

**SPEECH NOTES BY KWAZULU-NATAL MEC FOR TRANSPORT, COMMUNITY SAFETY AND LIAISON
MR WILLIES MCHUNU DURING THE OCCASION OF THE VUKUZAKHE ANNUAL GENERAL
MEETING IN DURBAN ON 8 SEPTEMBER 2012**

08 September 2012

Programme Director;
Interim Executive of the Vukuzakhe Association;
Representatives of all local associations of Vukuzakhe;
All other stakeholders including CIDB, CEDA and ABSA;
Professor Dee Naidu of the UKZN;
Head of Transport;
All senior and junior DoT staff;
Distinguished Guests;
Members of the Media;
Ladies and Gentlemen;
Protocol Observed.

We take this opportunity to thank you for joining us in this important gathering today which marks the first Annual General Meeting (AGM) of the Vukuzakhe Emerging Contractor Association (VECA).

I am particularly pleased that the Emerging Contractor Association has since last year become a formal and broadly representative provincial structure that is gearing itself up to provide a workable direction for emerging contractors. It is easier for provincial Government to be dealing with such a structure instead of a loosely-constructed formation that has no executive committee or leadership.

Indeed it has taken long to reach this level of organization, it has been worth waiting for this because as a senior representative of our provincial government, I now know who I am talking to, and I know who they are representing.

Even though that has meant waiting for three years since I became MEC for Transport, Community Safety & Liaison in 2009, at least our level of engagement and interaction will now be structured and formal. I congratulate you for succeeding to organize yourself into a formal entity that can represent your interests and be your official voice as important members of the emerging business community in our province.

Gone are the days when our interaction was only limited to government events relating to road infrastructure development that you are associated with. I know that some of you do attend those events, but it was inadequate and you hardly had an opportunity to deal with me formally and openly as your political authority because you had not organized yourself like this.

Your counter-parts in the taxi and bus industries as well as driving school owners now have formal structures that work with Government and we are engaging with them on an ongoing basis. It is only through formal structures like the one you now have that we can together tackle challenges and pursue opportunities at our disposal as a previously disadvantaged people.

To me, gatherings such as this one demonstrate the commitment of the Government of KwaZulu-Natal to engage in ongoing consultation processes that allow both Government and its stakeholders to make informed decisions on how best to respond to the challenges our people face, particularly those that relate to their socio-economic emancipation. Ladies and gentlemen, we are very encouraged indeed by this development.

You will remember that in his state of the nation address, President Jacob Zuma made announcements of billions of rands that would be invested in massive infrastructure development.

The President identified 17 Strategic Infrastructure Projects (SIPs), particularly within the area of Roads, Rail, Ports, schools etc. This infrastructure development is expected to change the landscape of this country, including the province of KwaZulu-Natal.

Similarly, during the state of the province address our Premier Dr Zweli Mkhize announced major investments amounting to R 15 billion that will be directed to infrastructure development in this province. The Premier further presented infrastructure upgrade plans. Within the transportation sector there are major upgrades which included amongst other roads, Ports upgrades, Rail transport and maritime.

These developments therefore are going to be presenting a variety of opportunities, particularly for contractors. It is therefore important that emerging contractors position themselves to participate in this massive infrastructure development.

As we all know, the Vukuzakhe Emerging Contractor Programme was first piloted in 1998 and specifically designed to empower previously disadvantaged individuals within the construction industry.

We know that this in line with our young democratic Government's endeavor to ensure that the previously disadvantaged have access to opportunities to generate wealth and help the country to bridge the enormous gap between the poor and the rich which was created by centuries of colonialism and apartheid policies by past oppressive governments.

This was meant to be achieved through ownership, management and controlling of sustainable road construction entities.

Since then the Vukuzakhe programme has grown from strength to strength and has achieved many milestones in terms of economic empowerment objectives.

The Department has throughout the years provided support in a form of work opportunities and training to Vukuzakhe registered entities. This support has seen contractors graduating from lower up to higher grades within the Construction Industry Development Board (CIDB). Apart from this, the Vukuzakhe programme has been able to produce grade 6CE and 7CE.

Today there are about 34 000 contractors registered on the departmental Vukuzakhe Database. This translates to 56% of all contractors registered on the CIDB being Vukuzakhe contractors. To date, more than R7 billion worth of contracts have been awarded to emerging contractors, from grade one to three.

Thanks to the training and exposure that the Department's Vukuzakhe Emerging Contractor programme provides, some of our contractors have achieved the necessary confidence and experience to do work for other departments and municipalities, often for considerable sums of money.

We salute such contractors because as a Department we cannot satisfy the business needs of all Vukuzakhe members on our data-base. But we are proud that as the KwaZulu-Natal Department of Transport we are a meaningful springboard for new business entities in this province.

As a Department we will continue to create favorable conditions for emerging contractors to be groomed and achieve the necessary growth that we all desire.

So we will continue to create more wealth generation and job creation opportunities through our labour supply contractual work within thye Vukuzakhe Programme. The work that we give you includes special projects, such as layer works, road markings and the construction of bridges and access roads.

This also means that more and more business-minded people have realized their dreams as owners of construction companies over the past years since our democratic government took over in this country.

In view of the current boom in the construction sector, we are faced with the challenge of reviewing our Vukuzakhe programme in order to ensure that emerging contractors are able to take full advantage of these openings.

