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EDITOR’S NOTE

Welcome to the first issue of Concrete for 2016. The year is already running away with us, forcing us to work harder and smarter to keep one step ahead.

Despite being a hive of activity, the construction industry is, in some respects, experiencing a difficult period, which the third PricewaterhouseCoopers (PwC) report on trends in the industry - published in November 2015 - states has lingered since the completion of 2010 Soccer World Cup projects. In spite of buildings and corporate headquarters seemingly cropping up on almost every corner and the ever-present improvements to roads and infrastructure throughout the country, the industry, PwC writes, is solidly in a slump.

The 2015 financial year got off to a poor start, it states, with the construction industry adversely impacted by labour unrest, which resulted in delays on significant projects in the country.

The report states: “A good indicator of the industry's performance would be the infrastructure spend by the public sector in terms of the National Development Plan. Its continued commitment to public infrastructure investment of R810 billion (R847 billion 2014) over the next few years is still positive. However, the reduction in planned expenditure over the next three years highlights the tough economic environment experienced by the country and therefore by the heavy construction industry, which benefits from infrastructure development.

“The competitive nature of the market, combined with skill shortages, places pressure on companies to deliver on projects. Poor execution of contracts results in margin erosion and losses. This includes the risk of poor quality control on site, which results in rework, increased costs and delayed delivery of contracts. The implementation and monitoring of project management procedures and policies over the life cycle of a project and the assignment of accountability are imperative in mitigating the risks posed to project execution.”

Although quality of work is touched on only in passing in the PwC report, this issue of Concrete reveals that it is still a pressing issue in the local market. Companies are working to tight deadlines in tough economic conditions and they face the challenge of keeping up their standards. Many are doing so, but there is evidence that others are falling short. This is revealed in the latest cidb Construction Industry Indicators survey, which features in this issue.

In such an environment, the need is obvious for constant development of new quality-related standards and updating of existing ones.

This edition we look at progress on the National Immovable Asset Maintenance Management standard, which presents guidelines for the management of immovable assets following construction.

You will also share in some good news stories on skills development, which is crucial to the sustainability of our industry.

The team at Concrete wishes all readers a busy and prosperous 2016.

Views expressed in this newsletter, particularly in articles that profile other industry bodies and independent companies, do not necessarily reflect the views of cidb. We do, however, see them as an opportunity to spur constructive debate. Thus we welcome your comments on any article in our publication. Likewise, if you would like us to cover a particular issue, please let us know.

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New cidb chairperson, Lufuno Nevhutalu, has a no-nonsense approach to doing business in South Africa. “We need to make decisions, implement them and make progress together,” he says. “There is simply no time for milling around and wasting precious moments if we want to be a first-world economy.”

Lufuno was appointed chairperson in early-March and welcomes the opportunity to make what he modestly envisages will be a “very humble contribution” to an important structure set up to take South Africa’s economy forward.

A highly accomplished businessman, Lufuno co-founded information technology business, Cornastone, in 2001 after leaving IBM SA to explore his entrepreneurial ambitions. One need look no further than the vision statement of the company to know the measure of the man – it not only encompasses a commitment to provide service that sets the standard for others to follow and to deliver solutions that work, but places great store on training and development opportunities for employees and on giving back abundantly to the communities in which Cornastone operates.

“Having been in business for many years, I’ve worked through all the challenges associated with building a successful venture and have learnt many lessons,” he says. “As a member of several boards over the years, I can bring my experience in corporate governance matters to cidb and guide it towards greater efficiency.”

He also brings to the table proven skills in management and finance, and a reputation as an enterprising and creative thinker with a penchant for ensuring that everything works to the highest possible professional standards.

He believes that cidb and the industry must work together in the interests of the country. “It must not be a case of ‘us and them’. We must be open to communicating with and learning from the industry and commit to being its ally,” he says.

