**THE NATIONAL ASSEMBLY**

 **QUESTION FOR WRITTEN REPLY**

**886. Mr G G Hill-Lewis (DA) to ask the Minister of Trade and Industry:**

(1) With reference to his reply to question 473 on 15 March 2017, (a) who requested the payments, (b) was there a contract in place, (c) what are the details of the services that the Black Business Council (BBC) delivered and (d) what (i) competitive and (ii) open processes were followed in awarding the BBC the specified amount;

(2) whether the BBC has been audited by (a) his department and/or (b) the Auditor-General; if not, why not in each case; if so, what are the relevant details in each case? NW952E

**REPLY:**

1. With reference to his reply to question 473 on 15 March 2017,
2. **Who requested the payments?**

In the recent past organised business was fragmented in South Africa and the Department of Trade and Industry was crucial in the facilitation of the merger of the business structures to form Business Unity South Africa (BUSA). The formation was critical to government because it created a platform for government to engage unified business. The Department further committed to fund the BUSA during their establishment period.

Following the split in BUSA in 2011, the Department deemed it necessary to continue the support of organised business in the form of the Black Business Council (BBC) as it was a new formation that carried the interests of its membership that had a direct interest linked to the economic transformation mandate of the Department.

The BBC approached the Department to present areas of collaboration and to request funding for specific projects that relate to the Black Economic Empowerment and the Black Industrialist Programme. Before any considerations for funding were made, the department requested the BBC to present a business plan detailing projects and costing.

The Department assessed the business plan and once satisfied commenced a process of obtaining an approval from National Treasury

 in accordance with paragraph 6.3.1 of the Treasury Regulations.

The National Treasury approved the creation of a transfer payment budget line for the BBC within Budget Vote 36 of the Department. It also important to highlight that a transfer payment is defined as an un-requited transaction that differs from the procurement of goods and services and is appropriated separately as per the Appropriations Act.

1. **Was there a contract in place?**

Following the approval of the transfer payment budget line by National Treasury, the Department entered into a Memorandum of Agreement (MoA) with the BBC.

1. **What are the details of the services that the Black Business Council (BBC) delivered?** And

The MoA with BBC details the areas of collaboration in respect to the implementation of the Black Industrialists programme. According to the agreement, Projects consist of the Policy Advocacy, Regulatory Framework development, the Resource Centre and the Customer Relations Management component.

Furthermore, the BBC is required to provide reports based on approved yearly project plans. The BBC is further required to provide Audited Financial Statements.

1. **What (i) competitive and (ii) open processes were followed in awarding the BBC the specified amount?**

The payment to the BBC is an un-requited transaction that differs from the procurement of goods and services. As such, no procurement process is required.

1. **Whether the BBC has been audited by (a) his department and/or (b) the Auditor-General; if not, why not in each case; if so, what are the relevant details in each case?**
2. & (b) The department does not perform a separate audit for the transfer payment to the BBC as it is included as part of the annual statutory audit by the Auditor General. Furthermore, in exercising oversight over the transfer payment, an MoA is in place.