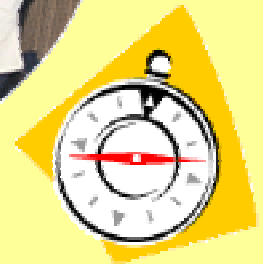
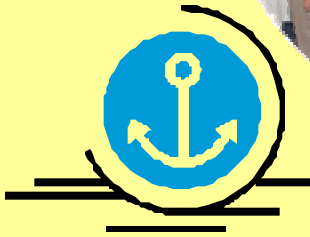


# MARITIME TRANSPORT & SERVICE INDUSTRY BEE CHARTER



[www.maritimebee.org.za](http://www.maritimebee.org.za)

# MARITIME TRANSPORT & SERVICES BEE STRATEGY

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## 1. SCOPE

1.1 The Maritime Transport & Services Industry (MT & SI) of the economy is often associated with shipping lines involved in the carriage of cargo and associated service providers. More specifically, economic activities in South Africa which share a relationship with the sea include the following:

- ⊘ Enterprises concerned with the marine transport of cargo and services ancillary to such transport;
- ⊘ Enterprises concerned with the manufacture, provision, maintenance and repair of marine equipment, including marine craft;
- ⊘ The commercial ports system and authorities responsible for the provision and operation of navigational aids, including lighthouses;
- ⊘ Institutions concerned with rescue, salvage and anti-pollution operations;
- ⊘ Government departments and agencies concerned with international maritime relations, administration of maritime safety, the protection and conservation of the marine environment and law enforcement within South Africa's offshore jurisdiction; and
- ⊘ Institutions concerned with marine and maritime education, training and resources.

1.2 The following activities, which constitute part of the Maritime Transport & Services Industry, broadly defined, **are excluded** for the purposes of developing a Black Economic Empowerment (BEE) Strategy, as appropriate policies are formalised for these entities by other Government Departments:

- ⊘ Enterprises concerned with the exploitation of renewable and non-renewable marine resources (Departments of Minerals and Energy and Environment and Tourism, for fishing);
- ⊘ The Marine Tourism Industry (Department of Environment and Tourism); and
- ⊘ Naval defence (Department of Defence)

## 2. LONG TERM VISION

### 2.1 Overarching long-term vision

- 2.1.1 Our overarching long-term vision is to develop South Africa to become one of the world's top 35 maritime nations by the year 2014. In 1996, 35 countries controlled 93,5% of the world's merchant fleet. Sad to say, not a single African country featured on this list. South Africa's sea-borne trade during this period amounted to approximately 135 million tonnes. This level of trade closely matches some of the countries featuring in the top 35 merchant fleet owners.
- 2.1.2 The South African Maritime Transport & Services Industry is, therefore, well positioned to make this vision become a reality and make a broader contribution towards sub-regional integration in line with the objectives of the New Partnership for Africa's Development (NEPAD) and the African Maritime Partnership, whilst at the same time promoting the participation of previously disadvantaged communities in this historic continental initiative.
- 2.1.3 Our vision is to substantially increase the number of SA flagged vessels and develop new South African shipping companies that are globally competitive, not only in trade between South Africa and the rest of the world. These companies must eventually be able to compete with other merchant navies operating on other lucrative international trade routes, e.g. the Far East and Europe and the Far East and America.

### 2.2 Developing a World Class Industry

- 2.2.1 Our vision is to develop a world-class industry, based on seamless integration of all modes and multiple networks, that will grow in size, stimulate economic growth and development, facilitate trade, comply with international safety standards and deliver efficient and quality services to customers. Our industry will achieve a significant increase in black participation in ownership, management and employment in companies throughout the industry value chain. We will pursue a growth strategy that prioritises the retention and creation of quality jobs, most of which are on landside operations.
- 2.2.2 To make this vision become a reality will require a deliberate strategy to increase access to skills, capital and economic opportunities and, therefore, raise the economic value added (or productivity) of every employee and enterprise in the industry. This will require all stakeholders to recruit new black people into the industry

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and increase their skills (and those of existing employees) to best-practice international levels, while creating a supportive culture for their talents to thrive. It will also require all stakeholders to facilitate the creation of new black entrepreneurs (and the development of existing ones) who can participate in economic opportunities throughout the MT & SI value chain.

2.2.3 We, the signatories to this document, believe that every company in South Africa must embrace Black Economic Empowerment (BEE) voluntarily, recognising that it is a constitutional, legislative and economic imperative to secure a prosperous future for all our country's citizens and, therefore, a larger market in which to trade. We commit ourselves to embark on a major communications and marketing campaign that will take this "Broad-Based BEE Charter for the Maritime Industry" to every company within our industry to ensure maximum participation by all stakeholders.

2.2.4 Accordingly, all private sector stakeholders, who commit themselves to this Charter, will agree to have their BEE achievements (in terms of the indicators in the balanced scorecard) rated by an independent BEE rating company that is accredited by stakeholders. Public sector organisations will be monitored and rated in a separate process that will be designed by the NDoT, the Department of Public Enterprises (DPE) and other stakeholders in the industry. However, independent BEE rating companies will rate the suppliers of public sector organisations that do not have such capacity. The independent BEE ratings will go a long way towards eliminating fronting in the industry.

