

MARITIME TRANSPORT BEE STRATEGY



As presented by the Maritime Transport Industry Black Economic Empowerment (BEE) Steering Committee

On this day the 10th December 2003 at Royal Hotel Durban.

MARITIME TRANSPORT BEE STRATEGY

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1. SCOPE

1.1 The Maritime Transport Industry (MTI) constitutes economic activities that have some direct and indirect relationship with the sea. Several maritime activities are concerned with the exploitation of the resources of the sea and the seabed off South Africa's shores. Many others are involved in some way or other with the sea trade on which the South African economy largely depends, whilst to some extent a variety of activities derive their purpose from the supply of marine transport for different purposes.

1.2 Thus, the Maritime Transport Industry serves as an input into every other industry in the national economy as well as many of those across the South African borders. In addition cognisance is taken of the fact that the Maritime Transport Industry is a fairly complex one, with some companies in the sector involved in business that falls outside the ambit of the Maritime Transport Industry.

1.3 The Maritime Transport Industry 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, 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.

1.4 The following activities, which constitute part of the Maritime Transport Industry, broadly defined, **are excluded** for the purposes of developing a Black Economic

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1.5 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 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 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 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 MTI 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 legal framework as well as an 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 Government. Public sector organisations will be monitored and rated in a separate process that will be designed by the NDoT and the Department of Public Enterprises (DPE). 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 ships¹ to 25,1% of the total within the next five years subject to review on an annual basis. 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 for the bulk of South African cargo going through South African ports to be carried on South African ships.

¹ 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 Set up structures that will ensure inter-governmental co-ordination between departments to align their programmes with the Transport sector wide and MTI BEE Charter processes. Examples of cross-cutting issues that require interventions across government departments and agencies include:
 - 2.4.4.1 The Department of Trade & Industry (DTI) Maritime Industry Strategy.
 - 2.4.4.2 Department of Finance.
 - 2.4.4.3 Department of Foreign Affairs – Free Trade Agreements.
- 2.4.5 Government through legislative means uses its leverage as owners of minerals and energy through its legislative means such as the granting of licenses and contracts to incentivise the increase of cargo shipped on South African ships.
- 2.4.6 The countrywide shortage of engineers and artisans across all disciplines.
- 2.4.7 Increasing awareness within the transport sector about available government investment incentives and grants.
- 2.4.8 Monitoring of stakeholder achievements in terms of the indicators in the MTI Scorecard.

2.4.8.1 Convene a stakeholder forum to investigate the scale of BEE opportunities in MTI, e.g. local private sector operations, chandelling, Freight, Logistics, etc. 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 other stakeholders in other Transport sub-sectors, the feasibility of setting up a Transport Sector Data Bank.

2.4.9 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 transport industry, including the maritime industry, following the adoption of this charter.

2.4.10 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.

2.4.11 Ensure that the restructuring of Ports to effect new institutional arrangements and to increase the international competitiveness of the ports, port operations and services, must proceed in a manner that results in an increase in black participation at all levels – in management, employment and the procurement of services and goods and to increase the international competitiveness of the ports, port operations and services.

2.4.12 Enforce and monitor compliance with existing legislation that may impact on BEE such as the Employment Equity, Skills Development and Competition Acts.

2.4.13 Publish an annual report on BEE and job creation within the Maritime Transport Industry that consolidates various reports and information from all stakeholders. Stakeholders will use this report to review progress at an annual Transport Industry BEE Forum.

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 Investigate opportunities to establish collective investment vehicles that will make investments in the sector. These investment vehicles will ensure empowerment of the workers both directly and in partnerships with other stakeholders in relation to skills for ownership and management of companies.
- 2.5.3 Ensure that workers are empowered through upgrading their skills base, create opportunities to deploy them into management positions as well as participating in creative employee share ownership schemes.
- 2.5.4 Labour should 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.
- 2.5.5 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.
- 2.5.6 Monitor the impact of procurement/outsourcing on job creation and report findings to the Transport Sector BEE Forum.

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 analysis of the number 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 MTI 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 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

This principle is linked to the long-term strategy of growing the domestic Maritime Transport Industry so as to ensure that BEE does not become a zero-sum game. Ownership is broken down into the capital and service sectors and can be furthered categorised into foreign ownership and domestic ownership.

