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Newsletter

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from the Office

Robert Houdet, Executive Director

Already the mid-year has come and gone and I wonder about what has been achieved in the last six months. The most critical issue on which we have focused our efforts is indeed the Automotive Production & Development Programme Review. Proposals and counter-proposals were forwarded by NAACAM to Roger Pitot, the Advisor on APDP Review at the Department of Trade & Industry. These documents may be viewed on our website - www.naacam.co.za

During the meetings with the members, I got the impression that a large section of them has a limited knowledge of the APDP system; indeed, the finer details are not evident to a novice and, for someone who is not regularly implicated with the APDP, certain key elements may be forgotten over time. In conclusion, I have noted that the APDP is being perceived by the management of many component manufacturers as a cumbersome administrative exercise which is being maintained for the exclusive benefit of the OEMs, thus practically losing the very essence of its existence: to deepen localisation in order to create employment.

This perception is being confirmed in the results of the Fridge Employment Survey, which is going to be made available to the public in a couple of months' time. This negative perception is more entrenched among the Tier-2 and Tier-3 suppliers, the very firms which are most likely to increase employment, should the necessary support be provided to them.

On implementing the APDP, Government's primary focus is to maintain the automotive industry. But now the time has come to realize that the promise of employment growth has not been achieved. What needs to be done to drive employment growth?

NAACAM has come to the conclusion that we cannot wait for the vision of 1.2 million vehicles to be assembled by 2020 to grow the component manufacturing sector. Our focus is to achieve 1.2 million vehicle component equivalent, through increased local vehicle assembly but mainly through exports. However, it is very difficult to increase exports due to certain high 'country costs', such as low local vehicle assembly volumes, high energy costs, exorbitant harbour dues, etc. Indeed, the objective of the APDP is to eliminate these costs through incentives. NAACAM has made the following proposals:

¥ The issue of low volumes should be compensated by higher Automotive Investment Scheme benefits (on tooling, from 35 % to-day to 75 %)

¥ To counteract the other high 'country costs', higher benefits from the Production Incentive (PI) should be provided, from the current level of about 6,5 % to about 15 % of the component selling price.

The negative perception among the Tier-2 and Tier-3 suppliers must be eliminated.

Their active participation in increasing local value added in the value chain is vital for employment growth. Thus NAACAM has proposed that PIs should be earned by all participants in the value chain; in other words, the PIs should not flow automatically to the benefit of the local OEMs.

In order to bring simplicity to the APDP system, it is proposed that the beneficiaries of the Production Incentive should not receive a certificate (PRCC), but instead cash grants should be handed over to these Tier-n suppliers.

The OEMs will also benefit from these changes. The higher benefits under the AIS will reduce their tool amortization costs. The higher PIs obtained by the suppliers along the value chain will enable them to obtain more competitive prices for the components purchased. And the higher exports achieved by the component manufacturers will enable them to reduce their overhead costs per part, thus enabling them to propose even more competitive prices to the local OEMs.

A virtuous circle is thus kick-started.



The Association, its' Executive Committees and Staff wish Robert a speedy recovery. He became ill on 21 July 2014.

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New Executive Committee Appointments



Ken Lello
Chief Operating Officer
Metair Investments Limited
National Executive Committee



Rex Monda
Managing Director
L&J Tool & Engineering Works (Pty) Ltd
Chairman: KwaZulu Natal Region



Richard Amlima
After Market Manager
Supreme Spring
Vice-Chairman: Gauteng Region

TPM Workshop



In a rare and special occasion the WCAC, CCTC and SAABC paired up to host a TPM workshop at Precision Press, conducted by Dr Balazs Nemeth. Dr Nemeth has specialised knowledge in lean manufacturing, and is involved in various boards of manufacturing quality organisations in Hungary. He is also the MD of Kvalikon Management Consulting & Systems Development Ltd and assisted in the establishment of the first Hungarian Automotive Industry Benchmarking Club.

Dr Nemeth has a PHD in Total Quality Management and an MSc in Mechanical Engineering. The TPM workshop was thus delivered by an expert in TPM and the workshop was well-received by all 33 attendees.

The TPM workshop consisted of a brief

introduction to lean manufacturing where Dr Nemeth briefly introduced the lean manufacturing house of principles, upon which stability is mainly built. In order to attain production stability, facets such as 5-S and the 8 production wastes needs to be focused upon.

