

## 2023 CESA PRESIDENTIAL MEDIA ADDRESS

### MAKE A DIFFERENCE by COLLABORATING FOR CHANGE

**Good day, ladies, gentlemen, and a warm welcome to our honorable members of the media. I thank you for joining us here today as we present our theme and focus for the year ahead, while providing a review of our achievements over the past year and our hope for the future.**

Our 2022 theme was ‘A Call to Service’. During this period, we called on our members and industry stakeholders to serve and work together as a team with a common goal and focus. The four key areas emphasized for us to be of service were:

1. Availability
2. Willingness
3. Sacrifice, and
4. Vision

In this new year, we are delving deeper into actualizing this call to service by collaborating for change ensuring that we work effectively towards that common goal.

CESA member companies are integral to the engineering that is incorporated into these green buildings, making it possible for us and our industry partners to showcase how as an industry we innovate through collaboration.

So, in this light, our theme for 2023 is: **‘MAKE A DIFFERENCE by Collaborating for Change’**

This theme is an **action theme** for us to work and be intentional in our quest to **achieve tangible results** and in doing so we have many challenges to overcome.

*‘With a crunch in public-sector funding and competing security concerns, our capacity to absorb the next global shock is shrinking. Over the next 10 years, fewer countries will have the fiscal headroom to invest in future growth, green technologies, education, care and health systems. The slow decay of public infrastructure and services in both developing and advanced markets may be relatively subtle but accumulating impacts will be highly corrosive to the strength of human capital and development – a critical mitigant to other global risks faced’.*

This is an excerpt from the recently released World Economic Forum’s Global Risks Report 2023 that explores some of the most severe risks we may face over the next decade. As we stand on the edge of a low-growth and low-cooperation era, tougher trade-offs risk eroding climate action, human development and future resilience.

As a developmental country South Africa is already facing many of these challenges and as engineers, **we are called upon to MAKE A DIFFERENCE.**

In the table below from that same WEF study it lists the Top 10 risks over both a 2-year and a 10-year period. What is notable about this is that the engineering profession plays a major role in multiple areas which supports the findings from a paper entitled 'The Relationship Between Engineers and Society: is it currently fulfilling its potential?' by Erik W. Aslaksen, in which he states, "Engineers play a major role in the development and application of technology, and so have a responsibility for the evolution of society".

At our 2022 Infrastructure Indaba, our Minister of Finance, Mr. Enoch Godongwana made the critically enlightening statement that **as a country we have no shortage of finance.** He went on to state that we have a procurement system which has too many processes going on to state that we should be rest assured that he is going to change it completely.

He went on to say that the problem is not funding, it is also not skills, the problem is corruption and crime. Corruption and crime together with supply chain issues are the primary limiting factors affecting the delivery of sustainable social and economic infrastructure in our country.

President Cyril Ramaphosa, speaking at the recent ANC Conference said the most important priorities were tackling the energy crisis to end load shedding, improving the delivery of services, and combating crime and corruption. Another area of focus for him was local government, especially poor service delivery seen at this level. He said one of the solutions was for the ANC to continue with its aim of **professionalizing the public service.**

CESA wholeheartedly supports governments focus on Professionalising the State as well as the private sector to raise competency levels to be able to realise the progress that is required.

### **So, what has CESA achieved and will continue to pursue in 2023?**

Let me first reiterate the role of an industry organization such as CESA. In a nutshell, **our mandate is to lobby for positive change within the regulatory environment to enable our members better serve society.**

During 2022 as an industry organization, we have made much progress in supporting our members and the industry, most notable of these is the cooperation we are receiving from the Auditor General's office in dealing with municipalities that are overcharging for tender documentation.

