

B-BBEE Commission Confirms More Companies are Fronting

Ms Zodwa Ntuli, the Commissioner of the B-BBEE Commission, addressed Parliament on 17 April 2018 and confirmed that more companies are fronting their employees through Trusts and Broad-based Ownership Schemes (BBOS).

One of the B-BBEE Commission's objectives is to implement corrective action to achieve compliance with the B-BBEE Act and of the 334 complaints it has received to date, 83% of these complaints related to fronting practices.

In addition to these companies which are fronting their employees through Trusts and Broad-based Ownership Schemes (BBOS), Ms Ntuli further stated that:

1. More opportunistic intermediaries are getting involved, and
2. That existing entities are creating new 51% Black Owned entities through which they can do business.

Ms Ntuli also confirmed that *"we have issued 45 companies with findings and most are being referred for prosecution and criminal investigation. We issued 63 non-investigations on lack of jurisdiction and no merit, but these have shown us fronting practices date back as early as 2003. Companies such as Servest, Tempest Fire, Mammoet SA, Kearley Transport, Colentrade and Zimele Broadcasting resolved their complaints through the Alternative Dispute Resolution process that is allowed for in the Act"*.

As pointed out by Ms Ntuli, it is important to note that the B-BBEE Commission's priorities include:

1. Safeguarding the outcomes of an inclusive economy,
2. Implementing corrective enforcement to achieve compliance with the B-BBEE Act,
3. Researching, analysing and reporting on the state of transformation, and
4. Collaborating with relevant stakeholders to advance transformation.

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