



**Overview of the B-BBEE  
Commission in Transforming the  
South African Economy and  
Promoting B-BBEE  
30 October 2020**



# What is B-BBEE?

- Viable economic empowerment of all black people, in particular women, workers, youth, people with disabilities and people living in rural areas, through diverse but integrated socio-economic strategies, that include: -
  - Increase number of black people who own, manage and control enterprises and productive assets
  - Facilitate ownership and management by communities, workers, co-operatives and other collective enterprises
  - Human resource and skills development
  - Equitable representation in all occupational categories and levels in the workforce
  - Preferential procurement from black owned and managed enterprises
  - Investment in enterprises that are black owned and managed

# How South Africa measures B-BBEE?

- Section 9 of the B-BBEE Act has provided the Minister of Trade, Industry and Competition (the Minister) with the powers to issue **codes of good practice** for black economic empowerment to be implemented by all measured entities. Minister has gazetted **eleven (11)** codes of good practice, which are:
  - Generic Codes of Good Practice,
  - Information and Communication Technology Sector Codes,
  - Tourism Sector Codes
  - Construction Sector Code;
  - Integrated Transport (2009 Version),
  - Property Sector Codes,
  - Forestry Sector Codes
  - Financial Services Sector Codes,
  - AgriBEE Sector Codes,
  - Marketing, Advertising and Communication Sector Codes, and
  - Defence Sector Codes.

# What elements are measured?

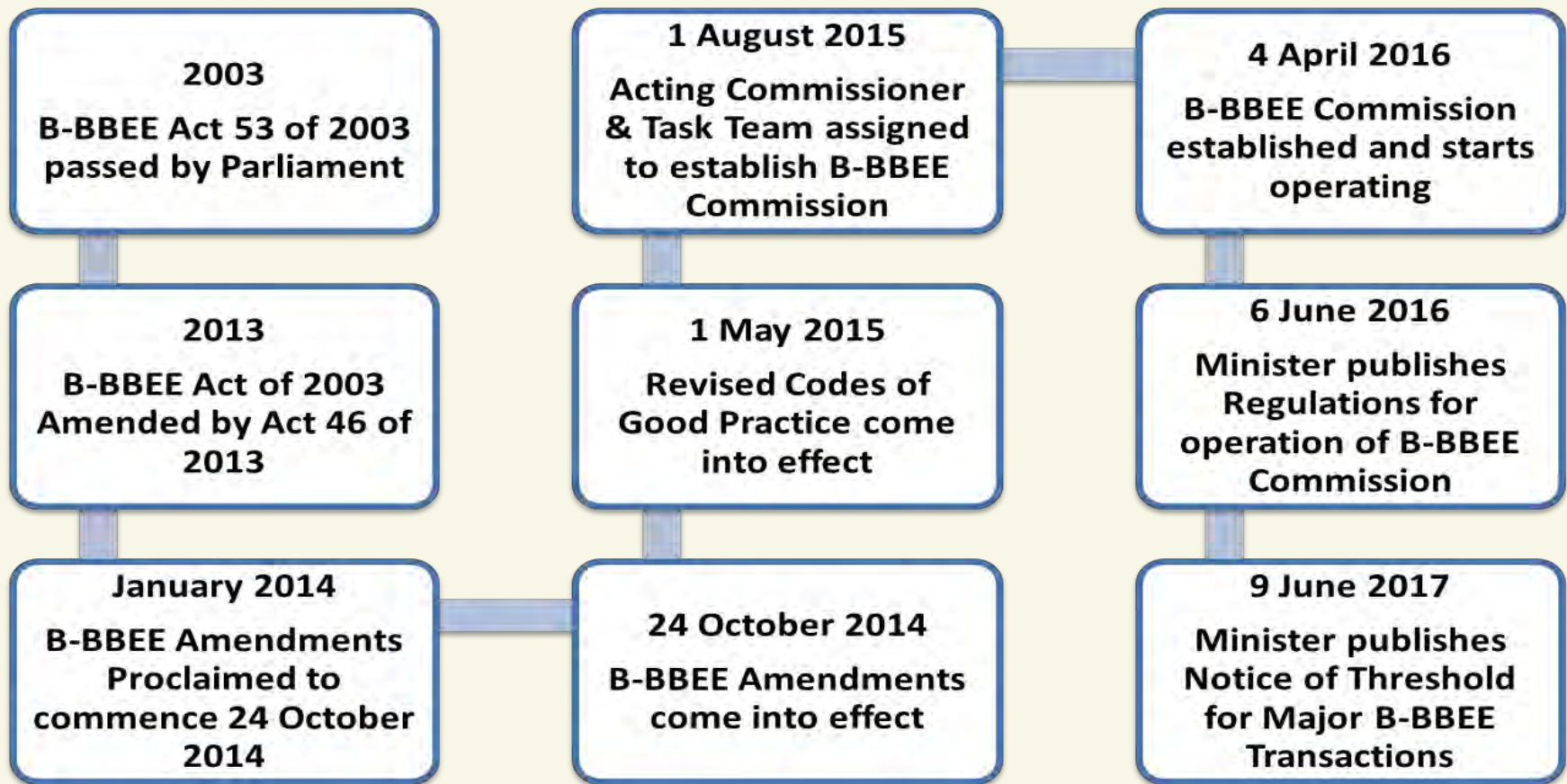
- B-BBEE is measured annually based on the following key elements derived from the objectives of the B-BBEE Act in section 2, some sector codes have additional elements approved by the Minister:
  - Ownership
  - Management Control
  - Skills Development (6% of payroll)
  - Enterprise and Supplier Development (3% of NPAT)
  - Socio-Economic Development (1% of NPAT)
- Organs of state and public entities, including NPO/PBOs use the specialised score card that excludes ownership (Statement 004)
- Measured entities are all organs of state and public entity and private sector entities that undertakes economic activity with the organs of state or public entities, directly or indirectly.

# What is required for government?

- Section 10 (1) of the B-BBEE Act states that **every organ of state and public entity** must apply the relevant code of good practice issued by the Minister of Trade, Industry and Competition in accordance with section 9 of the B-BBEE Act in:
  - Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law;
  - Developing and implementing a preferential procurement policy;
  - Determining qualification criteria for the sale of state owned enterprises;
  - Developing criteria for entering into partnerships with the private sector; and
  - Determining criteria for the awarding of incentives, grants and investment schemes in support of B-BBEE.



