

20 November 2018

Ms Hajiera Salie <hsalie@parliament.gov.za>

The Portfolio Committee on Telecommunications and Postal Services

PO Box 15

Cape Town

8000

Dear Ms Hajiera Salie,

**Submission: The Association of Black Securities and Investment Professionals (ABSIP):
The Electronic Communications Amendment Bill [B31-2018]**

Ownership:

- The ABSIP proposal regarding the Ownership element is to achieve the Broad-Based Socio-Economic Empowerment objective of achieving a normal and equal society in the Electronic Communications value chain and the broader South African society. A normal and equal society is where the citizens of South African share in the wealth and income based on population race and gender demographics. The preamble of the Electronic Communications Bill should include this objective to ensure policy certainty.
- ABSIP proposes that all mandated investments (retirement funds, umbrella funds, collective investment schemes, medical aid funds, mandated funds such as the Public Investment Corporation and Industrial Development Corporation etc.) on a look through basis gets counted in the determination of the Black and Women ownership of companies in the Electronic Communications sector (and other sectors). This may require changes to the BBBEE Act.
- As more Black people and women get employed and save for retirement the ownership of mandated investments by Black people and women will naturally increase. As an example, in 1994 about 10% of an SOE retirement fund's assets were owned by Black people, today it is estimated to be 40%. We estimate in 10 years-time about 70% to 80% retirement and investment funds will be Black "Owned" indirectly.
- The BBBEE ownership targets can easily be achieved and should be reset at incremental intervals that ultimately reflects gender and race demographics. The BBBEE ownership targets should be

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increased every year by say 5% from the current target of 30% so that in 12 years-time the target for Black ownership will be reached. The "once empowered always empowered notion" should be dropped from the BBBEE Legislation and all other BBBEE Codes. More points should also be given for sustainable local procurement and local job creation.

- *The enforcement of B-BBEE within the sector has be rigorously regulated and enforced. It is essential that new license and renewal of license conditions, spectrum allocations etc. be made subject to a BBBEE Level Two being achieved. On renewal of licenses and spectrum etc, as part of the evaluation and review the original business plan, achievements of transformation targets should be evaluated and reviewed against actual performance. If transformation targets have not been meaningfully met, spectrum and licenses should be revoked.*
- *ABSIP strongly supports internet neutrality and discourages any move away from this position.*
- *Mandatory sales of only dual sim-card usage phones on a single mobile phone must be legislated so as to promote competition and by implication will most likely reduce prices to consumers.*

Yours sincerely,



Asief Mohamed (082 888 1050)

National Executive Committee (FSTC, Legislation & Regulation)

For and on behalf of ABSIP

ABSIP was established in 1995 to address the lack of representation of black professionals in the financial sector, including the securities and investment industry. It was also conceived as a platform to address the aspirations of those in the financial industry to create a forum for black professionals to exchange information and ideas. ABSIP's mandate has evolved to encompass the empowerment of black professionals and black business across the financial industry. Its membership has grown to include sub-sectors such as Asset Management, Corporate Banking, Corporate Finance, Corporate Managerial and Financial Consulting, Employee Benefits, Insurance, Investment Banking, Retail Banking, Private Banking, Private Equity, Stock broking, Treasury and Development Finance Institutions (DFIs).