

Public - Private Infrastructure Forum 2012

“Creating an Essential Partnership”

5 November 2012

***IT IS NOT OUR WEALTH THAT CREATED OUR INFRASTRUCTURE, IT IS OUR
INFRASTRUCTURE THAT CREATED OUR WEALTH”***

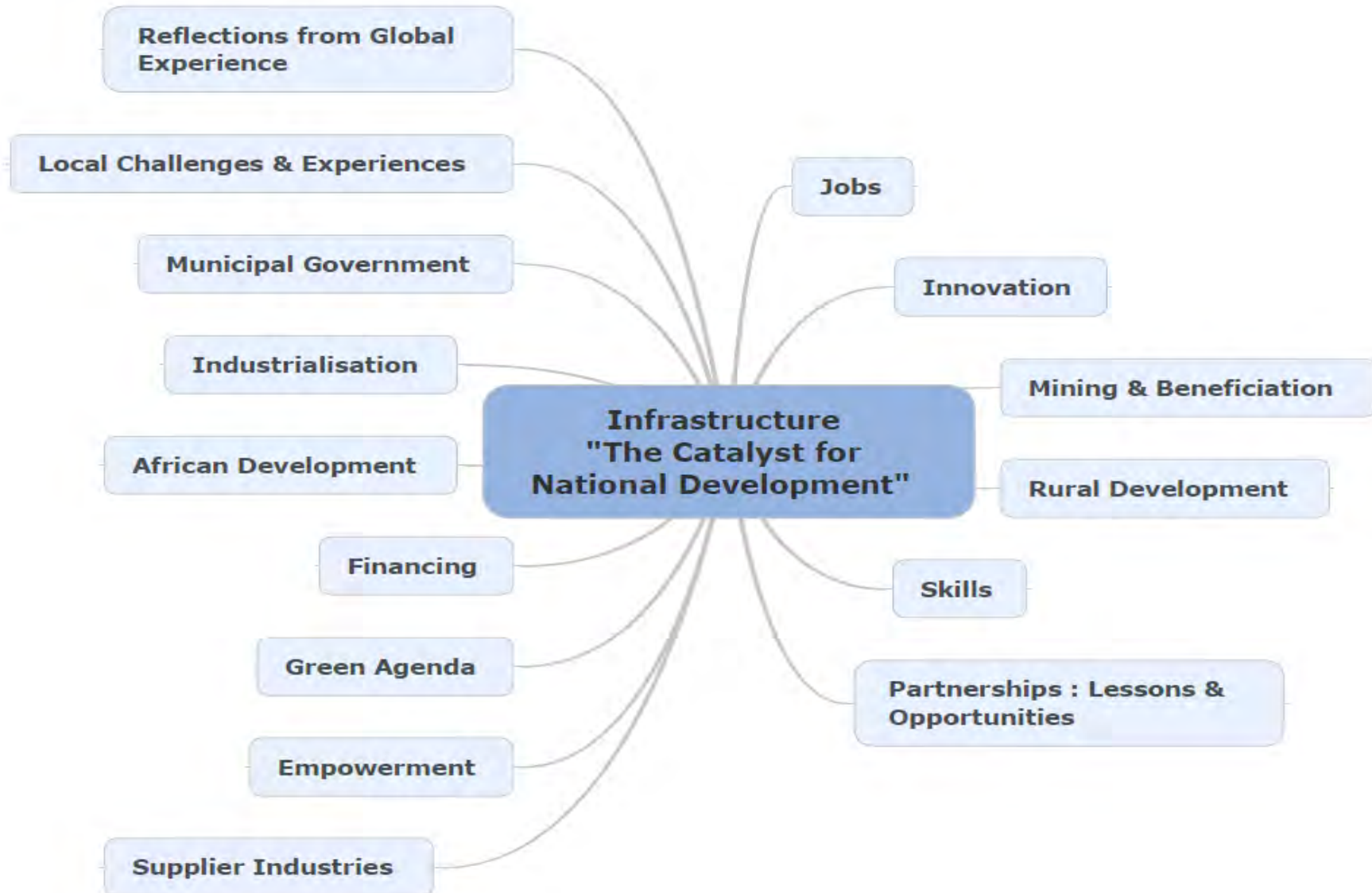
John F Kennedy

***Presenter : Christopher Campbell (Pr.Eng)
Immediate Past President***

Context

- Planned Infrastructure Roll Out by Govt. — State of the Nation 2012;
- Underspent in 2010/2011 budget;
- Less than 400 000 jobs created in 2011;
- Required Economic Growth – 6%, Actual YTD 3.4%,
predicted 4.4% to 2013;