# Why and when were we established ?



# What is our mandate?

- *Oversee*, supervise and promote adherence with the B-BBEE Act in the public interest
- *Strengthen* and foster collaboration between public and private sector to safeguard objectives
- Receive *complaints* and investigate complaints proactively and/or reactively
- Promote *advocacy and access* to opportunities, educational programmes and B-BBEE initiatives
- Maintain *registry* of major B-BBEE transactions (R25 million)
- Receive and analyse *compliance reports* (JSE, SETAs, state organs)
- Promote *good governance and accountability*
- Increase *knowledge and awareness* on B-BBEE
- Exercise any power conferred by the Minister in writing, which does not conflict with the B-BBEE Act

# What guides our delivery?



## Mission

To facilitate the accelerated  
productive implementation of  
the Act



## Values

An inclusive economy is our first  
consideration

Open access and availability to  
all economic citizens

Impartiality and Consistency

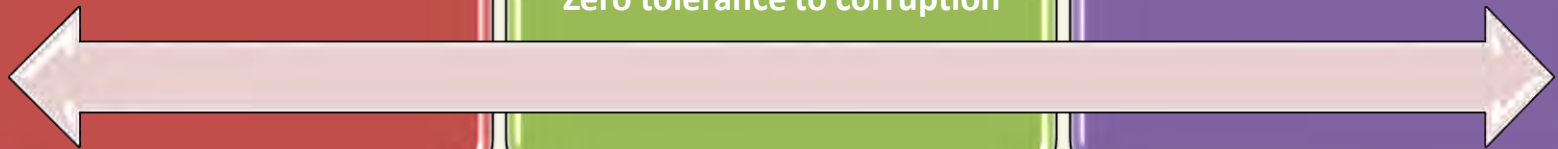
Accountability for all decisions  
and actions taken by us

Zero tolerance to corruption



## Vision

An inclusive economy that is  
globally competitive





# What is our Strategy?

## **Compliance Driven Strategy**

- Advisory opinions & Clarifications
- Compliance Reports
- Major B-BBEE transactions
- Explanatory Notices
- Practice Guides/Notices
- Advisory Letters
- Education & Awareness sessions
- Advisory Stakeholder meetings
- Site visits for tip-offs

## **Corrective Enforcement Strategy**

- Complaint notification
- Non-Investigations
- Investigation
- Site visits
- Alternative dispute resolution
- Findings
- Remedial recommendations
- Referral to other regulators
- Referral for criminal prosecution

# Mid-year Population Estimates 2019 (StatsSA)

## Mid-year population estimates for South Africa population group and sex 2019

Population group	Male		Female		Total	
	Number	% distribution of males	Number	% distribution of females	Number	% distribution of total
Africans	23 124 782	80.7	24 318 477	80.8	47 443 259	80.7
Coloureds	2 513 221	8.8	2 663 530	8.8	5 176 750	8.8
Indians	768 594	2.7	734 413	2.4	1 503 007	2.6
White people	2 266 151	7.9	2 385 855	7.9	4 652 006	7.9
<b>Total</b>	<b>28 672 747</b>	<b>100</b>	<b>30 102 275</b>	<b>100</b>	<b>58 775 022</b>	<b>100</b>

# National EAP (StatsSA)

**TABLE 1: National EAP by Population and Gender Group\***

MALE			FEMALE			Total
AM	African Male	42.7%	AF	African Female	36.2%	78.9%
CM	Coloured Male	5.3%	CF	Coloured Female	4.4%	9.7%
IM	Indian Male	1.7%	IF	Indian Female	1.0%	2.7%
WM	White Male	4.9%	WF	White Female	3.8%	8.7%
Total		54.6%			45.4%	100%

# How do we monitor & promote B-BBEE to advance transformation?

## Status of transformation

- Only 15% of organs of state and public entities reported
- Only 43% of JSE listed entities reported
- Ownership reflects 32% (2016), 27% (2017) 25% (2018), 29% (2019)
- Black women ownership 9% (2017), 10% (2018) 12% 2019
- 3.3% of JSE listed entities 100% black owned
- Management control 39% black

## Major ownership transactions

- 499 transactions submitted, 150 successfully registered
- 144 rejected for non-compliance & 83 referred for investigation
- 272 (2018) - R188, 7 billion and 95 in 2019 were R111, 938 billion
- Ownership – 60% (2018: 53%) but voting rights 32% (2018: 50%), new entrants 13% (2018: 20%)
- Funding is 32.6% vendor-financed, share swaps 17.9%, bank loans 15.9% and government 4.2%



# How do we monitor & promote B-BBEE to advance transformation?

## Complaints Handling

- 822 cases handled and 386 finalised, 435 in progress
- Mining, transport and construction account for highest number of fronting cases
- 19 cases referred to CIPC, 7 to SAPS/NPA
- 7 initiated court process and 6 litigation cases for review
- 2 cases successfully defended (RISC Technology Integration & Thomas SA)
- 22 ADR agreements concluded, R102m paid to black shareholders and R12m towards skills development

## Compliance monitoring

- 179 advisory opinions and 5358 clarifications – advising on the B-BBEE Act
- 13 Practice Guides and 14 Brochures
- 281 awareness sessions and
- 4 Annual Conferences and 2 Women's Conferences
- 149 B-BBEE certificates declared invalid
- 42 Site visits were conducted pursuant to tipoffs (29) and compliance reports (13).
- National status and major B-BBEE transactions reports produced annually

# How do we monitor & promote B-BBEE to advance transformation?

## Strategic Partnerships

Memoranda of Understanding concluded with

- Competition Commission
- South African Revenue Services
- Commission for Employment Equity
- South African National Accreditation Systems
- Companies Tribunal
- National Gambling Board
- National Liquor Authority
- Companies and Intellectual Property Commission
- KZN Department of Economic Development, Tourism and Environmental Affairs

## Litigation matters

B-BBEE defending the following application to review decision:

- CRRC E-LOCO in respect of Transnet locomotives
- Sasol & Astra Group in relation to the Sasol Tshwarisano BEE Scheme
- Cargo Carriers Limited in relation to the owner-driver scheme
- Planet Waves where 60% black shareholders alleged to be fronted
- Megaphase Trading where an employee alleged fronting

# Strategic Objectives

## Programme 1: To safeguard the outcomes of inclusive economy

Strategic objective	Output	Achievement per Financial year					Total
		2016/17	2017/18	2018/19	2019/20	2020/21 (Q1 & Q2)	
Guide the implementation of B-BBEE Act	Advisory Opinions	48	46	37	34	14	179
	Clarifications	391	1212	1335	1603	817	5358
	Practice Notes / Guideline	3	4	2	3	1	13
	Brochures	0	2	5	4	3	14
	Education & Awareness	174			86	21	281
Assess B-BBEE Transactions and provide advice	Received	272		95	109	28	504
	Registered	175		66	80	19	340
	Involve Trust	95		20	21	7	143
	Rejected	89		21	23	5	138
Assess Compliance Report & provide feedback	Received	202		270	205	46	723
	Assessed	191		156	196	40	583
	JSE Listed	181		147	158	43	529
	Public Entities & Organs of State	21		21	47	3	92
	SETAs	0		2	3	0	5

