Construction Industry Development Board

*DEVELOPMENT THROUGH PARTNERSHIP*

# CONCRETE

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Construction Industry Development Board
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CONCRETE SKILLS

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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# EDITOR'S NOTE

Another 12 eventful months have passed at almost breakneck speed and it is time for the construction industry to take a collective breath and settle down for a hard-earned rest.

As we at the cidb see out another year, we also appreciate the current cast of characters that have constituted our Board for three years. Under the capable chairmanship of Lufuno Nevhutalu, each individual brought unique and valuable insights to his or her work on cidb-related matters. The cidb team thanks all Board members for their guidance and wisdom, which have helped us to tackle pressing issues and maximise exciting opportunities in recent times

The year 2017 won't easily be forgotten, for several reasons. Astounding world events such as the outcome of the US election aside, South Africans had to grapple with the country's downgrade to junk status and contend with a continued sluggish economy. The Cape drought remains dire and Knysna residents are still rebuilding their town after the devastating fires of June. That said, South Africans are well known for their resilience and their ability to bounce back from adversity and to remain positive. The promise of 2% economic growth in 2018 gives reason for some optimism.

In construction, boosted spend particularly in housing and road infrastructure bodes well for industry growth. Even one of the most unfortunate incidents of recent times - the collusion saga – revealed a silver lining during the year, when several of the offending companies reached an agreement with the government to channel R1.5-billion into black economic empowerment of the sector over 12 years.

The cidb has done good work during the year in strengthening measures to combat underhand practices through the fraud hotline. Our efforts continued in other areas, too, with the introduction of new standards aimed at enhancing the performance of our contractors and continued monitoring and research of industry trends for the benefit of stakeholders.

As South Africa heads for the final turn of 2017, and the prospect of time out to rest with loved ones, reset compasses and plan for what will undoubtedly be a demanding new year, the cidb team wishes all its contractors and stakeholders peace and joy throughout the festive season. With a new strategic plan that focuses our efforts more intently on transformation and on capacitating and improving the performance of enterprises through development support and best practice standards, we are ready for what next year will bring. And we look forward to working closely with you all during 2018 to construct a South Africa which we can all be proud.

Editor

# COMPETITORS FEEL THE HEAT AS ABU DHABI DECIDES ON THE MOST SKILFUL >>>


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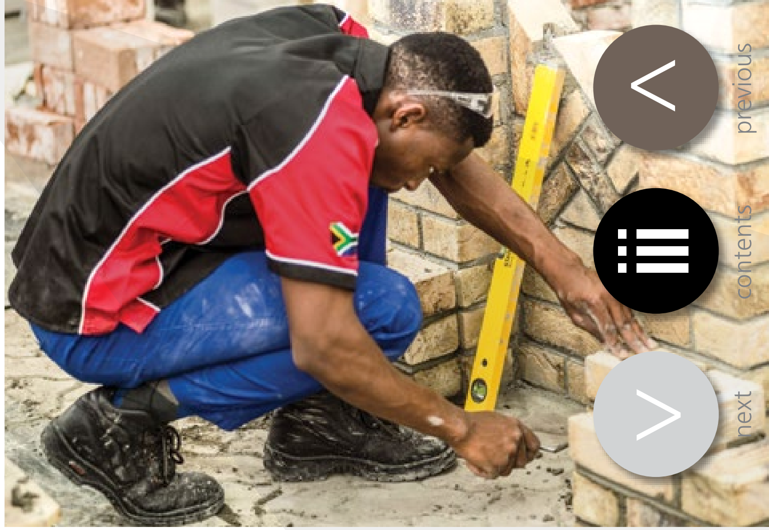

# NEWS



## IMPROVING OUR WORLD WITH THE POWER OF SKILLS


Mihle Mvelakubi competing in Abu Dhabi

They jetted into Abu Dhabi from all corners of the globe, bringing boeing-loads of youthful excitement and an infectious eagerness to pit their skills against each other in the ultimate test of hand, eye and brain coordination.

