

# ERRP to revitalise post-Covid building industry

By [David Gelb & Stephen Arrow](#)

9 Dec 2020

The government's plans for construction industry revitalisation through the South African Economic Reconstruction and Economic Plan (ERRP) are in line with the global trend to use infrastructure to reinvigorate economies emerging from depressions or the ravages of conflict...



[123rf.com](#)

Through its drafting of the ERRP, government has attempted to address the dire state of the South African economy and hence, much thought and deliberation has been given to the revitalisation plan.

For the past decade, the economy has stagnated and the only way forward is to mobilise all our resources and efforts to shift the economy into an upward trajectory.

In addition a series of sovereign debt downgrades, including the credit-rating of certain state-owned enterprises (SOEs), has adversely affected its cost of borrowing. A rising budget deficit and increased debt have, without doubt, severely impacted the rate of economic growth.

The pandemic deepened this crisis, with many people losing their jobs, others having no income for periods of time and a great many going hungry every day. Historic equality can only widen under these dire circumstances, causing widespread poverty to increase.

## Three phases of ERRP

1. Engage and preserve - this includes a comprehensive health response to save lives and curb the spread of the Covid-19 virus;
2. Recovery and reform – interventions to restore the economy whilst controlling the health risks, and;
3. Reconstruct and reform - the building of a sustainable, resilient economy.

Amongst sectors and industries targeted by the planned interventions are:

- Infrastructure
- Employment orientated and strategic localisation, re-industrialisation, and export promotion
- Energy security and longevity
- Tourism growth and recovery
- Gender equality, including the economic inclusion of women and youth
- Green economy interventions
- Mass public employment interventions, including boosting skills, education and training
- Ensuring food security

We note government's prioritisation of our industry, as one of the drivers of its "industrialisation through localisation" phase. Building is well placed to drive this, especially given its labour-intensive nature. This initiative could make meaningful inroads towards addressing SA's unemployment crisis.

In addition, as the industry comprises of many small, medium and micro enterprises (SMMEs), with the vast majority of these entities employing significant numbers of entry-level manual labourers, the ERRP initiative also presents the opportunity to increase the tax base and assist the fiscus in addressing its anticipated tax-collection shortfalls.

## **Green economy**

Green economy initiatives will provide employment and other opportunities to local and national building industry stakeholders. Our industry continually strives for new and innovative, industry-specific solutions to global warming. It is a priority of the construction industry to reduce waste, resulting in a reduction of our carbon footprint. In addition, green industrialisation also contributes to supply continuity of energy; food-security and optimised usage of scarce resources, such as water.

Waste picker integration and revitalisation of buy-back centres are impacted too by the green economy initiative.

## **Public private partnerships**

The ERRP is ideally suited to public private partnerships, (PPPs), which will initially have positive financial short- and long-term spinoffs at the local level and will ultimately flow through to the national macro economy.

South Africa is sorely in need of increased, sustainable foreign investment. A stable and growing economy is essential for our country to be regarded as an investment destination of choice and this is a crucial factor in the creation of sustainable job opportunities.

## **Corruption**

Initiatives instituted by the various authorities to rid our country of corruption and the scourge of state capture. These initiatives will hopefully go some way towards restoring confidence in the country by foreign investors.

A new threat has recently appeared on our building sites, in the form of the illegal occupation of construction sites and the soliciting of protection money from contractors. We call upon the authorities to urgently apply its best efforts towards

stamping out this illegal practice.

Covid-19 and the resultant protracted lockdowns have damaged economies world-wide and the human cost, measured in the loss of lives is incalculable.

The time has arrived for a serious review of our businesses and their operating models. Post Covid-19 and lockdown, things are likely to be decidedly different and we will all need to adjust to the anticipated “new normal”.

## ABOUT THE AUTHOR

David Gelb and Stephen Arrow are the membership services officers at Master Builders' Association for the Western Cape.

For more, visit: <https://www.bizcommunity.com>