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Department:
Trade and Industry
REPUBLIC OF SOUTH AFRICA

2012 CESA CONFERENCE

FOCUS ON CONSTRUCTION SECTOR SCORECARD

5 NOVEMBER 2012

PRESENTED BY: MR SIPHO ZIKODE



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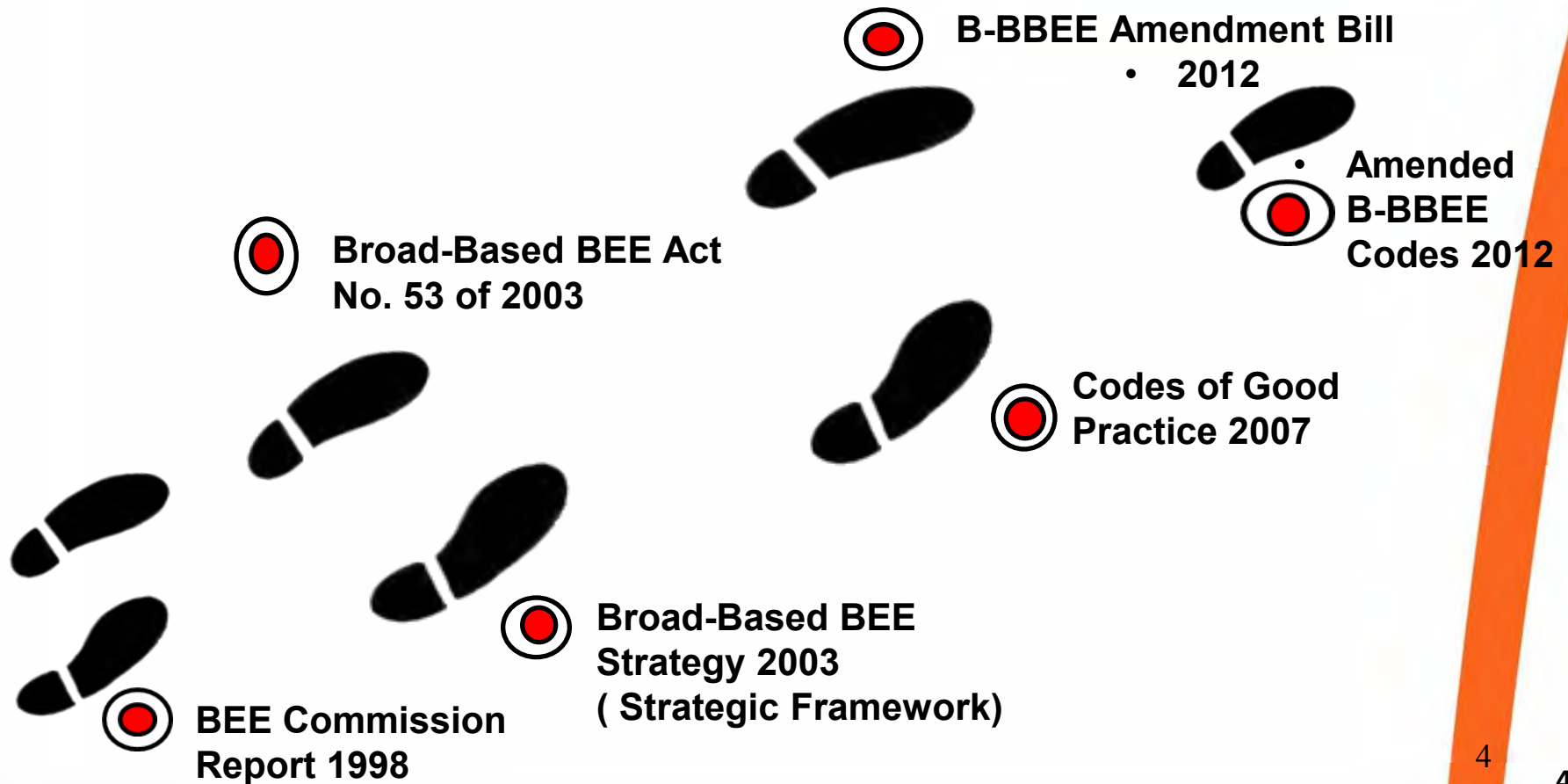
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B-BBEE IMPLEMENTATION FRAMEWORK





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BROAD BASED POLICY OBJECTIVES