- Engineering skills capacity remains challenge;

Infrastructure – Catalyst for National Development



What's in it for me.....?

Government

- Infrastructure & Service Delivery;
- Job creation;
- Poverty alleviation;
- Economic growth;
- Capacity development for the future;

What's in it for me.....?

Industry

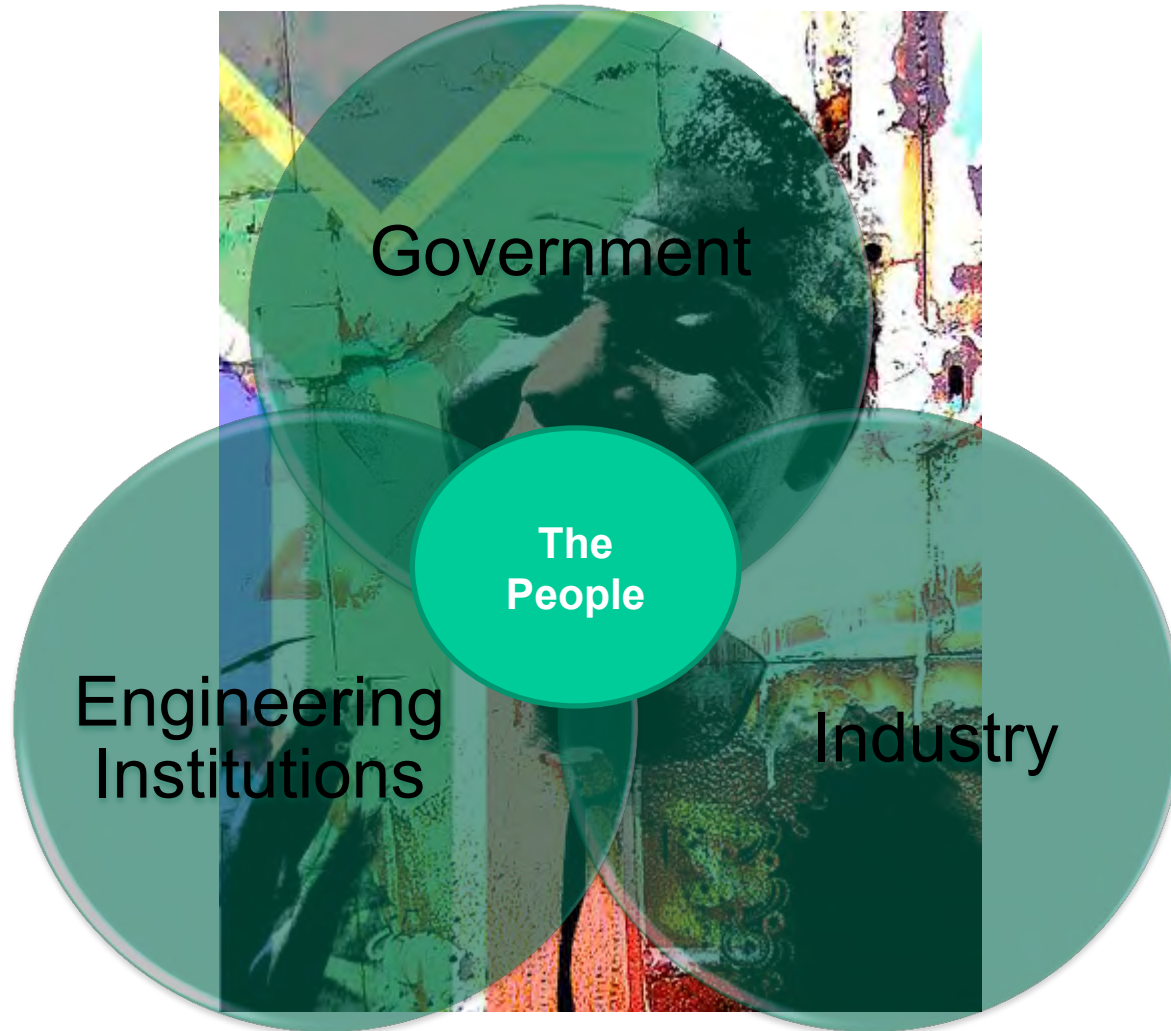
- Business sustainability & growth;
- Shareholder value;
- Sustainable Human Capital Investment;
- Co-ordinated and sustainable skills development initiatives;
- Sustainable employment opportunities;

