


Deloitte South Africa

"Our Transformation Journey
Continues..."

June 2017



From as early as the 1970s, Deloitte has been at the forefront of business transformation. We are proud of the fact that for 19 years we have had three consecutive black CEOs, with Lwazi Bam becoming the first African black CEO in 2012.

In 1894, Howard Pim opened a firm in Kimberley, South Africa, and so wrote the first chapter of Deloitte's extensive history in Africa. From these humble beginnings, Deloitte has established operations across Africa, providing assurance to capital markets, contributing to the employment and economic well-being of thousands of local employees, and making a positive impact on their surrounding communities.

Our transformation goals are rooted in the history of Deloitte South Africa, and the success of the organisation has always been linked to the progress of its people.

When Professor Wiseman Nkuhlu became South Africa's first black chartered accountant in 1976, it was clear that attitudes were changing and the profession started to ensure holistic representation of all South Africans.

As shown in the following report, Deloitte South Africa is committed to empowering South Africa's citizens and setting right the inequalities of the past through a sustainable transformation strategy that leaves no man – or woman – behind.

Deloitte South Africa: Part of the Deloitte Global family

Deloitte South Africa forms part of the Deloitte Africa firm, which is part of DTTL (Deloitte Touche Tohmatsu Limited). DTTL is the Deloitte Global Network, which is an association of individual firms operating in different regions. Each member of the network, however, retains a separate legal identity and is owned and managed by local partners and directors.

As at 1 May 2017, Deloitte Africa has 374 partners located in Central Africa, East Africa, Southern Africa and West Africa.

Deloitte in Southern Africa has 284 partners and directors in Botswana, Namibia, Mozambique and South Africa, while Deloitte South Africa has 267 partners and directors.

We offer professional services through six core business areas:

Audit & Assurance: Delivering consistent, high-quality, risk-based audit services

Business Process Solutions: Managing our clients' business processes as a service to help them realise the benefits of efficiencies and automation, through leveraging alternative resourcing models, leading-edge technology and application systems

Consulting: Unlocking opportunities from issue to impact through strategy, innovation, human capital, technology and digital services

Corporate Finance: Providing expertise in transaction support services, valuations, mergers and acquisitions, debt and infrastructure advisory and restructuring services

Risk Advisory: realizing opportunities by managing risk for our clients through integrated solutions, comprising forensic, data analytics, cyber, governance, regulatory compliance, business and technology risk, controls and assurance

Taxation Services: Delivering integrated, tailored signature tax solutions and insights, spanning business tax, indirect tax and global employer services

Our partner/director model

Partner classification

To become a Deloitte South Africa partner, one needs to be a registered auditor with the Independent Regulatory Board of Auditors (IRBA); and to become a registered auditor, one needs to be qualified to register with the South African Institute of Chartered Accountants (SAICA).

On average it takes 11 to 13 years, including tertiary education, to become a partner:

- Four years of graduate studies
- Three years of articles
- Four to six years of post-articles

Director classification

The title of Director is given to the owners of the business who are not registered with the IRBA. Directors of the firm have the same rights and voting powers as partners of the firm.

Funding of the partnership

The South African member firm is funded by its partners and directors through personal capital contributions. Each partner/director makes a capital contribution (in cash), which is generally funded by South African banking institutions, based on the percentage of his/her annual earnings.

Remuneration

Partners and directors are remunerated in accordance with the experience and value they bring to the firm and also in terms of their talent development and contribution to transformation. The value that each partner brings is generally measured through his/her ability to win business and grow the firm, his/her ability to service large clients and his/her ability to play a strategic/leadership role in the firm.

Reinvesting in South Africa

The revenue earned from clients is predominantly disbursed within South Africa as follows:

Professional employment costs	66.7%
Operating and administrative costs	31.0%
Deloitte subscriptions	2.3%
Total	100%

Only 2.3% of the revenue is paid to Deloitte Global as subscription fees, and this contributes towards the running costs of the network. In exchange for these subscription fees, Deloitte Africa (including Deloitte South Africa) receives the following benefits in return:

- Direct financial support from Deloitte Global to fund the growth of our footprint in Africa
- Short-term secondments of our newly qualified chartered accountants to the United States of America, Europe and the Middle East to gain international experience
- Information technology (IT) support
- Methodology and infrastructure support to maintain service quality
- Risk and governance frameworks
- A platform for contributing and receiving global thought leadership
- Deloitte brand-related support

Professional employment costs, operating costs and administrative costs are paid in South Africa to employees, partners/directors of the South Africa firm, and other South African business stakeholders.