“The economy needs a mix of big businesses and small, entrepreneurial companies that will create employment opportunities, without which no country can survive. Businesses of all shapes and sizes must co-exist and cooperate.

“Success is built on the back of decisions, implementation and accountability. The government has a crucial role to play in creating the infrastructure and systems around which growth will take shape, but we, as business people, need to leave the politics to the politicians and focus on the core issues of transformation and job creation.

“Twenty years into democracy, we should all be walking the same path, one on which race and gender are immaterial.”

In appointing Lufuno to the cidb board, Minister of Public Works Thulas Nxesi expressed his confidence in the decision, citing Lufuno’s experience and commitment to the industry as having the potential to contribute to cidb’s strategic leadership and direction in ensuring sustainable growth, reform and improvement of the construction industry and its role in the economy.

Lufuno’s mother would echo that confidence. When he was very young, she told him, probably as all mothers tell their children, to ‘always be truthful’. He took it firmly on board and it is a principle he lives by to this day. She also must have foreseen that her son was destined for great things, because she bestowed on him a very appropriate name, ‘Lufuno’ indicating a person ideally suited to a position of authority, whose vision and foresight lend themselves to tasks demanding responsibility and trust.

The cidb, very clearly, is in good hands.
Nelson Mandela had a dream – a dream of a South Africa free of corruption. He never saw his dream realised, and sadly, fraud and corruption remain rife in many spheres of South African society. In fact, latest indications are that South Africa has lost R700 billion to corruption over the last 20 years.

However, out of the gloom has emerged an array of initiatives aimed at well and truly kicking corrupt practices to the kerb. cidb is part of the fraud-fighting brigade, with its adoption of a zero tolerance approach to fraud and corruption.

The construction sector is at particular risk of dodgy practices, explains cidb’s Programme Manager: Construction Registers Service, Ebrahim Moola, because of high project values. “Unscrupulous operators try to obtain registration grades fraudulently,” says Ebrahim. “cidb will not tolerate this in the registrations process and will pursue all cases to the full extent of the law.”
To close all loopholes, the zero tolerance approach includes not only contractors, but cidb staff members, accountants and business agents.

The Board has notched up several successes already by tightening up verification procedures, which makes it increasingly difficult to bypass registration requirements. Eighteen contractors have been charged and disciplinary action instituted against cidb staff, including two dismissals and the arrest of a former employee, the latter a direct result of cidb engagements with the Anti-Corruption Task Team comprising three arms of the South African Police Service (SAPS), namely the Directorate for Priority Crimes Investigation (Hawks), Special Investigation Unit (SIU) and Asset Forfeiture Unit (AFU).

Various mechanisms have been instituted to turn anti-heroes into outright zeros. Among these are an anonymous fraud hotline, the establishment of a Fraud Management Coordinating Committee to deal with internal incidents, staff awareness sessions and distribution of fraud awareness material to contractors countrywide. Forensic service providers and the cidb’s Investigations Committee are at the ready to investigate cases, and a close working relationship has been forged with intelligence agencies, as mentioned above.

Ebrahim offers the following advice to those who potentially may find themselves on the wrong end of the big stick being wielded by cidb: “Contractors should be vigilant when approached by people claiming to facilitate cidb registration. The cidb verifies information received and information that appears potentially fraudulent is referred to cidb investigators and then to the committee for recommendations. Sanctions against contractors could include fines and suspension from the register. Once a case has been established, there is nowhere to hide, as details of sanctions and the company are published in the government gazette and on the cidb website.

“Staff should be mindful of the possibility of dismissal and of being charged by SAPS if found guilty.”

As with most progress in modern society, stamping out corruption is the responsibility of every citizen. As Claudelle von Eck, Chief Executive Officer of the Anti-Intimidation and Ethical Practices Forum put it at the Forum’s launch in January: “As professionals, we have a responsibility, an understanding that our responsibility does not begin and end just at our desk and just at our jobs. We’ve got to carry South Africa.”