# Strategic Objectives

## Programme 2: To implement corrective enforcement to achieve compliance

Strategic objective	Output	Achievement per Financial year					Total
		2016/17	2017/18	2018/19	2019/20	2020/21 (Q1 & Q2)	
Conduct both proactive and reactive Investigation	Investigation findings	371				15	386
Facilitate and guide resolution of dispute through ADR	ADR Agreements [r15(11)]	22				0	22
Referral to other regulatory entities & for prosecution	Notice of referral [s13J (6)] & [s13J (5)]	24				2	26



# Strategic Objectives

## Programme 3: Researching, analysing and reporting on state of transformation

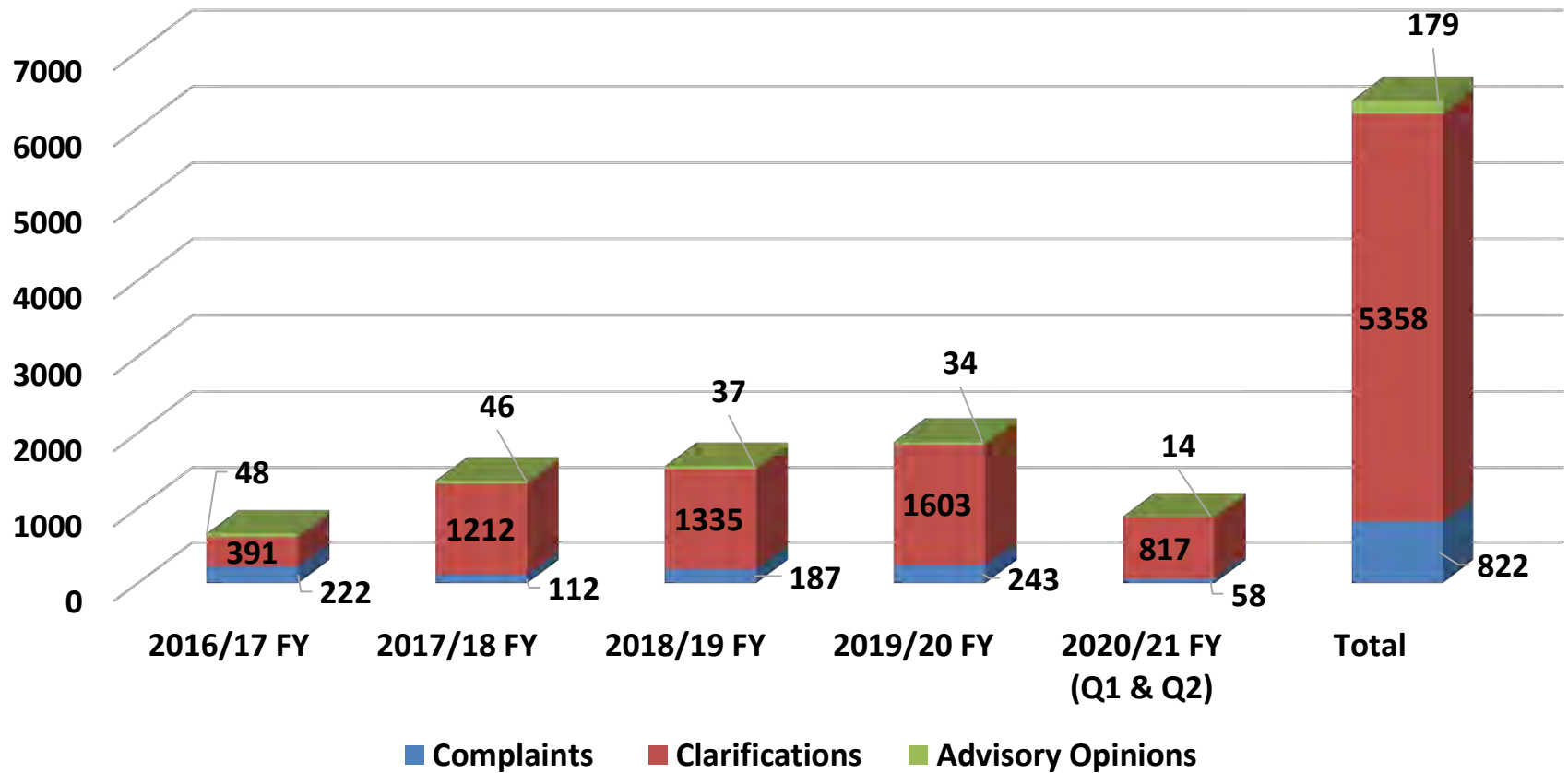
Strategic objective	Output	Achievement per Financial year					Total
		2016/17	2017/18	2018/19	2019/20	2020/21 (Q1 & Q2)	
Report on National Status and Transformation	National Status Annual Report	1	1	1	1	0	4
	Major B-BBEE Transaction Report	0	0	1	1	0	2

## Programme 4: Collaborating with relevant stakeholders to advance transformation

Strategic objective	Output	Achievement per Financial year					Total
		2016/17	2017/18	2018/19	2019/20	2020/21 (Q1 & Q2)	
Build Mutual relationships with selected stakeholders	Memoranda of Cooperation	1	3	3	2	1	10
	Referral Protocol	0	1	0	0	0	1

