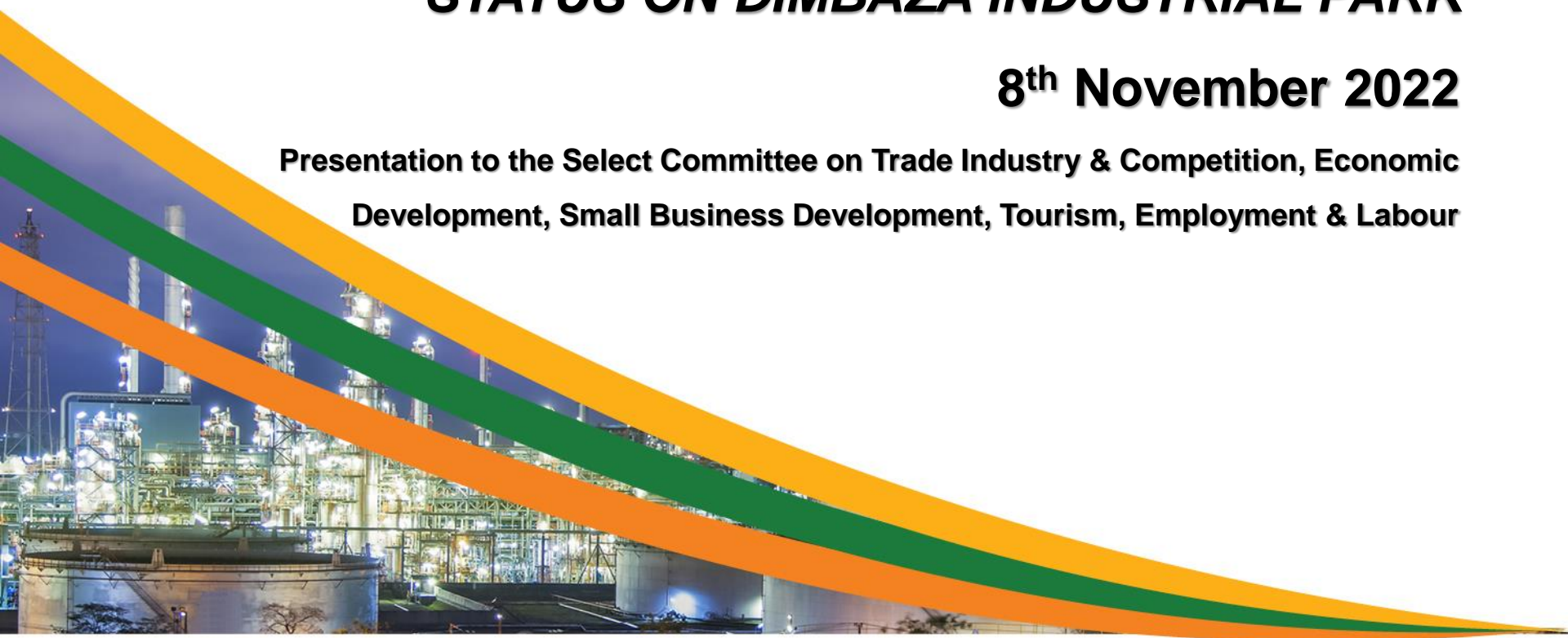


INDUSTRIAL PARK REVITALISATION PROGRAMME (IPRP)

STATUS ON DIMBAZA INDUSTRIAL PARK

8th November 2022

**Presentation to the Select Committee on Trade Industry & Competition, Economic
Development, Small Business Development, Tourism, Employment & Labour**



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BACKGROUND

- The IPRP supports state owned IPs to install critical infrastructure, with the objective of enhancing industrialization through investment attraction.
- Since the inception of IPRP in 2015, **the dtic** approved grant funding to the value of approximately R 870 million through the Critical Infrastructure Programme (CIP).
- Twelve (12) Industrial Parks (IPs) covering seven (7) provinces were impacted by the intervention



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BACKGROUND

- Industrial Parks offer significant employment opportunities in their respective regions mainly by Small and Medium Enterprises, with average occupancy of the Gross Leasable Area at 75%.
- There are currently 46 490 people are employed, with sectors such as agro processing, light and medium manufacturing being the dominant employers of semi to skilled individuals.
- Recent survey conducted in respective industrial parks, reported cumulative investment of R 6 billion, this being a R 2-billion-rand increase of investment since the 2020/21 FY.



