



Interpreting the Environment & Pioneering Change

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THE SOUTH AFRICAN ASSOCIATION OF CONSULTING ENGINEERS



NOVEMBER 2006



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Published by SAACE  
St. James House,  
Hampton Park North  
20 Georgian Crescent,  
Bryanston.  
Tel: +27 11 463 2022  
general@saace.co.za  
www.saace.co.za

# National Construction Conference 2006

## 'Uniting The Industry For Accelerated Growth, Development And Transformation'

construction industry to 2010 and beyond.

She stated that we achieved an important milestone earlier this year with the signing of the Construction Charter by the industry sectors and organizations represented at the conference.

She also stated that we must ensure that the Construction Charter is not merely reduced to a set of new rules governing procurement that the industry conveniently navigates but that the Charter should provide impetus for concrete shared action.

Minister Didiza reiterated that our overriding task is to expand the role of the construction industry in South Africa's Accelerated and Shared Growth Initiative (AGISA) aimed at halving poverty and unemployment by 2014.

She noted that construction is central to this and must create and maintain the infrastructure needed for shared economic growth and a better life for all people.

It is in this context that the government has reasserted its commitment to an infrastructure programme, which has effectively doubled public sector investment over the past five years. *Cont...*



Webster Ndodana and Minister Thoko Didiza



Charles Naude (Holcim), Phumelele Siphayi, James Ngobeni, Obed Mlaba, Gugu Balfour, Webster Ndodana

*Webster Ndodana, President of the Association, welcomed and delivered the opening remarks at the National Construction Conference held in Durban at the end of October. In her address the new Minister of Public Works, Thoko Didiza noted that the theme of the conference,*

### 'Uniting the Construction Industry for Accelerated Growth, Development and Transformation'

aptly captured the key objectives on our country's path to a better life for all. The minister also stated that more importantly it focuses on the task of uniting stakeholders around the immense challenges facing the



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of Consulting Engineers (SAACE) and the South African Federation of Civil Engineering Contractors (SAFCEC), were once again tasked by the Construction Charter Group to organize the second Construction Conference. A number of high profile speakers gave presentations at the conference dealing with unification, the Charter's role in transformation, gender issues within the industry, skills development as well as the first steps leading to the formation of

## 'Construction South Africa'

Representatives of the 13 industry organizations at the conference were given the opportunity to present statements in support of Construction SA to the conference. Cooperation between all industry stakeholders is critical in view of the unique challenges that the industry faces, including the R372 billion that needs to be spent on infrastructure development over the next 3 years coupled with the current skills shortage in the industry. The formation of Construction South Africa and the future signing of an MOU between these business industry organizations will create a vehicle for combined membership of Business Unity South Africa (BUSA) and in turn give the industry a voice to influence government policy through NEDLAC.

The conference was divided into 4 segments with the first segment facilitated by Glenville Cullum, President of SAFCEC. Pepi Silinga, Chairman of the Construction Industry Development Board (CIDB) kicked off the first segment on 'Unification and the Charter' with a presentation on the role of the CIDB in growth, development and transformation. This was followed by statements in support of Construction SA by industry bodies and was chaired by Bryan Westcott, Interim Convener of Construction SA. Aubrey Tshalata, General Secretary of NAFBI and Mike Wylie, Joint Chair of the Interim Management Committee of the Construction Transformation Charter Group

followed this with a joint presentation on the Charter's role in unifying and transforming the industry. Fay Mukaddam, Board Member of SAWIC ended the session with a presentation on sector unity and gender issues.

The second segment dealt with Accelerated Growth, facilitated by Paul Kgole, President of SABTACO. Dennis Dykes, Chief Economist at Nedbank's Group Economic Unit got the session off to an interesting start with his presentation giving an overview of the economy with particular reference to factors impinging on the construction industry. This was followed by a presentation by Andrew Donaldson, Deputy Director-General of the National Treasury who presented the medium term budget framework with implications for the construction sector. Vuyi Hlabangane of ABSA Capital ended the session with a presentation on financing of infrastructure.

The third segment dealt with Development and was facilitated by Tshepiso Raletsemo, Chairman of Woman for Housing. Jerry Vilakazi, CEO of Business Unity South Africa (BUSA) started the session with a presentation on the importance of unity in the business sector.

