

# Executive Update

*"Statistical thinking will one day be as necessary for efficient citizenship as the ability to read and write." (H.G.Wells)*



**Renai Moothilal**  
**Executive Director: NAACAM**

**W**e are now well into the second half of 2017, and I trust you are all making the kind of headway you would have planned for as the year began.

On the topic of knowing where we are, and where we are headed, I would like to share, for the benefit of those who don't already know, that NAACAM is enhancing its statistics and data collection and analysis functionality. It's one of the key deliverables that we planned for at the beginning of the year, and alluded to by Dave Coffey in his address at The NAACAM Show in April.

At a basic level NAACAM reports aggregated industry data on a quarterly basis to various stakeholders including the Motor Industry Development Council (MIDC) as chaired by the dti. This includes info on employment, exports, value addition etc. To date NAACAM has directly been surveying its members and generating these reports.

However we recently decided to also develop a localisation flavoured tool that we could use to generate items of interest to media and other public stakeholders, as well as use it in other stakeholder influencing activities. This is part of the ongoing NAACAM strategy to increase the profile of automotive component manufacturing in SA. Thus we decided to combine the processes that result in these evidence based reports. NAACAM has partnered with B&M Analysts to administer the survey independently each quarter. All survey responses will be collected through a web based system, treated strictly confidentially and reports generated on an aggregate basis.

If you are one of the companies selected as part of the initial sample group you will have received an individual request by now. The process roll out will begin in August this year. However it's important for all members to be aware of the activity and its intended outcomes. Similarly sample needs may change over time and we request the co-operation of all NAACAM members where applicable.

On a similar but less positive note, I can advise that I have been contacted recently by senior management at the dti regarding the apathetic response of component manufacturers to their annual survey request. The original request was channelled through the NAACAM office on 10 May 2017, with a follow up request sent to CEOs and MDs on 12 June 2017. It is not acceptable that roughly 10% of our members responded to this, and such a poor response makes our role as a voice of your sector difficult, more so given the need to do so in a sector that requires incentive support in a government budget environment of competing interests. Whilst the official date of closure has now passed, the dti has agreed to accept any ad-hoc submissions made. Should you need copies of the original correspondence please contact Bev (bev@naacam.co.za) or the dti directly (Mpho Mafole: mmafale@thedti.gov.za)

Looking forward to seeing many of you at the AGM on 7 September, with further details having been distributed and also found on page 5 of this newsletter. Until then, best wishes.



## News

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**E**astern Cape manufacturing companies with class-leading worker wellness programmes were recognised by government and industry at a Recognition Awards Function at the Radisson Hotel in Nelson Mandela Bay in June.

CRH, Benteler, Formex, IDT Air conditioning, MW Wheels, Adient, Pasdec, Borbet, Federal Mogul Motorparts, Lumotech, Stateline Pressed Metal and Ebor Automotive received recognition awards.

Companies were evaluated based on a range of criteria, including high workplace participation, numbers of staff trained, management buy-in, innovation, scope and success.

Sister Ivy Appolis and Mrs Malaine Hop Hing received individual awards for pioneering work in the private sector response to wellbeing.

The awards, sponsored by Old Mutual, were hosted by the Automotive Industry Development Centre Eastern Cape (AIDCEC), an agency of the Eastern Cape Development Corporation.

AIDC EC wellness manager Arnelle Heynes said the leading wellness programmes were multi-faceted including individual financial, emotional and spiritual wellness, not only physical health.

Heynes said since 2009 the AIDC EC in partnership with Ford SEP, GM, VWASA and the German Development Corporation had reached 8423 workers with health assessments, 6608 with HIV Testing and Counselling and had trained 522 employees in Wellness Management.

Speaking at the function, Nelson Mandela Bay Municipality Senior Director: Occupational Health, Safety and Wellness, Mr Andile Tolom, said while some companies considered wellness a soft issue, it was in fact central to management strategy. He said the benefit of wellness was more acutely felt under pressurised economic conditions. "When the economy or cost pressures in business are challenging, the resilience of the workforce comes into full focus and this resilience and productivity is a factor of a wellness programme over time, not an isolated intervention," he said. "Individual health has a profound impact on business."



Heynes said absenteeism alone cost the SA economy over R16bn in 2016.

With respect to holistic health, Tebogo Mabogoane, Head of Financial Wellbeing Programme at Old Mutual said it was clear that workers who were oppressed with financial troubles, debt and concern, could not be fully productive at work.

She said an additional benefit of economic wellness as part of the Wellness programme was a "radical reduction in garnishing orders of employees at participating companies."

Stateline Pressed Metal HR Manager Vuyo Skweyiya said since joining the AIDC EC wellness management programme, the impact had been significant. "SPM has halved the hours lost to sick leave over a period of 5 months, but more than that employee morale improvement has made SPM a different organisation altogether."

