

DIAMOND CUTTING AND POLISHING INVESTMENT

Meek Mines South Africa Pty Ltd, which is a 100% black-owned company, which cuts and polishes diamonds mined in Africa for supply to both the domestic and foreign markets, will be investing R423 million into the Eastern Cape economy. Meek Mines will export 80% of its product to Belgium and the Middle East while the remainder will be supplied to the local jewellery industry. The company has taken over an existing facility within the ELIDZ and is placed within the General Manufacturing sector. Meek Mines plans to create 150 jobs over a five-year period beginning in 2019.

CONDOM MANUFACTURING INVESTMENT

Nulatex Condoms South Africa, a 100% black owned pharmaceutical company which will be manufacturing male and female condoms and other latex products from a facility in Zone 1 A of the ELIDZ, is investing R79 million into the provincial economy and plans to create 300 direct jobs beginning 2019. This first investor in the ELIDZ's pharmaceutical cluster has already signed an offtake agreement with the Provincial Department of Health for the supply of their latex products.

The half a billion rand local investment is tipped to unlock the economic potential of the province and skew the scales in favour of socio-economic development in the Buffalo City Metropolitan region over the next five years.

Honourable Magwanishe lauded the move by the two investors saying that a success story to this initiative is the empowerment of people, through employment, access to the opportunities and skills development. "The DTI, through the SEZ Fund, has funded the Zone with R568 million for the development of the Zone. This will also go towards the expansion of the Automotive Supplier Park. Even more significant is the fact that the new construction projects will benefit Black Owned Enterprises", said Magwanishe.

He added that interventions of this nature are a legacy of shared solutions to key societal issues of concern to our citizens.

As he welcomed the two investors, MEC Lubabalo Mabuyane said the over R500 million investment will contribute greatly to the growth of the provincial economy. "We are excited about this investment which will bring meaningful jobs to our communities. This contributes to the job creation priorities of the province indicated in the provincial economic development plan and investment promotion strategy. We are pleased as the province that when Nulatex and Meek Mines open their doors next year, 450 people from our province will no longer be counted amongst the unemployed. They will be able to participate fully in the economy and realise their dreams," said Mabuyane.

Nulatex SA CEO, Mr. Kingsley Tloubatla said on full capacity, the firm will produce 3 million condoms per annum and that the enterprise is pre-qualified by World Health Organisation (WHO). He added that they chose ELIDZ because of its position which makes it easy to import raw material and export products. We also want to contribute to job creation in the region, he concluded.

Meanwhile, Mr Neil Isaacs, Director at Meek Mines SA said they have taken over premises previously occupied by Matla Diamond. As such, they have installed plant equipment with an estimated value of R25m with the capability to process up to 60 000 carats per term. "We have acquired a beneficiation license under the South African Diamond Act of 1986 as an Authorized Representative", he said.

We believe strongly that the plant is strategically located in the SADC Region and in the country as it is within the award winning IDZ backed by a powerful efficient team that has given us all the support throughout the commissioning phase of the plant, added Mr Isaacs.

FROM GRASSROOTS TO COMMERCIALISATION – AET AFRICA HOTSPOT

The East London IDZ, proud owners of the Science and Technology Park (STP), were delighted to partner with AET Africa as they launched their product into the market in October 2018

Marking yet another milestone in their upward trajectory, the graduate of the STP programme introduced the Hotspot product - an energy saving geyser sleeve for retrofit by residential and commercial customers- at an event attended by MEC for Economic Development in the Eastern Cape Province, Honourable Oscar Lubabalo Mabuyane.

Dubbing it the company's "most crucial phase post the product's five year research and development", AET Africa Managing Director Sandiswa Qayi pointed out that the Hotspot innovation will assist South Africans curb the rising costs of electricity.

The Hotspot was developed in direct response to market demand for an energy saving innovation. "The Hotspot can be retrofitted on high pressure electric or solar geyser element to reduce electricity usage, it is also complimentary to timers, blankets and solar geysers and has monetary savings of up to 50 % for a household", said Qayi.

While, recounting the journey of the hotspot, Qayi said the product's concept was brought about by her frustrations on having to switch the geyser on and off just to save electricity and at the time, she was spending just over R800 a month. "My partners and I brainstormed energy saving ideas and embarked on research to check what's available in the market", she said.

