

BROAD-BASED BLACK ECONOMIC EMPOWERMENT (BBBEE) STRATEGY

Item A-ED (02-2009) CM 29/10/2009	REPORT ON ADOPTING A BROAD-BASED BLACK ECONOMIC EMPOWERMENT (BBBEE) STRATEGY FOR THE EKURHULENI METROPOLITAN MUNICIPALITY (EMM)
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An amended **Annexure “A”** was circulated at the meeting.

RESOLVED:

1. **That** the contents of the report on the adoption of a Broad-based Black Economic Empowerment (BBBEE) Strategy for the Ekurhuleni Metropolitan Municipality **BE NOTED**.
2. **That** the Ekurhuleni Broad-based Black Economic Empowerment (BBBEE) Strategy contained in the amended **Annexure “A”** that was circulated at the meeting **BE APPROVED**.

(The DA requested that the votes of their members be recorded against the above resolution of the Council.)



**STRATEGY FOR BROAD-BASED
BLACK ECONOMIC EMPOWERMENT**

1. DEFINITIONS

- 1.1 "Black people" in accordance with the BBBEE Act No 5 of 2003, means Africans, Coloureds and Indians.

- 1.2 “BBBEE Scorecard”: According to dti, a scorecard for the measurement of broad-based black economic empowerment for a particular enterprise as set out in the charter
- 1.3 “Broad-Based Black Economic Empowerment (BBBEE)” means the economic empowerment of all black people including women, workers, youth, people with disabilities and people living in rural areas through diverse but integrated socio-economic strategies that include, but are not limited to:
- 1.3.1 Increasing the number of black people that manage, own and control enterprises and productive assets;
 - 1.3.2 Facilitating ownership and management of enterprises and productive assets by communities, workers, cooperatives and other collective enterprises;
 - 1.3.3 Human resource and skills development;
 - 1.3.4 Achieving equitable representation in all occupational categories and levels in the workforce;
 - 1.3.5 Preferential procurement; and
 - 1.3.6 Investment in enterprise that are owned or managed by black people.
- 1.4 “Small Medium and Micro Enterprise (SMME AND COOPERATIVE)” means any entity, whether or not incorporated or registered under any law, which consists mainly of persons carrying on small business concerns in any economic sector, as classified in the Schedule of the National Small Business Act.
- 1.5 “BBBEE-accredited Enterprise” is a generic term referring to accreditation in terms of a sector scorecard which has been issued as a code of practice or in terms of the dti’s generic scorecard once finalised.
- 1.6 “Black Enterprise” is one that is at least 50,1% owned by black persons and where there is substantial control by black people in the enterprise. Ownership refers to economic interest while control refers to the membership of any board or similar governing body of the enterprise, including executive management.
- 1.7 “Black-empowered Enterprise” is one that is at least 25,1% owned by black people and where there is substantial control by black people in the enterprise.
- 1.8 “Black Women-owned Enterprise” is one with at least 25,1% representation of black women within the black equity and management portion.

- 1.9 "Black disabled people" means black people who also satisfy all of the criteria in the definition of 'persons with disabilities' set forth in paragraph 5.1 of the "Code of Good Practice on the Employment of People with Disabilities" (as amended or substituted from time to time) issued in terms of section 54(1)(a) of the Employment Equity Act.
- 1.10 "Enterprise" means the person(s) conducting a business, trade or profession in the Republic of South Africa. Unless the context clearly indicates the contrary, all references in this Statement to the term "Enterprise" includes a reference to an Associated Enterprise.
- 1.11 "Enterprise Development" aims at assisting and accelerating the development of the operational and financial capacity of enterprises that contribute towards broad-based BBEE. The primary beneficiaries of enterprise development are the small and micro enterprises owned and controlled by black people. The measures range from direct financial assistance to non-monetary support.
- 1.12 "Fronting" means the practice of presenting a picture of black ownership and management, which does not correspond with the actual reality. Such an ownership picture is presented for the express purpose of gaining economic advantage over other competitors.
- 1.13 "Public Private Partnerships" (PPPs) are widely used to implement national and provincial government's infrastructure and service delivery commitments. Regulated by the relevant Treasury (currently, the National Treasury) in terms of Treasury Regulation 16 to the Public Finance Management Act (PFMA).
- 1.14 Public Private Interactions: The term PPI is used to indicate that all forms of interaction between the two sectors, rather than merely focussing on specific public-private partnerships (PPPs).
- 1.15 "Preferential Procurement", as defined by dti, refers to specific procurement policies, which target procurement of commercial goods and services from enterprises owned by persons disadvantaged by unfair discrimination on the basis of race, gender or disability.
- 1.16 "Skills development" refers to the development of core competencies of black people to facilitate their interaction in the mainstream of the economy. It is imperative that there be a focus on core and technical skills that would enable black people to participate in the wider economy in a meaningful manner.

1.17 “SMME AND COOPERATIVE” is a small, medium or micro enterprise which, according to the National Small Business Act 102 of 1996. Whilst the Act defines it by sector, SMME And Cooperatives are commonly defined as enterprises with less than R25m turnover per annum.