### **2.3 Undertakings by all Stakeholders (to achieve this vision):**

2.3.1 To promote a collaborative relationship with organisations such as Proudly South Africa (PSA) and stakeholders in the mining and liquid fuels industries (The Ship South African Campaign) to persuade local cargo owners to increase the cargo carried on South African ships<sup>1</sup> to 25,1% of the total within the next five years. South African companies, with particular focus on BEE companies, should broker 25,1% of all cargo handled by brokers within the next five years, subject to review.

2.3.2 The new mining and liquid fuels industry leadership should place shipping on the agenda as part of their strategic level discussions on export and import programmes. These industries are well positioned to facilitate the utilisation of black shipping service providers in joint ventures with established companies. What we are calling for is a clear strategy or plan that will result in the bulk of cargo going through South African ports to be carried on South African ships.

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<sup>1</sup> As defined and amended in the Ships Registration Act. Please refer to Appendix (A) Definitions

### 2.4 National Government undertakings (to achieve the vision):

2.4.1 Demonstrate its commitment towards developing South Africa into a leading maritime nation by adopting a more active stance and increasing its advocacy around maritime matters and the proposed Ship South African Campaign.

2.4.2 Continue to create an environment that is conducive for the country to substantially increase its trade (exports and imports) with the rest of the world. (The level of trade is the main driver of growth and, therefore, job creation in our industry. Key elements of an enabling environment for trade include: trade promotion; enhancing feeder and inland transport connections; improving the quality of available maritime infrastructure & superstructure and restructuring to ensure reliability and cost effectiveness of port operations.)

2.4.3 Resolve legislative and fiscal restrictions, which have a negative impact on the competitiveness of the South African Maritime Industry.

2.4.4 Use its leverage in the industry to incentivise all stakeholders to achieve the objectives of this charter.

2.4.5 Set up structures that will ensure inter-governmental co-ordination between departments to align their programmes with the Transport sector wide and MT & SI BEE Charter processes. Examples of cross-cutting issues that require interventions across government departments and agencies include:

⌘ The Department of Trade & Industry's (DTI) Maritime Industry Strategy.

⌘ Discussions with the Department of Finance to address fiscal issues e.g. tonnage tax.

⌘ Department of Foreign Affairs – Free Trade Agreements.

⌘ The Department of Labour and the Transport Education and Training Authority to monitor compliance with the Employment Equity and Skills Development Act.

⌘ The countrywide shortage of engineers and artisans across all disciplines.

⌘ Increasing awareness within the transport sector about available government investment incentives and grants.

⌘ Monitoring of stakeholder achievements in terms of the indicators in the MT & SI Scorecard.

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- 2.4.6 Convene a stakeholder forum to investigate the scale of BEE opportunities in the MT & SI. The stakeholder forum will also:
- €# Engage public and private funding institutions to highlight opportunities in the sector;
  - €# Make proposals on financing mechanisms; and
  - €# Investigate, together with stakeholders in other Transport sub-sectors, the feasibility of setting up a Transport Sector Bank.
- 2.4.7 Engage public and private sector funding agencies to develop innovative funding mechanisms for BEE companies seeking to invest in the sector. This will require a high-level workshop with these agencies and major BEE companies to inform them about opportunities that will emerge in the MT & SI following the adoption of this charter.
- 2.4.8 Increase awareness among BEE companies in the transport sector about investment and matching grants, tax allowances and other incentives that are provided by the Department of Trade & Industry and The Enterprise Organisation (TEO) and investigate the possibility of motivating for new products that take into account the unique nature of the maritime industry.
- 2.4.9 Ensure that the restructuring of Ports to effect new institutional arrangements and to increase the international competitiveness of ports, port operations and services must proceed in a manner that results in an increase in black participation at all levels – in ownership, management, employment and the procurement of services and goods and to increase the international competitiveness of the ports, port operations and services. The restructuring of port operations must not result in a reversal of BEE gains made by the NPA and SAPO.
- 2.4.10 Enforce and monitor compliance with existing legislation that may impact on BEE such as the Employment Equity, Skills Development and Competition Acts.
- 2.4.11 Publish an annual report on BEE within the MT & SI that consolidates various reports and information from all stakeholders. Stakeholders will use this report to review progress at an annual Transport Industry BEE Forum.

