

## BBCBE wants radical transformation

Roy Cokayne

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Stefanutti Stocks head offices in Kempton Park, Ekurhuleni. Stefanutti Stocks has identified two emerging companies with which to partner.

THE Black Business Council in the Built Environment (BBCBE) has attacked the planned transformation transactions of some of the seven listed construction companies that were party to the settlement agreement reached with the government.

Gregory Mofokeng, the secretary-general of the BBCBE, said on Friday that the BBCBE wanted to realise permanent radical economic transformation using the voluntary rebuilding programme (VRP) and "must define and be co-implementers of our own transformation journey".

Mofokeng said the BBCBE had worked closely with WBHO and Raubex to select black consortia that would benefit from the allocation of work packages, but noted with interest that Stefanutti Stocks had identified two emerging companies with which to partner.

"Should Stefanutti Stocks not open discussions with us on the regularisation of these companies and their willingness to partner with other black companies and buy into our broad based beneficiary model we will not support their partnership," he said.

Attempts to obtain comment from Stefanutti Stocks was unsuccessful.

Mofokeng said Murray & Roberts (M&R), Aveng and Group Five had decided to embark on the equity transaction route and the BBCBE's position was that consortia that were bought into

these companies must be led and majority owned by contractors and the primary beneficiaries must not only be black investors with the financial muscle.

### Exit

M&R decided to exit the South African civil engineering and building market sector and has sold 100 percent of this business to the Southern Palace Group, while Aveng has sold 51 percent of the company to Kutana Construction.

Mofokeng said the BBCBE was extremely disappointed with "the opportunistic manner" in which the M&R and Southern Palace transaction was concluded.

He said M&R group chief executive Henry Laas was involved in the VRP discussions from the onset and acknowledged during these discussions that traditional black economic empowerment (BEE) transactions did not bring about the desired transformation outcomes for the industry and future transactions must be led by contractors who had vested interests in the industry.

"The structure of this deal is irrefutable proof that Mr Laas was disingenuous in his engagement with industry stakeholders and he has since cowardly avoided having a meeting with black business to discuss this transaction.

"We have since written a letter to Southern Palace requesting a meeting with them. This letter remains unacknowledged nor responded to," he said.

Mofokeng said they subsequently wrote another letter spelling out two options for this transaction to enjoy the BBCBE's support.

The first was for M&R to allow a contractor consortium to own an effective 51 percent equity in M&R and the second was to make available 25 percent of their annual turnover to black contractors.

Laas said M&R started a process more than two years ago to identify potential buyers for its infrastructure and building businesses, the Southern Palace Group was identified as the preferred new owner/ shareholder and transaction funding was provided by the Public Investment Corporation.

### Meaningful value

"M&R believes this transformational transaction will create meaningful value for the new owners as well as black busi-

ness partners.

"If the BBCBE has objections regarding the VRP, it is best that these objections are raised directly with the South African government, who are the representatives of all stakeholder," he said.

Mofokeng said discussions