

PRESS RELEASE

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CONFERENCE TO TARGET CRISIS IN PROPERTY & CONSTRUCTION SECTOR

Bureaucratic stagnation, unwieldy policies and procurement processes, and activist objections are currently costing the Western Cape property development and construction industries millions of rands each day, at a time when the sector has already seen a number of companies close their doors and the haemorrhaging of jobs and skills.

The situation is deemed to be so serious, that the Western Cape Property Development Forum (WCPDF) is combining these challenges on the programme of its upcoming annual conference, to be held at the Century City Conference Centre in May, under the theme “The Perfect Storm: Investment and jobs or bureaucracy and stagnation”.

The conference will see keynote speakers from the top echelons of the banking industry, local and provincial government, economic agencies, academic institutions as well as the private sector come together to debate the issues and find a way forward says Deon van Zyl, chairperson of the WCPDF.

“The time has come to deal with this critical situation in the same way that local and regional government in the Western Cape recently dealt with the drought – in a ‘war room’ approach that puts all public and private sector players into one room to come up with unified solutions that will stem the tide before it reaches a stage from which the sector and the economy it supports will take years if not decades to recover.”

With an economy growing at less than 1% per year, and urbanisation now said to be in the region of 2% per year in Cape Town, there are several factors that exacerbate the already precarious position. Van Zyl highlighted some of these: “The City of Cape Town has underspent on its capital budget, sending back money to treasury that should have been spent on infrastructure. A large amount of administrative resources is wasted on generating administrative penalties that hold up land use applications that should be fast tracked to facilitate investment. Add to that the recent revaluation of property which clearly is not reflecting market valuation reality and the message is clear; the penny

has not yet dropped with either political or bureaucratic worlds of the reality out there. It can no longer be business as usual, we must stop working against investment in the Cape.”

The conference will further address misperceptions around the property and construction industries that these industries are only about private sector development, notes Van Zyl: “From the person in the street to the media, what people fail to understand is the critical role that the development and construction sectors also play in the public realm. It is exactly the same technical development skills that deliver public projects such as hospitals, schools and engineering infrastructure. The same public processes are delaying the provision of services to the public across all market segments. These public projects are subjected to the same plethora of legislation and policies under which the private sector suffers.”

Investors who were looking to invest into Cape Town and the greater Western Cape Province are likewise equally hamstrung by cumbersome legislation, policies and over-conservative bureaucratic interpretations of these policies, to the point where they are now looking to other destinations that signal they are open for business, says Van Zyl.

“The biggest problem is that international investors, in particular, can no longer rely on a developer’s anticipated timeline within which a project will be completed. The delays in the approval process are now so long that there are applications with the City of Cape Town that have been waiting for up to 18 months.

“We keep on hearing how government should not incur frivolous and wasteful expenditure. But what about government processes causing the private sector to incur wasteful expenditure?” asks van Zyl. “In other words, the status of the economy, exposure of corruption and the mismanagement and impact of bureaucratic processes have created the perfect storm – one that can either be treated as the opportunity to correct structural problems or, in future, will be referenced to as the point in time when the government system finally failed.”

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