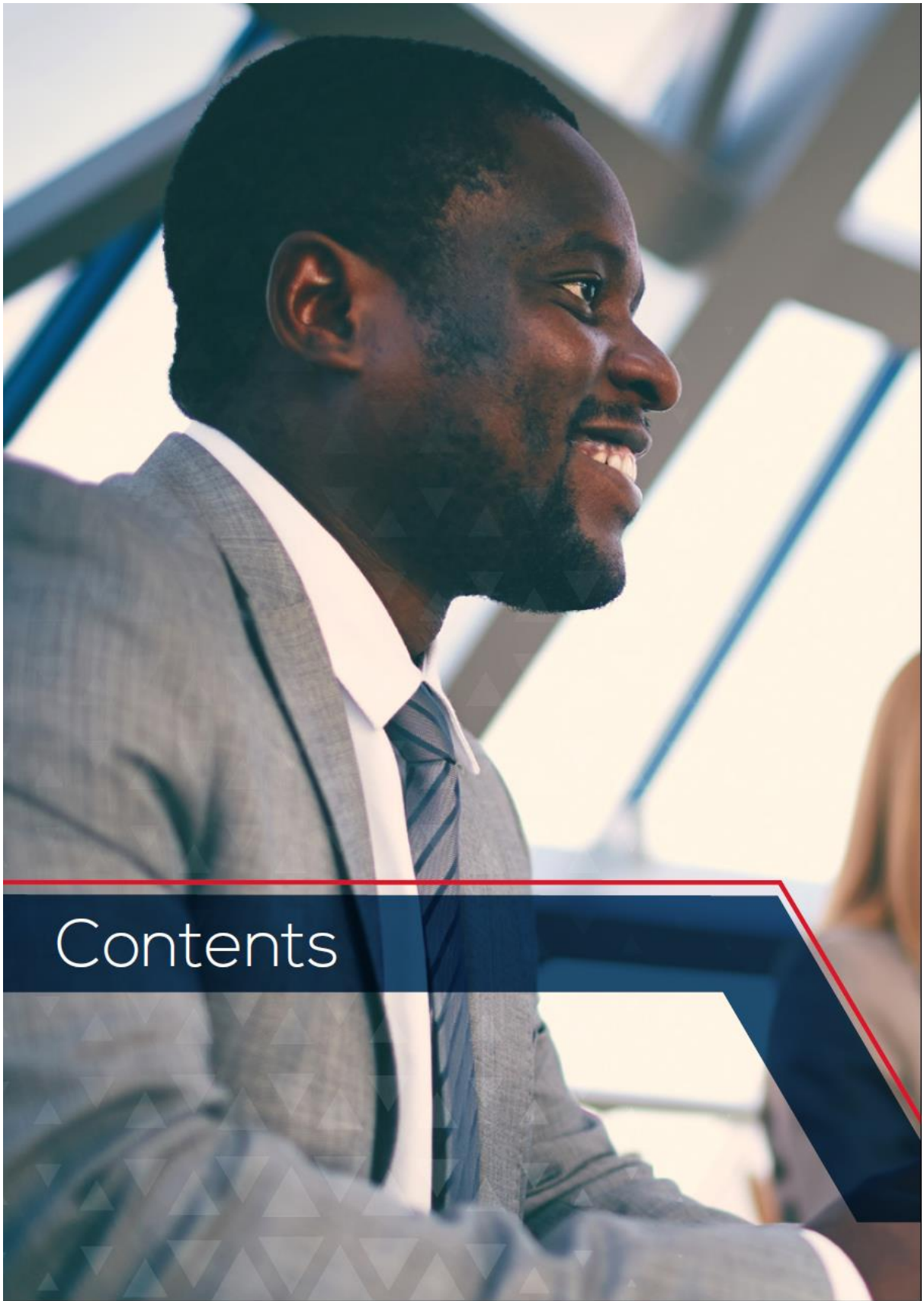


National Status and Trends on Broad Based Black Economic Empowerment Report



31 March 2019



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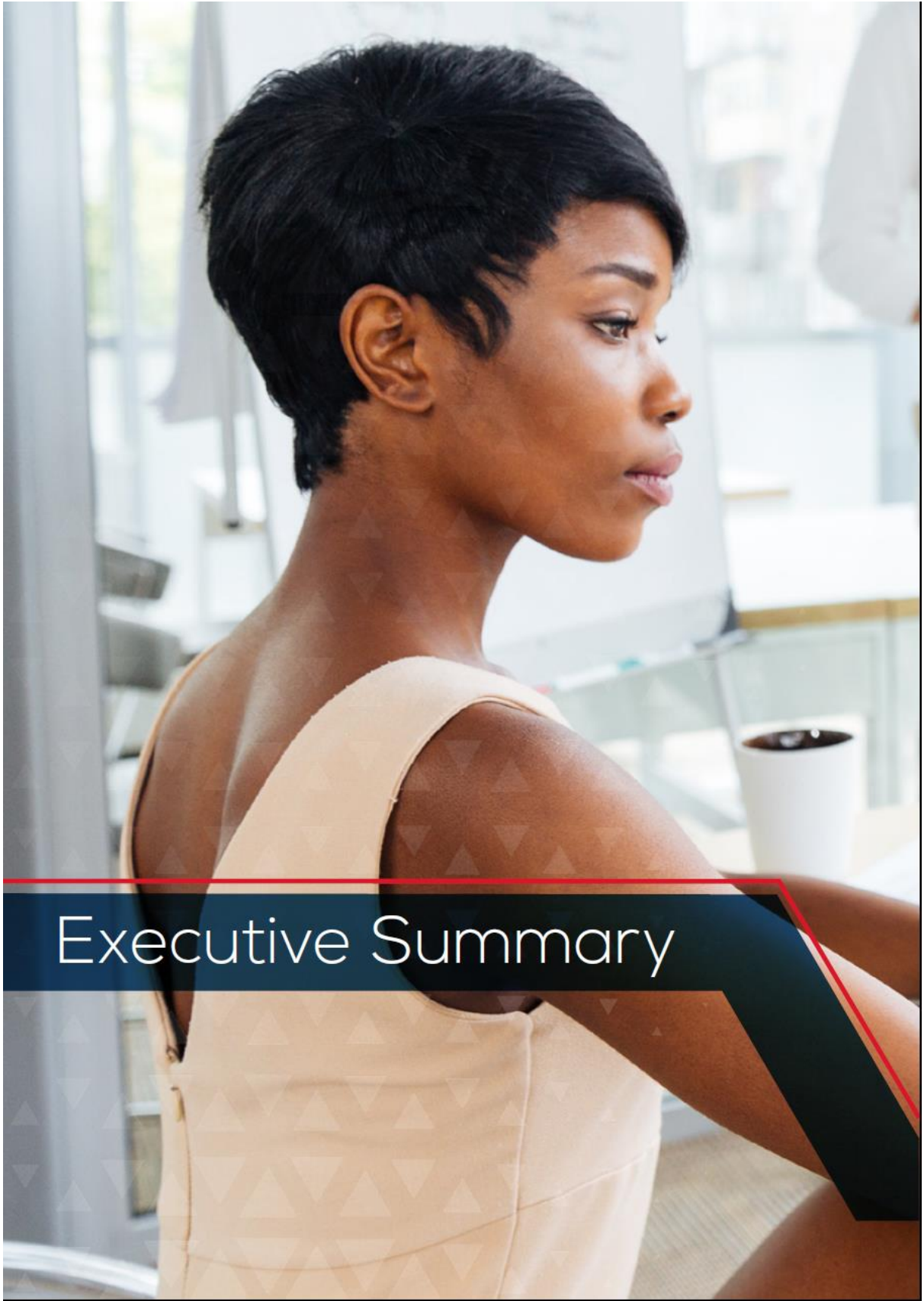
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00 LIST OF ABBREVIATIONS

B-BBEE	Broad-Based Black Economic Empowerment
B-BBEE Act	Broad-Based Black Economic Empowerment Act
EE	Employment Equity
EME	Exempt Micro Enterprise
ESD	Enterprise and Supplier Development as defined in the B-BBEE Codes of Good Practice
FSC	Financial Services Sector
ICT	Information and Communication Technology
JSE	Johannesburg Stock Exchange
MAC	Media, Advertising and Communications
MC	Management Control as defined in the B-BBEE Codes of Good Practice
PFMA	Public Finance Management Act No. 1 of 1999
PP	Preferential Procurement as defined in the B-BBEE Codes of Good Practice
PPPFA	Preferential Procurement Policy Framework Act no. 5 of 2000
QSE	Qualifying Small Enterprise
QSFI	Qualifying Small Financial Institution
SANAS	South African National Accreditation System (SANAS)
SETA	Skills Education Training Authority
SOE	State Owned Entity
the dti	Department of Trade and Industry
YES	Youth Employment Service



Executive Summary

01. Executive Summary

The Broad-Based Black Economic Empowerment (“B-BBEE”) Commission is mandated under section 13F of the B-BBEE Act No. 53 of 2003 (“the B-BBEE Act”), as amended, to monitor compliance and adherence with the B-BBEE Act. The B-BBEE Commission is further mandated to conduct research relating to its activities and publish the outcome.

In fulfilling its mandate, the B-BBEE Commission receives compliance reports from entities mandated to report annually according to section 13G of the B-BBEE Act. Section 13G requires the following entities to report:

- a. All spheres of government, public entities and organs of state;
- b. All public entities listed on the Johannesburg Stock Exchange (JSE); and
- c. All Sectoral Education and Training Authorities (SETAs) contemplated in the Skills Development Act, 1998.

The B-BBEE Commission presents its second report on the National Status and Trends on B-BBEE. The B-BBEE Commission received B-BBEE compliance data from the following sources:

- a. B-BBEE certificates captured onto the B-BBEE Commission’s B-BBEE Certificates Portal System (“the Portal”) by SANAS accredited verification agencies;
- b. B-BBEE Compliance reports submitted by the Organs of State/Spheres of Government and public entities listed on the JSE.

For the 2018 calendar year, 190 (125:2017) section 13G compliance reports, comprising of 161(121:2017) JSE listed entities and 29 (4:2017) compliance reports from organs of state were received and analysed. During this period 25 (1139:2017) Exempted Micro Enterprise (EME) certificates, 588 (851:2017) Qualifying Small Enterprise (QSE) entities and 1061 (871:2017) large entities were captured on the Portal by the B-BBEE verification agencies.

The outcome of the compliance analysis for the 2018 period still shows a snuggling pace in transformation with priority elements being barely achieved. Interventions are required to increase compliance levels in these priority elements to stimulate economic growth.

The 2018 report highlights the following key findings from data reported through the Portal and section 13G submissions:

Compliance with the legislative requirements of section 13G and data limitations

- a. Only 43% (51% : 2017) of the listed entities submitted their reports in compliance to section 13G.
- b. Only 10% (% : 2017) of organs of state adhered to section 13G compliance reporting requirements.
- c. Eight government entities or departments that were analysed did not disclose their B-BBEE elements in the annual reports or integrated reports as required by section 13G.
- d. 33% of the entities (Listed and Organs of State) analysed did not comply with submission timelines for section 13G report.
- e. Not all certificates issued by the B-BBEE verification agencies show the targeted scores against the actual scores. Some of the certificates only show the actual scores and it becomes difficult to determine at the face of it if the scores achieved are correct in relation to the targets.
- f. Some of the integrated reports or annual reports were submitted prior to the introduction of Compliance Matrix ("Matrix"), it was not possible to assess the level of transformation at board level as the demographics of Board of directors was not disclosed.
- g. 36% of section 13G entities submitted compliance Matrix forms without reflecting gender, race, ages and geographical locations.

Portal information

The reporting for the EME and QSE entities decreased to 25 (1139:2017) and 588 (871:2017) respectively in the current year, this may also be due to a change in the B-BBEE Codes of Good Practice ("the Codes") of requiring sworn affidavit for black-owned EMEs and QSEs instead of being verified by a verification agency. The reduction in the reporting by the EME and QSE entities results in 49% less of the entities that reported in the prior year. The uploads for large entities increased to 1061 (851:2017) in the current year.

Observations on B-BBEE elements and the related recommendations to drive accelerated transformation

Ownership

Black Ownership of JSE listed entities leaves a lot to be desired with an average of 50% of listed entities that reported with Black Ownership of less than 25%, an average of 46% of entities with more than 25% but less than 100% Black Ownership and with only 2% of entities that reported with 100% Black Ownership.

The analysis of the Portal information shows varying trends with respect to the increase and reduction in Black Ownership and Black Women Ownership within different sectors. The trends are summarized as follows:

Large entities' ownership trends

The Agricultural ("AgriBEE") sector reported the highest number of large entities that have a 0% Black Ownership, followed by Transport and Financial sectors. On the Black Women representation, the Transport sector reported the majority of the number of entities within the sector that have 0% Black Women Ownership, followed by AgriBEE sector and Marketing, Advertising and Communication ("MAC") sector. 80% of the ten sectors have large entities that have exceeded a majority of 51% but less than 100% Black Ownership. 70% of the ten sectors (except Defence) have some entities that have 100% Black Ownership within those sector, with the top three being Construction (18.97%), Transport (15.91%) and Property (12.50%) sectors.

QSE entities' ownership trends

There appears to be an overall small margin movement in Black Ownership from prior year (2017) to current year (2018) for QSEs. However, it should be noted that the QSE Black Ownership was distorted by the exclusion of 51% black owned to 100% black owned QSE entities that are excluded from verification and are required to obtain sworn affidavits only as also supported by the reduced number of QSE Portal submissions. The Construction sector has the highest average Black Ownership, followed by the Transport sector amongst the QSE entities. These sectors also have the highest average Black Women Ownership. The AgriBEE and Property sectors have the lowest average Black Ownership at 3% and 2.50% respectively. The Financial sector has the lowest average Black Women Ownership at 0%, followed by the AgriBEE sector at 1.16%. Only the Construction and Transport sectors exceeded the 25% Black Ownership targets set by the generic Codes, however, neither of these sectors have progressed to Black Ownership of greater than 51%.

Management control

There was no noticeable movement on board representation of JSE listed entities remaining at a 61.61% majority for White people and foreign nationals, 38% for Black Males (21.63%) and Black Females (16.76%) respectively.

From the section 13G analysis, we were not able to quantify the number of youths that are in senior management or serve on boards of listed entities and organs of state due to inadequate disclosure of demographic information.

Skills Development and Youth participation

Skills development improved by 39% from the prior year (36.79%) to an average of 51% for both organs of state and listed entities. Although an effort is being made to improve this element, an impact assessment study is required to determine if the increase in skills development translate to an increased number of skilled people that access the job market.

Enterprise and Supplier Development

On average, enterprise and supplier development increased by 14.4% compared to the prior year for JSE listed entities. Organs of state also performed relatively satisfactory in terms of enterprise and supplier development achieving an average score of above 60%.

Socio-Economic Development

Organisations are generally achieving the set B-BBEE targets for the Socio-Economic Development. However, most of the sectors declined in points earned for Socio-Economic Development over the three-year period (2016 to 2018). There should be greater focus on understanding the cause of the decline with greater focus on sectors with the significant decline, which were AgriBEE sector followed by the Property sector.

Achievement of Priority elements

On average 55% of JSE listed entities and 50% of organs of state have achieved the priority elements set out in the B-BBEE scorecard elements for different sectors.



Introduction

02. Introduction and Background

In terms of the B-BBEE Act, the B-BBEE Commission is required to receive and analyse compliance reports submitted by JSE listed entities and spheres of government under the B-BBEE Act and in line with the reporting requirements as stipulated in section 13G of the B-BBEE Act. Entities mandated to report under Section 13G are the JSE listed entities, organs of state and SETAs.

This report contains the outcome of the analysis of compliance reports that were submitted by the above-mentioned entities, as required by section 13G of the B-BBEE Act, as well as information obtained from the Portal.

To fulfil the above-mentioned mandate, the B-BBEE Commission appointed (Africa Rising Advisory Services (Pty) Ltd member of AKA Africa Group, SFM Consultants (Pty) Ltd and the Modern Accounting Firm Incorporated) (hereafter referred to as “ASM”) which is a consortium of three entities that are individually 100% Black Women Owned, to perform the analysis of compliance reports submitted to the B-BBEE Commission in line with section 13G of the B-BBEE Act.

The reports were analysed to assess the level of compliance with the B-BBEE Act as well as the overall state of transformation. Information analysed covers sector codes and all the amended sector code listed in table 1 below came into operation with immediate effect and it is therefore now compulsory to be verified in terms of the amended sector code. Only the Transport sector code has not yet been aligned, therefore, the Transport sector code that was published 2009 is still applicable.

Table 1 : Sector code

Code Name	Published date
Amended Generic Code	1 May 2015
Amended Property sector code	9 June 2017
Amended AgriBEE sector code	8 December 2017
Amended Tourism sector code	20 November 2015
Amended Forestry sector code	21 April 2017
Amended ICT sector code	7 November 2016
Amended Financial sector code	1 December 2017
Amended Construction sector code	1 December 2017
Integrated Transport sector code	21 August 2009
Amended MAC sector code	1 April 2016



Research Objective

03. Objectives and scope of the Analysis

3.1 Objectives of the analysis

The objective of the analysis is to cover the following:

- a. To provide status and national trends on South African transformation on B-BBEE by analysing the various entities' annual compliance reports and B-BBEE certificates data as issued and captured by verification agencies on the Portal;
- b. To provide the status and national trends with regards to B-BBEE of all entities with a mandatory reporting requirement to report to the B-BBEE Commission as per section 13G of the B-BBEE Act;
- c. To provide recommendations to improve compliance reporting and data capturing to the B-BBEE Commission; and
- d. To provide observations and recommendations on the national state of transformation.

3.2 Primary data for analysis

Primary data for the analysis was contained in the compliance reports submitted by reporting entities as required by section 13G of the B-BBEE Act and from the Portal information captured by verification agencies. The compliance reports submitted for the 2018 calendar year which contained the following:

- a. FORM B-BBEE 1;
- b. Annual report;
- c. Integrated report;
- d. Compliance Matrix; and
- e. B-BBEE certificates.

The data submitted and analysed for the period 01 January 2018 to 31 December 2018 did not contain enough detailed information on demographics to allow for a better trend analysis on race, gender and age across various priority sectors.

Although entities were required to submit the Matrix information to the B-BBEE Commission as from 1 April 2018 as part of compliance reporting, the data reported on the Matrix had a lot of inconsistencies and was not useable for the detailed trend analysis.

3.3 Population for the analysis

Table 2 below provides a breakdown of the population that was considered for the analysis. This information was reported to the B-BBEE Commission in the 2018 calendar year.

Table 2: Population of the Study

Entity Classification	Reported (2018)	Reported (2017)	%Change	Source
EME (Turnover Less than R10M)	25	1139	-4456%	B-BBEE Portal
QSE (Turnover between R10M and R50M)	588	851	-45%	B-BBEE Portal
Large Entities (Inc. Listed)	1061	871	18%	B-BBEE Portal
Listed entities	161	121	25%	B-BBEE Portal
Organ of state and Sphere of Government	27	4	85%	B-BBEE Portal
SETAs	2	0	100%	B-BBEE Portal
Total	1864	2986		

The following should be noted:

- a. The number of EMEs reported in prior year declined by 4456% compared to prior year, this is because EMEs that make up most entities operating in South Africa are now by law not allowed to get a verification certificate under the amended Codes, except in Construction sector where EMEs above a certain category are required to undergo verification and Transport sector where EMEs have a choice of obtaining accounting letters or get verified by SANAS accredited agencies as the sector has not been aligned.
- b. QSEs reported in the current period have also declined by 45% compared to the prior year, this is because QSEs that are greater than 51% Black Owned only require a sworn affidavit and what forms part of the reported stats in the current period is only QSEs that are less than 51% Black Owned.
- c. The large entities and listed entities increased marginally by 18% and 25% respectively.
- d. The organs of state and spheres of government reported in the current period increased by 85%.
- e. There was also a participation of two (2) SETAs in the current period.

3.4 Methodology and approach of the analysis

In performing the analysis, the methodology included the following high level processes:

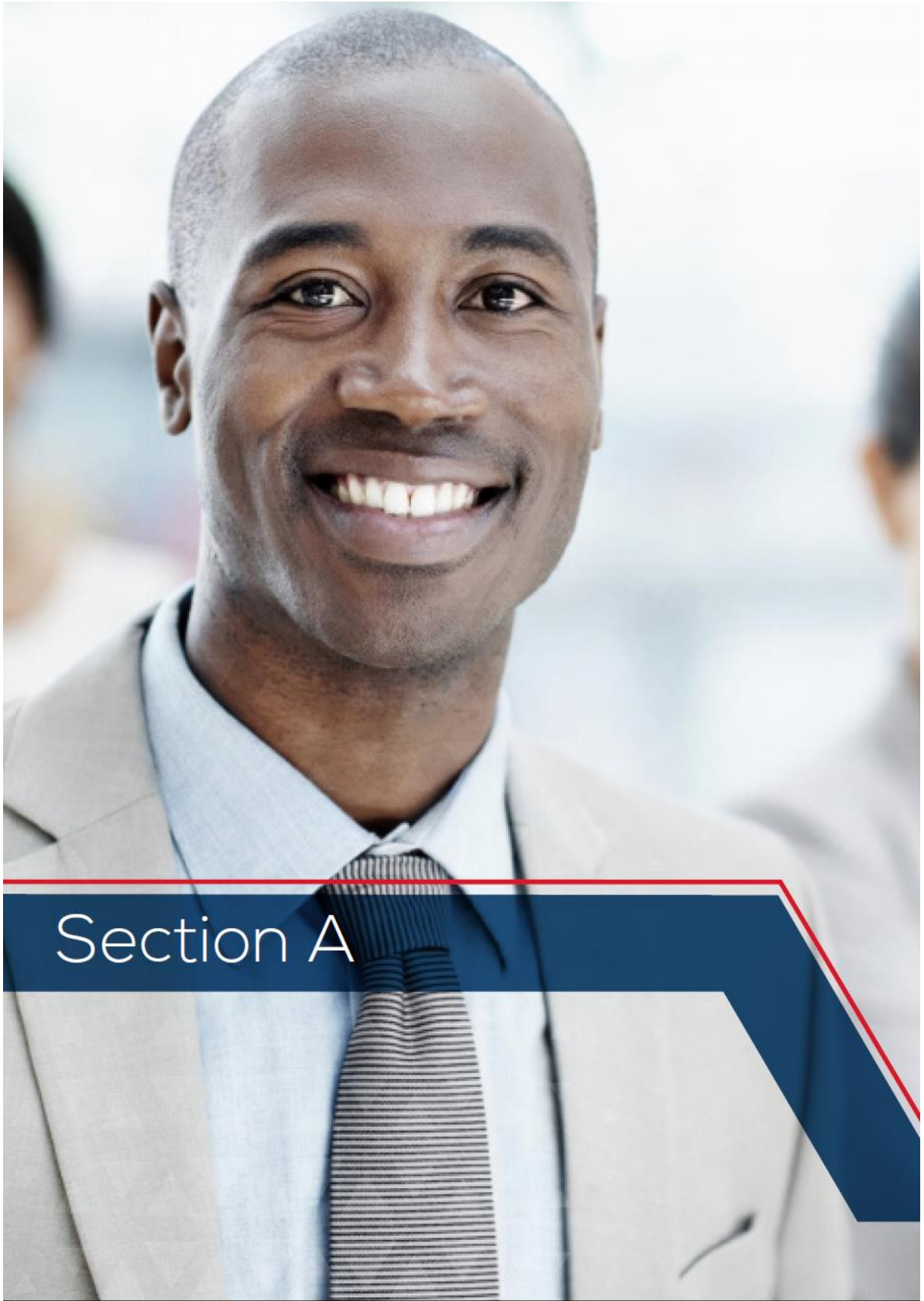
- a. Maintenance of a register of all submissions detailing the sector, B-BBEE compliance and financial information.
- b. Assessment of the B-BBEE FORM 1 for completeness and accuracy.
- c. Assessment of the annual reports to confirm if submissions were made within the legislated timeframe.
- d. Assessment of the supporting documents for completeness and validity, which may include the following:
 - B-BBEE certificates;
 - Financial statements; and

- Integrated report or annual report.
- e. Assessment of the B-BBEE certificates to confirm if the correct Codes were applied.
- f. Assessment of whether the priority elements were met.
- g. Validation of the information submitted on B-BBEE FORM 1 and Matrix against the B-BBEE certificate for applicable B-BBEE elements, namely Ownership, Management Control, Skills Development, Supplier and Enterprise Development and Socio-Economic Development.
- h. Confirmation of whether the entity is an empowering supplier as per the B-BBEE certificates.
- i. Assessment of the financial statement and extraction of the following information for analysis on JSE listed entities:
 - Earnings per share;
 - Dividend per share;
 - Net Profit after Tax; and
 - Net Assets Value.

3.5 Limitation of the analysis

The following limitations were noted during the analysis:

- a. Incomplete reports were submitted by entities. Key information such as B-BBEE certificates or annual financial statements were not included impacting the completeness of the information analysed.
- b. Inadequate disclosure of demographics of the Board of Directors on the Intergrated or annual reports of most entities, posing a challenge on the analysis of transformation at management level.
- c. The Matrix, (a reporting template that was introduced by B-BBEE Commission in the current year to simplify reporting) was submitted with incomplete and inconsistent information that was not useable for the analysis.
- d. The breakdown of demographics submitted for ownership and management control by age, gender and location was not useable for analysis due to mathematical inaccuracies that were noted on the data.
- e. Due to the limitations above, we could not determine the level of transformation on Ownership and Management Control on key interest groups such as youth.
- f. Some of the entities submitted B-BBEE certificates which fell under the Old Codes as most sector codes were amended later and thus resulted in misalignment in data considered.
- g. Inconsistent B-BBEE certificates templates are used by verification agents in reporting verification outcomes and some of the B-BBEE certificates analysed did not reflect the targets of the actual scores.
- h. Key financial indicators such as return on equity (ROE), earnings per share (EPS), dividend per share (DPS) were also collected as source data for analysis with an effort to try and establish if there is similarity between transformed entities and their market performance, but no relationship could be established.



Section A

04. B-BBEE Commission's Portal Data Analysis

The analysis in the following section is based on B-BBEE certificates that were captured on the Portal maintained by the B-BBEE Commission for the period of 1 January to 31 December 2018 and compared to the data for the 2017 calendar year.

4.1 Number of B-BBEE Certificates Captured per sector

Table 3: Number of B-BBEE Certificates Captured per sector and per size

Sector	Exempted Micro Enterprise		Qualifying Small Enterprise		Large Enterprise		Grand Total	
	2018	2017	2018	2017	2018	2017	2018	2017
AgriBEE sector	1	374	23	55	34	62	58	491
Chartered Accountancy sector	0	2	0	0	0	0	0	2
Construction sector	3	16	41	6	58	5	102	27
Financial sector	0	16	3	14	34	16	37	46
Forestry sector	0	31	6	5	9	7	15	43
Information Communication Technology sector	0	37	23	32	64	31	87	100
Integrated Transport sector	21	626	64	70	88	58	173	754
Marketing, Advertising & Communication sector	0	0	9	12	12	9	21	21
Property sector	0	37	5	14	8	7	13	58
Tourism sector	0	0	13	18	16	5	29	23
Generic sector	0	0	377	624	711	636	1088	1260
Specialised Scorecard	0	0	24	21	27	15	51	36
Grand Total	25	1139	588	871	1061	851	1674	2861

* The specialised score-card include the Organs of State.