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### **2.5 Labour Undertakings (to achieve this vision)**

- 2.5.1 Encourage pension and provident funds, where trade unions have significant influence, and trade union investment companies to make investments in the sector to help achieve the ownership targets.
- 2.5.2 Encourage employers to first look towards their own employees when considering options for achieving black equity participation.
- 2.5.3 Investigate opportunities to establish collective investment vehicles (including employee share ownership schemes) that will make investments in the sector. These investment vehicles must ensure the empowerment of workers to develop the skills required to own and manage companies in the industry.
- 2.5.4 Ensure that workers are empowered through skills development and create opportunities to deploy them into management positions.
- 2.5.5 Mobilise members to ensure compliance with existing legislation e.g. the Employment Equity, Skills Development, Labour Relations and Basic Conditions of Employment Acts. Non-complying companies must be reported to the Transport Sector BEE Forum to take further action by inspecting the causes for non-compliance and reviewing performance targets as necessary.
- 2.5.6 Mobilise members to monitor the performance of their employers in implementing the Growth and Development Summit (GDS) agreement on promoting local content and/or procurement and supporting the Proudly South African campaign.
- 2.5.7 Monitor the impact of procurement/outsourcing on job creation and report findings to the Transport Sector BEE Forum and MT & SI Steering Committee.

### **2.6 TETA undertakings:**

- 2.6.1 Play a more interventionist role to influence training priorities in the Maritime Chamber.
- 2.6.2 Assist stakeholders with the analysis of people in a particular skills set (or job category) broken down by race and gender.
- 2.6.3 Continuously conduct analysis and update statistics about the future demand of critical skills sets and the supply side of the equation.
- 2.6.4 Continuously conduct an analysis of the quantity, quality and nature of MT & SI training that companies are doing.

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- 2.6.5 Commit to this BEE Strategy and strive to achieve the targets set (where applicable) as per the indicators (Management, Employment Equity, Skills Development, Preferential Procurement and Enterprise Development) in the balanced scorecard both internally and with specific reference to service providers.
- 2.6.6 Align its mission and vision with the imperatives of BEE and assist with the implementation and monitoring of the BEE Strategy.

## 3. INDICATORS OF EMPOWERMENT

This “Broad-Based BEE Charter for the Maritime Transport & Services Industry seeks to encourage all stakeholders to pursue an aggressive transformation agenda according to the broad guidelines set out in the National Strategy and BEE Scorecard. It is also necessary to set different targets and timeframes for the public and private industry because the two are at different stages of the transformation process.

### 3.1 Ownership and Control

#### 3.1.1 Guiding Principle

We commit to increase black participation across the entire spectrum of the domestic MT & SI value chain in ownership, management control and operational involvement and design appropriate funding mechanisms to facilitate the process.

This principle is linked to the long-term strategy of growing the domestic Maritime Transport & Services Industry so as to ensure that BEE does not become a zero-sum game.

The ownership target refers to direct ownership and is specifically aimed at any company that has a MT & SI domestic asset base; this is irrespective of whether it is foreign or domestically owned. The ownership target does not apply to foreign – owned floating assets.

#### 3.1.2 Foreign Ownership Market

With regard to foreign ownership, foreign companies, which have a local asset base, will implement BEE strategies, according to the guidelines provided by this MT & SI Charter. They will be encouraged to sell equity in their local operations.

However, companies that are wholly owned offshore and are unable to sell equity should consider using the enterprise development indicator and set off achievements in this regard against the ownership requirement.

With respect to Government procurement, all companies, local and foreign, will be required to comply with all the indicators of the BEE Scorecard.

### 3.1.3 Stakeholder Undertakings:

#### 3.1.3.1 *The Local Based Market commits to:*

- €# Broaden the ownership base of their companies and ensure that at least 25.1% of equity is in black hands, with at least 10% earmarked for women and 3% for people living with disabilities, within the next five years.
- €# First look towards employees when considering options for achieving this ownership target.

### 3.1.4 Funding Mechanisms

#### 3.1.4.1 All stakeholders commit to:

- €# Facilitate through creative financing mechanisms the acquisition of equity in their operations by BEE companies and use such facilitation to earn points under the enterprise development indicator in the MT & SI BEE scorecard.
- €# Increase awareness about the industry amongst the traditional banking institutions as well as Public Financing Institutions.

## 3.2 Management

### 3.2.1 Guiding Principle

Our guiding principle is to increase the participation of black people on MT & SI company boards and similar governing structures to create decision-making structures that truly represent the racial, ethnic and gender diversity of our country. The industry will be transparent, eliminate unscrupulous business practices including fronting and fraud, and adopt best-practice corporate governance policies as outlined in the King II report.

### 3.2.2 Stakeholder undertakings

#### 3.2.2.1 *The Private Industry:*

Under normal circumstances, black ownership will be accompanied with an equal level of management control. However, private industry will recruit onto their executive boards and similar governing structures black directors (who do not necessarily own equity) to reach a target of at least 40% within 5 years. 40% of this target, which is equal to 16% of the total, should be earmarked for black women and

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3% for all people living with disabilities on executive boards and similar governing structures.

### 3.2.2.2 *Government commits to:*

Recruit onto their executive boards and governing structures black directors (who do not necessarily own equity) to reach a target of at least 70% within 5 years. 50% of this target, which is equal to 35% of the total, should be earmarked for black women and 3% for all people living with disabilities.

