

# Letting nothing go to waste as business grows for NEF investee

**B**usiness loans provided to black entrepreneurs by the National Empowerment Fund (NEF), a patient capital lender, typically have a horizon of between 5 and 8 years and up to 10 years for rural and community development as well as funding for black industrialists, periods that the NEF considers long enough to enable businesses to grow and stabilise while servicing their debt obligations to the development financier, says CEO, Ms Philisiwe Mthethwa.

"In times of economic hardship, whether global, regional or national, when businesses face the risk of closure and society has to contend with potential job losses, the NEF as a funder with a soul, implements measures inclusive of repay-

ment moratoria, interest holidays, mentorship support and/or refinancing, in order to help cushion the impact of such hardship on the businesses that we fund. And so when a business sails through the seasons and matures to the point where it fulfils its debt obligations to the NEF, nothing delights us more," adds Ms Mthethwa.

One such business that has paid off its debt in full to the NEF is Masiqhame Trading 729 cc (isiXhosa for 'let us prosper'), a waste-management business based in Cape Town, which is owned and managed by Mr Matanzima Mthwa. The business was funded to value of R12.9 million in October 2014 by the development financier.

"The company was first awarded a contract by the City of Cape Town in 2006 for the provision of commun-

ity based refuse collection and area cleaning services in various informal settlements in the Atlantic Coastal Area. In 2014 we were awarded a contract for removal and disposal of refuse from storage areas in informal settlements that's when we applied for funding at NEF because we had to purchase a number of trucks in order to implement the contract. In 2016 we also got another contract for community based refuse collection and area cleaning in informal settlements such as Khayelitsha. This contract is valid for 2 years until 30 June 2018, and NEF funding was critical in both instances to enable us to implement the contracts" says Mr Mthwa. The business owns and operates a total fleet of 20 trucks, nine (9) of which were financed by NEF funding. The trucks are the main

assets owned by the business, which operates from premises in Fisantekraal, Cape Town.

The business has 454 employees who are contract workers.

"We collect and dispose refuse in line with the City of Cape Town's operating guides. Refuse is disposed at landfills and we pay the compulsory fees and later claim this from the municipality. Thankfully, invoices are generally settled within 20 days of submission to the municipality. We are aware that non-delivery of agreed service levels could result in the penalties, which could jeopardize our chances of being granted new contracts by the municipality in the future. That is why we have done our very best to deliver a quality service to our clients. Also, having sufficient numbers of employees has been

very important for us to deliver on the two contracts. And to keep our employees happy and committed we increase salaries in line with regulations that apply in the sector," adds the entrepreneur.

"Mr Mthwa has been a model client from the time the NEF approved funding for his business. The client has always adhered to loan covenants and has supplied management accounts throughout the course of the relationship. Having operated since 2006, he has a firm grip on business operations and as a result, mentorship support was not necessary, although the NEF continued to monitor the progress of the business on an ongoing basis, in keeping with standard operating procedures. Payments of the NEF loan were always made on time and sometimes, in

advance. The business has a reputation for paying suppliers on time and Mr Mthwa has been diligent in ensuring that business cash flows were carefully managed. It is therefore not surprising that he has paid off the NEF loan a few months in advance," says NEF General Counsel, Mr Mzi Dayimani.

"Since operational inception in 2005 to date the NEF disbursed just over R6 billion to black owned businesses across the country. A total R2.4 billion has been repaid by investees, which has been reinvested into the financing mandate of the NEF. As a development financier the NEF collects its dues vigorously but in order to fulfil our mandate of aiding national development, repayments will understandably not be as rapid as they are with commercial lenders. This there-



fore explains the reason why the NEF requires recapitalisation from the fiscus in order to continue supporting black entrepreneurs to contribute to job-creation and inclusive growth across the country" explains Ms Mthethwa.

