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Edition 9/2016

B-BBEE CERTIFICATES AND EMPOWERING SUPPLIER

1. Valid B-BBEE certificates

Companies collecting B-BBEE certificates face a confusing array of potential options. Even Verification Agencies are making errors when determining which document to issue. The following are all valid:

- Affidavits
 - EME and some QSE scored under the amended Codes of Good Practice
 - EME and some QSE scored in terms of the Tourism Sector codes
 - Marketing Advertising and Communications EME and black owned QSE scored under the MAC code

- Certificates
 - QSE and Large companies scored under the amended codes, Tourism codes and MAC codes
 - EME and QSE scorecards for companies scored under the following Sector codes:
 - Property
 - Transport
 - Financial Services
 - Agricultural
 - Forestry

The following table shows the sector codes which have not been amended:

	OLD CODES IMPLEMENTATION DATE	AMENDED CODES STATUS
Transport	21 August 2009	Comment closed, awaiting final document for Aviation, Bus & Coach, Forwarding & Clearing, Maritime, Rail & Road Freight.
Forestry	12 June 2009	Comment closed, awaiting final document
Property	1 June 2012	Comment closed, awaiting final document
Financial	26 November 2012	Comment closed, awaiting final document
Agricultural	28 December 2012	Comment closed, awaiting final document

This is confusing and leads to the possibility of companies which sell the same product being scored under different codes simply because of the way in which the company is structured.





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I recently came upon the following example:

- Company 1 buys a by-product produced in the processing of an agricultural product. It then processes this further into other products sold both in South Africa and for export.
- A second company grows the product, performs the initial processing and then processes the same by-product as company 1.
- The companies are competitors.

The first company is scored under the amended general codes of good practice and is a level 8. The second is scored under the AgriBEE sector code, which has not been amended, and is a level 2. I know I would buy from the level 2 as that will help my B-BBEE, but is this really comparing like with like? There is no way of accurately adjusting one of the scorecards so we can compare them properly. Most companies will accept the level 2 and not make adjustments to ensure comparability.

At the risk of sounding like a 4-year-old, but is this fair? The dti needs to gazette all sector codes so such differences are addressed and there is a level B-BBEE playing field.

2. False or Fraudulent certificates

We are seeing B-BBEE certificates issued under the incorrect codes, mainly affidavits being supplied when a certificate is still required. Added to this, we still see a number of fraudulent/false/invalid certificates being supplied by companies.

Our clients accept these certificates in good faith, but they can cause problems at the verification. If you have questions on any certificates, please scan and email to Charlene or me (our emails are shown below). We can review and determine if the certificates are valid, invalid or if they require further investigation. A call to the Verification Agency can answer such questions too.

3. Empowering Supplier

We have heard rumours that there may be changes to Empowering Supplier. These changes may be one of the following:

- Additional criteria to make qualification as an Empowering Supplier easier.
- The removal of the Empowering Supplier requirement.

We will keep you informed of any changes as soon as they occur.

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4. Planning for financial year end/forthcoming verifications

Targets for Skills Development, Enterprise Development, Supplier Development and Socio-Economic Development must be set and monitored to ensure the required contributions are made before financial year end.

If you need us to calculate the required targets, please send us the following forecasted information:

- Turnover
- Net Profit after Tax
- Payroll
- Head count

If you need assistance with questions on any B-BBEE related matter, including planning and strategising for an upcoming verification, Ownership review and restructuring, training courses and strategic sessions on the amended codes, please feel free to contact either Charlene or me on:

- Charlene - 083 780 7209 or charlene@globalbusiness.co.za
- Richard - 083 440 2130 or richard@globalbusiness.co.za.

Regards

Richard Ryding
Global Business Solutions

02 September 2016

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