

## Remarks by DPWI Deputy Minister Sihle Zikalala at the South African National Construction Summit, Durban, 19 November 2024

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Programmer Director;

The Minister of DPWI, Mr Dean McPherson;

The Minister of Police, Mr Senzo Mchunu;

The Premier of KwaZulu-Natal, Mr Thami Ntuli;

Deputy Ministers and All MECs,

The eThekweni Speaker, Cllr Nyawose;

All entities and Government Officials;

Captains of industry and all stakeholders in the construction sector;

Today we have converged here in Durban to examine and consolidate interventions that will produce definitive resolutions to all challenges besieging the construction industry and built environment as a whole.

We pay tribute to the extraordinary resilience that has been demonstrated by the industry during Covid-19 and load shedding.

Despite the challenge of organized crime that we witness through site disruptions, intimidation, violence, and extortion, this resilience is finds expression in the thousands of ongoing construction work on a daily basis in our country.

This national summit must foster collaboration among stakeholders to help address the problem of site disruptions which are a threat to growth of the industry and give it a bad name to the investor community.

It builds on previous efforts in tackling the challenge, the recent of which include two widely publicised engagements on eNCA with Prof JJ Tabane, one Gauteng and another in KwaZulu-Natal.

We also appreciate the recent engagement on 24 October 2024 under the heading: “**The Shadow economy: Countering extortion in South Africa**” which was moderated by Adv Vusi Pikoli, the Special Advisor to the Minister of Police.

We also commend Reports like the **Africa Organised Crime Index** compiled by Enact and funded by the European Union as well as the **Global Organised Crime Index** which shed light on site disruptions and extortion at construction sites while exploring how societies can **build resilience** and reduce vulnerabilities with increasing criminality across the world.

We should utilise today to share best practices and successful interventions and develop action plans to address the challenges of site disruptions.

We must send one message that government, industry and society remain intolerant to the sabotage of the South African economy and delivery of critical infrastructure to communities.

Today is an opportunity to explore enhanced security measures, appropriate policy instruments, and improved community participation in infrastructure projects.

**Ladies and Gentlemen**, infrastructure is the backbone of the South African economy and is a central pillar of the South African Economic Recovery and Reconstruction Plan.

The 7<sup>th</sup> Administration that came into office post the May, 29, 2024 Elections identified three priorities which should form strategic direction of government between 2024 and 2029. These are inclusive economic growth and job creation, addressing poverty and reducing cost of living, building a capable, ethical, developmental state.

During the Opening of Parliament on 18 July 2024, His Excellency President Cyril Ramaphosa committed government to support the growth of rural enterprises and investment in public infrastructure in underserved areas.

He added that: ***“From our largest metros to our deepest rural areas, we have a clear intention to turn our country into a construction site, as roads, bridges, houses, schools, hospitals and clinics are built, as broadband fibre is laid and as new power lines are installed. We must work to engender a culture of maintenance of public infrastructure, and dedicate resources and establish systems to ensure this.”***

The 2022 South African Construction Industry Report revealed that the construction industry employed well over 1.2 million people in 2021.

We welcome the positive developments as reported by STATS SA that construction sector added 176,000 jobs in the third quarter of Quarterly Labour Force Surveys.

In 2023, the construction sector contributed with an added value of approximately 109.5 billion rand to the GDP, an increase from 108.9 billion rand the previous year.

Sentiment has remained positive. In December 2023, Global Data indicated that the SA construction industry is expected to achieve an average annual growth rate (AAGR) of more than 3% from 2024 to 2027.

**Ladies and Gentlemen**, there is definitely an urgent need to address all challenges that undermine the growth and transformation of this sector to contribute to the strategic priorities of the 7<sup>th</sup> Administration. In this regard, this summit must have a full comprehension and overall approach to the growth of the sector.

The emergence of criminal activities such as extortion, bribes under the name of protection fees, needs our urgent attention. These criminal activities started in this province of KwaZulu-Natal and spread to provinces such as Gauteng, Eastern Cape and Western. They pose a threat to personnel and are hampering economic activity. We have always been clear that this is criminality, and should never be conflated with transformation.

We applaud the work of all stakeholders and communities that are assisting in curbing this scourge. We commend the work of law enforcement that leads to the arrest of offenders.

The Department of Public Works and Infrastructure should strengthen its work on social facilitation which is conceptualized to be a mechanism of providing communities with information on projects in their localities, clarify regulations on localization, and manage expectations. We believe the enactment of the Public Procurement Act, once translated into regulations, will provide certainty on the implementation.

We must continue to engender transparency in procurement and fight corruption. Amongst others, we must eliminate corruption that emanate where officials frustrate payment for contractors. This constrains the growth of contractors as a number of companies get liquidated or result into the termination of a contract.

We will be rolling out intense campaign under operation Re a Patala – Operation Pay on Time with the view to expose and deal decisively with corrupt officials who frustrate contractors and the constitutional imperative of transformation.

We are also aware that fronting and collusion of big companies through price fixing and monopolistic approaches undermine transformation and risk the industry to be perceived in a negative light.

This includes unreasonably complex regulation compliance that end sidelining many black graduates when they register as professionals. There must definitely be a standard in the construction sector to maintain its reputation, but it must not be developed with a view to frustrate professional registration.

So far the industry is marked by disparities where participation of blacks, in particular black women professionals, are stubbornly low and requires immediate attention.

The CIDB should also continue addressing the concerns around subcontracting and the persistent challenges faced by women subcontractors to move up from Level 1 in the Register of contractors.

The continued exploitation of workers within the built environment is still rife as some companies goes to an extent of employing foreign nationals to avoid paying minimum wages. The tragic collapse of the building in George in May this year succinctly explains this. Of the 34 deceased victims, 11 people were Malawians, 6 Mozambicans, 4 Zimbabweans, 3 Basotho and 9 South Africans.

According to the Home Affairs report published on the 16<sup>th</sup> May 2024, the department conducted 41 operations in the Garden Route District; and arrested 480 people who had no appropriate documentation to be in the country.

This exploitation undermine the progressive contribution of the sector to the overall economy and strategic priorities of economic growth and job creation.

The George incidence points to a serious violation of human rights and failure of government departments to conclude their investigations and report on this matter probably needs urgent intervention of the Human Rights Commission (HRC).

It is for this reason that the justification of the Office of the Engineer-General of South Africa makes sense to ensure that qualified professionals who adhere to the highest safety standards are allowed to participate in the sector.

Finally, there is a need to localize manufacturing of materials and equipment utilised in the built environment. This enhances the development of the construction value chain and create more jobs. Thus the department working with Department of Trade, Industry and Competition need to further the engagement that was started in the sixth administration for the development of the industrial master plan for the built environment.

We are acutely aware that Rome was not built in a day, but we are called to act together, and act decisively, starting today. For what we omit or commit in the current period, will bear serious consequential impact to the future.

We hope the inputs and discussion through panels and commissions will help empower government to emerge with a comprehensive response towards the realisation of inclusive growth and job creation in the sector.

I thank you all.