

**SPEECH DELIVERED BY THE MEC FOR PUBLIC  
WORKS, MRS LYDIA JOHNSON AT SEDA-ETHEKWINI  
CHAIRMAN'S DINNER IN MORNINGSIDE, DURBAN : 21  
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**Programme Director**

**Mr. Protas Madlala, CEO, Small Enterprise Development  
Agency (SEDA), eThekwini**

**Mr. Ike Nxedlana, CEO, Ithala Development Finance Corp  
Ltd**

**Business Leaders**

**People of the Media**

**Distinguished guests**

**I greet you all**

**Indeed it is a great honour to be invited in the gathering of this magnitude. I am convinced that this is a good platform to share knowledge and information about available opportunities in the SMME sector. This occasion is particularly special since it creates a platform for constructive engagements with regards to ways of enhancing the participation of this sector in the economy.**

**In 1994 as we transited into new democracy we inherited a legacy of uneven development. This legacy continues to inhibit our capacity to optimally utilize our talents and showcase our entrepreneurial skills. The previously marginalized people have been considering small, informal businesses as their last resort in dealing with the plight of extreme poverty. These businesses were mainly established as a means for survival. Due to these reasons these businesses have been operating on the periphery of the mainstream economy.**

**Therefore our role as government is equally clear and over the past few years we have worked relentlessly to facilitate an enabling framework for the SMME sector to grow. History has taught us that the SMME sector, the world over but particularly in developing countries has a pivotal role to play. In order to ensure growth in this sector the government in partnership with various financial institutions has initiated programmes which are specifically aimed at creating an enabling environment for this sector.**

**Financial institutions such as the Industrial Development Corporation (IDC), Khula Enterprises, Business Partners, Ithala Development Corporation, Small Enterprise Development Agency (SEDA) etc were established for this purpose. We should ensure that we actually make a difference in the lives of the aspiring entrepreneurs. It should not be only on paper but actual development of the entrepreneurs should happen.**

**It is unfortunate, however that, some aspiring entrepreneurs are not aware of the opportunities provided by these institutions. It is therefore incumbent on us as government and private sector to ensure that the information is disseminated so that all entrepreneurs will benefit from these programmes. It is our responsibility to ensure that these businesses are elevated to the mainstream economy.**

**It is in order to commend SEDA Ethekewini for assisting aspiring entrepreneurs to start their small businesses. The services that you render to these entrepreneurs form the foundation for their success. The business information services enable the SMME's to succeed and it reduces business failures. I have also noted that you have the business incubator programme which offers mentorship support to them. This is also critical because they need to be monitored until they**

**acquire adequate business management skills and stand on their own.**

**I am also happy about the tender awareness and advices you give the contractors because this enhances their chances of securing tenders. The youth entrepreneurship programmes are also indispensable given the fact that our youth is faced with a challenge of unemployment. The business linkages are also critical because networking is crucial in the business world. Therefore you are a pillar of strength for these entrepreneurs.**

**The SMME's involved in the construction sector have also benefited from government interventions which are gradually improving the conditions in this sector. However it's worth mentioning that this sector is still faced with some challenges**

**The construction sector is faced with various challenges including the following as outlined in the construction charter.**

- The construction sector, which consists of different disciplines with a proliferated client and supplier base, performs an indispensable role in the economy of South Africa and increasingly of the SADC region as a whole.**
- Over the past two decades the sector has experienced declining investment and increasing demand volatility, combined with an unstable employment environment.**
- The private sector has inadequately addressed BBBEE, generally implementing limited aspect in response to government tender requirements.**
- Save a limited number of equity transactions, to date the sector continues to reflect vast inequalities in ownership, with little transformation having taken place.**

- **Black participation is primarily through micro and small businesses where there are low levels of sustainability.**
- **There is depleted skills base due to a number of factors including the disconnection of academia from the needs of the sector, sector's lack of appeal as a career choice, the low numbers of school leavers with adequate grades in mathematics and Science, low salaries and poor prospects for career advancement.**
- **Exacerbating this problem is the inadequate investment in skills across all levels in the sector, despite sufficient funding available from the Construction Education and Training Authority.**
- **The public sector is the major client, whose lack of capacity in many areas and consequent inability to spend budgets has a profound impact on the sector.**
- **Working conditions in some construction site are unacceptably low, including factors such as extended periods away from home. Long hours, unsafe working environment and inadequate housing arrangement.**
- **There is proliferation of construction sector associations, which creates inefficiencies and hampers the development of partnerships and the private sector's ability to communicate amongst themselves, with government and other stakeholders.**

**Nevertheless the government has consulted with participants in this industry and this resulted to the introduction of the construction charter which is aimed at regulating this industry.**

