

PBF CONSTRUCTION SECTOR SUMMIT
SANDTON INTERNATIONAL CONVENTION CENTRE, JOHANNESBURG
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Summary of presentations from:

Daryl Swanepoel - Convenor of the Progressive Business Forum

Tebogo Nkosi – Boffin & Fundi

Dr Zweli Mkhize – Treasurer General of the ANC

Ebrahim Patel – Minister for Economic Development

Kanyisele Kweyama – Chief Executive Officer, Business Unity South Africa

Mohale Ralebitso - Chief Executive Officer, Black Business Council

Neville Nicola – Basil Read

Dipuo Peters - Minister of Transport

Thembinkosi Nzimande - President of the South African Forum of Civil Engineering Contractors

Moyo Nape – Sasstec Group

Tina Joemat-Pettersson - Minister of Energy

Lindiwe Sisulu – Minister for Human Settlements

Gugule Nkwinti - Minister of Rural Development & Land Reform

Jesse Doorasamy - Group Five

Sisa Njikelana – Chairman, SA Independent Power Producers Association

Kile Kwinana - South African Women in Construction

Chuene Ramphele – Development Bank South Africa

Thulane Kuzwayo – Green Building Council of South Africa

Thabo Masombuka - Chief Executive Officer, Construction Sector Charter Council

Rodney Milford – Construction Industry Development Board

Danilo Nhanthumba – Progressive Business Forum (Mozambique)

Enoch Godongwana – the summit's Programme Director and Chairperson of the ANC's NEC subcommittee on Economic Transformation

Opening session

Daryl Swanepoel – Convenor of the Progressive Business Forum

The Progressive Business Forum (PBF) is the business outreach programme of the ANC, which aims to ensure that there is continued dialogue between the business community and the ANC leadership and policy makers in government. The programme is built on three pillars: **Dialogue**, such as this event; **Enterprise Development & The Mentorship Programme**; training and mentoring; and the **Growth Assist Programme**; including international trade and investment promotion.

This construction summit has been added as a new dimension to the PBF in response to members' calls for a more sectoral approach. The construction sector was chosen as the first sectoral event because of the pivotal role it plays in the stimulation of economic growth, and in its contribution to the transformation of emerging enterprises into the infrastructure spend.

The summit aims to address 3 important objectives: **1) infrastructure spend** – to get an understanding of the infrastructure spend over the next 3-5 years; **2) to gain a clear understanding of the transformational objectives of government** and **3) use this summit as a barometer as to how government policy and execution is experienced by the practitioners** and to identify the areas that can be streamlined and improved.

We welcome the following; Dr Zweli Mkhize, Treasurer General of the ANC and who is the host for the summit, the Minister for Economic Development, Ebrahim Patel, the Minister of Transport, Ms Dipuo Peters, the Minister for Human Settlements, Lindiwe Sisulu, the Minister for Rural Development, Gugule Nkwinti, the Minister of Energy, Tina Joemat-Pettersson, Tembinkosi Nzimande, president for the South African Forum for Civil Engineering Contractors, Thulani Kuzwayo, the Green Building Council of South Africa, Mr Chuene Ramphele, The Business Development Manager: Public Sector; the Development Bank of South Africa, Ms Kelikile Kwinana, for the South African Women in Construction, Thabo Masombuka, CEO of the Construction Sector Charter Council, Ms Kanyisele Kweyama, Business Unity South Africa, Mohale Ralebitso, CEO of the BBC, Mr Mohale Ralebitso, Mr Sisa Njikelana, Chairman of the SA Independent Power Producers Association, and head of the PBF's Energy Desk, Danilo Nhantumbo, convenor for the PBF in Mozambique, Eduardo Pejissanhe, Planning Director from the Fund for Housing Mozambique and Amomen Perez (??), Financial Director from the Fund for Housing Mozambique.

Mr Enoch Godongwana, Chairperson of the ANC's NEC's subcommittee on Economic Transformation is the summit's programme director.

Tebogo Nkosi - Boffin & Fundi

Boffin & Fundi is a 100% black-owned company whose business interests include but are not limited to engineering, revenue management and IT and with a specialisation in bulk water services, water conservation and demand management.

With over two decades of experience working with municipalities within Southern Africa, Boffin & Fundi's approach to bulk water services, water conservation and demand management is robust, innovative and holistic in nature. In Moses Kotane we dramatically reduced the amount of unaccounted for water, refurbished bulk water infrastructure and water meters, and updated the municipal database with vital data. Our work there continues.

With R98 billion owed to municipalities, it would seem, that the future viability of the municipalities depends on effective debt recovery solutions along with revenue enhancements and interventions. The state of many municipalities makes for a complex problem that cannot be fixed, unless tackled holistically. By tackling the problem holistically, municipalities have engaged with business and

formed partnerships that can own the entire problem and have together developed and implemented end-to-end solutions for debt recovery, revenue enhancements and improved infrastructure and information process.

Offering Fundi's end-to-end solution begins with consulting which includes research and audits, analysis and advice that together allows us to master complexity and to gain deep understanding of the challenges facing the client. Our trademarked and bespoke *Kingpin* integrated technologies provide a plug and place solution that brings internal and external information together in real time, enabling clients to manage their provisions, processing, billings, and revenues with an intuitive user driven dashboard.

Dr Zweli Mkhize – Treasurer General of the ANC

We requested that this summit was hosted by the Progressive Business Forum to facilitate interaction between those who are in business and those who are policy makers. A lot of information exists on the side of government and parastatals, but there is often a challenge in sharing this information. Amongst us here are representatives of some of the ministries and state-owned companies who are important in terms of sharing a lot of this information.

Over 80% of the work in this industry is generated via government, at national, provincial, municipal level, as well as from parastatals. Government is a very direct and strong investor in terms of this sector of the economy and it is important therefore that there should be a very close working relationship between this sector and those ministers and government departments who are involved with infrastructure. It is estimated that somewhere in the region of R800 billion will be spent in this sector over the next 3 – 4 years. It is important for us to also say that in terms of our response to a deteriorating economic situation, that growth stimulus in the form of agriculture and infrastructure investment is an important means of helping to create jobs and stabilise the economy. This was the experience way back in 2008 when we started seeing the economic downturn, the investment made by government into a lot of infrastructure saw the construction sector growing at a higher level than most other sectors and was able to provide jobs and stabilise our country as the economy was beginning to feel the pressure of the global economic downturn.

In terms of South Africa's economic rating, this has become an extremely important element in helping to bolster our rating. The fact that there is substantial infrastructure spend which will help to push growth, was one of the areas that was considered by the ratings agencies. The fact that government and private sector has started collaborating closely was a crucial factor they considered in order to maintain our rating at 'functional'. – this partnership bodes well for the future of the economy.

Infrastructure development should not only be seen in the South African context – it applies to the entire continent. The African union is focusing on building infrastructure right across the whole continent to improve the intra-Africa trade, this offers opportunities beyond our borders. South Africa is particularly well placed in this respect owing to our advanced sector offering when compared to the rest of the African states.

I believe very strongly in public/private sector partnerships being the way forward in building infrastructure. I have a strong bias towards hospitals being revitalised and built. The government has pledged up to R3 trillion over the next 20 – 30 years for infrastructure development and I believe that the public and private sector can work together in the area of financing infrastructure developments, knowing of this ongoing financial commitment.

Linked to it of course is the whole issue of transformation in this sector. We must address the need on the one hand of using competent companies, which are for the most part established concerns

and viewed as 'white' owned companies, and on the other hand pressing for real transformation, i.e. utilizing companies who offer truly representative talent, skills and ownership.

It is not my place to talk about what is happening there other than so say, as the African National Congress, we would support the processes that are currently being engaged in in this regard, and we really want to urge government and the construction companies to conclude this matter and bring it to the fore. It is particularly important that that matter be dealt with because it will deal with several issues. On the one hand, I hope it will put an end to the collusion debacle, and on the other hand it is important that we build truly South African partners in the companies that are created as we move forward. With so much infrastructure spend it is important to see that there is a whole process of integrating South Africans to operate together in companies that can be seen as truly South African companies rather than being seen as black contractors and the white companies. I hope that this whole process, which they refer to as VRP process, is concluded soon.

We want to see a much more rapid, radical economic transformation wherein you will see more inclusion of entrepreneurs who otherwise would have been marginalised or left out. This means there needs to be a whole host of supportive measures to make this happen. By way of an example, some countries have construction banks which due to their specialisation, can focus on and assist the players in that area.

There is a whole area of the need for additional training skills – a lot of the people entered into construction by default – they were not necessarily trained as engineers and so on, they needed to work or needed to start a business of some sort and opportunistically got into construction. There is skills training that is needed to anchor such people within the sector as it were. It is a very important part of our approach to building black industrialists and this summit is a way to take us forward in that process.

I know that a lot of construction companies have got beef with the CIDB. It is not a discussion that I want to enter into at this time, but I do hope that this issue will be discussed at some point. If you talk to construction companies, especially on a lower level, they have many issues to raise with CIDB and I was hoping that Minister Nxesi would have been here to shed light on some of the issues and the concerns that have been raised.

At the end of the day we hope that this summit will give us very good constructive, positive discussions. We expect there will be more sharing of information, that there will be a lot more empowerment and attention given to blockages and obstacles that people are experiencing within the sector. We would like to see a very strong discussion on the whole problem of transformation. How do we make sure we can build good strong solid players in this sector that are broadly inclusive, that are able to represent South Africa in general and that can also grow up and empower the rest of those of us who come from different parts of the continent? We have here some colleagues who come from Mozambique – we've got the PBF in Mozambique and part of what we need to do is to think African, think about the continent. We need to be able to say how do we grow so that we operate in the rest of the continent. It also involves us having to interact and partner with those who come from outside the borders of South Africa.