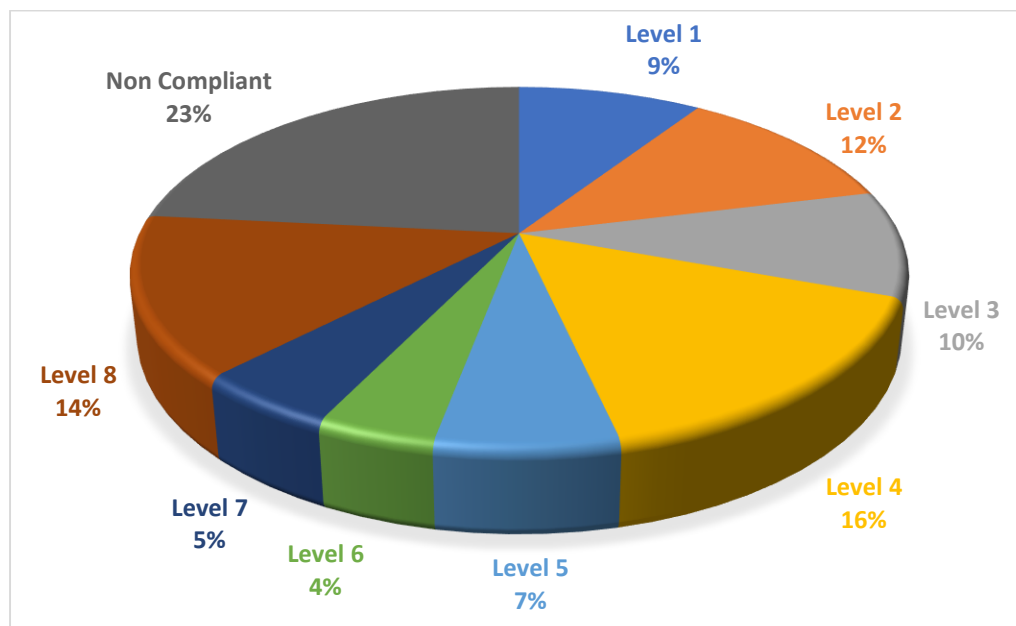
- The reporting for the EME and QSE entities decreased to 25 (2017: 1139) and 588 (2017: 871) respectively in the current year due to a change in the B-BBEE Act which requires sworn affidavits for EMEs and QSEs that are more than 51% Black-Owned instead of being verified by a verification agency. The reduction in the reporting by the EME and QSE entities results is 49% less of the entities that reported in the prior year.
- The information captured for large entities increased to 1061 (2017: 851) in the current year. This depicts an increased level of verifications done for large entities.
- The Chartered Accountancy sector code was repealed hence there is no reporting under this sector in the current year. Entities under this sector would have reported under the Generic Codes.

4.2 Overall Contribution Levels: Large Entities

Table 4: Overall Contribution Levels: Large Entities

B-BBEE Status	Percentage of certificate B-BBEE Level (2018)	Percentage of certificate B-BBEE Level (2017)
Level 1	9.24%	5.41%
Level 2	11.88%	11.16%
Level 3	9.52%	7.99%
Level 4	15.83%	15.95%
Level 5	6.50%	6.23%
Level 6	4.24%	7.05%
Level 7	5.09%	5.64%
Level 8	14.33%	13.78%
Non-Compliant	23.38%	26.79%
Total	100%	100%

Graph 1: 2018 Overall Contribution Levels: Large Entities



- 23.38% (2017: 26.79%) of all B-BBEE certificates captured for large entities on the Portal were rated as non-compliant with a decrease of 2.82% due to increased level of compliance.
- 46.47% (2017: 40.51%) of B-BBEE certificates captured for large entities were from level 1 to level 4 with an increased level of compliance of 5.96%.
- 30.16% (2017: 32.70%) of B-BBEE certificates captured for large entities were from level 5 to level 8 with a reduction of 2.54%.

4.3 B-BBEE Contributor Level Per Sector: Large Entities

Table 5.1: B-BBEE Contributor Level per sector: Large Entities

B-BBEE	AgriBEE		Construction		Financial		Forestry		ICT		Transport		MAC		Property		Tourism		Generic Codes		Specialised Scorecards		Total	
	No	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%
Level 1	2	5.88%	12	20.69%	0	0.00%	0	0.00%	9	14.06%	0	0.00%	4	33.33%	2	25.00%	8	50.00%	61	8.58%	0	0.00%	98	9.24%
Level 2	1	2.94%	17	29.31%	6	17.65%	1	11.11%	7	10.94%	15	23.44%	2	16.67%	2	25.00%	2	12.50%	72	10.13%	1	3.70%	126	11.58%
Level 3	2	5.88%	6	10.34%	4	11.76%	1	11.11%	14	21.88%	11	17.19%	1	8.33%	0	0.00%	0	0.00%	60	8.44%	2	7.41%	101	9.52%
Level 4	3	8.82%	3	5.17%	5	14.71%	2	22.22%	15	23.44%	16	25.00%	1	8.33%	3	37.50%	2	12.50%	113	15.89%	5	18.52%	168	15.83%
Level 5	3	8.82%	3	5.17%	2	5.88%	0	0.00%	8	12.50%	10	15.63%	2	16.67%	0	0.00%	0	0.00%	39	5.49%	2	7.41%	69	6.50%
Level 6	4	11.76%	1	1.72%	4	11.76%	0	0.00%	1	1.56%	7	10.94%	0	0.00%	0	0.00%	1	6.25%	27	3.80%	0	0.00%	45	4.24%
Level 7	2	5.88%	0	0.00%	1	2.94%	0	0.00%	2	3.13%	6	9.38%	2	16.67%	0	0.00%	0	0.00%	37	5.20%	4	14.81%	54	5.09%
Level 8	7	20.59	4	6.90%	5	14.71%	2	22.22%	3	4.69%	12	18.75%	0	0.00%	0	0.00%	2	12.50%	112	15.75%	5	18.52%	152	14.33%
Non-Compliant	10	29.41%	12	20.69%	7	20.59%	3	33.33%	5	7.81%	11	17.19%	0	0.00%	1	12.50%	1	6.25%	190	26.72%	8	26.72%	248	23.38%
Grand Total	34	100%	58	100%	34	100%	9	100%	64	100%	88	138%	12	100%	8	100%	16	100%	711	100%	27	100%	1061	100%

Table 5.2: B-BBEE Contributor Level per sector: Large Entities Year-on-Year Comparison

B-BBEE	AgriBEE		Construction		Financial		Forestry		ICT		Transport		MAC		Property		Tourism		Generic Code		Specialised Scorecard		Total		Overall Level of improvement
	No. (2018)	No. (2017)	No. (2018)	No. (2017)	No. (2018)	No. (2017)	No. (2018)	No. (2017)	No. (2018)	No. (2017)	No. (2018)	No. (2017)	No. (2018)	No. (2017)	No. (2018)	No. (2017)	No. (2018)	No. (2017)	No. (2018)	No. (2017)	No. (2018)	No. (2017)	No. (2018)	No. (2017)	
Level 1	2	-	12	-	-	1	-	-	9	5	-	-	4	3	2	-	8	2	61	35	0	-	98	46	↑
Level 2	1	2	17	1	6	5	1	-	7	3	15	15	2	3	2	2	2	-	72	63	1	1	126	95	↑
Level 3	2	1	6	4	4	3	1	2	14	4	11	9	1	-	-	-	-	-	60	45	2	-	101	68	↑
Level 4	3	6	3	-	5	4	2	2	15	6	16	7	1	2	3	2	2	1	113	104	5	2	168	136	↑
Level 5	3	6	3	-	2	2	-	-	8	3	10	8	2	-	-	-	-	-	39	33	2	1	69	53	↑
Level 6	4	9	1	-	4	1	-	1	1	3	7	6	-	-	-	1	1	-	27	37	0	2	45	60	↓
Level 7	2	7	-	-	1	-	-	-	2	2	6	2	2	-	-	-	-	-	37	36	4	1	54	48	↑
Level 8	7	18	4	-	5	-	2	1	3	1	12	5	-	1	-	-	2	-	112	88	5	3	152	117	↑
Non-Compliant	10	13	12	-	7	-	3	1	5	4	11	6	-	-	1	2	1	2	190	195	8	5	248	228	↓
Grand Total	34	62	58	5	34	16	9	7	64	31	88	58	12	9	8	7	16	5	711	636	27	15	1 061	851	↑

- a. There is an overall increase in the number of B-BBEE certificates captured for the large entities in the current year. The highest number of B-BBEE certificates captured onto the Portal for large entities were from the entities reporting under Generic Codes followed by the Transport (88), Information and Communication technology (ICT) (64) and Construction (58) sectors.
- b. The lowest number of certificates that were captured onto the Portal for large entities were from the Property (8), Forestry (9), and MAC (12) sectors.
- c. The Organs of State are verified against the specialised score-card and had a significantly low submission of 27 entities considering the number of Organs of State.
- d. In all nine compliance categories the largest number (23.38%) of the B-BBEE certificates captured by the large entities which were rated as non-compliant were from 248 entities. The highest number of non-compliant entities are entities reporting under Generic Codes (190) followed by the Construction (12), Transport (11) and AgriBEE (10) sectors. Furthermore, 33.33% of Forestry sector entities that submitted, were non-compliant, followed by AgriBEE with 29.41% and entities reporting under Specialised score-card with a 26.72% non-compliant rate. The sectors with the lowest non-compliant entities in the sector are MAC (0%), Tourism (6.25%) and ICT (7.81%) with a non-compliant rate of less than 10%.
- e. In addition to the large number of non-compliant B-BBEE rating are 126 (95:2017) entities that attained a compliant level two, 168 (136:2017) entities with level four and 152 (117:2017) entities with level eight compliance levels in the current year.
- f. Entities reporting under Generic Codes and Specialised score-card seem to be spread across the different contributor levels with the highest percentages reporting a level four, seven, eight and non-compliant for the 2018 period.
- g. There is an overall improvement in the number of large entities that have a B-BBEE level one in the current year by increasing to 98 (36:2017) entities. However, it is concerning that there were no entities that reported a level one rating in the Financial, Forestry and Transport sectors and for those reporting under Specialised score-card.

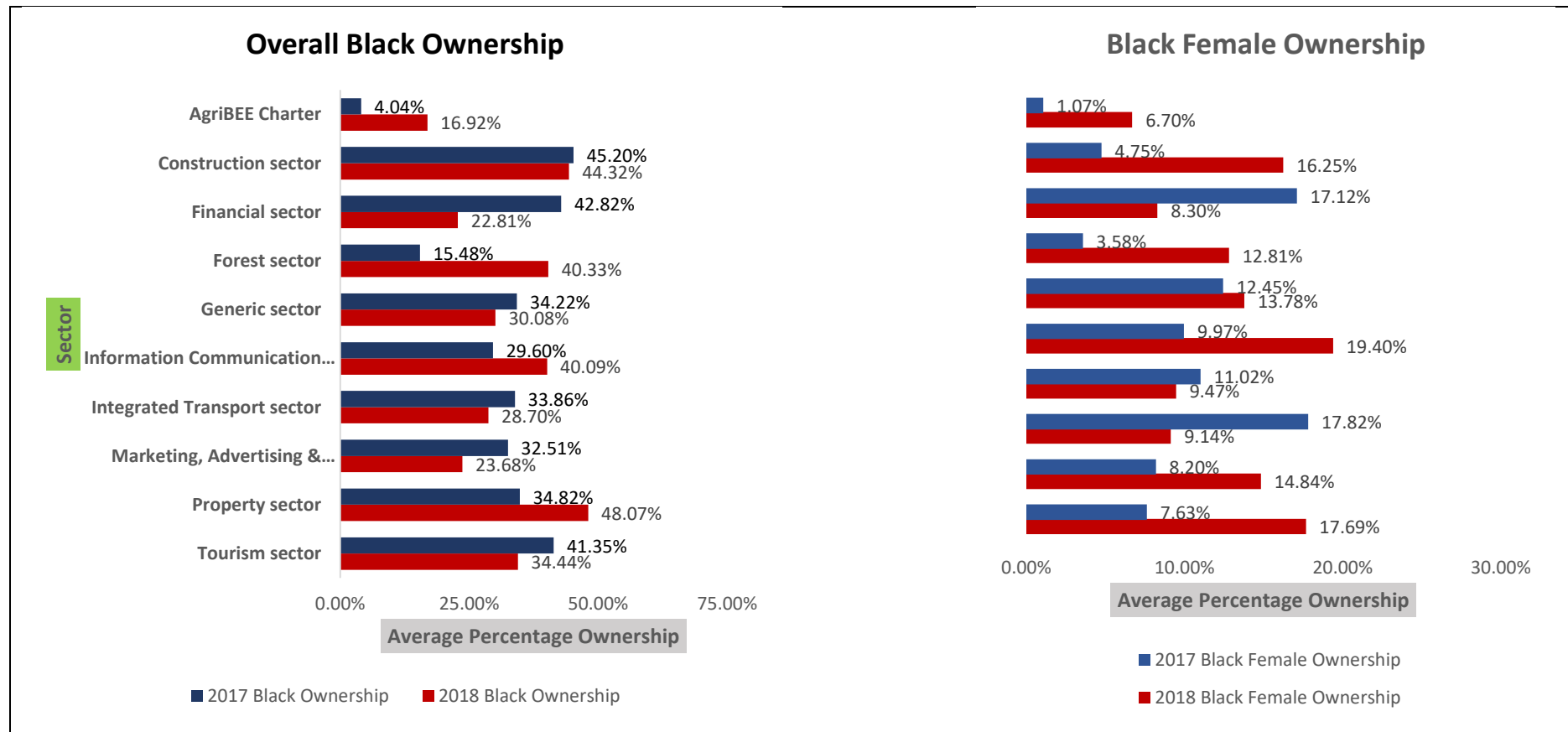
4.4 Average Black Ownership: Large Entities

Table 6: Average Black and Black Women Ownership: Large Entities

Sector	2018		2017	
	Black Ownership	Black Women Ownership	Black Ownership	Black Women Ownership
AgriBEE sector	16.92%	6.70%	4.04%	1.07%
Construction sector	44.32%	16.25%	45.20%	4.75%
Financial sector	22.81%	8.30%	42.82%	17.12%
Forestry sector	40.33%	12.81%	15.48%	3.58%
Generic sector	30.08%	13.78%	34.22%	12.45%
Information Communication Technology sector	40.09%	19.40%	29.60%	9.97%

Sector	2018		2017	
	Black Ownership	Black Women Ownership	Black Ownership	Black Women Ownership
Integrated Transport sector	28.70%	9.47%	33.86%	11.02%
Marketing, Advertising & Communication sector	23.68%	9.14%	32.51%	17.82%
Property sector	48.07%	14.84%	34.82%	8.20%
Tourism sector	34.44%	17.69%	41.35%	7.63%

Graph 2: Average Black and Average Black Women Ownership: Large Entities



- a. All large entities that reported in all sectors except for the AgriBEE (16.92%), Financial (22.81%) and MAC (23.68%) sectors met the minimum 25% Black Ownership target set by the Generic Codes. It is, however, important to note that some sectors have ownership targets that are higher than that of a Generic Code.
- b. The Property sector has progressed to the highest average overall Black Ownership percentage of 48.07% followed by the Construction (44.32%), Forestry (40.33%), and ICT (40.09%) sectors.
- c. Although there is an improvement from the prior year, the lowest Black Ownership percentage of 16.92% (4.04%) is still in the AgriBEE sector and this is likely due to the complex Ownership challenges in the sector, particularly around land.
- d. The ICT sector has the highest average overall Black Women Ownership percentage of 19.40% followed by the Tourism (17.69%), Construction (16.25%), Property (14.84%), and Generic (13.78%) sectors.

Black Ownership Per Sector: Large Entities

Graph 3: Black Ownership Per Sector: Large Entities

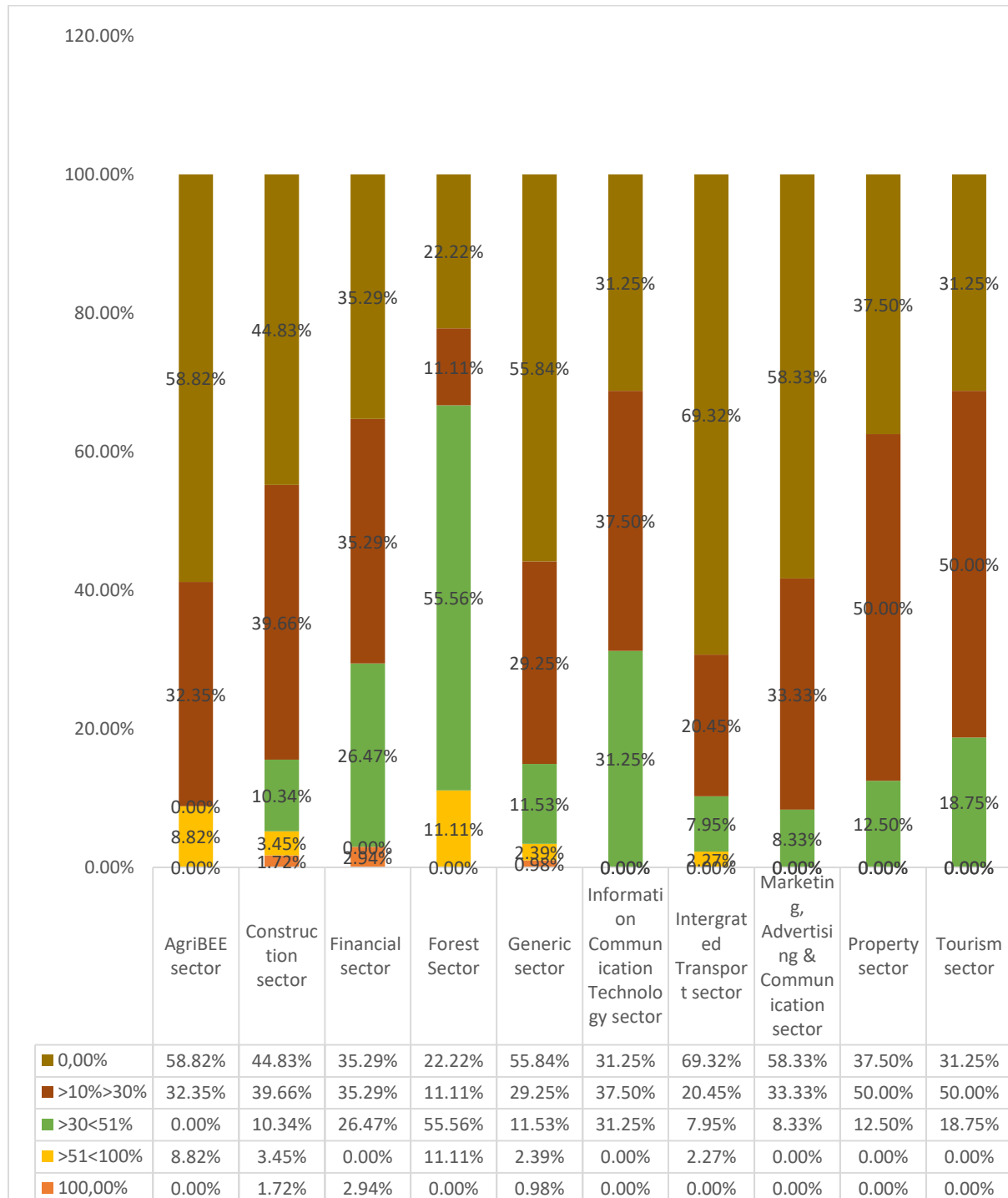


- Graph 3 above shows Black Ownership in the following Ownership thresholds of between 0%, 25%, 51% and 100% achieved within a sector code. It is important to note that some sectors have ownership targets that are above the Generic Code's target of 25%.
- The AgriBEE sector reported the majority of the number (52.95%) of entities within the sector that have 0% Black Ownership, followed by Transport (46.59%) and Financial (35.29%) sectors.
- The Forestry sector reported a significant number (66.67%) of entities within the sector that have exceeded the 25% target but have Black Ownership that is below the majority 51%, followed by Construction sector (50.00%) and Tourism sector (50.00%).
- Eight of the ten sectors have QSE entities that have exceeded a majority of 51% but less than 100% Black Ownership, with the top three being Property (37.50%), ICT (32.81%) and Tourism (25%).

- e. Seven of the ten sectors have some entities that have 100% Black Ownership with the top three being Construction (18.97%), Transport (15.1%) and Property (12.50%).

Black Women Ownership Per Sector: Large Entities

Graph 4: Black Women Ownership Per Sector: Large Entities



- a. Graph 4 above shows Black Women Ownership into the following Ownership thresholds of between 0%, 10%, 35%, 51% and 100% achieved within a sector code. It is important to note that some sectors have ownership targets that are above the Generic Code's target of greater than 10%.

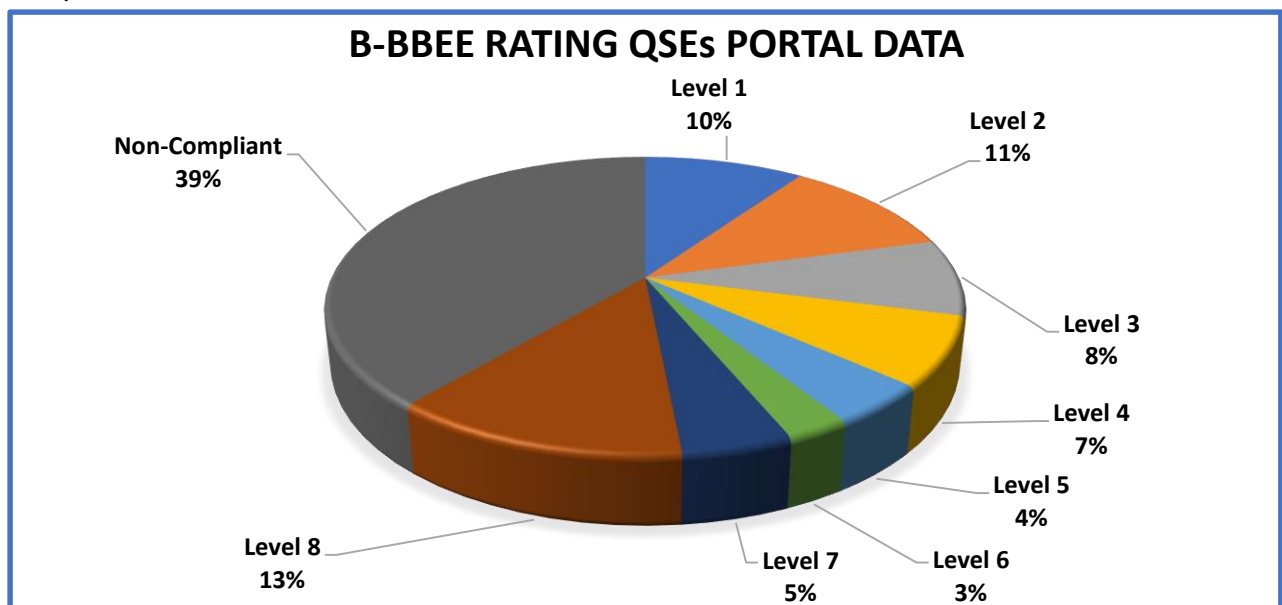
- b. The Transport sector reported the majority of the number (69.32%) of entities within the sector that have 0% Black Women Ownership, followed by AgriBEE (58.82%) and MAC (58.33%) sectors.
- c. The Property and Tourism sectors each reported a significant number (50.00%) of entities within the sector that have exceeded a 10% target but have Black Women Ownership that is below 30% and below a majority of 51%, followed by Construction sector (39.66%) and ICT sector (37.50%).
- d. Three of the ten sectors have some entities that have 100% Black Women Ownership namely, Financial (2.94%), Construction (1.72%) and Generic sector (0.98%).

4.5 Overall Contribution Levels: QSE Entities

Table 7: Overall Contributions Levels: QSE Entities

B-BBEE Status	Percentage of certificate B-BBEE Level (2018)	Percentage of certificate B-BBEE Level (2017)
Level 1	9.69%	12.74%
Level 2	11.05%	10.33%
Level 3	8.33%	6.43%
Level 4	7.48%	9.64%
Level 5	4.42%	3.21%
Level 6	2.72%	4.36%
Level 7	4.76%	4.94%
Level 8	12.76%	10.91%
Non-Compliant	38.78%	37.43%
Grand Total	100%	100%

Graph 5: Overall Contribution Levels: QSE Entities



- a. There appears to be an overall small margin movement in Black Ownership from prior year (2017) to current year (2018). However, it should be noted that the QSE Black Ownership was distorted by the exclusion of QSEs that are more than 51% Black Owned to 100% Black Owned QSE entities that have used sworn affidavits. This also corroborated by the reduced number of QSE Portal submissions. These entities will automatically be a level 2 or level 1 respectively, resulting in the above analysis of Black Ownership being understated.
- b. A large percentage (38.78%) of QSEs has been rated as non-compliant to the B-BBEE requirements, similarly to the previous year (2017: 37.43%) with a marginal increase of 1.35%.
- c. 36.55% (2017:39.14%) of the QSE entities were rated from level 1 to 4 with a small decline of 2.59%.
- d. 24.66% (2017:23.42%) of the QSEs were rated from level 5 to 8 with a marginal increase of 1.24%.