This was the 2017 finale of the biennial WorldSkills International Competition. It's billed as the 'world's greatest skills show' and, with around 125 000 visitors from 60 countries flocking to the Abu Dhabi National Exhibition Centre for this year's event, few would argue the point. None older than 22, the 1 300 competitors representing the workforce of the future came tooled up and ready to seek glory. Whether theirs was a gift for digital gaming, a flair for flower arranging, artistry in architecture or mastery in meal service, they were there to give their all in one of 51 competition categories.

South African eyes were firmly trained on the bricklaying hall, where Mihle Mvelakubi, a Building and Civil Engineering National Certificate Vocational Programme Level 3 student at Northlink College in the Western Cape, brandished his tool of choice, a trowel, ready to lay his way into the record books.

Mihle's ticket to the 'end game' had been earned during the second-year of his programme that saw him win his college competition, the provincial heats and then the final national showdown.

The cidb sent a four-person delegation to accompany him, by virtue of its role in the organisation of the local and national bricklaying competitions. It was the visitors' first taste of the spirit of WorldSkills and not a minute went to waste, says cidb Skills Project Manager, Pranveer Harriparsadh, who joined cidb Skills Manager, Ntebo Ngozwana at the event. 'It had been an interesting journey to this incredible milestone,' says Pranveer. 'The world stage was awe-inspiring - the enthusiasm, dedication and desire to be the best.'

Also in attendance was Ishwarlall Rampersad, bricklaying maestro and mentor to Mihle through his Abu Dhabi preparations. Ish hails from a long line of bricklayers, dating back to his grandfather – the first non-white building contractor in KwaZulu-Natal and continuing with his father, who found young Ish an enthusiastic apprentice while he was building the family's home in Reservoir Hills. Ish currently coaches up-and-coming artisans in his craft at KZN Coastal Occupational Skills Training and Trade Testing Centre in Umlazi. One would have been hard pressed to find someone more qualified to take Mihle under his wing.


The fourth member of the delegation was volunteer bricklaying expert Rishi Durgadin from Majuba TVET college. Rishi was involved in taking Majuba students through their paces during the early rounds of the local leg of the WorldSkills contest and in the South African semi-finals, held in Durban earlier this year.

To say the group's first exposure to the competition was an eye-opener would be the ultimate understatement. 'The competition set an extremely high standard of skill and professionalism that took our breath away,' says Ish. It would not be exaggeration either to say that WorldSkills challenged the seriousness with which South Africa views its artisanal skills. 'Most of the global competitors were not students like Mihle, but actively work in the trades they were representing, thereby honing their skills and knowledge daily,' Ish explains.

Rishi was struck particularly by countries such as Russia, which have already nominated their contestants for the 2019 event and brought them along to introduce them to the environment and the working conditions. 'This exposure will definitely help in their preparation and performance,' he stresses.

All this set the goalpost exceedingly high for Mihle, who had never even been out of South Africa and now found himself representing it in a prestigious competition in its 44th running. Before leaving, he had spent five weeks with Ish in Umlazi, where he had to split his attention between getting to grips with the finer points of bricklaying and studying to achieve a good pass in his second year level 3 exams.

WorldSkills affords bricklaying all the respect it deserves as the most visual component of a building, so competitors are judged on accuracy, neatness, adaptive thinking, effective solutions application, and planning and scheduling skills, not to mention concentration, safety procedures and tidiness - quite a tough ask for a young mind new to competition. The competition was immensely challenging and even overwhelming at times, pushing Mihle's mental and physical strength to the boundaries.

'Mihle's quest for perfection means he spent too much time on the first module, leaving insufficient time to complete the building modules two and three,' says Ish. 'However, he persevered and finished the competition, which was most commendable.'

Mihle could still stand proud, as he was the top African performer, having finished ahead of contestants from Namibia and Zambia. However, he agrees that time management got the better of him and he has resolved to pay particular attention to this skill in future. 'The contest was a great experience, as it showed me what I need to concentrate on as I complete my qualification and go on to an apprenticeship.' For the team it helped us realise there is a lot of areas we can work on to improve our performance in search for top honours. There were some obvious areas and some not so obvious areas we need to improve so there will be hard work taking place in the background.

