



public works

Department:
Public Works
REPUBLIC OF SOUTH AFRICA

**MINISTER OF PUBLIC WORKS
REPUBLIC OF SOUTH AFRICA**

Launch
of the
**National Contractor Development Programme
(NCDP)**

Hilton Hotel, Durban, 6 December 2012

Address by
Mr TW Nxesi MP, Minister of Public Works

PROTOCOL

- Programme Director
- MECs
- CIDB Board Members
- Senior Officials
- Contractors – *your presence is crucial.*
- Built environment professionals
- Members of the media

Welcome. It gives me great pleasure to have you all join me this evening in marking this important milestone – the ceremonial launch of the **National Contractor Development Programme (NCDP)**.

This is an important government programme involving a partnership between the Construction Industry Development Board (cidb), national and provincial public works and other willing stakeholders.

As participating stakeholders:

- We have committed our resources to developing previously disadvantaged contractors; and
- We commit to align our individual contractor development programmes and initiatives with the principles set out in the NCDP framework, meeting both the developmental objectives of the NCDP and our own service delivery objectives as government.

Ladies and gentlemen, on behalf of the National Department of Public Works; the public works family at large - and in my personal capacity – I wish to congratulate the facilitators of this initiative for their foresight and vision. They have brought together key stakeholders, including leading public and private sector clients and development agencies to mark this important milestone.

I also want to specifically thank the HODs and MECs for their untiring support and commitment to the development of contractors. Without their political and administrative commitment, as champions of contractor development, the NCDP would not have become a reality.

Colleagues, the NCDP is an appropriate response by Public Works to a concern by policy makers, contractor development practitioners, contractors, development agencies and others, that, there is no consistent and coordinated approach to contractor development.

The NCDP provides much needed direction and leadership on the implementation of Contractor Development programmes. It coordinates implementation, and provides a very important reporting framework for monitoring and evaluation of contractor development programmes.

Currently it is estimated that Contractor Development programmes aligned to the NCDP reach about 700 contractors per year. That is excluding the grade 1 contractors.

We are considering extending the reach of the NCDP to all infrastructure departments and municipalities and in this regard we are working closely with SALGA and COGTA.

Ladies and gentlemen, at the recently held Construction Transformation Summit, on the 23rd November 2012 in Kempton Park, I challenged the stakeholders not to lose sight of the broader mandate to transform the built environment. At the heart of this is the need to develop and empower emerging contractors and to ensure that empowerment strategies are in synergy with national policies and priorities.

I also said: “Ours cannot be a narrow notion of empowerment – in which only a small elite benefit.” Developing contractors is not for its own sake. The big picture is to promote the socio-economic development of our people as a whole.

Now let us collectively do a reality check, and ask the following questions:

- Will the NCDP create an efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship?

- Will the NCDP create decent employment through inclusive economic growth?
- Will the NCDP create a skilled and capable workforce to support an inclusive citizenship?

I believe the answers to these questions have to be positive.

Colleagues, I know you would not be here, unless like me, you were convinced that the NCDP will make a difference to people's lives - bringing back a sense of responsibility and dignity.

Let us remind ourselves of some of the objectives of the NCDP:

- It seeks to increase the number of black, women, disabled, and youth-owned companies in targeted categories and grades - increasing the representivity of contractors in all categories and grades.
- The NCDP seeks to improve the grading status of previously disadvantaged contractors in targeted categories and grades; particularly in those grades and classes of work that have not been meaningfully penetrated – the capital and knowledge intensive classes of work.

- It seeks to improve the performance of previously disadvantaged contractors in terms of quality, employment practices, skills development, health and safety, and the environment; and
- It seeks to improve the business management and technical skills of contractors.

I also know that, the NCDP seeks to develop sustainable enterprises. Sustainable enterprises perform better and are effective and competitive. They are better employers and contribute to skills development and deliver value to clients and society.

Ladies and Gentlemen, we need such enterprises - better enterprises - to reduce and eradicate accidents and fatalities in the construction industry.

We need better enterprises that contribute to skills development to grow our economy and to create a skilled and capable workforce to support an inclusive citizenship. It is gratifying to note that the NCDP places skills development high on the priority areas for contractor development – thus contributing greatly to the national developmental agenda.

Colleagues, with these stated objectives, the question before us is no longer whether the NCDP is in synergy with national policies and priorities – the question is our capacity to achieve these stated objectives. For whilst the objectives of the NCDP are clear and are in

synergy with the national policies and priorities, our ability to take collective and decisive action is where we should now focus.

The success of the NCDP requires our collective political and administrative commitment. MECs, I know I can count on you. Let us continue playing our role to make the NCDP a flagship programme of Public Works and of government - as we did successfully with the Expanded Public Works Programme (EPWP).