## 3.3 Employment Equity (EE)

### 3.3.1 *Guiding Principle*

Our principle is to increase the participation of black people in top management, senior management and professional and technical occupations in the Maritime Transport & Services Industry to create a workforce that truly represents the racial, ethnic and gender diversity of our country.

This will require that all stakeholders create a supportive culture within their organisations to be an 'Employer of Choice', attract new talent, facilitate the development of existing employees, and accelerate their progress into key positions within the industry.

### 3.3.2 *Private Industry commits to:*

€# Increase the representation of blacks in all management, technical and professional occupational categories combined to at least 40% within the next five years, with due regard and recognition to what has been agreed upon at company EE forums. This 40% MT & SI target will be used as a benchmark against which to measure progress and score companies according to the MT & SI BEE scorecard.

€# Total compliance with the Employment Equity Act, presenting accurate figures and statistics on EE to the Department of Labour (DoL). These targets as set in the EE Plans within the set period.

### 3.3.3 *Government commits to:*

Ensure that all parastatals and public sector agencies increase the representation of blacks in all management categories combined to at least 70% within the next five years. 50% of this target, which is equal to 35% of the total, should be earmarked for black women and 3% for all people living with disabilities.

€#

€# Engage the TETA Chamber to ensure that it plays a significant role in monitoring and supporting stakeholders to meet their EE targets.

### 3.3.4 TETA commits to:

€# Play a significant role in monitoring and supporting stakeholders to meet their EE targets.

## 3.4 Skills Development

### 3.4.1 Guiding Principle

Our vision is to substantially increase the economic value added (or productivity) of every employee in the Maritime Transport & Services Industry through best practice human resource and skills development policies and to increase the scale of initiatives aimed at developing black professionals and technical experts.

### 3.4.2 Stakeholder undertakings

#### 3.4.2.1 *Private Industry commit to:*

€# Invest at least 5% of payroll on skills development initiatives. The target is inclusive of all associated costs and the current 1% skills development levy.

Identify within and outside their companies a talent pool of black people for accelerated development through:

€# International assignments that provide high-quality operational and managerial exposure, where appropriate;

€# Mentorship programmes;

€# Learnerships;

€# Intra-industry exchange and internship programmes; and

€# Higher education and training.

#### 3.4.2.2 *Government commits to:*

Invest at least 10% of payroll on skills development initiatives.

€# Design and fund a coordinated framework and programme for career awareness and training that leverages off and adds value to existing initiatives. The awareness programme will publicise and coordinate information regarding scholarships, training resources and careers in the industry. Other stakeholders will be encouraged to contribute towards the cost and design of this initiative.

### 3.4.2.3 TETA commits to:

- €# Conduct research to identify scarce management (generic) and professional (maritime-specific) skills that the industry will require over the next decade and map out future demand-supply scenarios in the detailed skills audit.
- €# Conduct research on the supply side of the skills development equation i.e. the institutions that will provide the required management, professional and technical skills. The research will determine whether the identified institutions have the capacity to meet the expected demand and whether their curricula meet the needs of industry. It will make proposals on how to increase the capacity and relevance of existing institutions and establish whether there is a need to establish a dedicated institution that will focus on developing skills for the Maritime Transport & Services Industry.
- €# Introduce, after consulting stakeholders and completing the skills audit, new categories of learnerships, in management, technical and professional occupational categories, to help public and private sector organisations to achieve their employment equity targets.
- €# Collect and publish detailed and aggregated statistics on the EE profile of the industry according to occupational level and occupational category. Also, to monitor the industry's progress in meeting its targets and publish an annual report on the EE Profile of the industry according to occupational level and category.
- €# Assist in unlocking the funds from the National Skills Fund (NSF) for Management and Learnership Programmes in the identified areas.
- €# Together with the South African Maritime and Safety Authority (SAMSA) continuously benchmark training programmes against international best practice.

### Learnerships

## 3.4.2.4 **All Stakeholders commit to:**

- €# Increase the number of learners to at least 5% of their workforce within 3 years.

## 3.4.2.5 **TETA commits to**

- €# Expand the number of learnerships available based on the sector's skills requirements identified in the sector skills plan and the demands of the industry.

€#

Facilitate easy access to finance learnerships and eliminate bottlenecks and bureaucratic procedures in accessing grants. This would entail streamlining processes and developing user-friendly procedures that encourage companies to participate in learnership programmes.

## 3.5 **Preferential Procurement**

### 3.5.1 Guiding Principle

Our guiding principle is to accelerate procurement from black-owned and empowered enterprises thus creating opportunities for the establishment of new enterprises and the development of existing ones that will grow the industry and create jobs.

### 3.5.2 Stakeholder undertakings

#### 3.5.2.1 *Government commits to:*

- €# Ensure that parastatals and public sector organisations implement and invest in best-practice supplier development policies and procure at least 60% of discretionary spending from BEE suppliers and 30% from SMME's with specific emphasis on Black empowered and enterprises within the next five years.
- €# Ensure that parastatals and public sector agencies develop uniform policies on Accounting for Affirmative Procurement and adopt the guidelines that will be set by the Transport Sector BEE Forum.
- €# Ensure that parastatals and public sector agencies constantly explore ways of increasing the amount of discretionary spending – for example by supporting local procurement and/or content in line with

the agreements reached by stakeholders at the Growth and Development Summit (GDS).

