

CoE

BEE CONFERENCE

Conference Summary and Way Forward

Presented by Stan de Klerk

18 November 2009

OPENING & WELCOMING

By CoE Abdul Mogale

- MMC welcomed all participants
- Reflected on Day 1 deliberations
- Expressed the hope that we could build on progress made during the previous day
- Encouraged people to participate

Recap – Day 1

By Stan de Klerk

- Covered Day 1 proceedings by :
 - Reinforcing MMC Mogale's conference expectations
 - Presentation by presentation summary
 - Reflected on questions raised and responses given
 - Set the tone for today's proceedings

Report Back from Inaugural Conference

Alfred Sepirwa – Director Economic Empowerment

- Reflections on Inaugural conference
- Declaration made
- Set asides
- Committee established to advice MMC & Exec Mayor
- Identification of need to establish :
 - Tender advice centres
 - Local empowerment council
 - BLC's
 - Business places

Corporate Finance Schemes

Billy Cobbinah – IDC

- IDC is a DFI (state owned)
- Promote entrepreneurship by financing economically viable projects
- Supportive to BEE Schemes
- Involved in a range of sectors
- Financing criteria
 - 5 funds
 - TES Fund, Women Empowerment, People with Disability, Development and Community Funds

NEF BEE FUNDING

Fencil Gillion – NEF

- Is a DFI
- Focus on promoting BEE
- Driven by the NEF Act and other Empowerment Legislation
- Provides funding for:
 - Acquisitions
 - Equity Warehousing
- Funding requirements

PRESENTATION ON CoE 2010 PROGRAMME

Siphiwe Marajane

- Focused on branding of Ekurhuleni by:
 - Identifying the Cons e.g. No clear vision, etc
- Identified the need for a new branding concept based on :
 - Building own identity
 - Shedding of gateway image
 - Integrating 3 modes of transport
 - Enhancing of global competitiveness
- Identification of opportunities and pros

DISCUSSION SESSION

An abridged sample of question asked & discussed includes the following:

- BLC 's – were Reps capacitated
- IDC igniting of entrepreneurship
- IDC marketing their programmes and activities
- IDC funding criteria
- IDC – possibility of placing consultants in the BLC's
- NEF - same as for IDC
- CoE Tourism Route map – has this been developed

EBA

Business Linkage centres:

- How they are used
- Springs oldest 220 million for BEE
- Boksburg Business linkage centre
- 2 areas of focus viz
 - Making business more effective
 - Training & development
- Flagship training program – 22 participants
- Sponsored by Peermont & the Boksburg Chamber of Commerce

BEE & BLACK MANAGEMENT

Jimmy Manyi – DG DoL

Non compliance – the 7 elements analysed

Element	% Non Compliance	
Ownership	74.8%	
Management control	37.5%	
Employment Equity	60.3%	
Skills development	82.8%	
Preferential Procurement	85.4%	Opportunity
Enterprise Development	85.4%	Opportunity
Socio Economic Development	77.8%	

PANEL DISCUSSIONS

CHALLENGES CONFRONTING BBBEE & BEE COMPANIES IN THE WAKE OF THE RECESSION

Statements by the panel members

1. MM -
 1. Compete on issues of price and quality
 2. Build and consolidate the CoE competencies
 3. Building of capabilities
2. IDC –
 1. Highlighted challenges faced by DFI
 2. Incorporate business support in all transactions
 3. Markets research as to who are the proper players be done

PANEL DISCUSSIONS

CHALLENGES CONFRONTING BBBEE & BEE COMPANIES IN THE WAKE OF THE RECESSION

Statements by the panel members

1. NAFCOOC

1. Challenge of raising finance especially debt financing
2. Need to identify opportunities
3. Need to club together to leverage opportunities
4. Access to the means of production

2. DoL

1. Legal framework needs a lot to be desired
2. PPFA is not helping BEE
3. 15 yrs replacing 350 yrs of oppression
4. Role of SOE

PANEL DISCUSSIONS

CHALLENGES CONFRONTING BBBEE & BEE COMPANIES IN THE WAKE OF THE RECESSION

Questions

1. Who actually within the municipalities must enforce the laws like Code of Good Practice
2. Legal framework inhibits the process of transformation
3. How can BEE expert (Manyi) - help those that are given stringent terms in order to be in business
4. Challenge govt has is the cut in the Capital budget which in turn has an effect on govt assisting SME's

PANEL DISCUSSIONS

CHALLENGES CONFRONTING BBBEE & BEE COMPANIES IN THE WAKE OF THE RECESSION

Responses

1. Who should enforce compliance – non compliance companies must be punished. Should be self regulating. Govt should lead by example. Municipality should deal with only transformed firms.
2. Agri BEE, need to know the rating of the farmer in terms of BEE. Analyse his score card & make a business case with the farmer and say you can make him comply.

PANEL DISCUSSIONS

CHALLENGES CONFRONTING BBBEE & BEE COMPANIES IN THE WAKE OF THE RECESSION

Lessons learnt in the past 15 years

1. Lack of participation – sometimes blamed on education. Lets take part
2. Black SME's not united. Don't want to seek information, want it to come to us.
3. Why don't we have our own companies e.g. Bakeries, banks. Lets make our culture an asset.
4. Govt of today trying to make a living for us. Lack of ability to do research and dependence on govt grants
5. Become wiser as the facts come to the fore. Action and change must start with us
6. SME's must try and join networks, join BMF

PANEL DISCUSSIONS

CHALLENGES CONFRONTING BBBEE & BEE COMPANIES IN THE WAKE OF THE RECESSION

Lessons learnt in the past 15 years

1. Opportunities of the crisis – disrupted traditional supply chains. Have skills that could not be affordable before.
2. People who are skilled and have been retrenched – much more can be done
3. DFI 's perspective – realised that it is imperative during the economic down turn to consider the type of instrument used to support SME. Need to include skills development in supporting the SME's.

PANEL DISCUSSIONS

CHALLENGES CONFRONTING BBEE & BEE COMPANIES IN THE WAKE OF THE RECESSION

What successes can we point to?

1. Billionaires and Millionaires created in the country

What are the failures and the causes of it?

1. Failing to be recognised
2. Not enough is done to enforce laws
3. Too much protocol, red tape, structures
4. BEE is process, drawbacks
 1. Legislation need to be revisited
 2. BEE is reserved for certain people – that perception need to be corrected
5. Funding models used in the past have been problematic
6. Research on BEE in particular in Mining needs to be done
7. More information need to be consulted

PANEL DISCUSSIONS

CHALLENGES CONFRONTING BBBEE & BEE COMPANIES IN THE WAKE OF THE RECESSION

What are the failures and the causes of it?

1. Failure on both government and media in marketing BEE.
2. Failure to take advantage of the Cooperatives Bank Act
3. Failure of government to monitor and evaluate all regulations

PANEL DISCUSSIONS

CHALLENGES CONFRONTING BBBEE & BEE COMPANIES IN THE WAKE OF THE RECESSION

What is to be done?

1. Stop Fronting
2. Operational involvement
3. come up with very strict sanctions for companies that are not compliant
4. Business support
5. In-depth research into market on SME's
6. Collective resources put in place for SME's
7. Information accessibility
8. Ploughing back
9. Transformation



WAY FORWARD

Stan de Klerk



WAY FORWARD