

Report on the ANC Progressive Business Forum (PBF) Financial Sector Summit, 9 June 2017

1. Background and objective of the discussion

The PBF is the business programme of the African National Congress with the objective of promoting honest, frank and open dialogue between the business community of South Africa and the movement, as the primary policy developer of South Africa. The discussion was facilitated by Daryl Swanepoel, PBF convenor.

This inaugural Financial sector summit was created as a platform for dialogue on transformation in the financial sector in South Africa.

Some guests attending the summit included Dr Zweli Mkhize, Treasurer-General of the ANC; Hon. Joanmarie Fubbs, MP, Chairperson of the Parliamentary Portfolio Committee on Trade and Industry; Lionel October, Director-General, Department of Trade and Industry; Ismail Momoniat, National Treasury; Enoch Godongwana, ANC Economic Transformation NEC sub-committee; Lizeka Matshekga, Industrial Development Corporation (IDC); TP Nchocho, CEO of the Land Bank; Danisa Baloyi, President of the Black Business Council (BBC); Sibongiseni Mbatha, President of the Association of Black Securities and Investment Professionals (ABSIP); Azola Zuma, ABSIP; Bhekabantu Wilfred Ngubane and Yvonne Kgoedi, Black Chartered Accountants Practitioners (BCAP); Vuyiswa Mutshekwane, CEO of South African Institute of Black Property Practitioners (SAIBPP); Mashilo Pitjeng, SAIBPP; representatives of the Public Investment Commissioner (PIC) and the National Empowerment Fund (NEF); Khandani Msibi, CEO of 360 Financial Services; Asanda Notshe, Mati Capital; Saul Gumede, Dijalo Property Group and representative of BBC; Kgaogelo Mamabolo, property investor; Shilalo Jordan and other members of Deloitte; representatives of the PBF, and members of the broader business community.

2. Summary of the opening address by ANC Treasurer-General, Dr Zweli Mkhize

The ANC is committed to a programme of radical social and economic transformation (RET) in order to foster inclusive growth and to rid South Africa of racial and gender inequality. The Economic Transformation Committee has been formed to drive the sector policy within the ANC. The transformation of the financial sector is an important national agenda item, particularly in terms of forming a black-owned bank with a mandate to focus on financial inclusion of the marginalised masses, entrepreneurs, peri-urban areas, low income earners and the like.

Comments in this session centred on the challenge of corruption and the South African economy's instability, which needs to be dealt with immediately, so that issues of financial inequality and access can be prioritised. Another point consistently raised was how organisations can give input into policy decisions.

Questions/Comments coming from the audience include:

1. The ANC needs to be more inclusive and open to promoting educated & experienced industry professionals - they will spearhead policies which can be actioned practically - as opposed to struggle-credential promotion?
2. The leasing issues have been hampered by corruption in the procurement processes. What is the ANC doing to deal with such an issue, particularly in the top & middle tiers of Public Works?
3. Will inputs from today be considered at the policy conference?
4. What is radical economic transformation - what does it really mean, we need to unpack it.
5. We must all agree that we have to uproot corruption. Generally, when corruption is exposed we normally get the criminal justice system to intervene. We must accept the criticism of slow movement in this regard. However, our biggest challenge is getting information that can constitute evidence to shorten prosecution and achieve early conviction. This probably talks to giving confidence and protection to whistle blowers. What has worsened the perceptions to create an impression that ANC is soft on corruption is where accused go to challenge administrative actions in court and government is seen as not active.
6. Why is government enabling development of black farmers without using the Brazilian model

of using their equivalent UIF which results in their emerging farmers having access to concessionary funding from their DFI.