Alongside this, the need for Total Production Maintenance is key in ensuring that man and equipment are set for an optimal productive manufacturing day. Overall Equipment Effectiveness (OEE) figures and calculations were described to ensure that all attendees were aware of how to calculate efficiencies during their implementation of TPM.

Factory Tour

After this informative workshop, attendees were taken on a tour of Precision Press. The firm consists of three main areas of production and the tour group were tasked to spot evidence of TPM and to healthily critique the firm of their application thereof. Another task was to not only identify improvement areas but to suggest solutions that could be implemented by the firm practically.

The participants were riveted by the many processes conducted at Precision Press and

were suitably impressed by the firm's standardised cleaning systems and VPM of staff attendance. The up-to-date suggestion and team boards were a strong indicator of employee involvement and good HR practices. Staff members were friendly, engaging and willing to show the participants the processes they were working on as well as answer the many questions posed to them.

Thereafter, the group reconvened and discussed the observations they had made which was reported back to Precision Press. The event ended off with information sharing, discussions on solutions for the firm and good sense of TPM for attendees to relate to their own firms. A thank you is extended to Precision Press on behalf of WCAC, CCTC and SAABC for their hosting of the event and warm hospitality.



B&M Analysts are pleased to confirm that the ASCCI institutionalisation has been completed. The name of the NPC has been registered as: Automotive Supply Chain Competitiveness Initiative.

Voting for the logo was close. The winning logo, right, will be adopted going forward.



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Manufacturing & Tooling Innovation Technical Seminar

SAAW - Wednesday 15 October 2014 09h00 to 16h00

Call for Papers

Local and international specialists are invited to present papers on the latest technologies spanning the automotive domain from areas as diverse as design, prototyping, materials, manufacture, testing, and distribution/logistics.

With the ever-increasing requirements of emission reduction and vehicle lightweighting, novel solutions in materials engineering and manufacture need to be explored for next generation mobility, including new powertrain solutions.

Presentations are urged in the materials and advanced manufacturing domains, as a window on challenges, faced with the advent of alternative powertrain systems, meeting the ever increasing demands and vehicle differentiation in what is arguably the most competitive industry in the consumer sector, stimulating manufacture and job creation.

The automotive industry also sets the trends that other sectors emulate, with highly innovative solutions to retain market share.

Presentations are of 30 minute duration, including questions, and presenters attend the seminar and exhibition at no charge.

Please urgently send all paper queries to BondRJ@tut.ac.za

Several leading international auto authorities will address industry

The Director General of Nigeria's newly launched Automotive Manufacturing Council, Mr Aminu Jalal, special advisor to Australia's collapsed automotive sector, Prof Goran Roos and UK marketing strategist Steve Rose top the bill.

The 2 day plenary Automotive Industry Conference programme also features local dignitaries including NAAMSA and Toyota CEO, Dr Johan Van Zyl, Nissan CEO Mike Whitfield and NAACAM Director Robert Houdet, among others.

Three additional workshops, either half day or full day are around Tooling and Manufacturing Innovations, Electric Vehicle development in South Africa and The Power of the Internet as a Sales channel for cars and parts, sponsored by Gumtree.

The first, relates to an announcement by the Nigerian government to ensure that not less than 12 automobile manufacturing firms would set up vehicle assembly plants in Nigeria by the end of the year and that import duties would be imposed on all vehicle brands, currently all fully imported into Africa's largest economy.

The developments in Nigeria hold major threats and opportunities for the South African auto supply chain, itself seeking to conquer African markets", Binning said.

Houdet said learning from the Australian and EU crisis would be unpacked to industry, at South African Automotive Week, by global manufacturing doyen and advisor to Australia's shattered automotive industry, Goran Roos, whom Houdet says is "arguably the most capable of sharing these lessons".

The shock announcement, within months, confirming the closures of Ford, GM Holden and Toyota in Australia by 2017, which is forcing manufacturers to re-invent themselves in order to stave off mass job losses, is one of the most talked about developments in recent manufacturing history.

SOUTH AFRICAN AUTOMOTIVE WEEK

13 - 17 OCTOBER 2014

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Defending Price™ Workshop

The globally acclaimed Defending Price™ workshop has been secured for South African suppliers on October 16, at SAAW.

Specifically designed to help automotive industry suppliers resist demands for discounts, the workshop will take place on **one day only and bookings are to be made by August 31, 2014.**

The presenter is UK based Steve Rose, of the Kotler Marketing Group.