The ownership target set is specifically aimed at the domestic Maritime Transport Industry, irrespective that there are different levels of capital intensity within the industry value chain. This target does not apply to foreign-owned floating assets.

However despite this challenge, we the stakeholders, commit to increase black participation across the entire spectrum of the domestic MTI value chain in ownership, management control and operational involvement and design appropriate funding mechanisms to facilitate the process.

3.1.2 Foreign Ownership Market

With regard to foreign ownership, foreign companies, with local representation, will implement BEE strategies, according to the guidelines provided by the MTI Charter. They will be encouraged to sell equity in their local operations. However, foreign companies that are unable to sell equity in their local operations 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 Local Ownership Market

The local maritime transport industry, which is mostly shore-based, the key principle is to increase black ownership of enterprises across the entire spectrum of the industry value chain.

3.1.4 Stakeholder Undertakings:

3.1.4.1 *Foreign Ownership Market commits to:*

Facilitate enterprise development and SMME development through accelerated skills development programmes, with a specific focus on job creation, enterprise development, skills development and training, preferential procurement and poverty alleviation to facilitate Black participation in the Maritime Transport Industry.

3.1.4.2 *The Local Based Market commits to:*

The Capital & Services Sectors commit to seek opportunities 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 5% for people living with disabilities, within the next five years. These sub-targets are a proportion of the total BEE target for each indicator.

3.1.5 Funding Mechanisms

3.1.5.1 *All stakeholders commit to:*

- Facilitate through creative financing mechanisms the acquisition of equity in their operations by BEE companies.
- Creating awareness about Maritime Transport 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 MTI 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 the target, which is equal to 16% of the total, should be earmarked for black women and 5% 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 60% within 5 years. 40% of the target, which is equal to 24% of the total, should be earmarked for black women and 5% 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 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.

There will be total compliance with the Employment Equity Act and accurate figures and statistics on EE will be presented to the Department of Labour (DoL).

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 the EE forums at individual companies.
- 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.
- These targets as set by this BEE charter are minimum requirements and due regard and consideration will be given to company targets.
- This 40% Maritime Transport Industry wide target will used as a benchmark against which to measure progress.

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 60% within the next five years.
- Engage TETA (Maritime Chamber) to ensure that it plays a significant role in monitoring and supporting stakeholders to meet their EE targets.

3.3.3.1 *TETA commits to:*

- Play a significant role coordinating training in monitoring and supporting stakeholders in meeting their targets.

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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 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

3.4.3 *All stakeholders commit to:*

- Invest at least 5% of payroll on skills development initiatives inclusive of all associated costs and the current 1% skills development levy.

3.4.4 *Private Industry Commits to:*

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

- where appropriate 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.

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3.4.5 *Government commits to:*

- 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 of this initiative.

3.4.6. *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. within 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 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.

3.5. Preferential Procurement

3.5.4. Guiding Principle

Our principle is to accelerate procurement from black-owned and empowered enterprises to create new enterprises with the objective of growing existing emerging entrepreneurs to produce value-added goods and services for the industry and increase employment.

3.5.5. Stakeholder undertakings

3.5.5.1. *Government commits to:*

- Ensure that parastatals and public sector organisations implement and invest best- supplier development policies and procure at least 60% of discretionary spending from BEE suppliers 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.

3.5.5.2. 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 or operators within the next five years.
- Adopt the guidelines on Accounting for Affirmative Procurement that will be set by the Transport Sector BEE Forum.

3.6. Enterprise Development

3.6.4. Guiding Principle

Our principal objective is to help set up, nurture and grow viable BEE enterprises in the Maritime Transport Industry that are majority-owned by black operators while developing existing companies. We aspire to increase investment in black-owned and empowered enterprises as a proportion of total assets.

3.6.5. Stakeholder undertakings

3.6.5.1. Government commits to:

- Investigate opportunities to enter into creative joint ventures with BEE companies as well as explore other opportunities as defined in the Broad Based DTI Scorecard.
- Aspire to achieve a target of 25.1% of net asset value within the next 5 years.

