



NAACAM News

Issue 54: March 2018

Executive Update

Greetings NAACAM members, in this, the first newsletter of 2018.

It's been an interesting start to the year, especially with the installation of a new President in South Africa, coupled with observed increasing levels of business confidence.

Hopefully, before the publication of the next newsletter we will see an announcement around the post 2020 policy framework which, by all indications and engagements NAACAM has been involved in, will have a stronger localisation focus than the current APDP. You may have noted with interest recent media reports by OEMs objecting to such changes, however, we are encouraged that the process has resulted in an understanding that the current framework is not delivering the localisation outcomes which are so needed to justify long-term government support for the sector.

On the topic of media, you will find information on the recently appointed NAACAM media service provider on page 7. This is a crucial area of focus for NAACAM as we look to lift the profile of the sub-sector. We are already on social media as a result of the media strategy being implemented, so please follow our accounts:

 @NAACAM_SA

 NAACAM

We also continue to highlight black supplier members, with information found on WEKABA Engineering, a company who joined NAACAM last year. Large members looking to increase their exposure to black owned sub-suppliers should investigate the potential to partner with a firm like WEKABA.

It's also important to reflect on the great success NAACAM members have had in becoming integral parts of the Toyota supply chain. Congratulations to all those who were recognised for their achievements at the recently held Toyota Annual Business Meeting and Awards function (page 5).

In closing, I remind members that we have started preparations for NAACAM Show 2019 and the participation of as many of our members as possible will add to the event's stature. For interest read the opinions of leading Western Cape member, Atlantis Foundries, of their experience of our inaugural event (page 2).

Wishing you well for the remainder of 2018.

Regards
Renai



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Adient South Africa celebrates new plant opening in Rosslyn

Adient South Africa recently opened a new state-of-the-art trim and JIT plant in Rosslyn, near South Africa's capital city Pretoria. The Rosslyn plant, with more than 370 employees, will serve our premium brand customer BMW with seat covers and complete seat JIT assembly for the new BMW X3 (GO1) model.

Adient has invested more than 6 million Euros (approximately \$7.4 million USD) into the new plant, which is located in the Rosslyn Automotive Supplier Park, only 5 kilometers (3.1 miles) from local BMW facilities.

Plant Manager Daniel Stephanus Brink said, "This facility is a great example of how Adient demonstrates our ability to execute globally. We had ongoing support from many Adient team members around the world who helped the South African team to officially open this world-class facility."



"We are looking forward to supporting our customer BMW on this exciting program where they will be changing their production from the well-known 3 Series sedan to the new X3 SUV," said Daniel. "I thank every member of the team for their efforts. I'm convinced that we will do outstanding work here in Rosslyn and will add to Adient's success story."

Adient entered the South African market in 1994. With a regional headquarters office in Port Elizabeth, Adient now operates four plants in the region: the new facility in Rosslyn; a seating plant in Silverton Pretoria; a JV metals plant in Port Elizabeth; and a cut and sew plant in Lesotho, which is a small country within the borders of South Africa.

Inaugural NAACAM Show – 10 months on



When we signed up for the first ever NAACAM show to be held at the ICC in Durban on the 5-7 April 2017, we were not really certain of our expectations, little did we know that the show itself would prove to be one of the best investments we would make!

Having been 'hidden' from the open market for at least the last 8 years, whilst Daimler focused on the production of their own product at Atlantis Foundries, this was our moment to put Atlantis Foundries back out there and show the South African Automotive market and the OEM's that we were 'back in the game' and actively looking for new business.

With absolutely no marketing material available since the early 2000's, we had a lot of preparation to do to get ready for the show. Brochures had to be designed, the design and manufacture of an exhibition stand and the shooting of a new promotional film, all within a matter of months.

The biggest challenge was to offload, unpack and manoeuvre actual engine blocks onto the stand – grey iron castings ranging from 150kgs to 450kgs!!!

The timing was absolutely perfect – the show ran concurrently, and in partnership, with the Durban Automotive Cluster's National Localisation Indaba.

