



Construction Industry Development Board

DEVELOPMENT THROUGH PARTNERSHIP

CONCRETE

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EDITOR'S NOTE

As we reach the mid-year point, the construction industry is looking forward to improved conditions, as the metros announce long-term development plans and international interests continue to invest in South African developments, as evidenced by the attendance at the World Economic Forum in Africa and the Captains of Construction and Infrastructure Forum.

The cidb is committed to the development of the sector, providing the right support and tools to ensure an equal playing field for all and the furthering of the National Development Plan.

As we introduce another Board member, who shares his story and experiences with us and his commitment to assist young built environment professionals to make a success of their careers, this issue focuses on performance and the importance of driving productivity in our industry. Defined as, "the accomplishment of a given task measured against preset known standards of accuracy, completeness, cost and speed" – this word, encompasses the construction industry as a whole.

This newsletter addresses how contractors are now able to access opportunities in Africa through the BEPEC and unpacks the new Preferential Procurement Policy Framework

Act (PPPFA) regulations, which came into effect on April 1, and takes an in-depth look at what these changes mean for both contractors and the industry as a whole, to further assist in maximum performance.

We also, tell a heart-warming tale about one of our emerging contractors who, in the face of tragedy, has built a thriving business from the ground up.

Finally, we applaud the 40 students who are recipients of the Department of Public Works' bursary scheme and look forward to welcoming them into the industry in the near future.

Here's to a productive and high performing second half of 2017!

Until next time



editor@cidb.org.za

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.

Email us on zingisan@cidb.org.za



ON BOARD

> A regular CONCRETE feature that looks at the decision makers driving cidb's destiny

BUILD PEOPLE AND CHANGE WILL COME

Denzel Maduray is a man who is passionate about both his profession and the pace of transformation and development within the construction industry. He joined the cidb Board in August 2014, using his 20 plus years of experience as a project manager to effect change and drive performance to the organisation.

"I joined the cidb because I wanted to make a real difference to both the industry and my profession. I wasn't happy with the industry's transformation and I knew I had two choices; either sit and complain or get onto the playing field and create the change I knew I wanted to see."

As a teenage boy, he remembers watching a programme on TV about engineers, which would ultimately lead to his career choice later in life. However, engineering was not a popular choice within his community, with the majority of his peers opting for degrees in law, accounting, medicine and business studies instead.

"When I'd made up my mind, I went to our school guidance counsellor with what was an unusual request for that time. Nonetheless, they helped me find a place at Technikon Natal, where I would later graduate with a Diploma in Civil Engineering, Cum Laude."

For Maduray, the biggest challenge came when it was time for him to find a job, as the colour of his skin limited his opportunities significantly. Currently employed as a Lead Project Manager for Aurecon, he started his career with

BN Projects, a construction company based in KwaZulu-Natal, which is where he says he really started to learn.

"In the five years that I worked there, I gained so much exposure to the industry and there were so many opportunities for me to grow and gain the necessary experience, all backed by excellent mentorship from the company. It was then that I realised I would have to find a way to give back, sharing my knowledge and experience to help others grow as I had."

In 2006, Maduray moved to Gauteng where he would take part in a project that would later become one of the highlights of his career. As part of the Accelerated School Infrastructure Delivery Initiative (ASIDI), in partnership with the Gauteng Department of Education, 16 new schools were earmarked for the province.

"The backlog for schools was high and this project was ambitious. Not only did government want to build these schools but they also wanted to use this project as an opportunity to develop emerging contractors. These two things do not necessarily go together; on the one hand, you have pressure to deliver the project that is both of good quality and on time but, emerging contractors need a supported framework, as it is a learning curve for them, so there was the challenge."

As the project management office manager and project manager for the East Rand, Maduray spent five years



cidb Board Member -
Denzel Maduray

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“I knew I had two choices; either sit and complain or get onto the playing field and create the change I knew I wanted to see.”

working on this project and he considers those years to be some of the most iconic, in terms of his own growth and development. Not only was he able to develop his own skills but he also took great pleasure in mentoring others, as well as interacting with the communities where he worked.

“It changed my life. It was amazing to me to see the engineers and contractors come together the way that they did. The schools were finished on time and the smaller contractors were able to benefit from having a bigger company like Royal HaskoningDHV on their side. They were able to procure material at a lower cost and they had access to mentors and other experienced contractors on site.”

