

Statement by Minister of Public Works Ms Stella Sigcau(MP) marking the signing of the Construction and Property Charters in Pretoria on Friday 17 March 2006.

- MECs of Public Works
- Members of Parliament
- Captains of the Construction and Property Industries
- Members of the Construction Transformation Charter Group
- Members of the Property Transformation Steering Committee
- Acting Director General Dr Sean Phillips and the Top Management Committee of the Department
- Members of the Media
- Ladies and Gentlemen

When I stood before you to launch the process for the development of the Construction and Property Charters it was in this historic city which today is the capital of a democratic country.

Indeed when we gathered in Pretoria in October 2004 it was to commit ourselves to the full-scale transformation of the construction industry. Later that year we gathered again in Gauteng the richest province in Africa to mark a process which would oil the engine of transformation in the property sector. Principally we met so we could play midwife to the birth of not only bigger conglomerates from among the established players in these sectors. We met also to ensure that the growth of the property and construction sectors takes cognizance of the socio-economic challenges of our country.

In point of fact we met to ensure that black people and women as a matter of course become an integral part of the beneficiaries of these sectors. This is so we could address the gross inequalities of the past while rising to the challenges of the present and the future.

As we meet in this grand hotel today we can from a distance still hear the dignified steps of the Robben Island prisoner who raised his fist

defiantly as he entered a world unknown only secure in the hope that one day, Africa would be free.

We meet today etched in our collective memories the rallying cries of the unarmed youth of 1976 who thirty (30) years ago swelled the ranks of the liberation armies. They were prepared to pay the ultimate prize –death – yet only secure in the hope that one day all of Africa would be free.

We should be able to hear, even if it is fifty (50) years ago, the defiance of the women of all races who descended right here on the Union Buildings to demand humanity for all, secure in the hope that one day, Africa would be free.

We have over the past years collectively made of the Union Buildings what the world never imagined possible, an example that the Age of Hope is not a dream. This testifies to the limitless ability of the human species to fashion peace from despair and desperation.

Today we look back at the distance we have traveled over the past year and a few months and welcome the culmination of negotiations around the two Charters. It was never an easy job seeking to introduce transformation in sectors whose share value is destined to rise exponentially over the coming years. It is perhaps much easier seeking to turn the course of a sinking ship because in conditions of distress any offer of assistance will do.

Even in the Second Decade of our Democracy we remain alive to the fact that South Africa is one of the most unequal countries in the world. In spite of experiencing an economic boom over the past decade or so, we still stare the spectre and legacy of inequality everywhere we look. Each time we open our eyes we must of necessity conclude that our own responsibility is not to ignore this poverty and unemployment. To do so would speak against the responsibility we have to our fellow human beings. Lest we forget it is because of their struggles that today we have a political settlement in which our businesses continue to thrive.

Let me illustrate the following point, hopefully without belabouring it seeing that I am preaching to the converted. In terms of the Gini Coefficient South Africa has one of the most skewed distributions of

wealth in the world. This makes us worse than Nigeria, Brazil and India. In fact, the top ten percent (10%) of income earners in this country receive sixty five percent (65%) of the total income. The bottom ten percent (10%) receives only three percent (3%) of the total income. Indeed, we have, for the time being, a peaceful coexistence of two strata in our country, the First and Second Economies.

With reference to the built environment specifically, we are faced among others by the following reality. The total number of registered engineers declined from fifteen thousand five hundred and thirty (15530) in 1998 to fourteen thousand nine hundred (14900) in 2004. The resulting ratio of citizens per engineer is two thousand nine hundred and twenty three (2923). By way of comparison this ratio is one hundred and eighty four (184) per engineer in Australia and two hundred and twenty (220) in the United Kingdom (UK).

South Africa has three point nine (3.9) registered quantity surveyors per one hundred thousand (100 000) of the population, compared to 35 per one hundred thousand (100 000) in the UK. In Local Government there are between four hundred (400) and five hundred (500) vacancies for built environment professionals as we speak. A survey being conducted by government indicates that there are eight hundred (800) vacancies for built environment professionals at all levels within national and provincial governments.

According to the Engineering Council of South Africa it is estimated that five hundred to eight hundred (500 – 800) engineers will be retiring annually from 2009 onwards. This exceeds the numbers who are currently graduating and to make matters worse, a very large percentage of current graduates are emigrating. In fact I am told that in 2001 more than ninety percent (90%) of graduates emigrated.