Various plenary sessions took place over the course of the show as part of the Indaba, and perhaps the most important and relevant announcement was from Minister Rob Davies of the dti, who announced that the Automotive sector had set itself a target to achieve 60% local content – a significant increase from the actual average of 38% previously achieved.

Not only did this announcement provide new opportunities to entry as a Tier 1 Supplier to the OEM's during the show, but in addition the Buyer-Supplier Linkage meetings, facilitated by the events organisers, proved to be very helpful in connecting potential new business partners.

For Atlantis Foundries, the show was a great success. We have been inundated



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with enquiries and leads and, for us, it was an absolute game-changer. The show provided the platform to meet and discuss potential opportunities for new business and to showcase our abilities as a home-grown, proudly South African Supplier and Partner to the World's leading automotive OEM's, and producer of consistently high quality, complex metal castings.

We look forward to a bright future, a future of growth and development and an expansion of our local footprint in South Africa.

Will we be at the NAACAM Show 2019? You bet we will!

Thank you NAACAM ☺

Sally Redshaw



PFK AWARDED HIGH ACCOLADES AT THE TOP TECHNOLOGY 100 EVENT

PFK Electronics is proud to announce its achievements and excellence in technology, business and management. PFK attended the annual Top Technology 100 (TT100) event, which is hosted by the Da Vinci Institute for Technology Management, late last year, and was a winner in four major categories and a finalist in two categories. The TT100 recognises the leading companies within a variety of business avenues.

PFK is delighted to announce being awarded the following awards:

- Winner: Department of Science and Technology Minister Award for Overall Excellence
- Winner: MTN Award for Excellence in the Management of Innovation
- Winner: Eskom Award for Excellence in the Management of Systems
- Winner: Blank Canvas International Award for Sustainability
- Finalist: Excellence in the Management of Technology
- Finalist: Excellence in the Management of People



The Honourable Minister of Science & Technology, Naledi Pandor with PFK's Finance Executive, Craig Henry receiving the Minister Award for Overall Excellence



Black Supplier Spotlight

Wekaba Engineering, positioned in Gauteng, is a manufacturing company dedicated to consistently improving their competitors' edge, providing value-added turning and milling machined components to various industries, Automotive, Rail, Mining, Construction, Hydraulics and specialized Fasteners. Wekaba Engineering, a level 4 B-BBEE contributor and ISO 9001 accredited, was established in 1981 and has grown to become an industry leader with over 100 machines on their premises, with an addition of 4 new CNC machines in 2017. They have a temperature controlled room with strict quality control and measures in place and a dynamic R&D team who strive with innovation to meet customers' demands. The key focus for Wekaba is providing service and on-time delivery.



Wekaba Engineering is a supplier to Benteler SA and is growing to new levels to service the Automotive industry. Wekaba is a member of NAACAM and exhibited at the 2017 NAACAM Show in Durban. The company has visions to position itself as an industry leader offering value-added services in the Automotive sector.



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Corporate Social Responsibility

Fulton School brings colour to life with new sensory room



Fulton School for the Deaf, in Durban, celebrated the official opening of their new Sensory Room on 16 March 2018 amongst staff, sponsors and learners.

The Sensory Room is a learning environment equipped with a range of stimuli such as lights and soft play toys to help the Foundation Phase learners develop and engage their senses through sensory processing and sensory integration. The new facility also includes a Sensory Garden featuring a sand pit, a variety of plants and textured outdoor elements to interact with.

“Learners should be allowed access to learning through multi-channel strategies. Deaf learners in particular require tactile and visual learning environments,” says Bronwyn Bouwer, Deputy Principal, Fulton School. “Access to exploration through all their senses allows them to develop cognitively and emotionally and has been proven to facilitate holistic learning.”

The school received funding from G.U.D. Holdings towards the development of the sensory room and the upgrade of their computer lab. G.U.D. Holdings, a leading automotive parts manufacturer, has been a loyal benefactor of the school for over seven years. They have assisted the school with a vehicle sponsorship, maintenance of the school vehicle fleet and student bursaries among other initiatives.

