



C E S A

Consulting Engineers South Africa



Your Partner in Enabling Consulting Engineering Excellence

2020 - A TIME FOR REFLECTION, RENEWAL & REGENERATION

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President

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.)*



Upward trend 2006 – 2011. Downward trend 2011 – 2017

OVERALL GRADE	D+	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.

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REFLECTION (cont.)

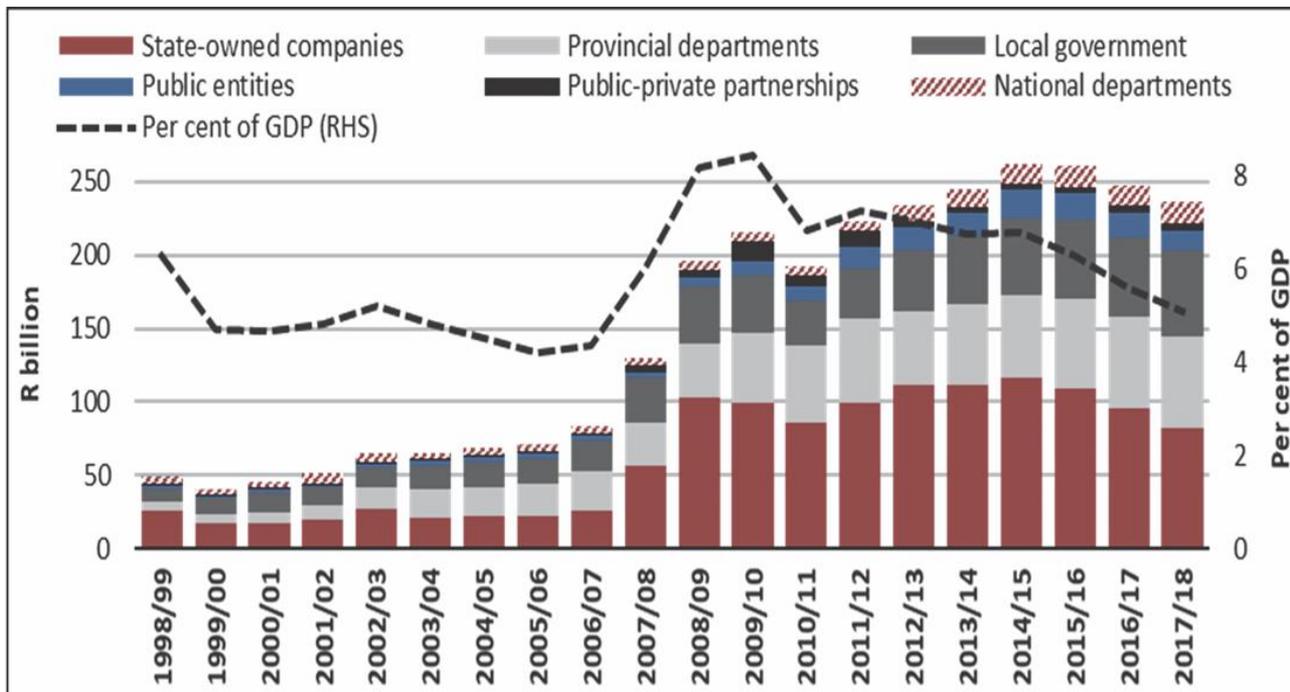
➤ Possible ratings downgrade

- State's (in)ability to fund infrastructure development



REFLECTION *(cont.)*

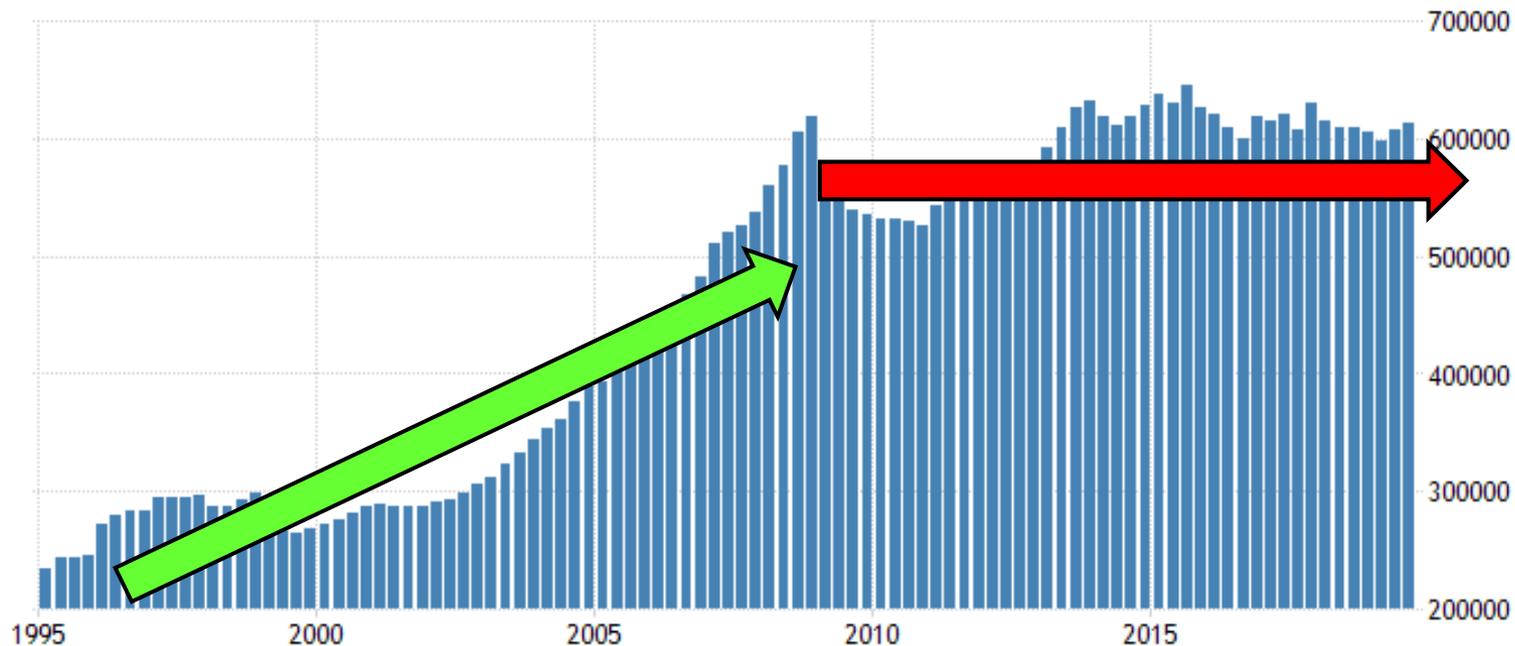
- General lack of confidence
 - Private sector - has assisted in development
 - Low levels of investment in infrastructure