3.6.5.2. 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.
- Measure progress by calculating the value of such investments as a percentage of net assets. The target is to achieve at least 25.1% within the next five years.

3.6.5.3. TETA commits to:

- Develop training programmes specifically designed for entrepreneurs in the Maritime Transport Industry.

3.7. Sector Specific Targets

3.7.4. Job Creation

3.7.4.1. Guiding Principle

There has been significant growth in the Industry over the past decade with huge increases in volumes of imports and exports, but the growth 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.

3.7.4.2. All Stakeholders (who are designated employers) commit to:

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

3.7.4.3. TETA commits to

- Expand the number of learnerships that are truly required based on the sector's skills requirements identified in the sector skills plan.
- Facilitate easy access to finance and eliminate bottlenecks and bureaucratic procedures in accessing grants. This would entail streamlining processes and procedures that are user friendly and encourages industry to participate more meaningfully in the learnership programmes.
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3.7.5. Social Development

3.7.5.1. Guiding Principle

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

3.7.5.2. 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.

3.7.6. Maritime Awareness Campaign

3.7.6.1. Guiding Principle

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

3.7.6.2. Stakeholder undertakings

- Develop an industry-wide awareness campaign to showcase the MTI 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.

3.7.7. Labour Standards

3.7.7.1. Guiding Principle

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

3.7.7.2. 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.

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4. PROPOSED MARITIME TRANSPORT BEE SCORECARD²

Core Components	Indicators of Empowerment	Private Sector Targets	Private Sector Weights	Labour Targets	Public Sector/SOE Targets	Public Sector/SOE Weights	Time Frames
<u>Foreign Ownership</u>	% share of economic benefits	0% (offset principle Enterprise Development)	N/A	N/A	N/A	N/A	N/A
<u>Local Based Operations</u> Capital & Services Sector	% share of economic benefits	25.1%	20%	25.1%	N/A	N/A	5 years
	Women Representivity ⁴	10%		10%	N/A	N/A	
	People living with Disabilities ⁵	5%		5%	N/A	N/A	
Management	% Black persons in executive management and or executive board and board committees	40%	10%	40%	60%	10%	5years
	Women Representivity ⁶	16%		16%	24%		
	People living with Disabilities	5%		5%	5%		
Employment Equity	Across categories as stipulated in the EEA2 report	40%	10%	40%	60%	10%	

² These proposed targets, timeframes and weightings will be reviewed every 2.5 years and subject to change by an independent Peer Review Mechanism

³ These proposed targets, timeframes and weightings will be reviewed every 2.5 years and subject to change by an independent Peer Review Mechanism

⁴ Target expressed as a % of BEE target. E.g. 40% of 25.1% or **10% of the Total**.

⁵ This target is 5% of the total

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Core Components	Indicators of Empowerment	Private Sector Targets	Private Sector Weights	Labour Targets	Public Sector/SOE Targets	Public Sector/SOE Weights	Time Frames
Skills Development	Skills Development expenditure as a proportion of total payroll.	5%	20%	5%	5%	20%	ASAP
Preferential Procurement	Procurement from Black-owned and empowered enterprises as a proportion of discretionary procurement.	30%	20%	30%	60%	20%	5years
Enterprise Development	Investment in black-owned and empowered enterprises as a proportion of total assets	25.1%	10%	25.1%	25. 1%	20%	N/A
	Foreign Companies	25.1% (Offset against ownership target}	20% (ownership) +10% ED = 30% weighting	25.1%	N/A	N/A	5 years
MTI Specific	Job Creation	5% learners of the total working force	5%	3 years	5% learners of total workforce	15%	3 years
	Social Development	Identified by organisation	2.5%	N/A	Identified by organisation	2.5%	N/A
	Maritime Awareness Campaign	N/A	2.5%	N/A	N/A	2.5%	N/A
TOTAL			100%			100%	

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

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 MTI 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.

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)

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

Indirect Empowerment. A core component of this BEE Strategy is the creation and nurturing of new enterprises by black people, Preferential procurement by both 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:

MARITIME TRANSPORT BEE STRATEGY

- Investment in black-owned and black-empowered enterprises.
- Joint Ventures with black owned and black empowered enterprises that result in substantive skills transfers

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

'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 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 Industry.

