



CIF HOLDS ANNUAL GENERAL MEETING

The Construction Industries Federation of Namibia (CIF) held its annual general meeting (AGM) on 25 November 2021. Close to 60 members had attended the meeting and a social braai following the AGM.

In his annual report, Mr Nico Badenhorst, president of the CIF said: 'Our businesses were not only affected by lock-down measures itself - where limited onsite activity reduced production levels - but also by ongoing stock shortages and a resulting increase in costs as well as a reduction of demand by both public and private clients.'

"Government prioritised expenditure to mitigate the impact of Covid-19 and related measures, and private households are reluctant to spend not knowing what the future holds: economically, socially and politically. This means that our sector's contribution to GDP is now at a level of 1.5% (1st quarter of 2021) whereas in 2015, it stood at 6.6% in the first quarter.

Impact on Employment

"We all are aware that unemployment in our country at the moment is sky high; and retrenchments in our sector are a reflection of that. In 2016, a total of 63,000 were employed in our sector. In 2018 – the most recent information available – employment in our sector reduced to 45,000. Effectively, employment in the construction sector declined by 28.5% in 2018 and it remains on a downward trend. Construction makes up 6.2% of total employment in our country.

"We need to consider the implications of that: more persons are pushed into poverty; more are going hungry and will not have their very basic needs fulfilled - not to speak of having any future aspirations or dreams being fulfilled.

"A loss of income frustrates the well-being of not only individuals but our families too. Crime, gender-based-violence and suicide is on the increase. A loss of personal income requires more social welfare, yet it reduces Government's ability to collect personal income tax and less money is in circulation thus impacting other sectors too. It becomes a vicious circle.

"Businesses in our sector have tried hard to avoid retrenching their employees. Initially, previously accumulated profits were still used, then private capital was ploughed into businesses in order to keep going. Now, our businesses resort to loans and overdrafts, if that is still possible. We are all aware that many businesses needed to downsize - essentially becoming dormant – whilst other businesses closed down altogether."

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Composition of Membership

Mr Badenhorst referred to the composition of the CIF's membership and said: "In 2016, the CIF had 481 members; currently we have about 240 members.

"Sadly, that also means that the share of SMEs of our membership has reduced from originally about 50% in 2016 to currently 20% of our membership.

"Naturally, the downturn in our economy affects every business. That includes large-size businesses with large staff contingents and larger financial obligations due to previous investment in plant and machinery".

The CIF regards the closure of SMEs as particularly alarming as in a country with high unemployment, the most likely way to generate an income is self-employment. Whereas government policies are understood to focus on providing the necessary support to start ups and entrepreneurs, it was difficult to understand that on the one side one experienced closures of businesses in the construction sector, when on the other side the overriding national emphasis is to create employment through entrepreneurship and self-employment.

Economic Environment

"Government's development budget – in 2020 was 6.2 billion Namibia Dollar, whereas in 2021, it was 5.2 billion Namibia Dollar. We hope that it can at the very least be sustained during the coming years or increased in relation to other government expenditure.

"Whilst it would be unwise to push for increased Government spending, there would need to be a change of priorities which would see a reduction of our Government's operational budget in favour of Namibia's development budget.

"Also every effort needs to be made to create independent members of our society – by creating jobs – as opposed making people dependent on social welfare and handouts, as long-term this is not sustainable."

"However, every effort should be made that we effectively kick-start our economy, through focussed initiatives to create jobs in our sector.

"Provided there is the strategic intent, this can be done very swiftly. We also do not just need to focus on new infrastructure as our small businesses can benefit from work that maintains existing infrastructure – civil infrastructure and our schools and hostels, clinics, hospitals and government buildings. If we cannot afford new, let's at least maintain our infrastructure.

"We also need to see an increasing focus on engaging our local resources. Government procurement needs to understand the macro-economic implications of awarding contracts in a way that secures maximum employment of Namibians, local procurement of goods and services, and optimal revenue collection for Government and that money is circulated effectively in our economy."

Establishment of Construction Council

Emphasising the need to regulate the construction sector, Mr Badenhorst said: "The most effective way to regulate our industry is the establishment of a national construction council. It is therefore extremely painful to see that despite that the bill for the establishment of this regulatory body has been submitted to Cabinet this year, not much further progress has been made.