Uncovered untoward activities? Discovered dodgy deals? Phone the cidb anonymous fraud hotline now on 0800 11 24 32.

“Staff should be mindful of the possibility of dismissal and of being charged by SAPS if found guilty.”
The National Treasury (NT) e-tender portal is an initiative aimed at simplifying, standardising and automating the procurement process. Tenders are published on the portal in accordance with the demand plans for acquisition of goods, services and infrastructure. It’s a one-stop platform of all that can be accessed by all South Africans at no cost.

The cidb i-tender system is a mandatory requirement effected through the Construction Industry Development Regulations 2004, as amended. The i-tender service provides a platform for clients to advertise construction tenders. Contractors registered on the cidb Register of Contractors (RoC) receive tender notifications via SMS and email. Tender information is also published on the cidb website. As with e-tender, the service is free.

So we have i-tender and e-tender, but where does i start and the e begin, you may ask.

Rather than duplicating systems and efforts, the two systems are completely complementary, says cidb’s Programme Manager: Construction Registers Service, Ebrahim Moola.

“It is clients, not contractors, who are required to enter the data on the tender advertising platforms,” he says.

“cidb and NT are, in fact, working on integrating the two advertising platforms so that tender adverts on one platform will be automatically reflected on the other. Thus, contractors will continue to receive construction related tender notifications.”

A cidb-National Treasury Technical Steering Committee has been established to finalise the model for integration and automated sharing of information across the two platforms. The Committee will consider all the necessary options to make it easier for clients to comply with both tender services, says Ebrahim.

Experience has taught us that tenders in their traditional form can be tricky animals and that the potential for fraudulent practices is high.

It is hoped that e-tender will see this trend do a u-turn, by serving as another weapon in the country’s ever-strengthening corruption-fighting arsenal, by improving transparency and accountability in the award of government tenders.

It will also improve accessibility of information markedly. Previously, finding out which company was awarded the tender or whose company was in the running took an investigation befitting Sherlock Holmes. Now, all information related to the successful bidder, price awarded and names of other bidders will be up for public scrutiny.

Corruption Watch’s Davis Lewis, for one, has welcomed the development, given what he has called an “epidemic” of tender irregularities and a lot of corruption, both of which have reached “an untenable level”.

“Tendering is where the money is, so you would expect there to be a lot of corruption in public procurement,” he says.

When e-procurement was introduced in other countries, it reduced corruption, by transferring human-to-human contact to an online portal, where it can be monitored. Treasury’s initiative will, says David, address the extremely fragmented nature of public procurement undertaken by thousands of nodes within government, making oversight difficult.
Are clients expecting more and contractors delivering less?

It would certainly seem so from the cidb Construction Industry Indicators (CIIs) report for 2015. The CIIs measure the performance of the industry, focusing on clients, the client’s agent/consultant and contractors.

The latest summary reflects indicators for projects completed in 2014 and is based on comments from clients for 519 construction projects and for contractors and subcontractors on 1 331 projects countrywide.

Essentially, it’s about assessing client satisfaction with all aspects of the service received. Client needs are summed up quite comprehensively by Movement for Innovation of the UK, which defines them thus:

“Clients in construction want their projects delivered on time, on budget, free from defects, efficiently, right the first time, safely and by profitable companies. Regular clients expect continuous improvement from their construction team to achieve year on year reductions in project cost and reductions in project time.”

The CIIs revealed that 18% of the work carried out by contractors in 2014 was judged unsatisfactory by clients, with unacceptable defects recorded in 13% of these projects. Seen against client dissatisfaction of 13% in 2012 and 16% in 2013, it paints a worrying picture of ongoing deterioration in performance. However, says cidb’s Programme Manager, Construction Industry Performance, Dr Rodney Milford, this dark cloud must be seen against the increasingly stormy market conditions being experienced across South African economic sectors.

“Clients in construction want their projects delivered on time, on budget, free from defects, efficiently, right the first time, safely and by profitable companies. Regular clients expect continuous improvement from their construction team to achieve year on year reductions in project cost and reductions in project time.”

