



## mPowerRatings/BizAdvance Consulting Newsletter – June 2014

Dear Client/Associate,

In this Newsletter:

- **NB! - New B-BBEE Codes Effective Date Announcement**
- **Focus on B-BBEE in State of the Nation Address of 17<sup>th</sup> June 2014**
- **Promote a small business and earn BEE points**

As previously announced in the media and in some of our newsletters, the new Amended B-BBEE Codes of Good Practice, gazetted on 11<sup>th</sup> October 2013, would be subject to a transitional implementation period ending on 30<sup>th</sup> April 2015.

What has not been clear from the Codes is whether the end date of 30<sup>th</sup> April 2015 applies to the financial period of an entity being rated, or indeed the date upon which the BEE Audit is finalised i.e. the date of the BEE Certificate.

This position has now been clarified by the DTI Joint Technical Committee, as recently announced by ABVA (the Association of BEE Verification Agencies). Below is an extract of the announcement:

### Other news

Our monthly seminars on the Revised Codes, held in Johannesburg, continue to be very informative and popular with clients. Our next Seminar will be held on the 6<sup>th</sup> of July. Book now to avoid disappointment. A copy of the presentation can be viewed on the following link: <http://www.bizadvance.co.za/content/publications>  
For further information you can contact us at [info@mpowerratings.co.za](mailto:info@mpowerratings.co.za) or at 011 880 0060.

### Useful Links

B-BBEE Definitions - <http://www.bizadvance.co.za/content/definitions>  
B-BBEE Consulting - <http://www.bizadvance.co.za/>  
mPowerRatings Website - <http://www.mpowerratings.co.za>

### mPowerRatings

mPowerRatings is a SANAS and IRBA Accredited Verification Agency situated in Johannesburg. We are one of only a few agencies accredited to issue BEE certificates across all Industry Sectors.

## 1. KEY ANNOUNCEMENTS:

*The DTI made the following announcements:*

*1.2.1 The end of the Transitional Period is 30 April 2015. All the certificates issued from 01 May 2015, will reflect the amended Codes; this also applies to Sector Charters. If verification takes place after April 2015, irrespective of financial year-end, the amended Codes of Good Practice will apply.*

So contrary to market expectation, it is the final date of the BEE Audit (the date of the BEE certificate) that will decide whether you are measured on the old Codes (2007) or the new Codes (2013). This effectively means that if your next financial year-end is 28<sup>th</sup> February 2015, you will have to complete your BEE rating by 30<sup>th</sup> April 2015, in order to be scored on the old Codes.

The implications are considerable and include:

- Limited time available to conduct BEE audits for the many entities with February 2015 year-ends,
- Bottlenecks for Verification Agencies to complete audits by 30<sup>th</sup> April 2015
- Verification Agencies generally require audited financials upon which to base their verification. Additional audit work is required where verification is based on Management Accounts, which may add to the cost of the audit.
- Planning of your audit in relation to your current BEE certificate, and what is required to complete the process on time.
- Should you decide to be rated on the new Codes, you are in all likelihood already subject to the new rules and will urgently need to implement plans to achieve your required BEE status.

## BizAdvance Consulting

BizAdvance Consulting, an associate of mPowerRatings, specializes in business consulting. At BizAdvance we are serious about the way we conduct our business. Talk to one of our professionals TODAY and get peace of mind that you are making the right choice.

Our services span across all aspects of BEE and across all business sectors, delivered to you by a dedicated team of experts, and where required, by associates who are specialists in their own fields.

### Our services include:

- B-BBEE Advisory,
- BEE Software Integration,
- BEE Marketing,
- BEE Procurement,
- BEE Verification Audits and Certification,
- BEE Training

## Contact Details:

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- The Sector Charter Codes (there are nine different sectors) have to be aligned with the new Codes by 30<sup>th</sup> April 2015. If you are scored under any of these sectors, you are faced with the problem of not having a new scorecard against which to plan or measure progress. Hopefully your sector will publish your new scorecard sooner rather than later. We will advise you of any progress in this regard.

Whatever your decision regarding the above, we would suggest that you put your BEE plans in motion without delay. Contact Dijon de Jager at 011 880 0060, or at [ddejager@mpowerratings.co.za](mailto:ddejager@mpowerratings.co.za), if you would like us to assist you with this process.

Note:

*Please note that the above announcement is contrary to and supersedes the opinion expressed on the subject in some of our past Newsletters to you, and as previously posted on our [www.bizadvance.co.za](http://www.bizadvance.co.za) website.*

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**Thought for the day:**

Would you like to earn Enterprise Development points on your BEE scorecard? Consider adopting and promoting a small black business, preferably a supplier to your organization.

View the link below and contact Emily at 011 880 0060 or at [Emily@mpowerratings.co.za](mailto:Emily@mpowerratings.co.za) if you are interested.

Link: <http://www.mpowerratings.co.za/products.php?id=145>

B-BBEE once again came under the spotlight in President Jacob Zuma’s State of the Nation address on 17<sup>th</sup> June.

*“One of the focus areas of our engagement with Business will be improving the implementation of the amended Broad-based Black Economic Empowerment Act and the Employment Equity Act in order to transform the ownership, management and control of the economy. Our emphasis will be on creating black industrialists in the productive sectors of the economy and developing a patriotic black bourgeoisie”.*

In relation to the need for a greater industrialised business environment he went on to say: *“We will be redirecting development finance institutions to provide increased access to affordable lending that supports diversification of the economy, BBBEE, and investment in smaller businesses in the productive sectors of the economy. Through our industrialisation programme, local procurement and other measures, we will develop and promote job-creating sectors of the economy such as mining, manufacturing, agriculture and tourism”.*

With regard to unemployment and the need for skills development he said: *“Young people make up the majority of the unemployed and government will focus on increasing educational, training and work opportunities for them, through on-going improvements to the education and training system and through internships and employment tax incentives, as well as through encouraging and supporting young people to start businesses themselves and become job creators”.*

It is clear from the above that it is Government’s intention to use the amended B-BBEE legislation as the primary driver of its transformation plans.