

New AgriBEE Sector Code: Legislative framework and process

AgriBEE Workshops

John Purchase & Melcus Nel

21 & 22 February 2018



For today.....

1. Introduction
2. Key milestones
3. AgriBEE Sector Code of 2012
4. B-BBEE Amendment Act of 2013 (Act No. 46 of 2013)
5. Generic Codes of Good Practice 2014 (Gazette No.38076, 10 October 2014)
6. AgriBEE Sector Code of 2017 (Gazetted 8 December 2017)
7. Agbiz awareness and surveys since 2007
8. Sector Council 20 February 2018
9. Wrap up

1. Introduction

- South Africa's first democratic government was elected in 1994, with a **clear mandate to redress the inequalities of the past** in every sphere: political, social and **economic**.
- Since then, **government has embarked on a comprehensive programme to provide a legislative framework for the transformation of South Africa's economy**.
- In 2003, the Broad-Based Black Economic Empowerment (B-BBEE) Strategy was published as a precursor to the **B-BBEE Act, No. 53 of 2003**.
- The **fundamental objective** of the Act is to advance economic transformation and enhance the economic participation of black people in the South African economy.

Insight Report

The Global Competitiveness Report 2017–2018

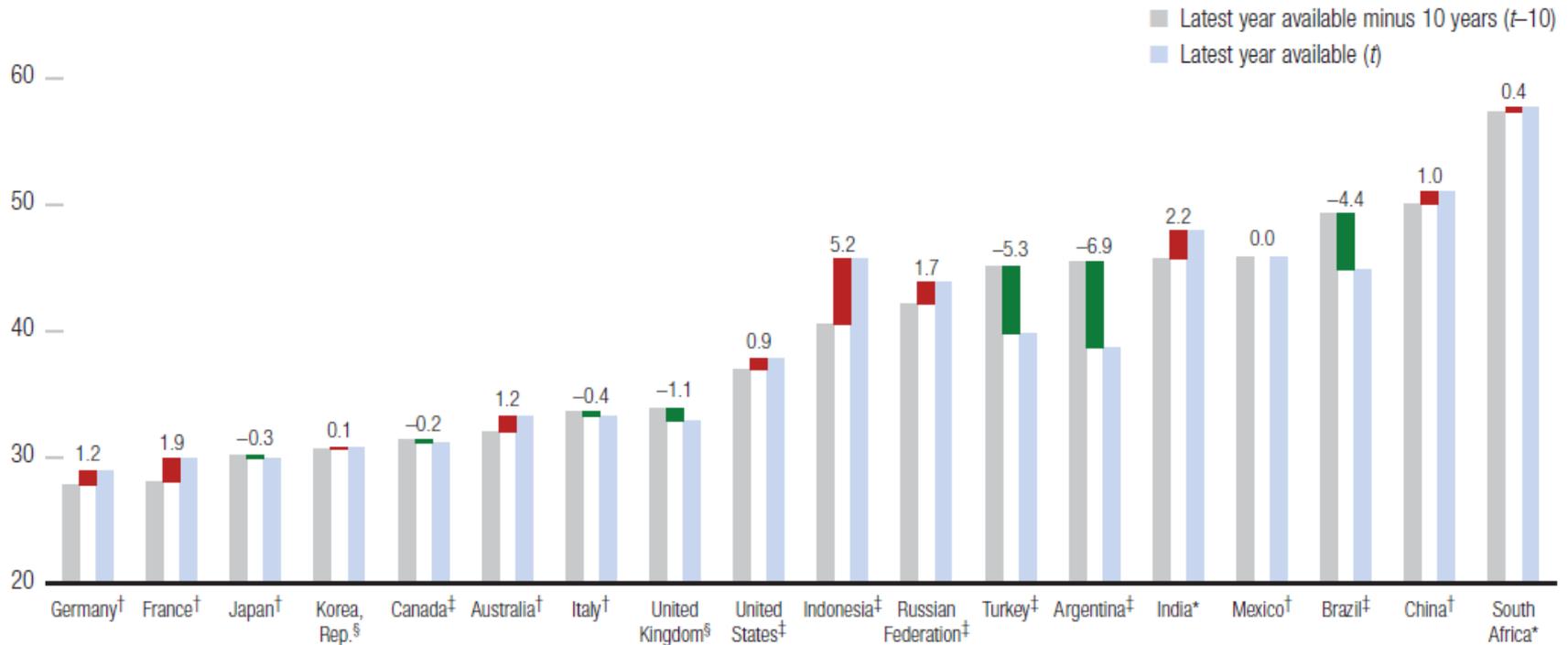
The Global Competitiveness Index 2017–2018 Rankings

Covering 137 economies, the Global Competitiveness Index 2017–2018 measures national competitiveness—defined as the set of institutions, policies and factors that determine the level of productivity.

Income inequality and change: SA problem!

Figure 2: Income inequality and its evolution over past decade in selected countries

Gini Index, Income inequality = 100



Source: SWIID (Standardized World Income Inequality Database), available at <http://fsolt.org/swiid/>.

Note: GINI coefficients are for the latest year available over the previous decade: *2002–2012; †2004–2014; ‡2005–2015, §2006–2016.

SA official unemployment: 26,7% (Q4, 2017)

SA Youth unemployment: >50% (StatsSA, 2018)



2. Key milestones

- 2003 B-BBEE Strategy and B-BBEE Act
- 2004 AgriBEE Reference Group established by Min Thoko Didiza – released draft scorecard
- 2007 Generic B-BBEE Codes of Good Practice (1st Phase)
- 2008 AgriBEE Transformation Charter gazetted (S12 of the Act)
- 2008 1st AgriBEE Charter Council inaugurated (4-yr term)
- 2009 B-BBEE Advisory Council established
- 2010 Accredited Verification Agencies' certificates recognized
- 2012 AgriBEE Sector Code gazetted (S9 of the Act)
- 2012 2nd AgriBEE Charter Council inaugurated (4-yr term)
- 2013 B-BBEE Summit – address very slow transformation progress
- 2013 B-BBEE Amendment Act (Act No. 46 of 2013)
- 2014 B-BBEE Generic Codes of Good Practice (2nd Phase)
- 2017 3rd AgriBEE Charter Council inaugurated (4-yr term)
- 2017 Amended AgriBEE Sector Code gazetted

3. AgriBEE Sector Code 2012

The scope of the AgriBEE Sector Code 2012:

The scope of the AgriBEE Sector Code includes any enterprise which derives the majority of its turnover from:

- **The primary production of agricultural products;**
- **The provision of inputs and services to enterprises engaged in the production of agricultural products;**
- **The beneficiation of agricultural products whether of a primary or semi-beneficiated form; and**
- **The storage, distribution, and/or trading and allied activities related to non-beneficiated agricultural products.**

The Content of the AgriBEE Sector Code

Differences between the Codes of Good Practice and the AgriBEE Sector Code

NO	EMPOWERMENT INDICATOR	AGRIBEE INDICATIVE SCORECARD	VARIANCE	GENERIC SCORECARD
1	Ownership (Land and Equity)	20 points	0	20 points
2	Management Control	10 points	0	10 points
3	Employment Equity	10 points	- 5	15 points
4	Skills Development	20 points	+ 5	15 points
5	Preferential Procurement	20 points	0	20 points
6	Enterprise Development	10 points	- 5	15 points
7	Rural Development, Poverty Alleviation and SED	10 points	+ 5	05 points

The scope of the 2012 AgriBEE Sector Code Cont...

1. EXEMPTED MICRO ENTERPRISE (EME).

- **Turnover:** Less than R5m Turnover
- **BEE Deemed recognition level:** Level 4.

2. QUALIFYING SMALL ENTERPRISE (QSE).

- **Turnover:** More than R5m but less than R35m.
- **Elements:** Must, at least, choose 5 elements out of 7 elements as opposed to the Codes where QSE's select ANY 4 elements out of 7. **The Reason:** The agricultural sector is dominated by QSE's and not large enterprises.