This was followed by a presentation on urban design and why cities grow and how to plan properly presented by Mike Sutcliff, City Manager of eThekweni Metro. Phumelele Siphayi, National Chairperson of SAWIC ended the session with a review of the day. The Mayor of Durban, Obedi Mlaba addressed the conference at the gala dinner.

The fourth session, held on day 2 of the conference was facilitated by Mandla Ndlovu, President of NAFCO Construction.

James Ngobeni, Joint Chair of the Interim Management Committee of the Construction Transformation Charter Group together with Dr. Hylton Macdonald, Group Risk Manager of AVENG gave a review on the implementation of the Charter.

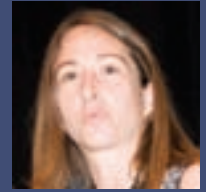
# CONFERENCE SPEAKERS



Mandla Ndlovu



Aubrey Tshalata



Elizabeth O'Leary



Brian Westcott



Jerry Vilakazi



Joseph Mahlasela



James Ngobeni



Glen Fisher



Pepi Silinga



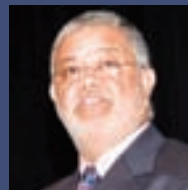
Paul Kgole



Sello Semanya



Phumelele Siphayi



Glenville Cullum



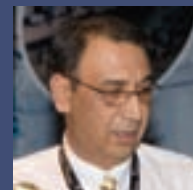
Graham Pirie



James Mbetse



Andrew Donaldson



Gavin Roberts



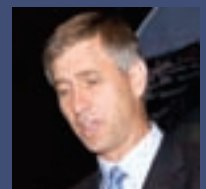
Hassan Asmal



Fay Mukaddam



Tshepiso Raletsemo



Dennis Dykes



Dr. Hennie de Clerq



Vusi Hlabangane



Prof. Gerhard Brummer



Brian Wescott, James Mbetse, Aubrey Tshalata, Webster Ndodana, Graham Pirie



Graham Pirie, Zulch Lotter, Truman Goba, John Rauch, Cecil Rose, Clive Swaisland



This was followed by a presentation on skills development in the construction sector by Rodney Milford, Programme Manager of the CIDB. Glen Fischer, National Business Initiative ended the conference with a presentation on skills development in the construction sector- Growing the Skills Base – a JIPSA perspective.

All the presentations given at the conference as well as a photo library of the event are available on the Association's website. [www.saace.co.za](http://www.saace.co.za)



## Cecil Rose Elected President

The South African Association of Consulting Engineers (SAACE) is proud to announce the inauguration of Cecil Rose as the Association's President for 2006/7.

Cecil Rose, Managing Director of Kantey & Templer obtained his BSc (Eng) degree from the University of Cape Town in 1967 and his MSc degree in

Transportation from the University of California (Berkeley) in 1983.

Cecil became a member of the Association in 1991 and served for two years on the organizing committee for FIDIC 1996 in Cape Town. He was elected to the Western Cape Branch Committee of the Association in 1995 and after serving in several positions became Branch Chairman and Representative on Council in 1998. He has previously served on the Roads Liaison Committee in the Western Cape Branch for six years and was the Convener for two years.



After serving for many years in various regional and national positions, he was elected national President of the South African Road Federation in its 50th year, 1999/2000. Cecil has also served on the Professional Advisory Committee for Professional Engineers (Civil) of the Engineering Council of South Africa since 2002.



Cecil was elected to the Association Council in 2000 and was Chairman of the Disciplinary Committee from 2001 to 2004. He has also served on the Executive Committee of Council since 2001. In 2004 he was appointed Chairman of the Membership and Constitutional Committee and in addition was appointed Chairman of the Finance and Staff Committee in 2005.

Felix Fongoqa (Iliso Consulting) has been appointed as Deputy President and Zulch Lotter (UWP Consulting) as Vice President

## CONSTRUCTION INDUSTRY CHARTER

*The first important step in getting the Construction Charter Scorecard operational.*

The IMC EXCO has finalised a notice for circulation to members and their clients that will provide greater clarity on the process of implementation of the Construction Industry Charter. This is presented in the form of a covering letter to "Circular No 1" and a "Circular No 1" document. The latter serves as a Guideline for the implementation of the Charter and Scorecard relating to the latest version of the Charter - Version 6.

