

# Making Municipal Spaces Investor Friendly

*Trade and Investment KwaZulu-Natal (TIKZN)*

# Welcome to KWAZULU-NATAL



# This is KWAZULU-NATAL



A wealth of  
investment  
opportunities



South Africa's  
most diverse  
economy



Continents most  
sought after  
emerging markets



Global gateway to  
South Africa, Africa  
& the world



# The Official Trade and Investment Promotion Agency Of Provincial Government Of KwaZulu-Natal



# MANDATE OF TRADE AND INVESTMENT KZN AS PER ACT OF 2010

- Identify, develop, market and **promote investment opportunities** in the Province to international and domestic investors
- Develop the **export capacity** of the Province
- Develop the **export market** of the Province
- Foster trade and investment within the Province
- Develop a **Provincial Investment and Export plan**
- Keep and maintain a **database of opportunities** within the Province in such a manner as to benefit all sectors of the economy



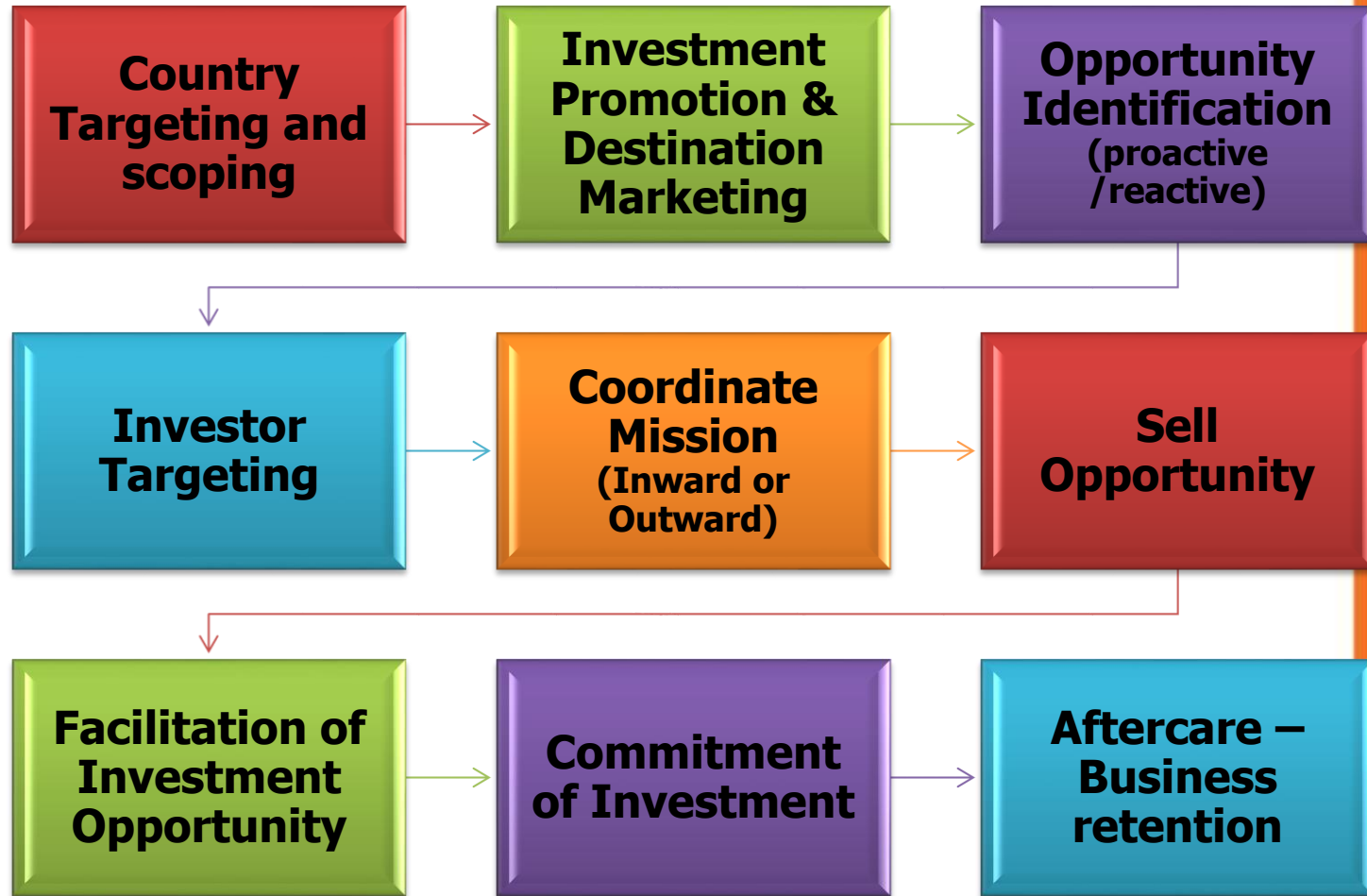
# ECONOMIC DEVELOPMENT STRATEGIC PARTNERS



# TIKZN FUNCTIONAL AREAS

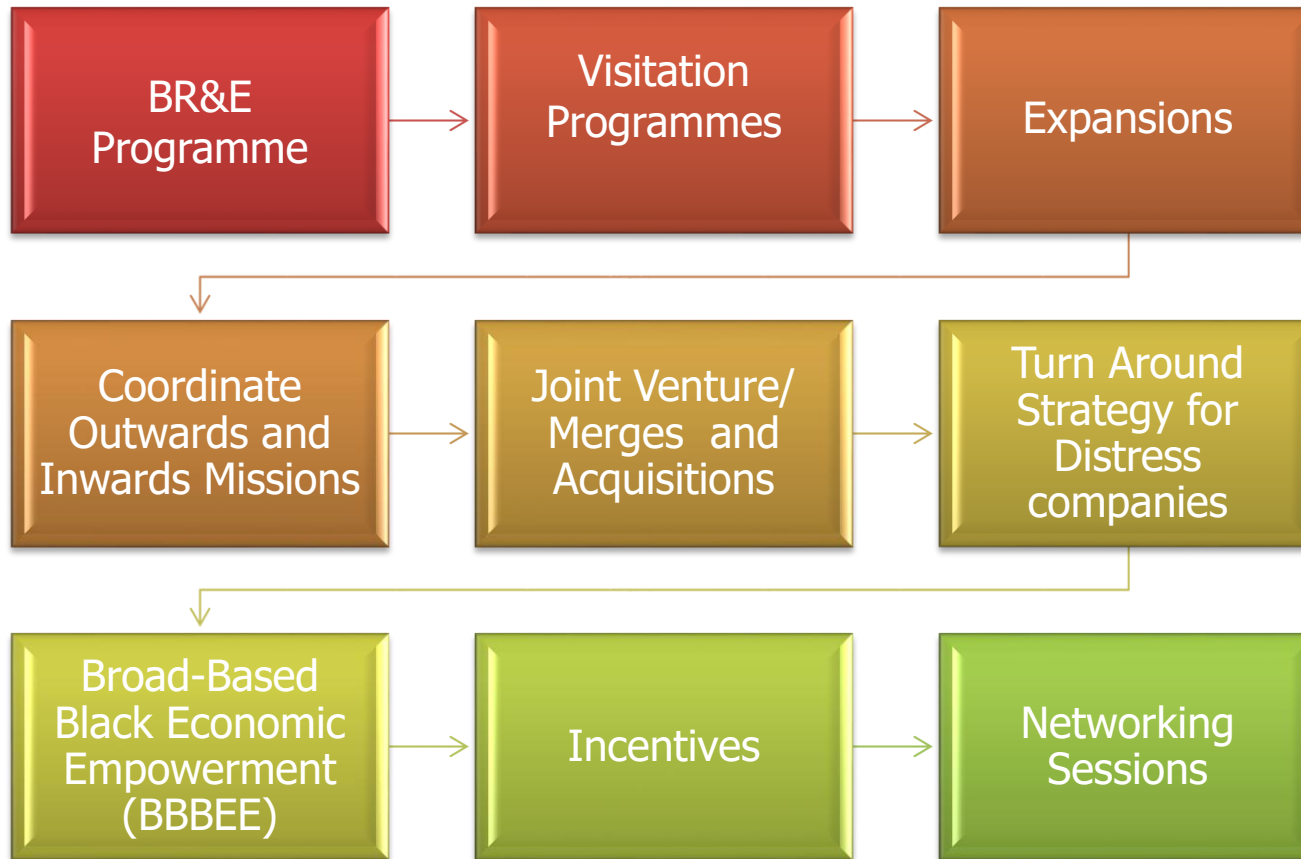
- Export Development and Promotion
- Investment Promotion
- Destination Marketing
- Business Retention and Aftercare
- Knowledge Management

# INVESTMENT PROMOTION ACTIVITIES



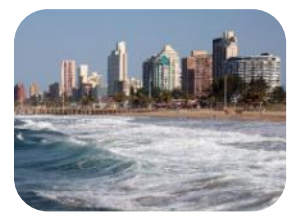


# Business Retention & Expansion Activities



# Role of Export Development & Promotion

- Export Awareness
- Capacity Building for Exporters
- Market Development
- Information and Trade Intelligence
- Assistance with Incentives
- Coordination of Trade Shows



## WHY DO WE DO BUSINESS RETENTION AND EXPANSION?

- Go beyond short-term goals of solving a business immediate problems.
- Its more expensive to attract a foreign or create new business and these new business only creates 10% to 20% of the new jobs in the local economy.
- Re-investments by existing companies not only retains existing jobs, but also creates 60% to 80% of new direct and indirect jobs in the local economy.
- Well established existing businesses contributes to the development of other industries in terms of backward and forward business linkages.
- Well established existing businesses also contributes to improving the local socio and economic environment and improves the trade balance.
- If we do not protect and look after existing business, the resultant opportunity cost to the local economy is too high.

