

**PRESS RELEASE**

**UNLOCKING INFRASTRUCTURE DELIVERY AND RESTORING THE ETHICAL BALANCE IN CONSTRUCTION**

**CESA 2012 Conference and Exhibition – ICC Durban – 4 to 6 Nov**

CESA recently hosted a successful conference at the ICC in Durban attended by close to 200 delegates and 17 industry speakers. Graham Pirie opened the conference by welcoming delegates and special guests that included keynote speaker Dean Mogale from Business Unity South Africa (BUSA); Craig Lemboe from the Bureau for Economic Research at Stellenbosch University; Enrico Vink, International Federation of Consulting Engineers (FIDIC); Chris Campbell from the Engineering Council of South Africa (ECSA) and Frank Stevens, President of the Institute of Municipal Engineering of South Africa (IMESA). In his welcome address President of CESA, Naren Bhojaram stated that the welfare of our planet, continent and profession is in our hands and that many issues have been created by us, but the good thing is that collectively we have the ability to fix them and hence the conference theme, "Unlocking Infrastructure Delivery and Restoring the Ethical Balance in Construction". He states that greed in the industry has a direct impact on the growth, social wellbeing and financial health of our economy.

Dean Mogale from BUSA of which CESA is a member, stated that the Construction Industry is the main driver of economic development which vital in building a winning nation. The recent census has shown a dramatic increase in urbanisation particularly in Gauteng and the Western Cape and our current infrastructure is not geared for this influx. He went on to state that we cannot afford infrastructure mistakes and that the time for action is now. The Presidential Infrastructure Committee keeps on talking, but we see no action and the reality is that professionals need to be at the core of making this a possibility. BUSA is partnering with CESA in order to articulate the need for decisive leadership. He concluded his presentation by stating that South Africans have to stand up and become involved asking the question, "What are we going to do for South Africa".

Craig Lemboe from the Bureau for Economic Research at the University of Stellenbosch presented a paper on 'The global and the South African economy- the long and the short of it'. He stated that global growth is set to remain pedestrian in Q3 of this year, in the United States the economy is flat lining with employment in the doldrums, although the US economy is expected to show some growth there are still some risks with fiscal debts levels an issue. In January Government support will be withdrawn and the US may re-enter a recession. Financial markets in Europe are slightly better (apart from Greece) but overall the economy remains weak. With the slowdown in global demand for goods with Europe as a key export market for South African goods has placed pressure on the manufacturing industry. The good news is that there is robust growth of 5 – 5,5% in Sub-Saharan Africa with infrastructure as the key driver.

Political dynamics play a significant role in boosting investor confidence. Domestic uncertainties in the last few weeks have outweighed global concerns with labour unrest in the mining, logistics and manufacturing industries having an impact on the rand/dollar rate. In South Africa fixed investment growth is driven by the tremendous infrastructure spend by Government. The good news is the Provinces are spending their budgets although Municipalities, representing 43% of Capex are only spending 60% of their



CESA: Consulting Engineers South Africa  
P O Box 68482, BRYANSTON, South Africa 2021  
Ground Floor, Fulham House, Hampton Park  
North, 20 Georgian Crescent, Bryanston,  
Johannesburg, SOUTH AFRICA 2021  
Tel: +27 11 463 2022 • Fax: +27 11 463 7383  
general@cesa.co.za • www.cesa.co.za

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budgets due to inefficiencies and constraints. Government consumption followed by household consumption are the biggest drivers of the economy with fixed investment is showing robust growth on the back of Governments infrastructure spend. A lot needs to be done to unlock infrastructure spend.

Political commentator and journalist, Justice Malala gave an interesting presentation 'From Marikana to Manguang – the short and long game in South Africa'. He started off by stating that in light of 2 downgradings by rating agency Moody's that we have a perception problem and that people are worried about investing in South Africa. As far as nationalisation is concerned Justice agrees with Gwede Mantashe that, "Wholesale nationalisation is out", and believes that the ANC will announce this at Manguang, but will look at strategic nationalisation. As far as land reform is concerned he believes that the independent Land Valuer General's office will happen quickly after Manguang. As far as leadership is concerned he believes that President Zuma will be re-elected as President of the ANC for another 5 years and consequently President of South Africa for another 7 years. He believes that we will not see massive economic growth in South Africa over the next 3 years and is hoping for a 2,4% growth in 2012. The R847million infrastructure development over the next 3 years is a massive opportunity but fears that we have not seen one tender yet. On a positive note President Zuma is keen to be seen to be doing something and Pravin Gordhan also wants to see it happen. Service delivery is a major challenge, the 30% unemployment reported in the recent census requires resolution. He concluded by calling on CESA members to get involved in championing the National Development Plan.