Members are encouraged to circulate the letter to relevant clients notifying them that a copies of the documents are available for downloading at [www.saace.co.za](http://www.saace.co.za). Though certain clients might receive more than one invitation to obtain the document it will serve as positive reinforcement. There is also a proforma letter to suppliers in the circular, which companies can also use to notify their suppliers.

## ECTV Makes CPD Accreditation Easy

*The final broadcast of Engineers in Practice 2006 was aired on DSTV on Wednesday night, the 1st of November.*

*1. A total of 814 engineering professionals participated in this training programme during 2006 and each of these professionals has attained a compulsory credit in category 1 of ECSA's CPD policy.*

*Some of these professionals who attended the Construction Conference and participated in the SAACE AGM, are now in the enviable position of having attained a*

*further category 1 credit as well as a category 3 credit, giving them a total of three credits for developmental activities. Add to this the additional 2 credits they can be awarded for work based activities in Category 2 and they have now attained their five credits for 2006!*

*This shows just how easy and uncomplicated it is to be compliant with ECSA's CPD policy. Johan van Schalkwyk, Manager of the Association's School of Consulting Engineering commented that, "The Construction Conference*

*was the first time that cell phone sms technology was used to electronically register CPD points and it worked very effectively". Van Schalkwyk noted that, "There is also a concerted effort from ECSA to ensure that the process works with their renewed commitment to the industry".*

*The success of the 'Engineers in Practice' series has prompted SAACE to continue with the programme in 2007. The first programme in the new series will be broadcast on the 7th of February 2007. A survey will*

*shortly be carried out to establish whether or not subscribers prefer the joint broadcast and DVD channels or whether they have a preference for one or the other. This will inform any changes to the method of distribution for 2007.*

*If you did not participate in the 2006 you can still order the set of ten DVDs at a cost of R1200 excl VAT, postage and packaging. The new 2007 series will now count towards category one credits, and therefore the 2006 programme will move to category 3 for 2007.*

## BEPMEDS HOLDS IT'S OWN !

*BEPMEDS offers all of the 'lifestyle benefits' that larger medical schemes offer but has the advantage of being managed by professionals, for professionals focusing on the particular needs of the Consulting Industry.*

In his opening address on the 12<sup>th</sup> October at the launch of the benefits for 2007, Chairman of the Board of Trustees, Des Linder highlighted this fact and noted that the scheme belonged to the '**us, the Consulting Engineer**'. He states, "CEO's have nothing to lose by instructing their brokers to do a comparison between BEPMEDS and their current and other schemes. They must augment the opinions of brokers by directly talking to trustees to confirm the facts about the scheme. Some CEO's and their HR professionals have the wrong perception that BEPMEDS is too small".

Benefits for the coming year include a significant annual increase across a wide range of benefits, spread across all the benefit options, as well as a medical savings facility that is being reintroduced into one of the options.

BEPMEDS offers all the 'lifestyle benefits' and is financially stable. Linder stated, "We are redoubling our efforts to promote the scheme, because it is one of the key benefits of membership of the Association, especially for smaller firms". He believes that professionals in smaller firms do not have the time or the clout to solve problems when things go wrong. Conversely some of the larger firms, who belong to BEPMEDS, are able to nominate their own trustees to the board and thus ensure that the scheme is managed responsibly to the best possible benefit of its employees, and ultimately the firm. The recently appointed YPF trustee onto the board makes sure the product suits the needs of young professionals as well.

