

The importance of bursaries on the BEE sector code scorecard



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The recent amendments to the Broad-Based Black Economic Empowerment (B-BBEE) Codes of Good Practice require large entities to spend a portion (2,5%) of their annual payroll (leviable amount) on bursaries for black students at Higher Education Institutions in order to earn points under the Skills Development element of the B-BBEE scorecard.

Those amendments are a direct result of the Fees Must Fall campaign to address financial assistance to students at Higher Education Institutions.

Measured entities that are eligible for measurement in terms of a **Sector Code scorecard** should consider implementing the 2,5% target for bursaries as soon as possible. Companies should not wait for the amended targets to be implemented, because it may be too late for the bursary spend. For the purpose of this blog, we will focus on bursaries as per the amended Skills Development element on the *B-BBEE scorecard*.

The amended BEE Scorecard and Skills Development

On 31 May 2019 the Codes of Good Practice on B-BBEE were amended, specifically the *Skills Development Element of the scorecard*. The change brought about a split in the 6% overall target of 3,5% for spend on learnerships, accredited short courses and informal training as well as a separate target of 2,5% for bursaries. The new amendment provided for an implementation date for the new targets to become effective, being 6 months from the date of the Gazette, in other words by 1 December 2019. In practice it means all companies that will be doing verifications for obtaining B-BBEE certificates after 1 December 2019, should have implemented this new target split to gain maximum points on the Skills Development scorecard.

No provision made on sector code scorecards for bursaries

The amended sector codes that have been published to date do not make provision for this new split of the Skills Development Target. A specific target for spend on bursaries is not, as yet, included in the Sector Code scorecards. The objective is to align the Sector Codes with the new amended codes, which inevitably will include the split of 3,5% and 2,5% spend respectively. Although the DTI indicated that the Sector Codes would be aligned by the end of May 2020, experience has shown that this is not necessarily going to materialise as contemplated and therefore the question remains: when will these Sector Codes be aligned and how will the target for expenditure be split?

The Draft Tourism Sector Code, which was published on 27 September 2019, made provision for a period of twelve (12) months, from 1 June 2019 to 30 May 2020 for the targets to be implemented. Therefore, the indicator for bursary expenditure is to be implemented retrospectively and with immediate effect. All amended Sector Codes will, when eventually amended, be aligned, with no transitional period.

In conclusion

The recommendation is that companies apply the bursary spend immediately. Whether the 2,5% spend on bursaries forms part of the 6% of the **current Sector Code** scorecard or 2,5% on the **amended Sector Code** scorecard when a verification is due, either way, the measured entity will get the points. But if no provision is made for the 2,5% spend on bursaries and the amendments are published, measured entities will lose out on Skills Development points as no transitional periods are allowed. We encourage our clients and other impacted businesses to contact us for specific guidance on how these amendments are likely to affect them.

SERR Synergy assists businesses to implement viable B-BBEE initiatives such as bursaries and ensure alignment of initiatives with the legal requirements of the B-BBEE Codes. Our **YES BURSARY FUND** is a non-profit company that provides support in the form of study bursaries to black students at Higher Education Institutions such as universities and colleges.

About the Author: Yolandi Rautenbach joined SERR Synergy in 2019 as a Project Manager in the B-BBEE Department. She holds a BCom (Law) [2008], LLB [2010] and graduated from the North West University, Potchefstroom. She was admitted as an attorney of the High Court in 2012 and also holds an MDP (Management Development Programme) [2016] diploma from UNISA. She has been involved with B-BBEE for the last 5 years, 3 of which as a B-BBEE Consultant and 2 years as a SANAS-accredited Verification Analyst.

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