

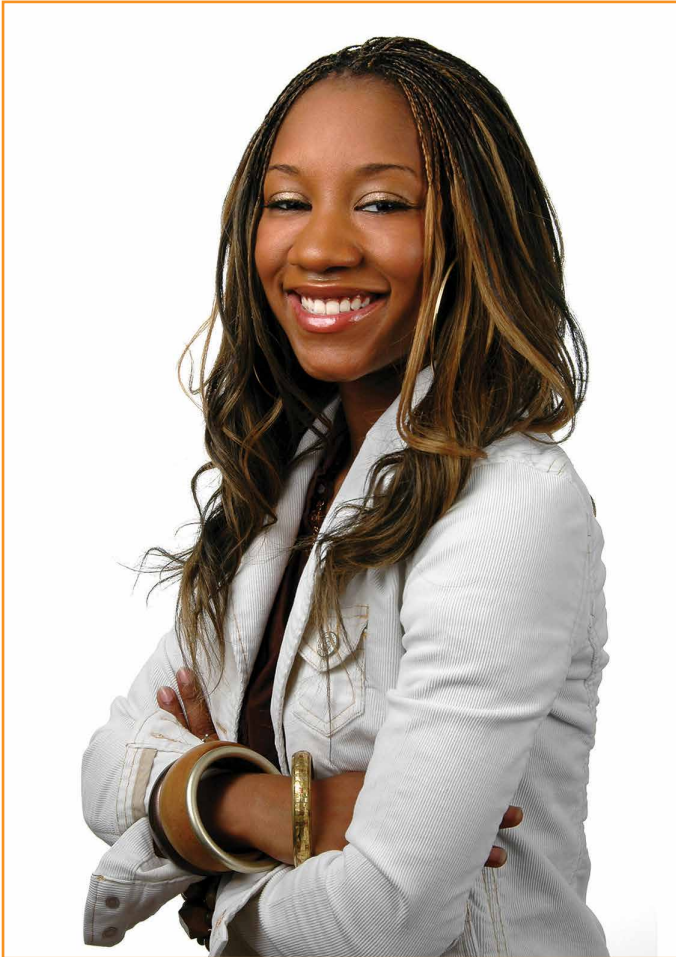
JULY – SEPTEMBER 2018

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B-BBEE Commission calls for Increased Women Representation on Boards and Increased Procurement Spend for 30% Black Women-Owned Businesses



The report produced by the Broad-Based Black Economic Empowerment Commission (B-BBEE Commission) on the *National Status and Trends on Broad-Based Black Economic Transformation for 2017* calendar year shows that JSE listed companies have only 38% representation by black people on their boards, with males accounting for 20% while females stand at 18%. The report shows a decline in black ownership by 5.75% and black female ownership by 1.96% compared to the 2016 report.

Zodwa Ntuli, the Commissioner says “to improve this, we call on government and the private sector to increase procurement from businesses that are at least 30% black women-owned, and to provide financial assistance, including through incentive schemes such as the black industrialist incentive programme of the **dti**.”

The B-BBEE Commission commissioned the study through DNA Economics in collaboration with Alternative Prosperity (Pty) Ltd, which analysed data submitted by JSE Listed companies and B-BBEE certificate information captured by verification agencies on the B-BBEE Certificates Portal System that the B-BBEE Commission created in 2017. The study is part of the B-BBEE Commission's mandate under section 3F (1)(g) of the B-BBEE Act and sought to analyse and determine the country's present levels of economic transformation towards the achievement of the objectives of the B-BBEE Act in relation to black people owning, managing and controlling enterprises and productive assets of the economy.

The information analysed was for the 2017 calendar year (i.e. 2861 Portal information, 121 JSE Listed entities and 4 State Owned Entities). Although required to submit compliance reports to the B-BBEE Commission in terms of section 13G of the B-BBEE Act, none of the organs of state and SETAs submitted their reports in the 2017 calendar year. The analysis was purely based on data submitted on the B-BBEE certificates, and the various elements of the Codes of Good Practice have not been tested for compliance with the B-BBEE Act or on whether the verification was conducted properly by the verification agencies.