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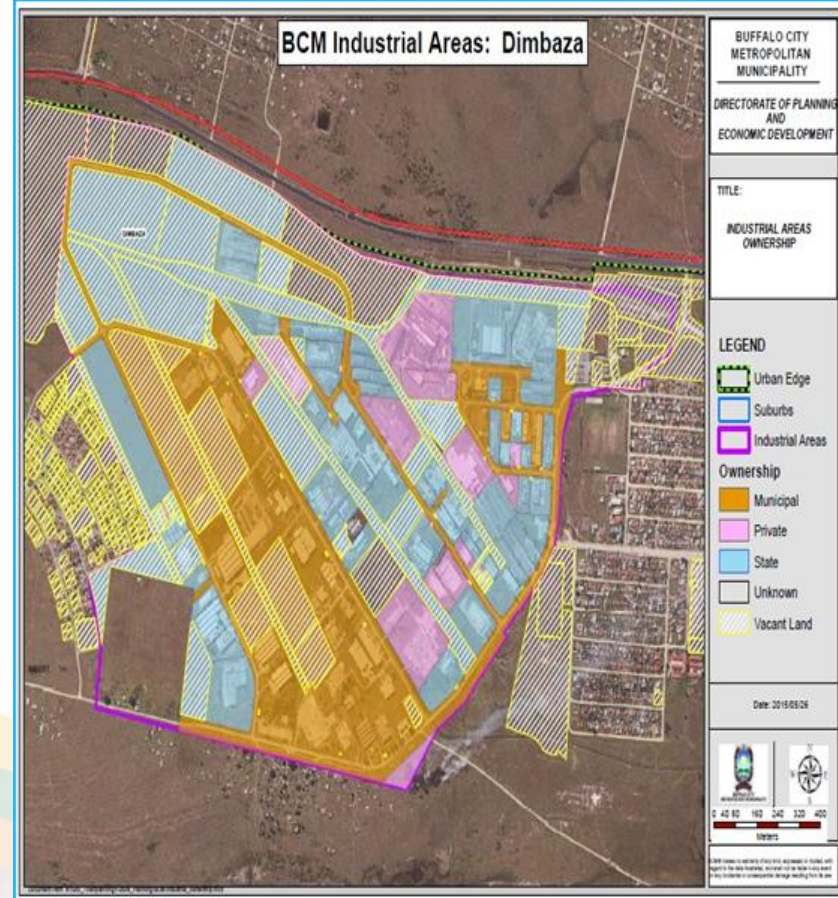
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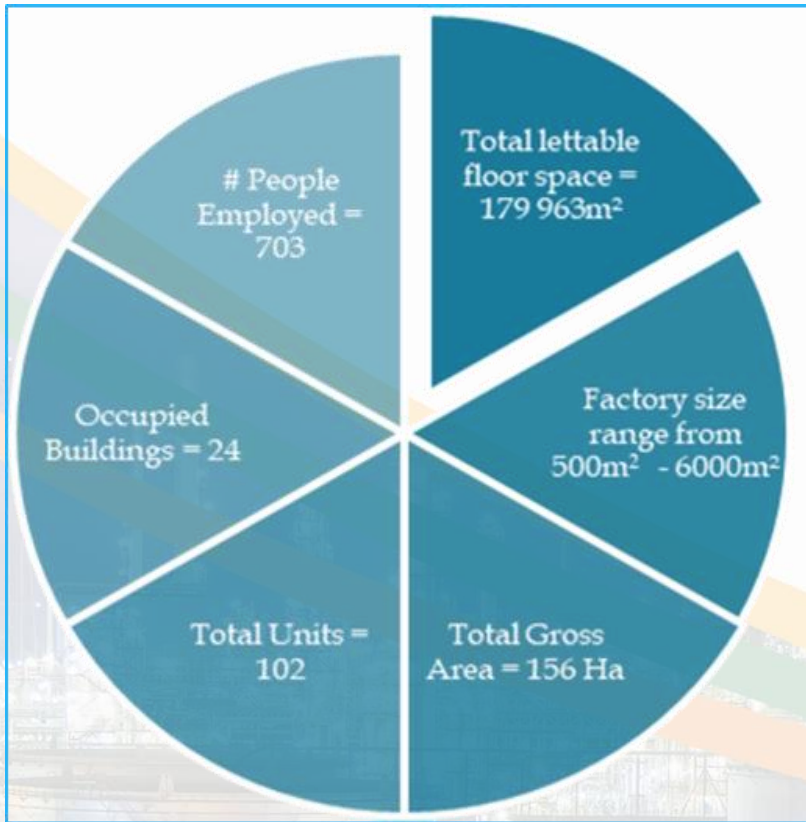


