



R27 bn+
The value of infrastructure projects that armed gangs have forced contractors to abandon since 2016

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Building sites now armed crime sites

Construction industry urges state to save it from ‘mafia’ rackets

By **CHRIS BARRON**

● Roy Mnisi, the executive director of Master Builders SA, which represents more than 4,000 construction companies, says the failure of the government to protect the industry from the “construction mafia” is undermining the country’s economic revival and the rule of law.

“Construction is one of those sectors identified by the government as having a huge role to play in our economic recovery, yet you see this situation perpetuating far beyond the time when it should be behind us.”

He says the authorities have failed to act against gangs of armed thugs who have been invading construction sites, forcing the delay or abandonment of infrastructure projects identified by the government as key to economic revival.

“How are you going to participate in the rebuilding of the economy when you still have to cope with these challenges? You’re not.”

He cites President Cyril Ramaphosa’s address at his 2018 investment conference in which he noted that investment in infrastructure would ignite economic activity.

“How can you identify infrastructure as key to economic revival and then do nothing to protect the industry that must deliver this infrastructure? It doesn’t make any sense.”

None of the government’s promises to

deal with what he describes as a worsening situation have been met, he says.

“I remember Ramaphosa promising in 2019 that government would deal with these illegal site invasions. But they continue as I am speaking to you.”

Ramaphosa also promised in his 2020 state of the nation address that specialised units would be brought together from the police and National Prosecuting Authority to tackle the crisis, says Mnisi. “Since then we haven’t heard anything at all about that and we haven’t seen anything happening.”

Meanwhile, since 2016 armed gangs calling themselves “business forums” have forced contractors to abandon 84 infrastructure projects worth more than R27bn.

He mentions a R2.4bn German-funded oil storage project that was being built by Wilson Bayly Holmes-Ovcon in the Western Cape in 2019; the R1.6bn Sanral project to build the Mtentu Bridge in the Eastern Cape – one of more than 60 Sanral projects delayed or stopped altogether by the “mafia”; the construction of a fresh produce market in Mbombela that was halted because of site in-

vasions; and, just weeks ago, a “huge” cabling project in Zeerust, North West.

Typically, he says, so-called business forums carrying everything from AK47s to pangas, knives and crowbars will arrive at a construction site and demand a 30% stake in a project. This is nothing but a “protection fee”, he says. “It’s extortion.”

In effect, what they’re demanding is 30% of the total contract value in cash to prevent other, similar “forums” from arriving on site and stopping work on the project.

Often the main contractor will already have subcontracted 30% of the work and sometimes more to black emerging contractors in the area.

“But they’re not interested,” he says. “The manner in which this has been allowed to happen is purely criminal.”

These construction mafia activities are mainly seen in public sector projects, he says, “because the people doing these things feel entitled to government projects”.

“They misunderstand the provisions of the law governing preferential procurement of public infrastructure.

“They’ll go to a project and say, ‘We are the citizens of the country and are supposed to be benefiting from these projects.’

“Public projects are not the only ones experiencing this but in the main they’re the ones that are being identified and targeted for attack.”

The most deadly attack so far was in KwaZulu-Natal in 2016 when a black contractor in Durban was killed after rejecting demands by a “business forum” for a 30% stake in his project. No-one has been arrested.

Mnisi was part of an industry team that met with the government that year, including the provincial and national police, to



Roy Mnisi, the executive director of Master Builders SA, says projects worth billions have had to be abandoned. Picture: Thapelo Morebudi

draw their attention to the increasing scourge of construction mafias and appeal for protection.

They briefed 11 national departments including the National Treasury and public works.

“So government has been very much aware of this for years.”

Since 2016 there have been many meetings and promises but no effective action, he says.

“It’s a huge threat to the construction sector.”

Companies his organisation represents are losing “a lot” of man-hours, sometimes a week at a time, sometimes more than a week.

The bigger ones can survive stoppages, but many smaller ones, many of them black-owned, cannot. For them, completing a project on time and on budget to avoid unaffordable cost penalties is a matter of survival.

“In construction the margins are very low. If you lose even a day or two days you’re losing a lot of money because these projects are time-bound. When you start working on a project you’ve got a commencement date and a completion date.

“The client will not give you latitude to say, ‘OK, you’ve been disturbed, I’ll give you an extension in terms of your completion time.’

“You can’t plead violence and intimidation, you still have to complete the project on the date you’ve agreed.”

The activities of the construction mafia forced companies to close even before the lockdown of the economy last year.

“It’s a huge loss not only in terms of our national capacity to build infrastructure, but in terms of those skills we are losing and the unemployment we are creating,” says Mnisi.

He estimates the construction sector contributes about 10% of the total workforce in

SA, skilled and unskilled.

“A lot of specialist construction skills have been lost to the country because people with these skills have found safer work environments elsewhere.”

Recent research shows that there are more black technical skills leaving the country than white. So not only is this reducing SA’s capacity to build its own infrastructure, he says, it is also setting back transformation of the sector.

The situation is only going to get worse until something is done by the government to deal with it, he says.

“We’re not law enforcement agencies ourselves, we’re builders. So we cannot stop these people. But as corporate citizens these companies have a right to protection from criminals.

“They can only get that from the government, so government has to make sure there is application of the rule of law.”



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Roy Mnisi