## NEW NAACAM MEMBERS (since publishing the 2017 Directory)

### AXALTA PLASCON (Pty) Ltd

**Contact:** Carlos Dos Santos, Managing Director  
**e-mail:** cdossantos@axaltaplascon.co.za  
**Tel:** +27 (0)41 401 1400  
**Fax:** +27 (0)41 453 9123  
**Website:** www.axaltacs.com  
**Physical Address:** 4 Bedford Street, Neave, Port Elizabeth  
**Postal Address:** PO Box 1594, Port Elizabeth, 6000  
**Employees:** 101  
**Exporter:** Yes  
**Quality Rating:** ISO TS 16949/IATF 16949 (since 2018)  
**B-BBEE Rating:** Level 5

Automotive Coating Systems. These include:

- Electro-coatings
- Primers
- Base Coats
- Clear Coats
- Solvents

### COVA ADVISORY & ASSOCIATES (Pty) Ltd

**Contact:** Duane Newman, Joint Managing Director  
**e-mail:** dneuman@cova-advisory.co.za  
**Contact:** Tumelo Chipfupa, Joint Managing Director  
**e-mail:** tchipfupa@cova-advisory.co.za  
**Contact:** Jacobie van der Westhuyzen, Financial & Administration Manager  
**e-mail:** JvanderWesthuyzen@cova-advisory.co.za  
**Tel:** +27 (0)11 568 3340

**Website:** www.cova-advisory.co.za  
**Physical Address:** Building 1, Magwa Crescent West, Maxwell Office Park, Waterfall City, Midrand, 1682  
**Postal Address:** PO Box 503, Kyalami Estate, 1684  
**Employees:** 15  
**B-BBEE Rating:** Level 2

- Government grant and incentives consulting (e.g. AID, APDP)
- Advisors on energy
- Policy consultancy
- Customs and Excise Advisory (including APDP)
- DFI Finance Raising

### WIDNEY TRANSPORT COMPONENTS (Pty) Ltd

**Contact:** Brett Harding, Managing Director  
**e-mail:** bharding@pg.co.za  
**Tel:** +27 (0)11 439 9300  
**Fax:** +27 (0)11 908 1856  
**Website:** www.widney.co.za  
**Physical Address:** 49 Potgieter Street, Alrode, Alberton, 0154  
**Postal Address:** PO Box 17291, Randhart, 1457  
**Employees:** 155  
**Quality Rating:** ISO 14001/TS 16949  
**B-BBEE Rating:** Level 4

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**G**iven that we are midway through the calendar year and at the end of another NAACAM financial year, I thought it would be opportune for me to reflect on some of our achievements this past year, and activities NAACAM is involved in under my leadership.

The attached newsletter and previous NAACAM communications have highlighted the sad passing of Gary Keen, a fellow NAACAM NEC member. It does however fall upon me to once again laud his contribution to our organisation and the sector as a whole, whilst expressing the deepest condolences and sympathy to Gary's family and all close to him during this period.

Gary in his role as the head of NAACAM's HR/Transformation sub-committee, ably set out the path for a set of activities aimed to assist members in upping their company specific transformation strategies. That set of activities is fully implemented. This June saw the culmination of our education workshops around "Optimising B-BBEE", with the ownership session giving details on the NAACAM researched and preferred fund management model that members can consider. This model, together with the NAACAM endorsed ASCCI Black Supplier Development programme, along with the content from the other optimising B-BBEE workshops give members ready-made solutions to priority elements within the revised B-BBEE codes. Use these to unlock your own value in this space. They can certainly be considered class leading when taken in the context of the recent pronouncement by BUSA on a new approach by South African business as a whole on issues of transformation. It was further acknowledged by DG Lionel October, that the proactive compliance assisting strategy adopted by NAACAM is what directly resulted in the dti giving further claim time leniency (till end Sep 2017). This was in response to NAACAM's request that automotive component manufacturers who have claims held up by non-compliance relative to the initial leniency date of 31 March. The dti went further and supported a request to disaggregate claim stages relative to a firm's compliance status, ie, a firm can now have access to latter stage claims, even if an earlier one is disallowed for non-compliance.

Gary was central to another NAACAM activity that undoubtedly impacted our sector in a positive manner over the past year. The conclusion of the 2016 round of wage negotiations delivered an outcome free of industrial action and the role of NAACAM and its participating team under the MIBCO structures has got to be recognised. Thank you Gary.