2. ACRONYMS

2.1	BEE	Black Economic Empowerment
2.2	BLC	Business Linkage Centre
2.3	BBBEE	Broad Based Black Economic Empowerment
2.4	CFO	Chief Financial Officer
2.5	DAC	Departmental Acquisition Council
2.6	CoE	City of Ekurhuleni
2.7	DPE	Department of Public Enterprise (national)
2.8	EPWP	Expanded Public Works Programme
2.9	ESOP	Employee Share Ownership Programme
2.10	FET	Further Education & Training
2.11	GDS	Growth and Development Strategy
2.12	EMM	Ekurhuleni Metropolitan Municipality
2.13	HRD	Human resource development
2.14	IDP	Integrated Development Plan
2.15	IT	Information technology
2.16	JV	Joint Venture
2.17	LED	Local economic development
2.18	NEF	National Empowerment Fund
2.19	PPI	Public Private Initiative
2.20	PPP	Public Private sector Partnership
2.21	PPPFA	Preferential Procurement Policy Framework Act No. 5 of 2000
2.22	PFMA	Public Finance Management Act No 1 of 1999 as amended
2.23	SMME AND COOPERATIVE	Small Medium and Micro Enterprise

3. EXECUTIVE SUMMARY

- 3.1 Broad-Based Black Economic Empowerment (BBBEE) is an integrated and coherent socio-economic process that directly contributes to the economic transformation of South Africa and brings about significant increases in the number of black people that manage, own and control the country's economy as well as significant decreases in economic inequalities.
- 3.2 The objective of this BBBEE Strategy is to substantially increase Ekurhuleni Metropolitan Municipality's [EMM] impact on BBBEE in the Region.
- 3.3 The Strategy provides greater clarity on the implementation of BBBEE as provided for by the Broad-Based BEE Strategy, the Broad-based BEE Act 53 of 2003, the dti Codes of Good Practice on BBBEE and transformation charters.
- 3.4 Deliberate actions and obligations are outlined and they apply to EMM and its utilities. Standards are provided for and areas of leverage are identified.
- 3.5 Business and civil society are also encouraged within the context of the local and provincial GDS and sector transformation charter agreements to contribute towards the achievement of BBBEE objectives in the Region.
- 3.6 Indicators and targets to enable measurement of empowerment in EMM are set out.
- 3.7 The following are priority interventions for EMM:
 - 3.7.1 The development of a coordinated framework within which EMM shall support SMME AND COOPERATIVE development in the Region, particularly in relation to its own procurement activities and through our established SMME AND COOPERATIVE development facilities.
 - 3.7.2 The implementation of a EMM preferential procurement policy, to align purchasing to BBBEE imperatives, to promote adherence to preferential procurement and to streamline and increase scale of implementation and application across the whole of EMM.
 - 3.7.3 The development of cooperative support programmes and continued interventions in local economic development to promote sustainable livelihoods.
 - 3.7.4 The development of partnerships with business in the priority sectors aimed at assisting EMM achieve BBBEE objectives, especially in skills development, SMME AND COOPERATIVE support and targeted investment.

- 3.7.5 Far greater attention should be given to BBBEE and SMME AND COOPERATIVE imperatives in EMM's economic development strategies and specifically its sector growth plans.
- 3.7.6 The alignment of EMM policy and legislation in property, asset management, restructuring, PPPs and licensing, with BBBEE imperatives.
- 3.7.7 Substantial improvements to EMM's monitoring and evaluation framework to ensure alignment and consistency in the reporting and measurement of BBBEE, SMME AND COOPERATIVE development and job creation.
- 3.7.8 The mainstreaming of policies on women, youth and people with disabilities, with BBBEE and SMME AND COOPERATIVE development initiatives.

4. OBJECTIVE

- 4.1 This BBBEE strategy is issued by the EMM as an integrated framework to enable the EMM to give effect to BBBEE objectives as outlined in the BBBEE Act and to also give impetus to the Gauteng GDS, Ekurhuleni GDS and other policy imperatives of the EMM, in respect of the empowerment of women, people with disabilities and youth.
- 4.2 Through this strategy the EMM aims to achieve a more equitable society in which the majority of people in the Region are able to participate meaningfully in economic activities and contribute towards growth.
- 4.3 The strategy:
 - 4.3.1 Integrates existing departmental initiatives aimed at promoting BBBEE into a coherent Region-wide strategy;
 - 4.3.2 Identifies some of the areas of leverage and provides guidance to EMM on the implementation of various BBBEE programmes;
 - 4.3.3 Prescribes a minimum set of standards that is to be observed;
 - 4.3.4 Outlines BBBEE targets for EMM;
 - 4.3.5 Governs all procurement, public private sector partnerships, licenses and restructuring;
 - 4.3.6 Seeks to promote initiatives in BBBEE with the private sector in the priority sectors; and
 - 4.3.7 Provide for reporting and monitoring that include BBBEE score card for head of departments in EMM.

5. APPLICABILITY

- 5.1.1 This BBEE Strategy applies to all procurement, public private sector partnerships, restructuring, and licensing administered by EMM and related utilities.
- 5.1.2 The Strategy aims at complementing and strengthening departmental initiatives. All EMM activities and programmes shall be aligned to this Strategy.
- 5.1.3 Such initiatives shall continue to be managed and implemented by the appropriate line department.