She added that the Hotspot could not have reached the commercialisation stage had it not been for the R6, 8 million loan funding from the Industrial Development Corporation (IDC), and R1, 8 million seed funding from the Technology Innovation Agency (TIA) through Eastern Cape Development Corporation. She further thanked East London IDZ Science and Technology Park for the incubation and support, as well as the product performance in energy efficiency, water quality and material toxicity test offered by University of Fort Hare.

Delivering his keynote, MEC Mabuyane praised the company for seeking alternative ways to save energy, curb the excessive spending on electricity by households and create jobs for the local Dimbaza community.

"AET Africa has answered a clarion call from government for companies to partner with government to create jobs for communities. The call was not about the quantity but quality of jobs that will be brought into this community through AET Africa's innovations", said MEC Mabuyane. Additionally, the MEC lauded the AET Africa management for their efforts to revitalise Dimbaza Industrial Park through locating their factory at the precinct. He further revealed that the Department of Trade and Industry has pledged a multi-million rand funding for the revival of the ailing industrial park. "Revitalisation of this industrial park would not only create jobs for the surrounding communities but would also play a pivotal role in retaining critical skills in the province", he added.

According to Qayi, the factory currently employs eight employees including three in-service trainees. "We look to create an estimated 15-20 more jobs at the Hotspot plant once we start running three shifts as the plant needs to run 24 hours a day to meet the foreseeable demand.

Other jobs will be created indirectly through hundreds of installers (plumbers, electricians) and sales team", she said.

The company also seeks to fortify relations and collaborate with the Department of Higher Education and Training through SETA & TVET Colleges for a structured artisan training on installing the Hotspot.

The company's long-term plans include:

- The completion of international product certification through Green Tag,
- Set up completion of internal quality assurance lab and start of ISO 9001 & ISO 14001,
- Finalization of distribution agreements and contracts with plumbers, independent distributors and retailers for mass market to increase market access in South Africa & Southern African Development Community countries,
- Strategic partnership with institutions of higher learning for training and continuous research,
- To secure additional investment to set up filter bags factory in Dimbaza beginning of next year

The Hotspot went on sale at the launch as attendees displayed keen interest to owning the product.



A GROWTH INSPIRED ZONE

Making remarkable strides towards growing the economy of the region.

In addition to executing its mandate, the East London IDZ offered a positive response to the legislative changes in the Industrial Development Zone environment. To that end, the impact of the operational Zone Enterprises continued to grow.

This is full proof that the East London IDZ's approach to attracting strategic Foreign Direct Investment into the Zone continues to yield positive results and further catapults the economy of this region.

To that end, in the 2017/18 Financial Year the East London IDZ signed new investments totalling over R1.3 billion. As the organisation is on an upward trajectory, in the year under review the ELIDZ's total spend on SMMEs related procurement totalled over R 290 million- which accounts for 79,5% of the total spend.

Below is the performance in numbers of the East London IDZ and the operational enterprises in the Zone.

**INCREASE IN TOTAL ANNUAL
EXPENDITURE BY THE SEZ
ENTERPRISES - TOTALLING
R7.06 BILLION**

8.7%

23.6%

**INCREASE IN TOTAL INCOME
OF SURVEYED MANUFACTURING
AND NON-MANUFACTURING SEZ
ENTERPRISES FOR 2016 - TOTALLING
R6.99 BILLION**

**ANNUAL INCREASE IN GOODS
AND SERVICES PRODUCED
THAT WERE EITHER DIRECTLY
EXPORTED (OR SOLD ON TO
DOMESTIC EXPORTERS)**

**R1.15
BILLION**

**R400
MILLION**

**PAYMENT OF SALARIES AND
WAGES TO EMPLOYEES OF
ZONE ENTERPRISES.
29.4% INCREASE FROM
THE PREVIOUS SURVEY YEAR**

**AMOUNT OF EXPENDITURE
FOR ITEMS SOURCED
DOMESTICALLY
= 29.2% INCREASE**

**R2.59
BILLION**

EXTENDING OUR REACH

The East London IDZ is committed to being a responsible corporate citizen and takes seriously its growing stature and responsibilities within the Buffalo City Metropolitan Municipality (BCMM) and the wider Eastern Cape communities.

This commitment to its feeder communities extends beyond the zone's core mandate of facilitating growth and job creation. To that end, through the organisation's Corporate Social Investment (CSI) programmes the organisation awarded 11 bursaries valued at R500 000 in 2017/18.