“We are passionate about education and supporting schools that cater for learners with disabilities in our community. We are honoured to make a dream come true for Fulton School through the sponsorship of the new Sensory Room and Garden. This facility provides a new and creative aspect of education for the learners which will benefit their physical, emotional and social development,” says Anthony Trickey, Group HR & Legal Director, G.U.D. Holdings.

Fulton School for the Deaf has been offering Pre-Primary, Primary and High School education to deaf and hearing impaired children since 1959.



G.U.D. Holdings Executives, Anthony Trickey, HR and Legal Director (centre) Mboneni Magada, Transformation Director (2nd right) with Fulton School staff and learners in the Sensory Room



Learners enjoying their sensory equipment



REACH FOR A DREAM FOUNDATION



AutoX is committed to making a positive impact in its community. This year we have partnered with the Reach For A Dream foundation as one of our core Corporate Social Responsibility initiatives. Through this partnership, we aim to inspire hope, courage and strength in the lives of critically ill and vulnerable children.



When a child is diagnosed with a life-threatening illness like cancer, renal failure, or a blood disorder, their whole life is turned upside down. After a diagnosis, there are many financial, emotional and social burdens that are placed on a child and their family. Having a terminal illness robs many children of their childhood as their illness usually requires difficult, painful and long treatments.

Despite these stressful treatments, each child still lives for the present moment. The Reach For A Dream Foundation creates magical dreams that inspires each child to have hope and courage when fighting for their life. No matter the child’s dream – Reach For A Dream will fulfil it, with the help of AutoX.



Prime Location in Gauteng’s Automotive Hub

www.supplierpark.co.za



TOYOTA 2018 ANNUAL BUSINESS MEETING AND AWARDS CEREMONY

NAACAM Member Performance

AWARDS SUMMARY - TOP ACHIEVERS 2017

	SUPERIOR	ACHIEVEMENT	RECOGNITION	TOTAL
Hesto Harnesses	2	2		4
Smiths Manufacturing		3		3
Supreme Springs	1	1	1	3
Lumotech		2		2
Cataler SA	1	1		2
RG Brose	1	1		2
Ramsay Engineering		2		2
Sumitomo Rubber		2		2
Spicer Axle SA		2		2

SAFETY AWARD

Hesto Harnesses (Pty) Ltd..... **SUPERIOR**
 Sumitomo Rubber SA (Pty) Ltd Achievement
 Robert Bosch (Pty) Ltd Achievement
 First National Battery Achievement

QUALITY MANAGEMENT

RG Brose Auto. Components (Pty) Ltd.....**SUPERIOR**
 Lumotech (Pty) Ltd Achievement
 Maxion Wheels SA (Pty) Ltd Achievement
 Cataler South Africa (Pty) Ltd Achievement

STABLE PRODUCTION

Hesto Harnesses (Pty) Ltd..... **SUPERIOR**
 L & J Tool & Engineering Works (Pty) Ltd Achievement
 Smiths Manufacturing (Pty) Ltd Achievement
 Lumotech (Pty) Ltd Achievement
 Ramsay Engineering (Pty) Ltd Achievement
 RG Brose Auto. Components (Pty) Ltd Achievement

COST MANAGEMENT

Cataler South Africa (Pty) Ltd**SUPERIOR**
 Schaeffler South Africa (Pty) Ltd Achievement
 Hesto Harnesses (Pty) Ltd Achievement
 Smiths Manufacturing (Pty) Ltd Achievement

LOCALISATION

Autoliv Southern Africa Achievement
 Sumitomo Rubber SA (Pty) Ltd Achievement
 Dana Spicer Axle South Africa Achievement

