



SANAS Consultative Process

Alignment of B-BBEE Code of Good Practice to the ICT Sector Code of Good Practice

5th August 2016

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Introduction

- **Composition of the ICT Sector Council**
 - **Two (2x4) Members** each from the four ICT sub-sectors namely, the **Broadcasting, Electronics, Information Technology and Telecommunications**;
 - **Two (2) Members** from relevant **Government Departments** that interface with the ICT sector;
 - **Two (2) Members** from **Organized Labour Federation or Trade Unions**
 - **One (1) Member** from **NEDLAC** Community constituency;
 - **One (1) Member** from **ICASA**;
 - **Two (2) Members** from **Women and/or Youth** and the **Disabled Groups** participating in the ICT sector.

Objectives of the Council

- The **custodian of the B-BBEE ICT Sector Code**;
- **Advise the organs of state** on all matters relating to B-BBEE in the ICT sector;
- **Monitor and review the implementation of the ICT Sector Codes** and all related matters;
- **Development and fostering of common standards and code of ethics** in the implementation of ICT Sector Codes;
- **Assess, evaluate and commission research** on specific areas where such research is not available;
- **Responsible for the accreditation of the national ICT projects** aimed at "bridging the digital divide" in conjunction with the existing bodies such as the USAASA, the Digital Divide Partnership, ICASA, the CSIR, trade unions, NGOs and other organs of civil society;
- **Provide guidance on sector-specific matters** affecting B-BBEE in entities in the sector;
- **Compile reports on the status of B-BBEE within the sector**;
- **Oversee, supervise and promote adherence to the Sector Codes** in the interest of the public;
- **Strengthen and foster collaboration** between the public and private sector in order to promote and safeguard the objectives of the sector codes;
- **Receive complaints relating to the implementation of the sector codes** and refer such complaints to relevant bodies including but not limited to the Line Minister, BEE Commission, Department of Trade and Industry, National Prosecution Authority and Treasury;
- **Maintain a registry of major broad-based economic empowerment transactions in the sector**;
- **Promote public awareness of the ICT Sector codes**

The Aligned B-BBEE ICT Sector Code

ICT Code series	Code Title
000	Framework for measuring BBBEE
100	Measurement of the Ownership Element of BBBEE
200	Measurement of the Management Control Element of BBBEE
[300	Measurement of the Employment Element of BBBEE]
[4]300	Measurement of the Skills Development Element of BBBEE
[500	Measurement of the Preferential Procurement Element of BBBEE]
[6]400	Measurement of the Enterprise and Supplier Development Element of BBBEE
[7]500	Measurement of the Socio-Economic Development Element of BBBEE
[8]600	Measurement of Qualifying Small Enterprises of BBBEE

The Aligned B-BBEE ICT Sector Code

Element	Generic Weighting Points	Sector Weighting Points
Ownership	25	24
Management control	15	23
Skills development	20	20
Enterprise and Supplier Development	40	50
Preferential procurement		25
Supplier Development		10
Enterprise Development		15
Socio-Economic Development initiatives	5	12

The Aligned B-BBEE ICT Sector Code

B-BBEE Status	Qualification	B-BBEE recognition level
Level One Contributor	≥100 points on the Scorecard	135%
Level Two Contributor	≥95 but <100 points on the Scorecard	125%
Level Three Contributor	≥[75] 90 but <[8] 95 on the Scorecard	110%
Level Four Contributor	≥65 but <75 on the Scorecard	100%
Level Five Contributor	≥55 but <65 on the Scorecard	80%
Level Six Contributor	≥45 but <55 on the Scorecard	60%
Level Seven Contributor	≥40 but <45 on the Scorecard	50%
Level Eight Contributor	≥30 but <40 on the Scorecard	10%
Non-Compliant Contributor	<30 on the Scorecard	0%

Certain Key Principles

- Consultation – to inform and solicit input 1st to 15th November 2015.
- ICT Sector Code was Gazetted on 24th February 2016
- Comments period closed on 29th April 2016
- Where ICT sector is silent, provisions of the Generic Codes will apply
- Where ICT Sector Code has higher targets, that has been applied
- Priority elements: ownership, skills development and Enterprise & supplier development
- Any misrepresentation may lead to disqualification of entire scorecard
- Splitting an enterprise to ensure eligibility as EME, QSE or Start-up Enterprise is circumvention of the Act
- Any representation must be supported by suitable evidence or documentation

Ownership Element

- Compliance target of 30% vs 25%+ 1 in Generic Codes
- **R7.5 billion subject to comments by the Sector**
- 40% sub-minimum requirement, otherwise achieved level gets discounted
- Exclusion of ownership held by organs of state or public entities
- Mandated investments, recognition of ownership after a Black participant has exited and Broad-Based ownership schemes, and equity equivalent programmes remain the same

Management & Control

- Includes Employment Equity; which refers to Senior, Middle & Junior Management as well as Employees with disabilities
- Addition of Black & Black Female Executives

Skills Development

- Includes apprenticeships and internships
- Includes bonus points for Black people absorbed by the entity at the end of the learnership
- 40% sub-minimum requirement & discounting principle
- Measured entity scores points subject to the following:
 - Workplace Skills Plan, annual training report and pivotal report
 - Programmes targeted at priority skills,
 - 6% compliance target includes spend on unemployed Black people (ACI)

Enterprise and Supplier Development

- Includes preferential procurement
- Increase in the weighting and compliance target for Enterprise Development
- Bonus points for graduation of Enterprise Development beneficiary to Supplier Development level
- Empowering supplier
- No double-counting of goods in both Enterprise and Supplier categories
- Aimed at strengthening local procurement to build SA industrial base