# Factors which are important to investors

## Investment & Business Climate

- Legal and Administrative Environment
- Protection of investors rights

## Market Size & Prospects

- How large is the market
- What is the growth potential and population

## Cost of Business

- Labour
- Operational

## Openness

- Can you supply neighbouring markets
- What is the Trade Regime like

# Factors which are important to investors

## Agglomeration of Industries

- Existence of other companies
- Clusters, suppliers, innovations etc

## Human Capital & Infrastructure

- Education and Skills Levels
- Transport, Communications, Raw Materials

## Investment Promotion & Facilitation

- Local Incentive (bonus to investor facilitation)

# How can Municipalities drive the Business of Trade and Investment?

Be responsive to investors needs

Provide information (statistics / market intelligence)

Provide excellent services (on the ground)

Make sure your offerings are clear, realistic and attainable

Share information (it is a partnership)



# BACKGROUND TO THE KZN DISINVESTMENT STUDY

- 1911 Business closures due to distress : 2011 – 2016 (CIPC)
- TIKZN Study on Reasons and Impact of Disinvestment in KZN
- Study Period 2010-2016
- Key sectors of the KZN economy
- Medium to large firms

# BACKGROUND TO THE KZN DISINVESTMENT STUDY

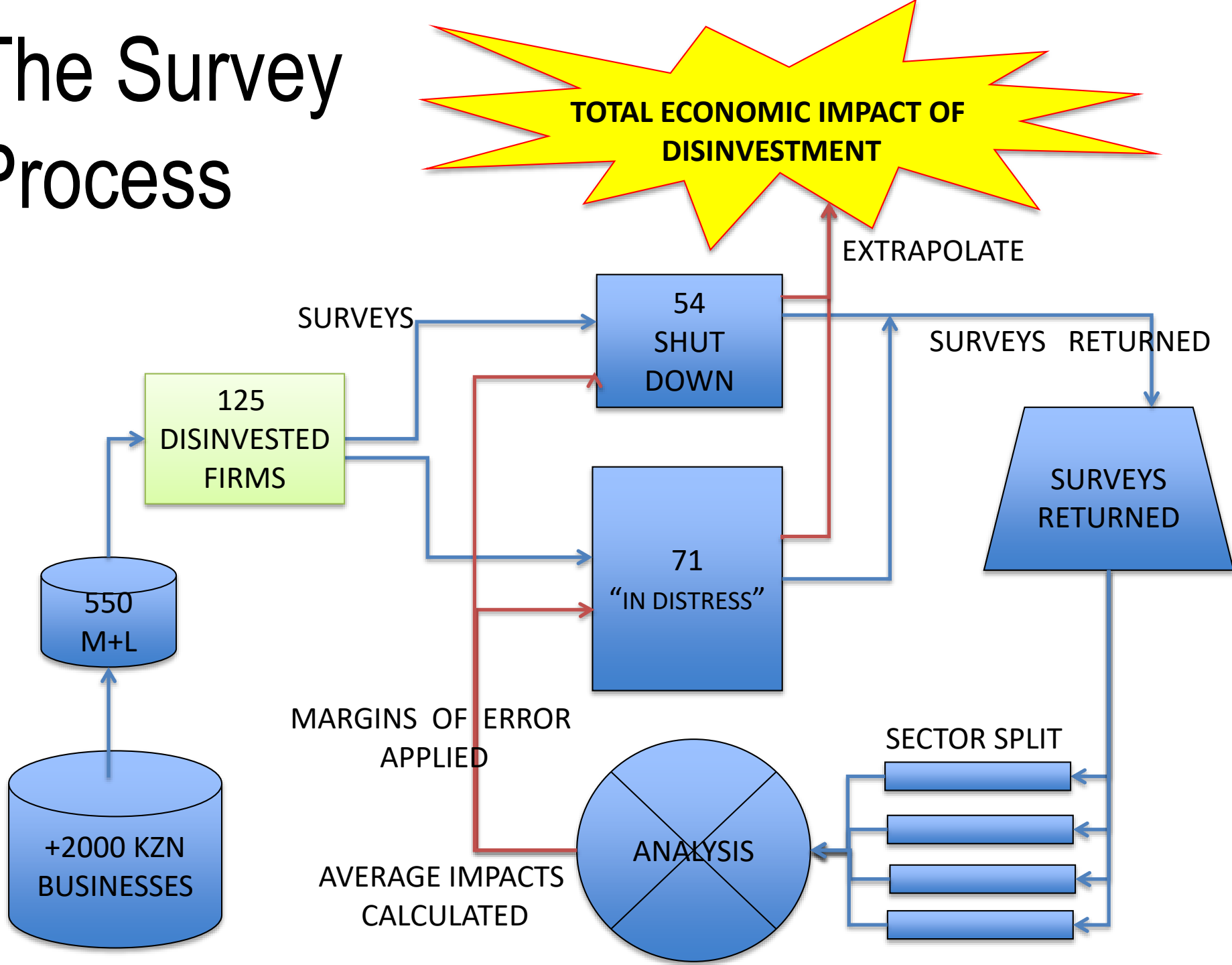
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# Definition of Disinvestment