*For more information contact Diane, the Fund Manager on Tel: 031 573 4336 or email her on [diane@saace.co.za](mailto:diane@saace.co.za)*

# Events Calendar

Date	Description of the Event	Venue
17 Jan	Presidential Breakfast	Sunnyside Park Hotel
13 Feb	Procurement Indaba	Emperor's Palace
5 <sup>th</sup> Mar	Presidential Visit	Western Cape
13 <sup>th</sup> Mar	Presidential Visit	Northern Cape
14 – 15 Mar	Presidential Visit	Free State
19 – 20 May	Presidential Visit	KZN
14 – 18 May	GAMA	Gaberone, Botswana
30 <sup>th</sup> May	Presidential Visit	Gauteng South & North Branch Meeting
19 <sup>th</sup> June	Presidential Visit	East London
20 <sup>th</sup> June	Presidential Visit	Port Elizabeth
21 - 22 June	Presidential Visit	George
11 <sup>th</sup> July	Presidential Visit	Limpopo
12 – 13 July	Presidential Visit	Mpumalanga
16 - 17 July	Presidential Visit	North West



## FIDIC To Lobby For QBS

Arthur Taute, CEO of Vela VKE and Chairman of the Supply Chain Management Committee recently attended the International Federation of Consulting Engineers (FIDIC) Conference held in Budapest, Hungary. While at the conference he attended a workshop on procurement and stated that, "The Canadians blew us away with their well thought out presentation on Quality Based Selection (QBS) in preference to Quality and Cost based Selection (QCBS)".

Gian Cassartelli from the World Bank in charge of procurement of consulting engineering services, has also come to the conclusion, after many years of procurement

management, that QBS has a lot of merit and is believed to be busy working on trying to change the World Bank procurement systems in favour of QBS over QCBS. Dilek Macit of European Bank of Reconstruction and Development was also one of the keynote speakers and she is generally well respected and runs a very good ship in respect of procurement. They use QCBS for everything over E200 000. When asked what they did about ensuring that the technical scores and financial scores were at least in similar ranges so that price was not the ultimate determinant in the final award she said that they always include the budget for the service in the Terms of

Reference and in this way ensure that prices are in a narrower band. In particular, if the scope of work is fuzzy, such as in preliminary design projects, this seems to be essential. One of the problems of QCBS is that technical scores are often in a narrow range – say 20 while financial scores can be in a wide range – say 50 – then even if technical is supposed to count 70% and price 30% the difference in the ranges makes the price dominate no matter how much weight one gives the technical score. The FIDIC conference concluded that all of FIDIC and its member associations would lobby actively for QBS in future. Arthur Taute cautions that we must take care that

while the rest of the world is slowly moving towards QBS, we do not get caught in the trap of throwing out our old tried and tested systems (that created the best infrastructure in Africa) and replace them with procurement practices that have been shown to produce some poor results and are being retired by others.

***It was generally acknowledged that the need for an informed client was paramount in all procurement!***

The Canadian guideline on procurement can be downloaded from [www.infraguide.ca](http://www.infraguide.ca).

During the last week of September I attended the International Federation of Consulting Engineers (FIDIC) Conference in Budapest, Hungary. In my opinion this was one of the most successful and informative FIDIC conferences that I have attended. The conference had the theme 'Where the Roads Meet', and included a number of excellent presentations dealing with industry issues looking at the local, regional and global status of consulting engineers. Speed of change is the major challenge of the 21<sup>st</sup> Century, according to Professor Flanagan, in a keynote speech delivered to the conference. Over 550 professionals of the engineering and consulting industry from 66 countries discussed challenges, trends and opportunities. Good practices were defined as the crucial themes of the industry today, including quality selection, risk management and project financing. These are the major issues currently being addressed by the European (EFCA) and international federations (FIDIC) respectively. The message from the conference was that the consulting engineer must become the trusted advisor of the client. EFCA president Yann Leblais called on young professionals to think beyond the purely technical to the strategic and economic aspects of their job. Human resources are the key to success. An international trend is that the fastest growing consulting firms are those that find innovative ways to fill the skills gap and choose new forms of partnerships and outsourcing. Consulting Engineers need to be proud of their profession as they increasingly provide a major role in advising the client to assess and manage risk, and fees should reflect the quality and innovative service being delivered.