Suppliers in South Africa who have attended this seminar in the past have rated it highly. Globally nearly 700 automotive and heavy duty suppliers have attended, including 84 of the Top 100 European suppliers.

The good news is South Africa's suppliers have the ability to push back on Purchasing's demands and this one day program will show participants how. Participants will:

- ¥ Learn how to quantify the cost savings associated with shorter supply chains, lower defect rates, less scrap, better quality - the value of which is often poorly understood by Purchasing.
- ¥ Hear about success stories and best practices from within the supplier community.
- ¥ Begin documenting and quantifying the value of your products and services.
- ¥ Understand how to develop effective sales & marketing materials and presentations that justify price.

South African Automotive Week Director Andrew Binning said attendees will receive a copy of the VQ™ value quantifier - a first-of-its-kind software tool that enables supplier sales people to educate purchasing about the economic value of their products and services. The software quantifies the Rand value of over a dozen benefits that suppliers typically promote, such as improved quality and performance, faster-time-to-market, reduced weight, improved fuel efficiency, and many more.

Defending one's price requires a team effort. That's why attendees include commercial directors, finance, sales and account managers, marketing personnel, pricing analysts, business development and sales support.

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A value based approach to incentives, tax and consulting for the automotive industry



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We received the following message from The Department of Trade & Industry:

□We are picking up that with the new regulations on immigration, a number of companies are experiencing serious challenges with the renewal of existing permits/visas etc. I would like to ask you to talk to all your members requesting them to indicate their challenges, so that we can address this as a group and not wait for each company to approach us or Home Affairs with the issues.□

Thus, should you be facing difficulties, could you please inform me accordingly?

Thank you.
Best regards,
Robert Houdet
Executive Director, NAACAM

Johnson Matthey South Africa (JMSA) situated in Germiston South, Gauteng has been operating in SA since 1953, with its original product lines focused on brazing alloys, noble metals and refining. Today, JMSA's business is solely focused on the production and distribution of autocatalyst components to all of the key exhaust manufacturers.



JMSA, the leading catalyst manufacturer in South Africa, is one of 15 manufacturing plants operating within Johnson Matthey's Global Emissions Control Technologies (ECT) division.

Employing more than 400 people, JMSA is proud to hold all the key accolades and certifications the most recent being the award of the ISO50001 rating.

**For further information please visit:
www.matthey.com
or contact:
Paul Thompson
Johnson Matthey South Africa
Cell: 082 443 5284
Direct: 011 345 8522**



About TASA Gauteng

The Toolmaking Association of South Africa (TASA) was established in 2004 as a non-profit organisation to represent the collective interests of the Tool, Die and Mouldmaking (TDM) and Precision Machining industries in support of the various manufacturing sectors that serve as key drivers for economic development in South Africa. TASA is a national body and has representation in all provinces through fully capacitated non-profit (section 21) companies in most provinces.



Accounting for approximately 60% of national tooling production capacity, Gauteng boasts the largest industrial concentration in South Africa. As one of TASA's regional structures, in association with the Gauteng Department of Economic Development (GDED), TASA Gauteng plays a significant role in promoting strategic initiatives in Gauteng for the purpose of creating a more sustainable and globally competitive TDM industry. By exposing toolmakers to valuable support systems (lean manufacturing and standardised production techniques, dedicated tooling related contractual support and problem solving mechanisms, access to recently qualified toolmakers and machinists that aim to boost enterprise development and skills development), TASA Gauteng actively assists in the upliftment and expansion of tool making companies which are crucial for manufacturing as a supporting industry.

TASA Gauteng Objectives:

- ¥ To promote innovation and technology transfer
- ¥ To promote quality standards with respect to product and service
- ¥ To promote training and education
- ¥ To promote exports and other market opportunities
- ¥ To promote good public relations and communications
- ¥ To supply sound information and advice for members
- ¥ To contribute proactively to improve TDM competitiveness
- ¥ To work effectively to represent members and their interests at all levels of the legislative and regulatory process
- ¥ To promote and give guidance toward effective and sustainable Broad Based Black Economic Empowerment (BBBEE)

The four Goldberg brothers, Lowell, Norman, Hiram, and Max, invented and developed the first automobile air-conditioner. On July 17, 1946, the temperature in Detroit was 97 degrees. The four brothers walked into old man Henry Ford's office and sweet-talked his secretary into telling him that four gentlemen were there with the most exciting innovation in the auto industry since the electric starter.