4.6 B-BBEE Level Per Sector: QSE Entities

Table 8.1: B-BBEE Level Per Sector: QSE Entities

B-BBEE	AgriBEE		Construction		Financial		Forestry		ICT		Transport		MAC		Property		Tourism		Generic Code		Specialised Scorecard		Total	
	No	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%
Level 1	0	0.00%	6	14.63%	0	0.00%	1	16.67%	0	0.00%	18	28.13%	1	11.11%	1	20.00%	1	7.69%	27	7.16%	2	8.33%	57	9.69%
Level 2	0	0.00%	12	29.27%	1	33.33%	1	16.67%	1	4.35%	14	21.88%	1	11.11%	0	0.00%	0	0.00%	30	7.96%	5	20.83%	65	11.05%
Level 3	1	4.35%	4	9.76%	0	0.00%	1	16.67%	4	17.39%	16	25.00%	1	11.11%	0	0.00%	0	0.00%	19	5.04%	3	12.50%	49	8.33%
Level 4	0	0.00%	1	2.44%	0	0.00%	1	16.67%	1	4.35%	3	4.69%	3	33.33%	0	0.00%	0	0.00%	35	9.28%	0	0.00%	44	7.48%
Level 5	1	4.35%	2	4.88%	0	0.00%	0	0.00%	2	8.70%	2	3.13%	0	0.00%	0	0.00%	0	0.00%	19	5.04%	0	0.00%	26	4.42%
Level 6	3	13.04%	2	4.88%	0	0.00%	0	0.00%	1	4.35%	3	4.69%	0	0.00%	0	0.00%	0	0.00%	6	1.59%	1	4.17%	16	2.72%
Level 7	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	1	1.56%	0	0.00%	0	0.00%	0	0.00%	25	6.63%	2	8.33%	28	4.76%
Level 8	4	17.39%	0	0.00%	0	0.00%	0	0.00%	2	8.70%	4	6.25%	0	0.00%	2	40.00%	1	7.69%	58	15.38%	4	16.67%	75	12.76%
Non-Compliant	14	60.87%	14	34.15%	2	66.67%	2	33.33%	12	52.17%	3	4.69%	3	33.33%	2	40.00%	11	84.62%	158	41.91%	7	29.17%	228	38.78%
Grand Total	23	100%	41	100%	3	100%	6	100%	23	100%	64	100%	9	100%	5	100%	13	100%	377	100%	24	100%	588	100%

Table 8.2: B-BBEE Level Per Sector: QSE Entities Year-on-Year Comparison

B-BBEE	AgriBEE		Construction		Financial		Forestry		ICT		Transport		MAC		Property		Tourism		Generic Code		Specialised Scorecard		Total		Overall level of improvement
	No. (2018)	No. (2017)	No. (2018)	No. (2017)	No. (2018)	No. (2017)	No. (2018)	No. (2017)	No. (2018)	No. (2017)	No. (2018)	No. (2017)	No. (2018)	No. (2017)	No. (2018)	No. (2017)	No. (2018)	No. (2017)	No. (2018)	No. (2017)	No. (2018)	No. (2017)	No. (2018)	No. (2017)	
Level 1	-	-	6	1	-	1	1	-	-	7	18	20	1	2	-	1	1	2	17	76	2	1	57	111	↓
Level 2	-	4	12	1	1	4	1	1	1	4	14	16	1	2	-	1	-	-	16	56	5	1	65	90	↓
Level 3	1	9	4	1	-	1	1	1	4	4	16	7	1	-	-	3	-	-	8	28	3	2	49	56	↓
Level 4	-	13	1	1	-	1	1	1	1	4	3	9	3	2	-	1	-	1	20	46	0	5	44	84	↓
Level 5	1	4	2	-	-	2	-	-	2	1	2	4	-	-	-	2	-	-	9	14	0	1	26	28	↓
Level 6	3	10	2	1	-	3	-	-	1	1	3	7	-	1	-	-	-	-	3	11	1	4	16	38	↓
Level 7	-	4	-	-	-	1	-	-	-	1	1	2	-	-	-	-	-	1	14	31	2	3	28	43	↓
Level 8	4	7	-	-	-	-	-	1	2	-	4	2	-	1	-	1	1	31	81	4	1	75	95	↓	
Non-Compliant	14	4	14	1	2	1	2	1	12	10	3	3	3	4	-	5	11	13	95	281	7	3	228	326	↓
Grand Total	23	55	41	6	3	14	6	5	23	32	64	70	9	12	-	14	13	18	377	624	24	21	588	871	↓

- The highest number of certificates captured onto the Portal for QSE entities were from those reporting under the Generic Codes (377) followed by the Transport sector (64), Construction sector (41) and those reporting under specialised score-card (24).
- The lowest number of B-BBEE certificates that were captured onto the Portal for QSE entities were from the Financial (3), Forestry (6), and MAC (9) sectors.
- In all nine compliance categories the largest number (23.38%) of the B-BBEE certificates captured by the QSE entities which were rated as non-compliant were from 228 entities (which is close to the 248 non-compliant large entities). The highest number of non-complaint entities are entities reporting under Generic Codes (158) followed by AgriBEE (14), Construction (14) and ICT (12) sectors. Furthermore, 84.62% of the Tourism sector QSE entities that submitted were non-compliant, followed by Financial sector with 66.67% and AgriBEE sector with a 60.78% non-compliant rate within the sector. The sector with the lowest number of non-compliant entities in the sectors is Transport (4.69%) with a non-complaint rate of less than 10%.

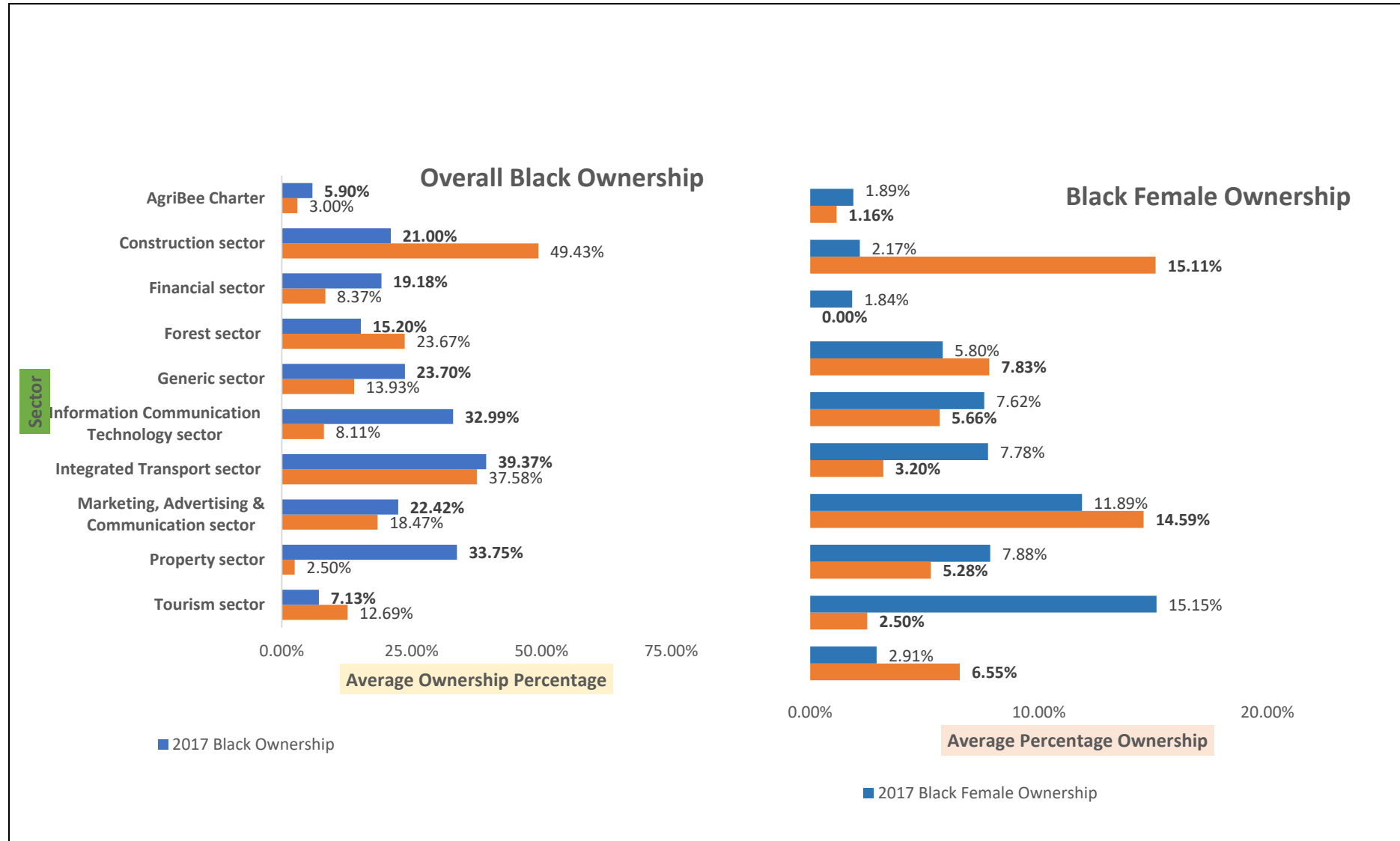
- d. In addition to many non-compliant B-BBEE ratings, there are 215 (341:2017) entities that attained a complaint level one to level four and 145 (204:2017) entities with level five to level eight in the current year.
- e. There is an overall reduction in the number of QSE entities that have reported in the current year and the level of B-BBEE ratings that were achieved.

4.7 Average Black Ownership: QSE Entities

Table 9: Average Black Ownership: QSE Entities

Sector	2018		2017	
	Black Ownership	Black Women Ownership	Black Ownership	Black Women Ownership
AgriBEE sector	3.00%	1.16%	5.90%	1.89%
Construction sector	49.43%	15.11%	21.00%	2.17%
Financial sector	8.37%	0.00%	19.18%	1.84%
Forestry sector	23.67%	7.83%	15.20%	5.80%
Generic sector	13.93%	5.66%	23.70%	7.62%
Information Communication Technology sector	8.11%	3.20%	32.99%	7.78%
Integrated Transport sector code	37.58%	14.59%	39.37%	11.89%
Marketing, Advertising & Communication sector	18.47%	5.28%	22.42%	7.88%
Property sector	2.50%	2.50%	33.75%	15.15%
Tourism sector	12.69%	6.55%	7.13%	2.91%

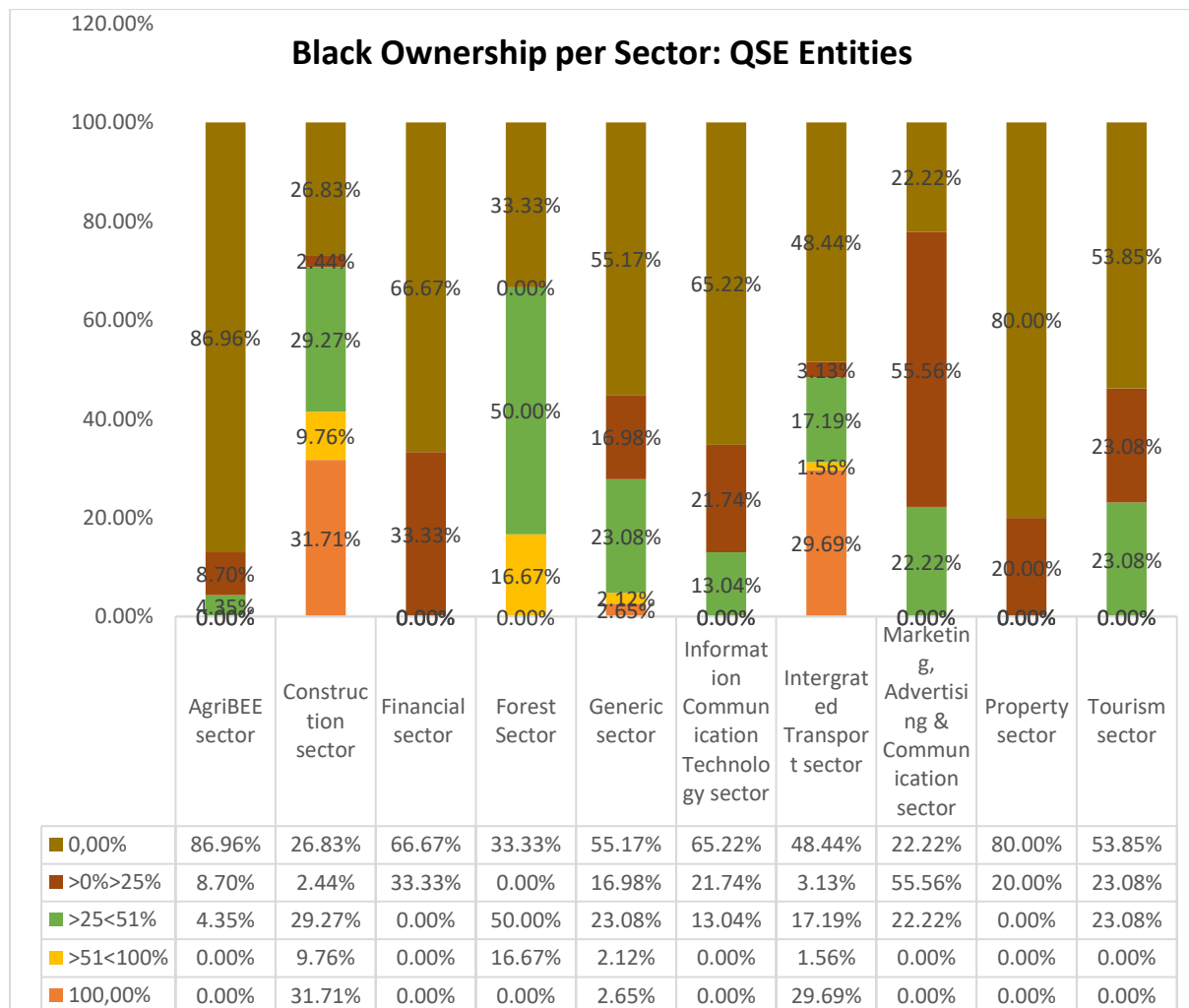
Graph 6: Average Black Ownership: QSE Entities



- a. It is important to note that some sectors have ownership targets that are above the Generic Code’s target of more than 25%.
- b. The Construction sector has the highest average Black Ownership (49.43%) followed by the Transport sector (37.58%) amongst the QSE entities. These sectors also have the highest average Black Women Ownership at 15.11% and 14.59% respectively.
- c. The AgriBEE and Property sectors have the lowest average Black Ownership at 3% and 2.50% respectively.
- d. The Financial sector has the lowest average Black Women Ownership at 0%, followed by the AgriBEE sector at 1.16%.
- e. Only the Construction and Transport sectors exceeded 25% Black Ownership targets set by the Generic Codes, however, none have progressed to Black Ownership of greater than 51%.

Black Ownership Per Sector: QSE Entities

Graph 7: Black Ownership Per sector: QSE Entities

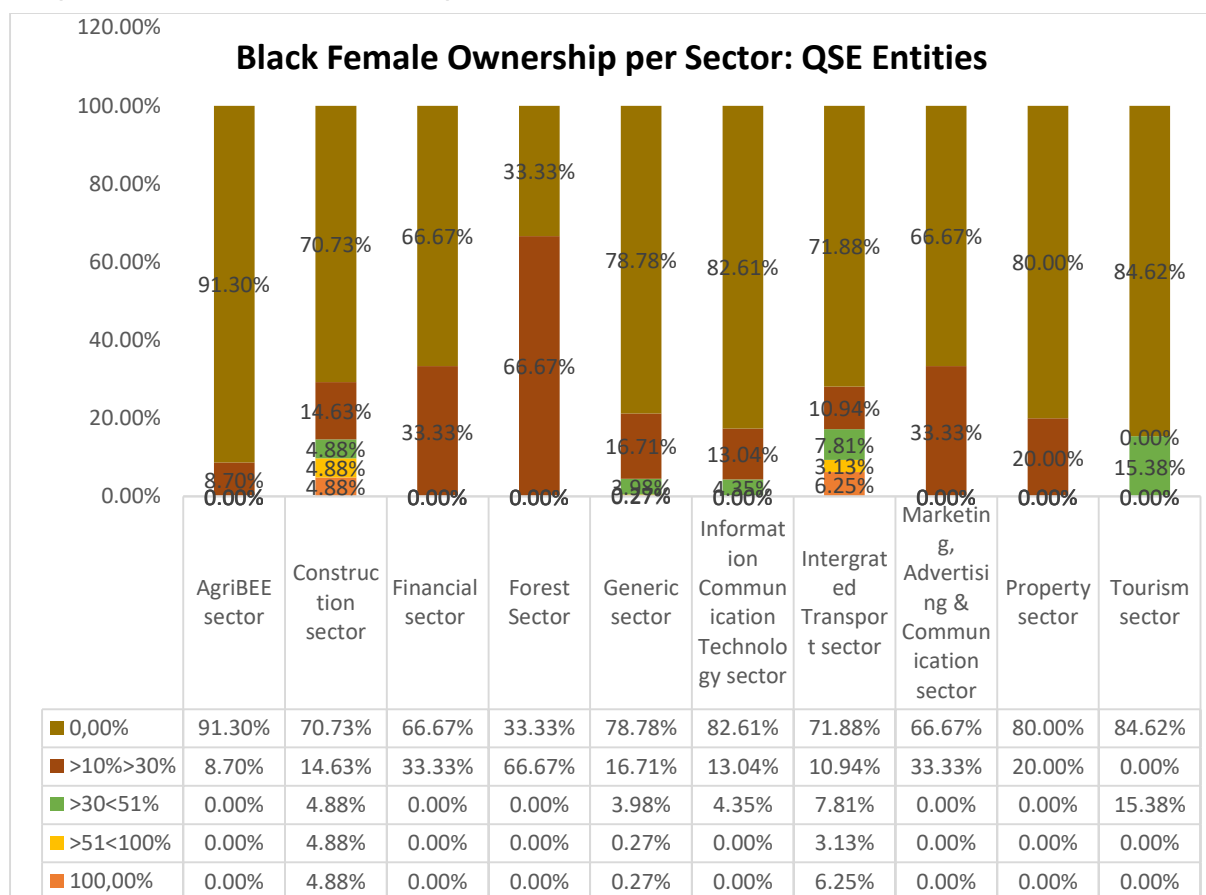


- a. Graph 7 above shows Black Ownership in the following Ownership thresholds of between 0%, 25%, 51% and 100% achieved within the sector for the QSE entities achieved within a sector code. It is important to note that some sectors have ownership targets that are above the Generic Code’s target of greater than 10%.

- b. The AgriBEE sector reported the majority of the number (86.96%) of QSE entities within the sector that have 0% Black Ownership, followed by Property (80.00%), Financial (66.67%) and ICT (65.22%) sectors.
- c. The Forestry sector reported a highest percentage (50.00%) of entities within the sector that have exceeded the 25% target but have Black Ownership that is below the majority 51%, followed by Construction sector (29.27%), Generic (23.08%) and MAC sector (22.22%).
- d. Four of the ten sectors have QSE entities that have exceeded a majority of 51% but less than 100% Black Ownership, namely Forestry (16.67%), Construction (9.76%), Generic (2.12%) and Transport (1.56%).
- e. Three of the ten sectors have some QSE entities that have 100% Black Ownership namely; with the top three being Construction (31.71%), Transport (29.69%) and Generic (2.65%).

Black Women Ownership Per Sector: QSE Entities

Graph 8: Black Women Ownership Per Sector: QSE Entities



- a. Graph 8 above shows Black Women Ownership in the following Ownership thresholds of between 0%, 10%, 35%, 51% and 100% achieved within the sector for QSE entities. achieved within a sector code.
- b. The AgriBEE sector reported the majority of the number (91.30%) of entities within the sector that have 0% Black Women Ownership, followed by Tourism (84.62%), ICT

(82.61%) and Property (80.00%) sectors. 90% of the sectors have more than 50% of the entities within the sector that have no Black Ownership.

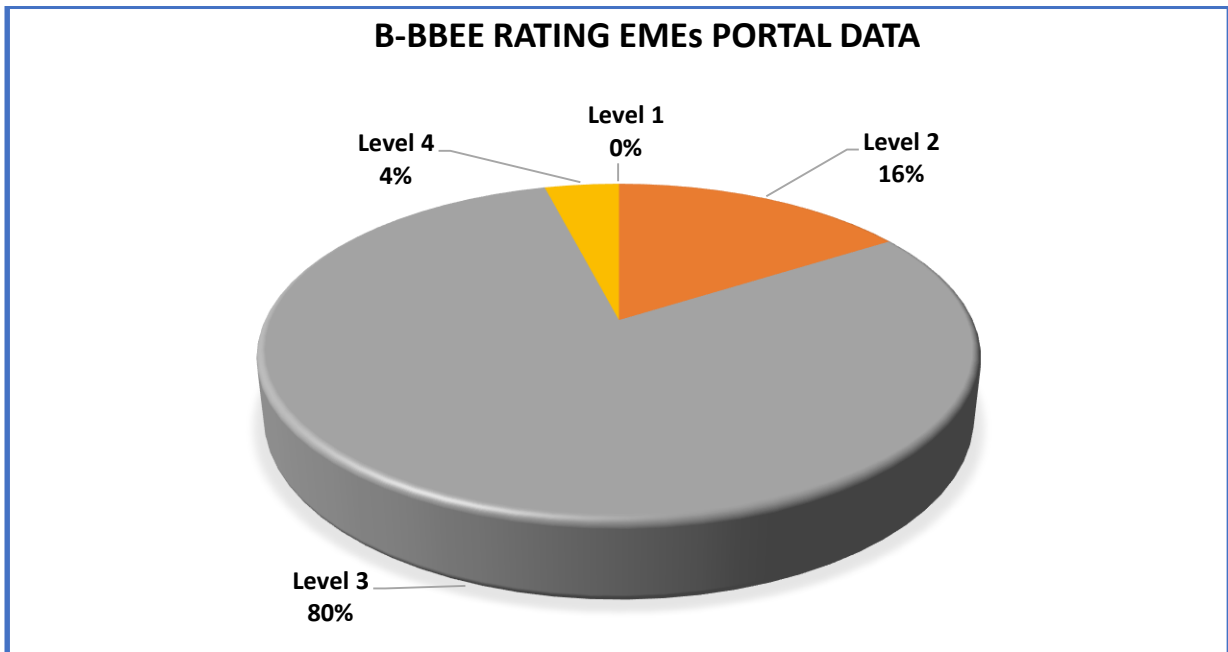
- c. The Forestry sector reported a significant number (66.67%) of entities within the sector that have exceeded 10% but have Black Women Ownership that is below 30% and below a majority of 51%, followed by the Financial and MAC sectors each having 33.33%.
- d. Three of the ten sectors have some entities that have 100% Black Women Ownership namely, Transport (6.25%), Construction (4.88%), and Generic (0.27%).

4.8 Overall B-BBEE Contribution Levels: EME Entities

Table 10 Overall B-BBEE Contribution Levels: EME Entities

B- BBEE Status	Percentage of certificates per B-BBEE Level (2018)	Percentage of certificates per B-BBEE Level (2017)
Level 1	0.00%	0.18%
Level 2	16.00%	0.00%
Level 3	80.00%	94.38%
Level 4	4.00%	5.44%
Grand Total	100,00%	100,00%

Graph 9: Overall Contribution Levels: EME Entities



- a. Compared to the previous year, there were no EME entities that were rated as a level 1 that captured their B-BBEE certificates on the B-BBEE Commission’s Portal.
- b. 80% (94.38%:2017) of the B-BBEE certificates captured on the B-BBEE Commission’s Portal were rated as level 3 with a reduction of 14.38% compared to the previous year.

Table 11.1: Overall Contribution Level: EME Entities

B-BBEE	AgriBEE		Construction		Financial		Forestry		ICT		Transport		MAC		Property		Tourism		Total	
	No	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%
Level 1	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Level 2	1	100.00%	3	100.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	4	16.00%
Level 3	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	20	95.24%	0	0.00%	0	0.00%	0	0.00%	20	80.00%
Level 4	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	1	4.76%	0	0.00%	0	0.00%	0	0.00%	1	4.00%
Grand Total	1	100%	3	100%	0	0%	0	0%	0	0%	21	100%	0	0%	0	0%	0	0%	25	100%

Table 11.2: Overall Contribution Level: EME Entities Year-on-Year Comparison

B-BBEE	AgriBEE		Chartered Accountancy		Construction		Financial		Forestry		ICT		Transport		Property		Total	
	No. 2018	No. 2017	No. 2018	No. 2017	No. 2018	No. 2017	No. 2018	No. 2017	No. 2018	No. 2017	No. 2018	No. 2017	No. 2018	No. 2017	No. 2018	No. 2017	No. 2018	No. 2017
Level 1	-	-	-	-	-	-	-	1	-	-	-	1	-	-	-	-	-	2
Level 2	1	-	-	-	3	-	-	-	-	-	-	-	-	-	-	-	-	4
Level 3	-	364	-	2	-	14	-	10	-	31	-	27	20	595	-	32	20	1 075
Level 4	-	10	-	-	-	2	-	5	-	-	-	9	1	31	-	5	1	62
Grand Total	1	374	-	2	3	16	-	16	-	31	-	37	21	626	-	37	25	1 139

- There were 25 (2017: 1139) B-BBEE certificates captured on the Portal during the period from 1 January to 31 December 2018.
- The significant decrease may be due to the requirement of the EMEs to do sworn affidavits instead of being verified by a B-BBEE verification agency. The exception to this is the Transport sector where EMEs have a choice of obtaining accounting letters or get verified by SANAS accredited agencies as the sector has not been aligned. The EME analysis is largely based on entities in the Transport sector as explained.
- 80% of the EME entities were rated at level 3, with 95.23% thereof submitted by entities in the Transport sector.



B-BBEE Element Analysis

05. B-BBEE Elements Analysis

The percentages reflected in the table below indicate the average percentage of B-BBEE points achieved as a percentage of the available B-BBEE points under the stated elements.

Table 12: Overall B-BBEE Elements Analysis

	QSE	Large	Average of large and QSE
Ownership *	25.51%	56%	54.61%
Management Control	23.36%	46%	45.34%
Skills Development *	0.00%	50%	49.27%
Enterprise and Supplier Development*	27.57%	61%	60.10%
Socio-Economic Development	0.00%	73%	71.20%

On average, the B-BBEE elements increased marginally by only 3.57% compared to prior year. Ownership, Skills Development and Enterprise and Supplier Development are priority elements. In the amended Codes this entails that if a measured entity does not meet the 40% sub-minimum it risks being discounted by one level down.

The data available did not allow researchers to analyse whether sub-minimums had been achieved since the bonus points could not be identified from the total scores awarded.

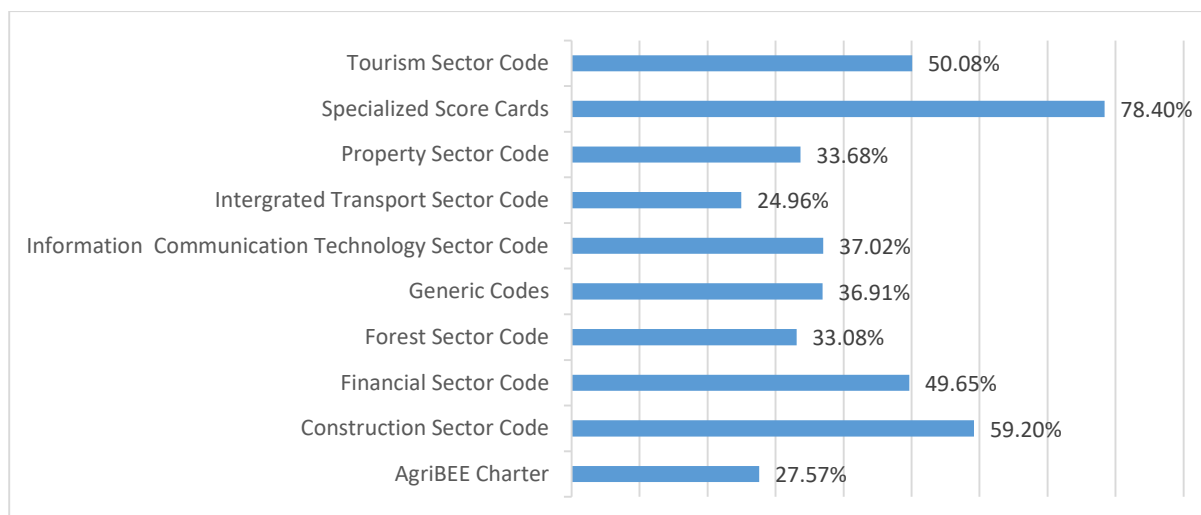
Under the Enterprise and Supplier Development element, points for the 3 sub-elements were combined into one score and could therefore not be assessed against the meeting of the priority element target set for each sub-element.

