



**Gestalt Growth Strategies (Pty) Ltd**

RPA Centre, Top Floor, 116 – 5<sup>TH</sup> Avenue, Fariland. Ranburg.  
PO Box 4425, Randburg, 2125, South Africa  
Tel: +2711 482 9967 | Fax: +2711 482 8041  
info@gestaltconsult.com www.gestaltconsult.com  
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**BREAKING NEWS:**

**Shock announcement as dti breaks its silence on sector codes giving companies less than 10 days to comply.**

Construction companies as well as chartered accountancy companies with a February year-end are reeling with shock as they digest the news that today's Government Gazette (Vol. 608, No. 39703) gives their sectors 10 days to comply with the Amended B-BBEE Codes. The same could still happen to companies in the property, agri-BEE and forestry sectors.

Commenting on the dti's notice, Deon Oberholzer, CEO of VeriCom, a leading SANAS accredited verification and BEE consultancy agency, says: "With most companies facing their fiscal year end in 10 days' time, they have been kept in the dark as to whether they should be complying with their original or an Amended Sector Code. Those companies that opted to wait until things are finalised, now face the grim reality that they will most probably see their BEE Score reduced dramatically due to the more stringent requirements of the Amended Codes with little or no time to react. It is expected that companies may be more than a little upset about this, especially if one takes into consideration that the notice was already signed by Minister Davies on 8 December 2015, more than 10 weeks ago."

He adds, "Of the other Sector Codes, Property, Agri-BEE, MAC Sector and Forestry have already been gazetted for public comment, so their final Amended code could still be dropped on the market in the next 10 days, holding the same impact and forcing companies to get their ducks in a row in days."

Importantly Oberholzer points out: "We noted that the announcement incorrectly states that the Tourism sector is not repealed. It had already been replaced by an amended tourism sector codes on 20 November 2015. The other sectors of ICT, finance and transport are granted reprieve. They do not yet have to comply with the Amended Codes and nothing can happen by the end of the month as they still need a 60-day window for public comment. We will probably see them finalised in the next six months.

In addition to the B-BBEE Codes of Good Practice, South Africa's BEE legislation allows for industry sectors to have their own sector codes that may align more closely with the specific nuances in their industry or to set more progressive transformation targets. To date, there have been 10 such sector codes. After the Amended Codes was gazetted in October 2013, the different sector councils were given time to align



their sector codes with the significantly more onerous requirements of the Amended Codes. This process dragged on with the successive deadlines being missed. A final ultimatum by **Minister of Trade and Industry Dr Rob Davies** in October last year received mixed reactions. Most of the sector councils tried, but some gave up. One in particular, the Construction Sector Council, unilaterally announced the scrapping of their sector code in November, citing an inability to obtain consensus between industry players. Only the Minister has the power to repeal a sector code, and none such repeal or extension surfaced. Until today.

The BEE specialist concludes, “It is important that companies affected by this shock announcement obtain expert advice immediately so that they can consider their options and hopefully negate some of the negative impact that this may have.”