



## Committee membership and attendance

The membership of the HCRC is as follows:

- A Halstead (Chairman and Trustee)
- A Makwetla (Trustee)
- M Marcus (Member) \*
- B Dlamini (Member) \*
- S Stojanovic (Member) \*

During the year under review, the attendance record of the members of the HCRC was as follows:

Member	20 April 2011	18 August 2011	14 November 2011	23 January 2012
Avril Halstead (Chairman)	√	√	√	√
Angie Makwetla	√	Apology	√	√
Mike Marcus *	√	√	√	√
Busisiwe Dlamini *	√	√	√	√
Sonja Stojanovic *	√	√	√	√

\* Non-Trustee Members

### Ms Avril Halstead

Chairman of the Human Capital and Remuneration Committee

“ The challenge of millions of out of school youth that cannot be absorbed in the labour market requires a multi-pronged strategy and partnership to analyse and come up with appropriate solutions. ”

President Jacob Zuma,  
Addressing the National Job Summit,  
Richards Bay, KwaZulu-Natal, 05 July 2012.

# REPORT OF THE PROCUREMENT COMMITTEE

The Procurement Committee (PC) is a sub-committee of the Executive Committee – Operations. The PC is established in terms of the NEF Supply Chain Management Policy to monitor and evaluate NEF procurement activities and public tender processes so as to ensure that they comply with the NEF Supply Chain Management Policy and Supply Chain Management Regulations of the National Treasury.

The membership of the PC is made up of management representation as follows by appointment of the Chief Executive Officer:

- A Wright - Chairman (CFO)
- H Makhathini - Deputy Chairman (Div. Executive: Corporate Finance and Venture Capital)
- N Nyembe - Member (iMbewu Fund Manager)
- M Dayimani - Member (General Counsel)
- F Ebrahim - Member (Projects Manager)
- S Naicker - Member (Finance Manager)
- M Motsepe - Member (Marketing and Communications Manager)
- P Pillay - Member (Human Resources Manager)
- K Mboweni - Secretary (Head of Supply Chain Management)

The committee met six times over the financial year to 31 March 2012.

Over and above procurement process compliance monitoring, the PC heard and approved submissions for five public tenders (Request for Proposals - RFP), two requests for quotations (RFQ) and two requests for information (RFI) which it evaluated against the process set out in the NEF Supply Chain Management Policy, the National Treasury Supply Chain Management Regulations and Preferential Procurement Policy Framework Act and all the relevant practice notes.

Table 1: Number of Public Tenders issued and considered

### REQUEST FOR PROPOSAL (RFP)

Tender	Tender Number
1. Internal Audit	RFP NEF: 01/2011
2. External Audit	RFP NEF: 05/2010
3. Legal Panel	RFP NEF: 03/2011
4. Mentorship Panel	RFP NEF: 02/2011
5. Security Services	RFP NEF: 02/2010

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Table 2: Number of Requests for Quotes (RFQ)

### REQUEST FOR QUOTATION (RFQ)

Tender	Tender Number
1. Hygiene Services	RFQ NEF: 01/2011
2. Catering Services	RFQ NEF: 01/2010

Table 3: Number of Requests for Information (RFI)

### REQUEST FOR INFORMATION (RFI)

Tender	Tender Number
1. Media Buying Services	RFI NEF: 01/2011
2. Fleet Management Solutions	RFI NEF: 02/2011

The NEF, by virtue of its mandate to support and promote enterprises owned and managed by black people, focuses its efforts on identifying and procuring from businesses that have high levels of black ownership which is operationally involved in the management of the businesses. Further, the emphasis on developing black owned emerging businesses in targeted sectors as part of the NEF Supply Chain Management Policy is underpinned by specific targets set in this regard in the annual business plan of the Supply Chain Management Department, under the direction of the Head of Supply Chain Management.

The Procurement Committee is tasked with monitoring progress against B-BBEE procurement targets and is especially pleased to report on the excellent results achieved where targets have been surpassed. Notwithstanding these results, the NEF is placing even more emphasis on supporting emerging black empowered businesses.

For the financial year, R76 million of Procurement Spend was obtained from 366 suppliers. 69% of Procurement expenditure has been with Level-4 and above suppliers. Though this does exceed the target set internally by the NEF for Preferential Procurement purposes, it is recognized that black ownership plays a key role in effective B-BBEE through preferential procurement. In analysing ownership further, of the total procurement spend, 17% is being spent with Black Owned (75% – 100% Black-owned) enterprises, 5% on Black Controlled (50% – 75% Black-owned) enterprises, and 25% is spent on Black Influenced (25% – 50% Black-owned) enterprises. It is evident that black-owned suppliers are not benefiting adequately from Procurement spend by the NEF notwithstanding meeting B-BBEE targets. The NEF will thus focus even more in the new financial year on procuring from black controlled and black owned suppliers.

It is comforting to note that 38% of Procurement activity is coming from Exempted Micro Enterprises and 32% from Qualifying Small Enterprises. This is indicative of the NEF's support of B-BBEE SME suppliers and its use of the procurement budget of the NEF to provide opportunities for the growth of these suppliers.

Table 4: Broad-Based Black Economic Empowerment Procurement Targets and Results

	Below Level 4 Contribution	Below Level 4 Contribution	Level 4 Contribution and above	Level 4 Contribution and above
Target	-	-	65%	-
Value	23%	R 17 833 770	77%	R 58 337 591
Number	31%	115	69%	251

Of the Level- 4 entities measured above, the following black ownership levels can be reported as having been supported through procurement activities at the NEF:

Table 5: BEE Ownership levels reported within Level 4 and above contribution

	BEE Status – Ownership	Number of suppliers	Percentage by number	Percentage by value	Amount
1.	75.1% – 100%	117	32%	32%	R 12 917 848
2.	50.1 – 75%	20	5%	6%	R 3 631 746
3.	25.1 – 50%	43	12%	12%	R 18 705 033
4.	0%-25%	186	51%	42%	R 31 698 771

It is also important to note that as part of the NEF SME development programme within the Supply Chain Management Department, 70% of the above black owned businesses are businesses that have turnovers less than R35 million per annum, as reported below:

Table 6: Black owned suppliers by size

	EME (Less R5 Million)	QSE (>R5 Million <R35 Million)	Large (Above 35 Million)
Number of suppliers	139	116	111
Percentage by number	38%	32%	30%
Value	R 16 763 331	R 28 655 004	R 30 793 025
Percentage by number	22%	38%	40%

Supply Chain Management practice has been maintained at the highest levels of good governance and the Procurement Committee is able to report that no procurement irregularities were identified in the financial year ending 31 March 2012. ⚡

**Mr. Andrew Wright – CFO**

Chairman of the Procurement Committee