



Hats



Off

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CIF AND MANWU DEMAND CHANGES IN CONSTRUCTION SECTOR- LAUNCH OF ONLINE PROTEST

Notwithstanding the efforts by Namibia's Roads Authority to justify the shortlisting of seven foreign companies, after the prequalification phase for the 32 km road rehabilitation project between Karibib and Usakos (TR7/1) - which is financed by a loan by the German government through the Kreditanstalt für Wiederaufbau (KfW) - the Construction Industries Federation of Namibia (CIF) and the Metal and Allied Building Workers Union of Namibia (MANWU) are dismayed that the second phase of the tender for the road upgrade still goes ahead. This is despite Namibian authorities and stakeholders being fully aware of the implications for the local construction sector. At the same time, the CIF and MANWU remain very concerned about the state of Namibia's construction industry, and again recently engaged authorities, requesting that changes in the industry will take place immediately. With no meaningful reaction from the state, the CIF and MANWU now escalate efforts and take to the internet for the public to become more aware and for relevant authorities to hear them.

The most recent attempts to engage authorities during the first two weeks of June 2023, included joint letters by the CIF and MANWU that had appealed to His Excellency, the President, Dr Hage Geingob, the Right Honourable Prime Minister, Dr Saara Kuugongelwa-Amadhila, Honourable Mr John Mutorwa, Minister of Works and Transport, and other senior ministers of the cabinet. The Roads Authority was once again being approached jointly in writing by the CIF and MANWU, as well as the KfW and the German embassy in Windhoek. Other financing organisations have also received the correspondence, such as the African Development Bank.

Attempts also included to make lawmakers further aware. As such, the speakers of both houses of the Namibian parliament, as well as the leader of respective opposition parties had been reached out to, in order to garner their support for the local construction sector.

As government authorities and senior politicians were repeatedly lobbied over the years – in various ways - and yet, there being no concerted, strategic efforts made to support the local construction sector, the two member-based organisations, CIF and MANWU, representing both the employers and employees in the construction sector, have on Thursday, 22 June 2023, initiated an online peaceful protest to call for urgent changes in Namibia's construction sector.

The call for changes includes that the Namibian Government will commit itself and announce publicly the following:

CHECK OUT WHAT'S INSIDE THIS ISSUE:

CIF and MANWU demand changes in construction sector.....	page 1
Namibia Consumer Price Index Bulletin - May 2023.....	page 2
PM: 'NDP6 should create the Namibia we want'	page 2
Government fails to meet housing construction target.....	page 3
Repo rate imbalance costs Namibia N\$10b	page 4
NBWPF permits higher level contributions, also from other sectors.....	page 4
Global News	page 5 - 6

.....CIF AND MANWU DEMAND CHANGES ONLINE PROTEST

1. That the project for the road upgrade between Usakos and Karibib is cancelled immediately and re-advertised in smaller lots, and that the technical specifications be reviewed;
2. That Namibia's own contractors will no longer be excluded as a result of financial or technical prequalification requirements on projects financed either by the Kreditanstalt fuer Wiederaufbau or the African Development Bank;
3. that there will be a deliberate effort to engage majority Namibian-owned contractors on all infrastructure and building projects and that projects will be sized accordingly;
4. that Government will play its part in creating an environment for decent work in the construction sector; i.e. ensuring that maximum employment opportunities are created for Namibian workers;
5. that Government supports the "optimal development" of the construction sector where there is space for every-sized contractors: majority-Namibian-owned SMEs, majority Namibian-owned mid-sized contractors, majority Namibian-owned large-size contractors, and only then foreign contractors or non-majority Namibian-owned contractors;
6. that joint ventures between majority Namibian-owned contractors must be given preference;
7. that "tenderpreneurism" will not be permitted any further; and
8. that Government commits itself to the establishment of construction council as soon as possible as it would be in the interest of both the private sector as well as the public sector.

