

Companies still fronting through trusts

Companies are still dabbling in fronting through the use of trusts, the Broad-Based Black Economic Empowerment (B-BBEE) Commission says.



Zodwa Ntuli, Broad-Based Black Economic Empowerment (B-BBEE) Commission

Commissioner Zodwa Ntuli told Parliament's Select Committee on Trade and International Relations that 83% of the 334 complaints that the commission has handled relate to fronting practices.

"Although complaints decreased slightly this year, fronting practice remains constant. We find more and more companies' schemes fronting workers through trusts. As a commission, we are looking forward to the Minister of Trade and Industry, Dr Rob Davies, issuing a statement on broad-based schemes following the retraction in 2015," she says.

Ntuli was concerned that there were also more opportunistic intermediaries and existing entities creating new 51% black-owned entities through which they do business. Several companies that have been referred for criminal investigation.

"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," she says.

Companies like 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 BBBEE Act.

Commission

The B-BBEE Commission is an entity of the Department of Trade and Industry (dti). The commission has the ability to address fronting, as well as to introduce mechanisms to prevent it from happening. It effectively commenced with its operations on 1 April 2016.

The commission's priorities include safeguarding the outcomes of an inclusive economy, implementing corrective enforcement to achieve compliance with the BBBEE Act. This also includes researching, analysing and reporting on the state of transformation, and collaborating with the relevant stakeholders to advance transformation.

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