- Complete closure and/or relocation of the business.
- Partial close of a business or unit within a business.
- Voluntary or forced liquidation.
- Deferred actions - maintenance, upgrades, expansions.
- Strategic disinvestment – focus on certain business units/regions deemed most critical - other facilities/regions abandoned.
- Mothballing plant - over-capacity or low market demand.
- Unintended facility failures - due to poor management, bad luck, disasters, failure to anticipate degraded or failed facilities.
- Unbundling and sell-off.

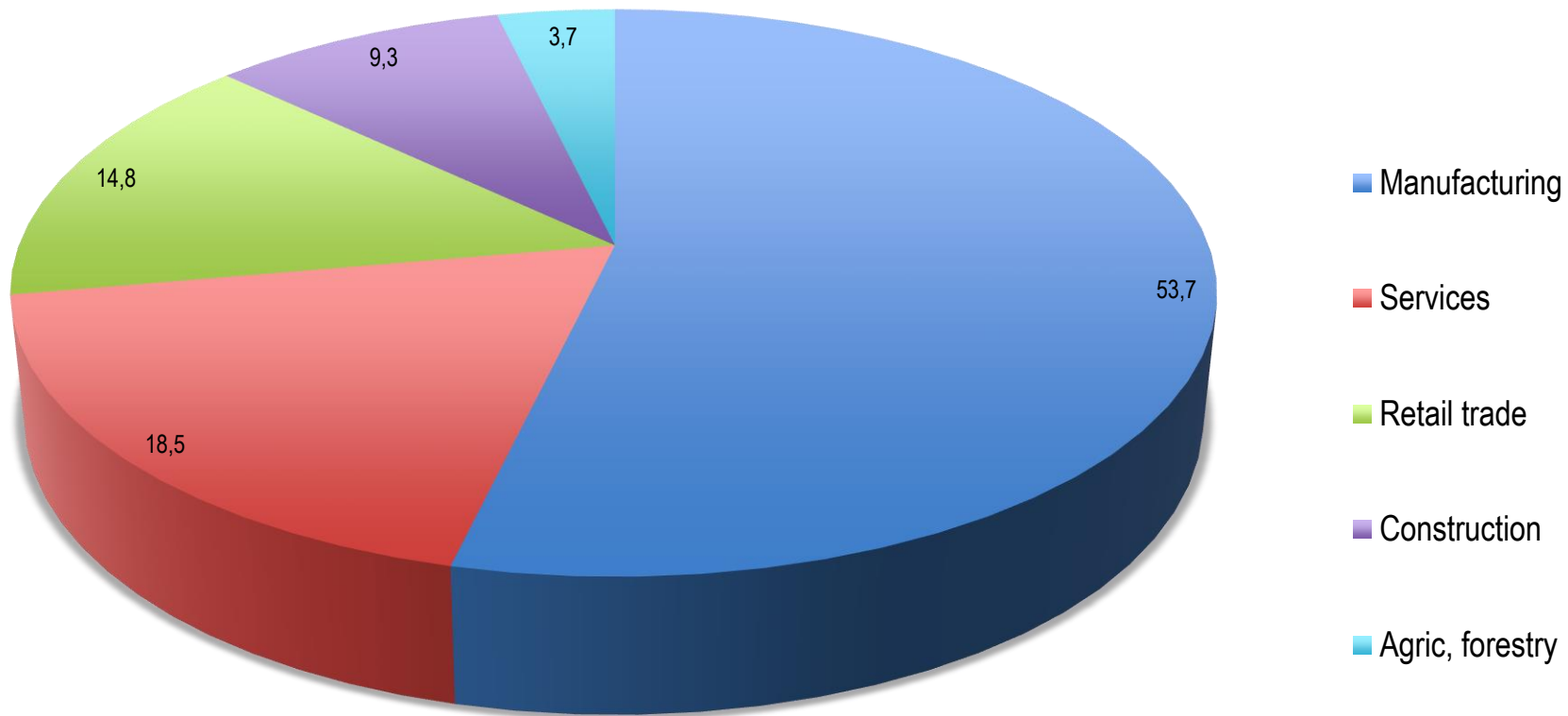


# The Survey Process

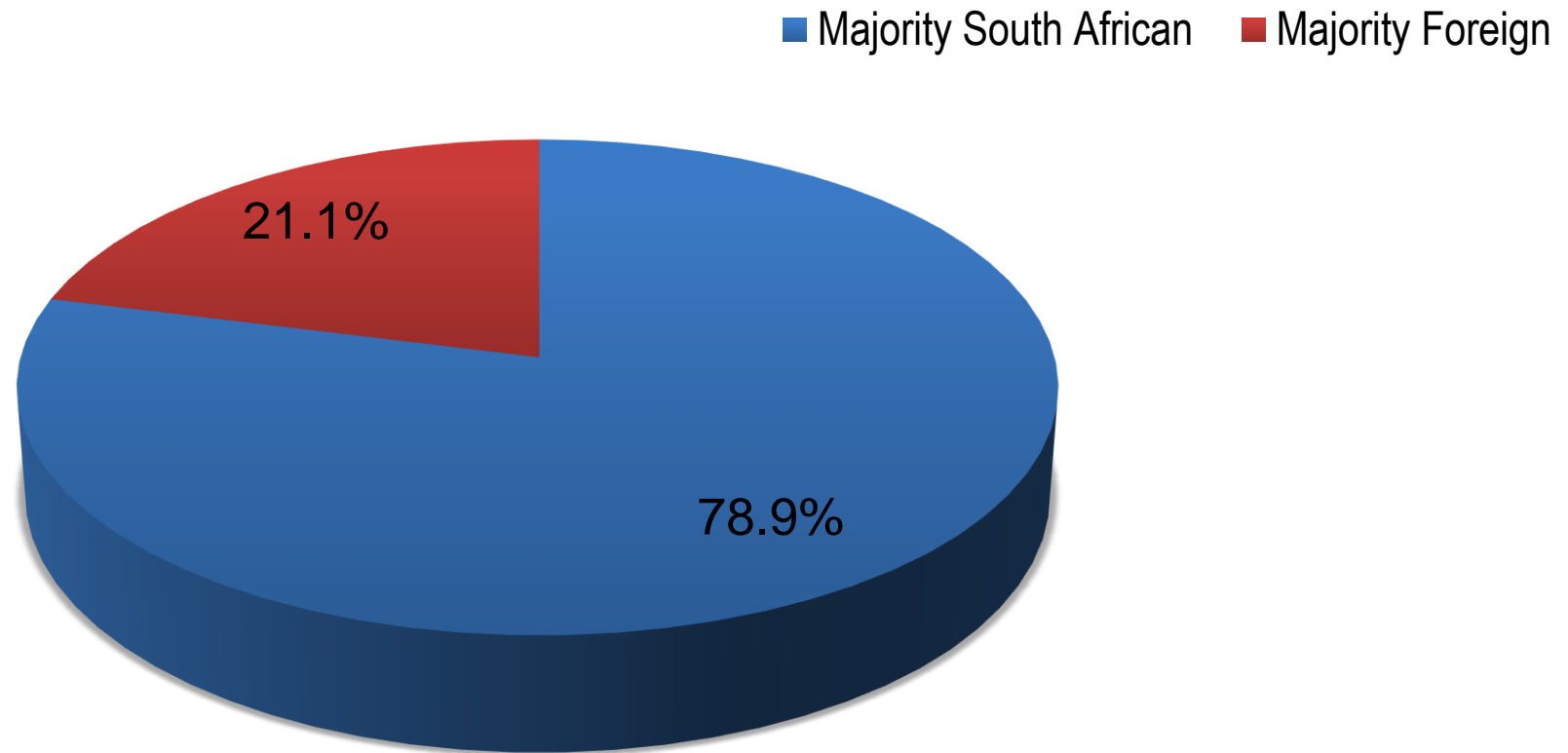


# DISINVESTMENT BY KEY SECTOR

## [2010 – 2016]



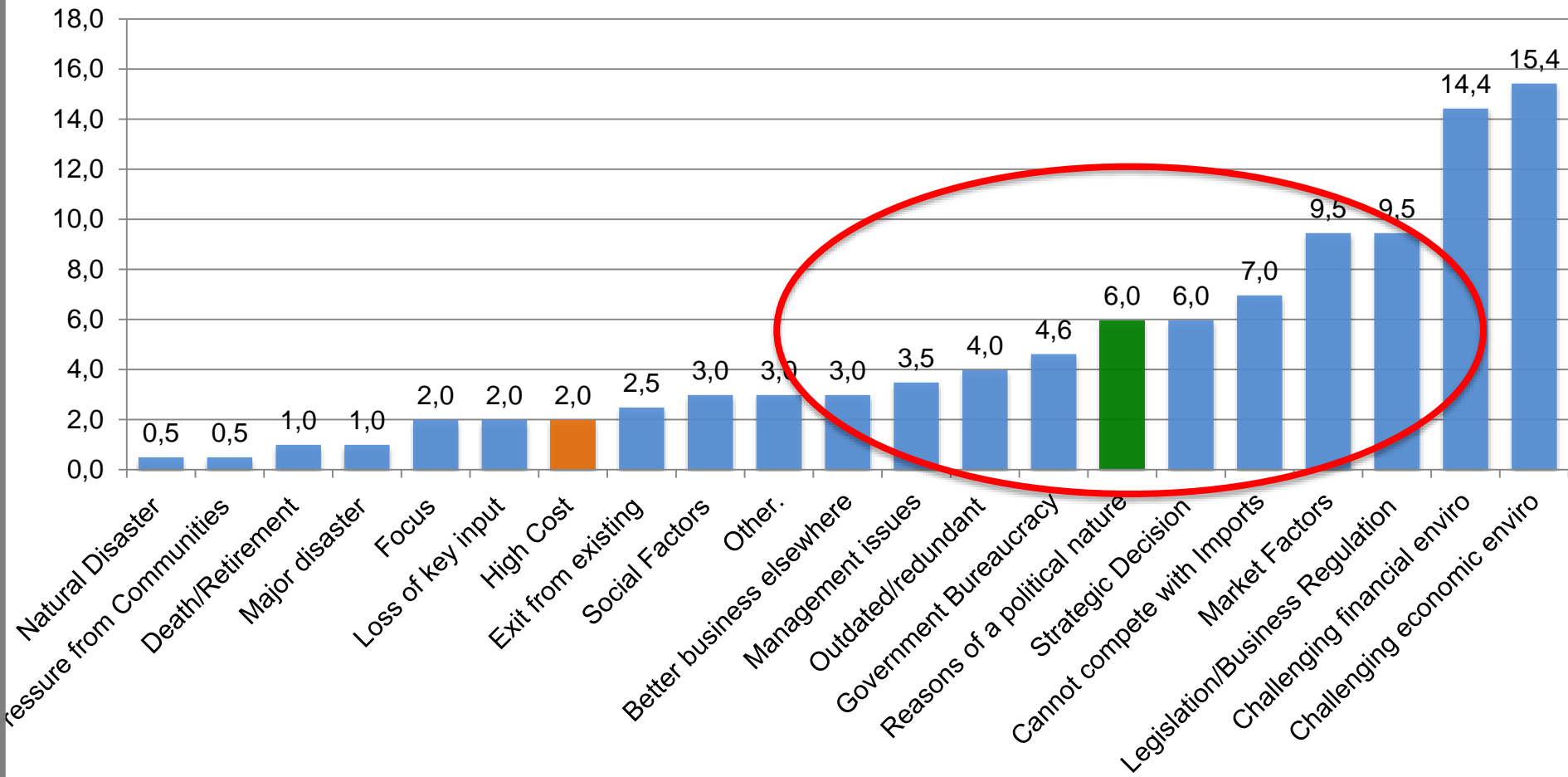
# Shareholding Profile of Disinvested Companies (%)





# KEY REASONS FOR DISINVESTMENT [2010 – 2016]

Reasons for Disinvestment (%)



Trade &  
Investment  
KwaZulu-Natal  
YOUR KNOWLEDGE PARTNER IN BUSINESS





2010 - 2016



Trade &  
Investment  
KwaZulu-Natal  
YOUR KNOWLEDGE PARTNER IN BUSINESS