“Although the trend is of concern, the survey also shows that a large proportion of companies in the contracting and consulting sector deliver a high-quality and value-for-money service.”

He continues: “Significantly, our surveys often uncover a mismatch of projects and contractors and this, we believe, is because functionality is not taken into account when contractors are appointed.

“We would like to see clients undertake risk assessments when procuring services. This empowers the client to weigh up the capabilities and track record of the contractor so as to manage risks early in the process.”

As with any industry, ongoing access to work and sustainability in construction hinge on the ability to deliver a superior standard of work consistently.

Echoing the immortal lines voiced by Kevin Costner’s character, Ray Kinsella, in Field of Dreams: “If you build it, he will come”, cidb’s hope for contractors is “If you build it properly, they will come back.”
The national and provincial Public Works Green Building Policy, which sets out in black on white the standards for the development, maintenance and operation of the government’s portfolio of buildings to reduce their environmental impact, is in the final stages of consultation with the provinces.

The ultimate aim is the greening of every building owned or leased by the government. Out will go inefficient and harmful products; in will come efficient, environment-friendly alternatives. Banned will be excessive use of water and energy; flavour of the day will be renewable energy. Frowned on will be generation of unnecessary waste; smiled at will be recycling of waste and use of products made from recycle.

The policy envisages a day when all buildings will be green: environmentally sustainable, and designed, constructed and operated to minimise its total environmental impacts. It relies on improvements in every aspect of building operation and puts great store in sustained development.

At a meeting during the second half of 2015, Pinkie Modisane, Chief Director: Facilities and Property Manager at the DPW, described the objectives of the framework that gave rise to the policy as “to proactively inform and support development of green building plans and programmes, to identify opportunities and threats to green building, to identify key strategic areas to meet national requirements, to integrate and consolidate principles of green building across areas, regions and sectors, to focus on enhancement of human settlements and social cohesion, and to integrate the concept of green building into immovable asset formation in South Africa”.

Says cidb’s Dr Rodney Milford: “The Board is contributing its expertise, having already supported the DPW through the development of the strategy. We are currently championing several of the working groups that are putting the final touches to the policy.”

Among these is the group tasked with planning for energy performance certificates (EPCs) to be displayed in prominent places on Public Works buildings; developing guidelines and minimum standards for leasing of buildings by Public Works in line with the measured energy performance recorded in EPCs, and planning for retrofitting of buildings.

A second group involving cidb is focusing on eco-labelling of building materials and products, including the development of guidelines for using environmentally sensitive eco-labelled materials.

With the Public Works Green Building Policy having been endorsed by the Ministers and Members of Executive Councils (MinMec), provincial consultation nearing completion and a series of pilots planned in the areas of energy, water, waste management and indigenous knowledge systems, it is obvious that, when it comes to the built environment, the writing is on the wall. And the writing is bright green.
The cidb postgraduate conference was this year hosted by the University of Cape Town and explored the theme ‘Emerging Trends in Construction Organisational Practice and Project Management Knowledge areas’.

That this was the ninth staging reflects the esteem in which the event is held by the industry. The building blocks for the conference were presentations on diverse aspects of the theme.

As is traditional, a call went out to the local and international built environment fraternity for submission of abstracts. Some 121 abstracts were received, from South Africa, Egypt, Ghana, Hong Kong, Netherlands, New Zealand, Nigeria and the UK, and were assessed by international panels of experts. Of the abstracts, 55 were given the thumbs up to be presented at the conference as full papers. Papers were then subjected to a double-blind peer review process for finetuning by the authors to ensure quality of material tabled.

Twenty-two papers were presented under the construction project delivery sub-theme, which included planning, green buildings, project performance, company capabilities, professional services and facilities management.

The strategic management sub-theme attracted 31 papers touching on issues such as health and safety, risk management, real estate investment, stakeholder management, quality management and supply chain management.

