

Black Economic Empowerment

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SAPIA presentation to P.P.C.

31 July 2002

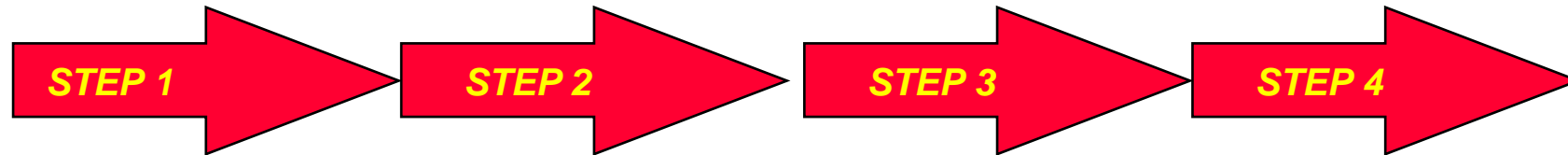


Presentation will cover...

- **BEE Process in the Petroleum Industry**
- **Charter of the Liquid Fuels Industry:**
- **Empowerment Initiatives**
- **Empowerment advisory committee**
- **More is being done**



BEE Process In The Petroleum Industry

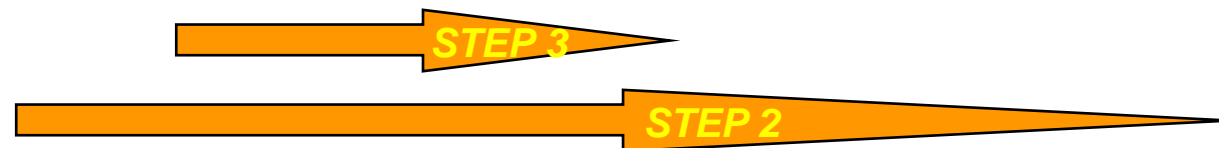


- Constitution of SA
- SAPIA position paper
- White Paper

- Ministerial Task Team on BEE
- Charter for Petroleum Industry
- Process of Implementation

- Measurements
- Compliance / Accreditation

- Full Implementation
- Achievement of objectives

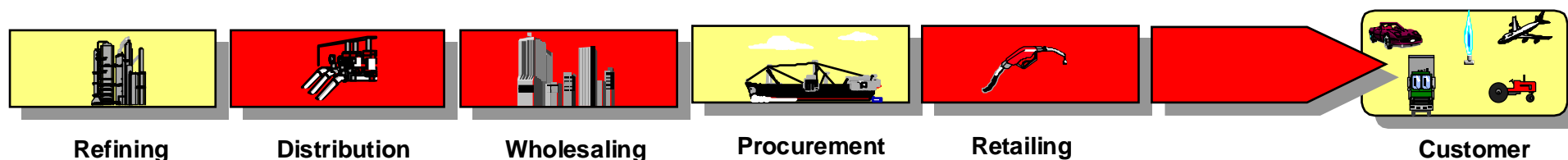


Charter

Scope of Application

This Charter applies to all parts of the value chain :

- Exploration and production of Oil
- Liquid fuels pipelines; Single Buoy Mooring's; depots and storage tanks
- Oil refining and synthetic fuel manufacturing plants, including lubricants
- Transport, including road haulage and coastal shipping
- Trading, including import and export
- Wholesale and retail assets/infrastructure.



Black Economic Empowerment



Charter

Charter Definitions:

Ownership refers to:

- Equity participation

Control can be achieved in a number of ways:

- A majority shareholding position, i.e. 50% + 1 share
- An effective controlling shareholding
- A majority of a board of directors
- A shareholders agreement

Sustainability refers to:

- Medium to long-term viability
- Ventures with prospects of long term profitability
- Requisite levels of skill
- Access to technology

A quarter of all facets of the liquid fuels industry:

- Plans to achieve 25% ownership or control of all facets of the industry over a ten year period

Supportive Culture

- Companies undertake to foster a supportive culture with regard to all aspects of this Charter when dealing with HDSAs.



Charter

Employment Equity

- Companies should focus their overseas placement and / or training programmes on historically disadvantaged South Africans
- Identifying a talent pool and fast tracking it
- Ensuring inclusiveness of gender
- Implementing mentorship programmes

Private Sector Procurement

- Participants adopt supportive procurement policies to facilitate and leverage the growth of HDSA companies. Such policies include criteria that favour HDSA companies, all else being equal.
- The scope of procurement shall include supplies (e.g. Crude), products and all other goods and services



Black Economic Empowerment Initiatives

Redresses economic imbalances within the oil industry in South Africa.

SAPIA members' initiatives have focused on:

- **Developing businesses** – developing and empowering HDSA companies through equity participation and joint ventures
- **Employment Equity** - proactively developing HDSA's to fill vacancies at all levels of the company
- **Developing suppliers** – procuring goods and services from HDSA suppliers
- **Empowering Entrepreneurs** - providing access to retailing and distribution
- **Social Investments**- investing in a variety of sustainable development projects



Empowerment Advisory Committee

- The process in which the Ministry officially recognises those companies which have initiated the BEE process according to criteria as set out in the BEE Charter
- The Minister of Minerals and Energy is considering appointing a committee to advise her in matters concerning the empowerment of historically disadvantaged South Africans in the liquid fuels industry.
- The Committee will advise the Minister on whether business deals that are proposed by the industry will advance the achievement of the Charter's empowerment objectives.



Framework for Monitoring Compliance

- **The DME is currently carrying out Government's commitment in the Charter to produce an annual report of progress and compliance**
- **A system therefore exists for collecting and collating information and reporting on this**
- **A final framework for monitoring compliances will have to be devised**



BEE Initiatives: More is being done...

- **Joint Ventures and Strategic Partnerships**
- **Procurement policies that favour HDSA's**
- **Outsourcing to black suppliers**
- **Development of Management Skills and Capacity**
- **Also about Women**
- **Focus on what is “Sustainable” and “Adds Value”**
- **Creation of a BEE enabling environment**

