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Reg No: 2012/181277/08

INTENDED FOR	All CSCC Affiliates All CSCC Implementation Partners All CSCC Stakeholders
ISSUED ON	30 November 2017
ISSUED BY	The CONSTRUCTION SECTOR CHARTER COUNCIL (CSCC)
SUBJECT	AMENDED CONSTRUCTION SECTOR CODE FINALLY GAZETTED

WHAT IS THE LATEST REGARDING THE GAZETTE OF THE SECTOR CODE ;

Following the support and approval of the Amended Construction Sector Code ("ACSC") by Cabinet on the 01st November 2017, the Minister of Trade and Industry, Dr Rob Davies has signed the General Notice authorizing the gazette of the Amended Construction Sector Code.

The Gazette Notice will be published by the Government Printing Works and available to the public on Friday the **08 December 2017**. It is important to note that there is no TRANSITIONAL PERIOD provided for in the ACSC. This therefore means that the ACSC will be applicable immediately on gazette.

In terms of a letter directed to the CSCC Chairperson by the Minister of Trade and Industry, the Minister advises that "The approval means that upon publication of the Amended Construction Sector Code, entities in the Construction sector will be measured using the approved codes".

WHAT IS SUBSTANTIALLY NEW ABOUT THE AMENDED CONSTRUCTION SECTOR CODE ;

Fortunately, the ACSC does not introduce any substantial changes and/or differences from the version that was published for public comments for 60 (sixty) days in October 2016, except that a number of changes in the measurement, verification and monitoring principles have been introduced. These are ;

Verification Reports

- Clause 1.5.4 will make it compulsory for Verification Agencies to surrender Construction Sector BBBEE Certificates & Scorecards (Including Reports) to the CSCC to enable the generation of industry empowerment & transformation reports for statutory reporting.

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Equity Equivalent Programmes (EEPs) & Local Content

- In clause 2.10.4, although EEPs are recognised in line with the BBBEE Generic Codes, the DTI and the CSCC will further investigate the acceptability and effectiveness of these in the construction sector and provide guidance within 12 months of the gazette.

Scope of Application

- Although Construction Material Suppliers are now measured in terms of the Construction Sector Code, in clause 3.4, they will be EXEMPTED if they are able to prove compulsory legislative compliance and/or licensing requirements in another sector.

Verification & Affidavits of Certain Categories of Exempted Micro Enterprises (EMEs)

- In 3.6.2.4.1 (B) Affidavits and CIPC Certificates will ONLY be applicable on construction measured entities with an annual total revenue of **R 1.8 million** (& less) for BEPs and **R 3 million** (& less) for Contractors & Manufacturers and these will not be subject to discounting principles. All other EMEs – to the extent that they will have an opportunity to claim enhancement and will therefore be required to have a BBBEE certificate charged at a nominal fee.

Effective Date and Transitional Arrangements

- In clause 10.2, Construction Measured Entities that have valid B-BBEE certificates issued in terms of the Amended Generic Codes of Good Practice may elect to retain their measurement under the Amended Generic Codes until the current scorecard expires, thereafter, the Amended Construction Sector Codes must be used, irrespective of the financial period used in the previous audit.
- In clause 10.3, when the Amended Construction Sector Codes are published, Measured Entities **may elect** to re-do the audit carried out for their current valid scorecard that was done under the provisions of Amended Generic Codes of Good Practice; under the provisions and principles of the Amended Construction Sector Codes. This audit will be done for the same financial period as their current scorecard, but under the measurement principles of the Amended Construction Sector Codes.

Clarification Note in respect of Preferential Procurement & Supplier Development

- Consequent to the errors experienced in the contents of the PP & ESD scorecard, the CSCC & the DTI will, within a few weeks after the gazette, issue a clarification note to clarify and guide the **verification** and **measurement** of the weighting points and score in the Preferential Procurement elements as this is not reflected on the face of the B-BBEE certificate, but only on the scorecard in the entire element.

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Issued by the Office of the CEO
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