

**Minister of Public Works
Ms Stella Sigcau
11 November 1999**

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Construction Industry Summit Workshop CSIR

“Towards the Construction Industry Development Board”

Honourable Chairperson,
Members of the Inter-ministerial Task Team,
Members of the Reference Group,
Leaders of Industry, Respected members of the media,
Ladies and Gentlemen

This workshop draws together significant formations of the South African Construction Industry. Our common purpose over the next two days is to advance the process of reconstruction, growth and development of our industry. I am honoured to welcome the leading representatives, thinkers and activists of an industry, which has a great responsibility to drive South Africa's development into the new millennium.

Today, once again in a consultative and unprecedented process promoted by Government, we are assembled together as employers and labour, as established and emerging sectors, as constructors and materials suppliers, as contractors and clients, designers, professionals and teachers and, not least importantly, as the private and public sector.

Just eight months ago on the 23 March 1999, this historic industry process assembled under the banner "Planning for Growth and Development in the Construction Industry" to mark the launch of the White Paper which consolidated Government policy on industry development. The occasion was the third formal Reference Group meeting of industry stakeholders; and the White Paper was itself an outcome of significant consultation that commenced in 1996.

At that meeting in March, the Inter-ministerial Task Team presented for discussion an early draft of the "Framework Plan for Establishment of the Construction Industry Development Board", a Board conceived as a statutory body to drive the development strategy embodied in the White Paper.

Subsequently refined as the basis for legislation, the Framework Plan crystallises the CIDB's role, functions, required authorities, as well as the programmes potentially necessary for the implementation of Government policy to attain our vision for construction industry development.

Thus, this Summit Workshop is particularly significant because it will enable a thorough discussion of the consequent legislation developed by the Department of Public Works on behalf of and with all government departments involved in infrastructure development to give appropriate effect to our development vision.

Ladies and Gentlemen, Government's vision embraces a comprehensive industry development strategy. The strategy is about actions to stimulate positive change, to promote growth, the increased participation of the emerging sector, improved labour relations and sustainable employment. It is about appropriate human resource development and improved industry and client performance. It is about establishing and promoting the benchmarks of industry "best practice" against the backdrop of South Africa's ongoing transformation.

Above all, the strategy, and the road we are on, must lead to accelerated and efficient delivery to the people of South Africa, who are the ultimate stakeholders in this process to shape the industry.

It is particularly in this context that I wish to express my appreciation to the representatives of industry gathered here today, for the immense contribution in time and effort that has gone into the work of the Focus Groups over the past 18 months. This investment has enriched our thinking and refined both policy and its implementation.

The different perspectives expressed and argued in various forums have continuously challenged us to reflect deeply on all aspects of industry development. Focus Group input has refined specific products aimed at translating our vision and strategy into concrete action. Drawing on the talent of individuals and on the experience of stakeholders, this immense contribution is preparing the ground for the future CIDB.

I would also like to extend special thanks to the Chairperson and the Inter-ministerial Task Team on Construction Industry Development for the leadership role played by the Team in mobilising this industry-wide contribution and for promoting the culture of "development through partnership".

By bringing people from the private sector, emerging sector, labour and a range of disciplines to work together in the Task Team, Public Works is determined to ensure that things are done in a truly South African way.

These products that are produced by the Task Team must be carried into practice by Government in partnership with the industry and through the future CIDB.

As the work of the Task Team begins to near an end, it is time to move forward resolutely to the establishment of the Construction Industry Development Board as a permanent vehicle to drive the ongoing implementation of our strategy.

Forward movement and systematic implementation are the order of the day. For the South African people and for all stakeholders, implementation is more urgent than the dotting of "I"s and the crossing of "T"s as we continuously seek to improve our planning. Our President, Thabo Mbeki, has made his view clear on this matter when he said that in future meetings should be about reporting back on progress and delivery.

Today's workshop will enable us to consider and raise issues on the future and priorities for the development and transformation of the construction industry. These issues will then be discussed by myself and other relevant Ministers within the Inter-ministerial Committee on Construction Industry Development. This will ensure that such issues are in line with Government policy and agenda for the construction industry.

