



75 YEARS

Annual Report
2013/2014



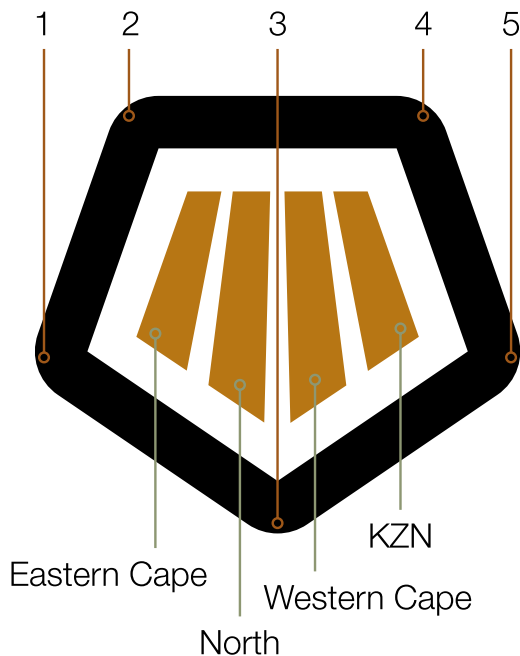
SAFCEC

QUALITY SERVICE

75

years of service excellence

Strategic Corner Stones



1. Professionalism

Actively striving to enable our members in delivering construction services to their clients in a professional manner.

2. Knowledge

We encourage continuous development in providing knowledge to our members and their clients.

3. Credibility

We promote a fair and equitable business environment in which our members can conduct their business in a credible manner.

4. Development

We provide a foundation for the development of our members to enable them to grow in the industry.

5. Care

We encourage our members to take care of the safety and welfare of their employees, the environment and community.

Our vision

To be the leading construction industry representative body in South Africa.

Our vision is what we strive for at all times. It ensures we all pull in the same direction.

Our values

Humanity | Harmony | Democracy

Our values enhance our strategic corner stones, guide our behaviour as an organisation and underpin the way we do business and support our members.

Our mission

To promote the image of the civil engineering constructing industry by enabling members to deliver a professional construction service and encourage them to take care of their employees' safety and welfare, the environment and the community, thus providing a foundation for our country's development.

Contents

President's Report	2
CEO'S Overview	4
75 Year History and Milestones	16
Contractual Affairs and Support Services	22
Transformation Advisory Service	26
Education, Training and Development	28
Human Resources	30
SHERQ	32
North Branch Region	34
Western Cape Region	38
KwaZulu-Natal Region	42
Eastern Cape Region	46
Staff Members	50
Photography Competition 2013/14	52



Standing from left: Peter Kendal, John Skinner, Chris Gidana, Werner Jerling, Tim Meyer, Stuart Knight, Negi Molefe, Richard Smith, Thembinkosi Nzimande, James Popper, Kevan Rocher and Mike Winfield.

Seated from left: Albi Laker, Theresa Cupido, Dave McIntosh, Norman Milne (President), Webster Mfebe (CEO), Andrew McJannet (Vice President) and Roz Messenger.

Absent: Dr Danisa Baloyi (Deputy President) Pheli Mbambo, Paul Foley, Roland D'Unienville, George van der Westhuisen and Pierre Blaauw



President's Report

We are an industry driven by deadlines – daily diaries, weekly production reports, monthly certificate and programme updates, activities that must be completed by Easter and the Christmas break. So I should not be surprised that the year has passed so quickly.

This year is the 75th of SAFCEC's existence. It was established in 1939 and despite numerous ups and downs remains a strong and vibrant employers' organization. The industry has evolved since then when membership was made up from a handful of civil engineering contractors. Today we have 347 full members and 77 associate members as at last count.

As part of re-structuring SAFCEC we took the decision to manage our expenditure and income in house, and not have it outsourced as in the past. This revealed a number of phantom members on our books who had not paid membership fees for years, and who either had gone out of business or were just not contactable. Regrettably some members also elected to resign, citing the tough economic times or that they did not see what benefit they obtained from SAFCEC.

The good news out of all this is that we now have up to date and accurate records of all our members, inflated membership numbers and uncollected fees are a thing of the past.

Every voluntary organization relies on membership and, through our CEO, SAFCEC has embarked on a membership recruitment and retention drive which has started to bear fruit.