### **OUR VOICE IS BEING HEARD!**

The following is a list of focus areas in which we believe as an industry association that we can most certainly make a difference:

1. Engineering Profession
2. Consulting Engineering Environment
3. Grass roots development
4. Funders and Developers
5. Infrastructure Development
6. The Nation
7. Media: Thought Leadership
8. Other role players
9. Begin at home



1. When it comes to the **Engineering Profession** as part of our efforts in making a difference towards professionalizing the State, CESA was part of the task team appointed by the Minister of Public Service and Administration to develop the Framework for the Professionalizing of the State, released by the President in 2022 and we will continue to support this process going forward as there is much at stake. Our industry **continues to produce engineering excellence** as was showcased at the recent 50<sup>th</sup> anniversary of our CESA Aon Engineering Excellence Awards.

Our School of Consulting Engineering continues to go from strength to strength offering over 100 CPD accredited courses to both members, clients, and industry stakeholders. Our acclaimed management development programme, the Business of Consulting Engineering Management Development Programme, has **trained over 100 engineering practitioners as leaders in our industry.**

**CESA member companies have the skills and are ready and willing to collaborate with government and all industry stakeholders - it is now a matter of urgency in making the difference our country so desperately needs!**

2. As far as the **Consulting Engineering Environment** is concerned there is much work to be done. As mentioned by the Minister of Finance at our 2022 Indaba – the current supply chain processes simply do not work. With the contribution of CESA in the NEDLAC process in 2022 on the new Public Procurement Bill, one hopes that the successive parliamentary processes will support the absolute need to differentiate the procurement processes for infrastructure delivery from that of general goods and services. We need to ensure that the **value for money perspective** does not get lost in the pursuit of least cost. The responsibility for effective and efficient delivery of infrastructure after all is an operations function.

The success we have achieved through our contractual affairs department in which we continue to address large numbers of queries from both members and their clients continues to grow.

**Our advocacy efforts are starting to bear fruit.** Through industry collaboration we were directly involved in the compilation of the new Public Procurement Bill that is due to go before parliament in the near future. We had the honour of leading the Business Team at NEDLAC in providing comment. This bill promises to ensure that the procurement of infrastructure is treated differently from that of general goods and services. **A fundamental shift in principle and in law that will ensure that value for money is equated to the quality of services procured in the infrastructure delivery process.**

In terms of Infrastructure Procurement, in the ISO 10845 standard, nowhere does it state that least cost is encouraged. **Cost in isolation is most dangerous when procuring infrastructure** as there are far too many technical unknowns involved in the process.

In addition, Section 217 of our Constitution talks about ‘**Cost Effective**’ – **let me reiterate this – it refers to ‘Cost Effective’ and NOT ‘Least Cost’.** We need to stop here and emphasize that there is an important relationship between quality and cost.

**We need to ask ourselves, “What is the ultimate cost of pursuing the least cost route in particular when procuring infrastructure?”**

We believe that the correct approach should be to include the **total cost of lifecycle ownership – cheap simply does not last and puts lives at stake!** The impact of an inadequate design, that only equates to 2% of the lifecycle cost of a project, can have a catastrophic cost impact on operations and maintenance costs, that equate to approximately 60 to 70% of the total lifecycle cost, over the pursuant 30 years.



**What our country is currently experiencing is the results of years of inadequate supply chain and procurement management focused on least cost procurement!**

In our quest to encourage transformation through diversity and inclusivity of the industry we are pleased to report that **70% of our member companies are now more than 50% black-owned with 30% being women-owned** – this we believe is a great achievement and we will not stop here.

### 3. Grassroots Development

As far as grass roots development and the Skills Challenge **there is a critical need for adequate and competent Engineering Capacity within Government.**

We need to consider how best to address this challenge in the short, medium and long term.

In the short term, with the shortage of experienced engineering capacity within the public sector, the partnership with the private sector is the easiest to implement. The private sector capacity according to our CESA 2022 Bi-annual Economics and Capacity Survey (BECS) is utilised to 80%.

In the medium term, we need to upscale and upskill the capacity in the public sector in line with the Framework for Professionalising the State pronounced on by President Ramaphosa.