Henry was curious and invited them into his office. They refused and instead asked that he come out to the parking lot to their car. They persuaded him to get into the car, which was about 130 degrees, turned on the air conditioner, and cooled the car off immediately. The old man got very excited and invited them back to the office, where he offered them \$3 million for the patent.

The brothers refused, saying they would settle for \$2 million, but they wanted the recognition by having a label, 'The Goldberg Air-Conditioner', on the dashboard of each car in which it was installed.

Now old man Ford was more than just a little anti-Jewish and there was no way he was going to put the Goldberg's name on two million Fords! They haggled back and forth for about two hours and finally agreed on \$4 million and that just their first names would be shown. And so to this day, all Ford air conditioners controls show - Lo, Norm, Hi and Max.....



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Newly-Revised AIS Guidelines favourable for Component Manufacturers

The amendments included in the newly-revised Automotive Investment Scheme (AIS) guidelines primarily provide increased support to component manufacturers, with limited increased support for light motor vehicle manufacturers themselves. This increased support comes in the way of entirely new benefits, higher grant percentages, and a greater proportion of the benefit in the first year of investment. This provides a strong indication that the dti recognises that component manufacturers, as the support base for local light motor vehicle manufacturers, are the key to the survival and growth of the South African automotive industry.

The amended guidelines, recently approved by the Minister of Trade and Industry, Dr Rob Davies, include the following crucial amendments favourable for component manufacturers:

- The base grant increased to 25% of the qualifying investment for component manufacturers and tooling companies from 20% previously. The base grant remains unchanged at 20% for light motor vehicle manufacturers.
- Previously the grant was distributed equally over a three-year period for all participants of the Scheme. The revised guidelines allow component manufacturers to qualify for 40% of the grant in year one, and 30% in each of the subsequent two years. Light motor vehicle manufacturers receive their grant paid out equally over the three years, unchanged from the previous guidelines.
- The new competitiveness improvement grant aims to enhance the competitiveness of component manufacturers through the improvement of processes, products, quality standards and related skills development through the use of business development services. This benefit is available only to component manufacturers and tooling companies. The grant will equal the percentage of the approved grant for the underlying investment in assets, with qualifying expenditure consisting of consulting fees and expenses for accreditations, process improvements, energy efficiency, cleaner production and training. The grant is limited to R1 million in a three-year cycle.

These amendments support Minister Rob Davies' focus on stabilising South Africa's automotive industry.

"The department received feedback indicating that many companies were looking at business maintenance and stability strategies as opposed to investment growth due to the levels of investment amongst automotive suppliers, especially as the economic crisis post-2009 placed a strain on companies' expansion plans," says Minister Davies.

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According to Stuart Wedderburn, Partner in Deloitte's APDP Technical Centre in Port Elizabeth, the future of the South African automotive industry is greatly dependent on OEMs sourcing more components from local manufacturers and securing large volume export contracts. The main benefit to the industry would be that OEMs would reduce their exposure to foreign currency fluctuations, if more content of the vehicles they manufacture could be sourced locally. With the Rand's recent performance against major currencies, OEMs are experiencing substantial pressure on margins and localising component supply is one way to counteract this," says Stuart.

Other benefits of stronger local component manufacturers would include increased local jobs, decreased competitiveness of imports, and the potential to supply overseas source plants of local OEMs. All this would lead to an improvement of the Balance of Payment account for South Africa, and assist in stabilizing the Rand's performance in the long term.

Deloitte.



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Automotive Industry Group

To find out if your company qualifies for an AIS grant, or to have your AIS claims audited, contact our Deloitte APDP technical experts:



Stuart Wedderburn
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041 398 4011
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At **PwC**, our team of tax and incentives experts can assist your company to obtain and maximize tax incentives and government grant benefits available in terms of the Income Tax Act or the various incentive programmes run by the Department of Trade and Industry (DTI). The process of successfully applying for any of these benefits requires an in-depth technical knowledge of the various incentive programmes, including their rules and the relevant tax legislation and regulations.

