

Minister Davies Gazettes the Draft B-BBEE Defence Sector Codes in Terms of Section 9(5) of the Broad Based Black Economic Empowerment Amendment Act

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Through the leadership of the Ministry of Defence and Military Veterans (DOD) as well as Armscor, the defence stakeholders have developed a Draft Sector Code which has been approved and gazetted by the Minister of Trade and Industry Dr Rod Davies for 60 days' public commentary period. It is a requirement in terms of the Broad Based Black Economic Empowerment (B-BBEE) Act that before a sector code is gazetted for implementation it must first be published for 60 days public engagement.

The process to develop a sector code for the defence sector flows from the launch of the National Defence Industry Council where it was agreed that a team has to be established to develop a sector code. A team which comprise of amongst others the DOD, Armscor, South African Aerospace Maritime and Defence Industries Association (AMD) was established to drive the process of consultation, negotiation and drafting of a the sector code, and this Draft Defence Sector Code is a product of that process.

According to Minister Davies, the scope of application of the Draft Sector Code is on all entities in the South African defence industry, in its entirety, including national or provincial departments, state owned and private enterprises. This includes those providing products and services to the state – whether they are procured from local or foreign-owned enterprises, defence manufacturing enterprises, research and development enterprises and other entities, as well as any role-player and stakeholder that might opt in.

Minister Davies says the key highlights of a Draft Sector Code include that companies are required to procure at least 60% of products from local companies and provide support for companies that introduce new technology in the industry.

“This is a defence industry specific element designed to stimulate local manufacturing and increase global competitiveness. The other key highlight is that for Private sector entities in defence industry must sub-contract no less than 30% of any contract exceeding R30 million to companies owned by the Black designated groups. This will enable such companies to be sustainable”, adds Minister Davies.

Members of the public have 60 days from the date of gazette to make inputs and comments on the Draft Defence Sector Code.

Click on the link to access Draft Sector Code
<http://www.thedti.gov.za/gazettes/41024.pdf>

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