

Introduction

Broad-Based Black Economic Empowerment in the workplace is governed by the Black Economic Empowerment Act of 2003, the Skills Development Levies Act and the Employment Equity Act. Collectively they aim to reward organisations that commit to economic transformation.

The compliance guidelines are outlined in the General BBBEE Codes of Good Practice (CoGP) and the Revised Codes of Good Practice (ACoGP) or one of the nine sector codes.

Organisations need to comply with complex regulations and are eligible for licensing and incentives if they achieve targets proportionate to their investments. To do so they need to be assessed by a SANAS accredited Verification Agency who will audit their status against targets, giving them a final score.

Our Services

- Explain BBBEE Codes relative to your own business.
- Analyse current levels of compliance with BBBEE Codes.
- Prepare BBBEE scenarios highlighting actions to achieve the required contributor status.
- Implement and manage BBBEE strategy and formulate corrective strategies, where necessary.
- Provide evidentiary templates.
- BBBEE file assembly, evaluation, and scoring, prior to verification.
- Verification preparation.
- Facilitation of any verification appeals and objections.
- BBBEE Online Manager platform.



Consulting Solutions

Broad-Based Black Economic Empowerment

COMPLIANCE DONE RIGHT

Our Approach to BBBEE

We offer a complete BBBEE Consulting Service where we advise and help you achieve your desired level of BBBEE compliance efficiently and cost-effectively.

Our team of dedicated experts guide you to the correct compliancy levels and manage, collect and complete documentation for verification.

BBBEE Explained

The Black Economic Empowerment Act 53 of 2003 is an elective legislation that seeks to reward entities that commit to the economic transformation strategies outlined by Government through allocating pricing, concessionary, licensing and incentive preferences.

In addition to the General BBBEE Codes of Good Practice there are nine Sector Specific Codes gazetted that outline industry specific sector charters namely: Agri-BEE | Financial | ICT | Property | Chartered Accountancy | Forestry | Integrated Transport | Construction | Tourism

BBBEE as Defined

Black people are defined as African, Indian, Coloured or Chinese natural persons who are citizens of the Republic of South Africa by birth or descent or are citizens of the Republic of South Africa by naturalization:

- Occurring before the commencement date of the Constitution of the Republic of South Africa Act 200 of 1993; or
- Occurring after the commencement of the Constitution, but who, without the Apartheid policy would have qualified for naturalization before then.
- Unless there is a specific charter for the business industry, it is adjudicated based on its size as not to disenfranchise smaller / micro enterprises.



The 5 Elements of Measurement

There are five elements that are measured to assess the level of a business's contribution toward BBBEE. The weighting, targets and validity of these elements are dictated by the size of the entity.

- 1. Ownership:** The percentage black equity stake within the measured entity relative to the targets outlined within the codes
- 2. Management Control:** The percentage black participation at board, strategic management and other management levels within the measured entity relative to the targets outlined within the codes
- 3. Skills Development:** The skills development investment placed in black employees by the measured entity relative to the targets outlined within the codes
 - 4.1. Enterprise & Supplier Development (ESD) – Preferential Procurement:** The BBBEE compliance level of the measured entity's supply-chain relative to the targets outlined within the codes
 - 4.2. ESD - Supplier Development:** The investment made by the measured entity in qualifying black owned businesses on the supply chain relative to the targets outlined within the codes
 - 4.3. ESD - Enterprise Development:** The investment made by the measured entity in qualifying black owned businesses not on the supply chain relative to the targets outlined within the codes
- 5. Socio-Economic Development:** The investment made by the measured entity in black people relative to the targets outlined within the codes

How is a Business Scored?

The level of an organization's contribution is described on a scale from non-compliant through to Level 1 contributor status, based on scores out of 111 (plus 9 bonus points).

The score a company achieves against the targets is proportionate to their investments and translates to a defined level of contributor status.

This contributor status can determine a business's eligibility for licensing and incentives and it designates the pricing advantage for government supply under the PPPFA as well as the percentage of the spend made with them. This can be measured against their client's BBBEE preferential procurement targets.

The PPPFA & BBBEE Influence

National Treasury has provided the Preferential Procurement Regulations 2011, as a framework for how all government procurement and tenders (including local, municipal, provincial and national government, and State owned Enterprises) should be adjudicated.

It is based on an 80/20 principle (for tenders of less than R1 million) or 90/10 (for tenders above R1 million) where 80 or 90 points are allocated on price and local content and the balance on BBBEE status.

Description	Points	Procurement Recognition	PPPFA 90/10 Point Allocation	PPPFA 80/20 Point Allocation
Level 1 Contributor	100 ≥	135%	10 Points	20 Points
Level 2 Contributor	95 ≥ 100	125%	9 Points	18 Points
Level 3 Contributor	90 ≥ 95	110%	8 Points	16 Points
Level 4 Contributor	80 ≥ 90	100%	5 Points	12 Points
Level 5 Contributor	75 ≥ 80	80%	4 Points	8 Points
Level 6 Contributor	70 ≥ 75	60%	3 Points	6 Points
Level 7 Contributor	55 ≥ 70	50%	2 Points	4 Points
Level 8 Contributor	40 ≥ 55	10%	1 Point	2 Points
Non-Compliant Contributor	< 40	0%	0 Points	0 Points



Entry Classification

Exempt Micro Enterprises (EME):

Businesses with a turnover of R10 million or less per year are exempt from complying with any targeted elements of BBBEE compliance.

Qualifying Small Enterprises (QSE):

Businesses with a turnover of between R10 million and R50 million per year whom measure against all elements to determine their compliance.

Generic Enterprises (GEN):

Large businesses with a turnover of R50 million or more per year must measure against all elements and their targets are more onerous than the smaller QSE businesses.

Principles of Preferential Procurement

Exempt Micro Enterprise (EME annual t/o)

There would be no direct benefit to your BBBEE status should your client be an EME.

Qualifying Small Enterprise (QSE R 10 million < R 50 million annual t/o)

The target for QSE clients would be to spend 60% of their total measurable procurement spend (TMPS) within their year of assessment with any supplier according to the recognition level detailed in their scorecard for a maximum of 15/20 points. Further 5/20 points are available based on 15% of their TMPS being spent with 51% black owned suppliers

Generic Enterprise (Generic > annual t/o)

A generic company has 5 targets under the preferential procurement element for a maximum of 27/111 points:

- 80% of their TMPS from any supplier according to their scorecard (5/27 points)
- 15% of their TMPS from suppliers which are QSE according to their scorecard (3/27 points)
- 15% of their TMPS from suppliers which are EME according to their scorecard (4/27 points)
- 50% of their TMPS from any 51% or more black owned supplier irrespective of annual t/o (11/27 points)
- 12% of their TMPS from any 30% or more black women owned supplier irrespective of their annual t/o (4/27 points)



With over 14 years' experience, we understand the intricacies of BBBEE legislation & compliance.

We offer a partnership you can trust to give you the right advice.

We will guide you towards your required compliance level by collecting and compiling verification documentation and through effective management.

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