

Interview with NBC Television Good Morning Namibia on 28 September 2016

1. Tell us a bit more about the CIF, its background?

*The Construction Industries Federation of Namibia (CIF) is an **employers' organisation** for companies operating in Namibia's construction sector. It is the vision of the CIF to be the **voice of the entire construction industry in Namibia in all matters of national and international concern**. It was established in **1958 as the Master Builders Association**, and **after independence** to become **more inclusive**, it was changed to the **Construction Industries Federation of Namibia**.*

2. Who are the members, and who does the CIF serve?

Currently, the CIF **over 450 members**. Members **include contractors, suppliers to the industry as well as smaller SME contractors**. Our SME contractors are close to **40% of our members**. We have civil and building contractors, electricians, plumbers, and joiners, etc. that are members of our organisation.

The CIF intends to serve, promote and enhance a prosperous construction industry. It thus this on behalf of its members in matters of national and international concern. We intend to enhance the quality of life by providing employment and improving skills.

In order to do this, the CIF **represent national interests** of the Namibian construction industry **when liaising with Government**. The CIF also **supports the industry against unfair practice** and **promotes harmonious working relationships** among employers in the construction industry, their employees and the trade unions.

3. How and who regulates the CIF?

The CIF is **Section 21** organisation. We are **not-for-profit, non-political organisation**, and are **regulated by the constitution** of the organisation. The

CIF is run by an Executive Committee, elected by the CIF's members. They commit their time to the CIF on a **voluntary basis**. The organisation is led by a **President**, who also offers his/her time on a voluntary basis. The administration of the CIF is handled by a **small team of five individuals**, which is **headed up** by the **general manager**.

4. Now the CIF has raised various concerns on the government's recent moratorium on tender, can you highlight some these issues for us?

*Yes we are **very concerned**, as the **construction industry** is to a large extent dependent on government contracts. However, it is **difficult to establish what the potential impact** of government's decision is. However, the mere fact that treasury has instructed Namibia's tender board last week that no new tenders are to be awarded by government authorities **until the budget review for 2016/2017 and until the reprioritisation of capital projects has been finalised, raises alarm bells**. At this stage, it is **not clear what that exactly means** but it clearly suggests that government **has massive budgetary constraints**.*

5. The biggest losers of this decision are seemingly the local contractors. How is the CIF directly affected by the situation and what does translate down at your member levels as well as the construction industry?

Any down turn would be affect an entire supply chain.

Consultants, contractors, subcontractors and suppliers to the industry will be affected.

- *At this stage we do not know what the impact of government's decision is.*
- *Best case, we hope that it is **a prudent interim measure in order to prioritise in view of increasing demands** on our national budget.*
- *However, it might also mean that the **budget for capital projects will diminish significantly**.*
- *This is likely to **affect the entire industry** – architects, QS , engineers, contractors, subcontractors, suppliers.*
- *The CIF has **over 450 members**, of which **more than half are SME's**. They are at the **end of the supply chain** and would therefore a **significantly at risk**.*

- *However, irrespective of the size of an organisation, all would be exposed. It can lead also to many job losses in our industry and increase unemployment levels. And we must remember the number of dependents on one income stand around 8 persons.*
- We know that under ideal conditions, that the **development of infrastructure stimulates the economy and leads to growth in other sectors. As such, the construction sector essentially is the catalyst for other sectors.**
- If capital and building projects are stopped, **the entire economy will be affected.** It will have an **impact on the demand for services in other sectors** such as manufacturing, transport, retail, financial services.