In response to the question "what benefit do I get out of being a SAFCEC member?", the answer is simple: as little, or as much as you want to. We are only as strong as

our membership. We rely on you to serve in the various SAFCEC structures. You look to SAFCEC to be your voice in the various fora that we participate in. We can only do so if you actively participate. As the Energade slogan on the Comrades Marathon website reminds us "...what you get out depends on what you put in!"

During the year we successfully placed the last two pieces in our organizational jigsaw puzzle. Amos Mtephe was appointed North Branch Manager, a function that was carried out only on a part time basis for many years. The North Branch services Gauteng, Limpopo, North West, Mpumalanga and the Free State. Amos brings both diligence and enthusiasm to his position and is a welcome addition to our family.

Due to concerns around our budget we held off appointing a new Executive: HR and Advisory Services until we had more certainty on our finances. I am glad to report that by the time you read this our new HR Executive will be in place. I thank Dazerene du Plessis for assisting with this portfolio while still beavering away with training.

Annemie Cowley was instrumental in setting up and cleaning up our membership platform/portal. Shortly after completing this exercise she received an offer of a career opportunity which was hard to resist. After a great deal of soul searching she accepted, but will always have SAFCEC close to her heart. Fortunately we have found a very able replacement in Steph Swanepoel; you will see her influence already in the different look and feel to our weekly newsletter.

As promised in last year's report we made contact with the Chief Procurement Officer and his senior staff. We

have held two very fruitful meetings and it is apparent that we share the same goal – a fair and transparent tender system. His office will largely have a regulatory function. The legislation creating the office of the Chief Procurement Officer is still being drafted and will be sent out for comment. Hopefully he will be given “teeth” and the power to sanction errant employers who continue to flout good procurement practices.

Legislation making 30 day payment and fast track adjudication compulsory is sitting on the Minister of Public Works desk. This will go a long way to solving the frustrations that our members experience at a provincial and municipal level. We will continue to push for this to be promulgated.

After a somewhat tumultuous birth our Bargaining Council for the Civil Engineering Industry (BCCEI) is up and running. Agreements have been promulgated and extended to non-parties. It is encouraging to see that some employers are making proof of good standing with the BCCEI part of the tender returnables. We will extend this requirement wider in our discussions with IMESA, SAICE and CESA. The parties to the BCCEI will commence with negotiations around March next year to ensure that any new agreement is effective 1 September, as was the norm in the past.

Unfortunately the Strategic Infrastructure Projects (SIPS) that we so badly need to kick start our industry have yet to materialize. Government’s coffers are not endless and the cost overruns on Medupi and Kusile Power Stations have left a huge R250 billion hole which needs to be filled in order to complete these projects and provide some relief to the current energy crisis.

On top of this the ongoing debate on e-tolls has impacted SANRAL’s ability to raise third party funding to carry out their capital expenditure programme. I am hopeful that Transnet will bring some of their large civil projects to the market shortly but until such time as the above problems have been addressed not too much is expected to happen.

In last year’s report I promoted the concept of early contractor involvement, where the contractor assists the employer in arriving at a realistic budget and programme up front. We have had some dialogue with DBSA in this regard, and we await the signature of an MOU after which hopefully we will assist DBSA in developing just such benchmarks.

Transformation remains an imperative. Our employers, particularly government, will continue to question our credibility and integrity until we are truly representative. Distrust between industry and government is high and SAFCEC continues to work quietly behind the scenes to tackle this.

I would like to thank Andrew McJannet and Dr Danisa Baloyi for their participation, support and wise guidance over the last year. I would also like to express my gratitude to the members of the SAFCEC Council who have given of their time freely to attend meetings and who have held us to account whenever they believe we are not providing the required level of service.

Last but by no means least my sincere thanks go to Webster and his team. The SAFCEC we walked into together at the end of 2012 is very different to what is there today. SAFCEC is on a journey. It will not always be easy, but, in the words of M Scott Peck “... If we know exactly where we’re going, exactly how to get there, and exactly what we’ll see along the way, we won’t learn anything.”

Norman Milne
SAFCEC President





CEO's Overview

The biggest challenge with any good initiative is that, “the lack of appreciation has a propensity to obliterate men and women of good will.”

After the storm; it's time to rebuild

In last year's annual report, I characterised my arrival at SAFCEC in January 2013 as having landed “in the eye of the storm” as it was the time that the collusion investigations by the Competition Commission in the construction industry gained more prominence in the media. The reputation of the construction industry had taken and still continued to take a severe knock, making it a mammoth task for me, in particular, to begin the process of turning SAFCEC around in terms of raising its profile amongst its strategic stakeholders such as the public sector and the South African citizens in general.