The bursary programme, which focuses on rare skills related to Maths and Science, and is implemented in partnership with the Maths, Science and Technology Skills Foundation is currently in its fourth year and continues to offer Eastern Cape matriculants opportunities to enrol for tertiary education. A minimum average of 60% in Maths and Science grants a potential beneficiary an equal opportunity to be considered for the bursary. Below are few beneficiaries of the programme.

"I was so excited when I read about the ELIDZ issuing out bursaries to potential Maths and Science students. I knew it was my call. The bursary has helped me a lot academically. My family did not have money to pay for my tuition. I will forever be grateful to the ELIDZ"- Inganam Mpinda B.Com Honours

"I am one of the fortunate few students who have been presented with a life changing opportunity, a chance at a tertiary education. I thank the ELIDZ for granting my family and I a chance at a prosperous life" - BSc Actuarial Science first year student, Xhanti Milisa Majova

"Being mindful of the challenges afflicting rural and township students such as marginalization, I am very grateful to organisations such as the ELIDZ for doing its bid to reverse the trend" - BEng Mechatronics first year student, Usisipho Mzimba

The bursary programme also forms part of the East London IDZ's Young Minds Campaign, an initiative targeted at assisting students achieve their academic excellence through offering career guidance talks at expos and career fairs.

Furthermore, the East London IDZ also rolled-out various CSI projects throughout the Eastern Cape Province to support communities. These include the sponsorship of two mobile libraries to Likhanyiso Junior Secondary School in Ngqamakhwe and Mzamomhle Junior Secondary School in Butterworth as well as equipment to the Masibambane Home for the Disabled in Debe Nek near Alice, to mention a few.

The East London IDZ continues to sponsor office space for a crime-reporting centre in its neighbouring Ward 46.

AT THE FOREFRONT OF LEADING INNOVATION

The East London IDZ Science and Technology Park (STP) is the makerspace of innovators and dreamers, a centre that fosters growth of incubated tenants to enable knowledge sharing, promote innovation, and progress research outcomes to viable commercial products.

In the 2017/18 Financial Year, the STP continued to spearhead development of creative technical solutions to problems. This as the science park acceded to its mandate - to coordinate innovation initiatives targeted at enhancing industrial development thus strengthening the economic development of the region. As such, the following can be noted of its performance:

- The STP assisted 3 incubates through the thriving STP incubation programme
- 117 beneficiaries were trained through the various programmes the STP runs; including the Renewable Centre for Excellence.
- 2 new prototypes were developed in the Automotive sector at the STP.

The STP is also home to a SANAS accredited laboratory, which offers routine as well as specialised services in Blue Drop or drinking water Analysis, Groundwater Analysis and Seawater Analysis to mention just a few. The laboratory's major focus is on providing sustainable and quality service to industry.



making it happen!

ELIDZ SCIENCE &
TECHNOLOGY PARK

DESIGN CENTRE

The East London IDZ Science and Technology Park has established a 3D Design Centre that is aimed at assisting entrepreneurs, researchers and industry in rapid prototyping. The facility offers premium support services, through laser cutting and engraving, 3D printing and machine milling. Our services, capability and capacity are as follows:

3D PRINTING SERVICE

- Maximum printing size: 300 x 300 x 300mm (bigger components are printed in sections and jointed together)
- Materials: ABS, PLA, Nylon, Flexible, PETG, Wood, Metal fill and PVA
- Colours: Black, White, Grey, Transparent, Blue etc.
- Capacity: 3 printers running simultaneously
- Dual extruder capability also available to print 2 colours or 2 materials in one component

DESKTOP MILLING MACHINE

The SRM-20 portable milling machine mills a broad range of materials, including modelling wax, chemical wood, foam, acrylic, poly acetate, ABS and PC board.

LASER CUTTING/ ENGRAVING

Our machinery can laser cut up to 8mm thick Acrylic and engrave on almost any colour. Typical materials used are: MDF (Supawood), Commercial Plywood, Bamboo, Laminated Hardboard with Wood Finish.

CNC LATHE MACHINING

Our machine utilizes the latest technological innovation and is optimized and engineered to be able to handle small to large volume runs, without compromising speed or quality of your product. Materials include, alloy Steels, aluminium, brass, bronze alloys, carbon steel, Iron, stainless steel, plastics etc.

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250
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CATERING
SERVICES

STATE-OF-THE-ART
TECHNOLOGY

2KM



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