INTRODUCTION

- Dimbaza Industrial Park is owned and operated by the Eastern Cape Development Corporation (ECDC)
- It is fully serviced by the Buffalo City Metro
- Dimbaza IP is the biggest employer in the township: 703 permanently employed



FACTORY SPACES



- There is a focus on small, medium and large business development.
- However the demand for both commercial and industrial space remain low.
- This is mainly due to distance, security, lack of accommodation and out dated factory designs

TENANTS PROFILE

- The tenant profile consists of the following various sectors:

Industry	No
Funeral Services	5
Construction and related suppliers	1
Social (church, school, etc)	5
Manufacturer of carpets	1
Chemicals	1
Furniture manufacturers	4
Auto and related services	1
Mining	1
Manufacturer of clothing	3
Distributor	2
Total	24

Manufacturing Enterprise	Actual Jobs	Manufacturing sector
Ikusasa	65	Chemical products, rubber and plastic products
AET	10	Textile, Clothing
Beck Trading	250	Textile, Clothing
Fortune	250	Chemical products, rubber and plastic products
Kesho	25	Chemical products, rubber and plastic products
Tench		Poly Woven Textile
Other - Divert, IKM & Tina Plus	50	Basic Iron & Steel, non ferrous metal
Total	650	

- Products and services are currently target the local and national markets



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EMPLOYMENT

- In 2021, 6-manufacturing companies attributed to total investment in the Park of R 100 million rand.
- These companies are also the key employers in Dimbaza IP.
- These companies also provided 650 job opportunities in the Industrial Park
- Other companies include 2-distributors, 1-auto related services, 1-mining company, 1-construction material supplier



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IPRP ON DIMBAZA INDUSTRIAL PARKS

- The Development Bank of Southern Africa(DBSA) is the service provider appointed by **the dtic**'s Industrial Parks Revitalization Program (IPRP) for infrastructure development and project management, since the inception in 2016.
- **the dtic**'s Critical Infrastructure Programme approved ECDC for funding of Phase1 in 2018.
- The main contractor was appointed on 1st November 2018
- The value of the contract was R38 million.
- Construction for Phase 1 was completed on 12th October 2020.



PHASE ONE - REVITALIZATION

Project Scope: Phase 1

- The construction of an electrical high mast to improve visibility as part of security improvements
- Fencing and Gates to enhance security in the park and ensure access control
- Bulk Infrastructure report to assess and manage storm water drainage and sewage reticulation
- Security pods / guard house replacement
- Mini sub replacement to provide reliable power supply



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SOCIO-ECONOMIC IMPACT – PHASE ONE

Socio-economic Impact:

- Total construction jobs created in Phase 1 was 248, with 68 individuals in the youth category.
- Project also utilized 19-SMMEs from the local area
- 2- women owned SMMEs were contracted
- Average spend on SMMEs was R280 500.00.