NAACAM has always been considered the authoritative voice of component manufacturers to automotive stakeholders and industry insiders. Yet we did feel as if a greater publicity campaign and marketing effort was needed to make the general public and wider decision makers aware of the importance of the component sub-sector. To that extent the successful delivery of the first NAACAM Show in April this year achieved its primary objective. The detailed feedback report emanating from the post show survey is attached to this mail, however the words of Theo Looock, Metair CEO, recognises this profiling outcome, in a note he passed to me after the show: "Not only did the program cover all the subjects relevant to our industry and challenges today from manufacturing excellence, logistics, skills, future trends, transformation, black empowerment to trade opportunities in Africa it also showcased our ability to interact with Government. (The Show) increased NAACAM's relevance and from a member perspective reinforced the value proposition"

Similarly our partnerships struck with lead customers, the OEMs and their wholehearted participation through localisation stands, black supplier sponsorships and speaking commitments were valued during the show as they are in our day-to-day business and industry engagements. Yes, we did learn some valuable lessons in the delivery of the Show and all the feedback we received will be considered, but NAACAM is confident of building on the base set by this year's NAACAM Show and delivering an even bigger and more



value adding iteration in 2019.

The stakeholder engagement and relationship management function at NAACAM continues unabated, and I can report that NAACAM is immersed in customer structures that hold significant importance to component manufacturers in SA. We now have a confirmed seat at the table for all the NAAMSA CEOs meetings and similarly at the OEM Purchasing Council meetings, where we continue to push for outcomes that drive localisation and supply chain development. NAACAM has also become a member of the Association of African Automotive Manufacturers (AAAM) in 2017, a body set up by the global OEMs to promote industrial development and trade on the African continent. All of this complements our participation on other industry relevant structures such as ASCCI, BUSA and the government chaired MIDC.

Outside of such macro participation, the issue of trade development is a key priority at NAACAM. To this end I led a NAACAM bannered delegation of aftermarket manufacturers to Nigeria in February this year, where meetings were held with potential business partners as well as relevant state authorities. Leads sourced from this trip, not directly related to the participants, have been disseminated through the NAACAM office to relevant members. A similar programme is envisaged for Kenya, and further details will be forthcoming from the NAACAM office.

At the NAACAM Show I announced the need for and development of a suitable statistical report that will add value to our members and that NAACAM can use to generate regular media releases and create further publicity around and to increase interest in the sector. The idea being for us to have something similar to the monthly sales reporting that NAAMSA puts out. To this extent NAACAM has entered into an agreement with B&M Analysts to supply a set of quarterly and annual reports that give regular health checks on the SA supply chain. The first and annual one was launched in Gauteng on the 1st of June and is based on benchmarking data collected by BMA through its various research channels. If not already seen it is titled: "The South African Automotive Supplier Performance Report 2017", and can be found on our website in the members-only section along with other knowledge building resources including recordings of the NAACAM transformation workshops, and the various policy and 2035 masterplan documents. I'm sure that that this exercise contributes to both our profiling as well as value adding member services functions.

Another function that has kept the NAACAM leadership quite busy is the policy advocacy work around the post ADPP and SA Automotive Masterplan 2035. NAACAM, under the guidance of Ken Manners and Andrea Moz, has been the lead voice of component manufacturers in this process. The process itself has been highly consultative with component manufacturers represented both at an executive oversight committee, chaired by Minister Rob Davies, as well as the industry reference group. We are now at the tail end of the process, and some intense lobbying is taking place. Renai has presented the final draft policy recommendations to members at the June round of regional meetings, and the view of NAACAM is that they should be supported in the main, as the recommendations directly respond to the objectives agreed upon as part of the masterplan process, and have an intrinsic focus on the importance of localisation.

NAACAM Vice President, Ken Manners has negotiated another value adding benefit of NAACAM membership. By now all members will be well aware of the regulated need to belong to the Motor Industry Ombudsman of SA (MIOSA). A special 2017 reduced levy of R1,942.11(excl VAT) has been arranged for members who are considered non-consumer interactive. This is exceptional value given that the standard annual levy as per the Automotive Industry Code of Conduct is R32,400 (excl VAT).

Of course it is really difficult to condense all the NAACAM happenings



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in this note, however I trust the above gives a fair snapshot of achievements in this past financial year. Operationally the association is growing its membership base with the year closing with 17 new members over the previous financial year. Included in that is the joining of SA's tyre manufacturers, with the SATMC link covered in last month's newsletter. When coupled with the integration of the Catalytic Converter Interest Group (CCIG) two years ago, one can see how NAACAM is increasingly positioning itself as the natural home for the interests of all automotive supply chain participants.

With that noted, and as approved by the NAACAM NEC, a decision has been taken to re-model the way NAACAM subscriptions will be charged. The new model is in recognition of NAACAM's vision to be a truly value adding and modern industry association, whilst looking to bring the body closer towards global and local market comparators. As of the 2017/18 financial year, the following table will be used to invoice NAACAM members:

	Employee Split	Annual Fee
Manufacturers	<=50	R25,000
	>50<=100	R30,000
	>100<=200	R35,000
	>200<=500	R45,000
	>500	R60,000
Groups		R200,000
Associate Members		R40,000

We have carefully considered the above and decided that it is a fairer model of subscription as opposed to the base charge plus number of individual headcount formula. Even with this change, we remain confident that NAACAM provides significant value to your company as a participant in the SA automotive manufacturing sector. This fee structure will allow us to initiate and drive new projects that will facilitate further value for auto component manufacturing in South Africa.

