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### **The Murky Waters of BEE**

Is B-BBEE really benefiting its intended target market?

The term Black Economic Empowerment conjures up many positive and negative feelings for various reasons. South Africa's government initiated Broad-Based Black Economic Empowerment (B-BBEE) in a bid to redress the inequalities of the past and empower the South African people. The programme has evolved significantly over the years and, while positive in many respects, has not been without failure or controversy.

While B-BBEE is envisaged to benefit those that suffered through the apartheid regime, it is not necessarily reaching those that it was intended for and who are most in need of help. The first part of the problem lies within the definition and classification of 'Black'.

The BEE Amendment bill makes it clear that the term only applies to those citizens that were, or were entitled to be, South African citizens before 27 April 2004 and their descendants. If a person is Black and was in the country or arrived later but does not fall into that very clear definition, such a person may be a South African citizen or have a valid work permit, but is not supposed to be recognised as Black or benefit from BEE. Neither are their children, unless the other parent is Black by definition.

### **Who really qualifies for BEE?**

According to Stats SA's Quarterly Labour Force Survey (2nd Quarter 2012), South Africa's population between the ages of 15 and 64 years currently stands at around 33 million people. Of this, about 88.5% are Black, consisting of 74.7% African, 10.8% Coloured and 3% Indian people.

What Stats SA does not publish and probably does not count, are the sections of these population groups that are not included in the BEE definition of Black.

Minister of Home Affairs, Nkosazana Dlamini-Zuma, confirms that Home Affairs has no idea how many illegal immigrants are in South Africa, but it is estimated to be somewhere between five and ten million legal and illegal immigrants.

A recently published article entitled 'Refugees overwhelming South Africa', by parliamentary correspondent Denise Williams, states that South Africa has the highest



number of 'asylum' seekers in the world, and that many more people enter South Africa illegally through our notoriously porous borders.

The main problem is therefore that the Black population contains a large percentage of people that are classified as Black by Stats SA and make up the demographics of the South African population, but they are supposed to be excluded from BEE.

As a result, there is a substantial category of the population that are 'Non-BEE Black people'. If the estimates are even remotely accurate, this could be a larger group than the Coloured, White or Indian population groups.

Verification agencies can pick up from identity documents when a person is not born in South Africa and then insist on proof that the person is indeed BEE Black, but a major new challenge is arising. All of the children of the Non-BEE Black segment of the population that are born in South Africa, whether their parents are legally in South Africa or not, automatically become South Africans.

It has now been 18 years since 1994, these children are entering the job market and for all intents and purposes they are indistinguishable from the children of BEE Black people. What makes this somewhat absurd is that the children of a recently immigrated Nigerian or German couple will enjoy equal benefit from BEE as their South African counterparts.

Verification agencies will not be able to determine who is supposed to be classified as BEE Black to reap the benefits and who should not.

### **Local dilemma**

A case in point; when visiting a popular South African coffee shop, I asked my waiter how many people were employed at the restaurant. It transpired that all 50 employees were Black, but only two were South African. When I asked if they planned to 'go back home' the answer was 'never'.

The new draft BEE Codes that were released in October 2012 envisage that companies will be measured on targets based on the demographic profile of the



population. This demographic profile does not differentiate between BEE Black and Non-BEE Black. Verification agencies will have to accept Non-BEE people born in South Africa unless government sets up some government authority on race classification.

As South Africa remains a welcome utopia for many people suffering in other parts of Africa, more and more will flock to South Africa and take their place ahead of our own BEE Black population fighting for jobs and survival.

According to eHow.com and jobsearch.about.com, it is a well-accepted norm that many teenagers in the US get their first job in restaurants and fast food chains. This employment gives them a start in their careers and offers the opportunity for permanent employment.

If the coffee shop I visited is anything to go by, that opportunity has already been lost in the South African hospitality industry.