



23 January 2006

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## GENERAL REASONS FOR THE DECISIONS ON THE ALLOCATION OF RIGHTS AND QUANTUM IN THE HAKE INSHORE TRAWL FISHERY

### 1. Introduction

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After the allocation of medium-term rights in 2001/2002 and the finalisation of the appeals processes in 2002/2003 the Department of Environmental Affairs and Tourism: Branch Marine and Coastal Management ("*the Department*") commenced with preparations for the allocation of long-term commercial fishing rights.

In January 2004, the Minister of Environmental Affairs and Tourism ("*the Minister*") announced the commencement of the planning phase. The Minister called on the fishing industry and all other interested and affected parties to submit comment to the Department. A comment box was opened at the Department in which comments could be placed. In order to facilitate communication with the public and fishing communities, the Department developed a dedicated fisheries website ([www.mcm-deat.gov.za](http://www.mcm-deat.gov.za)); it established a customer services centre (0861 123 626) at its Cape Town head office and it further resourced each of the 29 fishery control offices along the coast.

In 2004, the Department also procured the services of project management specialists, specialist legal advisers, IT specialists, and a forensic auditing consortium to advise it on the long-term commercial fishing rights process. A Rights Allocation Unit was established in 2005 to co-ordinate and manage the long-term rights allocation process.

Earlier, during the latter half of 2003, rights were allocated to abalone divers for a period of ten years. In December 2004, another set of "*long-term*" commercial fishing rights were allocated in the large pelagic (tunas and swordfish) fishing industry. Long-term fishing rights for the remaining 20 commercial sectors were scheduled for the last quarter of 2005. The Hake Inshore Trawl sector is one of these sectors.

This document is entitled the "*General Reasons for the Decisions on the Allocation of Rights and Quantum in the Hake Inshore Trawl fishery*" and will be referred to as the "*GPR*". The GPR sets out the criteria and weighting, the process and methodology and the policy reasons for the decisions on the allocation of rights and quantum in a fishery. Applicants are therefore advised to carefully study the GPR before considering the assessment of their applications and the specific reasons for decisions taken. In order to fully

understand the reasons for the decisions, the following documents must be read together (every applicant receives these documents by e-mail):

- The notification letter, informing the applicant of the delegated authority's decision, together with the reason for that decision;
- The GPR, which includes the decision-making lists of the delegated authority, reflecting the scores achieved by each applicant; and the spreadsheet setting out the details of the quantum of the quantum allocations; and
- Copies of the assessment sheets and score sheets used to record the assessment of each application in the fishery.

Applicants will also receive an appeal form, which must be submitted together with the appeal (if the applicant chooses to appeal against the decision on the allocation of a right or against the quantum allocated).

The specific reason contained in the notification letter to unsuccessful applicants, together with the GPR, the assessment forms and score sheets and the information that is available from the Department, constitute the reasons for the decisions on the allocation of rights and quantum.

## **2. Policy and Application Form Development for long term rights allocation**

A detailed report entitled "*Public Participation in the Development of Policy and Application Forms for the Allocation of Long-term Commercial Fishing Rights*" will be made available on the Department's website ([www.mcm-deat.gov.za](http://www.mcm-deat.gov.za)).

A Committee was established to co-ordinate and manage the drafting of a general fisheries policy and sector specific fishing policies. Draft policies were finalised after the Minister held a series of Ministerial *Izimbizo* with coastal communities along the west, south east and east coasts between June and November 2004 and after all registered industrial bodies and interest groups were consulted on sector management issues. On 1 March 2005, the Minister issued for public comment 19 draft fishery specific policies and a draft general policy on the allocation and management of long-term fishing rights.

A key feature of the draft policies was to divide the different commercial fisheries into four clusters. The clusters were determined having regard to the level of formal organisation within the various fisheries, the capital required for participation and the make-up of the participants in a fishery. A different allocation process (method of consultation, registration, distribution, receipting, communication and evaluation) was proposed for each cluster. The Hake Inshore Trawl fishery was included in "*Cluster A*", along with other highly structured, capital intensive fisheries such as Hake Deep Sea Trawl and Small Pelagics.

For purposes of public consultation, the notice and comment process set out in the Promotion of Administrative Justice Act 3 of 2000 and its regulations were followed. The draft policies were published in isiXhosa, Afrikaans, isiZulu and English in the Government Gazette and on the Department's website and copies were distributed along the coastline.

In Cluster A, the draft policies were further made known through electronic means. In each fishing sector draft policies were distributed via e-mail to sector or industry associations and to medium term right holders and others who responded to the various publicity campaigns. Interested and affected parties were able to submit their comments electronically.

During March 2005, the Department consulted with fishing communities along the coast. A total of 53 villages, towns and cities were visited and more than 6000 fishers were consulted. In April 2005, further consultations with communities took place in 16 venues along the coast about the draft traditional line fish policy. At each consultation, every comment was recorded and documented by the Rights Verification Unit ("RVU"), an independent team of auditors. At the end of the consultation process, more than 9000 fishers between Port Nolloth and Durban had been heard orally. Apart from the thousands of oral comments which were recorded, the Department also received more than 900 written comments on the policies. Significant changes were made to the policies after the comments were considered.

In May 2005, Cabinet approved the 19 "sector specific policies" and the "General policy". In July 2005, Cabinet also approved the traditional line fish sector policy.

Stakeholders and affected parties were also given the opportunity to comment on the application forms before they were adopted. An abbreviated notice and comment process was followed in Cluster A. Draft application forms for each fishery were published on the website and comments were invited. Numerous changes were made to the application forms after the comments were considered.

### **3. Appointing the Delegated Authority**

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In July 2005, and acting in terms of section 79 of the Marine Living Resources Act 18 of 1998 ("the MLRA"), the Minister appointed Dr Monde Mayekiso, the Deputy-Director General ("DDG") of the Department, as the delegated authority responsible for the allocation of long term fishing rights in the Hake Inshore Trawl fishery.

### **4. Registration, Distribution and Receipting of Applications**

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A detailed report entitled "*Registration, Distribution and Receipting in the Long-Term Rights Allocation Process*" will be made available on the Department's website ([www.mcm-deat.gov.za](http://www.mcm-deat.gov.za)).

The final deadline for registration for Cluster A sectors was set at 17h00 on Friday 8 July 2005 and for lodgement on Monday, 1 August 2005 (between 08h00 and 19h00) or on Tuesday, 2 August 2005 (between

08h00 and 17h00) at the Good Hope Centre in Cape Town. A total of 486 applicants registered for Cluster A long-term commercial fishing rights. Of these, 442 lodged their applications timeously.

The RVU receipted a total of 46 applications for long term commercial fishing rights in the Hake Inshore Trawl fishery on behalf of the Department on 1 and 2 August 2005. Of these, 17 were from the medium term right holder applicants and 29 were from new entrant applicants.

## **5. An interactive Application Process**

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In Cluster A, applicants were able to communicate with the delegated authority in the period between registration and closing day by e-mailing questions to a designated address. The queries and responses to them were published weekly on the Department's website ([www.mcm-deat.gov.za](http://www.mcm-deat.gov.za)) and sent by e-mail to each registered applicant. A report entitled "*The Interactive Application Process for the Allocation of Long-Term Rights Allocation Process*" will be made available on the Department's website ([www.mcm-deat.gov.za](http://www.mcm-deat.gov.za)). All the Queries and Responses dealt with in Cluster A will be published as part of this report.

The delegated authority further communicated in Cluster A through website notices and updates and by way of "*FishRights*" – a fortnightly E-Newsletter that is placed on the Department's website every second Monday. This newsletter is also e-mailed to over 300 fishing companies and journalists and circulated through interest groups and industrial bodies recognised by the Minister in terms of section 8 of the MLRA.

## **6. Decision making process**

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The delegated authority was assisted by an Advisory Committee; legal advisors; the RVU and auditors; IT specialists; communication consultants; and administrative and project management specialists.

A report entitled "*The Decision-making Processes for the Allocation of Long-Term Rights*" will be made available on the Department's website ([www.mcm-deat.gov.za](http://www.mcm-deat.gov.za)). In short, the process of allocating commercial fishing rights in the Hake Inshore Trawl sector involved the following steps:

☞ *Database Development:* After the applications were receipted by the RVU, the delegated authority instructed the IT advisers to design a database to facilitate the analysis of applicant data across a range of fields, including, transformation, investment, job creation, compliance, and issues such as safety and catch utilisation. The main purpose of the database was to assist with the development of detailed criteria and weighting and for identifying anomalies and deviations that required special verification and consideration.

☞ Criteria and weighting design: After the database for the fishery had been constructed, the delegated authority, with the assistance of the Rights Allocation Unit, designed detailed criteria and weighting. These criteria and weightings are listed below.

☞ Constitution of the Advisory Committees: The delegated authority constituted an advisory committee, which was chaired by a member of the Rights Allocation Unit. The advisory committee for the Hake Inshore Trawl fishery consisted of –

- ☞ Mr Horst Kleinschmidt (Chairperson)
- ☞ Ms Castalia Dikotsi
- ☞ Mr Almo Lubowski
- ☞ Mr Cheslyn Liebenberg
- ☞ Mr Mbulelo Ruda

☞ The role of the Advisory Committee in the Hake Inshore Trawl fishery was to determine whether the applications were properly lodged, not materially defective and met the essential requirements of the fishery, to assess the information provided in each application, to comment, and in certain respects, to score the application in terms of the balancing criteria and weightings determined by the delegated authority.

☞ Instructing the Advisory Committees: Each advisory committee was briefed and instructed by the delegated authority, members of the Rights Allocation Unit and legal advisors on, *inter alia*, the following:

- The applicable statutory provisions and case law;
- The general policy and the sector specific policy adopted by the Minister and Cabinet for the Hake Inshore Trawl fishery;
- The current biological, economic and transformation profiles of the fishery;
- The detailed criteria and weightings to be applied; and
- The purpose of each question asked in the application form applicable to the Hake Inshore Trawl fishery.

☞ Guiding the Advisory Committees: Over the duration of the verification and scoring process, the delegated authority met with the chairperson and the members of the advisory committee to consider the approach to the assessment of information and the scoring of the applications.

☞ Decision-making: After all applications were evaluated, the chairperson of the advisory committee presented the results to the delegated authority. The delegated authority then considered each

assessment form and score sheet, having regard to the application. If there was any uncertainty regarding the score or the assessment, the delegated authority discussed the matter with the relevant members of the advisory committee and satisfied himself that the assessment or score was correct. The delegated authority also considered whether the selected criteria and weightings achieved the objectives set for the allocation of rights and adjusted weighting in order to better achieve the objectives.

