



Lack of Application and Implementation of Contract Participation Goals (“CPGs”) in Government Construction Projects: Fuelling Construction Mafias

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In South Africa, the construction industry is a major contributor to the economy and plays a significant role in infrastructural development. The government has established CPGs (Contract Participation Goals) to ensure fairness and equitable distribution of opportunities within the sector. However, the lack of proper application of these goals has led to the rise of construction mafias, which threaten the integrity and sustainability of the industry. Construction mafias originate from Kwa-Zulu Natal and pose as business forums, they target government construction projects, and demand established construction companies to hire from their forums or local communities and allocate 30% of the contract value to the forum. Non-compliance with CPGs leads to control over construction sites through coercion, violence, or illegal means, often colluding with corrupt officials and contractors. An Environmental Affairs Department official was shot and killed in the Western Cape after entering her car at the Delft housing project, which was also petrol bombed. Contractors are abandoning sites in certain areas like Muinenberg due to safety concerns and refusing to work there.

Construction mafias have spread across South Africa in the past three years, causing a national loss of R40.7 billion due to disruptions, as estimated by the African Forum of Civil Engineering Contractors in the 2022 Association of South African Quantity Surveyors report. While the criminal aspect of this issue is undeniable and severe (for instance, murder), solely focusing on punitive measures is inadequate. This approach would result in an increased number of prosecuted and imprisoned community members while neglecting to systematically address community development and integration into the primary construction industry that fuels the economy, especially in disenfranchised communities. Furthermore, due to the influence wielded by unscrupulous government officials and certain community members, the application of CPGs within tender inquiries will continue to be disregarded.

The construction mafia's fury can only be tamed by government entities adhering to and implementing the CPG mandates delineated in the CIBD Best Practice Project Assessment Scheme: Standard for Contract Participation Goals for Targeting Enterprise and Labour Through Construction Works Contracts, as published in Government Gazette No. 42737 on 10 November 2017 (Standard for CPG). This must be done in conjunction with government agencies (as Employers), who must adhere to proper procedures when awarding tenders as per the Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA).

Conclusively, the success of government construction projects relies on strict compliance with established standards and legislation by all stakeholders. This approach ensures community empowerment and economic participation through these projects. Attentiveness to the needs of community members and addressing their concerns via legislation can effectively prevent the emergence of construction mafias. By maintaining this collaborative and regulated environment, we pave the way for successful, sustainable, and inclusive development for all involved parties.