

Construction companies' accord

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THE government yesterday said it had reached an agreement with seven construction companies regarding fines and said the arrangements would help speed up transformation in the sector.

The construction companies, including Group Five, WBHO, Basil Read and Stefanutti Stocks that colluded in 2006 to allocate contracts on Fifa World Cup stadium projects and agreed on a 17.5% profit margin.

The agreement is a framework for the settlement of claims against the companies by the industry regulator, the Construction Industry Develop-

ment Board, and civil claims by public entities arising from investigations by the Competition Commission for the period up to 2010.

The agreement forces these companies to choose between mentoring up to three black-owned businesses to develop skills or selling at least 40% of their South African civil engineering and construction units to black-controlled enterprises.

The government poured R20bn into construction and refurbishment for 10 stadiums used during the tournament. Five of the venues were built from scratch, including the 94500-seater Soccer City in Soweto, which hosted

the opening and final matches.

Economic Development Minister Ebrahim Patel said the government reached an agreement with the companies in October last year. "The financial contributions by the companies of R1.5bn for developmental projects, which is in addition to the R1.4bn in competition penalties previously imposed by the Competition Tribunal."

Webster Mfebe, CEO of the South African Federation of Civil Engineering Contractors, yesterday said: "I believe this heralds a solid partnership between the government and participating companies."

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