6. REGULATORY FRAMEWORK

- 6.1 This strategy is guided by the following legislation and policy:
 - 6.1.1 The Constitution of the Republic of South Africa, Act 108 of 1996;
 - 6.1.2 Reconstruction and Development Programme SA Government, 1994;
 - 6.1.3 The National Small Business Act, No. 102 of 1996, as amended;
 - 6.1.4 The Employment Equity Act, No. 55 of 1998;
 - 6.1.5 Competition Act, No. 89 of 1998;
 - 6.1.6 Skills Development Act, No. 97 of 1998;
 - 6.1.7 The Municipal Public Finance Management Act, No. 1 of 1999, as amended;
 - 6.1.8 The Integrated Human Resource Development Strategy, 2001;
 - 6.1.9 The Urban Renewal Strategy, 2001;
 - 6.1.10 The Integrated Sustainable Rural Development Programme, 2001;
 - 6.1.11 The Preferential Procurement Policy Framework Act, No. 5 of 2000 and regulations¹;
 - 6.1.12 Broad-Based Black Economic Empowerment Act, No. 53 of 2003 and Codes of Good Practice issued in terms of it;
 - 6.1.13 Sector Charters issued in terms of section 12 and section 9 of the BBEE Act;
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- 6.1.14 The Promotion of Equality and Prevention of Unfair Discrimination Act, No. 4 of 2000;
- 6.1.15 South African Economic Transformation: A Strategy for Broad-Based Black Economic Empowerment, 2003 (the dti);
- 6.1.16 Public Private Sector Partnership Guidelines, 2004;
- 6.1.17 An Accelerated Agenda for the Restructuring of State Owned Assets, 2000;
- 6.1.18 Public Works Into the 21st Century, White Paper on Public Works;
- 6.1.19 The Minerals and Petrol Resources Development Act, 2002 ;
- 6.1.20 Cooperatives Bill, 2002;
- 6.1.21 Restitution of Land Rights Act, No.22 of 1994;
- 6.1.22 Land Administration Act, No. 2 of 1995;
- 6.1.23 Reform Act, No. 3 of 1996;
- 6.1.24 Interim Protection of Informal Land Rights Act, No. 31 of 1996;
- 6.1.25 Extension of Security of Tenure Act, No. 62 of 1997;
- 6.1.26 Communal Property Associations Act, No. 28 of 1996;
- 6.1.27 Promotion of Equality and Prevention of Unfair Discrimination Act, No. 4 of 2000;
- 6.1.28 Framework for Supply Chain Management Schedules 3A and 3C to the PFMA and Gauteng GDS, 2005;
- 6.1.29 The Gauteng Policy Framework for Gender Mainstreaming and for People with Disabilities.

7. PREFERENTIAL PROCUREMENT

- 7.1.1 Status quo analysis
- 7.1.2 The EMM procurement Office procures 30% of EMM's purchases and spends approximately 33% of that on BBBEE suppliers. Other departments claim similar performance targets.
- 7.1.3 EMM has developed a supply chain management policy, which includes policy guidelines. However, EMM does not have a comprehensive preferential procurement policy in place. Currently, companies are awarded

preference points based on a formula provided for by the PPPFA, focusing primarily on levels of black ownership.

- 7.1.4 Across EMM there is no measurement of adherence to BBBEE as per the BBBEE Act, very limited assessment of SMME AND COOPERATIVE status and few mechanisms in place to target spend on SMME And Cooperatives or to provide supplier development.
 - 7.1.5 There is limited capacity to verify suppliers' BBBEE status and there is no assessment of the BBBEE status of contracts after they have been awarded. There is currently minimal supplier development taking place.
 - 7.1.6 Few departments are able to report on their levels of spend on SMME And Cooperatives or on BBBEE. This makes it almost impossible to determine the degree to which EMM meets BBBEE or SMME AND COOPERATIVE policy objectives. A comprehensive target setting, reporting and monitoring framework is absent.
 - 7.1.7 Consequently, this BBBEE strategy incorporates preferential procurement strategy guidelines, targets and reporting mechanisms for implementation across EMM.
- 7.2 Preferential Procurement Strategy guidelines:
- 7.2.1 The Department of Finance shall remain the custodian of preferential procurement.
 - 7.2.2 Economic Development department shall monitor compliance of all departments and utilities in respect of BBBEE implementation within EMM through pre-accreditation of service providers before inclusion into our database.
 - 7.2.3 EMM departments and its utilities shall be required to bring all policy and procedures, questionnaires, scoring methodologies and reporting frameworks in line with this strategy.
- 7.3 Objectives of Preferential Procurement in EMM:
- 7.3.1 EMM spend on BBBEE-accredited and SMME AND COOPERATIVE suppliers, so that by 2010, 70% of EMM procurement is on BBBEE-accredited enterprises and 20% on SMME And Cooperatives.
 - 7.3.2 Establish and support a competitive and viable base of BBBEE enterprises and SMME And Cooperatives, through providing access to opportunities,

stability and meaningful supplier development interventions, especially for small and micro enterprises.

- 7.3.3 Facilitate increased spend on youth, black women and on cooperatives enterprises.
- 7.3.4 Provide for fair and equitable treatment of all suppliers involved in procurement with EMM, within the framework of this strategy.
- 7.3.5 Transform the procurement functions in EMM into an integrated supply chain management function, including migration to commercial information technology (IT).
- 7.3.6 Improve the capacity of procurement officials to execute preferential procurement effectively and in terms of national and provincial policy and regulations.
- 7.3.7 Ensure that EMM continues to maximise efficiency, economies of scale and value for money.
- 7.3.8 Adjust the procurement spend calculation methodology to the dti Codes of Good Practise.
- 7.3.9 Ensure consistent application of the preferential procurement standards contained in this Strategy and adherence to this Strategy across EMM.
- 7.3.10 Promote reporting on performance against the set targets and other outcomes and accessible and uniform monitoring of BBBEE spend.
- 7.3.11 The foundation of a comprehensive and successful Preferential Procurement Strategy rests upon certain core principles.

They include:

- An environment where business can be conducted in a fair and reasonable manner and with integrity;
- Adherence to ethical behaviour and practices by all staff involved in procurement;
- Transparent and fair dealing with suppliers; and
- The need to recognise and deal with conflicts of interest or the potential therefore.

