

Notes from the AMCHAM workshop on Revised B-BBEE Codes of Good practice 12 February 2014

This workshop was hosted by the American Chamber of Commerce and took place at the Hilton hotel, Sandton on the 12 February 2014. The theme of the workshop was ... Revised Broad based Black Economic Empowerment (B-BBEE) Codes of Good Practice (Empowering Supplier Status and Localization)... and the facilitators were Murray Chabant and Matthew Kearns from the Signa group. An observation made from the onset was the importance of companies adopting an integrated approach between finance, procurement and human resources when dealing with B-BBEE Codes of Good practice. This would lead to a reduction of transactional costs together with those related to business processes as well as contribute to meaningful transformation. Another observation was that in a number of institutions practitioners in this environment did not have the authority to effect changes where necessary.

In implementing B-BBEE codes of Good Practice, the dti had used the Taiwanese model. This model was introduced in Taiwan between 1952 and 1986. The major objective of the model was to ensure that most companies especially those that are multinational engage in programmes that support small business otherwise they would be excluded from the programme. According to the presenters, this approach had been supported by the US and had led to important gains for Taiwan, that is moving away from a consumption led to a production led economy. The Taiwanese experienced a growth rate of 8,7% and the gross national product grew by 360%. Led to an improvement in health care, education and quality of life improvement for all citizens.

According to the team, SA has spent R1 trillion on infrastructure development in the past five years, mostly in energy.

The new conditions that will require compliance to satisfy the B-BBEE Codes of Good Practice, in moving away from Value Added Supplier to Empowering Supplier are the following –

- * 25% of sales excluding labour costs have to be procured locally, from local suppliers in SA, for service industry labour costs are included but capped at 15%.
- * 50 % of jobs should be created for black people. Have there been more people employed in the economy because of your intervention?
- * 25 % transformation of raw materials which include local manufacturing/production/assembly/packaging. Localisation an important component. Import substitution plan required.
- * Skills transfer, with a minimum amount of 12 days of training per annum required. Demonstrating assistance towards black Exempted Micro Enterprise (EME) to increase their operation and financial capacity.

Although the requirements had no time frames with regard to the submission of the plans that must be submitted, it was however anticipated that the plans would be expected to have time lines. A B-BBEE Commissioner is going to be in place to deal with complaints and to follow up on non-compliance. Unlike with the previous codes were there were no sanctions, the new Codes have sanctions and criminalise wrong doers.

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