Two papers explored organisational practices and procedures sub-theme, which focuses on the use of social media.

Significantly, of the 72 delegates who attended the conference, 42 were postgraduate students accompanied by their supervisors.

This tremendous turnout by the construction industry’s future leaders more than justified the holding of the conference, according to cidb’s Manager: Construction Industry Performance, Ntebo Ngozwana. “That more than 50% of delegates were postgraduate students shows the value of the conference as a peer review mechanism in construction academia,” she says.

“We have also seen a continuous improvement in the quality of student papers and in the standard of their delivery.”

In line with its commitment to supporting best practices, the cidb presented two awards. The best paper award went to Daniel Robert Splaingard of the University of Cape Town for his paper entitled ‘The Effects of Adesign on South African Public Works Programme Goals’, while the presentation award went to Adeyemi Akintola of the University of Witwatersrand.

Another factor cited by Ntebo as proof that the event captures imagination and is growing in stature was the support of NMC Construction, which organised a site visit for international delegates to one of its sites at the V&A Waterfront.

“This was significant for us as we like to see more and more industry partners aligning themselves to this important event,” she concluded.
THE LATEST MOVES IN IMMOVABLES

You can’t move them, but you can move with the times and manage them effectively.

The National Immovable Asset Maintenance Management (NIAMM) Standard is part of the NIAMM Framework. The NIAMM Standard establishes a system of principles or practice specifications for the management and care of immovable assets:

- to derive maximum value from these assets;
- to protect the investment made in public sector immovable assets and ensure; business continuity through the ongoing availability of such assets at reasonable cost and within acceptable risk parameters; and
- in support of economic development, social upliftment and environmental sustainability for the benefit of all people in South Africa.

The NIAMM Standard specifies robust practice requirements to be implemented by competent asset management practitioners.

cidb’s Dr Rodney Milford is a real mover in the immovable asset world, having worked closely with Department of Public Works (DPW) in its development and formalisation. He explains that the Standard complements the Infrastructure Delivery Management System (IDMS) by specifying asset care requirements for immovable assets through the lifecycle, and by establishing standards for organisational arrangements, competences and requirements for professionals involved with asset lifecycle activities.

"Lifecycle activities include planning for and execution of maintenance, renewal or replacement, decommissioning and disposal, but excludes the accounting, non-asset-specific activities such as water quality testing, asset-specific aspects regulated by other bodies, and health and safety matters," says Rodney.

"The NIAMM Standard recognises that asset care management activities are conducted within a broader asset management system, and identifies linkages between specific asset care practice requirements and the larger asset management system as appropriate."

The Standard holds sway over all public buildings, complex facilities and engineering infrastructure under the custodianship of DPW, (national and provincial), and it is set to be rolled out shortly, with the support of cidb. The principles can be applied to the assets of the wider public sector and interest has already been expressed from other departments.

Encouragingly, says Rodney, although all the NIAMM obligations rest with the government, maintenance offers great opportunities for framework contracts for contractor development and job creation.

Minister of Public Works, Thulas Nxesi, touched on NIAMM during his recent report on the turnaround of the department, saying .... “let me flag the significance of the development of NIAMM in establishing policy and technical guidelines to ensure the effective maintenance of state immovable assets in a uniform and compliant manner”.

“Lifecycle activities include planning for and execution of maintenance, renewal or replacement, decommissioning and disposal, but excludes the accounting, non-asset-specific activities such as water quality testing, asset-specific aspects regulated by other bodies, and health and safety matters,”
ANOTHER FEATHER IN CIDB’S HARD HAT

If South Africa is to prosper, it needs skills, skills and more skills. Against this backdrop, cidb has been granted permission by WorldSkills South Africa to coordinate participation and competitions in the construction sector. This, says Ntebo Ngozwana, is in recognition of its key role in the industry and its partnership with the Department of Higher Education (DHET) in the promotion of skills development.

