



**edtea**

**Department :**

Economic Development, Tourism and  
Environmental Affairs

**PROVINCE OF KWAZULU-NATAL**

# **B-BBEE POLICY IMPLEMENTATION IN KZN**

***DURBAN, ICC  
2015***

**SIXTUS  
QHUDENI ,NGOZA, MTHEMBU**

**Building an Economy that Creates Opportunities for us All and Making Tourism to Work for us All**





**edtea**

**Department :**  
Economic Development, Tourism and  
Environmental Affairs  
**PROVINCE OF KWAZULU-NATAL**

## **ECONOMIC EMPOWERMENT IN KZN**

### **KZN PREFERENTIAL PROCUREMENT CAB 437 OF 2011:**

- To ensure sustainability of this initiative **Depts and Public Entities are to capacitate their SCM staff** to implement Public Sector Pref. Procurement Targets. And as a medium to long term measure, to mobilize resources to create/provide a dedicated **capacity (B-BBEE UNIT) to deal with all BBBEE matters .**
- Depts/Entities to establish **Enterprise Dev't Programmes** that will ensure skills transfer, mentorship, reduction of payment **waiting period 15-30 days**, infrastructural support, etc.
- As such, on awarding of a tender depts are to ensure that **enterprise development support** to small/BEE is provided.

**Building an Economy that Creates Opportunities for us All and Making Tourism to Work for us All**





**edtea**

**Department :**

Economic Development, Tourism and  
Environmental Affairs

**PROVINCE OF KWAZULU-NATAL**

## **ECONOMIC EMPOWERMENT IN KZN**

### **KZN PREFERENTIAL PROCUREMENT CAB 437 OF 2011:**

- ❑ For Provincial Procurement spend of **85% on SMMEs and Co-ops, Youth and Women** on all listed items in keeping with National Cabinet Decision – November 2007, and EDTEA and Provincial Treasury to follow up with National to ensure that this is contained in the amended procurement Legislation.
- ❑ Listed items include advertising, **stationary supply & printing, cleaning services, furniture & décor, events management, maintenance & repairs, travel, food supply, clothing and textile, and computer equipment** .
- ❑ To implement Preferential Procurement Target as stipulated in Adjusted Public Sector Scorecard (**50% of Provincial Budget**) in 2010/11 to 2011/12; and **70% in 2013 onwards**.

**Building an Economy that Creates Opportunities for us All and Making Tourism to Work for us All**





**edtea**

**Department :**  
Economic Development, Tourism and  
Environmental Affairs  
**PROVINCE OF KWAZULU-NATAL**

## **ECONOMIC EMPOWERMENT IN KZN**

### **KZN PREFERENTIAL PROCUREMENT CAB 437 OF 2011:**

- For BBBEE Preferential Procurement Target to form part of **Senior Government Official's in their Perf. Agreements.**
- For the 7<sup>th</sup> of December 2011, be a commencement date for **submission of B-BBEE Verification Certificates** as a pre-requisite for doing business with KZN Government Depts and Public Entities.

**Building an Economy that Creates Opportunities for us All and Making Tourism to Work for us All**





**edtea**

**Department :**  
Economic Development, Tourism and  
Environmental Affairs

**PROVINCE OF KWAZULU-NATAL**

## ECONOMIC EMPOWERMENT IN KZN

### DEVELOPMENTS WITHIN THE STATE:

Preferential Procurement	Weighting points	Compliance targets	
		Years 0 - 5	Years 6 - 10
BEE Procurement Spend from all Suppliers based on the BEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	20	50%	70%
BEE Procurement Spend from Qualifying Small Enterprises or Exempted Micro-Enterprises based on the applicable BEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	3	10%	15%
BEE Procurement Spend from any of the following Suppliers (regardless of their BEE Procurement Recognition Level) as a percentage of Total Measured Procurement Spend: <ol style="list-style-type: none"><li>Suppliers that are more than 50% black owned (3 out of 5 Points) or</li><li>Suppliers that are more than 30% black women owned (2 out of 5 points)</li></ol>	5	15%	20%

**Building an Economy that Creates Opportunities for us All and Making Tourism to Work for us All**





**edtea**

**Department :**

Economic Development, Tourism and  
Environmental Affairs

**PROVINCE OF KWAZULU-NATAL**

## AMENDED GENERIC SCORECARD

### AMENDED B-BBEE CODES:

Element	Weighting	Compliance Target
Ownership	25 points	25% + 1 vote
Management control	19 points	(50% to 88%)
Skills Development	20 points	6% of payroll
Enterprise and Supplier Development	40 points	PP = 80% SD = 2% (NPAT) ED = 1% (NPAT)
Socio-Economic Development	5 points	1% (NPAT)
<b>TOTAL</b>	<b>109 points</b>	