5.1 Average Score Achieved for Management Control

Table 13: Average Score Achieved for Management Control (% achieved of targeted points)

	Average of MC Achieved of target score
AgriBEE sector code	27.57%
Construction sector code	59.20%
Financial sector code	49.65%
Forestry sector code	33.08%
Generic Codes	36.91%
Information Communication Technology sector code	37.02%
Integrated Transport sector code	24.96%
Property sector code	33.68%
Specialised scorecard	78.40%
Tourism sector code	50.08%
Overall Average	43.05%

Graph 10: Average Score Achieved for Management Control



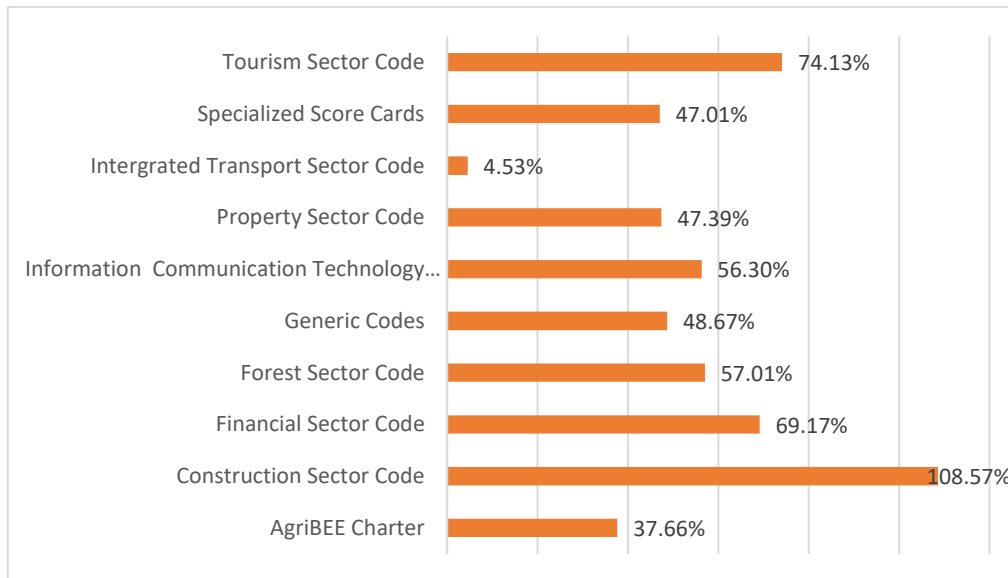
- The table and graph above refer to the average percentage of Management Control points achieved as a percentage of total points available on this element, per sector code.
- In most of the amended sector code, the Management Control element comprises of both the Management Control (board and EXCO representation) and Employment Equity sub-elements.
- On average, the Management Control element increased marginally by only 2% compared to the prior year.
- The highest average achieved was in the specialised scorecard with 78.40% which represents entities within the sphere of government followed by the Construction sector code with 59.20% of the targeted points being achieved.
- The lowest scoring entities were the integrated transport sector as well as the AgriBEE sector code.

5.2 Average Score Achieved for Skills Development

Table 14: Average Score Achieved for Skills Development (% achieved of targeted points)

	Average of skills development achieved of target score
AgriBEE sector code	37.66%
Construction sector code	108.57%
Financial sector code	69.17%
Forestry sector code	57.01%
Generic Codes	48.67%
Information Communication Technology sector code	56.30%
Property sector code	47.39%
Integrated Transport sector code	4.53%
Specialized scorecard	47.01%
Tourism sector code	74.13%
Average	55.04%

Graph 11: Average Score Achieved for Skills Development



The table and figure above refer to the average percentage of Skills Development points achieved as a percentage of the total available points in the Skills Development element per Code.

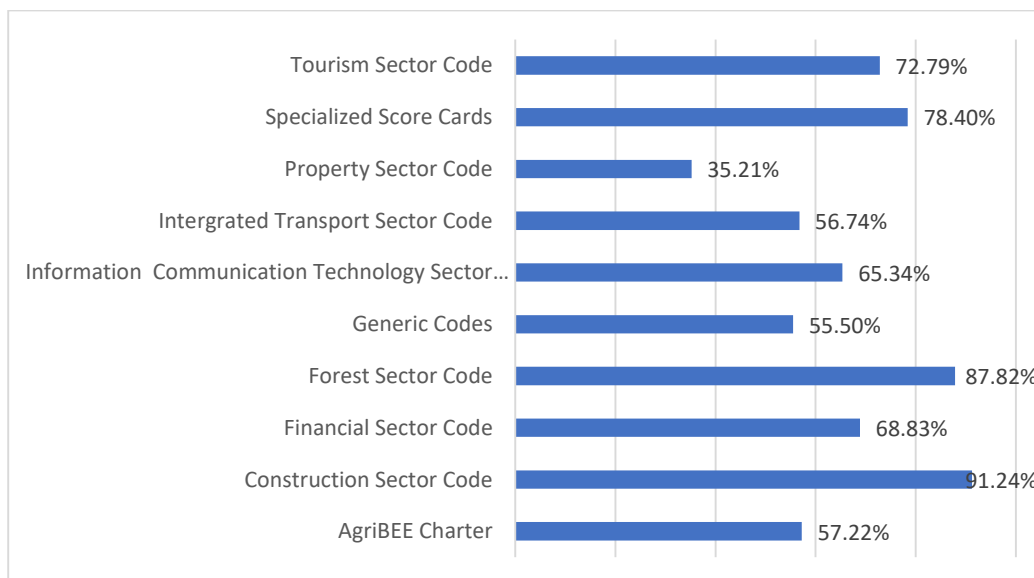
- a. On average, the Management Control element increased marginally by only 12.48% compared to the prior year.
- b. The highest average points were attained by entities measured under the Construction sector and Tourism sector achieving a 108.57% and 74.13% respectively of the total weighting
- c. It should be noted that under the Construction sector, there were only two (2) entities that were analysed, and both had achieved high scores for this element.
- d. More than 50% of the reported sectors failed to achieve a 50% average on Skills Development.
- e. The AgriBEE sector and the Transport sector entities were the lowest average scorers on this element.
- f. This trend could be indicative that there is lack of commitment for entities to invest in the Skills Development and instead, entities from various sectors may be doing just the bare minimum when it comes to Skills Development just to avoid being discounted.
- g. These trends need to be monitored closely to ensure that priority elements are achieved.

5.3 Average Score Achieved for Enterprise and Supplier Development

Table 15: Average Score Achieved for Enterprise and Supplier Development (% achieved of targeted points)

	Average ESD achieved
AgriBEE sector code	57.22%
Construction sector code	91.24%
Financial sector code	68.83%
Forestry sector code	87.82%
Generic Codes	55.50%
Information Communication Technology sector code	65.34%
Integrated Transport sector code	56.74%
Property sector code	35.21%
Specialised scorecard	78.40%
Tourism sector code	72.79%
Average	66.91%

Graph 12: Average Score Achieved for Enterprise and Supplier Development %



Enterprise and Supplier Development measures points for the 3 sub-elements (i.e. Preferential Procurement, Enterprise Development and Supplier Development combined).

Table 15 and Graph 12 above indicate the aggregate average scores for Enterprise and Supplier Development, as a percentage of total targeted points, per sector for the 3 sub-elements.

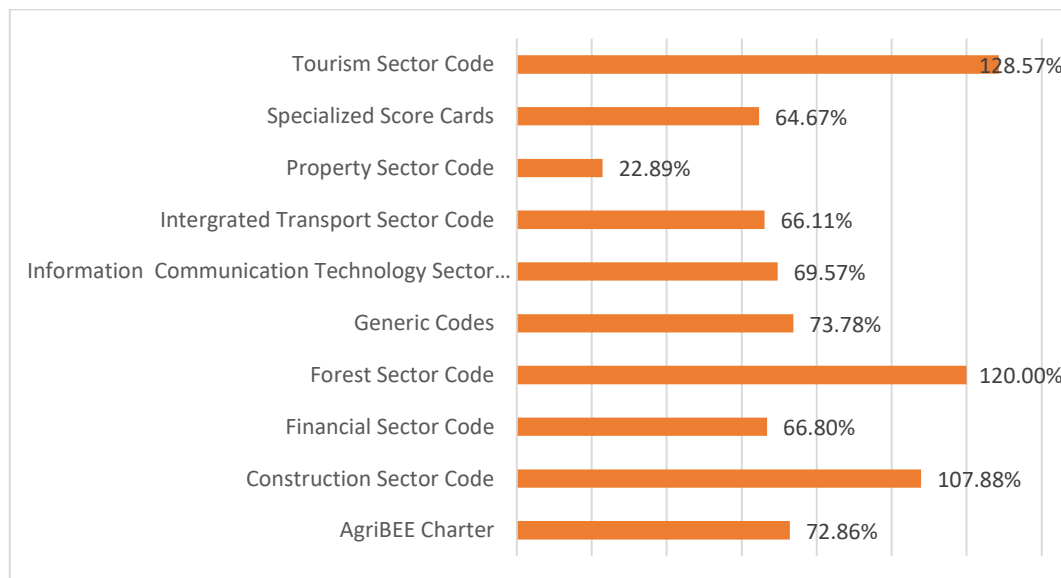
- a. On average, the Management Control element increased marginally by 14.40% compared to the prior year to an average score of 69.91% across all sectors.
- b. More than 50% of the reported sectors achieved an average of 54%.
- c. The Property sector achieved the lowest average.

5.4 Average Score Achieved for Socio-Economic Development

Table 16: Average Score Achieved for Socio-economic Development (% achieved of targeted points)

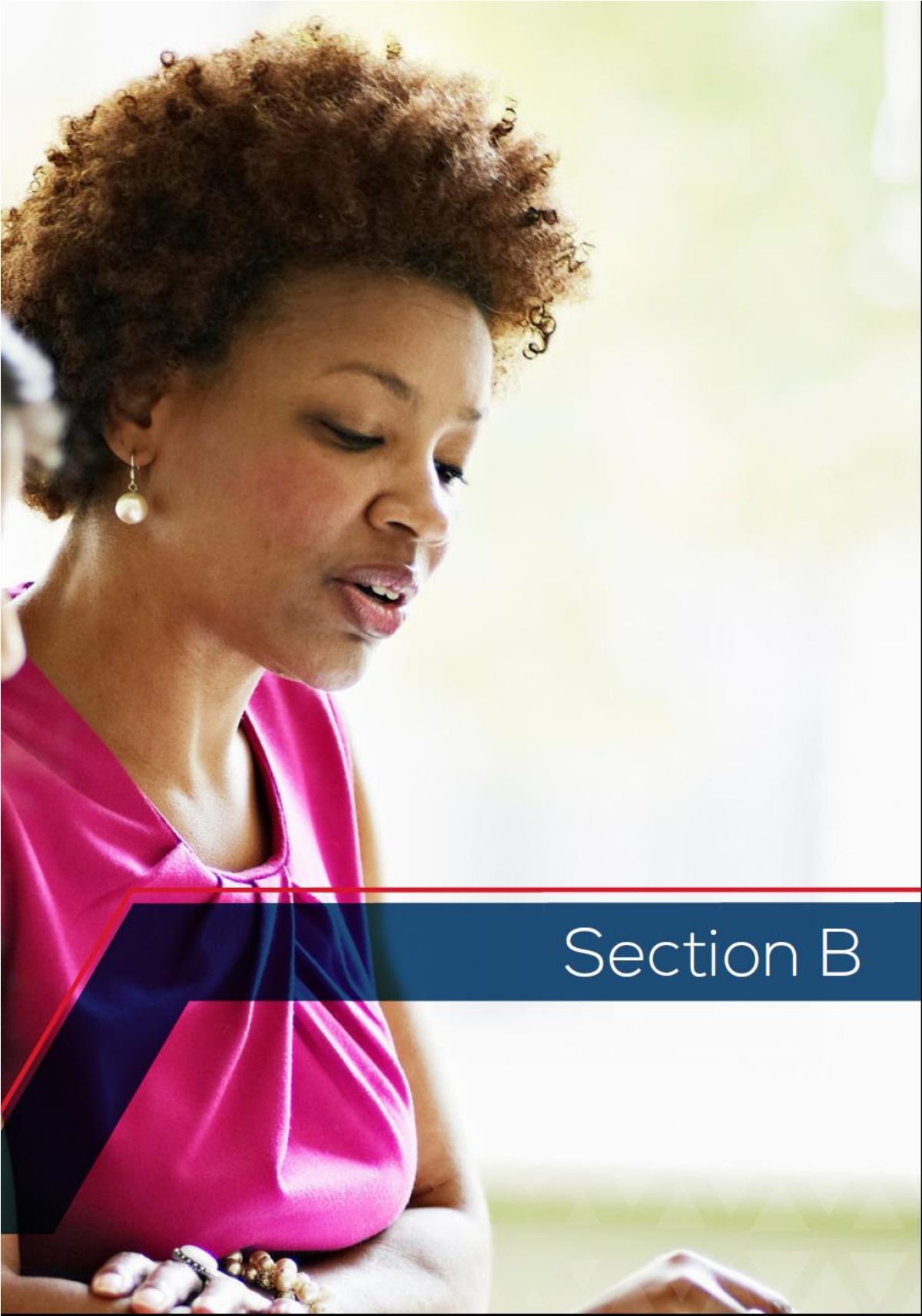
	Average of Socio-Eco Development achieved of target score
AgriBEE sector code	72.86%
Construction sector code	107.88%
Financial sector code	66.80%
Forestry sector code	120.00%
Generic Codes	73.78%
Information Communication Technology sector code	69.57%
Integrated Transport sector code	66.11%
Property sector code	22.89%
Specialised scorecard	64.67%
Tourism sector code	128.57%
Average	79.31%

Graph 13: Average Score Achieved for Socio-Economic Development



The table and figure above refer to the average percentage of Socio-Economic Development points achieved as a percentage of the total available points in the Socio-Economic Development element per sector.

- a. On average, the Socio-Economic Development element decreased by 15.18% compared to the prior year and to an average score of 79.31% across all sectors.
- b. Most sectors perform relatively good under this element achieving an average of 79.31%
- c. Such performance outcome, signify that points within these elements are easily obtainable with minimum investment being made.
- d. The Property sector performed poorly compared to any other sector achieving a lowest average of 22.89%.



Section B

06. JSE Listed Entities as per 13G Reporting

The data analysed in this section is based on the Compliance Reports submitted to the B-BBEE Commission by JSE listed entities, State Owned Entities and organs of states for the 2018 calendar year.

6.1 Number of JSE Entities Reported Per Sector

Table 17 Number of JSE Entities Reported Per Sector (section 13G Reports Only)

Count of certificate types	Exempt Micro Enterprise B-BBEE Certificate	Large Enterprise Certificate	Grand Total
AgriBEE sector code		7	7
Construction sector code		2	2
Information Communication Technology sector code		16	16
Financial Services sector code	3	23	26
Forestry sector code		3	3
Property sector code	1	14	15
Tourism sector code		7	7
Integrated Transport sector code	1	7	8
Generic Codes	2	68	70
Reported but no data*		7	7
Grand Total	7	154	161

* B-BBEE certificates were missing from the files analysed.

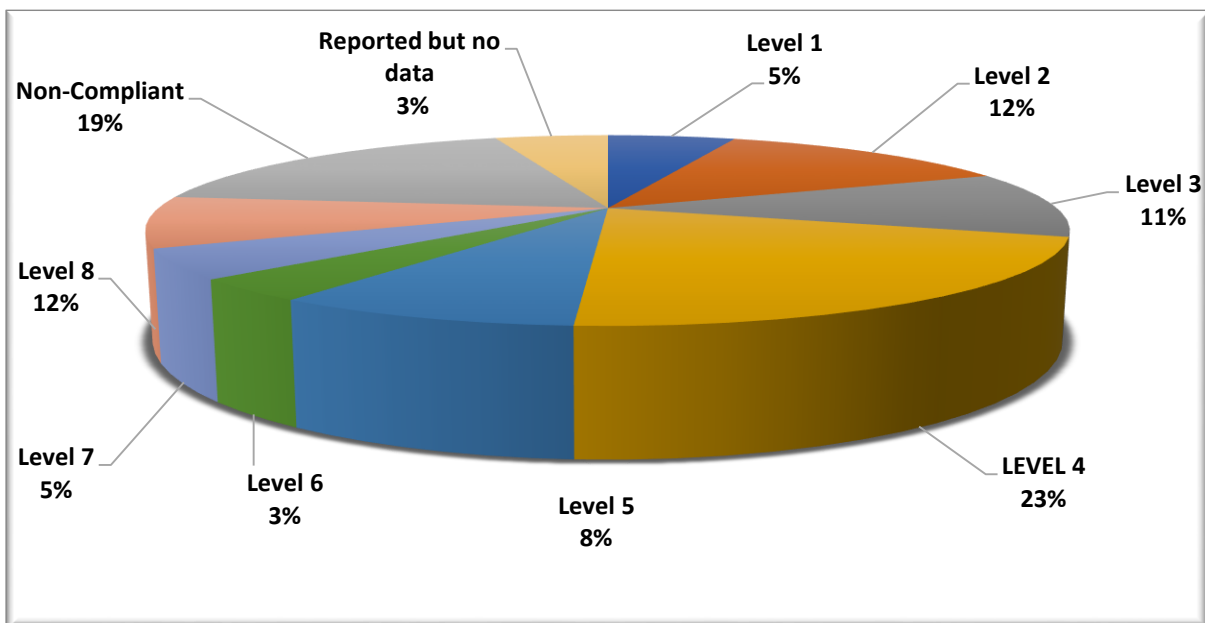
- According to JSE published information, there are 371 entities that are listed on the stock exchange as at 01 September 2018.
- Reports received by the B-BBEE Commission indicated that only 161 JSE listed entities submitted data in response to the mandatory reporting requirements, showing that only 43% of the listed entities complied with the mandatory reporting requirement.
- Out of the 161 submissions made to the B-BBEE Commission, 63 entities were non-compliant with submission timelines.
- Two (2) entities were measured using Construction sector code even though it was repealed.
- The highest concentration of listed entities that submitted their compliance reports, were verified under the Generic Codes (this was also the case in the previous year's report).

6.2 Overall Contribution Levels: JSE Entities (section 13G Reporting Only)

Table 18: Overall Contribution Levels: JSE Entities (section 13G Reports Only)

B-BBEE status	Percentage of certificates per BEE Level
Level 1	5.59%
Level 2	13.04%
Level 3	11.18%
Level 4	21.12%
Level 5	8.70%
Level 6	3.73%
Level 7	4.97%
Level 8	8.70%
Non-compliant contributor	18.01%
Reported but no data	4.97%
Grand Total	100%

Graph 14: Overall Contribution Levels: JSE Entities.



- 18.1% of all B-BBEE certificates submitted were rated as non-compliant to B-BBEE and of the 161 listed entities that reported 4.97% had no data for analysis.
- 26.09% of large entities were rated from level 5 to level 8.
- 50.93% of large entities were rated from level 4 to level 1.

6.3 B-BBEE Level Per Sector: JSE Entities (section 13G Reporting Only)

Table 19: B-BBEE Level per Sector: JSE Entities (section 13G Reports only)

B-BBEE Rating level	AgriBEE Sector code		Construction sector		Financial sector code		Forestry Sector code		Information communication Technology Sector code		Generic Codes		Property Sector code		Integrated Transport sector code		Tourism Sector code		Total number	
	No.	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%	No	%
Level 1	0	0%	2	100%	1	4%	0	0%	2	13%	2	3%	0	0%	0	0%	2	29%	9	6%
Level 2	0	0%	0	0%	8	31%	0	0%	2	13%	5	6%	1	7%	3	38%	2	29%	21	13%
Level 3	1	14%	0	0%	4	15%	1	33%	3	19%	6	8%	1	7%	2	25%	0	0%	18	11%
Level 4	3	43%	0	0%	4	15%	2	67%	4	25%	17	22%	2	13%	1	13%	1	14%	34	21%
Level 5	0	0%	0	0%	0	0%	0	0%	0	0%	8	10%	4	27%	0	0%	2	29%	14	9%
Level 6	1	14%	0	0%	1	4%	0	0%	0	0%	3	4%	1	7%	0	0%	0	0%	6	4%
Level 7	0	0%	0	0%	1	4%	0	0%	0	0%	7	9%	0	0%	0	0%	0	0%	8	5%
Level 8	1	14%	0	0%	2	8%	0	0%	1	6%	10	13%	0	0%	0	0%	0	0%	14	9%
Non-Compliant	0	0%	0	0%	5	19%	0	0%	4	25%	12	16%	6	40%	2	25%	0	0%	29	18%
No Certificate	1	14%	0	0%	0	0%	0	0%	0	0%	7	9%	0	0%	0	0%	0	0%	8	5%
Grand Total	7	100%	2	100%	26	100%	3	100%	16	100%	77	100%	15	100%	8	100%	7	100%	161	%

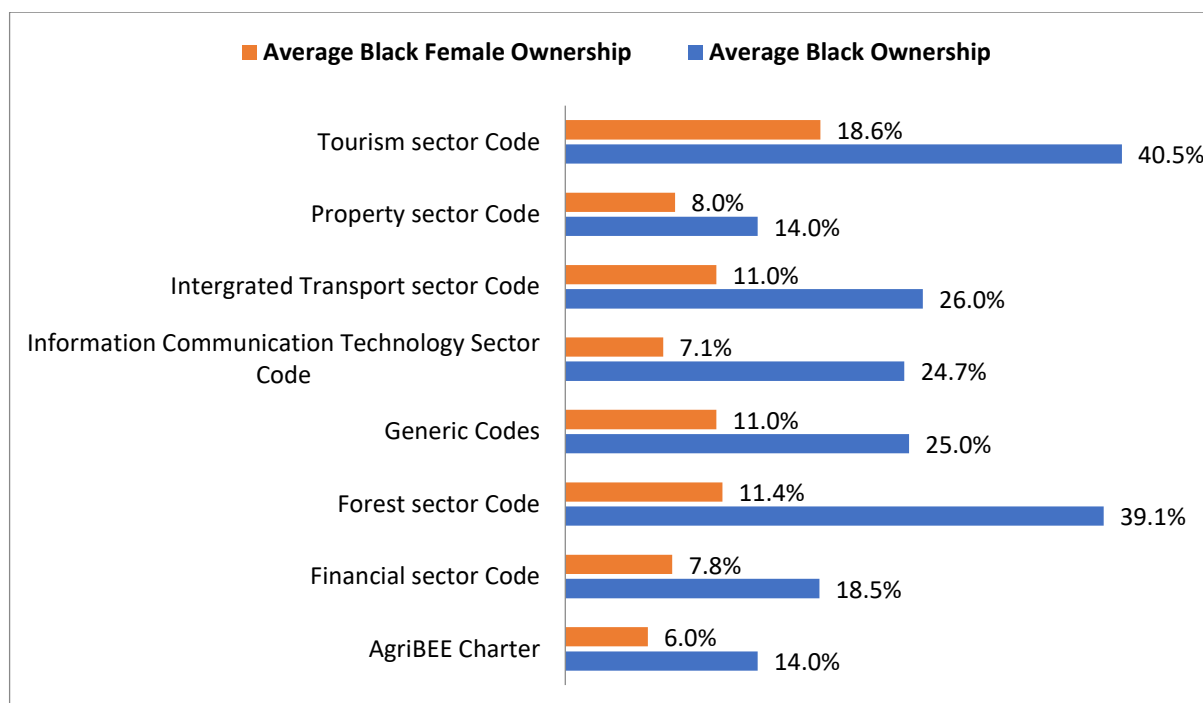
- Of the 161 listed entities that reported, the highest number reported under the Generic Codes (77), the Financial sector (26) and the ICT sector (16).
- From the table above, 8 entities reported but did not provide compliance data.
- 29 entities were non-compliant to B-BBEE.

6.4 Average Black Ownership: JSE Entities (Section 13G B-BBEE Commission Reporting Only)

Table 20: Average Black Ownership: JSE Entities (section 13G Reports Only)

	Average Black Ownership	Average Black Female Ownership
AgriBEE sector code	14.0%	6.0%
Financial sector code	18.5%	7.8%
Forestry sector code	39.1%	11.4%
Generic Codes	25.0%	11.0%
Information Communication Technology sector code	24.7%	7.1%
Integrated Transport sector code	26.0%	11.0%
Property sector code	14.0%	8.0%
Tourism sector code	40.5%	18.6%
GRAND TOTAL	25.2%	10.1%

Graph 15: Average Black Ownership: JSE Entities

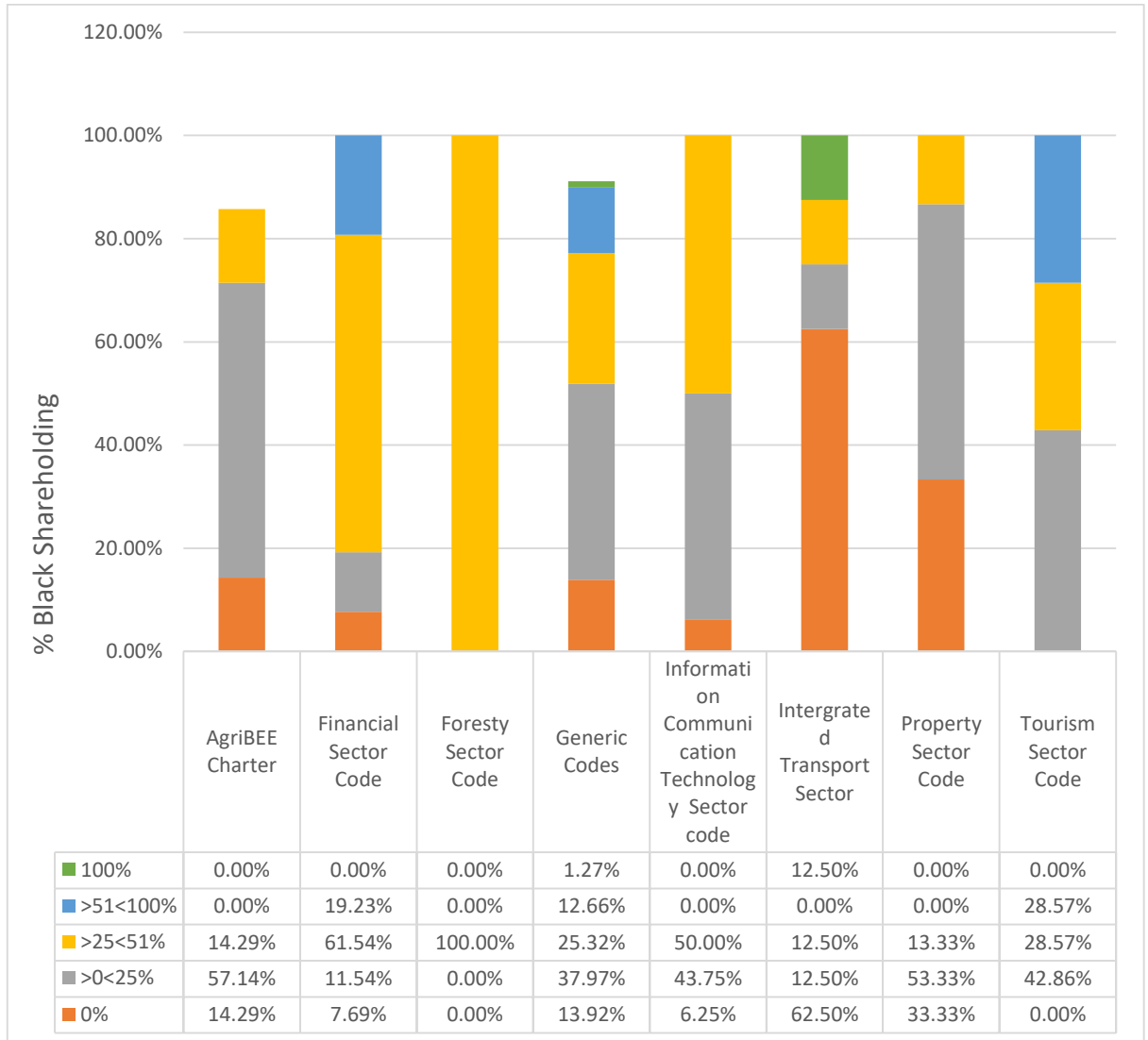


- On average, the Black Ownership and Black Women Ownership decreased by 1% to 25.2% and 10.1% respectively.
- The Tourism sector has the highest average Black Ownership percentage of 40.5% on the JSE listed followed by Forestry sector at 39.1%.