## **7. Sector Profile Prior to Long Term Rights Allocations**

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Commencing in the 1890s, the demersal trawl fishery (deep-sea and inshore sectors) is South Africa's most important fishery and, for the last decade, it has accounted for more than one half of the wealth generated from commercial fisheries. Although the inshore trawl fishery was pioneered at the start of the twentieth century, it was only in the 1950's that the fishery took on a commercial face when smaller trawlers entered the fishery to target hakes and the more valuable Agulhas sole (*Austroglossus pectoralis*). The inshore trawl fishery continues as a "dual quota" fishery targeting both shallow-water hake (*Merluccius capensis*) and Agulhas sole.

As was the case with the deep-sea trawl fishery, prior to 1978, the inshore trawl fishery was largely unregulated and participants were not restricted to a maximum catch limit. In 1978, the demersal fishery was formally separated into inshore and offshore sectors, a global annual total allowable catch ("TAC") was introduced and was divided between the sectors. An annual sole TAC was also set. Individual quotas were introduced in 1982. Since then, an annual TAC has been set for both the Cape hakes and for Agulhas sole. The inshore trawl fishery has been managed in terms of a sole TAC and a portion of the hake TAC. The sectoral allocation of the global hake TAC has remained remarkably stable at around 6 percent.

The Department manages the inshore trawl fishery as part of a "hake collective". In terms of the MLRA, a "global" TAC for all hakes (both species combined) is set annually by the Minister of Environmental Affairs and Tourism. Of the global hake TAC a reserve to cover by-catch in the horse mackerel fishery was set aside prior to distribution among the hake fishing sectors. Currently the global hake TAC (after deduction of the horse mackerel by-catch reserve) is distributed among the deep-sea trawl, inshore trawl, hake long line and hake handline fishery sectors without regard to the hake species split in the respective fishery sectors. In terms of that arrangement, 83% is allocated to deep-sea trawl, 6% to inshore trawl and 10% is shared between hake long line and hake handline. However, a sectoral allocation procedure that takes cognisance of the species taken by that sector and the contribution of that species to the global TAC may have to be developed in order to match hake exploitation to the productivity of the two hake species. In terms of such a procedure, the sectoral allocation of hake to the Inshore Trawl Fishery would be determined only by the status of the shallow-water hake resource.

Inshore trawl grounds are located between Cape Agulhas in the west and the Great Kei River in the east. To protect the inshore areas, vessels operating in the inshore fishery may not exceed 30m and may not use heavy trawl gear. In addition, vessels fishing on deep-sea trawl permits may not operate in water depths of less than 110 metres or within 20 nautical miles of the coast, whichever is the greater distance from the coast. However, inshore vessels are not restricted from fishing deeper than 110m. Trawling for hake occurs throughout the traditional “inshore” area i.e. in waters shallower than the 110m isobath and on the two offshore fishing grounds. Trawling for Agulhas sole is in water depths of 50-80m, mainly between Mossel Bay and Struisbaai, in areas where the substrate consists of mud/shale. Most of the bays on the South coast are closed to trawling.

During the medium term period inshore trawl fishery sustained approximately 1 100 direct jobs. Black people occupy more than 90 percent of these jobs, while women hold 42 percent. Working conditions in the inshore trawl fishery are generally considered to be better than those that prevail in other fisheries. The majority of employees are employed on a full-time, year round basis, with fixed salaries and employment benefits. The average annual income of sea-going crew is R35 000. Sea-going workers are registered with the Bargaining Council for the South African Fishing Industry which has two chambers: one for the deep-sea trawl fishery and one for the inshore trawl fishery. The Bargaining Council sets out basic conditions of employment in these fisheries.

The inshore trawl fishery is not as capital intensive as the deep-sea trawl fishery, but significant investments in the form of vessels, processing and marketing infrastructure have nevertheless been made by the existing participants. The total value of the assets in the fishery is estimated to be more than R100 million. The market value of catch landed is worth approximately R60 million annually.

Hake stocks are currently managed according to a conservative strategy. The TAC for hake has been reduced each year since 2003 and further reductions are proposed.

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## **8. Hake Inshore Trawl Medium term rights**

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As in the Hake Deep Sea Trawl fishery, the “internal” transformation of the traditional companies, and the entry of black-owned and managed companies since 1992, has resulted in a significantly improved transformation profile in this fishery. Medium-term rights allocation records show that:

- The inshore trawl fishery was 50 percent black-owned;
- 69 percent of right-holders were small- and medium-sized enterprises;
- 37 percent of the hake TAC and 46 percent of the sole TAC were held by black-owned companies (in 1992 this was one percent).

## 9. Applicants for Long Term Rights

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As stated above, a total of 46 applications were received for long term commercial rights in the Hake Inshore Trawl fishery. Of these 17 were from medium term right holders and 29 were new entrant applicants.

### 9.1 Application Form Database

A significant amount of data was requested from Cluster A applicants. This was supplied by applicants in electronic form and then loaded on to an IT application that made it possible to view summations of data and to sift and rank data. The data will be published as part of the report entitled "*The Decision-making Processes for the Allocation of Long-Term Rights*".

The database provided the delegated authority and the Advisory Committee with the means to look at each applicant individually whilst also being able to have a "global" view of the entire sector instantaneously. This provided a huge gain on the 2001 allocation process where spreadsheet capturing of data and institutional memories had to be relied on far more.

The statistics also provided a wider backdrop to sectoral fisheries than was extracted for purposes of analyses and ranking. This provided the delegated authority with the means to have a comprehensive insight into each fishery and thus the ability to make decisions on the basis of a context and relevant background.

The statistics have provided pertinent and penetrating data on each fishing sector. This was never before recorded and collated at such a detailed and comprehensive level. A detailed profile of each fisheries sector and indeed a profile of the entire commercial fishing industry can be written up for the first time ever. The data is presumed to be accurate as the applicants supplied it under oath and several important parts of it were verified by auditors. It is assumed that applicants would not have wanted to risk or jeopardize their applications by supplying inflated or misleading information. The data provides a valuable tool for the future management of fisheries.

The database provided the means to assess the strength of each application against all others. It was accordingly possible to engage in a comparative balancing exercise, rather than to test applicants against some external yardstick. It was also possible, for the first time, to probe information or statements to a far higher degree. For example, it was possible to measure not only the quantitative but also the qualitative degree to which Black Economic Empowerment ("BEE") was rooted in the industry at the end of 2005. In order to detect fronting or paper quotas, it was possible to consider:

- The extent of black ownership of a company;
- If dividends paid corresponded with the above ownership;
- Whether voting rights corresponded accordingly;
- Whether shares or ownership had been paid for through company loans to BEE partners; and

- The extent to which black management pay is commensurate with white management.

On another level it was possible to ascertain performance by measuring the number of employees per ton of fish allocated, the turnover per ton caught etc. It was additionally possible to test whether employees were properly “apportioned” and were not counted twice or thrice if applicants claimed, for example, jobs or investment on the basis of their involvement in a joint venture.

## **9.2 Profile of the Medium term right Applicants**

A summary of some of the information submitted by medium term right holder applicants in their application forms is set out directly below. It should be kept in mind that the information provided by applicants was assessed and in some instances claims made were rejected or corrected.

### **(a) Investment**

Of the 17 MTRH applicants, the book value of total assets committed to the Hake Inshore Trawl sector increased between 2002 and 2004 in five instances, decreased in ten instances and remained the same in two instances.

Table 1: Investments in the Hake Inshore Trawl Sector

|  |                |
|--|----------------|
| Total assets (book value)  | 50,034,246.51  |
| Land-based (book value)  | 20,675,611.14  |
| Harbour and Sea-based (book value)   | 30,129,026.37  |
| Total assets (insured value)   | 172,108,134.00 |
| Land-based assets (insured value)  | 92,820,297.00  |
| Sea-based assets (insured value)   | 75,791,537.00  |
| The mean harbour and sea-based insured value (per ton) of all applicants       | 7,468.75       |
| The mean Land-based assets insured value (per ton allocated) of all applicants | 3,496.37       |

Twelve applicants claimed that they invested in on-board or land-based processing and 5 did not make such a claim.

**(b) Job creation**

The applicants claimed to have paid R 285,472,500.15 in salaries and dividends over the last three years. For the last year alone, the amount was R 104,619,312.15.

In the Hake Inshore Trawl Sector, seven applicants claimed to have more employees in 2005 than in 2001, 4 reduced jobs over the period and the numbers of jobs remained the same in 6 applicants. In total, the applicants claimed to have created jobs over the medium term period in the Hake Inshore Trawl sector. All 17 applicants claimed jobs per ton allocated, which ranged from 0.03 jobs per ton, to 4.65 jobs per ton. One applicant claimed no money spent on salaries per ton allocated.

Table 2: Jobs in the Hake Inshore Trawl Sector

|   |         |
|---|---------|
| Total jobs (including seasonal):            | 1480.00 |
| Land-based IRP 5 jobs:                      | 303.00  |
| Sea-based IRP 5 jobs:                       | 207.00  |
| Mean monthly salary bill per ton allocated: | 3613.33 |

**(c) Financial information**

The mean annual turnover of the MTRH applicants was R 73,869,067.95, and on average the Hake Inshore Trawl sector contributed 64.32% to the turnover of the applicants. The average rand value of turnover per ton allocated was R 11,507.94.

HIST MTRH applicants made R 502,798,339.00 profit after tax, taking into account all the fishing sectors in which they participated. The MTRH applicants paid a total of R 86,164,401.08 in dividends in 2004. The combined asset value of the applicants across all sectors is R 1,719,425,757.22.

#### (d) Transformation

Out of the 17 applicants, 11 claimed that they fully achieved the goals set in the transformation plans submitted to the Department in 2001, whereas 4 claimed that they only partially met the goals, and 2 claimed that they did not meet the goals at all.

#### **Ownership**

Black ownership of 8 applicants increased, 4 decreased and 5 remained the same. The mean (or average) black ownership of the medium term rights holders in this sector in 2005 was 53.94%. On average employees (other than top salary earners) own 8.17% of the applicants.

*Table 3: Black Shareholding*

|                             |        |
|-----------------------------|--------|
| Black Shareholding:         | 53.94% |
| Black Voting rights:        | 55.17% |
| Black Dividend entitlement: | 53.94% |

R 112,978,950.07 was paid in dividends to black shareholders over the last three years (R 41,640,283.81 in the last year). Calculated on net asset value, the black shareholding in the applicants is worth R 563,448,849.89.