I am encouraged to note that a Focus Group has been established to refine, augment and promote public sector procurement reform and affirmative procurement policy. A number of outputs are emerging that will foster greater levels of uniformity in procurement and delivery. A Code of Conduct, also generated, will enhance our efforts to combat corruption and to establish best practice standards for parties engaged in construction contracts.

Ladies and Gentlemen, the introduction of the Affirmative Procurement Policy pioneered by the Department of Public Works, has opened up immense work opportunities to previously disadvantaged construction enterprises, thus providing a vital platform for the sector's growth. In 1994 when the ANC-led Government took office, the volume of work directed to this sector of the industry amounted to less than 4% of our output. In the last few years we have increased that volume to 30% of the Department's output. This is yet another avenue for promoting the objectives of black empowerment by Government and to ensure that those who are not part of our economy are brought into the mainstream.

Our affirmative procurement outcomes have been achieved in a structured and transparent manner. In rolling out this structured methodology, the Department has ensured that all its consultants should be accredited in the use of the APP. Thus, about 1300 consultants and Department officials have recently sat for an examination. In the further roll-out of the methodology within the Public Sector, the Department is cooperating closely with the Department of State Expenditure to finalise the White Paper on Public Sector Procurement Reform.

In support of the opportunity created by affirmative procurement, Public Works is also promoting a package of initiatives that form the basis of our Emerging Contractor Development Programme. With a view to rolling out these initiatives, work is underway to convene a public sector workshop early next year to bring together various public sector initiatives. Our over-riding objective is to ensure that this sector emerges into the mainstream of our industry and that its status as an informal and under-resourced sector is not perpetuated into the future. Specific plans to support the participation of women in construction are also in the pipeline.

I understand that the issue of women in construction has not necessarily been welcomed with enthusiasm within the industry. Well, I have news for you. The project of women in construction will be one of the projects to be promoted vigorously by Government and my Department in particular. The project has been highly welcomed by the Office of the Status of Women in the President's Office. So we might as well change our attitude towards it.

On behalf of Government I would like to express profound appreciation to the many international organisations, NGO's and private sector organisations that have contributed to these and other initiatives. On this particular occasion I would specially like to thank the Government of Singapore and the Singapore Building Construction Authority for assistance and planned capacity building to establish the CIDB.

Once again I would like to pledge the Department's ongoing commitment to promoting the emerging sector's capacity to organise itself in support of initiatives by Government and other agencies. In recognising the initiative by BIFSA, SAFCEC and the Black Construction Council to form the Construction Industry Confederation (CIC), I would like to believe that this partnership is also geared to developing the emerging sector so that the aspirations of all South Africans are truly reflected in the make-up of the industry.

At present, by definition emerging contractors are black people. This is understandable given our apartheid history. However, we would be failing in our responsibilities if we did not seek to change this and do so within a reasonable and acceptable period of time.

But the transformation of the construction industry is more than the deracialisation of the industry. I am also informed that our safety record on site offers many opportunities for improvement. The safety of our people who deliver the infrastructure that we so desperately need must be paramount in our activities. I am reminded in this instance of the recent Inyoka Bridge disaster that led to loss of life. There are other examples which are not as dramatic as this one, where people get injured or lose their lives. This must not be allowed to be a scourge to our construction industry.

I also want to visit the issue of a register for contractors. As this is one of the many initiatives which Government has pushed through the Task Team, certain concerns around it must continue to be addressed. As we all know this kind of register can easily be manipulated so that it becomes a barrier to entry to many people who otherwise would be legitimate contractors. While I know that the Task Team is aware of Government's concerns, we must continue to raise this issue not least of all due to the skewed distribution of skills and ownership in the country within the industry. We will therefore be watching very closely what checks and balances will be put in place to prevent this.

