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Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL COUNCIL OF PROVINCES

QUESTION FOR WRITTEN REPLY

QUESTION NO. 26

Transformation Fund

Mr J H P Britz (Eastern Cape: DA) to ask the Minister of Trade, Industry and Competition:

- (1) (a) How his department proposes to finance the envisaged Transformation Fund he recently announced and (b) what criteria will be used to determine the beneficiaries of the said fund;
- (2) What legislative and/or constitutional criteria are used by his department to determine a beneficiary's race in order to qualify for any benefits from any (a) funding and/or (b) grants, including the envisaged Transformation Fund as the Population Registration Act, 1950 (Act No. 30 of 1950), was abolished by the Population Registration Repeal Act, 1991 (Act No. 114 of 1991);
- (3) whether he envisages any other (a) funds, (b) schemes and/or (c) grants that all South African (i) citizens and/or (ii) businesses could benefit from irrespective of race, given the ailing state of the country's economy and the need to grow the economy to create employment opportunities in the private sector; if not, why not; if so, what are the relevant details? CW29E

REPLY:

- (1) The Transformation Fund aims to address access to funding for majority black-owned enterprises and SMMEs to increase their economic participation and income-earning potential through aggregation of various funds such as the Enterprise and Supplier Development ("ESD") contributions and the Equity Equivalent Investment Programme ("EEIP"). The Fund will facilitate pre-and post-

investment support in productive sectors of the economy which amongst others include businesses in township and rural areas.

- (2) While the Population Registration Act, 1950 (Act No. 30 of 1950), was repealed by the Population Registration Repeal Act, 1991 (Act No. 114 of 1991), the determination of race in the context of economic empowerment and transformation policies is guided by the following legislative and policy instruments. The Broad-Based Black Economic Empowerment (B-BBEE) Act, 2003 (Act No. 53 of 2003): The Act defines “black people,” for the purposes of B-BBEE, as Africans, Coloureds, Indians, and Chinese people who:

- Are citizens of the Republic of South Africa by birth or descent; or
- Became citizens of the Republic of South Africa by naturalization before 27 April 1994; or
- Became citizens on or after 27 April 1994 and who would have been entitled to acquire citizenship by naturalization prior to that date.

The assessment of beneficiaries does not rely on racial classification from repealed legislation but rather on the current legislative framework that aims to redress past economic disparities and ensure inclusive economic growth. The transformation fund is rooted in Section 9(2) of the Constitution of the Republic of South Africa and Section 2(h) of the B-BBEE Act which obligates the government to “increase the effective economic participation of black-owned and managed enterprises, including small, medium, and micro enterprises (SMMEs), and enhance their access to financial and non-financial support.”.

- (3) The Department administers various funding instruments in loans and grants that support South African businesses in line with economic policies of the country. **the dtic** remains committed to balancing economic transformation with broad-based economic growth, ensuring that all South Africans, irrespective of the race, have access to funding opportunities that support entrepreneurship, industrial expansion, and job creation.

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