REFLECTION *(cont.)*

Gross Fixed Capital Formation

-  Exploded in the early 2000's
-  Stagnant over the last few years



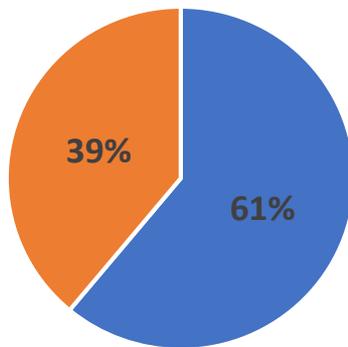
SOURCE: TRADINGECONOMICS.COM | SOUTH AFRICAN RESERVE BANK

REFLECTION *(cont.)*

BBBEE

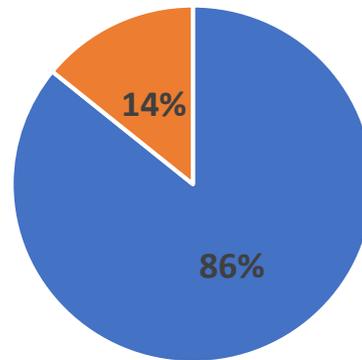
- Has resulted in opportunities for a large number of firms
- CESA membership (approx.)
 - 60% majority Black Owned
 - 14% Black Women Owned greater than 30%
 - 60% Level 1 and 2

Black Ownership



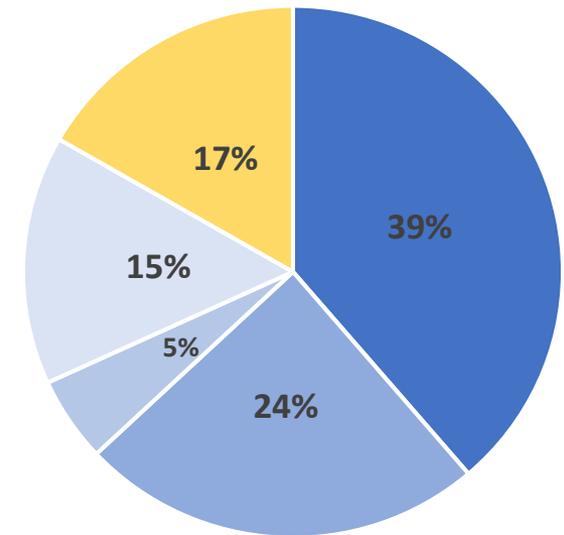
■ BO ■ <51% BO or Unknown

Black Women Owned



■ BWO < 30% ■ BWO >= 30%

BBBEE Level



■ Level 1 ■ Level 2 ■ Level 3 ■ Level 4 ■ > Level 4

REFLECTION *(cont.)*

➤ **Influx of multinationals, 2010!**

- Early 2000's – opportunities in SA and Africa
- NDP
- 2010 – united in a common vision