Ebrahim Patel – Minister for Economic Development

Infrastructure spend is the largest in South Africa and on the African continent. It results in an estimated R1 billion spend per working day. There are about 200 000 direct jobs in that part of the infrastructure programme that we monitor. We have 18 strategic integrated projects, what we call SIPs, that combine hundreds of projects across the state, across the public sector, and with public/private partnerships for better coordination and implementation.

In infrastructure investment over the last 5 years, we have invested about a trillion Rand. The single biggest contributor is the state-owned companies, accounting for about R550 billion over that 5-year period, followed fairly closely by provincial and local government with about R200 billion each. National departments are relatively small spenders and we've got a growing portfolio of PPPs through the renewable energy programme.

For the 5-year period from the last local government elections, infrastructure over that period has boosted GDP and employment and it has helped to avoid a recession. GDP growth since 2011 in real terms is now 8% larger than in March 2011. The economy produces R4 trillion a year and the average growth rate from 2011 until now annually has been about 1.6%.

Private sector investment is up by 8.6% in that period and government investment, that is the public sector, is up by 25%.

In the 5-year period we have had about 2.6 million South Africans entering the labour market. The economy has created 1.7 million net new jobs in that period. This means that 930,000 people who are looking for work, could not find employment.

Youth employment is a critical part of what we do. In this period, about half a million new jobs were created for young South Africans, but almost a million young South Africans joined the labour force. Youth unemployment is still enormously high, almost 40% of young people looking for work can't find a job.

Here is a broad breakdown of the infrastructure programme to date – what have we achieved over these 5 years:

On the **school build**, we have built 623 new schools in the 5-year period.

On **higher education, student accommodation**, 15 000 new beds have been created and 450 new lecture theatres, libraries or other facilities at universities have been built. However, the massive increase in the number of young people going to university has placed an enormous pressure on the higher education infrastructure.

I have wanted to speak, if there was more time, on student accommodation. Briefly, at Stellenbosch University we are using innovative building technologies – not necessarily brick and mortar, in order to speed up construction.

The VET colleges, part of government's significant shift in higher education, to vocational training, to technical training, to artisanal training, has been an investment, so we are building new colleges to accommodate these. We have completed one in the Waterberg and under construction are two others in Umfulozi and in the Bamberana area, and then there are a further nine that are in the tender stage.

Energy – Renewable energy has added 2200 megawatts of energy onto the grid. Regarding the overall energy build programme; Eskom has accounted for about 1800 megawatts, and the IPP about 2400 megawatts. This together is 4200 megawatts of new energy in the 5-year period. Let me give you a comparison; Africa's biggest country Nigeria – its total installed energy generating capability on the national grid, is just over 4500 megawatts.

Transmission lines, moving the energy from the generators to households and to workplaces - almost 3000 kilometres has been laid. Significantly however, there has been a drop over the past few years because more money, more energy and more resources have gone into electricity generation. We must catch up so that we don't experience bottlenecks later.

Solar water heaters and electrification: in the period since the last local government elections, just over half a million households now have these solar water heaters on rooftops and just over 1.1 million additional homes were connected to electricity.

The national roads – we have upgraded about 1500 kilometres of national roads. A big part of our spending has been on upgrading provincial and local roads – 31,000 kilometres has been completed in the last 5 years through top patching, resealing and regravelling.

Urban transport is very significant for us – not just linking the big cities, but inside the city, repairing and rebuilding roads so that we can begin to develop a more sustainable, cheaper, faster public transport system. If we extrapolate car ownership by those who have cars now, into a growing population, we are going to have cities in gridlock, so we've got to be able to invest in a different system. These are the BRTs across the country. Johannesburg particularly led the way with Rea Vaya, in Tshwane we've got A Re Yeng, in Cape Town we have opened the West Coast of the city through the commute with MyCiTi and in George we have begun to be operational. We are rolling out now in five other cities.

Rail transport – much more needs to be done. There are declining passenger loads over the 5-year period from just over 517 000 to 449 000. Some of this is due to poor rolling stock and some of it cable and metal theft. This is an area where lot more will be done in future. We have opened the Bridge City station in Durban and we have seen the significant increase in trips per year for the Gautrain. Transnet built 60 kilometres of new rail line and it renewed just over 2000 kilometres.

Ports - overall, we have done work across all the ports – much of this has been dredging and investing in new equipment.

Water - over the 5-year period we have built Spring Grove Dam and the De Hoop Dam. Sixty million cubic meters of water from Spring Grove and slightly more from de Hoop – so enormous investments in new dam capacity.

Communication infrastructure. In the past 5 years, we have laid about 26 000 kilometres of cabling, with a lot of focus on rural infrastructure - connecting rural hubs.

There are also projects in the major cities to invest in infrastructure for Wi-Fi hot spots. By way of an example, Tshwane now has almost 800 Wi-Fi hotspots in different parts of the city. This is in an effort to ensure that city residents are always able to connect.

Health build – 119 clinics and 15 hospitals have been built in the past 5 years, including in Mamelodi, Jabulani, Germiston, Vosloosrust and others.

Industrialisation & factories – We have now localised taxi manufacturing. 5 years ago, all new taxis were imported, whereas now they are now manufactured at local plants, one in Ethekwini and one in Gauteng. 42 000 new taxis have now been manufactured here in South Africa through these two new facilities.

Here are a few examples of local factories that have been constructed within this same period; a thin film solar plant, a wind tower plant; a locomotive refurbishing plant; a large truck manufacturer; a solar plant that manufactures laminated panels; a factory that manufactures solar inverters; a cable manufacturing factory, and there are many more examples.

Through changes in the PPPFA we have designated sectors where the State mandates entities to only buy locally manufactured goods – another boost for local industry.

Cable and metal theft – Cable theft has been a serious problem and difficult to deal with in part because it was treated under law as a petty offense. We decided that we had to revamp the law. The fact that it seriously damages the electricity system of the country hadn't been taken into

account. We have now brought in a new law – it was signed in December. It introduces a new offense, which is theft from public infrastructure, with minimum sentencing and difficult to get bail. It shifts the burden of proof. If you've got metres of copper cable with you, you will have to provide proof of where you acquired it. No longer will it be up to the state to prove that it was stolen.

On the construction cartel. We have investigated the cartel that has operated within the construction industry and there is broad agreement that a package of four things are required to turn a fresh page and start anew. The first one is a competition penalty – we have imposed penalties of R1.4 billion to date and there are still outstanding discussions and investigations to be had by the competition authorities. These will be concluded soon and we will then know what the final sum will be. We are also in discussion with the industry to make resources available for broader social projects bringing black engineers and artisans into the system and providing funding for emerging companies at concessional rates. Fundamental to us is the transformation of the industry and ensuring integrity at every level.

Collusion is now a criminal offense and you may be jailed for up to 10 years for colluding – these are new provisions of the competition act that came into force on the 1st of May.

Transformation of the industry as I have indicated is a critical. What do we mean by transformation? It is ensuring that black South Africans have a significant equity in many of the large companies. If you look at the top 5 or 10 companies, we want to see significant black ownership there. We want to see those large companies partnering with black South African smaller construction companies and helping them to lift their turnover and their technical capability so that we have transformation in the long term. We are looking at some numeric targets and we think we will be able to make a key announcement as soon as these talks are over.

The state has rectified the problem from years ago, where it couldn't spend money. National government, provinces and state-owned companies are spending; however, we still have problems at municipal level. The issue for us now is are we spending wisely – is the money having the maximum development impact and is some of that money capable of getting a bigger infrastructure and construction outcome. Also, let's be very frank, can we make sure that money doesn't leak into private pockets inappropriately?

So, that is our focus now, getting quality out of the R250 billion we spend each year. We are faced with challenging conditions. Global growth rates are still low, the Chinese slowdown in particular has hit us, mineral prices and demand is very depressed and African growth rates are under pressure. We're in the same boat as Canada, Australia, Russia and Brazil, countries with large resource economies. Locally we're also dealing with a serious drought, weak business and consumer confidence, fiscal constraints, poor management in many of the state-owned companies and the reality of corruption and collusion that undermines public confidence and finally, fraying social cohesion with competing and conflicting narratives about the country.

A further factor is delays in projects through poor planning, poor logistics and poor execution causing delays and financing problems. The result of this is that infrastructure spend is not giving the boost to the economy that it could be.

The following is one of the ways we intend to counter these issues. Within the nine-point plan announced by the president, we have identified five priorities in infrastructure development: water, energy, transport, education and health – our job now is to unblock projects, fast-track approvals and start construction.

Water infrastructure: These are the 7 projects that government is working on to fast track:

1. The massive water pipeline to Lephalale.

2. Phase 2 of the Lesotho Highlands project that is going to pump water uphill from Lesotho to Gauteng.
3. The clean-up of the water supply in Gauteng due to acid mining and drainage.
4. The pipeline from Steelpoort to Mooihoek to move water to areas where there are now economic opportunities.
5. The Vaal Gamagara pipelines that are going to move water into where we have manganese and iron ore.
6. The raising of the Clanwilliam dam wall on the West Coast in order to generate more agricultural activity in that region
7. The Umzimvubu dam in the Eastern Cape that can transform the eastern part of the Eastern Cape.

Energy infrastructure: Here we have identified five projects:

1. A coal fired power station that will be constructed by the private sector.
2. Electricity transmission upgrades and connecting renewable energy to the national grid.
3. Speeding up implementation of the solar water heater programme.
4. Electrifying more households.
5. Refurbishing electricity substations at municipal level.

Education infrastructure: There are two major focuses:

1. Student accommodation – we are going to be investing in significant additional student accommodation. A lot of this will be done by the private sector through innovative means of partnering with government as government cannot finance this through normal budgetary allocations.
2. We are building two new universities in the Northern Cape and Mpumalanga which we need to speed up through new finance solutions.

