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Debate on SA economy shines the spotlight on the big elephant in the room

THE ONGOING debate about the need to pursue radical economic transformation vigorously across all sectors of the South African economy shines the spotlight on the big elephant in the room regarding efforts to ensure economic freedom for the black majority.

For 23 years since the first democratic elections, the project of growing the economy in an inclusive, reconciliatory and prosperous manner has cast a dark and ominous shadow over the nation.

But how do you eat an elephant? Paul Serote draws from ancient wisdom to answer this lingering question: one bite at a time.

Musa Ndlangamandla

He is head of the Property Management Trading Entity (PMTE) of the Department of Public Works (DPW), which represents the largest real estate portfolio in South Africa and is a strategic lever to transform the economy and improve the lives of the majority of South Africans.

The PMTE mandate includes the provision of accommodation and the rendering of expert built environment services to national departments. It is also responsible for the planning, acquisition, management and disposal of immovable assets.

The PMTE is a trump card for the government's developmental agenda, job creation, poverty alleviation and rapid economic transformation as it manages 92 500 immovable properties and 31 300 land parcels across the country, estimated to be worth R112 billion.

The entity also spends R4bn on private leases for office space and is pushing ahead with reforms that will ensure that lease awards, selection and tenure lean towards enterprises which offer black broad-based economic empowerment (BBBEE) certificate level status, black ownership level status and participation of black people in management and control.

Property ownership is the most powerful tool for transformation and ensuring economic inclusion. Under Serote's stewardship, the PMTE is putting in place programmes and policies for the structural transformation of South Africa's "lily white" property sector. To that end, the Property Empowerment Policy is set to be approved in April 2017.

Serote is also presiding over actions aimed at developing a multistakeholder funding programme to transform the property industry through enterprise development, job creation and skills development.

For him, the silver bullet for meaningful transformation is a paradigm shift in policy to address the skewed patterns of ownership. Lack of funding is a major barrier to black people in the property sector and the PMTE is engaging financial institutions to support black-owned enterprises.

Serote says there is a need to set up a black-owned and -structured institution where ordinary South Africans can have a meaningful stake. "Transformation is non-negotiable. If you want to ensure transformation, you must deal with ownership and not just 25%, but 100%. It must happen within the spirit and letter of the law and in an environment of clean administration.

"We are hard at work marshalling resources to create an enabling and equitable environment for black people, particularly women, and black-owned enterprises to enjoy direct ownership, economically thrive and continually improve skills and capabilities."

He is also making headway on policy reform that will address the shortage of black property agents by encouraging the government to increase the use of black agents and principals in property acquisition. This is twinned with the need for the state to enter into development partnerships with black-owned enterprises in the land and developed properties that it owns.