

**Minister of Public Works  
Ms Stella Sigcau  
18 August 1999**

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## **Keynote Address and Official Opening of the Afribuild / Afri Water Exhibitions, 1999**

International Guests,  
Exhibitors and Participants

It gives me great pleasure to be with you today at this exciting exhibition

Afribuild 1999, the South African International Infrastructure, Building and Construction Exhibition, is a very special occasion. Together with the associated Afriwater Exhibition, the occasion is particularly special because it draws together specialists, researchers, constructors and designers from a wide range of disciplines to highlight achievements of construction industry development and to signal new approaches.

TML Reed and all collaborating organisations have taken an important lead in focusing attention on this critical sector of economic endeavour. I wish to congratulate the organisers for their vision, and the exhibitors for their initiative and ingenuity in pursuit of excellence, industry development and delivery to meet the needs of our people. The Department of Public Works and I are proud to be associated with this great event.

This exhibition is indeed of significant importance to all of us here, Government included. Its significance is well captured in your call for "Building a Winning Nation". Building a winning nation is about building for and with the nation. It is about delivery in order to create a single South African nation, and it is about the role of the construction industry in this national project of reconstruction and development.

As guardian and sponsor of the construction industry, the Department of Public Works is here as a participant and exhibitor to underline our deep appreciation of the work being done by other stakeholders, inside and outside our country. As a Department we accept this critical challenge of contributing to the building of a winning nation. Only as a winning and a single nation can we lead and promote the values and goals of the African Renaissance.

Southern Africa and our continent face enormous development challenges into the next century. Infrastructure delivery, building and construction, are key to rolling back the devastation of colonialism, deprivation and war. Our perspective that the reconstruction and development process in South Africa should be integrally linked to the reconstruction and development of the region remains a guiding light in our overall endeavour and in this exhibition. We see in this exhibition - Afribuild 99, a rare opportunity for all of us to recommit ourselves to a vision of a transformed industry contributing towards the realisation of social and economic goals. Transformation is key to the very success of this industry.

I would like to acknowledge the presence of other players in the industry. I am referring to the many participants from independent institutions, big and small, black and white companies, experts and individuals involved in the industry. You are all critical partners in the transformation and development process. Without your full support and cooperation, the successful transformation and development of our industry will be diminished. I welcome you, and invite you to strengthen the partnership that is reflected in this event, a partnership that is being relentlessly promoted by the Department of Public Works.

This event is an opportunity to share experiences, assess and analyze current developments. An important objective of the exhibition of this nature is to promote networking and links among participants. I am particularly encouraged because it offers opportunities to small and historically disadvantaged contractors to participate effectively themselves.

The exhibition provides an opportunity to assess the state of the industry and its contribution to the goals we have set ourselves. This exhibition takes place at a time when business activity is not necessarily at its high point in our country. But there are indications of an upswing, and we in Government have a number of initiatives on the table to promote industry growth, development and the imperative of infrastructure delivery.

It is in this context that my Department is participating as an industry exhibitor, an innovator and as sponsor of construction industry partnership. We hope that our stand at Afribuild will make a meaningful contribution towards consolidating and crystallising a vision for greater networking, cooperation and industry development at home and internationally. In partnership we need to position this industry more centrally to economic development, to the goal of building a winning nation, and indeed to the objective of an African Renaissance.

The construction industry has a pivotal role to play in infrastructure delivery to meet the needs of ordinary South Africans. The key lies in innovation, and in unlocking the many impediments, which curtail its tremendous potential for shaping a sustainable destiny for all South Africans. It is this objective which underpins Government's vision and its commitment to construction industry development.

We are fortunately able to build on an industry, which is technologically advanced and which provides much needed employment and dignity to thousands of people. However, In the complex project environment of construction endeavor, the industry's development is an issue broader than technology alone. Amongst other things, it is bound up with the need to transform industry relations, relations between clients and contractors, contractors and the professions, subcontractors and the workforce itself.

In the South African context, and indeed in the context of our region, the industry's development must be geared to rolling back the enormous legacy of an inadequate infrastructure, its inequitable distribution, and the underdevelopment of locally based physical and human resources. The rapid urbanisation of recent times has amplified the desperation of millions of people who, in conditions of extreme overcrowding still do not have access to water or sanitation, let alone housing. The viability of the rural areas is further undermined by the lack of basic economic infrastructure and road access.