- c. The Property and AgriBEE sectors have the lowest Black Ownership with an average of 14% respectively.

6.5 Black Ownership Per Sector: JSE Entities (13G B-BBEE Commission Reporting Only)

Graph 16: Black Ownership per Sector: JSE Entities (sectin 13G Reports Only)

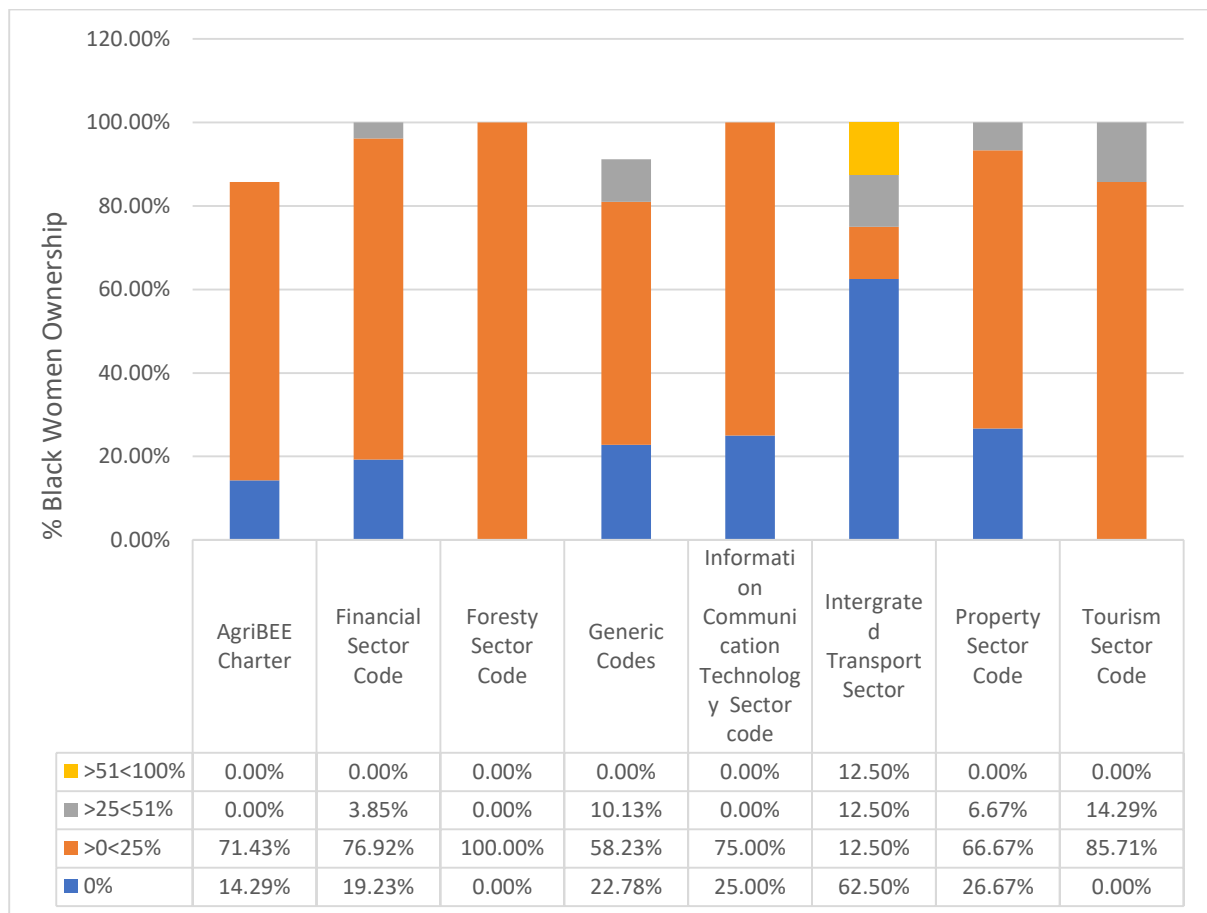


The above statistics represent the percentage Black shareholding within the JSE listed entities. From the above graph, it is clear that level of Black shareholding is still very low within the JSE listed entities.

- The average shareholding of up to 100% Black Ownership can only be found within two (2) sectors, the Generic and Transport.
- The average Black shareholding of between 52-100% is represented in 3 sectors, Financial, Generic and Tourism.
- Majority of Black shareholding is concentrated in the quantum of 0-51%.

6.6 Black Women Ownership Per Sector: JSE Entities (section 13G Reporting Only)

Graph 17: Black Women Ownership per Sector: JSE Entities (section 13G Reports Only)



The above statistics represent the percentage of Black Women shareholding within the JSE listed entities. From the above graph, it is clear that level of Black Women shareholding is still very low within the JSE listed entities.

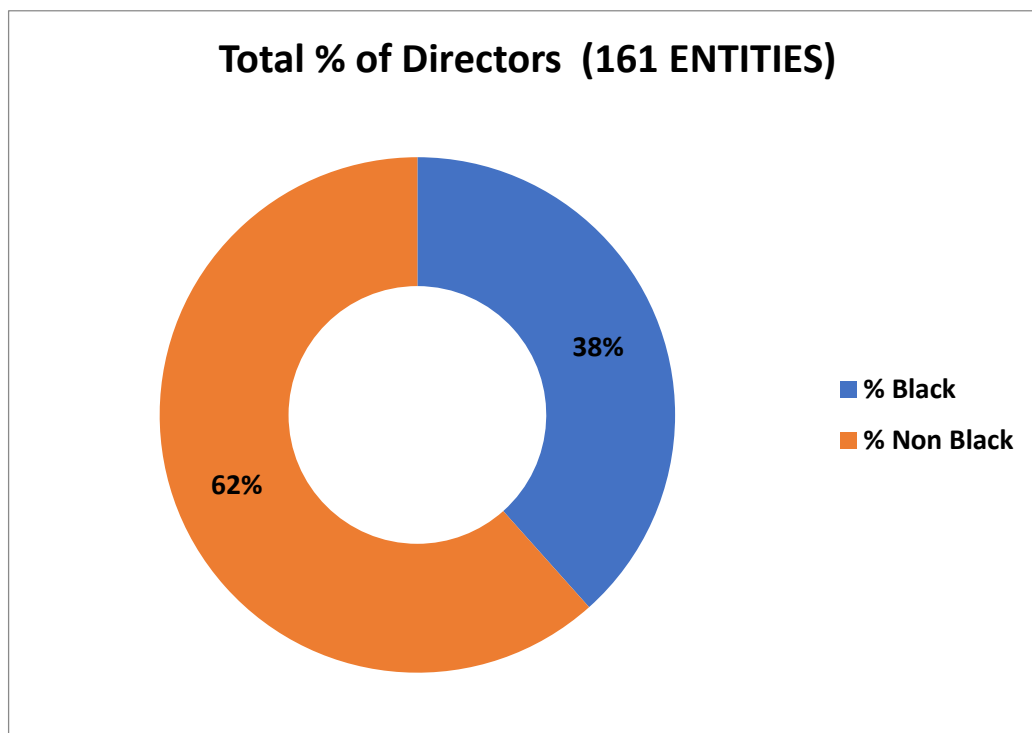
- a. The average shareholding of up to 100% for Black Women Ownership is only represented within one (1) sector, the Transport which could probably be as a result of using Codes that are not aligned.
- b. There is a fair balance of representation of Black Women shareholding within various sectors, however, the majority of Black Women shareholding is concentrated in the quantum of 0-25%.

6.7 Board Representation: Demographic Representation at Board Level of JSE Listed s13G Reporting Entities

Table 21: Percentage of Black vs. Non-Black at board members on the JSE listed entities

Directors	2018
%Black	38%
%White and Foreign Nationals	62%
Grand Total	100%

Graph 18: Percentage of Black vs. Non-Black at board level on the JSE

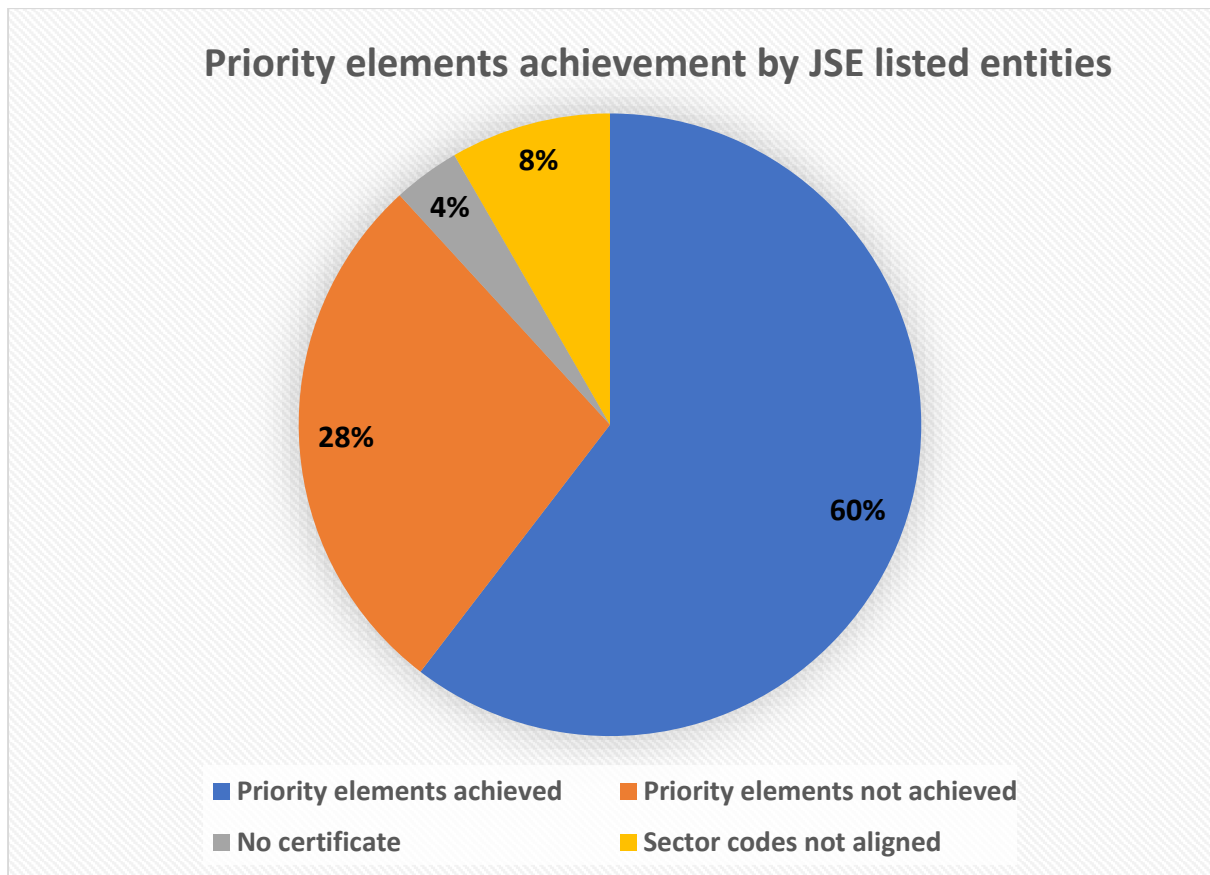


- The above statistics represent the 161 JSE listed entities that reported to the B-BBEE Commission during the 2018 calendar year.
- The analysis was done based on the Board information disclosed in the integrated report of these entities.
- On average, the Board representation remained unchanged from the prior year. The listed entities Boards are still dominated by 61,61% Non-Black Directors, majority of which being White people with only Black Males and Black Women making 16,76% and 21,63% respectively.

6.8 Achievement of priority elements

On average, 60% of the JSE listed entities have met priority elements per the sector code, whilst 28% have not attained the minimum score for priority elements.

Graph 19: Priority elements achievement by JSE listed entities



- a. 60% of the entities that reported achieved the priority elements.
- b. 28% of the report analysed did not achieve the priority elements.
- c. 4% of the reports analysed had no B-BBEE certificates submitted.
- d. 8% of the reports analysed sector code were not aligned.



Organs of State

07. Organs of State and State Owned Entities

The B-BBEE Regulations makes it mandatory for State-Owned Entities and Government Departments to report annually to the B-BBEE Commission, within 30 days after the approval of their audited annual financial statements and annual report.

Based on the information submitted to the B-BBEE Commission, only 29 State-Owned Entities and Organs of State Entities submitted their Annual Compliance Reports.

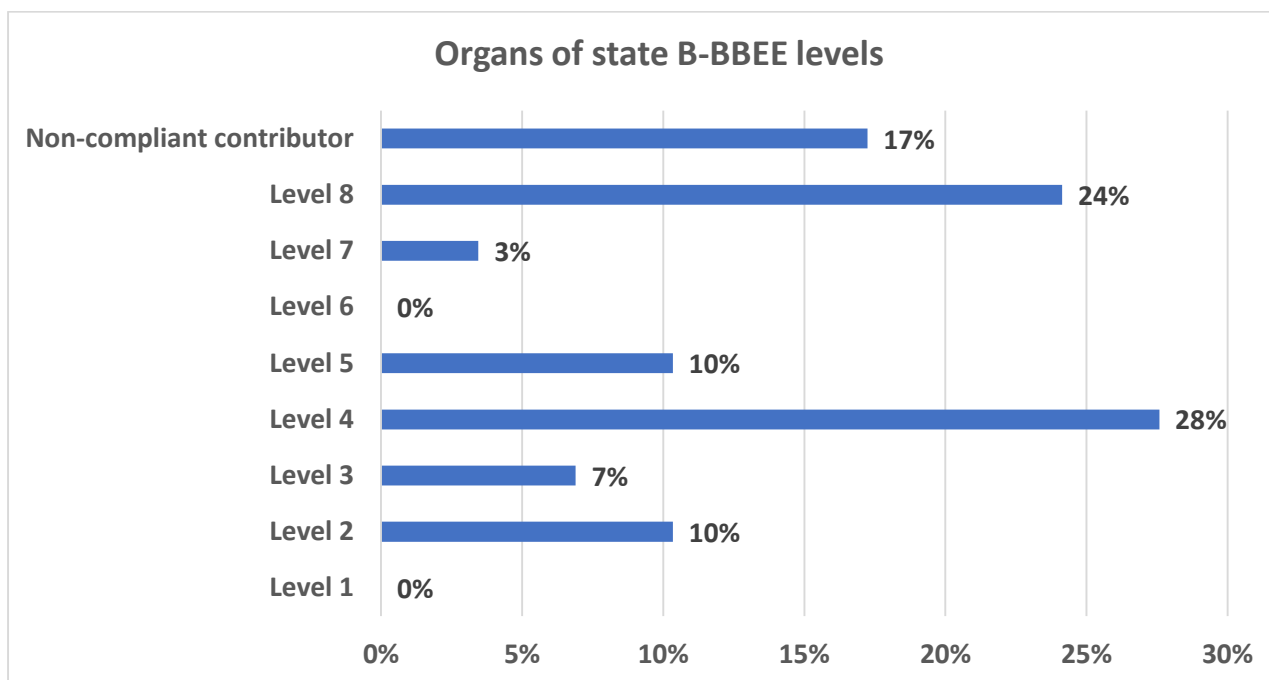
With only just a 10% of the population being analysed, it would be premature to formulate conclusive results on the status of transformation within organs of state and state-owned entities.

An overview of the B-BBEE levels for the 29 entities is detailed below.

Table 22: Overview of B-BBEE levels for organs of state

Contribution levels	Percentage
Level 1	0%
Level 2	10%
Level 3	7%
Level 4	28%
Level 5	10%
Level 6	0%
Level 7	3%
Level 8	24%
Non-compliant contributor	17%
Grand Totals	100%

Graph 20 organs of state B-BBEE levels



A total of 29 organs of states reports were received during the period under review. Approximately 76% of the reports were from State Owned Entities, whilst 17% represented national departments and only 7% represented the SETAs.

Based on the information from the graph above, majority (59%) were rated between level two (2) and level seven (7) according to the B-BBEE certificates submitted, 17% of the organs of state were non-compliant whilst 24% obtained a level eight (8) rating.

7.1 Average score of B-BBEE elements

The percentages reflected in the table below indicate the average percentage of B-BBEE points achieved as a percentage of the available B-BBEE points under the stated elements.

Table 23: Overall Organ of State B-BBEE Elements Analysis

Element	Average of SOE
Management Control	75%
Skills Development *	64%
Enterprise and Supplier Development*	47%
Socio-Economic Development	65%

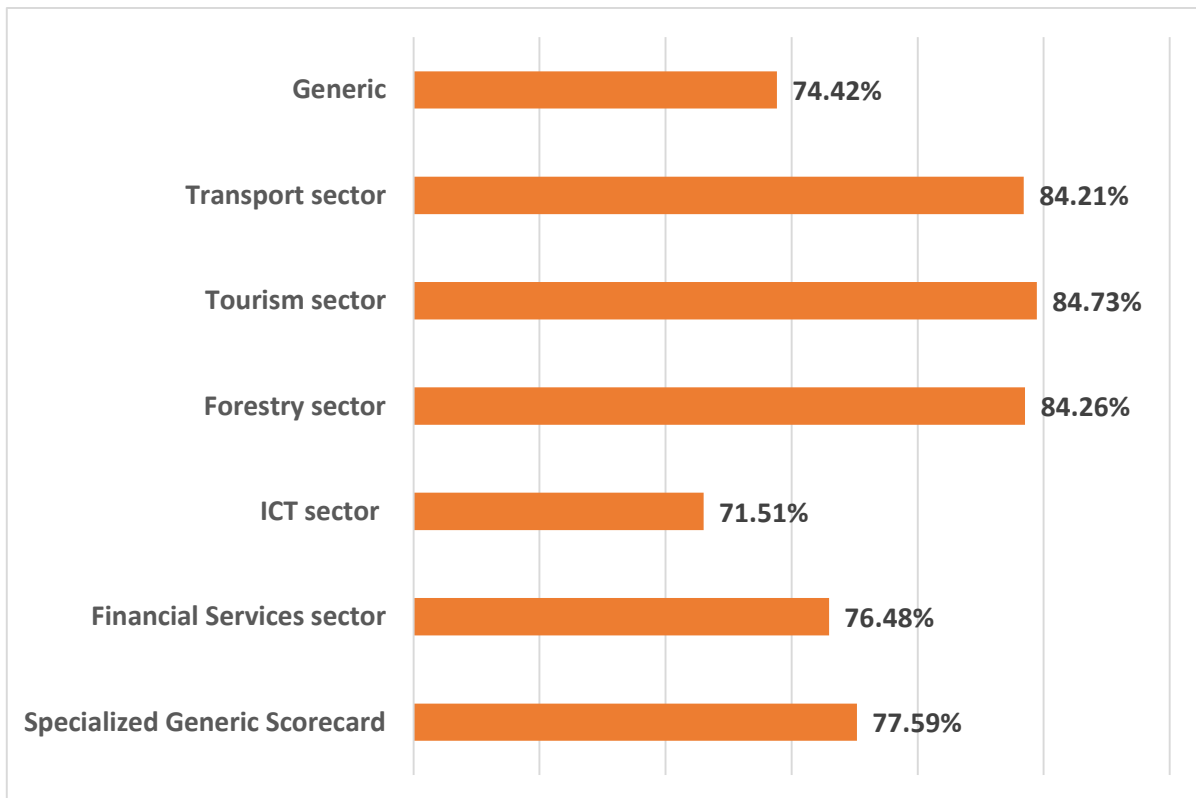
- State Owned Entities and spheres of government are not measured on the Ownership element.
- 76% of the State Owned Entities were measured on sector code with Skills Development and Enterprise and Supplier Development remaining the priority elements as per legislation.

7.2 Average Score Achieved for Management Control

Table 24: Average Score Achieved for Management Control (% achieved of targeted points)

Code	Average of Management Control achieved of target score
Specialised Generic scorecard	77.59%
Financial Services sector	76.48%
ICT sector	71.51%
Forestry sector	84.26%
Tourism sector	84.73%
Transport sector	84.21%
Generic	74.42%
Average	79.03%

Graph 21: Average Score Achieved for Management Control



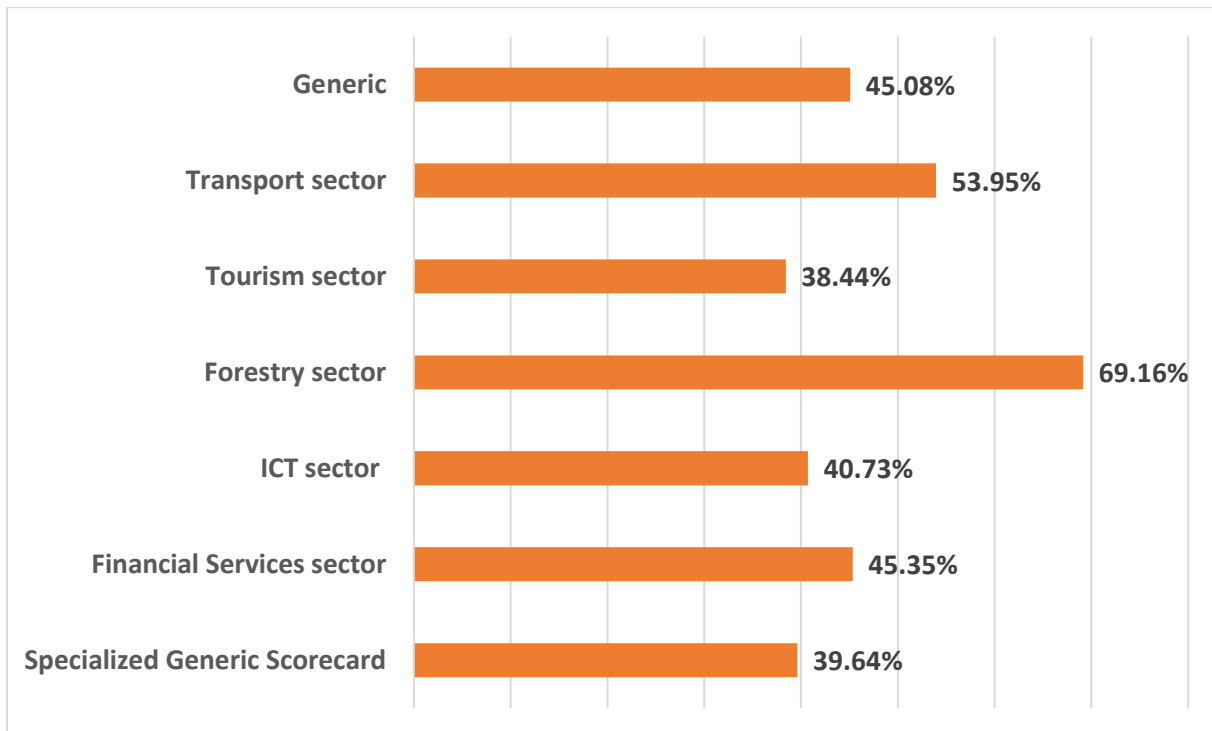
- The graph above depicts the average score for the B-BBEE elements, namely Management Control, by organs of state.
- Organs of state performed relatively satisfactory in terms of Management Control where they scored an average of 79.03% in relation to the Black representation according to the demographics of the country.

7.3 Average Score Achieved for Skills Development

Table 25: Average Score Achieved for Skills Development (% achieved of targeted points)

	Average of Skills Development achieved of target score
Specialized Generic scorecard	39.64%
Financial Services sector	45.35%
ICT sector	40.73%
Forestry sector	69.16%
Tourism sector	38.44%
Transport sector	53.95%
Generic	45.08%
Average	47.48%

Graph 22: Average Score Achieved for Skills Development



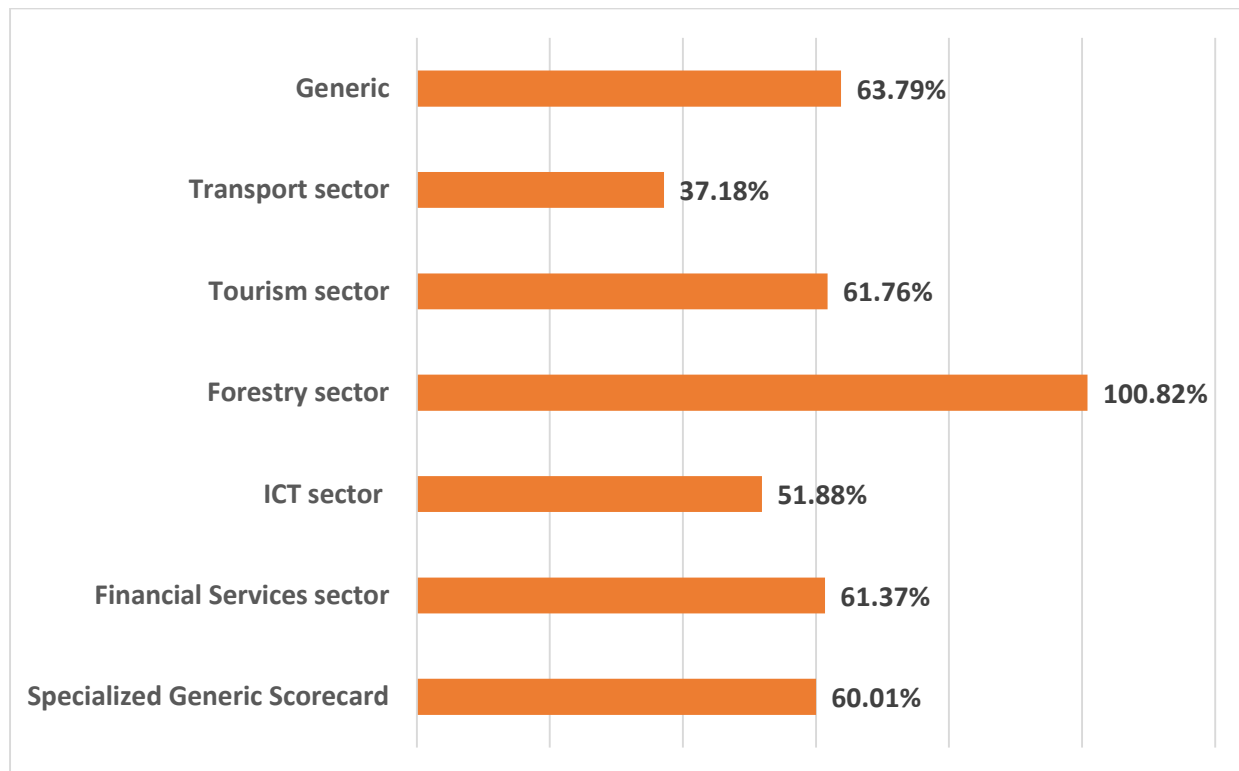
- The graph above depicts the average score for the Skills Development element by organs of state.
- Organs of state performed poorly in terms of Skills Development achieving an average that is below 50% across most of the measured sectors.
- The JSE entities also performed poorly on this element. Interventions are required to ensure achievement of priority elements.

