

## Annual JSE Black Ownership Survey released

The 2011 JSE Black Ownership Survey has been released, stating that black people own at least 17% of the top 100 JSE companies. The DTI's methodology of the exclusion principle is used, whereby certain mandated investments can be excluded from the ownership calculation. This includes shares held by pension funds on behalf of policyholders, shares held by government, shares where it is impossible to identify the demographics of the shareholder, or where the shareholder has no control over which shares are purchased by his unit trust.

Following this method, up to 40% of the ownership calculation can be excluded, meaning that the 17% is calculated out of 60%. The report's conclusion is that black people own 28% of available shares of the JSE top 100 companies.

The report continues by stating that the DTI's BBBEE target for ownership is 25% (this is dependent on the sector - the construction sector target is 27.5%), and states that the top 100 companies black shareholding exceeds the DTI's targets.

Commenting on the report, Gavin Levenstein COO of EconoBEE, says, "We welcome the improvement but still note that 74% of shares are in white hands. This number is not too different to the stats presented by the Commission for Employment Equity that stated that white managers occupy about 74% of all top management jobs.

"The report does mention the DTI's target and presents them as beating the targets. What should be recognised is that the DTI's targets are broad-based, even for ownership, which this report does not report upon."

For example the targets are:

- 25% of shares with voting rights in black hands
- 10% of shares with voting rights in the hands of black women
- 25% of shares with economic interest rights in black hands
- 10% of shares with economic rights in the hands of black women

There are even targets for broad-based schemes.

"The highest number of points available for ownership refers to net value, which is a complex calculation based on the effective ownership by black people - this also takes into account any debt outstanding on the shares to be purchased. Many B-BBEE deals have failed, or ownership scores have been reduced due to the inability of the black participant to repay the debt.

"A different and maybe better way to analyse JSE share ownership would be to look at the top 100 companies' BEE scorecards, especially the ownership element."

To view the report, go to [www.politicsweb.co.za](http://www.politicsweb.co.za).