Unlocking the industry's potential to address this stark reality has brought all industry stakeholders together in the structured process of engagement led by the Inter-ministerial Task Team on Construction Industry Development. The Task Team is responsible to an inter-ministerial Committee of government departments involved in infrastructure delivery, a committee coordinated by myself as Minister of Public Works.

Drawn from the public and private sectors, the Task Team is putting in place a framework for legislation to establish a Construction Industry Development Board, which will focus public and private sector effort on galvanising the industry's potential into the next millenium. Towards this objective, the Task Team, in cooperation with all stakeholders, has reviewed draft Government policy and contributed to its refinement in Government's White Paper on "Creating an Enabling Environment for Reconstruction, Growth and Development in the Construction Industry".

Championed by Public Works in cooperation with the Departments of Constitutional Development, Water Affairs, Transport and Housing, the White Paper sets out a comprehensive and integrated strategy for the all-round development of the construction industry, and its contribution to economic growth.

The establishment of this Construction Industry Development Board, or CIDB as it is commonly known, is supported by the entire industry. It will promote the national vision and integrated industry development strategy on behalf of all stakeholders.

The core elements of this strategy to unlock industry potential and to promote enhanced and accelerated delivery are:

- Reduced demand volatility and greater industry stability, as the basis for
- Sustainable job creation and human resource development,
- Improved performance and value for money;
- Growth and the emerging sector,
- Improved public sector delivery management, and
- National, regional and global competitiveness.

Legislation to establish the CIDB will be gazetted later this year for enactment by our new Parliament early in the year 2000.

But, ladies and gentlemen, the Task Team and the Department have not been content to wait on policy and legislation, nor has the industry. I would like to extend thanks and recognition to more than a hundred industry roleplayers who are contributing voluntarily to the work of nine Focus Groups established by the Task Team to refine key development outputs such as:

- the register of contractors,
- procurement reform,
- labour-based construction,
- education and training and

- the development of public sector delivery capacity.

These Focus Groups are preparing the ground for the Construction Industry Development Board and are shaping the priorities, which will enable the construction industry to maximise its role in reconstructing South Africa on a more stable and equitable foundation than exists today.

A critical function of the CIDB will be to roll out industry innovation within both the public and private sectors and to reduce demand volatility as the basis for a more stable delivery environment. It will promote the scheduling of public sector construction spending through the Medium Term Expenditure Framework as well as mechanisms for the protection of public sector budgets earmarked for fixed capital investment.

Ladies and Gentlemen, the theme of the Department's stand at this exhibition is "Transformation and Development of the Construction Industry". In responding to this exhibition we remain convinced that the ultimate beneficiaries of construction industry transformation and development are the peoples of South Africa and our region. Meeting their basic needs is at the core of the new development challenges facing the public and private sectors.

Critical to the success of industry development and infrastructure delivery is the comprehensive transformation of all organs of the Public Service to meet these new development challenges. Since the Public Service accounts for 40 - 50% of total construction spending, its efficiency and expertise as a client and facilitator, is a vital component of the delivery process.

To give practical expression to its determination to transform both industry and the public sector as instruments of delivery, the Department of Public Works is vigorously pursuing the creation of innovative alternate infrastructure delivery models primarily geared:

- at cutting through the impediments such as huge time-lags in the procurement and design phase,
- at addressing skewed tender procedures unduly prejudicing the historically disadvantaged and emerging sector from access to economic opportunities,
- at directing public procurement towards the attainment of the broader socio- economic objectives of government such as the creation of sustainable productive employment.

The most notable of these initiatives has been the Affirmative Procurement Policy, which promotes access to work by formerly marginalised population groups, particularly emerging black contractors. These SME contractors now undertake about 30% of the Department's output as opposed to 4% in 1994. To consolidate the growth of these contractors the Department has implemented an Emerging Contractor Development Programme to address supply side constraints such as access to information, entrepreneurial training, finance and credit.

Working with other stakeholders, and supported by the ILO and DFID, this programme has contributed to the development of the Contractor Entrepreneurial Training Programme, which has developed training material, has accredited 50 trainers from all parts of the country and is delivering training to this sector.

In addition, our Rapid Delivery Procurement System(RDPS) has particularly focused on fast-tracking the delivery of critical public sector infrastructure.