The storm has since abated and I sincerely believe that “after the storm; it's time to rebuild” our industry.

SAFCEC is currently leading a consultation process by its listed member companies with key stakeholders including government, on a Voluntary Rebuilding Programme (VRP) proposal, whose objective it is to put the industry on a transformative, developmental and

growth trajectory for the benefit of both the emerging and established contractors. However, the biggest challenge with any good initiative is that, **“the lack of appreciation has a propensity to obliterate men and women of good will”**.

The rebuilding of the industry is imperative for achieving the infrastructure objectives of the National Development Plan (NDP), of increasing the gross domestic fixed investment (GDFI) from the current 19% to 30% by 2030, which, without a doubt, requires a competitive, capable and professional industry that delivers quality economic and social infrastructure.

The need for the private sector to work collaboratively with the public sector has become more urgent than ever before, because it is rooted in the belief that no silo mentality on the part of any sector would successfully address the country's triple challenges of unemployment, poverty and inequality. This requires a collective and coordinated effort amongst all key role players in our economy. And most importantly, it requires mutual respect amongst all social partners.

The government needs to urgently ensure that the much awaited Strategic Infrastructure Projects (SIPs) and other major infrastructure projects do get rolled out as expeditiously as possible. This will also open up space for partnerships between emerging and established contractors, which will in turn accelerate transformation, growth and employment in the infrastructure sector, thereby giving the economy the impetus it so desperately needs. But we also need to be cognisant of the importance of skills development as it is the wind

beneath any country's competitiveness and inclusive economic growth. To this end, we as employers need to, among other things, **“turn every workplace into a training space”** and then ultimately hire the trainees so as to realise the full potential of each person. Skilling the nation is one of the most effective tools of ensuring the restoration of the citizens' dignity. It is therefore one of the corner stones of an inclusive economic growth.

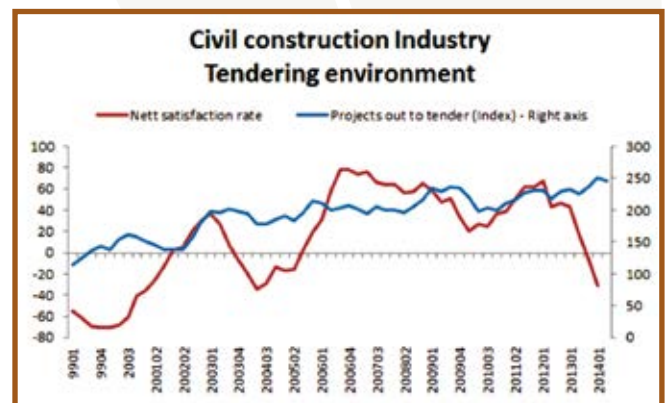
It is also worth noting that the year 2014 marks a significant milestone in the history of our organisation and that of our country. First, it is a celebration of 20 years of democracy in our country. Second, it is a celebration of the 75th anniversary of SAFCEC. The critical question we all must answer is: to what extent have we succeeded in creating an inclusive organisation after 75 years of SAFCEC's existence – and to the same end an inclusive society after 20 years of democracy? The honest answer to both questions depends to a great extent on the personal experiences of those who have been previously excluded, notwithstanding any good narrative we may skilfully compose. Our collective task therefore is to constantly rebuild our industry and country to an extent that no one feels excluded.

Current tender and general market conditions

Conditions in the South African civil construction industry came under greater pressure in the first quarter of 2014, following a contraction of 10% in real terms during 2013. Nominal **turnover** contracted by 12% on a quarter on quarter basis, but because of a particularly weak 1st quarter in 2013, turnover increased by 18% y-y in real terms. However this is offset by a notable deterioration in other indicators that have shown a growing dissatisfaction amongst civil contracting firms regarding the outlook for the civil industry.

The unexpected slow start to the **economy**, weakened by relentless labour strike action in the platinum industry and a contraction in the manufacturing sector, raises fears that government will not be able to deliver on

its infrastructure expenditure programmes as was projected in the 2014/15 Budget in February 2014. Considering the fact that the increase in allocations over the next three years were already below construction cost inflationary expectations, this could have serious implications for the civil construction industry. The budget was underpinned by economic a growth of 2,7% and inflation at around 6,2%, but latest forecasts by the World Bank as well as the International Monetary Fund (IMF) have been revised downward to 1,7%. As the economy narrowly missed a technical recession in the 2nd quarter of 2014, when Gross Domestic Product (GDP) increased by 0,6%, following a contraction of 0,6% in the first quarter, even a 1,7% growth outlook was regarded as being too optimistic.



