



# GLOBAL BUSINESS SOLUTIONS

future thinking, now

The following points were discussed at the meeting with the DTI on 17 February 2014.

## 1. B-BBEE Amendment Act

- The B-BBEE Amendment Act has been assented to by the President but not been promulgated. This is expected in June.
- The trumping clause included in the Amendment Act has been deferred by 12 months from promulgation.
- The Act covers the formation of the B-BBEE Commission which will, amongst others, pronounce on B-BBEE related matters, enforce reporting, and be the agency to investigate fronting issues.
- It defines fronting, gives actions to be taken when reporting fronting, and lays down penalties. Penalties include:
  - Jail terms not exceeding 10 years
  - Fines of up to 10% of turnover if the company is convicted
  - Inclusion in the register of people who are unable to do business with Government for a period of 10 years.
- It has clarified the requirement that a company operating in a sector covered by a sector code must be scored under that sector code.
- A register of B-BBEE deals will be maintained by the commission.
- The alignment of sector codes with the amended codes is in process and will be completed by [11/10/14](#).

## 2. Amended Codes of Good Practice

- DTI is still accepting comments and considering adjustments to the codes, but the October implementation date is unlikely to change
- The statements dealing with multinationals, specialised entities and QSE will be clarified during the transition period.
- DTI are in the process of preparing templates for certificates and EME and QSE affidavits. Affidavit will include a self-assessment for the Empowering Supplier.
- Statement 005 which allows agencies accredited by IRBA and SANAS only to issue B-BBEE certificates is still in force.
- The updated QSE scorecard is complete and is about to be issued
- The technical guide will be distributed shortly. This will give clarity on certain calculation and interpretation issues.
- MANAGEMENT CONTROL
  - Black Executive management is scored as a percentage of executive management not executive directors as stated in the codes.
  - The formula used to calculate the percentage for black Senior, Middle and Junior Management has a bias towards Coloured and Indian people. This formula is under review.
  - Payroll data must be used when preparing Management Control information. If the B-BBEE process starts today then January 2014 payroll information will be used.
  - If a business has offices in 1 province then the provincial Economically Active Population (EAP) must be used. If in more than 1 province then the national EAP must be used.
- SKILLS DEVELOPMENT
  - The 40% subminimum is based on the total target not on each line.
  - The DTI confirmed mandatory skills expenditure cannot be claimed. The reason given is companies must do such training so why should they be able to claim for skills development.

- Bonus points are available if the company employs learners completing their learnerships, or if another company employs them provided the second company is in the same industry. Both companies cannot claim.
- If DTI or SETA refunds training it cannot be claimed as skills development.
- ENTERPRISE AND SUPPLIER DEVELOPMENT
  - Designated industries which cannot be claimed as exclusions from Total Measured Procurement Spend are shown on slide 32 in the attached slides.
  - The industry norm Enterprise and Supplier Development even though not mentioned in the codes.
  - Certificates issued under the old codes to the end of the transition period will be accepted while the dates are still valid, and will be treated as Empowering Supplier