- 7.3.12 BBBEE accreditation

- Accreditation of suppliers shall assist the EMM to realise its BBBEE commitments, thereby increasing its overall spend on BBBEE suppliers and enhancing opportunities for BBBEE enterprises.
- Suppliers must be qualified in accordance with pre-determined criteria as outlined by the dti generic scorecard, provided for in the dti Codes of Good Practise.
- Suppliers who are subject to a sector charter which has been issued as a code of practice must be measured against that sector charter.
- For the avoidance of doubt, EMM cannot introduce additional criteria unless it has due cause and in those circumstances it would have to justify this to the respective bidders. EMM can impose project specific criteria which provide for project specific goals. Where the latter are PPPs, the design of project specific criteria should be done in accordance with the PPP guidelines published by National Treasury.
- Draft Regulations issued by the National Treasury provide for measurement of supplier's BBBEE status against the dti generic scorecard or a sector charter scorecard, which has been issued as a code of good practise by the dti. This therefore replaces the PPPFA BEE measurement criteria.
- All suppliers shall be required to complete a questionnaire for input into a centrally administered EMM verification system and supplier database. The system shall assist those evaluating suppliers and administering contracts in verifying the bona-fides of suppliers. It shall record a supplier's BBBEE and SMME AND COOPERATIVE status.
- SMME AND COOPERATIVE suppliers who do not have verifications (ratings) by a dti accredited verification agency (in terms of the recently published Codes), shall be verified by the EMM. All suppliers that do not fall within the SMME AND COOPERATIVE category shall be expected to provide BBBEE verification from a dti-accredited verification agency.
- All suppliers shall be asked to state that the information provided is correct and truthful. All information shall be recorded in the centrally

administered system, whether the supplier has an existing verification or not.

- For contracts extending beyond one year, supplier ratings should be renewed annually. Furthermore, it shall be necessary from time to time for EMM to undertake site visits of suppliers who have been awarded tenders above a certain amount, particularly where additional contract participation goals have been incorporated.

7.3.13 Adjudication of tenders and quotations

- In the event that EMM prefers to vary from the weightings proposed by the PPPFA for calculating price and technical compliance versus BBBEE i.e. 80/20, 90/10, it would be required to apply for exemption from the PPPFA.

7.3.14 Procurement targets

- The EMM shall make efforts to ensure that it substantially increases its spend on BBBEE-accredited suppliers and on SMME And Cooperatives.
- EMM's preferential procurement target is a minimum of 70% of eligible procurement spend from BBBEE enterprises and 20% on SMME And Cooperatives of total procurement spend by 2010.
- The targets, which must be approved by Council, shall be broken down per year per department and monitored by the Economic Development Department in conjunction with Finance department.
- The achievement of annual targets shall be included in the Key Performance Areas of Departments and performance contracts of all HOD's.

7.3.15 Supplier development

- Tender accessibility: Opportunities shall be made accessible to suppliers from all sectors of society through public advertising in appropriate media, and local language appropriate advertisements e.g. newspapers, radio etc and in the Local Government Tender Bulletin.
- Targeting SMME And Cooperatives: All contracts above a certain size must either be disaggregated into smaller components (for

instance per region or material/service type to enable BBBEE-accredited small and micro enterprises to participate) or include SMME AND COOPERATIVE contract participation goals through sub-contracting.

- Set-asides: The EMM shall identify certain commodities within its spend that shall be set aside for companies that meet specific BBBEE requirements. These identified goods and services must be 100% awarded to BBBEE enterprises and or people with disabilities, women or youth businesses. This provision is a Fair Discrimination in that it addresses the imbalances of the past in the same way that affirmative action, for instance, tries to do.
- Tender specifications: Tender specifications should be sufficiently explanatory to enable suppliers to prepare proposals or tenders, to meet the requirements. Technical specifications should be reviewed to ensure that they are for functional requirements and not presented in a way that may result in the exclusion of certain suppliers, especially those that are from previously disadvantaged communities and are unfamiliar with procurement processes.
- Early payment: To alleviate unnecessary cash flow pressures experienced by companies that have been awarded contracts, the EMM shall upon receipt of all relevant documentation pay SMME AND COOPERATIVE suppliers within 14 days.
- Financial and non-financial support: EMM is committed to assisting BBBEE-accredited SMME AND COOPERATIVE suppliers to create and expand their capacity to supply. Tender Advice Centre (TAC), Business Linkage Centre's (BLC) and EMM's Procurement Office shall be the key drivers of EMM supplier development through the accreditation of suppliers, tendering advice, business training and other financial or non-financial support. The following key interventions should be explored:

Where applicable financial partners of the EMM [Banks, Developmental Financial Institutions] shall give financial support to qualifying SMME AND COOPERATIVE, material and equipment required to perform a contract shall be purchased in a separate

tender process by EMM to alleviate the need to raise expensive working capital by SMME AND COOPERATIVE suppliers.

- 7.3.16 Internal training: It is the policy of EMM to ensure that staff that undertake supply chain management and procurement activities are equipped with skills and competencies to undertake those duties, and have sound knowledge of supply chain management; preferential procurement practices and BBBEE.
- 7.3.17 Each department must report quarterly on the their total spend for the previous quarter, the amount spent on BBBEE-accredited companies and on SMME And Cooperatives as defined in this Strategy and determined by the following weighted scoring (in line with its Codes of Good Practice on BBBEE):
- 7.3.18 Compliance and Penalties: The following penalties shall be instituted (as per the PPPFA) by the Chief Financial Officer of EMM against any supplier who has been awarded a contracts in preference to others on a fraudulent basis or contractors who fail to achieve their contractual obligations relating to the engagement of targeted enterprises:
- Eliminate from EMM's approved supplier list those suppliers who do not comply with this strategy;
 - Recover all costs, losses or damages incurred or suffered;
 - Cancel the contract/tender and claim any damages suffered as a result of having to make less favourable arrangements;
 - Reject payment certificates as being incomplete if the appropriate supporting documentation are not provided;
 - Withhold completion certificates until such time that the contractor has satisfactorily demonstrated that all deliverables have been achieved;
 - Restrict the contractor and its shareholders and directors from being awarded further contracts by the contracting authority for a specified period of time.

