

## Response to black' JSE ownership

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Nhlanhla Ncaca

### **Alana Bond**

The research is effectively based on an extrapolation of people's approaches to - retirement savings. This is a useful proxy for current contributions but I am not sure whether any allowances for historic contributions has been taken into account.

But given that we have a growing black middle class and the majority of our work force is black, I can well believe that indirect ownership through these mandated investments, as they are known, is quite high.

Given other studies - which have been done on direct shareholding only, and trade and industry's estimated minimum 10% indirect investment in 2007, which should be growing every year - it is not implausible to me that 23% could be a reasonable approximation.

I do not think it should be a big debate about whether or not black South Africans have easy, direct access to the JSE.

The reality is that profitable, actively managed individual portfolios require specific financial expertise and skills, something that makes direct investment risky for all - individuals (not just black people). Whether it is 23% or even 18%, why are we still placing such a huge focus on ownership?

Progress has been made and we should be focusing our time, energies and - most importantly - our money on broad-based initiatives. These initiatives are the ones that result in the transformation of our society from the bottom up by reducing poverty through economic growth, job creation and skills development.

The ultimate outcome of this, apart from the obvious transformation and impact on our society, is that the more black people have jobs and contribute to pension funds, investments and stokvels; the more black ownership on the JSE will grow.

Economic development and job creation are by far the best ways to deliver broad-based BEE benefits.

- Bond is the chief executive of Bravura Consulting

### **Reg Rumney**

It is good that everyone is getting to grips with measurement of ownership of the JSE.

Ownership of shares on the JSE is often seen as a proxy for ownership of the economy more generally, which is appropriate.

However, ownership needs to be looked at more broadly. We need to look at ownership of residential and commercial property, and assets other than shares in publicly listed

companies to get a better idea of whether South Africa has transformed or not.

The trade and industry ministry's codes have a 25% target for each company and not the JSE as a whole, and this is wrong.

Foreign shareholding is important in that we rely on foreign capital because we do not save enough domestically.

It is important not to be narrowly nationalistic about shareholding. Indigenisation in itself is not necessarily a good thing.

Also, foreign shareholding has increased because we have steadily moved from apartheid isolationism to greater integration in the global economy.

I guess increasing foreign shareholding of the JSE does not matter as long as South Africans have increasing income and increasing ownership of the real economy.

The direction of change is as important as the percentages. It is clear that the direction, for the moment, is correct. The pace of change is faster than I expected, but there is no room for complacency.

– Rumney is Director for the Centre of Economic Journalism at Rhodes University

#### **Modise Motloba**

The numbers are not proper and do not reflect true ownership of black shareholding. Deals done under black economic empowerment have a lot of debt.

Recognition of black shareholding will happen when those shares are not encumbered.

Black people do not own companies and we are far away from truly owning without owing anyone. If you do not force empowerment through legislation, people do not comply.

But it will take time for people to reach that level. Blacks should start new companies to own 100% stakes, and ownership by black people must reflect the country's demographics.

This will only come about when people are committed to starting companies they can control.

– Modise is one of the architects of the Financial Services Charter

#### **Keith Levenstein**

Forty-five percent white ownership versus 23% black ownership of the JSE basically comes down to half the difference.

We must not forget that black people make up roughly 80% of South Africa's population while whites make up 20%.

This indicates a substantial wealth gap in that 80% of the population only own 23% of the stock exchange, and 20% of the population own 45%.

The report in City Press (November 7 2010) only looks at the JSE. The overall ownership figure in business for the country is far lower. It is a matter of concern that

there are so few direct black investors as opposed to their investments via pension funds or unit trusts.

Wealthy black people should be encouraged to invest, but sadly there still seems to be substantial public opposition to wealthy black people in general. We need far more successful businessmen and women. This is the challenge we face.

- Levenstein is the chief executive of EconoServ

- City Press