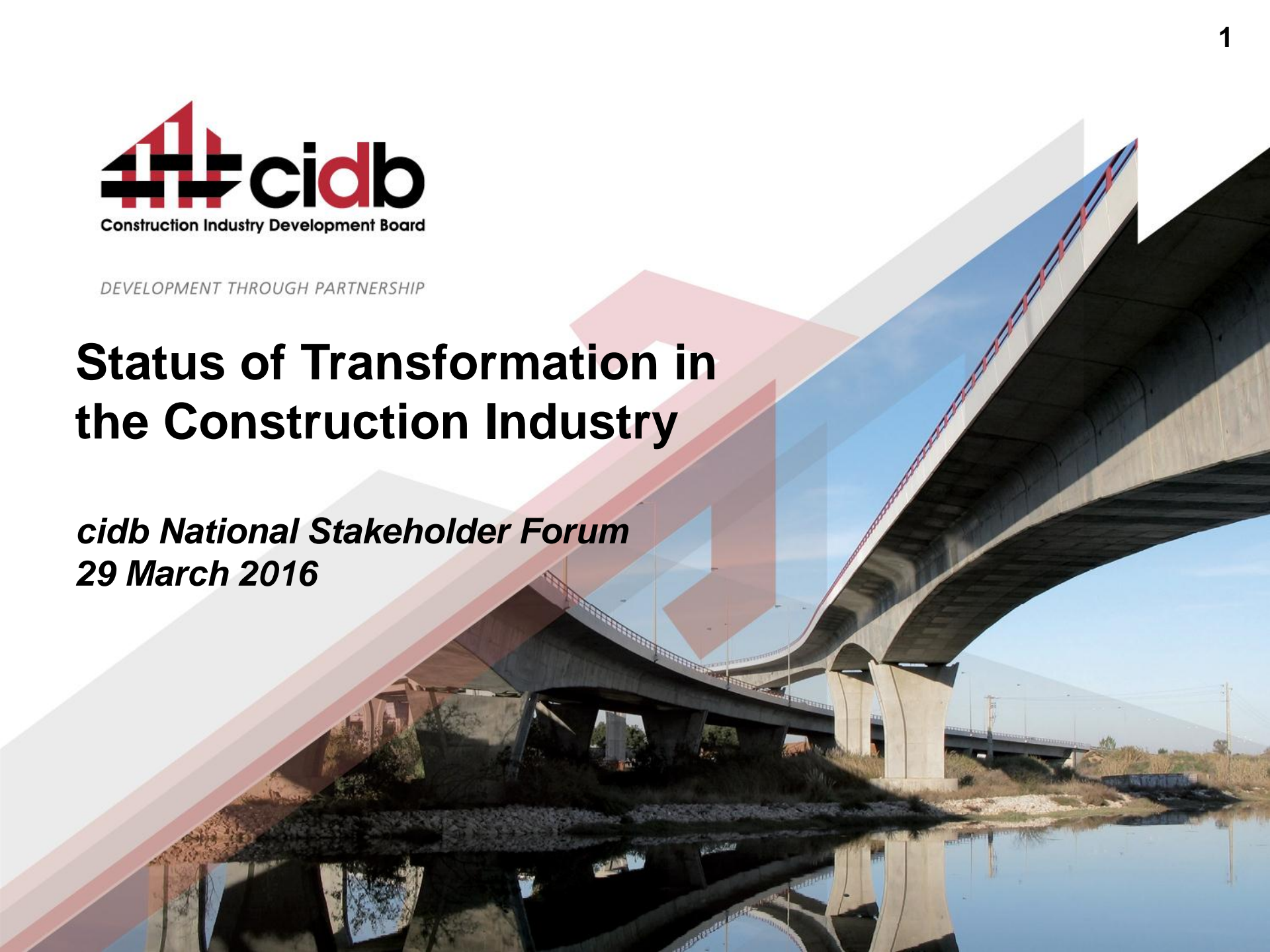




DEVELOPMENT THROUGH PARTNERSHIP

Status of Transformation in the Construction Industry

***cidb National Stakeholder Forum
29 March 2016***



Context

- **State of Transformation:**
 - **Contracting Sector**
 - **Professional Service Providers**
 - **Materials Manufacturers and Suppliers**
- **Transformation Framework:**
 - **enablers and constraints**
 - **presentation to follow**

cidb Construction Monitor; Transformation (January 2016)



DEVELOPMENT
THROUGH PARTNERSHIP

Contracting Sector

- **Source information**
 - cidb Register of Contractors
 - cidb Register of Projects
- **Assessment:**
 - **black-ownership (50%+)**
 - **B-BBEE Level**
 - (B-BBEE level currently not mandatory for cidb registration)
 - **contracts awarded**
 - (Based on projects registered with cidb)
- **Focus on General Building (GB) and Civil Engineering (CE)**

Professional Service Providers

- **Source information:**
 - **Consulting Engineers South Africa (CESA) Bi-Annual Economic and Capacity Survey:**
 - not representative of entire industry
- **Assessment:**
 - **black-ownership**
 - **black-executives**
 - **employment profile**

Materials Manufacturers and Suppliers

- **Source information:**
 - limited sampling
 - company information
- **Assessment:**
 - B-BBEE Level

