

## **PRESS RELEASE:**

### **PACE OF TRANSFORMATION IN THE CONSTRUCTION INDUSTRY SHOWS LITTLE SIGNS OF IMPROVEMENT**

Pretoria 19 January, 2018: According to the latest cidb annual Construction Monitor: Transformation, even though there is a steady increase in the number of black-owned contractors in higher grades, less than 40% of cidb registered Grade 9 contractors are black-owned.

Pumelele Qongqo, Project Manager for Monitoring and Evaluation at the cidb commented that, "What we are seeing is that while the contracting sector is transforming in terms of black-ownership at the level of the small contractor, representation by black-owned medium and large contractors has not increased significantly over the past three years – and does not represent an inclusive industry."

According to the cidb, the number of women-owned contractors in cidb Grades 2 to 6 (typically the small contractors) is decreasing over time. However, the number of women-owned cidb Grades 7 to 9 (medium to large) contractors is increasing. Qongqo notes that, "This is due in part to a positive sign that women-owned contractors are upgrading to higher grades". Women-owned contractors amount to around 30% of all contracting enterprises.

cidb information shows that over the past three years, black-owned contractors are accessing around 54% of total public sector contract awards. Of particular concern is that the Grade 9 contractors (large contractors) are only accessing around 25% of public sector awards. Women-owned contractors access around 25% of total public contract awards.

The cidb also notes that only 36% of the cidb registered Grade 9 contractors and 48% of the Grade 7 and 8 have a minimum B-BBEE Level of 1 or 2 – which represents some signs of good progress towards broad-based transformation. Furthermore, around 85% to 90% of all medium and large contractors have a minimum B-BBEE Level of 4, which is regarded as being fully compliant with the Sector Codes. As noted by Dr Rodney Milford, Programme Manager at the cidb, "This reflects that progress is being made towards broad-based transformation measured in terms of the elements of the BEE Sector Codes, but that black- and women-ownership remains a critical weakness in the contracting sector".

An assessment of data obtained from Consulting Engineering South Africa (CESA) shows the black executives as a percentage of the total executives have increased from 30% in 2014Q2 to 37% in 2017Q2 and the percentage of total black employees has increased marginally from 44% to 49%. Qongqo adds that “Again, this reflects that the industry still has a long way to go to be truly representative”.

### **Conclusion**

The cidb notes that the pace of transformation in the construction industry shows little signs of improvement.

The cidb endorses all meaningful actions to enhance transformation in the construction industry. The cidb further recognises that addressing transformation is not the responsibility of one entity or organisation, and requires the commitment from the established construction industry to transform from within, and from the public sector to support transformation of the construction sector through developmental support and procurement interventions. The cidb calls for intensified support from all stakeholders to achieve a fully inclusive industry.

Milford notes that, “The cidb is actively working with stakeholders to enhance transformation, and the cidb’s actions are guided by a conceptual framework built on the following objectives:

- i) to increase total government spend and the efficiency and rate of spend;
- ii) to increase participation of the black-sector in public and private sector spend through regulation, development programmes and best practice;
- iii) to enhance the development and sustainability of the black-sector through business advisory services, and to enhance the quality in the delivery of construction works; and
- iv) to encourage transparency and good governance in the delivery of construction works.”

### **The Construction Monitor Reports are available quarterly in the following topics:**

Q1: Supply and Demand

Q2: Contractor Development

Q3: Employment

Q4: Transformation

These cidb reports are available on [www.cidb.org.za](http://www.cidb.org.za)

### **For more information contact:**

Mr Pumelele Qongqo, [PumeleleQ@cidb.org.za](mailto:PumeleleQ@cidb.org.za)

Dr Rodney Milford, [RodneyM@cidb.org.za](mailto:RodneyM@cidb.org.za)

