



the dtic

Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NO. 1669

Mr R W T Chance (DA) to ask the Minister of Trade, Industry and Competition:

- (1) Whether his department maintains a database of foreign-based businesses that cite the
(a) Broad-Based Black Economic Empowerment Act, Act 53 of 2003, (BBBEE Act) and
(b) other regulations as reasons against investment in the Republic; if not, why not; if so, what (a) is the total number of such businesses and (b) total amount of investments was lost due as a result;
- (2) whether his department has conducted a cost-benefit analysis of the specified Act; if not, what are the reasons that the department has failed to analyse the effect of its own laws and policies; if so, what are the relevant details of the outcomes of the analysis? NW1883E

REPLY:

- (1) (a) The Department regularly engages with various local and foreigner owned companies, local and foreign chambers and association of businesses, as well as embassies on implementation of the B-BBEE policy. The engagements aim to create awareness about B-BBEE as well as to form partnerships for the congruous implementation of the policy. The feedback that we receive from these companies and institutions is that they are committed to B-BBEE and to the transformation of the South African economy and inclusive growth vision. What they cite that can be of disadvantage to their businesses, is if there is policy uncertainty on B-BBEE, inconsistent application, and abrupt changes to the policy. The Department is mindful of this, and always ensure that when there are amendments a comprehensive process of consultation with social partners is done. Therefore, our experience is that foreign owned companies view is that B-BBEE is not a deterrent for investment, but rather they view it as an opportunity to invest in South Africa. It enables these companies to be actively involved in critical skills development, enterprise and supplier development, and research and development activities that are necessary for the growth of the South African economy.

- (2) The genesis for B-BBEE is in the late 1990's when the Black Economic Empowerment (BEE) Commission was formed with the objective of developing a case for an accelerated National Black Economic Empowerment Strategy and to design concrete recommendations that could be accepted and implemented by government. The Commission conducted extensive research and wide ranging consultations with stakeholders, including a team of specialists from the financial sector, public sector experts and key individuals in the public sector and in SOE's. Based on the recommendation by the Commission, a B-BBEE strategy and the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003), were developed.

The B-BBEE policy allude that the country requires an economy that can meet the needs of all our economic citizens – our people and their enterprises – in a sustainable manner. This will only be possible if our economy builds on the full potential of all persons and communities across the length and breadth of this country. Implementation of the B-BBEE policy began in earnest in 2007 when we promulgated the Codes of Good Practice.

In 2016, **the dtic** established a B-BBEE Commission to monitor; and for the promotion of implementation of Broad-Based Black Economic Empowerment. The Commission further has the role to measure the impact and benefit that the policy has on addressing inequality, meaningful participation of all black people in the economy, and overall socio-economic development contribution. To do this, the Commission has since 2017 undertaken annual assessments of the national status of B-BBEE drawing from B-BBEE Certificates and reports of JSE-listed companies and public entities, and based on this establishes that black ownership averages 30%, and black women ownership averages 15%. Currently, the Commission is finalising another assessment based on much expanded data and a longitudinal view going back as far as possible. The Commission also reports on Major B-BBEE Transactions of value above R25 million that are submitted to it as required by the B-BBEE Act, and found that since 2017 to date the cumulative value of assets acquired by black people is around R800 billion.

-END-