*Table 4: Female Shareholding*

|                              |        |
|------------------------------|--------|
| Female Shareholding:         | 22.85% |
| Female Voting Rights:        | 23.50% |
| Female Dividend Entitlement: | 22.85% |

Calculated on net asset value, the female shareholding in the applicants is worth R 208,517,843.47.

#### **Employment Equity / Management**

*Table 5: Top Salary Earners*

|  |  |
|--|--|
| Ratio of Black to White Top Salary Earners | 77 Black, 65 White: <b>Ratio 1.185:1</b> |
| Ratio of Male to Female Top Salary Earners | 130 Men, 12 Women: <b>Ratio 10.833:1</b> |

The average top 5 salary earner received R 206,383.33 per annum, with R 811,565.11 at the top and R 22,100.00 at the bottom. The average of the five lowest salaries was R 20,704.32 per annum. The mean

multiple between the top five salaries and the lowest five salaries was 11.28 (the information provided by one applicant was excluded as it was clearly not correct).

**Alex to check highlighted figures, they seem wrong**

*Table 6: Income levels (Percentage of workforce (Levels 1 to 10))*

|    |                             |        |
|----|-----------------------------|--------|
| 1  | Less than R2 500 per month  | 41.21% |
| 2  | Between R2 500 and R 5 500  | 39.96% |
| 3  | Between R5 501 and R10 500  | 11.60% |
| 4  | Between R10 501 and R16 000 | 4.92%  |
| 5  | Between R16 001 and R20 000 | 3.03%  |
| 6  | Between R20 001 and R25 000 | 0.74%  |
| 7  | Between R25 001 and R30 000 | 0.60%  |
| 8  | Between R30 001 and R40 000 | 0.78%  |
| 9  | Between R40 001 and R60 000 | 0.61%  |
| 10 | More than R60 000           | 0.04%  |

The MTRH applicants claimed that 54.74% of the employees in levels 5 – 10 are black. On average, 63.53% of the skippers employed by the applicants are black.

### **Skills Development**

Of the 17 MTRH applicants, 4 submitted approved workplace skills plans and 4 submitted approved annual training reports. The applicants paid R 3,077,439.09 to SARS in skills development levies (4 applicants did not contribute). The mean percentage of salary bill spent on training was 0.39 %. R 562,743.96 was spent on training black employees. On average 15.38% of employees received learnerships.

### **CSI**

Of the 17 MTRH applicants, 2 made tax deductible donations and 8 made other forms of donations.

### **Affirmative Procurement**

The top ten suppliers of the applicants were, on average, 29.01% black and the applicants procured, on average, 46.43% of total expenditure from their top ten suppliers.

### 9.3 Profile of the New Entrant Applicants (NE)

A summary of some of the information submitted by new entrant applicants in their application forms is set out directly below. It should be kept in mind that the information provided by applicants was assessed and in some instances claims made were rejected or corrected.

#### (a) Investment

The book value of total assets amounted to R 80,797,813.99 and the insured value to R 259,669,182.00 (for all fishing sectors) and 21 out of the 29 NE applicants claimed that they invested in on-board or land-based processing.

#### (b) Job creation

The NE applicants claimed that they employed 1303 persons at 28 February 2005 in fishing sectors other than Hake Inshore Trawl. They paid R 80,973,044.16 in salaries and dividends over the last three years. For the last year alone, the amount was R 41,418,041.23.

#### (c) Financial information

The mean annual turnover of the NE applicants was R 14,660,559.95. HIST NE applicants made R 17,396,875.79 profit after tax taking into account all the fishing sectors in which they participated. The NE applicants paid a total of R 38,227,727.53 in dividends in 2004. The combined asset value of all the applicants across all sectors was R 346,481,939.00 in 2004.

#### (d) Transformation

##### **Ownership**

The mean black ownership of the new entrants was 81.54%.

*Table 7: Black Shareholding*

|                      |        |
|----------------------|--------|
| Black Shareholding:  | 81.54% |
| Black Voting rights: | 84.17% |

|                             |               |
|-----------------------------|---------------|
| Black Dividend entitlement: | <b>77.59%</b> |
|-----------------------------|---------------|

Calculated on net asset value, the black shareholding in the NE applicants was worth R 81,528,790.94. Only 6 NE applicant paid dividends to black shareholders. This amounted to R 38,462,226.18 over the last three years (R 17,445,850.49 in the last year).

*Table 8: Female Shareholding*

|                              |               |
|------------------------------|---------------|
| Female Shareholding:         | <b>37.71%</b> |
| Female Voting Rights:        | <b>39.15%</b> |
| Female Dividend Entitlement: | <b>36.82%</b> |

Calculated on net asset value, the female shareholding in the applicants is worth R 29,105,228.44.

On average employees (other than top salary earners) own 8.89% of the NE applicants.

### ***Employment Equity / Management***

*Table 9: Top Salary Earners*

|  |  |
|--|--|
| Ratio of Black to White Top Salary Earners | 40 Black, 22 White: <b>Ratio 1.818:1</b> |
| Ratio of Male to Female Top Salary Earners | 44 Men, 18 Women: <b>Ratio 2.444:1</b>   |

The average top 5 salary earner received R 116,666.23 per annum with R 848,441.20 at the top. The average of the five lowest salaries was R 13,623.8 per annum. The mean multiple between the top five salaries and the lowest five salaries was 8.46.

*Table 10: Income levels (Percentage of workforce (Levels 1 to 10))*

|    |                             |               |
|----|-----------------------------|---------------|
| 1  | Less than R2 500            | <b>39.97%</b> |
| 2  | Between R2 500 and R 5 500  | <b>33.68%</b> |
| 3  | Between R5 501 and R10 500  | <b>7.41%</b>  |
| 4  | Between R10 501 and R16 000 | <b>3.32%</b>  |
| 5  | Between R16 001 and R20 000 | <b>0.62%</b>  |
| 6  | Between R20 001 and R25 000 | <b>0.36%</b>  |
| 7  | Between R25 001 and R30 000 | <b>0.68%</b>  |
| 8  | Between R30 001 and R40 000 | <b>0.85%</b>  |
| 9  | Between R40 001 and R60 000 | <b>0.42%</b>  |
| 10 | More than R60 000           | <b>0.00%</b>  |

The NE applicants claimed that 39% of the employees in levels 5 – 10 are black. On average, 39.4% of the skippers employed by NE applicants are black.

## ***Skills Development***

Of the 29 NE applicants, 6 submitted approved workplace skills plans and 6 submitted approved annual training reports. The applicants paid R 576,996.98 to SARS in skills development levies (11 applicants contributed). The mean percentage of salary bill spent on training was 0.71 %. R 469,862.28 was spent training black employees.

## ***CSI***

Of the 29 NE applicants, 3 made tax deductible donations and 13 made other forms of donations.

## ***Affirmative Procurement***

The top ten suppliers of the applicants were, on average, 44.28% black.

# **10. Criteria**

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## **10.1 Exclusionary Criteria**

All the applications were scrutinised to determine whether they were properly lodged, whether they were not materially defective and whether they fulfilled the essential requirements of the sector, including whether they presented a paper quota risk.

An application was ***improperly lodged*** if:

- ☞ The application was not lodged at the prescribed place within the prescribed time;
- ☞ The correct application fee was not paid within the required timeframes; or
- ☞ The application was not lodged on the official prescribed application form.

An application was ***materially defective*** if:

- ☞ The declaration was not signed and attested by the authorised representative of the applicant, and if applicable, the authorised representative of the Holding Company, the Sister Company or the JV Partner(s);
- ☞ The application did not include a signed audit report;
- ☞ More than one application was received from the same applicant in the same sector;
- ☞ The applicant provided false information or false documents; or
- ☞ The applicant failed to disclose material information, or attempted to influence the Minister or the delegated authority other than in the manner provided for in the General Policy during the application period.

An applicant failed to meet the **essential requirements** of the sector if:

- ☞ The applicant posed a paper quota risk as defined in the General policy;
- ☞ The applicant was a new entrant applicant and a medium-term right holder held shares in the applicant or used the applicant in order to proliferate in the sector in a manner contrary to the General Policy;
- ☞ The applicant is not a close corporation or company;
- ☞ The applicant committed a serious breach of the MLRA resulting in conviction or any of the other sanctions provided for paragraph 7.1(b) of the Hake Inshore Trawl policy;
- ☞ The applicant is not more than 50% South African owned; or
- ☞ The applicant has not demonstrated access to at least one suitable vessel. A suitable vessel for this fishery is a vessel that –
  - has a maximum SAMSA registered length of approximately 30 metres;
  - is fitted with a functioning vessel monitoring system;
  - has a maximum horsepower of 750; and
  - is geared to target sole and hake at depths of not more than 110m.

## 10.2 Comparative Balancing Criteria: Medium Term Right Holder Applicants

The delegated authority adopted the following criteria and weighting for medium-term right holder applicants:

| Criteria   | Breakdown         | Weighting | Section Weighting | Major Section Weighting | Section Percentage |
|--|-------------------|-----------|-------------------|-------------------------|--------------------|
| <b>Catch Utilisation</b>   |                   |           |                   |                         |                    |
| Applicant under- or over-caught by more than 10% without good reason |                   | -3        |                   |                         |                    |
| <b>Investment</b>  |                   |           | <b>22.5</b>       |                         | <b>22.5%</b>       |
| Insured value of harbour and sea-based assets per ton allocated      | >90th             | 15        |                   |                         |                    |
|  | 80th-90th         | 13.5      |                   |                         |                    |
|  | 70th-80th         | 12        |                   |                         |                    |
|  | 60th-70th         | 10.5      |                   |                         |                    |
|  | 50th-60th         | 9         |                   |                         |                    |
|  | 40th-50th         | 7.5       |                   |                         |                    |
|  | 30th-40th         | 6         |                   |                         |                    |
|  | 20th-30th         | 4.5       |                   |                         |                    |
|  | 10th-20th         | 3         |                   |                         |                    |
|  | 1st-10th          | 1.5       |                   |                         |                    |
| Insured value of land-based assets per ton allocated                 | >90 <sup>th</sup> | 5         |                   |                         |                    |
|  | 80th-90th         | 4.5       |                   |                         |                    |
|  | 70th-80th         | 4         |                   |                         |                    |
|  | 60th-70th         | 3.5       |                   |                         |                    |
|  | 50th-60th         | 3         |                   |                         |                    |