Enrico Vink Managing Director of FIDIC provided an international perspective focusing on enabling the development of a sustainable world and contributing to making the world a better place. He stated that worldwide governments recognise that investment in infrastructure stimulates economic growth which is good business for the industry. The industry contributes some 10% to GDP but that there is still a worldwide shortage of engineers. Consulting engineers have a profound effect on the natural environment and on society and that "Sustainability will dominate investment strategies in the future".

Sipho Zikode, the Deputy Director General of the Department of Trade and Industry (the dti), started off by congratulating the Consulting Engineering industry for coming up with the industry charter code. He stated that the Government's objective was to transform the economy in order for South Africa to reach its potential with full participation for all. They want to assist emerging enterprises to meaningfully contribute to the economy and change the culture to be supportive of entrepreneurship and diversification of value chains to score more points. He stated that it is the industry's responsibility to report on progress in this regard.

Chris Campbell from ECSA addressed SA's infrastructure challenges with a focus on skills development and eradicating corruption in procurement. He stated that currently that the ratio of engineers to citizens is 1:720 with it being 1:300 in other BRIC countries and this requires a long term action plan, but that there is no quick fix. As far as procurement is concerned he is calling for more engagement between government and the private sector and called for a separation of power and knowledge.

Frank Stevens, President of IMESA presented a paper on the 'Barriers and Solutions to Infrastructure Development at Municipal Level'. He stated that the South African Local Government Authority (SALGA) was looking at bringing back professionalism to municipal engineering and stated that, "Politicians and Engineers need to learn to work together".



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Nazir Alli, CEO of SANRAL stated that, "It is a joint responsibility if we are serious about partnerships for the future of South Africa" in order to build capacity and professionalise the public sector. He went on to state that we need to not just give lip service to it but to work out the specifics and that funding was a core issue. He also called on CESA members to change design in order to absorb the high number of unemployed into the construction industry. He concluded by stating that SANRAL was looking to the industry for honest advice and innovation.

Presentations were also given by Likhaya, Chairperson of the CESA Young Professionals Forum and Brenda Lacey-Smith on the success and benefits of CESA's Business and Management of Consulting Engineering Certificate Programmes. Christelle van der Merwe from Transnet Capital Projects discussed strategic projects with a focus on the KZN region. Reuben Matlala from the DBSA Development Fund presented a paper on the DBSA project enabler with regards to project delivery and Andrew Etzinger from ESKOM discussed the greening of energy and ESKOM's role in renewables.

Cynthia Schoeman from Ethics Monitoring and Management stated, "When organisations like CESA have ethics on their agenda it is noteworthy". She presented a compelling argument that ethics does matter and that it makes good business sense and what should we all do about it. This was followed by a presentation on Ethical balance by CESA President, Naren Bhojaram, who stated that 'CESA Engineers have to be Unquestionably Ethical' and introduced the concept of the Ethical Balance Quotient – EBQ and stated that leaders need to be handpicked for their ethical balance. Arthur Taute, Member of the CESA Board and Chairman of the Group of Africa Member Associations (GAMA) concluded the presentations by presenting a case for using quality as a criteria in the procurement of consulting engineering services, he believes, "Good engineering is essential to the quality of life... Good quality procurement is the answer and decisions should not just be price based?"

The conference presentations can be accessed via the CESA website [www.cesa.co.za](http://www.cesa.co.za).

#### Contact details:

Graham Pirie  
Consulting Engineers South Africa (CESA)  
Tel: 011 463 2022  
Email: [gspirie@cesa.co.za](mailto:gspirie@cesa.co.za)



CESA: Consulting Engineers South Africa  
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