3. MEASURED ENTERPRISES: 100% compliance – All Seven Elements



4. B-BBEE Amendment Act of 2014

To amend the Broad-Based Black Economic Empowerment Act, 2003, so as to insert certain definitions and to amend others;

to clarify interpretation;

to provide for the remuneration of Council members;

to **promote compliance by organs of state and public entities** and to **strengthen the evaluation and monitoring of compliance**;

to include the **creation of incentive schemes** to support black-owned and managed enterprises in the strategy for broad-based black economic empowerment;

to provide for the cancellation of a contract or authorisation;

to establish the Broad-Based Black Economic Empowerment Commission to deal with **compliance** of broad-based black economic empowerment;

to provide for **offences and penalties**, and to provide for matters connected therewith (e.g. fronting).

5. Amended Generic Codes of Good Practice 2014

Roles of Charter Councils

- **Provide guidance on sector-specific matters** affecting B-BBEE initiatives in their sectors
- To compile reports on **the status of broad based black economic empowerment within the sector**
- To **share information** with sector members and the Minister
- **Report to the Minister and to the Advisory Council** on progress made by the sector subject to the relevant Sector Charter.
- Reports should typically contain **quantitative and qualitative information** about sectorial performance, including details about all the elements of the sector's B-BBEE scorecard.

Monitoring & Reporting of Sector Charters

- **Annual measurement of progress made** in implementation of Sector Charters in all elements of the scorecard
- Enable creation of a decent **system of keeping and managing information in the sector**
- Identify areas that pose challenges to implementation
- **Aid in communication and spreading information to various users**
- **Inform policy decision-making process**

The Revised Codes

The Revised Codes introduced the following **key changes**:

- The Generic scorecard adjusted in accordance with **government key priorities**
- **5 Scorecard elements, determine total points**
- **Broad-based groups** elevated into the main **Ownership** scorecard
- All companies to be measured to comply with **all elements**
- **Enhanced recognition** for Black-owned Exempted Micro Enterprises (EME's) and Qualifying Small Enterprises (QSE's)

The Revised Codes cont.

- **Scorecard points & Qualification criteria** for awarding of B-BBEE status levels adjusted.
- Employment Equity and Management Control merged into one element: **Management Control (MC)**
- Preferential Procurement and Enterprise Development merged into one element : **Enterprise and Supplier Development (ESD)**

The Revised Codes cont.

- Introduced **minimum requirements for priority elements**: Ownership, Skills Development, and Enterprise and Supplier Development.
- All measured entities to comply with **priority elements** under the following conditions:
 - QSEs to comply with **at least two** of the priority elements
 - Ownership **is** compulsory and either
 - ESD or Skills Development;
 - Large entities to comply with all priority elements
- Entities **who do not meet the thresholds** in priority elements, the overall Score will be **discounted**.

The Revised Codes cont.

- The thresholds for Exempted Micro Enterprises and Qualifying Small Enterprises have been adjusted as follows:
 - EME: increased from **R5 million to R10 million**
 - QSE: **R5 million - R35 million to R10 million - R50 million**
 - Large entities: **R50 million and above**
- Redefined Enterprise & Supplier Development beneficiaries to only include black-owned and black women-owned QSEs and EMEs.
- Requirements for Socio Economic Development (SED)

Principles for Alignment

The following principles are not for deviation and must be incorporated in the Sector Codes:

- All companies except **Exempted Micro Enterprises** to comply with **all elements**;
- The awarding of B-BBEE levels based on the **Scorecard points & Qualification criteria**;
- Enhancement of the recognition status of **black owned EMEs**.
- The **principle of priority elements** which are Ownership, Skills Development and Enterprise and Supplier Development
- The minimum threshold requirements for priority elements.
- The principle of discounting
- The redefinition of the Enterprise & Supplier Development beneficiaries to only include **black owned** and **black women owned QSEs and EMEs**

6. Amended AgriBEE Sector Code 2017

6.1 Introduction

Its conception is linked to the joint vision as contained in the Strategic Plan for South African Agriculture ('the Sector Plan') of a united and prosperous agriculture Sector designed to meet the challenges of constrained global competitiveness and low profitability, skewed participation, low investor confidence, inadequate support and delivery systems, and poor and unsustainable management of natural resources.

This Amended AgriBEE Sector Code derives directly from the Sector's core objective to ensure increased access and equitable participation in the Sector.

6.1 Introduction cont.

This document has been developed as an **Amended Sector Code for the Agricultural Sector in terms of Section 9 of the Act** and provides for empowerment in the Sector and it includes the **Amended AgriBEE Scorecards for large enterprises and Qualifying Small Enterprises (QSE)**.

Where there is doubt, uncertainty or ambiguity with respect to the interpretation of this Code, **the content of the Amended Codes of Good Practice, as published by the Dti, will prevail.**

Targets contained in the Amended AgriBEE Scorecard are based on those contained in the Amended Broad-Based Black Economic Empowerment Codes of Good Practice, as published by **the Dti**, as well as on stakeholder inputs, comments and recommendations.



6.2 Scope of Application

6.2.1. The scope of the Amended AgriBEE Sector Code shall **include any Enterprise which derives more than 50% of its turnover from:**

- (a) the primary production of agricultural products;
- (b) the provision of inputs and services to Enterprises engaged in the production of agricultural products;
- (c) the beneficiation of agricultural products whether of a primary or semi-beneficiated form; and
- (d) the storage, distribution, and/or trading and allied activities related to non-beneficiated agricultural products.

6.2.2. Where an Enterprise trades in more than one sector i.e. falls under more than one Sector Code, the Measured Enterprise must be guided by the principles embodied in the Amended Codes of Good Practice (refer to statement 003 of Amended Codes of Good Practice).

6.2 Scope of Application (Cont.)

6.2.3. Despite paragraph 2.1 and 2.2 above, the AgriBEE Charter Council may in consultation with the measured entity, **Minister of Agriculture, Forestry and Fisheries and Minister of Trade and Industry determine that the measured entity should fall under the scope of the AgriBEE Sector Code.**

6.2.4. This Amended Sector Code applies to **multinationals** whose business falls within the scope of the Code as defined in this section. Where a **specific regime for multinationals exists in the Amended Codes of Good Practice, this regime will apply.**

6.2.5. Enterprises as defined in paragraph 6.2.1 above should measure their contributions to the elements of broad-based BEE as contained in the Amended AgriBEE Scorecard.

6.2.6. Notwithstanding paragraph 6.2.5, Enterprises with an annual total revenue of between **R10 million and R50 million qualify for BEE compliance measurement in terms of the Amended AgriBEE QSE Scorecard (Black QSEs don't have to be measured).** However, it should be noted that the Minister may, by notice in the Gazette, adjust the thresholds following appropriate benchmarking studies, sub-sector inputs, other relevant information and consultation with the major stakeholders in the sector.

6.2 Scope of Application (Cont.)

6.2.7 Notwithstanding paragraph 6.2.5 and 6.2.6 above, Enterprises with an **annual total revenue of less than R10 million, will be classified as Exempted Micro Enterprises ('EMEs')**. EMEs will enjoy a deemed **BEE recognition Level 4** (as defined in the Amended Codes of Good Practice), and sufficient evidence of qualification as an Exempted Micro-enterprise is a sworn affidavit or Companies and Intellectual Property Commission (CIPC) issued certificate. However, EMEs are encouraged to contribute to transformation in agriculture, particularly in the areas of skills development and socio-economic development; and are therefore incentivised to increase their BEE status by adopting this Amended AgriBEE Sector Code directive for EMEs to move from Lower Levels, to Higher Levels. **Black EMEs and QSEs automatically qualify for level 1 (those that 100% Black owned) and 2 (those that are at least 51% Black owned).**

6.2.8. The AgriBEE Sector Charter Council must review and **adjust the revenue thresholds for QSEs and EMEs every two (2) years in line with relevant economic indicators and in expectation of the data's revision of the Sector Code.**

6.3 Objectives

6.3.1. The objectives of the Act are to facilitate Broad-Based Black Economic Empowerment by:

- (a) promoting economic transformation in order to enable meaningful participation of black people in the economy;
- (b) achieving a substantial change in the racial composition of ownership and management structures and in the skilled occupations of existing and new Enterprises;
- (c) increasing the extent to which communities, workers, co-operatives and other collective Enterprises own and manage existing and new Enterprises and increasing their access to economic activities, infrastructure and skills training;
- (d) increasing the extent to which black women own and manage existing and new Enterprises, and increasing their access to economic activities, infrastructure and skills training;
- (e) promoting investment programmes that lead to broad-based and meaningful participation in the economy by black people in order to achieve sustainable development and general prosperity;
- (f) empowering rural and local communities by enabling access to economic activities, land, infrastructure, ownership and skills; and
- (g) promoting access to finance for black economic empowerment.