8. ENTERPRISE DEVELOPMENT

- 8.1 The South African Economy has been characterised by the dominance of large, capital-intensive firms and the continued neglect of small enterprises. Despite the enactment of an enabling legislative and policy environment and institutional support there has been inadequate development of sustainable SMME And Cooperatives. This problem has particularly affected black people and black businesses. Very few black-owned enterprises have effectively accessed the resources required for their support and this has consequently impacted on the number of black businesses graduating from micro and small into medium sized enterprises. BBBEE imperatives are therefore a central consideration when designing small business solutions.
- 8.2 The BBBEE strategy and Act, recognises that SMME And Cooperatives are a major lever for BBBEE, providing opportunities to increase meaningful black participation in economic activities, especially black women, cooperatives and designated groups. Furthermore sustainable enterprise development shall expand the productive capacity of the economy and act as an engine of job creation.
- 8.3 The Governments Integrated Small Enterprise Development Strategy (2005) has been designed to address the needs and developmental potential of the small whole enterprise sector, focusing on specific sub-sectors and support for black entrepreneurs.
- 8.4 Consequently, EMM shall approach small business development and BBBEE in an integrated manner, simultaneously recognising all priorities without overly restricting the ability of SMME And Cooperatives to prosper. Effective coordination of these different thrusts is therefore critical to ensure the most positive net effect of policy interventions.
- 8.5 EMM shall support micro enterprise in general, small business development in high-growth sectors and the growth of SMME And Cooperatives owned and managed by black people and black women in particular; the youth, the disabled and Cooperatives. The central objective of this strategy is to embed SMME AND COOPERATIVE priorities into sector growth plans and EMM's procurement practises.

- 8.6 Specific intervention include:
- 8.6.1 Targets 20% of eligible procurement spend on SMME And Cooperatives.
 - 8.6.2 In addition to the target, EMM shall create favourable procurement opportunities and suitable tender specifications for SMME And Cooperatives and promote set aside for SMME AND COOPERATIVE and BEE enterprises participation in procurement.
 - 8.6.3 Promote entrepreneurship through school-based programmes, campaigns, leadership development and BEE awards.
 - 8.6.4 Improve information and knowledge management including research, communication and monitoring.
 - 8.6.5 Design partnerships with business in priority sectors, to establish enterprise development infrastructure such as incubators and industrial parks.
 - 8.6.6 Create SMME AND COOPERATIVE database, to register and verify SMME And Cooperatives, to improve procurement benefits flowing to SMME AND COOPERATIVE, and to disseminate relevant business information.
 - 8.6.7 Partner with stake holders in enterprise development initiatives through resources, shared capacity and dissemination of information on procurement opportunities at local level.
 - 8.6.8 Develop relations with other national, provincial and local SMME AND COOPERATIVE support agencies to enable Economic Development Department in Ekurhuleni to provide a range of financial and non-financial support to BEE approved SMME AND COOPERATIVE's.
- 8.7 All EMM departments and agencies must report quarterly on the numbers of SMME and Cooperatives supported and the value of monetary and non monetary spend on SMME And Cooperatives. The report must reflect the BBBEE status of the SMME And Cooperatives.
- 8.8 Mechanisms must be put in place to measure the growth and sustainability of SMME And Cooperatives across the following indicators:
- 8.8.1 Increase in annual turnover.
 - 8.8.2 Increase in number of permanent employees disaggregated according to gender.
 - 8.8.3 Increase in value of largest project undertaken or portion of a joint venture.

8.8.4 Increase in value of assets.

8.8.5 Increase in number of operating systems.

8.8.6 Increase in the diversity of activities that the company has the ability to undertake.

9. SOCIAL INFRASTRUCTURE

9.1 It is widely recognised that access to social infrastructure such as housing and health provides a foundation on which to participate more meaningfully in the economic activities. EMM aims to systematically establish integrated communities equipped with social amenities, security infrastructure and housing infrastructure.

9.2 In EMM: housing, health, sanitation, water, electricity, waste have large capital budgets and consequently vast potential to promote BBBEE, SMME AND COOPERATIVE and other socioeconomic objectives; they also present significant employment and skills development opportunities.

9.3 To date EMM has provided shelter to a sizable percentage of people living in Ekurhuleni. In continuing to address the backlog in housing, EMM is focusing on urban densification and developing housing finance solutions. Key projects include: the conversion of hostels; accelerated formalisation of tenure for socially provided houses, urban regeneration and formalisation of informal settlements.

9.4 EMM shall enhance its support for enterprise development in the construction sector, to ensure effective and sustainable SMME AND COOPERATIVE participation in construction related activities such as building houses and other social amenities.

9.5 Through the Expanded Public Works Programme EMM is able to create short-term jobs and skills development, whilst involving communities in social infrastructure in their areas.

9.6 Ekurhuleni will pursue partnerships with private sector in delivering social infrastructure

10. LOCAL ECONOMIC DEVELOPMENT

10.1 EMM is implementing an Economic Development programme in partnership with National and Provincial Government, Private sector and relevant stakeholders aimed at promoting economic activity in under resourced areas.

- 10.2 The Economic Development programme includes social infrastructure and SMME AND COOPERATIVE development mechanisms under resourced areas and target investment and hard infrastructure development in area with development potential.
- 10.3 EMM shall:
- 10.3.1 Harmonise Integrated Development Plans, the Provincial Growth and Development Strategy and National Spatial Development Perspectives with BBBEE Strategy.
 - 10.3.2 Develop SMME AND COOPERATIVE infrastructure and support mechanisms targeted at micro and small enterprises in under resourced areas.
 - 10.3.3 The Financial, Construction and Property sector transformation charters' initiative to increase investment and leading in under resourced areas must be accessed to the benefit of these communities.
 - 10.3.4 Facilitate the acquisition of resources available to relevant stakeholders in support of the Economic Development initiatives.