In conclusion let me again recognise the work done by the NAACAM staff, under the leadership of Renai Moothilal (Executive Director) as well as the immense contribution of the NAACAM NEC members. I can also share that my next opportunity for direct communication is likely to be the NAACAM AGM, planned for 7 September, and to be held in KZN this year. Of course, new leadership will need to be elected, and I look forward to seeing a new crop of NAACAM influencers emerge. This association is only as strong as the members who participate in it.

I wish you all well until then.

**AFRICAN ASSOCIATION OF AUTOMOTIVE MANUFACTURERS (AAAM)**

**Appointment of Mr Thomas Schaefer, Chairman & Managing Director of Volkswagen Group South Africa, as Chairman of the African Association of Automotive Manufacturers (AAAM)**

Mr Jeff Nemeth, Managing Director of Ford Motor Company of South Africa, was the previous Chairman of the AAAM prior to his return to the United States on 8th June, 2017.

At a general meeting of members of the AAAM held at the end of June, 2017, Mr Thomas Schaefer, was elected Chairman of the Association.

Mr Mike Whitfield, Managing Director of Nissan South Africa remains Vice-Chairman.

The AAAM is committed to the development of business and trade relations in the automotive field, including vehicle and component manufacturing, between South Africa and African countries. The AAAM is also assisting a number of African countries with the formulation of automotive development policy options.

Source: AAAM Office SA: Pretoria

**Trade Relations Report**

For a copy of the Trade Relations Report, compiled by specialist advisor Danie Jordaan, please contact Bev at the NAACAM Office on Tel: 011 392 4060 or email: bev@naacam.co.za

**DR DINO PETRAROLO APPOINTED AS BOARD CHAIR OF AIDC EASTERN CAPE**

Dr Dino Petrarolo, Senior Vice President of Competitive Capabilities International (CCI) Inc., responsible for global business development and strategy, is the newly elected Chairperson of the AIDC Eastern Cape Board.



AIDC EC Executive, Hoosain Mahomed said the company benefitted from the contribution made by Ms Ncokazi, the previous Chairperson, and looked forward to the direction of the new board chair and several newly elected members, including Dr Pierre Voges, Zamela Kiviet, Welile Moss and Tracey Mouton, who join existing Board Member, Ian Whittal.

"The AIDC EC has been well led by Ms Ncokazi, over a period in the life of the organisation which involved both a change in MD and strategic plan. Under her guidance the AIDC EC has achieved significant growth and we are grateful for her contribution."

"We also look forward to new leadership within a degree of continuity given that Dr Petrarolo has been a long-serving board member. His contribution as deputy Chair is indicative of his appointment as Chairman of the Board. He has the qualities and depth of experience that will empower the AIDC EC to accelerate its services and value to industry and deepen economic growth and job creation for our government patrons," Mahomed said.

Dr Petrarolo started his career in 1988 with the Highveld Steel Group, worked in the Automotive and FMCG industries before being appointed Global Head: Manufacturing Development for SABMiller plc.

More recently, he has been involved in strategic consulting activities related to Supply Chain and Operational Excellence with CCI, a global consulting company operating in more than 55 countries and is an Advisory Board member of the Department of Industrial & Systems Engineering at the University of Pretoria.

Dr Petrarolo obtained both his MSc and PhD Degrees in Industrial Engineering from the University of the Witwatersrand and is registered as a Professional Engineer in South Africa, as well as a Chartered Engineer in the UK.

In 2008, he received the international Martin K. Starr Excellence in Production and Operations Management (POM) Practice Award in the USA for recognition of major contributions to this field.

His experiences include the development and implementation of Business and Operational Strategies, World Class Manufacturing (WCM), Lean Six Sigma, Supply Chain Development related change and improvement initiatives, as well as hands on experience in operational management and Knowledge Management systems.

He is also involved in the Renewable Energy sector with Next Renewable Generation in South Africa as CEO.



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## NAACAM invites Members...

to join its AGM and Dinner which is taking place in Durban at the Riverside Hotel and Conference Centre in the afternoon of Thursday 7th September 2017. Arrival and registration from 12h00.

Attendance is restricted to no more than 2 representatives per member company. Kindly ensure Membership Paid to date.

Kindly RSVP: bev@naacacm.co.za

A detailed agenda will follow closer to the time but we are excited to announce that we are partnering with Toyota SA this year who will be duplicating their localisation stand found at the NAACAM Show, as well as sharing info on their localisation strategies, supplier opportunities and transformation/black supplier development activities.