The peaceful online protest was launched one 22 June 2023, on the CIF's Facebook page, in the form of a competition, with the intent of creating further public awareness of the state of the construction sector and the lack of support the local industry receives from the Namibian government. Members of both organisations (CIF and MANWU), as well as the public and anyone that wants to support the local industry are invited to participate in the online peaceful protest.

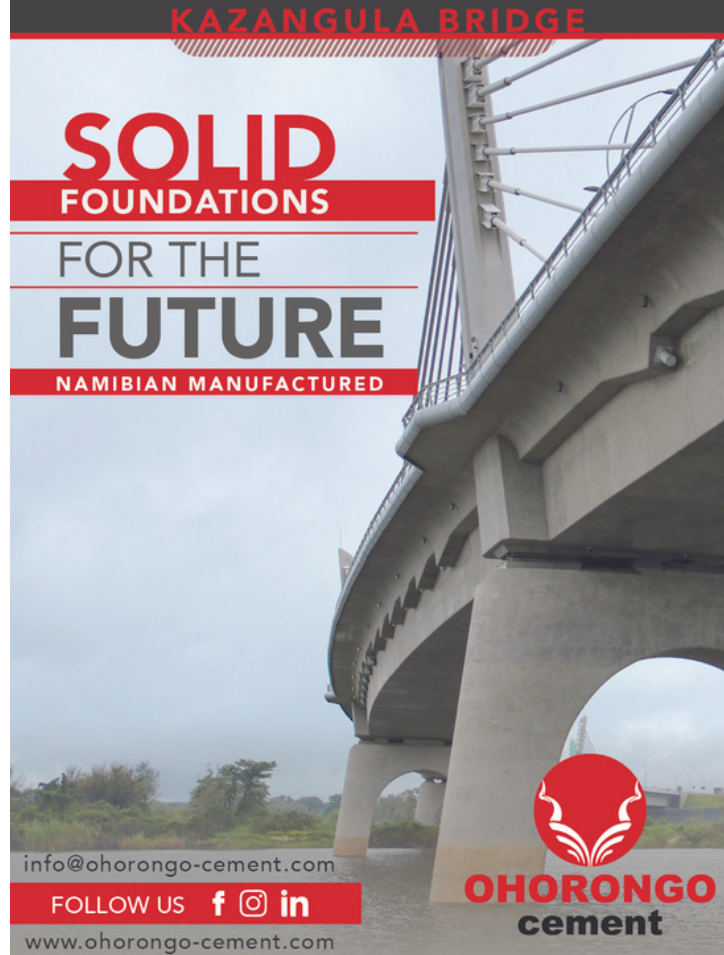
The protest is for the maintenance of an important sector of Namibia's economy and for the support of local construction and building businesses, as well as their employees and their families. Ultimately, it is for the survival of Namibia's construction sector.

PM: 'NDP6 SHOULD CREATE THE NAMIBIA WE WANT'

Those tasked with crafting the country's next development plan should adopt innovative approaches, while optimising coordination and cooperation amongst stakeholders.

Prime Minister Saara Kuugongelwa-Amadhila urged that the Sixth National Development Plan (NDP6) should not be business as usual, but must identify game-changers across sectors or ministries.

She made these remarks during the launch of the NDP6 formulation process under the theme "Intensify Economic Recovery, Inclusiveness and Resilience to Ensure Quality and Sustainable Development for all Namibians".



NDP6 is expected to cover the period of the 2024/25 to 2030/31 financial years.

The time frame is to allow the implementation of the second Harambee Prosperity Plan (HPPII) programmes and projects to be accelerated, and to extend NDP5 for two years to enable the completion of its programmes and projects.

The head of government said "NDP6 is of great significance in Namibia's planning journey in that it marks the last medium-term plan to be implemented before Vision 2030. And it is also to be developed after Namibia and the globe have experienced and continue to experience unprecedented challenges stemming from effects of climate change, the collapse of commodity prices and geopolitical tensions and conflicts".

The launching of the formulation process is aimed to inform the nation on the developmental journey. The National Planning Commission (NPC) will then embark on wider national consultations to follow soon after the launch.