| Criteria   | Breakdown         | Weighting | Section Weighting | Major Section Weighting | Section Percentage |
|--|-------------------|-----------|-------------------|-------------------------|--------------------|
|  | 40th-50th         | 2.5       |                   |                         |                    |
|  | 30th-40th         | 2         |                   |                         |                    |
|  | 10th-20th         | 1.5       |                   |                         |                    |
|  | 1st-10th          | 0.5       |                   |                         |                    |
| Applicant invested in an on-board or land-based processing facility                    |                   | 2.5       |                   |                         |                    |
| <b>Financial Performance</b>   |                   |           | <b>1.5</b>        |                         | <b>1.5%</b>        |
| Applicant's average RONA (over the three year period) is higher than the mean          |                   | 0.25      |                   |                         |                    |
| Applicant's RONA in 2004 is higher than the mean                                       |                   | 0.25      |                   |                         |                    |
| Applicant's average Current Ratio (over the three year period) is higher than the mean |                   | 0.25      |                   |                         |                    |
| Applicant's Current Ratio in 2004 is higher than the mean                              |                   | 0.25      |                   |                         |                    |
| Applicant's average Quick Ratio (over the three year period) is higher than the mean   |                   | 0.25      |                   |                         |                    |
| Applicant's Quick Ratio in 2004 is higher than the mean                                |                   | 0.25      |                   |                         |                    |
|  |                   |           |                   |                         |                    |
| <b>Jobs</b>  |                   |           |                   | <b>21</b>               | <b>21%</b>         |
| IRP5 employees per ton allocated   | >90th             | 4         | 4                 |                         | 4%                 |
|  | 80th-90th         | 3.6       |                   |                         |                    |
|  | 70th-80th         | 3.2       |                   |                         |                    |
|  | 60th-70th         | 2.8       |                   |                         |                    |
|  | 50th-60th         | 2.4       |                   |                         |                    |
|  | 40th-50th         | 2         |                   |                         |                    |
|  | 30th-40th         | 1.6       |                   |                         |                    |
|  | 20th-30th         | 1.2       |                   |                         |                    |
|  | 10th-20th         | 0.8       |                   |                         |                    |
|  | 1st-10th          | 0.4       |                   |                         |                    |
| Total (less seasonal) employees  | >90 <sup>th</sup> | 4         | 4                 |                         | 4%                 |
|  | 80th-90th         | 3.6       |                   |                         |                    |
|  | 70th-80th         | 3.2       |                   |                         |                    |
|  | 60th-70th         | 2.8       |                   |                         |                    |
|  | 50th-60th         | 2.4       |                   |                         |                    |
|  | 40th-50th         | 2         |                   |                         |                    |
|  | 30th-40th         | 1.6       |                   |                         |                    |
|  | 20th-30th         | 1.2       |                   |                         |                    |
|  | 10th-20th         | 0.8       |                   |                         |                    |
|  | 1st-10th          | 0.4       |                   |                         |                    |
| Total (including seasonal) employees   | >90 <sup>th</sup> | 4         | 4                 |                         | 4%                 |
|  | 80th-90th         | 3.6       |                   |                         |                    |
|  | 70th-80th         | 3.2       |                   |                         |                    |
|  | 60th-70th         | 2.8       |                   |                         |                    |
|  | 50th-60th         | 2.4       |                   |                         |                    |
|  | 40th-50th         | 2         |                   |                         |                    |

| Criteria   | Breakdown                          | Weighting | Section Weighting | Major Section Weighting | Section Percentage |
|--|------------------------------------|-----------|-------------------|-------------------------|--------------------|
|  | 30 <sup>th</sup> -40 <sup>th</sup> | 1.6       |                   |                         |                    |
|  | 20 <sup>th</sup> -30 <sup>th</sup> | 1.2       |                   |                         |                    |
|  | 10 <sup>th</sup> -20 <sup>th</sup> | 0.8       |                   |                         |                    |
|  | 1 <sup>st</sup> -10 <sup>th</sup>  | 0.4       |                   |                         |                    |
| Total salaries and wages per ton allocated   | >90 <sup>th</sup>                  | 8         | 8                 |                         | 8%                 |
|  | 80 <sup>th</sup> -90 <sup>th</sup> | 7.2       |                   |                         |                    |
|  | 70 <sup>th</sup> -80 <sup>th</sup> | 6.4       |                   |                         |                    |
|  | 60 <sup>th</sup> -70 <sup>th</sup> | 5.6       |                   |                         |                    |
|  | 50 <sup>th</sup> -60 <sup>th</sup> | 4.8       |                   |                         |                    |
|  | 40 <sup>th</sup> -50 <sup>th</sup> | 4         |                   |                         |                    |
|  | 30 <sup>th</sup> -40 <sup>th</sup> | 3.2       |                   |                         |                    |
|  | 20 <sup>th</sup> -30 <sup>th</sup> | 2.4       |                   |                         |                    |
|  | 10 <sup>th</sup> -20 <sup>th</sup> | 1.6       |                   |                         |                    |
|  | 1 <sup>st</sup> -10 <sup>th</sup>  | 0.8       |                   |                         |                    |
| Medical Aid and Pension  |                                    | 0.8       | 1                 |                         | 1%                 |
| Other Benefits   |                                    | 0.2       |                   |                         |                    |
| <b>Safety</b>  |                                    |           | <b>1.5</b>        |                         | <b>1.50%</b>       |
| The applicant has appointed a qualified safety officer for each nominated vessel in terms of section 36 of the Maritime Occupational Safety Regulations  |                                    | 0.25      |                   |                         |                    |
| Every crew member on board each nominated vessel has completed the approved safety induction training required by the Merchant Shipping Act, 57 of 1951  |                                    | 0.25      |                   |                         |                    |
| The applicant completed a formal safety assessment in terms of Marine Notice no 26 of 2004   |                                    | 0.25      |                   |                         |                    |
| The applicant has registered with the Commissioner in terms of the Compensation for Occupational Injuries and Diseases Act 130 of 1993   |                                    | 0.25      |                   |                         |                    |
| The applicant has an HIV/AIDS policy   |                                    | 0.25      |                   |                         |                    |
| The applicant has been convicted or forfeited a deposit for contravening any part of the Marine Pollution (Prevention of Pollution from Ships) Act 2 of 1986 or Section 30 of the Marine Pollution (Control and Civil Liability) Act 6 of 1981 |                                    | -0.5      |                   |                         |                    |
| The applicant has a Garbage Management Plan  |                                    | 0.25      |                   |                         |                    |
| <b>Value Adding</b>  |                                    |           | <b>3.5</b>        |                         | <b>3.5%</b>        |
| Applicant value adds   |                                    | 3.5       |                   |                         |                    |
| <b>Transformation</b>  |                                    |           |                   | <b>50</b>               | <b>50.00%</b>      |
| <b>Transformation - Directors</b>  |                                    |           | <b>0.5</b>        |                         | <b>0.50%</b>       |
| Applicant's black directors (or members if CC) as a percentage of total directors is more than the sector mean   |                                    | 0.25      |                   |                         |                    |
| Applicant's female directors (or members if CC) as a percentage of total directors is more than the sector mean  |                                    | 0.25      |                   |                         |                    |
| <b>Transformation - Top Salary Earners</b>   |                                    |           | <b>4</b>          |                         | <b>4%</b>          |
| Applicant's black top salary earners as a percentage of total top salary earners is more than the 75th percentile  |                                    | 2.5       |                   |                         |                    |

| Criteria  | Breakdown   | Weighting | Section Weighting | Major Section Weighting | Section Percentage |
|---|-------------|-----------|-------------------|-------------------------|--------------------|
| Applicant's black top salary earners as a percentage of total top salary earners is between the 50th and the 75th percentiles |             | 1.5       |                   |                         |                    |
| Applicant's black top salary earners as a percentage of total top salary earners is between the 25th and the 50th percentiles |             | 0.5       |                   |                         |                    |
| Applicant's female top salary earners as a percentage of total top salary earners is more than the 75th percentile            |             | 1.5       |                   |                         |                    |
| Applicant's female top salary earners as a percentage of total top salary earners is between the 50th and the 75th percentile |             | 1         |                   |                         |                    |
| Applicant's female top salary earners as a percentage of total top salary earners is between the 25th and the 50th percentile |             | 0.5       |                   |                         |                    |
| <b>Transformation - Income Levels<sup>1</sup></b>   |             |           | <b>6</b>          |                         | <b>6%</b>          |
| EE Profile in terms of the income level table   | 0th - 25th  | 6         |                   |                         |                    |
|   | 25 - 50th   | 4         |                   |                         |                    |
|   | 50th - 75th | 2         |                   |                         |                    |
|   | 75th - 90th | 1         |                   |                         |                    |
| <b>Transformation – Occupational Categories<sup>2</sup></b>   |             |           | <b>0.5</b>        |                         | <b>0.5%</b>        |
| Applicant's EE ACI performance is:  | >75th       | 0.25      |                   |                         |                    |
|   | 50th - 75th | 0.15      |                   |                         |                    |
| Applicant's EE Female performance is:   | >75th       | 0.25      |                   |                         |                    |
|   | 50th - 75th | 0.15      |                   |                         |                    |
| <b>Transformation - Ownership</b>   |             |           | <b>35</b>         | <b>35</b>               | <b>35%</b>         |
| Applicant's black ownership falls:  | >75th       | 28        |                   |                         | 28%                |
|   | 50th - 75th | 20        |                   |                         |                    |
|   | 25th - 50th | 12        |                   |                         |                    |
|   | 10th - 25th | 4         |                   |                         |                    |
| Applicant's black ownership has increased between 2001 and 2005 by: <sup>3</sup>  | >75th       | 2         |                   |                         |                    |
|   | 50th - 75th | 1         |                   |                         |                    |

<sup>1</sup> The Employment Equity ("EE") profile in terms of income levels was determined as follows. As a first step the percentage blacks in the workforce at each completed income level (blacks divided by total workers at a level multiplied by 100) was calculated. This percentage was then subtracted from 89.4% (the current % blacks in the Economically Active Populations or EAP in the coastal provinces) for each level. The result was multiplied by an assumed mean salary at each level divided by 1000 (1.25, 4, 8, 13.5, 18, 22.5, 27.5, 35, 50 and a figure of 60 was used for level 10). This result was multiplied by the percentage the level constitutes of the total workforce. The results of all the completed levels were added up and divided by the number of levels completed by the applicant. The results were then converted and expressed into percentiles for purposes of comparison. The applicant with the highest negative figure achieved the best score and the applicant with the highest positive figure received the lowest score.