Smoothed over a 5-quarter period, contractor opinions related to tendering have started to deteriorate from the start of 2012, but started contracting by mid-2013. These opinions are weighted according to firm size and thus weighed down by the more pessimistic opinions expressed by the larger contractors.

Growth in tender activity, according to the number of projects published at tender stage, has been largely subdued since 2010, but did increase by 7% y-y in 2013 compared to 2,8% contraction in 2012. The start of 2014 however disappointed as tender activity fell by 6,5% y-y in the 12 months up to July 2014. Competition for tendering remains rife in the industry, but also showed signs of accelerating over the last 12 months. Before 2010, 20% of firms experienced competition in excess of 10 tenderers per project. This ratio has now increased to 61% over the last year (2013 Q1 to 2014 Q1).



The civil industry confidence index has, since the downturn between 2007 and 2010, not shown any meaningful recovery, which in some way mirrors the trend in turnover as reported by the South African Reserve Bank.

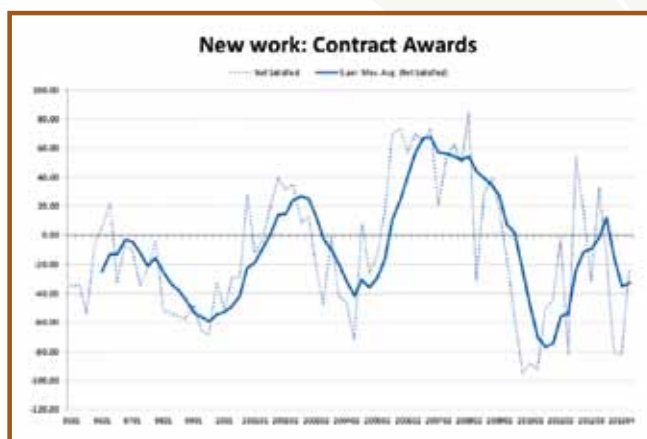
The tide may be turning for medium size contractors in terms of the overall business environment. While medium size contractors may have benefitted from the fact that contracts are broken down into smaller more manageable contracts which are generally implemented by provincial and local authorities, these contractors seem to be under increasing pressure amidst keener tendering competition and lower tender prices. This in turn impacts on profitability which according to Stats SA has moderated from an average of 4,8% in 2013 to a (negative) -3,0% in the 1st quarter of 2014. On the upside, profitability has improved for larger contractors, albeit from a lower base of an average of 2,7% in 2013 to 7,2% in the 1st quarter of 2014. Profitability of smaller contractors also moderated from an average of 12,4% in 2013 to 8,0% in the 1st quarter of 2014.



Of growing concern is the increasing tendency of late payments. The value of late payments has increased by 139% q-q in the 2nd quarter 2014 survey, which increased late payment as a percentage of turnover

from 11,1% in the previous quarter to 15,6%. If we also compare this with the latest provincial creditors age analysis (published by National Treasury), where the percentage of payments overdue for more than 90 days has increased from an average of 22% as at March 2013 to 32% as at March 2014, a much firmer stance is required to ensure payments to contractors are not delayed or withheld for unfair reasons. Those most adversely affected are the small to medium size companies, which do not have the necessary balance sheets that can withstand the ongoing non-payment onslaught and culture that seems to be deeply entrenched in the public sector. This is not only a violation of the government's own prescripts which stipulate a 30 day turnaround time to pay for goods and services, it is also retrogressive step for the growth of the emerging sector and therefore anti-economic transformation.

Operational conditions in terms of contract awards



The real value of contracts awarded increased by a marginal 3,7% y-y in 2013, following a 12% contraction in 2012. It wasn't a good start to the year, as the value of civil contracts awarded fell by 24% in the first seven months of 2014 compared to the same period in 2013, resulting in the annual growth rate over the last 12 months contracting by 18% y-y (July 2014, MAT).