Currently, the incentive programmes that may be available to the Automotive sector, depending on the circumstances, are:

Automotive Investment Scheme (AIS)

Light Weight Motor Vehicle manufacturers and Vehicle Component manufacturers that are part of the OEM supply chain, can benefit from a cost sharing cash grant offered by the Department of Trade and Industry (DTI). AIS affords successful applicants 20% of the value of qualifying investment in manufacturing assets and an additional bonus of up to 10% of the value of the qualifying investment for significant development contribution to the automotive sector.

The DTI is expanding the AIS programme to include Medium and Heavy Motor Vehicle manufacturers and Vehicle Component manufacturers from August 2014.

Research and Development (R&D) tax deduction

The R&D programme provides for a 150% tax deduction on all operational expenditure incurred in respect of R&D activities undertaken within the Republic of South Africa.

Pre-approval is required from the Department of Science & Technology (DST) prior to claiming the deduction in your tax return. Only costs incurred from date of submission of an application to the DST will be allowed. Therefore, it is imperative that an application is submitted to the DST before embarking on any R&D activities.

Qualifying R&D activities include:

¥ Discovering non-obvious scientific or technological knowledge; or
¥ The creation of any:

- Patentable inventions;
- Registerable designs;
- Computer programs; or
- Knowledge essential to use of the invention, design or computer program; or

¥ Developing or significantly improving any invention, design, computer program or knowledge.

For more information or a complimentary feasibility study, please contact:

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Savino Del Bene South Africa is part of a worldwide corporate network that specialises in Africa and global logistics, freight forwarding, clearing and the complete management of end-to-end logistics, operating in 37 countries across the globe. Savino's strategic focus on the Automotive Industry positions the company as leaders in electronic vehicle and parts bond store management and the company offers specialist APDP rebate and reporting management services, training and compliance.

Savino Del Bene took top honours to win Platinum in the Logistics Achievers Awards for excellence and distinction in end-to-end global supply chain management, testimony of the company's leading-edge capability.

Please visit us at SAAW 2014 - Stand numbers 66 & 67

To contact us:

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Bianca Belling: APDP Project Leader - 083 790 0166
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New NAACAM Members



CATALER SOUTH AFRICA (Pty) Ltd

Masayori Hattori, Managing Director
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Mookesh Ramkumar, Finance Manager
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Postal Address: PO Box 26371, Isipingo Beach, 4115

Tel: +27 (0)31 910 7608

Fax: +27 (0)31 902 4505

Manufacturer of autocatalytic converters.

Quality Rating: ISO 14001/ISO TS 16949

B-BBEE Rating: Level 9

HERAEUS South Africa (Pty) Ltd

Dr Friedhelm Averdunk, General Manager
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Physical Address: 6-7 Oddy Place, Perseverance, 6201

Postal Address: PO Box 1987, Port Elizabeth

Tel: +27 (0)41 404 2805

Fax: +27 (0)41 407 5705

Website: www.heraeus-precious-metals.com

The company's main business functions include importing and retailing various precious metal containing products, manufacturing chemical solutions and compounds containing precious metals for the automotive market and refining of precious metals.

Quality Rating: ISO 9001:2008/ISO 14001:2004

B-BBEE Rating: Level 8

IDIADA Automotive Technology SA

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Physical Address: Alenti Office Park, 457 Witherite Road, The Willows X82, Pretoria

Postal Address: PO Box 1171, Wapadrand, 0050

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The company specialises in providing design, engineering, testing and homologation services to the automotive industry worldwide.



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New NAACAM Members (continued/...)

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 Paul Thompson
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Tel: +27 (0)11 345 8500
Fax: +27 (0)11 873 0821

Website: www.matthey.com
 Manufacturer of autocatalysts for supply to canners and ultimate inclusion as part of exhaust system.
Quality Rating: TS 16949/ISO 50001/OSHAS 18001/ISO 14001/Mercedes Benz A Rating/ Ford Q1/ GM QSB
BBBEE Rating: Level 6

SJM FLEX SA (Pty) Ltd
 Deon Joubert, Managing Director
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Postal Address: PO Box 14131, Sidwell, Port Elizabeth
Tel: +27 (0)41 402 5601
Fax: +27 (0)41 453 1719
Website: www.sjmflex.co.za
 Stainless steel flexible coupling manufacturer for exhaust systems.
Quality Rating: ISO TS 16949/ISO 14001/OHSAS 18001