# Number of Complaints, Clarifications and Advisory Opinions

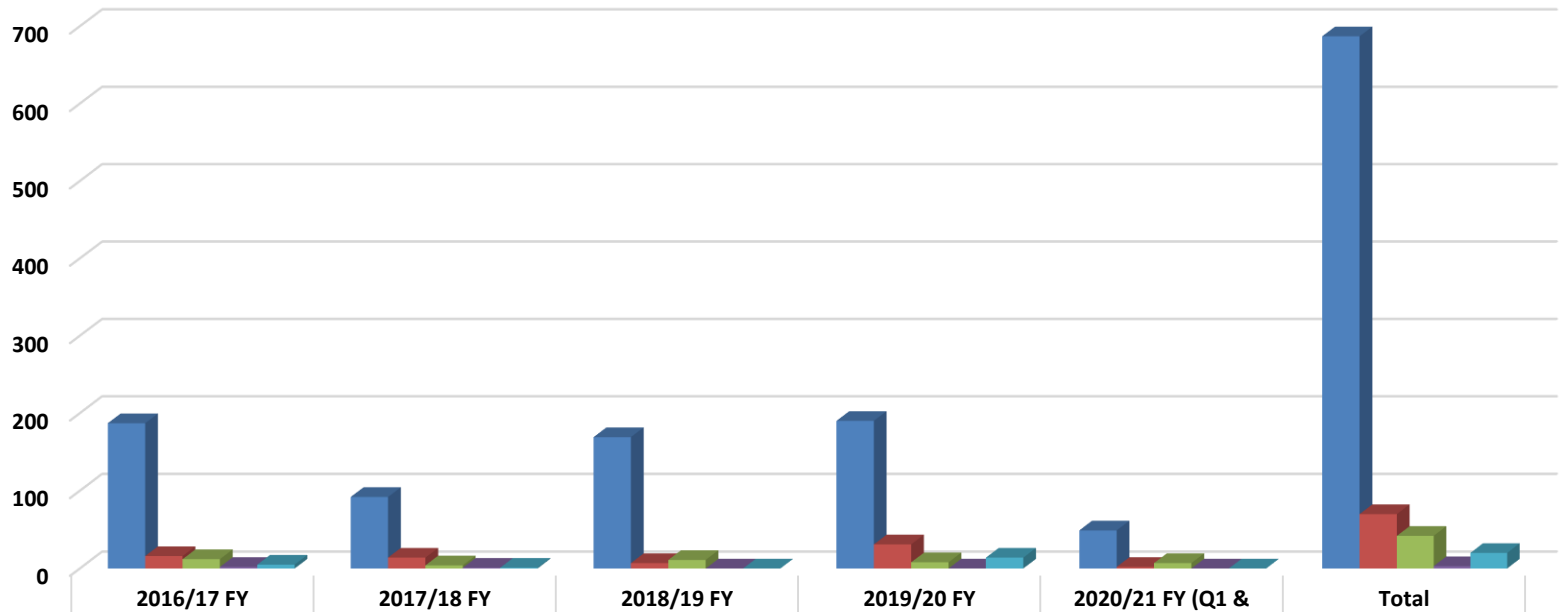
## Complaints, Clarifications & Advisory Opinions



Source: B-BBEE Commission - Unaudited

# Types of Complaints lodged 2016/17 FY – Q2:2020/21 FY

Type of Complaints

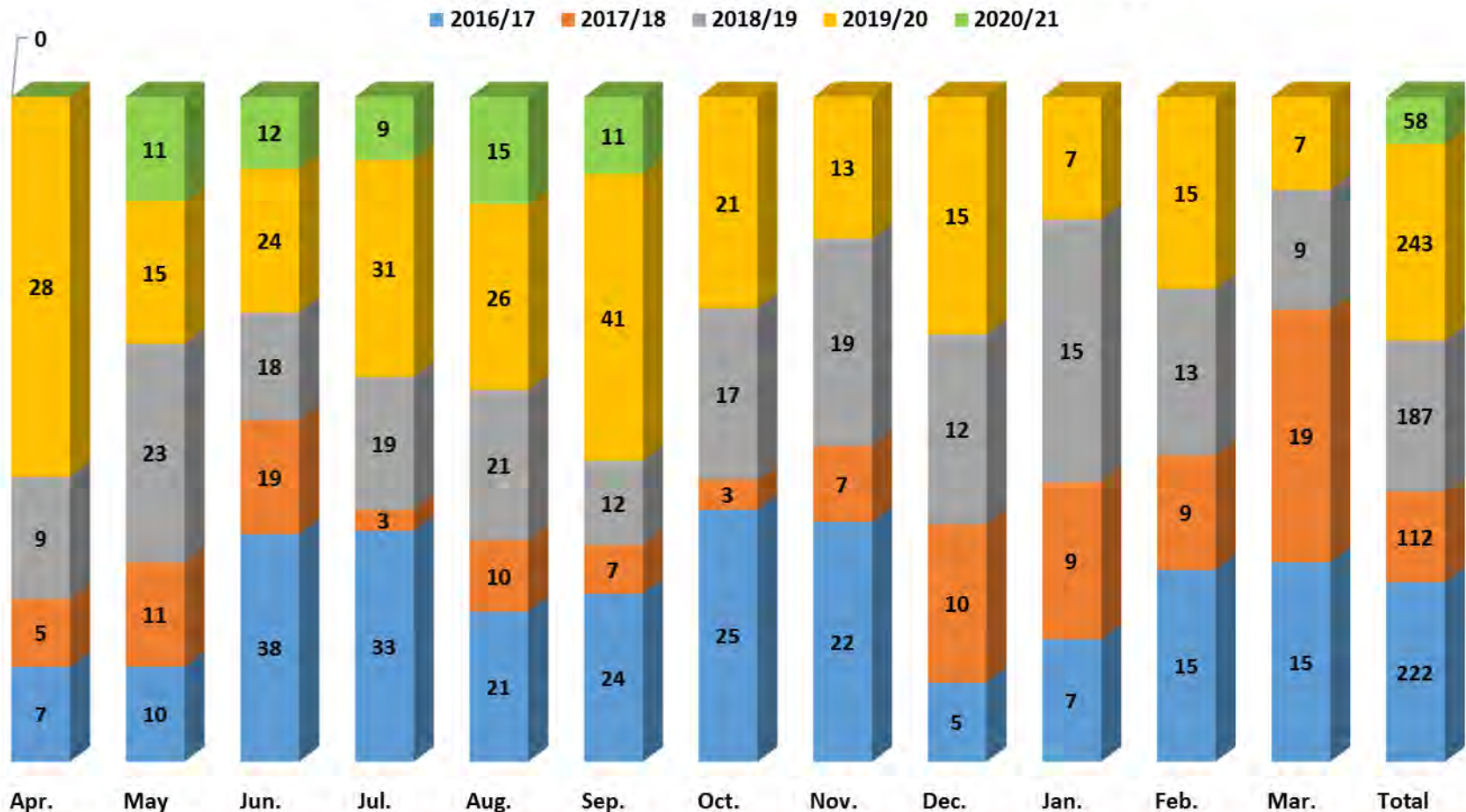


Froting	187	92	169	190	49	687
B-BBEE Certificates	16	14	7	31	2	70
Contractual	12	4	11	8	7	42
Misleading Adverts	2	1	0	0	0	3
Others	5	1	0	14	0	20