- €# This will require that parastatals and public sector agencies state in their annual BEE reports the reasons for classifying an item of expenditure as “non-discretionary.” This information should be disclosed in a detailed statement that reconciles discretionary and non-discretionary expenditure.
- €# Parastatals and public sector agencies should support the Proudly South African (PSA) campaign and note the agreement at the GDS, that PSA is “an important means of taking the message of local content, fair labour standards, environmental sustainability and quality products and services to the nation.”
- €# As far as possible, parastatals and public sector agencies should use local as opposed to foreign suppliers and state the reasons for using a foreign supplier. Where a foreign supplier must be used, parastatals must use the offset principle to secure the commitment of these companies to a set of BEE obligations.

### 3.5.2.2 *The Private Industry commits to:*

- €# Commission, together with other stakeholders, a study to establish current levels of procurement from BEE companies and identify areas where they can achieve “quick wins” to accelerate BEE.
- €# Procure at least 30% of discretionary spend from BEE suppliers within the next five years.
- €# Procure at least 10% of total procurement spend from SMME’s within the next 5 years.
- €# Adopt the guidelines on Accounting for Affirmative Procurement that will be set by the Transport Sector BEE Forum.
- €#

## 3.6 Enterprise Development

### 3.6.1 Guiding Principle

Our principal objective is to help set up, nurture and grow viable BEE enterprises in the Maritime Transport & Services Industry that are majority-owned by black

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operators while developing existing companies. We aspire to increase investment in black-owned and empowered enterprises as a proportion of net asset value.

### 3.6.2 Stakeholder undertakings

#### 3.6.2.1 *Government commits to:*

- €# Investigate opportunities to enter into creative joint ventures (and other forms of alliances) with BEE companies as well as explore other opportunities as defined in the MT & SI BEE Strategy.
- €# Aspire to achieve a target of 10% of net asset value within the next 5 years.

#### 3.6.2.2 *Private Industry commits to:*

- €# Pro-actively seek opportunities to enter into joint ventures (and other forms of alliances) and make direct investments in BEE companies.
- €# Facilitate the development of creative financial mechanisms to enable BEE companies and employees to purchase equity in their companies.
- €# Measure progress by calculating the value of such investments or facilitation provided to BEE companies as a percentage of net assets. The target is to achieve at least 10% for local based companies and 25.1% for foreign based companies within the next five years.

#### 3.6.2.3 *TETA commits to:*

- €# Develop training programmes specifically designed for entrepreneurs in the Maritime Transport & Services Industry.

## 3.7 **Sector Specific Targets**

### 3.7.1 Job Creation

#### 3.7.1.1 *Guiding Principle*

There has been significant growth in the container and bulk industry over the past decade with huge increases in volumes of imports and exports, but the growth *in* these areas of trade has not been accompanied by a similar increase in job

creation. Our vision is to ensure the retention and creation of quality jobs.

The guiding principle for job creation shall be related to growth in the overall South African economy, Industry and/or at enterprise development level. To this end a certain percentage in economic growth should at least create a significant number of jobs in our Industry.

### 3.7.1.2 *Stakeholder Commitments*

All Stakeholders therefore commit to:

Create 10% (minimum of 4000) permanent jobs in the industry based on the current number of employment figures within the next 5 years<sup>3</sup>

### 3.7.2 Social Development

#### 3.7.2.1 *Guiding Principle*

The maritime industry is well placed to make a contribution towards the development of local communities. Our aim is to increase the impact of companies within the MT& SI value chain on local communities.

#### 3.7.2.2 *All Stakeholders commit to:*

€# Participate in social development projects as identified by historically disadvantaged employees, which can include HIV/AIDS treatment and prevention, education, community development and maritime awareness.

€#

### 3.7.3 Maritime Awareness Campaign

#### 3.7.3.1 *Guiding Principle*

Given the lack of awareness about the impact and contribution of the Maritime Transport & Services Industry in our economy, it becomes an imperative to embark on a comprehensive Maritime awareness campaign.

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<sup>2</sup> This number is derived from the estimated current employment figures of 40 000 (SATAWU).

<sup>3</sup> This number is derived from the estimated current employment figures of 40 000 (SATAWU).

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### 3.7.3.2 *Stakeholder undertakings*

- €# Develop an industry-wide awareness campaign to showcase the MT & SI and its interrelated activities and demonstrate its impact on the economy through facilitating trade, economic growth and development, BEE and job creation.
  
- €# The awareness campaign should target all South Africans, the African region as well as the international community. Targeted campaigns to be spearheaded at government departments (Department of Finance, Department of Trade and Industry, Department of Transport and National Treasury), schools, tertiary institutions and financial Institutions.

### 3.7.4 *Labour Standards*

#### 3.7.4.1 *Guiding Principle*

Our guiding principle is to develop an industry that is characterised by fair labour practices.