7. How can businesses, associations and black SMME's directly affected by the lack of transformation in the finance sector give input to the ANC policy conference?
8. We need to grow the economy otherwise we can't implement economic transformation for inclusive growth.
9. What is the relationship between Radical Economic Transformation and the National Development Plan, if any?
10. The strength of our banking/financial sector is premised on an exclusionary/networked set up. How will RET be achieved without breaking this?
11. Why can't we use existing organizations to achieve our objectives? E.g. There are already many banks in SA, why do we need another bank? We must use them to open access to those that cannot get access to funds etc.
12. Will the DPW\PMTE procurement policy be adopted as the former DPW minister was about to sign before the reshuffle?
13. How do we increase the number of black pension fund managers and investment players, to manage black premium players money?
14. The likes of PIC etc. should start having mandatory allocations of funds towards Black fund managers. Further to that there should also be a model that encourages incubation so that monies don't always go to the well-established Managers
15. The biggest problem is that the banks do not support the previously disadvantaged, this speaks to both employment within the banks and funding for the previously disadvantaged. Hence, it was suggested that Mercantile Bank (currently for sale) be purchased by Black South Africans.
16. In terms of government leases, how will government ensure that more black players are involved with this. Bearing in mind that majority of the buildings are owned by white people. Another thing is that the leases have been blighted by corruption, how do these issues get addressed?
17. The land bank borrowing more money to white farmers is an indication of why we need to transform. You can't borrow money to people that don't even have farms. Hence, more funding goes there.
18. An economy can't grow if the majority of the people that live in it are not included. This is evident in the growing difference between the rich and the poor. The middle class in SA are suffering and it is not getting easier. There is high inequality in equality in this country.
19. With pension funds black people are still blocked from participating freely. It's only certain groups who are the majority and our black asset managers are being used by these groups for fronting on their behalf. But if we can transform them to one company and assist them this will grow them, as we speak they are at 2%. Let's have different a session to train them first.
20. We need to ensure we have an inclusive economy - we need to have large, medium and small organisations to work together
21. How do we increase the number of black Pension fund managers and investment players, to manage black premium players money?
22. What is the NEC doing about the "Zuma" issue? This is the elephant in the room, here is a President that has single-handedly managed to downgrade our economy! How can we expect to transform this economy (make it exclusive), if its contracting?
23. Why is the PIC in many instances directing funding to certain entities owned by people who are politically connected? The R4billion property deal that was funded last year in particular. Black professionals operating within this industry approached the PIC over the past year for the same portfolio and were turned down. It came as a surprise when this deal was done without even informing the industry about this opportunity.
24. There is a serious issue of politically exposed individuals. Isn't this a ploy to discredit and disqualify blacks? This is another black risk issue.

3. Plenary session

According to the DTI, important interventions have been made in terms of transformation of the financial sector; the recently promulgated BEE legislation and related Charter processes show that the pace of transformation must increase. First, BEE is now no longer voluntary, but required by law. The role of State Owned Companies in BEE has been clarified: BEE compliance shifts from a discretionary or voluntary model to a compulsory one. For example, ICASA regulations entail compliance with BEE standards too. Codes of good practice are to be targeted particularly at ownership, skills, and employment equity. The question of 100% black ownership was raised, specifically whether this contradicted the BBEEE codes.

Furthermore, the Black Industrialists Programme must have two aims: on the one hand, to transform existing enterprises in terms of ownership, and on the other, to create black-owned enterprises. The NEF, the IDC, the Land Bank and the government are working together on syndicating loans to black industrialists, with the NEF highlighting the need for a black-owned bank to increase access to capital and create a culture of service and lending to black South Africans. However, the notion of a black-owned bank raised many questions and comments during the session, including why such a bank was needed in a bank-rich environment, and how such a bank would function differently in terms of client base and capitalisation.

It was reiterated that the Black Industrialists Programme model should extend beyond the industrial sector to supporting black-owned enterprises in communal farming, construction and real estate, amongst others. The IDC raised the importance of including the youth in transformation of the sector, highlighting their R50 million development fund aimed at youth. The Land Bank echoed this need for transformation in the agricultural sector, for instance in land tenure legislation so that the financial institutions can recognise long leases as secured tenure for financial purposes, as well the possibility of equity grants to support emerging farmers. In fact, a new Financial Services Charter is being developed to ensure that investment flows into under-served areas.

The PIC highlighted their role in transforming the financial sector as the investor of R1.8 trillion of public sector employees' pension fund. Around 66% of brokerage fees go to black-owned firms, while over R8 million in bursaries is granted to black beneficiaries; audience comments, however, were critical of this number and called for more assets to be allocated to black-owned business.