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 registered ships only, nor ships flying the SA flag

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

MTI – Maritime Transport 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 BEE STRATEGY

STEERING COMMITTEE SIGNATORIES: INDIVIDUAL COMPANIES WILL BE ABLE TO SIGN THE CHARTER AT THE TRANSPORT BEE INDABA TO BE HELD MID-YEAR 2004

MARITIME TRANSPORT BEE STRATEGY

SIGNATORIES TO THIS MTI BEE STRATEGY

Sbu Ndebele
Signatory

[Signature]
Signatory

Abelene Mwenene
Signatory

[Signature]
Signatory

[Signature]
Signatory

[Signature]
Signatory

[Signature]
Signatory

[Signature]
Signatory

TOTO NTSOBI
Signatory

T. Shai
Signatory

MEC TRANSPORT KZAN
Designation

DGT: TRANSPORT
Designation

Acting D.D.G: TRANSPORT POLICY
Designation

SATAMU COLLECTIVE BARG. SECRETARY
Designation

CONTAINER LINER OPERATORS FORUM
Designation

Assoc. of Shipping Lines (ASL)
Designation

CEO - EYETHU SHIPS AGENCIES
Designation

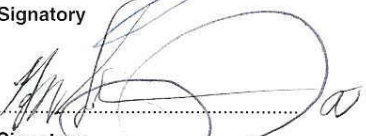
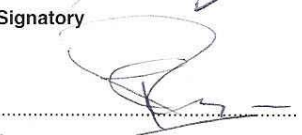
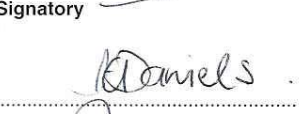
INKWILI MARINE DIRECTOR
Designation

DIANA
INKWILI MARINE
Designation

[Signature] CEO
Designation

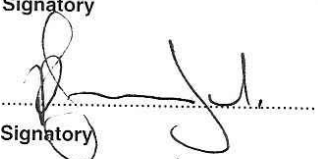
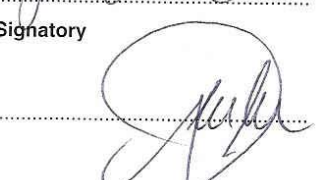
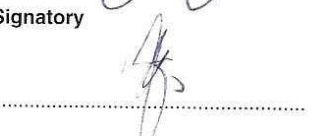
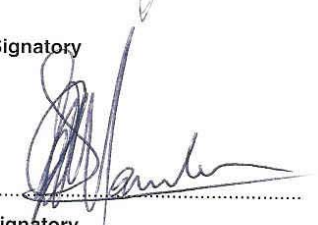
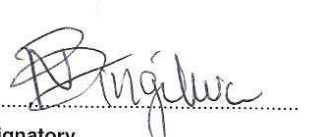
MARITIME TRANSPORT BEE STRATEGY

MARITIME TRANSPORT BEE STRATEGY

Signatory	Designation
	MANAGING DIRECTOR/SONIT TRANS
	CEO - Tennant Africa
	Designation & SA Shipper Council
	Designation Shipping Committee
	Designation Env. Specialist
	Designation NASASIT
	Designation Member Steering Comm
	Designation EXECUTIVE MANAGER NPA
	Designation MGR & Proc. SYSTEMS
	Designation Sales Executive/ADM.

MARITIME TRANSPORT BEE STRATEGY

MARITIME TRANSPORT BEE STRATEGY

Signatory	Designation
	Sharon, Caw...
Signatory	Designation
	Moucou ieta
Signatory	Designation
	UTATU
Signatory	Designation
	FMC / TETA
Signatory	Designation
	J.B. mtela
Signatory	Designation
	MANAGING DIRECTOR GRUNDECO LTD.
Signatory	Designation
	Chairman - ABMO SA
Signatory	Designation
	CEO, SALCS
Signatory	Designation
	M.D. SALCS
Signatory	Designation

MARITIME TRANSPORT BEE STRATEGY

MARITIME TRANSPORT BEE STRATEGY

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