## Jumbo paper rolls industry has a newly empowered woman player

**P**alesa Chele could not sit idle in Mpumalanga while opportunity danced right before her very eyes.



In 2016, she decided to convert the nine to five job she had as a purchaser and supplier for Renova and Blount Tissue Trading and started out in an old mill producing jumbo reels of paper from recycled paper materials.

Today her company, Chele Milling, is the proud recipient of a R10 508 000 loan from the National Empowerment Fund (NEF) to build capacity at her paper milling plant.

We converts recycled paper

into a variety of tissue and toilet products including one and two ply toilet paper, sanitary towels, serviettes and other related products, says Ms Chele.

Chele Milling is one of very few in the sector that are owned and managed by a black

woman. The company is one of few middle-level paper mills that produce jumbo reels.

This is due to the exorbitant cost of virgin paper. Jumbo reels retail at between R14 000 to R16 000, which when compared to recycled

reels retail at between R8 000 and R9 500.

The plant has the capacity to produce up to 10 tons of jumbo reels per day, which amount to about 200 tons per month, says Ms Chele.

Before acquiring the plant in Witbank, Ms Chele ran an old mill in Ermelo with limited access to capital, but was still able to produce the required 120 tons for her client.

Mr Nyembe says it was Ms Chele's passion and deep knowledge of the business that stood in good stead, especially since she is committed to the employment of black women and the transfer of skills.

## Government and NEF empower farm workers to become entrepreneurs

**T**wenty five KwaZulu Natal farmworkers have now become their own bosses after they were empowered to buy four farms sprawled over 465 hectares of land.

All four farms comprise 249 hectares of cane, 132 hectares of timber, 3 hectares of foliage under shade cloth, and 10 hectares of irrigated cabbage operation located at Seven Oaks, 75km North East of Pietermaritzburg.

This is after the Depart-

ment of Rural Development and Land Reform (DRDLR) entered into a partnership with the National Empowerment Fund (NEF) to implement the Strengthening of Relative Rights of People Working the Land, also known as the 50-50 project.

Through the partnership the NEF was requested to pilot the project to benefit mainly farm workers and communities to acquire economic interests in the agricultural land and businesses

where they work and live.

One of the farm under the project is Ekhamazi, where the 25 farmworkers, organised as the Ekhamanzi Workers Trust, are now 45% shareholders alongside the strategic partner, Andrew Braithwaite, who owns 50%, and 5% by the NEF. DRDLR has invested a total R33 million to facilitate the 50% acquisition.

The strategic partner, Andrew Braithwaite, agreed to sell 4 out of 5 property portions for land reform pur-

poses to the Ekhamanzi Trust, which is the Westcliffe farming Pty Ltd.'s Staff Trust.

Ekhamanzi operates as a primary agricultural business and is currently farming sugar cane, timber and cash crops. There are 25 workers employed by Ekhamanzi Farming, this being sufficient staff to work the timber, cabbages, foliage, and some cane operations. Further staff will be employed as the Avocado development takes place.

## Dawn of a new era in vehicle tracking

**T**he taxi industry, which transports 16 million people across South Africa daily, has a new player in Quickloc 8 that is set to provide a low cost innovative vehicle tracking platform in the lower end market.

This is a game changer in the R40 billion vehicle tracking system currently dominated by largely white owned companies.

The new development also works to dismantle barriers to entry in this industry with high capital technology.

In its quest to ensure inclusivity across key sectors of the economy, the NEF has extended a R2.5million loan to Quickloc 8.

The NEF Funds are meant



to help Quickloc 8 offer the estimated 300 000 minibuses a low cost online vehicle tracking solution.

This will be in the form of a smartphone app that enables live vehicle tracking, with enhanced features including vehicle monitoring, live data processing, and a seamless integration with social media platforms for customer notification.

The online solution allows customers to subscribe to the service online without going through a large scale call centre as it is normally the case with other vehicle tracking service providers. This is designed to keep operational cost low and ensuring a seamless operation from signing up, creating a customer profile and invoicing.

