

How the BIBC helped small construction businesses stay afloat, survive Covid-19

According to a [survey](#) by Statistics South Africa released earlier this year, 14% of construction companies permanently shut their doors in South Africa due to the lockdown.

[Deloitte also predicted](#) around the same time that construction companies with high levels of debt and low cash reserves may face a liquidity crisis and that smaller businesses or subcontractors may fail rapidly due to the impact of the Covid-19.

In order to assist small businesses in the construction industry to stay afloat and keep their staff employed during this time, the Building Industry Bargaining Council (BIBC) rolled out a number of initiatives.

Pearl Pugin, secretary of the BIBC, said that the biggest challenges that smaller construction companies in the industry faced were retaining employees during and after the hard lockdown when the industry came to a standstill. “The massive failure of the UIF Temporary Employer-Employee Relief Scheme (Ters) also made things very difficult for these businesses to ensure that they could keep their doors open.”

Keeping cash flowing

One such business owner that felt the crunch as a result of this was John Slingsby, director of Slingsby & Gaidien, a medium-sized construction company that has built a range of projects for both the private and public sector. “When the lockdown period was being extended beyond the initial couple of weeks, we became concerned about how we would pay our 60 wage-earning staff members who would receive no income for this period due to there being no work. Fortunately, thanks to the BIBC and the Master Builders Association Western Cape lobbying government regarding UIF Ters payments, our company was paid out and we were able to retain our employees.”



Pearl Pugin, secretary of the BIBC

Another way to make up for this halt in cash flow, compliant employers who purchased leave benefits towards the funding of the builders' holiday period requested to have these funds released before December 2020. According to Pugin, this request made sense as some small business owners were digging into their own personal funds to assist with basic provisions like food for their employees.

“The BIBC operations team was then tasked to implement this at very short notice and the funds were paid out to all employees for whom benefits had been duly paid at the end of March 2020.”

Making up for time lost

In the building industry, a two-month suspension of work introduces so many complexities as building contracts are suspended. “However, the multitude of complementary industries and activities that are covered in the BIBC collective agreement gave us a good sense of what the challenges would be when the industry reopened partially under Alert Level 3 and eventually with most businesses able to return under Alert Level 2,” said Pugin.

As such, during the lockdown, she explained that the parties to the council, which is made up by trade unions and employer associations, worked hard to negotiate an agreement that would allow a return to work under these exceptional circumstances. “This innovative agreement included provisions for businesses to apply to increase overtime, to work



John Slingsby, director of Slingsby & Gaidien

additional hours from Monday to Saturday at normal-time rates and also provided a formal application process for firms to work during the 2020/2021 traditional builders' holiday period in order to complete building projects.

"This initiative created an enabling environment for the employer to 'claw back' lost time and costs incurred during the periods of the hard lockdown at Levels 5 and 4, and also provided the employees with the opportunity to recoup lost earnings and to replenish depleted benefits due to the interim-distribution of benefit payouts made by the council to qualifying employees at the end of March.



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Putting employees first

Pugin said that the parties to the council met to consider how to assist the industry immediately after the hard lockdown was announced. The outcome of these discussions was to apply for retirement fund rule changes with the Financial Sector Conduct Authority (FSCA) to allow for a premium holiday to be offered to all compliant employers and their employees who are registered with the BIBC.

"Aby assisted by Simeka on behalf of Sanlam, this objective was finally met through the hard work of the BIBC Retirement Fund Board of Trustees in mid-October 2020," said Pugin.

"As many smaller businesses are 'labour-only' subcontractors, the legal suspension of their responsibility to contribute towards their employees' retirement funds will have a significant impact on their wage bill. As such, the businesses we spoke to were relieved to be given this space to recover from the devastating effect of Covid-19," she added.



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Commenting on the assistance provided by the BIBC, Slingsby says the council greatly assists both the employees and employers in our industry. "They are really an extension of our company's human resources department. As an employer, we enjoy a 'level playing field' when tendering against other contractors and stability amongst our workforce. For employees, benefits are ensured and exploitation is avoided."

"Compliant employers in the building industry have access to a collective bargaining system that works for them. None of these initiatives would have been possible without a committed council who hear the plight of both employers and employees and respond. I am exceptionally proud to play a small part in a bargaining council that truly lives its motto of

'Caring for the people in our industry'," concluded Pugin.

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