**DIRECT
EMPOWERMENT**

**HUMAN
RESOURCES
EMPOWERMENT**

**INDIRECT
EMPOWERMENT**

Black Ownership

Management Control

Employment Equity

Skills Development

Preferential Procurement

Enterprise Development

**Socio Economic
Development**



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NEW ERA FOR EMPOWERMENT

NEW TRAJECTORY

- Change SA culture to be supportive of entrepreneurship and diversification of value chains
- Concerted effort in linking B-BBEE with other government economic development strategies such as IPAP, CSDP, New Growth Path , etc. (the real economy) to create effective black capacity and a new cadre of black economic citizens
- Empowerment efforts should result in the promotion of a culture of venturing into new territories, operational excellence and risk taking
- Focus on businesses and industries that result in significant job creation and addressing socio economic challenges
- Symbiotic relationship between the public and the private sector and amongst private sector players to unlock opportunities

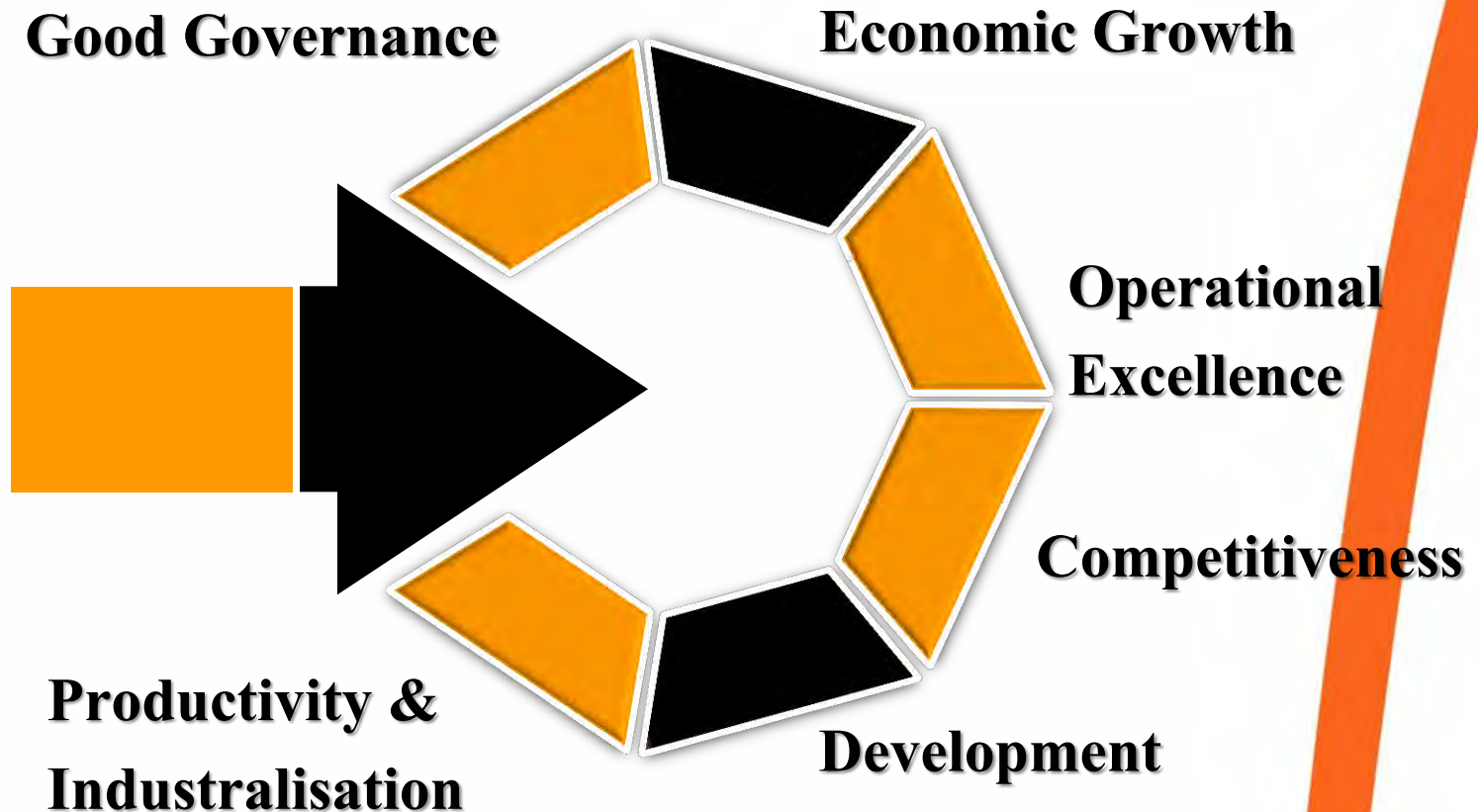


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NEW ERA FOR EMPOWERMENT....CONT.

