



Interpreting the Environment &  
Pioneering Change

THE SOUTH AFRICAN ASSOCIATION OF CONSULTING ENGINEERS

MARCH 2007

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**The President's key focus for 2007 will be to build the knowledge base of the Association's clients and members as well as build capacity within the sector through his theme of**

**'Building Knowledge, Capacity and Skills for 2010 and Beyond'.**

There is no doubt that the South African economy is taking off and this is particularly noticeable in the Construction Sector. An interesting trend that is developing is that the supply side at present seems to be keeping up with the demand side, albeit with a degree of manageable tension, particularly in regard to the supply of skills and materials.

# Building Knowledge, Capacity And Skills For 2010 And Beyond

*Cecil Rose, President of the Association, presented his presidential message and theme for the year at a function held in Johannesburg during January.*

There is little doubt that the South African Construction Industry will be able to produce the volumes of work required for projects earmarked for the years leading up to 2010 and that we will be able to overcome the skills hurdle.

The past 12 years has seen considerable change in the structure and composition of all State entities. This period has also been characterised by the development of many new policies to regulate the operations and activities of all spheres of government. Many of these policy developments have had a profound effect on the business of consulting engineering.

The SAACE has devoted considerable resources to making a positive contribution to the policy development process and consequently has resulted in Government approaching the Association for support with it's strategies to improve delivery of skills, infrastructure and housing.



Zulch Lotter, Felix Fongqqa, Cecil Rose, Graham Pirie, Webster Ndodana



Cecil Rose, Graham Pirie



Danai Magnumela, Zulch Lotter

*Continued from Page 1*

As far as *Building Knowledge* is concerned the focus of SAACE's educational activities will be the procurement system which Government has implemented through the CIDB. Rose believes that, "Having a single procurement system for all organs of State will lead to greater predictability, fairness and efficiency." The new procurement system is based

on competitive bidding and is a radical change from the past. For it to be successful and to avoid undesirable delays to delivery, it will require a major education process to bring it to market.

A further area of SAACE's educational efforts will be to inculcate a sustainable business culture within member firms. The consulting

engineering sector is an essential component of the Construction Sector which in turn is essential to the development of our country and the delivery of infrastructure and housing to our communities.

It would encourage investment in human resources, technology, facilities and skills. It would lead to greater

expertise amongst practitioners and result in more efficient, cost effective and constructible designs.

Rose comments that the next three years is set to see a major increase in construction activity as we approach the 2010 FIFA World Cup.

*Continued*



*Felix Fongoqa, Cecil Rose, Zulch Lotter*



*Derrick Hobbs from Leads2Business posing a question.*

## SOUTH AFRICAN ASSOCIATION OF CONSULTING ENGINEERS COUNCIL 2006 / 2007



*Back row, Left to Right: Clive Swaisland, Cedric Bessit, Dr. Eddie Otte, Henk Kaal, Gerhard du Plessis, John Rauch, Jochie Prinsloo, Gert Fourie, Nico Swanepoel, Jos Veuris, Nico Swart, Max Stemele, Francois Swart, Richard Vries, Faldi Samaai.  
Front Row, Left to Right: Graham Pirie, Zulch Lotter, Felix Fongoqa, Cecil Rose, Webster Ndodana, Danai Magugumela.*



According to Andrew Donaldson of National Treasury, as stated at last year's Construction Conference, Government is planning to double expenditure under its Housing Grant Scheme and to almost double the rate of expenditure on infrastructure rollout over the next three years from R80b in 2005/6 to R150b in 2009/10. Government plans to spend R410b on infrastructure over the next three financial years. This is a huge increase in activity in our sector.

