

**Minister of Public Works
Ms Stella Sigcau
24 January 2000**

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Towards a National Emerging Contractor Development Programme

Address at Public Sector Workshop

Honourable Chairperson,
Minister Dullah Omar
Distinguished delegates and guests,
Members of the media

It gives me great pleasure to be with you today at the start of this exciting workshop, a workshop which draws together public and private sector specialists and practitioners from around the country to reflect on a theme of critical significance to the development and transformation of the construction industry.

I would like to express my sincere appreciation to the CSIR for its considerable effort, in co-operation with the South African Roads Agency and the Department of Public Works in bringing us together to review and consolidate our various initiatives to promote emerging contractor development.

A special word of thanks is due to the International Labour Organisation for its contribution to the co-funding of this milestone public sector gathering. I would also like to thank the very eminent facilitators who have agreed to guide the breakaway sessions in reflection on how we can jointly enhance our efforts to meet the objectives of development and empowerment.

The significance of this workshop is well captured in the theme that calls on us to work together "towards a national emerging contractor development programme". That theme commits us to a common vision, to common objectives and principles that will guide the further development of our individual efforts. It commits us to co-operation.

We see in this workshop a rare opportunity to learn from each other, to draw strength from each other and to recommit to a vision of a transformed construction industry that is contributing to accelerated delivery and to the achievement of our social and economic goals.

Indeed, transformation is key to the very success of this industry and the Department of Public Works is committed to champion strategies that transform racially skewed ownership and participation in the industry.

In this context, the affirmative procurement policy, pioneered by the Department, has opened up immense opportunity to emerging black contractors and suppliers, who today implement 30% of all our work. I believe that it is now time to roll out the APP throughout the public sector and we are working closely with the Department of State Expenditure towards this goal. Our efforts to develop a national emerging contractor development programme are about building on the opportunity created by affirmative procurement and consolidating the capacity and sustainability of emerging contractors.

While we are convinced that we have made strides in promoting Black Economic Empowerment, we also have many problems. We must ask ourselves, as Government representatives in particular: Have we really succeeded in promoting Black Economic Empowerment? With regards to emerging contractors, what have we done to ensure that we are not promoting a rent a Black scenario?

I am certain that a review of the impact of what we have done so far is now necessary. Therefore this is a call to all of you in this workshop to take a step back and introspect.

Ladies and gentlemen, during the past few months I have held several meetings with the Inter-ministerial Committee and the Task Team on Construction Industry Development and with all construction industry stakeholders.

My meetings have confirmed the wide support of all stakeholders for the vision and strategy set out in the White Paper "Creating an Enabling Environment for Reconstruction, Growth and Development in the Construction Industry". What all stakeholders critically await is the rapid and consistent implementation of this strategy by all public sector delivery agencies acting in unison.

It is with this objective in mind that I, together with my colleague, Minister Omar, have promoted this two-day workshop to address a core thrust of the White Paper strategy: namely empowerment and growth of the emerging sector.

Our efforts to promote the emerging sector must be integrated within a package of mutually reinforcing initiatives to develop all aspects of the industry in a comprehensive strategy. To ensure co-ordinated implementation of this strategy, I have introduced draft legislation to establish a Construction Industry Development Board that will address:

- improved delivery and performance by industry and the public sector,
- growth of the construction economy,
- empowerment and consolidation of the emerging sector, and
- sustainable employment as the basis for skills training and career path development in the industry.

Accountable to an Inter-Ministerial Committee, the Board will enhance the contribution of the construction industry in meeting national construction demand, in promoting national, social and economic development objectives, industry performance, efficiency and competitiveness, and improved value to clients.

The Board will promote emerging contractor development. It will provide strategic leadership and support to public and private sector stakeholders and will establish appropriate and uniform best practice standards and guidelines within the arena of construction.

It is envisaged that the Board will establish a national Register of Contractors and a Register of Projects as core instruments to promote best practice of both suppliers and clients. It is my belief that a register of contractors can be a valuable instrument to establish a track record for emerging contractors who battle to gain access to finance, credit and sureties.

Having made mention of the registration of contractors, I must categorically state that we are determined, as Government, to ensure that the registration of contractors should not create yet another barrier to emerging contractors. We are all too aware that in the past registers of certain professions have been used to create some kind of "Old Boys' Club". We cannot allow this to continue let alone to promote legislation that introduces such elitism. We must decisively ensure that registration enables access and promotes emergence.

Ladies and gentlemen, since the public sector is the major client to industry, our efforts must also ensure best practice public sector client performance across all tiers of Government. In this context, I together with my colleagues on the Inter-ministerial Committee and the MECs of Public Works and Transport are determined to address the poor payment practices within the public sector. Delayed payment and the cancellation of contracts threaten the viability of both the established and the emerging sectors. I therefore call upon all of you to recognise our industry as a national asset and to act responsibly as clients.

In opening this exciting two-day workshop allow me to express some thoughts and expectations. Firstly, I would invite you to keep the key objectives uppermost in your minds. This workshop is about two outcomes. It is about empowerment and it is about co-operative governance. It is about how we can best promote emerging contractor development and it is about how we can co-operate together to achieve this objective.

When we talk about "emerging contractors", ladies and gentlemen, we should be clear about what that term means. In essence, we are talking of black contractors who are struggling to overcome business impediments as a result of apartheid, and who therefore need support to ensure that they do indeed merge into the mainstream of the South African economy.

Support measures should not perpetuate the division between a well-resourced formal sector and an under-resourced informal sector. Support measures can be expensive and therefore we need to be focused and to put in place mechanisms to monitor the success of our efforts.

We must, of course, proceed from a common understanding of our policy and objectives. An outcome of this workshop must be intensified implementation to convert policy into practice.

We are here to learn from each other's experience, to identify common problems and potential solutions. None of us has all the answers and I urge you to be free and open.

In the experience of my own Department I believe we have taken significant strides in terms of creating opportunity through affirmative procurement and in the development of a Contractor Entrepreneurial Training programme, undertaken in co-operation with the ILO, Ntsika, the Black Construction Industry and many industry stakeholders. As part of our own transformation we have established help desks in all our regional offices providing advice and information.

Since coming to office I have championed the accelerated development of women in construction in the firm conviction that women who survive in this male-oriented industry are serious entrepreneurs who deserve special support.

Though we can claim success in certain aspects, we have however been less successful in tackling the question of access to finance and credit and this issue is critical if we are serious about wanting black contractors to merge into the mainstream economy. I do believe that this is one area in which a close working relationship with Housing will pay dividends as they too have been trying to find solutions around the same problem.

Ladies and gentlemen, it is my hope that this workshop is a beginning, rather than end in itself. It should be the beginning of a programme of co-operation. Perhaps an outcome of this workshop will be a forum or a network, which enables us to continuously update one another on new initiatives, so that all of us can benefit from each other's successes.

I look forward to receiving the synthesis report, which must capture the essence of your deliberations and provide future direction to our efforts.

In conclusion, allow me to wish you a fruitful debate and I hope that you will enjoy this opportunity to interact with one another.

Have a nice day!

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