Conclusion

- Pace and depth of transformation is inadequate

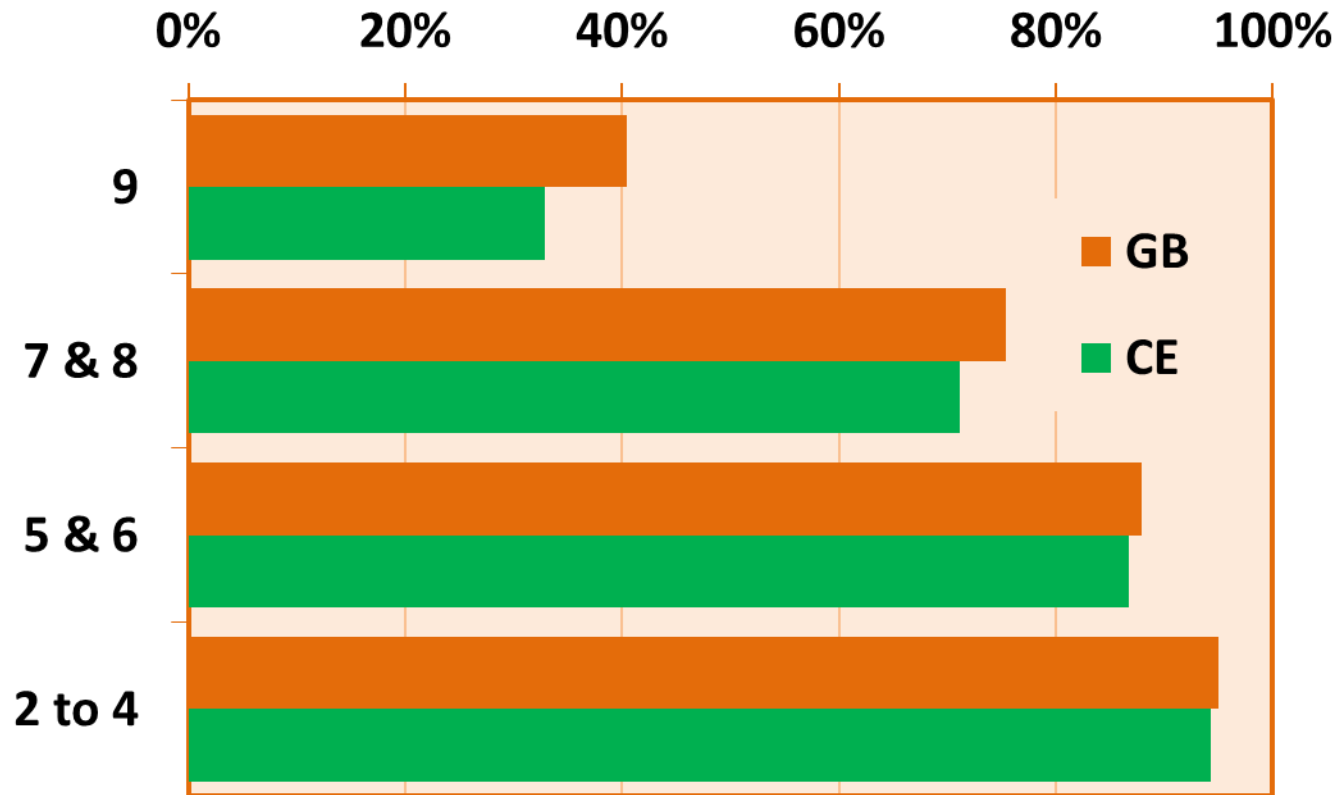


DEVELOPMENT THROUGH PARTNERSHIP

Contractors

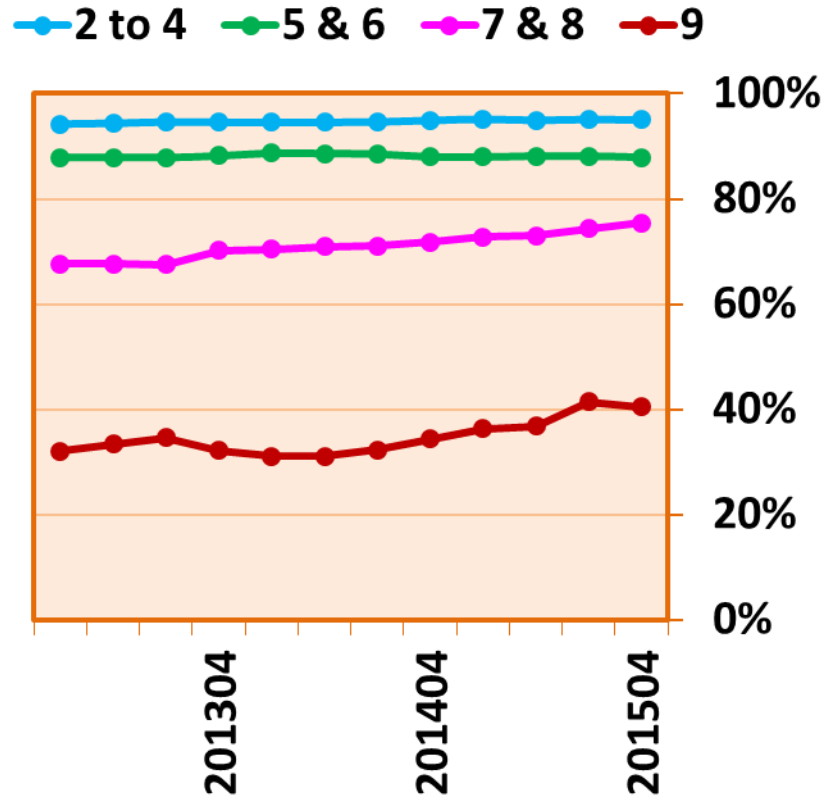
cidb Register of Contractors
cidb Register of Projects

Black Ownership; GB & CE



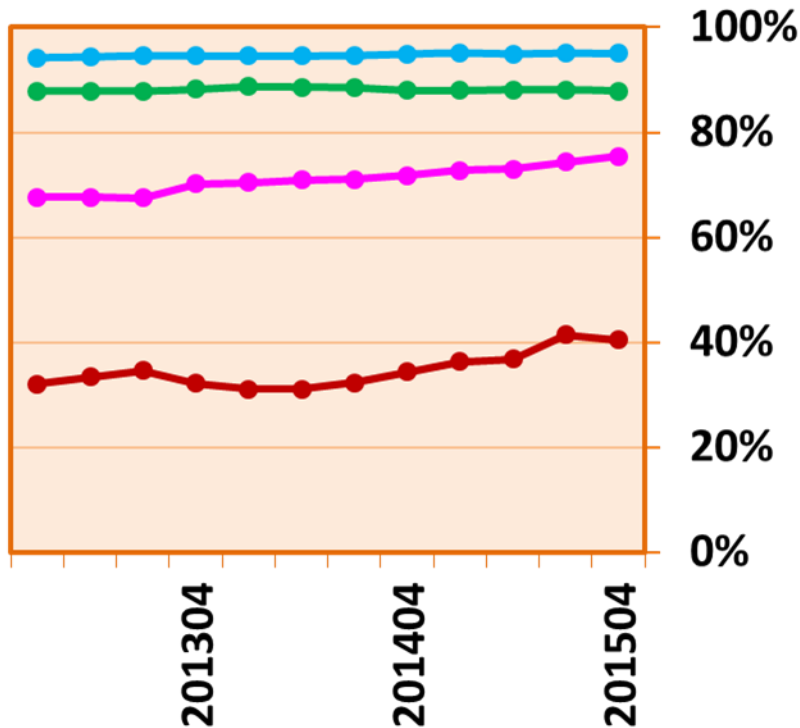
- Concentration of black ownership at lower Grades
- Less than 40% of Grade 9 contractors are black-owned