Transport logistics infrastructure: Minister Peters will be talking more on these, but three big ones are:

1. The N3 highway – our biggest economic artery in the country, which requires key upgrades.
2. The N2 Wild coast from East London to Durban. On completion, this should shave 2 hours off the travel between these two cities.
3. The Moloto Road Corridor, which is the second phase of what will be an even bigger future phase which will include rail.

Health infrastructure: Here there are three big projects:

1. Limpopo.
2. The George Mukhari Hospital.
3. The King Edward VIII hospital.

These are major revamps where we are looking at entire sections of the hospitals that will be rebuilt. We are ensuring that we have not only upgraded medical facilities for patients but also training facilities for new doctors. We are presented with two big potential obstacles:

- The first obstacle to overcome is the slow pace of completing these projects due to poor project management. In order to rectify this, cabinet has looked at a new approach – a project management technical team that will be set up at central level, drawing on the skills of national treasury and the PICC. This ‘SWAT’ team will be called a upon where necessary.
- The second obstacle is money – funding shortfalls. We are preparing a proposal to address funding gaps using local development finance institutions, retirement funds and the South

African capital market. We are also talking to the BRICS new development bank – we've got our first transit approval of US\$180 million for transmission lines that will connect renewable energy to the main grid, and we are now looking at other projects that we can put into that and other DFI pipelines.

Looking to the way forward, we clearly need a different approach. What can government, the construction industry and business do differently? Discussion around this has started at NEDLAC and elsewhere about an infrastructure compact accord as part of a wider one, looking at a range of areas such as: job creation, wage policy, infrastructure, industrial stability, investment and dealing with issues of social inclusion and inequality.

Kanyisele Kweyama – Chief Executive Officer of Business Unity South Africa

I think it is obvious from the topic of the summit that the private sector is not fully involved in government's infrastructure development implementation plans as it should be. This does not mean that the private sector is not involved at all. The minister spoke about building of dams, building of roads and we can include additional examples of dams in Limpopo which have all been built through joint initiatives between mining companies, specifically platinum mining sector companies, with local government, with national government, to ensure that there is not only water to the private sector, to the mines, but also extend it to the communities living around those mines.

The private sector has a lot of expertise and we have discussed it at various forums in delivering large scale investment projects. Both Minister Patel and Head of Economic Development have attended and have been keynote speakers at conferences of some of our key private sector groups such as ASISA, which is really the main driver of business for infrastructure funding. At those forums, we have called for closer collaboration and importantly, closer planning between the private sector and government. If government plans 5 years ahead, then the private sector should be brought in at these early stages before funding has already been exhausted.

The private sector remains committed to the rollout of the NDP strategies and the NDP priorities, in particular to the public sector and private sector partnerships, commonly known as PPPs, driven by effective procurement of services. Government has gone on to establish the National Procurement Hub and appointed a National Procurement official to ensure that the tendering system does not bog down processes. These should be important mechanisms in taking care of challenges that you will find businesses raise as examples of how they end up running over time on projects and running into extra cost, because they are either not paid on time, or through poor planning.

Creating confidence in the country's economy an imperative that we are all concerned about. Minister Gordhan as well as Mr Mabuza, who is my president at BUSA are working on initiatives through several work streams to try and stimulate economic growth.

The first one being by identifying projects that are of a very quick nature, that can be delivered on and ensure sustainability. Construction is amongst them. Another is around the state-owned entities where the private sector can play a role in ensuring that it brings certain efficiencies into the state-owned entities, including investment in state-owned entities, with a clear understanding that an investment does not mean a privatisation, which is not a policy of the government. Another is around SMME and SMME funding. The SMME sector will create more jobs than big business. To that end a fund has been established by the CEOs and the companies around that CO process, which has injected R1.5 billion that will try and overcome some of the barriers that SMMEs have in accessing funding.

Then there is a stream that is looking at youth employment. A work stream has been added that will look at creative solutions and what role the private sector will play in it seeing as the private sector are the employers.

We also have a process that is linked to this and that is the Presidential working group, which has work streams that look at skills. One of the issues that the private sector complains about is that we are not getting enough skilled people coming into the workplace. It means a need to budget another 3 – 5 years before people are readily able to go and deliver on the work that they are supposed to do. So instead of looking at projects only, education needs to be factored in.

There is another stream on inclusive growth, which talks very specifically to township economies, to SMMEs and how to create special economic zones and how to create funding mechanisms and how to create incentives that will ensure that that sector grows into the main economic work stream. I coach there with DTI from business's side.

There is also one on regulatory certainty ensuring that there isn't too much red tape and that government departments are talking to each other, and streamlining so that one doesn't have to go to five government departments in order to obtain that one licence or approval that is required.

All in all, I'm just reemphasising and reinforcing that the private sector is committed to working on this initiative, to ensuring that we are part of the solution, rather than being part of the problem.

Mohale Ralebitso - Chief Executive Officer, Black Business Council

In terms of our constitution we are committed to promote, develop and ensure that there is economic transformation and empowerment of blacks in business and at all levels of the South African economy.

The minister said a billion rand a day, and I think that is a phenomenal figure and it needs to go up. I would want to hear that there is three times that coming from the private sector if you observe the 70-30 scenario in terms of what the relationship should be, which brings the question, what needs to happen? But the question I want us to ask ourselves more immediately is of that billion rand a day, how much of it is going to black business? Not enough.

Mention was made of work that has been done on the PPPFA which we have been working on together with the government and the team at the treasury to say that we have to increase the component of opportunity that goes to black business, because we unashamedly want to leverage state procurement to be the catalyst that it was for the Afrikaners and lifted them out of poverty. 22 years into the journey, we haven't achieved anywhere as near as much.

Regarding our member organisations; there are some that are specifically involved in the construction and infrastructure sector, and we are particularly proud of them because they are some of our most active organisations, as I'm sure the minister will give testimony too, in terms of our ongoing interactions about the VRP. In total, there are about 42 different organisations.

We also have a number of corporate members, so it's not just a collective of people, it represents every party interested in transforming our economy.

Mr Ralebitso then went on to say that more transformation and more black economic empowerment needs to happen as well as more assistance needs to be given to black business. The following are the areas he touched upon:

- SMME development – greater black SMME participation
- IDC assistance – not enough going to black business
- A recent Eskom tender – appearance of favouring white businesses
- Big corporate – not enough transformation at senior levels

Session 1: Government infrastructure spend (3-5-year view) and the enhancement of Public Private Partnerships

Neville Nicola – Basil Read

Basil Read has been around for 65 years and as I have heard from many of the speakers this morning, it's one of the listed companies, one of those terrible companies that are white, untransformed and are one of the colluders - generally bad people.

Over the last couple of years, we have come from a major business loss, over R800 million of losses. We have worked very hard to change Basil Read in terms of the business that we perform. We have moved from a group of companies with subsidiaries, to a company with divisions. We have removed or sold or closed noncore business and we are focused back on the world of construction. We turned major losses around into a small profit for last year, and we are hopeful that we will make a profit again this year.

In the restructuring of Basil Read we have taken a very, very careful look at ourselves. And I am not going to stand here and tell you why everyone else is wrong and why society has not judged us correctly. Because what we did, was we started off like on our production side, recognising that we needed to fix the business from within.

And so, when it comes to issues like race and gender, we asked everybody in the company to contribute towards our understanding of the race and gender issues, and indeed all the isms – nepotism, favouritism, sexism, racism and so on. And out of that we have listened very carefully to what people are saying in our business, and we recognise that these issues are there, they are alive and they are part of the way we do things and the only way we can fix that is by addressing them and by fixing them from within. We don't sit down and say, yes, we know there is racism but it is everybody else, it's not us. We look at it and we say it is us, and we need to fix it.

In terms of transformation, we take a business approach to transformation and we don't debate whether it is growth or not or how these things mix up, but what we simply say is that in terms of transformation, honestly if you choose from a large pool of talent, you will probably choose more efficient, better, more productive people than if you choose from a small pool of talent. And that's not to say that the transformation targets are unimportant to us – of course they are important to us – but the premise is that we want to build the business better.

We also think that contributing towards a transformed company is essential to operate in a modern South Africa. In this regard, we see that Basil Read is a level 2 company, it has a 50% plus BEE score and we do not rely on once empowered, always empowered. But we look at that and we say that in order to move forward and in order to properly transform the company, there are other things that we need to do and we need to improve Basil Read's status in this regard. I'm hopeful that in time we will be able to announce success in this area.

Thank you for the opportunity to address you. I hope that you will recognise Basil Read as a company that is in the process of transformation and is moving to develop an ability to work in a newly transformed South Africa.

Dipuo Peters - Minister of Transport

This platform is created for us who are deployed in government to be here to come and share information with you, but also to allow you an opportunity to engage with us to unblock some of the challenges that you are having.

With regards to the policy alignment, you'll see how we are performing as the department of transport together with our agencies with regards to our alignment of the national development

plan with the MTSF. Many of the programmes and projects that I will refer to are a response to this plan.

Mr Peters then itemised the various projects that fall under his ambit.

In terms of resolving the energy challenges, our airports company, ACSA, has already built three solar plants: in George, Kimberley and Upington.

President Zuma, in 2014 launched a very ambitious programme, which is starting to deliver results for us, which we call Operation Phakisa, a methodology for fast-tracking delivery and it speaks to the ocean economy. In order to help make this programme a reality we are upgrading key roads such as the R573 Moloto and the N2 Wild Coast.

Under rail transport we've got a budget of about 46.6 billion over the next three years, which has been given to Prasa. We have a wonderful programme of a depot modernisation in the three provinces where Metrorail is working, like for example in the Pretoria area we've got the Wolmartin and in Braamfontein we've got Springfield, then there's Durban and Salt River in the Western Cape.