This will be a great opportunity for members to interact with the TSAM purchasing team, especially those who are not already part of their supply chain.

Remember, NAACAM is only as strong as it's member participation. Ask not only what it does for you, but what you can do for the industry. NAACAM is your industry platform, interest group mouthpiece, negotiator and think-tank. Your input through its structures is vital to ensuring long term sustainability of the automotive component manufacturing sector.

### BECOME INVOLVED & BE THE CHANGE YOU WANT TO SEE

## ENGINEERING GRADUATE PLACEMENT PROGRAMME MAKES INROADS

**J**obs fund project, titled Programme for Industrial and Manufacturing Excellence (PRIME) aimed at up-skilling and channelling unemployed black engineers into manufacturing jobs, has increased 3 fold within Industry showing good appetite for its program value.

The AIDC EC says that the third phase of the project began with 31 graduates placed in host companies in September 2016 and that this number has now grown to 65 graduates placed at 18 host companies.

Qualified Industrial, Electrical, Mechanical, Quality and Logistics Engineers have already completed 11 months "on the job training" at their respective host companies and are about to embark on their career in industry by being absorbed into the host company's workforce.

During the year the graduates were trained in advance business process by accredited training bodies in:

- Total Productive Maintenance which was followed by a practical Kaizen project within the host company
- Six Sigma Green belt including a project at the host company
- Lean Manufacturing
- Quality training including the various tools that can be used in a QMS system
- Project Management
- PLC
- AutoCAD
- Health and Safety
- Leadership
- Cleaner Manufacturing
- Supply chain development
- Statistical Process control

The host companies assign a mentor to each of their graduates to monitor their progress during the year of "on the job learning" and the AIDC EC on a monthly basis engages with the mentors, graduates and the companies Human Resources department to track the development of the graduate Engineers.

This training and development 12 month programme has seen that graduates from the first two phases have their careers fast tracked by four (4) years. Further evidence of the success of the development and quality of these young graduates is that many have already become team and project leaders. Evidence of the Industry aligned skills and knowledge allows the engineers to make meaningful contribution to continuous improvement in the workplace.

The benefit for the host companies have been:

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- A high level six sigma green belt project and kaizen project with recommendations for improvement of the host company.
- The development of these graduates allows the management and leadership teams of hosts implement a sustainable transformation programme.
- Internal capacity and experience is built for the host companies without any recruitment or manpower costs for the first year.

The AIDC continues to refine the processes and training of the program to continue to ensure that the program is meeting its objectives of producing graduates of excellence in knowledge and experience of business process in manufacturing to assist the motor industry to continue to be world class.

**For more information on how to benefit as a host company in the Programme for Industrial and Manufacturing Excellence, supported by the Jobs Fund and DEDEA, visit [www.aidcec.co.za](http://www.aidcec.co.za)**

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**G**enerators of used oil, and waste in general, are required by law under the Waste Act to ensure that their waste is responsibly managed.

Those who generate more than 20kg's of hazardous waste per day are also required to register on the National Waste Information System (SAWIS) and to report on the volumes generated and taken away for recycling. Those who fail to comply with the rules and regulations set out by the current legislation also face penalties such as fines or even jail time.

It has therefore become the legal obligation of South African businesses that generate waste such as used oil to ensure it is responsibly collected and taken away to a registered facility for processing and recycling.

Coupled with this is the fact that used oil is a hazardous substance – with one litre being capable of contaminating a million litres of water – and so generators also face a moral responsibility to ensure their used oil does not end up in the environment.

### Used oil in the automotive sector

With nearly 11 million vehicles on the road in South Africa currently (10 867,578 according to latest eNatis statistics) and over 3000 registered workshops, not to mention the unregistered and back-yard mechanics servicing the majority of these vehicles, there is a huge volume of used oil being generated in the automotive sector.

Bubele Nyiba, CEO of the ROSE (Recycling Oil Saves The Environment) Foundation says that whilst the major workshops are compliant with the requirement of the Waste Act, the problem exists in the pricing structure for used oil.

“Currently in South Africa we have a system in place whereby the used oil collectors purchase the used oil from the generators. This model – which was pro-actively adopted many years before legislation governing the responsible recycling of waste, and the pricing of waste, was introduced - has been successful up until now as it has given value to used oil as a waste, thereby incentivising its responsible collection. However, we are now seeing a situation where used oil generators in South Africa are regarding their used oil as an income generating product and this has driven the price of this waste up to unsustainable levels.”

### South Africa to follow international best practice?

Nyiba explains that best practise in other developed countries sees the used oil generators paying the collectors to take away their waste, as opposed to the current South African model which is the other way around. Nyiba further ponders whether South Africa will follow

international standards in this regard as it has in many others. “By law, used oil generators are required to have their used oil taken away by a collector to a registered facility and the ROSE Foundation is urging automotive workshops, and used oil generators in general, to consider their role in the responsible collection of used oil and to reconsider their approach to this waste and the price that they are demanding per litre.”

