



**Memo: Western Cape Government supplementary submission on COVID 19 regulations pertaining to private sector construction.**

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**Purpose:** This supplementary submission makes proposals for amending the Alert Level 4 regulations to provide for the expansion of the construction sector. These proposals incorporate aspects of the draft Alert Level 3 and 2 provisions – all of which we believe can safely be implemented immediately. To this end it is argued that the regulations should be amended to permit the construction sector to expand operations beyond public sector engineering and construction to include commercial, industrial and private residential construction, construction by public entities and to permit the upscaling of manufacturing of construction supplies beyond 50 percent sector employment.

The motivation for this supplementary submission is that the construction sector is on the verge of collapsing, which needs to be prevented as this sector will form a critical part of driving economic recovery in South Africa. The loss or further damage to this sector will also materially impact the delivery capacity of all three spheres of government in fulfilling their respective constitutional obligations.

It is also argued that a large proportion of the sector already has the necessary structures in place to adapt operations to minimise the risk of spreading COVID 19 while safeguarding livelihoods.

**The sector:** The private sector construction as referred to in this submission can be defined as the collective built environment industries, consisting of developers, built environment professionals, civil and building contractors and their respective material suppliers involved in building projects outside of public works construction, although there is a clear overlap between some companies who provide services for both private and public sector construction projects.

This sector is a vital component of the South African economy, providing for a full range of employment from low to high skilled people across South Africa and plays a critical role in fixed capital investment in South Africa.

Even before COVID 19 the sector had been under severe pressure and is now arguably on the verge of collapse. Instead of placing more pressure on the sector, it should rather be considered as part of the solution to reviving the South African economy and to safeguarding jobs and livelihoods amidst the COVID 19 pandemic.

Under normal circumstances the sector complies with very high health and safety standards, and as such, it is argued that the implementation and regulation of additional measures to ensure safe operations would not be problematic.

**Problem statement:** Under the current regulations the construction sector is limited to construction works and engineering services related only to public works and public projects, hence it does not permit most private sector construction comprising of commercial, industrial and private residential construction. This despite the fact that these two segments of the sector, public and private, operate under the same conditions and pose the same level of risk in transmitting COVID 19. In other words, the management of these risks will not be different between the two segments. There is also a blind spot in the current regulations in terms of construction by public entities such as the Saldanha Bay IDZ, which are currently prevented from continuing with construction.

In addition, the current limitations on manufacturing of construction supplies poses the risk of construction sites having supply constraints, further amplifying the adverse economic impact of COVID 19.

## **Economic Impact**

- **Sector Value:** In 2019 the sector was valued at R172 billion in South Africa and contributed approximately R32 billion to the Western Cape's total gross value added. Pre-COVID 19 pressure on the sector is evident in the fact that it contracted for the last three consecutive years, contracting by 3.3% in real terms in 2019.

It is estimated that in the Western Cape the sector could experience a contraction of approximately 41% in 2020 followed by a 10% contraction in 2021. This translates to a loss of R12.9 billion in 2020 and R3 billion in 2021.

- **Employment:** In 2019 the construction sector employed approximately 1.3 million people directly in South Africa of which 207 000 were in the Western Cape. Most of the people employed in this sector are unskilled and semi-skilled casual wage earners who do not get an income if construction sites are not operating.

It is estimated that the adverse impact of COVID 19 on the construction sector could cost the Western Cape 111 416 direct and indirect jobs in 2020 translating to a loss of R14.9 billion in income to people employed in this sector.

- **Fixed capital investment:** Fixed capital investment is considered important not only for current economic growth, but also as a catalyst for future economic growth and economic potential. Unfortunately, fixed capital formation in South Africa has declined for eight of the last twelve quarters, and as such, urgent measures are needed to reverse this trend.

The construction sector plays an important role in executing and facilitating fixed capital investment. The health of this sector is also often seen as an indication of investment confidence. By revising current regulations, further damage could potentially be averted to some extent.