#### 3.7.4.2 *All Stakeholders commit to:*

- €# Implement fair labour practices across the board in line with the requirements of the Basic Conditions of Employment Act, the Employment Equity Act and the Skills Development Act. Seafarers employed by South African owners and operators will be afforded the same rights as other workers.
  
- €# Ensure non-discrimination against employees living with HIV/AIDS and allocate funds and resources towards initiatives aimed at HIV/AIDS education, counselling and treatment in maritime communities in conjunction with international best practices.

## MARITIME TRANSPORT & SERVICES BEE STRATEGY

### 4. PROPOSED MARITIME TRANSPORT & SERVICES BEE SCORECARD

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Core Components	Indicators of Empowerment	Private Sector Targets	Private Sector Weights	Public Sector/ SOE Targets	Public Sector/ SOE Weights	Time Frames
<u>Foreign Ownership</u>	% share of economic benefits	0% ( <i>Offset principle See Enterprise Development</i> )	N/A	N/A	N/A	
<u>Local Based Operations</u> <b>Capital &amp; Services Sector</b>	% share of economic benefits	25.1%	14%	25.1% (in the event of an asset disposal and or upon restructuring)	N/A	5 years
	Women Representivity <sup>6</sup>	10%	4%	10%	N/A	
	People living with Disabilities <sup>7</sup>	3%	2%	3%	N/A	
<b>Management</b>	% Black persons in executive management and or executive board and board committees	40%	7%	70%	10%	5years
	Women Representivity <sup>8</sup>	16%	2%	35% <sup>9</sup>		
	People living with Disabilities	3%	1%	3%		
<b>Employment Equity</b>	Across the top 3 levels as stipulated in the EEA2 report <sup>10</sup>	40%	7%	70%	10%	5 years

<sup>4</sup> These proposed targets, timeframes and weightings will be reviewed every 2.5 years and subject to change by an independent Peer Review Mechanism

<sup>6</sup> With specific reference to Black Women. Target expressed as a % of BEE target. E.g. 40% of 25.1% or **10% of the Total**.

<sup>7</sup> This target is 3% of the total

<sup>8</sup> Target expressed as a % of BEE target. E.g. 40% of 40% or **16% of the Total**.

<sup>9</sup> 50% of the 70% target or 35% of total

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Core Components	Indicators of Empowerment	Private Sector Targets	Private Sector Weights	Public Sector/SOE Targets	Public Sector/SOE Weights	Time Frames
	Women Representivity <sup>11</sup>	16%	2%	35% <sup>12</sup>		
	PLWD	3%	1%	3%		
<b>Skills Development</b>	Skills Development expenditure as a proportion of total payroll (includes the 1% current skills development levy as well as all associated costs). <sup>13</sup>	5%	15%	10% <sup>15</sup>	30%	Ongoing
	Learnerships <sup>14</sup>	5% learners of total workforce	5%	10% learners of total workforce		Ongoing
<b>Preferential Procurement</b>	Procurement from Black-owned and empowered enterprises as a proportion of discretionary procurement.	30%	15%	60%	20%	5 years
	SMME's <sup>16</sup>	10% of total	5%	30%	10%	

<sup>10</sup> Companies still need to comply with the Employment Equity Act. This target is with specific reference to Blacks as defined in this BEE Charter and is measured as a percentage of total employment across the levels.

<sup>11</sup> Target expressed as a % of BEE target. E.g. 40% of 40% or **16% of the Total**.

<sup>12</sup> Target expressed as 50% of the 70% target

<sup>13</sup> As defined in the National Skills Development Strategy (NSDS) : Guide for distribution: Black (85%), Women (54%), PLWD (4%)

<sup>14</sup> With specific reference to unemployed & according to Schedule 18.2

## MARITIME TRANSPORT & SERVICES BEE STRATEGY

Core Components	Indicators of Empowerment	Private Sector Targets	Private Sector Weights	Public Sector/SOE Targets	Public Sector/SOE Weights	Time Frames
<b>Enterprise Development</b>	Investment in black-owned and empowered enterprises as a proportion of net asset value (Local companies)	discretionary procurement	10%	10% of NAV (where applicable)	20%	5 years
	Foreign Companies	25.1% of domestic NAV (Offset against ownership target) <sup>18</sup>	20% (ownership) +10% EnterpriseDev = 30%	N/A	N/A	5 years
<b>MT &amp; SI Specific</b>	Job Creation <sup>19</sup>	5% of current permanent jobs	5%	5% of current permanent jobs	5%	5 years
	Social Development	0.025% of turnover	2.5%	0.025% of turnover	2.5%	Ongoing
	Maritime Awareness Campaign	0.025% of turnover	2.5%	0.025% of turnover	2.5%	Ongoing
<b>TOTAL</b>			<b>100%</b>		<b>100%</b>	

<sup>15</sup> With specific focus on accelerated training programmes for the youth (18-35years) within the organisation. 50% of the 10% headline target will be targeted towards the youth.