“Our concern is that pricing used oil to the point that it becomes a commodity will make it unsustainable for most used oil collectors in South Africa to continue to operate. The fewer used oil collectors out there, the less oil collected – meaning a much larger volume is left to possibly make its way into our environment through irresponsible disposal,” cautions Nyiba.

“The ROSE Foundation has set increased used oil collections as a priority in SA going forward and we do not want to see the current volumes dwindling due to unsustainable business models driving out industry players.”

Nyiba goes on to urge used oil generators to use a ROSE registered used oil collector when having their used oil removed. This will ensure that the collection, transportation, storage and re-refining of used oil is managed in a sustainable, ethical and responsible manner that is compliant with all current legislation.

ROSE collectors can also safely remove related wastes such as used oil filters, oily rags, and oil soaked sawdust for responsible disposal and/or recycling. These added value services allow automotive service centres to ensure they remain compliant with waste legislation.

“In addition, we would like to see workshops becoming the place where the public can drop off their small volumes of oil from self-servicing of vehicles. There is a workshop in every town in South Africa and this means that we would not need to invest in additional facilities for the public to drop off their used motor oil. The workshops should be ambassadors of used oil collection.”

“Finally, the ROSE Foundation and workshops need to work closely together to correctly channel the direction of used lubricating oil. We are encouraged by our ongoing discussions and interactions with the Retail Motor Industry Organisation (RMI) to forge together a common approach to managing used oil. Our combined efforts should leave a lasting legacy on avoiding the harmful effects of used oil to our environment,” concludes Nyiba.

**For more information and to find out about a registered NORA collector contact the ROSE Foundation on (021) 448 7492 or visit [www.rosefoundation.org.za](http://www.rosefoundation.org.za)**

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## VEHICLE SALES BY PROVINCE/AREA JANUARY - JUNE 2017 (incl.)

	Passenger	Commercial
Eastern Cape	1 005	860
Freestate	602	622
Gauteng	10 056	5 463
KwaZulu Natal	3 899	2 151
Limpopo	801	858
Mpumalanga	1 119	1 173
Northern Cape	256	280
NorthWest	842	666
Western Cape	3 214	1 915
Botswana	197	319
Lesotho	23	28
Namibia	519	701
Swaziland	45	90
Export	21 766	9 829
Government Units	462	906
Rental Units	408	480
Single Units	1 503	190
<b>Total</b>	<b>50 396</b>	<b>26 531</b>

Source: NAAMSA/Lightstone Auto

**C**omponent manufacturers in the automotive sector are increasingly looking for competitive advantage. An approach to the digitalisation of the manufacturing sector will see a shift to incorporating technology that will see the incorporation of virtual prototyping, design adaptation and change management being driven to the virtual environments that are to be found in the platform based PLM solutions on offer in the market.

**What are the benefits:**

Lower cost to market, faster turn-around times and the ability to connect to customers and suppliers will result in us allowing the industry and supply chains to collaborate more efficiently with each other. There is a growing shift to digitalisation on the production floor and this will mean we will need to connect the design office, engineering teams with this environment.

As we move forward in this new digital world, there we will also see our customers and suppliers need to share single sources of the truth with each other, and collaborate virtually to ensure manufacturing success. The South African Automotive Components sector should take the opportunity to understand this technology, how it can reshape their production costs and explore how these technology advances could open new markets for them.

Information and communication technology (ICT) service provider, T-Systems South Africa, have extended their partnership with Dassault Systèmes, world leader in 3D design software, 3D Digital Mock Up and Product Lifecycle Management (PLM) solutions, into the South African market. In looking for a disruptive approach to the market, ICT company Fujitsu South Africa, have brought their Industrial Kiosk to the partnership, which will bring a revolutionary approach to PLM that caters to the rugged environments and heavy demands of the industrial sector. These solutions launched officially at the Dassault Systèmes "Innovate the Future" event held at T-Systems on the 4th July 2017.

The combination of Dassault Systèmes' unique 3DExperience Platform with Fujitsu's industrial computer kiosks with built-in track pads and palm vein user authentication, all neatly packaged as part of T-Systems' extensive value-added solution, result in a unique end to end PLM products and services offering. T-Systems and Dassault Systèmes have extended their long-standing partnership into the South African market, and together they plan to offer Dassault Systèmes' 3DExperience Platform from the cloud, a first in the PLM space in South Africa. In addition, T-Systems will make access to High Performance Computing available to the local market. Touted as the first real "Simulation-as-a-Service" offering in South Africa, the disruptive, cloud-based solution aims to make PLM accessible to the South African engineering and manufacturing industry, built on Fujitsu servers and server platforms.