R5.8 billion has been budgeted to upgrading signalling, R3 billion in the depot modernisation programme and R1.9 billion in the station modernisation programme.

Mr Peters then went on to detail all the individual PRASA projects.

Now to our roads projects. Our road networks leave much to be desired. We have major projects under the KZN, Free State, Gauteng corridor, which is the N3, the N2 Wild Coast that I spoke to earlier on and the R61 and Umtata airport development.

Over the three-year period, we've budgeted about R30.5 billion for this programme and I just want to indicate that R9 billion of this programme is intended to rehabilitate roads, to reseal and surface roads. We are allocating an amount of about R12 billion to Sanral to deal with major road infrastructure.

In the aviation space, South Africa is a signatory and has made a commitment to the AU heads of state in January 2015 as part of the 14 countries that have committed to creating a single African air transport market by 2017. South Africa is the chair of this initiative and we are working around the clock to make sure that we can create a single air transport market. Currently if you travel around this continent via air, in many cases you first have to go via Europe to get there. We want to make it possible that we can interconnect all African countries with ease.

ACSA has taken over the management services at Umtata airport; those who were worried about Umtata airport, be rest assured that it will be one of our flagship projects. We've already acquired land in Cape Town to make sure that we expand Cape Town airport. Owing to ACSA's capacity and performance, together with its leadership role with the International Airports Council, there has been interest from Ghana as well as South Sudan to partner with ACSA to develop airports in their space, as well as in countries like Benin and others. We have already started work in Mumbai, India as well as in São Paulo in Brazil and are happy to indicate that one of the first delivered 2014 FIFA World Cup infrastructure projects in Brazil was the São Paulo airport terminal that was developed by ASCA.

I'm not going to speak about the integrated public transport system as minister Patel has covered this.

Maritime. The Department of Transport is currently participating in the Operation Phakisa oceans economy with projects in maritime, transport and manufacturing.

With regards to regional integration, we believe that the lessons that we have learned from the Maputo development corridor, we can translate into the Trans-Kalahari corridor, which we will be sharing with South Africa very soon. I'm happy to indicate that we've already signed off the strategic plan of this Trans-Kalahari corridor.

Also, as part of regional integration, there is a massive development that we are working on with Public Works on the Beit Bridge development. It is important that we develop Beit Bridge to the level which we can be very proud of based on the importance of this border port

The AU has signed an agreement with the Chinese to make sure that it can do a study on interconnecting by rail 12 cities of the continent.

Theminkosi Nzimande - President of the South African Forum of Civil Engineering Contractors

SAFCEC is the employer body for the civil engineering contractors in the country; traditionally what are called the big white businesses but we have over 200 members that represent the smallest family business in Richards Bay to the largest national concerns in the country. About 50% of our members are what you would call emerging contractors or black contractors.

About two years ago, SAFCEC appointed its first African president in the 75 years of its existence. That was our first journey in transformation. Danisa Baloyi is my deputy president and Mr Jerling is my vice president. We had to transform the voices that were around the table to begin to transform the industry. There's no point talking about transformation from the outside; you actually have to begin to negotiate with the other side sitting across the boardroom table. On that boardroom table, we've had some difficult times, we've fought, cried, but we've come to certain understandings about the journey of transformation in this industry.

The VRP is one of the things that we are proud to have put on the table at SAFCEC under difficult conditions and I'm looking forward to its implementation. We are currently going further and saying we have some amazing women in civil engineering at SAFCEC and we have not seen the success in civil engineering as we've seen it in building in terms of women contractors and therefore that is another path that SAFCEC will own to develop women in civil engineering as part of our holistic view of developing contractors around the country. Back to the topic at hand, which is how to bring private sector money into public projects. And I think there's always this disgruntlement in our country that there's a lot of money sitting in the private sector and as we've heard today there's now deficiencies in funding some of our infrastructure ambitions. And I think part of that is a natural process of who we are as South Africans and our issues with each other. But we've got to find a way to create a bridge between the balance sheets that sit on the JSE and the public sector, public good projects that are available and that are yearning for capital. That's really what our challenge is.

And I think the first issue is about how we buy infrastructure. We follow a sequential model from feasibility, it follows design, we package a tender and then we give it to a contractor at the end. And we as contractors come at the end, tender for the project and then go and do the work. That cannot work if you're saying, mister contractor, you have a billion-rand balance sheet, you have an ability to access another billion rand through the assets in your company. Would you leverage that and go and build a hospital? That's what it means to bring the private sector money to the public sector projects. That's how you co-create, how you co-develop a project; it's about project development. We do it in African countries, some of our big contractors do it.

If you look at our private developers, those who develop new cities or how Netcare will get together with a pension fund, get together with Basil Read or WBHO and develop a new hospital. That's the

process we should be modelling on. Why can't the IDC, Dlamini Construction and the Department of Health get together as co-developers to deliver new hospitals?

So, I think the next point is about profit - this dirty word called profit in our economy. Businesses must make a profit in order to exist at all, so profit in the private sector should not be seen as a problem by government. Then, in terms of raising capital, if there's a profit to be had in supplying the capital requirements there are pension funds and banks with billions of rand to invest. These sources of capital just need to be approached and dealt with in the correct and appropriate way.

I have a business, I have a service, I want to be paid a price for it and the minister then says Mister Nzimande, I'm going to pay so much and I'll say okay, I'll make a profit there. Then the minister wants you to train some people and I'll say minister, that's going to cost me more, we're going to work out a cost mechanism for that. Then we're going to come to a unit price that is fair, that takes into consideration the social good of that infrastructure but takes into consideration the fact that I've got to pay back that capital. When we can have that honesty in conversation we will begin to bridge this gap.

We (government and the private sector) are partners here in South Africa and we therefore we should be able to take a long-term view of risk and therefore business needs to look at its attitude towards long term investments

The other one is then about capital, which is my last point. In our country, we've a lot of DFIs and if you look at the private sector, there is a strength of balance sheets, it's like muscle. If you look at the public sector, our development finance institutions are fragmented and they have small balance sheets. And they cannot compete or stand toe to toe with the private sector capital. And what upsets me is when they piggyback on it, when they have a different mandate. We've got to think about consolidating and empowering the DFI balance sheet to be an equal player against the private sector balance sheet so that we can begin to transform this problem of access to capital. Dlamini Construction can talk to a DFI and go and develop a new hospital, the same way as a Basil Read or WBHO can engage and develop Waterfall City, but it's about return on investment, it's about fit for purpose, it's about crafting the commercial architecture of a deal that makes sense to put your capital behind.

Through the table of SAFCEC we've been able to engage and assist in these kinds of issues.

Moyo Nape – Sasstec Group

The Sasstec group was established in 1994. Sasstec operates four subsidiaries: Fence and Gate, Inter-controls, Civil-quip and Tavhara. We design and tailor turnkey integrated solutions. We also manufacture welded mesh fencing and install integrated line specific solutions.

The Sasstec group has completed the following projects with government: the Department of Correctional Services, where we've worked on 80 prisons around the country, agriculture and rural development, where we also assist emerging farmers on fencing their farms and we've completed contracts for the following Eskom power stations, Medupi, Kusile, Grootvlei and Lethabong as well as King Shaka, Bloemfontein and OR Tambo airports and many others.

We are a level 9, ISO900. We have also contributed to communities through our social responsibility projects such as donating fencing and supplying integrated security solutions for several schools.

Session 2: Construction finance, new building technologies and other private enterprise initiatives

Tina Joemat-Pettersson - Minister of Energy

These are some of the projects we're working on now. One is a renewable energy project of 1 500 megawatts of solar energy. This will be a R60 billion project. We're also working on a gas project that will generate 3 000 megawatts and this will total R66 billion in investments.

I want to note that together we are advancing people's power in every community. Local government is in our hands and we must act locally and think globally. The renewable energy procurement programme is setting an example of how to effectively use policy to stimulate investments. We use policy to grow and create an attractive investment environment. We have achieved the desired foreign and local investments needed for infrastructure development. We have commitments right now of R200 billion and this amount we achieved by 2015. Between 2015 and 2017 we'll double those investments in our country.

When looking at projects I want shareholders. When we work and we speak to our investors, we speak about the long-term shareholding of the company.

Despite the economic downturn, we see programmes that attract significant interest for the private sector. For us to facilitate the delivery of urgent infrastructure and the development needs of the country, we expedited the bidding phase especially for the onshore wind and the solar photovoltaic technologies.

Owing to the keen interest and number of investors wanting to participate in this kind of infrastructure investment, we have seen the downward spiral on tariffs, making renewable energy extremely affordable.

Right now, the renewable energy independent power producer programme has mostly Spanish and Italian investors. The Italian and Spanish investors are compelled to have local investors. Renewable energy effectively enabled the private sector and the public sector to collaborate, to strengthen the ability to access funding. We issued a power purchase agreement through Eskom, through National Treasury and the Department of Energy, and that power purchase agreement is effectively an off-take agreement and in some instances, it is seen as a sovereign guarantee. We have indeed developed a flagship programme for a flagship public-private partnership model for South Africa, but the rest of Africa wants this model. We're working with Botswana, Zimbabwe, Namibia to replicate this model in their countries.

It is not only about energy, it is about economic development and empowerment objectives of our country, the SADEC region and the African Union or the African continent in general. Black South Africans own on average 30 per cent of these projects.

We are importing our solar panels and our wind turbines. We then developed a prototype through Denel to produce our own wind turbines, thus creating the opportunity for us to manufacture wind turbines in South Africa and expand an industry. At least 12 new industrial facilities have been established in the country in direct response to renewable energy projects.