What's in it for me.....?

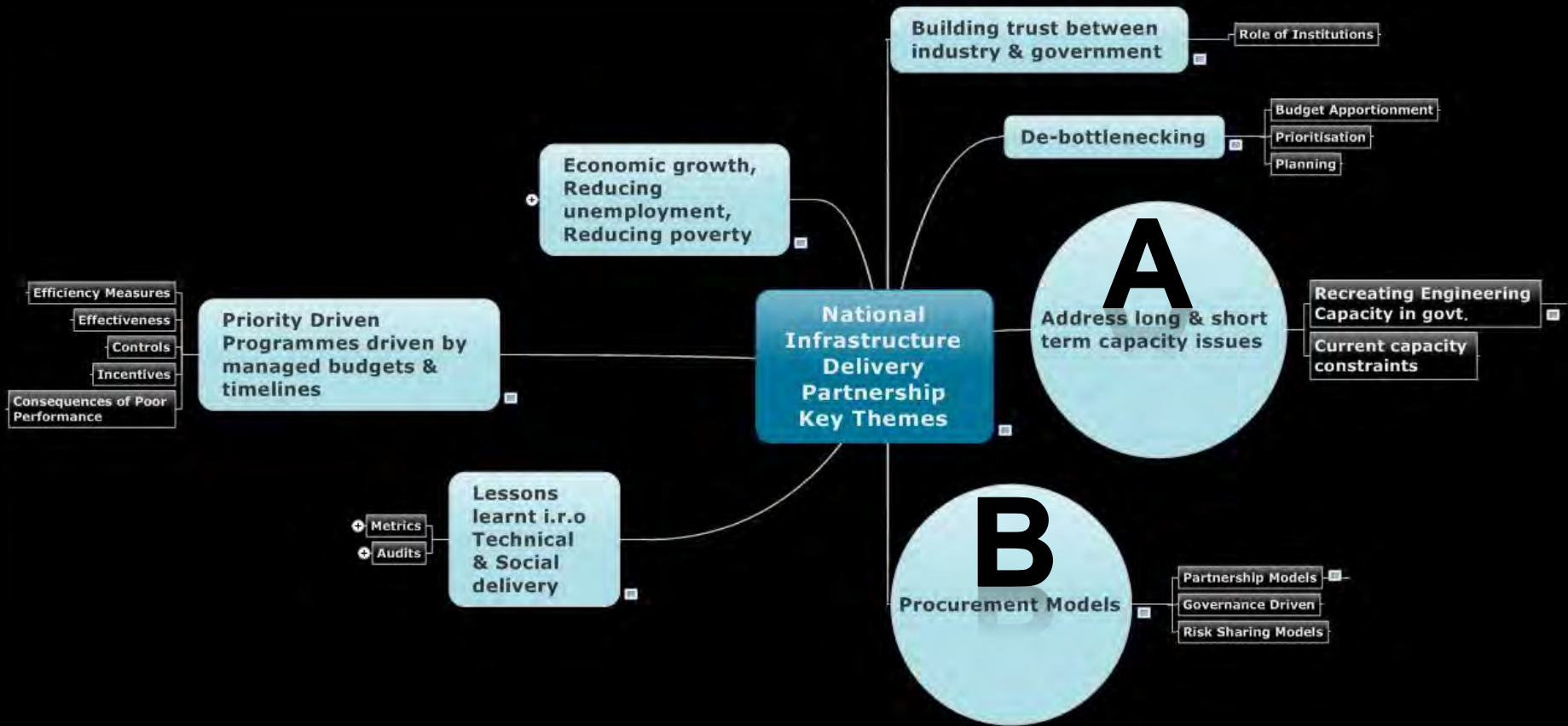
Engineering Institutions

- Sustainability;
- Managed mentorship ;
- Leveraging knowledge economy;
- Sustaining & building a globally respected profession;
- Building membership for the next 100 years;

What's in it for US – Proudly South African Citizens...?



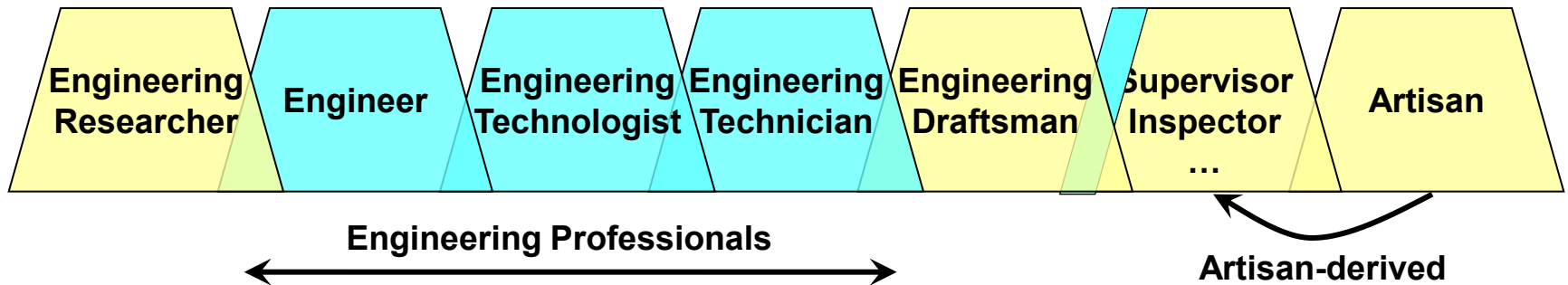
Industry & Institutional Dialogue



Synopsis of Work Done on Stream A

- Answering the question on whether the shortage of Engineering Skills is real or perceived;
- Best attempt made at quantification of current Engineering Capacity;
- 32000 to 35 000 Engineers;
- 40 000 to 50 000 Technicians & Technologists;
- 76000 Practitioners serving 55 Million people = 1 : 720;
- Other BRIC Countries average 1 : 300;
- Big picture needs, not only narrow sectoral needs;