**edtea**

**Department :**

Economic Development, Tourism and  
Environmental Affairs

**PROVINCE OF KWAZULU-NATAL**

## **ENTERPRISE AND SUPPLIER DEVELOPMENT**

### **ENTERPRISE AND SUPPLIER DEVELOPMENT:**

- **Merged Preferential Procurement and Enterprise Development** elements and introduced Supplier Development category
- The aim is to strengthen local procurement from B-BBEE compliance suppliers through ensuring value adding, manufacturing and enhancing local supplier development programmes.
- A Measured Entity must achieve a minimum of **40% of each of the targets** of the following categories in the scorecard:
  - ✓ **Preferential Procurement (80%);**
  - ✓ **Supplier Development (2% NPAT) ;and**
  - ✓ **Enterprise Development (1% NPAT)**
- Failure to achieve the 40% of any of the category will result in the overall achieved B-BBEE status level being discounted.



edtea

Department :

Economic Development, Tourism and  
Environmental Affairs

PROVINCE OF KWAZULU-NATAL

## B-BBEE ACT 46 OF 2013

### B- BBEE ACT 46 OF 2013:

- **Trumping provision** will kick in 12 months from the effective date of the Act;
- Organs of the state, public entities (including SETAs) and listed companies to report on **B-BBEE status to the B-BBEE Commission**
- **It is an offence to engage in ‘fronting’, or providing false information** or misrepresenting information relevant to assessing the B-BBEE status of an enterprise to any organ of state, public entity or verification professional
- Failing to report **B-BBEE malpractices** by verification professionals, **procurement officers or other officials** of an organ of state or public entity is an offence;
- **Maximum penalty** relating to the offence, or for a failure to report, is **1 year imprisonment** (and/or a fine);and
- A person convicted of an offence under the Act is prohibited from contracting or transacting any business with an organ of state or public entity for a **period of 10 years**.





**edtea**

**Department :**

Economic Development, Tourism and  
Environmental Affairs

**PROVINCE OF KWAZULU-NATAL**

## DESIGNATED SECTORS FOR LOCAL CONTENT

Industry/sectors/sub-sectors	Minimum threshold for local content
Buses (bus body)	80%
Textile, clothing, leather and footwear	100%
Power pylons	100%
Canned/processed vegetables	80%
Rolling stock	65%
Pharmaceutical product (oral solid dosage tender)	73%
Set-top boxes for TV digital migration	30%
Furniture: <ul style="list-style-type: none"> <li>• Office furniture</li> <li>• School furniture</li> <li>• Base and mattress</li> </ul>	<ul style="list-style-type: none"> <li>• 85%</li> <li>• 100%</li> <li>• 90%</li> </ul>
Solar water heater component	70%
Power telecom cables	90%



**edtea**

**Department :**

Economic Development, Tourism and  
Environmental Affairs

**PROVINCE OF KWAZULU-NATAL**

## **DESIGNATED SECTORS FOR BLACK INDUSTRIALIST PROGRAMME**

<b>Black Industrialist Sectors</b>	<b>Black Industrialist Sectors</b>
Blue/Ocean economy including ship building	oil and gas
Energy industries	Green industries
Mineral beneficiation	Aerospace, Rail, Automotive components
Construction (economic infrastructure)	Capital equipment
ICT	Agro processing
Clothing textile/leather, footwear	Other designated sectors



**edtea**

**Department :**

Economic Development, Tourism and  
Environmental Affairs

**PROVINCE OF KWAZULU-NATAL**

## **ECONOMIC EMPOWERMENT IN KZN**

### **EDTEA SPECIFIC PROJECTS:IMPLEMENTED: WOMEN AND YOUTH:**

- ❑ **KZN Youth Short Skills Training:** Focusing on unskilled/semi-skilled youth mainly secondary school graduates between grade 10 to 12.
- ❑ **KZN Youth Short Skills Training:** More than 8000 youth have been trained to date, average of 2000 per year, we have achieved at least 90% placement on yearly basis.
- ❑ **Technical Skills: Basic Air-conditioning, Electricity, All construction disciplines, Solar technicians, Welding, Fire Technicians, Agricultural specialist, Spray Painting and Panel Beating, etc.**
- ❑ **Women Economic Empowerment:** we have opened offices for women in Construction (SAWIC) and NAFCO . We continue to provide capacity building support to women businesses and assist other women organized structures in the Province.