Ultimately, 2017 was China's year, as it snapped up 15 firsts. Gold may have slipped through the cracks this time around, but it was a 24-carat experience for the cidb delegation, each member of whom returned with impressions and information that will add immeasurable value to preparations for 2019. Ish left keen to assist in any way with the next batch of WorldSkills hopefuls. 'By revealing the deficiencies in our approaches, Abu Dhabi gave us a blueprint for future action,' he says. The experience confirmed to Rishi that he has an important role to play in mentoring youngsters in the trade and drove home the importance of real industry experience. 'Our future competitors ideally should learn on the job and in the industry so that they have a real-world view of what is expected of them.'

Rishi believes that more local competitions are needed to acclimatise

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*One couldn't sum* up the significance of ***skills*** much better than the profound wording that appears on the WorldSkills website…

***Skills are the foundation of modern life.* Everything, from the houses we live in to the societies we create, is the result of skills.** They are the ***driving force*** behind successful careers and companies, thriving industries and economies. **Skills keep the world working.'**

learners to the pressures of international competition and of working to tight requirements on a stage watched by hundreds of people.

Ish goes one step further, maintaining that making the grade requires nothing less than a mindset change. 'To be truly competitive, we need to develop a sense of urgency in our training ethic and lose the ingrained belief that we have all the time in the world to finish a task, a course, a programme.' Clifford Crosson, Manager at Coastal Centre agrees. 'From the start of their training, the candidates must focus on the speed with which they perform tasks,' he states. 'Greater commitment and a change in trainee attitude are also required. That said, the experience was most worthwhile, as it exposed the participants to different techniques that not only broadened their knowledge and competence, but opened their minds to the possibility of new solutions and improvements that could benefit the industry.

**'There is no doubt that WorldSkills empowered both our learners and experts.'**

From the cidb's perspective, Ntebo and Pranveer took away with them thoughts to ponder from their networking with WorldSkills veterans that will enrich activities in the forthcoming preparation phase. 'We will capitalise on our experience and our new-found relationships with national, regional and international roleplayers to enhance training programmes and promote increased awareness and participation levels among learners at TVET colleges,' says Pranveer. 'In fact, our focus turns immediately to driving college and national competitions in 2018.

'We will also team up with our Namibian and Zambian counterparts to strengthen the African contingent.' We leave the last work to the man who took most of the heat in the Emirates. 'The opportunity really showed me how important skills and learning are to success in life,' says Mihle. 'I want to share this message in my community and use my love of bricklaying to create interest among other youngsters.'

In the meantime, it's all eyes on Kazan, as Russia prepares to roll out the red carpet in 2019 to entrants and entourages attending the greatest trade talent show on earth.

# BUILDING A TRADITION ON TRULY MASTERFUL EVENTS

There was no shortage of news on South African soil way back in 1905. It was the year a new facet was added to economic development with the discovery in Cullinan of the world's largest diamond, at more than 3 000 carats. It saw the birth of writer Herman Charles Bosman, whose works are as relevant today as they were when he penned them. And the country bade farewell to Enoch Sontonga, whose contribution to society is echoed daily in the words of Nkosi Sikelel' iAfrika.

Of most significance to the construction industry, however, was the hosting of the inaugural annual congress of the Master Builders South Africa (MBSA), the start of a remarkable 112-year tradition.

And, if history teaches anything, it's that the more things change, the more they stay the same - that first congress looked at the link between skills and industry growth and the latest gathering  discussed pressure on skills in the current tough operating environment. Skills have, in all probability, never left the agenda.

The latest event, held in Cape Town in September 2017, was, by all accounts, another resounding success for an organisation that has witnessed up close the building of South Africa. It was not surprising, then, that the theme was 'Building South Africa Together'. About 350 industry leaders, government representatives, economists and other interested parties gathered to debate topical issues and share knowledge.

Kicking off proceedings, MBSA President, Bonke Simelane, stated: 'We are seeking to co-create the future, come up with solutions and put forward resolutions that will enable us to contribute meaningfully and make a positive impact as a sector in the face of the country's triple challenges of poverty, unemployment and inequality.'

In his keynote address, Minister of Economic Development, Ebrahim Patel pointed out that construction, in the past eight years a driver of economic growth and employment in an otherwise sluggish environment, was suffering amid reduced infrastructure spending by state-owned enterprises, collusion, corruption, project delays, cost overruns and a lack of transformation.