Currently aimed to solve the problems of managing design and product simulation, the paperless solutions enable organisations to manage their products and services from design and engineering to the customer environment – making it ideal for the needs of the automotive and manufacturing industries, as well as other sectors of

# T-Systems

the economy, from the financial sector to Smart City programmes. The solutions promise to eradicate problems typically associated with traditional processes, such as damage and loss of paper-based designs, complex change tracking and repetitive hardware repairs and replacements due to the rugged environment of an industrial area.

"The planning, design and management of products or services will become a whole lot simpler and easier to manage with these PLM solutions," says Michael Frans, Head of Business Development & Strategy for Automotive and Manufacturing Industries at T-Systems. "Users will be able to use the software easily, and take advantage of true collaboration across organisations. In the production areas, using the Fujitsu kiosk's system, production staff will be able to view the current build instructions, and important production information. These solutions mean that the time spent on design, redesign and fine tuning a product or service is reduced, while records of changes are able to be stored and managed."

According to Natasha Sampson, Partner Acquisition & Partner Success Manager, Dassault Systèmes, South Africa is ripe for solutions addressing end to end business processes. "We believe that South Africa is a growing market with businesses that are beginning to recognise the value in the use of virtual applications to remain a step ahead of competition. We are strongly invested in South Africa – a common thread between ourselves and both T-Systems and Fujitsu – and are proud of an innovation of this disruptive scale emerging from these shores."

T-Systems' Managing Director, Gert Schoonbee, seconds this belief, saying, "At T-Systems, we have long been believers in developing, growing and retaining local talent within South Africa, and the market disruption that this solution promises to bring about is yet another way that we, as a nation, are proving to be at the forefront of technology. T-Systems, Dassault Systèmes and Fujitsu all have local presence within South Africa, and as such, we are best positioned to service the local market."

Steven Kramer, Channel & Marketing Manager: ESA at Fujitsu, says of the partnership, "We see value in real partnerships, such as this one which brings a unique PLM offering to market. Dassault Systèmes has a fantastic software solution, Fujitsu has a hardware offering that is uniquely suited to launch the software solution, and T-Systems has the knowledge, experience and cloud platform to link it all together and offer it as an end-to-end solution. The combination of our abilities and strengths will enable us to pave the way for new opportunities as we identify new problems we can solve – the possibilities are endless."

PFK Electronics is proud to announce its new Corporate Identity and the relaunch of our website. We believe that the new PFK Corporate Identity and branding accurately reflects the direction in which our company is evolving.



assist our customers in efficiently leveraging PFK's world-class, award winning product, R&D and Contract Manufacturing abilities through our Global Autowatch brands.

We have also reviewed our affiliates and partners here and around the world and are pleased and honoured to confirm our partnership with NAACAM and key businesses around the world. PFK is committed, through our "Powered by PFK" Partner Programme, to forging World Class Global Partnerships with valued partners to ensure that we attain the height of success in our respective businesses.

PFK has restructured its operations and is providing fully fledged Account, Technical and Product Management Support functions to

In line with this restructure, PFK is pleased to announce the following changes in management:

- Marco Valente - Chief Executive Officer and Executive Director
- John Abbott - Chief Operating Officer and Executive Director
- Caroline Ovenstone - Chief Financial Officer and Executive Director
- Rushka Mahadeo - Human Resources Executive and Executive Director
- Alan Sullivan - Chief Technology Officer



Together we supply components and accessories to all OEMs in South Africa.



# IS THERE AN OPTIMUM B-BBEE LEVEL?

**T**wo questions that are often asked include, ....“What is the optimum B-BBEE level which my organisation should achieve”, and “What is the optimum B-BBEE level that my Suppliers need to target?”

It is imperative to note that, prior to giving consideration to the B-BBEE levels related to one’s organisation and / or Suppliers, one needs to ensure that both these entities subscribe to those order qualifying criteria related to cost, quality and delivery (CQD) performance. This remains the basis of any organisation/supplier’s competitiveness, with B-BBEE rather being considered as an additional differentiator.

When wanting to ascertain an organisation’s optimal B-BBEE level, the following pertinent factors need to be considered:

- customer requirements/requests/demands
- competitors’ B-BBEE levels
- requirements from a regulatory or incentives perspective
- what is realistic and implementable within your own organisation’s constraints and/or limitations

From a regulatory and incentives perspective, the B-BBEE level requirements remain clear and well defined. An example is where a level 2 is necessary for qualifying for a gambling license (regulatory) and a level 8 is required to qualify for the AIS (Incentive).

From a competitor perspective, one needs to know the B-BBEE level of one’s primary competitors. The general thinking is that one’s organisation needs to be slightly better, or at a minimum at least on par with the competition’s B-BBEE levels. If your CQD performance is comparative to that of your competitors, you can then differentiate yourself through your optimised B-BBEE level. Essentially, one could “un-commoditise” one’s organisation within a commodity/overtraded market through having a superior B-BBEE level.

