

He DTI gazetted proposed changes to the BEE Codes of Good Conduct last month with the anticipated changes to come into effect around October this year.

As part of this announcement, Skills Development once again came to the fore. AJ Jordaan, Sales Manager from LFP Training, a leading provider of BEE-aligned Skills Development training provides a run-through on how these changes will affect your business in 2018. Eight critical points are included in the bullet points below.

“Earlier this year we outlined amendments to the construction, financial and agricultural sectors. While there was some resistance and concerns, the general amendments better benefited QSE’s and EME’s to once again promote small business growth,” says Jordaan.

Jordaan explains that President Cyril Ramaphosa has always been a great advocate for BEE initiatives and that the amendments look to further structure and enhance current policies. “The great thing about this is that businesses have time to familiarise themselves and to best prepare; there is also a call on the public to voice their opinions. Another great factor is the focus placed on Skills Development as well as youth initiatives (the Youth Employment Service (YES)) as key drivers for economic growth and opportunities,”

Having operated in the industry for several years, Jordaan believes that the reason for many businesses receiving penalties is largely due to resistance, poor counsel and being unprepared. “Creating and executing a solid BEE strategy from the get-go ensures that your company has the correct foundation and can make amendments when necessary. What we find is that companies who have resisted in the past are the ones who truly struggle. We also urge businesses to ensure that both their internal and external counsels truly understand the business’s needs when it comes to BEE and how to apply these for greater good”.

Jordaan highlights key changes which will affect businesses operating in the local climate:

- 51% black-owned businesses are now automatically exempted from verifications and will receive an ownership certificate instead. “This remains a key element on the BEE scorecard with the amendments looking to simplify businesses with ownership BEE strategies,” says Jordaan. To note, these affidavits can only be issued by CIPC.
- The Skills Development target, which is still at 6%, is now to be allocated as 3.5% spend on black people and 2.5% on black students in higher education. “In the past the Skills Development Element was focused on learnerships, internships and apprenticeships; what we now find is an equal focus on higher education and this will ensure that all levels of education enjoy priority and potential opportunities for all individuals,”
- The Skills Development spend on black students includes bursaries at higher education institutions as a new indicator. “This positive initiative will prove beneficial in the long run because of the increased immediate opportunities it creates for students to complete a higher education qualification,”
- Implementation of the YES initiative to create job opportunities and alleviate unemployment in the youth sector. “The youth sector is our country’s most promising sector which is currently in crisis with 67.4% (2017) unemployment in the under 25 age bracket. The President, like most, is passionate about youth empowerment and we believe that this initiative is a positive thing because of the incentive for companies enhancing their BEE level by reaching their YES targets and simultaneously address the poor employment rate for the youth. A higher BEE level holds a lot of benefits for companies (i.e. a higher recognition level) and it may unlock potential business

previously not obtainable because of a non-sufficient BEE level.

- To clearly define the required Skills Development spend, the code changes clearly specifies that black student bursaries cannot be counted as spend on black people. “The divide in spend is in fact separate to ensure that both the youth and greater society benefits from the policies,” says Jordaan.
- Employed and unemployed learners – It is made very clear in the amended codes that expenditure for these two entities is separate from each other, where this may have been unclear previously.
- In addition, there is enhanced recognition for businesses who successfully implement new YES initiatives. “To ensure the uptake and success of YES initiatives, businesses are being incentivised for implementing such policies in the workplace. By meeting YES targets coupled with 2.5% absorption, businesses automatically move one level up. Businesses are able to move up by 2 levels for meeting 100% YES targets and 5% absorption”. Jordaan explains that this is a positive move by Government, saying: “This initiative creates opportunities for entities that comply with the BEE codes to reach higher levels of compliance. It also ensures that all individuals and all levels of education are focused on.”