**105,000 JOBS**



**2010 - 2016**



# THE REDUCTION IN CONTRIBUTION TO TAX OF R 2,3 billion DURING 2010-2016 IS ENOUGH TO PAY FOR:



OR



OR



**4 HOSPITALS  
AT A COST OF R550  
MILLION PER  
HOSPITAL WITH A  
150 BED CAPACITY**

**AN ADDITIONAL 13,900  
POLICE OFFICERS WITH  
AN AVERAGE ANNUAL  
SALARY OF R168,870 PER  
YEAR PER OFFICER**

**AN ADDITIONAL 12,200  
HIGH SCHOOL TEACHERS  
WITH AN AVERAGE  
ANNUAL SALARY OF  
R191,993 PER TEACHER**

**HEALTH**

**SAFETY & SECURITY**

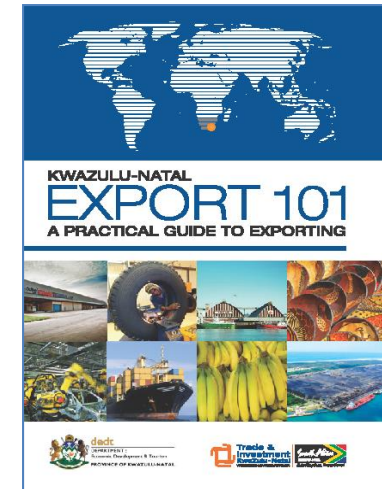
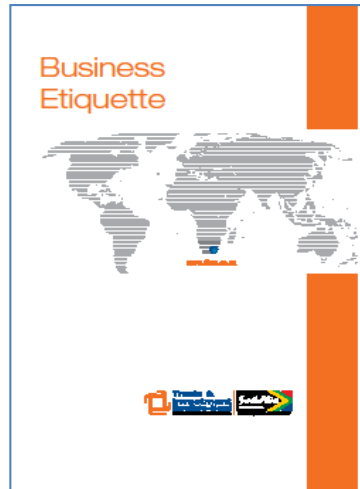
**SKILLED  
POPULATION**