<sup>2</sup> This criterion was assessed as follows: black and female representation was measured with the emphasis on occupational categories where black and female representation has traditionally been low. This was done by assigning a different number of penalty points to the different levels of occupational categories. There were four (4) levels and the following penalty points were assigned: top management – 6, professionals – 4, Skilled - 2, Semi-skilled – 1. The score was calculated by taking the % figure for each occupational category and comparing it to the EAP in the coastal provinces, consisting of 48.5% females and 89.4% blacks. If the applicant had a higher figure, it would automatically score a 1. If the figure was less, the following calculation was used:  $1 - (\text{applicant's \%} / \text{EAP})$ . The result was then multiplied by the penalty points. This gave a penalty for that occupational category. A score for each category was calculated and the four numbers added together and the total divided by the number of levels, in this case four. This was done separately for black and for female, yielding two scores.

<sup>3</sup> Applicants were not allocated points for this criterion if they achieved the maximum number of points (28) for black ownership, above.

| Criteria   | Breakdown   | Weighting | Section Weighting | Major Section Weighting | Section Percentage |
|--|-------------|-----------|-------------------|-------------------------|--------------------|
| Applicant's female ownership falls:  | >75th       | 5         |                   |                         | 5.00%              |
|  | 50th - 75th | 3         |                   |                         |                    |
|  | 25th - 50th | 2         |                   |                         |                    |
|  | 10th - 25th | 1         |                   |                         |                    |
| Applicant's employee ownership falls:  | >75th       | 2         |                   |                         | 2.00%              |
|  | 50th - 75th | 1         |                   |                         |                    |
|  | 25th - 50th | 0.5       |                   |                         |                    |
| <b>Skills Development</b>  |             |           | <b>1.5</b>        |                         | <b>1.50%</b>       |
| Applicant submitted an approved Workplace Skills Plan in 2004  |             | 0.125     |                   |                         |                    |
| Applicant submitted an approved Annual Training Report in 2004   |             | 0.125     |                   |                         |                    |
| Applicant's percentage of salaries bill spent on training between 2001 & 2004 is higher than the mean  |             | 0.25      |                   |                         |                    |
| Applicant's percentage of training budget spent on black employees between 2001 & 2004 is more than the mean   |             | 0.25      |                   |                         |                    |
| Applicant's learnerships are more than the mean number of learnerships   |             | 0.25      |                   |                         |                    |
| Applicant's percentage of salaries bill spent on training in 2004 is more than 1%  |             | 0.25      |                   |                         |                    |
| The applicant employs at least one black skipper   |             | 0.25      |                   |                         |                    |
| <b>Corporate Social Investment</b>   |             |           | <b>1</b>          |                         | <b>1.00%</b>       |
| Applicant's tax deductible donations amount to more than 1% of net profit  | >1%         | 1         |                   |                         |                    |
|  | 0.5-1%      | 0.5       |                   |                         |                    |
| <b>Affirmative Procurement</b>   |             |           | <b>0.5</b>        |                         | <b>0.50%</b>       |
| Applicant answered "Yes" to Questions 6.21, 6.23 and 6.24  |             | 0.5       |                   |                         |                    |
| <b>Enterprise Development</b>  |             |           | <b>0.5</b>        |                         | <b>0.50%</b>       |
| Applicant is involved in Enterprise Development  |             | 0.5       |                   |                         |                    |
| <b>Employment Equity Compliance</b>  |             |           | <b>0.5</b>        |                         | <b>0.50%</b>       |
| Applicant is a designated employer and has failed to comply with the Employment Equity Act   |             | -3        |                   |                         |                    |
| Applicant complied with the Employment Equity Act  |             | 0.5       |                   |                         |                    |
| Applicant complied voluntarily with the Employment Equity Act  |             | 0.5       |                   |                         |                    |
| <b>Compliance</b>  |             |           |                   |                         |                    |
| Applicant, or applicant's members, directors or controlling shareholders have entered into a plea bargain in respect of a contravention of the MLRA, <sup>4</sup> its Regulations or permit conditions |             | -3        |                   |                         |                    |
| The Applicant, or applicant's members, directors or controlling shareholders have paid an admission of guilt fine for contraventions of the MLRA, its Regulations or permit conditions                 |             | -1        |                   |                         |                    |
| <b>Total Possible Score</b>  |             |           | <b>100</b>        |                         | <b>100%</b>        |

<sup>4</sup> If the contravention was serious, the applicant was excluded. Points were deducted for non serious offences.

### 10.3 Comparative Balancing Criteria: New Entrant Applicants

The delegated authority adopted the following criteria and weighting for new entrant applicants:

| Criteria   | Breakdown   | Weighting | Section Weighting | Major Section Weighting | Section Percentage |
|--|---|-----------|-------------------|-------------------------|--------------------|
| <b>Investment</b>  |   |           | <b>5</b>          |                         | <b>5.0%</b>        |
| Investment Score <sup>5</sup>  | None  | -5        |                   |                         |                    |
|  | Non-trading/newly established Entity  | 0         |                   |                         |                    |
|  | Acceptable  | 5         |                   |                         |                    |
| <b>Financial Performance</b>   |   |           | <b>20</b>         |                         | <b>20.0%</b>       |
| Applicant's average RONA (over the three year period) is higher than the mean  |   | 5         |                   |                         |                    |
| Applicant's RONA in 2004 is higher than the mean   |   | 2         |                   |                         |                    |
| Applicant's average Current Ratio (over the three year period) is higher than the mean                                     |   | 5         |                   |                         |                    |
| Applicant's Current Ratio in 2004 is higher than the mean  |   | 2         |                   |                         |                    |
| Applicant's average Quick Ratio (over the three year period) is higher than the mean                                       |   | 4         |                   |                         |                    |
| Applicant's Quick Ratio in 2004 is higher than the mean  |   | 2         |                   |                         |                    |
| Applicant has the financial ability to enter the sector (for newly established and non-trading entities only) <sup>6</sup> | Does not have the ability   | 0         |                   |                         |                    |
|  | Has the ability   | 20        |                   |                         |                    |
| <b>Jobs</b>  |   |           | <b>5</b>          |                         | <b>5.0%</b>        |
| Applicant's Jobs Score <sup>7</sup>  | Has not created jobs  | -5        |                   |                         |                    |
|  | Non right holder/ newly established   | 0         |                   |                         |                    |
|  | Has created jobs  | 5         |                   |                         |                    |
| <b>Safety</b>  |   |           | <b>1</b>          |                         | <b>1%</b>          |
| The applicant has an HIV/AIDS policy   |   | 1         |                   |                         |                    |
| <b>ESP</b>   |   |           | <b>2</b>          |                         | <b>2%</b>          |
| Applicant has undertaken or sponsored research <sup>8</sup>  |   | 2         |                   |                         |                    |
| <b>Fishing Ability</b>   |   |           | <b>12</b>         |                         | <b>12.0%</b>       |
| Fishing Ability <sup>9</sup>   | Demonstrates no ability or does not demonstrate access to a suitable vessel | 0         |                   |                         |                    |

<sup>5</sup> The reason why negative scores were given to right holders (in other sectors) with no investments is to allow them to be compared with non-trading and newly established entities. Non-right holder new entrants that have made investments in the fishing industry were also scored 5 points.

<sup>6</sup> The reasons for this assessment are set out in the assessment sheets.

<sup>7</sup> The reason why negative scores were given to right holders (in other sectors) with a poor job creation record is to allow them to be compared with non-trading and newly established entities. Non-right holder new entrants that have created jobs in the fishing industry were also scored 5 points.

<sup>8</sup> The reasons for this assessment are set out in the assessment sheets.

| Criteria  | Breakdown                       | Weighting | Section Weighting | Major Section Weighting | Section Percentage |
|---|---------------------------------|-----------|-------------------|-------------------------|--------------------|
|   | Demonstrates acceptable ability | 8         |                   |                         |                    |
|   | Demonstrates good ability       | 12        |                   |                         |                    |
| <b>Local Economic Development (“LED”)</b>   |                                 |           | <b>1</b>          |                         | <b>1.0%</b>        |
| Applicant will land catch at fishing harbours other than PE and CT  |                                 | 1         |                   |                         |                    |
| <b>Value Adding</b>   |                                 |           | <b>4</b>          |                         | <b>4%</b>          |
| Applicant is involved in value adding processes   |                                 | 4         |                   |                         |                    |
| <b>Transformation</b>   |                                 |           |                   | <b>50</b>               | <b>50.0%</b>       |
| <b>Transformation - Directors</b>   |                                 |           | <b>9</b>          |                         | <b>9.0%</b>        |
| Applicant's black directors (or members if CC) as a percentage of total directors is higher than the mean         |                                 | 4.5       |                   |                         |                    |
| Applicant's female directors (or members if CC) as a percentage of total directors is higher than the sector mean |                                 | 4.5       |                   |                         |                    |
| <b>Transformation - Top Salary Earners</b>  |                                 |           | <b>3</b>          |                         | <b>3.0%</b>        |
| Applicant's black top salary earners as a percentage of total top salary earners <sup>10</sup>                    | <33.3%                          | -2        |                   |                         |                    |
|   | 33.3 - 66.6                     | 0         |                   |                         |                    |
|   | >66.6                           | 2         |                   |                         |                    |
| Applicant's female top salary earners as a percentage of total top salary earners                                 | <33.3%                          | -1        |                   |                         |                    |
|   | 33.3 - 66.6                     | 0         |                   |                         |                    |
|   | >66.6                           | 1         |                   |                         |                    |
| <b>Transformation – Occupational Categories</b>   |                                 |           | <b>1.5</b>        |                         | <b>1.5%</b>        |
| ACI Performance Score <sup>11</sup>   | <33.3%                          | -1        |                   |                         |                    |
|   | 33.3 - 66.6                     | 0         |                   |                         |                    |
|   | >66.6                           | 1         |                   |                         |                    |
| Female Performance Score  | <33.3%                          | -0.5      |                   |                         |                    |
|   | 33.3-66.6                       | 0         |                   |                         |                    |
|   | >66.6                           | 5         |                   |                         |                    |
| <b>Transformation - Ownership</b>   |                                 |           |                   | <b>32</b>               | <b>32.0%</b>       |
| Applicant's black ownership falls:  | >90th                           | 20        | <b>20</b>         |                         | <b>20.0%</b>       |
|   | 80th-90th                       | 18        |                   |                         |                    |
|   | 70th-80th                       | 16        |                   |                         |                    |
|   | 60th-70th                       | 14        |                   |                         |                    |
|   | 50th-60th                       | 12        |                   |                         |                    |
|   | 40th-50th                       | 10        |                   |                         |                    |

<sup>9</sup> The reasons for this assessment are set out in the assessment sheets. Regard was had to the applicant's fishing plan, especially the annexure setting out the implementation of the fishing plan and the skills and knowledge of the persons designated to do so; and the suitability of the nominated vessel.

