

20 May 2026

B-BBEE ICT Sector Council

Attention: Thakhani Masuka, Chairperson, Review and Amendment Committee

Per email: ictsector@ictsectorcouncil.org.za

Dear Sir

SUBMISSIONS ON THE REVIEW OF THE B-BBEE ICT SECTOR CODES

1. The Internet Service Providers' Association (ISPA) has noted the review of the B-BBEE ICT Sector Code ("the Codes") initiated by the B-BBEE ICT Sector Council (the Council) and sets out below submissions for the Council's consideration.

Statement AICT 000 General Principles and Scorecard

2. The amended ICT Sector Scorecard reflects a heavy weighting for Enterprise Supplier Development (50 points/39% weighting) while Skills Development is set at 20 points / 15% weighting.
3. ISPA requests that the Council consider affording a greater weighting to Skills Development as a measure to directly address the acknowledged critical lack of skills in the ICT industry.
4. The table in paragraph 5.1 of the Codes indicates that the points allocation for Management Control is 23 points however the scorecard total is 20 points (including the bonus points it totals 22 points).
5. ISPA notes that there are effectively three-and-a-half scorecards within the Codes:

Scorecard	Total point allocation
Generic	130/127
Specialised Generic	107
Small Qualifying Enterprise	107
Specialised Small Qualifying Enterprise	100

6. The procurement table in clause 5.2 only works effectively for the Generic scorecard because level one is anything greater than 120: none of the other scorecards reach 120 without including bonus points. The procurement table should align with the total attainable within the scorecard excluding the bonus points.
7. ISPA recommends allocating greater weighting to the Skills Development element; reducing the total points back to 100; and aligning the procurement table to cater for that reduction.
8. Suggested weighting:

Element	Points
Ownership	20
Management Control	25
Skills Development	25
Enterprise Supplier Development	20
Socio-Economic Development	10

9. Reducing the total to 100 and aligning the procurement table with the DTIC Generic Codes will allow the Small Qualifying Enterprise scorecard to use the procurement table published in future Statement AICT 000 instead of the procurement table in the DTIC Generic Codes.

Statement AICT004 Scorecard for Specialised Enterprises

10. ISPA notes that the turnover thresholds currently applied (EME: < R10,000,000; QSE: R10,000,000–R50,000,000; Generic: > R50,000,000) - introduced by the Amended Codes gazetted 11 October 2013 and implemented 1 May 2015 - have been in place for over a decade.
11. Further:
 - 11.1. Points allocations are heavily weighted to Enterprise and Supplier Development, and
 - 11.2. The total scorecard has 107 points, making it impossible to attain more than a level 4 when scoring the full points allocation for a specialised generic enterprise in the scorecard, if the Codes' procurement table was used to determine the level of compliance.
12. ISPA submits that SMMEs in the ICT sector are characterised by high turnover and volumes based on very thin margins, limiting profit margins. With small profit

margins and a low threshold for compliance, SMMEs struggle to meet all legal compliance requirements.

13. This creates a large administrative burden, particularly for Enterprise and Supplier Development, while they are trying to develop the measured entity. The exemption consideration should include the number of employees considering organisations with less than 50 employees as EMEs.
14. National SMME policy instruments (including the National Small Business Act and associated regulations) recognise larger thresholds and employee bands (in some categories up to 250 employees and substantially higher turnover levels).
15. ISPA proposes the following thresholds:
 - 15.1. EME: Total annual revenue of R20,000,000 or less;
 - 15.2. QSE: Total annual revenue greater than R20,000,000 and up to R220,000,000; and
 - 15.3. Generic: Total annual revenue greater than R220,000,000.
16. The proposed turnover and employee thresholds align the Codes with national SMME definitions, improving regulatory consistency.