7.4 Average Score Achieved for Enterprise and Supplier Development

Table 26: Average Score Achieved for Enterprise and Supplier Development (% achieved of targeted points)

Scorecard	Average of Enterprise and Suppliers Development achieved of target score
Specialised Generic scorecard	60.01%
Financial Services sector	61.37%
ICT sector	51.88%
Forestry sector	100.82%
Tourism sector	61.76%
Transport sector	37.18%
Generic	63.79%
Average	62.40%

Graph 23: Average Score Achieved for Enterprise and Supplier Development



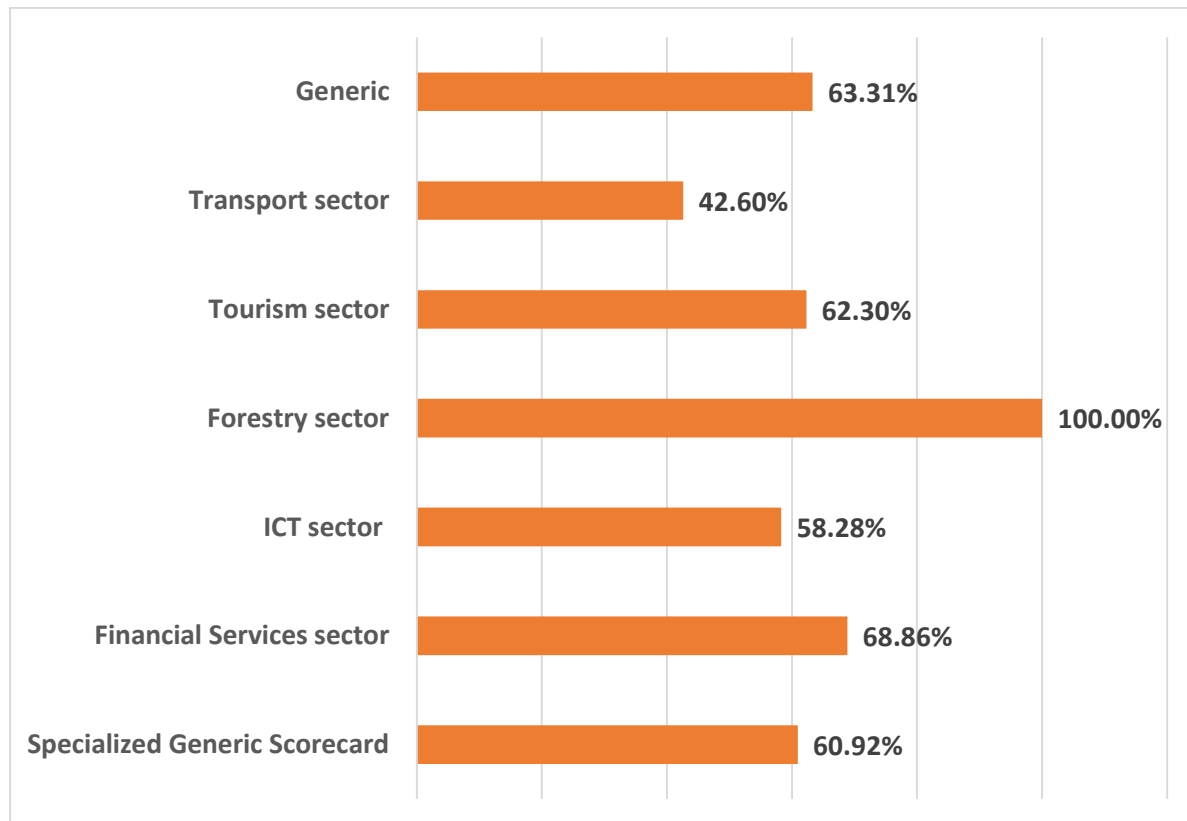
- The graph above depicts the average score for Enterprise and Supplier Development by organs of state.
- Organs of state performed relatively satisfactory in terms of Enterprise and Supplier Development with average score of above 60%.

7.5 Average Score Achieved for Socio - Economic Development

Table 27: Average Score Achieved for Socio-Economic Development (% achieved of targeted points)

Scorecard	Average of Socio-Eco Development achieved of target score
Specialised Generic Scorecard	60.92%
Financial Services sector	68.86%
ICT sector	58.28%
Forestry sector	100.00%
Tourism sector	62.30%
Transport sector	42.60%
Generic	63.31%
Average	65.18%

Graph 24: Average Score Achieved for Socio-Economic Development



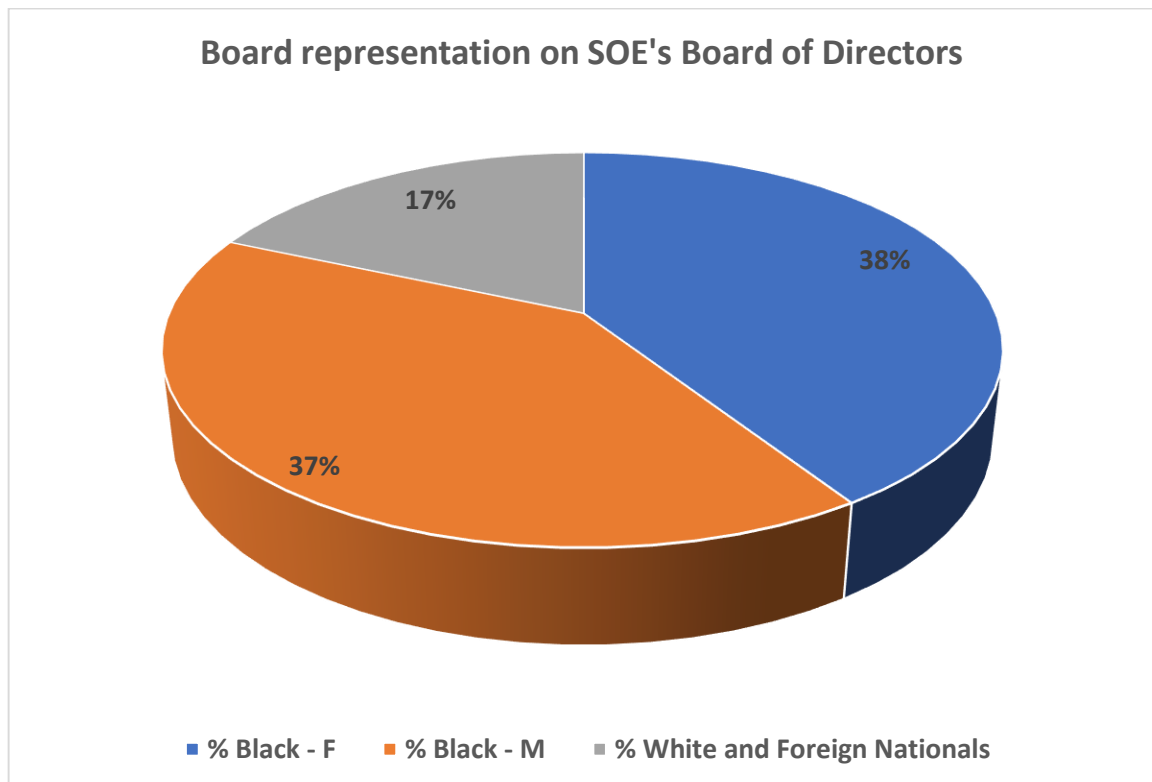
- The graph above depicts the average score for Socio Economic Development by organs of state.
- Organs of state performed relatively satisfactory in terms of Enterprise and Supplier Development with average score of above 60%.

7.6 Board representation on organs of state

Table 28: Board representation on organs of state

Directors	2018
% Black - F	37.61%
% Black - M	37.50%
% White and Foreign Nationals	16.98%
Grand Total	100%

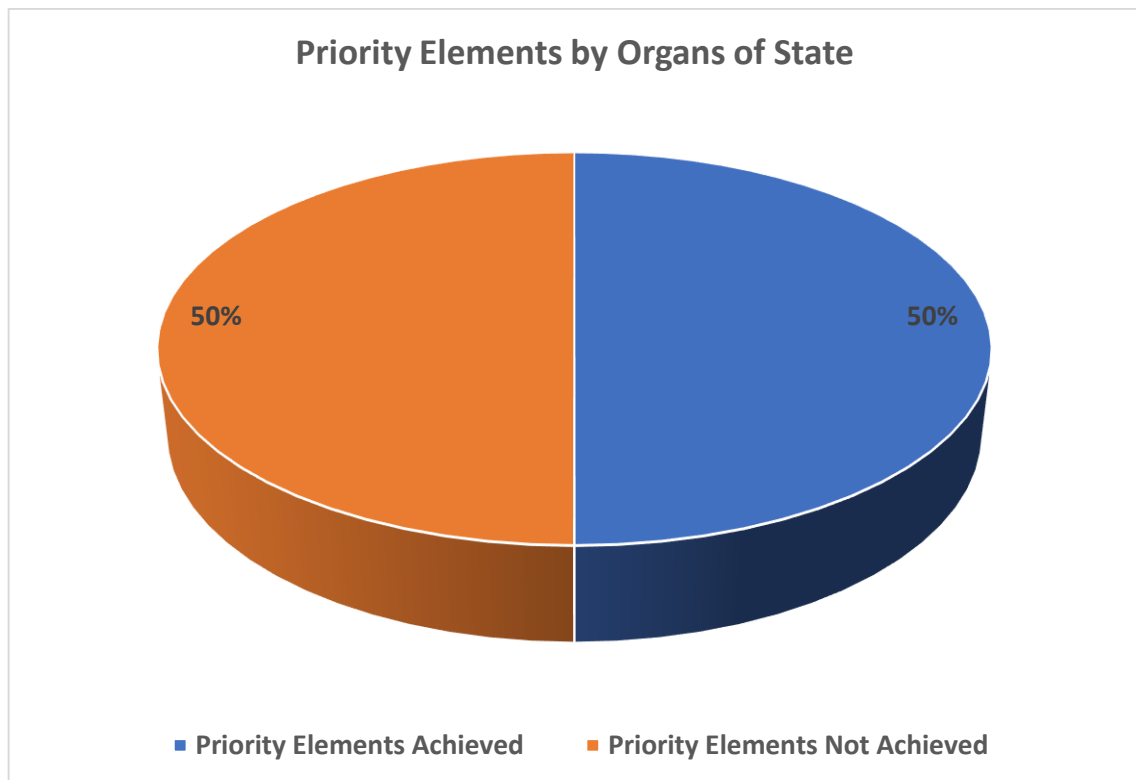
Graph 25: Board representation on State Owned Entities (SOEs)



- Based on the graph above, the representation of Black Women and Males on State Owned Entities' Board of Directors is noticeably higher than that of JSE listed entities.
- Good progress has been achieved in transforming the Board of Directors of organs of state to get the equitable racial and gender representation.
- Black Women representation on Board level was at an average of 38% whilst Black Males were 37% represented. There is a notable difference with the average representation in JSE listed entities of 17% and 22% for Black Women and Males respectively.

7.7 Achievement of priority elements by organs of state

Graph 26: Achievement of priority elements by Organs of State



- a. There was an even split between priority elements that were achieved against those that were not achieved.
- b. This performance reflects that these entities are still lagging in terms of implementing the priority elements and interventions are necessary to enhance the level of compliance for these entities.
- c. The JSE listed entities performed slightly better than organs of state, achieving 55% on priority elements.
- d. It is vital that organs of state set the tone in the adoption of B-BBEE legislation and driving Skills Development. The requirement and necessity to implement Skills Development should be communicated to respective entities.



Comparative Analysis

08. The Portal Informatio Multi-Year Analysis

This section presents comparison of information for the years 2015 to 2018. The 2017 and 2018 analysis were based on B-BBEE certificates information that was captured by the verification agencies onto the Portal and are maintained by the B-BBEE Commission. The 2015 and 2016 analysis were based on B-BBEE certificates that were independently sourced and disclosed on the March 2018 report. The population size fluctuates year-on-year due to the changes in the number of entities that get B-BBEE verifications and partly due to the changes in the EME and QSE thresholds and the requirements for sworn affidavits instead of a B-BBEE verification in some instances. By using different sets of data sources, there is a risk of inconsistent conclusions on the trends being analysed.

8.1 Summary

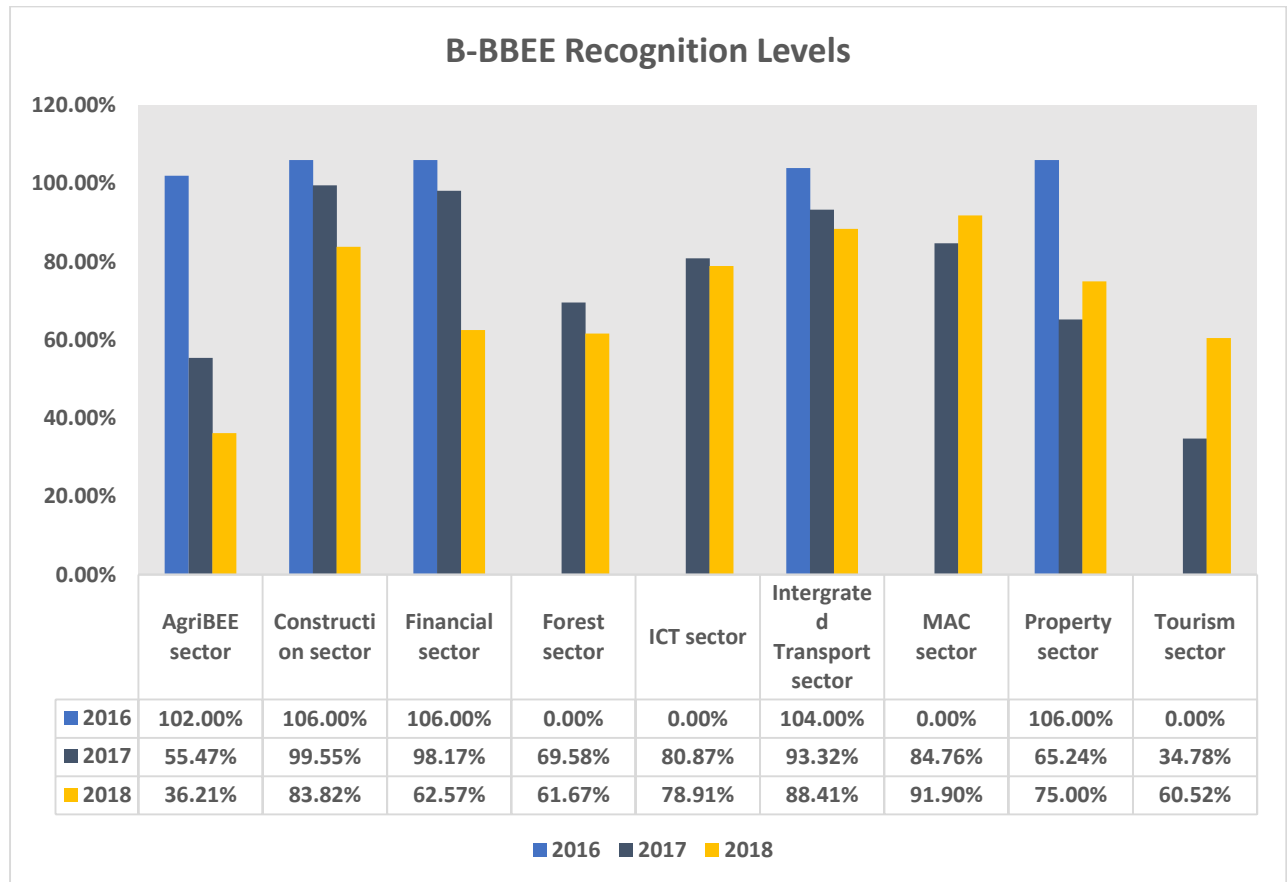
Table 29 – Summary of comparative year-on-year data

Detail	Year				Year -on Year Movement		
	2015	2016	2017	2018	2016	2017	2018
	Percentage of entities						
Level 1-4	58.52%	60.09%	39.84%	38.42%	2.68%	-33.70%	-3.56%
Level 5-Non-Compliant	41.48%	39.91%	60.16%	61.58%	-3.93%	50.74%	2.36%
Black Women	33.50%	32.75%	27.83%	52.69%	-2.24%	-15.02%	-17.68%
Black Women Ownership	11.36%	10.96%	9.42%	40.68%	-3.52%	-14.05%	331.80%
Average score as a percentage of total points							
Ownership	81,22%	80,67%	Not available	Not available	-0,68%	Not available	Not available
Management Control	52.89%	51.78%	42.72%	41.43%	-2.10%	-17.50%	-3.02%
Skills Development	60.18%	62.39%	36.82%	63.33%	3.67%	-40.98%	72.00%
Enterprise and Supplier Development	86.06%	87.58%	44.27%	68.18%	1.77%	-49.45%	54.01%
Socio-Economic Development	92.12%	92.93%	88.37%	92.11%	0.88%	-4.91%	4.23%

There is a 3.56% reduction in the number of entities that have attained B-BBEE level 1 to 4 from the prior year. The number of entities that are between level 5 and non-compliant have increased by 2.36%. The unaccounted difference between the movement in the entities that are between level 1 to 4 and level 5 to non-complaint could be as a result of the reduced number of B-BBEE certificates loaded on the Portal. The Black Ownership has declined by 17.68% with the opposite increase in the Black Women Ownership which has grown by more than three times the size of the prior year's Black Women Ownership.

8.2 Overall B-BBEE Points as a Percentage of Total Points Available

Graph 27: Average Overall B-BBEE Recognition levels

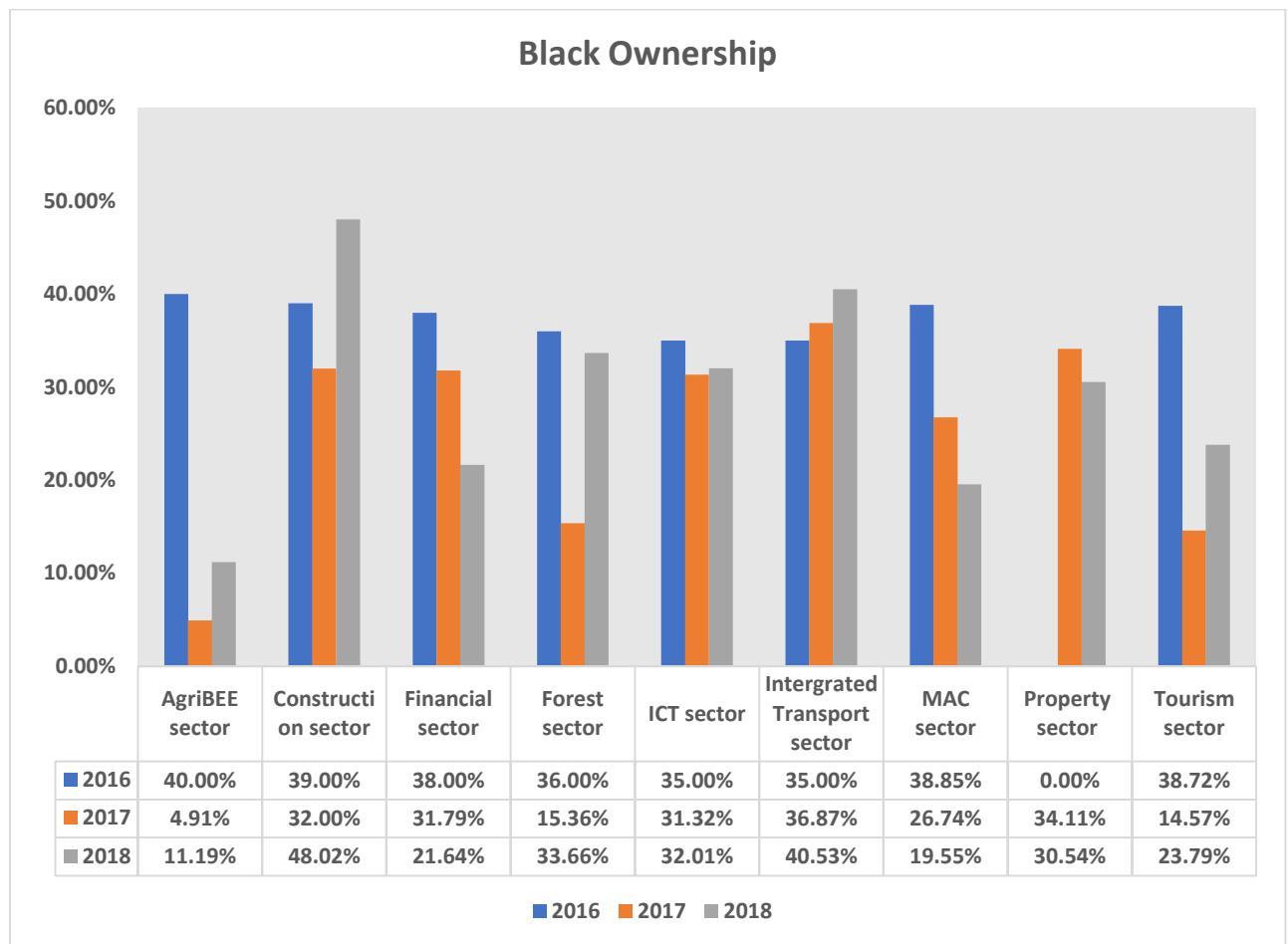


The above graph 27 depicts overall B-BBEE recognition level trends amongst the various sectors over a period of three years. It is important to note the following from graph 14:

- Information relating to 2016 was not available for the Tourism, Forestry, MAC and ICT sectors.
- The above sets of data were based on the B-BBEE certificates captured on the Portal for large and QSE entities.
- There is a general down ward trend in B-BBEE recognition levels across all sectors from 2016 to 2018 except for the MAC, Property and Tourism sectors.

8.3 Sector code Analysis: Black Ownership

Graph 28: Sector code Analysis: Average Black Ownership



The above graph 28 depicts the average overall Black Ownership trends amongst the various sectors over a period of three years. The movements in Black Ownership is explained further below:

a. Consecutive year-on-year increase in black Ownership

- The Integrated Transport sector shows a consecutive year-on-year increase in Black Ownership percentages from 2016 to 2018 with the increase of 3.7% from 2017 to 2018.

b. Fluctuating trends with the latest recovery in the increase in Black Ownership

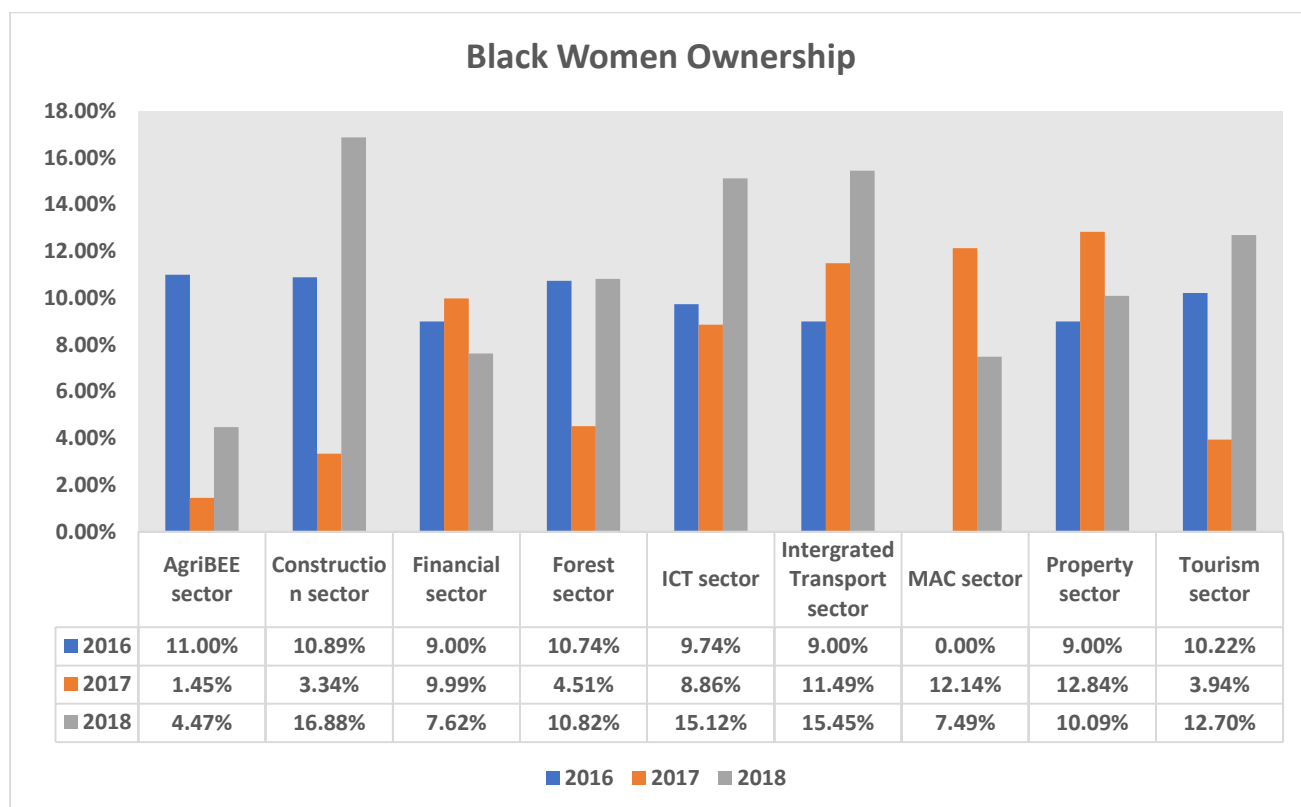
- The AgriBEE, Construction, Forestry, ICT, MAC and Tourism sectors had a latest positive fluctuating trends since they had a decline in Black Ownership from 2016 to 2017 and an increase from 2017 to 2018.
- Amongst these positive trends are the four sectors namely; AgriBEE, Construction, Forestry and Tourism sectors that had more than 5% increase in Black Ownership in the 2018 year. The ICT and Transport sectors had a slight increase of 0.69% and 3.66% respectively.

c. Consecutive year-on-year decline in Black Ownership 

- The Financial and MAC sectors show a consecutive year-on-year decline in Black Ownership percentages from 2016 to 2018. The Property sector had no data available for 2016 due to information not available.
- The Financial sector had a drop of 10% from 2017 to 2018. Whilst the Property sector and the MAC sectors had a drop of more than 3% from 2017 to 2018.

8.4 Sector code Analysis: Black Women Ownership


Graph 29: Sector code Analysis: Average Black Women Ownership



The above graph 29 depicts the average Black Women Ownership trends amongst the various sectors over a period of three years. The movements in Black Women Ownership is explained further below.

a. Consecutive year-on-year increase in Black Women Ownership 

- In the Integrated Transport sector, Black Women Ownership increased consecutively over the three-year period: (from 9% to 15.45%).

b. Fluctuating trends with the latest recovery in the increase in Black Women Ownership 

- In the five sectors namely; AgriBEE, Forestry, Construction, Tourism and ICT, Black Women Ownership declined from 2016 to 2017 but increased again in 2018.

c. Fluctuating trends with the latest decline in Black Women Ownership 

- Black Women Ownership for the Financial sector marginally increased from 2016 and 2017 (from 9% to 9.99%) but decreased in 2018 to 7.62%.
- Black Women Ownership for the Property sector increased from 2016 to 2017 (from 9% to 12.84%) but decreased in 2018 to 10.09%.
- Black Women Ownership for MAC sector increased from 2016 to 2017 (from 0% to 12,14%) but decreased in 2018 to 7.49%.