She added that the world is changing, and Namibia cannot afford to be left behind in terms of technology. Without tapping into technological advancements, Namibia will suffer loss of employment and uncompetitive products, and relegation in the global value chains.

Namibia is on course to become a global player in the energy sector, and NDP6 should consolidate these new realities in the form of the acquisition of skills and knowledge and improved governance, employment, industrialisation and wealth-creation that translates into improved welfare conditions for Namibians.

Source: <https://neweralive.na/posts/pm-ndp6-should-create-the-namibia-we-want>

GOVERNMENT FAILS TO MEET HOUSING CONSTRUCTION TARGET

In the face of Namibia's 300 000-unit housing backlog, the Ministry of Urban and Rural Development has failed to meet a target to deliver 5 000 homes annually.

The government in 2022 also set out to service 6 500 plots annually.

It said the country had an estimated housing backlog of around 300 000 units, with an estimated backlog of 84 000 units in Windhoek only. According to the latest budget books, the ministry strived to construct 5 000 houses for the 2021/22 financial year, but managed to build only 1 479. It serviced only 1 751 plots.

The government spent N\$376,8 million on this under the ministry's housing, habitat and technical services. The year prior to this, the ministry only built 1 179 houses and serviced only 2 846.

Urban development ministry spokesperson Etuna Shikalepo on 05th June 2023 said these targets were set as a result of the 20 000-house ambition detailed in the second Harambee Prosperity Plan (HPPII).

"It has to be pointed out that the targets set ... are nationally, and are not only expected to be directly achieved by the lead ministry on housing matters or the government alone", Shikalepo said.

She said the ministry has constructed 2 052 houses under various government supported initiatives between 1 March 2021 and 31 December 2022.



The HPPII promises to deliver 20 000 housing units countrywide by the end of the Harambee period, through public and private stakeholders.

The public and private sector stakeholders include the National Housing Enterprise (NHE), the Government Institutions Pension Fund (GIPF), the Shack Dwellers Federation of Namibia (SDFN), Ongos Valley, regional councils and local authorities, and other private sector developers.

The GIPF, in its latest annual report for the same period, indicated it has constructed 5 810 houses, while Ongos Valley says it has produced 480.

The NHE has built 1 065 houses from 2015 to May 2023, spokesperson Tuafi Shafombabi says. This is despite the fact the company indicated in its 2015 to 2022 strategic plan that it intended to build 5 000 houses between 2017/18 and 2022/23. Shafombabi says 105 453 people are on the NHE's waiting list. She says 122 houses were built at Rundu, 200 at Oshakati, 70 at Okahao, 100 at Omuthiya and 77 at Keetmanshoop.

The 'Africa Housing Finance Report for 2022' states that the key challenge in the delivery of housing in Namibia is the lack of available serviced land.

Seven years ago, the Economic Association of Namibia also identified the root cause of the housing backlog as the inadequate provision of serviced land, particularly in and around Windhoek.

"This undersupply has driven the shortage of housing, which has in turn resulted in the major price increases we have witnessed over recent years," it said in a report.

Source: <https://www.namibian.com.na/govt-fails-to-meet-housing-construction-target/>

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REPO RATE IMBALANCE COSTS NAMIBIA N\$10B

The difference in repo rates between South Africa, which currently stands at 8.25%, while Namibia is at 7.75%, amounting to a difference of 50 basis points, continues to be the reason that many investors chase better returns in South Africa.

For the first five months of 2023, Namibia recorded capital outflow of about N\$10.1 billion that sat in South Africa, compared to N\$7.75 billion in the same period in 2022. This was revealed by Bank of Namibia governor Johannes !Gawaxab as he announced a 50 basis points increase in Namibia's repo rate, bringing it to 7.75%, and prime lending rate to 11.50%.

"We need to catch up and close up the gap before it becomes a bigger problem. If we as a bank mandated to maintain financial stability do not act now, it will be dire for many in the country", said !Gawaxab.