According to the National Treasury, challenges around transformation in the financial sector include the lack of black ownership, allied with the substantial foreign ownership in the sector of up to 40%. The BBC similarly was critical of the fact that direct black ownership of the JSE sits at around 3%, but that banks are not willing to invest in black-owned projects. In addition, ABSIP highlighted that the financial sector is very slow to change and transform, with only 4.4% of the financial market owned by black firms in asset management. Two black firms own 50% of that figure. Audience responses echoed these criticisms.

This session promoted a considerable amount of engagement from the audience. Some further questions and comments from the floor related to SMMEs, where new entrants struggle with the compilation of a solid business case and therefore with the attraction of finance; with poor access to technical support; and with a lack of access to markets and to capital. The financial sector in particular is very tightly controlled, not allowing for any margin of error, particularly for new and inexperienced players which serves as a further barrier to entry. A mind-shift change was mentioned as an essential ingredient to transformation. This will create pathways for black people to thrive and enable entry-level SMMEs to access training programmes and finance.

Questions/Comments include:

1. How do the BEE codes assist in respect of financial sector transformation!
2. There are many policies but very little implementation. It's good to talk about the policies that we are drafting but where is the implementation and how will it be achieved?
3. Use the PIC/ DTI to develop the old township and homeland industrial areas.
4. Procurement is a critical component of empowerment. How will the dti ensure that corporates adhere to current targets?
5. This sounds more like a recycling of shares than actually creating growth and opportunities!

6. The Large corporates play a critical role to the economy and transformation - we must ensure we set them transformation targets and monitor compliance.
7. Are there any plans to make it a requirement for retirement funds to allocate a percentage of assets to black owned and managed businesses?
8. These programs are always going to fund the same people, how do other people get involved? How does the average Joe get funding?
9. Where are we with the revised Financial Services sector scorecard?
10. Where a government entity determines 100% black ownership as a pre-qualifier in a tender process, does this not contradict the BBBEE codes?
11. Mr October The DTI is not serving the black, small business at all. Why are you not supporting such them. The current procurement policies that require that 90:10 and 80:20 must scrapped. If you have time we can explain it to you. There is no access to black industrialists. I sit here with many projects in South Africa and outside of S.A. I have spent over R50m on developing and registering IP in S.A. but all on vain. What now? I challenge you to a discussion where we can assist you in accomplishing proper empowerment.
12. We are still finding that the majority of SOE linked retirement funds disregard transformation - assets are not allocated to black owned businesses.
13. Procurement in the Short Term Finance Sector is still heavily monopolised and racially skewed. When will DTI force Insurers to end monopolization through white owned incident management companies and end the new trend towards volume deals which are killing black SMME'S every day? When will the DTI end large procurement deals with monopolies and address the severe lack of directed spend to black owners, panel beaters and building contractors in the Short Term Insurance Sector?
14. How does Gov & ANC expect to promote and grow black property companies, when 1. the IDC refuses to finance real estate; 2. the NEF would rather prioritize financing a high-end boutique shop, over a property development deal; 3. the GPF moves too slow and expects black entrepreneurs to come up with R500k cash, before they will invest in them?
15. Mr October We need to promote set aside for black, small and new entrants. Otherwise you are wasting our time.
16. Other sectors of our economy in South Africa can only transform when black people mature by establishing their own, instead of trying to transform existing businesses. We must have our institutions and encourage our people to support newly established black companies. This will radically transform our economy. We cannot change existing companies, that will be the waste of time.
17. The stability is also a function of the confidence in the government. What is being done about Zuma and the negative impact he is having on the stability of our economy?
18. What is legislating E.g. as is the case with the Community Reinvestment Bank in the USA?
19. Why is it that we don't have one Code that sets minimum compliance standards?
20. Why does transformation not apply to offshore asset managers. They do not even have offices in SA, but fly in and fly out with a large Government mandate. Most of them don't even employ black people. It's mind-boggling really! Union Trustees are also not taking any action on this front. Current focus seems to be on domestic mandates only.
21. Does a black bank mean the lending and products will be directed at black people or do you simply mean a Black-owned bank? A Black-owned bank operating by the same models and criteria as the existing banks will not achieve transformation. Who will capitalize this bank to comply with Basel capital requirements? Also, why not incentivize or legislate the existing banks to facilitate transformation?
22. Voluntary models adopted for BBBEE is reflective of the apologetic nature of SA. To protect 0% economic growth and attract FDI. This strategy hasn't born enough fruit rather we have, a recession, low growth, low change in private sector ownership, higher levels of poverty and unemployment. Are we thinking big and bold enough to enable even failure to grow in order to enlarge a skills and experience pool that can create new industries whose value chain is created and fulfilled mainly in South Africa ?
23. Mr October I can't see how you advocate for stability (which by implication means protection of status quo) and simultaneously talk about change/transformation. There's massive concentration in the economy and I can't see how we can achieve broader economic transformation without (un)concentrating ownership structures. The two don't go together
24. Let's use the NEF as an example, how do you fund a high end boutique shop for R100m, creating 6 local jobs and 20 foreign jobs through importing instead of a real estate deal for R95m that will create 350 local jobs? Once again, no implementation.