"It is mind-boggling that safeguarding our industry and achieving an optimal development of our sector; that maintaining and building existing capacities, is not a priority in Government decision-making.

"Our sector is still struggling with brief case contractors, or the so-called tenderpreneurs. Their involvement does not add value, on the contrary it undermines existing capacities, leads to poor workmanship, and ultimately creates a poor image of the construction sector which is tainted by the non-completion of projects and below par work.

"Not having a regulatory body in place also means that the sector cannot be developed optimally."

EXECUTIVE COMMITTEE OF THE CIF 2021/2022

The CIF had received the following nominations for office bearers and EXCO members before 23 November 2021, all of which were nominated, seconded and accepted by the nominees.

Nico Badenhorst (Namibbeton)
President (Contracting – C-D)

Mr Johann Stahl (CSV Construction)
Vice President (Contracting – C-D)

Mr Anton Nel (Nexus Group)
Treasurer (Contracting 1)

Mr Hans-Peter Schulz
EXCO Member – Contractor Category A-B

Mr Benhard Mumbashu
EXCO Member – Contractor Category E-H

Mr Gordon Goeieman _ EXCO Member
Contractor Category SMME

Mr Gavin Fuller
EXCO Member - Trade

Mr Steffen Rechholtz
EXCO Member - Trade

Mr Mario Teichmann
EXCO Member – Trade

Mr Harris Cloete
EXCO Member – Affiliated Member

Mr Leonard Eins
EXCO Member – Affiliated Member

Prior to the election of new office bearers and executive committee members, Mr Badenhorst thanked all previous EXCO Members for the commitment.

He especially thanked Mr Gavin Fuller who had been treasurer of the CIF for many years. He also thanked Mr Panashe Daringo who tirelessly served on the committee as vice president.



CIF AND MANWU JOIN FORCES

Concerned about the state of the Namibian construction sector, the Construction Industries Federation (CIF) and the Metal and Allied Workers Union (MANWU) signed a Memorandum of Understanding (MoU) on 6 October 2021, with the objective to collaborate on matters of mutual interest, especially focusing on the revival of the local construction industry and employment in the sector.

The MoU is based on understanding the precarious nature of the construction sector in Namibia, which has seen a contraction since 2015.

It is for this reason that the CIF and MANWU decided to formalise their collaboration and co-ordination of their action in order to raise awareness of both the plight of the employers and the employees in the industry and to ensure a stronger construction sector in Namibia.

As such the employers' federation and the union have the decided to embark on joint advocacy efforts to continue to work towards an optimal development of the sector.

Both parties to the MoU will continue to jointly advocate the establishment of a national construction council that will ensure the registration and categorisation of all businesses in the construction sector.

The objective is also to create awareness of "tenderpreneurism" and highlight the legal loopholes that continue to create opportunities for "agents" without creating any additional value.

Some of the joint advocacy efforts will include activities such as seeking an audience with the top echelons of politicians to share the concerns both the employers and the employees have, with the highest level of government.

In addition, in order to reach a diversity of stakeholders, including the media, the two parties to the MoU will host joint Zoom seminars to cover relevant issues that affect the industry. These include the state of the construction sector and possible solutions; the importance of regulation the construction sector; the creation of decent and sustainable jobs through the construction sector; the establishment of procurement thresholds, categories and criteria in the construction sector; and to consider the sizing of projects to secure the optimal engagement of Namibian capacity.

Bärbel Kirchner, general manager of the CIF, said: "Since 2015 our industry has experienced a drastic decline. However, we need to recognise that our proposed changes can have a massive impact and positively affect the growth in our industry and ultimately its contribution to the Namibian economy.

Justina Jonas-Emvula, secretary-general of MANWU said: "The construction sector is united for a good cause. We have an obligation to ensure that our sector continues to provide decent jobs, which can be supported by a sustainable procurement system to benefit Namibians. This is the first time ever that a MoU is signed between employees and employers to advocate issues of common interest".

MINIMUM WAGE PAYABLE FOR CONSTRUCTION IS LAW

The Collective Agreement as has been negotiated between the Construction Industries Federation of Namibia (CIF) and Metal and Allied Workers Union (MANWU), and signed on 28 May 2021, has now been published in Government Gazette No. 7675 of 2 November 2021. This makes the conditions as stipulated in the Collective Agreement applicable and mandatory for everyone operating in the sector. The Collective Agreement becomes effective on the date of promulgation.

