

Address by the MEC for Economic Development, Environment, Agriculture and Rural Development, Parks Tau (MPL), at the NCOP Debate 24 March 2024

Theme: *“The Relevance and Success of Broad-Based Black Economic Empowerment and Employment”*

24 March 2022

Salutations

Honourable Speaker,
Honourable Members of the NCOP,
Distinguished Guests, and
Ladies and Gentlemen:

Introduction

Thank you for the opportunity to reflect on the theme of *The Relevance and Success of Broad-Based Black Economic Empowerment and Employment (B-BBEE)* and the progressive B-BBEE Act, enacted in 2003 to drive forward transformation and industrialisation in the country. The objective of the B-BBEE Act is clear in seeking to increase the number of previously disadvantaged social groups to participate meaningfully in the mainstream economy through various interventions.

The legislative and policy support of the previously disadvantaged groups, of which the majority are black, was necessitated by the historical fact that in 1994, more than 80% of the economy was owned by the minority and black people were owning less than 20% of the economy.

Most importantly, the B-BBEE Act was not conceptualised and subsequently implemented from an ideological vacuum.

It was informed by the 1995 Freedom Charter premised on the principles of promoting *“equal rights and shared opportunities”* and *“redress, redistribution, social, economic and spatial justice”*. Equally, it was informed by the 1996 Constitution which enjoins the democratic government to *“improve the quality of life of all citizens and free the potential of each person”*.

Therefore, the seminal question before us is whether we have made substantial and quantifiable progress since 2003 when the B-BBEE Act was enacted. Likewise, we have to pause and reflect on what programmatic measures we are making to reverse the gains rolled back by the Covid-19 health and economic pandemic.

Obviously, we cannot deny that these two crises points also serve as an opportunity to address the persistent structural economic inequities that have existed in post-apartheid South Africa.

As the 6th Administration led by Premier David Makhura, we have an opportunity to do things differently. In the words of Mariana Mazzucato, the post-pandemic trajectory demands that we “do capitalism differently. This requires a rethink of what governments are for”. In her estimation, governments “should ensure that partnerships with business involving government funds are driven by public interest, not (primarily) profit”.

If the 2021 July civil unrest have highlighted anything, it is that wealth and income inequality, if they are not addressed decisively, they will remain a time-bomb that threaten our country’s democracy dividend.

As such, the B-BBEE legislative and policy framework remains relevant in 2022 as it was in 2003 and before then. If we are to save the project of building and refashioning South Africa to reflect the ideals enshrined in the Charter and the Constitution, it is non-negotiable we stand full square behind this policy and implement it as compulsory to all public institutions and private sector institutions.

Ladies and Gentlemen,

Which progress has been made since 2003?

B-BBEE Implementation

The implementation of the B-BBEE policy has not been satisfactory implemented in the country by both the public and private sectors since 2003. The public sector non-compliance has created a situation where the private sector does what can be characterised as “malicious compliance”, whereby there are very minimum benefits to intended beneficiaries and the impact is reasonably miniscule. With regards to the current state of B-BBEE compliance in most public institutions, there is relatively little compliance.

By B-BBEE compliance, it refers to the effective and efficient implementation of the five (5) B-BBEE elements by the private sector and four (4) elements by the public sector, as prescribed in the Codes of Good Practice. These elements are:

- Ownership (only applicable to the private sector),
- Management Control,
- Skills Development,
- Enterprise and Supplier Development and
- Socio-Economic Development.

These elements are very important in driving transformation and enabling black people to play a meaningful role in the economy of the province.

Ladies and Gentlemen,

How has the Gauteng Provincial Government fared in connection to B-BBEE? Is there a promising narrative to tell?

GPG B-BBEE Implementation Plan and Success Stories

In 2021, the Gauteng Department of Economic Development (GDED) decided to take the implementation of the B-BBEE policy with, arguably, decisive political will. The GDED Group, which consist of the Department, the Gauteng Growth and Development Agency (GGDA), Gauteng Enterprise Propeller (GEP), Cradle of Humankind and Dinokeng contributed R14-million towards the implementation of B-BBEE Act during the 2021/22 financial year.