In the long term, an issue that is not receiving the attention required is that the development of our skills pipeline. **Early Childhood Development (ECD) and Basic Education is the gateway to STEM careers, sustainably and systemically enabling the development of homegrown engineering skills for a transformed society and a transformed industry.**

We call on government to strengthen ECD and Basic Education Programmes with a strong focus on teaching and learning of pure mathematics and science at basic education levels and boosting career guidance to promote engineering studies as a career of choice at tertiary level.

### 4. Funders and Development

Funders and developers will have higher levels of confidence that their money is being well spent if we achieve our goal of **rooting out corruption, developing value for money infrastructure that is sustainably designed and built to stand the test of time, aimed at protecting the lives and livelihoods of the users** of those it is intended for.

### 5. Infrastructure Development

We are aware of the popular rhetoric of the idea for the formation of a State Construction Company. Understandably such utterance will become commonplace with an election looming in 2024, however, if there are capacity challenges in public sector currently, it is hard to see how this will be implemented with any speed or certainty.

**We are at a critical time in South Africa's history** where we find ourselves at a crossroads as a nation, there is an urgent need to start putting plans in to action as we work together by collaborating to deliver a sustainable future for all. **We are ready to commit to MAKING A DIFFERENCE!**

### 6. As a Nation we are facing many challenges, but we are resilient. Our current water and energy challenges are stretching our resilience to the maximum, in addition we face added challenges with:

- Transport Systems affecting logistics
- Healthcare Systems
- Educational Institutions, to name a few.



7. The **Media** play a pivotal role in holding us all, both the public and private sectors, to account, exposing corruption and unethical practices, while reporting on the new developments and thought leadership articles offering solutions to the challenges we face as a nation.

#### 8. **Other Role Players**

We have various role players within our country involved within the infrastructure space and ensuring the achievement that the UN goals in respect of climate change and net zero development is achieved. As CESA, it is our intention to collaborate with these players to ensure sustainable development and make a difference in all endeavors.

9. Most importantly we need to **Begin At Home** and members of CESA are actively engaged in not only infrastructure development, but also in various Corporate Social Responsibility programmes that seek to make a difference in the daily lives of ordinary citizens.

**To compete globally and develop locally South Africa needs engineers.** Engineers are the designers and developers of infrastructure that results in economic growth and job creation. In 2020 we embarked on our very successful, and internationally acclaimed, Protecting Lives and Livelihoods campaign that is now entering its 4<sup>th</sup> year.

The aim of the campaign is to raise the profile of the industry and highlight the role that engineers play in protecting the lives and livelihoods of the citizens of our country, by showing the public what a Consulting Engineer is, and the value that we bring to society.

Our focus going into 2023 is on skills development and growing our own pipeline of engineers by highlighting the importance of STEM subjects.

Through this campaign, we once again, showcase **why engineers need a seat at government's decision-making table -and not be on the menu** - when it comes to the development of value-for-money infrastructure.

**This is CESA's contribution in Making a Difference!**

#### **SONA expectations**

At CESA we have a commitment and passion to be of service and make a difference, with the State of the Nation Address (SONA) coming up in exactly a week's time, **we are calling on government to commit to increased and informed spending on infrastructure as a key economic driver.**

Government needs to overcome the current supply chain and procurement issues as well as the skills challenges our country faces. Additionally, the pace at which this happens needs to be accelerated.

Our hope is that with **government's focus on professionalizing the state** that we will start to see the right people with the requisite skills, experience and competencies being placed in key positions to ensure that **money is spent in a cost-effective manner for both the social and economic benefit of the people of our country.**

We need to collaborate by getting everyone involved as it is the only way that we will be able to **MAKE A DIFFERENCE as an industry, as engineers and as citizens of this our Beloved Country**, Nkosi Sikeleli Afrika, Raise High her glory – Setjaba sa South Afrika, protect our Nation!

God bless us as a nation and industry. I Thank You.