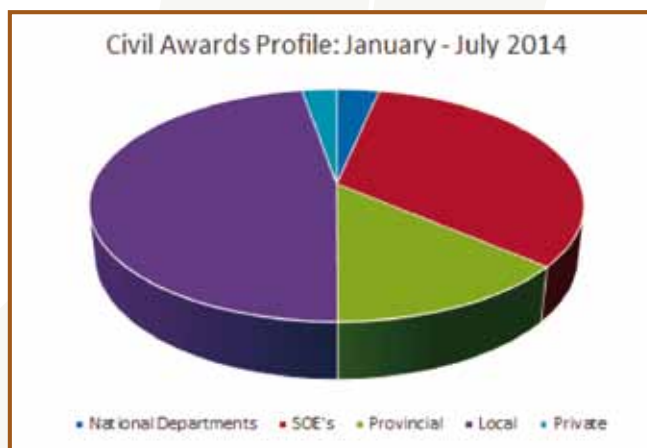
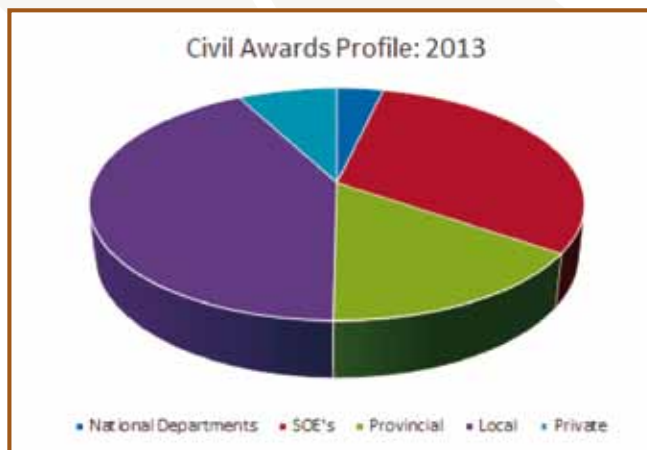
As far as the opinions of contractors regarding the awarding of contracts are concerned, an increasing number of firms have become dissatisfied with on average over 70% of firms saying the awarding of contracts were low over the last four quarters. The majority of firms are therefore rather pessimistic.

Split of civil awards by client type

The local government had the highest contribution in terms of the Rand value of civil contracts awarded during 2013, (contributing an estimated 42%), followed by 31% by State-owned Enterprises (SOEs), 15% by provincial governments, 3,6% by national government and 7,8% by the private sector. In the first seven months of 2014 we have noted that the contribution by local government has increased to 47%, although the actual value of contracts awarded has contracted by around 10% when compared to the same period in 2013. So far this year, the value of civil contracts awarded by national government increased by 15% but this represented only 3,3% of the total value of civil contracts awarded during this period. The contribution by SOE's was relatively stable in the first seven months, but compared to the same period in 2013, it was lower by 20%. The provincial government contributed 13,7% in the first seven months, down 35% when compared to the same period in 2013. The contribution by the private sector slumped to 2,7% (from 7,8% in 2013), falling by 77% y-y when compared to the same period in 2013.

The significance of the local government on industry turnover is therefore undeniable, which is why it remains critical for these authorities to improve their respective planning and implementation processes to

ensure more effective as well as efficient expenditure of infrastructure allocations. We are aware that National Treasury, through the various national departments, has taken a much harder stance on government departments in terms of the transfers of conditional grants. Funds are only transferred when provincial and local governments have adhered to stringent requirements in terms of the submission of proper planning and implementation procedures. Without these funds may be held back and reprioritised elsewhere.



Comparative study of profit margins of our industry versus others

The construction industry is one of the most competitive industries in South Africa and this statement is supported by the recent review from the Department of Statistics. Also supporting this are the actual margins made by JSE listed companies compared to other industries as shown in the table hereunder:

Profit After Tax (%)

