

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

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**Opening Address at Minecon Africa '99
2nd International Exhibition for the Construction & Surface Mining Industries**

“Facing challenges - building together”

Mr John Thompson, Mr Ian Livingstone-Blevins, participants, distinguished guests, ladies and gentlemen ...

I am really honoured, and pleased, to be with you again today.

Two years ago, whilst representing my predecessor, I was greatly impressed by this live site exhibition - today, coming in my own right as the Minister concerned, I find the exhibition both impressive and meaningful.

To the organisers: Please accept my sincere congratulation on the success of this exhibition. We need exhibitions such as Minecon for the understanding and evaluation of equipment available to the industry. It is only when we know which means are available to increase our productivity, and how best to utilise these resources, that we can expect to achieve the required accelerated delivery of infrastructure and the economic growth necessary for our country.

I am most encouraged by the expansion of endorers to this exhibition - from the supply and production sectors as well as the financial services side.

Of course the emerging contractor pavilion has been of special interest to me, as this is the area in which a lot of government policy and support initiatives are focused since the recent dawn of democracy in South Africa.

We believe that the inclusion and advancement of previously marginalised contractors into the mainstream economy is of the utmost importance in unlocking all potential economic growth. At the same time, it is obvious that training, in life-skills (including HIV/AIDS) be it vocational, or in the professional, technical and technical assistance fields, requires our urgent and devoted attention. Where the mining and construction industries have been identified as the two industries least likely to show significant increase in the participation of women over the next five years, I am of the opinion that we ought to address this particular challenge. This we can do by specifically targeting women and the youth, for the type of training that will enable them to obtain entry level qualification and for advancement from the supporting activities they are currently performing - this will in time enable them to be part of the skilled workforce of these industries.

A challenge that I would pose to the construction and mining industries today, relating to training, is that both these industries should co-operate even closer with government on human resource development aspects. I am in particular referring to contribution towards the development and presentation of suitable project management training modules and curricula to equip participants in these two industries to raise their level of activity.

I am also proud to report to you that since 1997, when I told you about some of the Government programmes addressing infrastructure development and various socio-economic objectives (including job creation and poverty alleviation), we have gained much ground in successfully introducing and implementing some of these programmes.

Let us reflect:

The key mechanism in realising the envisaged impact of the public sector, in particular in realigning and implementing new policy direction to ensure equality in sustainable economic opportunity and participation, is that of procurement. The public sector accounts for between 40 - 50% of total construction spending. Therefore the efficiency and expertise of the public sector, both as client and as facilitator, is a vital component of delivery, and an influence to reckon with when determining **how** things should be done.

The Department of Public Works has played a leading role in the programme formulation and implementation piloting of the Affirmative Procurement Programme within the construction industry. Where less than 5% affirmable business enterprises (ABEs), mostly emerging contractors in this instance, had won tenders from Public Works in 1994, their participation has now risen to close on 30%, with a very low average cost

premium of less than 1%.

Via the Affirmative Procurement Programme we have realised some of South Africa's public sector procurement capability to promote a wide range of socio-economic objectives. Utilising procurement as an instrument of government policy, we have implemented the:

- Strategic Projects Initiative to elevate black contractors to prime contractor level
- Asset Procurement and Operating Partnership System to create specialised public facilities jointly with international expertise
- And alternative delivery models such as the Rapid Delivery Procurement System.

The same principles of procurement were brought into activities throughout the Department, including the Community Based Public Works Programme. In this Programme, by utilising deregulation and capacity building as well as a sense of ownership and management within communities, government has allowed communities to take direct control of funds, with strict accountability measures. It is a new approach which has reaped positive results.

Concentrating on the construction industry, and the required democratisation of the industry coupled to its improved performance, a White Paper: "Creating an Enabling Environment for Reconstruction, Growth and Development in the Construction Industry", has been published. Extensive cooperation by the appointed Task Team and reference groups ensure wide consultation and interaction with the industry to obtain a suitable regulatory framework and the establishment of an overarching Construction Industry Development Board.

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.

Within the broader construction industry development programme we have implemented the Emerging Contractor Development Programme, of which key elements 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.

Contractors are being divided into three categories. Those capable of dealing with contracts up to R30 000, contracts from R30 000 to R200 000 and from R200 000 to R2 million. Some 1200 emerging contractors have registered, of which 7% are women.

The main priority in terms of training is developing the business skills of contractors by improving performance in tendering and quoting for work, management of construction and overall business management. The participating contractors, while in command of basic technical skills, are supported in the advancement of their technical competency. Specific training is available on a multi-media/video programme, explaining the ECDP procedures and quoting or tendering and the ECDP adjudication process.

The Department sees the ECDP as a role model which can be adopted by other clients at national, provincial and local level. In this way work opportunities and support can be directed towards emerging contractors in a more co-ordinated way and monitoring will ensure their systematic progress towards becoming fully fledged contractors whose credit-worthiness is recognised by financiers and suppliers and whose performance is acceptable to clients.

To ease the strain faced by emerging contractors in accessing materials, the Department of Public Works is investigating different models of materials supply to emerging contractors, including:

- Bulk buying schemes
- Establishment of a national black contractors plant, equipment and material supply enterprise
- Innovative credit schemes by established material and plant supplies.

The ECDP slogan: "Sakhasonke - your concrete business opportunity", encapsulates the spirit of the Department's inclusive approach towards developing emerging contractors to become self-sufficient and respected contractors.

In a joint project with the National Youth Commission and the Office on the Status of Disabled Persons in the Office of the Deputy President, we are now set to effect greater accessibility for disabled persons to government buildings by employing unemployed youth to be trained and work on providing facilities such as parking, ramps and toilets at buildings still user-unfriendly to the disabled. I

t is exhibitions such as Minecon, and other opportunities for networking and cross-referencing between related sectors that leads the way in working together towards accelerated delivery; through which we discover new possibilities of building together. We need to touch base on common areas and strengthen each other, right from the supply side through to management, operation, production and marketing, in finding solutions to enhanced delivery. My kindest wishes accompany you in future endeavours - and with that,

I wish to officially declare the exhibition opened.

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