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Department:  
Trade, Industry and Competition  
REPUBLIC OF SOUTH AFRICA

## THE NATIONAL ASSEMBLY

### QUESTION FOR WRITTEN REPLY

#### QUESTION NO 831

**Mr D W Macpherson (DA) to ask the Minister of Trade, Industry and Competition:**

Whether the Industrial Development Corporation of South Africa (IDC) will only allocate COVID-19 funding relief to qualifying entities according to the Broad-Based Black Economic Empowerment (B-BBEE) Act, 2003 (Act No. 53 of 2003), as amended; if not, what is the position in this regard; if so, (a) on what statutory grounds will the IDC's COVID-19 funding relief rely to only allocate such funding to entities according to the specified Act and (b) what form of COVID-19 funding relief will be made available to other entities? [NW1038E]

#### REPLY

During the Portfolio Committee meeting held on 26 May 2020, I addressed the overall approach by the Department to transformation. In short, transformation of the economy is both a social and economic imperative. The bitter legacy of the past has not been reversed – the process of colonial dispossession took place over more than 300 years and inherited privilege (assets, skills and networks) reproduces itself beyond the removal of apartheid laws. The Constitutional values of human dignity, the achievement of equality and the advancement of human rights and freedoms require active steps for their realisation.

The economy's long-term growth rate will remain constrained if the level of involvement by tens of millions of citizens, black South Africans, women and young people remains low. The purpose of affirmative processes and laws is to enable this base to be broadened.

In terms of section 3 (c) of the Industrial Development Corporation (IDC) Act, the IDC has an explicit statutory mandate to promote the economic empowerment of historically disadvantaged communities and persons. This has not meant that the IDC provides funding only to black South Africans, as the Honourable Member well knows. But it does mean that the IDC must give special emphasis on the promotion of broad-based empowerment.

The qualifying criteria for COVID-19 funding are set with the primary consideration to increase the availability of essential critical personal protective equipment products to

supply the local market, in order to save lives. Therefore, the funding criteria cater for ALL South African registered businesses that have capacity to supply the critical products, including but not exclusively for B-BBEE companies.

I am advised that the IDC has now approved R535,5m in funding from this envelope, of which R444m are for companies at which black South Africans hold either a controlling stake or have at least 25% equity.

We should be proud of efforts to broaden the base of the economy, promote entrepreneurship and to foster efforts at greater equity in the economy. Financial incentives should of course be only one of a number of elements to support wider levels of entrepreneurship in society in order to achieve these objectives. Transformation is good social policy. It is good economics too. Government has a legislative mandate to promote these measures and during 2019, an overwhelming majority of citizens voted for political parties which supported broad-based empowerment.

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