

## **MEC's SPEECH – DATE: 12 MARCH 2010**

Greetings:

- MEC's present;
- Mayors
- cidb board members
- cidb staff;
- Departmental officials;
- Municipal Managers;
- distinguished guest from the industry;
- associations;
- ladies and gentlemen

I address you today, the 12<sup>th</sup> of March 2010, 23 days after the Minister of Finance; Honorable Provan Gordhan had tabled his budget speech. The speech outlining budget allocations per individual national portfolio.

It is only 9 days ago when MEC for Finance, Economic Development and Environmental Affairs, Honorable Mcebisi Jonas delivered his provincial budget speech transparently giving out details of provincial portfolio allocations.

Ladies and gentleman, the construction stakeholder forum remains a critical event that should form part of the important items in the calendar of both National and Provincial Public Works. It is in this platform of course where us as government attempt to respond to the needs of our key stakeholder, the contractors.

I must in my capacity as the Provincial Infrastructure Political Leader remind of what the Honorable President Jacob Zuma of the Republic of South Africa.

"The launch of the Construction Industry Development Board (CIDB) tonight commits themselves to change that is pivotal to the growth and competitiveness of our economy".

The introduction of the CIDB was not an accident of the Historical events but their sequence. As government and as the ruling party we were and we are still consciously aware of the critical role the construction sector plays in the economy

of our country. How much of our fiscal budget goes to construction and how much that currently benefits the targeted group?

The CIDB therefore remains central in the infrastructure sectors transformation agenda.

A platform such as this is aimed at showcasing the importance of the role of CIDB in determining and setting the construction standards on the one hand and devising strategies to improve contractor growth on the other.

It is this platform again where both contractors, built environment professionals and/or consultants and the contractor development practitioners interact and share ideas as to how best can both the construction and contractor challenges be addressed.

Ladies and gentleman last year from the 16 – 18 September 2009 the Public Works Department in the Province convened a Provincial Contractors Conference to tackle the Provincial construction challenges including those that were CIDB related.

It was during the commission discussions that an observation was made regarding the serious challenge posed by communication. Key to the deliberations during the conference were the resolutions taken by the commission responsible for CIDB, specific matters where the following issues were identified:

- CIDB to hold information session workshop to discuss contractor downgrading and explain downgrading criteria.
- Amend registration requirement stipulating conditions of downgrading
- Put on a moratorium to put downgrading on hold.
- Grade contractors according to track record and not financial capability (muscle).
- Arrange annual conferences to address CIDB related issues
- Review policies to enforce implementation of delivery strategies.
- CIDB Board members: amend the act to ensure exclusion of active contractors from participating in the Board as members.
- Have an office near the Bizana area and other satellites.
- Revise JV Calculator as it is disadvantaging emerging contractors.

- Develop specific guidelines to ensure compliance to Registration with I tender

The CIDB as a strategic partner to Public Works therefore has a critical role in the government's transformation agenda for the construction sector. Key to its role would be to recognize the importance of regularly interacting with contractors as a very important stakeholder communication and communicating effectively can improve the negative perception that generally contractors have about CIDB. I trust that CIDB and the Department of Public Works have developed a clear programme to ensure implementation of these resolutions as they touch the nerve centre of contractor development.

This stakeholder's workshop should come up with clear guidelines and a clear path to speedily address the slow pace of contractor growth in the register of contractors.

As government we had introduced both the construction and property charters however, I regret to mention that there's not been much of benefit to the targeted group. The 2010 world cup stadiums are a case in point. The urgency to complete and deliver was cited as a reason not to manifestly ensure that emerging contractors get a share in the bigger steak.

The workshop should ensure a clear programme is developed to guarantee implementation of the resolutions with clear developmental strategies.

Ladies and gentleman, I must acknowledge the role of the CIDB as a strategic partner, it is through partnership that the Construction Contact Centre (CCC) in the Province was launched.

The CCC is a response by both DPW and CIDB in the government objectives of "bringing services close to the people".

It is also through our partnership with the CIDB that the National Contractor Development Programme (NCDP) got introduced. The NCDP is aimed at developing strategies to speed up contractor growth and improve the industry. The industry had observed and cited poor workmanship as a key challenge thus threatening emerging contractor development programme.

In response to that as E Cape Department of Public Works the APTCoD was introduced. The programme addresses both skills shortage in the industry through the revival of the old artisan cadre and built environment professionals. The Small Specialist Contractors are a case in point and are available in the departmental database for every contractor that has a project in need of artisan skills to access.

Ladies and Gentleman, in conclusion I must mention the commitment of the Department to try to improve the manner in which projects are awarded to guarantee growth. Both CIDP, SCM and Buildings branch must for 2010/11 come up with an intense strategy for contractor growth.

This is a platform which all the stakeholders equally are expected to contribute ideas for achievement of the contractor growth. All the stakeholders should strive towards improving the industry performance, best practices and industry capacity.

I thank you.