The Association's member firms are already striving to **Build Capacity and Skills**. Evidence of this need can be found in SAACE's most recent bi-annual Management Information Survey (Jan – Jun 06) where over 90% of firms report an intention to recruit more engineers and nearly as many intend recruiting more technologists. However, about 95 % of these report difficulty

in such recruitment activities. That there is this shortage has resulted in the Association's member firms committing nearly R40m to bursaries for this period. This represents a doubling in constant value terms over the past two years. In addition to the Skills Development Levy of 1% of payroll which all employers have to pay, our survey indicates that a **further** 1.5% of payroll is expended on the direct costs of training of staff. With member firm's payroll currently in excess of R3.5b per annum, this represents a spend of over R55m per annum. This same survey indicates that current staff levels and the utilisation of those resources are both at the highest levels that have been recorded since the inception of these particular indices eight years ago. Staff levels are now in excess of 12000 and their utilisation is at over 95%. This indicates a severe shortage of capacity

and skills and is an unsustainable situation.

While Rose acknowledges that these shortages have to be addressed rapidly, he is of the view that the only sustainable approach is to devote even more effort to upskilling our current staff, promoting engineering and our industry to the young people of our country, and encouraging the return of the many young engineers, technologists and technicians who have left the country or the sector. Rose believes that we have the human capital available in our country and must allow them to derive the benefit of increased job opportunities that are developing. For these reasons the Association fully supports the Government's ASGISA and JIPSA initiatives

During his presentation, Rose gave full credit to Minister Thoko Didiza, the National

Minister of Public Works as **2010 and Beyond** was a phrase she used in her opening address to the Construction Conference held in Durban late last year. Rose stated, "It was hearing the Minister which made me realise that there is life after 2010". He contends that so much of the current activity and development in our country is focused on what he describes as 'that mega-event', the FIFA World Cup in 2010. But that event, important as it clearly is, is less than three and a half years away. It is therefore imperative to already be looking beyond that event. Too much of a focus on this one event could lead to a loss of momentum after it. Economic activity will have increased significantly and we must ensure that the demand for these goods and services continues after that event. There must not be a fall off in demand otherwise the World Cup will be an anticlimax.

## International Business - Life After 2010

Currently the main focus of the International Business Development Section (IBDS) of the Association is to set up new structures that will allow member firms to cost effectively pursue opportunities external to our borders in anticipation of 'life after 2010'. One of the key ways of achieving this objective is to provide Special Purpose Vehicles such as the Arabian Gulf Export Group (AGEG). The IBDS is in the process of positioning member firms in order to benefit from these business opportunities. This will allow member firms to utilize the capacity that they are in the process of building up for 2010 to be utilized after the World Cup.

Once the IBDS has succeeded in creating the AGEAG, it will be looking at also creating similar special purpose vehicles for other areas in Africa. The most important part of this strategy is the acceptance by the Department of Trade and Industry (DTI) that initial

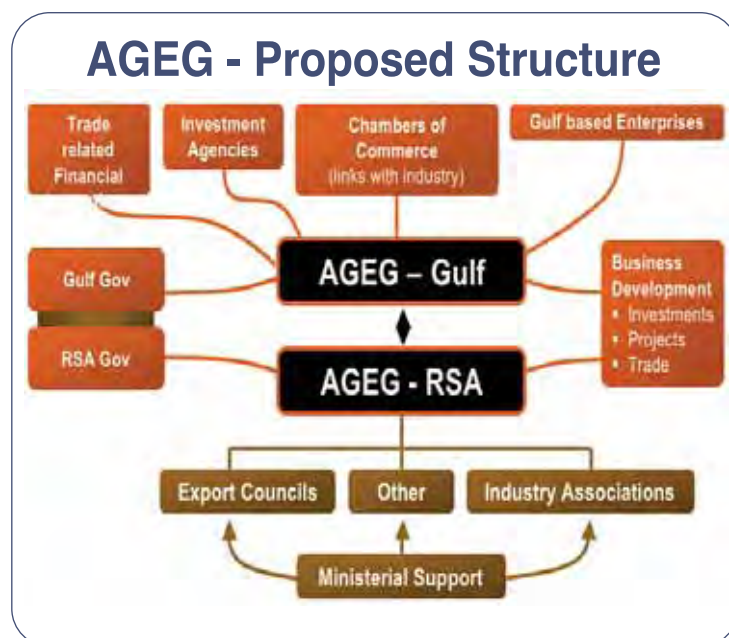
funding for these initiatives will have to be funded exclusively by the state in order to secure initial interest from the private sector in South Africa.