The Quickloc8 business model is based on contract packages to small business owners with its initial focus on taxi owners to help them manage their fleets. These packages include capabilities

such as the ability to track and analyse driving style of each driver, the packages also provide an advanced anti-theft system with combined auto geo-fencing and towing detection functionality; a Bluetooth wireless connectivity feature allowing fleet owners to call drivers through the tracking device; as well as a smart crash detection that sends a message to owners immediately after the accident.

For all these features Quickloc8 offers a basic monthly contract of R199 for 36 months via a debit order. For those who do not want to be tied to a 36 month contract the company offers a month to month contract with an activation fee of R2 400.

## Transforming the construction sector

**T**he need to empower black South Africans to acquire a meaningful stake in the country's construction industry is linked to the nation's goals for an inclusive society based on the principles of social cohesion.

To that end, NEF continues to push the agenda for black empowerment and meaningful participation of black people in this lucrative industry.

A case in point is assistance by the NEF to White Hazy Building Construction (Pty) Ltd (WHBC), a company owned by Mr Soul David Siwela established in 1997.

WHBC approached the NEF for funding to procure

material and cover working capital requirements to execute the road construction project awarded by the City of Mbombela.

WHBC's head office is in Nelspruit, Mpumalanga with a strong presence in Gauteng. The construction company targets the three tiers of government, namely national, provincial and local municipalities.

They have successfully completed projects for Mbombela Municipality, Department of Public Works and Roads Transport.

He started WHBC and also ran several other small businesses. He has worked at Zimele Construction where

he gained invaluable experience within the construction industry. He took up different roles over the years and when an opportunity arose for workers to work as independent subcontractors.

WHBC then started to source subcontracting projects from a variety of small to medium companies, later doing work for construction giants such as WBHO, Murray & Robert and Group5. Mr Siwela soon learnt the trade in construction as a whole, and developed a keen interest and passion for civil construction in particular.

NEF Divisional Executive for Rural and Community Development Mr Setlakalane

Molepo, says: "At the time of the initial investment WHBC had 40 employees projecting to increase to 90. WHBC has now increased their fixed term employees to 200, projecting an additional minimum of 50 with the current projects.

The NEF investment enabled WHBC to have a strong financial muscle to deliver on the contract and contribute significantly to the organic growth of the company".

WHBC has several projects that are being executed concurrently and that have resulted in cash flow constraints.

The investment by NEF will allow WHBC to complete the project within the targeted timelines.

## NEF supports black industrialists for South Africa's growth

**T**he creation of black industrialists remains one of the key goals of the National Empowerment Fund (NEF), says divisional executive, Ms Hlengiwe Makhathini.

She says the NEF recently put a Bloemfontein-based black-owned steel manufacturing company on the right path by providing a R3.9 million loan for the expansion

of its capacity to supply the multi-billion rand building materials retailer, Cashbuild, with steel products.

The NEF has funded Matzovision (Pty) Ltd, a 100% black-owned company, to help it make a meaningful contribution to the country's manufacturing sector, and to help the company grow to industrial scale. The company manufactures steel door frames, combi

doors and window frames.

The funding agency was also impressed by the fact that Matzovision has passed the rigorous selection process that the JSE-listed building materials retailer puts its potential suppliers through.

Owned and managed by Mr Malefetsane Mahao, for the most part of 2015 the business manufactured steel frames as the only product.

However by late 2015 the business acquired machinery for a second manufacturing line, enabling it to also manufacture steel door frames and combi steel doors.

"All the equipment was funded from Mr Mahao's savings, which he invested in the businesses since it started. The company got its major break when it signed an agreement with Cashbuild for the

supply of different products in the Free State, North West, Northern Cape and the Eastern Cape.