Enterprise development contributions: From bid window one to bid window four we then produced a small bid window one for small IPP projects which allows for smaller businesses to enter the space, and the value of that is R6 billion. Our distribution of revenue is over a 20-year project operational lifespan - we do not speak short-term quick-fix projects.

We meet all our timeframes in the bid process. We do not work only with the four major South African banks, we also work with foreign banks. Foreign banks are major investors in these projects.

We issued 2205 megawatts in the renewable energy bid for window four, which will be staggered in the second and third quarter of 2016/2017. Our connection to the grid is the future challenge we are committed to. Grid connection is building small power stations and substations and getting the

private sector to partner government to build these. Government will remain the single largest owner of energy in the country. The privatisation of Eskom is not on the table. The renewable energy procurement approach is extended to other energy sources to unlock opportunities, but to unlock opportunities for Eskom as well so that Eskom can strengthen its balance sheet. We have now issued expressions of interest for the construction, operation and maintenance of solar parks for the supply of 1500 megawatts of solar energy. The request for proposals will be issued and the bid submission will be in by 2016/2017. The programme will attract an investment of R65 billion at the current rand-dollar rate. The solar park is for the State or Eskom as an equity partner. A strategic equity partner will be found for the State-owned enterprise to develop a solar park and it is also designed to grow black industrialists.

The next one is the coal base-load IPP programme, which was launched in December 2014 to procure 2 500 megawatts of new-generation capacity from coal base-load sources utilising either pulverised fuel or fluidised bed combustion technologies. Bids totalling 900 megawatt were received on the 2nd of November, resulting in a further private sector investment of about R40 billion, where 87% of the revenue represents the local debt and equity portion. I spoke earlier about the community trusts. Our concern is that the community trusts fund their shareholding through debt capital and this debt capital comes in too expensive a cost for communities. It then takes them too long to receive a return on investment.

There's no way in which you can take a community of Richtersveld for example and they see all these solar panels going up, they see everybody around them getting paid and you tell them that their investment will pay dividends in 12 years' time. But what are dividends? Dividends are not going to put food on their table now. We want to shorten the period in which these projects pay dividends to communities and we want access to cheaper finance.

The gas IPP procurement programme: We are launching a 3126 megawatts of gas to power procurement. It is envisaged again that the private sector will invest in this project.

We're looking at broadening the radius from which the private sector must do its social direct responsibility. Together with my colleague, Minister Rob Davis, and his department's gas industrialisation unit, we are in discussions regarding the development of a gas market. We look for opportunities to stimulate the switch of the industrial user's feedstock to gas. This switching of feedstock will require distribution networks and the creation of those distribution networks. The different areas include the way of gas pipelines, rail and road.

We're investing and investigating opportunities for locating LEG bunkering facilities in one or more of the ports to capture the opportunities for cleaner marine transportation of goods and services. That is with operation Pakisa.

You all believe that I'm the minister of nuclear. Yes, I am. It's not just building the nuclear power stations in the Eastern Cape; it is an entire industry we're developing. Wherever there's going to be a nuclear site there's roads, there's site works, there's buildings.

We will not implement nuclear if it compromises the fiscus of our country or it compromises the security of our country. We have said this over and over again, that the process will be well thought-out. Our decisions are about long-term investments. We are also in the business of oil besides gas. We will lay out money to set up a single oil company as directed by the ruling party. This will lead to mergers of state-owned enterprises. The MPRDA will see us hiving off African explorations to the Department of Minerals. That will be the start of a state-owned mining company.

We enter joint ventures in oil with private capital via our BRICS partners through integration. Through industrialisation of our oil sector we must build an additional refinery and the work on

developing the Coega Mtombo project is really being accelerated now. We look for investments and we seek to strengthen your balance sheet. Ours is about inclusion and the integrity of the processes. Our concern is simply: we syndicate risk. You take the risk, we syndicate your risk. We are bold about our decisions. Yes, we make mistakes; we come back, we try and correct those mistakes. We grow your profit margins, we grow companies and we hope that by the end of this term of office, there should be at least one black majority owned South African company listed on more than one stock exchange.

Session 3: Human Settlements & construction industry regulatory matters, including legislative roadmap issues of transformation in the economy

Lindiwe Sisulu – Minister for Human Settlements

We, as a government, are piloting the idea of human settlements internationally. We're very proud of the fact that this concept has now been bought over by the United Nations for developing countries from what we practise in this country. What we have here is a saleable deal that we are thoroughly proud of.

The reason why I wanted to start at the point of describing what it is that I do is because we are responsible for all of those things that create dignity in the living spaces of our people. In the past, we did concentrate on housing because that was our urgent need. Right now, we have realised that this is not what makes for a dignified space to live in. So, we changed it into human settlements. The first thing we were confronted with was the fact that we inherited apartheid spatial planning. Housing was used as an influx measure to ensure that we darkies stayed out there in the rural areas and we were impoverished and we provided cheap labour.

The mining industry depended on us being out there ensuring that the cities were kept white. This is something that was so well planned that up to now we are still dealing with a separation of people along the lines of who they are by their pigment. So, one of the problems that we're faced with is the reversal of the spatial patterns that were created by the apartheid regime.

The second thing that we are intending to do is to ensure that we have enough shelter for our people. Not small shelter. We're responsible for the pondokkie, which is the informal settlement, right through to that house that was sold a few days ago, for R268 million. So, what we're doing is we're transforming the property industry to ensure that there's a seamlessness between those who own property in the informal settlement right through to those who own property on the coast of the Western Cape. Our job is to make sure that we can regulate that industry. My job is also to ensure that I can create the necessary institutional capacity to support the creation of what we want to do. I want to say to you that we are very interested in creating partnerships.

Over the years, we have called conferences and invited some of you to come and join us in partnerships because we know that in a structured partnership it is very easy for us to measure how far we're going, it is very easy to give the necessary support to you, it is very easy for us to see where we're going; we use this as a road map. I have reporting to me several agencies that are responsible for making sure that we are able to do this. Number one, I have a banking institution; we've just given it a new name, it is the Human Settlements Bank. I have a housing development agency whose job it is to buy land and give it to anybody who wants to be in the industry and needs land or for us to have land to use. I have a regulatory institution which makes sure that you are given a certificate that you are qualified to build. It's called an NHBRC and it provides a necessary warrantee to me, as government, that the houses that you build, you will be able to rectify should they be shoddily built.

I have another institution called SHRA, which is social housing and I think in Britain these are called council flats. We call them social housing because we adopted the concept from the Dutch for some reason or other.

We have a number of other entities. There is one that regulates the schemes that we have around people who live in, say, townhouses, and how we deal with disputes that come out of people who have a shared bond or a shared title deed etc.

Having introduced what it is that we do, you might be wondering, so what's in it for me? This is what's in it for you: everything you want to do. Whether you are in the business of construction of houses, whether you are in civics, whether you are in the end product of what Tina has been talking about, which is putting solar energy panels on my roof; whether you are in the business of putting up fences, whether you are in a small business creating furniture for my people, the list is endless. Anybody who's entrepreneurial will find space in human settlements to find a business that will thrive. This is what we do.

We're offering you a business opportunity, we're giving you land, we're also giving you money so that you can do what we would like you to do and assist us. The reason we call this a partnership is because what you produce is what we need. We have a huge shortage of housing in this country. Despite the fact that we have a world record of having produced 4.3 million houses in the last 22 years, we still have a backlog of something like 2.8 million houses outstanding. That's the possibility; that's what's in it for you. You think it, it is possible in housing. Now, I have in these institutions all those facilities that will assist you. I want to go from here to some of the problems that people in your environment have come to me to complain about.

And this is what they say to me: *Minister, we don't have enough opportunity to meet with you. So I say: Okay fine, we'll have regular consultations. You either go to my entities and have consultations with them. We have a partnership conference on a regular basis and we call on developers on a regular basis. We will be calling a developers' conference very soon to ensure that we are at one on what we are doing. So, we are very available, extremely available; so available that before I leave this podium, I'll give you the cell phone numbers of all my advisors.*

We have a website; we have all the facilities that you can think of. But beyond that, to make ourselves even more available, we are creating a one-stop centre in every province for anything you might want that has to do with human settlements. Many of you complain about the delays that you experience with municipalities. We are creating in every province a one-stop centre where you can go there and have your problems attended to and solved.

One of our biggest problems is the shortage of land in those areas where we need land. Now you know the history of South Africa and how we were dispossessed. But up to now the state owned only 25% of the land of this country. We have something like 275 000 000 hectares of land in this country and only 25% of them belong to the state. The rest are in the hands of private individuals. Now, yes, we are going to nationalise, but we've got a better way of putting it across. Minister Nkwinté is a very gently spoken man. He doesn't like rough language so he calls it expropriation. And we go along with him. We've just passed a law that it would make it possible for us to do that in the most urgent cases. But in most cases, we are dependent on him and the Minister of Public Works to provide us with necessary land so that we can, in our reversal of apartheid spatial planning, provide land and housing for people to be within a very short distance of their work opportunities.

A study was done by Statistics South Africa a few months ago, which indicated the shocking conditions of most of our people. If they're not living in informal settlements, you can be quite certain that where they live they have to take some form of transport to get to work. They

concluded that most people work to go to work because on average 70% of the money they earn goes into transport. That is how far we darkies were thrown by the apartheid spatial planning.

What we're trying to do now is make sure that we can get land in areas that are prime, in areas that are close to where economic possibilities exist. We've just acquired land through the housing development agency in Cape Town, in a place called Bloubergstrand. I want to put my small houses there. Now, Madiba here says: *Minister, just understand the markets. You put small houses in Bloubergstrand, you're messing up the whole property chain and the value of the property in that area.* So, we're going to have a discussion on how do we ensure that we can change the spatial patterns of this country.