The department, Patel said, is consulting National Treasury on the possibility of a multi-year budget system to mirror the build cycle of mega infrastructure projects and provide certainty in the market. Despite softened spending, he said, the government is still outlaying about R280 billion a year on infrastructure and that this will be boosted further with emphasis on infrastructure spend over the next two budgets. In addition, Patel reminded attendees of the opportunities presented by urbanisation and growth in other parts of the continent.

Transformation and industry opportunities were the talking points during two thought-provoking panel discussions, says MBSA Manager: Business Development and Marketing, Terrence Mwase. 'The first session concluded that, although

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the industry codes are a blueprint for integrating historically disadvantaged communities into the mainstream economy, they should be seen as the minimum,' he says. 'The industry should do more to ensure that ownership of the industry rests in black hands. There was consensus that transformation must become part of daily life.

'Panellists debating opportunities concurred that infrastructure investment should not only leave behind physical infrastructure, but should contribute towards national developmental goals, economic development, job creation, localisation and skills development. But this is being hampered by the lack of rollout of infrastructure by the government, with a 35% decline in the number of projects put out to tender and a 44% cancellation rate of projects in the first quarter of this year. Platforms such as the congress will continue to play an important role as the solution lies mainly in an ability to consolidate and integrate efforts.'

**Another topic was regional integration for African cooperation and development, with Thami Ngqungwana of the Department of Trade and Industry pointing out that underdevelopment in Africa is attributable to a lack of adequate infrastructure, which is good news for the construction industry.**

Craig Lemboe, of Stellenbosch University's Bureau of Economic Research tackled the economic outlook, predicting that GDP growth will remain flat, but that 2018 may produce more meaningful growth if risks are properly managed. Velile Ndlovu of the Construction Education Training Authority touched on work-integrated learning programmes, recognition of prior learning and cooperation between industry stakeholders and lecturers at technical vocational education and training colleges to improve construction industry tuition.

In his review of the event, Bonke Simelane reiterated that the sector is one of the strategic pillars of the South Africa economy, and needs to behave and organise itself accordingly. 'This congress planted the seeds of this vision as we seek to position the brand Master Builders SA to take its rightful place in the evolution of the South African construction economy value chain and become the leading voice in the building industry. The cidb needs to be heard too.

'The concrete, tangible, implementable, measurable and realistic resolutions made at the event will guide us in building South Africa so that the next generation can look back with pride and gratitude.'

Minister of Economic Development, Ebrahim Patel

# PUSHING PERFORMANCE FROM STANDARD TO SUPERIOR


Much more goes on at the South African Bureau of Standards (SABS) campus in Groenkloof, Pretoria, than may appear at first glance. The organisation has almost 7 000 standards, with close on 1 000 in development at any time. It sells around 44 000 standards a year. Most products that have put South Africa on the innovations map have survived SABS scrutiny in the decades since the development in 1956, of its oldest standard - for canned hake.

While the cidb cannot claim quite as long a history, it, too, is all about standards - in its case standards that promote professionalism and best practices among contractors and clients. So it is no coincidence that the cidb found its home 17 years ago on the grounds of the SABS campus.

Manager: Construction Industry Performance Unit: Skills, Ntebo Ngozwana, is quick to point out, though, that the organisation doesn't while away the hours dreaming up wild and wonderful new schemes to foist onto contractors. 'We don't sit in dark corners of dim offices coming up with new ideas for the sake of new ideas,' she stresses. 'Our only aim in developing standards is to improve the performance of the construction industry through implementation of best practice.'

The most recent development was the release for public comment in November 2017 of draft Regulation amendments to give effect to the new cidb Project Assessment Scheme. The scheme will empower the cidb to assess whether clients on construction works contracts have adopted cidb best practices and guidelines.

It's all part of the important mandate held by the cidb, says Programme Manager: Construction Industry Performance, Dr Rodney Milford. 'The cidb Act compels us to determine and establish best practices to improve performance, efficiency, effectiveness and public sector delivery management,' he explains. 'In fact, it goes further, requiring that public and private sector clients use their procurement potential to improve not only their own performance, but that of contractors, sub-contractors, labour and other participants, to create better value for money, increased sustainability of contractors and enhanced job security for workers.'