Black Ownership; GB

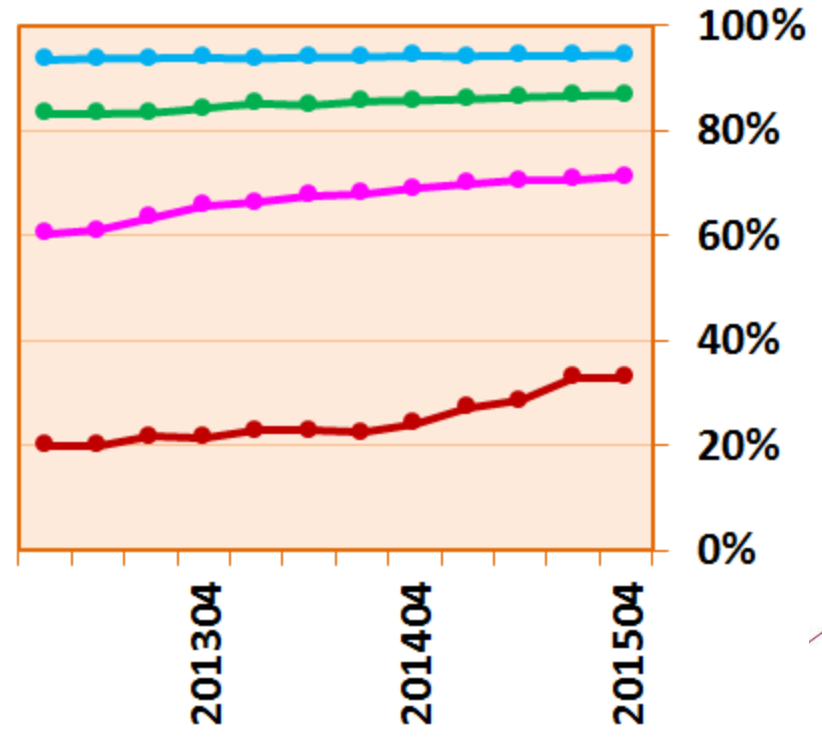


Black Ownership (50%+); GB & CE

● 2 to 4 ● 5 & 6 ● 7 & 8 ● 9

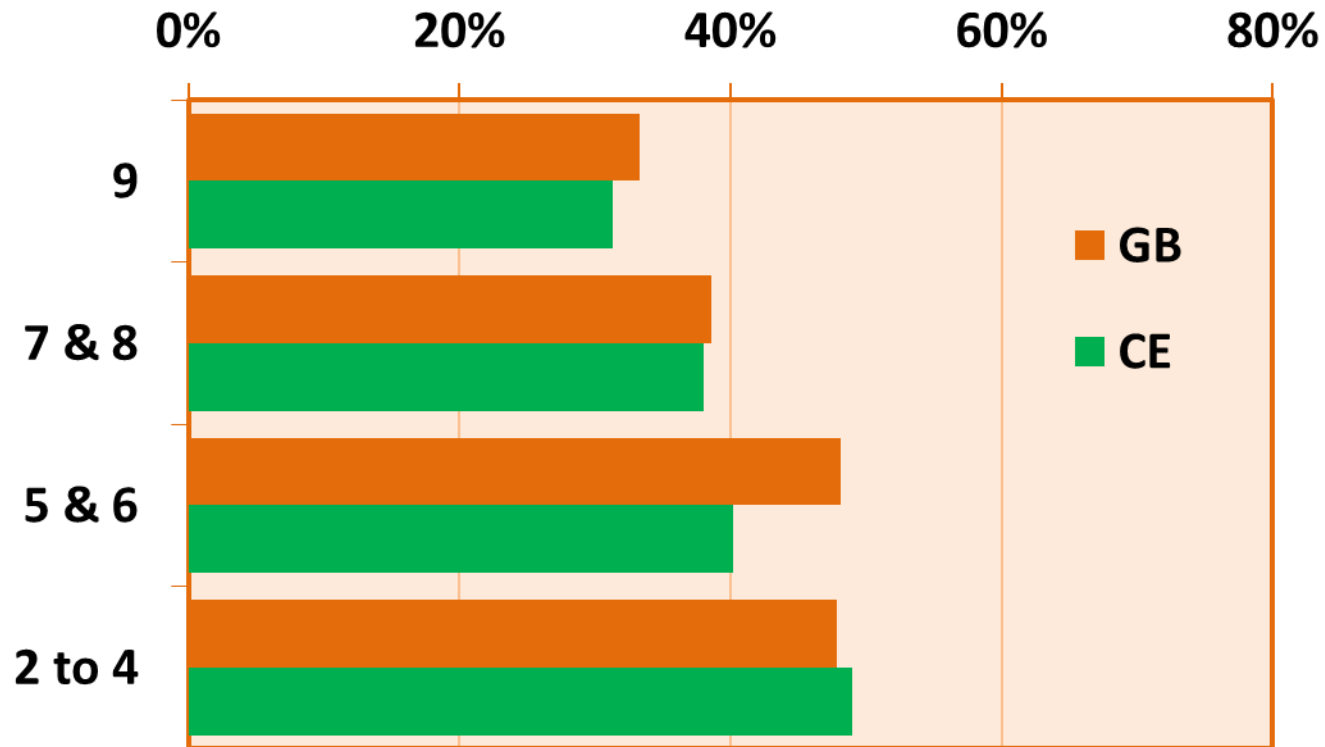


● 2 to 4 ● 5 & 6 ● 7 & 8 ● 9



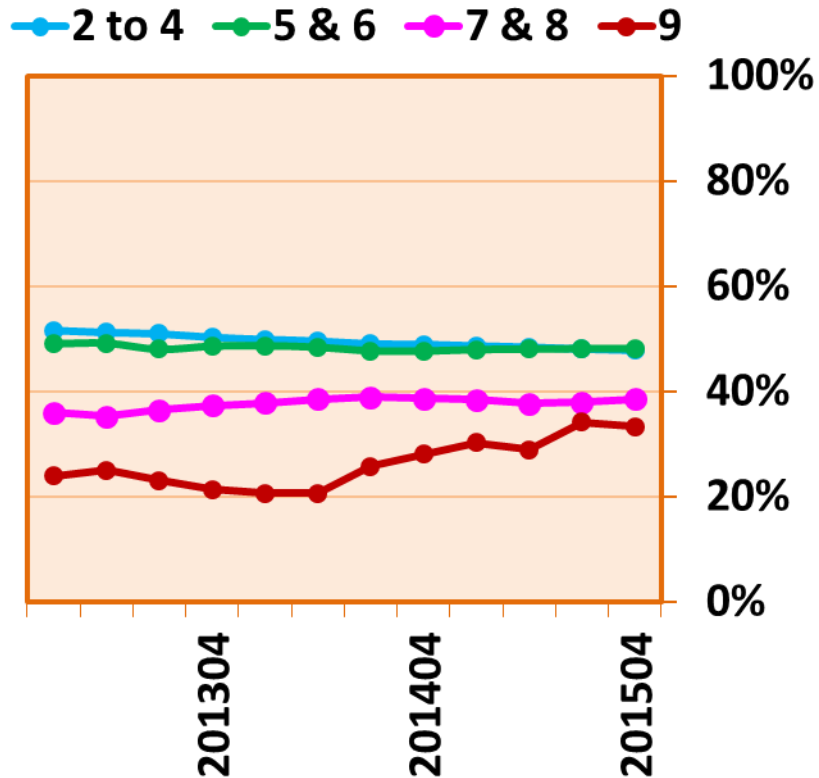
Moderate to low growth in black ownership over time in Grades 7 to 9

