

A Specialised Scorecard Excludes Ownership



By: Stella Nolan

As per the private sector, organs-of-state and public entities are obliged to meet the expectations laid out in the Codes of Good Practice. However, such entities are either state-owned or have no shareholding, thus are not capable of measuring their 'Black' Ownership. A Specialised Enterprise scorecard that excludes 'Black' Ownership from the measurement benchmark addresses this issue.

A Specialised Enterprise must apply the relevant Code and provide a B-BBEE Certificate when:

- > Determining the qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law;
- > Developing and implementing Preferential Procurement policies;
- > Determining qualification criteria for the sale of state-owned enterprises;
- > Developing criteria for entering into partnerships with the private sector; and
- > Defining criteria for the awarding of incentives, grants and investment schemes in support of B-BBEE.

Series Code 100 outlines which entities are incapable of measuring their 'Black' Ownership. Entities qualifying for measurement on a Specialised Scorecard include:

- > 'Public Entities' - independent bodies partially or wholly owned by the Government. They perform specific functions and operate in accordance with a particular Act;
- > 'Organs-of-state' - three primary divisions of a state's sovereignty, namely the executive, the legislature, or the judiciary. The powers of these entities are divided and balanced in accordance with the political principle of the separation of powers;
- > 'Higher Education Institutions' – the term means all learning programmes which lead to a qualification;
- > 'Companies Limited by Guarantee', 'Public Benefit Organisations' and 'Non-Profit Organisations' – entities prohibited from distributing their profits by way of dividends. In terms of section 21 of the Companies Act, the purpose is not to make a profit.

A B-BBEE Certificate or Affidavit is invalid if any entity that qualifies to be measured on a Specialised Enterprise Scorecard presents their B-BBEE Certificate or Affidavit on a Generic Scorecard.

Priority Elements, Sub-minimum requirements and the Discounting Principle apply. The financial thresholds for Specialised Enterprises align with those set out in the Generic Codes:

Exempt Micro Enterprises (EME)	Total revenue allocated budget or gross receipt of under R10m.
Qualifying Small Enterprises (QSE)	Total revenue allocated budget or gross receipt of between R10m and R50m.
Large Enterprises	Total revenue allocated budget or gross receipt of more than R50m.

Under the statement for Specialised Enterprises, Exempted Micro Enterprises (EMEs) are a B-BBEE status Level 4. However, provision has been made for an enhanced B-BBEE Level for both EMEs and Qualifying Small Enterprises (QSEs), with at least 51% and 75% 'Black' beneficiaries respectively. The Enhanced Recognition Status Levels are as follows:

EME & QSE \geq 75% 'Black' Beneficiaries	Level 1
EME & QSE \geq 51% 'Black' Beneficiaries	Level 2
EME < 51% 'Black' Beneficiaries	Level 4

A QSE with less than 51% 'Black' beneficiaries must comply with the QSE Scorecard for Specialised Enterprises.

The Generic Specialised Scorecard under the 'Generic Codes' is as follows:

Management Control	20	
Skills Development	25	Priority Element
Enterprise and Supplier Development	50	Priority Element
Socio-Economic Development	5	

The QSE Specialised Scorecard under the 'Generic Codes' is as follows:

Management Control	25	
Skills Development	30	Priority Element
Enterprise and Supplier Development	30	Priority Element
Socio-Economic Development	15	