Determining best practice is not a hit-and-miss affair, he adds. 'The cidb calls on its extensive links with the local and international industry and often does in-depth studies of industry issues such as skills development, quality and labour relations.' Standards already in use by clients and contractors include those focused on the development of skills through infrastructure contracts, indirect targeting for enterprise development through construction work contracts, contractor performance reports, minimum requirements for engaging contractors and sub-contractors, contract participation goals, and best practice for green building certification. All of these may be viewed on the cidb website.

Four more standards are currently in the wings for launch in 2018 and will change for the better companies' healthcare practices and management of service providers. Look out for the:

- Standard for Health and Safety Management Plans
- Standard for Primary Healthcare Assessments
- Standard for Prompt Payment and
- Standard for Professional Service Provider Performance Reports for Professional Services

'These standards address real needs in the industry and we urge clients to adopt them,' Rodney concludes. 'The rewards will speak for themselves.'

# SANRAL DRIVES THE AUTOBAHN OF TRANSFORMATION

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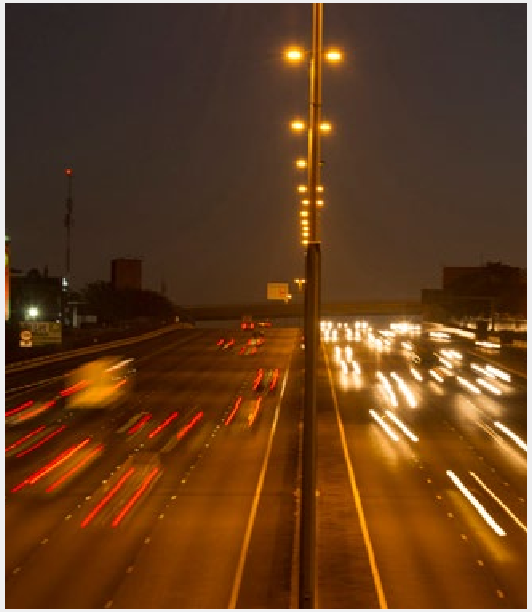

Profound and accelerated change of the kind South Africa is seeking to redress past imbalances does not happen overnight. But it is generally acknowledged that transformation has been slow, particularly in the construction industry, where the pace and depth of the process have left much to be desired.

The need to put the industry's foot on the accelerator prompted the South African National Roads Agency (SANRAL) to release its draft transformation policy, launched on 29 September 2017 by the Minister of Transport, a far-reaching document that leaves minimum legislative requirements in its dust as it speeds ahead.

For the contracting sector, two proposals loom large, says cidb Programme Manager: Construction Industry Performance, Dr Rodney Milford. The first is that SANRAL will limit business with cidb grade 8 and 9 contractors to those with at least 51% black ownership, a minimum of 30% management control by black people and a BBBEE level 2 rating. Secondly, only three tenders per province will be issued annually to a single entity, not exceeding 15 nationally, this is for entities who operate nationally. For entities with representation in only one province, the maximum number of tenders is five a year.

Says Rodney: 'The policy is still in draft stage, so a fair amount of consultation into its pros and cons is on the cards, but the cidb applauds SANRAL for the extensive consultation that it has instituted nationally. We strongly endorse the principle that government and private sector clients should go beyond the minimum requirements because, without pushing the boundaries, the industry will not achieve the desired transformation.'

That said, he adds, SANRAL's draft position on grade 8 and 9 contractors goes beyond the PPPFA (2017) Preferential Procurement Regulations that allow clients to stipulate a minimum BBBEE status level as a prequalifying criterion. 'Only about 40% of all grade 8 and 9 civil engineering contractors have a BBBEE level of 2 or better,' he says. 'While we support using a minimum BBBEE level as a prequalification criterion, the minimum level should not over-constrain or limit the market too drastically, as this could lead to price increases.'

Furthermore, only about 65% of grade 8 and 9 civil engineering contractors are 51% or more black-owned, thus SANRAL's proposal could set the market back.