WorldSkills is an august body with a rich, 65-year history of promoting vocational, technical and service-oriented education and training. Today it boasts 72 member countries and regions, the South African chapter having been launched in 2014 by Deputy Minister of the Department of Higher Education and Training, Mduduzi Manana as part of the drive to make technical vocational education and training (TVET) colleges and artisanal careers more attractive. The biennial WorldSkills Competition is the world’s largest vocational, educational and skills excellence event. Participants demonstrate technical abilities in their chosen fields and representatives from industries, the government and education are able to exchange information and share best practices.

“We see this as an opportunity to enhance the work of WorldSkills South Africa by attracting youth to construction careers and supporting DHET in improving the quality of training in the construction trades,” says Ntebo. “This work will build on our current involvement with the SIPS skills initiative and on our partnerships with voluntary employer bodies to revitalise the quality of training in the construction industry.

“We will also liaise with other stakeholders to market the initiative and obtain support for the different volunteer roles needed for successful implementation of South African participation in the WorldSkills Competition.”

The importance of organisations such as WorldSkills is reflected in the scary statistics that add up to the current global skills scenario. By 2020, it is predicted that there will be a global shortage of 85 million skilled workers. By that stage, the world is likely to have too few highly skilled workers and not enough jobs for lower-skilled workers.
For Regothabetse Mashishi and Mahlatse Maja, the skyscraper is the limit. The two are among the beneficiaries of a bursary scheme run by the Department of Public Works (DPW) aimed at developing scarce skills in the built environment and property development sectors.

The programme, launched in 2014, complements the schools programme run by DPW as part of its skills pipeline strategy, and offers matriculants with a minimum 80% pass rate in mathematics and physical science the chance to develop their skills in construction project management.

To date, almost 190 youngsters have benefited from the bursaries. Regothabetse and Mahlatse were among 55 signed up for 2015. Today, they are two of 27 students gaining their first taste of the workplace as interns at DPW.

For Mahlatse, the bursaries she was awarded in her third and fourth years of study enabled her to earn her honours in construction management. Now she is laying the building blocks for her career. “I have only just started, but I am already learning a lot,” she says. “Right now, I am involved in tendering procedures for new projects that will start in the 2016/17 Financial Year. I am learning not
only about construction management, but about people.”

Without the bursary, Regothabetse would not have been able to complete his BSc Construction studies at the University of Witwatersrand.

He is relishing his work experience at DPW, where currently he is learning the ins and outs of cash flows and project plans.

Both youngsters have high hopes for their futures. Both have set the ball rolling to become affiliated to the South African Council for Project and Construction Management Professions (SACPCMP), which they view as a window to the world of work in their chosen career.

Mahlatse sees herself sampling life on both sides of the fence: the public and the private sector.

And Regothabetse is casting the groundwork for a master’s degree. “My chosen university, the University of Washington, has told me what I have to do to be accepted as a student in due course, and I am determined to meet the criteria,” he says. “It’s very exciting.”

Nancy Makhado of DPW’s Human Capital Investment department manages the school and bursary programme. “Generally, there is a lack of awareness about careers in the built environment, so school pupils do not think of it as a possible career,” she says. “Those who do often experience problems with technical drawings in their first year of study, due to lack of exposure to the skill at school. They need the support of mentors to acquire the skills.”

Welcoming the 2016 group of 40 bursary recipients, Minister Thulas Nxesi reiterated that the scheme is part of a seven-year plan to rebuild the DPW, which includes rebuilding technical and professional capacity, and promoting training and skills development in line with the needs of the National Infrastructure Plan and the National Development Plan.

“I firmly believe that had we had an adequate complement of professional and technical staff – such as qualified project managers, quantity surveyors and engineers – then we would have avoided most of the irregularities of the past,” he said.

In conclusion, he reminded all present never to forget the words of Tata Madiba: “Education is the most powerful weapon which you can use to change the world.”