<sup>16</sup> Target expressed as 33% of the 30% or 10% of the Total Discretionary spend. This also refers to procurement from Black - owned and empowered SMME's

<sup>17</sup> Total score of 65% and above good contributor broad based BEE

<sup>18</sup> Where foreign - owned companies opt for the equity ownership transaction the domestic scorecard applies.

<sup>19</sup> Global Sector target of 10% of current permanent jobs through specific industry initiatives

## Appendix A

### DEFINITIONS

For purpose of clarification and to avoid ambiguity the following terms apply to this Charter:

**‘Broad-Based Black Empowerment’** - Accordingly, government defines BEE as an integrated and coherent socio-economic process that directly contributes to the economic transformation of South Africa and brings about significant increases in the numbers of black people that manage, own and control the country’s economy, as well as significant decreases in income inequalities. Thus the BEE process will include elements of human resource development, employment equity, enterprise development, preferential procurement, as well as investment, ownership and control of enterprises and economic assets.

**‘Black People’** – is a generic term which means African, Coloured and Indians

**‘Black Enterprise’** - is one that is 50,1% owned by black persons and where there is substantial management control. Ownership refers to economic interest. In this instance **‘Management’** – refers to the membership of any board or similar governing body of the enterprise

**‘Black Empowered Enterprise’** ’ –is one that is at least 25.1% owned by black persons and where there is substantial management control. Ownership refers to economic interests. In this instance **‘Management’** refers to executive directors. This is whether the black enterprise has control or not.

**‘Black Women Owned Enterprise’** is one with at least 25,1% representation of black women within the black equity and management portion.

**‘Community or broad based enterprise’** - has an empowerment shareholder who represents a broad base of members such as a local community or where the benefits support a target group, for example black women, people living with disabilities, the youth and workers.

**‘Control’** – of a business entity can be achieved in a number of ways a) a majority shareholding position i.e. 50% + 1 share, b) an effective controlling shareholding; c) a majority of a board of directors; and/or d) a shareholders agreement

**‘Co-operative or collective enterprise’** is an autonomous association of persons who voluntarily join together to meet their economic, social and cultural needs and

## MARITIME TRANSPORT & SERVICES BEE STRATEGY

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aspirations through the formation of a jointly – owned enterprise and democratically controlled enterprise.

**Direct Empowerment.** The process of BEE must result in an increase in the ownership and control of the economy by black persons. This means that a significant portion of black persons ownership of assets and enterprises must be a controlling interest, reflecting genuine participation in decision making at board executive management and operational levels, and the assumption of real risk. In this MT & SI scorecard, direct empowerment focuses on ownership of enterprises and assets through shares and other instruments that provide the holder thereof with voting rights and economic benefits such as dividends or interest payments.

**Disabled employees.** For the purpose of this Charter, the definition of employees with disabilities as contained in the Employment Equity Act is used. It means employees who have a long-term or recurring physical or mental impairment, which substantially limits their prospects of entry into or advancement in employment. The total number of employees with disabilities (irrespective of race or gender) is expressed as a percentage of the total number of employees (irrespective of race or gender) in all levels of the organisation.

**Discretionary Spend** refers to the portion of total procurement where a company has the option to determine whether goods and services can be procured from a supplier. This figure is arrived at after deducting non-discretionary procurement e.g. imports and other items provided by monopoly suppliers e.g., water, electricity, telephone. A process will start after the signing of the Transport Sector BEE Charter to arrive at uniform definitions of what constitutes discretionary and non-discretionary spending.

### **Enterprise Development**

Includes Joint Ventures, sub–contracting, and supplier development initiatives. It also includes the facilitation provided by established company to its BEE partners e.g. discounts, access to cash flow, guarantees or put options deferred payments, and other vendor financing models.

### **Foreign Owned/Based Companies**

**This refers to wholly foreign- owned companies. Refer to DTI Letter.**

**Fronting** - The deliberate misrepresentation of information in order to gain an advantage over another individual / entity. In addition the use of questionable ownership structures in order to unjustifiably gain points to get preference points in any business/ tender adjudication process

### **Growth**

This term relates to the National Economic Growth, Industry Growth as well as Enterprise Development growth

**Indirect Empowerment.** A core component of this BEE Strategy is the creation and nurturing of new enterprises by black people, preferential procurement by the State, Parastatals and the private sector is an effective and efficient instrument to drive BEE. A second element of indirect empowerment is enterprise development. This can take two forms:

≠ Investment in black-owned and black-empowered enterprises.

≠ Joint Ventures with black owned and black empowered enterprises that result in substantive skills transfers

### **Job Creation**

Refers to the creation of opportunities for ongoing permanent employment.

**Learners** refers to the people participating in the learnership and other similar programmes

### **Local Based Companies**

**Companies that are registered within the borders of South Africa (SEE DTI LETTER)**

### **Net Asset Value**

Within the context of this Charter this term refers to Total Asset less Liabilities.

