

Organised crime plagues SA construction industry

South Africa's construction sector is grappling with an escalating crisis. Construction sites nationwide are being routinely targeted by armed groups, colloquially known as 'construction mafias'. These gangs intimidate workers and demand jobs or a cut of the project profits, often resorting to threats of violence.



Source: Supplied

Morag Evans, CEO of Databuild, has underscored the urgency for contractors to resist these so-called 'business forums'. She warns that if left unchecked, this menace is set to escalate. The issue, initially observed in KwaZulu-Natal, has now permeated into Gauteng, the Eastern Cape, Mpumalanga, and beyond.

Roots in legislation

The issue can be traced back to the promulgation in 2017 of new regulations to the Preferential Procurement Policy Framework Act (PPPFA), requiring that 30% of all contract value on state construction contracts be allocated to designated groups, including black South Africans, women, and people with disabilities.

Unfortunately, these regulations have been misunderstood and abused by the construction mafia, resulting in widespread disruption even on private sector sites. The gangs demand either a 30% stake in the project or 30% of the total contract value in cash as 'protection' against violent disruptions and work stoppages.



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Matthew Hirsch 8 Sep 2023



These demands are not only disrupting construction activities but are also leading to devastating financial consequences for businesses, including black-owned SMEs. Projects often experience delays for months, causing costs to spiral. Notably, construction insurance policies do not always cover damage or loss in these circumstances, leading to financial ruin for many.

Construction attorney Euan Massey in a recent media interview highlighted the seriousness of the situation, detailing the modus operandi of these criminal elements.

He explained, "At the outset of a project, they invade the construction site, walk into site offices heavily armed and threaten individuals or their families. No progress can take place until their demands are dealt with. This can also extend to violence and in the worst cases, has resulted in murders."

City of Cape Town spending millions

In October, Cape Town launched a campaign to tackle related crimes in the sector. Speaking at the launch, Cape Town Mayor Geordin Hill-Lewis said the City is spending R55-million in 2023 on additional security just to protect targeted sites in order for construction to continue.

The local government has also amended its contracts with contractors who may not claim for any construction delays unless they report extortion to the police.

Aside from the violence, other challenges such as the COVID-19 pandemic severely constrained supply chains. There has also been rising levels of unemployment, and even business liquidations that further compound the industry's struggle. These challenges could potentially escalate illegal site invasions as the unemployed labour force becomes more desperate to secure work.

Massey pointed out that there are legal steps that can be taken, as there are several Acts dealing with the prevention of organised crime and intimidation. He said, "Through the police and laying charges there is a framework to take action. The major problem is that people who are threatened are intimidated and reluctant to go to the police."

However, amidst these challenges, Evans has highlighted the potential of technology as a powerful weapon against these construction mafia invasions. Effective strategies such as the use of Web cams, drone surveillance, robot guards, and GPS technology can greatly enhance site security, providing continuous monitoring and quick detection of any unauthorised access or activity.

Turn to technology

Using digital tools also offers a broader perspective. In addition to securing the site, these technologies can aid in tracking the movement and positioning of materials and equipment, flagging any unexpected changes, and ensuring the projects stay on track.

It is critical to have cooperation between contractors, law enforcement, and politicians to ensure the safety of workers and the overall success of construction projects. By clearly demarcating sites with access-controlled entry and exit points, setting up robust safety and emergency measures, and using legal avenues, the industry can mitigate the violence and disruptions.

"Harassment, violence, and extortion are not the means to achieve transformation in the construction industry. Such actions

are criminal in every sense of the word and cause more harm than good," says Evans.

"As an industry, we must remain resilient, adapt and innovate to ensure our survival and build a stronger, more sustainable future."

Reflecting on the economic impact, Massey concluded, "Approximately R68 billion has been lost due to the construction mafia, but the cost to society is even greater. For example, a school not being built means children lack education."

He stressed the need for a holistic approach involving all role players, rather than a reactive response through the police. The government must identify projects where the 30% target is achievable and designate groups that can help achieve that goal.

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