**The objectives of the Construction charter are to:**

- **Provide a framework for the construction sector to address BBBEE, enhance capacity and increase the productivity of the sector to meet world practices.**

- **Achieve substantial change in racial and gender composition of ownership, control and management in this sector.**
- **Promote the effective advancement of employment equity in the sector and adherence to principles of non-racialism and non-sexism**
- **Provide the construction sector the first quantitative method for monitoring and evaluating the progress of enterprises towards BBBEE and thereby contribute to ending the malpractice of fronting.**
- **Expand the employment potential and absorption capacity of the sector using labour intensive approaches.**
- **Address skills development in a manner that accelerate the advancement of black people, black women and designated groups with a particular emphasis on learnerships, technical and management training.**
- **Increase the procurement of goods and services from BBBEE enterprises and standardized preferential procurement methodology.**
- **Enhance entrepreneurial development and promote sustainable growth of micro, medium and small BBBEE enterprises.**
- **Encourage adherence to triple bottom-line accountability and fair labour practices.**
- **Improve the capacity of the public sector to deliver, by promoting greater partnership with government.**
- **Lay the foundation for the integration of construction sector associations to create efficiency, promote a shared vision and enhance the sector's ability to communicate with government and other stakeholders.**
- **As the targets are visionary and contain a lot of "stretch" it is imperative that all stakeholders within the industry have efficient communication channels to work effectively together.**

- **In addition, companies will need to be able to expand their business in order to achieve the targets and the construction sector must therefore develop the necessary capacity to facilitate this.**

**The Department of Public Works has made significant strides in terms ensuring that we respond positively and adhere to the construction charter. Our Department of Public Works is entrusted with the responsibility of providing the infrastructure and management of government property. Infrastructure development occupies a central position in government's agenda to roll back the underdevelopment of decades of apartheid and centuries of colonialism.**

**The Department of Works is working in partnership with its key stakeholders, contractors in ensuring excellent infrastructure delivery. The previously disadvantaged people have played a very limited role in this sector as indicated in the charter. However the Department is determined to transform the skewed racial ownership and participation profile of the SMMEs in the construction and property industries. The Department is committed to ensure implementation of the construction charter and has adopted a BBBEE strategy which seeks to enhance black participation in the industry.**

**In 2006 we crisscrossed the entire province holding seminars and meetings with contractors with a view to listen to their views regarding the services of the Department. These meetings culminated to the introduction of the Masakhe Emerging Contractor Development Programme (ECDP). The aim of this programme is to elevate previously disadvantaged contractors as well as to increase the number of contractors within our target groups to enable the Department to procure services from them.**

**The objectives of the Masakhe ECDP are:**

- **To create an environment that is conducive to growth through access to contracts and training.**
- **To create a credible data base of targeted beneficiaries.**
- **To create a development mechanism that allows for progressive grading and mentorship.**
- **To create enhanced partnerships**

**The emerging contractors are afforded the opportunity to compete among themselves not with well established contractors as it happened before. This increases their chances of securing tenders. Through this programme emerging contractors have gained confidence in this industry.**

**In order to intensify our communication with contractors as our stakeholders we introduced regional and provincial contractor forums in 2007. These are platforms for communication, information sharing. Through these forums contractors are able to raise their views and concerns and the Department is also represented during meetings. These forums have improved transparency and accountability.**

**During our meetings with contractors in 2007 another concern raised was access to CIDB. This led to the Department facilitating for establishment of the Construction Contact Centre (CCC) in Mayville in 2007. The CCC is a one stop service facility aimed at providing construction awareness and access to a broad spectrum of development opportunities in the construction centre.**

**The CCC supports contractor development by**

- **Growing contractor capacity**
- **Promote continuity ( targeted contractor development)**

- **Encourage continuity and sustainable work opportunities.**
- **Improve industry standards and performance in terms of quality, employment conditions, skills, Safety, health etc.**

**Contractors also benefit through access to information on financial assistance, materials and suppliers, pricing, training, workshops sub-contracting opportunities and potential Joint Venture for up-tendering etc.**

**These speak volumes in terms of our commitment to empowerment of the previously disadvantaged entrepreneurs in the construction sector. Therefore we should join hands in ensuring upward mobility of the entrepreneurs involved in the SMME sector. I also wish to encourage you to continue serving these entrepreneurs with passion and encourage them to diversify and explore other business ventures.**

**In conclusion I wish to encourage all entrepreneurs in this sector to utilize the opportunities available in our Department and government in general. It is high time that we seize all opportunities provided by our government for our development“Uzoyithola kanjani uhlezi ekhoni”.**

**I thank you.**