Furthermore, the governor added that on a monthly basis, inflation increased to 6.3% in May 2023 from 6.1% in April 2023. Going forward, overall inflation is projected to average 6.1% in 2023.

Source: <https://neweralive.na/posts/repo-rate-imbalance-costs-namibia-n10b>



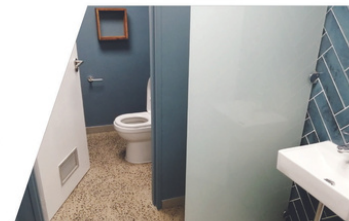
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NBWPF ALLOWS HIGHER LEVEL CONTRIBUTIONS, ALSO FROM OTHER SECTORS

After applying for Rule Amendments by the Registrar of Pension Funds under the auspices of the Namibian Financial Institutions Supervisory Authority (Namfisa), the Namibian Building Workers Pension Fund (NBWPF) now allows for higher monthly contributions from both members and employers.

In fact, the application to seek amendment of Rule 4 (Contributions) of the NBWPF's Fund Rules was already approved in October 2022 by the Registrar of Pensions.

Previously, the monthly member contribution was restricted to a rate of 4% of his or her salary. This has now changed, and the Rule Amendment allows for member monthly contributions that are higher than 4%.

As such, rule 4.1.1 of the NBWPF Fund Rules has been changed to read: "The member shall contribute monthly to the Fund at a minimum flat rate of 4 per cent of this Fund Salary, or such higher specified rate as set out in the Special Rules".

In addition, rule 4.2.1 of the NBWPF Fund Rules has been changed to ensure at minimum a match between employer and member contributions. The change reads: "The Employer shall make a minimum monthly contribution in respect of each Member equal to 4% of the Member's Fund Salary, or such higher specified rate as set out in the Special Rules".

Enwich Kazondou, principal officer of the NBWPF, was upbeat. "We are very happy that these amendments have been approved. In this way, contributions from both the employer and the member are not restricted to the minimum, but there is now scope to improve the retirement packages of our members", he said.

With the change in the level of contributions by both the employer and the member, the scope is also widened by who would join the pension fund. Kazondou observed: "The amendment speaks to those employers who would like to find a pension fund in our industry that looks at the needs of the entire spectrum of their employees, across the board."

NEW SURVEY REVEALS TWO BIGGEST ISSUES FOR GLOBAL CONSTRUCTION INDUSTRY



Digital technologies and sustainable building projects were identified as key areas of growth. Inflation and delays and disturbances in the supply chain are the biggest problems facing the construction industry, according to a new survey by InEight.

The company's third annual global capital projects outlook draws insights from research conducted with 300 of the world's largest capital project owners and contractor construction professionals across North America, Europe and Asia-Pacific. It showed that nearly three quarters of respondents (74%) report disruption caused by cost inflation, while 70% cite delays and disturbances in the supply chain.

Despite a difficult operating environment, more projects are being completed on, or ahead of schedule, (47%) in 2023 compared to 2022 (40%). Regarding cost control, 45% reported staying on or below budget, compared with 42% in 2022.

Companies in construction are using technology and data to improve their effectiveness. Half of respondents say that having connected data improves risk management, while a third say it reduces cost overruns (38%), leads to fewer scope changes (37%) and schedule overruns (33%). It also has a markedly positive impact on employee productivity according to 46% of respondents.

Despite challenges, optimism has remained high for a third year in a row (92% in 2021, 96% in 2022 and 94% in 2023) with digital technologies and sustainable building projects identified as key areas of growth.

"It has been a challenging couple of years for construction, with most organisations facing significant supply chain and labor challenges which have impacted everything from cost to workmanship", said, Jake Macholtz, chief executive officer of InEight.