His own experiences add to his value as a member of the cidb Board, as he believes he has a deeper understanding of what young people are going through, as they start out their careers. As a member, Maduray understands the need

to drive transformation and a high functioning community within the construction industry.

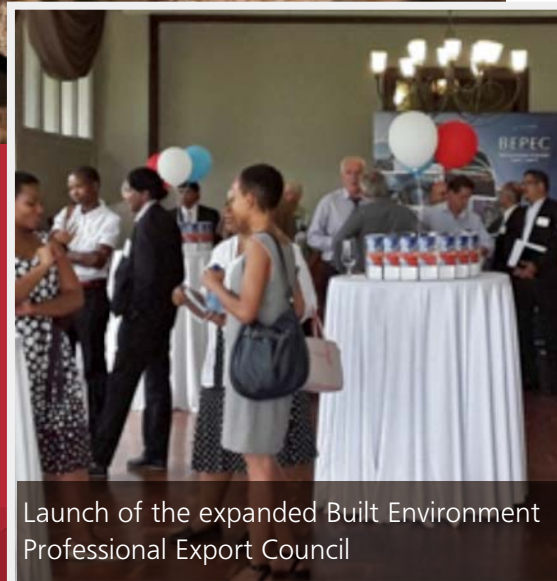
“I’ve come up through the ranks, I have worked for various contractors and I understand the challenges of this business. I am able to relate my own experiences to these emerging contractors, who I believe are essential to the economic growth of this country, particularly when it comes to infrastructure development.

“My colleagues know that I am very passionate, I engage with people regularly and I often speak from the heart. I am not the type of person to blindly accept things and I am prepared to challenge conventions when I see that they are not benefiting society as a whole. I am the first person to support a great initiative, but I am not a yes man. I am practical and dedicated to giving back to the industry,” concludes Maduray. ●●●

ACCESS AFRICAN CONSTRUCTION OPPORTUNITIES THROUGH EXPANDED BEPEC



Pumelele Qongqo: cidb Project Manager CIP Unit



Launch of the expanded Built Environment Professional Export Council

The Built Environment Professions Export Council (BEPEC) has recently extended its membership platform to include contractors, a move that is expected to have significant impact on the industry in the future.

The Council, which will be re-branded and renamed, will take in associations such as Master Builders South Africa (MBSA), the Black Business Council in the Built Environment (BBCBE) and the South African Forum of Civil Engineering Contractors (SAFCEC), for which three new board positions have been created. The cidb will be an observer on the Board.

The newly expanded organisation will allow member contractors access to infrastructure projects in Africa, as well as all other BEPEC export promotion activities and initiatives. It will also allow these companies

to benefit from the various export promotion incentive schemes offered by the dti.

"The challenge was to provide the emerging sector and smaller contractors in South Africa access to these opportunities in Africa. With the BEPEC now widening its net, all the BEPEC export promotions and export-enhancing offerings of the dti and Trade Investment Africa (TIA) have been opened up to companies working in the construction services sector, allowing for the utilisation of numerous opportunities outside South African borders," explains Pumelele Qongqo, cidb Project Manager for the Construction Industry Performance Unit.

This new initiative is intended to unlock a number of benefits for

contractors, including networking opportunities, as well as access to trading and project opportunities, support while contracting in a foreign nation, a voice in government for the private sector and opportunities to take part in the numerous dti missions to Africa.

ACCESS TO DTI PROGRAMMES

"Members of the BEPEC will also have access to the dti's export marketing and investment assistance (EMIA) scheme. This programme affords companies interested in attending exhibitions outside of the country with financial support, including travel costs, exhibition fees, transport for samples, construction of stands and a subsistence allowance for the duration of your stay," Qongqo explains.

BEPEC members will also have access to the Capital Projects Feasibility

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Programme, another dti initiative which provides funding for feasibility studies on bankable projects up to the value of R8 million.

‘SHOW ME THE MONEY’ and projects workshops are hosted regularly by BEPEC, affording members an opportunity to network, while attending a number of presentations on new opportunities from across the continent. BEPEC members are able to attend these workshops with a 50% discount on the ticket price.

