

DEPARTMENT OF TRADE AND INDUSTRY  
NOTICE 721 OF 2016

**CODES OF GOOD PRACTICE ON BROAD BASED BLACK  
ECONOMIC EMPOWERMENT**

By virtue of the powers vested in me in terms of sections 9 and 12 of the Broad Based Black Economic Empowerment (B-BBEE) Act 2003 (Act No 53 of 2003) as amended by the B-BBEE Act 46 of 2013, I, Dr Rob Davies, Minister of Trade and Industry, hereby:

- a) Inform members of the public of the Defence Industry's intention to develop a Sector Code.
- b) Issue a Proclamation that highlights the aims for the development of the Defence Sector Code.
- c) Request all interested parties to interact with the South African Defence Industry Steering Committee using the contact details provided in the Proclamation.



**Dr Rob Davies, MP**  
**Minister of Trade and Industry**

12 September 2016

## **PUBLIC PROCLAMATION**

### **SOUTH AFRICAN DEFENCE\* TRANSFORMATION SECTOR CHARTER**

#### **PURPOSE**

The purpose of this proclamation is to inform the South African public of the Minister of Defence and Military Veterans's intention to establish a South African Defence Industry (SADI) B-BBEE Transformation Charter through a consultative process with all stakeholders, which will culminate into a B-BBEE Defence Sector Code for the SADI and all those who do business (e.g. Defence multinationals and original equipment manufacturers i.e. OEM's) with the Department and its agencies.

#### **INTRODUCTION**

This proclamation is published in line with Section 12 & 9 of the Broad-Based Black Economic Empowerment Act 53 of 2003 (B-BBEE), as amended by Act 46 of 2013.

#### **DEFENCE SECTOR TRANSFORMATION CHARTER [THE CHARTER]**

The charter will be a B-BBEE strategy of the Defence Industry adopted after a structured and inclusive engagement between the government and the defence industry and all relevant stakeholders has successfully taken place. In this case, the government will refer in particular to, the Minister of Defence and Military Veterans, the National Defence Industry Council, Department of Defence and Armscor whilst the defence industry will refer to all those who provide defence goods and services to the DoD including but not limited to state owned defence companies, privately owned defence companies, multinational defence companies and original equipment manufacturers i.e. (OEMs) as well as research institutes and individual consultants. A draft Defence Transformation Charter will be agreed to by all the stakeholders, submitted to the Minister of Trade and Industry for approval and issuance by notice in the Gazette.

## WHY DEFENCE SECTOR CHARTER

The Sector Transformation Charter is needed in the Defence Industry Sector for the following reasons, amongst others:

- To promote partnership relations between government and the defence industry in order to achieve sustainable transformation of the defence industry;
- To achieve national security through promoting the establishment, maintenance and sustainability of required sovereign and strategic capabilities in the local defence industry
- To support and incorporate the unique features of the defence sector, without deviating from the broad principles of the Generic Codes of Good Practice;
- To promote good business principles and inclusive participation in the economy
- To acknowledge and recognise the specific characteristics within the sector which were brought about by political reasons at the time which resulted in the defence industry being a closed sector
- To recognise military veterans as a special designated group within the Defence Sector.
- To promote sustainable achievement of B-BBEE in the defence industry sector without compromising the high technology based and advanced defence related manufacturing capability in the country.

## STAKEHOLDERS

An assessment was done to determine who the relevant stakeholders for the development of the Sector Charter which will ultimately be gazetted as a Code are and the following stakeholders were identified:

### KEY STAKEHOLDERS WHO ARE PARTICIPATING:

- Department of Defence
- Department of Military Veterans
- SANDF
- National Defence Industry Council
- South African Aerospace Maritime & Defence Industries Association (AMD)
- Contractors and potential contractors within the defence industry. Contractors in this context include any supplier or service provider who provides services or goods (in the defence industry) regardless of where they may be geographically located / headquartered.
- Designated groups as recognised by the codes of good practice
- Department of Trade and Industry



- The Department of Small Business
- Parliament (Cabinet and relevant Portfolio Committees)

## **STAKEHOLDERS WHO MUST BE CONSULTED**

- Public
- Labour organisations within the defence industry
- Funding organisations within the industry
- Relevant SMMEs
- BEE companies
- Civil society
- Institutions of learning
- Businesses outside defence sector
- B-BBEE Verification Entities
- B-BBEE Consultants

## **OBJECTIVES OF THE DEFENCE SECTOR CHARTER**

The Defence Sector Charter will afford the members and stakeholders of the defence industry an opportunity to commit to agreed measurable targets for black economic empowerment against which all entities conducting business in the defence industry can be monitored and assessed. It will further provide a detailed substantive plan to the defence industry sector to incrementally improve compliance with B-BBEE legislation and policies.

## PROCESS

The following process will be followed:

### Development of a Charter Process [May – December 2016]



### Charter Life Cycle [2017/18]



## STEERING COMMITTEE

A Steering Committee with inclusive representation has been established to drive the process for development of the charter. The entire consultation process will be facilitated by the said Steering Committee.

## CONTACT DETAILS

Members of the public are encouraged to participate in this process by submitting inputs or comments to the following address:

The Secretariat

Steering Committee

SADI Transformation Sector Charter

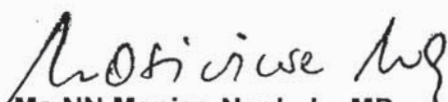
Armcor

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**Ms NN Mapisa-Nqakula, MP**  
Minister of Defence & Military Veterans



**Dr R Davies, MP**  
Minister of Trade and Industry

\*Defence is an all-inclusive term that implies the research, development, manufacturing, operationalisation, maintenance, upgrade, modification and disposal of landwards, aerospace and maritime services and equipment as well as the attendant services like training, consulting and engineering.