8.5 Section 13G Multi-Year Analysis

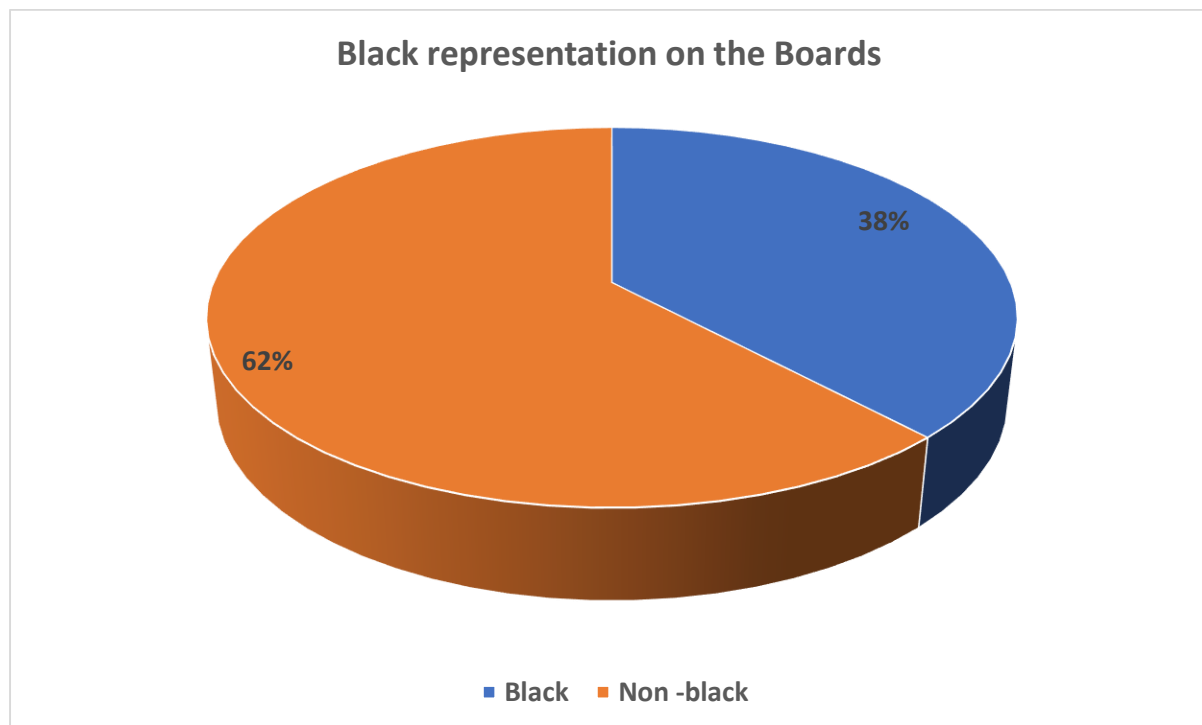
8.5.1 Movement in Board representation by Blacks

The table below depicts the representation of Blacks on JSE listed Board of Directors. There was no movement in the representation of Blacks on JSE listed Board of Directors from the 38% reported in 2018. The lack of movement in this critical area for JSE listed entities requires attention for improvement in the ensuing years.

Table 30: Movement in Board representation

Description	2017	2018	Movement
Black	38%	38%	0%
Non –Black	62%	62%	0%
Total	100%	100%	0%

Graph 30: Black representation on JSE Boards



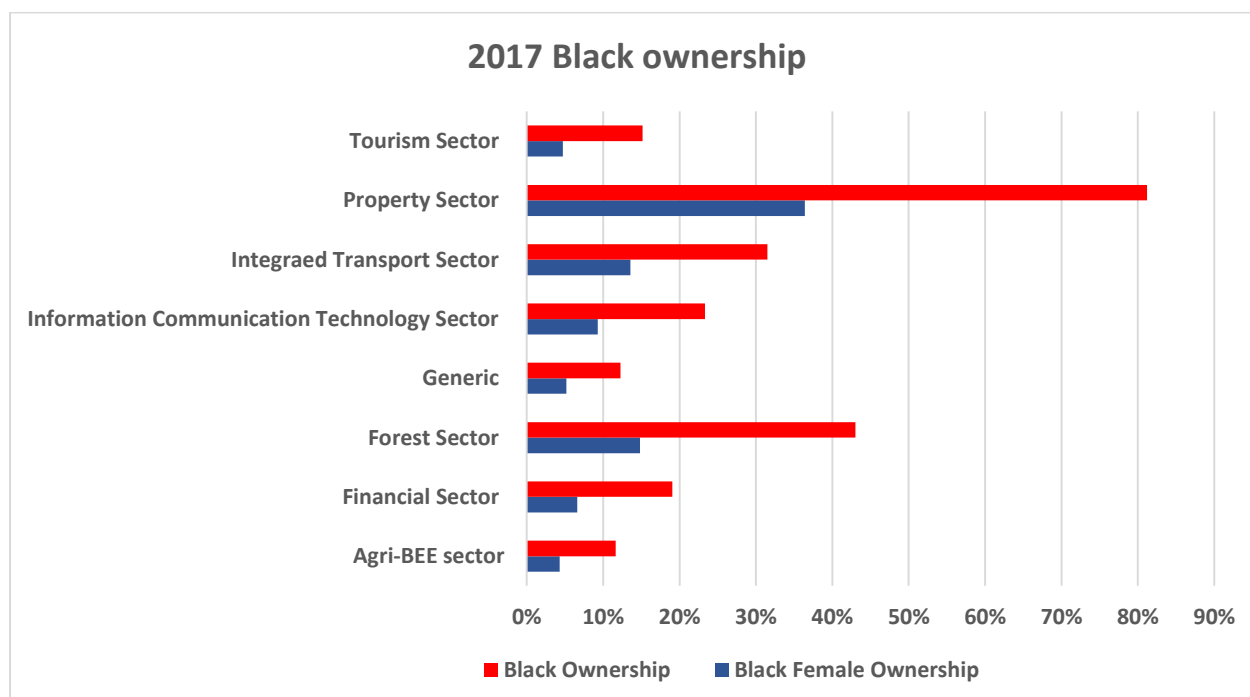
8.5.2 Black Ownership status per section 13G report

This section highlights the movement in Black Ownership of JSE listed entities that submitted their section 13G in 2018 when compared to 2017. There was noticeable regression in the Property sector with a decline of approximately 67% in Black Women Ownership and 28% in overall Black Ownership. A sector which reported significant improvement was Tourism sector with an increase of 25.33% in Black Women and 13.89% in overall Black Ownership of entities that reported.

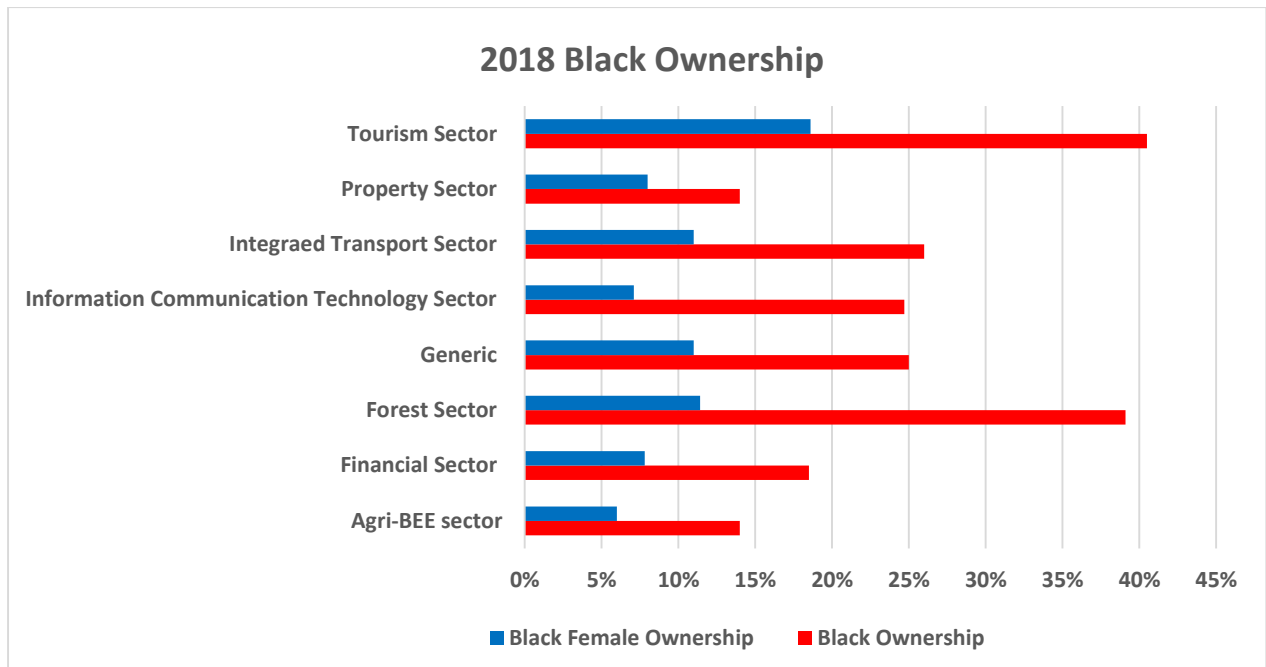
Table 31: Black Ownership status per section 13G report

Description	2017		2018		Movement	
	Black Ownership	Black Women Ownership	Black Ownership	Black Women Ownership	Black Ownership	Black Women Ownership
AgriBEE sector	11.64%	4.30%	14.00%	6.00%	2.36%	1.70%
Financial sector	19.06%	6.62%	18.50%	7.80%	-0.56%	1.18%
Forestry sector	43.03%	14.82%	39.10%	11.40%	-3.93%	-3.42%
Generic Codes	12.28%	5.16%	25.00%	11.00%	12.72%	5.84%
Information Communication Technology sector	23.31%	9.30%	24.70%	7.10%	1.39%	-2.20%
Integrated Transport sector	31.51%	13.56%	26.00%	11.00%	-5.51%	-2.56%
Property sector	81.19%	36.39%	14.00%	8.00%	-67.19%	-28.39%
Tourism sector	15.17%	4.71%	40.50%	18.60%	25.33%	13.89%

Graph 30.1: Black Ownership 2017



30.2: Black Ownership 2018

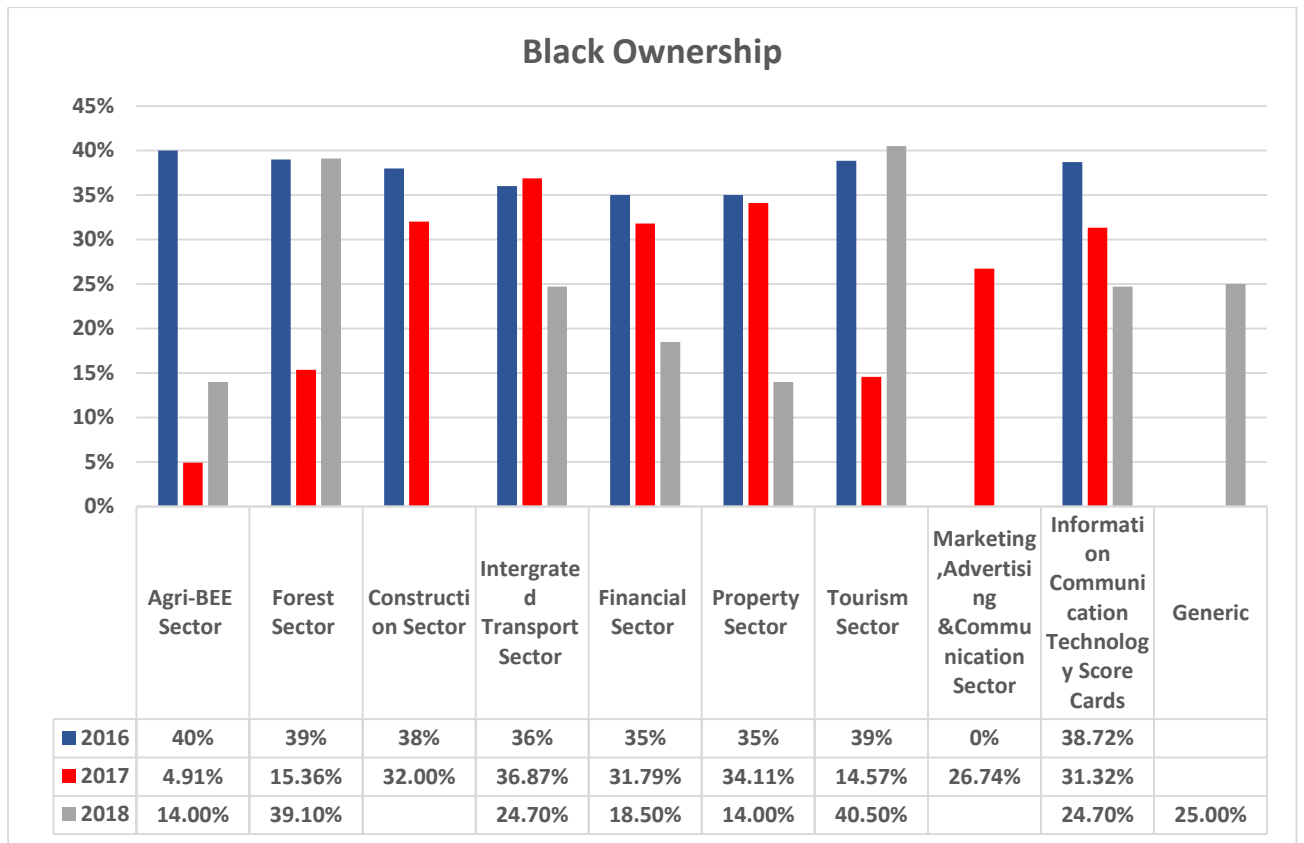


The graphs above depict a three-year (2016 to 2018) comparison of the Black Ownership and Black Women Ownership of JSE listed entities.

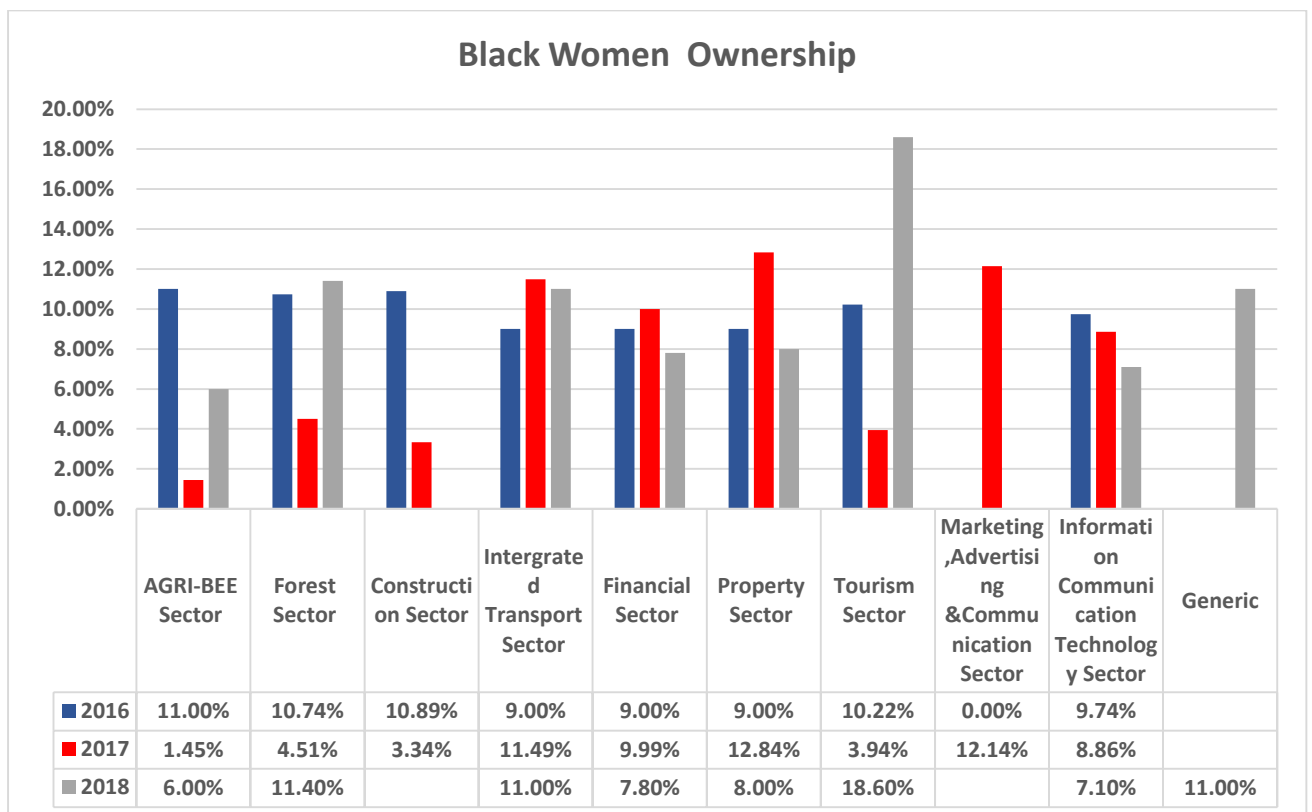
Over the three-year period there has not been any significant improvement in Black Ownership with the two sectors namely Forestry and Tourism reflecting a significant movement from 2018 of 24% and 25.93%, addressing the significant decline in the previous year.

Most of the sectors reported overall decline in Black Ownership when compared to previous reporting periods. Whilst only one sector namely AgriBEE sector reported a negligible improvement which is below the levels previously reported in 2016.

Graph 31.1: Black Ownership



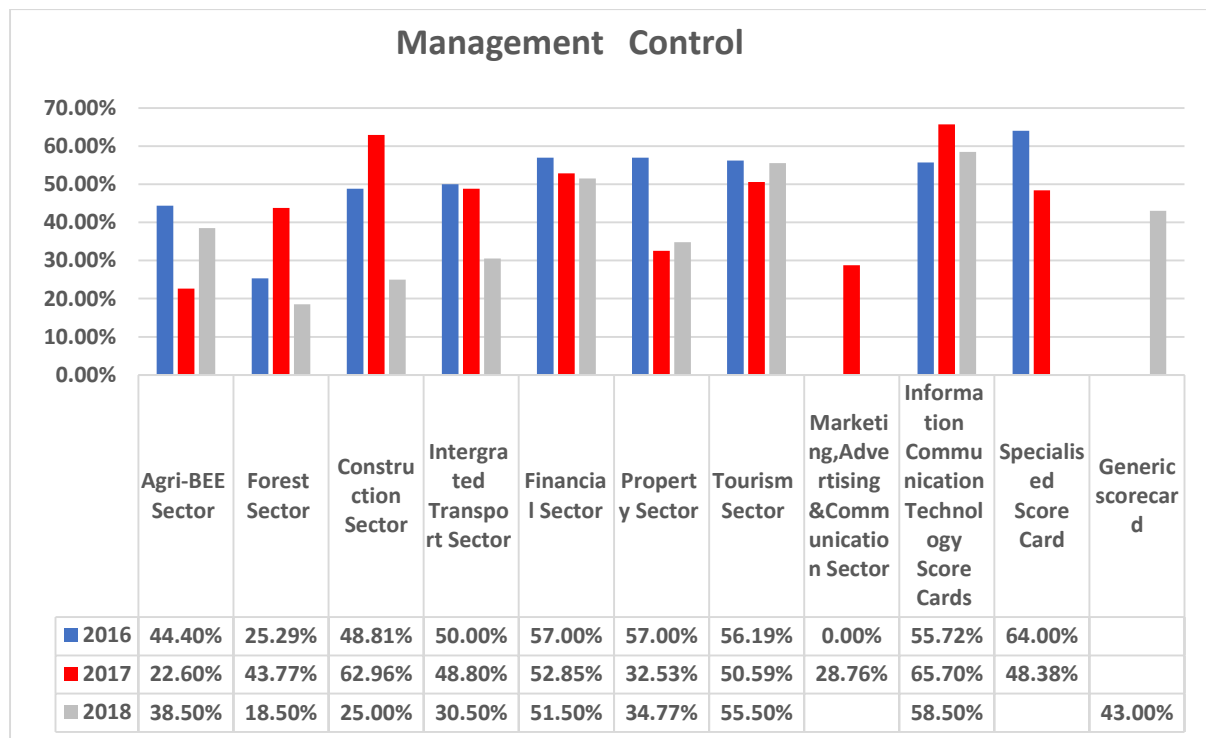
Graph 31.2: Black Women Ownership



8.5.3 Movements in other B-BBEE elements per section 13G Reports

8.5.3.1 Management Control

Graph 32 .1 Movement in B-BBEE elements - Management Control



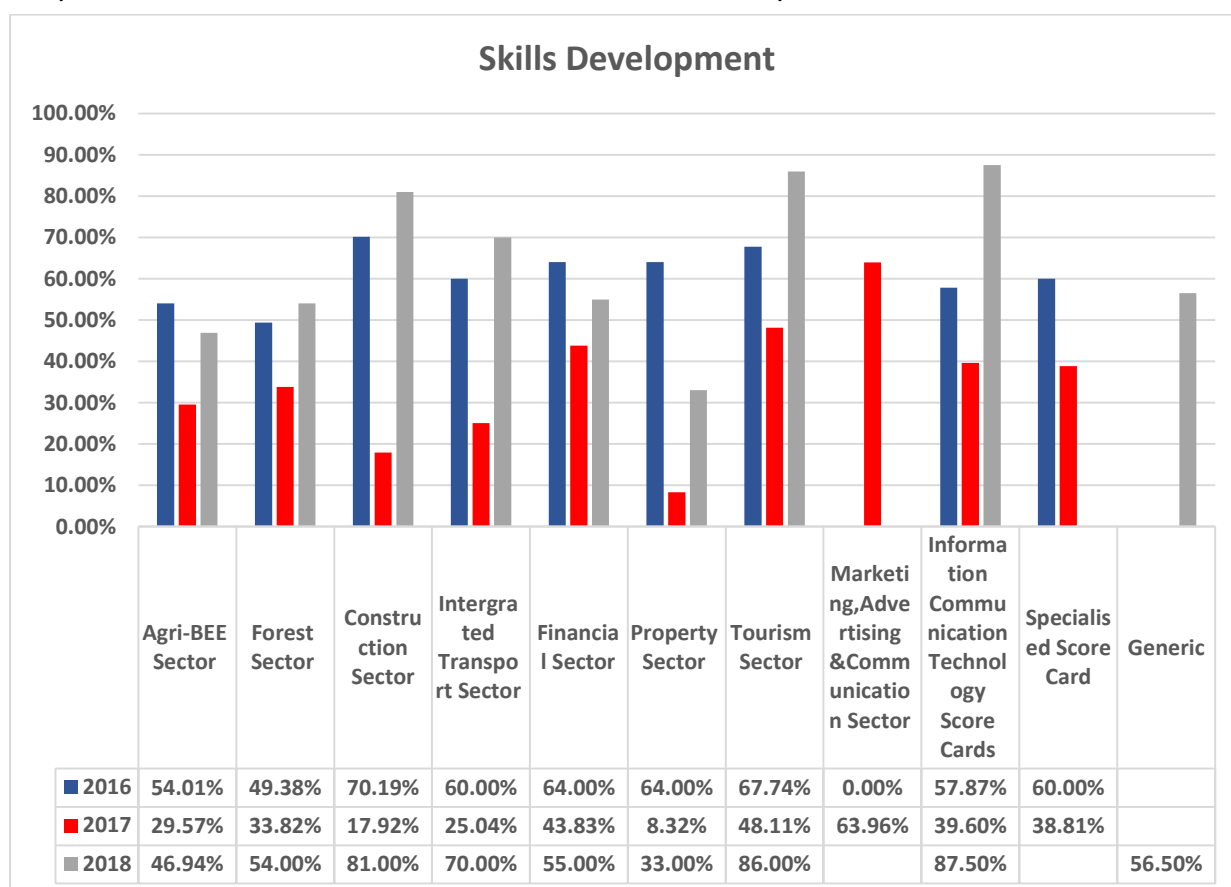
The graph 20.1 above depicts the average sector points for Management Control over a three-year period. There has been a general decline in Management Control points over the three-year period except for the ICT sector which reported a cumulative improvement of 12.76% as well as specialised scorecard for the public sector. The highest cumulative decline has been on Property sector, which has declined 46.7% from the highest level reported in 2016.

The MAC sector is currently not effective and thus nothing has been reported for the 2018 financial year.

The Generic Codes points were not reported in the previous years and as such there is no comparison, the points obtained under the Generic Code exceeded points obtained by 63% of the reported sectors.

8.5.3.2 Skills Development

Graph 32 .2 Movement in B-BBEE elements - Skills Development



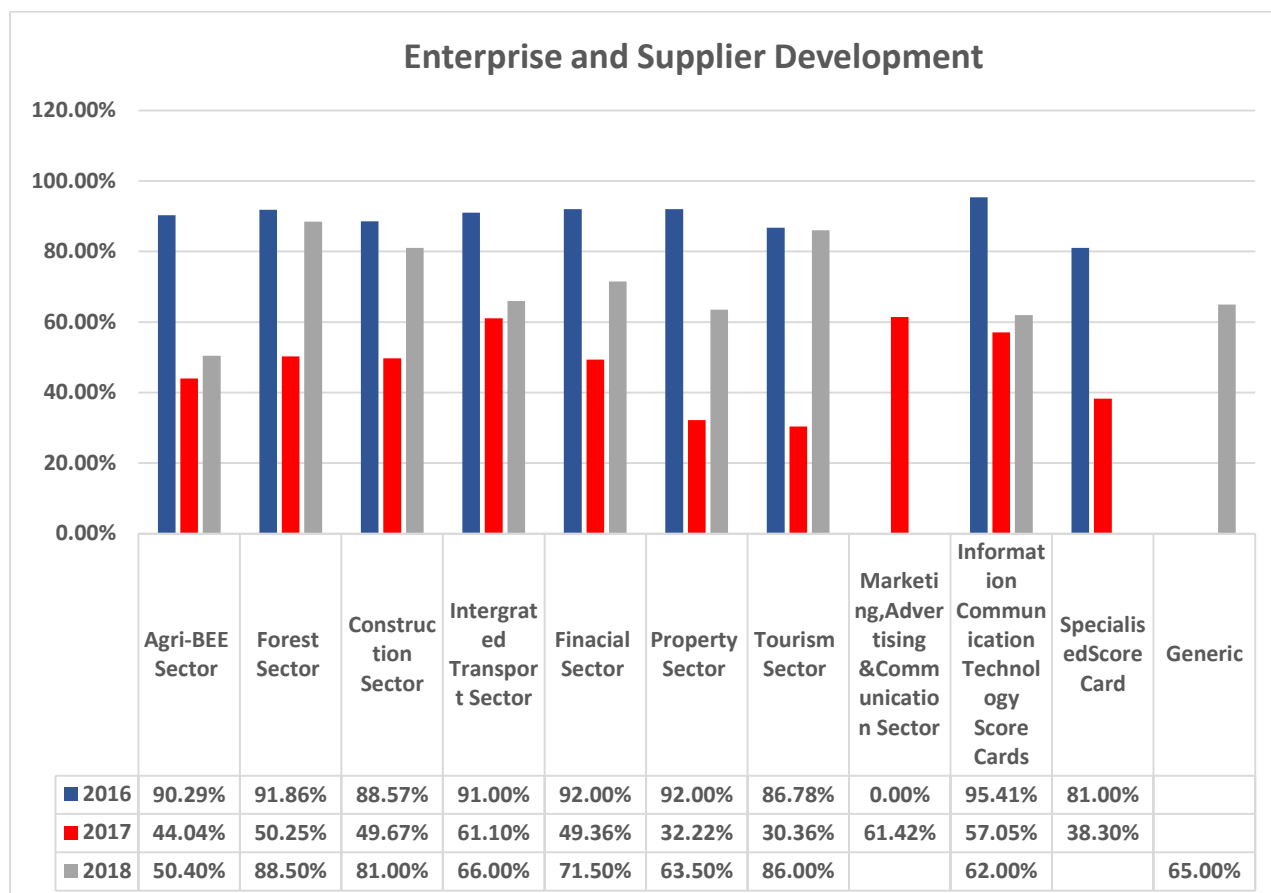
Most of the sectors have improved points obtained for Skills Development over the three-year period (2016 to 2018), the points of improvement ranged from 29.63% to 4.62%. The improved sectors included ICT, Forestry, Construction, Transport and Tourism.

