

THE CONSTRUCTION SECTOR CODES AS ENABLERS FOR TRANSFORMATION



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THE ROLE OF THE CSCC



The CSCC is **AN INDUSTRY EXECUTIVE AUTHORITY** :

- Entrusted with **OVERSEEING & MONITORING** the **IMPLEMENTATION** of the Construction Sector Codes (CSC) of Good Practice by the Industry.
- Through industry programmes, **FACILITATES** the achievements of sector empowerment **TARGETS**. Sharing information with members of the Construction Industry, appropriate Ministries and SOEs, Verification Agencies, CIDB, etc
- Provide necessary **GUIDANCE & BEST PRACTICE NOTES** on the interpretation of the principles of the Construction Sector Code.
- **LIAISON** with and reporting to the regulatory stakeholders on the annual measurement of the construction sector code - **BBBEE Advisory, DPW and the DTI** .
- Creation of **RELIABLE and ACCURATE** industry specific empowerment data

OVERVIEW & BRIEF BACKGROUND



WHY CONSTRUCTION SECTOR EMPOWERMENT & TRANSFORMATION

Recognizes the historical Legacy

- South African society continues to be characterized by **racially based income and social service inequalities**. The vast majority of South Africans remain excluded from ownership, control and management of productive assets and from access to training in strategic critical skills.
- **The BBBEE Act** (No. 53 of 2003) establishes a legislative framework for the promotion of B-BBEE, provides for the gazetting of **transformation charters** and empowers the Minister of Trade and Industry to issue codes of good practice;
- **The NDP** aims to eliminate poverty and reduce inequality by 2030. According to the plan, South Africa can realize these goals by drawing on the energies of all its people, growing an inclusive economy, building capabilities, enhancing the capacity of the state, and promoting leadership and partnerships throughout society;
- This Construction Sector Code seeks to support the objectives of the Act as amended from time to time and the objectives of the **National Development Plan**.

OVERVIEW & BRIEF BACKGROUND

- The Industry believes that positive and proactive response through the implementation of the Construction Sector Code would address **inequalities** in the Construction Sector, unlock the sector's potential and enhance its growth. As such the Construction Sector Code supports:
- The introduction of **Economically Active Population (EAP)** targets which aims to address the unequal representation of race sub-groups participating in the industry;
- The **continued research** by the CSCC on how to create a Construction Sector that benefits the economy at large through supporting and building capacity in small enterprises including black professional service providers;
- The set aside of minimum levels of procurement spend from Suppliers that are at least **51% Black Owned or 35% Black Women Owned or 51% Black Designated** Groups owned and standardize industry-wide preferential procurement methodologies;

SECTOR CODE STRATEGIC OBJECTIVES



The Sector Code in general seeks to support all the objectives of Transformation, in particular, the following that is relevant to the **BUILT ENVIRONMENTAL PROFESSIONS**

- Achieve a substantial, meaningful and accelerated change in the **racial and gender** composition of ownership, control and management in the sector – and ensure that black people in general, and **BLACK WOMEN** in particular, are represented in every operations of the Measured Entities.
- Promote the effective advancement of **employment equity in the sector and adherence to principles of non-racialism and non-sexism** and also addresses the underrepresentation of certain race groups relative to the Economic Active Population targets with specific focus on all levels of management;
- Address **Skills Development** in a manner that accelerates the advancement of Black People, black women and Designated Groups with particular emphasis on learnerships, technical and management training;

SCOPE OF APPLICATION

The Amended Construction Sector Code (ACSC) clearly defines the scope of application as follows :

- All Measured Entities within the Construction Sector Value Chain
- The **Built Environmental Professions (BEPs)** – The Contractors And the Construction Material Suppliers (CMS)
- The BEPs are considered as Enterprises that conduct the ff ;
 - Planning
 - Design and costing of construction projects,
 - Project Management and design,
 - Including Environmental, Energy, Industrial, property and infrastructure.

These would **INCLUDE, BUT NOT LIMITED TO** :

- Engineering practices
- Architects
- Quantity surveying
- And Town planning
- Soil Testing etc

BEP ENHANCEMENT PROVISIONS

Relevant Provisions	Enhancement Provisions
3.6.2.4.1	EME with a total revenue of less than R 1.8 million (Affidavit)
4.1.2	Any Enterprise with a total revenue of R 6 million / Less = EME
5.1.2	Any Enterprise with R 6 million < R 25 million = QSE
3.1.3	<p>Ownership in BEPs must be held by 2 categories</p> <p>More than 50% in ME must be held by individuals who ;</p> <ul style="list-style-type: none"> • PROFESSIONALLY REGISTERED with statutory councils and • Are MEMBERS of the EXECUTIVE MANAGEMENT

MANAGEMENT CONTROL

Measurement Category	Weighting	Target
Ensures representation of Black People as a percentage of BOARD MEMBERS – Exercisable Voting Rights	2.5	50%
Ensures representation of Black Women as a percentage of BOARD MEMBERS – Exercisable Voting Rights	1	20%
Ensures representation of Black Executive Directors	2.5	50%
Ensures representation of Black Women Executive Directors	1	20%
Other Executive Management		
Other Senior and Middle Management		

KEY INTERVENTIONS PROVIDED FOR

The following specific provisions are applicable in the BEP element of Management Control

- Middle Management measures only Middle management to the exclusion of Junior Management Employees.

REMUNERATION PARITY

Observation	Interventions
Existence and ongoing payment & remuneration disparities	Measured entities who are exempt from submitting DOL EE reports, then a Remuneration Parity Statement, similar in form to the EEA4 report, must be signed by an authorized signatory, as part of the Verification process. This – ensures that a person’s responsibility and remuneration are in line with their job grade. (Prov 3.7.2 Statement CSC 200)

RECOGNITION OF CERTAIN CATEGORIES

Measurement Category	Weighting	Target
Learnerships, Apprenticeships, Internships and Professional Registrations		
Mentorships – Implementation of an approved and Verified Mentorship Programmes	3	YES
Bonus Points – Number of Black Employees who are registered as professionals with industry bodies in a measurement period	4	60%
Learning Programme Matrix – Category (A to G) learning programmes with clear measurable mechanisms	1	20%
C – 1 ; Professional Registration & Candidacy, articles etc		
C – 2 ; Continued Professional Development (CPD points from industry professional registration bodies)		

SKILLS DEVELOPMENT PROVISIONS

The following specific provisions are applicable to the BEP element of Management Control

- Skills Development Expenditure Targets for BEPs are set for **2.5% within 3 years & 3 % after 5 years**
- Contribute towards the country's economic growth and social development. With the view to increase the creation of decent work and sustainable livelihood
- Promote the development of industrial skills base in critical sectors
- Funding and support of research at tertiary institutions aimed at improving performance of the construction industry.
- A trainee tracking tool must be developed by Measured Entities to measure the impact of learning programmes under category A, B, C or D.
- Mentorship programmes in par 2.1.4 must have a criteria that outlines ;
 - *Objectives and desired outcomes*
 - *The structure of the programme*
 - *Methods of proteges selection*
 - *The time frame for programme implementation*

TRANSFORMATION IS ABOUT YOUR SOUL

**NO ONE LOOKS DEEPER
INTO YOUR SOUL THAN**



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