

BEE set to move into new phase - dti

CAPE TOWN: Ten years on from the passing of the Black Economic Empowerment (BEE) Act, BEE is set to enter a new phase where black entrepreneurs will be assisted more rigorously to enter the mainstream economy, the Department of Trade and Industry's Director General Lionel October said on Tuesday, 29 January 2013.

Briefing the National Assembly's Portfolio Committee on Trade and Industry on the progress of the BEE Amendment Bill, October said expanding the country's entrepreneurial capacity would help create more jobs and spread South Africa's wealth more evenly.

He said BEE had up until now gone through two stages.

The initial narrow-based empowerment based on the transfer of shares to a few, had given way to broad-based empowerment which widened ownership transfers to include black workers, community groups and small businesses too.

The new phase would focus more on supporting more black entrepreneurs through incentivising companies to offer business support to black business owners and buy more from them by increasing the number of points on the BEE scorecard companies can obtain for these two measures.

October said the department had received over 500 submissions after last year releasing a draft BEE amendment bill as well as new draft codes of good practice for comment, and he added that "in general there is broad support" for the planned amendments.

The amendments include the creation of a BEE Commission to monitor and evaluate BEE.

The BEE commission would receive and investigate BEE complaints, while keeping a registry of major BEE transactions and monitoring core obligations around transformation by the state and public entities.

The bill also aims to tackle fronting by proposing a maximum prison sentence of 10 years for those that commit fronting and finding a company found to have fronted, to 10% of its annual turnover.

Those that commit an offence investigated by the BEE Commission or fail to report to the commission can face up to one year in prison.

Courts that hand down convictions for fronting, must report such convictions to the BEE Advisory Council or if the convicted person is a verification professional, to refer them to the B-BBEE Verification Professional Regulator.

October noted that although BEE compliance was high in some sectors, such as the IT sector, it was low in other sectors

such as agriculture, manufacturing and retail.

However, he stressed that under the proposed amendment, companies that performed badly in BEE would not be penalised - only those that were found to have misrepresented their BEE scorecard.

In a bid to cut down on the amount of regulation businesses face, October said the department plans to have the auditing profession oversee the verification of BEE scorecards.

This would allow auditors to conduct BEE ratings at the same time as when they carry out an audit on a company.

However, he said the current guidelines that govern auditors did not allow for BEE verifications to take place.

Once the amendment of the Auditing Profession Bill has been passed it will ensure that the Independent Regulatory Board for Auditors (IRBA) would oversee auditors conducting BEE ratings.

In the interim, the department proposed - under the proposed amendment act - that the SA National Accreditation System (Sanas) would oversee the accreditation of BEE verification agencies, said October.

The department's BEE chief director Nomonde Mesatywa said the bill also aimed to professionalise the verification industry by setting certain norms and standards for the industry.

She pointed out that many of the problems in the past with interpreting BEE had come about because of an absence of such standards.

Under the bill, state-owned enterprises would, subject to approval by the Minister of Trade and Industry, be allowed to grant stricter BEE provisions when putting contracts out to tender, said Mesatywa.

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