Roelof van Tonder, Manager: IBDS at the Association has just returned from a very successful International Trade Initiative (ITI) visit to the region with a delegation from the Department of Trade and Industry (DTI). The delegation visited Oman, Saudi Arabia, United Arab Emirates (Dubai and Abu Dhabi) where he presented the concept of the Arabian Gulf Export Group (AGEG) to business communities in the various regions. Not only has the concept been received positively, the DTI has subsequently invited **Mr van Tonder to be part of the business delegation accompanying the President on his official visit to Saudi Arabia**. While it is early days, this is an exciting development as providing this type of political connection is an important part of what the Association through the IBDS

can achieve for its members.

The Arabian Gulf Export Group (AGEG) is an initiative that has been created as a specific support structure aimed at pursuing large infrastructure projects in the Gulf Region. South Africa's

track record suggests that trade relations with the Gulf will only further improve through a coordinated strategy that needs to accommodate the Gulf region's religious, cultural and business environment in a sustainable business model.



*Continued*



*Roelof van Tonder, Nasser Mudarra, Neels van Niekerk, Nurudin Loch, Mohammed Al Bassam.*

***The lack of ability to follow through on opportunities identified is one of the main reasons for the formation of AGEG as doing business in the region is not simple.***

Around 98% of Gulf registered companies are

family-owned. South Africans are not familiar with the issues related to doing business with family owned companies. Legal issues have been experienced, that include issues related to achieving intellectual property protection and terminating agency agreements.

The business environment in

the Gulf is highly competitive with major companies from the United States, Europe, Japan, and Australia actively competing in all sectors in the Gulf region although there is still opportunity for new suppliers to enter the region's markets.

Critical to the success of this initiative is the ongoing

political (Ministerial) and Financial (DTI) support from Government.

It will also be important to ensure top level awareness among South African and the Arabian Gulf based industry of the attractiveness and viability of business opportunities in both regions.

## ***Risk Management Implementation Guideline for Consulting Engineers***

***“To manage risk is to favourably improve the odds of uncertainty by proactive decision making.”***

The Association's Risk Management Committee, led by Rob Fraser (Nimhand Shand), in association with Dr. Hendrik Kirsten, supported by Johan van Rensburg of LC Consulting are in the process of finalizing the production of a 'Risk Management Implementation Guideline for Consulting Engineers' which will soon be available from the Association.

This is not just another guideline on risk management. It is a guideline detailing the **implementation** of good risk management procedures in engineering practice. In doing so it mirrors what has been said over the years in various documents on the subject, some of which have been produced by FIDIC and a number of Associations of Consulting Engineers, but goes a step further by illustrating practical methods of implementation. Dr Kirsten contends that, "Risk and Quality Management are two sides of the same coin that can neither on their own assure the successful outcome of your business."

Quality Management consists of a number of processes that are aimed at improving the effectiveness and efficiency of your business. Quality Management enhances the capacity of your business and assures its robustness against internal and external threats. A Quality Management system consists of documenting the processes as they apply to your business and of regularly controlling, auditing and improving these processes.

Risk management on the other hand represents a process by which you protect your business against internal and external threats. The process can vary in complexity from a simple set of house rules on business ethics and conduct to an advanced system in which risks are systematically identified, quantified, evaluated, remedied and administered for sustainability.

Dr Kirsten believes that, "The important thing is to systematically manage both risk and quality in order to maximize the success of your business."