TRANSFORMATION AWARD

Aveng Trident Steel Achievement
 Metair Group Achievement

VALUE ANALYSIS

Grupo Antolin Achievement
 Hesto Harnesses (Pty) Ltd Achievement
 Dana Spicer Axle South Africa Achievement
 Toyota Tsusho Africa (Pty) Ltd Achievement
 Shatterprufe Achievement

PARTS & ACCESSORIES

Supreme Spring Holdings (Pty) Ltd..... **SUPERIOR**
 NGK Spark Plugs Achievement
 Caravelle Automotive Carpets Achievement
 Ramsay Engineering (Pty) Ltd Achievement
 Smiths Manufacturing (Pty) Ltd Achievement

CONVERSIONS AND ACCESSORIES - PARTS SUPPLIERS

Brink Towing Systems (Pty) Ltd..... **SUPERIOR**

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Maxe (Pty) Ltd **SUPERIOR**

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INDUSTRY VEHICLE SALES, PRODUCTION, EXPORT AND IMPORT DATA : 2010 - 2018

CARS	2013	2014	2015	2016	2017
<i>Domestically Produced</i>					
Local Sales	113 356	122 610	112 576	97 824	100 354
Exports (CBU)	151 893	156 600	229 723	238 547	221 921
Total Domestic Production	265 249	279 210	342 299	336371	322 275
Total Industry Car Imports	338 592	318 008	301 086	263 440	267 758
Re-exported imports	1 652	1 680	1 264	832	917
TOTAL LOCAL CAR MARKET	450 296	438 938	412 398	361 264	368 112
LIGHT COMMERCIALS					
<i>Domestically Produced</i>					
Local Sales	127 051	137 044	140 790	130 364	136 438
Exports	121 345	118 922	103 001	105 219	106 148
Total Domestic Production	248 396	255 966	243 791	235 583	242 586
Total Industry LCV Imports	41 253	36 785	33 911	28 937	26 858
Re-exported imports	308	337	336	232	286
TOTAL LOCAL LCV MARKET	167 996	173 492	174 365	159 283	163 296
MEDIUM & HEAVY COMMERCIALS					
NAAMSA sales (incl. Imports)	30 924	31 314	30 470	26 999	26 293
Exports	1 206	1 414	1 123	1 055	991
TOTAL LOCAL MCV/HCV MARKET	30 924	31 314	30 470	26 999	26 293
TOTAL AGGREGATE MARKET	649 216	643 744	617 233	547 546	557 701
TOTAL AGGREGATE EXPORTS	276 404	276 936	338 847	344 821	329 060
TOTAL DOMESTIC PRODUCTION	545 775	567 904	617 683	600008	592 145
GDP GROWTH RATE	2,5%	1,7%	1,3%	0,3%	1,0%

Notes:

- Domestically produced cars and lcv's total represents a proxy for aggregate local production.
- Historical sales are based on data reported by NAAMSA member companies, vehicle manufacturers, importers and distributors.
- Projections are based on NAAMSA analysis and demand assumptions and do not provide for supply side disruptions.
- GDP growth rate represents GDP annual changes at market prices in real terms.
- CBU Export figures are based on projects announced to date. Announcements of new CBU export programmes could change projections.
- From 2012, imported vehicles which have subsequently been exported are reflected as "re-exported imports"

METAIR ACQUIRES 35% IN PRIMEMOTORS IN BUCHAREST ROMANIA

- Establishes incubation and R&D centre for Li-ion battery development in Romania
- Enables partnership with the University POLITEHNICA of Bucharest on Artificial Intelligence (AI) project with for autonomous driving
- Aligns with Metair's strategy to be a leading market player in energy solutions for the full mobility spectrum
- Builds on successful delivery of first Li-ion electric vehicle conversion

Metair, a leading international manufacturer, distributor and retailer of energy storage solutions and automotive components, through its wholly owned subsidiary, Rombat, has acquired 35% in Primemotors (Prime) in Romania to accelerate its production of lithium-ion (Li-ion) batteries for the growing European market.