Profit before tax is distributed only to the 269 partners and directors of the South African member firm, who pay income tax on their earnings from the firm.

Over and above contributing to direct employment and tax, between Deloitte's ongoing enterprise development, socio-economic development, bursary spend and other membership contributions, Deloitte South Africa partners collectively contribute on average R66.5 million per annum to the firm's transformational goals in the form of a cash contribution. This significant contribution reveals the personal commitment of the partners to transformation.

The Deloitte Africa Board

Our firm is governed by the Deloitte Africa Board, which is constituted in terms of the provisions of the firm's partnership agreement.

The Board's mandate is to:

- Approve the corporate vision and mission
- Oversee the development and implementation of a strategic plan
- Ensure ethical behaviour and legal compliance
- Select, monitor, evaluate and compensate the firm's CEO
- Put forward a recommended candidate for the position of CEO

Members of the Board

South African black

1. Lwazi Bam (CEO) – ex officio
2. Sihlalo Jordan (Deputy CEO) – ex officio
3. Charles Larbi-Odam
4. Gaba Tabane
5. Eric Tshabalala
6. Sudasha Naidoo
7. Anthea Scholtz
8. Professor Njabulo Ndebele (External Advisor)

* *These individuals make up 61.5% of South African members of the Board, with 15.4% being female.*

South African white

9. Trevor Brown (Chairman)
10. Mike Jarvis (COO) – ex officio
11. Murray Dicks
12. Tony Zoghby
13. Billy Joubert

* *These individuals make up 38.5% of South African members of the Board.*

Regional representatives

Nkondola Uka – Central Africa
Joe Wangai (Deputy Chairman) – East Africa
Eshak Harunani – East Africa
Olufemi Abegunde – West Africa
Augustine Nkume – West Africa

The Executive Committee of Deloitte South Africa

Our Executive Committee is led by the Chief Executive Officer (CEO) and consists of the Chief Operating Officer (COO), Reputation & Risk Leader (RRL), Strategy Leader, Talent & Transformation Leader, Clients & Industries Leader and the leaders of each of our six business areas.

The Executive Committee's mandate is to:

- Develop the corporate vision and mission
- Lead our purpose of making an impact that matters and our goal to be a majority black-owned firm by 2020
- Develop and implement a strategic plan
- Ensure industry and legal compliance, and ethical behaviour
- Manage the operations of the firm on a daily basis

Members of the Executive Committee

South African black

1. Lwazi Bam (CEO)
2. Sihlalo Jordan (Deputy CEO)
3. Nazrien Kader (Tax)
4. Navin Sing (Risk Advisory)
5. Thiru Pillay (Consulting)
6. Sandile Gwala (BPS)
7. Justine Mazzocco (Talent & Transformation)

* *These individuals make up 63.6% of South African members of the Executive Committee, with 18.2% being female.*

South African white

8. Mike Jarvis (COO)
9. Kevin Black (Clients & Industries)
10. Andrew Mackie (Audit)
11. Murray Dicks (Reputation & Risk Leader)

* *These individuals make up 36.4% of South African members of the Executive Committee.*

Regional representatives

Ben Mbanga (CEO) – Central Africa
Sammy Onyango (CEO) & Joe Wangai (Deputy CEO) – East Africa
Fatai Folarin – West Africa

Representing South Africa globally

A number of our partners and directors have global roles, including Chief Executive Lwazi Bam and Chief Strategy Officer Sihlalo Jordan, who sit on the DTTL Executive and the DTTL Board respectively. These global roles allow Deloitte Africa to:

- Influence the strategic direction of the Deloitte global network
- Upskill our partners
- Represent the interests of the Africa firm at a global level



Major milestones on the road to transformation

From as early as the 1970's, Deloitte has been at the forefront of business transformation in South Africa. The firm has been led by black South African CEO's since 1998 – an achievement that is unmatched by our main competitors.