The most significant change was the increase in the minimum wage payable, which is 2.6% for the first year, and 2.6% for the second year. This increase comes at the time, when there had been no increase since 2018. The basis of the increase for the respective categories are the minimum wages as had been determined in the Government Gazette No. 6567, dated 11 April 2018. The current minimum wage payable in the industry as per Government Gazette 7675 is therefore N\$17.38 per hour.

Other benefits for employees in the sector, as per the employment categories listed in the Collective Agreement, include a service allowance equal to 150 hours of his or her wage, which is to be paid as part of the December remuneration before the commencement of annual leave during December.

It is also mandatory that all employees, for whom minimum wages payable are prescribed as per the agreement, are registered by the employer with the Namibian Building Workers Pension Fund (NBWPF). Alternatively, employers can offer pension and retirement benefits that provide for the same as the NBWPF, or indeed better benefits.

Bärbel Kirchner, general manager of the CIF says: "We are happy that our negotiated Collective Agreement for the construction sector has now been gazetted. This will ensure that there is a level-playing field with regard to wages in our sector; it will minimise the impact of labour costs as a differentiating factor when bidding for contracts.

"We believe that the increase is within reason considering the current economic environment.



It would simply make no sense to increase the minimum wage payable beyond the negotiated level, if employers can no longer afford an increase. There is a fine line to consider, where an increase can improve the livelihood of one, yet might lead to the retrenchment of another. From the CIF's perspective, we feel, that at current times, we need to ensure that as many persons possible remain employed. Therefore we think that since there had been no increase since 2018, that a 2.6% increase, is reasonable".

Conditions for both the employer and the employee will improve once the industry has been regulated through the establishment of a construction council and every effort has been made to optimise the procurement system in favour of maximum engagement of Namibian resources. Our sector has seen large-scale retrenchments, yet with strategic intent by our government and united, deliberate and conscious efforts, we can work towards a turnaround and improve the performance of our sector to the benefit of our businesses and employees".

Ms Justina – Jonas Emvula, secretary general of MANWU says: "The construction sector since 2016, has been really under pressure, the workers persist to feel financial pressure as prices of basic needs, such as food, petrol, continue increasing. Since 2018, no increase has been given to the workers, and looking at the situation of the pandemic we are in now, this increase is accepted by the workers with the view that it can make a difference even though it may not address all the workers' needs.

"It is our view that, the construction sector has potential to grow. We believe that the sector has full capacity to perform any kind of work available. The limitation of not awarding projects to local contractors is increasing high unemployment and precarious work in the sector. Therefore, our government and private sector clients, should listen to us and start prioritising local contractors to boost our local economy.

"We therefore calling all contractors and their employees to collectively work together, we understand the frustration of lack of jobs or jobs which are not sustainable, but this increase will make a difference, while we are busy to engage those in power to start prioritising local contractors and the immediate implementation of the Construction Council".

REPO RATE MAINTAINED AT 3.75 PERCENT

On the 20th October 2021, the Monetary Policy Committee (MPC) of the Bank of Namibia announced that it has decided to keep the repo rate unchanged at 3.75 percent.

The MPC is of the view that the accommodative monetary policy remains appropriate to support the weak domestic economic activity that is still being weighed down by the Covid-19 pandemic. At this level, the repo rate is deemed appropriate to safeguard the one-to-one link between the Namibia Dollar and the South African Rand, while meeting the country's international financial obligations.

The global economy is improving although the pace of recovery varies significantly between countries. Inflation rates in most monitored advanced economies and emerging market and developing economies (EMDEs) are on the increase. Monetary policy stances of key central banks remained generally accommodative, although a number of EMDE central banks started tightening policy in a measured way to deal with inflationary pressures.

Namibia's real GDP improved in the second quarter of 2021, while economic activity remained subdued year-to-date. The rate of inflation continued to increase, while growth in private sector credit extension declined. The stock of international reserves remained sufficient to support the currency peg and meet the country's international financial obligations.

NHE HOUSES '60% CHEAPER'

The National Housing Enterprises (NHE) says its houses are 60% cheaper than the private sector, however, affordability is still a challenge because of exorbitant land prices.

