

# **PRESS RELEASE**

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## **CONSTRUCTION ORGANISATIONS SUSPEND PARTICIPATION IN CONSTRUCTION EDUCATION AND TRAINING AUTHORITY SETA**

The beginning of October saw the majority of the Construction Education and Training Authority (CETA) employer organisations suspend their participation in the activities of the CETA Council and all its committees.

Organisations including the South African Federation of Civil Engineering Contractors (SAFCEC); the Master Builders South Africa (MBSA); the South African Institute of Architects (SAIA); the Association of South African Quantity Surveyors (ASAQS); and Consulting Engineers South Africa (CESA) have appealed to the Minister of Labour to intervene by placing the CETA under administration so as to put the CETA on a functional operational footing. This action was taken as the Organisations are of the strong opinion that further direct interaction with the CETA to resolve issues will have no effect. Over a period of many years these organisations have tried to engage with the CETA, suggesting solutions to resolve issues without much effect; in fact several problems have worsened during this period.

Representatives of employer organisations have, in terms of the laws of the country, important fiduciary duties to fulfil on behalf of their constituencies, and the governance crisis at CETA has deteriorated to such a degree that they are unable to comply with the law. The CETA's constitution has been found to be wholly wanting in terms of the statutory/legal/regulatory framework of the land, confirmed in the 2004 Deloitte & Touche report in this regard, coupled with a high level workshop with experts testing the constitution against the Public Finance Management Act. Yet, despite this being known to the CETA Executive Committee and management, very little has been done to rectify the situation. The Associations contend that the problem is compounded by a lack of transparency and frankness from the Executive Committee when these matters are raised. In many instances the CETA acts in contradiction of its own constitution. An example of this is that the chairman has been 're elected' for a third term, whereas the

constitution explicitly prescribes otherwise. The financial management of the organisation leaves much to be desired, as the 4<sup>th</sup> qualified audit (2007/8) confirms despite warnings and suggestions from the Internal Audit Committee about irregularities.

The organisations state that there is great unhappiness about the relationship between the Executive Committee, the Council and management of CETA. These mainly originate in the erroneous interpretation of the CETA Constitution, in so far that the Executive Committee has de jure executive power and that the Council is expected to rubber stamp decisions. Several problems which impact directly on the ability of Council members to exercise their fiduciary duties have resulted from this untenable situation. Inadequate and insufficient financial information is made available to Council members for evaluation; it is stated that in one instance the audited statements were not made available to members prior to submission to the Auditor General. The appointment and dismissal of CEO's, COO's and CFO's is handled solely by the Executive Committee or a few members of that committee. There has been massive staff turnover at the CETA, to such a degree that many functions could not be performed due to lack of personnel to administer functions.

These organisations state that the impact of all these issues, and many more, on training and education in the construction sector at a time where, in the words of the late Minister Stella Sicgau 'The construction sector stands between the SA we now have and the one we want', is simply intolerable. The dysfunctional committees, reporting structures and communication within the organisation, often make training the last item on the agenda. Large amounts of grant funding for training has not been reclaimed by employers because it is nearly impossible, in particular for small companies, to wade through the red tape. Large amounts have been claimed by others, which have simply not been paid, despite submitting claims several times. Due to this state of affairs, large surpluses of under-utilised levies have built up at a time, when the sector is crying out for more and better qualified personnel. This situation has also led to a number of training service providers not being able to continue operations resulting in them going out of business. The organisations contend that due to the lack of competent staff and systems at CETA, the issuing of certificates for qualifications obtained has been totally unsatisfactory. This situation is a huge frustration for employers and employees alike. The result of this is that they have been unable to place staff on clients' sites due to lack of proof of training

and applicants have been unable to apply for positions due to lack of evidence of training received. To crown the situation quality assurance has almost been entirely lacking over the last number of years. The end result of all this is that the rate of up-skilling and training of staff to deliver the massive infrastructure projects needed has been severely impeded. Through sheer frustration many large companies in the construction sector have opened their own training centres and are spending millions of rands on training. In the civil engineering and the consulting fraternity alone, this number is estimated to be in the region of R150 to R200 million per discipline, outside of the CETA system.

Issued on behalf of:

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