Source: B-BBEE Commission - Unaudited

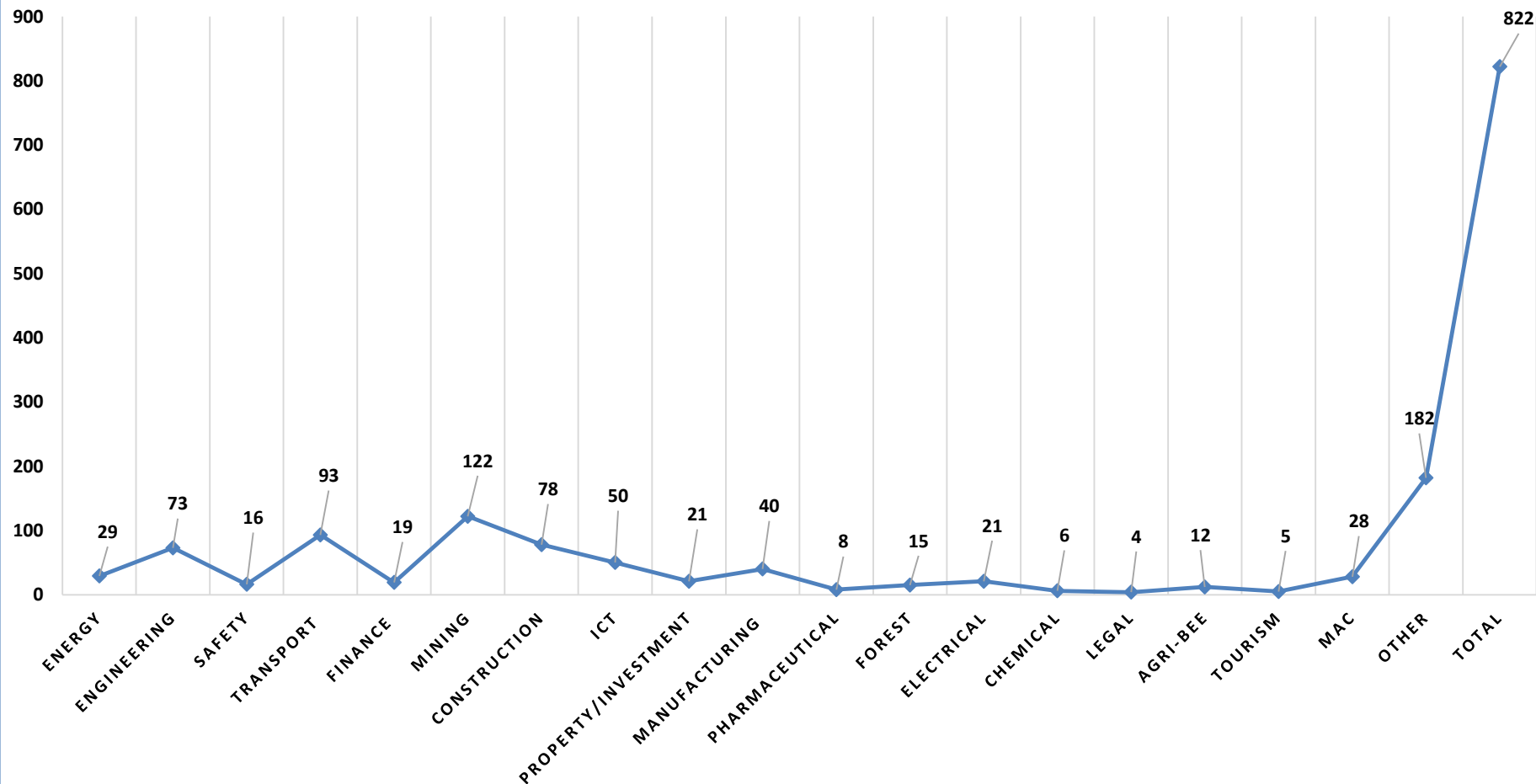
# Complaints Received per Month from 2016/17 FY – Q2: 2020/21 FY

