2020 - A TIME FOR REFLECTION, RENEWAL & REGENERATION

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IMPLEMENTATION IS KEY!

I’ve just returned from 2045 Marty...

I kid you not, they’re still building Medupi
2020 - A TIME FOR REFLECTION, RENEWAL & REGENERATION

• **2020** – A vision for the future

• **REFLECTION** – mostly negatives, few positives

• **RENEWAL** – processes afoot to stop the decline

• **REGENERATION** – CESA offers practical solutions

• **CONTINUING INITIATIVES**

• **CONCLUSION**
2020 – A VISION FOR THE FUTURE

- Reflection – SA in the throes of a new era
- Uncertainty and trepidation
- Period of catharsis
- However, a period of hope
- Renewal and Regeneration – CESA’s contribution
REFLECTION

Tragedy of state capture

- Billions that have been siphoned off
- Effect on the effective functioning of key state institutions

Continuous decline in audit outcomes

- Poor audit outcomes when money is spent
- Unspent budgets = poor levels of service delivery

Unintended outcomes of the audit process

- Critically important work that AG’s office does
- Officials reluctant to make decisions
REFLECTION (cont.)

- Continuous changing of Regulations
  - SIPDM vs FIDPM
  - New Procurement Bill

- Poor inter-governmental communication
  - Differing opinions as to interpretation
  - Sometimes difficult to obtain advice or clarity
REFLECTION (cont.)

Decimation of the construction sector
- Lack of project pipeline and project opportunities
- Delayed payments

Infrastructure value chain
- Contractors in dire straits
- Will work its way up the value chain

Construction Mafia
- Hijacked legitimate community expectations
- Criminal practices
REFLECTION (cont.)


2017

Although much of South Africa's built environment infrastructure is of high quality, the below-average grade reflects the continuing low maintenance levels, and even neglect in many areas, that is taking a toll on its resilience. A lack of commitment to long-term planning, adequate dedicated funding, proper management systems, data collection and skill deployment and collaboration are major contributing factors.
REFLECTION (cont.)

Possible ratings downgrade

State’s (in)ability to fund infrastructure development
REFLECTION (cont.)

- General lack of confidence
  - Private sector - has assisted in development
  - Low levels of investment in infrastructure
REFLECTION (cont.)

Gross Fixed Capital Formation

- Exploded in the early 2000’s
- Stagnant over the last few years
REFLECTION (cont.)

 BBBEE

Has resulted in opportunities for a large number of firms

- CESA membership (approx.)
  - 60% majority Black Owned
  - 14% Black Women Owned greater than 30%
  - 60% Level 1 and 2

![Pie charts](chart.png)
REFLECTION (cont.)

- Influx of multinationals, 2010!
  - Early 2000’s – opportunities in SA and Africa
  - NDP
  - 2010 – united in a common vision

- EPWP and similar Programmes
  - Absorption of labour
Zondo Commission

- Scale of the problem – “broad based corruption”
- Painfully and frustratingly slow
- Excellent work that is being done
- CESA’s core principles – ethics and integrity
RENEWAL (cont.)

AG’s office – added powers

- Recommendations must be implemented
- Audit outcomes will start to improve – longer term results
- Unintended consequences – personal liability
- Balance – officials must be empowered to make decisions
- Improve communication – AG, National Treasury, etc.
- P,M&E to play a greater role

P,M&E Directorate to become more visible and vocal

- Identifying challenges to implementation
RENEWAL (cont.)

Recapacitation of key state institutions

- Criminal Justice sector
- Large infrastructure dept’s. – DPWI, DHSWS, Eskom, etc.
- Ongoing concern – ability to attract professional staff

Programmes that are working – reinvest

- IPP programme – address electricity crisis, project pipeline
REGENERATION

Enabling a capable state

- Leadership at large public infrastructure departments
- Long standing dichotomy – public vs private capacity
- Building a capable state – long term project
- Utilise capacity from consulting engineering firms
REGENERATION (cont.)

Enabling a capable state

- Owner’s Engineer Concept
- Separate delivery team independent of the Owner’s Engineer – accountability!
- Volunteer services – within a structured framework
- Slowly build capacity within the state
- Develop systems and processes
- Mentorship of young engineers

Implement = Confidence = Investment = Growth
REGENERATION (cont.)

Infrastructure and Investment Office

Excited about this development – housed in the Presidency
Towards an Engineer General
Unlock challenges – attract investment, and implement!
Create the environment – firms must compete!

Khawulesa District Improvement Programme

Welcome intervention
Many challenges at local government level
Similar programmes in the past have not yielded results
Must implement! And on a wide scale
REGENERATION (cont.)

CIDB – Register of Professional Service Providers

- All PSP’s must be registered with CIDB before contracting with state
- Ensure screening of PSP’s
- Nature of Register to be discussed – cannot be like the Contractor’s Register
- Must cater for small firms, start-up’s etc.
- Accountability!

Department of Public Works and Infrastructure

- Ministers call to CIDB for report on issues facing the industry
Wider debate regarding Implementation Models

- IPP Programme, SANRAL Concessions, BOTT, DBOT, etc.
- Replicate for general maintenance, water, sanitation, waste management

Master planning and the project pipeline

- Does not have to be perfect, but at least thought through
- Implement!
- Short term capacity intervention
- Project pipeline – inspires confidence!
Collaboration with ECSA

- Publishing of the Fee Guidelines - Fees Committee
- Will assist buyers of professional services to gauge fair compensation
- Scope of Services – comprehensive list of deliverables

Quality Cost Based Selection

- Committed to competitive sourcing of professional services
- Professional Services cannot be sourced on price alone
- Must include quality/functionality – international best practice. Encourages innovation.
- Must include other imperatives – BBBEE, SMME development, etc.
REGENERATION (cont.)

❖ DHSWS Master Plan – R 900 billion
  ❖ Welcome development – water is an absolute priority
  ❖ Cautious about another SOE – need to engage

❖ Continental Free Trade Agreement
  ❖ Long been working in rest of Africa – more opportunities
  ❖ Afro-centric approach required
  ❖ SA Chair of the AU
  ❖ Support our export councils
CONTINUING CESA INITIATIVES

- Transformation
- Management Development Programme
- YP Leadership Seminars
- Graduate and Retired Professionals database
- Greater engagement with all Stakeholders
- Recognising and celebrating Excellence in Engineering
CONCLUSION

- Embrace the change, and contribute positively
- Highlighted some of the key industry concerns
- CESA ready to assist in developing a Capable State – People are the heartbeat of any org.
- Rally around a common vision! 2010!
- Make SA one big construction site!

‘CESA – THE APEX ORGANISATION FOR CONSULTING ENGINEERS IN SOUTH AFRICA’
SOUTH AFRICA – A WINNING NATION
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Thank you!