

2017 MBSA Congress tackles triple challenge of poverty, unemployment, inequality in SA

The 112th annual Master Builders South Africa (MBSA) Congress, under the theme 'Building South Africa Together', kicked off on Monday, 11 September, at the Century City Conference Centre in Cape Town.



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Opening the event, MBSA president Bonke Simelane said: “At this year’s congress, we seek to co-create the future, come up with solutions and put forward resolutions that enable us to contribute meaningfully and make a positive impact as a sector in the face of the country’s triple challenges of poverty, unemployment and inequality.”

Representatives from local and national government, building industry leaders, economists and other relevant stakeholders shared their perspectives on issues and opportunities within the South African building and construction industry.

Western Cape drought

Among them was Ian Neilson, executive deputy mayor of the City of Cape Town, who, in his welcoming address, spoke about the severe drought currently affecting the Western Cape. “Water is a vitally important resource, not only to our health and ecosystems, but to economic production processes and infrastructure development. Reducing consumption is vital and, for this reason, the city has offered the construction industry the option of using treated effluent water to reduce their use of municipal drinking water. I would like to urge the construction sector to take action to ensure the long-term sustainability of the industry and the economy on which it relies. Like it or not, we live in interesting times. However, times of disruption and uncertainty also offer unique opportunities. In order to seize these opportunities, we need to change how we do things.”

Delivering the congress’ keynote address, Minister of Economic Development Ebrahim Patel shared: “A week ago, the economy emerged from the recession, powered mainly by the exceptionally strong performance of the agriculture sector. Nevertheless, there were some dark linings to this silver cloud - two sectors that, in the past eight years, had driven economic growth and employment in an otherwise sluggish environment, experienced negative outputs in this past quarter. One of those was the construction industry, a major employer providing work for 1.4-million South Africans and a significant contributor to the country’s GDP.”

Construction industry challenges

He listed some of the challenges that the construction industry is facing, such as reduced infrastructure spending by a number of state-owned enterprises, collusion, corruption, project delays, cost overruns and a lack of transformation. Patel revealed some of the work that his department was doing to help bolster the sector and, in turn, the economy. This included consulting with National Treasury on the possibility of a multi-year budget system to mirror the build cycle of mega infrastructure projects to provide a level of certainty in the market. He also said that, despite the softening of spending, government is still outlaying approximately R280bn per year on infrastructure and that this will be boosted further with the minister of finance adding increasing emphasis on infrastructure spending over the next two budgets. In addition, Patel reminded attendees of the opportunities presented for infrastructure development by urbanisation and growth within other parts of the continent.

Transformation took centre stage in the panel discussion on the state of the construction industry in South Africa, with the debate on whether the new Construction Sector Codes adequately address transformation gaps in the sector being a key focus. Thabo Masombuka, CEO of the Construction Sector Charter Council, said: "The codes are only a blueprint through which the industry seeks to facilitate meaningful integration of historically disadvantaged communities in the mainstream economy. They are a minimum framework and should serve as encouragement for the industry to do more."

Gregory Mofokeng, general secretary of the Black Business Council in the Built Environment, added: "Doing more includes being serious about ensuring that the ownership of the industry rests in black hands. In black-owned companies, all aspects of the Construction Codes are met and even surpassed. In contrast, the majority of companies that are white-owned merely comply with the minimum targets."

In terms of how the panellists believed transformation needs to advance, Mike Wylie, chairman of WBHO Construction, stated: "Transformation must become part of daily life."

SA economy

Following the panel discussion, Craig Lemboe, senior economist at the Bureau for Economic Research at the University of Stellenbosch, unpacked South Africa's economic outlook. He shared that although the economy enjoyed significant growth in the first half of the year, it is unlikely to be sustained as the year progresses. Additionally, he noted that the construction sector faced two periods of decline, meaning that it is technically still in a recession and will experience more pain for the remainder of the year. Looking to the future, Lemboe predicts that GDP growth will remain flat, but that more meaningful growth is on the horizon in 2018, if risks are managed appropriately.

The first day of the congress concluded with enlightening technical breakaway sessions on the issues of construction occupational health and safety, skills development and regulatory, contractual and legal matters in the construction industry.