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Construction Companies														
Aveng	5.7	2.7	2.9	4.5	1.6	2.6	3.7	6.1	7.8	6.2	5.5	3.4	1.3	0.9
Basil Read	-2.8	-2.4	1.9	7.4	-8.9	4.0	5.0	5.9	6.1	5.8	4.7	2.2	-2.5	
Group Five	0.9	1.6	1.9	2.5	2.8	2.9	1.0	3.2	4.8	4.6	3.0	5.0	2.5	3.1
MUR	0.0	2.1	4.6	4.8	4.6	4.0	5.0	5.1	7.4	6.6	3.6	-3.5	-1.8	4.3
Raubex								11.7	13.8	12.7	12.9	9.8	6.8	5.6
Steffstocks								2.2	5.7	5.1	5.3	4.8	3.3	-1.7
WBHO	3.7	2.7	1.7	2.2	3.1	3.3	4.0	3.9	7.1	6.5	6.8	5.3	4.0	2.8
Average	1.5	1.3	2.6	4.3	0.6	3.4	3.7	5.4	7.5	6.8	6.0	3.9	1.9	2.5
Other Industries														
Tiger Brands	5.2	5.2	6.1	5.2	5.5	10.4	16.3	10.7	9.1	12.4	11.3	12.6	12.1	8.8
MTN	13.7	9.0	4.4	11.5	20.9	25.0	23.4	16.3	16.7	15.3	14.7	19.5	19.7	22.3
SAB	10.7	10.8	10.7	4.7	6.4	13.4	10.9	10.1	10.7	11.5	11.5	13.2	20.6	21.7
Standard Bank	11.6	11.9	11.6	12.3	3.1	-3.6	1.6	17.1	19.8	11.3	11.8	14.7	13.5	11.8
Sasol	16.0	17.5	16.4	12.0	9.7	13.8	13.8	18.3	18.8	10.0	13.4	14.2	14.3	14.9
BHP Billiton		7.0	10.9	12.4	15.2	24.8	32.8	28.4	26.8	12.6	24.6	33.4	21.5	16.8
Kumba	19.2	24.8	13.8	10.4	15.0	13.4	15.3	24.1	23.3	14.0	29.0	25.9	36.2	37.3
PPC	13.6	19.0	23.1	20.7	22.8	24.0	25.9	25.7	24.0	16.6	16.3	12.7	11.5	11.2

These figures also illustrate that contrary to popular belief that construction companies are making huge profits, ours is a very low profit margin and high risk industry. Any attempts to destabilise the industry could spell disaster for job creation and economic development of our country as envisaged in the NDP.

State of the organisation: membership

In terms of Section 98, 99 and 100 of the Labour Relations Act, 1995, SAFCEC as an employers' organisation is legally required to submit, among other things, membership figures to the Registrar by the 31 March of each year, whose figures should reflect the status of membership as at 31 December of each preceding year. The table hereunder depicts the membership figures as reported to the Registrar in the past five years:



	Dec 09	Dec 10	Dec 11	Dec 12	Dec 13	June 14*
Full Members	349	351	356	392	310	324
Associates	99	112	117	118	53	86

Full membership statistics reported at 31 December of each year to the Department of Labour in terms of the Labour Relations Act, 1995: Legal requirements in terms of Section 98, 99 and 100.

* Membership as at the end of financial year, 30 June 2014

The above membership figures show a marked decline in membership figures, largely due to the fact that we did a clean-up of the membership database to eliminate inactive and untraceable members, some of whom have just vanished and some went under due to lack of projects. Some resigned due to their misconception of the role of the bargaining council vis-a-vis the role of an industry body and an employers' organisation as they preferred plant level to collective bargaining. And some

thought the bargaining council equals an employers' organisation and as such there is no need for SAFCEC's continued existence, not realising the fact that the parties to any bargaining council are both employer and labour union representatives. Their departure has put them in a worse situation than they thought as they will still be levy payers, but cannot even determine their position on labour matters decided upon by the bargaining council as they do not belong to SAFCEC as an employers' organisation, which is a party to and a founding member of the council. But there are also a few who resigned without stating any reasons and our experience is that these members tend to re-join at a later stage.

To mitigate the decline in membership and the concomitant loss of revenue, we have developed a Membership Drive Strategy, which is predicated on two main pillars, namely; the Membership Recruitment Strategy and the Membership Retention Strategy. The strategy took effect from the new financial year, July 2014.

Members are kindly requested to always submit their turnover declarations and pay their subscriptions on time as this is a constitutional obligation.

State of the organisation: governance

In the past there were governance challenges experienced ranging from non-compliance with universally acceptable financial controls to non-compliance with the SAFCEC Constitution and these were exacerbated by the lack of policies and procedures.

Now, we do not only have a governance framework in place, but we are also determined and tenacious to become an ISO9001 certified organisation in the 2014/2015 financial year, driven by our quest of building a world class industry body, firmly dedicated to providing a quality service to all its members.