## **Safe operations**

Internationally the standard practice has been to allow construction sectors to continue operations during lockdowns with the condition that safety measures are in place to prevent the spread of COVID 19. For instance, the construction sector in New Zealand worked with the New Zealand government to put in place an operational plan to support the industry during and post-COVID 19. In Germany construction was deemed essential and permitted to operate under lockdown. In the United Kingdom provisions are being put in place to allow construction work to run up until 21:00 in the evening allowing for shift work and thus additional social distancing on sites.

The South African construction sector is already a sector that complies with very stringent health and safety regulations, which provides for a platform where economic activity can resume under conditions whereby transmission risks can be effectively managed. The sector has repeatedly expressed its willingness to “self-police”.

The following measures are some of the measures that could be put in place by the sector to ensure safe operations:

- Office support staff, and vulnerable staff (those 60 years and older or with co-morbidities) to work from home.
- Employees to be provided with information on the virus and precautions.
- Employees to be supplied with PPE – face masks and sanitiser.
- Regular screening (symptom checks) to be carried out.
- Social distancing to be enforced.
- The necessary systems to be implemented to trace employees that are infected.
- Drivers transporting supplies to remain in their vehicles if the load will allow it and wash or clean their hands before unloading goods and materials.
- Travel to be cancelled for employees experiencing symptoms of the virus.
- Regular sanitisation of vehicles.
- All non-essential visitors to be banned from building sites
- Staggered start and finish times to be introduced to enable social distancing and minimise human contact at all times.
- Only necessary participants to attend meetings in person.
- Employees to be required to stay on site once they have entered for the day and not use local shops.
- Dedicated eating areas to be identified on site to reduce food waste contamination. These areas should allow for social distancing. All areas used for eating must be thoroughly cleaned at the end of each break and shift, including chairs, door handles, vending machines and payment devices.
- Break times to be staggered to enable social distancing and limit human contact.
- Hand cleaning facilities or hand sanitiser to be available at the entrance of any room where people eat and should be used by workers when entering and leaving the area.
- Only pre-prepared and wrapped food to be provided where catering is provided on site. Staff to be required to supply their own drinks, cups and utensils.
- Payments to be taken by contactless card wherever possible. Where only cash can be used, the usual hand cleaning with sanitizers or soap to be observed.
- The number of people using toilet facilities to be restricted at any one time.

- Cleaning regimes for toilet facilities particularly door handles, locks and the toilet flush mechanism to be enhanced.
- Portable toilets to be avoided wherever possible, but where in use these should be cleaned and emptied at predetermined and monitored intervals.
- Equipment at the site stores to be cleaned by the store-person before issuing out to the next user/employee
- A staggered manner of issuing out of equipment to employees to be adapted to avoid employees converging in large groups.
- Where possible, employees to have exclusive use of their specific equipment or tools.

**Proposed amendments to current level 4 regulations (and any level thereafter)**

We accordingly suggest that consideration be given to amending the Alert Level 4 regulations:

<b>Table 1- Alert level 4,</b>	
<b>Clause number</b>	<b>Proposed amendments</b>
Part C: Manufacturing	1. Amend Part C8 to increase scaling up above 50%. The 50% constraint is likely to create supply constraints in the event that the sector opens up further. In addition, restricting the scaling up will force the postponement of completion dates for critical projects which have already suffered severe delays due to the restrictions imposed in Level 5 and 4.
Part D: Construction and Related services.	2. Amend D1 to include all commercial, industrial and private residential construction, construction by public entities and related services (Incl. Subcontract trades, Suppliers, etc.) 3. Amend D2 to include commercial, industrial and private residential construction. 4. Amend D3 to also permit the construction of railways. 5. Amend D4 to read " <i>Critical construction, maintenance and repairs</i> ". 6. Add point D6 to allow for the removal of hazardous materials.
Part I	7. Amend I1 to add "permitted services" to the accommodation that is permitted.
Regulation 22 (1)	8. Add an additional point under regulation 22 (1) to read " <u>All goods intended for the construction sector.</u> "