This budget covers the B-BBEE elements mentioned above of skills development, supplier development, enterprise development and socio-economic development. We have decided to do this through targetted partnerships with civil society institutions.

The three (3) implementing partners that are appointed to implement these elements are Tshwane University of Technology (TUT), Family Tree, and the Gauteng City Region Academy (GCRA).

- *Skills Development*

With regards to skills development, the TUT is implementing the skills development programme which covers furniture manufacturing, welding, carpentry, cell-phone repairs, appliance repair and entrepreneurship skills. Thus far, the programme targeted 300 beneficiaries who comprise the unemployed youth in the townships. This project covers four (4) corridors, which are Central, North, East, and West. The total budget for the project is R6-million.

Of course, this is only the beginning of this initiative. We make a public plea to the private sector to come on board to work with us as partners in empowering our young people who seek economic opportunities to turn around positively their lives.

- *Enterprise and Supplier Development and Socio-Economic Development*

The Family Tree is implementing the supplier development, enterprise development and socio-economic development projects. The project targeted 63 beneficiaries from township enterprises in the retail sector. The corridors targeted by the project are Central, East, and North corridors. The total budget allocated to this programme is more than R3-million.

What is more, the plan is underway for the Provincial Premier and provincial Departments of Economic Development, Agriculture, Rural Development and Conservation to launch 30 spaza shops that have been revamped and supported with technology and trading stock on 2 April 2022.

Herein again, this is an initiative that deserves to be multiplied across the Gauteng City-Region if the private sector is committed to live by the principles of the Constitution to “free the potential of each person”.

Ladies and Gentlemen,

- *Skills Development: Bursary programme*

The GCRA is implementing the bursary project for the GDED Group, and 42 beneficiaries are at various tertiary institutions. All beneficiaries are black students who come mainly from disadvantaged township families. Of importance to note here is that most of the targeted students are enrolled in critical skills sorely needed by the economy. The total budget that has been allocated for this project is more than R5-million.

Moving forward, the GDED has developed a plan to implement the B-BBEE policy in all provincial departments starting from the 2022/23FY. All Departments have committed to implementing the B-BBEE policy and budgets and projects have been confirmed.

In this case, the designated GDED WarRoom would be providing technical support to all provincial Departments, monitor and evaluate B-BBEE implementation. The B-BBEE budget that has been committed by provincial Departments is more than R5-billion for the 2022/23FY.

Ladies and Gentlemen,

Allow me to also add that the B-BBEE Act does for disadvantaged black people what the Township Economic Development Act (TEDA), as a game-changing legislative framework, will do for disadvantaged black spaces. Mention is made of the Township Economic Development Act since it aims to affirm South African citizens and communities to certain classes of benefits, including:

- Changing how townships are regulated and governed,
- Set up better procurement rules and programmatic support,
- Deploy a dedicated financing mechanism for firms engaged in township economic revitalisation activities,
- Provide legal framing for the taxi economy initiatives,

- Provide legal framing for the commercial rapid land release initiative, and
- Provide legal framing for the township backyard real estate initiative.

Conclusions

In conclusion ladies and gentlemen, the Gauteng province will be the first province to implement the B-BBEE policy in the country whereby all public institutions are contributing towards the B-BBEE budget and managed centrally in a provincial WarRoom in the 2022/23FY.

We estimate that this decisive approach will enable the province to implement sizeable empowerment projects in high-growth sectors and meaningfully empower previously disadvantaged social groups. By the end of the 2022/23FY, the province is expecting to make a significant impact in terms of economic growth, job creation and closing the inequality gap.

This important task will be done by the GPG WarRoom using resources provided by public institutions and willing private sector stakeholders.

Undoubtedly, what has been achieved in the current financial year (2021/22FY) by GDED Group is ground-breaking and serves as a benchmark. The province is on course to upscale B-BBEE implementation in the 2022/23FY and beyond.

As the National Development Plan (NDP) guides us: *“no political democracy can survive and flourish if the mass of our people remains in poverty, without tangible prospects for a better life”*.

I thank you.