And I'd like to say, if I had it my way and there was no other minister to contend with, I'd put my small houses in Bloubergstrand. Right on the seafront where most people who have money will be living. I'd like to make it possible, starting in the Western Cape where the inequalities of our society are most stuck, to ensure that we can take our people to the seafront and they can enjoy the sea spray that the most privileged enjoy.

The other problem that has been outlined to me in the various interactions I've had, is a very problematic one even for me. And that is the delay in payment in my sector. It is so problematic it is embarrassing.

Contractors/businesses depend on government paying on time so that they can pay their suppliers, so that they can pay their workers. Traditionally government has not been fleet footed in paying. But we now have a law which states categorically that people must be paid within 30 days of completing the job. I had to call a special conference of my developers to say here are all my administrators. They will pay you within seven days. Because we needed to ensure that we can send a message to people who work with us or for us, that when we make a promise, we're not making it in vain. We actually believe in it and can deliver on it.

I got many calls to say thank you very much I was paid on time. The law stands, and I'd like to assure you, we abide by it. But of course, there are requirements that there must be proof that the job has actually been done. But we want to say to you, if in any way in the past we have disadvantaged you by not paying you on time, please accept our sincerest apologies. It will not happen again. You will be paid on time because we need you in that space.

South African construction companies are so acclaimed in the world that when I went to Algeria with the president, one of the first things the Algerian government asked me, was *please send your construction industry to us to assist us.* And I did consider doing that. And I'm still considering doing that. And here is going to be the beginning of how it is going to be possible for you to be registered in South Africa and go and work abroad. You're going to produce 2 000 houses with this complete human settlements arrangement before we give you permission to go and work in Algeria or in Dubai or God knows where. Because otherwise you leave the area almost depopulated. We give you the experience, you take the experience and you do not give back to us that which we have given to you. And I think reciprocity is an essential part of human interaction.

Those of you who have just come into the sector, we call these people SMMEs, we want you to grow to be a Murray and Roberts. But before you get to Murray and Roberts and go and build in Ireland or follow the British men to Britain, you will have provided me with a particular quota of what is required before we give you permission to do that. I've indicated to you that we are providing funding and we have special sections for the funding; we provide funding for newcomers into the industry, to support new entrance into the area, we provide funding for people who would like to go upscale, we provide funding for anything that is human settlements related and of course the bank is up and running and we're overseen by very competent people and we would like to

make sure that we make full use of the resources that we have to empower you to do what needs to be done.

We also are very concerned about people who come to us and say I'm interested in working with human settlements, I want a tender etcetera etcetera. We're not tenderers, we are people who ensure that we are providing a people with decent living conditions. You are the people who are empowered; you are the enablers of what it is that we are providing our people with.

So, we've now come up with a new way of dealing with what we're giving because we have discovered in the past that there is a perception that you need to know somebody who knows somebody who knows somebody in human settlements to get a tender. That no longer exists. Don't know nobody because anybody you know in human settlements is likely to be a disadvantage to you. Know nobody. We have created a fair and transparent awarding of work for anybody who has the necessary qualifications to build. We are creating an even platform for anybody who wants to come in and to provide us with that particular service. We're interested in ensuring that as we transform the industry, as we transform the complexion of people who work in the industry, we also transform the industry as well.

Now in all of these things put together we have learnt over the years that the building of houses in the way that we used to do in the past is actually replicating the spatial patterns of apartheid. What we are doing now, is going mega projects. What we are doing now, is we are providing mega projects that have a catalytic effect; so we call them catalytic projects; we're talking about them over and over. We've put them out now, they are on our website, they are going to be continuously advertised, we will have a workshop for people who are interested in these catalytic projects. Because having moved away from just providing houses, we're providing all those facilities that make for dignified human settlements.

We have a place which I hope, PBF, next time you want to host a conference you'll consider. It's called Cosmos City. It has a hall which can accommodate all of these people. The people who live in Cosmos City came from Soweto, from a place called Skothipola, which was an informal settlement - the worst you could find possible. They now live in a city side by side with you Madam that they used to work with. It is an ideal of what we want to produce in this country. What they have there is something in the region of 12 000 housing units, some several thousand social housing facilities, we have 12 schools, we have clinics, we have police stations, we have libraries, we have a community centre which includes a hall, we have, you name it, we have it there. We have a swimming pool, we have all of those things that you could ever dream of.

And I'd like you to visit this place because we would like to replicate this place wherever we have land, we have you in partnership with us to make sure that we can change the lives of our people. Our people have suffered long enough.

Gugule Nkwinti - Minister of Rural Development & Land Reform

Minister Nkwitini elaborated on the inequity between the townships and rural areas when compared to the town and city suburban conditions. He continued the theme of addressing the legacy of apartheid.

He spoke about designing and implementing a massive 10-year socio-economic infrastructure bill programme which would focus its efforts on transforming townships and rural communities.

He went on to say;

They are underdeveloped and therefore It's an obvious thing to do. The projects will employ all the young people that are there, that are ready for the taking. It will be to build and bring together those

rural-urban or township-urban linkages. We need to rebuild and reorganize South Africa. That is the programme. It's not a departmental programme, it's a massive government programme. We're saying that the theme should be meeting basic human needs. That's where we should focus. Rebuild the country meeting basic human needs. Many people don't have electricity, they don't have water and sanitation, they don't have decent roads and streets, they don't have information and communication systems. They don't have houses; decent houses. They don't have playgrounds. Old people don't have old-age facilities, there are no child development facilities and recreational facilities. People have to commute all the time in order to get to their places of work.

How are we going to achieve this transformation? Firstly, we need to establish a state-owned construction bank for the country. Secondly, we need to establish a construction company based on a public-private partnership model with the state holding a controlling stake within a year. Thirdly, construction companies that are in the forefront of industry transformation, black and white, should get preferential treatment in the business relations created by such a public-private partnership programme. That's what I'm proposing here.

Jesse Doorasamy - Group Five

Group Five Construction is often perceived as only a construction company when in actual fact we also have a manufacturing cluster and in keeping with the theme for today, we want to talk about a new product that we've just launched within our manufacturing cluster, known as aerated autoclaved concrete. It's a product that was developed in Sweden in the early 1920s and a product that is well known and hugely effective in European, Australian and American markets.

Group Five Everite are proud to advise that we're one of very few companies that have received a licence to manufacture this product and we're now producing this product in Meyerton, just south of Johannesburg. This product is essentially a lightweight concrete block which is of a very high quality. Construction using these panels is four times quicker than when using conventional blocks or conventional bricks and fifteen times quicker when using the panel. We heard earlier from the programme director that on average currently we're doing a thousand houses a day; using this product you could do twice or three times that number quite easily. If you're in a hot environment, internally this product is a lot cooler than conventional brick; if you're in a cold environment, internally this product retains insulation and therefore it's a lot warmer than conventional brick. In addition, the fireproofing and sound insulation are substantially better than conventional bricks.

The average bricklayer today lays about 800 conventional bricks a day; using this product you lay the equivalent of 2 300 bricks a day. There's also no need for plastering, so your cost in terms of wet trades is substantially reduced using this product. This is a real transformational product in terms of something that's the same price as conventional brick but allows for a far quicker build. It's being very effectively utilized in Angola at present - currently there's 19 000 units completed and another 45 000 have been ordered.

It's quicker to build, it's lightweight, your channelling for cabling is a lot quicker and very easily shaped. Our first plant is now commissioned down in Meyerton but with excess demand we're currently having to import. Our big challenge is keeping up with the demand.

Sisa Njikelana - Chairman of the SA Independent Power Producers Association

Before I commence I'd like to clarify two points:

- It's important to note that the PBF is a technologies neutral association.
- I'd like to clarify the understanding of what embedded generation means; it's localized production of power - it's not only about rooftop solar but refers to any form of localized production of power.

Some other examples of embedded power generation: South Africa is endowed with platinum, hence the prospect of hydrogen-fuelled cells, which can be used in industrial, commercial, and household power generating applications - we ran a pilot project in Welkom and Kroonstad; Biodigestor technology, where you can produce your own biogas is another embedded power generation option where you can generate electricity as well as gas for cooking and heating; micro-wind generators which cost between R25 000 and R40 000 are another currently available embedded power generation option. There are unquestionably business opportunities in embedded generation for SMEs and corporates in view of the potential of 22 000 megawatts of embedded generation.

Government wants to ensure that the opportunities in embedded power generation are not swallowed up only by big business and that SME's are given the opportunity to participate in this opportunity. Independent power producers have an important role to play in power generation and they've already started changing the power market which has been dominated by either Eskom or a couple of municipalities. Currently about 2 000 megawatts of power is flowing to the grid from independent power producers out of the 5 000 plus committed.

Examples of ITP's in the private sector: there is a company which is providing 4.6 megawatt of electricity to BMW. Clearwater shopping mall, It used to be the largest rooftop solar installation in Africa until the Mall of Africa installed 4.8 megawatts of rooftop solar.

Examples of ITP's in the public sector: The Public Works Department is already paving way for embedded power generation on wastewater treatment plants, certain ACSA airports have installed solar for their own consumption, some metros have joined the bandwagon by refining their regulations - Cape Town, Jo'burg and eThekweni have already done so

According to the photovoltaic industry association, 130 megawatts of embedded generation was installed last year. and a further 200 megawatts will be installed this year. The problem is, that this has been done without any regulations and linked to that, there are no SABS standards for connecting embedded generations that are less than 1 000 volts. This creates a safety risk for people who are working with the grid. There are also concerns regarding the financial implications to Eskom due to the potential of 22 000 megawatts being generated elsewhere. The same concern applies to municipalities.