Women Ownership (30%+); GB & CE

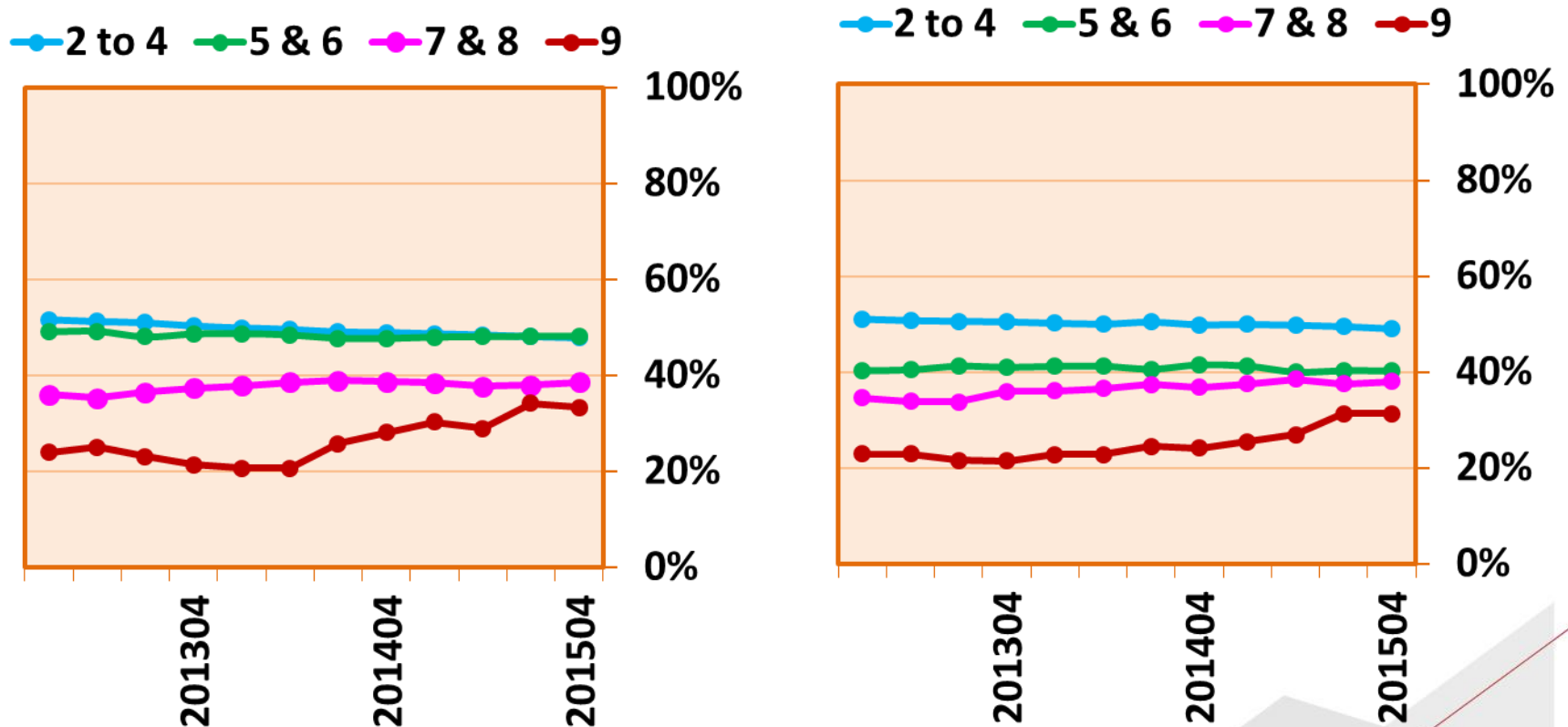


- 50% of Grade 2 to 4 contractors are women-owned
- 30% of Grade 9 contractors are women owned