The report results show that 38% (male – 20%; female – 18%) of JSE Listed companies' board control is held by black people, which number includes black foreign nationals who do not meet the definition of black people as per legislation. The 2016 report indicated that only 30% (male – 18%; female – 12%) black South Africans held directorship on listed companies, and black foreign nationals were at 15%.

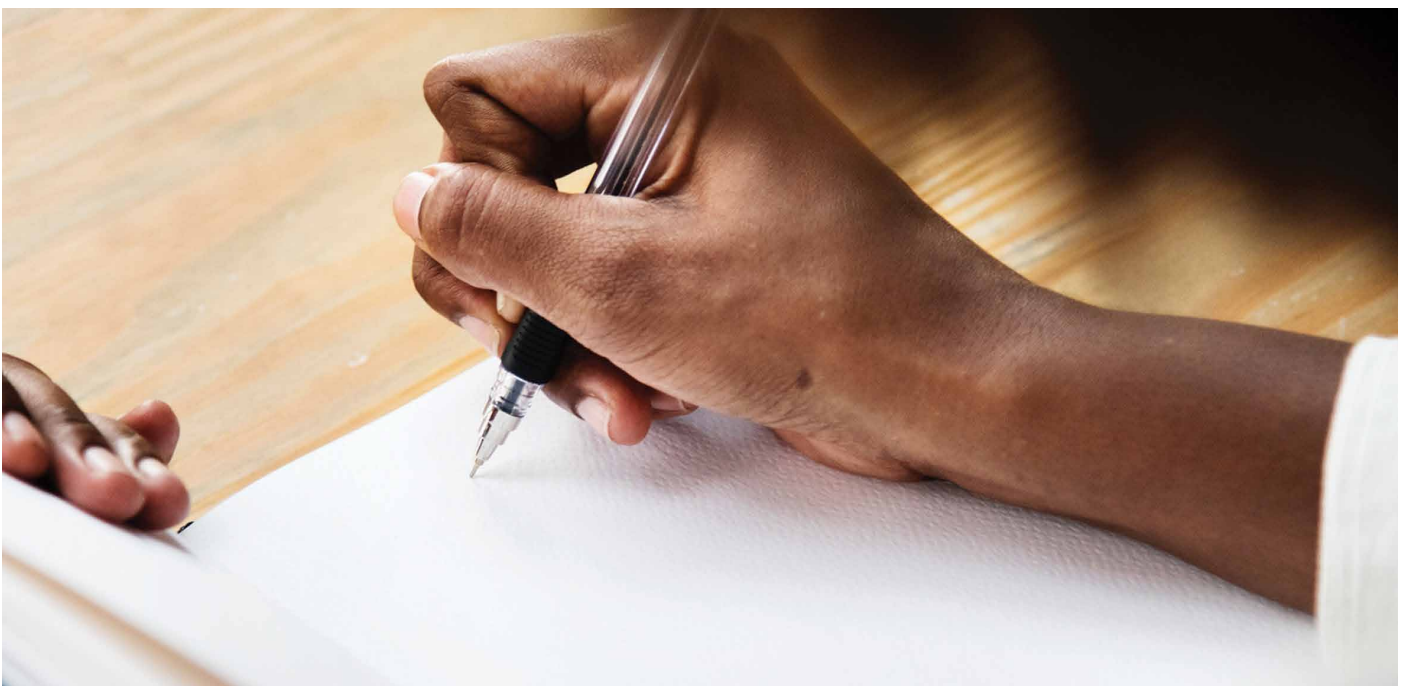
The report indicates that black ownership has declined by 5.75% standing at 27% and black female ownership by 1.96% which is at 9% compared to the 2016 report (black ownership – 32.75% and female – 10.32%). The Property, Tourism, Agri-BEE and Financial Services did not achieve 25% on ownership and on average entities failed to reach 50% of targets on Skills Development, Management Control and Enterprise & Supplier Development across all sectors. The number of companies achieving B-BBEE Level 4 and above has also declined compared to the 2016 report, with the report showing that 60% of the entities fall between B-BBEE Level 5 and Non-Compliant B-BBEE Status, while the 2016 report had 60.09% of entities achieving B-BBEE Level 4 and above. The 2017 report shows that only 40% of entities achieved B-BBEE Level 4 and above, which is a 20% decline from the 2016 report.