At government level, it will be good to ensure that embedded power generation is promoted in a controlled way and that there's a regional policy framework. Imagine now that the black middleclass in townships have one or two panels to ensure that they have their own electricity. We need to work together on this and ensure that government policies and regulations don't get in the way.

Kile Kwinana - South African Women in Construction

I'm from South African Women in Construction and I'm also wearing another cap as secretary-general of the Black Business Council in the build environment. My focus today is going to be on women as players in the construction industry.

As an indication of how far we've come over the years, I'm seeing and hearing congruence and agreement on important issues. The PBF and the ANC deserve a round of applause on that. The topic that we were given for today was to talk about construction finance, alternative technologies and any other initiatives that are out there in the industry.

If you're look at the CIDB building register, you'll find that there's thousands upon thousands of construction companies that have been registered. Some of them die before they even emerge, some of them emerge only to die later. And I'm glad that minister reiterated on the issue of delayed payments because those are some of the problems that we encounter in the construction sector.

Over the years, we've seen a slight increase in the participation of women, and again I'm not just talking about women participating, but we've actually been able to see growth of women-owned entities. Today there are four of five women owned companies that are already at CIDB Grade 9. My concern however that there are not enough new young women coming into the sector to become PRs. There are women graduating as QSs, PMs, engineers and architects but they don't get to become PRs in those areas.

Now allow me to introduce the organization. SAWIC is a Section 21 company and has been registered since 1997. South African Women in Construction is an initiative that was founded for one objective and one objective only: to empower women through gaining skills.

We're also looking at opportunities whereby we partner with financial institutions that can help them gain access to finance because this is a major stumbling block in the industry. Businesses are awarded projects but they don't have the finance needed to proceed with those projects.

SAWIC is also affiliated to the BBC, BE, the BBC and our members are affiliated to other organizations as well. Over the years, we've managed to develop strategic partnerships with government departments which have helped us gain a foot hold in the construction industry, particularly through the RDP housing projects.

We have recently forged another partnership with the Department of Public Works under the leadership Minister Nxesi with the CDP. The CDP will allow contractors, especially emerging contractors to be trained and to leverage opportunities that are out there in construction. We have got CETA, we're doing a lot of training and skills development with CETA. We also have a good relationship with NHBRC which is training some of our women on business aspects in the construction sector.

Another of the things that we're doing through SAWIC is to lobby and advocate for policy changes with the CIDB. We have contributed to many papers that are today gazetted in Parliament. As an example, the Department of Public Works has agreed that the CIDB Act needs an overhaul or needs to be scrapped altogether - we've been part of these discussions.

We've engaged with the National Treasury regarding the PPPFA and we're in discussions about revisiting and relooking at some of the regulations that are creating barriers and problems.

There are other positive developments such as; the NEF have a fund that is specifically ring fenced for the benefit of women, we're also seeing a mushrooming of micro lenders willing to partner with women, and provide the emerging sector with materials and able to provide them with the money to pay their employees.

Finally, it is only through conscious and decisive inclusion of women in the economic opportunities that true emancipation can be realized. And we are not saying this because of a cliché, we're saying that because we know that everybody sitting around here owes it to a certain woman that they are here today, so therefore we can sit here and proudly say that if you empower women you're indeed going to be emancipating the nation.

Chuene Ramphele – Development Bank South Africa

The Development Bank is fully owned by government and is a schedule 2 entity. The national government is the full 100% shareholder. I'm going to deal with what it is that we are doing together with other partners to support the contractors in making sure that at least they're sustained.

To give you a context, just say that the DBSA has two elements: there's a funding element, then there's an element that deals with implementation. In the funding part, we fund a number of projects; energy, transport, water, ICT, and others. We support government in terms of its capacity

to deliver through being an implementing agent. Regarding financing, we finance municipalities, local government and government institutions. Regarding building and what kind of projects we support, this has already been addressed by previous speakers.

Here are some further projects that we're involved in:

- We have developed a programme of revitalization of the old industrial parks in the homelands. We have seen some snippets on television of the opening of some of these parks; Botsabelo and Tseshego.
- We also engage in public works from a maintenance perspective; schools, the construction of roads, we are also doing lots of maintenance for the Department of Health in terms of the hospitals and the clinics, in the Ekurhuleni Municipality we are also supporting them by working together with Anglo American.

From the perspective of the contractor's, we've been in discussions with the NEF and the ECDC (in the Eastern Cape) to say that when we've appointed a contractor that they (NEF & ECDC) need not require any further vetting of a contractor and they should 'look after' these contractors.

One of the other key issues has been to make sure that we pay our contractors timeously. We have started a two-week payment cycle. Once the cash flowed we started to see an acceleration of work on the ground.

Another issue concerns the partnership approach between contractors and engineers. There are two extremes that seem to exist. It either becomes collaborative to the point of collusion or at the other extreme it becomes antagonistic to the point where (as is most often the case) the engineers terminate use of the contractor – even in cases where the engineers have been at fault. We are aware of these issues.

Finally, I want to discuss IBT. When I look at the agreements of certified building systems and there are quite a number, it's apparent that many of the professional consulting engineers have not necessarily been trained in the use of particular IBTs. It's clear that whilst the designers/architects are designing with these IBT's there are not always the skills and knowledge available onsite to deal with them. We need to facilitate a means of ensuring that this issue is dealt with down to contractor level. Another issue with IBTs is that we need to get buy in from the end users as to their acceptance, particularly in communities who are used to traditional building materials such as brick and mortar. These people often see the use of IBT's as inferior - quite understandably. If they had been informed about the new materials and the reasons for their use we would most likely circumvent this issue.

So, our key mission to make sure that all the contractors that are already with our regime are supported properly and to make sure that they are protected within the space.

Thulane Kuzwayo – Green Building Council of South Africa

The Green Building Council of South Africa is a non-profit organisation. I advocate green building education and green building practice. The opportunities are plenty and I often try and see the world through various lenses. My background is architecture and I'm also an artist.

Green building really is going beyond environmental responsibility and it's talking to the socio-economic issues that we need to address. Whilst we need growth, we need growth in the right direction, which means we want to avoid locking in inefficiencies in the way in which we develop.

There is indeed a sound financial case and a sound business case for green building as a process, not necessarily the object, but as a process there's a strong financial case for it, there's a solid environmental case for it, there is even a compelling socio-economic case for building green.

So how can that be realized? Three things: one is bold and visionary leadership. Second is innovative technology and disruptive technology and the third thing is about collaboration.

So how will those things be realized? One is to lead, the second is to legislate and the third being to facilitate. What does that mean? I've touched on leadership and so, as a state-owned entity or as a department, whatever developments you do, the things that you'd like others to be doing or you regulate or legislate for others to do, you yourself are doing it. It's easier to accept it when you can demonstrate the benefits of what you have done when you are asking others to follow. And facilitate really is about creating a conducive environment with the incentives that you are able to create for developers.

So, these things will ensure growth but it will ensure growth in the right direction.

Thabo Masombuka - Chief Executive Officer of the Construction Sector Charter Council

The construction sector charter is made up of industry players. We design industry initiatives supported by the government's line ministry on infrastructure, which is a department of Public Works.

It is for this reason that tomorrow, the 8th of July, industry captains representing various categories, including SAWIC, who spoke to you earlier, and SAFCEC, will sign in a construction sector code to represent a new measurement framework for the construction industry to replace the old construction sector code.

The purpose of the new construction sector code is to ensure that that BEE scorecard is not just a paper to transcend and make sure that people win government contracts but is a meaningful paper that records the indicative performance of that measured entity, the company, to the extent to which it is involved in broad-based BEE.

Importantly we also want to make sure that there's job creation, not just job creation but sustainable jobs to get rid of what is called in the industry LDCs, long-duration contracts where entrants and unskilled employees are employed for as long as 11 months, laid off, rehired to be employed for another 10 months, laid off, rehired to be employed for another 11 months so that there's no permanency level of employment.

In closing, the reason why we need a new construction sector contract; the billions that the minister spoke about, the hundreds of millions and all the capital infrastructure investment that we've been talking about cannot be a meaningful realized dream if black people continue to be outside the mainstream. Black people and black contractors in the construction sector must occupy the mainstream of this infrastructure development. Then we can say we've completed the discussion about transformation. Even if these black people get this opportunity, it must not be the usual same black contractors, we need to see new players, we need to see youth, we need to see people with disability and in particular we need to see women. The purpose of BEE is to make sure that we broaden the playing field.

Rodney Milford – Construction Industry Development Board

Transformation is not representative of what government, the CIDB, society and/or industry desires. And this imbalance that we see, the slow pace of transformation highlights the need to support the development of black owned business, in particular medium to large contractors, contractors and consultants that deliver value for money and adopt industry best practice. This is

the challenge that the CIDB is committed to. The CIDB is an entity of the Department of Public Works and our mandate is transformation of the industry.

As we've seen from many of the presentations today from ministers and the rest, no single solution will suffice in addressing transformation of the industry and addressing transformation is not the responsibility of one entity or one organization. Addressing transformation requires a cross-sectoral approach involving all stakeholders in the public and the private sector. Transformation requires the commitment from the established construction industry to transform from within and to support the transformation of the black construction sector. Transformation also requires the public sector to support transformation through procurement interventions and developmental support. We've seen the large numbers that will be spent by government and government needs to and will include transformational issues.

Ladies and gentlemen, the CIDB has adopted a framework for the CIDB's focus on transformation. I want to highlight very briefly a few points.

Firstly, as we've seen today legislation, regulation and policy have a strong impact and are strong drivers for transformation. These include the PPPFA and the Broad-based Black Economic Empowerment Act, the Construction Sector Charter, the Competition Act, CIDB Act, CIDB regulations; and the CIDB is working with various government organizations in enhancing and strengthening legislation. Reference was made in the previous presentation that the National Department of Public Works has commenced with work towards the review of the CIDB Act and the CBE Act and this review will address the slow pace of transformation in both the construction industry and the built environment professions.