UMICORE CATALYST SOUTH AFRICA (Pty) Ltd
 Kerry Bryans, Chief Executive Officer
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Tel: +27 (0)41 404 3831
Fax: +27 (0)41 404 3801
Website: www.umicore.com
 Coaters of catalytic converters.
Quality Rating: ISO TS 16949/ISO 14001/OHSAS 18001

	2011		2012		2013		06/2014	
	Pass	Comm	Pass	Comm	Pass	Comm	Pass	Comm
Abarth	5	0	107	0	85	0	36	0
Alfa Romeo	812	0	944	0	447	0	154	0
Audi	14,531	0	16,743	0	19,336	0	9,684	0
Babcock	0	132	0	0	0	0	0	0
BMW	23,560	0	24,744	0	24,793	0	12,235	0
Cadillac	2	0	0	0	0	0	0	0
Chana	348	363	58	95	0	0	0	0
Changan	0	57	0	96	0	0	0	0
Chery	0	0	0	0	1,996	0	844	0
Chevrolet	29,754	17,996	31,175	19,324	23,328	18,330	10,247	8,760
Chrysler	590	0	584	0	621	0	166	0
Citroen	1,941	86	1,945	193	1,583	210	341	70
DAF	0	0	0	86	0	115	0	87
Daihatsu	0	0	0	0	947	1,202	247	1,009
Dodge	2,086	0	1,765	0	1,304	0	389	0
FAW	0	0	0	0	169	355	331	314
Ferrari	0	0	0	0	125	0	44	0
Fiat	2,678	598	3,198	593	3,491	852	1,151	352
Ford	26,679	14,764	25,891	16,545	37,724	20,925	18,444	12,845
Foton	0	0	0	0	0	686	0	308
Freightliner	0	1,312	0	1,272	0	1,417	0	727
Fuso	0	986	0	965	0	1,233	0	626
GWM	0	0	0	0	1,881	4,979	674	1,326
Hino	0	3,103	0	3,295	0	3,461	0	1,446
Honda	7,828	0	9,093	0	12,904	0	4,153	0
Hummer	5	0	8	0	0	0	3	0
Hyundai	0	0	0	0	45,104	4,571	20,656	1,989
Infiniti	0	0	127	0	194	0	155	0
International	0	849	0	576	0	207	0	0
Isuzu	0	15,988	0	16,515	0	18,328	0	10,070
Iveco	0	913	0	1,079	0	1,327	0	785
Jaguar	520	0	909	0	1,086	0	596	0
Jeep	4,383	0	7,237	0	7,343	0	3,735	0
JMC	0	0	0	0	0	831	0	286
Kia	0	0	0	0	20,320	2,360	6,910	1,322
Land Rover	5,133	628	6,686	776	6,917	582	3,268	203
Lexus	1,178	0	1,371	0	986	0	728	0
Mahindra	451	1,321	1,447	2,294	1,219	2,501	508	1,299
MAN	0	1,866	0	1,719	0	1,768	0	861
Maserati	72	0	65	0	51	0	18	0
Mazda	4,790	3,772	4,827	1,961	3,173	2,528	1,271	1,313
Mercedes	23,509	5,275	22,420	5,479	23,520	5,673	11,906	2,811
Mini	2,509	0	2,794	0	2,878	0	1,070	0
Mitsubishi	1,734	1,558	2,619	958	3,030	1,456	1,589	554
Nissan	17,065	22,827	20,627	29,173	19,436	27,521	7,687	13,816
Opel	4,365	307	2,704	231	2,603	154	1,598	77
Peugeot	2,813	413	3,393	413	3,596	415	1,100	97
Porsche	1,131	0	1,435	0	2,436	0	353	0
Powerstar	0	181	0	484	0	522	0	263
Proton	0	0	0	0	266	0	95	0
Renault	10,347	145	10,216	644	12,107	518	8,914	263
Renault Trucks	0	298	0	0	0	0	0	0
Scania	0	1,293	0	1,332	0	1,626	0	1,044
Smart	124	0	133	0	95	0	12	0
Ssangyong	0	0	80	40	215	52	42	16
Subaru	1,250	0	861	0	1,153	0	661	0
Suzuki	5,462	0	4,724	0	4,865	0	2,958	40
Tata	1,909	2,573	2,795	3,118	3,921	4,043	647	1,646
Toyota	52,424	52,709	65,645	50,965	66,805	55,497	31,586	26,708
UD Trucks	0	3,234	0	2,992	0	3,079	0	1,527
VDL	0	24	0	33	0	19	0	3
Volkswagen	75,495	9,887	82,363	9,710	83,628	9,067	40,261	3,863
Volvo	3,240	1,525	2,984	1,615	2,876	1,774	1,329	1,018
Zotye	0	0	0	0	4	0	0	0
Total	330,723	166,983	364,717	174,571	450,561	200,184	208,796	99,744

