

18 March 2019

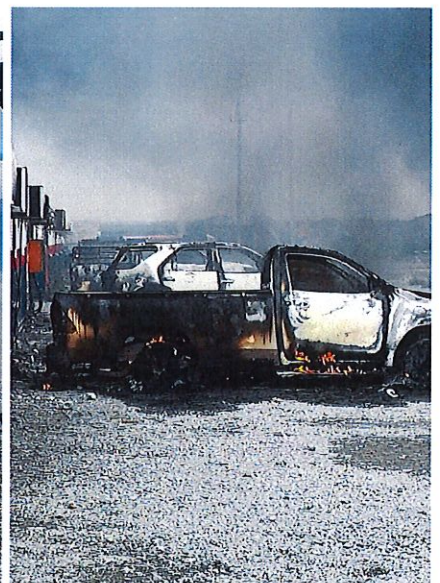
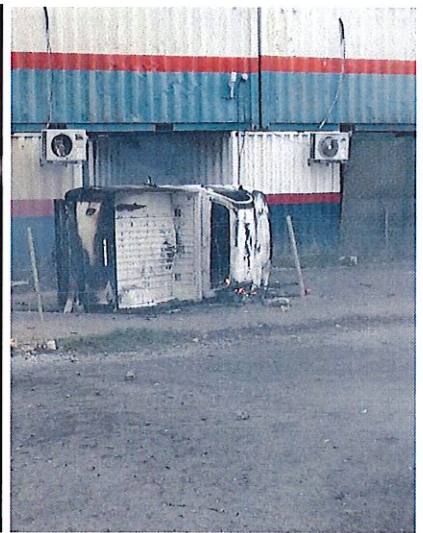
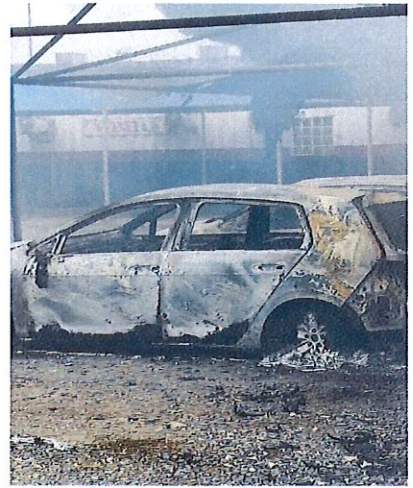
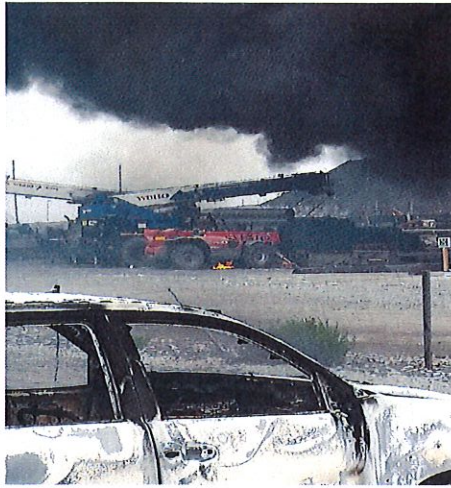
Minister of Finance  
National Treasury  
Private Bag X115  
Pretoria  
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Dear Honourable Minister Tito Mboweni

**CONSTRUCTION INDUSTRY UP IN FLAMES: URGENT ACTION REQUIRED**

1. Pursuant to my urgent SOS text message to you on Thursday, 14 March 2019, I hereby formally request government intervention at the highest level.
2. The South African Forum of Civil Engineering Contractors (SAFCEC) as an industry body representing JSE listed, non-listed and emerging contractors, is gravely concerned that construction projects worth a minimum of R25,5bn are being violently disrupted and halted in South Africa and the harm this causes to investor confidence in our economy. (see attached affected projects across SA & the list is not complete).
3. Recently, a joint venture between AVENG and the European-based Strabag International pulled out of the R1,65bn SANRAL Mtentu Bridge Project, in the Eastern Cape, due to site disruptions by armed gangs demanding to be part of the project. The project is part of the N2 Wild Coast Road Construction. NB: Despite reporting to the police and interdicts obtained, the disruptors were released after arrests and continued disrupting the sites unabated with AK 47 rifles.
4. On Wednesday, 13 March 2019, a R2.4bn German oil storage investment project being built by WBHO Construction, in Saldana, Western Cape, was halted due to properties and plant being burnt down by armed gangs demanding to be part of the project. Again, police arrived quickly on the scene but said there was nothing they could do as only the public order police from Paarl could handle the situation and it took them 3hrs to arrive, whilst local police and contractors watched on as properties were burning into ashes. Contractors, including female engineers and staff had to run for their lives into the veld. The pictures of the incident resembling a war zone are shown below:









5. Previously, on 1 November 2018 and 24 January 2019, another SANRAL project in Stutterheim, Eastern Cape, being constructed by Tau Pele Construction was disrupted by armed gangs and plant burnt down. Despite police arriving on the scene, to date no arrests have been made. Pictures of the damaged plant are shown below:









6. Also, in 2016, in KZN, a black owner of a construction company was accosted at gun point by the disruptors, claiming a stake in his awarded project and when he refused, he was killed in cold blood and the KZN police are aware of the incident. Despite the perpetrators being known to the police, to date no arrests have been made. NB: this is indicative of the fact that contractors of all sizes are adversely affected by this gruesome phenomenon.
7. Herewith a list of known hundred and ten (110) engineers and other highly skilled technical personnel, who have left the country due, mainly, to these incidents as there is a personal risk and lack of work due to projects being disrupted at gun point and many are on the verge of leaving, thereby creating a serious capacity problem for the construction industry in South Africa. (see attached).
8. Notwithstanding the fact that contractors are faced with this situation beyond their control, having laid charges at police stations and, in most cases, even armed with court interdicts against the disruptors, public sector client departments like SANRAL continue to mete out heavy penalties against contractors for standing time, thereby driving these companies into the brink of bankruptcy as some have already entered the redline of business rescue and shedding more jobs.
9. In the light of all the above, it is evident that the South African economy and livelihoods of workers are the main casualties and that is the money lost to the fiscus as no taxes can be collected due to no economic activity taking place.
10. We hereby humbly request an urgent Cabinet pronouncement and action on these matters as the Rule of Law needs to be maintained at all times in order to not scare off investors in the sector.
11. We further request an urgent meeting with captains of construction industry to discuss this emergency, including lack of work and non-payment of contractors (for completed and certified work) by public sector client departments, which issues go against the President's statement that: "The stimulus and recovery plan prioritises infrastructure spending as a critical driver of economic activity": President Cyril Ramaphosa (21 September 2018).

Your sincerely,



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**Webster Mfebe**  
**Chief Executive Officer**  
**SAFCEC**

**CC: Minister of Public Works – Hon. Thulas Nxesi**  
**Minister of Economic Development – Hon. Ebrahim Patel**  
**Minister of Planning, Monitoring & Evaluation – Hon. Dr Nkosazana Dlamini-Zuma**  
**Minister of Energy – Hon. Jeff Radebe**  
**Minister of Police – Hon. Bheki Cele**  
**Minister of Transport – Hon. Dr Blade Nzimande**