

Master Builders Congress 2019 Poised To Address The Destruction Of The Construction Sector



President Cyril Ramaphosa, September 2018

(Image: Elmond Jiyane, GCIS)

President Cyril Ramaphosa has slammed the conduct of the so-called construction mafia and called for consequences in situations where individuals “disrupt work projects demanding a 30% stake”. JSE-listed Wilson Bayly Holmes-Ovcon (WBHO) chief executive Louwtjie Nel told Moneyweb that hardly any projects get started without being disrupted by these groups, which he says are not bona fide business forums.



Ms Patricia de Lille, Minister of Public Works and Infrastructure, July 2019

Minister of Public Works and Infrastructure, Ms Patricia de Lille, has launched a full-scale investigation into the failure of the department to pay its service providers within 30 days. It deals with major construction projects and includes both contractors and consultants. This, coupled with day-to-day maintenance are the core of the department and, together, they constitute 94% of the unpaid invoices that have gone beyond 30 days. “This is simply not good enough,” she said in her statement. “The buck stops with us.”



Roy Mnisi, Executive Director, Master Builders South Africa, May 2019

“The issues of late and non-payment of contractors and the illegal work-stoppages on construction sites remain significant threats and we still have companies closing down and jobs being lost as a result. Its deeply concerning that in the first quarter of 2019 alone, the construction industry lost 142 000 (one hundred and forty-two thousand) jobs. This is the biggest loss of jobs compared to any other industry in the country.”



John Matthews, President, Master Builders South Africa, June 2019

Right now, one of the biggest stumbling blocks to the health of the building industry in South Africa is the less than prompt payment for work done. Industry leaders are consistently addressing this difficulty at every corporate and government level, to the point where a discussion on the subject is on the cards with the President himself. Non-payment by clients, both public and private, to their primary contractors, means that the next level of service providers doesn't get paid and the dominoes start to fall.



Roy Cokayne, Moneyweb, July 2019

Listed construction has lost almost 75% of their value or ‘size’ since 2008 - with little light at the end of the tunnel for South Africa's beleaguered construction industry as many major listed construction companies still fight for survival. Basil Read, Group Five, Esor Construction and Liviero Group are in business rescue while others, such as Aveng, have been forced to downscale their operations. The problems in the industry have been largely attributed to a combination of a lack of large government infrastructure contracts because of government's

strained financial resources and problematic and loss-making contracts - resulting in construction industry employment dropping by 3.6% year-on-year in the first quarter to an estimated 618 000 as the industry shed a further 23 000 jobs in the quarter.



David Metelerkamp, Industry Insight, July 2019

An absolute destruction of a sector never before seen on the JSE

At the time of writing, PROBUILD has now gone into liquidation, Stefanutti Stocks has gone into business rescue and Mittal is retrenching 2 000 people.