Complaints Received per Month from 2016/17 - Q2: 2020/21 FY



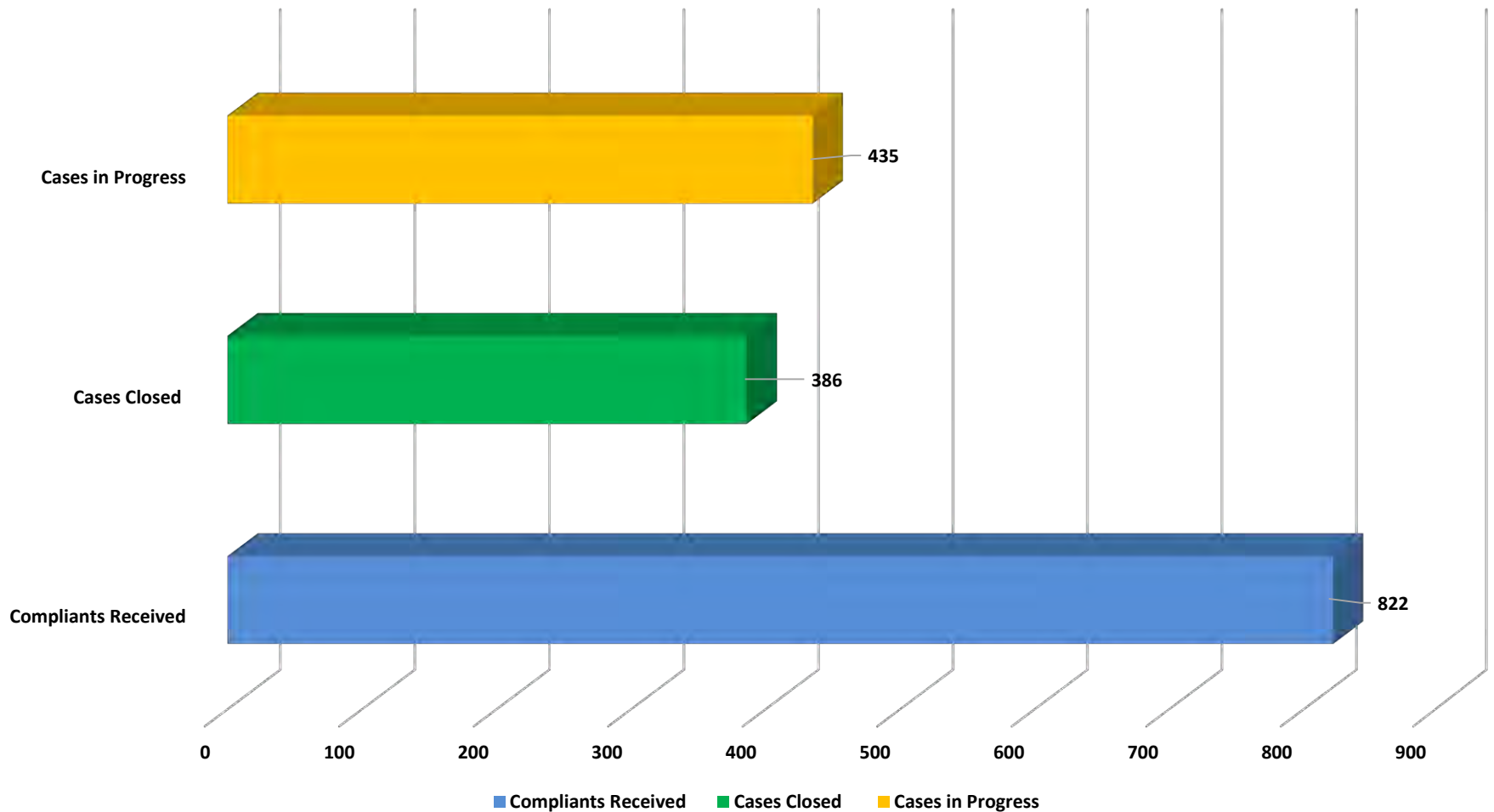


# Total Complaints lodged per Sector 2016/17 FY – Q2: 2020/21 FY

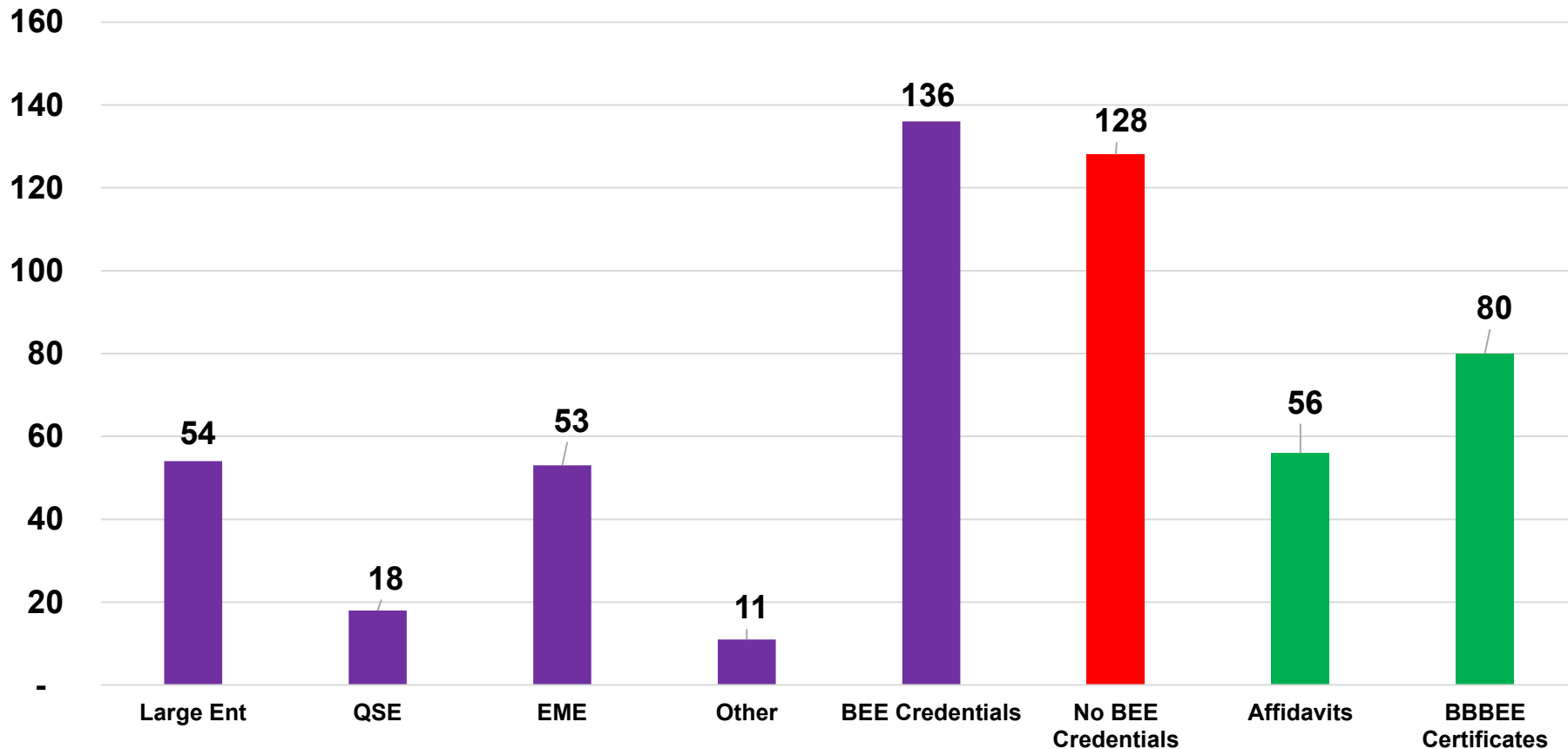


Source: B-BBEE Commission - Unaudited

# Total Complaints Lodged vs Investigated Cases 2016/17 – Q2: 2020/21 FY



# 95 Major Transactions (Ownership)



**NOTE: 95 major B-BBEE transactions affected 264 entities constituting the population data above.**

# Major B-BBEE Transactions per Sector

Sectors	No. of Transactions Registered	No. of Transactions Registered	Growth
	2017/18	2018/19	
Agri-BEE	7	4	-3
Construction	4	6	2
Financial	63	21	-42
Generic	132	41	-91
Forestry	0	0	0
ICT	18	9	-9
MAC	6	4	-2
Property	8	5	-3
Tourism	14	0	-14
Transport	20	5	-15
<b>Total</b>	<b>272</b>	<b>95</b>	<b>- 177</b>