Source: <https://www.internationalrentalnews.com/news/new-survey-reveals-two-biggest-issues-for-global-construction-industry/8029661.article#:~:text=Inflation%20and%20delays%20and%20disturbances,a%20new%20survey%20by%20InEight.>

CAPE TOWN'S DRAFT ENERGY STRATEGY SETS GOAL OF ADDING 650 MW WITHIN FIVE YEARS

Cape Town's energy strategy, which has been released for public comment, envisages the addition of 650 MW of new independent generation within five years in line with the city's stated goal of protecting itself against four stages of load shedding by 2026.

Mayor Geordin Hill-Lewis indicates that the new supply will be secured from various sources, including from city-owned generators, independent power producers (IPPs), from residents and businesses feeding into the grid, as well as through wheeling and trading.

The city is already implementing parts of the strategy, with initiatives under way to enable small-scale generators to feed into the grid and to procure IPP power.

The draft strategy indicates that priority will now also be given to finalising the contractual and technical arrangements for customers and aggregators to wheel and trade electricity across its distribution network, as well as to expand utility-scale storage systems.

"Ending loadshedding is the most important action we can take for job-creating economic growth [and] Cape Town's draft energy strategy maps the way toward four stages of loadshedding protection by 2026", Hill Lewis states.

The strategy also commits the city to optimising energy use and efficiency, as well as to alleviating energy poverty, through subsidy reform, the ongoing electrification and lighting of informal settlements and improving access to informal backyard dwellings.

Source: <https://www.engineeringnews.co.za/article/cape-towns-draft-energy-strategy-sets-goal-of-adding-650-mw-within-five-years-2023-06-14>



SWEDISH GOVERNMENT SAYS PREPARING INCENTIVES TO BOOST HOUSING CONSTRUCTION

The Swedish government is currently working on reforms to boost flagging housing construction, which has been hit by higher building costs and falling demand, Finance Minister Elisabeth Svantesson said on Wednesday, 14th of June 2023.

Housing starts dropped by 50% in Sweden in the first quarter as higher interest rates, rising construction costs and lower demand hit building firms, data showed in May 2023. The lower rate of construction is expected to hit growth with the economy seen contracting over the year as a whole.

"On the housing market, I share the view that we have problems", Svantesson told a news conference. "That's why the government now is preparing reforms to increase incentives for housing construction".

She said the government's reforms aimed at making more land available for building and reducing complexity in getting building permits.

According to the Swedish National Board of Housing, Building and Planning, around 27,000 new homes are expected to be started in 2023 and 24,000 in 2024, far fewer than the 63,000 deemed necessary each year until 2030 to cover the current and future need.

Unions and constructions associations are among those calling on the government to act to head off a damaging housing shortage which will have widespread social implications.

"The consequences of the collapse of housing construction, which is similar to the levels of the 1990s, will be seen first in a few years," Stockholm County Governor Anna Kinberg Batra said in a report this week, which forecast housing starts in the capital would fall to around 4,000 in 2022, down 70% on 2022.

Source: <https://www.reuters.com/swedish-government-says-preparing-incentives-to-boost-housing-construction>



BUILDING CONFIDENCE FALLS IN SECOND QUARTER

Sentiment in the building sector, as measured by the FNB/BER Building Confidence Index, has been stable, albeit at a relatively low level, for the past few quarters. However, in the second quarter of this year, the index fell to 28%, from 33% in the first quarter. The current level of the index means that more than 70% of respondents are dissatisfied with prevailing business conditions.

Underpinning the lower sentiment was a decline in main contractor activity, as well as continued weaker hardware retailer sales. Of additional concern is the broad-based expectation that activity and sales will likely come under further pressure over the short term.

In contrast, activity at the start of the building pipeline improved. Subcontractor activity also remained robust amid the private sector's push for energy independence.

Confidence among building material manufacturers increased by seven points. Confidence among quantity surveyors and architects, however, decreased by three points each, while confidence among hardware retailers decreased by 13 points and among building subcontractors by 17 points. The confidence of main contractors was unchanged.

Source: <https://www.engineeringnews.co.za/article/building-confidence-falls-in-second-quarter-2023-06-15>



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