<sup>10</sup> Negative scores were given to right holders (in other sectors) with comparatively low scores in order to compare such new entrant applicants with non-trading and newly established entities without workers. The latter were scored 0. Non right holder new entrant applicants with jobs were scored in the same manner as right holder applicants. Female top salary earners were assessed in the same manner.

<sup>11</sup> The ACI occupational levels were determined as set out above for medium-term right holder applicants. Negative scores were given to right holders (in other sectors) with comparatively low scores in order to compare such new entrant applicants with non-trading and newly established entities without workers. The latter were scored 0. Non right holder new entrant applicants with jobs were scored in the same manner as right holder applicants. Female occupational categories were assessed in the same manner.

| Criteria   | Breakdown                                   | Weighting | Section Weighting | Major Section Weighting | Section Percentage |
|--|---|-----------|-------------------|-------------------------|--------------------|
|  | 30th-40th                                   | 8         |                   |                         |                    |
|  | 20th-30th                                   | 6         |                   |                         |                    |
|  | 10th-20th                                   | 4         |                   |                         |                    |
|  | 1st-10th                                    | 2         |                   |                         |                    |
| Applicant's female ownership falls:  | >90th                                       | 10        | 10                |                         | 10.0%              |
|  | 80th-90th                                   | 9         |                   |                         |                    |
|  | 70th-80th                                   | 8         |                   |                         |                    |
|  | 60th-70th                                   | 7         |                   |                         |                    |
|  | 50th-60th                                   | 6         |                   |                         |                    |
|  | 40th-50th                                   | 5         |                   |                         |                    |
|  | 30th-40th                                   | 4         |                   |                         |                    |
|  | 20th-30th                                   | 3         |                   |                         |                    |
|  | 10th-20th                                   | 2         |                   |                         |                    |
|  | 1st-10th                                    | 1         |                   |                         |                    |
| Applicant's employee ownership   | None but has employees                      | -2        |                   |                         |                    |
|  | No Employees                                | 0         |                   |                         |                    |
|  | Has Employee Share Scheme                   | 2         | 2                 |                         | 2.0%               |
| <b>Skills Development</b>  |   |           | 1                 |                         | 1.0%               |
| Skills Development Score <sup>12</sup>   | Poor  | -1        |                   |                         |                    |
|  | Non-trading Entity with no employees        | 0         |                   |                         |                    |
|  | Acceptable                                  | 1         |                   |                         |                    |
| <b>Corporate Social Investment</b>   |   |           | 1                 |                         | 1.0%               |
| Corporate Social Investment <sup>13</sup>  | Made profit and no CSI                      | -1        |                   |                         |                    |
|  | No profit                                   | 0         |                   |                         |                    |
|  | >1%   | 1         |                   |                         |                    |
|  | 0.5% - 1%                                   | 0.5       |                   |                         |                    |
| <b>Affirmative Procurement<sup>14</sup></b>  |   |           | 1                 |                         | 1.0%               |
| Applicant has an AP policy   |   | 1         |                   |                         |                    |
| Applicant procures from black suppliers  |   | 1         |                   |                         |                    |
| <b>Enterprise Development</b>  |   |           | 1                 |                         | 1.0%               |
| Enterprise Development Score   | Right holder with no Enterprise Development | -1        |                   |                         |                    |
|  | Non-trading/newly established entity        | 0         |                   |                         |                    |
|  | Right holder with Enterprise Development    | 1         |                   |                         |                    |
| <b>EEA Compliance</b>  |   | 0.5       |                   |                         | 0.5%               |
| Applicant is a designated employer and has failed to comply with the Employment Equity Act |   | -3        |                   |                         |                    |
| Applicant complied with the Employment Equity Act  |   | 0.5       |                   |                         |                    |

<sup>12</sup> Applicants with employees that did not pay levies were scored -1. Applicants without employees scored 0. Applicants that paid levies and participated in learnership programmes or other skills development programmes through SETA scored 1 point. Applicants with employees that (only) paid levies scored 0.

<sup>13</sup> Applicants that made a profit and made no donations scored -1. Applicants that did not make a profit (or newly established and non trading entities) that did not make donations score 0. Applicants that made donations scored 1.

<sup>14</sup> One point was awarded if the applicant had a policy or if the applicant procured from suppliers with some black shareholding.

| Criteria   | Breakdown | Weighting | Section Weighting | Major Section Weighting | Section Percentage |
|--|-----------|-----------|-------------------|-------------------------|--------------------|
| Applicant complied voluntarily with the Employment Equity Act  |           | 0.5       |                   |                         |                    |
| <b>Compliance</b>  |           |           |                   |                         |                    |
| Applicant, or applicant's members, directors or controlling shareholders have entered into a plea bargain in respect of a contravention MLRA, <sup>15</sup> its Regulations or permit conditions |           | -3        |                   |                         |                    |
| Applicant, or applicant's members, directors or controlling shareholders have paid an admission of guilt fine for contraventions of the MLRA, its Regulations or permit conditions               |           | -1        |                   |                         |                    |
| <b>Total Score</b>   |           |           | <b>100</b>        |                         | <b>100.0%</b>      |

## 11. The Decisions on Applications for Long Term Rights

The delegated authority decided to renew rights to all of the medium term right holder applicants. A list showing the decisions the delegated authority took in respect of the MTRH applicants, as well as the score achieved by each applicant, is annexed marked "A".

The delegated authority decided not to allocate rights to any new entrant applicants. A list showing the decisions the delegated authority took in respect of the MTRH applicants, as well as the score achieved by each applicant, is annexed marked "B".

## 12. The Allocation of Quantum

On 5 December 2005, the delegated authority issued a quantum allocation mechanism to the applicants in the Hake Inshore Trawl fishery and called upon applicants to submit comments on the mechanism. After considering the comments, the delegated authority amended his approach to the quantum allocation mechanism. The following mechanism, which must be read together with paragraph 7.3 of the Hake Inshore Trawl sector policy, was implemented:

### Hake

The first step in the process is that each applicant is accorded the same proportion of the 2006 hake TAC allocation to the inshore trawl sector as they received for 2005. The allocations expressed in tons are all reduced, as the 2006 TAC is less than that for 2005.

<sup>15</sup> If the contravention was serious, the applicant was excluded. Points were deducted for non serious offences.

The first redistribution pool (Pool 1) totals 10% of the 2006 TAC allocation to the inshore trawl sector. This pool is created by subtracting from each applicant's allocation an amount proportional to the size of that allocation. However, the proportion differs between applicants, being related to each applicant's score in such a way that the higher the score, the lesser the proportional reduction.

Pool 1 is re-distributed amongst successful applicants with small allocations, and who performed well on both performance (in the sense of jobs and investment) and transformation. To qualify for an allocation from Pool 1, small applicants must be placed above the 40<sup>th</sup> percentiles across all the successful applicants for both these scores.

To achieve a maximum allocation from this pool, an applicant must rank above the 60<sup>th</sup> percentile for both scores. Applicants achieving intermediate scores between these categories are allocated a proportion of the maximum allocation on a sliding scale, which is such that the proportion is small if one or both scores are only slightly greater than the 40<sup>th</sup> percentile in question, and increases towards 100% as both scores approach the 60<sup>th</sup> percentiles.

The second distribution pool (Pool 2) is comprised of 75 tons subtracted from each successful applicant. Allocations from Pool 2 are calculated in relation to the applicant's total score, such that higher scoring applicants receive larger amounts. To accentuate differences in amounts received between high and low scoring applicants, a sliding scale is used whereby higher scoring applicants receive more, and lower scoring applicants receive less.

## **Sole**

The starting point of the process is the applicant's 2005 proportion of the sole TAC (the sole TAC remains the same for 2006).

The first redistribution pool (Pool 1) totals 10% of the sole TAC allocation. This pool is created by subtracting from each applicant's allocation an amount proportional to the size of that allocation. However, the proportion differs between applicants, being related to each applicant's score in such a way that the higher the score, the lesser the proportional reduction.

Pool 1 is redistributed amongst successful applicants with small allocation, and who performed well on both performance (in the sense of jobs and investment) and transformation. To qualify for an allocation from Pool 1, small applicants must be placed above the 40<sup>th</sup> percentiles across all the successful applicants for both these scores.

To achieve a maximum allocation from this pool, an applicant must rank above the 60<sup>th</sup> percentile for both scores. Applicants achieving intermediate scores between these categories are allocated a proportion of the maximum allocation on a sliding scale, which is such that the proportion is small if one or both scores are only

slightly greater than the 40<sup>th</sup> percentile in question, and increases towards 100% as both scores approach the 60<sup>th</sup> percentiles.

The second distribution pool (Pool 2) is comprised of 8 tons subtracted from each successful applicant. Allocations from Pool 2 are calculated in relation to the applicant's total score, such that higher scoring applicants receive larger amounts. To accentuate differences in amounts received between high and low scoring applicants, a sliding scale is used whereby higher scoring applicants receive more, and lower scoring applicants receive less.

The spreadsheets containing the calculations in terms of the quantum allocation mechanism for hake and sole are annexed marked "C."

### **13. Policy reasons for the decisions on rights and quantum**

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The delegated authority decided not to exclude any of the medium term right holder applicants but to remove quantum from those who scored low. The delegated authority did not have sufficient reason to exclude any of these low scoring applicants but recognised that consolidation is likely to be effected through market forces in time to come.

The delegated authority did not grant rights to any of the new entrant applications. The Hake Inshore Trawl sector policy (paragraph 6) provides that the hake and sole stocks are currently managed in terms of a recovery strategy and that the accommodation of new entrants in the fishery between 1992 and 2002 has resulted in significant reductions in the allocation of hake and sole to the right holders. For these reasons, the policy specified that new entrants may be admitted but the total number of participants will not be increased. As he did not exclude any medium term right holders, the delegated authority was precluded from granting rights to any new entrants. The delegated authority was in any event not persuaded that any of the new entrant applicants should replace any of the medium term right holders.

The delegated authority re-allocated a significant portion of the Hake Inshore Trawl allocation portion of the Hake TAC on the basis of key policy criteria. In this rights allocation, 24% of the Hake Inshore Trawl TAC was redistributed, and 25.6% of the Sole TAC was redistributed. In contrast, in the medium term rights allocation process in 2001, 10% was re-allocated.

Of the tonnages that were re-allocated in hake and sole, 10% was re-distributed in terms of a mechanism aimed at rewarding right holders with previously small allocations that scored well in respect of both transformation and performance (jobs and investment). The remainder was re-allocated in terms of a mechanism that rewarded applicants that scored well, regardless of their size. In the result, 14.66% of the Hake Inshore Trawl TAC and 15.19% of the Sole TAC were allocated to right holders with small allocations

that are highly transformed and that performed well over the medium term period. The delegated authority believes that the re-distribution will enable the group of highly transformed achievers in the sector to become significantly more competitive over the next 10 years.