NHE spokesperson Eric Libongani stated these remarks on the 18th October 2021 during the handover of 40 houses constructed by the state-owned entity in Okakarara, through a public-private partnership agreement.

Libongani also pleaded with local authorities to make serviced land available at more affordable rates.

"Our interaction with local authorities is advancing well. NHE has received land from some local authorities without paying a cent. We have acquired about 547 plots in Katima Mulilo in the Zambezi region. We are looking for more collaborations with local authorities as they will benefit more in the long run in the form of tax, rates and improvements in livelihoods", he said.

Low-income earners continue to experience difficulties in accessing loans from financial institutions because of a lack of collateral and low-income base, thus being marginalised in terms of access to affordable and decent housing.

At the same occasion, deputy minister of urban and rural development, Nathalia /Goagoses said Namibia's economy is amongst the hardest hit and the state budget was redirected towards the Covid-19 response and despite the loss of income, inflation rates have been on an upward trajectory.

According to her, there has been a decline in the demand for housing, owing to loss of income by the citizenry, who lost income due to retrenchment or business closure.

Source: <https://neweralive.na/posts/nhe-houses-60-cheaper>



"People need houses. They are tired of living in shacks. Covid-19 also threatened our progress as people were afraid to come out and work, but we put our heads down and pushed forward".

**Johanna Nembungu
SDFN's coordinator
for the Erongo
region**

SHACK DWELLERS BUILD ANOTHER 32 HOUSES AT COAST

Shack Dwellers Federation of Namibia (SDFN) is building 32 low-cost houses at Swakopmund, which will soon become home to families who have been living in shacks.

The groundbreaking of the latest set of houses was done on 08th October 2021 on land between the Hanganeni and DRC informal settlements. The SDFN is a network of saving groups in Namibia organised in more than 916 different groups, with more than 28 000 members countrywide.

Established in 1998, they have saved over N\$32,5 million and have built more than 7 000 houses in Namibia. The Erongo region has 206 groups with 6 558 members, and 714 houses have been constructed in the region. Swakopmund will soon have 66 fully constructed SDFN houses.

Heinrich Amushila of the Namibia Housing Action Group, which assists the SDFN, says of the 32 houses being constructed, one house will belong to Standard Bank non-clerical staff at the Swakopmund branch. This will be the first house for Standard Bank's non-clerical staff members. The remaining 31 houses, 16 are funded through the Ministry of Urban and Rural Development, and 15 are funded through the SDFN's revolving fund.

Johanna Nembungu, the SDFN's coordinator for the Erongo region, at the groundbreaking ceremony said the one bedroom houses cost N\$50 000, of which members pay back N\$500 per month at a minimal interest rate of 0,5% over 11 years.

Erongo governor Neville Andre said the SDFN is a model that deserves attention for its cost-effectiveness, and the fact that construction is done expediently without compromising on quality.

"The initiative has really changed the lives of many of our people across the country. I am very proud that the private sector is complementing the government's agenda for proper and decent housing for all its citizens," he said. "Our resources as the government will never be enough to address all of society's needs", he said.

Swakopmund alone has a backlog of 17 000 houses. Andre applauded the federation for its commitment and contribution to providing affordable housing and proper sanitation to those in the ultralow and low-income categories. He urged local authorities in the Erongo region to allocate affordable land to members of the SDFN.

Source: <https://www.namibian.com.na/106251/read/Shack-dwellers-build-another-32-houses-at-coast>



CONSTRUCTION OF NAMPOWER TRANSMISSION LINE BEGINS

Construction work has started on Namibia Power Corporation (NamPower)'s multi-million-dollar 287-kilometre Auas-Gerus transmission line. NamPower said the line is critical in ensuring that it keeps pace with the evolving electricity needs of the country.

The N\$629 million line will run from Auas substation near Dordabis to Gerus substation near Otjiwarongo, and is part of the company's investment in expanding its 400 kilovolt transmission infrastructure backbone by more than 800km.

Announcing the commencement of the project, NamPower spokesperson Tangeni Kambangula said the power line will help the company deliver sustainable security of supply and a least-cost tariff path that will support economic growth and maintain the company's financial sustainability.

"The line will allow the utility to serve an increased number of customers through access to its existing independent power producers and prospective solar, hydro, biomass, wind and other generation plants, thereby enhancing accessibility to clean energy in the country", said Kambangula.