11. PROPERTY OWNERSHIP

- 11.1 South Africa is characterised by vast gender and racial inequalities in ownership of land and in participation and benefiting from property ownership. Historically, black people were denied access to productive land, could not own or effectively trade on properties. These laws have affected the ability of black people to create or accumulate wealth, which has had a fundamental impact on the economic potential of South Africa and black people in particular.
- 11.2 Gauteng is strategically located as an Economic Hub of South Africa and Ekurhuleni is a Getaway to Africa and Abroad. These opportunities have created uneven distribution of land and few citizens of the region have acquired decent properties since the advent of a democracy. However due to limited economic opportunities, the region continues to attract employment and property seekers from other provinces and those from abroad.
- 11.3 Ekurhuleni Metropolitan Municipality as a manufacturing Centre of the Province and a Hub of the Country faces stiff demand for land and property from opportunity seekers to Investors both Direct Foreign and Domestic. In order to manage this

ever increasing demand, EMM has the following Broad Priority Areas guided by Spatial Development Framework

- 11.3.1 Priority Areas identified for Upgrade – in order to maximize opportunities of land and property ownership – implementation of Urban Edge should be encouraged. This is a flexible approach to promote development considering and including Urban Edge. Historically Black People in General and African People in particular had restricted and limited opportunity to ownership of this which was earmarked for White Commercial Farmers. EMM commits to implement Agricultural Development Program that is inclusive and allow participation by its residents and increase property access and ownership to accommodate Historical Disadvantaged Individuals;
- 11.3.2 Strategic Development Areas – currently there is more emphasis on residential expansion and precincts/corridors had been identified. This further widened the opportunities on property ownership by an increased majority of residents. EMM commits to expand land opportunities on the following key Economic Sectors/Activities;
- 11.3.3 Retail/Commercial Space available in the CBD including Economic Precincts in the Township Establishments
- 11.3.4 Access to Agriculture and Mining Land available, although some Mining Land is in the process of rehabilitation
- 11.3.5 Heritage Sites, areas in interest such as Dams, Rivers and Wetlands reserved for conversation and Tourism
- 11.3.6 Core Economic Areas – this is sometimes referred to as Activity Node. It accommodates a variety of economic activities in Ekurhuleni and is divided into four main core areas namely: Albertina Sisulu (R21) Corridor, Central Activity Belt, Alrode – Wadeville Corridor and the Far East Activity Belt.
- 11.3.7 Priority Infill Areas – these are areas that were previously occupied by mining activities. The portion of land available is strategic for development purposes and some work had already been done. These areas are;
- 11.3.8 Vicinity of Germiston
- 11.3.9 Central parts of Boksburg
- 11.3.10 Eastern side of Benoni

- 11.3.11 Northwest parts of Springs
- 11.4 EMM is committed to addressing this skewed ownership of land and property relations through the following interventions:
- 11.4.1 Work with the National Department of Land Affairs land reform programme, to identify land reform opportunities.
 - 11.4.2 Manage competing land uses in Ekurhuleni given the urban and industrial character of the area.
 - 11.4.3 Develop the agriculture and agribusiness sector, thereby promoting productive land use and optimising the numbers of BBBEE-accredited enterprises, community ownership schemes, cooperatives and SMME AND COOPERATIVE participating in the agricultural sector.
 - 11.4.4 Increase the roll out of ‘land reform for Agricultural development’ in partnership with department of Land Affairs, through which the department purchases land and transfer it to black people.
 - 11.4.5 Combine zoning rights with property development, transformational infrastructure requirements with BBBEE.
 - 11.4.6 Unlock administrative and legal obstacles to property ownership in underdeveloped areas.
 - 11.4.7 Through EMM extensive property portfolio, identify properties within its portfolio for disposal and leasing to BBBEE accredited enterprises and where other socio economic objectives may be achieved.
 - 11.4.8 Detailed guidelines will be issued by EMM, outlining the criteria against which leasing and disposal of immovable assets will be conducted.
 - 11.4.9 The leasing and disposal must be informed by BBBEE principles and other socio economic objectives.
 - 11.4.10 Prior to assets being disposed of, assessments based on factors such as size, value and potential use will be done to classify immovable assets as superfluous. Once selected, the disposal process should be subject to the criteria and mechanisms outlined in leasing and disposal guidelines issued by EMM, which are in line with the objectives of this BBBEE strategy.

12. INVESTMENT AND TARGETED ECONOMIC SECTORS

- 12.1 EMM has the potential for expansion in both domestic and foreign investment, due to efficient infrastructure backbone which is widely recognised as a key lever for investments.
- 12.2 The strategic focus of the GDS is to improve growth of sectors, enhancing their employment generating potential, BBBEE and SMME AND COOPERATIVE development, appropriate provision of economic and social infrastructure and building of sustainable communities, and contributing to this on a national and continental level.
- 12.3 Five growth sectors and clusters have been identified for targeted and increased support and investment:
- 12.3.1 Business Tourism
 - 12.3.2 Agriculture (agri-processing and bio-tech)
 - 12.3.3 Manufacturing (steel related industries, automotive parts and components, beer, malt, plastic and capital equipment)
 - 12.3.4 Infrastructure expansion and investment
 - 12.3.5 Information Communication and Technology
- 12.4 Existing industries such as the mining sector remain important in the Region and contingency plans will be put in place for potential job losses, including growing the mining services sector and beneficiation.
- 12.5 This BBBEE Strategy incorporates recommendations for the EMM to deliberately leverage on increased SMME AND COOPERATIVE development through the various sector growth plans, in conjunction with the relevant institutions and in partnership with the private sector.

Metals fabrication

- 12.5.1 There are low levels of black participation in manufacturing, specifically in metals fabrication, where the sector is dominated by a few players.
- 12.5.2 In order to respond to challenges in Metal Fabrication, the EMM is focussing on beneficiation of steel and related products. In further developing the sector, EMM shall, amongst other interventions:
- Design economic, financial and other incentives to retain principal actors in the region.