The Hake Inshore Trawl sector policy provides (in paragraph 4) that an overarching objective of the fishery to “[n]otably improve the transformation profile of the inshore trawl fishery, particularly by increasing black ownership of the TAC ...”. In 2001, after the medium term rights were allocated, black ownership of the Hake TAC stood at 37% and the sole TAC at 46%. Black ownership of the Hake TAC has increased to 48.76% and of the Sole TAC to 47.87%.

**Key Data:**

| Successful Applicants information set out in application forms                       | Sector Values     |
|--|-------------------|
| <b>Financial Indicators</b>  |                   |
| Gross Asset Value  | R1,473,807,368.12 |
| Total Insured Assets in the Hake Inshore Trawl Sector                                | R172,108,234.00   |
| Total Insured Value of Land Based Assets in the Hake Inshore Trawl sector            | R92,820297.00     |
| Total Insured Value of Harbour and Sea Based Assets in the Hake Inshore Trawl sector | R75,791,537.00    |
| Total annual turnover  | R1,255,774,155.09 |
| Mean annual turnover   | R73,869,067.95    |
| Mean percent of total turnover derived from Hake Inshore Trawl sector                | 64.32%            |
| Mean profit after tax  | R5,068,494.18     |
| <b>Empowerment and Job Creation Indicators</b>                                       |                   |
| Mean Percentage of Training Budget Spent on Black Employees                          | 46.47%            |
| Rand Amount Spent on Training of Black Employees                                     | R562,743.96       |
| Total jobs in the Hake Inshore Trawl sector  | 1480              |
| Total IRP5 Jobs in the Hake Inshore Trawl Sector                                     | 971               |
| <b>Ownership</b>   |                   |
| Mean Black Ownership   | 54.41%            |
| Mean Female Ownership  | 22.85%            |
| Black Ownership of Hake TAC  | 48.76%            |
| Black Ownership of Sole TAC  | 47.87%            |

**14. Permit Conditions for this Fishery**

The Hake Inshore Trawl fishery policy stipulates that prior to the finalisation of permit conditions for this fishery, the Department will consult with the right holders. The Chief Director: Resource Management (“the CD:RM”) is authorised to determine permit conditions in terms of section 13 of the MLRA. In order to sustainably manage this fishery, maintain the transformation profile of the fishery and to support the consolidation of the number of right holders that operate as joint venture entities, the CD: RM, after consultation with the delegated authority, and having regard to the policy objectives of this fishery intends to determine permit conditions that give effect to, *inter alia*, the following:

- 14.1 Performance Measuring:** Right holders in this fishery will be measured against criteria such as transformation, investment, compliance and sustainable fishing practices. The CD:RM will design permit conditions to ensure adherence with these criteria and will require right holders to provide data during the second fishing season in this regard. Failure to reasonably comply with these permit conditions may result in the commencement of proceedings under section 28 of the Act.
- 14.2 Impact of Trawling:** Permit conditions will be designed to carefully monitor the impact that trawl fishing has on the environment.
- 14.3 Reporting:** All right-holders in this fishery will have to adhere to strict reporting measures to ensure that the Department is provided with up-to-date correct catch data to ensure effective management of the fishery.

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**Dr Monde Mayekiso Delegated Authority: Hake Inshore Trawl Sector**

**23 January 2006**

## Annexure A

### Medium Term Right Holder Applicants in Alphabetical Order, Scores Awarded and Quantum Allocated

| Application Number | Applicant Name   | Vessel(s) Authorised   | Hake Quantum Allocated (Tonnes) | Sole Quantum Allocated (Tonnes) | Score |
|--------------------|--|--|---------------------------------|---------------------------------|-------|
| 1                  | HITM00011<br>B.M.C VISSERYE CC<br>1996/03279/23                          | CAPE CROSS   | 169                             | 12                              | 46.95 |
| 2                  | HITM00022<br>BD OOSTHUIZEN FISHERIES (PTY) LTD<br>2005/008297/07         | OUPA JOEWIE  | 25                              | 5                               | 29.25 |
| 3                  | HITM00010<br>CAPENIS INVESTMENTS (PTY) LTD<br>2000/024011/07             | BALUGURU   | 439                             | 41                              | 62.1  |
| 4                  | HITM00017<br>CHETTY'S FISHERIES CC<br>1989/010388/23                     | GURUSAM  | 325                             | 21                              | 56.25 |
| 5                  | HITM00013<br>DYER EILAND VISSERYE PTY LTD<br>2001/004148/07              | HAI LIM NO. 38<br>LORRAINE                                       | 148                             | 15                              | 67.4  |
| 6                  | HITM00008<br>EZABANTU FISHING CC<br>1999/006207/23                       | BUCCANEER  | 66                              | 7                               | 44.45 |
| 7                  | HITM00025<br>G&T FISHING ENTERPRISES (PTY) LTD<br>1978/000212/07         | ZUIDERZEE<br>MARY JO   | 675                             | 57                              | 65.8  |
| 8                  | HITM00042<br>HERMANUS SEA FOODS (PTY) LTD<br>1967/004470/07              | SANTA ISABEL<br>LORELEI<br>COBELO<br>DONNA MARIE LIGIA           | 510                             | 67                              | 43.65 |
| 9                  | HITM00015<br>IRVIN & JOHNSON LTD<br>1952/001693/06                       | CAPE MACLEAR<br>ST BLAIZE<br>ST CROIX<br>CAPE SEAL<br>CAPE VIDAL | 2948                            | 85                              | 61.75 |
| 10                 | HITM00014<br>LORCOM THIRTEEN (PTY) LTD<br>2000/007466/07                 | BUCCANEER  | 52                              | 19                              | 42.25 |
| 11                 | HITM00027<br>NAMUTONI VISSERYE CC<br>2005/060755/23                      | NAMUTONI   | 76                              | 17                              | 37.8  |
| 12                 | HITM00053<br>NKUNGA FISHING CORPORATION (PTY)<br>LTD<br>CK1996/092822/07 | VENTURER   | 418                             | 41                              | 64.05 |
| 13                 | HITM00026<br>SEAVUNA FISHING COMPANY (PTY) LTD<br>1983 000674 07         | IMMANUEL<br>AMSTELDIEP<br>MANDI<br>CHRISTELLE                    | 1876                            | 277                             | 72.4  |
| 14                 | HITM00021<br>SEEHEIM VISSEYE CC<br>2005/060752/23                        | SEEHEIM<br>MARY ANN<br>MARY JO                                   | 171                             | 31                              | 31.2  |
| 15                 | HITM00046<br>UMOYA FISH PROCESSORS (PTY) LTD<br>2000/016529/07           | STAALKOP   | 103                             | 11                              | 50.7  |
| 16                 | HITM00047<br>VECTOTRADE 126 (PTY) LTD<br>1999/000247/07                  | STAALKOP   | 138                             | 9                               | 47.9  |
| 17                 | HITM00009<br>VIKING INSHORE FISHING (PTY) LTD<br>1987/002630/07          | LEONORA<br>LINDIWE<br>LEEUKOP<br>SISTERS                         | 972                             | 156                             | 55.1  |

## Annexure B

### New Entrant Applicants in Alphabetical Order and Scores Awarded

|    | App Number | Applicant Name                                      | Scores |
|----|------------|---|--------|
| 1  | HITN00005  | BALOBI PROCESSORS (PTY) LTD                         | 63.5   |
| 2  | HITN00072  | BIKO INVESTMENT HOLDINGS (PTY) LTD                  | 21.5   |
| 3  | HITN00036  | BROSS INVESTMENTS (PTY) LTD                         | 26.5   |
| 4  | HITN00056  | CYREL BURREL FISHING CC                             | 45.5   |
| 5  | HITN00034  | EASTERN MARINE ENTERPRISES (PTY) LTD                | 23.5   |
| 6  | HITN00007  | FISHERMAN FRESH CC                                  | 58.5   |
| 7  | HITN00040  | FLAKE ICE EMPLOYEES (PTY) LTD                       | 30     |
| 8  | HITN00032  | GIBBISEPS VISSERYE (PTY) LTD                        | 40     |
| 9  | HITN00066  | IKAMVA FISHING (PTY) LTD                            | 24.5   |
| 10 | HITN00037  | INTLANZI FISHING (PTY) LTD                          | 44     |
| 11 | HITN00059  | INYAMEKO TRADING 317 CC                             | 30     |
| 12 | HITN00061  | MASOMELELE FISHING (PTY) LTD                        | 73     |
| 13 | HITN00055  | MAST FISHING (PTY) LTD                              | 33     |
| 14 | HITN00023  | MAZIDLEKHAYA FISHING CC                             | 46.5   |
| 15 | HITN00016  | NATHAZ FISHING CC                                   | 54     |
| 16 | HITN00031  | OVERBERG COMMERCIAL ABALONE DIVERS LTD              | 62     |
| 17 | HITN00035  | PLETTENBERG BAY FISH PROCESSORS (PTY) LTD           | 35     |
| 18 | HITN00004  | PREMIER FISHING SA (PTY) LTD                        | 58     |
| 19 | HITN00063  | PROTEM FISHING (PTY) LTD                            | 33     |
| 20 | HITN00064  | QUICK-CO 132(PTY)LIMITED T/A THE FUTURE FOODS GROUP | 13     |
| 21 | HITN00058  | RAILOUN FISHING                                     | 34.5   |
| 22 | HITN00041  | RELMAR INVESTMENTS (PTY) LTD                        | 55     |
| 23 | HITN00049  | RISAR FISHING CC                                    | 35     |
| 24 | HITN00051  | SCEPTRE FISHING PTY LTD                             | 49     |
| 25 | HITN00043  | SOUTH MARINE PROCESSORS CC                          | 13     |

|    | App Number | Applicant Name                      | Scores |
|----|------------|-------------------------------------|--------|
| 26 | HITN00057  | THEMBALODUMO FISHING                | 0      |
| 27 | HITN00030  | UMTHI WESIZWE INVESTMENTS (PTY) LTD | 32.5   |
| 28 | HITN00067  | VUNANI FISHING (PTY) LTD            | 2      |
| 29 | HITN00039  | ZIZWE FISHING CC                    | 22.5   |