State of the organisation: transformation at industry level

Despite the reported progress made by the construction sector in the recently released baseline study on the state of transformation in the construction industry by the Construction Sector Charter Council (CSCC), there is a widely held view by the intended beneficiaries of transformation that no substantive change has taken place to their benefit. This is an issue about which SAFCEC cannot be found wanting. We need to lead from the front and confront these issues head on, in close collaboration with other key industry role players. We must all be driven by a common objective of ensuring that we put our industry on a transformative, developmental and growth trajectory for the benefit of both the emerging and established contractors. It is also of cardinal importance to sincerely commit to the construction sector alignment process to the new generic codes of good practice, without any further delays. It is always better to be proactive than reactive, lest we expend time and energy on defending the indefensible. However, genuine members' concerns should be adequately addressed whenever they arise during the process. SAFCEC must always lead in line with our vision **“to be a leading construction industry representative body in South Africa”**. We must always be cognisant of the fact that SAFCEC is one of the architects of the Construction Sector Transformation Charter.

SAFCEC as an employer's organisation has also been very instrumental in transforming the bargaining

landscape in favour of collective bargaining for the civil engineering industry. True to its commitment, SAFCEC has been single-handedly funding the Bargaining Council for the Civil Engineering Council (BCCEI) for the past financial year pending the collection of levies, after which such monies will be refunded.

State of the organisation: accountability

Apart from being accountable to its members in terms of its Constitution, SAFCEC is legally accountable to the Registrar in terms of the Labour Relations Act, 1995. In terms of Section 106(2a), the Registrar may cancel the registration of either a trade union or employers' organization by removing its name from the register if the trade union or employers' organization has failed to comply with Section 98, 99 and 100 of the Act. SAFCEC has duly complied with all its obligations as required by law and the SAFCEC Constitution.

State of the organisation: discipline

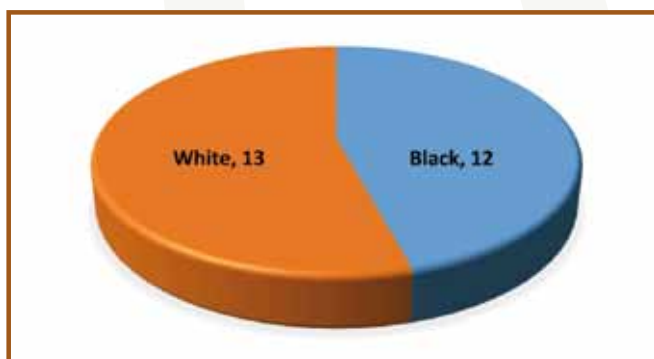
Discipline at all levels of the organisation has drastically improved and the cavalier attitude of yesteryear has been slowly obliterated by a collective commitment to new organisational values of humanity, harmony and democracy.

State of the organisation: transformation at organisational level

At an organisational level, we have made significant strides in the right direction in terms of creating an inclusive organisation. The collective challenge we have is to maintain the momentum towards inclusivity and we dare not fail. The table below depicts the composition of the 2013/2014 Council in terms of Section 7.2 of the new SAFCEC Constitution of 14 October 2013. It shows representation of 12 black council members vis-à-vis 13 white council members. This is a major achievement from a situation where no black and female candidates were guaranteed representation by the old Constitution.

Table for council demographics:

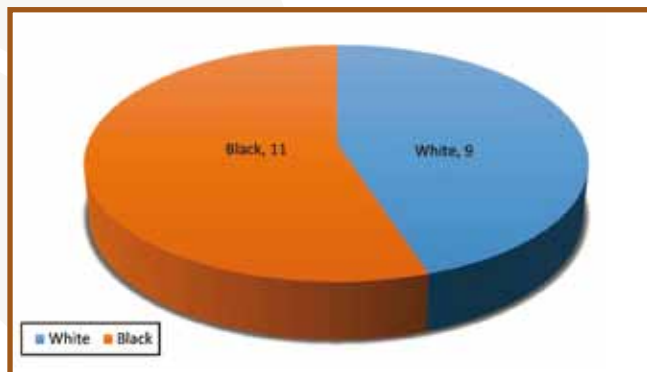
White vs Black



	Numbers	Male	Female	White	African	Coloured	Indian
Elected Members	12	10	2	9	2	0	1
Co-opted Members	5	4	1	2	2	1	0
Regional Chairpersons	4	3	1	3	0	1	0
Regional Emerging Members	3	3	1	0	3	0	0
Ex officio Members					1		
Total	24	20	5	14	8	2	1

Table for staff demographics:

Staff: White vs Black



Gender	White	Coloured	African	Indian	Total
Females	5	3	5	1	14
Males	4	0	2	0	6
					20

State of the organisation: communications

One of the most important needs for SAFCEC as an employers' organization is to communicate with our members in order to disseminate and acquire information on the immediate environment. Sharing knowledge internally and promoting our capabilities and successes externally, is especially important in an environment where reputation for excellence in service delivery is key. Our communication strategy is very much member-driven and is designed to promote SAFCEC in a strategic and consistent way, both to the public and to our members. To date, content in the weekly newsletter was improved to reflect industry related news. Content will receive continuous improvement. Our brand, communication strategy, our values, and our people were aligned to reflect a cohesive organisation. Our membership platform has been upgraded to offer an effective interactive communication tool between members and their organisation. We have also launched a membership



guide booklet, which tabulates membership benefits and services. A membership directory is in the process of being developed in order to market the services of our members to strategic clients.