6.3 Objectives (Cont.)

6.3.2. The objectives of this Amended AgriBEE Sector Code are to facilitate Broad-based Black Economic Empowerment in the Agricultural Sector by implementing initiatives to include Black South Africans at all levels of agricultural activity and Enterprises by:

- (a) **promoting equitable access and participation of Black People** in the entire agricultural value chain;
- (b) **de-racialising land and Enterprise ownership, control, skilled occupations and management of existing and new agricultural Enterprises;**
- (c) **unlocking the full entrepreneurial skills** and potential of Black People in the Sector;
- (d) **facilitating structural changes in agricultural support systems and development initiatives** to assist Black South Africans in owning, establishing, participating in and running agricultural Enterprises;
- (e) socially **uplifting and restoring the dignity of Black South Africans** within the Sector;
- (f) increasing the extent to which communities, workers, co-operatives and other collective Enterprises own and manage existing and new agricultural Enterprises, increasing their access to economic activities, infrastructure and skills training;

6.3 Objectives (Cont.)

- (g) increasing the extent to which **Black Designated Groups own and manage existing and new agricultural Enterprises**, increasing their access to economic activities, infrastructure and skills training;
- (h) **empowering rural and local communities** to have access to agricultural economic activities, land, agricultural infrastructure, ownership and skills;
- (i) the **improvement of living and working conditions** and promotion of decent living and working conditions for farm workers; and
- (j) **improving protection and standards of land rights and tenure security for labour tenants, farm workers and other vulnerable farm dwellers** and addressing the inherently paternalistic nature of relationships associated with insecure tenure by promoting more permanent forms of tenure with the emphasis being on the transfer of ownership of land.

6.4 Determination of AgriBEE Status

6.4.1. The BEE status of an Enterprise that falls within the scope of application of the Amended AgriBEE Sector Code will be determined by the Enterprise's score on the Amended AgriBEE Scorecard.

The Amended Scorecard consists of the following five key elements:

- (a) Ownership (Equity & Land Ownership);**
- (b) Management control;**
- (c) Skills development;**
- (d) Enterprise and Supplier Development; and**
- (e) Socio-Economic Development.**

6.4 Determination of AgriBEE Status (Cont.)

6.4.2. The Amended AgriBEE Sector Code (Scorecard) **enjoys equal status** with that of any other code, including the Amended Generic Codes of Good Practice.

6.4.3. Measurement Principles:

(a) A Measured Enterprise's score for a particular indicator is calculated by dividing the enterprise's actual contribution (as described by the relevant indicator) by the corresponding target.

(b) The result is multiplied by the corresponding indicator weighting points to obtain a score for that indicator.

(c) Where the enterprise **attains a score in excess of the indicator weighting points, the enterprise shall only be entitled to the corresponding weighting points.**

(d) The score for an element is the sum of indicator scores under that element.

(e) **A Measured Enterprise's overall BEE score will determine its BEE status and BEE procurement recognition level.**

6.4.4. The gazetting of an Amended AgriBEE Sector Code for the Agricultural Sector, in terms of Section 9 (1) of the Act, is **evidence of the commitment by all stakeholders to promote Broad-Based Black Economic Empowerment in the Agricultural Sector.**



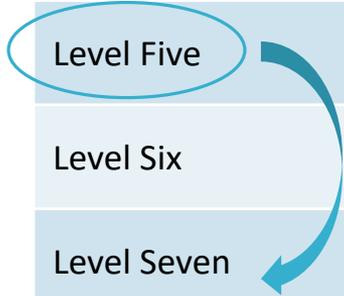
B-BBEE Status and Recognition Level

BEE Status	Qualification	BEE procurement recognition level
Level One Contributor	≥100 points on a broad-based BEE Scorecard	135%
Level Two Contributor	≥95 points but <100 points on a broad-based BEE Scorecard	125%
Level Three Contributor	≥90 points but <95 points on a broad-based BEE Scorecard	110%
Level Four Contributor	≥80 points but <90 points on a broad-based BEE Scorecard	100%
Level Five Contributor	≥75 points but <80 points on a broad-based BEE Scorecard	80%
Level Six Contributor	≥70 points but <75 points on a broad-based BEE Scorecard	60%
Level Seven Contributor	≥55 points but <70 points on a broad-based BEE Scorecard	50%
Level Eight Contributor	≥40 points but <55 points on a broad-based BEE Scorecard	10%
Non-Compliant Contributor	<40 points on a broad-based BEE Scorecard	0%