The new transmission line is also expected to enhance NamPower's ability to trade electricity with other countries within the South African Power Pool.

The line will also provide an increased transfer capacity to NamPower's transmission customers to alleviate challenges being experienced in ensuring continued electricity supply.

Source: <https://www.namibian.com.na/104854/read/Construction-of-NamPower-transmission-line-begins>



LÜDERITZ LOOKING AT MORE LOADS FROM SOUTH AFRICA

The shallow-draught challenges faced by the Port of Lüderitz, where iron ore outflows from South Africa's manganese fields have highlighted the potential of the former fisheries-only harbour, could be overcome if Namibia built a new deepwater port at Angra Point across the bay.

That's according to Walvis Bay Corridor Group executive, Mbahupu Hippy Tjivikua.

In an interview with Freight News, Tjivikua said since the railway line through the southern Namib Desert had been reopened a few years ago, the success of manganese exports had manifested in demand for more diversified cargo.

"When we started looking at increasing volume through Lüderitz there was a lot of scepticism as it was mainly used for fishing. It wasn't really used for deep-hull cargo, but we looked at it again and realised it could yield better results."

Out of necessity though, cargo capacity at Lüderitz will have to be expanded if the port wants to carry on punching above its weight.

"The port's manganese success story has shown that when you move large volumes of cargo, often it leads to requests to scale up. Lüderitz is small, but if we can develop Angra Point, things are going to be much more efficient, bringing in more kinds of cargo other than manganese." Tjivikua explained.

Source: <https://www.freightnews.co.za/article/luderitz-looking-more-loads-south-africa>





SOUTH AFRICA'S GOVERNMENT TO BOLSTER AILING BUILDING INDUSTRY

South Africa's government is planning more measures to bolster its ailing building industry after banning the use of imported cement on state construction projects.

"Government is undertaking research across a range of construction-related products where there appears to be significant potential for localisation," Stephen Hanival, chief economist at the Department of Trade, Industry and Competition.

The country's preferential procurement policy framework enables the department to designate sectors for localisation in line with national development and industrial policy goals.

While the government has pursued localisation since 2014, it has become more strategic since the advent of the pandemic with business, government and labor groups agreeing on an initial list of 42 products and sub-sectors that should be prioritized, Hanival said.

A directive issued in October 2021 by the national treasury aims at ensuring locally produced cement is used for state projects.

Localisation is seen as an approach to boost output, revive the domestic manufacturing industry and create jobs in an economy that contracted the most in at least 27 years in 2020 due to Covid-19 restrictions and where more than a third of the workforce is unemployed.

Manufacturing's contribution to gross domestic product declined to 11.8% in 2020, from 19.2% in 1994, World Bank data shows.

Source: <https://businesstech.co.za/news/business/529454/south-africas-government-to-bolster-ailing-building-industry/>

SOUTH AFRICAN CONSTRUCTION RECOVERY GAINS PACE

Activities in the construction sector rebounded 55% year on year in the second quarter, according to an index compiled by the open-pit mining and building materials group, Afrimat.

South Africa's construction industry showed signs that its recovery built momentum in the second quarter of 2021, but there is still some way to go after the pandemic-induced crash, according to an index that tracks activities in the sector. Activities in the construction industry rebounded 55% year on year in the three months to end-June, also growing 4% quarter on quarter, according to building materials and mining group Afrimat's construction index.

Afrimat noted that activities in 2021 was down by 6.8% from the same period in 2019, but there were reasons to expect the recovery would continue, including rebuilding efforts after riots in Gauteng and KwaZulu-Natal in July. "I'm quite bullish, I think there could be a recovery to 2019 levels in the next quarter or two," said economist Roelof Botha, who compiled the index. By far the biggest factor was low interest rates, and the industry had been "quite sluggish" in responding to lower borrowing costs, possibly as a result of caution about an economic outlook that was now improving, Botha said.

The damage to buildings and infrastructure during the unrest that occurred in parts of KwaZulu-Natal and Gauteng during July will undoubtedly trigger substantial construction sector activity during the rest of the year, Botha added.

In addition to repair work, many of the retail centres and individual shops that were looted will upgrade their security and access control systems, which will further boost activities.

Source: <https://www.businesslive.co.za/bd/economy/2021-09-08-construction-recovery-gains-pace-but-is-still-incomplete-afriamat-says/>