

Cabinet to devise strategy to deal with ‘construction Mafia’ – Nxesi

THE intimidation of companies and workers on construction sites has been raised at Cabinet level, which was looking at a strategy to deal with the issue, said Public Works Minister Thulas Nxesi.

If not addressed, this culture would become entrenched and the government would not be able to do anything about it, he warned at a Construction Industry Development Board (CIDB) National Stakeholder Forum meeting in Pretoria on Friday, November 23.

Business forums – or the so-called “construction Mafia” – first started invading construction sites in KwaZulu-Natal, with this practice spreading to other provinces.

Nxesi said that some of the people who had lost tenders in their bidding processes had started hiring people to stage protests at construction sites, before stressing that there was no place for criminality related hijacking of construction sites.

This issue was of grave concern to the government and the industry because it took “away bread from the tables of the very people who build the economy and our industry, the contractors”, while also robbing taxpayers of desperately needed social and economic development by inflating the cost of infrastructure.

He added that two decades since the advent of democracy, it was reasonable to expect that people would be impatient with the pace of development

and transformation. It was these legitimate expectations that site invaders masqueraded behind in conducting these unlawful actions of hijacking construction sites in the name of the Preferential Procurement Policy Framework Act regulations and 30% subcontracting provision on projects above R30 million.

“The CIDB is working with the National Treasury on providing guidelines related to the application of the 30% subcontracting provision,” he said.

Nxesi said late payments to contractors by clients and its detrimental effect on emerging enterprises was among the many important issues the forum had lamented.

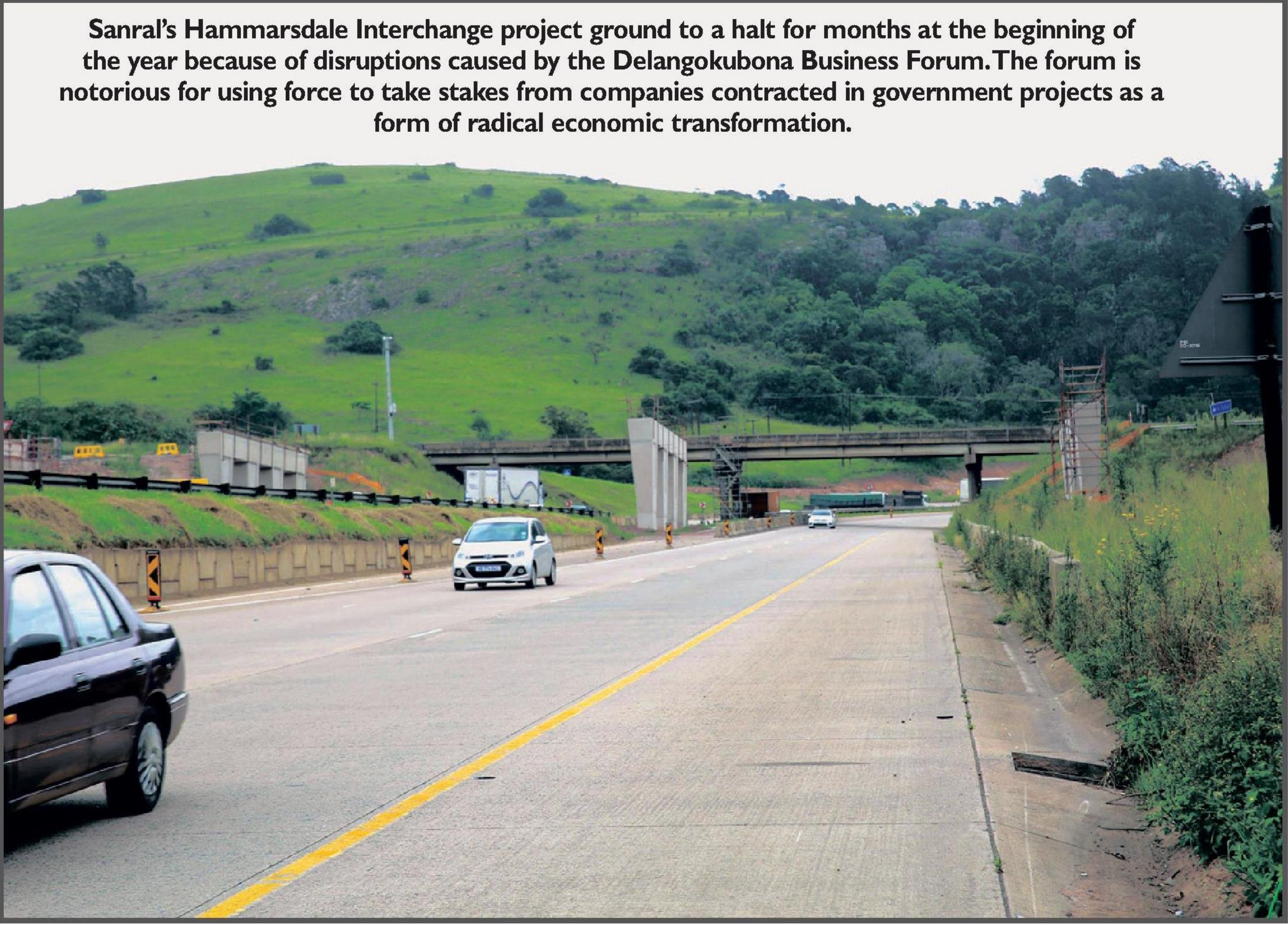
One of the solutions to this now perennial problem that the government must possibly explore was “legislation of payment guarantees”, the minister said.