## MARITIME TRANSPORT & SERVICES BEE STRATEGY

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**Non-Discretionary Spend** refers to all commodities and services where organisations have no option but to procure from companies (exports, water and electricity, rates and taxes, telephone etc)

**'Ownership'** refers to equity participation and the ability to exercise rights and obligations that accrue under such ownership. It also refers to economic interest, in other words paid up capital. The parties to this Charter agree that the measurement of the extent of the achievement of this target of the aggregate value of the equity will be based on the asset values per the audited accounts of the entities concerned.

The 25,1% ownership and control of all facets of the local based Maritime Transport & Services Industry that the parties to this Charter are seeking to bring about over a 5 year period implies that Empowered Companies owning in total, by the end of that period, not less than 25.1% of the aggregate value of equity of the various entities that hold the operating assets of the South African Maritime Transport & Services Industry.

### **Payroll – As per skills development.**

The total amount of remuneration paid or payable, or deemed to be paid or payable, by an employer to its employees during any month. This is determined in accordance with the provisions of the Fourth Schedule to the income Tax Act.

**South African Ship** – a South African ship refers to a South African owned ship - small vessels, other than fishing vessels, that are:

≠ wholly owned by South African residents or South African nationals; or

≠ operated solely by South African residents or South African nationals or both such residents and nationals; and, ships on bareboat charter to South African nationals.

Therefore South African ships does not and should not necessarily refer only to South African registered ships only, nor ships flying the SA flag

**Stakeholders** refers to a range of interest groups within the Maritime Transport & Services Industry who directly and indirectly participated in this process. These groups included Government, Industry, Parastatals Agencies, Financial Institutions

## **MARITIME TRANSPORT & SERVICES BEE STRATEGY**

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(Private and Public), Organised Labour, Civil Society Associations, BEE operators, suppliers, SMME's as well as individuals.

**TETA** refers to the Maritime Chamber, Forwarding and Clearing as well as the Freight Handling Chamber.

## ABBREVIATIONS

**ABMOSA** – Association of Black Maritime Organisation of South Africa

**ABET** - Adult Basic Education and Training

**BCEA** – Basic Conditions of Employment Act

**BEE** - Black Economic Empowerment

**CIPRO** – Company Intellectual Property and Registration Organisation

**DBSA** - Development Bank of South Africa

**DoL** – Department of Labour

**DTI** – Department of Trade and Industry

**DPE** – Department of Public Enterprises

**EE** – Employment Equity

**GDP** – Gross Domestic Product

**GDS** – Growth and Development Summit

**HDSA** – Historically Disadvantaged South Africans

**IDC** - Industrial Development Corporation

**JSE** - Johannesburg Securities Exchange

**KPI** – Key Performance Indicators

**MSA** - Moving South Africa

**MT & SI** – Maritime Transport & Services Industry

**Ndot** – National Department of Transport

**NEF** - National Empowerment Fund

**NEPAD** – New Partnership for Africa’s Development

**NSF** – National Skills Fund

**PAT** – Profit After Tax

**PIC** - Public Investment Commissioners

**PIPO** - Public Industry Port Operations

**PPFA** - Preferential Procurement Framework Act.

**PSA** – Proudly South African

**RDP** – Reconstruction and Development Programmes

**SAMSA** – South African Maritime Authority

**SATAWU** – South African Transport and Allied Workers Union

**SETA’s** Sector Education and Training Authorities

**SMME** - Small Micro Medium Enterprises

**TETA** – Transport Education and Training Authority

**TEO** - The Enterprise Organisation

**WSP** – Workplace Skills Plan

# MARITIME TRANSPORT & SERVICES BEE STRATEGY

## SIGNATORIES TO THIS MTI BEE STRATEGY

### MARITIME TRANSPORT BEE STRATEGY

#### SIGNATORIES TO THIS MTI BEE STRATEGY

Sbu Ndebele

Signatory

MEC TRANSPORT KZN

Designation

[Signature]

Signatory

DGT: TRANSPORT

Designation

[Signature]

Signatory

ACTING DGT: TRANSPORT POLICY

Designation

[Signature]

Signatory

SATAMU COLLECTIVE BARG. SECRETARY

Designation

[Signature]

Signatory

CONTAINER LINER OPERATORS FORUM

Designation

[Signature]

Signatory

Assoc. of Shipping Lines (ASL)

Designation

[Signature]

Signatory

CEO - EYETHU SAIRI AGENCIES

Designation

[Signature]

Signatory

INKWILI MARINE DIRECTOR

Designation

TOTO NTSOBI

Signatory

INKWILI MARINE DIRECTOR

Designation

T. Shai

Signatory

CEO

Designation

MARITIME TRANSPORT & SERVICES BEE STRATEGY

MARITIME TRANSPORT BEE STRATEGY

Signatory	Designation
	MARITIME DIRECTOR/SALES TEAMS
	CEO - Tenant Africa
	SA Shippers Council
	Steering Committee
	Envr. Specialist
	NASASIF
	Human Resource
	EXECUTIVE MANAGER NPA
	MNR & Proc. SYSTEMS
	Sales Executive/ADM.