PRESENTATION ON THE DRAFT AMENDED
AgriBEE SECTOR CODES

60 days’ Provincial Public Consultation Workshop,
20 November 2015 to 19 January 2016

By
AgriBEE Charter Council
Outline of Presentation

• Background
• Roadmap development of AgriBEE Sector Code
• Amendments to Broad Based Black Economic Empowerment (BBBEE) Framework
• Alignment of the AgriBEE Sector Code, published 28th December 2012
• Key Principles for Alignment
• Objectives of the Amended AgriBEE Sector Code
• Peculiarities of the Agricultural Sector and enterprises
• Scope of Application of the Amended AgriBEE Sector Code
• Elements of the Amended AgriBEE Sector Code Scorecard -Priority, Subminimum
• Outstanding issues

Submission of comments on the Draft Amended AgriBEE Sector Code
Background

• BBBEE Codes
• NGP
• IPAP
• APAP
• NDP
Roadmap development of AgriBEE Sector Code

• Footprints showing road from development AgriBEE Transformation Framework, July 2004
Amendments to BBBEE Framework

• Review of BBBEE Framework, taking into account implementation status & lessons

• BBBEE Act No. 53 of 2003 was reviewed and include major improvements (BBBEE Amendment Act No. 46 of 2013)

• Act No. 46 of 2013’s scope include mechanism to address Fronting Practices, provide for establishment of BBBEE Commission, Trumping clause, and the utilisation of levers/instruments by Government to increase BBBEE Compliance (section 6)

• Effective date of Act No. 46 was 24th October 2014, with exception of section 3 (24th October 2015)
Amendments to BBBEE Framework cont.

- BBBEE Codes of Good Practice, February 2007 were reviewed and include major improvements (Amended BBBEE Codes published on 11 October 2013 & 6 May 2015)
- Consolidation of Empowerment Elements
- Introduction of Priority Elements, Subminimum and Discounting Principle
- Thresholds changed for Large, Qualifying Small Enterprises (QSE) and Exempted Micro Enterprises (EME)
- Determination of BEE Status levels changed
- Amended BBBEE Codes effective from 1\textsuperscript{st} of November 2015, except
Amendments to BBBEE Framework cont. - changes at a Glance

- CoGP 2007
- AgriBEE 2012
- CoGP Revised 2013
- AgriBEE Revised

Five Elements
Adjusted Thresholds
Three Priority Elements
Fronting - criminalize
Institutionalization: B-BBEE Commission
Synchronization of systems for efficiency
Compulsory Reporting
SMMEs Compliance: EMEs and QSEs Sworn Affidavit
Empowering Supplier
Discounting Principle
Military Veterans added to designated groups
Enhancement of Black owned entities
Alignment of the AgriBEE Sector Code

• First published in government gazette on 28th December 2012, in terms of section 9 (1) of BBBEE Act
• Legally binding on all stakeholders in the Agricultural Sector
• AgriBEE Charter Council responsible for Alignment Process
• Agreement amongst stakeholders to align to Key Principles set-out by the DTI
• Alignment process underpinned by extensive stakeholder consultation and sufficient-consensus reached
• Negotiated-outcomes achieved as captured in Application to Minister of DAFF to support Draft Amended AgriBEE Sector Code’s approval for gazette by the DTI (2 June 2015 & 30 October 2015)
Key Principles for Alignment

- AgriBEE Sector Code met requirements of BBBEE Act and Statement 005 of the Codes of Good Practice (Definitions, Principles, Calculations etc)
- Aligned AgriBEE Sector Code contain key changes of Amended Codes
- All elements of the Generic Scorecard fully addressed in AgriBEE Scorecard
- Deviations in AgriBEE Sector Codes are allowed and express peculiarities of the Agricultural Sector
- Deadline for Alignment of Sector Code – 30 April 2015, extended to 30 October 2015
Objectives of the Amended AgriBEE Sector Codes

In line with BBBEE Act No. 46 of 2013, objectives amongst other are:

(a) Promoting economic transformation in order to enable meaningful participations of Black People (as defined in BBBEE) in the economy;

(b) Achieving a substantial change in the racial composition of ownerships and management structures and in the skilled occupations of existing and new enterprises;

(c) Promoting investment programs that lead to broad-based and meaningful participation in the economy by Black People in order to achieve sustainable development and general prosperity;

(d) Empowering rural and local communities by enabling access to economic activities, land, infrastructure, finance, ownership and skills
Peculiarities of the Agricultural Sector and enterprises

• Scope of Amended AgriBEE Sector Code forms basis for including peculiarities of the sector

• Various influences such as weather patterns, economic & business cycle changes, economic market structures, enterprise-ownership forms (family-owned business and co-operatives) are accommodated

• Uniqueness of agriculture in terms of Land and flat management control structures (Primary Agricultural Sector)

• Integrated operations of agricultural business operations

• Ageing farmers

• Lack of Skills and under-investments in Skills, Training, R & D

• Lack of interest under youth to enter the Agricultural Sector
Scope of Application of the Amended AgriBEE Sector Code

• Scope shall include any enterprise which derives majority of its Turnover from:

(a) Primary production of agricultural products;

(b) Provision of inputs and services to enterprises engaged in the production of agricultural products;

(c) Beneficiation of agricultural products whether of a primary or semi-beneficiated form; and

(d) Storage, distribution, and/or trading and allied activities related to non-beneficiated agricultural products.
Elements of the Amended AgriBEE Sector Code Scorecard

Applicable to Large AND Qualifying Small Enterprises (QSE)

• General Ownership (equity);
• Management Control;
• Skills Development;
• Enterprise and Supplier Development; and
• Socio-Economic Development
Priority Elements, Subminimum and Discounting Principle

For Large

- Ownership equity – 40% subminimum;
- Skills Development – 40% subminimum; and
- ESD – 40% subminimum on each of the sub-elements

QSE

- Ownership equity – 40% subminimum;
- Skills Development – 40% subminimum OR ESD – 40% subminimum on each of the sub-elements
- Discounted one level down, once per measurement cycle
## AgriBEE Sector Code Scorecard (Old vs New Elements)

<table>
<thead>
<tr>
<th>Old Elements</th>
<th>New Elements</th>
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<tbody>
<tr>
<td>Ownership and Land Ownership</td>
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<tr>
<td>Skills Development</td>
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<td></td>
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<tr>
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<tr>
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<tr>
<td>Socio - Economic Development</td>
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## Ownership Scorecard

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<tr>
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<tr>
<td>Socio -Economic Development</td>
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Outstanding Issues

• 1; and

• 2
Submission of Public Comments (Way Forward)

Clean

- Stakeholders must submit written comment on the Draft Amended AgriBEE Sector Code & scorecard **before 19 January 2016**

- Written comments send via Email to: agribeesectorcode@thedti.gov.za for attention of Jacob Maphutha and Mologadi Leshiba

Or TO:

- The dti Campus
- 77 Meintjies Street
- Sunnyside, Pretoria
- 0002
- c/o BEE Unit

- Private Bag X 84
- Pretoria
- 0002