Women Ownership (30%+); GB

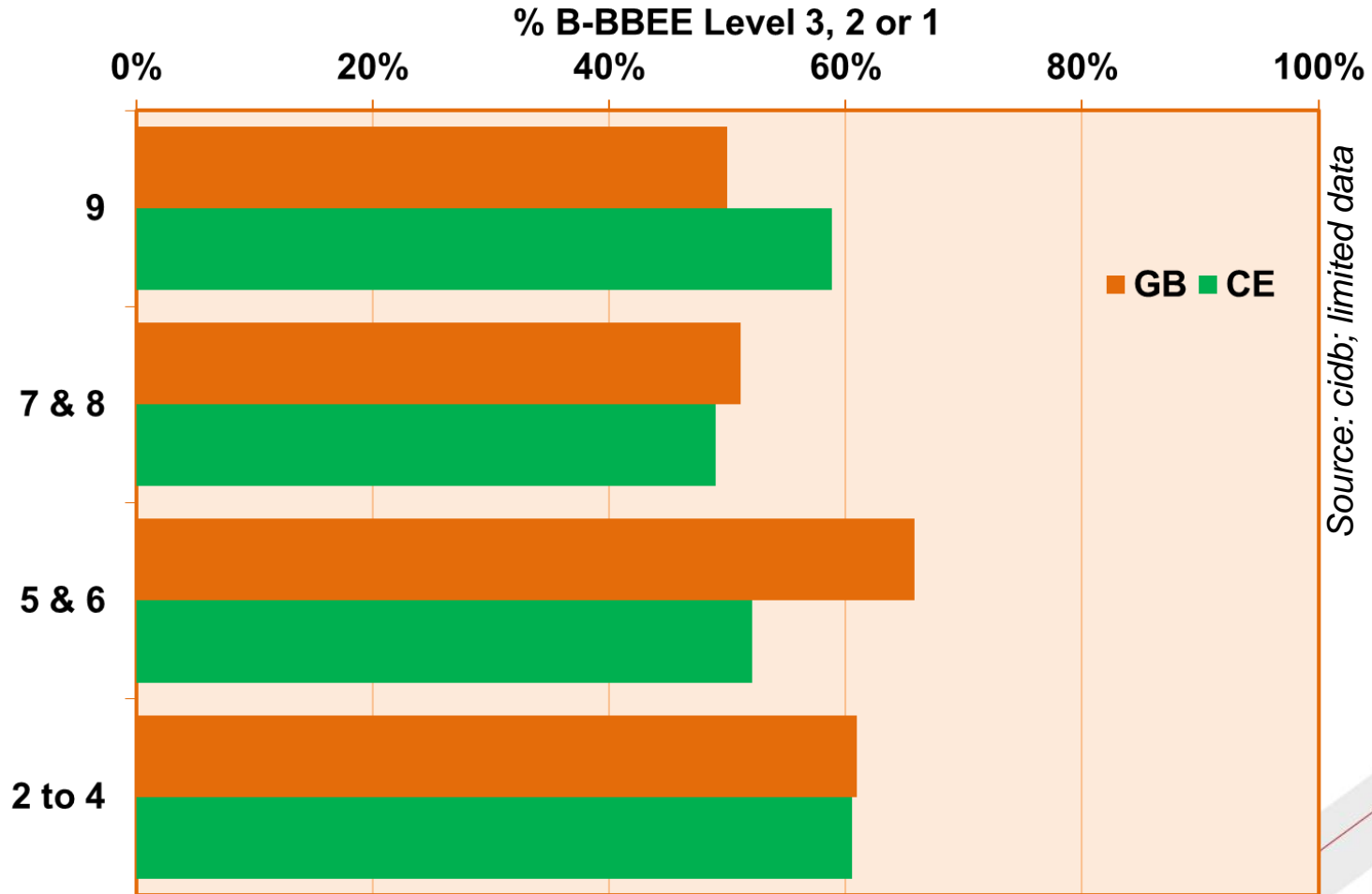


Women Ownership (30%+); GB and CE



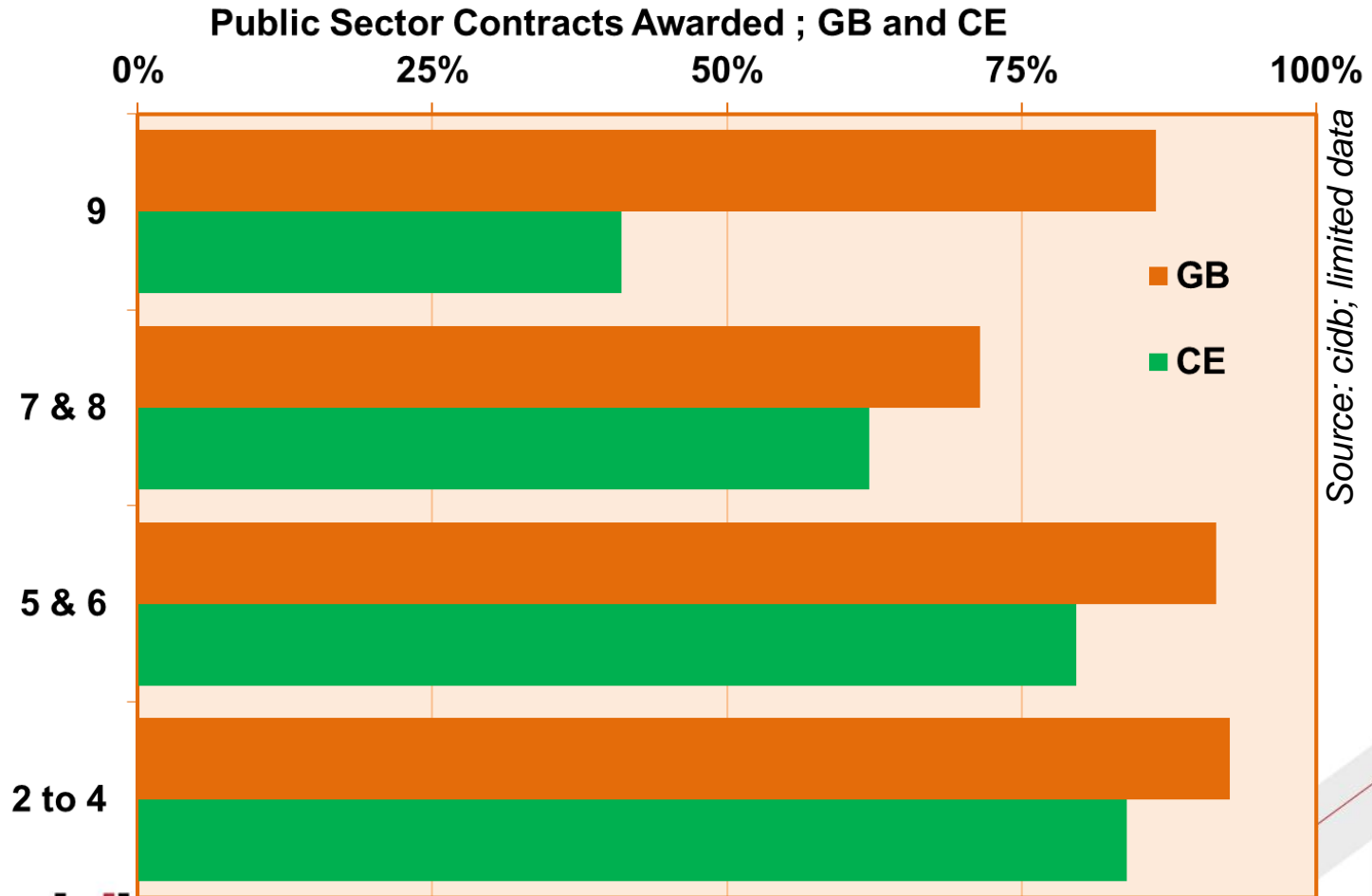
Moderate to low growth in women ownership over time in Grades 7 to 9

B-BBEE Empowerment Level



50% to 60% of all contractors are B-BBEE Level 3 and better

% Public Sector Contracts Awarded to Black-Owned Companies



Share of public sector CE contracts awarded to black-owned contractors decreases with increasing grade

Black Ownership; All Grades

	EB	EP	ME	SW
9	50%	17%	17%	0%
7 & 8	43%	54%	34%	41%
5 & 6	66%	68%	54%	53%
2 to 4	80%	83%	72%	88%

- **Concentration of black ownership at lower Grades**
- **Very low depth of transformation in EB, EP, ME and SW**



EB – Electrical Installation (Buildings)
 EP – Electrical Installation (Infrastructure)
 ME – Mechanical Engineering
 SW – Specialist Works

DEVELOPMENT
 THROUGH PARTNERSHIP

Summary

- **Lower grades: concentration of black contractors**
- **Higher grades: low transformation**
- **Very low depth of transformation in EB, EP, ME and SW**
- **Moderate to low growth in transformation over time**
- **50% to 60% of all contractors are B-BBEE Level 3 and better**
- **Share of public sector CE contracts awarded to black-owned contractors decreases with increasing grade**