From a customer perspective, one needs to differentiate between customers emanating from the Public Sector (Government or any State Organ) and those from the Private Sector (e.g. Auto value-chain), since this determines the strategy for the organisation’s B-BBEE implementation.

### Public Sector Procurement

Public sector procurement falls under rules stipulated in the Preferential Procurement Policy Framework Act (PPPFA) which dictates how tenders with any state organ are adjudicated. In the PPPFA, it is clear **that an organisation’s B-BBEE level is critical** for its competitiveness since this determines how many points are allocated for the organisation’s B-BBEE compliance.

### Private Sector Procurement

This generally remains the focus area of the majority of NAACAM’S members and targets the procurement transactions that take place within the automotive value-chain. In **private sector procurement**, it is **not only about the B-BBEE level, since one needs to take cognisance of an organisation’s/supplier’s overall procurement recognition** which is a function of the company’s/supplier’s:

- Turnover - is the company/supplier an EME (turnover below R10 million/annum) or a QSE (turnover below R50 million/annum)?
- Equity ownership profile - is the company 51% Black-owned or 30% Black-women owned?

The amended B-BBEE Codes results in a situation where, even if all one’s suppliers are at a level 1, turning over more than R50 million/annum and do not have 51% Black or 30% Black-women ownership, the organisation will only be able to score a maximum of 5/25 Preferential Procurement points. This is below the 40% sub minimum of 10 points.

When interrogating the Preferential Procurement sub-element of Enterprise and Supplier Development more closely, one can see that 13/25 (51%) points on offer are allocated to procurement from 51% Black and 30% Black-owned Suppliers. In addition, the targets to achieve 9 points (51% black supplier procurement) and 4 points (30% black-woman supplier procurement) is 40% and 12% respectively. This can be compared to the 80% procurement target level for overall B-BBEE procurement which indicates that far greater Preferential Procurement points can be leveraged when procuring goods and services from 51% Black-owned and 30% Black-women owned Suppliers.

To further highlight this situation, **a Level 7 company which has 51% Black and 30% Black-women ownership, will offer 368% greater procurement recognition than a Level 1 organisation which does not have this equity ownership profile. This can be seen in the table below.**

Untransformed Supplier (less than 51% Black and 30% Black Woman ownership)	B-BBEE LEVEL	1	2	3	4	5	6	7	8	% Improvement recognition of a transformed company (51% Black and 30% Black Woman owned) relative to an untransformed company
	1	934	900	809	735	588	441	368	74	
2	1009	972	874	795	636	477	397	79		
3	1146	1105	993	903	722	542	452	90		
4	1261	1215	1093	993	795	596	497	99		
5	1576	1518	1366	1242	993	745	620	124		
6	2102	2025	1821	1666	1324	993	828	166		
7	2522	2430	2185	1987	1589	1192	993	199		
8	12610	12150	10927	9933	7947	5960	4967	993		

Another example taken from the table, is where a Level 4, 51% Black and 30% Black-women owned organisation will offer 993% greater procurement recognition than a Level 4 company which doesn’t have 51% Black and 30% Black-women ownership.

These examples depict the reality of the amended codes and the Preferential Procurement sub-element. **In private sector procurement, it is all about the equity ownership profile of the company/supplier and not its B-BBEE Level.**

The data displayed in the table above essentially turns B-BBEE on its head, where one’s Suppliers who are at a level 7, but with an ownership profile of 51% Black and 30% Black-women Owned, offers greater Preferential Procurement spend recognition when compared to a level 1 Supplier.

Alternatively, one’s organisation could now consider an equity ownership transaction (51% Black and 30% Black-women) and then aim for a level 7 and not a level 1 and still remain ultra-competitive (368% more competitive) in the market from a B-BBEE perspective.

Also, organisation’s whose turnover is less than R50 million/annum and who have implemented a black equity transaction to achieve at least 51% black ownership, will automatically achieve a level 2 status without a formal B-BBEE verification process, since the amended codes only require a commissioned affidavit.

Whilst it is generally assumed that ‘Ownership’ is the most difficult B-BBEE element to comply with, there is compelling evidence to suggest that Preferential Procurement is currently the most onerous element to comply with given the dearth of 51% Black and 30% Black-women owned organisations in the market. There are several ownership options in the Amended Codes which organisations can consider, but if there are no black Suppliers in the market, how will organisations achieve the required Preferential Procurement scores. Does this provide a niche opportunity for your organisation?

In summary, the effort shouldn’t be focused on achieving the optimum B-BBEE level for your organisation, but rather to **focus on achieving an optimum equity ownership profile**, as this provides far greater B-BBEE leverage.

**Engeli focus on the provision of ownership, ESD, supply chain development and business incubation solutions**

