

## **Annexure A**

### **Competition Commission rejects CBE exemption applications**

The Competition Commission (Commission) has rejected five of the six exemption applications filed by the Council for the Built Environment (the CBE). The CBE is a statutory body which regulates and oversees the activities of six professional councils within the built environment, namely the Engineering Council of South Africa; the South African Council for the Quantity Surveying Profession; the South African Council for the Architectural Profession; the South African Council for Property Valuers Profession; the South African Council for the Landscape Architectural Profession and the South African Council for the Project and Construction Management Professions. The South African Council for the Architectural Profession's exemption application has not yet been decided upon by the Commission.

In terms of the exemption applications, the CBE sought the Commission to exempt the rules of its professional councils relating to what is referred to in the built environment as "the Identification of Work" (the IDOW Rules) from the provisions of the Competition Act. The IDOW Rules provide for the reservation of work for registered professionals with a certain level of competency, skills and academic qualification in their respective professions. According to the CBE, the IDOW Rules are necessary to maintain professional standards and to protect consumers from health, safety and financial risks associated with work performed by professionals.

The Commission found that the IDOW Rules are likely to restrict competition between registered and unregistered persons. Once the IDOW Rules are implemented, unregistered persons will not be allowed to undertake work or offer services reserved for persons registered with the CBE professional councils, regardless of their competence, academic qualifications, practical experience and skills. The IDOW Rules are also likely to prevent persons registered with other professional councils outside the built environment from undertaking work reserved for persons within the CBE, regardless of their competencies.

In refusing to grant an exemption, the Commission concluded that the restrictions imposed by the IDOW Rules will reduce the number of persons operating in the different professions under the CBE. The reduction in the number of persons operating within the built environment is likely to reduce the quantity of services offered, which may result in the fees for services increasing above competitive level.

The Commission also found that there are other regulations currently in force in the built environment that cater for public health, safety and financial risks associated with work performed by professionals. The Commission is therefore of the view that existing regulations are sufficient to protect consumers from any wrong doing or underperformance by professionals. Lastly, the Commission found that the IDOW Rules are not in line with international best practices.

Further details regarding the exemption can be found in Government Gazette, No. 39630, Notice 32 of 2016 published on 29 January 2016.

Ends.