***CONTRIBUTING TO KZN'S VISION***

# STRATEGIC INTERVENTIONS

- Benchmark KZN Ease of Doing Business factors with other regions (local & international);
- Negotiate with the DTI for higher tariffs on imported goods competing with local production;
- Municipalities - enforce local by-laws dealing with crime, grime, development, etc. to ensure a safe and conducive environment for investors;
- Business-facing organizations/departments – reduce turn-around time of services e.g. VAT returns, Building Plan Approvals, Zoning Applications, Electricity Supply, RODs, etc;
- Facilitate Business-Community dialogues to avoid future conflicts through Community Liaison Forums (raise concerns and opportunities).

# TIKZN ASSISTANCE TO COMPANIES



**Export Portal: [www.exportkzn.co.za](http://www.exportkzn.co.za)**

**KwaZulu-Natal Exporters Database**

**Export Information Repository: DSM,  
Product Analysis, etc**

**Access to Export Incentives**



# **TIKZN ASSISTANCE TO COMPANIES**

**Investment Map / Packaged  
Investment Projects / One Stop Shop**



**Doing Business in KwaZulu-Natal**



**Technical Assistance Fund**



**Investment Incentives**



**TIKZN Funding Scheme**

**Exhibitions/SME Development/**

## TIKZN BUSINESS HEALTH INDEX

The TIKZN embarked on the development of a KZN Early Warning System in collaboration with strategic provincial partners. The KZN Early Warning System is a online portal now referred to as the Business Health Index (BHI) to support a proactive and co-ordinated approach to delivering business retention and expansion activities in KZN.

The BHI is about leading firms e.g. Automotive, Chemicals and Textiles in key sectors to provide key financial data and inputs that act as indicators of future sector performance and overall sector health. This gives TIKZN and partners foresight as to which firms, sectors and geographies may face distress so as to be able to act proactively. TIKZN partners are also able to log the details of distress firms requiring support and the portal acts as the repository for this communication so as to enable a co-ordinated approach by support agencies and to monitor the support interventions to affected firms. In time the sectors covered will be expanded to include all KZN priority sectors.

1

## Quarterly survey distributed online to key firms in each sector

		"Past quarter"	"Actual Quarter"	"Next Quarter" (Projected)
Manufacturing Sales	1. a) Domestic	R	R	R
	1. b) Export	R	R	R
	1. c) Total	R	R	R
	Indexed			
Employment	2. a) Permanent			
	2. b) Fixed-term contract			
	2. c) Outsourced			
	2. d) Total			
	Indexed			
Capex	3. Capex	R	R	R
	Indexed			
Operating Profit	4. Operating profit	R	R	R
	Indexed			
Qualitative	5. What is your sales outlook over the next 12 months?	Much better Slightly better Same Slightly worse Much worse	Much better Slightly better Same Slightly worse Much worse	Much better Slightly better Same Slightly worse Much worse
	6. What is your investment outlook over the next 12 months?	Much better Slightly better Same Slightly worse Much worse	Much better Slightly better Same Slightly worse Much worse	Much better Slightly better Same Slightly worse Much worse

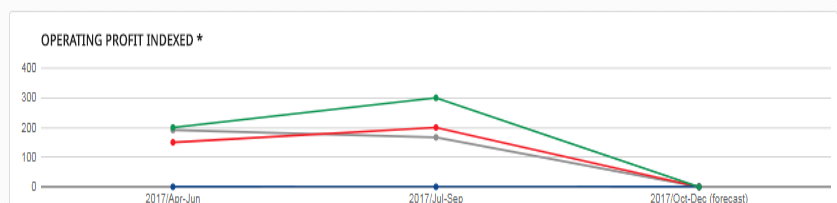
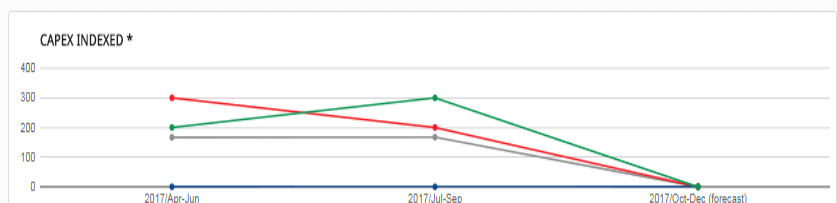
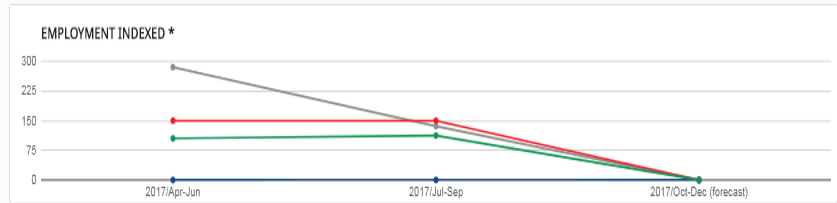
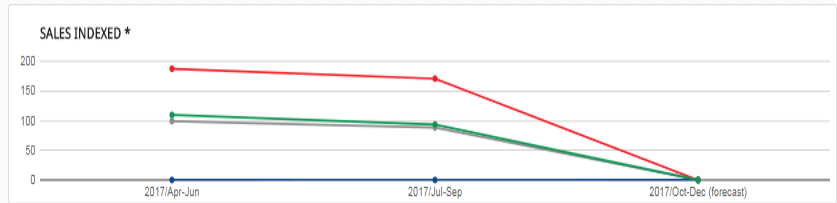
- Key data from key firms whose performance is a leading indicator of overall sector/geographic area economic health
- Built on B&M Analysts secure on-line automated benchmarking system
- Data manually verified before publishing on password controlled