“The local construction industry is going through a difficult period, and Africa offers potential market growth, particularly in the energy and power, transport, mining, real estate and water sectors. The focus for us as the cidb, however, is to provide black, youth and women-owned

medium and large contractors’ proper access to these opportunities,” says Qongqo.

POSITIVE INDUSTRY RESPONSE

Speaking to a number of business owners on what this new development could mean for them going forward, the response at the official launch was positive. “This is exciting for us and we appreciate the support given to the emerging sector by the cidb,” said Dr Thandi Ndlovu, founder and CEO of Motheo Construction Group (Grade 9GB and 9CE).

In line with its own strategic objectives to transform the industry, Qongqo says the cidb will use this opportunity to explore how best it can assist high-performing members looking to expand their footprint. ●●●

IMPROVING QUALITY STANDARDS ACROSS THE BOARD IS KEY TO cidb

In its quest to improve quality standards throughout the construction industry, the cidb is exploring the adoption of the Construction Quality Assessment System (CONQUAS®), a unique workmanship assessment system developed by the Building and Construction Authority (BCA) of Singapore.

Quality standards provide a uniform application throughout the construction value chain to achieve a required quality outcome. Without quality standards, there is no way to specify construction work to an acceptable level of service.

In South Africa, Construction Industry Indicators, conducted annually by the cidb, indicate that there is a decrease in client satisfaction and increase in the number of defects in construction

projects, pointing to challenges about quality. One of the ways to provide such monitoring would be the introduction of CONQUAS SA. This is a quantitative measure of the overall quality of a building's workmanship during the various stages of construction. It acts as an important health scan to check the general workmanship standard of a builder for a project.

If adopted, CONQUAS® will be modified to fit specific South African challenges. It will provide a standard quality assessment system for architectural works only on general building projects across public sector clients, by specifying the measurement of the construction works against workmanship standards and specifications.

It uses a sampling approach that represents the building project

components. In this manner, the quality of all the components in the completed project is captured.

PILOT PROJECT

The cidb is still in consultation with all of its stakeholders as to its use but it has implemented the pilot project, which will take six months to complete. The pilot will see nine completed buildings in Gauteng province being assessed using the planned CONQUAS SA. Two separate individuals will conduct at least two independent site assessments on the same building components for three different buildings.

Once this has been done, these individuals will then assess the three buildings, in accordance with the CONQUAS SA manual. This assessment will cover inspection of the roof, external walls and external works at the completion stage of the building.

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They will also look at internal finishes, such as floors, internal walls, ceiling, doors, windows and other components, which include kitchen cabinets, water closets, basins, signage, emergency lightings, railings, unit number plates, lift fittings and lighting.

This pilot project will form a benchmark from which quality in buildings will be measured and the vision is to have quality

improved over time. Once the pilot project is complete, the cidb will then produce a report based on these assessments, which could also include recommendations for possible amendments to the draft CONQUAS SA. The cidb will again consult stakeholders regarding the outcome of this pilot and any possible amendments to the CONQUAS SA manual, after which the Standard for CONQUAS SA will be submitted to the cidb Board for approval. ●●●

MORE LEARNERS ENTER INDUSTRY THROUGH DPW BURSARY SCHEME

The Department of Public Works (DPW) introduced a bursary programme in 2013 and, has since managed and co-funded it with the Construction Education and Training Authority (CETA). This bursary programme forms part of a seven-year turnaround strategy to identify and harness scarce skills in the construction industry.

Earlier this year, the DPW handed out bursaries worth R5.2-million to 40 learners from 16 participating schools from various provinces. The bursary holders pursue studies in the various built environment fields at various universities across the country.

Worth R130 000 each, the bursaries will cover tuition, accommodation, meals, textbooks, academic resources and monthly allowance for each learner. For many of these learners, none of this would have been possible, as their parents were unable to afford university fees.

Mutually beneficial for both the students and the Department, this year's bursary holders will also join the

DPW's candidacy programme once they have successfully completed their studies. This means that they will not struggle to find employment after graduating, while the Department receives and benefits equally from these much-needed skills.

The aspiring university students from schools in **Gauteng, Eastern Cape, KwaZulu-Natal, Free State, Limpopo, Mpumalanga and the North West provinces**, will go on to pursue careers in civil, structural, transport, electrical, mechanical, chemical and hydrology engineering. Other fields of interest for these bright young stars include construction management, quantity surveying, architecture, landscape architecture, urban and regional planning, water care, property studies, interior design and horticulture.