A number of workshops were held dealing with project implementation, procurement best practice and emerging issues facing the industry at large. Of particular interest were topics related to the consulting engineering firm of tomorrow where there were debates around what the average consulting engineering firm would look like in 2020. In depth discussions were held relating to the new mechanisms for project delivery; developing and using the skills of design professionals; as well as business opportunities in new markets. At a more detailed level seminars were held on the FIDIC Design – Build – Operate contract, quality procurement and risk responsibilities in infrastructure development. I believe that the reason that this conference was different and had more impact than in previous years was in part due to the improved business opportunities in most countries, as well as the fact that Consulting Engineers are becoming much more aggressive in defining their role in the marketplace. Business models need to change and the traditional approach to consulting

## 'Business Models Need To Change'

*From the desk of  
Graham Pirie*

engineering has become highly inappropriate.

While diversification in looking for new business opportunities does obviously involve exploring new markets in the sense of geographic diversity and including a wider range of disciplines in the business portfolios, it has become far more important for

consulting engineers to move up the value chain and begin to operate like management consultants.

It is important for consulting engineers to hone and develop their skills to way beyond the technical, to position themselves at the top of the food chain and become more proactive and entrepreneurial and



*Khelane Ndwandwe, Graham Pirie, Webster Ndodana, David Freeme*

# FIDIC / Budapest, Hungary



Young Professional's Forum at FIDIC, in front of tunneling machinery



sensitive to clients needs. Consulting Engineers are superb at portraying the bad news but never shout about their successes and certainly do not like to talk about profitability. However, profit has been too low for too long, design has become cheap and there is a need for the industry to move away from being perceived merely as a commodity, but rather as a value added service to the client. It seems that the internal dynamic is for firms to get larger in order to handle ever increasing complexity and size of projects and this is becoming more prevalent. Not only is the business model changing,

but different ways of contracting, dictating whole life involvement through Public Private Partnerships (PPP's) and Private Finance Initiatives (PFI's) are on the increase requiring a greater awareness of the risk and reward dynamic. Although firms are getting larger, the independent consulting engineer will always have a role as the delegates at FIDIC believe that 'Independence is a marketable commodity'. The message from the conference is clear that the industry must stop responding to market change and take the lead.

The conference highlighted the importance of soft skills and noted that human resources is becoming a critical factor.

A clear message came through that it is critical to ensure that quality is not overridden by cost and that quality must become the key factor in our National Procurement processes. The Canadian association had achieved a high degree of success in this regard.

South Africa was prominent in the Young Professionals (YPP) programme, with the Association's young engineer of the year, David Freeme ably supported by last year's winner, Khelane Ndwandwe.

The Group of Africa Member Association's (GAMA) meeting also held at the conference was also very productive with the adoption and approval of a new constitution allowing it to become a more effective regional body representing the views and needs of Africa. The newly adopted constitution will be formalized at the next GAMA AGM and conference to be held from the 14 May next year in Gaborone.

*Graham Pirie*

# 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'. The Association would also like to encourage you to sponsor the attendance of 3 of your main clients at the conference as this will allow input at a level that can influence and change 'mindsets' and 'rules'.

### VALUE FOR MONEY: MONEY FOR VALUE

The purpose of the one day event is for member firms of the Association (SAACE), in consultation with our clients, and with inputs from world-wide experts, 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 clients, contractors, consultants ( large firms and small firms views), the black perspective and young professionals as well as an in-depth presentation on pricing of professional services
- Operational - this includes a presentation on CIDB practice notes; a presentation from management consultant's on their business model as well as a presentation on the "Way Forward"

A detailed agenda will be sent out prior to the event but in the meantime please book space in your diary next year for this event:

**DATE:** 13 February 2007  
**TIME:** 08h00 to 17h00 followed by a cocktail function  
**VENUE:** Emperor's Palace close to OR Tambo International Airport

*For more information please contact Siphso Momoti on (011) 463 2022 before the 13 January 2007*



Interpreting the Environment & Pioneering Change

# Branch Of The Year

## Border / Kei Branch

Congratulations go to Gerhard du Plessis and his team from Border/ Kei on being awarded Branch of the Year. Judging for this

award is based on the effectiveness of the branch committee structure; branch organization; and communication with local

members. The consistency and number of liaison meetings is also a key factor. Attendance at SAACE Council/ Branch

meetings as well as how well the Presidential visit is organised are aspects that are also taken into account.



Gerhard du Plessis



Gerhard being congratulated by Webster Nlodana