25. You have Black companies with 1 Black shareholder and the majority of it staff is from Zimbabwe.
26. To the Black asset managers that want retirement funds to allocate more assets to them - is this self-interest (to build your own wealth) or are you going to transform the economy with these funds? You invest in the same companies as the mainstream established asset managers. How is that transformative?
27. The culture of our current regulators must be transformed. They regulate black companies harshly as compared to white capital company. Black companies are always suspects. Supervision of black administration companies are mistreated. pressure is placed on blacks and those do not have crocodile skin end up selling their businesses to white companies. E.g. FEB enforcement officers as they are used by these monopolies to frustrate black participants.
28. What is the status of the FSC and when will it be promulgated?
29. Mr October why Does transformation not apply to the Car Rental Sector. This is a multi-billion Rand sector in South Africa.
30. Black Bank? Let's rather look at the co-operative model that the TG referred to earlier. A great example of this is the Grammen Bank model of Mohammed Younis. We have to walk first, before we can run. Post Office license must be granted to benefit the poor. They already have infrastructure in the small rural towns. Let's not create another elitist enterprise that's going to benefit a selection of few connected individuals.
31. Why is the Financial Sector Council not here to address transformation issues in our sector?
32. Government spends R500bn annually and yet has not created any black owned companies of substance. What is the problem? Lack of leadership and strategic planning. Rather than boldly utilizing the budget to support black owned high growth businesses, the budget has been used as an extension of grant system, supporting as many SMMES as possible. The end result is market saturation, poor delivery, unsustainable pricing, one man businesses that do not last. The converse is true, had the budget been directed to high growth businesses the economy would have transformed, jobs created, etc.
33. If a Financial Sector summit is only going to happen next year does that mean that the draft Financial Sector code will only be Gazzetted thereafter
34. Have any of the charters been successful in achieving their targets? If not, why do we continue traveling down a road that is clearly not taking us to our destination? If so, which ones have been successful and why?
35. You have Postbank that takes deposits and acts as a savings bank, you have DFIs like IDC, NEF, DBSA etc. that funds majority of black citizens in SA, so why another Bank to serve who?
36. What percentage of government spend is on suppliers/service providers that are 51% and more black owned? It would be great if we can get a response to this question.
37. IDC:- Your contracts state that funded organisations must be audited by the established 4 white firms and nothing to black firms even though we have complained.
 - 37.1. That is not correct, all we require is that the auditors must be registered by IRBA. We have supported a number of businesses that are audited by large black audit firms.
38. May I have your stats on spending by IDC on Black Audit firms compared to White Firms, I saw Geoff and your new CFO - the spending is a shame
39. Why do mandates of the DFI's exclude commercial property investment? How will we see property investors entering & being sustainable in the industry?
40. IDC functions like commercial banks. Screening processes are designed to marginalise blacks. You can't have people that don't understand black spending trying to assess business plans designed to service blacks. The risk aversion at IDC towards black business is painful.
41. On black owned bank, shouldn't we be focusing on identifying and supporting black owned financial services companies. Capacitate them to a point where they can naturally graduate to a bank? When the black bank comes, it must succeed. There will more damage done by a failed black bank than if one that never existed. We need to be careful on this.
42. PIC has mandated that Investees and due diligences be done by white audit firms I.e. the big 4, this is a shame, why such discrimination when Africans wrote the same exams as CA's in white firms, same applies at IDC and I don't want to mention NEF. We pay so much money and nothing happens.
43. I'm sure it's high time that we stop wasting time with existing resisting conglomerates but call a gathering to identify black players who are capable of establishing e.g. a black bank or