The provincial education Public Works Human Capital investment (HCI) unit departments guided the selection of the schools for the programme. It used the following criteria:

- Well-performing schools with a learner achievement of 65% and

above in maths and science;

- Schools with a potential to expand the provision of high quality maths and science teaching and learning;
- Schools from disadvantaged communities
- Schools that display a commitment to hard work and success

According to the DPW, supporting and strengthening the quality of teaching and learning of mathematics and sciences in targeted schools lies at the very heart of the schools' programme.

Promoting careers in the built environment and property sectors have proved to be equally essential to industry growth, as is an increase in throughput of learners with university entrance passes in mathematics and physical science, who should and will be encouraged to pursue a career in the construction industry. By facilitating these kinds of programmes, industry bodies ensure future growth and development, as well as instilling a high-performance culture in the youth of our country.



PREQUALIFICATION CRITERIA OF PPPFA WILL INCREASE INCLUSION OF MARGINAL CONTRACTORS

The Preferential Procurement Policy Framework Act (PPPFA) and its regulation have made an impact on transformation in South Africa but questions remain on whether these regulations have done enough. In the construction industry, only 55% of Grade 7 and 8 contractors are 100% black-owned, only 15% are 100% women-owned and around 10% youth-owned.

A key element of the Preferential Procurement Regulations 2017, which came into effect on 1 April, is the introduction of prequalification criteria, in which an organ of state can specify which tenderers can respond.

"The intention of these new criteria is to allow for the development of these selected categories of enterprises by limiting competition only amongst themselves," explains

Dr Rodney Milford, cidb Programme Manager of the Construction Industry Performance Unit.

"The most significant impact for large construction works will be prequalification in terms of a minimum B-BBEE status level of contributor and the '30% subcontracting to designated groups' requirement.

"In the construction industry, it is typical that 30% and even more of the value of the contract is subcontracted to general and specialist subcontractors. However, the focus here will be to ensure the inclusion of black-owned, women owned or youth-owned enterprises."

According to Gregory Mofokeng, Secretary General for the Black Business Council in the Built Environment (BBCBE), these new

regulations have simply formalised a trend that has been occurring for some time. "In my opinion, the large construction companies have already been doing this. Now, the process has been formalised rather than these companies doing the smaller businesses they sub-contract to a favour.

While he feels that this may be a step in the right direction, Mofokeng says that more could be done to transform the industry. In this regard, the BBCBE has been in talks with the National Treasury, as well as other invested stakeholders such as the Department of Public Works (DPW) and the cidb to extend the regulations to include construction specific rules.

Another important change in the Preferential Procurement Regulations 2017 is that the threshold for the



80/20 preferential procurement points system has been increased from R1 million to R50 million or cidb tender Grades 8 and above.

“Essentially, this means is that the B-BBEE level of a company will now account for 20% of the preference points on tenders up to R50 million and price will account for 80%. This in direct response to the outcry of those groups who felt that the threshold of R1 million was too insignificant for them to grow to the level of established companies. The new regulations will now give the smaller companies greater chances to compete in the economy in a meaningful way,” continues Milford.

However, while the cidb fully endorses the new eligibility criteria and the requirements for subcontracting, Milford insists that this must be done responsibly.

“For example, across all cidb Grades 2 to 9, only around 30% of contractors are BBBEE level 1 or level 2

contributors. Restricting tenderers to BBBEE level 1 and 2 contractors will limit the potential market for tenderers to around 30% of the capacity of the country and this could result in the market being overheated and substantive price escalations.

“However, by not introducing B-BBEE eligibility criteria, the status quo will remain, which is simply not acceptable. I think that with these new regulations, clients will need to make responsible and informed decisions, in the interest of value for money, service delivery, as well as enhancing designated groups.”

The cidb is passionate about transformation in the construction industry and to assist, is making information available on-line about the capacity of black, women and youth-owned contractors across all provinces, as well as the BBBEE level of all contractors to ensure clients are able to assess properly the capacity that is available to them. ●●●

PUSHING THROUGH DISABILITY TO CONSTRUCT SUCCESS

Siphiwe Zwane -
CEO of SKS Business Solutions



In 1992, a young Siphiwe Zwane was working as a technician for Telkom when he was hijacked and shot. He woke up in the hospital to discover he could no longer walk or return to his career as a technician.