The Extended Engineering Team



- Encourage and support post graduate study – R & D;
- Various Engineering activities require above role players in different measure;
- Fitters, Millwrights, Plumbers, Shutterhands, Carpenters, Bricklayers.....

Short, Medium & Long Term Action Plan

Long term : 2012 -2022

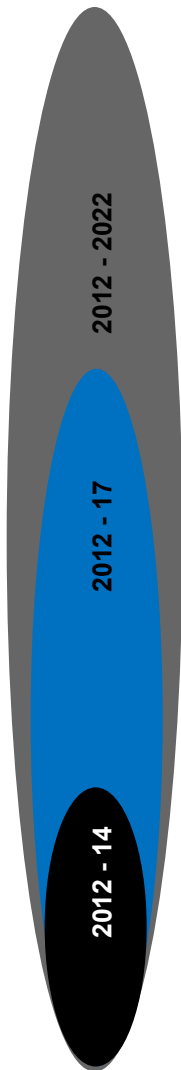
Start training towards fully populating the structures designed in the medium-term. This will require the issuing of bursaries and major training programmes in all public sectors structures, workplace training, mentoring and coaching etc. Consider career paths, succession planning etc. Also consider other members of the engineering team such as artisans, operators, semi-skilled etc. and other professions such as planners, surveyors, building inspectors, laboratory technicians, valuers, development economists etc.