- Increasing export market access, especially for SMME And Cooperatives and BBBEE- accredited enterprises;
- Design downstream opportunities and support requirements for BBBEE-accredited enterprises and SMME And Cooperatives in the use of steel.

12.6 Automotives

12.6.1 The automotives sector has been successful in exporting and consequently has a significant impact on local industries in its supply chain, such as, glass, rubber and platinum group metals.

- Encourage assemblers and component manufacturers, to support the development of new black firms in the supply chain.
- Develop SMME And Cooperatives through low-cost sites for SMME AND COOPERATIVE development, local tax incentives and business management training.

12.7 Infrastructure investment, transport and construction

12.7.1 EMM aims to meet the requirements of a growing modern economy which integrates the special transport needs of black people, particularly youth, women and people with disabilities, addresses accessibility and affordability and facilitates effective and efficient mobility of goods and services. Considerable investment has and is being channelled into the establishment, upgrading, extension and augmentation of an integrated transportation network in the Region.

12.7.2 EMM infrastructure development imperatives shall catalyse the growth of the targeted economic sectors. In so doing, vast opportunities should open up for SMME AND COOPERATIVE participation, BBBEE, job creation, access to social services and amenities and increased ability of black people in particular to seek employment and participate in economic activities. Specific projects which should make the greatest contribution to transformation in this way are:

- Gautrain, the Province's flagship infrastructure development.
- OR Tambo International Airport, the expansion and maintenance of which will continue to provide business opportunities to BBBEE-accredited enterprises.
- Taxi recapitalisation programme, a national government transport initiative.
- Commuter bus transport and goods transportation system.
- Proposed monorail system and any other form of proposed transport system.
- Expanded Public Works Programme (EPWP), which provides social and economic infrastructure to poor communities through community consultation, participation and empowerment.

12.7.3 In its efforts to extend BBBEE in infrastructure development, EMM has adopted the following strategies:

- Expand the learnership/mentorship programme for black contractors, to provide on-the-job training for enterprises.
- Design in partnership with financial institutions and government support agencies a contract guarantee system and access to finance for BEE enterprises.
- Maximise the labour intensive on all infrastructure programmes and ensure labour maximisation through the EPWP programme.
- Integrate skills development in the provision of infrastructure to promote sustainable jobs and to act as a catalyst.
- Promote enterprise development and growth in numbers of black or BBBEE-accredited suppliers and SMME And Cooperatives through procurement of their service in infrastructure projects.
- Implement the EMM Capital Expenditure using EPWP programme.
- Bring together key areas role players in the industry, build relationships and create a platform for the department for constructive engagement.

12.8 Business Tourism

12.8.1 The tourism sector is regarded as one of the country's major seasonal growth sector, potentially the largest provider of jobs and earner of foreign exchange. Tourism presents enormous opportunities for extending participation to black people and enterprises.

12.8.2 In further developing the potential of the tourism sector, EMM will assist:

- Open up opportunities for BEE-accredited tour operators and travel agents to join the distribution channels, and ensure that they are given support to sustain their presence
- In relation to accommodation, attractions, entertainment, services and transport vendors, assist the sector to grow through enterprise development support.
- Make resources available for community-based tourism initiatives that are geared towards the provision of critical tourism

infrastructure; responsible tourism products and resources; training, skills development and capacity building programmes; business linkage, marketing and support programmes, eco-tourism.

- 12.9 In addition to the specific sector BBBEE initiatives, EMM commits itself to the following overarching interventions:
- 12.9.1 Improved coordination of activities.
 - 12.9.2 Incorporate BBBEE and SMME AND COOPERATIVE imperatives into the strategic and business plans outlined for the core sectors.
 - 12.9.3 All EMM entities will comply with this strategy and set BBBEE and SMME AND COOPERATIVE development targets.
 - 12.9.4 EMM will explore partnerships with the private sector in the core sectors encouraging investment and adherence to obligations set out in the EMM GDS.

13. Public Private Partnership

- 13.1.1 Where feasible and appropriate, the EMM shall enter into partnerships with the private sector to maximise benefit for the Region.
- 13.1.2 BBBEE criteria as outlined by the PPP guidelines provided for by National Treasury shall be followed.
- 13.1.3 The National Treasury guidelines on PPPs require that PPP arrangements must:
 - Demonstrate value for money
 - Be affordable
 - Be procured using transparent and competitive processes
 - Show evidence of substantial risk transfer from the Department to the Private Party.
- 13.1.4 In terms of the guidelines, the weighting of the BBBEE component of a PPP bid shall constitute no less than 15% and no more than 20% of the three components of bid evaluation in a PPP.
- 13.1.5 EMM shall measure the private parties on a number of factors and build BBBEE requirements across all elements of BBBEE into the PPP agreement.

13.2 Property Management

13.2.1 EMM's property portfolio is worth billions.

13.2.2 The EMM is committed to effectively utilising and managing its fixed assets for the enhancement of efficient delivery of public services, economic activity, infrastructure, BBBEE and socio-economic activities. However, there are no policies or guidelines in place to govern these processes or to assist EMM meet its stated objectives.

