

# business

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**T**he Black Business Council in the Built Environment (BBCBE) has come out guns blazing against construction companies that have been implicated in the sector's price-fixing scandal, which is being investigated by the Competition Commission.

On Friday, BBCBE secretary Gregory Mofokeng lambasted several of the companies fingered for cutting corners and transacting in bad faith after initially signing voluntary rebuild programme agreements with government last year.

WBHO, Stefanutti Stocks, Basil Read, Group Five, Aveng and Raubex signed on the dotted line last year with government, committing to collectively contributing R1.5 billion to the Tirisano Trust over 12 years. The Construction Industry Development Board was supposed to monitor the compliance of the agreements.

Mofokeng said that, since the agreements were signed, the BBCBE had been sidelined and its role reduced to spectators instead of architects of the programme.

Following the issuing by government of available options for the companies, which include to either avail 25% of the company's annual turnover or sell off 40% equity to black investors, the BBCBE said it disagreed with shares being disposed of to black investors.

"We don't need black investors who will acquire these shares and spend all their time playing golf and dining at upmarket restaurants, drinking expensive whisky and smoking exotic cigars while bragging to their friends about their impressive investment portfolio in the construction industry as they wait for their dividend cheques or go off to conclude another BEE transaction in a different sector of the economy," Mofokeng said.

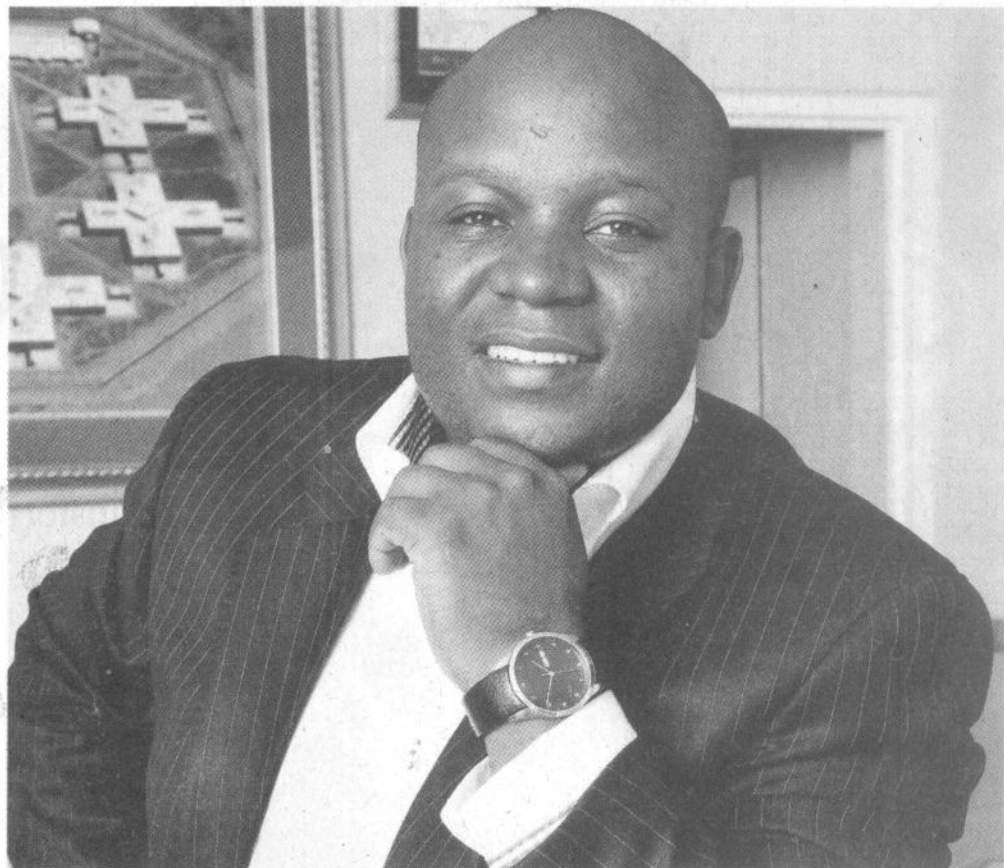
"We want black shareholders who understand how construction companies operate to maximise the benefits that must accrue to black players along their companies' value chain, such as subcontracting, and material and equipment supply."

Aveng has concluded a R756 million (51% share) deal with Kutana Construction, and Mofokeng said the council was "encouraged" by the transaction, but he disapproved of Murray & Roberts' deal with the Southern Palace-led consortium, which saw the former selling off several of its infrastructure and building businesses to the tune of R314 million.

"We have worked closely with WBHO and Raubex to select black consortiums that will benefit from the allocation of work packages," Mofokeng said.

"We note with interest from the government's media statement that Stefanutti Stocks has identified two emerging companies to partner with. We state categorically that, should Stefanutti Stocks not open discussions with us on the regularisation of these companies and their willingness to partner with other black companies and buy into our broad-based beneficiary model, we will not support the partnership."

He pointed out that the council expected the



**TRANSFORMATION LEADER** Gregory Mofokeng, the secretary of the Black Business Council in the Built Environment

PHOTO: ROBERT TSHABALALA

## PRICE-FIXERS VILIFIED

Black Business Council in the Built Environment **furious** as construction companies fingered for cutting corners

companies to transform operationally in how they engaged with black consultants, subcontractors and suppliers, and also expected the majority of the work to be given to black contractors.

He also took a shot at black companies that he said seemed to think they had a birth right to benefit from the voluntary rebuild programme agreements.

"We want to make it very clear that, if you are a black company and you don't want to share the benefits of this programme with other black companies either as consortium members, subcontractors or suppliers of goods and services, we will make sure that you are effectively removed from this programme. This

programme must and will drive transformation throughout the construction industry value chain. The sad reality is that we have black-owned construction companies that rely on an ecosystem dominated by white-owned subcontractors, suppliers and manufacturers, and they are not prepared to give a chance to other black-owned value chain players because they are considered to be small and unreliable."

Construction Industry Development Board spokesperson Kotli Molise said the organisation could not offer responses regarding the progress of the agreements immediately because it was "tied up with other commitments".