Metair recently launched a programme to partner with universities and industry agencies for the production and certification of Li-ion batteries. The programme was an important move for Metair which historically used available Li-ion solutions from upstream suppliers in order to deliver customer specific systems and solutions by adding its own system design and controls. A key programme milestone has already been achieved with Metair successfully delivering its first Li-ion electric vehicle conversion to a OEM in Turkey.

Prime will become Metair's incubator and research & development centre for Li-ion battery development in Europe. Prime is a specialised hardcore technology company focused on tailor made battery packs and electric drives. The acquisition of Prime will also see the programme partner with the University POLITEHNICA of Bucharest on an Artificial Intelligence (AI) project relating to autonomous driving.

Theo Loock, Metair's Managing Director, commented: "The strategic acquisition of Primemotors in Romania reinforces Metair's energy storage capabilities across key regions and cements our position at a forefront of the production of lithium-ion batteries when required across the geographic areas where we operate.

The requirement for increasingly sophisticated energy storage solutions that rely on locally sourced raw materials and production facilities is accelerating as cost effective energy storage becomes

a major focus area for many industries. We are increasingly well positioned to take advantage of the global drive towards electric vehicles and renewable sources of energy."

Prime is an important provider of Lithium battery solutions in Europe and is contributing towards building a clean energy economy with the development of superior Energy Storage Systems. Using the latest battery technology, Prime products are environmentally friendly, maintain high energy density storage capabilities and are highpowered in comparison to existing Lead-Acid battery, Ni-Cd, Ni-MH, and other commercially-available lithium-ion products.

Through its 35% stake in Prime acquired for EUR 1 million, Metair will continue to utilise internationally recognised Li-ion chemistry solutions and apply specific design and controls for customers. The partnership with the University POLITEHNICA of Bucharest also provides the platform for Metair to validate its global solutions on a regular basis and thereby stay at the forefront of technological advancements which will support OEM requirements as the production of electric vehicles accelerates.

"We are looking forward to partner with the University POLITEHNICA of Bucharest on their autonomous driving learning through Prime's Artificial Intelligence (AI) project. Our relationship will also ensure that the testing and validation of our Li-ion technology is undertaken according to strict academically driven standards," concluded Loock.

In South Africa, Metair partners with the South African Institute for Advanced Materials Chemistry (SAIAMC), located at the University of the Western Cape (UWC), and which is the only pilot scale Li-ion battery cell assembly facility in Africa.



CLOCKWORK MEDIA

NAACAM appoints Clockwork Media as PR and Social Media Partner

In August 2017, NAACAM appointed Clockwork Media as its public relations & social media management service provider. Clockwork Media is an award winning independent content and communications agency

Clockwork Media will play the role of reputation management for the NAACAM brand. This includes media relations, media profiling, content development, social media posting.

“We are proud to be partnering with NAACAM to raise the profile of the profile of their brand,” says Tom Manners, MD. “As an agency, we are passionate about our country, and NAACAM, with their notable reputation as a body that advocates for critical players in South Africa’s automotive and broader economy and are committed to building a solid profile and reputation for our client.”

“This appointment also speaks to our capacity as an agency to deliver competitive creative work and to execute it in the most appropriate channels for NAACAM’s members.”

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Vehicle Sales: 2014 - February 2018 (incl.)

