

# Indaba critical for policy engagement

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With the policy environment changing as a result of global and local competition, consulting firm Cova Advisory believes that this year's Manufacturing

Indaba can play a significant role in assisting industry in keeping abreast of the changes.

Cova Advisory has been a sponsor of the Manufacturing Indaba since its inception in 2014. This year, the Indaba will take place at Emperors Palace, in Ekurhuleni, Gauteng, from June 27 to 28.



## CONVERSATION STARTER

The fourth annual Manufacturing Indaba is an important platform for debate and discussion to grow South Africa's manufacturing industry

"Cova's role at the Indaba is vital, as all discussions taking place have an incentive angle – a topic that Cova has specialised in for the past 20 years. We get involved in the Manufacturing Indaba because that is an industry in which incentives are central. Traditionally, the manufacturing industry receives the most incentive support," says Cova Advisory joint MD **Duane Newman**.

He says that incentives help businesses to accelerate their development by becoming more sustainable, subsequently enabling them to function better and faster, if the incentives are used correctly.

For incentives to work, businesses must be willing to invest in order for government to share the risk. However, Newman cautions that such spending must be additional to ensure that taxpayer funding is not wasted.

"The Manufacturing Indaba is an integral part of the manufacturing industry. It creates a platform for conversation with government departments that are involved in the sector, namely the Department of Trade and Industry and the Department of Science and Technology," he adds.

Newman laments the shrinking of the manufacturing sector's percentage of the country's gross domestic product (GDP). He notes that the industry is likely to continue shrinking if research and development (R&D) spend

does not grow faster than the country's GDP growth.

"Government's target with R&D incentive programmes is to increase R&D as a percentage of GDP, from the current 0.76% to 1.5% of GDP." For R&D incentive programmes to reap tangible benefits, he says, the programmes must be well managed, as this will help the manufacturing sector grow because of increased investment in new products or processes.

"We have to play smarter to make the R&D incentives more accessible. [They are] currently not as accessible as [they] should be," comments Newman. One way of achieving this is to group all incentives together to be managed by one government agency to ensure administrative efficiency, which will result in more projects, products and processes being approved and carried out, he highlights.

Being well versed in advising on incentives, Cova Advisory's role has since evolved, as it is now involved in the Small Business Indaba and all national Manufacturing Indabas, which take place throughout the year in KwaZulu-Natal, the Western Cape and Eastern Cape.

To watch a video in which Cova Advisory joint MD Duane Newman discusses why the Manufacturing Indaba is important for the manufacturing industry, scan the barcode with your phone's QR scanner or go to 'video reports' on [www.engineeringnews.co.za](http://www.engineeringnews.co.za).



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