- **Depth and pace of transformation is not what government desires**

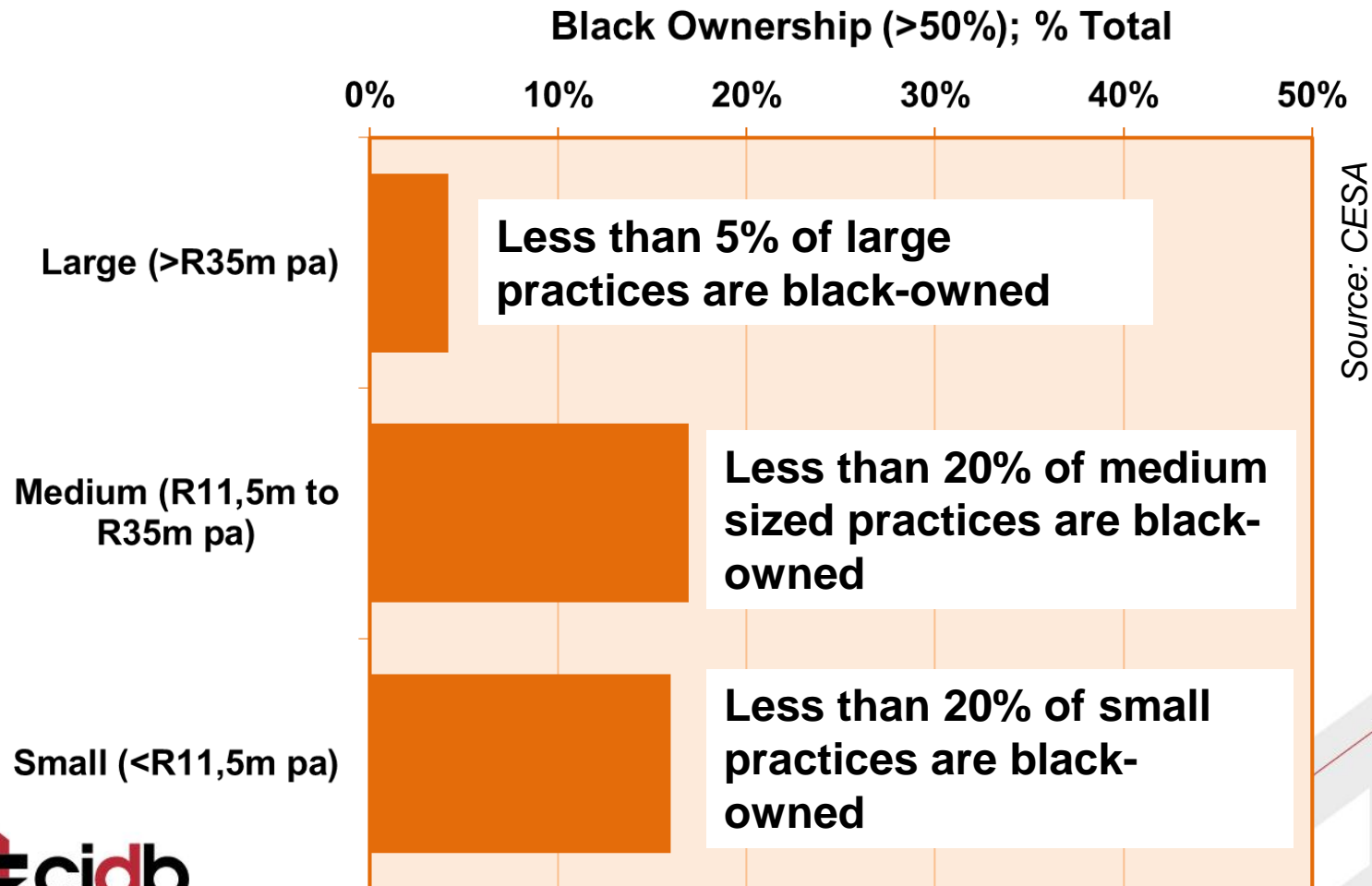


DEVELOPMENT THROUGH PARTNERSHIP

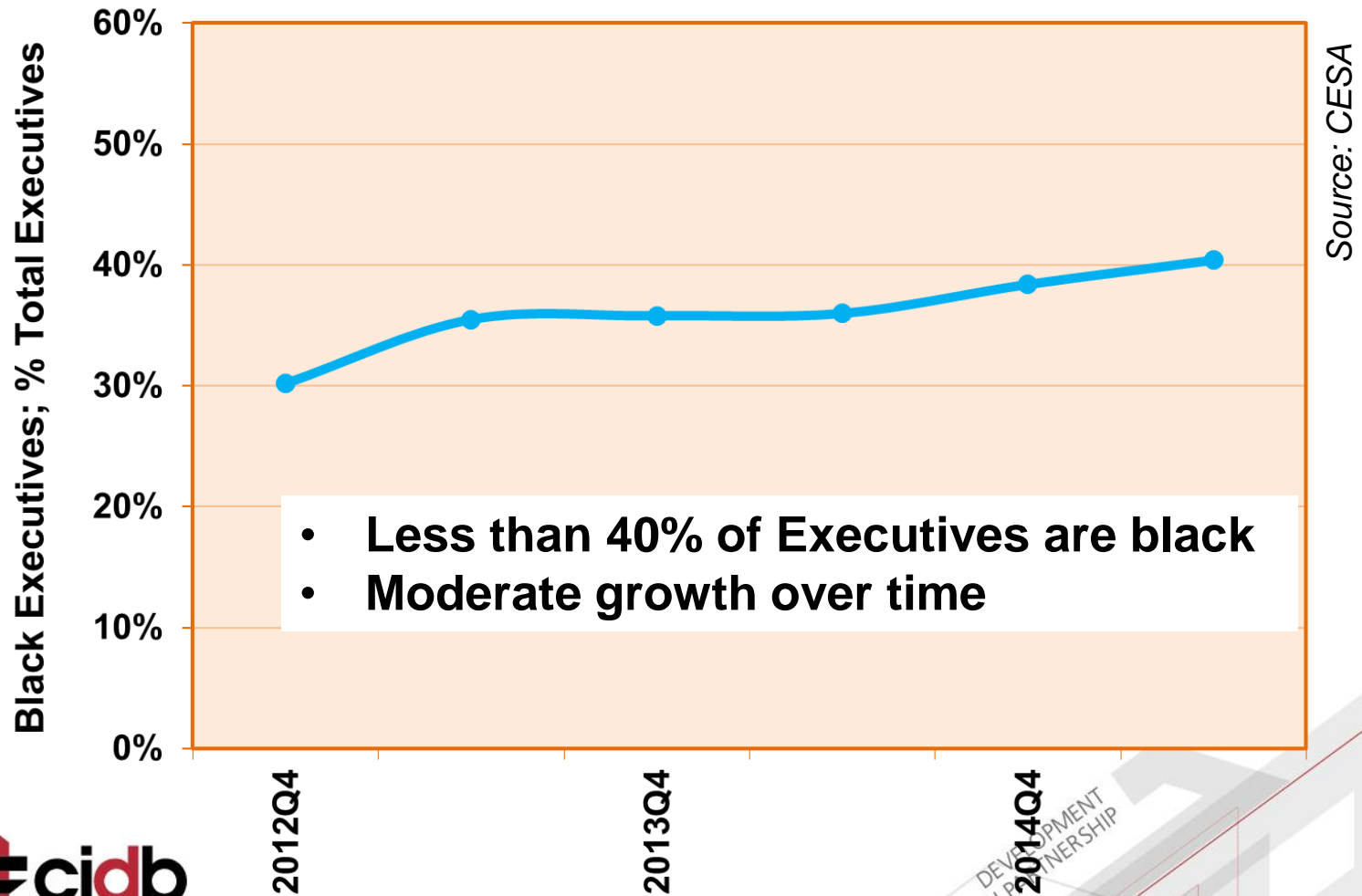
Consulting Engineers

CESA (BECS 2015)