13.2.3 The EMM shall ensure that:

- The maintenance, leasing and disposal of immovable assets shall be informed by BBBEE principles and other socio-economic objectives;
- Properties are strategically used as a catalyst to guide development, enhance the impact of Integrated Development Plans (IDPs) and promote economic activities especially in under-developed areas;
- Current guidelines as contained in the Supply Chain Management shall be revised by the EMM, outlining the criteria against which maintenance, leasing and disposal activities shall be conducted in line with this strategy;

14. ROLE OF THE PRIVATE SECTOR

14.1 The EMM envisages the role of the private sector in promoting BBBEE to include:

14.1.1 Implementation of sector transformation charters where these exist and alignment with the dti Codes of Good Practice on BBBEE;

14.1.2 Commitment to enhance BBBEE impact in its contractual arrangements with EMM and in PPPs;

14.1.3 Support for the development of SMME And Cooperatives and other enterprise development in partnership with EMM;

14.1.4 Active participation in business organisations and similar stakeholder-driven structures;

14.1.5 Participation in public private initiatives (PPIs), arrangements either than PPPs, enable development assistance and capacity building;

14.1.6 Innovative financing options within the PPP or PPI which will enable both the EMM and Private sector to meet the socio-economic and development objectives.

14.1.7 Enhance skills development initiatives within companies, through the SETAs and in partnership with accredited service providers, academic institutions and EMM.

15. ROLE OF COMMUNITY

15.1 Community involvement and participation would be through participation in the Local Empowerment Council (LEC), PPP process as well as ward committees.

15.2 The LEC will Monitor and evaluate implementation of the BEE strategy in collaboration with other stakeholders.

15.3 Community is expected to participate on the (LEC).

16. EFFECTIVE DATE

16.1 This BBBEE strategy comes into effect immediately upon being approved by the full Council.

17. MONITORING, EVALUATION AND REPORTING

17.1 The EMM shall champion and be the custodian of this strategy through the Economic Development department.

17.2 An Accounting Officer of the EMM should assume full accountability and responsibility for its development, implementation and review.

17.3 All EMM departments and their respective utilities, shall supply quarterly reports on BBBEE to the Economic Development Department against the Codes of Good Practice contained in this Strategy.

17.4 The Economic Development Department shall be responsible for consolidating the quarterly and annual BBBEE reports for the EMM.

17.5 The Accounting Officer of the EMM should table these reports to the Mayoral Committee meeting.

17.6 Departmental performance in terms of this strategy must be incorporated into the year end financial statements.

17.7 The Economic Development Department shall:

- 17.7.1 Be responsible for assessing and evaluating the BBBEE strategy.
 - 17.7.2 Develop systems and procedures for monitoring the implementation of the strategy.
 - 17.7.3 Assess achievements, cost and benefits and impact.
 - 17.7.4 Document inadequacies when and if they arise.
 - 17.7.5 Prepare an annual review of the BBBEE.
 - 17.7.6 Be responsible for prequalification of suppliers before they are included on the EMM's database.
- 17.8 The Heads of each EMM department shall be responsible for the attainment of the objectives of this strategy. The responsibilities of the departments shall be to:
- 17.8.1 Develop and implement departmental BBBEE strategies and align them with the provincial framework.
 - 17.8.2 Report quarterly on the BBBEE activities and targets.
 - 17.8.3 Monitor and review policies and strategies.
 - 17.8.4 Ensure consistency in communication and interaction with internal and external stakeholders.
 - 17.8.5 Provide resources for the successful implementation of preferential procurement.
- 17.9 The performance contracts of all senior management in EMM shall incorporate BBBEE and SMME AND COOPERATIVE development as key performance areas making it compulsory to report on activities and results in terms of this strategy.
- 17.10 This strategy shall be reviewed every three (3) years or at any other interval when the necessity arises as a result of changes to relevant legislation.

ELEMENT	INDICATOR	PROPOSED EMM TARGETS	
		2010	PROPOSED WEIGHTING
Set Aside for specific products	Compliance by procurement officers in ensuring on all agreed they are purchased from BEE firms.	90% of special products in the first year. 100% thereafter.	5
Skills development in	% of payroll spent on training in EMM per annum	2 %	10

EMM	% of payroll spent on training black women in EMM per annum Learnerships in EMM as a % of total staff in EMM/Dept	1 % 8%	
Job creation	No's of jobs created by each department and agency	60% labour intensive contracts EPWP: Labour intensive in all potential contracts and 50% local labour	15
Land ownership initiatives by EMM	Ownership of land	EMM land target	10
Ownership	% of BBBEE participation in new investments; in PPPs; in restructuring; in disposals; In licenses; Should go to companies with a BBBEE accreditation level of more than 65% and/black people.	At least 40% of the value of PPPs, 35% of restructured enterprises 50% of property disposal 35% of licenses	15
Procurement from BBBEE-accredited companies	% of Procurement spend on BEE accredited companies across all departments; utilities (incl. women, disabled, youth, broad-based enterprises and varying levels of BBBEE accreditation)	70%	15
Procurement from SMME and Cooperatives	% of Procurement spend on SMME and Cooperatives across all departments;	20%	10

	utilities		
Skills development by EMM in the Region in general	EMMs contribution to skills development in the Region	Skills and EE targets, applied as per the skills development plan for the Region as a whole	10
SMME and Cooperative supported through EMM	No of sustainable SMME and Cooperatives supported The amount spent on building the capacity of SMME and Cooperatives	Target for no's of SMME and Cooperatives supported Target for value of loans and incentives to SMME and Cooperatives and BBBEE-accredited enterprises Target for value of non-monetary support to SMME and Cooperatives and BEE accredited enterprises	10

17.11 In addition to these indicators, EMM should measure its impact on BBBEE in the Municipal Region against the following:

17.11.1 Increase in the number and quality of jobs and a sustainable reduction in unemployment figures in the Region as a whole.

17.11.2 Increased income levels of black persons and a reduction of income inequalities between and amongst groups in the Region. "Income" refers to the level of earnings or wages of individuals in an economy. An increase in overall income levels, as well as a reduction in income inequalities for black people and workers is a central objective of BBBEE.

17.11.3 Improved access to infrastructure and meaningful participation in productive economic activities in underdeveloped areas. (Sustainable livelihoods/LED measure - needs input).