



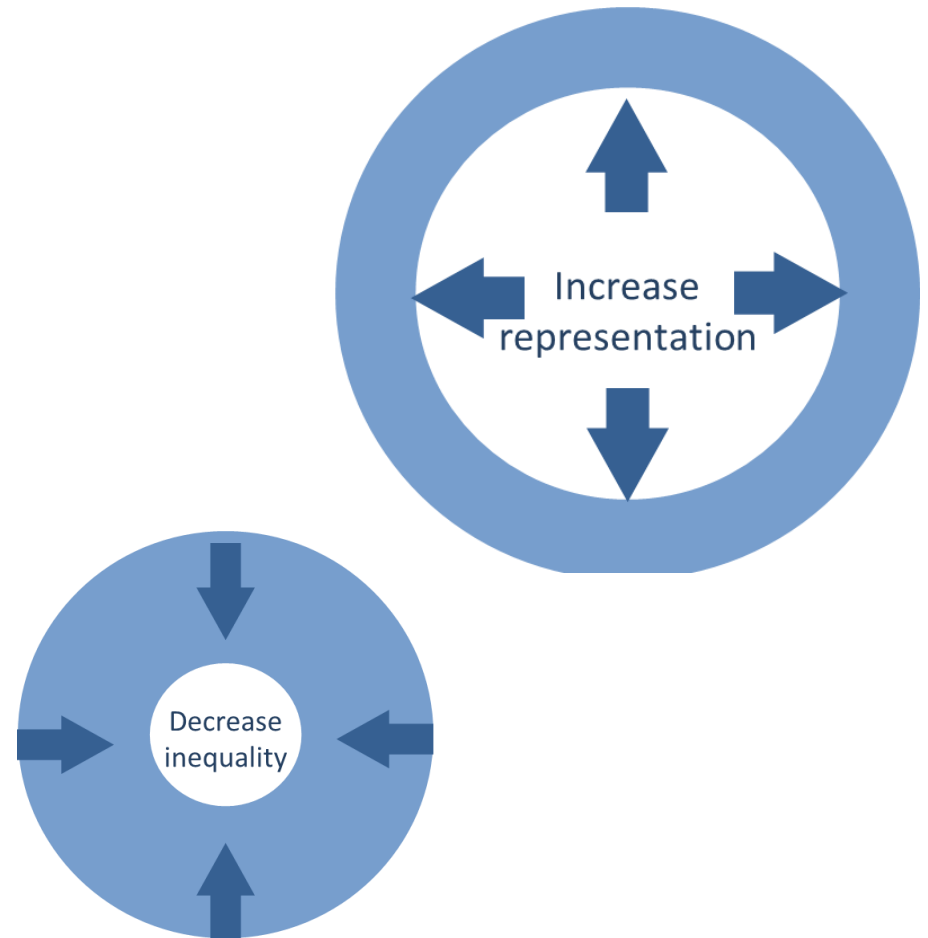
Employment Equity Amendment Bill

TRANSCEND CORPORATE ADVISORS

THE EMPLOYMENT EQUITY ACT, No.55 of 1998 (EEA)

The Employment Equity Act was first enacted in 1998 with the purpose to achieve equity in the workplace, by:

- promoting **equal opportunity** and **fair treatment** in employment through the elimination of **unfair discrimination**;
- implementing **affirmative action** measures to redress the disadvantages in employment experienced by designated groups;
- to ensure **equitable representation** in all occupational categories and levels in the workforce.



EMPLOYMENT EQUITY: WHAT IS THE CURRENT STATE?

White and Indian Population groups generally remain over-represented against their EAP especially in Top and Senior Management positions

African people account approximately 80% of the semi-skilled and unskilled occupational categories

Latest CEE report shows that there continues to be underrepresentation of women, Africans, Coloured, Indians, People with Disabilities in the workplace

Representation of Persons with Disabilities remains no higher than 1% across occupational levels

Africans earn, on average a third of what white people earn.

Women are likely to earn up to 30% less than males

JSE listed companies alone account for more than 50% of the companies that are issued fines for EE non-compliance.

South Africa's official unemployment rate at 34.5%

BACKGROUND: THE EE AMENDMENT BILL 2020

- The Bill was first published in the Government Gazette of 20 July 2020.
- The latest statistics show transformation remains elusive in the South African workplace.
- It's clear that self-regulation is not working and there is need to ramp up enforcement mechanisms in order to drive a high degree of compliance
- The amendments to a number of clauses in the Act seeks to strengthen and support efforts to eradicate the continued legacies of apartheid discrimination, as well as inequality in the workplace.



KEY CHANGES PROPOSED IN THE BILL



Regulation of sector-specific numerical EE targets by the Department of Employment and Labour



Introduction of an EE Compliance Certificate:

- Designated employers will be required to be in possession of this certificate



- Awarding of state contracts will be directly linked to your company's EE compliance.
- The certificate will also be a key requirement for recognition of points under the Management Control pillar of the BBBEE scorecard

A certificate of compliance will be issued to employers only if:

- The applicable sectorial targets have been achieved or the company has raised a reasonable ground for non-compliance;
- The employer has submitted its most recent employment equity report;
- The employer has not been found within the previous twelve months to have breached the prohibition on unfair discrimination.
- The employer has not been found within the previous twelve months to have paid wages below the level of the prescribed National Minimum Wage.

WHAT THIS MEANS FOR YOUR BUSINESS

- The issuance of a certificate means that the entity will get audited or verified on a yearly basis.
- Failure to comply with sectoral numerical targets absent a reasonable ground to justify such non-compliance to the satisfaction of the Minister, will be contravention of the Act.
- Large financial penalties and fines for breaching regulations (Schedule 1)
- Lack of recognition points on BBBEE (Broad Based Black Economic Empowerment) for Employment Equity and Management Control elements of the scorecard.
- Inability to access state contracts
- Non-compliance is a statutory offense for which the company Director(s) can be criminally prosecuted
- Brand value or market reputational damage
- Non-compliance also invites further inspection and audits, leading to waste of time and money.



PROGRESS ON THE EMPLOYMENT EQUITY AMENDMENT BILL

- Consultation process on the setting of Sectorial Targets under way with the relevant stakeholders across all economic sectors
- Sector engagements are anticipated to be concluded by the end of February 2023
- Finalised release of Employment Equity sectorial targets anticipated by March 2023
- The Bill is expected to become law within the next financial year.



Q&A