- 1980: Recognised as an early adopter of transformation by the PAAB. 1 African black CA, 10 coloured CAs and 90 Indian CAs in Deloitte. Deloitte chairman visited black universities to recruit prospective black CAs.
- 1990: First acknowledged by ABASA for our contribution to the transformation of the accounting profession.
- 1994: 2 144 total staff, 193 SA black staff (9%), 180 total partners and 7 SA black partners (4%).
- 1996: Two Deloitte trainees became the first African black accountants in Top 10 of CA Qualifying Board exam.
- 1998: Vassi Naidoo became the first black CEO of a major auditing firm in South Africa.
- 2004: Futhi Mtoba became the first African black female Chairman of a Big 4 firm.
- 2006: Grant Gelink became the second black CEO of Deloitte South Africa
- 2012
 - Lwazi Bam became the third consecutive black CEO and the first African black CEO of Deloitte South Africa.
 - Nazrien Kader and Justine Mazzocco were appointed as Tax and Talent & Transformation leaders to South Africa Exco.
- 2016 Ruwayda Redfern became the first black female Regional Leader in South Africa for KwaZulu Natal.
- 2017 4 197 total staff, 2 182 SA black staff (52%), 263 total partners and 98 SA black partners (37%) and 28% female owned as at 1 June 2017

Empowering future generations

Deloitte is a training office and learning institution first and foremost. With this in mind, we are committed to developing the knowledge and skills of future generations who are starting their careers in our profession. We are especially proud of the fact that 781 of all African black CA(SA)s have qualified through Deloitte since 2001, representing 16% of the total African black CA(SA)s in the market.

Deloitte South Africa remains committed to assisting black individuals to complete their studies by providing financial assistance through bursaries. Our bursary spend over the past number of years is as follows:

All candidates – Cash payments (2006 to 2016)	
Number of students	4 855
Thuthuka cash payment (Rand)	20 415 060
Bursary payment (Rand)	101 401 745
Total cash payment (Rand)	121 816 805

Black candidates – Bursaries	
Number of students	3 226
Bursary payment (Rand)	77 835 752

African black candidates – Bursaries	
Number of students	2 252
Bursary payment (Rand)	59 587 258

Representation within Deloitte South Africa

The current demographics of the firm are as follows (as at 15 June 2017)

Occupational Level	Employment Equity																Actuals
	Included												Excluded (Non-SA)				
	African			Coloured			Indian			White			Grand Total	F	M	Total	
F	M	Total	F	M	Total	F	M	Total	F	M	Total						
Partners & Directors	12	30	42	2	16	18	15	30	45	46	106	152	257	1	5	6	263
Senior management	26	21	47	15	11	26	44	42	86	154	207	361	520	12	18	30	550
Middle management	182	125	307	52	29	81	148	134	282	367	320	687	1357	46	48	94	1451
Junior management	450	233	683	95	35	130	168	110	278	323	252	575	1666	22	31	53	1719
Skilled	52	23	75	26	2	28	20	1	21	28	0	28	152	2	0	2	154
Unskilled	34	10	44	4	0	4	0	0	0	0	0	0	48	1	0	1	49
Grand Total	756	442	1198	194	93	287	395	317	712	918	885	1803	4000	84	102	186	4186
	Black staff (African, coloured and Indian)																

Forty years on from the qualifying of South Africa's first black chartered accountant, and more than 20 years on from the advent of our democracy, Deloitte remains as committed as ever to the call for transformation in corporate South Africa.

For us, this is not a numbers game. We believe that transformation is an important mechanism to:

- Set right the imbalance of the past
- Reflect the country's demographics
- Create equal opportunities for education and employment
- Create and sustain our culture of inclusion
- Instil a sense of belonging

Deloitte South Africa's partners and directors have committed to achieving a 51% black ownership target by 2020, with at least 35% female ownership.

While great strides have been made to bridge the inequality gap in South Africa, Deloitte, business, government and society in general all recognise that much more needs to be done. Deloitte is proud of its achievements to date and remains committed to being at the forefront of this change.

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