

Black Economic Empowerment (BEE) in the Construction Sector *~ The DTI Codes of Good Practice: An Essential Tool for Empowerment in the Construction Industry*

Elizabeth O'Leary, Executive Director, Women for Housing (WFH)

Have you heard about BEE? If you are studying within the construction related fields, working in the construction sector or running a construction business there are opportunities for you to benefit from BEE!

In line with Government's Broad-Based Black Economic Empowerment Act (No 23 of 2003), often referred to as the *BEE Act*, a working group of 13 Industry Associations, Government (represented by Dept of Public Works) and Labour Unions developed the *Construction Charter*, which was signed in 2006.

Women for Housing (WFH) was one of the 13 Industry Associations actively involved in the development of the Charter. Through the Charter the industry explored the realities and opportunities in our industry and made a number of commitments to transform in terms of race and gender. The commitments are to be measured through a scorecard framework. The Charter fits within the policies generally known as BEE.

The construction sector believes that positive and proactive response through the implementation of a Transformation Charter would address inequalities in the sector, unlock the sector's potential and enhance its growth.

We, the parties to this charter, therefore commit to actively promote a vibrant, transformed and competitive construction sector that provides adequate services to the domestic economy, reflects the South African nation as a whole, and contributes to the establishment of an equitable society. (1.4-1.5 of the Preamble to the Charter)

The Charter has been through both Ministerial and Third-Party Legal Review Processes. Following the revision of the DTI Codes of Good Practice (hereafter referred to as The Codes), which were gazetted in February 2007, the industry working group has aligned the Charter commitments, language and scorecard structure with the DTI Codes in preparation for a Section 9 application to be legally recognised as a Code of Good Practice for the Construction Sector. The industry has been working with the Minister of Public Works on this application and plans to submit the application to the Minister of Trade and Industry soon.

The Construction Sector Code and Scorecard differs slightly from the Generic Code and Scorecard, having taken the nature of our industry into consideration. Until DTI gazettes our Construction Code of Good Practice it is recommended that the industry use the DTI Codes of Good Practice and Scorecard Framework.

WFH has been actively involved in the development of our industry's transformation framework. As an advocacy and development organisation focussed on women in the sector, transformation is our business. Over the past several months we have explored

and set out a new strategy to take the organisation forward, a strategy that supports the implementation of the Charter and Codes on all levels.

BEE should contribute positively to the economy and the future of the country in many ways, including:

- Bringing more people into the economy
- Developing our skills base
- Spreading the level of ownership more widely
- Assisting the development of smaller businesses
- Promoting the development of management skills; and
- Contributing to the socio-economic development of the nation as a whole.

Economic growth will undoubtedly be a result of Black Economic Empowerment (BEE) strategies – *as long as* we implement them in a meaningful and value adding manner.

BEE is not about the exclusion of anyone. It is about the inclusion of the majority of the country's population in the economy. Within the construction sector it aims to provide incentives and a framework through which we can work toward equal opportunity at all levels of the industry.

The 7 elements of the Scorecard contained in the Codes are:

1. Ownership
2. Management Control
3. Employment Equity
4. Skills Development
5. Preferential Procurement
6. Enterprise Development
7. Socio-economic Development

The Codes of Good Practice will be binding on all state and public entities. Government will apply the Codes when entering into contracts related to:

- Procurement
- Licensing and Concessions
- Public Private Partnerships
- The Sale of State-owned Entities

The private sector, therefore, will need to comply with the Codes if they wish to do business with government in these areas. Any industry roleplayer involved in the supply chain of government projects will eventually need to contribute to

transformation and be rated on that contribution. Companies can improve their access to opportunities if they implement the Codes and have their BEE status verified.

The targets negotiated by the Construction Industry and those in the Codes vary slightly. As mentioned earlier, we are currently using the DTI Scorecard. The targets should be seen as just that – targets to work toward. All roleplayers in the industry can, and should, contribute to the effective achievement of the targets.

The Codes are complex and will be challenging to implement in the short term but the long term impact – if the industry works toward true transformation in a spirit that adds value to the industry and society as a whole – will be a significantly positive one.

In upcoming editions of Skills on Site we'll look at what the BEE Codes mean for you and how you can use them as a tool to develop your business or career. In the meantime, visit www.thedti.gov.za and print yourself a copy of the document.

INDUSTRY INVITATION

Has your company made significant strides toward transformation and particularly in empowering women? Let us know!

Please contact Elizabeth O'Leary, the Executive Director of Women for Housing elizabeth@womenforhousing.org.za 011 275 0268 Tel