Strategy and Implementation Melcus Nel – Signa Group

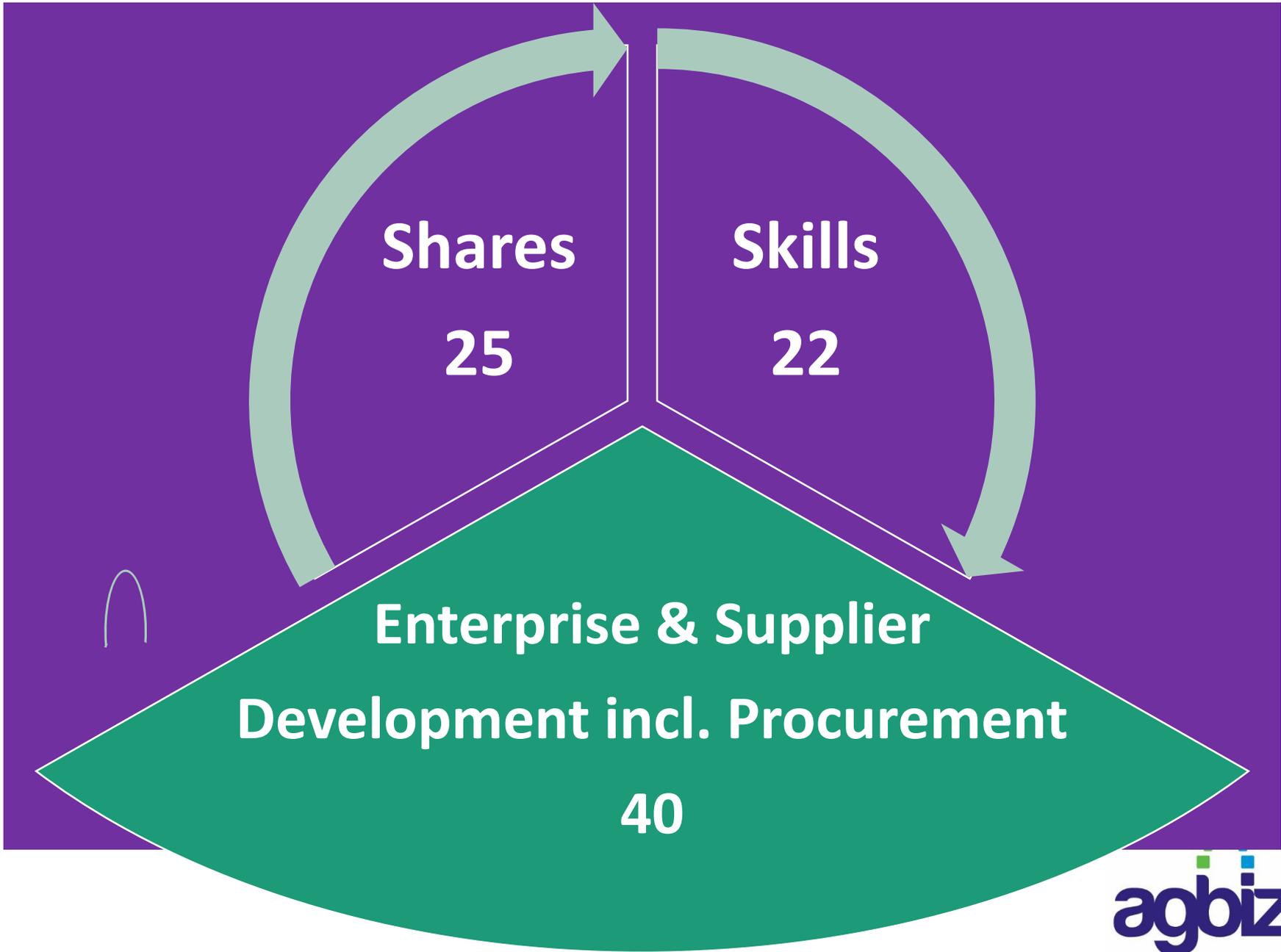
BEE recognition levels

B-BBEE Status	Current Qualification	New Qualification	B-BBEE recognition level
Level One	≥100 points	≥100 points	135%
Level Two	≥85 but <100 points	≥95 but <100 points	125%
Level Three	≥75 but <85	≥90 but <95	110%
Level Four	≥65 but <75	≥80 but <90	100%
Level Five	≥55 but <65	≥75 but <80	80%
Level Six	≥45 but <55	≥70 but <75	60%
Level Seven	≥40 but <45	≥55 but <70	50%
Level Eight	≥30 but <40	≥40 but <55	10%
Non-Compliant	<30	<40	0%



New Scorecard

Element	Code series	Current Weighting	NEW Weighting
Ownership	100	20	25
Management Control	200	10	19
Employment Equity		15	
Skills Development	300	15	20 +5
Enterprise and Supplier Development	400	20	40
Enterprise Development		15	
Socio-Economic Development	500	5	15



Priority elements

Ownership

Sub-minimum = 40% of Net Value points
3.2 points

Skills Development (SD)

Sub-minimum = 40% of total weighting points
8 points

Enterprise and Supplier Development (ESD)

Sub-minimum = 40% of EACH of categories
16 points

Generics must comply with all 3 priority elements

QSE must comply with ownership + 1 priority element

what's all the fuss about?



	Current Rating	New Codes
Ownership	13.00	
Management Control	7.44	
Employment Equity	12.06	
Skills Development	4.65	
Preferential Procurement	12.51	
Enterprise Development	15.00	
Socio-Economic Development	5.00	
Total Points	69.66	69.66
Calculated Level	4	7
Level Adjustment		-1
Final Level		8

ALIGNING BEE AND NEEDS

- Ownership
- Skills Tax Benefits
- Agri – Socio Economic Development-15 points
 - Schools funding and mentorship
- Enterprise and Supplier Development
 - Funding / assistance to BEE operations – allow phasing in of Procurement targets

QUO VADIS?

- Identify Need
- Why do I need BEE?
- What level will be determined by previous question.
- Do I need to redistribute?
- What does redistribution mean?
- How am I training my employees?
- How do I help the community?
- Co-ordinate through organised Agriculture

Element Summary

Ownership

- Procurement – 51% BEE 30% BEE Women

Management

- Challenging

Skills Development

- Increase from 2% tot 6%
- 50% of Learnerships Unemployed People

Enterprise Supplier Development

- Including procurement
- Phasing in provision

Socio Economic Development

- Agree in Advance

New Codes

40 points

Penalty

55 Points

30 Points

Old Codes



Impact of Penalties

Maximum score 119

No Ownership – 94

No Management – 75

Maximum Level 5
With Penalty 6

Minimum Score

Socio ED 15
Enterprise Dev 20
Supplier Dev 30

Need 55 for Level 8

Skills 20 / Procurement 25

Socio-Economic Development

1.5% for 15
points

Housing

Transport

Schools

Retirement

ABET

Bursaries

Land 10%

Socio-Economic Development

Black People

Facilitate access to the
Economy

Income-generating
activities

Consult and provide proof

AMENDED AGRI SECTOR CHARTER SOCIO-ECONOMIC DEVELOPMENT AGREEMENT
AGRIBUSINESS ENTERPRISES

Introduction:

Socio-economic development refers to contributions that are related to the agricultural industry and contributions initiated and implemented in favour of Black People, with the specific objective of facilitating

Parties:

Xxx(Company Name),

the Measured Entity,

consulted with:

xxx(Beneficiary Name),

the Beneficiary,

on the **xxx(Date of meeting. Please note: this date MUST precede the spending date),**

to establish their needs.

Needs identification:

The following needs were identified (Please select or add relevant needs):

Socio-Economic Development Agreement:

We decided to assist with the following (Please select or add relevant items):

Signed:

For the Measured Entity:

Name:

Title:

Signature:

Date:

For the Beneficiary:

Name:

Title:

Signature:

Date:

Confirmation of Beneficiary Status:

The Beneficiary qualifies as a Socio-Economic Development beneficiary.

Xxx% (Please note: Must be \geq 75% to obtain full benefit.) of the value of the assistance directly benefits black people.

The following documents required for substantiating a claim on a B-BBEE scorecard will be sent through:

- B-BBEE Affidavit of The Beneficiary indicating **% of the value of assistance that directly benefits black people;**
- Profile of The Beneficiary;
- Letter of appreciation for the contribution to The Measured Entity acknowledging receipt and indicating the **value of the assistance that directly benefited black people.**

Enterprise and Supplier Development

Include Procurement spent
BEE Rands

Reach you OWN suppliers –
proper analysis and
monitoring

Develop their scorecards –
ESD contributions

ESD FOCUS

51% Black Owned

- 40% target
- 9 Points

30% Black Women

- 12%
- 4 Points

QSE

- 15%
- 3 Points

EME

- 15%
- 4 Points

ESD options

BEE Certificates

- Grants for assisting to obtain

Assets / Facilities

- Market Value

Mentorship

- Salaries
- Market Value

Loans

- Interest free – 70%
- Interest Bearing – 50%

Ownership

- 10% Minimum
- 25+1% Maximum score
- BEE Supplier 51% BEE or 30% Black women
- Reason for doing ownership critical to determine optimum solution

Key questions

Do I need it to stay in business ?

How much is enough ?

Do I give or sell equity?

What are the risks ?

What's the best way to go about it ?

Ownership Options

- **Sell shares**
 - **With or without funding**
- **Broad Based Groups**
 - **Cooperatives / Employees**
- **Sale of assets**
- **Private Equity Fund**

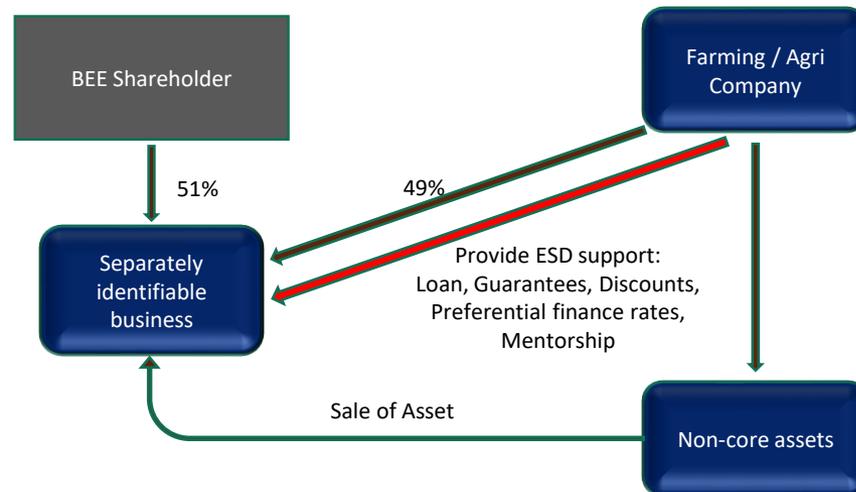
Sale of assets

For “once empowered, always empowered” recognition:

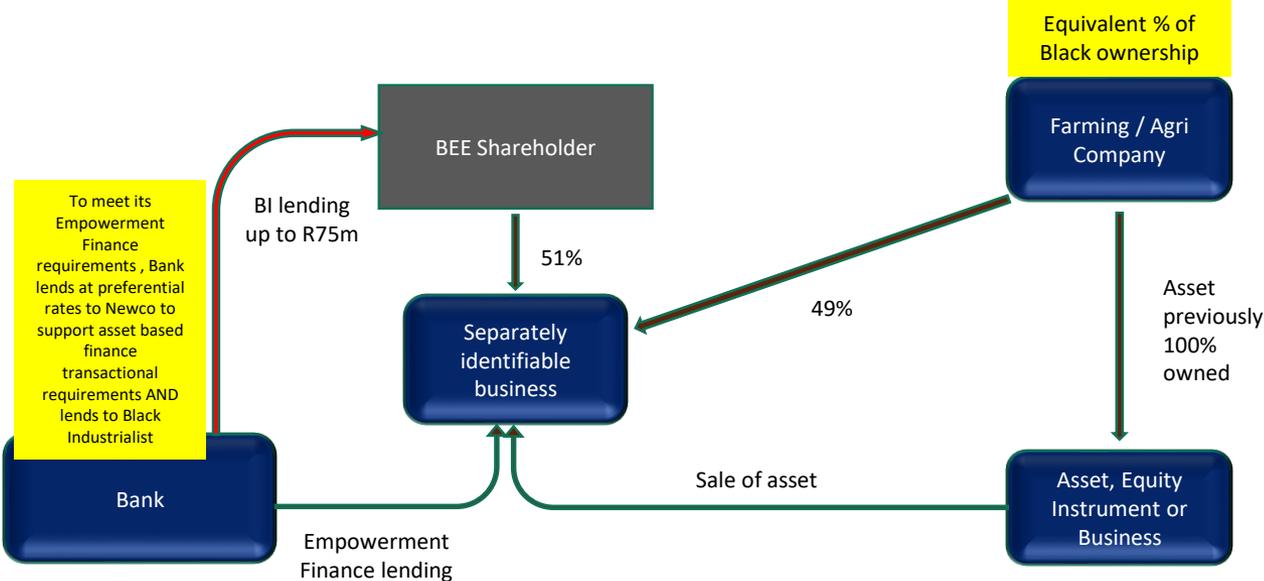
The transaction must ultimately result in:

1. the creation of sustainable businesses or business opportunities for Black People; and
2. the transfer of specialised skills or productive capacity to Black People; and
3. it must not result in unnecessary job-losses;
4. it must involve a separate Associated Enterprise which has:
 - no unreasonable limitations with respect to its clients or customers;
 - clients, customers or suppliers other than the Enterprise with which the Qualifying Transaction was undertaken; and
 - no operational outsourcing arrangements with the initiating Enterprise that were not concluded at arms-length on a fair and reasonable basis.

Sale of assets



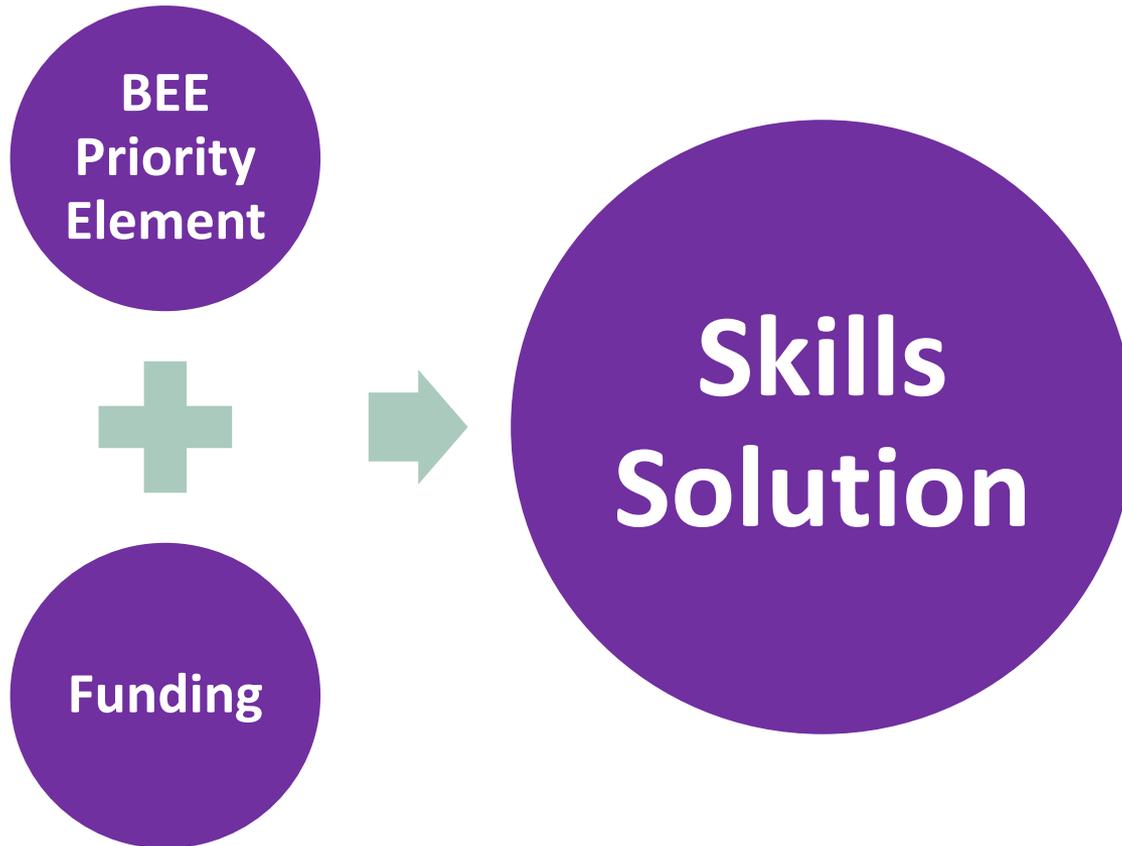
Sale of assets



Private Equity Fund

- **International Investors**
 - Employment Equity solution
- **Black Fund Manager**
 - Transformative Outcomes

