

Integrating Transformation Management

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Consulting CC

Statement 000 General Principles

- Substance over form
- Reasonable interpretation consistent with Codes
- misrepresentation = disqualification
- Deliberate division of enterprises to create EME = circumvention /disqualification
- Basis of measurement = at the time of measurement

General Principles

- Representation to be supported with evidence
- Consistent measuring methodology to be used

EME's, QSE's and Start up's

- Exempted micro enterprises (EME) < R 5 million turnover
 - Qualify as level 4 contributors Procurement level 100%
 - unless black owned – move up one [110%]
 - Can be measured as QSE to maximise points
 - Evidence = auditors certificate/accounting officer certificate

EME's, QSE's and Start up's

- qualifying small enterprises (QSE)
 - between R5m and R35m
 - use any four of the seven elements weighted each at 25%
- a simplified scorecard

Enhanced recognition

- Black women should receive 40 – 50% of beneficiaries in all areas
- Blacks with disabilities, black youth, those in rural areas and black unemployed to be between 2 and 3% beneficiaries

Measuring BEE

- S12 Gazetting
 - evidence of commitment to the BEE process
 - not binding on state and Codes remain binding
- S9 Gazetting – binding on State

The Measurement

Targets

25% shareholding

40% - 50%

68%-43%

3% payroll

See overleaf

3% NPAT

1% NPAT

Company ownership - 20%

Management & control - 10% **Your company**

Employment equity - 15%

Skills development - 15%

Preferential procurement - 20%

Enterprise development - 15%

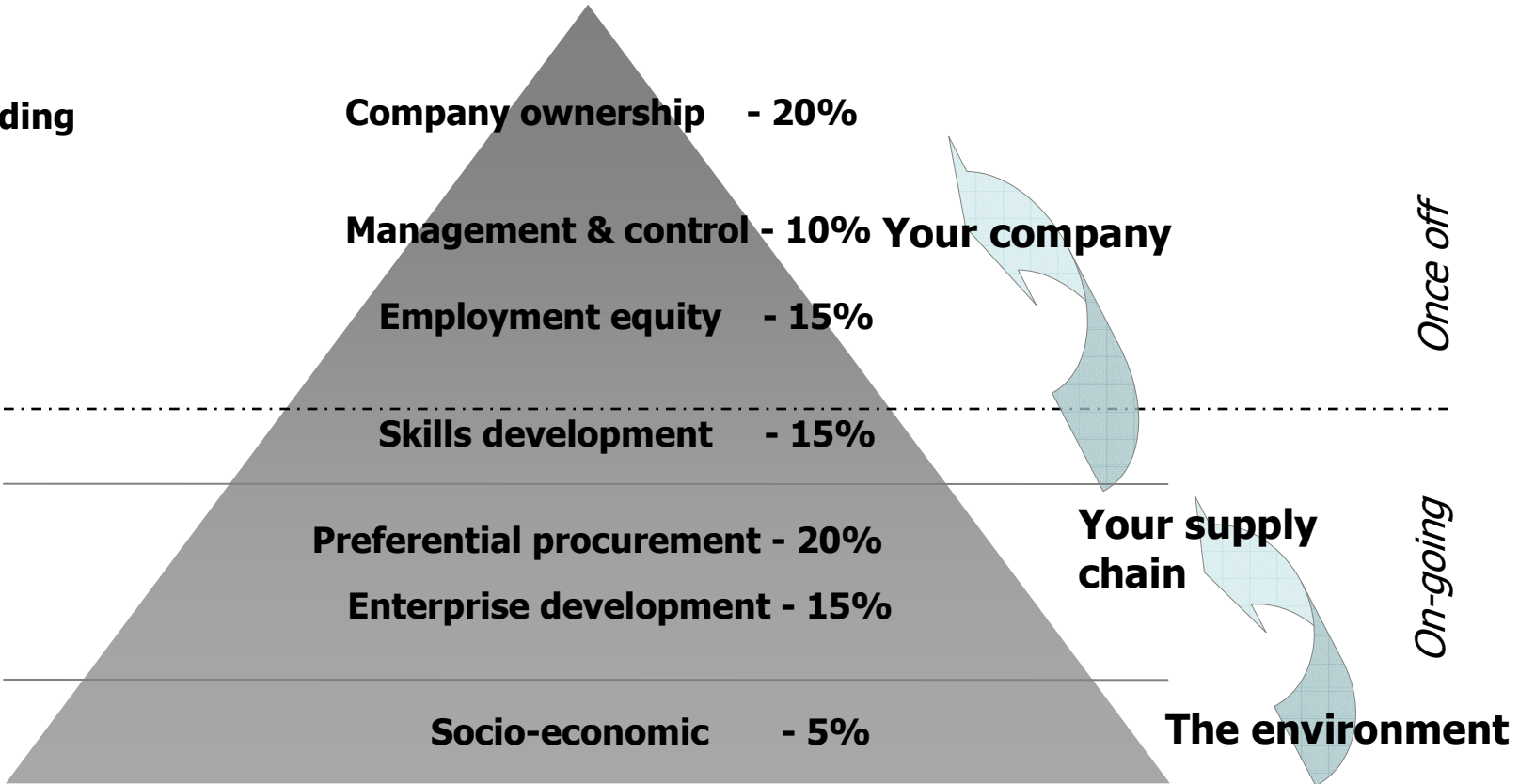
Socio-economic - 5%

Once off

On-going

Your supply chain

The environment



new scorecard for QSE's

Element	Weighting	Statement reference
Ownership	25 points	101
Management control	25 points	201
Employment equity	25 points	301
Skills development	25 points	401
Preferential procurement	25 points	501
Approved projects and enterprise development	25 points	601
Social development and sector specific initiatives	25 points	701

Your broad-based BEE contribution

Contribution Level	% Points on Generic Scorecard	Procurement Recognition R 1-00 spent =