6. What are the possible solutions to mitigate job losses and severe economic impact?

- *As I said, If the government is to put on hold all tender awards, Namibian companies are at huge risk and it can translate into big job losses.*
- We therefore anticipate that government **will IDENTIFY KEY INFRASTRUCTURE DEVELOPMENT PROJECTS AFTER THEIR BUDGET REVIEW.**
- IT IS CRITICAL THAT ANY NEW TENDER AWARDS WILL BE NAMIBIAN COMPANIES ONLY **AND NOT TO ANY FOREIGN COMPANIES.**
 - *Namibian companies have very limited opportunities to diversify their markets and essentially need to be supported to through any down turn.*
 - It makes no sense that at this stage, **projects are being awarded to foreign companies.**
 - We need to **maintain the capacity of local contractors for the sustainable long-term development of our industry.**

- **WE NEED TO SEE INCREASED RESPONSIBILITY AND ACCOUNTABILITY**
IN PROCUREMENT IS SO IMPORTANT:
 - every individual and organisation in procurement **must think Namibian.**
 - They need to become **conscious of the various reasons for appointing foreign contractors**
 - And realise that **irrespective of the size of projects more and more foreign companies secure contracts.**
 - Need to adopt a long-term view. - **If Namibian companies will not get jobs, every single person** in Namibia will be affected. We **must think Namibian.** The Namibian family must come first.

- **TO ACHIEVE NAMIBIANISATION, WE NEED TO FOCUS ON**
- **the key infrastructure projects.** *For example, the infrastructure to further develop the water source, e.g. The boreholes in Windhoek need to be linked to the water supply, and that **basic infrastructure needs** will still go ahead.*
- **Reduce the size of projects in manageable stages** over a longer period of time.
- Consider **putting on hold or extent time frame -large-scale non-productive capital project** most awarded to foreign contractors – it is likely to have legal implications but it might be worth the consideration
- *Increasing focus on Namibian manufactured material*
- **GOVERNMENT NEEDS TO ACT SWIFTLY ON STABILISING OUR INDUSTRY**
- We need a **strong message of support** to our local industry –
- we need to be **consulted in formulating clear goals and strategies** in the interest of survival of our industry
- one of the **immediate steps Government** can take is to **commit to a realistic timeframe** for paying **all outstanding debt** as well as **the payment of future invoices** of current projects.
 - One of the key requirements for contractors to survive **is the effective cash flow management**
 - Under any circumstances, **late payment will affect an entire supply chain** and put **everyone at risk**

- For stabilisation of our industry, it is therefore **critical that Government comes out with clear messages.**
- To ensure the local construction industry is protected, it is now very important that a Namibian Construction Council is established. It will ensure much better regulation of our industry and will also protect the industry against unfair competition.
- We **trust that a relevant Bill will be tabled** soon and that **our parliament will recognise the importance of the necessary legislation to protect the Namibian industry.**

7. Is the CIF engaging with government to ensure resolutions are met?

Yes we are. At the moment, we are engaging with the **ministry of finance** and **the ministry of works and transport**. We also have requested a meeting with **Minister responsible for Labour** and the **Minister responsible for Urban Development**, Minister for SOE. However, this will extend to other ministers and authorities at all levels of government and state owned enterprises.

8. In a statement last week, the CIF state that the Federation will also conduct relevant research amongst its member as well as enterprises that are not members of the organisation. Talk to us about that?

We want to know from our members and as well as non-members to what extent:

- their **dependence is on government work.**
- how many **persons are directly employed.**
- if there are any **unpaid invoices over 30 days** and what the extend of debt is
- This will **inform us of our next step** when consulting with government.

However, we also will be **engaging with authorities** to obtain information about: **recent projects, ongoing projects, and shelved projects.**

We need to know about the **size of projects** and **who the projects have been awarded to.** Ideally, there would be a **central database.**

Any information obtained will inform our next steps.

TO SUMMARISE:

However, one thing is sure **government needs to continue** with key productive infrastructure and development projects.

Namibian companies must come first and should be the only ones awarded with tender contracts

We need **establish the Namibian Construction Council** and pass a relevant act, hopefully still during current parliamentary sessions,

And efforts need to be made to **stabilise our industry** – a clear time frame must be given for the payment of debt and future invoices.

We need to have **clear goals and strategies** in place to support our industry and the industry needs to be **consulted and engaged**.