"Determined to change his fortunes, in 2001, Zwane applied for and received a sponsorship to study a Certificate in Entrepreneurship and Small Business Management at Unisa.

Today, he is the CEO of an emerging construction company, SKS Business Solutions. The company, which started out as a small stationary supplier, received its first big construction break after winning a contract to do general building maintenance for the City of Jo'burg.

"I had gone to the offices to talk about stationery, but I think I must have made some sort of an impression

Entrepreneurship is the way forward, I think, especially in a time where jobs are so scarce, but it is important to follow your heart, be resilient and be a go-getter.

because the person I was dealing with introduced me to her senior and he made me aware of this opportunity. After going through the correct processes, I registered with the cidb and later on, I was awarded the tender,” explains Zwane.

SKS is currently involved in the development of a number of large-scale electrical and civil infrastructure projects, working in both the private and public sectors. Other projects include building the Protea Glen fire station in Soweto, as well as internal roads for a cemetery near the Golden Highway.

He believes that the cidb plays an integral role in supporting and assisting SMEs such as SKS Business Solutions and, over the years, he has made full use of its services, believing it to be beneficial to the growth and success of his business.

“The cidb has taught me so much about how to run my business and I always attend its workshops. Everything from construction safety to construction management systems is covered. These workshops have also done a lot to improve and ensure the overall quality of my product and

performance - that is very important to me.” The company has 25 full time employees and 21 contract workers, who work on a project-to-project basis. For Zwane, employing the right people, making sure they are constantly learning new skills and improving the skills they have is important.

For the future, he hopes to see his business grow exponentially, going from his current R25 million annual turnover to four times that in the next five years. He is striving for the business to acquire its own assets, as well as open a number of branches across the country in order for SKS Business Solutions to have even more opportunities going forward.

“Entrepreneurship is the way forward, I think, especially in a time where jobs are so scarce, but it is important to follow your heart, be resilient and be a go-getter. When you work for yourself, it becomes vital for you to network and to meet new people. Go out there and look for the opportunities. Attend seminars and workshops, and most importantly, be open-minded – no matter what field you are in,” he concludes. ●●●

STAMP OUT FRAUD, CALL cidb HOTLINE

Fraud and corruption can have a detrimental effect on society, often diminishing opportunities for growth and development and, even placing the lives of others at risk.

Fraud also affects productivity in the workplace and ultimately disrupts staff and organisational performance, which could have a lasting and negative impact on the industry as a whole. Enforcing their zero-tolerance policy to this kind of conduct, the cidb has concluded 26 hearings against contractors for fraud and corruption over the last year alone, with approximately 80% of these cases involving falsified track records.

"Fraudulent registrations can so easily rob legitimate contractors of access to work opportunities. To this end, both contractors and cidb staff members need to be aware that they will face the full might of the law should fraudulent documentation be used in the registration process," says

Ebrahim Moola, cidb's Programme Manager for the Construction Registers Service Unit.

A number of cases involving contractors paying bribes to cidb employees have been investigated. According to Moola, one employee has been dismissed and arrested by the Directorate: Priority Crime Investigations (DPCI) on a charge of corruption, after allegedly accepting bribes in exchange for facilitating certain grading designations.

"These investigations can become quite costly and, where there is enough evidence of wrongdoing, the appropriate sanctions against contractors are gazetted, including the name of the company, the type of breach and the actual sanction.

"When registering, we advise contractors to make use of the services of reputable accountants when compiling their financial statements. They should also be wary

of any agents claiming to facilitate cidb registration, as the cidb does not employ field agents. The cidb has a stringent registration process and all documentation provided is thoroughly verified.

"Fraudsters that obtain cidb grading fraudulently, place the lives of people at risk, because they simply do not have the capacity to carry out the services that they are offering their clients. This could result in huge costs to the client, as projects that fail often have to be reworked by legitimate contractors. Ultimately, it is the end user who suffers most," emphasises Moola.

A case of suspected fraud may be reported through the **cidb's anonymous fraud hotline: 0800 112 452**. External experts manage this hotline independently and the identities of callers are kept strictly confidential. ●●●