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Please note: Figures for Mercedes-Benz in all tables are estimates
 Source: NAAMSA/Lightstone Auto

Global Supply Chain Solutions for the Automotive industry



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BBBEE -

How to improve your score? (Part 2)

Following the last NAACAM newsletter, we will continue giving you some ideas of what you could do to improve your scores, based on the current codes of 2007. We have already covered the first four elements, namely Ownership, Management Control, Employment Equity and Skills Development. In this article we will focus on the remaining three elements.

Procurement

This element focuses on your suppliers and establishes how much of your total measured procurement spend, is derived from BEE compliant companies. The points are allocated in four different sub categories:

- ¥ Spend with all suppliers
- ¥ Spend with Qualifying Small Enterprises and Exempt Micro Enterprises (i.e. Turnover below R35 million per annum)
- ¥ Spend with suppliers that are at least 50% black owned
- ¥ Spend with suppliers that are at least 30% Black women owned

Where most businesses fall short are the last two supplier groups as businesses find it challenging to locate black owned suppliers. Most industry bodies keep a database of suppliers for both Government and business to access and there are other databases which could assist your business with finding these particular suppliers, e.g. Pastel's BEE 123 software package. The exercise of both maintaining and ensuring your business keeps up to date records of your supplier's BEE certificates, should be ongoing and not only focused on, when your verification takes place. It is recommended that you should ensure that, as part of your procurement policy, every supplier needs to supply you with an updated BEE certificate before becoming a supplier to your entity. Some Verification Agents also keep a database of BEE certificates in order to assist their clients.

Enterprise Development

The objective of Enterprise Development is for established businesses to assist small businesses, either in a monetary or non-monetary contribution, initiated in favour of assisting or improving the development and sustainability of the beneficiary. Most businesses are under the impression that they would only score points through grant contributions, however there are many other acceptable forms of Enterprise Development contributions, such as:

- ¥ Loans made to beneficiaries
- ¥ Guarantees or security provided on behalf of the beneficiaries
- ¥ Preferred payment or credit terms extended to the beneficiaries
- ¥ Discounts offered to beneficiaries, who would not necessarily qualify for such discounts
- ¥ Provision of training and mentoring which will assist to increase their operational and financial capacity
- ¥ Contributions made to settle product or services costs, on behalf of the beneficiary
- ¥ Facilitating access to credit without access to similar credit facilities through traditional means owing to lack of security and high risk

These are only some examples of ED contributions, however one needs to establish what would best suit your business. Where many businesses fail, in terms of recognising their Enterprise Development initiatives, is that they do not have the required evidence, which

includes an Enterprise Development contract and proof of the initiative (invoices, payments, etc). Should your business not have the resource, time or capability to manage an ED initiative, you may outsource this to an Enterprise Development fund who will assist with all the paperwork and managing of the funds. Some examples are Siza ED Fund, LIV Business and The Hope factory.

Socio Economic Development

In order to score maximum points in this element, companies need to spend 1% of their net profit after tax. As with Enterprise Development, should a business not make a profit during the measured period, you would use the industry norms as published by Stats SA for your particular industry sector, to calculate your required spend.

Business must ensure that the charity or individuals you are assisting are at least 75% Black South Africans in order to realise your full spend. As with Enterprise Development, entities may contribute both monetary and non-monetary contributions. It is critical that businesses gather the required evidence and proof when making contributions to Charities. Most charities have now attained SED certificates which would include the information required for the realisation of SED points. It is also important to remember that payments or contributions must be made within the measured period in order to be recognised.

For more information on BBBEE please contact SAB&T BEE Services, as we are an IRBA approved Registered Auditor, a full member of ABVA (Association of BBBEE Verification Agencies) as well as an associate member of NAACAM. SAB&T BEE Services can offer our clients solutions to their BBBEE needs, which include:

- ¥ BEE Verifications / Certificates
- ¥ Gap Analysis (Old vs new codes)
- ¥ Strategy Planning
- ¥ BEE Training
- ¥ Consulting


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