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Address by MEC Mahlakeng Mahlakeng, delivered at the Construction Industry Development Board (CIDB) stakeholder meeting held in Mmabatho Palms Hotel, Mafikeng, on Monday, February 22, 2010.

Date: Monday, February 22, 2010

- Programme Director
- Representatives of the Construction Industry Development Boards present today
- Leaders of the Construction Industry and its Stakeholders
- Distinguished Guests
- Ladies and Gentlemen

Good morning to you all.

I would like to thank the Construction Industry Development Board (CIDB), for organising this important meeting and greatly appreciate your effort, to bring all stakeholders under one roof.

It has given me an opportunity at least, to meet some of the players in this important industry.

The construction industry remains the heart beat of the economy across the globe.

You continue to play a very critical role in our country's economic growth and social development.

This industry is also one of the large-scale providers of employment in our country.

As you are aware, job creation for sustainable livelihood, is one of the key priorities of Government.

You have made remarkable success to bring us where we are now.

Most notably, one cannot over-emphasize our collective gratitude, for your ability to deliver on time, the mega infrastructure we need to host a successful Fifa Soccer World Cup in the next three month to come.

But there are areas off course, which in my view continue to pose a very serious challenge for the industry; I will elaborate on that shortly.

Though some will have a different view, there is a general understanding and belief that

the legacy of the apartheid system left our construction industry development and transformation serious challenges.

Key among those challenges are:

- Accelerating sustainable transformation through access to opportunity, finance and training.
- Improving effectiveness of public sector spending on physical infrastructure development and maintenance.
- Improving labour absorption, labour relations and job stability, ensuring international competitiveness and reducing the impact of HIV and AIDS in construction.

That explains in part, my appreciation for extending an invitation to my office to this meeting because, I hold a view that a stake-holder meeting of this kind, is a forum of a festival of ideas.

Out of this collective, should emerge constructive and honest ideas, to address some of the challenges we face in this province, and possible solutions and way forward.

Programme Director:

CIDB's background is known to most of us here.

It was established by Act of Parliament to promote a regulatory and developmental framework that builds:

- The construction delivery capacity for South Africa's social and economic growth.
- A proudly South African construction industry that delivers to globally competitive standards.

CIDB's focus is on:

- Sustainable growth, capacity development and empowerment.
- Improved industry performance and best practice
- A transformed industry, underpinned by consistent ethical procurement practices and
- Enhanced value to clients and society.

Ladies and Gentlemen:

What I have just said, sound like good music to our ears.

But the question is, have we truly lived-up to what I have just read out? And if not, why?

Can we be honest with ourselves, and say it without any contradiction, that the rapid expansion of the sector, has also yielded a rapid conversion of the rate of emerging contractors into larger entities?

Why does it appear to me- unless I am not up to speed with the latest developments in the CIBD- that most contractors, still fall within the Grade One (GB1)?

There are just too many of them at the bottom-end of the ladder. We have in total, 3 282 in this province alone.

Clearly there is an over-subscription of low-grade level contractors and too few high grade level contractors.

That high level of concentration, which is more than skew, is so unhealthy because both the public and private sector, will continue to have limited or no options.

It creates a situation in this sector, where there will always be the bigger boys of the industry, and a handful of them.

The over-populated bottom end, silently tell a very tragic tale, that say:

Many of our aspirant constructors will, in fact, never win a project thus restricting the flow upwards to grade two (2) or higher.

If lucky, they will forever be limited to those small and non-complex projects.

I hope this meeting will also assist to manage expectations, especially those among us, who are made to believe and dream of getting a project with government with a false hope, that there is plenty of money to be made.

But at the same time, we also need to admit the realities of the situation we find ourselves in. Our eyes cannot lie to us!

In the whole of the North West, the highest level we have is GB8 and we have only one. Nothing above that grade, at the moment.

This country is in dire need of skills and expertise required in the built environment.

We need people who are trained, and with the skills, to get out of their comfort zones of air-conditioned offices, and be on site where activities are taking place.

Not everyone can start a construction company, when you do not even have the skills or at least the passion for the built environment.

So, why then do you submit a tender for the construction of a road, a bridge or a hospital when you know very well, that you are clueless about this sector?

Distinguished Guests:

Skills development has become more critical to the performance of the industry.

More so, we as Government and department, are constantly subjected to pressure for delivery.

We therefore have to pull all stops, to enable us to plug the gabs and address the skills crisis in the industry.

Skills shortage affects all segments of the constructions centre, established and emerging contractors and other critical areas.

The reality too is, Government cannot match remunerations offered by the private sector to retain valuable skills.

The danger is, even our initiatives like the Contractor Development Programmes, are in danger of failing.

They may collapse, if we do not have skilled personnel in the form of professional engineers, architects, quantity surveyors, project managers and artisans.

This challenge requires all of us to address and do something about it.

Programme Director:

Contractors at lower levels must be prepared to learn without cutting corners because, CIDB grading, I am informed, is based on both financial and works capacity criteria.

Until the contractor proves that he or she is able to move up a notch, the business is restricted to contracts of a certain size.

This forum should assist, and point to other directions, those GB1 companies.

There should be other opportunities within the construction industry, for example: health and safety environmental considerations.

It is not my intention to take too much of your time. I am aware that you have a long day ahead to still engage fully on other important matters.

But allow me: Programme Director;

To ask these questions which I am yet to get answers:

- Work in the construction industry, requires that you get your hands dirty. It is therefore a dirty job. How then, is it possible for medical practitioner, pharmacists, lawyers and in some instances, former security policemen, to become the champions of the built environment?
- I know there is an acute shortage of skills in this area, but I cannot understand how a person, or persons in private practice, qualified to dispense medicines, treating health patients, defending clients in court or chasing criminals can be awarded projects for dirty work!!!! .
- What about those genuine contractors, driven by passion, the love for the job and the love for the industry ready and willing to get their hands dirty?
- How much longer should they wait in the wings, for them to get an opportunity? We need to seriously look at this anomaly of people straddling lanes.
- We need to find a better way also of addressing the CIDB grading without compromising the standards, since the idea is to ensure that we also produce quality work.

In conclusion: Programme Director;

Ourselves as government need to seriously revisit our procurement systems.

We need to establish, whether indeed people tasked with a responsibility to handle and deal with procurement are honest, transparent, fair and do not compromise what CIDB seeks to achieve.

I had to terminate two contracts for the same company in less than three month.

One was for the construction of Mini Garona government office complex in Vyburg. I kicked them out because of poor performance, and failure to meet targets in December last year.

This past Friday, I terminated another.

It was for the construction of Brits Hospital in Bojanala, because a major partner in the joint venture applied for provisional liquidation.

Before I stand down:

Allow me Ladies and Gentlemen; to assure all of you, that we are in control of our situation in the department. We will continue to ride the crest of the wave.

We have been making news head-lines in the since August last year, because of our quest for transparency, openness and accountability.

I am satisfied with the work done to date, in finding out exactly what happened to chunks of tax-payers monies, allocated to my department to fulfil its mandate.

As we speak, my Head of Department, Nic van Staden and Chief Financial Officer, Kwekwu Odame Takyi are expected to appear before the internal Disciplinary Committee this morning, to answer to charges of gross misconduct.

Suspended Chief Director for roads, Eddie Thebe, who has been charged with gross misconduct, appeared last week.

The case was postponed to allow parties to exchange certain documents.

I am sharing this with you, Ladies and Gentlemen, because what you have been reading about, hearing and seeing week-in and week-out has generated so much public interest, one cannot duck the issue and avoid mention thereof.

I wish you a very successful day ahead.

I thank you

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