

## BUSINESS

## AgriBEE sector code official

The AgriBEE Sector Code became effective last month but the sector was still unclear on what it meant for farmers and agribusinesses.

The code forms part of the BBBEE (Broad Based Black Economic Empowerment) Amendment Bill.

Dr John Purchase, CEO of the Agricultural Business Chamber (Agbiz), said, "The bill is very unclear and we have an issue with legislation that forces compliance but gives no clarity as to what will happen if there is no compliance."

The AgriBEE Sector code was introduced to 'level the playing field'. Agribusinesses, including banks would in effect now have to insist that their farmer clients provided BEE scorecards.

Also all business conducted with government will require a BEE scorecard.

In the last survey conducted by Agbiz in 2012, most agribusinesses had a BEE scorecard or a plan to implement such a strategy. However, not many farmers had scorecards.

Farms with an annual turnover of less than R5 million fall into the Exempted Micro Enterprises (EME) category. Purchase estimated that at least 50% of the farms in South Africa would fall into this category.

He said the legislation could lead to a reduction in agricultural investment as compliance with the laws made doing business in South Africa more complicated and costly. "Investors can simply take their money elsewhere. The law could hamper entrepreneurship for the same reason."

Dr Anthea Jeffery, head of special research at the SA Institute of Race Relations (SAIRR), said that instead of trying to amend BEE laws, government should scrap them.

"Amendments are intended to counter widespread criticism that BEE has done little but enrich a small elite, without making SA a fairer and more prosperous place.

"Government must identify the real barriers to the advancement of the poor and set about removing them, freeing the labour market from excessive regulation and making SA far more attractive to local and foreign investors." – *Lindi van Rooyen*