insurance company. This will go a long way in ensuring that such establishment will become reality. Let's move away from trying to transform capitalist from their comfort zone.

44. What criteria would be used to select the townships that would be invested in?
 - 44.1. Currently an economic impact assessment is being done to ensure that we have an understanding of where economic development opportunities
 - 44.2. How do you reach out to the IDC for funding? What are the requirements?
 - 44.3. www.idc.co.za and also we have offices throughout South Africa and you can come directly to our Head office at 19 Fredman Drive where we have a walk in centre - the number is 0112693000
45. Land Bank: you do not fund blacks because retailers do not give us "off take agreements." Business plans are credible. As Government you should remove stumbling blocks that force retailers to procure from black companies. ANC/Land Bank will you enforce same funding rules as the white farmer who has contracts or markets of more than 30 years?
46. We can farm the land in EC but the Government must fund support services as well E.g. HR, accounting and marketing, IT etc. The biggest problem is civil servants adjudicating loan applications who have never ran a spaza shop and they assess business plans based on the text books.
47. Land Bank, whilst R20billion is out of the question. What are the numbers that have been given to blacks v/s whites?
48. There is no transparency from institutions like the PIC as to how they allocate their procurement spend. There should be allocations based on skills transformation as well as ownership.
49. What exactly is meant by black ownership and how is it quantified?
50. Let's please keep in mind that the PIC is not a DFI. It is an asset manager mandated to manage the assets of entities such as the R1.6 trillion GEPPF - that is not public money; it is the pension savings of nurses, teachers and civil servants. The money managed by the PIC does not belong to the government.
51. Why not appoint black firms on your JSE listed investments? Why are black CA's good enough to take board seats and get paid R120k when white audit firms earn annual fees of approx R5million p.a.
52. Does the Land Bank give non-financial support to emerging black farmers?
53. Government may want to look at the example of Greece where young people are moving out of cities as they cannot find employment in the services sector. These young Greek people are now moving to rural areas to farm. What is government doing to encourage young people to consider farming as a viable career choice?
54. Dr Mkhize, you referred to documents in circulation which we can comment on. How do we get access to them because we have quite a lot to contribute. Radical Economic Transformation can only be achieved if we do the following: 1. Legislate that 70% of all Government spend should be local, of which half must be on black companies/small companies/emerging companies; 2. Remove the following requirements from the current procurement system:
 - Previous experience
 - Financial capacity/or provide finance to this group
 - 90:10 or 80: 20 split - Remove this from all future procurement.It is as simple as this. Simply change the PPPFA to include this. We can send you more details on how to do this if you would like to have such details. Let us do these things and not talk about it alone.
55. Why can't the Government guarantee the Loan book like they do with the SOE?
56. Has any research been done on the value of lost capital on loans to consultants and middle man? (which in most cases are white owned companies.)
57. Speaking of Technical support, is Land bank going have the panels to assist in compiling a correct business plan that will be successful?
58. It is important to have responsible economic transformation as we cannot have failures and unintended consequences.
59. PIC funds are invested in corporates and yet they are unable to put pressure constructive transformation. When these corporates don't adhere to basics like adhering to BEE codes, PIC is conspicuously silent. Pension funds are being used to further disempower blacks. Why is the PIC so silent? Why are they not holding these companies accountable?
 - 59.1. PIC shareholder activism - visit the website www.pic.gov.za.
60. Why are you buying a stake in SAA - a chronic failure of an SOE?