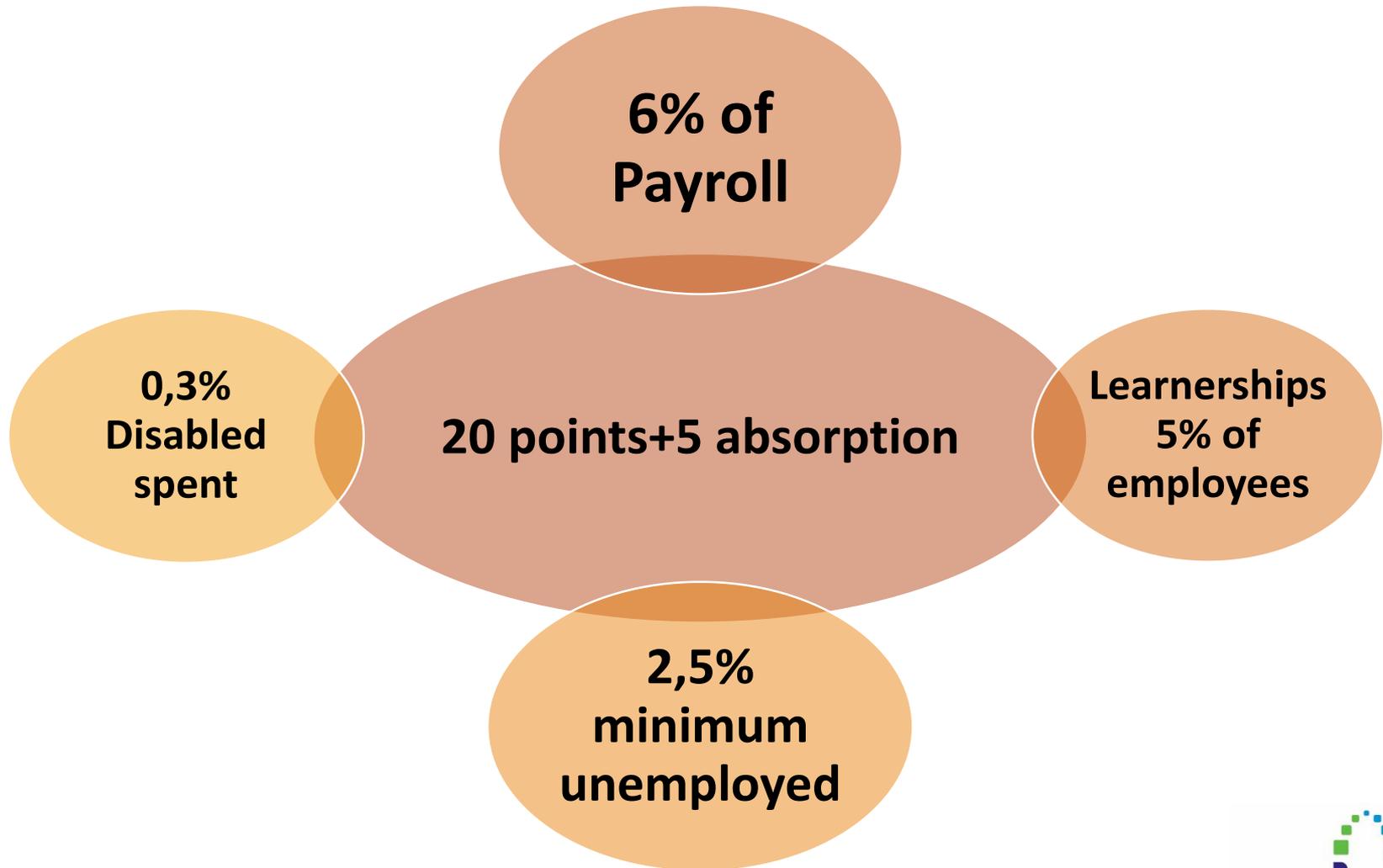
SKILLS



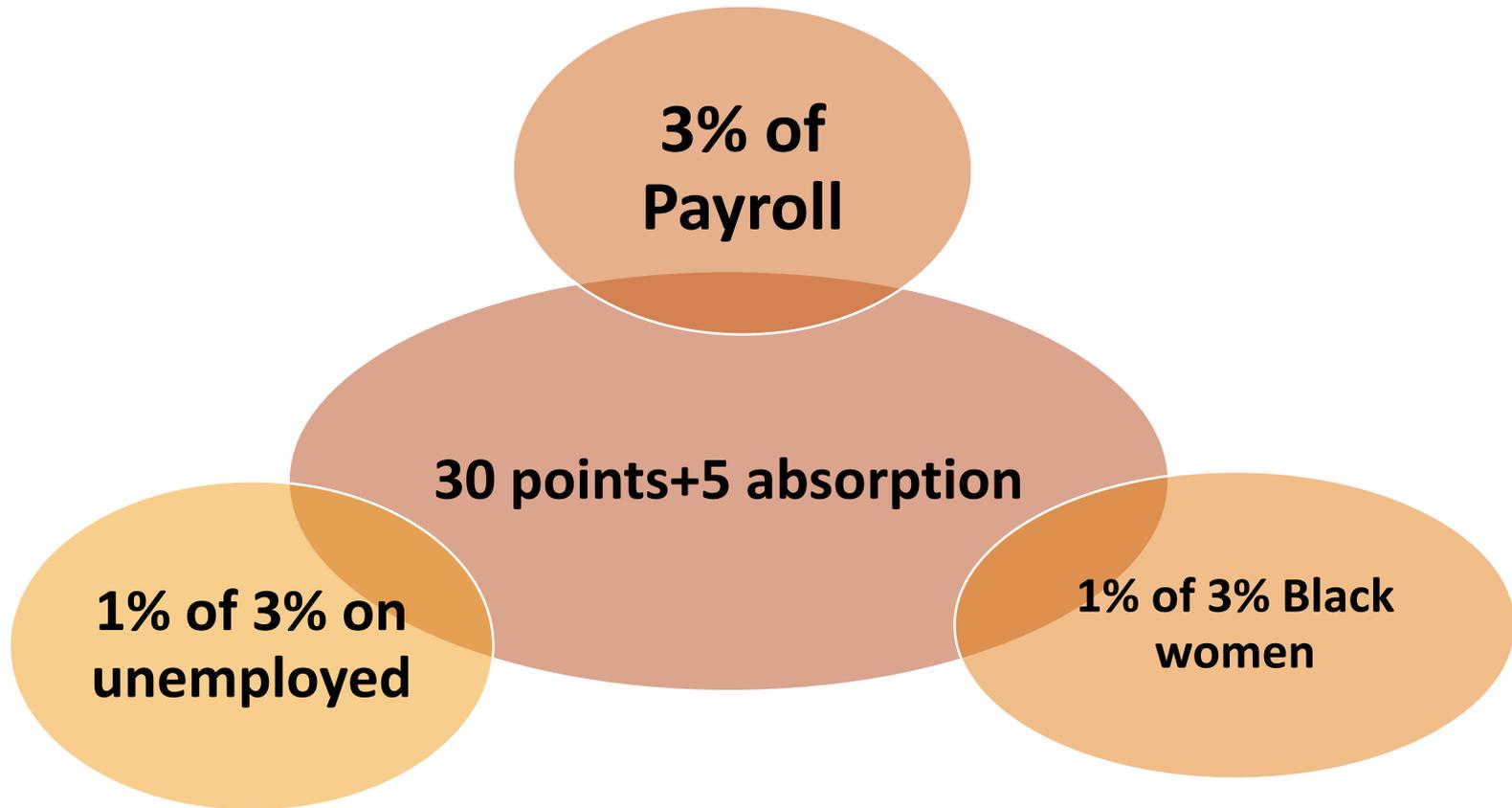
FUNDING

- Skills Development Levy 20%
- ETI – Employee Tax Incentive – 18 to 29 R1000 per month
- Sect 12h Tax deduction
 - Disabled Learners R120 000 per annum
 - Abled Learners R80 000 per annum

Generic Companies > R50m



QSE – between R20 and R50m

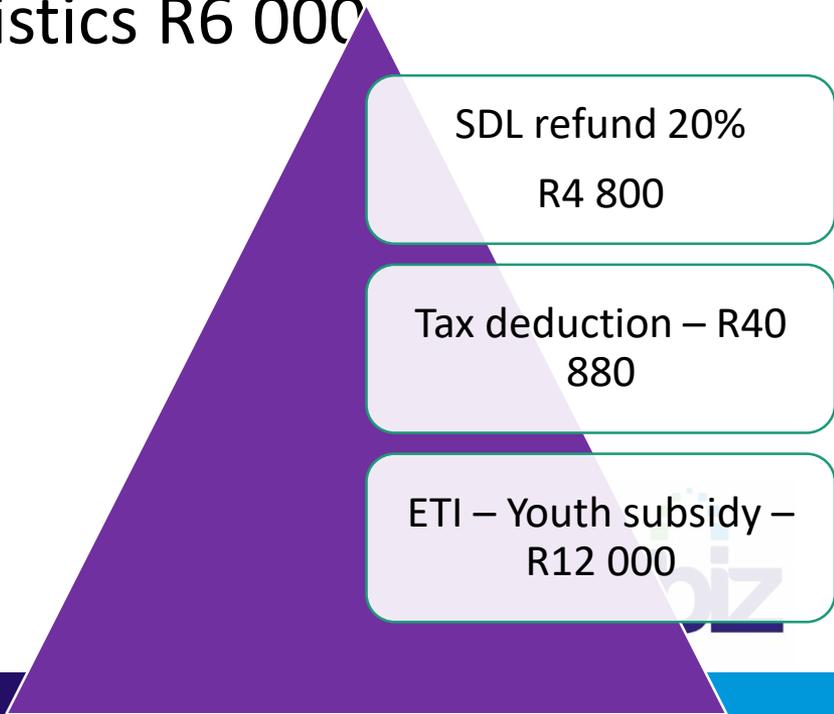


How do we do it?