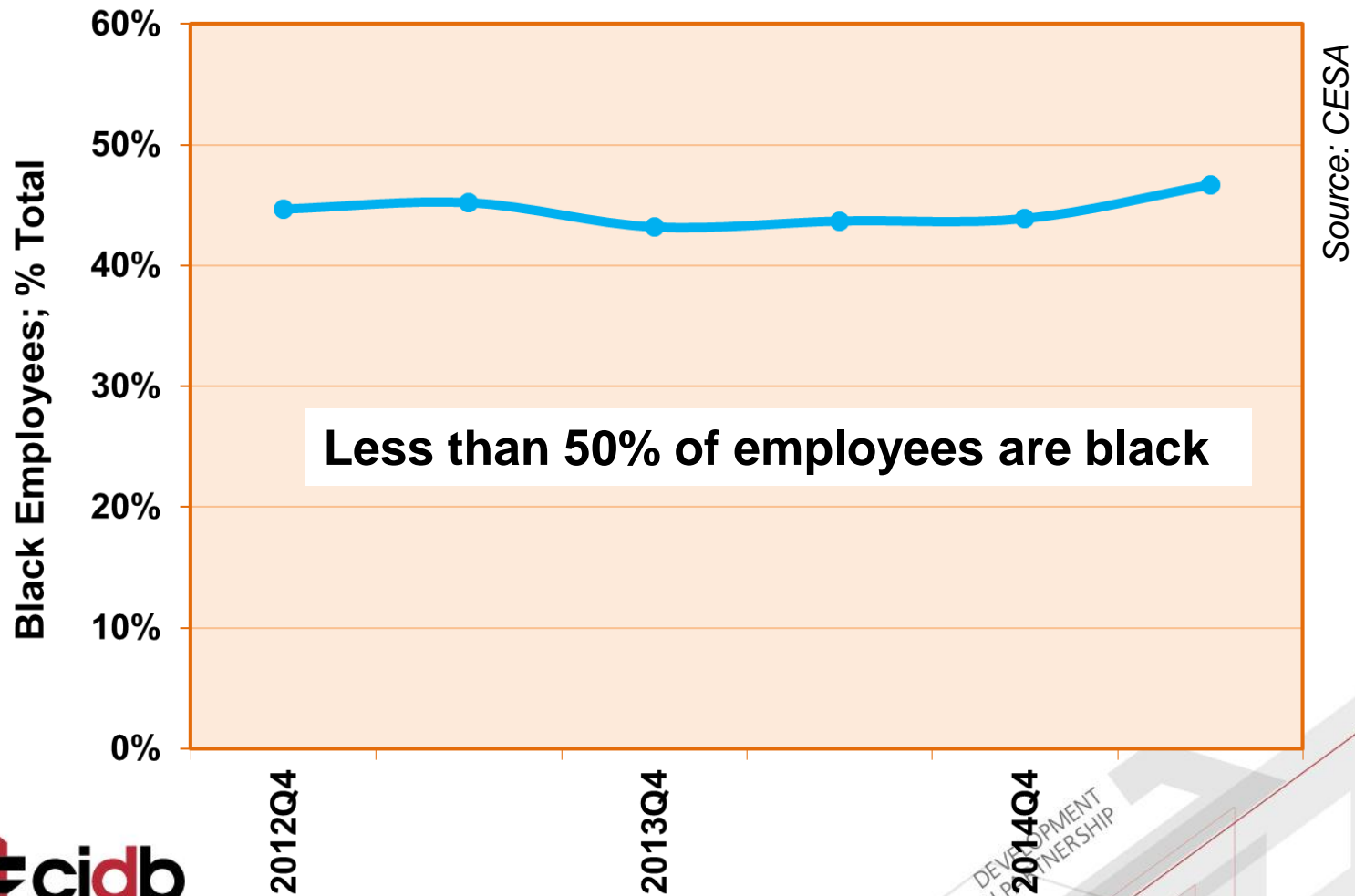
Black Ownership (>50%); % Total



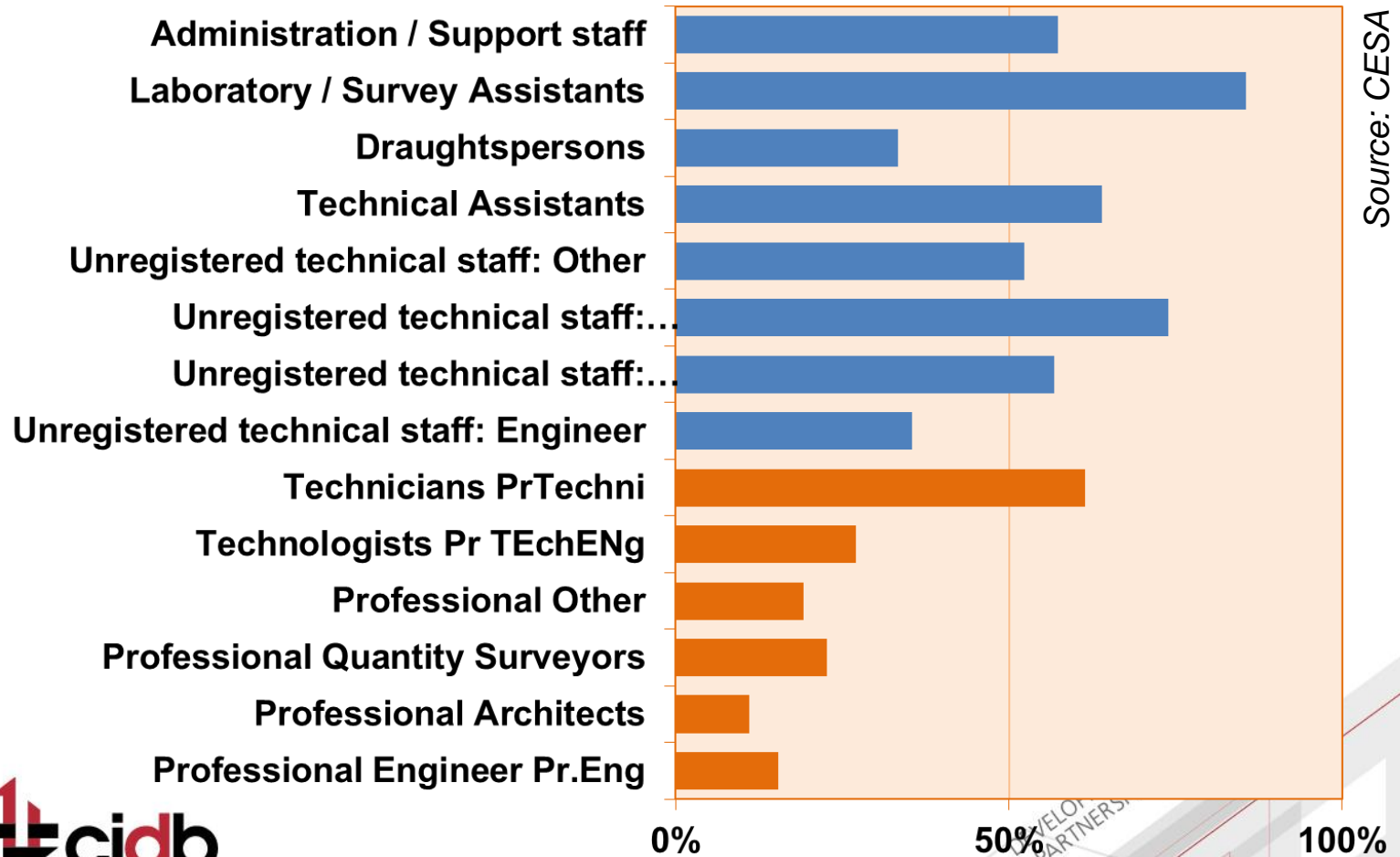
Black Executives; % Total Executives



Black Employees; % Total



Black Employees; % Total



Source: CESA

Summary

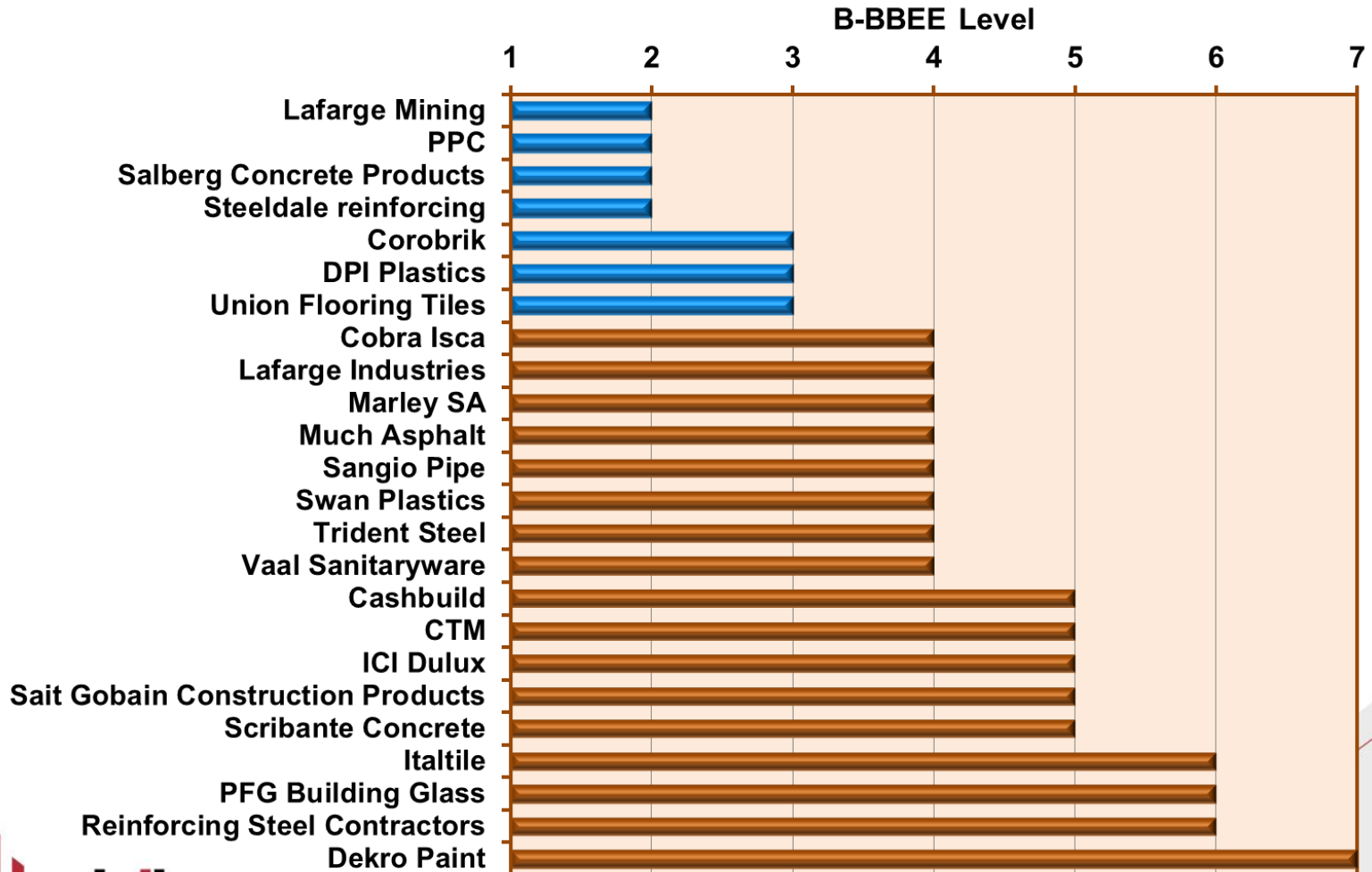
- **Less than 20% of practices are black-owned**
 - **less than 5% of large practices are black-owned**
- **Moderate to small increase in black executives over time**
- **Few registered black professionals**



DEVELOPMENT THROUGH PARTNERSHIP

Materials Sector

B-BBEE Level



Few manufacturers or suppliers are Level 3 or better

Summary

- **Limited sampling:**
 - **Few manufacturers or suppliers are Level 3 or better**



DEVELOPMENT THROUGH PARTNERSHIP

Concluding Comment

Concluding Comment

- **22 years into democracy: the pace and depth of transformation is inadequate**



DEVELOPMENT THROUGH PARTNERSHIP

Thank You