

Work stoppages and unemployment

Now that the General Election has passed, the hard work of implementing government's multifaceted action plan begins again in earnest. It's another exciting stage in South Africa's democracy and the construction sector will be watching closely to gauge the pace of infrastructure delivery.

The scarcity of work in our sector has resulted in intensified competition; however, there has also been another unexpected consequence in the form of work stoppages on projects. Community members, local business forums, the unemployed, as well as unsuccessful bidders are increasingly disrupting awarded projects in progress, demanding a share of the work – frequently around 30% of the contract value.

Some of these disruptions have turned violent, threatening the safety of construction workers and sometimes resulting in the destruction of valuable equipment and plant. On top of that is the delay in implementing affected projects, which has a downstream financial impact on contractors, municipalities

and the economy. The situation also negatively hampers investor confidence in our country, at this critical time.

IMESA and other associations forming part of the South African Forum for Engineering are now rallying together to more effectively lobby government and find a solution to this impasse. That includes working closely with key stakeholders like Sanral and the Department of Public Works to nip this issue in the bud. Projects awarded by both these entities have experienced an especially sharp increase in construction 'mafia-type' behaviour.

Butcher Matutle, registrar, South African Council for the Project and Construction Management Professions, recently stated that "such tactics cannot be condoned, and can only be classified as acts of criminality. Greater dialogue should go a long way in addressing the problems that are plaguing the construction industry."

Building capacity

Fixing the problem won't happen overnight given the high rate of unemployment in South Africa and the present macro- and micro-economic environment. According to Statistics South Africa's Q1 2019 Quarterly Labour Force Survey (QLFS), around 27.6% of the country's population is out of work. Compounding this scenario is the constant increase in the working-age population entering the market within a trading environment where employment opportunities are declining across most industries. Leading the sectors in this regard is construction, which shed 142 000 people in Q1 2019.

The QLFS report presents an especially alarming stat when it comes to the youth. It

states, "Of the 20.3 million young people aged 15 to 34 years, 40.7% were not in employment, education or training." Clearly that's a serious concern and a renewed focus on infrastructure roll-outs is part of the solution in building the capacity needed to create new job opportunities.

As municipal managers and engineers, we have a direct and indirect role in revitalising construction and infrastructure activities, ensuring that we create the right framework for local and foreign direct investment within our increasingly urbanised landscape. That includes the development of public-private partnerships that stimulate development in key sectors like ICT, manufacturing and tourism. A number of metros are also investigating the implementation of integrated public land development programmes for mixed-use projects. The growth in the renewable energy sector also holds the promise of new work.

South Africa invested around R3 trillion over the past two decades on public infrastructure. More recently, though, there has been a contraction brought about by budget cuts; however, as the Auditor General confirms, a number of municipalities are still underspending on their infrastructure budgets. The end goal should be to improve efficiencies in the tender process to increase the flow of project awards that are budgeted for. Hopefully, that will alleviate the present work stoppage situation.

Our commitment as IMESA is to proactively engage within the three spheres of government to deliver the best value as municipal engineers. **3S**



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