We expect the pace of transformation to improve going forward given the recorded 65% increase in the requests for advice from the B-BBEE Commission in the 2017/18

financial year, and also improvement in the submission of compliance reports after the JSE made B-BBEE reporting a listing requirement, which has helped improve the reporting in 2018 already.” Ntuli concluded.

For more information review the report on the following link: <https://bbbeecommission.co.za/wp-content/uploads/2018/08/National-Status-and-Trends-on-Black-Economic-Empowerment-Report-31-March-2018-FINAL.pdf>

The B-BBEE Commission was established in terms of section 13B of the B-BBEE Act 53 of 2003 as amended by Act No 46 of 2013 with powers effective from 6 June 2016. The B-BBEE Commission’s mandate, amongst others, is to supervise and encourage adherence to the B-BBEE Act in the interest of the public, conduct reactive and proactive investigations and promote good governance and accountability by creating an effective and efficient environment for the promotion and implementation of the objectives of broad-based black economic empowerment.



Issued on behalf of the B-BBEE Commission by:

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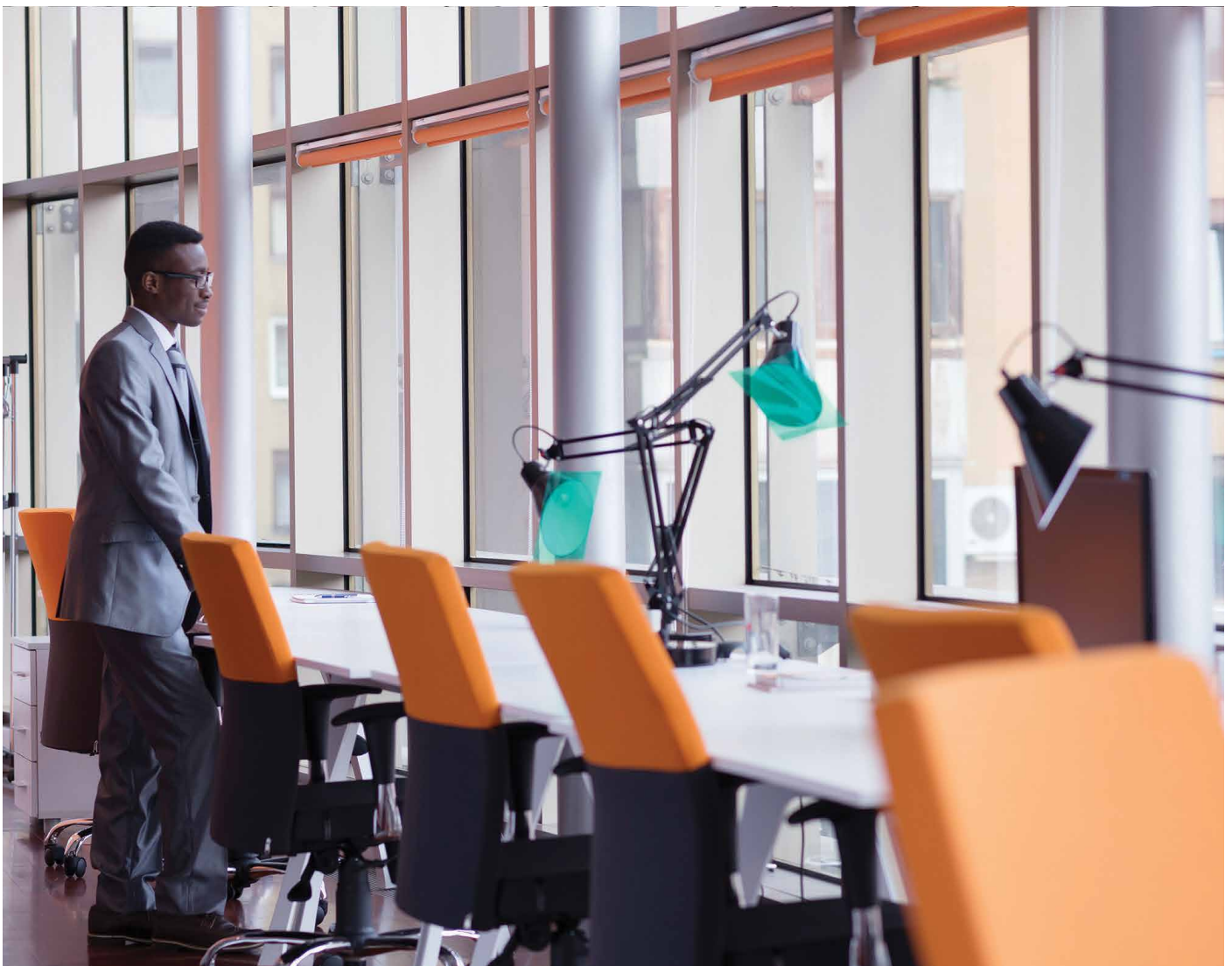
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NRCS intensify war on counterfeit goods