61. What "financial return" did SAA present?
62. I do not believe large corporations have appetite to transform their workplace environment. Mostly compliance has been dissipating considering the economic and political challenges that they feel are disadvantaging their bottom line. I am just not sure how serious this notion is being noted by the relevant authority. It is going to be more difficult for an average black professional. SA banking sector is consistently ignoring any transformation ideology let alone the appetite to implement.
63. PIC talk was too defensive. We know who you are (save the stats). We were only interested in knowing what steps are being taken towards promoting black "growth" for unlisted entities.
64. Should one not audit all the sector's and define the shortcomings of each. Then develop policy on each with a stick and carrot approach?
65. Are there not too many players I.e. IDC, NEF, SADB and many more from the government side, with still no improvement. Should we not have them all under one umbrella, we can then monitor and grow in the space much faster.
66. Our education system needs to be revamped, as future growth will only be achieved if we have an educated nation. Our spend does not justify the returns after so many years.
67. TG - are you also engaging the established White-owned commercial banks, audit firms, and asset managers? With us, you are preaching to the converted. Please also talk to WMC and encourage, force, or incentivize their transformation.
68. A black bank will succeed only if the issues of corruption especially at government level has been dealt with decisively and with appropriate consequence management to increase consumer confidence in such structures.

COMMISSION 1: Transforming the accounting and auditing profession

It is lamentable that after 20 years of democracy, the level of transformation in the accounting and auditing sector is so poor. This is evident in the lack of black auditors and accountants, as well as the lack of poor access to accrediting bodies for accountancy. Further testament to this that the so-called Big 4 accounting firms (Pricewaterhouse Coopers (PWC), Deloitte, KPMG and Ernst and Young) still dominate the audits for the JSE top listed companies. As a result, as audience commentary highlighted, smaller black firms do not get access to the top-listed firms in the JSE; however, the JSE could set regulations in place to involve black-owned companies.

Panellists mentioned that when certain Ministers occupy influential positions in government, they are able to give access to smaller black firms; however once roles change, black firms are again isolated from gaining access to these audits in the public sector. A similar situation exists in the Auditor General's office, where black professionals appear to have a poorer allocation of work, possibly due to an out-dated allocation formula. A possible mechanism to combat this would be rotation as per the Mandatory Audit Firm Rotation (MAFR) 2023. This was supported by the BCAP and highlighted in the audience commentary.

Another major obstacle for smaller black firms is the preference for the completion of their articles at one of the Big 4 firms: this is encouraged by the South African Institute of Chartered Accountants (SAICA). This equates to the smaller black firms being unable to fairly compete for the cream of the crop in terms of talent. However, critics felt that while the Big 4 take on black clerks, they not have top positions for black accountants.

The panellists concluded that radical transformation needs to remain focused on three main pillars: structure, systems, and institution; as well as addressing patterns of ownership by looking at more innovative ownership models. It was added that the ultimate outcomes of radical transformation should not only address social transformation – but will become tangible when current black practitioners have been given the opportunity to become true entrepreneurs in the industry. This will make for a more radical and sustainable transformation.

Questions and comments from the floor supported the need for meaningful transformation in the accounting and auditing industry. There needs to be a balance between addressing today's challenges with regards to ownership within the industry, and focusing on building capacity and

capabilities to have a strong talent pool which will eventually transform the industry and black professionals' growth through the industry.

Questions/Comments include:

1. The AG comments are incorrect the AG outsources 60% to Black and SME audit firms.
2. The challenge is the lack of black registered auditors in the pipeline from Universities.
3. Auditing certain companies require firms to invest in infrastructure and specific industry experience, it is not about just being a CA it requires unique skills and experience.
4. All SOCs are audited by black firms. But most of them are audited by 1 black firm. Is this real economic transformation? What about the other black firms?
5. The AG formula considers public sector experience, so another incorrect statement that AG capacity is based on private sector audit capacity.
6. What does radical economic transformation mean for the auditing and accounting firms?
7. Should consulting services such as internal auditors not be managed the same way as the external auditors with regards to SOEs and government departments?
8. Most black firms do not have the financial capacity to attract the top students in schools and universities, e.g. Bursaries, marketing costs, outreach programs. How can government and stakeholders such as SAICA and BCAP promote black firms?
9. Much is said about accounting and auditing. What happens with the other subjects studied in varsity, such as management accounting and taxation?
10. What about CIMA?
11. In the same light, trainees that do their articles at black firms do not get experience auditing JSE listed companies. If these policies are not made how do we get there.
12. It should be a requirement that all SME's be coupled with registered practitioners.