The realigned Community Based Public Works Programme has evolved from a public works programme focussing primarily on poverty alleviation to one that now endeavours to promote the sustainable economic development of South Africa's poorest communities.

Judged by the International Labour Organisation (ILO) to be the leading Public Works programme in over 30 developing countries in Africa, Asia and the Pacific, the programme has focused on empowering and building capacity in historically marginalised, but particularly rural communities.

With a budget of R274 million this year and R374 million next year, the CBPWP is delivering schools, access roads, sanitation, water reticulation, dams, community gardens and food processing units in a clustered approach that takes cognisance of local development initiatives and SDI's. This creation of sustainable infrastructure and productive assets forms the basis for a viable rural development strategy.

The CBPWP is also addressing a number of special projects. Most notable of the special projects is the Youth Working Towards Environmental Accessibility (YOWOTEA). This special project is undertaken in cooperation

with the National Youth Commission and the Office of the Status of Disabled Persons (OSDP). This is a challenging project, promoted by our President to instill a new ethos of service in our youth and indeed in us all. The project will equip public buildings in urban and rural areas with access and enabling facilities for disabled persons. The construction of these facilities will be performed by groups of young people who will be trained and developed during the delivery process.

In promoting these and other programmes I will be seeking also to promote the active participation of women in construction.

Another fundamental reflection of the paradigm shift in the public sector, has been in the fostering of creative private-public sector partnerships in infrastructure delivery. Through the Department's innovative pilot Asset Procurement Operating Partnerships System (APOPS), private sector capital is being geared towards the procurement and operationalisation of public infrastructure facilities. Public Works has recently signed the first two Project Development Agreements for the development and operation of two maximum-security prisons.

The need to nurture and champion private-public sector partnerships is critical to meeting the demands of development on the one hand and the imperatives of the reconstruction, growth and development of the industry on the other.

I have already indicated my belief that the development of our construction industry is fundamental to the African renaissance. All roleplayers assembled at this exhibition have a role to play and I believe that the envisaged CIDB may prove pivotal in this regard. All the initiatives I have outlined have the potential to catalyse a process of revival that should start in our region.

Building on regional cooperation, an industry promoted renaissance strategy could be founded on a range of existing initiatives and a host of small and major projects. I will single out a few initiatives of relevance.

- Firstly, promotion of the Targeted Procurement Strategy on all major construction contracts in neighbouring countries would develop domestic capacity by the fostering of appropriate joint ventures. This would further promote a platform to begin to address other innovative procurement mechanisms and a common process of contract simplification and standardisation in our region. Core elements of the Emerging Contractor Development Programme could promote consolidation of this domestic capacity.
- A regional network of registered contractors and service providers using similar basic accreditation criteria and categorisation methods would support a common development agenda and the monitoring and evaluation of development policy impact.
- Regional co-operational agreements between professional institutions would facilitate cross-border professional practice, regional and global competitiveness and could be promoted by the Council for the Built Environment which will be enacted soon. Such cooperation would promote best practice and would support a common approach to innovation, contract standardisation, the harmonisation of codes of practice and mutual accreditation.
- The Construction Industry Development Board and other institutions could facilitate the dissemination of research output, new technology and best practice. The viability of our model for a rural development strategy, as pioneered by the Community Based Public Works Programme, may yet prove to be an important renaissance component in the context of our continent.
- Needless to say, exhibitions of this nature play an invaluable role in stimulating new delivery concepts that can promote the African Renaissance.

Ladies and Gentlemen, I will be viewing this exhibition with great interest. Despite the limited resources available to Government, I am convinced that we have not yet exhausted our joint potential for innovation to enhance the development agenda.

As you are possibly aware, Public Works is the largest property owner in the southern hemisphere, with a portfolio valued at approximately R120 billion. As currently managed this portfolio must be maintained at a cost to Government and the public. We have therefore initiated a process to explore the viability of establishing a Property Agency able to manage this portfolio on commercial lines and to enhance its potential to contribute more positively to the development challenge.

In conclusion, let me thank the organisers once again for enabling the Department of Public Works and myself to share our ideas through this exhibition. I trust that this event will indeed be extremely stimulating and invigorating and that the distilled experiences assembled here will find their way into concrete practice which will significantly improve the future of this industry !

I Thank You !

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