# ENGINEERS IN PRACTICE KICKS OFF 2007

The second series of Engineers in Practice kicked off in 2007 with the February programme entitled "Construction Industry Development Board – Spreading the Sunshine, which provided the industry with an update on the activities of the CIDB in particular examining progress with the contractor register, the projects register and the proposed consultants register.

The 2007 CPD series will earn participating registered engineers one credit in Category One of ECSA's CPD requirements, while all tests for the 2006 series completed after February 28 2007 will now earn Category Three points.

Says Johan van Schalkwyk, manager of the School of Consulting Engineering (SCE): "This is due to the fact that we deal with topical issues in the programmes and once programmes are more than a year old, they are considered to fall in the category of self study." As a result, this also means that late-joiners to this multimedia CPD training initiative will not be able to earn

more than one compulsory Category One credit per year from the series.

Almost 1000 engineers participated in the 2006 series earning one compulsory credit in Category One. However, with ECSA's register of professionals approaching 12 000 countrywide, there are still many engineers who may not be participating in suitable activities to keep their skills and knowledge up to date. Says van Schalkwyk: "This really is an easy and convenient way for engineers to keep themselves up to date on industry developments. There is no easier way of to participate and record your hours spent on CPD activities. In an effort to make continued participation as easy as possible for our subscribed learners, we will automatically renew their subscriptions. New subscribed learners for 2007 can also opt to purchase the full 2006 series on DVD."

Based on feedback from the SCE survey conducted at the end of 2006 and on the recommendation from the

school committee, ECTV will no longer be broadcasting via DSTV. The committee requested that the programme be issued on DVD only in 2007.

With almost 1000 DVDs to be manufactured and dispatched each month, notifications will be sent out as batches are dispatched.

Says van Schalkwyk: "You are now able to complete your CPD tests online on the Life Long Learning Solutions (LLLS) website, as well as by cell phone. This is of particular benefit to our overseas subscribers, which include South African engineers as far a field as the UK and the Middle East!

"In addition, LLLS has incorporated facilities for subscribers to log activities in all three categories. Please remember that while you can log activities yourself as an electronic record, you may still be required by ECSA to provide proof of these activities. The advantage of this is that from your individual user profile on the LLLS website, you can now print off all your ECSA

requirements in a report, sign it and submit it."

As part of the new functionality of the website, HR managers of companies with a number of subscribers, now have full administrator access to review individual employee progress and assist their staff to manage their CPD activities.

"We will be hosting a user group session during our HR Forum at which we will familiarize HR managers with the new functionality" says van Schalkwyk.



Johan van Schalkwyk

## Procurement Indaba 2007

### YOU TOO CAN MAKE A DIFFERENCE!

*The President of the South African Association of Consulting Engineers, Cecil Rose, invites CEOs, Principals and Mandated Principals of Member Firms to participate in a high level PROCUREMENT CONFERENCE where issues relating to the Consulting Engineering Industry will be debated resulting in a set of recommendations that will serve to give guidance on BEST PRACTICE in the marketplace. As a result this will lead to the creation of an optimal business model for Consultant's as well as our Clients in terms of 'Value Added Service'.*

### VALUE FOR MONEY: MONEY FOR VALUE

The purpose of the one day event is for member firms of the Association to develop strategic and tactical positions around Procurement. Included in this are the issues of tendering for professional services and how this should be managed; discounting and quality based selection. Based on this the day is split into 3 distinct sections;

- Education - this includes a background on world-wide best practice, where the industry currently stands and the impact of the Construction Charter in respect of Broad-Based Black Economic Empowerment (BBBEE) on procurement.
- Commercial - the current procurement experience with viewpoints from consultants on the pricing of professional services
- Operational - this includes a presentation on CIDB practice notes as well as a presentation on commercially viable business models for consulting engineers.