'The cidb is not against constraining the market,' Rodney stresses, 'but we believe that a conscious decision has to

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be made by the client as to what level of market constraint is acceptable but not anti-competitive.'

Turning to the number of contracts proposed, Rodney points out that the cidb has been looking at possible ways of constraining market access or reducing competition by dominant players in the market. 'To date, we have not been able to devise a framework for doing this that complies with PPPFA Regulations and the procurement provisions set in South Africa's Constitution,' he says.

The extensive consultations currently underway are viewed as encouraging and the cidb is playing its part by liaising with SANRAL on the more contentious proposals.

If, as Sam Cooke sang, a change is gonna come - and come it must – then, the cidb maintains, let it come after all relevant views have been voiced and heard.

# SMALL PLAYERS TOUGH IT OUT IN ROUGH TIMES

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South African businesses face pressures from every quarter – economic, political, social and environmental. For small and medium enterprises (SMEs), the pressures are tenfold. Firstly, these enterprises have to beat the odds and make it to their fifth year, fully aware that as many as 80% fall by the wayside in spite of boundless enthusiasm and a burning desire to 'change the world'.

The fortunate few that endure will operate in a dog-eat-dog environment. To keep tabs on just how fierce the dogfight is, the cidb produces a quarterly SME Business Conditions Survey that measures business conditions for grades 3 to 8 registered contractors.

The 2017 editions of the survey don't paint a particularly happy picture. Business confidence in both general building and civil engineering is hovering at a low 50%, signalling an industry in distress.

And, says Matlhodi Matsei of the Bureau for Economic Research (BER), which compiles the SME surveys, the situation overall will probably not improve markedly in the short-term. 'Sentiment in general building and civil engineering remains low on the back of weaker building and construction work activity,' she explains. 'This has had a negative impact on profitability and has kept employment under pressure.' The industry shed about 140 000 jobs during the first three quarters of 2017, in fact.

The slump in demand for construction work can be attributed to the squeeze on government resources and on decreased spending by the private sector caused by investor wariness due to political and polity uncertainty, says Ntando Skosana, cidb Project Manager for Monitoring and Evaluation.

For grades 3 and 4 contractors, whose risk profile is high and collateral low, availability of credit is an issue. It takes time to build a sound credit record, says Ntando, yet these businesses rely on credit to grow and establish themselves to the point where they can start acquiring the necessary record. When, on the odd occasion, funds are forthcoming, they come with high interest rates that contractors may have difficulty honouring due to factors such as tardy payment from clients. This, of course, further hampers their efforts to build credit worthiness.

Government departments can help to alleviate the pressure on contractors by spending their allocated infrastructure budgets, notes Ntando, as underspending contributes to the lack of demand in the industry.

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Mathlodi warns that construction SMEs should brace themselves for persistent weakness and pressure in the sector, even if there is a general economic upturn.
'They can expect the pressure on activity and profitability to persist into 2018,' she says. 'Limited work availability is a theme that will be carried into 2018 as most respondents participate in government projects at provincial and local levels. While it is encouraging that infrastructure spend remains a key priority for the government, existing fiscal imbalances may prove to be a constraint.' It is forecast that infrastructure spend will decline by 1.6% in real terms over the short- to medium-term, before increasing by 1,9% in 2019.

Although these figures add up to a bleak outlook, the cidb is positive about medium- to long-term prospects. 'The government is committed to investing in infrastructure to support economic growth,' says Ntando. 'The short- to medium-term challenge is to increase the efficiency of spend, to enhance government capacity to procure and deliver infrastructure, to improve payment procedures and to secure access to credit for contractors. The cidb is working actively in all these areas.'

While the country waits for the economy to bounce back and contractors hold out for another construction industry boom, it may also be wise to prepare for the good times by heeding the advice of Prof Christian Friedrich, University of Applied Sciences, Giessen, Germany, and Extraordinary Professor at the University of the Western Cape.

'We need to start a massive entrepreneurship training initiative in all nine provinces,' he wrote in an article on Moneyweb. 'The training should deal with aspects of personal initiative, innovation and action strategies, with an action learning and action training approach, because we know that this is strengthening the business performance of entrepreneurs and will create more employment.