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Department:
Trade and Industry
REPUBLIC OF SOUTH AFRICA

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TO: ALL NEWS EDITORS AND JOURNALISTS

MINISTER ROB DAVIES EXTENDS THE EMPOWERING SUPPLIER STATUS

The Minister of Trade and Industry, Dr Rob Davies has extended the automatic recognition of the Empowering Supplier Status to all entities within South Africa until further determination.

This extension is in line with Paragraph 1(d) of Notice 444 of 2015 Government Gazette Number 38799 issued on 15 May 2015. The notice states that all valid Broad-Based Black Economic Empowerment (B-BBEE) Verification Certificates, Exempt Micro Enterprise and relevant Qualifying Small Enterprise Sworn Affidavits and the Companies and Intellectual Property Commission (CIPC) Certificates issued on or prior to 30 April 2016 will be automatically recognised as an Empowering Supplier until the date of expiry of that B-BBEE Verification Certificate, Sworn Affidavit or CIPC Certificate.

In addition, Minister Davies has approved as per Notice 708 of 2016 that any entity measured on or after 1 May 2016 will automatically be recognised as an Empowering Supplier until a further notice is issued.

The Empowering Supplier provision was incorporated in the 2013 Amended Codes of Good Practice to create an environment whereby all entities must comply to regulatory requirements and comply to the following provisions:

- (a) At least 25% of cost of sales excluding labour cost and depreciation must be procured from local producers or local supplier in SA, for service industries, labour costs are included but capped to 15%.
- (b) Job creation – 50% of jobs created are for Black people provided that the number of Black employees since the immediate prior verified B-BBEE Measurement is maintained.
- (c) At least 25% transformation of raw material/beneficiation which include local manufacturing, production and/or assembly, and/or packaging.
- (d) Skills transfer - at least spend 12 days per annum of productivity deployed in assisting Black EME and QSE beneficiaries to increase their operation or financial capacity.
- (e) At least 85% of labour costs should be paid to South African employees by service industry entities

A large enterprise needs to comply with at least three of the above provisions whereas a Qualifying Small Enterprise (QSE) needs to comply with one of the above provisions.

Due to the current economic climate and feedback received from corporate South Africa on their readiness to meet certain Empowering Supplier provisions such as Beneficiation, the Department of Trade and Industry took a decision to place the provisions on hold. The Empowering Supplier provision is not being removed in totality but merely placed on hold with the intention of re-launching to ensure effective and practical implementation.

Even though the automatic recognition of the Empowering Supplier Status provision is extended, entities must continue to comply to achieving all targets of the five elements of the scorecards which are Ownership, Management Control, Skills Development, Enterprise and Supplier Development, as well as Socio Economic Development. The pace for transforming the South African economy must be accelerated.

To access Notice 708 of 2016 click here:

<http://www.thedti.gov.za/gazettes/Notice708of2016.pdf>

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