**The final date of the conference depends on promulgation of revised PFA Regulations by Government and is expected to be towards the end of May, beginning of June this year.**



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**For more information  
please contact  
Sipho Momoti on  
(011) 463 2022**

# Diversity Training

The Directorate and staff of the Association attended a Diversity training session towards the end of 2006. The session was thoroughly enjoyed by all as it dealt with issues that go beyond race, age and gender to encompass all of the challenges of working in a diverse team. The team was made aware that it is important to make sure that all the energies and creativity of the team is channeled in a manner that will strengthen the team as a whole. The Directorate recognizes that in order to be successful and produce work of a high standard, each and every staff member commits to a core set of Values:

**Trustworthiness** – Fulfilling an assigned responsibility by not compromising expectations and understanding that trust is

gained through worth and integrity over time.

**Efficiency** – Striving for efficiency and productivity by staying motivated, dedicating ourselves to expanding our skills and take advantage of new opportunities, approach our daily work with a passion for innovation and desire to learn and share with our colleagues.

**Friendliness** – Maximizing approachability and creating a comfortable working environment by treating colleagues fairly, with respect and recognizing their accomplishments.

**Team** – Adhering to the concept of working as a team.  
**Fun** – Creating a fun, professional and productive environment.



## GAMA 2007

### 'Engineering Services, Value for Money'

The 14th GAMA AGM and Conference is being hosted by the Association of Consulting Engineers Botswana (ACEB) from the 14th – 16th May 2007. The Group of African Member Associations (GAMA) organizes FIDIC activities in Africa on a

regional basis. The GAMA Secretariat is presently maintained by the South African Association of Consulting Engineers (SAACE), which handles enquiries about consulting Engineering companies in the region.

The theme of the 14th GAMA Conference is – 'Engineering Services, Value for Money'.

This theme focuses on engineering services rendered professionally within various areas of specialization. The programme and

registration for the conference is now available on the GAMA website, please visit, [www.gamaconference.com](http://www.gamaconference.com)

For general conference enquiries email: [inge@gamaconference.com](mailto:inge@gamaconference.com) or [sheillah@gamaconference.com](mailto:sheillah@gamaconference.com)



## ENTER NOW!

### 'Engineering Excellence within our Borders and Beyond'

### SAACE/ GLENRAND MIB EXCELLENCE AWARDS 2007



The SAACE Glenrand MIB Engineering Excellence Awards are aimed at focusing on consulting engineers and their clients who participate in or initiate projects that promote the advancement of our nation and the people of the continent. Projects eligible for these prestigious Awards range from multi-million rand investments to those illustrating the benefits of innovative solution in the advancement of communities:

#### Engineering Excellence Award

Projects with a value greater than R5 million

Projects with a value less than R5 million

#### Business Excellence Award

#### Young Company Award Visionary Client of the Year International Business Developer of the Year Award Journalism Award Young Engineer Award

Members are invited to nominate and motivate the entries for the candidates for the "Visionary Client of the Year Award", "Young Engineer Award" and the "Journalist of the Year Award". Such candidates must approve their nomination in writing. The independent judging panel may also invite firms and clients to submit entries. Awards will presented to winning firms and their clients at a formal banquet to be held at the Sandton Convention

Centre, in Johannesburg, on the 26<sup>th</sup> July, 2007. Pre-entries for the SAACE Engineering Excellence Awards is 16<sup>th</sup> March and full entries is Friday, 20<sup>th</sup> April, 2007. For full entry details please visit the website or contact Siphso Momoti.



Siphso Momoti.



# Fond Farewell & Welcome!

It is with mixed feelings that we wish Jean Newman a fond farewell as she leaves us after 26 years service to return to her home town of Cape Town. Jean will be sorely missed by all her colleagues as well as members of the Association who have grown to know her so well over the years, but we

all wish her well in her new endeavor.

Jean joined the Association in July 1980 as secretary to Colin Spence, when the offices were in a house in Keyes Avenue, Rosebank, with a total staff complement of seven. Jean has witnessed

many changes over the years and it was after working for Mr. Lemmer that she got involved in working with the Membership Administration of the Association.