	2013	2014	2015	2016	05/2018
Commercial Vehicles					
Toyota	56114	52298	54805	55634	9254
Nissan	28642	31637	26874	33112	5244
Ford	30026	35403	33891	33907	4774
Isuzu	19541	20865	16344	18178	2914
Volkswagen	7524	7767	7959	7189	1059
Mercedes	5486	5169	4584	4992	633
Mahindra	2481	2188	1990	2118	603
Hyundai	4270	3951	3860	3556	509
GWM	1825	1397	516	1515	362
Volvo Trucks	2120	1783	1816	1936	343
Hino	3423	3601	3047	2995	341
Scania	2031	2505	2356	2392	290
UD Trucks	3365	2566	2078	2126	249
Kia	2961	3362	2003	1811	240
MAN	1880	1605	1611	1810	236
Iveco	1444	1098	1346	1445	164
FAW	613	806	918	967	149
Fiat	605	404	545	490	148
Tata Trucks	3053	1221	983	903	146
Fuso	1176	1107	1219	1007	129
Mazda	2376	1337	661	529	129
Tata Cars	0	1419	1191	865	94
Mitsubishi	978	557	43	438	73
JMC	700	725	398	335	71
Powerstar	474	483	384	367	59
DAF	247	156	162	288	35
Changan	0	124	17	72	23
Datsun	0	0	176	240	22
Daewoo	0	0	0	22	13
Renault Trucks	518	182	271	76	11
Eicher	0	0	0	32	9
Peugeot	185	199	147	47	8
Suzuki	67	27	262	301	6
Powerland	0	16	9	47	5
Volvo Bus	0	64	60	58	3
Other	21049	19057	13655	7789	0
Total	205174	205079	186181	189589	28348

Source: NAAMSA/Lightstone Auto

	2014	2015	2016	2017	02/2018
Passenger Cars					
BMW	24,521	2,158	20,355	16,142	2,878
Kia	17,341	13,954	14,197	15,975	2,871
Nissan	15,781	10,105	9,401	11,704	2,658
Suzuki	6,402	6,354	5,366	8,532	2,064
Audi	18,375	1,495	116	10,806	1,554
Honda	10,169	11,064	807	7,187	1,421
Datsun	1,573	5,645	4,664	6,673	1,248
Land Rover	5,828	5,375	4,099	3,749	768
Mahindra	1,028	917	1,749	2,358	374
Mini	2,126	2,078	223	2,042	339
Opel	3,598	6,483	4,098	3,397	306
Mitsubishi	3,665	313	2,181	1,192	268
Peugeot	2,166	1,313	982	799	257
Mazda	2,563	7,729	11,388	12,844	245
Volvo	2,863	271	2,034	1,957	235
Jaguar	954	758	971	1,247	204
Jeep	742	6,308	2,891	1,698	195
Porsche	1,145	1,468	1,409	1,298	190
GWM	993	1,121	100	865	188
Lexus	1,344	1,027	1,031	885	158
Subaru	1,263	1,101	905	1,002	155
Fiat	212	1,317	691	851	131
Tata	887	688	972	909	89
Alfa Romeo	297	157	117	225	32
Landwind	0	17	62	132	26
Smart	60	74	1,042	370	22
Maserati	26	64	115	164	21
Ferrari	82	91	95	76	20
Bentley	0	0	42	61	11
Abarth	67	45	70	68	7
Infiniti	371	526	84	41	1
Other	26,152	18,026	9,123	4,036	0
Total	43,921	41,267	361,205	368,113	63,691

BMW - The actual disaggregated new vehicle sales, backdated to February 2017, are now available and have replaced the estimates in the NAAMSA database.
 PORSCHE - The actual disaggregated new vehicle sales, backdated to August 2017, are now available and have replaced the estimates in the NAAMSA database.
 MERCEDES-BENZ - The disaggregated new vehicle sales data has been purified with new vehicle registration data, backdated to January 2017.

AIS Update

Members will be aware that last year the dti implemented a change to the AIS guidelines which now requires applicants to maintain base year employment levels throughout the period of the claim. NAACAM is clear in its support for the need to support jobs in the manufacturing value chain, however, it has also approached the dti to advise that there are often extenuating circumstances as to why this clause may not work.

An agreement was reached with the dti that, where companies found themselves in a position where job losses were inevitable and could provide satisfactory documented reasons as to why this was, they would deal with it on a case-by-case basis. NAACAM requests that where members are thus affected to let us know in order that we can facilitate necessary interactions and assist in resolving.

Five Common Mistakes Businesses make when Implementing BEE

The business environment is becoming more and more competitive and one should strive to have a clear grasp on those areas that could help an entity to gain a competitive advantage. Business owners should always keep abreast of industry updates and best practice guidance notes regarding B-BBEE, as even the smallest degree of differentiation could have an impact on the BEE scorecard. This article aims to highlight some of the most common mistakes that have been found to negatively impact a company's level of compliance, against the Amended B-BBEE codes.