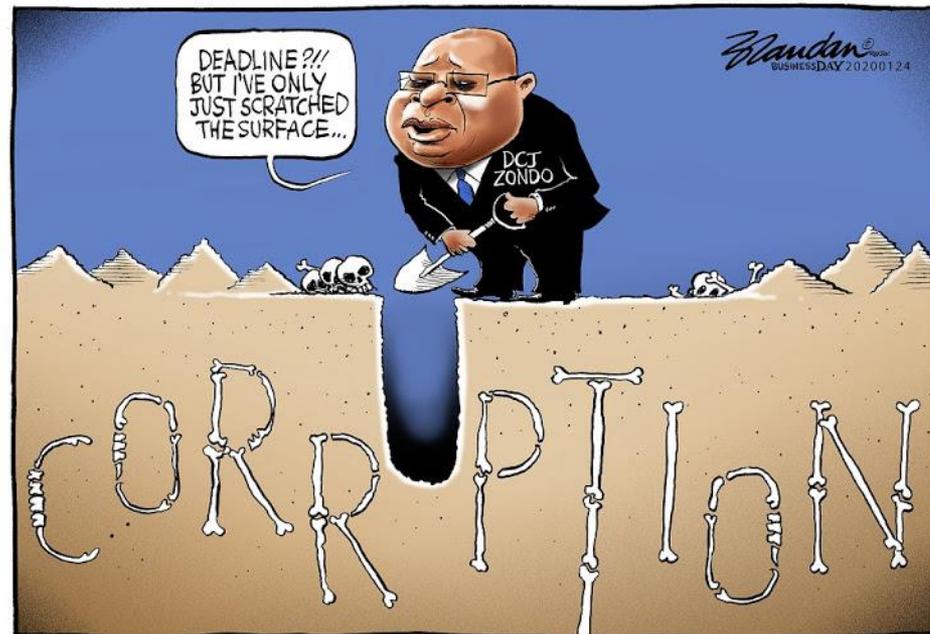
➤ **EPWP and similar Programmes**

- Absorption of labour

RENEWAL

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

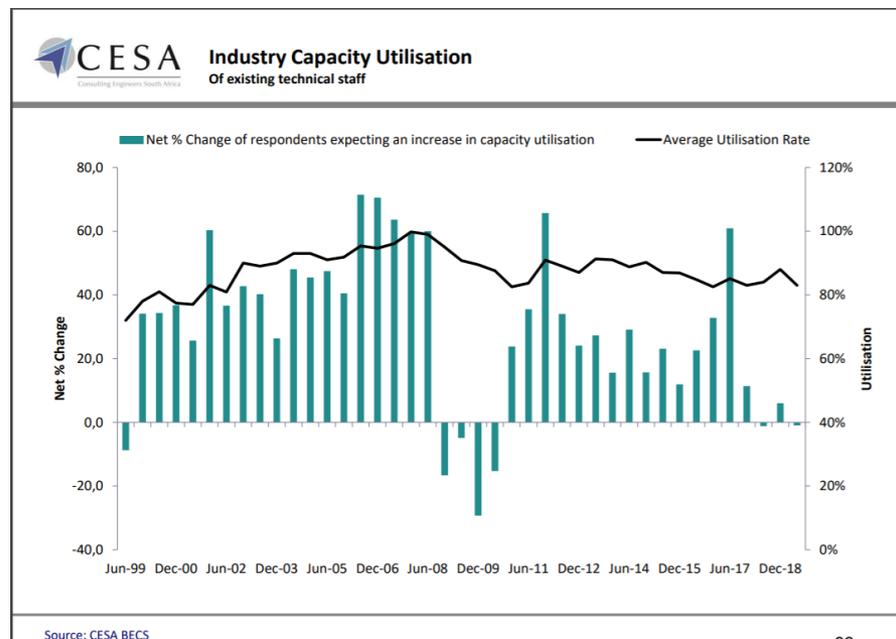
➤ **Programmes that are working – reinvest**

- 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

REGENERATION *(cont.)*

➤ **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!

REGENERATION *(cont.)*

➤ 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!