RE-ORIENTATION OF B-BBEE





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AMENDED GENERIC PRINCIPLES

The Generic scorecard adjusted in accordance with **government key priorities**

Refocused the Generic Scorecard elements into Five Scorecard elements,

All companies except **Exempted Micro Enterprises** to comply with **all elements**

Scorecard points & Qualification criteria for awarding of B-BBEE status levels adjusted

Enhanced the recognition status of **black owned EMEs and QSEs**





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AMENDED GENERIC PRINCIPLES

Employment Equity and Management Control merged into one element: **Management Control (MC)**

Preferential Procurement and Enterprise Development merged into one element : **Enterprise and Supplier Development (ESD)**

Introduced **minimum requirements for priority elements:** Ownership, Skills Development, and Enterprise and Supplier Development





AMENDED GENERIC PRINCIPLES

Measured entities to comply with **priority elements** under the following conditions:

- QSEs to comply with **at least two** of the priority elements
Ownership **is compulsory** and either
- ESD or Skills Development;

Large entities to comply with all priority elements;

- Entities **who do not meet the thresholds** in priority elements, the overall Score will be **discounted** as follows:
 - Large entities score : **two (2) levels down**
 - QSE score : **one (1) level down**





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AMENDED GENERIC PRINCIPLES

The **thresholds** for Exempted Micro Enterprises and Qualifying Small Enterprises have been adjusted as follows:

- EME increased from **R5 million** to **R10 million**
- QSE: **R5 million -R35 million** to **R10 million - R50 million**
- Large entities: **R50 million and above**





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REVISED SCORECARD

Element	Code series	Revised Weighting
Ownership	100	25 points
Management Control(MC)	200	15 points
Skills Development(SD)	300	20 points
Enterprise & Supplier Development(ESD)	400	40 points
Socio-economic development(SED)	500	5 points
TOTAL		105 POINTS



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CONSULTATION ON THE REVISED B-BBEE CODES OF GOOD PRACTISE

- **On 5 October 2012, the minister of trade and industry issued the revised BBEE COGP for a 60 day public commentary process**
- **The dti has also conducted various consultative sessions with key stake holders as listed below:**
 - **BUSA, Black Business Council, Chambers of Commerce, Multinationals, Verification Agencies (Auditors), State-Owned Enterprises, National Government Departments and Sector Charter Councils**



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CONSULTATION ON THE REVISED B-BBEE CODES OF GOOD PRACTICE

- **Most of the comments raised in these sessions are supportive. However, there are issues of concern that are being raised, such as the urgent need to align the sector charter to the revised principles in the revised generic BBEE COGP to ensure consistency and smooth implementation of BBEE**



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THE CONSTRUCTION SECTOR SCORECARD

- **DEVELOPED BY CONSTRUCTION SECTOR STAKEHOLDERS & GAZETTED ON 05 JUNE 2009**
- **PROVIDES GUIDELINES FOR THE TRANSFORMATION OF THE CONSTRUCTION SECTOR**
- **IT IS LEGALLY BINDING TO ENTITIES WHICH CONDUCT ANY CONSTRUCTION-RELATED ACTIVITIES AND WHICH DERIVES THE MAJORITY OF ITS TURNOVER FROM THE CONSTRUCTION SECTOR**



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THE CONSTRUCTION SECTOR SCORECARD

- **IT DEVIATES FROM THE GENERIC CODES IN SOME ASPECTS THAT ADDRESSES SECTOR SPECIFIC PECULIARITIES**
- **IT ALSO TAKE INTO COGNISANCE THE DIFFERENCE BETWEEN CONTRACTORS AND BUILT ENVIRONMENT PROFESSIONALS (BEPS) ENTITIES.**
- **EXEMPTED MICRO ENTERPRISES FOR CONSTRUCTION SECTOR:**
 - **FOR CONTRACTOR – TURNOVER OF 0 – R 5 M**
 - **BEP – TURNOVER OF 0 – R 1.5 M**



Challenges

- Lack of access to finance
- Lack of access to markets/ business contracts.
- Low CIDB gradings
- Fronting
- Late payment cycles
- Professional bodies predominantly white
- Employment equity



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CONCLUSION

- **The construction sector should ensure that the Construction Sector Charter is implemented and progress monitored**
- **The monitoring and reporting of the implementation of the charter is the responsibility of the Construction Sector Charter Council**
- **Once the Revised Codes have been gazetted all sector charter councils will be given a transitional period to align charters with the Revised Codes**
- **The dti will work closely with sector stakeholders to ensure that the objectives and goals of the charters are achieved.**



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