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VIEW ON ETHICAL BALANCE FROM A YP PERSPECTIVE

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1. BRIEF YPF INTRODUCTION

What is a YP?

- Technical staff member working for a CESA member firm
- Under 35 years of age

What is the YPF?

- In short we provide a platform for YP's to network, get support & information, and we are the link to CESA and the decision makers of the industry.

What are our objectives?

- Marketing - creating awareness of the engineering industry and engineering as a profession
- Capacity building - promoting development of high quality professionals in the engineering industry
- Retention - addressing relevant issues that affect Young Professionals



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2. BIDDING FOR PROFESSIONAL SERVICES & ETHICS

Case study in Malaysia

- (In 2005) 17.3% of 417 Malaysian government contract projects were considered “sick”.
- “Of all government activities, procurement is one of the most vulnerable to fraud, corruption and ethical issues”.
- “Ethical issues in project procurement are not only about bribery or corruption but also conflict of interest & collusive tendering. Transparency international has shown how corruption can add up to 25% to the cost of public contracting”.

So why bid?

- Constitution states that when an organ of state contracts for goods or services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost-effective.



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3. DISADVANTAGES OF BIDDING

For Consultants

- Lack of planning
- Loss of revenue
- Job losses
- Discourages innovation
- Scarce skills & time spent on bids
- No training
- Small emerging black firms disadvantaged
- Increased fraud & corruption levels
- Demise of the industry



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3. DISADVANTAGES OF BIDDING CONT.

For Government

- Loss of revenue
- Reduced savings
- Negative economic growth
- No service delivery
- No training
- No job creation
- Small emerging black firms disadvantaged
- Increased fraud & corruption levels
- Demise of Consulting Industry



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4. DISADVANTAGES OF BIDDING

For everyone

- Malignant tumour & lacks forward thinking



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5. BIDDING VS. ROSTER

CIDB Practice Note 6 (Competitive selection of Professional Service Providers)

- “Engineering design” typically represents 1 to 2 percent of the overall lifecycle cost of a project, with construction accounting for approximately 6 to 18 percent of the cost. All the rest – 80 to 93 percent of the lifetime asset cost – is accounted for by the operations, annual and capital maintenance and decommissioning. (Federation of Canadian Municipalities)



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6. STATE OF BID DOCUMENTS

- Generally poor
- General disregard for rule of law
- Scope of works not clearly defined
- Scope of works not understood by Client



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7. RESEARCH DONE

By NMMU QS student on, “Unethical Behaviour of Professionals in the Construction Industry”.

- A competitive construction industry increases the chances of professionals performing in an unethical manner?
- Which form of unethical conduct is more common between fraud, negligence, bribery, and collusive tendering?
- Forms of collusive tendering experienced or observed?
- Forms of negligence experienced or observed?
- Forms of fraud experienced or observed?
- What do you think is the main cause of unethical behaviour within the built environment?



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8. WAY FORWARD

- Place moratorium on all bids where Clients without Engineers put out for bids for Engineering work.
- Central database of Consulting firms to be established as a matter of urgency.
- Industry specific procurement guidelines to be drawn up with input from the Consulting industry.
- Appointment of professionals for projects with a fee value below R3m to be appointed based on a transparent, fair & equitable rotating system.
- Breakdown work into smaller packages to allow more firms to get work (where practically possible).
- A cap on fee reduction to be placed for projects with fees above R3m that are put out to tender



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9. CONCLUSION

- At the current rate Consulting Engineering will cease to exist in the next 4 to 5 years.
- Consulting Engineers provide a scarce intellectual skill and must be treated with the respect they deserve.
- Consulting Engineers are drivers of the economy, they provide employment, sanitation, clean water, electricity, etc and these are all government imperatives.
- Consulting Engineers are in business to make money, profits, not to lose money or break even.
- Bidding has only succeeded in pitting Engineers against each other & at the same time raise levels of corruption & fraud.
- “Democracy will cease to exist when you take away from those who are willing to work & give to those who would not” – Thomas Jefferson



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10. COMMENTS

THANK YOU

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