- Assume payroll of R200 000 per month / R2,4m per annum
- 1% Skills Levy = R24 000 / 3% target = R72 000
- One learnership cost R30 000
- Admin / learner support / logistics R6 000
- Stipend R30 000 p.a
- Total R60 000 p.a



R 13 120 or
R1 100 per
month



SDL refund 20%
R4 800

Tax deduction – R40
880

ETI – Youth subsidy –
R12 000

IMPLEMENTATION

- Group of 20
- Theory 1 - 2 days per week
- Work 3 - 4 days per week
- Presented in community halls
- Facilitated by farm supervisors / managers
- Farmers Unions / Industry Bodies

AGRI BUSINESSES

- Disabled Learners Outsourced
- Learnerships for own employees
- 50% must be Unemployed

Management

- Skills Audit
- Develop career paths
- Sponsor studies
 - Employees
 - School children
- Grow internal BEE management structures

Management

- Disabled Employees 2% for 2 points
- Board members 50% for 2 points
- Junior Management 88% for 1 point

General Comments

- Start in time – proper planning
- 12 months measurement period – Financial year vs Management accounts
- Ownership and Management at date of verification
- Site visit compulsory
- New verification manual not published

AGBIZ TRANSFORMATION DESK

- Questions and Interpretations – in Agbiz newsletter
- Analysis of member scorecards

