

Part of the inclusive economic growth agenda in South Africa has been to leverage

public procurement as an instrument to promote socio-economic transformation, empowerment of small enterprises, rural and township enterprises, and promotion of local industrial development.

During the 2017, State of the Nation address, His Excellency President Jacob Zuma mentioned that government will set aside 30% of appropriate categories of state procurement for purchasing from black owned enterprises.¹ The notion of set-asides as a means of growing young fledgling enterprises to transform the economy and also increasing inclusivity is most certainly required - especially in a struggling economy.

Recently, the dti introduced the Amended Construction Sector Code with one of the key features of the draft sector code being that the target for black ownership be set at 35%. The aim of the code is to catalyse and increase the pace of implementation of BBBEE in the infrastructure development space. Implementation of the code will be closely monitored.

In addition to this, the large construction companies listed on the Johannesburg Stock Exchange, for example Murray and Roberts, Aveng, WBHO, Stefanutti Stocks, Raubex, Group 5 and Basil Read, have also committed over a period of time to increasing black ownership and the participation of black-owned companies in the construction industry. This points to a most encouraging jump towards attaining transformation targets for the industry. Assuming that these commitments and transformation road maps are maintained at the industry level then: "it is projected that by the end of the several years, black firms and equity owners would have a combined turnover of between R21 billion and R27 billion and over the seven years as a whole through the phased-in arrangements, have a cumulative turnover estimated to range between R104 billion and R123 billion".²

In the construction sector where profits margins are constrained and low, it has been difficult growing black-owned construction companies. And even though this lack of black-owned construction firms needs to be addressed, the sector actually needs more than just the set-aside measures allocated through the public procurement process to ensure growth and development.

Increasing the participation of black professionals and companies in the construction sector will inevitably transform the dynamics across the whole project-cycle of project preparation, design and specifications, tender preparation, procurement, construction management, construction, commissioning, handover and training of operators and, operations and maintenance. This must be complemented by various set of enablers across the project cycle.

Whilst sector charters and procurement set-asides etc. are useful tools to steer the way towards the desired transformation objectives, they are by no means the sum total of the interventions and efforts required to turn the tide towards achievement of the objectives.

Additional policy tools and levers must also come from public sector for example: a well-developed easily accessible project pipeline at local, national and provincial government.

¹<https://www.gov.za/speeches/president-jacob-zuma-2017-state-nation-address-9-feb-2017-0000> pg.8

² <http://www.enca.com/south-africa/government-and-construction-companies-finalise-transformation-deal>

The project pipeline must have committed funding from the budgets and timelines etc. – this will enable the construction companies to plan, recruit and target projects that are aligned to their speciality or a particular point in the infrastructure development cycle.

Private construction companies as policy implementers must be agile, flexible and have integrity to respond to the transformative requirements of public sector.

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