### Annexure C: Quantum Model

#### Hake Quantum Model

|    | Application Number | Applicant Name                       | Total Score | Transformation Score | Performance Score<br>(Jobs & Investment) | Reduced Hake Allocation | Hake allocation<br>less 10% | Percent loss to pool 1 | Hake Transformation &<br>Performance<br>Reallocation | New Hake Allocation | Hake allocation less 75T | Reallocation of hake 75T | Hake Final Allocation | Hake Gain / Loss | Hake Percentage Gain /<br>Loss |
|----|--------------------|--------------------------------------|-------------|----------------------|--|-------------------------|-----------------------------|------------------------|--|---------------------|--------------------------|--------------------------|-----------------------|------------------|--------------------------------|
| 1  | HITM00026          | SEAVUNA FISHING COMPANY (PTY) LTD    | 72.40       | 28.55                | 37.1                                     | 1861.46                 | 1831.36                     | 1.6%                   | 0  | 1831                | 1756                     | 119                      | 1876                  | 14               | 0.8%                           |
| 2  | HITM00013          | DYER EILAND VISSERYE PTY LTD         | 67.40       | 19.75                | 42.9                                     | 115.13                  | 109.68                      | 4.7%                   | 0  | 110                 | 35                       | 114                      | 148                   | 33               | 28.9%                          |
| 3  | HITM00025          | G&T FISHING ENTERPRISES (PTY) LTD    | 65.80       | 32.9                 | 29.9                                     | 384.05                  | 362.08                      | 5.7%                   | 277  | 639                 | 564                      | 112                      | 675                   | 291              | 75.9%                          |
| 4  | HITM00053          | NKUNGA FISHING CORPORATION (PTY) LTD | 64.05       | 41.15                | 25.4                                     | 115.13                  | 107.29                      | 6.8%                   | 277  | 384                 | 309                      | 109                      | 418                   | 303              | 263.3%                         |
| 5  | HITM00010          | CAPENIS INVESTMENTS (PTY) LTD        | 62.10       | 32.15                | 31.2                                     | 160.17                  | 147.32                      | 8.0%                   | 260  | 408                 | 333                      | 107                      | 439                   | 279              | 174.3%                         |
| 6  | HITM00015          | IRVIN & JOHNSON LTD                  | 61.75       | 27.5                 | 29.5                                     | 3178.75                 | 2916.75                     | 8.2%                   | 0  | 2917                | 2842                     | 106                      | 2948                  | -231             | -7.3%                          |
| 7  | HITM00017          | CHETTY'S FISHERIES CC                | 56.25       | 34.9                 | 21.6                                     | 233.09                  | 205.90                      | 11.7%                  | 98   | 304                 | 229                      | 97                       | 325                   | 92               | 39.6%                          |
| 8  | HITM00009          | VIKING INSHORE FISHING (PTY) LTD     | 55.10       | 10.9                 | 38.2                                     | 1087.35                 | 952.75                      | 12.4%                  | 0  | 953                 | 878                      | 94                       | 972                   | -115             | -10.6%                         |
| 9  | HITM00046          | UMOYA FISH PROCESSORS (PTY) LTD      | 50.70       | 34.9                 | 10.8                                     | 115.13                  | 97.72                       | 15.1%                  | 0  | 98                  | 23                       | 80                       | 103                   | -12              | -10.8%                         |
| 10 | HITM00047          | VECTOTRADE 126 (PTY) LTD             | 47.90       | 33.25                | 16.4                                     | 188.13                  | 156.42                      | 16.9%                  | 0  | 156                 | 81                       | 57                       | 138                   | -50              | -26.5%                         |
| 11 | HITM00011          | B.M.C VISSERYE CC                    | 46.95       | 35                   | 9.2                                      | 229.88                  | 189.77                      | 17.4%                  | 0  | 190                 | 115                      | 54                       | 169                   | -61              | -26.7%                         |
| 12 | HITM00008          | EZABANTU FISHING CC                  | 44.45       | 39                   | 3.7                                      | 115.13                  | 93.25                       | 19.0%                  | 0  | 93                  | 18                       | 48                       | 66                    | -49              | -42.7%                         |
| 13 | HITM00042          | HERMANUS SEA FOODS (PTY) LTD         | 43.65       | 20                   | 20.9                                     | 669.13                  | 538.64                      | 19.5%                  | 0  | 539                 | 464                      | 46                       | 510                   | -159             | -23.8%                         |
| 14 | HITM00014          | LORCOM THIRTEEN (PTY) LTD            | 42.25       | 20.75                | 16.5                                     | 104.92                  | 83.54                       | 20.4%                  | 0  | 84                  | 9                        | 43                       | 52                    | -53              | -50.5%                         |
| 15 | HITM00027          | NAMUTONI VISSERYE CC                 | 37.80       | 11.5                 | 21.3                                     | 149.42                  | 114.84                      | 23.1%                  | 0  | 115                 | 40                       | 36                       | 76                    | -73              | -49.1%                         |
| 16 | HITM00021          | SEEHEIM VISSEYE CC                   | 31.20       | 0.5                  | 25.2                                     | 300.30                  | 218.48                      | 27.2%                  | 0  | 218                 | 143                      | 28                       | 171                   | -129             | -43.01%                        |
| 17 | HITM00022          | BD OOSTHUIZEN FISHERIES (PTY) LTD    | 29.25       | 4.25                 | 25                                       | 104.85                  | 75.01                       | 28.5%                  | 0  | 75                  | 0                        | 25                       | 25                    | -79              | -75.73%                        |

### Sole Quantum Model

|    | Application Number | Applicant Name                       | Total Score | Transformation Score | Performance Score (Jobs & Investment) | 2006 Sole Allocation | Sole Allocation less 10% | Percent loss to pool 1 | Sole Transformation & Performance Reallocation | New Sole Allocation | Sole allocation less 8T | Reallocation of sole ZT | Final Sole Allocation | Sole Gain / Loss | Percentage Gain / Loss |
|----|--------------------|--------------------------------------|-------------|----------------------|---------------------------------------|----------------------|--------------------------|------------------------|--|---------------------|-------------------------|-------------------------|-----------------------|------------------|------------------------|
| 1  | HITM00026          | SEAVUNA FISHING COMPANY (PTY) LTD    | 72.40       | 28.55                | 37.1                                  | 276.872              | 272.705                  | 1.5%                   | 0  | 273                 | 265                     | 13                      | 277                   | 1                | 0.20%                  |
| 2  | HITM00013          | DYER EILAND VISSERYE PTY LTD         | 67.40       | 19.75                | 42.9                                  | 11.795               | 11.276                   | 4.4%                   | 0  | 11                  | 3                       | 12                      | 15                    | 4                | 30.58%                 |
| 3  | HITM00025          | G&T FISHING ENTERPRISES (PTY) LTD    | 65.80       | 32.9                 | 29.9                                  | 28.143               | 26.644                   | 5.3%                   | 26   | 53                  | 45                      | 12                      | 57                    | 29               | 102.63%                |
| 4  | HITM00053          | NKUNGA FISHING CORPORATION (PTY) LTD | 64.05       | 41.15                | 25.4                                  | 11.795               | 11.047                   | 6.3%                   | 26   | 38                  | 30                      | 12                      | 41                    | 29               | 249.17%                |
| 5  | HITM00010          | CAPENIS INVESTMENTS (PTY) LTD        | 62.10       | 32.15                | 31.2                                  | 13.675               | 12.654                   | 7.5%                   | 25   | 38                  | 30                      | 11                      | 41                    | 27               | 199.40%                |
| 6  | HITM00015          | IRVIN & JOHNSON LTD                  | 61.75       | 27.5                 | 29.5                                  | 88.2                 | 81.435                   | 7.7%                   | 0  | 81                  | 73                      | 11                      | 85                    | -3               | -3.90%                 |
| 7  | HITM00017          | CHETTY'S FISHERIES CC                | 56.25       | 34.9                 | 21.6                                  | 10.557               | 9.411                    | 10.9%                  | 9  | 19                  | 11                      | 10                      | 21                    | 11               | 99.64%                 |
| 8  | HITM00009          | VIKING INSHORE FISHING (PTY) LTD     | 55.10       | 10.9                 | 38.2                                  | 174.019              | 153.974                  | 11.5%                  | 0  | 154                 | 146                     | 10                      | 156                   | -18              | -10.33%                |
| 9  | HITM00046          | UMOYA FISH PROCESSORS (PTY) LTD      | 50.70       | 34.9                 | 10.8                                  | 11.796               | 10.137                   | 14.1%                  | 0  | 10                  | 2                       | 9                       | 11                    | -1               | -9.58%                 |
| 10 | HITM00047          | VECTOTRADE 126 (PTY) LTD             | 47.90       | 33.25                | 16.4                                  | 12.778               | 10.775                   | 15.7%                  | 0  | 11                  | 3                       | 6                       | 9                     | -4               | -30.84%                |
| 11 | HITM00011          | B.M.C VISSERYE CC                    | 46.95       | 35                   | 9.2                                   | 16.741               | 14.023                   | 16.2%                  | 0  | 14                  | 6                       | 6                       | 12                    | -5               | -29.72%                |
| 12 | HITM00008          | EZABANTU FISHING CC                  | 44.45       | 39                   | 3.7                                   | 11.795               | 9.709                    | 17.7%                  | 0  | 10                  | 2                       | 5                       | 7                     | -5               | -42.39%                |
| 13 | HITM00042          | HERMANUS SEA FOODS (PTY) LTD         | 43.65       | 20                   | 20.9                                  | 85.528               | 70.007                   | 18.1%                  | 0  | 70                  | 62                      | 5                       | 67                    | -19              | -21.76%                |
| 14 | HITM00014          | LORCOM THIRTEEN(PTY) LTD             | 42.25       | 20.75                | 16.5                                  | 27.969               | 22.667                   | 19.0%                  | 0  | 23                  | 15                      | 5                       | 19                    | -9               | -31.03%                |
| 15 | HITM00027          | NAMUTONI VISSERYE CC                 | 37.80       | 11.5                 | 21.3                                  | 27.517               | 21.592                   | 21.5%                  | 0  | 22                  | 14                      | 4                       | 17                    | -10              | -36.58%                |
| 16 | HITM00021          | SEEHEIM VISSEYE CC                   | 31.20       | 0.5                  | 25.2                                  | 48.179               | 35.964                   | 25.4%                  | 0  | 36                  | 28                      | 3                       | 31                    | -17              | -35.84%                |
| 17 | HITM00022          | BD OOSTHUIZEN FISHERIES (PTY) LTD    | 29.25       | 4.25                 | 25                                    | 14.541               | 10.690                   | 26.5%                  | 0  | 11                  | 3                       | 3                       | 5                     | -9               | -62.84%                |