
The sun is setting on South Africa's construction industry

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The South African construction industry is in a state of accelerated decline, says South African Forum of Civil Engineering Contractors (Safcec) CEO ~~Webster Mfeka~~
SA building industry facing a trio of major risks this year

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Confidence in South Africa's civil construction sector is at the lowest in at least 22 years and could stay there for some time.

Reviving a Dying Star – Avoiding the collapse of the South African Construction Industry

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It was reassuring to note the reaction to a recent article related to the state of the South African construction industry. It is clearly an issue which is of concern to many; and rightfully so. The construction industry puts bread on the tables of a vast number of households in South Africa, across a broad spectrum of our society; although the government appears oblivious to this fact. For most stakeholders in the industry, there is no plan B. What do contractors do other than

build? What do architects do other than design what is required to be built? What do engineers do other than ensure that what is built is able to sustain the forces that act on it?

There is a definite will to see the mortally wounded South African construction industry survive its injuries. This for many, is out of the simple natural instinct for self-preservation. In such a fragmented industry, self-preservation can be a positive force, but it can be equally, if not more so, a destructive force. A contractor's survival instinct is to secure work. In a weak economy this often results in securing work at any cost; a factor seized on and exploited by quantity surveyors. Architects and engineers see employers as being the hand that feeds them, and as such are compliant to employers' demands and requirements, often to the detriment of the contractor. In response to the first article under this heading, many comments raised the question of what the solution is to the problem. The unfortunate truth is that there is no quick fix or simple solution. This is exacerbated when dealing with a government which appears helpless to address even the most obvious concerns, such as construction "mafias" seizing control of the industry in many regions. Without adequate state intervention there is no denying that the road ahead is more treacherous. There is no time to wait for miracles, the industry must learn to fend for itself.

A good starting point would be that all industry stakeholders begin to see themselves and their organisations as a being part of a whole, and not as a self-sustaining unit separate and insulated from the rest of the industry. There must be the realisation that every part of the industry needs every other part of the industry, in order for the sector to not only survive, but to thrive. Consider a thriving construction industry which suddenly loses all of its skilled wet works labour. Think of your current project, or perhaps a previous project. Imagine there were simply no operatives available to lay bricks or to plaster walls or to screed floors. A substantial percentage of projects would simply grind to a halt. Yet do we think of these trades as being the backbone of the industry? The truthful answer is no, we never do. No project can be sustained without a broad range of participants, all of whom have an important role to play. Those who wear designer clothes, or suits and ties, when visiting a construction site, often overlook the magnitude of the inputs by those whose clothes are soiled by cement and mortar, and whose hands are calloused by years of manual labour. The truth is that these people are in every respect the backbone of the industry.

When we think of construction professionals, we think of engineers, architects, quantity surveyors. We rarely think of a site foreman as a construction professional, even though they are amongst the most essential professionals on any project. There is no replacement for a site foreman with decades of experience. These people very often exemplify the very meaning of the word professional. They may not have endless monikers after their names, but then any person who believes that it is the abbreviations on your business card that make you a professional is sorely mistaken. The same can be said of site agents, site managers, specialist subcontractors, and many other stakeholders who work at the coal face.

When looking at the construction industry, we need to see a singular system with multiple components. It is incumbent upon construction professionals to acknowledge this and to understand their place within this complex structure. All stakeholders need to be mindful of the importance of the function that each other component in this system is required to deliver. We must be aware of issues such as the substantial differences in the corporate cultures of the

various industry participants. It is this clash of cultures that often leads to disagreement. If you find yourself on site, as a professional, dressed in a neat suit and polished Caterpillar steel cap boots, and a site foreman approaches you with a comment or a recommendation; ignore that stained jacket and worn jeans; just listen to what the person has to say and you may learn something. This is the level of interaction, respect and most importantly communication, that is required in the industry. We do not need to blur the lines between “us” and “them”, we need to realise that there is no “us” and “them”, just us, those lucky enough to work in the greatest of all industries.

Employers putting out a tender should be cognisant as to what a fair price is for the works. This must be realistic and market related. The industry needs competitive pricing but not when it is self-effacing. The instruction to the PQS should not be to wring every last penny out of the contractor, but rather to deliver a fair price. Architects and engineers managing projects should ensure the proper level of communication with the contractor. Do not rely on the time bar clause of a contract to rectify an error in issuing information late. Don't expect the contractor to accept responsibility for costs beyond its remit or control. Don't be afraid to listen to the contractor's project site team; rather take pride in your role in leading that team. Most crucially, accept responsibility when it is appropriate, and ensure that the employer does the same.

These may sound like be fanciful ideas with little chance of successful implementation. However, in the ten years from 1997 until 2007 I bore personal witness to the transformation of the UK construction industry. The key factor in that transformation was the breaking down of the barriers between what had been, for many years, perceived to be the two side of the table. One driver in this process was the very rapid uptake of alternate procurement models such as “design and build”. For those not familiar with the D&B method of contracting, it requires that, at the start of works the contractor novates the professional team, who for the duration of construction period, work under the umbrella of the contractor. I spent my last five years in the UK working for one of the country's largest design and build contractors. It took some getting used to, to have only one side of the table occupied, but the benefits could not be overstated. Most notably the benefit to the clients, who were spared the almost inevitable acrimony and disputes between the “us” and “them”. When there is only one project team, the endless energies ploughed into disagreements and disputes, rapidly develop into positive project focused inputs. Design and build broadened the scope of inputs into many aspects of a project. Practices such as value engineering are far better developed and implemented for the benefit of all stakeholders. The contractor is able to optimise its project expenditure, while the employer is able to focus of its key project requirements. Moreover, with D&B projects, you often find ad hoc on site meetings, where an architect, site agent and site foreman are discussing the best implementation of sections of the works. It is this inclusive manner of delivering construction projects that has proven to be hugely successful.

There is no silver bullet and no quick fix to the problems facing the South African construction industry. The government is choosing to take the ostrich approach, which is making a severe problem far worse. Time is not on our side; so ideas specific to the South African market need to come thick and fast. There is no capability that the UK market had in 1997, which the South African market lacks today. What made the difference, apart from very effective government input, was the rapid realisation of the entire industry that things needed to change and change

quickly; and the sheer force of will of the industry participants to facilitate that change. That is the precipice on which the South African industry now finds itself precariously perched. Adapt quickly or die. Only a unified industry can shake the government out of its malaise and force it to take the actions needed to secure the future of this key sector.

A unified industry is able to survive far greater adversity than a fragmented and disorganised one. The South African construction industry is worth saving. Its performance is directly linked to the performance of the country as a whole. It is time for the real industry leaders to stand up and be counted.