There were also four sectors namely Property, Financial, AgriBEE sectors and those entities verified under Specialised scorecard where the Skills Development points declined from 60% to 7%.

The Generic Code points were not reported in the previous years and as such there is no comparison, the points obtained under the Generic Code exceeded points obtained by 63% of the reported sectors.

8.5.3.3 Enterprise and Supplier Development

Graph 32 .3 movement in B-BBEE elements – Enterprise and Supplier Development

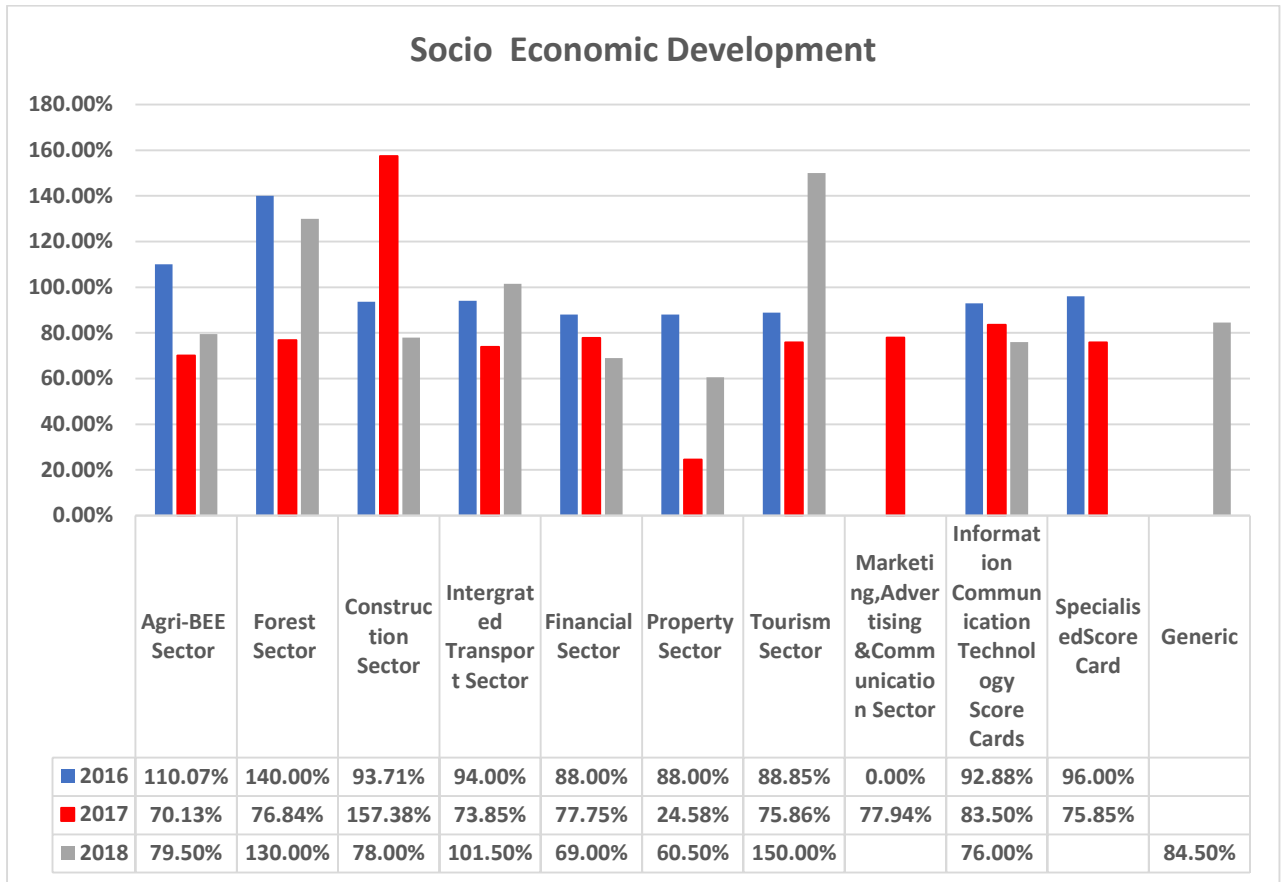


All reported sectors reflected a cumulative decline in points earned for Enterprise and Supplier Development over the three-year period (2016 to 2018). The highest declines were the AgricBEE sector at 39.89% followed by ICT sector at 33.41% and Property sector at 28.5%.

The remaining sectors' decline was between 25% and 0.78% over the same reporting period.

8.5.3.4 8.5.3.4 Social Economic Development

Graph 32.4 Movement in B-BBEE elements - Socio Economic Development



Most of the sectors declined in points earned for Socio-Economic Development over the three-year period (2016 to 2018). There were only two sectors which improved over the same reporting period namely Transport and Tourism sectors, which improved by 7.5% and 61.15% respectively.







The worst decline was in the AgriBEE sector by 30.57% followed by Property sector at 27.5%, the remaining sectors' decline was between 19% and 10% over the same reporting period.

8.6 Sector Specific Summary Year-on-Year movements

Each sector is different in size and trends relating to level of compliance and data available from the information captured onto the Portal by verification agencies. Having noted the overall year-on-year movements trend above. The dashboards provide summaries of movements per sector.


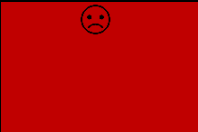

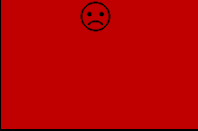
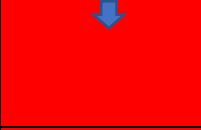
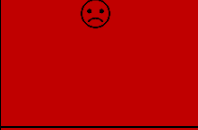
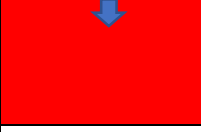


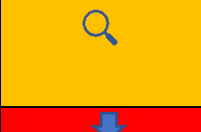
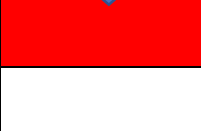
The legends used to describe the year-on-year movements are explained on table 32 below.

Table 32: Explanation of the Year-on-Year movements legends

	Improved and requires the sustainability of the upward trend.
	Remained unchanged.
	The reduction in submissions could be as a result of use of sworn affidavits or change in company revenue size. B-BBEE Commission to investigate further.
	Declined and intervention required.
	Scorecard target met.
	Scorecard target not met.

8.6.1 AgriBEE Sector Summary of Year-on-Year movements

Table 20.1: Agri-BEE sector Year-on-Year Dashboard

Criteria	Status 2018	Status 2017	Movement on status of achievement status	Scorecard Target	Achievement against target per scorecard
Ownership - (Average)					
Overall Black Ownership % - Large	16.92%	4.04%		25%+1	
Black Women Ownership % - Large	6.70%	1.07%		10%	
Overall Black Ownership % - QSE	3.00%	5.90%		25%+1	
Black Women Ownership % - QSE	1.16%	1.89%		10%	
Portal Submissions					
EME submissions	1	374			
QSE submissions	23	55			
Large submissions	34	62			
Total submissions	58	491			

The large entities in AgriBEE sector have increased the overall average Black Ownership and Black Women Ownership with the decline in overall average Black and Black Women Ownership for QSE entities. There is no correlation in the number of submissions made since there is a decline in submission for all three types of entities in the AgriBEE sector. Thus, the movement in the increases in large entities' Black Ownership cannot be linked to a possible shift in the QSE entities becoming large. The non-submission might be from the entities that have less Black Ownership which results in an increased average Black Ownership. The decline in the number of submissions by the QSE and large entities could be an indication of less compliance to the Codes' requirements or the non-adherence of the requirement to upload the B-BBEE certificates by the verification agencies. The AgriBEE sector that was analysed did not meet the set ownership targets for the sector.

8.6.2 Construction Sector Summary of Year-on-Year movements

Table 32.2: Construction sector Year-on-Year Dashboard

Criteria	Status 2018	Status 2017	Movement on status of achievement status	Scorecard Target	Achievement against target per scorecard
Ownership (Average)					
Overall Black Ownership % - Large	44.32%	45.20%	↓	32,5% & (35% year 4)	😊
Black Women Ownership % - Large	16.25%	4.75%	↑	10% & (14% year 4)	😊
Overall Black Ownership % - QSE	49,43%	21.00%	↑	25% & (30% year 4)	😊
Black Women Ownership % - QSE	15.11%	2.17%	↑	10%	😊
Portal Submissions					
EME submissions	3	16	🔍		
QSE submissions	41	6	↑		
Large submissions	58	5	↑		
Total submissions	102	27			

There is an overall positive trend in the level of submissions and Black Ownership with a slight decline in the average for overall Black Ownership of 0.88%. The overall average Black Ownership for an increased number of QSE entities is almost 50% of the QSEs in the sector that have submitted. The reduction in the number of EME submissions could be as a result of the requirement of using sworn affidavits instead of being verified of which some EMEs and verification agencies are still doing a B-BBEE verification instead of sworn affidavit possibility based on EME sub-categories. The Construction sector that was analysed met the set Ownership targets for the large entities and QSEs in the sector.

8.6.3 Financial Sector Summary of Year-on-Year movements

Table 32.3: Financial sector Year-on-Year Dashboard

Criteria		Status 2018	Status 2017	Movement on status of achievement status	Scorecard Target	Achievement against target per scorecard
Ownership (Average)						
Overall Black Ownership % - Large		22.81%	42.82%	↓	25%+1	☹
Black Women Ownership % - Large		8.30%	17.12%	↓	10%	☹
Overall Black Ownership % - QSFI		8.37%	19.18%	↓	25%+1	☹
Black Women Ownership % - QSFI		0.00%	1.84%	↓	10%	☹
Portal Submissions						
EME submissions		-	16	🔍		
QSFI submissions		3	14	🔍		
Large submissions		34	16	↑		
Total submissions		37	46			

There is an overall increase in the level of submissions by large entities in Financial sector which has more than doubled in the 2018 reporting period. However, there is a decline in the Black Ownership by more than 50% of the Qualifying Small Financial Institutions (QSFI) and large entities that have been verified which also indicates that the entities that did not submit in 2017 had poor Black Ownership and/or have declined in the Black Ownership representations. This sector has a notable poor representation of Black Ownership across the QSFI and large entities with no Black Women representation in the QSFI entities and less than 10% for large entities. The reduction in the number of EME submissions could be as a result of the requirement of using sworn affidavits instead of being verified. The Financial Services sector that was analysed did not meet the set Ownership targets for the sector.

8.6.4 Forestry Sector Summary of Year-on-Year movements

Table 32.4: Forestry sector Year-on-Year Dashboard

Criteria	Status 2018	Status 2017	Movement on status of achievement status	Scorecard Target	Achievement against target per scorecard
Ownership (Average)					
Overall Black Ownership % - Large	40.33%	15.48%	↑	25%+1	😊
Black Women Ownership % - Large	12.81%	3.58%	↑	10%	😊
Overall Black Ownership % - QSE	23.67%	15.20%	↑	25%+1	😞
Black Women Ownership % - QSE	7.83%	5.80%	↑	10%	😞
Portal Submissions					
EME submissions	-	31	🔍		
QSE submissions	6	5	↑		
Large submissions	9	7	↑		
Total submissions	15	43			

The Forestry sector is one of the better performing sectors with an overall positive trend in the level of submissions and Black Ownership representation. The overall average Black Ownership and Black Women Ownership increased for both QSEs and large entities that have submitted. The reduction in the number of EME submissions could be as a result of the requirement of using sworn affidavits instead of being verified by a B-BBEE verification agency. Despite being the better performing sector on Ownership, the overall average of QSE entities that submitted did not meet the Ownership targets set for the sector whilst large entities met the set targets.

8.6.5 Generic Codes Summary of Year-on-Year movements

Table 32.5: Generic Codes Year-on-Year Dashboard

Criteria	Status 2018	Status 2017	Movement on status of achievement status	Scorecard Target	Achievement against target per scorecard
Ownership (Average)					
Overall Black Ownership % - Large	30.08%	34.22%	↓	25%+1	😊
Black Women Ownership % - Large	13.78%	12.45%	↓	10%	😊
Overall Black Ownership % - QSE	13.93%	23.70%	↓	25%+1	😞
Black Women Ownership % - QSE	5.66%	7.62%	↓	10%	😞
Portal Submissions					
EME submissions	-	-	↔		
QSE submissions	377	624	🔍		
Large submissions	711	636	↑		
Total submissions	1088	1260			

The Generic Code has the highest number of entities that fall under this category since it caters for all sectors that do not have a sector specific Code. There was an overall increase in the level of submissions by large entities and a decline in the submissions by QSE entities during the 2018 reporting period. However, there is a decline in the Black Ownership of QSEs and large entities that have been verified. The decline in the QSE entities' submissions and average Black Ownership could be as a result of the QSEs that are more than 51% Black Owned using sworn affidavits which do not require verification. The Generic Codes also has a notable poor representation of Black Ownership of less than 15% across QSEs and large entities. The non-submission by EMEs is in line with the requirement of using sworn affidavits instead of verification. The overall average of QSE entities that submitted did not meet the ownership targets set for the sector whilst the large entities met the set targets.

8.6.6 Information Communication Technology (ICT) Sector Summary of Year-on-Year movements

Table 32.6: ICT sector Year-on-Year Dashboard

Criteria	Status 2018	Status 2017	Movement on status of achievement status	Scorecard Target	Achievement against target per scorecard
Ownership (Average)					
Overall Black Ownership % - Large	40.09%	29.60%	↑	30%	😊
Black Women Ownership % - Large	19.40%	9.97%	↑	10%	😊
Overall Black Ownership % - QSE	8.11%	32.99%	↓	30%	😞
Black Women Ownership % - QSE	3.20%	7.78%	↓	10%	😞
Portal Submissions					
EME submissions	-	37	🔍		
QSE submissions	23	32	🔍		
Large submissions	64	31	↑		
Total submissions	87	100			

The large entities in ICT sector have increased the overall average Black Ownership and Black Women Ownership with the decline in overall average Black Ownership and Black Women Ownership for QSE entities. The increase in submissions by large entities also reflect that more large entities in the ICT sector have more Black Ownership which results in an increased average Black Ownership. The reduction in the number of EME submissions could be as a result of the requirement of using sworn affidavits instead of being verified. The overall average of QSE entities that submitted did not meet the ownership targets set for the sector whilst the large entities met the set targets.

8.6.7 Integrated Transport Sector Summary of Year-on-Year movements

Table 32.7: Integrated Transport sector Year-on-Year Dashboard

Criteria	Status 2018	Status 2017	Movement on status of achievement status	Scorecard Target	Achievement against target per scorecard
Ownership (Average)					
Overall Black Ownership % - Large	28.70%	33.86%	↓	25%+1	😊
Black Women Ownership % - Large	9.47%	11.02%	↓	10%	😞
Overall Black Ownership % - QSE	37.58%	39.77%	↓	25%+1	😊
Black Women Ownership % - QSE	14.59%	11.89%	↑	10%	😊
Portal Submissions					
EME submissions	21	626	🔍		
QSE submissions	64	70	🔍		
Large submissions	88	58	↑		
Total submissions	173	754			

There is an overall negative trend in the level of Black Ownership with a slight increase in the average for overall Black Women Ownership for QSE entities in the Integrated Transport sector. There has been an increase in the number of submissions by large entities, with a decline in the Black Ownership of 5.16% for large entities that have been verified compared to 2017. The Transport sector met the ownership targets except for the Black Women Ownership target for large entities. It is important to note that there are eight sub sector scorecards under the Transport sector.

8.6.8 Marketing, Advertising, Communication (MAC) Sector Summary of Year-on-Year movements

Table 32.8: MAC sector Year-on-Year Dashboard

Criteria	Status 2018	Status 2017	Movement on status of achievement status	Scorecard Target	Achievement against target per scorecard
Ownership (Average)					
Overall Black Ownership % - Large	23.68%	32.51%	↓	40%	☹️
Black Women Ownership % - Large	9.14%	17.82%	↓	20%	☹️
Overall Black Ownership % - QSE	18.47%	22.42%	↓	25%+1	☹️
Black Women Ownership % - QSE	5.28%	7.88%	↓	10%	☹️
Portal Submissions					
EME submissions	-	-	↔️		
QSE submissions	9	12	🔍		
Large submissions	12	9	↑		
Total submissions	21	21			

The MAC sector has the lowest number of entities that have been verified by the B-BBEE verification agencies. There is an overall slight increase in the level of submissions by large entities and a decline in the submissions by the QSE entities in the MAC sector during the 2018 reporting period.

There is a decline in the Black Ownership of the QSEs and large entities that have been verified. The decline in the QSE entities' submissions and average Black Ownership could be as a result of the QSEs that are more than 51% Black Owned using sworn affidavits which does not require a verification or a growth of entities from a QSE category to being large entities or exiting the market. This sector also has a notable reduced representation of Black Ownership of less than 25% across the QSE and large entities. The non-submission by EME

is in line with the requirement of using sworn affidavits instead of being verified by a verification agency. The MAC sector that was analysed did not meet the set ownership targets for the sector.

8.6.9 Property Sector Summary of Year-on-Year movements

Table 32.9: Property sector Year-on-Year Dashboard

Criteria	Status 2018	Status 2017	Movement on status of achievement status	Scorecard Target	Achievement against target per scorecard
Ownership (Average)					
Overall Black Ownership % - Large	48.07%	34.82%	↑	27%	😊
Black Women Ownership % - Large	14.84%	8.20%	↑	10%	😊
Overall Black Ownership % - QSE	2.50%	33.75%	↓	25%+1	😞
Black Women Ownership % - QSE	2.50%	15.15%	↓	10%	😞
Portal Submissions					
EME submissions	-	37	🔍		
QSE submissions	5	14	🔍		
Large submissions	8	7	↑		
Total submissions	13	58			

There is an overall notable increasing trend in the level of Black Ownership by 13.28% and Black Women Ownership by 6.64% for large entities in the Property sector. There has been a slight increase in the number of submissions by large entities. There has been a decline in the overall Black Ownership and Black Women Ownership which can be attributed to the EME and QSE requirement to make use of sworn affidavits instead of being verified. The overall average of QSE entities that submitted did not meet the ownership targets set for the sector whilst the large entities met the set targets.

8.6.10 Tourism Sector Summary of Year-on-Year movements

Table 32.10: Tourism Sector Year-on-Year Dashboard

Criteria	Status 2018	Status 2017	Movement on status of achievement status	Scorecard Target	Achievement against target per scorecard
Ownership (Average)					
Overall Black Ownership % - Large	34.44%	41.35%	↓	30%	😊
Black Women Ownership % - Large	17.69%	7.63%	↑	15%	😊
Overall Black Ownership % - QSE	12.69%	7.13%	↑	30%	😞
Black Women Ownership % - QSE	6.55%	2.91%	↑	15%	😞
Portal Submissions					
EME submissions	-	-	↔		
QSE submissions	13	18	🔍		
Large submissions	16	5	↑		
Total submissions	29	23			

There is an increase in the level of submissions by large entities and QSE Black Ownership and Black Women Ownership for both QSEs and large entities. However, there was a decline of 6.91% in the average for overall Black Ownership. The non-submission by EMEs is in line with the requirement of using sworn affidavits instead of being verified. The overall average of QSE entities that submitted did not meet the ownership targets set for the sector whilst the large entities met the set targets.

8.6.11 Specialised Scorecard Summary of Year-on-Year movements

Table 32.11: Specialised scorecard Year-on-Year Dashboard

Criteria	Status 2018	Status 2017	Progress status
Ownership	N/A	N/A	N/A
Portal Submissions			
EME submissions	-	-	N/A
QSE submissions	24	21	↑
Large submissions	27	15	↑
Total submissions	51	36	

The specialised scorecard is used for the verification of the organs of state. Ownership is not applicable since the entities in the category do not have ownership as they fall under the state. There is a slight increase in the number of organs of state that have been verified by the verification agencies, however, the numbers are still significantly low in relation to the number of organs of state that complied with section 13G reporting requirement. The non-submission by EMEs is in line with the requirement of using sworn affidavits instead of being verified and the size of organs of state which generally have budget allocation of more than R10 million.



Recommendations

09. Recommendations for B-BBEE Improvement for General and Per Element Interventions

9.1 General

- a. The B-BBEE Commission should expedite the implementation of the electronic system as a mechanism to improve the quantity and quality of current section 13G reporting.
- b. The verification agencies can also play a crucial role in ensuring the accurate and timely submission of information to the B-BBEE Commission if the verification process and reporting of entities is streamlined to the section 13G reporting requirements.
- c. The B-BBEE Commission can consider assigning the responsibility for capturing of Matrix information online to verification agencies rather than reporting entities to ensure alignment of information reported on the Matrix and the verification report.
- d. Further improvements on the current Portal is recommended, to ensure that data captured is accurate and complete. Enhanced analysis may be achieved through additional reporting tabs in the system to incorporate transformation indicators available from detailed B-BBEE certificates.
- e. The B-BBEE Commission needs to continue to conduct workshops to educate the entities' transformation managers about the importance of compliance and reporting requirements.
- f. The B-BBEE Commission should consider enforcing the submission of the B-BBEE compliance report by the SETAs, organs of state and JSE listed entities, through levying of penalties for the non-submission or late submissions. These penalties should be payable to the B-BBEE Commission via the CIPC platform, this will be a form of additional income to assist in meeting the operational requirements of the B-BBEE Commission's mandate.
- g. The oversight functions such as Accounting Authorities/Boards, Accounting Officers and Audit and Risk Committees to ensure that they review and enforce the entities' compliance with the requirements of the B-BBEE Act as part of their oversight responsibility.
- h. In the past, the focus has always been on the access to the job market, but there seems to be less focus on the youth leaders, it is important that radical transformation be pursued at primary and secondary levels of leadership by having a separate category within the management control element instead of combining it under designated group.

9.2 Ownership and Management Control

9.2.1 Black Ownership

- a. The B-BBEE Commission should work with **the dti** and other government entities to enhance support to women owned businesses, through existing and new programmes and initiatives, and closely monitor progress on the Black Women owned entities category.
- b. JSE to consider the enforcement of the rules for Black Ownership through compulsory disclosure and address the non-compliance by charging penalties for the lack of

disclosure, as part of the JSE listing regulations. This will ensure increased transparency in the disclosure of the JSE listed entities' Ownership structures.

9.2.2 Management control

- a. The lack of Black Women and Black Male representation on Board level is highlighted as a barrier to transformation of the JSE listed entities. An intervention similar to a YES programme which focuses on grooming Black Managers above the age of 35 should be considered to accelerate transformation of Black Managers. Entities to effectively implement Skills Development.

9.3 Skills Development

- a. The YES programme for B-BBEE recognition is only available for employing black youth between the ages of 18 and 35 into new positions for at least 12 months on a fixed-term or temporary employment contract. As an incentive for entities participation in this programme, their B-BBEE can be enhanced up to two levels.
- b. The B-BBEE Commission may benefit from looking into an integrated model whereby a percentage is levied on entities that do not comply with the Skills Development target and the levy to be paid into the NSFAS fund, to fund the free education. Through amendments in the Codes, this amount can be potentially directed to reduce the current fiscal challenge in funding free tertiary education.
- c. The B-BBEE Commission should work with the SETAs to educate Transformation and Skills Development Managers on the B-BBEE benefits of formalised training. This could include the promotion of sector level skills initiatives, where pooled funds are created for formal learning or to support free or subsidised tertiary education.

9.4 Enterprise and Supplier Development

- a. As part of discharging their reporting responsibilities in term of section 13G, the spheres of government and organs of state may be requested to attach an annexure on how it has implemented the requirements of the PPPFA regulations on setting pre-qualification criteria for preferential procurement and the impact this has had in transforming the sector.

9.5 Socio-Economic Development

- a. The B-BBEE Codes can be revised to have prescribed areas of Socio-Economic Development in line with the National Development Plan Priorities per sector. In that way, Socio-Economic Development will result in the contribution to enterprise establishments and overall economic development, by ensuring sustainable interventions are implemented by entities.

10. Conclusion

The analysis of submissions for the period 01 January 2018 to 31 December 2018 shows a slow pace in the transformation and achievement of the B-BBEE for the priority elements; Ownership, Skills Development and Enterprise and Supplier Development.

These priority elements are the key drivers for economic growth which is needed to address the high levels of unemployment rate in South Africa. The organs of state should be leading in complying with the B-BBEE legislation as the custodian thereof. Instruments already available to promote specific interest groups such as the PPPFA Regulation, should be implemented.

The increase in number of Black Women representations in Ownership and Management Control can only be realised better when more women are granted entry opportunities to be members of the listed entities boards.

For the period under review, financial information was analysed from reporting entities, however, there was no observable correlation between the state of transformation and financial performance or financial position, especially for JSE listed entities.

The increased monitoring which the B-BBEE Commission has implemented and consequence management for organisations that do not meet the desirable level of compliance should over time result in an increased level of compliance with the B-BBEE legislation.

11. Disclaimer

The objective and scope of this report is solely as stipulated above in this report and B-BBEE Commission have agreed to the procedures that have been performed and is the owner of this report.

The above observations and recommendations are based on the information and representation obtained from the B-BBEE Commission and any information obtained by the B-BBEE subsequent to the period covered by this report may affect the views expressed above.

The recommendations are in good faith and while every care has been taken in preparing this report, the B-BBEE commission and the members of the consortium (Africa Rising Advisory Services (Pty)Ltd (member of AKA Africa Group), SFM Consultants (Pty) Ltd and the Modern Accounting Firm Incorporated) gives no warranties of whatever nature in respect of this report, including but not limited to the accuracy or completeness of any information and facts contained therein. The observations and recommendations provided are not a legal opinion.

The B-BBEE Commission and the members of the consortium (Africa Rising Advisory Services (Pty)Ltd, SFM Consultants (Pty) Ltd and the Modern Accounting Firm Incorporated) entities and its Directors, employees and agents cannot be held liable for the use of and reliance on the observations, recommendations and views expressed in this report.