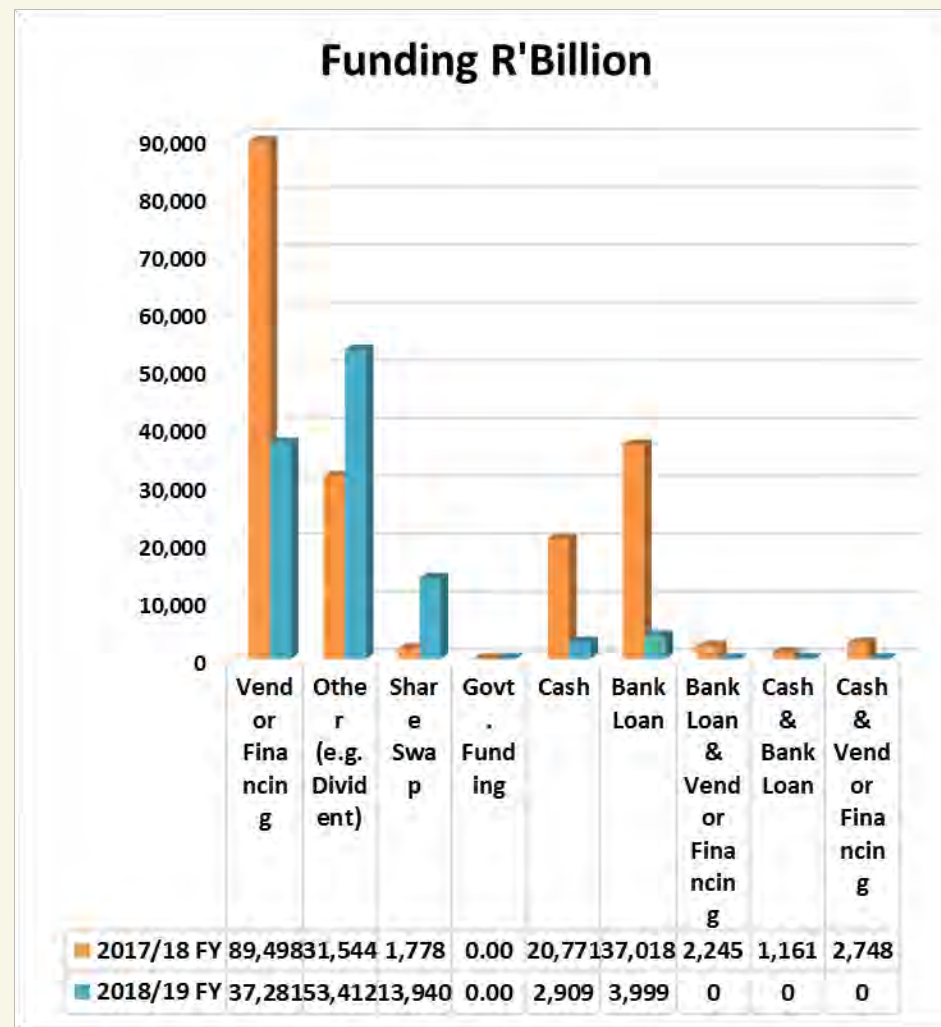


# Transaction Value per Sector (Billion R)

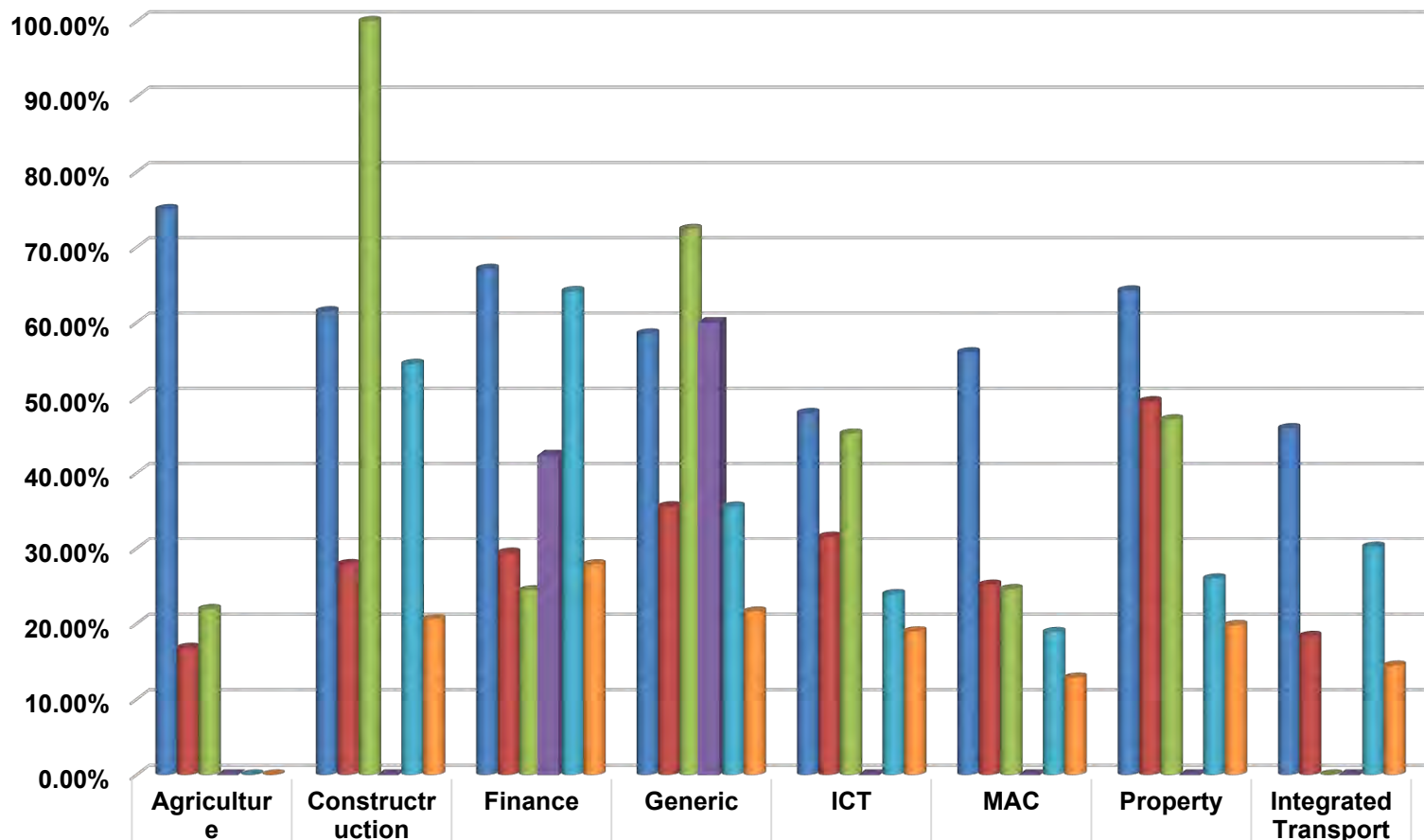
Sector Code	2018/19 Transactions			Amalgamated Base		Movement
Agriculture	0,523	0%		2,252	1.2%	-R1,73
Construction	2,814	3%		0,352	0.2%	R2,46
Financial	44,155	39%		16,074	8.5%	R28,08
Generic	40,966	37%		78,091	41.4%	-R37,13
ICT	17,4	16%		19,896	10.5%	-R2,50
MAC	3,48	3%		0,632	0.3%	R2,85
Property	0,724	1%		9,037	4.8%	-R8,31
Tourism	0	0%		58,047	30.8%	-R58,05
Integrated Transport	1,876	2%		4,363	2.3%	-R2,49
<b>Total</b>	<b>111,938</b>	<b>100%</b>		<b>188,745</b>	<b>100.0%</b>	<b>-R76.81</b>

# Type of Funding

Type of Funding	2017/18 FY		2018/19 FY	
	Total Value (R' Billion)	Percentage	Total Value (R' Billion)	Percentage
Vendor Financing	89,498	47.4%	37,281	33%
Other	31,544	16.7%	53,412	48%
Share Swap	1,778	0.9%	13,940	12%
Government Funding	0,211	0.9%	0,397	0%
Cash	20,771	11.0%	2,909	3%
Bank Loan	37,018	19.6%	3,999	4%
Bank Loan & Vendor Financing	2,245	1.2%	0	0%
Cash & Bank Loan	1,161	0.6%	0	0%
Cash & Vendor Financing	2,748	1.5%	0	0%