The built-environment professionals I am referring to are a critical resource if we are to live up to the challenges we face as a country. These challenges have been outlined in the Accelerated and Shared Growth Initiative of South Africa (Asgisa) including halving

unemployment by 2014. Asgisa consists of a set of interventions which are intended to serve as catalysts to accelerated and shared economic growth.

The two sectors represented here today have an opportunity to make a significant contribution to Asgisa and in ensuring its success. We are to play our role in driving economic growth from the current four point six percent (4.6%) to six per cent (6%) and beyond going forward. Government is focusing on a massive five-year investment plan in energy, transport and infrastructure by attracting foreign investment and boosting economic growth. Infrastructure spending by Government and state-owned enterprises will be around three hundred and seventy billion (R370bn) in the next five years.

As these two sectors we have a critical role to play in the provision of infrastructure for projects such as Gautrain and the 2010 Soccer World Cup among others. We will no doubt play no lesser role in the provision of other economic and social infrastructure including housing, roads and shopping centres.

I believe it is important to remind ourselves of the backdrop against which these charters set sail today as we officially sign them today. We must be under no illusion; this is not the end, but the beginning of hard work. It is so, simply because we have such a deficit to address, in terms of social, economic and what I call human infrastructure. We must at all times be aware of our responsibility not only to those who live today and those who will come tomorrow. It is to those who have sacrificed their lives so we could be here.

From the figures I have quoted above it is clear that we need to be investing more and not fewer resources in re-engineering human infrastructure, the critical skills base that we all speak about. The construction and property sectors will have to face the issue of scarce skills in general and the under-representation of blacks, women, and youth.

For this reason we have insisted as government that human resource development be a significant part of the negotiations leading to the

charters. Ownership cannot be vested in a few hands. We must transform the skewed ownership patterns and make sure that properties in black hands – in townships and rural areas – also begin to attract economic value.

To this end the Property Charter proposes a range of targets including the transfer of twenty five percent (25%) of assets of the sector to black hands in five years' time. The charter also seeks to set aside ten percent (10%) of private corporations' annual development investments to underdeveloped areas. In the property charter the sector has committed to achieving forty percent (40%) black representation at board level twenty percent (20%) of whom will be women.

The Construction industry stakeholders have agreed to an ownership target of 30% for black people. Similar to the Property Charter, the Construction Charter proposes a target of 40% black representation at board level, 20% of which are women. In order to ensure that the economic benefits of the current and planned infrastructure investment accrue to all sectors of our community, the Construction Charter proposes a target of 70% for procurement.

Both Charters advocate and emphasize the importance of skills development through training, mentorship, learnerships and bursaries. We now have an opportunity as a sector to invest in human capital and the future of the sectors.

The sectors would not have achieved much if they did not address the issues that negatively impact on workers, which include living and working conditions of labour, ownership share schemes, health and safety and relevant and appropriate skilling of workers. I am therefore glad that the construction charter has set a target for broad based groups with a specific mention of employees.

As a contributing and vital sector to the South African economy, we have a responsibility to ensure that our industry is in the forefront in the implementation of social responsibility programmes. Let us

challenge ourselves to making sure that our corporate social responsibility programmes are focused on developing and adding value to our society and communities. The construction sector has a tremendous opportunity to contribute to the development of the sector and infrastructure in our country. The time has now come for us to start ploughing back in to our communities meaningfully.

These targets are just the beginning. The fact that we have now signed the charters does not mean we must relax thinking we have achieved our objectives. The Charters are merely a mechanism which is only as effective as the energies of champions who will be given the responsibility to implement them.

I would like to commend members of both the construction and property sectors who have already or are in the process of finalizing Black Economic Empowerment deals. This tells me that these charters are already bearing fruit and will contribute in no small measure to the full-scale transformation of our country and the realization of the Age of Hope.

I would like to thank the co-chairmen of the Integrated Management Committee Messrs James Ngubeni and Mike Wylie and members of your negotiating teams, Chairperson of the Property Steering Committee, Mr Andy Tondi and your members for the hard work you put in. I would also like to express my gratitude to the committee which I appointed to advise Government and to represent us in the negotiations in the development of both Charters. They are Teddy Daka, Molly Gallant, David Moshapalo, Mpho Mosimane and Thandi Ndlovu. You have all performed your national service with distinction and given us reason to believe that we are indeed living in the Age of Hope.

To all the stakeholders I say these are your charters. Adopt them, nurture them and make sure they guide us all through the long journey ahead of us.

I Thank You.

