

**Minister of Public Works
Ms Stella Sigcau
23 Novemer 1999**

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**Opening of the Housing Exhibition
South African/Swedish Partnership Dialogue - Manifestation Week**

“SOUTH AFRICAN/SWEDISH PARTNERSHIP: THE CONSTRUCTION INDUSTRY”

Swedish Minister for Commerce and Industry, Mr Björn
Rosengren and Mrs Rosengren
Premier for the Northern Cape, Mr Manne Dipico
Mayor of Kimberley, Mrs Maria Chwarisang
MECs of the Northern Cape
Swedish officials from the Foreign Office and SIDA
Swedish consultants
Distinguished guests
Ladies and gentlemen

The relationship between South Africa and Sweden is an historical one. Our young democracy has a great appreciation for the support from Sweden during our liberation struggle. Today we can again acknowledge the continuation of the partnership between South Africa and Sweden over a long period - culminating in tangible results of interaction, trade, training, transfer of skills, project exchanges and mutual benefits.

Now that South Africa has obtained the objectives of the struggle to establish a growing democracy in the South of Africa, it is in the interest of both countries that the bloodsweat of the struggle is realising in a real benefit to the poor.

In South Africa, basic public infrastructure needs (e.g., bulk services, roads, education, roads, education facilities, public buildings and office accommodation, prison facilities, etc.) have been historically addressed and managed by the Government. Private sector involvement was generally limited except for the actual construction of the infrastructure, which was handed over to Government upon project completion. As a result, Government has become an owner of a vast inventory of fixed assets, which carries a tremendous recurrent budgetary burden for management, operation, maintenance, security and the like.

Although the ownership of fixed assets is not in conflict with Government's public obligations, certainly Government's primary goal is to meet needs through delivery of appropriate social services. This opens the door for greater cooperation and partnerships, both domestically and at an international level.

With limited resources and capacity constraints, the Government concluded that it cannot rely solely on the traditional form of procurement and it has to consider alternative, innovative procurement techniques, which would result in greater private sector involvement in the provision of assets and services at greater value for money.

Government's purchasing leverage (40% to 50%) in the construction industry, identified transformation of this industry as key to meeting stated socio-economic objectives of ownership equity, participation in mainstream economic activities by previously disadvantaged individuals and overall job creation. Within this context, the Department of Public Works has championed the transformation of the procurement reform programme. Mandated to pilot the Affirmative Procurement Programme (APP) in the construction industry, my Department has since intensified the application to include specific targeted procurement programmes such as the Strategic Projects Initiative for black contractors at prime contractor level and the Emerging Contractor Development Programme (ECDP).

The ECDP is an important element of the Department's endeavour to create an enabling environment within the construction industry. It was developed in a collaborative effort with the then Black Construction Industry, the Department of Trade and Industry and other role players.

Key elements of the programme include:

- Helpdesks in all the Regional Offices of the Department of Public Works, to provide advice on systems, procedures, screening and categorisation. These helpdesks are the point of contact for emerging contractors.

- A database of emerging contractors, recording, monitoring and evaluation of their respective performances on the programme, the impact of advice on contractor performance and
- Access to support in terms of training, mentoring, credit and loan finance as well as
- Information on job opportunities available.

We are fortunate 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 endeavour, 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.

We have made a contribution. But the real impact and sustainability of procurement reform lie in the adoption of its principles by other line function departments, at all tiers of Government, and in particular those interacting with the construction industry. It means that whilst we proceed with implementation, refinements and further improvements will be informed by lessons learnt by implementing agencies.

Creating an Enabling Environment for Reconstruction, Growth and Development in the Construction Industry, is one of the key elements of our transformation. Our White Paper with the same title is a cornerstone to the transformation of the Construction Industry in general. Its key features include:

- Developing a stable delivery environment
- Enhancing Industry performance
- Restructuring Industry training and human resource development
- Promoting new capacity and the emerging sector
- Developing the capacity and role of the Public Sector.

Within such an enabling environment, achievements can be realised on increased sustainable job creation, improved public sector delivery capacity, human resource development and economic growth.

A uniform implementation of the APP by all line function departments, provinces and local authorities also depends on coordination. This includes, amongst other, standardised tender and contract documents, manuals on monitoring and auditing, risk management, assessment procedures and integrated management information systems.

Only by developing structured interdepartmental and intergovernmental interaction will the objectives of this programme impact positively on improved access to opportunities by Affirmable Business Enterprises (ABEs) and Previously Disadvantaged Individuals (PDIs), which is what we are striving for in our partnerships. Therefore, I will always promote greater coordination in areas that impact on programmes of infrastructure delivery, affecting the construction industry.

In the Southern African Region, the Southern African Regional Construction Industry Council (SARCIC) held a preparatory meeting on 8 November 1999, attended by 9 countries from the region, with representation from both the public and private sectors. The aim is to develop an agenda of regional cooperation for the development of domestic construction capacity in the countries of Southern Africa.

Priorities identified by this SARCIC meeting, include:

- Targeted procurement to promote joint ventures between domestic and international enterprises
- Emerging contractor programmes to consolidate the opportunities provided by targeted procurement
- The standardisation and simplification of tender documentation and contracts throughout the region.

This agenda will be pursued for a full meeting of SARCIC towards the middle of 2000.

The South African Construction Industry has cooperated positively on transformation, infusing policy from practical experience and being partners in addressing overall transformation and deepening of our democracy. We are confident that long term benefits will be achieved, and we trust that you will continue with us on this path, also in terms of the Southern African region.

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