As the family of Public Works, we are the champions of NCDP and we bear a huge responsibility for its success.

That is why at our last MinMEC meeting on the 21st of September 2012 we approved the NCDP Framework and the Guidelines for Implementing Contractor Development Programmes.

That is why we took a clear decision – agreeing to report to MinMEC meetings on our activities relating to contractor development. A template has been developed for ease and standardising the reporting process. We are also sharing this with other tiers of government.

That is why the CIDB is considering extending the scope of the Register of Contractors and Register of Projects to perform monitoring functions. This will further ease and facilitate the reporting process and significantly improve the integrity of the reporting of contractor development initiatives.

That is also why we are exploring amendments to legislation issued in terms of the Construction Industry Development Board Act, 2000 (Act No. 38 of 2000) in order to accelerate contractor development and legislating components of the framework for the National Contractor Development Programme (NCDP)

Ladies and Gentlemen, as I mentioned earlier, the success of the NCDP requires collective commitment. We have made our commitment and remain unwavering.

Now let me shift focus to the officials and the practitioners of contractor development.

Firstly, let me thank you all for your invaluable inputs in shaping the NCDP and for your active participation in the Provincial Contractor Development Fora (PCDFs).

Colleagues, the PCDF is a platform for promoting dialogue and shaping on-going strategic partnerships between key provincial stakeholders in the construction industry. Through the PCDFs provincial stakeholders deliberate on issues impacting the industry, exchange information and share experiences on contractor development.

From lessons learnt and observations from the PCDF meetings, a National Contractor Development Forum has been established,

bringing together key national players impacting the construction industry.

Whilst commending the positive work done through these fora, I want you in your upcoming meetings to deliberate on the following challenges facing the industry:

- Non-payment and delayed payment to contractors and the implications on contractor development;
- Poor planning and inability to spend budgets and the implications for the government developmental objectives;
- Fraud and corruption and the negative impact on the growth of the construction industry.

I want to assure you, as government, we will support any actions and constructive suggestions to address these malpractices. Indeed I need to say more on some of these issues.

Late payments:

In relation to late payments, allow me to use this opportunity for some critical self-reflection. During the first 6 months of this financial year a total of 5,472 payments were processed after 30 days by Public Works. Amazingly, this is actually an improvement. This compares with 105,139 late payments for the same period in the previous year. A diagnostic was undertaken indicating technical problems often

associated with the bureaucratic complexities of the SCM (supply chain management) processes.

So what are we doing about late payments? As part of the Turnaround Strategy, DPW has undertaken a review of SCM and procurement systems. This includes revisiting the documentation processes with a view to faster processing of invoices.

DPW is also upgrading personnel in this area – and in particular a high-level position at DDG level is being created for what is really one of the core functions of DPW – managing tenders and procurement.

Meanwhile CIDB has prepared draft regulations in support of prompt payment of suppliers in the construction sector within 30 days. The CIDB consulted stakeholders in June. The regulations now need to go for public comment. This will assist with the problem of late payments as well as providing sanctions for late payment.

Just a word of caution, colleagues: late payment is not always the fault of government – shoddy work or poor documentation from the side of the service provider can also cause delays. As DPW we also need to exercise due diligence. Remember where we are coming from – a history of corruption, collusion and over-pricing. There will be times when we have to err on the side of caution.

Corruption:

I have said previously: *“Corruption in public life has diverted much needed resources from service delivery to the poor, it is demoralising honest officials and it is perverting our political life to serve the interests of a few.”*

My priority since being appointed Minister of Works one year ago has been to combat corruption and fraud. In this I am greatly assisted by the Special Investigating Unit (SIU).

But in a sense the work of the SIU only addresses the problem after the fact. Long-term, we have to work harder as government to eliminate the very conditions which give rise to corruption. Lack of financial controls and poor supply chain management (SCM) processes across all the functional business areas of the Department have provided fertile soil for widespread corruption and collusion in regard to questionable leases and capital projects.

In Public Works the priority is to rebuild the technical capacity of the department to properly manage its finance and SCM processes and to manage relations with contractors and service providers to ensure effective service delivery and value for money.

Ladies and gentlemen, let me turn to the contractors – the intended beneficiaries of the NCDP. As government we remain unwavering in our commitment to contractor development. We will continue creating

an enabling environment for your growth and development. We will continue providing you with opportunities for growing your businesses.

The question we are asking you is - Are you up to it? Are you ready to take advantage of the opportunities being provided?

There are no shortcuts – there is no gain without a certain amount of pain. So my advice to you is - Get yourselves better organised and take advantage of the opportunities provided. They will not be provided for ever.

Colleagues, I depend on you to make the vision of the NCDP a reality. Can we make this vision a reality? I certainly believe that working together we can do it.

I thank you.