

## INTRODUCTION

The Amended Construction Sector Codes were Gazetted in December 2017 and significant changes made for companies in this Sector. 1<sup>ST</sup> Verification Networkx sets out a brief summary for its MBA members.

### CONSTRUCTION SECTOR THRESHOLDS:

	EME	QSE	GENERIC
<b>Built Environment Professionals</b>	R0 – R6 million	R6 – R25 million	>R25 million
<b>Contractors</b>	R0 – R10 million	R10 – R50 million	>R50 million

### EXEMPTED MICRO ENTERPRISES

EME's Automatic Recognition Level if Enhancement Criteria is met below:

% Black Ownership	B-BBEE Contribution Level
<30%	Automatic Level 5
>30% but less than 51%	Automatic Level 4
>51% but less than 100%	Automatic Level 2
100%	Automatic Level 1

### Compulsory Compliance with the Skills Development Sub-element to Maintain the Automatic Recognition Level Awarded:

*All EME's with revenue in excess of R1.8 million\* 1 for BEP's and in excess of R3 million\*2 for Contractors, must comply with at least 40% of the target in paragraph 1.1 of the QSE Skills Development scorecard detailed below:*

Indicator	Weighting	Target	Must Comply with:
Skills Development Expenditure on Learning Programmes specified in the Learning Programme Matrix for Black People as a percentage of Leivable Amount	14	1.5%	0.6%
			To avoid being discounted

<sup>1</sup> If BEP's Revenue is **less** than R1.8 million, the entity is exempt from complying with the Skills Development sub-element

<sup>2</sup> If Contractors Revenue is **less** than R3 million, the entity is exempt from complying with the Skills

Development sub-element

#### Enhanced Status for EME's in the Construction Sector:

An EME with less than 100% black ownership can have their recognition level enhanced using 1 of the following mechanisms:

- Be verified on the QSE scorecard in its entirety
- Obtain full points in the Skills Development scorecard detailed above (not just the minimum of 40%)
- Be verified on the Supplier Development expenditure scorecard, detailed below, and obtain full points.

Indicator	Weighting	Target
Annual value of all qualifying Supplier Development contributions made by the Measured entity as a percentage of the target	7	1% of NPAT

Should the EME achieve full points in both Skills Development and Supplier Development, the EME can move up two (2) levels on the scorecard.

#### QUALIFYING SMALL ENTERPRISES

##### QSE's Automatic Recognition Level:

% Black Ownership	B-BBEE Contribution Level
Less than 51%	Dependent on the B-BBEE Verification conducted – full verification required – contact <a href="mailto:operations@firstvn.co.za">operations@firstvn.co.za</a> for more information
>51% but less than 100%	Automatic Level 2
100%	Automatic Level 1

##### Compliance with the Skills Development Element to Maintain the Automatic Recognition Level Awarded:

All QSE's **must** comply with at least 40% of the **total weighting points** (excluding bonus points) for the Skills Development element, detailed below:

Indicator	Weighting	Target
Skills Development Expenditure on Learning Programmes specified in the Learning Programme Matrix for Black People as a percentage of Leivable Amount	14	1.5%
Skills Development Expenditure on Learning Programmes specified in the Learning Programme Matrix for Black management (executive, senior and middle management) as a percentage of total Skills Development of the Measured Entity on Black People.	7	25%
Skills Development Expenditure on Learning Programmes specified in the Learning Programme Matrix for Black people with disabilities as a percentage of total Skills Development of the Measured Entity on Black People.	3	3%
<b>Bonus Points</b>		
Number of Black People Absorbed by the Measured Entity and industry at the end of the learning programme.	1	100%
Number of Black Employees that are registered successfully as a candidate or professional with industry professional registration bodies as a percentage of all Employees registered.	1	50%
<b>Total (excluding bonus points)</b>	<b>24</b>	

This means that the QSE must achieve **at least 9.60 points** on the Skills Development scorecard to avoid being discounted a level.

- If a 100% black owned QSE (Automatic Level 1) does not achieve 9.60 points on the above scorecard, the Level 1 contributor status drops to a Level 2 status.

A QSE with **at least 51% black ownership** can have their recognition level enhanced using 1 of the following mechanisms:

- Achieving full points on the QSE Skills Development scorecard, detailed above
- Achieving full points on the QSE Preferential Procurement and Supplier Development, detailed below:

Indicator	Weighting	Target
<b>1. Preferential Procurement</b>		
B-BBEE Procurement Spend from all Empowering Suppliers based on the B-BBEE Procurement Recognition Levels as a percentage of Total Measurable Procurement Spend	13	60%
B-BBEE Procurement Spend from Empowering Suppliers that are at least 51% Black Owned based on the B-BBEE Procurement Recognition Levels as a percentage of Total Measurable Procurement Spend	5	17.5%
B-BBEE Procurement Spend from Empowering Suppliers that are at least 35% Black Women Owned based on the B-BBEE Procurement Recognition Levels as a percentage of Total Measurable Procurement Spend	4	7.5%
<b>2. Supplier Development Contributions</b>		
Annual value of all qualifying Supplier Development contributions made by the Measured entity as a percentage of the target	7	1% of NPAT
<b>Total</b>	<b>29</b>	

## LARGE COMPANIES – GENERIC CODES

All companies that are above R25 Million and R50 Million Turnover are required to be compliant with BEE and must then undertake a BEE Verification utilising the Generic Scorecard Below.

### AMENDED CONSTRUCTION GENERIC SCORECARD



	Weighting	Weighting
	BEP's	Contractors
<b>PRIORITY ELEMENT</b>	27 Points+	27 Points+
Code 100 – Ownership	4 Bonus	4 Bonus Points
Code 200 – Management Control	18 Points+	18 Points+
	4 Bonus Points	4 Bonus Points
<b>PRIORITY ELEMENT</b>	29 Points+	21 Points+
Code 300 – Skills Development	5 Bonus Points	5 Bonus Points
<b>PRIORITY ELEMENT</b>	27 Points+	34 Points+
Code 400 – Enterprise and Supplier Development	3 Bonus Points	4 Bonus Points
Code 500 – Socio Economic Development	5 Points+	5 Points+
	1 Bonus Point	1 Bonus Point
<b>TOTAL</b>	<b>123</b>	<b>123</b>