The NRCS led a team of government organisations including the Department of Home Affairs' Immigration Branch, the Companies and Intellectual Property Rights Commission, and the dti agency responsible for enforcement of the Counterfeit Goods Act (Act 37 of 1977).

The inspection blitz was conducted at an informal trading area within the City of Tshwane where the regulatory team conducted compliance inspections and clarified government's stance on the issues raised by communities to business.

The NRCS, together with its stakeholders, plan to roll out the campaign country-wide in order to intensify the fight against illicit and counterfeit goods.



NRCS to enforce Compulsory Specification for hot water storage tanks to reduce electricity consumption

In line with the strategy of Government to promote energy efficiency as the first fuel in driving balanced, socially inclusive and environmentally sustainable economic growth, boosting job creation and leading technological innovation across the region, the National Regulator for Compulsory Specifications (NRCS) will from August 2018, start with the regulation of geysers under the Compulsory Specification for hot water storage tanks for domestic use (VC 9006) which was recently amended.

The regulation of geysers is part of the Standards and Labelling (S&L) project initiated by the Department of Energy in collaboration with the Department of Trade and Industry, the Global Environment Facility and the United Nations Development Programme aimed at eliminating inefficient energy household appliances. Research has indicated that geysers account for up to 39% of household electricity bills and it is hoped that the regulation will decrease the energy demand and bring much needed relief to consumers who are feeling the effects of the VAT increase, petrol hikes and are now currently facing the return of load shedding.

The NRCS is the regulatory authority mandated to enforce the energy efficiency compliance of the regulated products covered by the S&L Project. The organisation started with the

