

Agribee INDABA

ENTERPRISE DEVELOPMENT & PREFERENTIAL PROCUREMENT

The Group generally supported and agreed with the thrust and direction of the Agribee proposals, and made the following submissions in the interest of greater clarity.

1. Greater clarify the % of EBIT criteria:
 - Refer this to the working group to clarify
 - Is this meant to be 1% of EBIT p.a. or 5% pa
 - 1% is more conventional in business and 5% may be strenuous
 - General feeling favour 5%
2. Expand the definition of the 'Qualifying Transactions' (QT) to encompass:
 - The codes state that ED not be included under QT
 - Definition include sale and lease of assets
 - Include contracts and services provided by black firms
3. Note that skills development (3%) and the Residual (10%) = 13%
 - This maybe high and strenuous on business
 - No proposal however to change this
4. Realise that a higher weighting for Rural development favour primary agriculture
5. Clarify the definition of Enterprise development by focussing on:
 - Independent black firms
 - Integrated into business networks
 - Entrepreneurial oriented
 - Establishing new businesses
 - Supporting black firms\
 - Transacting with black firms
6. Accommodate issues dealing with the viability, risk and fair treatment of black firms once established
7. Address the issue of providing safety nets to new firms who a likely to be prone to error in business.
8. Any possibility of including tax incentives be considered
9. Favour firms/initiatives that will expand the production capacity in the economy
10. Take care and avoid dictating to markets in a way that distorts, disturbs and disincentivises the private sector

11. Empowerment should not only be premised on access to assets, but also access to markets. The document is silent on market access:
 - Include market access provisions and preferences to black firms
 - Look into possibilities of providing quotas for black firms in exports
 - Provide and formalise incentives to private sector for market access
 - Provide specialised training on marketing management (including: supply chain management, food liability, logistics, e-commerce, etc.)
12. Designing and promoting suitable business models for enterprise development
13. Unpack the notion of the 'Enabling environment' to include:
 - Government to create a positive investment climate
 - Providing pre & post transaction support
 - Possible tax incentives
 - Regulatory provisions
 - Reducing the cost of doing business
14. Call for simplicity
15. Consider the possibility of linking the 30% land target with the 20% procurement target. The general feeling was that this may not be possible or advisable , but at best should be an indirect link
16. Accommodate 'Preferential sales/transactions' with BEE firms under ED
17. Consider how to deal with cases where PP cannot happen due to e.g. monopolies, drought, scale of operation, etc. Firms should not be penalised and should be able to score. Alternative arrangement should also encourage BEE.
18. Careful not to let non-agricultural procurement dominate.
19. Promote Proudly SA.
20. The meeting remained inconclusive on the scope of application