Intimidation and harassment spreading

As mentioned earlier, this “Mafia-style” intimidation, harassment and demand for work on construction sites is now no longer unique to KwaZulu-Natal.

Towards the end of June this year, a Business Report article revealed how the alarming practice has spread its wings to Pretoria’s eastern suburbs of Arcadia, Menlo Park and Brooklyn.

A developer, who did not want to be named, told Business Report that a group



of about 10 to 12 people had come to their building site twice, intimidated workers and demanded work for the local community.

He said all their workers, including their bricklayers and plasterers, lived in Mamelodi and were local South Africans.

He said this was followed by another group about two to three months ago, claiming to be part of the Amalgamated Business Forum, demanding that he

use one of their community leaders and pay him R10 000 a month.

The group also wanted to be able to quote for the supply of building materials, but the only two prices he had received from them to date were “off the chart” and he refused to use them.

The developer said he had asked for but not received details about the building experience of the community leader and informed them he would pay

him only R5 000 a month.

“He comes here (to the site) once or twice a day, walks around a bit and then leaves,” the developer said.

“I am waiting to see what he does. That is the guy we have to pay. I haven’t paid anything yet, because it’s not the end of the month.

“There are two groups and they drive around and try and get their fingers in the pie. It’s all extortion really, and nothing

more.” The developer said he had spoken to other builders and developers who told him it was a widespread problem.

“They told me you have to accommodate them somehow and pay, otherwise they come on to your site with 200 or 300 people and cause complete havoc,” he said.

Roy Mnisi, the executive director of Master Builders South Africa (MBSA), said mafia-style business forums first emerged on construction sites in KwaZulu-Natal and thereafter in the Eastern Cape, but have now expanded into Gauteng and Mpumalanga.

Mnisi said they largely based their demands on misinterpreted rhetoric about radical economic transformation and procurement regulations.

“All they want is that 30% of the contract to be given to them, irrespective of other arrangements the main contractor would have entered into with sub-contractors.”

He said the often violent nature of these incidents had resulted in construction companies being forced to delay work on affected projects, resulting in increased costs and making workers redundant for long periods.

Mnisi said the MBSA had

urged its members to ensure they complied with the broad based black economic empowerment legislation, procurement regulations and sub-contracted to local communities in an attempt to avoid this problem.

However, Mnisi admitted these business forums were not interested in their level of compliance with the law.

Mnisi said the MBSA was gravely concerned and had called for the country’s law enforcement agencies to assist in bringing sanity to the sector, but the police had been struggling to deal with it.

He said it did not help to get a court interdict against specific people because other people, who were not interdicted, continued with the same illegal practices. “We have seen some instances where our members have had to leave the site and not continue with the work.

“That is not only bad for the building industry, but also for the economy,” he said.

Cabinet strategy

With the issue now receiving attention at executive government level, it is hoped that an effective strategy is devised to bring productivity and safety back onto the country’s construction sites.