In saying farewell to Jean Newman we also welcome Gillian Wands who has taken

over the role of Administrative Officer from Jean.

*Glenda Tshabalala has joined the association as receptionist and account assistant.*



Cecil Rose and Jean Newman



Gillian Wands



Glenda Tshabalala

## YPF Reaches Out!

***The Association through its Young Professionals Forum (YPF) is setting up a series of outreach activities to promote the choice of Maths and Science at school level, promote the choice of engineering at tertiary education level and promote entry into the consulting engineering sector among young engineers, technologists and technicians.***

Richard Dlamini, Chairman of the YPF states that, "Another key focus for the YPF is the retention of young professionals within the industry as well as capacity building through the training

and development of these professionals." "The YPF is also a forum that provides networking opportunities for young professionals."

The YPF, an initiative of the Association, has been in existence for just on 3 years and in this time has been actively involved in career guidance through visits to a number of schools and tertiary institutions. The YPF was also extensively involved in National Construction Week (NCW) last year and plans to do the same again this year.



Front Row - Kirien Brown : PD Naidoo & Associates, Khelane Ndwandwe: Asakheni Consulting Engineers, Michelle Marjinen: Africon.  
Back Row: Daniel Kamau: TTT Africa, Richard Dlamini: BCP Engineers  
Cedric Bessit: Vela VKE, David Freeme. HBS Africa



# Partnerships



In one of his earlier books Alvin Toffler wrote that 'Knowledge is Power'. Subsequent to this he has noted that this is no longer the case but that **'Sharing of Knowledge is Power'**.

Organizations have moved from a territorial mindset to one of cooperation, information sharing and networking leading to the formation of various forms of **Partnerships**.

The Association has embraced the notion of partnerships with great success. An example of this is the writing and production of the Risk Management Implementation Guideline which is the first 'how to' manual for the implementation of risk management principles in a firm. The Association will also be partnering with FIDIC to produce a global version of this manual.

A second example of a successful partnership that the Association has been party to is the MOU with the Department of Provincial and Local Government (DPLG). This initiative sees the Association giving tangible support to 5 municipal

authorities in order to build capacity and accelerate delivery in terms of an agreed framework. This is proving to be a great success and we anticipate a further roll out of this programme in the future. The Association is shortly to embark on an extension of this principle with the flood damage repair work in the Eastern and Western Cape with a combined project value of R650 million. If the Association is successful in this endeavor a further MOU will be put in place to deal with both local and international disaster situations utilizing the expertise of member firms.

In a further initiative we are in the process of investigating a request by

the Department of Water and Forestry for the Association to be granted Implementation Agent status which in effect will mean that the Association will become an extension of the Department in respect of certain projects that will be executed by member firms.

The Association is embarking on these initiatives in order to ensure that member firms receive preferential procurement advantage and thus fulfill our mission statement that is to **"Enhance the Business Interests of Members"**

Graham Pirie.

## Events Calendar



Date	Description of Event	Venue
19, 20 April	Presidential visit	KZN
14- 16 May	GAMA	Gaberone, Botswana
May /June	Procurement Indaba	Emperor's Palace
30 May	Presidential visit	Gauteng North and South
19 June	Presidential visit	East London
20 <sup>th</sup> June	Presidential visit	Port Elizabeth
21 – 22 June	Presidential visit	George
18 July	Presidential visit	Limpopo
19 July	Presidential visit	Mpumalanga
26 <sup>th</sup> July	SAACE Glenrand MIB Engineering Excellence Awards	Sandton Convention Centre
16, 17 <sup>th</sup> Aug	Presidential visit	North West
24 Aug	Presidential Challenge Golf Day	JCC, Woodmead
8 Sept	Consultants Relay	Pretoria
9 -12 Sept	FIDIC	Singapore
7-9 Oct	SAACE/ SAFCEC AGM and Conference	Somerset West
23 – 26 Oct	IMESA Conference	Durban