**Building an Economy that Creates Opportunities for us All and Making Tourism to Work for us All**



### B-BBEE CHALLENGES:

- ❑ Ownership (race) of suppliers is not a determining factor for procurement
- ❑ High interest rate, and funding models are incompatible with B-BBEE objectives
- ❑ Challenge surrounding cession of income.
- ❑ Incoherent government strategies and legislations
- ❑ Complication of Local content, sub-contracting, quality issues (value adding)
- ❑ Lack of graduation and urban concentration of B-BBEE activities (playing local)
- ❑ The flow-through principle in B-BBEE policy measurement
- ❑ Inflexible dual economic structure (integration is difficult)
- ❑ Inequalities strategies are often considered as an incidental outcome





**edtea**

**Department :**  
Economic Development, Tourism and  
Environmental Affairs

**PROVINCE OF KWAZULU-NATAL**

## ECONOMIC EMPOWERMENT IN KZN

### KZN B-BBEE STRATEGIC APPROACH:

INTEVENTIONS	KEY FOCUS AREAS
Revitalization of townships/rural economy	<ul style="list-style-type: none"> <li>✓ Malls ownerships and tenants side</li> <li>✓ Warehousing</li> <li>✓ Procurement opportunities</li> <li>✓ Business forums/associations</li> </ul>
Black Industrialists programme	<ul style="list-style-type: none"> <li>✓ Access to finance and markets opportunities</li> <li>✓ Supplier development/incubation</li> <li>✓ MOU with DTI, FDI's</li> </ul>
Women Economic Empowerment Programme	<ul style="list-style-type: none"> <li>✓ Influence procurement from women enterprises</li> <li>✓ Facilitate access to finance and market opportunities</li> <li>✓ Create strategic partnerships for women economic empowerment</li> </ul>
Youth Economic Empowerment Programme	<ul style="list-style-type: none"> <li>✓ Youth Enterprise Development</li> <li>✓ To enhance employment opportunities for the youth</li> <li>✓ skills acquisition linked to employment and entrepreneurship</li> <li>✓ Access to information and improve capacity to interpret information</li> </ul>

Building an Economy that Creates Opportunities for us All and Making Tourism to Work for us All





**edtea**

**Department :**  
Economic Development, Tourism and  
Environmental Affairs

**PROVINCE OF KWAZULU-NATAL**

## ECONOMIC EMPOWERMENT IN KZN

### KZN B-BBEE STRATEGIC APPROACH:

INTEVENTIONS	KEY FOCUS AREAS
<b>B-BBEE Compliance</b>	<ul style="list-style-type: none"> <li>✓ B-BBEE Advocacy and information dissemination</li> <li>✓ B-BBEE policy training and awareness</li> <li>✓ B-BBEE complaints handling</li> <li>✓ Strategic linkages with commercial crime, etc.</li> </ul>
<b>B-BBEE Work streams</b>	<ul style="list-style-type: none"> <li>✓ Enterprise Development (sector matrix)</li> <li>✓ Preferential Procurement &amp; financing</li> <li>✓ Legislation and enforcement</li> </ul>
<b>B-BBEE Forums</b>	<ul style="list-style-type: none"> <li>✓ Deal with local specific B-BBEE challenges</li> <li>✓ Development of local B-BBEE work plans</li> <li>✓ Bring-in National institutions to local level</li> <li>✓ Engage local structures for development</li> </ul>
<b>B-BBEE Verification /Research</b>	<ul style="list-style-type: none"> <li>✓ Verification of B-BBEE within the state/private sector</li> <li>✓ Create strategic partnership with VAs, Consultants</li> <li>✓ Participating at a National B-BBEE focal point</li> <li>✓ Engagement of B-BBEE Charter Council i.e. Maritime, Forestry, Tourism, etc.</li> <li>✓ Auditor General to request B-BBEE Certificates</li> </ul>

**Building an Economy that Creates Opportunities for us All and Making Tourism to Work for us All**





**edtea**

**Department :**

Economic Development, Tourism and  
Environmental Affairs

**PROVINCE OF KWAZULU-NATAL**

**Keep calm and  
transform**

**Building an Economy that Creates Opportunities for us All and Making Tourism to Work for us All**

