

B-BBEE Commission releases 2021 national status and trends report

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The Broad-Based Black Economic Empowerment Commission (B-BBEE Commission) has released its annual [National Status and Trends on B-BBEE Transformation Report 2021](#). It is based on data derived from annual compliance reports submitted to the B-BBEE Commission by Johannesburg Stock Exchange-listed entities, organs of state, public entities and Sectoral Education and Training Authorities (Setas).



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Downturn in submissions

The B-BBEE Commission regretted that fewer compliance reports were submitted, with the current data uploads decreasing by 76% from 5,818 in 2019 to 1,373 in 2021. This, according to the B-BBEE Commission, impedes it from effectively performing its duties and compiling credible industry analysis. The B-BBEE Commission said that this downturn in the submission of compliance reports was due to the fact that the Broad-Based Black Economic Empowerment Act (B-BBEE Act) does not adequately cater for the consequences of non-compliance with the Act's requirement for JSE-listed companies, organs of state, public entities and Setas to submit annual compliance reports. The B-BBEE Commission has, therefore, recommended that the B-BBEE Act be amended to include consequences of non-compliance in the form of administrative penalties and criminal sanctions. The B-BBEE Act, according to the B-BBEE Commission, should also provide for mandatory uploading of B-BBEE certificates by B-BBEE verification agencies on the B-

BBEE Commission's certificate portal.

Other significant trends reflecting the state of economic transformation revealed in the report include:

- Black ownership has decreased by 1.10% and Black women ownership by 2.17%. The average growth of Black women ownership is lower than Black ownership. The agri-BEE, financial, property and marketing, advertising and communication sectors did not achieve their sector targets on Black ownership and Black women ownership. The construction sector did not reach its Black women ownership target.
- The percentage of Black South Africans holding directorships has decreased overall from 57% in 2020 to 51.6% in 2021, whereas Black South Africans holding directorships in JSE-listed entities has increased from 28% in 2020 to 39% in 2021.
- Contributions towards skills development, enterprise and supplier development and socioeconomic development decreased in 2021. The contributions ranged between an average of 54.8% and 46.5% in 2021, but in 2020 the contributions ranged between an average of 60% and 61%.

The report states that R41.6bn was spent on skills development by both JSE-listed and state entities, however it was impossible to link the impact of the reported figures with industry performance. Similarly, the report noted that it was difficult to link more than R26bn of enterprise and supplier development spending with the economic state of exempted micro enterprises and at least 51% Black-owned qualifying enterprises. The B-BBEE Commission noted, with



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concern, that a significant portion of those entities suffered significant losses during the Covid-19 pandemic.



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Recommendations for greater impact

The B-BBEE Commission recommended that funds for enterprise and supplier development be pooled into a centralised depository and directed to Black businesses and in particular, Black women-owned businesses. This, together with better coordination between the public and private sectors, would ensure that these funds make a greater impact on enterprise and supplier development initiatives.

In its concluding remarks, the B-BBEE Commission said that South Africa has not made serious inroads in addressing inequality. It suggested that the B-BBEE Act and the Preferential Procurement Policy Framework Act be amended to ensure that preferential procurement was effectively implemented. The B-BBEE Commission concluded that to accelerate the pace of transformation, the B-BBEE Act should be amended to include administrative penalties for non-compliance and provide quicker resolution of B-BBEE violations by establishing a specialised tribunal.

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