COMMISSION 2: Transforming the insurance, securities and asset management industry

Currently, only 4.6% of the asset management industry is in black hands and the lack of growth remains a question; up to 70% of the industry is in the hands of only 10 firms. Consolidation in the sector has not been achieved for a number of reasons. There is a lack of vision with respect to what can be achieved in the Black Asset Management space, as a result of the lack of ability to effectively work together. However, black asset managers and others have the skills to empower themselves in order to change the status quo via the JSE, in banks, and in insurance companies.

The question of leveraging so-called black money was highlighted, in other words, how that 4.6% is being spent. There was a great deal of criticism both by panellists and audience about how deployment of fund to black-owned firms is not the only solution: solutions cannot only benefit those already in the industry. Instead, where the money is invested is also important, as impact investing for positive social outcomes benefits the majority, low-income South Africans, including those in urban townships, as well as the rural poor.

On one hand, the discussion also focused on the degree to which asset consultants are transformed and the suggestion is that a lot more energy needs to be focused on this aspect of the sector. On the other hand, focus was placed on the degree to which trustees are educated around risks and innovations in the sector.

On the whole, poor leadership was highlighted, with criticism of ABSIP for not restructuring this sector, as well as of NUMSA and COSATU. Leveraging the power and influence of unions will be key to the transformation process.

Questions/Comments include:

1. How can 40 firms be too many in an industry of over 160 firms? This is the narrative crafted by the white asset consultants. They are happy to allocate money to many white firms including non-South African firms. When it is time to allocate to black firms, the consolidation discussion comes up?
2. Asset management is about competing in thought leadership how can this be suddenly consolidated into one? Allan Gray never consolidated with Coronation or Prudential, Why

us? The issue is 4.4% allocation to 40 firms and 96% is managed by 120 firms. In fact probably 10 firms manage 70% of SA assets.

COMMISSION 3: Transforming the property practitioners' industry

The property sector, valued at R5.8 trillion, is important to the South African economy, playing a role in inclusive development and economic growth, as well as acting as a socio-economic lever that drives capital formation, development, industrialisation and spatial transformation. In fact, property is at the forefront of transforming the economy as a whole.

Three major issues affect this sector, associated with the legacy of colonial and apartheid spatial constraints. First, the sector is characterised by racially based inequalities of ownership, with 10% of property entities capturing 80% of the value. Second, demographically skewed land ownership shows that 47% of land is privately owned by non-black owners. At the same time, there are many instances of illegal occupation of land. Finally, there is poor access to finance both for practitioners and prospective property owners. These expose the harsh realities of transformation in this field.

Interventions are needed both at policy and legislative levels to transform the commercial, residential and retail spaces, as per the principles of RET. Government should be seen as the central custodian and administrator of land, with productivity of land in terms of housing, food production and commercial activity as guiding principles. As such, a first proposal is state procurement to unlock capital and promote black participation in the commercial sector. Further proposals include prioritising black people and concomitant spatial and social transformation in awarding of development rights, and improving land use planning, particularly to encourage investment into rural areas, land productivity and social welfare, rather than speculation. A property industry transformation research unit was mooted, as well as replicating the Gauteng Partnership Fund in other provinces.

Overall, it was felt that the ANC needs to be more proactive in advocating for change, with the current focus on land needing to be supported by a policies relating to property.

There was no additional engagement through ThinkTank in this session.

5. Conclusion

Transformation of all aspects of the financial sector, one of South Africa's strongest sectors, is key and needs to be driven not only by the ANC Economic Transformation Committee, but also by black professionals and business people, the so-called motor forces. Steady progress has been achieved and this and other platforms are progress checks and spring boards to rethink strategy towards transformation. However, many challenges remain, particularly in terms of business and land ownership, as well as creating opportunities for SMMEs.