Given the dark history from which we have just emerged, Government has a political and moral obligation to ensure that there is equity of ownership within the construction industry. We must therefore go beyond efforts of promoting emerging contractor development to ensure that the ownership patterns within the construction industry are deracialised.

The owners of big mainstream contractors have an obligation to extend ownership or shareholding to those who were not only previously marginalised, but who are still currently marginalised. Black economic empowerment is not and must not only be the objective of Government. It is, as it must be, an objective for all South Africans who are rebuilding our country.

I would like to reiterate Governments' conviction that prompt payment for work done by both the public sector as well as the private sector is vital to the survival of established and emerging contractors and consultants. It is not possible to speak of best practice in the absence of a culture that does not take the concept of prompt payment as a basic point of departure.

We are therefore moving ahead to implement a plan of action to address the problem of delayed public sector payments and the cancellation of contracts. Together with the Provincial MECs and Heads of Department, we have identified a number of steps that can be taken immediately and are gearing to tackle those issues which involve other Departments in the retooling of budgeting and other procedures which impact on this matter.

The Director General and I are taking a direct hand in promoting this action plan, and invite the industry to also follow suit and ensure that subcontractors, in particular emerging contractors, are paid on time.

Ladies and gentlemen, industry growth and development are inextricably linked to the promotion of "best practice". Towards the implementation of Government policy, we must work actively with all roleplayers to advance best practice norms and standards that promote procurement and delivery management, the attainment of social and economic objectives, and improved public and private sector performance.

I would like to believe that "best practice" promoted through a Code of Conduct, will combat corruption, reduce the incidence of fronting, which incidentally is another form of corrupt practice and will support an improved payment ethic. My Department is engaged in discussion with funding organisations to assist emerging contractors to reduce fronting and the "selling of contracts" by emerging contractors to established ones. Best practice should stimulate strategic partnerships, the stabilisation of employment, skills training, and improved quality, safety, health and environmental protection. Uniformly promoted in all spheres of the public sector and in the private sector, these objectives will enhance the efficiency and effectiveness of the industry.

These are some of the key objectives of an industry improvement strategy to take us forward into the new

millennium. They cover almost all the issues that were publicly raised at my meeting with industry on the 5th October. These are indeed the components of policy that Government must ensure are implemented.

In promoting the efficiency and competitiveness of industry, we must also ensure that construction expenditure is increased to meet the delivery needs of our people. This will involve innovation and the creative mobilisation of public/ private partnerships, a potential that we have not yet fully developed.

In continuance of the consultative process, the Department of Public Works will present for discussion the draft legislation that will give effect to the Construction Industry Development Board.

The outcomes of this Summit Workshop will be reviewed by the Inter-ministerial Committee in the finalisation of legislation. It is our intention to publish the legislation before the end of the year for public comment, to take this comment on board and to ensure that the legislation is submitted to Parliament for enactment by June 2000.

Ladies and gentlemen, those of you who were present at my meeting with Industry on the 5th October will recall that I asked what measures could be taken to strengthen Aids Awareness in an industry that is mobile and particularly vulnerable to HIV AIDS. I would now like to report back on steps that are under consideration by Government. In cooperation with the Ministry of Health, the Inter-ministerial Committee on Aids Prevention, has taken up the challenge to address Aids Awareness in all sectors of the economy. It has been suggested that all public sector tenders should include a specification for tenderers to commit to an AIDS Awareness Programme. However, discussions on this issue with the Departments of Health and Labour, as well as the State Tender Board, is still ongoing.

Finally, I wish to assure all stakeholders that at its recent meeting the Inter-ministerial Committee on Construction Industry Development, which I coordinate, confirmed its commitment to the path we have engaged. It recognised that in South Africa's development equation, our construction industry is a national asset that must be continuously maintained and improved. We believe that the Construction Industry Development Board will be pivotal in ensuring that the industry plays a significant role in the social and economic challenges that lie ahead.

Ladies and gentlemen, thank you very much for giving me this opportunity to share our thoughts with you. You have a lot of work ahead during the next two days. I wish you all the best and I look forward to your report.

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