1. CONSISTENT APPROACH

Most entities see B-BBEE as an ad-hoc process, topping spend up just before the end of each financial year. In such scenarios, one of two things will happen, you will either over spend or under spend, on elements such as Skills Development, Enterprise Development, Supplier Development and Socio-Economic Development. If BEE is embraced as the ongoing business imperative that it should be, it can be planned for strategically. This approach allows for correct budgeting and resource allocation. Planning of activities and consistent strategic development along all 5 BEE elements will ensure a positive outcome and continuous improvement in the level of compliance, over time.

2. EMPOWERING LEADERS

Most businesses do not involve top management driving the BEE strategy. The task is simply left to an under resourced individual in the organisation who does not possess any financial or operational decision-making capabilities. This despite the strategic importance of this area in the modern South African business landscape. The result is that very seldom is a cohesive approach achieved where the business and its key management plan and work together on the future of BEE within the business. A key area of success for BEE in a business, is that there is a "champion" within the business who is empowered to drive transformation. BEE is a key sales driver for the majority of South African companies, yet it receives little, if any, attention in strategy development.

3. SYSTEM AND RECORD KEEPING

Since the amended codes came into effect, companies have dropped between 2 – 4 levels annually due to poor record keeping, or lack of submission of information in the incorrect format to their BEE Verification Agency. It could be likened to not claiming all your

VAT back because you don't have proper records. An effective and efficient information gathering and record keeping system is vital to getting the most out of your BEE verification process.

4. SECTOR CODES

On the 9th July 2012 the dti issued a statement of clarification regarding the effective date of sector codes. This stated that, "If a Measured Entity that falls within the scope of the Sector Code applied for a B-BBEE verification/certification on or after the date of the particular Government Gazette, then the Measured Entity must be verified/certified using the Sector Code". Some companies fail to apply this principle believing that they can either continue to be verified under their old sector codes and in some instances select the sector in which they feel they should be verified. The rule of thumb when ascertaining which sector code an entity is measured under is determined by which business practice that entity derives the majority of their turnover from. A company that does not follow this prescript and is measured outside of their sector would be deemed to have misrepresented their BEE compliance which is deemed to be fronting. Currently the sector codes that have been gazetted under the revised codes are: Tourism, Media Advertising & Communication, Information & Communication Technology, Forestry, Property, Agri, Construction and Financial Services.

5. MEASUREMENT PERIOD vs MEASUREMENT DATE

There is often confusion about the date/period that an entity needs to be measured against for scoring B-BBEE points. This is often because the verification agency uses the company's financial year or any 12-month period i.e. measurement period, preceding the measurement date i.e. the date of verification. Companies should take note that a verification is always based on the latest registered financial period for the entity - this is generally based on the entity's Audited Financial Statements. The codes do allow for measurement based on the entity's management accounts for the same period. It is therefore important to note that only 2 of the 5 elements are assessed as at the measurement date, those being Ownership and Management Control. Skills Development, Enterprise and Supplier Development and Socio-Economic Development are all measured retrospectively as initiatives under these elements must have occurred during the measurement period. Therefore, this does not allow for an entity to make contributions outside of the measurement period and expect to have those initiatives included in the verification.

About aBEErate

aBEErate Verification Agency (Pty) Ltd was registered in August 2011, with Yolande Greyling being the sole shareholder and director of the company. Thereafter the business applied for their SANAS accreditation. aBEErate received their first SANAS accreditation on 12 December 2011.

SANAS appointed Yolande as a Technical Assessor in July 2015, which is a huge advantage as she is able to assist with the necessary SANAS accreditation.

Should you have any queries regarding B-BBEE, please don't hesitate to contact Yolande Greyling at aBEErate on 011 914 1183 or yolande@abeerate.co.za