Due to the company's quality product and good standing Matzovision was allocated an additional six stores in May 2017, increasing the total number to 13 serviced stores," adds Ms Makhathini. She says the six additional stores are larger

stores with a larger demographic. The business has a larger monthly order value of R35 000 minimum.

The expansion of its operation will also give Matzovision a stronger foothold in the massive steel manufacturing industry which contributed 1.5% to the country's GDP in 2016. The expansion will also assist Matzovision in meeting the

extra demand for building materials from local construction contractors in the Free State.

Mr Mahao is a BCom graduate from the University of Limpopo and has an MBA in Entrepreneurship from the University of the Free State, as well as an Advanced Certificate in Supply Chain Management from the University of South Africa.

The NEF believes his extensive experience as a manager in both the public and private sectors will add value to his business.

As part of its support the NEF has commended Cashbuild for its continuing preference to use local suppliers like Matzovision and its constantly increasing support for such black economic empowerment.

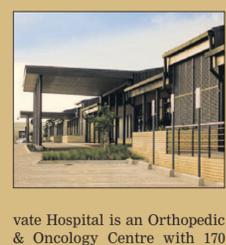
## Busamed opens the third modern 120-bed hospital in Harrismith

**B**usamed is a proudly South African private hospital group with four bed licenses currently across South Africa, offering friendly, cost effective and innovative healthcare service in a safe and caring environment.

Busamed Paardevelei Private Hospital in Somerset West, is a 100-bed acute care hospital, housed in an attractive, modern, purpose-built building situated in the historic Paardevelei precinct. Discovery Health Patient Survey Scores has recently rated Paardevelei Private Hospital as the Number



1 Private Hospital in the Western Cape. Recently celebrating its first year of excellence in the



health sector is Busamed Modderfontein hospital opened its doors in September 2016. Busamed Modderfontein Private Hospital is an Orthopedic & Oncology Centre with 170 beds, and situated in Linbro Park, Johannesburg, in the developing Modderfontein area. The orthopedic team of specialists at this hospital are experts in their specific field

of expertise whether it is hip or knee replacements, spinal surgery, shoulder or hand surgery and other specialties. This includes the most recently acquired state of the art technology in Robotic Assisted Surgery, the he first of its kind in orthopedic surgery in South Africa and on the African continent.

The Robotic Arm technology is a used for Hip and Knee Replacements. This technology, is exclusive to Busamed Modderfontein Private Hospital and has been used to perform over 70 000 surgeries world-wide. The arrival of the machine means

that South Africans and Africans at large can benefit from this state of the art orthopedic robotic technology, designed to deliver improved accuracy and effectiveness in Orthopedic surgery. Doctor Lipalo Mokete and Doctor Ebrahim Hoosen are the only two trained Orthopedic Surgeons who head this specialised surgery in the country.

The newest hospital in the Busamed stable, launched on 08 December, is the Busamed Harrismith Private Hospital, a 120 bed acute care facility.

This modern facility rests at the foot of the Platberg mountains and its convenient loca-

tion places the hospital on the N3 highway that connects KwaZulu Natal and Johannesburg. The hospitals also have a 24hr centers that cater for all emergencies.

Other Busamed hospitals in the group will include Busamed Bram Fischer Airport Hospital in Bloemfontein, and Gateway and Hillcrest hospitals in KwaZulu Natal.

NEF Divisional Executive for Venture Capital and Corporate Finance, Ms Hlengiwe Makhathini, says the private hospital sector in South Africa is dominated by three main hospital groups. These three

groups hold more than 79% of the market share and the remaining 21% is fragmented and held by independents. "In Busamed we saw a unique and strategic opportunity to bridge the divide and to raise the levels of black participation in the industry," she continues.

It is projected the when Busamed Group operates optimally at 1000 beds after the construction of all four hospitals, 3000 direct jobs will be created. Further, Busamed will be involved in the creation of nursing academies, which will ensure skills transfer and alleviation of nursing staff shortages.