The second point: business conditions, the market, the total work available. The total work available impacts on the rate of transformation. Enhancing transformation in a decreasing market space is complex, is difficult and Minister Patel did raise one of the key issues where government is focusing on under expenditure at the municipal level at the moment; national and provincial are doing very well, but the municipal under expenditure last year was R13 billion. This represents a significant loss of construction, transformation and job opportunities. The CIDB, working with other stakeholders, and in particular National Treasury, is working to increase the total government spend and the efficiency and the rate of spend, thereby enhancing transformation.

The third point. Within a growing market, we need an inclusive market, and again regulation is the key to participation of the black sector. But it must be supported by developmental programmes and best practice and a whole range of procurement models such as unbundling, as was mentioned by the DPSA. The PFA is key in this regard. Enhancing transformation also requires that the sector delivers quality infrastructure and delivers value for money to client and this has come out in several presentations. Quality cannot be compromised and quality and value in turn require enhancing the capabilities of enterprises and enhancing the availability of skills and quality of skills and an objective for the CIDB is to enhance the development and sustainability of black enterprises and we are working with all government departments on CDPs and the like.

In closure, addressing transformation is not the responsibility of one entity or organization and we all have a role to play but notwithstanding this, government will lead the transformation of the construction sector and the CIDB will be part of this leadership.

International showcase: Mozambique

Danilo Nhandumba – Progressive Business Forum (Mozambique)

With your permission I would like to quickly to introduce the Mozambican delegates; Comrade Carlos Chivon, Januo Valdan and Comrade Thembi - she is South African but now based in

Mozambique. We are here with two directors from the fund for social housing inside the Department of Public Works in Mozambique. It's important to say that we are here for dialogue, cooperation and partnership and to share business opportunities. I will hand over to my colleague who will make our presentation.

Interpreter:

Amori Perip will speak through a translator.

We have five sections to go through, the most important being the business opportunities.

Mozambique is a neighbouring country of about 25 million people, our population growth rate is 2.4%, which means each year in Mozambique we have another 700 000 new people, so this presents opportunities for housing, for food, for sanitation, for health, for education... opportunities for business. We're looking for partnerships with the South African government and with the South African business community.

Our particular sector is housing which falls under the Minister of Public Works. If you look at official statistics, you will find that 90% of Mozambicans have their own house. This is misleading as it depends on what one's definition of a house is. In most cases these houses do not have pumped water or electricity.

Recent statistics show that there's a shortage of approximately two million houses, i.e. there are two million families who do not have a proper home. Most of these people are living in and around cities in very poor conditions. Therefore, there's an opportunity to build houses for them in appropriate areas.

Our mandate is to deal with this situation by supplying affordable housing through PPP partnerships and therefore we are here, to look at PPPs with South African business. We are also here to look for new affordable and quick to build building technologies.

Government has made several legal transformations so it's easier now as a private company to operate in Mozambique. It's much easier now to set up a company in Mozambique. You can get a permit to work in Mozambique in less than a week, so these are changes that the government is making every day to make it easier for foreign companies to work in Mozambique.

Our government's five year plan is to build 35,000 houses and this includes all the major centres in Mozambique; Maputo, Tete, Cap Delgado etc.

So, through PPP we are looking for partnerships in financing the projects or for joint ventures. The government will provide land for free. In Mozambique, if you want to build a social house, you don't have to pay anything for the land - it's a government responsibility.

Our objective is to sell the house at the cost of building the house with no additional costs such as roads, land etc. We also want to build new cities with everything such as schools, hospitals, police stations, roads, everything.

Government has ruled that for every 100 houses built, there must be at least one school and one hospital built too. This is the government challenge for each province in the next five years' quota of 35 000 houses.

What other kind of benefits does the government offer? All construction equipment and materials that need to be imported can be done duty free. The government has defined special zones to develop projects such as in Nacala, Beira and Maputo.

As government, we will facilitate all kinds of approval such as licenses for work, licenses to construct and licenses to start a company and we will do this for you in record time.

I'm now going to show you some of the areas of special development where there are many opportunities for the construction sector:

- Pemba now is the place in Mozambique, northern Mozambique where there's oil. There are already many foreign companies operating there and there's inadequate housing. There is about 50 hectares of land available for immediate development.
- Nampula is also in northern of Mozambique. It's the site of Mozambique's second major airport. It's also the capital of northern of Mozambique. Here we have 150 hectares of land allocated for houses and other facilities.
- Sofala is situated in the centre of Mozambique. Here there is about 600 hectares of land to build houses, hospitals etc.
- Zambesia also has land allocated for development.
- Tete has many mega projects happening there but there's a big shortage of housing so a great opportunity exists there.
- Maputo has many areas for development. We have land available in the city centre and looking for partner to build towers - for medium to high-class accommodation.

It's very important to share with you that in Mozambique there's not only opportunity to build housing but there is also opportunity to build airports, railways, roads and so on. The best and most important thing for you to do is to visit Mozambique.

Mr Nhantumbo then replied to some questions from the audience.

About the land. We can guarantee you that in Mozambique we have enough land to do everything. You can start tomorrow in Maputo Province, Maputo city, Gaza, Nyambane, Manika, Tete and the north of Mozambique where we're developing the oil and gas projects. Someone was asking about a pipeline. It's important to share with you that this project is in the process now and it's very important to be registered in Mozambique to participate in this opportunity with the tenders and so on.

Daryl Swanepoel:

There was just the definition on social housing, if we can just ask on that definition of social housing.

Danilo Nhantumbo:

Thank you. Well, we don't have a specific definition for a social house. We talk about houses in the following terms; type 1 is a 1 bedroom house, T2 is 2-bedroom and T3 is 3 bedrooms. Government has tasked us with building houses at around US\$400 per square metre. What the construction people or engineers do to make it affordable is they reduce the size of the house. However, we know that an African family normally numbers at least five people so we need a good size house of at least two bedrooms. So, what we are looking for is the best possible and most cost-effective builds within the US\$400 per square metre, ranging from 2 bedrooms houses upwards.

Closing session

Enoch Godongwana – the summit's Programme Director and Chairperson of the ANC's NEC subcommittee on Economic Transformation

What I want to do is look at what the central message has been in today's presentations and discussions.

First and foremost, we need to understand that we are operating within a difficult economic environment. Minister Patel tried to sketch some of the challenges we are facing which includes the slowing global economy and particularly the slowing in the growth of the Chinese economy

which has adversely impacted commodity prices and which has had a direct impact on our economy.

We've had our own domestic challenges in the economy. We made reference for instance to the fact that this sector has lost about 80 000 jobs in the first quarter of this year. Now if you look at the construction sector and its impact on the economy, it's massive. That's why I believe that if we can grow the construction sector and stimulate demand via the construction sector, it will have a massive impact on the other sectors.

For example, if you read some of the documents produced by SEIFSA, which is the metal industries, most of their product, about 40% of non-export production is consumed by the construction industry. If this industry does not perform, it impacts on that 40%.

That takes us then to the objectives; what then should be our objectives in this context? Our objectives, first and foremost, must be to grow the economy. And the question that's before us is; what are the key things we need to do to grow this sector? The second objective is building partnerships and the third objective is transformation.

A number of ministers made presentations detailing opportunities that are available in different sectors. Among these sectors are: energy, water, social infrastructure, which includes housing and education, transport and human settlement. These are massive opportunities that need to be optimised.

The transformation agenda cuts across several things; race, gender and age. Now we have not dealt with the substance of the charter in terms of how far does it go in addressing these issues. But I must make the point; Critical to this growth and transformation and everything else we have said, is social cohesion. As a nation, we've got a challenge to build a South African society free of race and ethnicism. Free of poverty so that we have a stable nation.

That's the challenge we need to be talking about. How do we utilize this sector to build social cohesion? Then we come to this industry specifically; there is a challenge financing emerging contractors. I can tell you this financing mechanism is a challenge across all sectors. One proposal that has been put across this afternoon is a construction bank. I'm saying it's a proposal that needs to be taken into consideration as part of the discussion but I can tell you, if you go to emerging farmers they will say they want their own bank. If you go to the SMME sector, generally they say they want an SMME bank. Now the Chinese have a huge economy they can afford to have all of the small banks; a construction bank, a bank for this and a bank for that. What we are not talking about is how do we streamline the existing DFIs in such a manner they can talk to the mandate and design products that suit the conditions of the emerging contractors. It's an important point from our side and we take it as a challenge, we need to be saying how do we do that?

What then is to be done by all of us when we leave this room? We need to be thinking carefully. There's going to be a thick document that comes out of here, out of these deliberations, but what are we actually going to action out of all of this. The challenge I want to issue to you is that arising out of this meeting you must design what kind of institutional arrangements you want to create so that there should be constant interaction between yourself, the ANC and government.

What is going to be the basis for partnership between all of us? This partnership, the basis is going to be, among other things; I'm thinking aloud; the first one will be the charter you've drafted. Secondly, at the deliberations that we've had today, all of us, we need to lift out from those deliberations what are the key things that need to be done? How do we make sure that we can follow up on the discussions and what needs to be done? Those decisions will only happen if we create an institutional contact from time to time. If we don't do that it is not going to happen.

Khanyisile, the CEO of BUSA, referenced to the meeting between the president, the minister of finance and big business. Arising out of that they created streams; one of those streams is the construction sector. Those documents will also form part of the discussion. So, that's the kind of key messages I can say emerging out of this discussion this morning and this afternoon.

That's my summary of the discussion and I'm inviting you to engage us from time to time so that we are can respond to the needs of this industry.

Daryl Swanepoel thanked everyone and closed the session.