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Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NO. 609

Mr N Singh (IFP) to ask the Minister of Trade, Industry and Competition:

(1) Whether the Broad-Based Black Economic Empowerment (B-BBEE) Commission has published a list of fees for the 2020 financial year in accordance with the Broad-Based Black Economic Empowerment Amendment Act, 2013 (Act No. 46 of 2013) and the Regulations of 2016 regarding the submission of B-BBEE compliance certificates for all companies; if not, why not; if so, what is the full breakdown of the fees applicable to all companies; (2) Whether consultants, who assist and assess the compliance of companies applying for B-BBEE certification, have a regulated fee structure; if not, why not; if so, what are the relevant details; (3) Whether the B-BBEE commission will consider extending the validity of the 2019 certificates to include 2020, in order to provide further financial relief to small business during this period as the costs of obtaining such certificates are substantial and will impact already heavily burdened operating costs of small, medium and micro enterprises; if not, why not; if so, what are the relevant details? [NW808E]

REPLY

(1) The Commission is financed from money appropriated by Parliament for the Commission and any money lawfully received from any other source. The B-BBEE Regulations permit the Commission to charge a reasonable fee for services rendered by its office, except for complaints, after publishing a schedule of fees by notice in the Gazette.

During the first three years of operation, the Commission focused on putting in place systems and processes to promote, advocate and raise awareness of the B-BBEE Act and its requirements and to support proper implementation of the legislation.

This was done at no cost during this period in order to promote the understanding of the B-BBEE Act and its requirements to encourage voluntary compliance.

I am advised that the Commission has therefore not published the schedule of fees yet, which means the services directly rendered by the Commission is currently free.

The Commission planned to commence consultation processes for the publication of the schedule of fees for its services in this financial year.

- (2) Section 1 of the B-BBEE Act refers to the appointment of a B-BBEE Verification Professional Regulator by the Minister, which is a body that is responsible for accreditation and authorisation of a B-BBEE Verification Professionals.

The B-BBEE Act has in section 1 further defined a B-BBEE Verification Professional as a person who performs any work in connection with rating the status of enterprises in terms of B-BBEE compliance on the authority of, or for a rating agency accredited by, a B-BBEE Verification Regulator.

Therefore, by definition consultants are excluded from conducting any B-BBEE verification and/or issuing of B-BBEE Certificates.

The South African National Accreditation System (SANAS) currently serves as the B-BBEE Verification Professional Regulator.

There is currently no regulation of fees charged by B-BBEE Verification Professionals

It is only the Construction Sector Charter Council that has issued a guideline around nominal fees that can be charged for construction-based entities that fall within the category of Exempted Micro-Enterprise (EME) and Qualifying Small Enterprises (QSEs).

- (3) B-BBEE Certificates are valid for twelve (12) months.

Regarding the relief of costs of verification for small enterprises, the B-BBEE Act through the Codes has already granted an exemption to EMEs (entities with an annual turnover of less than R10 million) by indicating that they are not to be subjected to a B-BBEE verification process, as part of government's initiative to ease the cost of doing business for small businesses.

Such entities receive automatic B-BBEE recognition levels and are only required to use a B-BBEE sworn affidavit or a certificate issued by the Companies and Intellectual Property (CIPC) confirming their turnover and level of black ownership. Such recognition is at no cost to the enterprises concerned.

In addition, 51% and 100% black owned and controlled QSEs (entities with an annual turnover of above R10 million but less R50 million) have also been exempted

from being subjected to a B-BBEE verification process, and only use a sworn affidavit. The CIPC certificate option is currently not available to 51% and 100% black owned QSEs. It is only EMEs and start-up enterprises that can obtain a CIPC certificate.

Therefore, the costs of B-BBEE verification only apply to QSEs that are less than 51% black owned as well as large entities (entities with an annual turnover of R50 million and above).

In light of the above, I will request advice regarding the proposal for the extension of the validity of the 2019 certificates to cover 2020 and revert to the Honourable Member.

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