Statement AICT 200 : Measurement of Management Control

17. ISPA's wishes to highlight that SMMEs with limited employee numbers but with high turnover cannot practically achieve demographic percentage targets based on the overall economically active population without resorting to fractional person calculations,
18. This is impractical and produces perverse measurement outcomes.
19. Noting that both the Skills Development Act and Labour Relations Acts include employee thresholds, ISPA requests that the Council give consideration to introducing an employee-count threshold, in terms of which entities with fewer than 250 employees would not be subject to full demographic percentage targets under Management Control (AICT 200) and Skills Development (AICT 300).
 - 19.1. A 250-employee threshold ensures demographic targets are applied proportionately and avoids fractional reporting.
 - 19.2. An employee-count exemption will reduce compliance costs and reporting complexity for smaller employers without undermining the policy intent of B-BBEE.
 - 19.3. Full demographic-based measurement would remain for entities above the employee threshold, preserving the Codes' transformative intent.

Statement AICT 300: Skill Development

20. Clause 2.3 was never intended to cover all scorecard points. The B-BBEE ICT Sector Council issued a notice clarifying that overall demographic targets were not meant to apply to all components of the Skills Development scorecard.
21. Again, small enterprises with limited employee numbers but high turnover cannot practically achieve demographic percentage targets based on the overall economically active population without resorting to fractional person calculations, which is impractical and produces perverse measurement outcomes.
22. Under paragraph 4.1. a Measured Entity must achieve 40% of the total targets set out in each of paragraphs 2.1.1 and 2.1.2. of the Skill Development element.
23. ISPA appreciates the intention behind this provision but notes that there are very few learnerships or formal internships at the level of education this sector requires, due to the formal registration required by QCTO and accreditation entities.
24. ISPA submits that it is not practical to have a sub-minimum threshold on 2.1.2, and that this is inconsistent with the DTIC Generic Codes, which removed sub-minimum thresholds for learnerships, internships and apprenticeships.

Statement AICT 400: Enterprise Supplier Development

25. ISPA submits that the concept of an Empowering Supplier has not to date been enforced by the DTIC as it was intended and creates another administrative burden for entities that are acting in good faith to comply with the Codes.
26. ISPA requests that consideration be given to removing paragraph 4.3 from the Codes.

Statement 600: Small Qualifying Enterprise

27. This statement references a Specialised QSE scorecard; however, it is impractical to implement as stated in the Codes because it is incomplete.

Conclusion

28. ISPA submissions are summarised below:

- 28.1. Rebalance scorecard weightings and cap the total at 100 points to harmonise procurement tables across scorecards. The proposed allocation:

Element	Points
Ownership	20
Management Control	25
Skills Development	25
Enterprise Supplier Development	20

- 28.2. Adopt a single 100-point baseline to align the procurement table in Generic Codes published by the DTIC to reference the actual attainable points per scorecard (Generic, Specialised, QSE, Specialised QSE) so levels are achievable without relying on bonus points.
- 28.3. Revise turnover and employee thresholds to align with national SMME definitions. ISPA's proposal:

Scorecard	Annual Turnover (ZAR)	Employees
EME	≤ 20m	< 50
QSE	> R20m – ≤ R220m	50–249
Generic	> R220m	≥ 250

For example, Generic or large entities with <250 employees could be exempt from full demographic targets under Management Control and Skills Development

- 28.4. Remove sub-minimum thresholds on Skills Development for learnerships/internships in order to align AICT 300 with the DTIC Generic Codes. When the supply of accredited programmes is limited, the Council should consider allowing informal and non-accredited upskilling, bursaries, in-house accredited courses or recognised industry training to count.
- 28.5. Remove or simplify and clarify "Empowering Supplier" criteria (AICT 400) with clear, measurable indicators and evidence requirements. Make certain metrics optional or scaled for services vs manufacturing.
- 28.6. Remove or complete and clarify the Specialised QSE scorecard (Statement 600) and provide the missing components, plus a simplified compliance pathway for Specialised QSEs (less admin, proportionate targets).
- 28.7. Where possible, reduce administrative burden.
29. ISPA trusts that the above will be of assistance to the Council in its work and looks forward to participating further in the review of the Codes.

Regards



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ISPA Chair