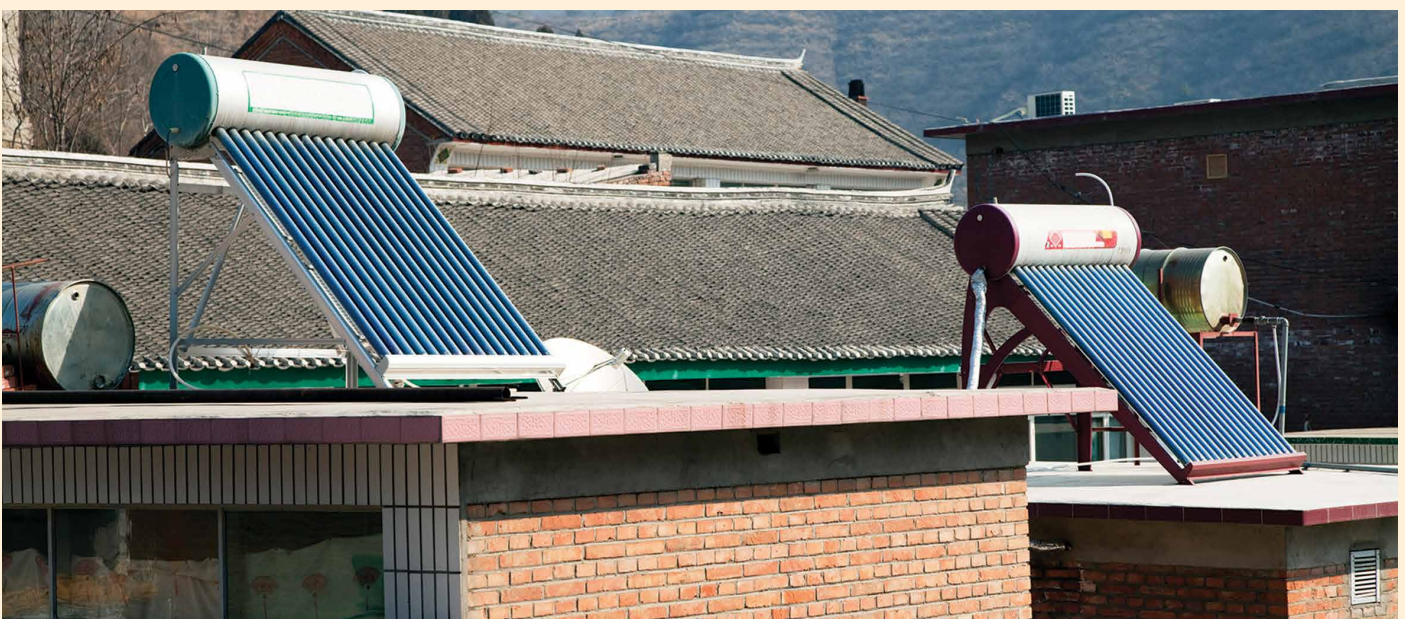
regulation of incandescent lamps, single-capped fluorescent lamps (CFL's) and household appliances which will now be followed by geysers.

To ensure effective regulation, the NRCS has developed the VC Enforcement Plan which include among others, inspections, stakeholder engagements, consumer awareness and surprise raids in various business premises.

The organisation would also like to encourage businesses to apply for Letters of Authority (LOA) for compliance purpose to avoid being subjected to the sanctioning process where their products are confiscated and destroyed and the necessary penalties imposed.

The NRCS follows a rigorous administrative and technical process in evaluating LOA applications before issuing certificates. The LOA is a certificate issued to a manufacturer or importer in terms of the section 5(2)(f) of the NRCS Act once compliance is determined therefore permitting the sale of a product.

Enforcing VC 9006 is in line with the NRCS's mandate of protecting human health, safety, the environment and ensuring fair trade as well as rooting out non-compliant products in the market.



The regulation of second hand or used tyres by the NRCS

In September 2015, the NRCS embarked on a process to determine the possibility of regulating second hand or used tyres for passenger and commercial vehicles and trailers.

This followed numerous requests from the local tyre industry and the Parliamentary Portfolio Committee on Trade and Industry to mention just a few.

The aim of the proposed regulation was to enforce minimum safety requirements for second hand or used tyres to ensure public safety and the environment, in line with the dictates of the NRCS Act No 5 of 2008.

To fast track the process, a South African National Standard (SANS), which was at a draft stage was to be considered for use as minimum requirement in the proposed regulation.

However, this standard was not published by the relevant Technical Committee of the South African Bureau of Standards (SABS) due to the difficulty in coming up with performance requirements and as a result the process to develop the regulation was abandoned.

The NRCS later commissioned a feasibility study as per NRCS's CSP 350, procedure for developing and amending Compulsory Specifications and Technical Regulations, and the report concluded that it was not feasible for the NRCS to regulate these commodities bearing in mind difficulties such as the unavailability of a national standard (SANS)

Furthermore, it was not possible for the NRCS to apply statistical sampling techniques to test and approve part-worn tyres because they no longer form part of a batch, therefore each and every tyre would need to be assessed as a single unit to ascertain whether it meets the minimum safety requirements.