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PHASE TWO – REVITALISATION

Phase 2: Implemented by ECDC and BCMM

- Funding Approved jointly by Province (DEDEAT, Economic Infrastructure and Provincial Economic Stimulus Fund) and Municipality (BCMM Capital Projects Budget)
- Phase Two of the revitalization for Industrial Park has started.
 - ☐ No Packages-3
 - ☐ Start-April 2021
 - ☐ Proposed Completion -June 2023
 - ☐ Actual Project value -R115,285 million

Project Packages

1. Roads and Bulk Services
2. Electrical Network Upgrade & High Mast Lighting
3. Waste Water Treatment Plant Upgrade



PHASE TWO – ROADS & BULK SERVICES

Package 1: Roads and Bulk Services:

Project value R 42.385 million

- Award date: April 2021
- Start date: May 2021
- Duration : 15 months

Project Scope:

- Roads and services incl. new entrance

This package is estimated at 85% of completion.



PHASE TWO – Package 2 & 3

Package 2: Electrical network upgrade and the installation of high mast lighting

Project value R37.7 million

- Award date: 07 December 2021
- Start date: 12 January 2022
- Duration : 12 months

Package 3: Upgrade of the BCMM Waste Water Treatment

Project value R 35.2 million

- Award date: 26 November 2021
- Duration : 19 months

Project Scope:

- Upgrade of the BCMM Waste Water Treatment Plant that serves the industrial park and surrounding area from a 6MI/day to 12MI/day capacity

SOCIO-ECONOMIC IMPACT – PHASE TWO

4-SMMEs have been appointed by the main contractor:

- The Don (Pty) Ltd
- Yohlulela Trading
- Elegance Construction
- Vuzim Projects

Employment is sitting at 39

- 5 females and 34 males



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INVESTMENT PIPELINE IMPROVEMENT

The Non Automotive Cluster (NAM) has been re-located in Dimbaza IP

The Eastern Cape NAM Cluster is a special purpose vehicle (NPC) established in 2015 through the Dept. of Economic Development in EC.

NAM has a core purpose to facilitate industrial competitiveness within the Non Auto Sectors through:

- Access markets
- Access technology
- Access skills and best-practice
- Access finance
- Other support –service delivery and policy inputs



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Key Takers from Implementation Lessons

- Change in the ownership / control and management of the targeted parks to include National, Provincial and Municipalities
- IP to have proper governance and compliance management systems in place
- Proper financial support packages for the IPs (such as municipal incentives and other critical non-financial support services)
- Revitalization of the IPs should be supported by sound business plans or strategic plans, investment and marketing strategies, that include financial contributions from all spheres of government
- Internal Industrial Parks Precinct or Zonal development approach to be adopted when applying revitalisation, with emphasis on localisation and manufacturing in the designated areas for Township Economy Hubs in the parks
- Focus on the development of the district economy as an integrated industrial ecosystem rather than just fenced enclaves areas;
- New model that allows private sector participation in the Industrial Parks development.
- Ensure that money generated in Industrial Parks is reinvested in the Industrial Parks to improve and sustain their performance and growth.



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CONCLUSION

- IPRP is implemented in line with **the dtic**'s Spatial Industrial Development (SID) Strategy of accelerating economic and industrial development in the lagging regions by attracting business investments to locate in these areas

The implementation of the Spatial Industrial Development Model will contribute to the three overarching outcomes of **the dtic** (Industrialization, Transformation and Capable State) through the following indicators:

- a) Increased Emergence of new industrial hubs which contribute substantially to all key economic indicators.
- b) Increased number and value of foreign and domestic direct investments in all districts;
- c) Increased number and value-added exports;
- d) Increased employment in the industrial sector; and
- e) Increased beneficiation of agricultural and mineral resources.



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CONCLUSION

- Application of the DDM as a coordinating and oversight structure is critical for sustainable development and to align with District One Plan
- The Township & Rural Economy strategy will be employed for development of Township Manufacturing / Enterprise Hubs within the Industrial park – to support township / rural based enterprises with enabling infrastructure and security
- Revised terms of engagement / contracting amongst all spheres of government will be adopted – to ensure proper governance and operations in the Industrial Park, for all future application processes to **the dtic IPRP.**



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THANK YOU



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