Medium term : 2012 -2017

Re-develop the technical structures and systems required in public sector organisations and start populating them with available skills. This will include planning and design departments, project management units, teams responsible for infrastructure asset management, operations, maintenance, compliance and enforcement, and train existing in-house mostly junior technical staff to perform all these functions

Short term : 2012 -2014

Harness the private sector, retired engineers, overseas capacity etc. as we did in the case of the 2010 Soccer World Cup to get the major projects off the ground, and set measurable and auditable training conditions to all projects to ensure current graduates adequately trained



Synopsis of Work Done on Stream B

Procurement

- **Essential for the private and public sectors to engage with one another to clearly identify and agree on ways to manage the procurement process better;**
- **Innovative methodologies for the various components of the delivery model need to be explored;**
- **Important for sustainability of the engineering industry that the private sector is able to deliver fair and reasonable returns to its shareholders while the Government receives good value for its investment;**
- **Strongly recommended - Supply Chain Management system, more appropriate than the presently prescribed tendering procedure – where cost considerations far outweigh functionality and competence criteria;**
- **Adoption of procurement system for professional (engineering) services - distinct from procurement of goods and other commodities;**
- **Models explored need to derive :**
 - **Value for money delivery;**
 - **Zero tolerance for corruption;**
 - **Thorough project definition and scoping;**
 - **Integrated opportunity for value engineering;**

Procurement (cont.)

- **Framework Agreements** appear to be the most effective delivery model in many circumstances.
 - allows for a “partnering” type of relationship between all stakeholders which in turn engenders trust and transparency;
 - experience has shown that model engenders a “partnership” type relationship between the Client body and the Professional Service Provider (PSP) resulting in greatly improved transparency and, most importantly, mutual trust;
- Associated with the above are recommendations that :
 - the role of the Construction Industry Development Board (CIDB) be expanded to assist Treasury in regard to procurement for infrastructure development projects by providing an auditing and developmental function;
- Transparency of sustainability of the long term infrastructure rollout plan minimises the possibility of companies pricing for risk; Feast and famine cycles in infrastructure investment lead to inherent capacity constraints and inflated pricing;
- Procurement of technical goods and services should more strongly include the joint recommendations from technical departments which are well versed in interpreting the difference between price and value for money;

Next Steps

- Willingness of Industry & Institutions to participate expressed at several forums;
- Meet and present to key drivers of the PICC;
- Meeting with Minister Ebrahim Patel;
- Retain commitment of current contributors;
- Secure willingness to establish :

SA Inc. Infrastructure Partnership

Risk Analysis

- Programmes don't get started;
- Mass import of foreign practitioners of questionable engineering qualification and skill;
- Limited or no capacity development;
- Developed infrastructure of questionable quality and standard;
- Corruption; (if procurement models not robust)
- No real benefit derived by our citizens;



Consequence of Poor Infrastructure Planning, Execution & Maintenance



Benefit Analysis

- Programmes started & well managed;
- Value for money delivery, zero corruption;
- Development of long term engineering capacity at all levels of govt.;
- Sustainable infrastructure;
- Jobs creation, poverty reduction and economic growth;

Results of Good Infrastructure Planning, Execution & Maintenance



Current Status

- Confirmation that Govt. has an appetite for this partnership;
- ECSA and PICC jointly prepared a Memorandum of Intent which was signed at the recent PIIC in Sandton recently; (A copy of which has been issued to CESA, SAFCEC and other VA's)
- ECSA will be convening a follow up meeting towards mid November, at which time we need to consider how do we give effect to this MOI;

Ex Nihilo Nihil Fit !! (Nothing Comes from Nothing !!)



Thank You !!!!!

Thanks - The Aveng Group

christopher.campbell@infraset.com