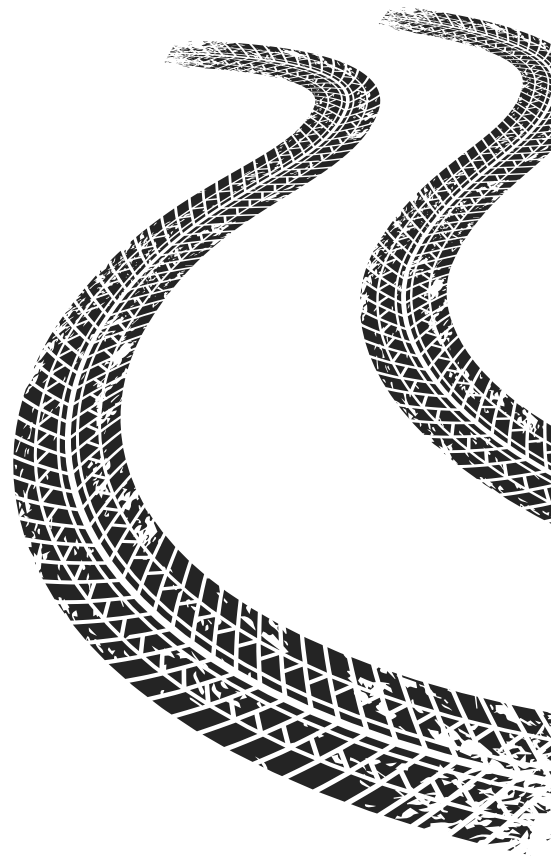
The importation of used tyres is controlled by the International Trade Administration Commission of South Africa (ITAC). Importers are only allowed to import casings (part-worn/used tyres) for re-treading and not for supply in the SA market.

The South African Police Service (SAPS) also regulate the sale of second hand goods and have listed tyres as one of the commodities controlled under the Second Hand Goods Act, Act 6 of 2009. The South African Revenue Service's (SARS) environmental levy already demands certain legal requirements when importation and selling of these products takes place.

In addition to these various pieces of legislation, strict disposal rules in line with environmental regulations monitored by the Department of Environment Affairs through the Recycling and Economic Development Initiative of South Africa (Redisa) ensures responsible treatment of waste tyres.

The decision taken by the Regulator not to develop the regulation for used tyres was widely communicated and discussed with stakeholders at various consultation meetings.

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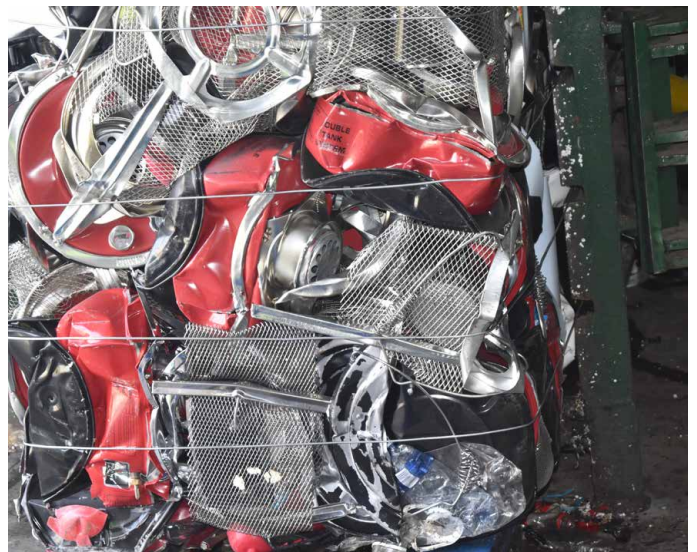


NRCS destroys non-compliant products in Gauteng

During a function held in Clayville near Midrand, the NRCS destroyed thousands of substandard products that were destined for sale to unsuspecting consumers.

Products destroyed ranged from paraffin stoves, heaters, vehicle components, toilet paper, helmets, child restraints, extension cords, disinfectants and detergents to mention just a few. These products were worth million of rands.

The destruction of substandard products is in line with the NRCS mandate of protecting health, safety, and the environment and ensuring fair trade.



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