7. Agbiz Awareness and Surveys

Agribusinesses implementing AgriBEE

Intentions unpacked through Agbiz 2014 AgriBEE
survey

Lindie Stroebel

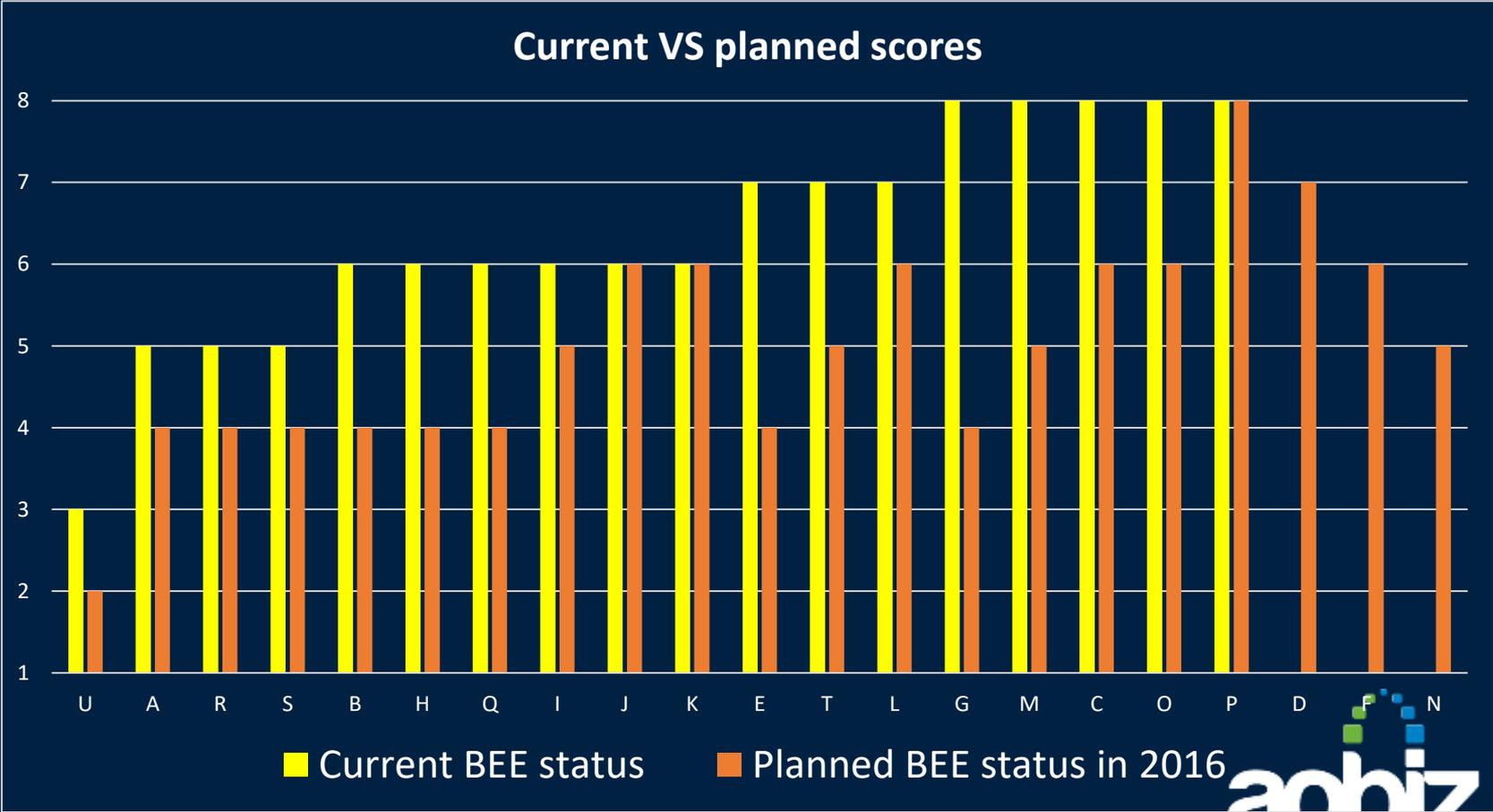
12 April 2014

Agbiz media event



Current & Planned scores 2014

Intention to improve



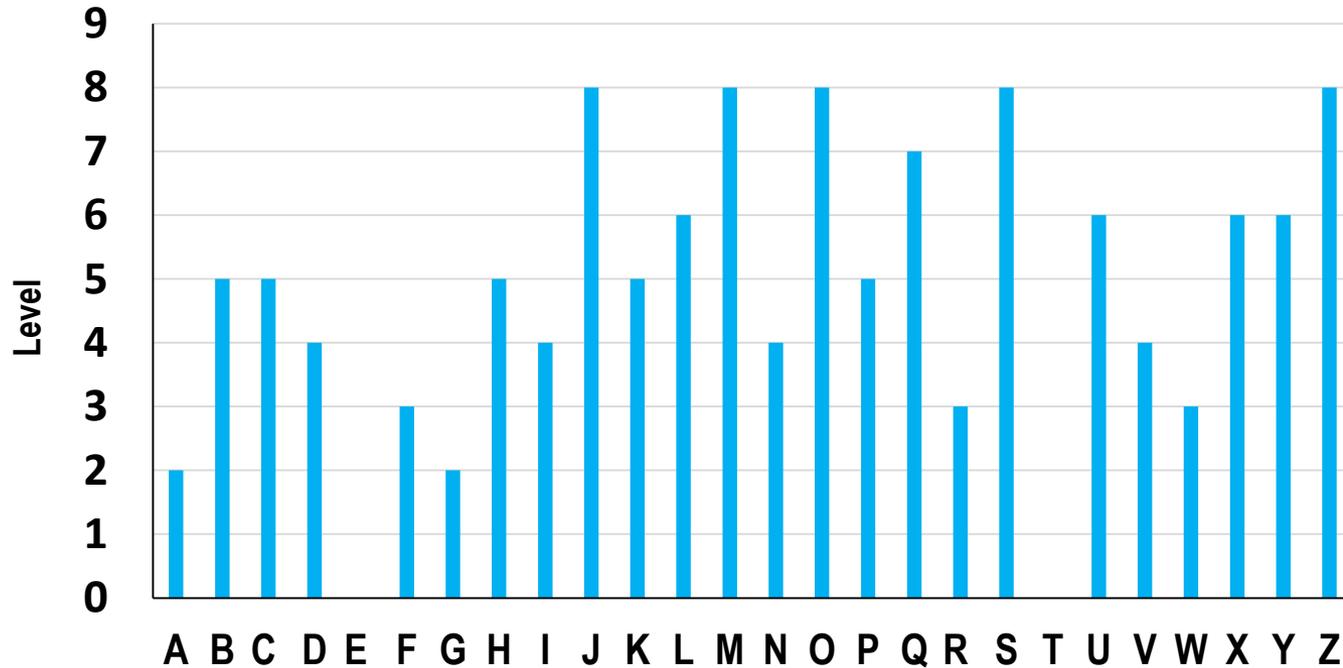
2017 AgriBEE survey results

by Agbiz

Responses to the 2017 survey

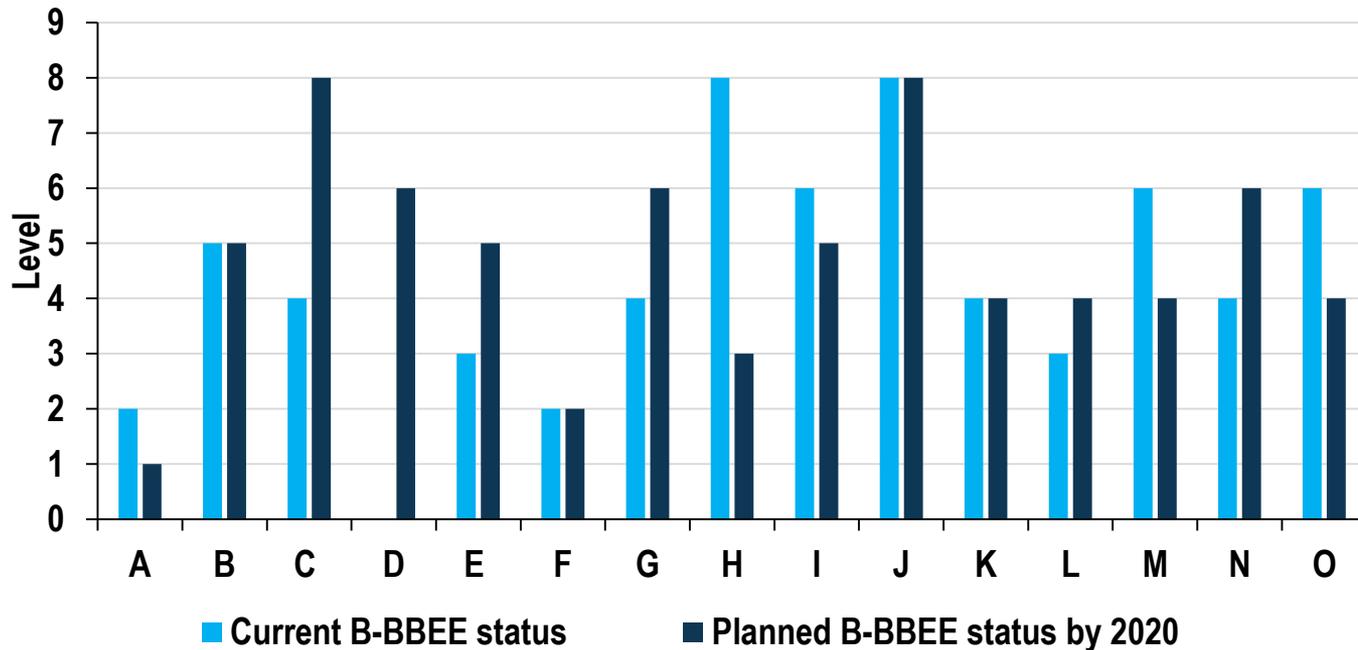
- Total of 26 responses
- The average B-BBEE score is level 5
- Two categories, based on turnover
 - Category 1 (15 responses): < R1 billion turnover
 - Category 2 (11 responses): > R1 billion turnover

What is your current B-BBEE status?



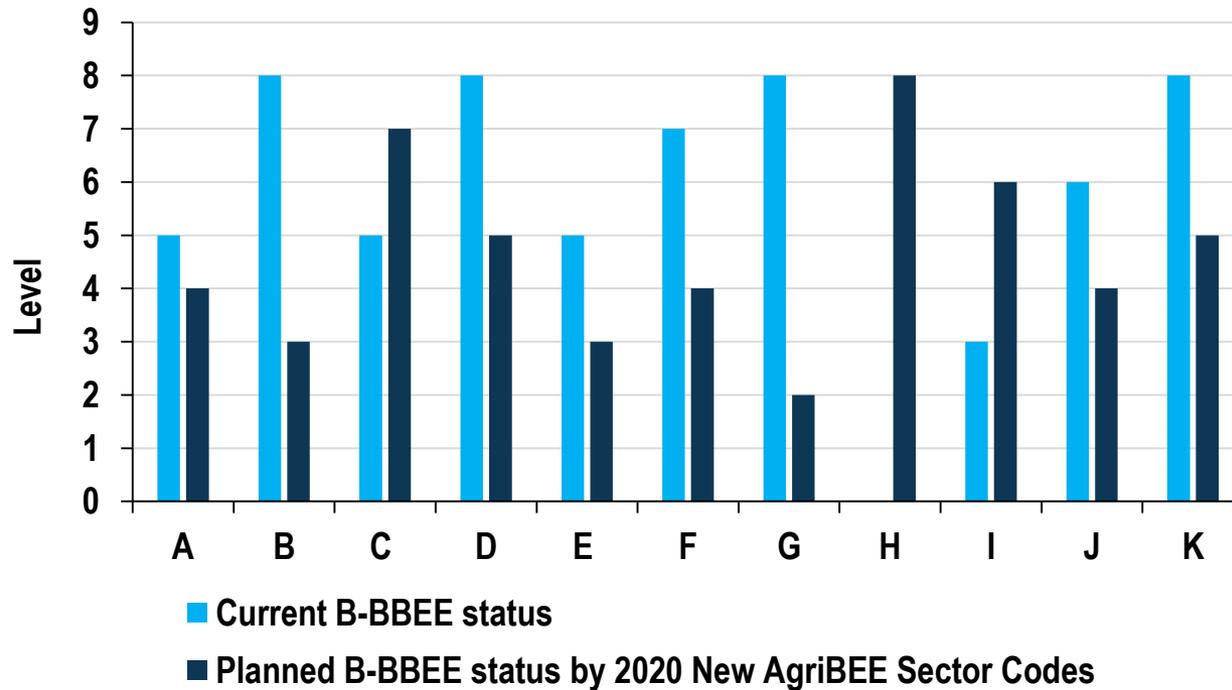
**Letters represent respondents' names*

Category 1: Average level is 4



**Letters represent respondents' names*

Category 2: Average level 6



**Letters represents respondents' names*

Please indicate which elements your company would most likely pursue as part of your future B-BBEE strategy?

Priority Ranking	2007 survey	2009 survey	2012 survey	2014 survey	2017 survey
1	Skills Development	Skills Development	Socio-economic development	Skills Development	Skills Development
2	Ownership	Preferential procurement	Enterprise development	Enterprise development	Enterprise and supplier development
3	Employment Equity	Socio Economic Development	Skills development	Social development	Management Control
4	Management Control	Enterprise Development	Preferential Procurement	Ownership	Ownership

8. Sector Council Meeting 20 February 2018

1. Terms of reference – Consensus vs Majority
2. Strategic meeting 19 April – 4 to 5 main objectives
3. Reporting – norms and standards
4. Benchmarking
5. Funding NAMC 5% of 20% of Statutory levy
6. SANAS meeting – invite council members to attend verification of its members
7. Provincial structures – involvement of members
8. Implementation date

9. Wrap up

From SONA 2018:

“The process of industrialisation must be underpinned by transformation.

We will improve our capacity to support black professionals, **deal decisively with companies that resist transformation**, use competition policy to open markets up to new black entrants, and invest in the development of businesses in townships and rural areas.”

- B-BBEE has moved from ‘Intent to Transform’ to ‘Regulated Transformation’.
- Amended AgriBEE Sector Code is as close as possible to revised generic CoGP – tough negotiation process.
- Reasons: (i) Level playing field (ii) Predictability (iii) Smooth transition.
- Agribusinesses, including banks, will in effect now have to ‘force’ clients (farmers) to provide scorecards.
- **All** business with government (procurement, licenses, permits, etc.) will require a scorecard.

Thank you

www.agbiz.co.za