I wish to take this opportunity to salute my predecessors, Mr Sibusiso Ndebele and Mr Bheki Cele, who at their capacity as political heads have provided meaningful direction for emerging contractors. We recognize and celebrate the fact that in 2007, a total of 32 Vukuzakhe associations were formed. These associations were aligned to the Rural Road Transport Forum (RRTF) boundaries.

In 2009 these associations elected the Provincial Vukuzakhe Council (PVC) which was an executive council representing the structures at a Provincial level.

The functioning of the PVC was met with a number of challenges .One of the major challenges was that the PVC was not registered as a legal entity; hence it could not raise funds from outside donors for its members.

The membership subscriptions were also not sufficient to sustain their operations. This meant that the Vukuzakhe Associations were forever going to be dependent on the government for funding.

As a result, the PVC, supported by the Department, held its first strategic planning session in 2010, which recommended that the PVC be registered as a section 21 company incorporated 'not for gain' under the Companies Act no. 61 of 1973 as amended and then have its name changed to Vukuzakhe Emerging Contractor Association (VECA)

This decision was informed by amongst other things, by the need to establish an entity that is independent and autonomous – in other words, an entity that will be able to raise its own funds and be self-sufficient.

The Association was further propelled by a desire to grow the body into becoming a National Association which will have the same status as the likes of the South African Federation of Civil Engineers Contractors (SAFCEC).

We know that KZN has seen many of its programmes or initiatives being adopted at national level and rolled out to other provinces. So the Vukuzakhe Emerging Contractor Association is proving to be a role model and pilot project for the rest of the country, in the same way as the Zibambele poverty alleviation road maintenance programme that has now been adopted by various provinces and assumed different names to suit the languages of the various people of South Africa.

After the recommendation was made, there was a need for consultation of all Vukuzakhe Association members on this matter. All association members have since agreed on this proposal to form a section 21 company and subsequently the name of the initiative has changed from being referred to as the Vukuzakhe Emerging Contractor Programme to Vukuzakhe Emerging Contractors Association (VECA).

Like many other black economic empowerment programmes in this country, Vukuzakhe Association has not gone without public scrutiny and criticism. For instance, despite billions of rands invested in the programme and contractors having created a substantial number of jobs, mostly in rural areas where unemployment is high, we still get criticized.

There are those who are swayed by negative perceptions that, given the advances of modern technology, labour intensive methods are inferior in terms of time, cost and quality. But ladies and gentlemen, in South Africa we have been determined to prove the opposite.

As the Government of KwaZulu-Natal, we have deliberately chosen to uphold and implement labor-intensive methods with the prime aim of alleviating poverty as we develop social and economic assets in our province, like roads, vehicle and pedestrian bridges.

Our determination is based on the recognition that our people are our best assets - and labor-based methods enable us to train and develop our people for the modern world.

Our backlog of uneven development coincides with the need for new levels of infrastructure investment to deliver South Africa's *New Growth Path* framework aimed at reducing unemployment, inequality and abject poverty. We know that in the New Growth Path framework that was launched in 2010, South Africa identified job drivers as infrastructure development, tourism, agriculture, mining, manufacturing and the green economy.

On economic transformation, we welcome the amendment of the Broad-Based Black Economic Empowerment Amendment Bill that that seeks amongst other things, to deal with non-compliance and circumvention. It seeks to criminalize fronting and other forms of empowerment misrepresentation.

This therefore calls on all of us to ensure that we do not tolerate fronting and the Association members must therefore not be tools to access contracts by unscrupulous people who are bent on using the Association members for their own selfish needs. We need to root out this practice and deal harshly with the guilty parties.

We do not need to be confronted by stories in the media that this day and age our people continue being fooled by established business entities who unashamedly use them as baits for government business and at the end of the day no skills development and economic empowerment happens.

The Department is currently handling the challenge that has been posed by the South African Federation of Civil Engineers Council (SAFCEC) as it is challenging the constitutionality of the Vukuzakhe Association. The engineering council is arguing in court that you, the members of the Vukuzakhe Association, are unprofessional contractors who did not get formal training from tertiary institutions and universities, yet you are supported by Government to do construction work.

The conclusion therefore is that they see themselves as the only legitimate group of professional engineers who should be enjoying the exclusive right to get business from Government.

The matter is currently before the court, and therefore sub judice, to use the appropriate legal terminology. So since the matter is under judicial consideration, it is therefore prohibited from public discussion.

But I can tell you that we have entered into an interim agreement that allows us to continue to allocate work from grade 1 to 3 to Vukuzakhe members. The other work from grade 4 upwards is going out through an open tender.

Despite all the challenges and with all the achievements we have seen in emerging contractor development, ladies and gentlemen, I think we have proved that we have the leadership in the Department, the leadership in the community at large and the leadership among the contractors themselves, to rise to the challenge that we have set ourselves in the construction sector.

And that challenge is to use this sector as a foundation for the socio-economic emancipation of the majority of the people of this country.

I take this opportunity to wish you a successful AGM. We look forward to your deliberations which we hope will take the Association to greater heights and make it the success story that it is.

To the new executive committee that will be elected, we look forward to working with you in the interest of black economic empowerment, job-creation and poverty alleviation.

I thank you.