

## **PRESS RELEASE: SKILLS SHORTAGES AND ACCESS TO CREDIT IMPACTING ON GROWTH OF SMALL AND MEDIUM CONTRACTORS**

With the downturn in the building and construction industry, more and more contractors are facing difficult business conditions, and even financial distress. The cidb is closely monitoring the sustainability of small and medium-sized contractors, and the changes in the underlying constraints to the sustainability of contractors.

The cidb SME Business Conditions Survey measures business conditions for contractors registered in cidb Grades 3 to 8, and is undertaken by the Bureau for Economic Research (BER) for the cidb.

Business confidence amongst General Building (GB) and Civil Engineering (CE) classes of works remains low at 50%, representing an industry in distress. However, on a positive note, business confidence in the contracting sector shows a modest but positive increase over the past three (3) years.

The cidb Survey identifies that the largest constraint to enterprise growth remains insufficient demand for construction works, but that this is easing slightly.

Contractors report that access to skilled labour is becoming a significant constraint to business growth. The shortage of skills is also driving up the cost of labour resulting in decreased profit margins for small and medium contractors. Ms Inba Thumbiran, Acting CEO of the cidb, notes that “small and medium size emerging contractors are likely to be bearing the brunt of these skills shortages, and are least able to attract and train skilled labour. A healthy SME sector is crucial to the health of the building and construction industry and to the transformation of the industry” she said. “while business conditions are improving, it is a concern that the impact of skills shortages on the sustainability of SMEs is becoming more visible.”

While shortage of skilled labour is apparent, there is however, an oversupply of low and semi-skilled workers.

Another constraint to business growth is access to credit, but this does not represent a substantive constraint.

Together with industry stakeholders, the cidb is looking at ways of increasing skilled labour in the industry. This includes the cidb Standard for Developing Skills on Construction Works Contracts which was published in 2013 and provides for skills development on construction works contracts. The cidb aims to regulate the Standard on public sector construction works contracts in 2016, but is encouraging clients to incorporate the Standard even before it is regulated.

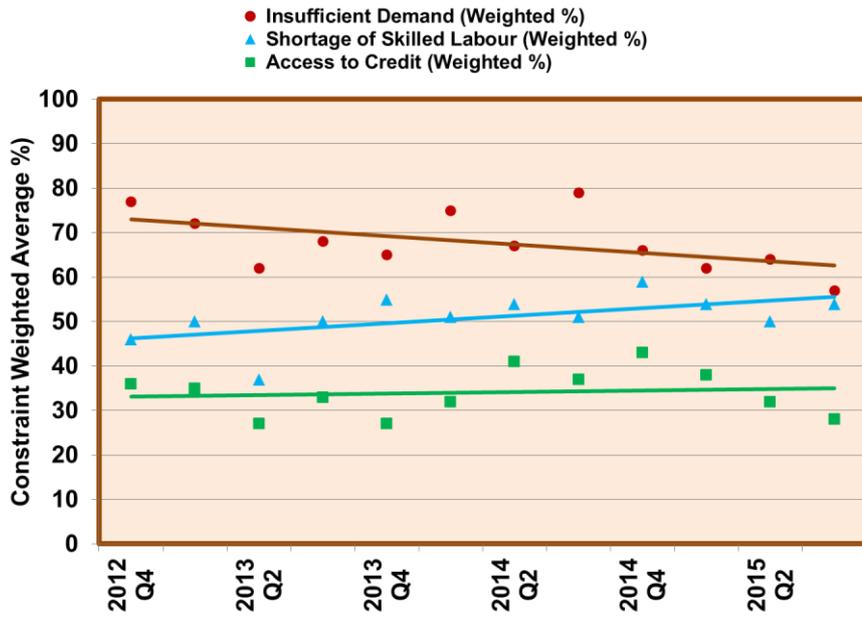
The **cidb SME Business Condition Survey** is available on the cidb website.

For more information, contact:

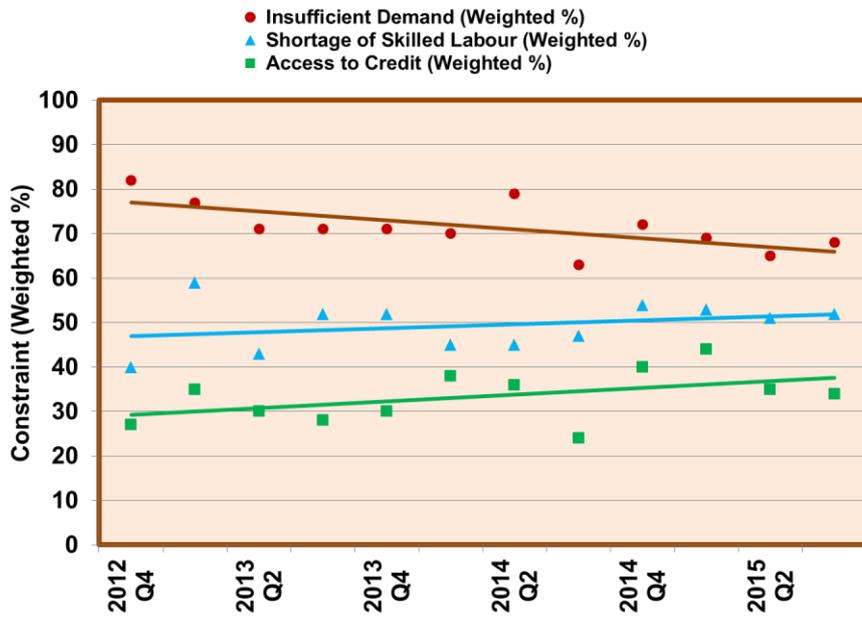
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**Images on next page**



**General Building (GB); Grades 5 & 6**



**Civil Engineering (CE); Grades 5 & 6**