Level 1 Contributor	greater than 100 points	R1-35
Level 2 Contributor	from 85 to 100 points	R1-25
Level 3 Contributor	from 75 to 85 points	R1-10
Level 4 Contributor	from 65 to 75 points	R1-00
Level 5 Contributor	from 55 to 65 points	80 c
Level 6 Contributor	from 45 to 55 points	60 c
Level 7 Contributor	from 40 to 45 points	50 c
Level 8 Contributor	from 30 to 40 points	10 c
Non-Compliant Contributor	less than 30 points	0 c

Superior contributor

Enterprise development – Who qualifies

Enterprise development:

Category A EME Contributions or 50% black owned or 30% black women owned; adjusted using the Benefit Factor, multiplied by 1.25

Category B Enterprise Development Contributions:

50% black owned or 30% black women owned; or
25% black owned with a BEE Status of between Level One and Level Six

i.e. > 25% black owned is a qualifying requirement

enterprise development

- enterprise development
 - target at 2 or 3% on NPAT
 - if no NPAT, we have very strange calculation to derive one (wish that would as easily accomplished in the real world)
 - plenty of opportunities to score without **ANY** significant new expenditure
 - Cumulative – 5 year previous under certain conditions
 - Monetary and non monetary
 - Recoverable and non recoverable

enterprise development

- enterprise development to be actually initiated in favour of the ED with aim of:
 - Assisting or, accelerating development, sustainability and operational and financial independence of beneficiary
 - Aim is expansion of beneficiary
- Should have written agreement showing purpose of the support
- Look at average annual value of all Contributions made

enterprise development

- Includes:
 - Grants ;
 - investments;
 - loans;
 - guarantees;
 - Discounts [used products?]
 - Expertise – and training
 - Credit facilities
 - Early settlement of accounts

Socio-economic development

- socio-economic development
 - target of 1 NPAT
 - if no NPAT, we have very strange calculation to derive one
 - Cumulative
 - same 5 year period if wanted retrospective
 - Monetary non monetary etc
 - No anticipated scoring allowed
 - > 75% black beneficiaries allows for a full Rand contribution
 - < 75% black beneficiaries allows for a proportional Rand contribution