

# Sanral accused of digging holes in transformation road

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9 Oct 2017

Political ructions shaking the ANC are showing up as cracks in the country's infrastructure.



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WBHO, one of SA's largest construction and engineering groups, has claimed that the agreement between seven major JSE-listed construction firms and the government to speed up transformation in the industry has been undermined by the South African National Roads Agency (Sanral).

In an explicit announcement released last week, Sanral states it will only do business with companies that are at least 51% black-owned and have a minimum B-BBEE Level 2 rating. WBHO has issued a scorching response to the agency. It is among parties to the Voluntary Rebuilding Programme (VRP) - also known as the "settlement agreement" - signed with the state to expedite black economic empowerment.

"Unfortunately, this policy does not take cognisance of the settlement agreement. We hope that when [Sanral publishes its] final transformation policy, it will incorporate our and the government's commitment to the VRP," WBHO says.

"It is also a concern that the [Sanral] policy does not take cognisance of the revised construction sector scorecard, which promotes a balanced approach to transformation."

Sanral spokesman Vusi Mona has responded, saying the agency "notes" WBHO's concerns following the announcement of its "draft transformation policy".

"The agency points out that the policy is just that - a draft that sets out the agency's position on transformation," he says. There are hundreds of construction companies in SA, Mona says. "It is disappointing to find that WBHO believes the draft policy breaches the settlement agreement signed with government to speed up transformation in the industry.

"This agreement is only with seven JSE-listed construction and engineering entities implicated by the Competition Commission in collusive tendering practices between 2006 and 2011.

"It therefore cannot be said that the VRP amounts to an industrywide agreement - it is not," Mona says.

Blame for the utter policy confusion points towards President Jacob Zuma's programme of "radical economic transformation". This uncharted process has severely distorted the many charters and codes of broad-based black economic empowerment - negotiated or otherwise.

According to Statistics SA, the construction sector employs more than 1.4-million people. Rot in the country's infrastructure development is widespread.

The South African Institution of Civil Engineering (Saice) and 14 other engineering associations, representing about 50,000 members, are taking the Department of Public Works and the state-mandated Engineering Council of SA (Ecsa) to court over claims that the new Ecsa council has been appointed illegally.

The plaintiffs say this threatens to weaken quality and safety in engineering - and therefore public safety.

"The accusation is that due process as per the Engineering Profession Act was not followed, which makes the council unlawful and all the decisions that the new council has been making should come under review, if not rescinded," Saice CEO Manglin Pillay says. "We are in the process of submitting a final affidavit to the high court, and we'll know in the next few weeks of an actual court appearance date."

Saice has just launched its long-awaited third infrastructure report card for SA. This follows an initial 2006 report and another in 2011. The overall grade awarded for 2017 is D+. This is among symbols where A is World-class; B is Fit for the Future; C is Satisfactory for Now; D is At Risk of Failure; and E is Unfit for Purpose.

Consulting Engineers SA (Cesa) has welcomed Saice's report. "Cesa regards infrastructure development as being key to service delivery, as well as an employment enabler and a catalyst for economic growth and transformation," CEO Chris Campbell says. For years, Cesa's more than 540 member firms employing more than 23,000 people have offered to assist the government in delivering and maintaining infrastructure.

"Our efforts to partner have met with some resistance and consequently the survival of companies within the consulting engineering industry is now seriously being threatened by the lack of ... government expenditure on infrastructure," Campbell says.

This dismal outlook dovetails with the recently released Bryte Insurance Company monitor for insured construction activity in SA. This shows a contraction of 15% year-on-year for the second quarter of 2017 when compared to the same period in 2016.

*Source: Business Day*

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