INDUSTRY SECTOR	INDUSTRY SUB-SECTORS
AGRI-PROCESSING	Agro-processing, Aquaculture, Food, Beverage, Furniture, Forestry, Wood, Paper, Pulp.
TOURISM AND PROPERTY DEVELOPMENT	Accommodation (Resorts, Boutique Hotels, Hotels, B&B), Tourism and Property Development.
BUSINESS SERVICES	Financial Services (Banking, Insurance, Fund Management Companies), Off Shoring & Outsourcing, Information, Communication, Technology and Electronics.
MINING AND BENEFICIATION	Metals and Value addition, Oil and Gas, and Engineering.
MANUFACTURING	Automotive, Clothing, Textiles, Leather, Footwear, Machinery,

LEADING ECONOMIC INDICATORS

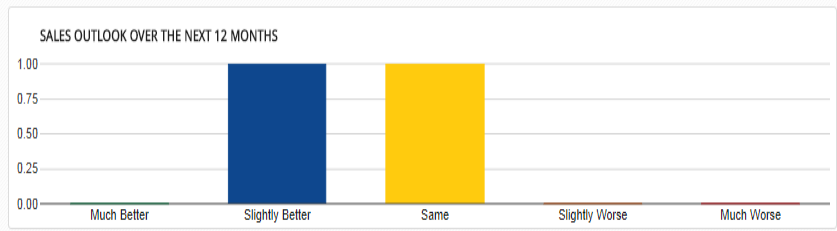
Data is provided by selected leading KZN based firms, indexed to 100 (Month, Year) and averaged. Data can be viewed at an aggregate level or specific sectors/districts of interest selected. Grey coloured lines represent the average of all the sectors/districts combined, hover over the data points for details.


(7 September 2017) Note that the TIKZN BHI is in beta phase. Dummy data provided below for testing. This section will be used to provide commentary on the data provided below. The BHI is expected to be live on XXX/XX/XX. All registered users will be emailed once the BHI is updated with data from our leading firm partners. The other site functionality is working.



\* Note: Values are indexed to 100 based at 2016/Oct-Dec

QUALITATIVE INDICATORS | 2017/Apr-Jun Column





# BUSINESS HEALTH INDEX

INDUSTRY HEALTH**MANAGE DISTRESS CALLS**MANAGE OFFICESPROPOSE NEW FIRM

All SectorsAll Districts

Log new distress call

Date loggedDistrict

No distress calls have been added

Add new office

Name:

District: Amajuba District Municipality

Tel:

Save changesCancel

Showing 1 to 1 of 1 users

Search:

First name	Surname	Designation	Email
John	White	Proj. Manager	john.white@bmanalysts.com

Previous1Next

AddCancel add

First name

Surname

Designation

Email

Tel

Mobile

Distress Call

Sector: AutomotiveLocation:

Firm name:Turnover at peak: R

Contact:Year of peak turnover:

Position:Employee count at peak:

Tel:Year of peak employee count:

Email:Current year's turnover: R

Website:Current year's employee count:

Year established:Employees laid off in previous 12 months:

Description of the key challenge facing the firm

Note: All fields must be completed. No guarantee is made of TIKZN's assistance.

Log distress callCancel

DETAILSCORRESPONDENCE

+ Add new

Showing 1 to 1 of 1 correspondences

Search:

Date	Logged by	Sent email to	Details
19/10/2017	TIKznAdmin Test	John White	Emailled Firm and Chamber to discuss issues

Previous1Next

“Business stays and expand where it is well treated  
and appreciated”



THANK YOU





# Thank You!

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