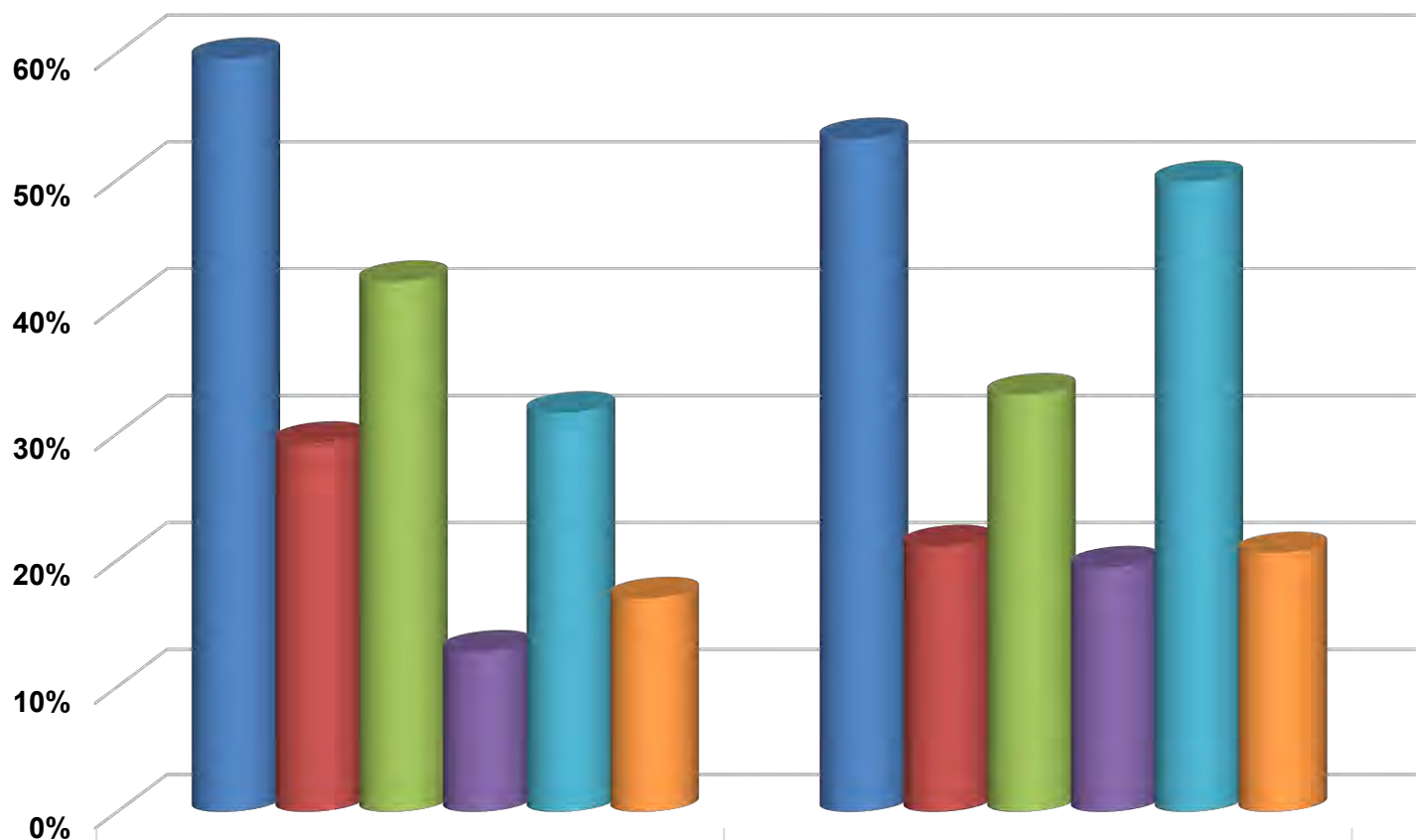


# Major B-BBEE Transactions Findings



Black ownership	75.02%	61%	67%	59%	48%	56%	64%	46%
Black women ownership	16.76%	28%	29%	36%	32%	25%	50%	18%
Black designated groups	22%	100%	24.39%	72%	45%	25%	47%	0%
New entrants	0	0	42%	60%	0	0	0	0
Black voting rights	0	54%	64%	36%	24%	19%	26%	30%
Black women voting rights	0	21%	28%	22%	19%	13%	20%	14%

# Ownership Comparison 2017/18 vs 2018/19



	2018/19 Average	Base (Amalgamated Yrs)
Black ownership	60%	53%
Black women ownership	29%	21%
Black designated groups	42%	33%
New entrants	13%	19%
Black voting rights	32%	50%
Black women voting rights	17%	21%

# Summary of National Status Report

National Status and Trends on B-BBEE Report Summary		2017	2018	2019
Submitted Reports	JSE	51% (401)	43% (371)	42% (356)
	Organs of State & SOEs	1% (290)	10% (290)	15% (290)
	B-BBEE Certificate Portal	2861	1674	5818
Overall Ownership (Overall include B-BBEE Certificate data information)		27%	25%	29%
Overall Black Women Ownership (Overall include B-BBEE Certificate data information)		9%	10%	12%
JSE Listed Entities Average Black Ownership		29%	25%	31%
100% black owned entities on the JSE		1%	1%	3%
Management Control (Overall include B-BBEE Certificate data information)	JSE	38%	38%	44%
	Organs of State & SOEs	N/A	79%	68%
	Overall Management Control	43%	45%	39%
Skills Development (Overall include B-BBEE Certificate data information)	JSE	35%	63%	59%
	Organs of State & SOEs	N/A	64%	41%
	Overall Skills Development	37%	49%	49%
Enterprise and Supplier Development (Overall include B-BBEE Certificate data information)	JSE	47%	70%	59%
	Organs of State & SOEs	N/A	47%	59%
	Overall Enterprise and Supplier Development	44%	60%	51%
Socio-Economic Development (Overall include B-BBEE Certificate data information)	JSE	79%	92%	89%
	Organs of State & SOEs	N/A	65%	53%
	Overall Socio-Economic Development	88%	71%	68%
B-BBEE Rating Level 4 - Level 1	JSE	41%	51%	49%
	Organs of State & SOEs	N/A	45%	33%
B-BBEE Rating Level 5 - Non-Compliant	JSE	48% (12% No data)	45% (5% No data)	51%
	Organs of State & SOEs	N/A	55%	67%



**Thank You**

**“An Inclusive economy for all, together”**