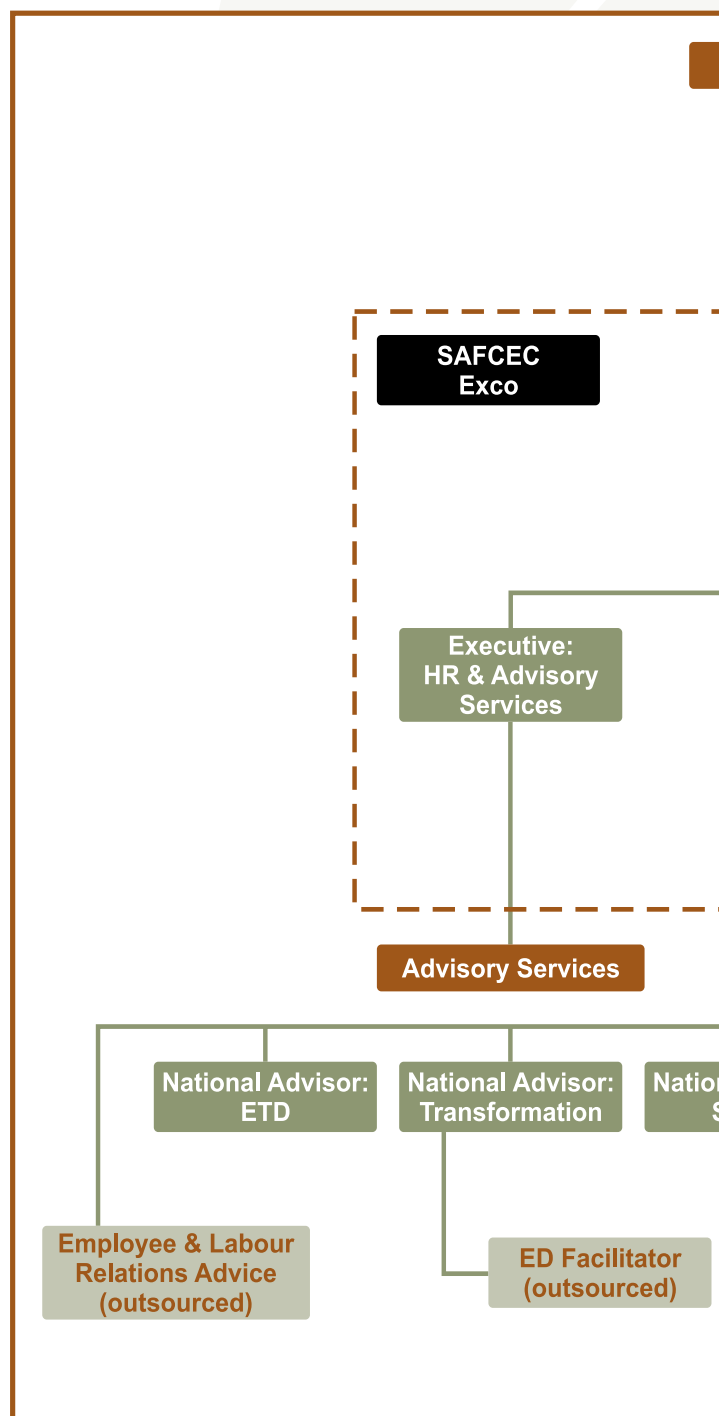
State of the organisation: human capital issues

Compared to other employers' organisations, SAFCEC runs a very lean outfit with a total staff complement of 20 people (including regional staff as at 30 June 2014), whilst currently servicing 324 individual member companies of which 141 are emerging contractors, plus 86 associate members. SAFCEC staff are therefore servicing a total of 410 individual companies, some of which are JSE listed. Staff will be capacitated to meet the challenges of a progressive employers' organisation and to fit into a new organisational culture of humanity, harmony and democracy.

Appointments

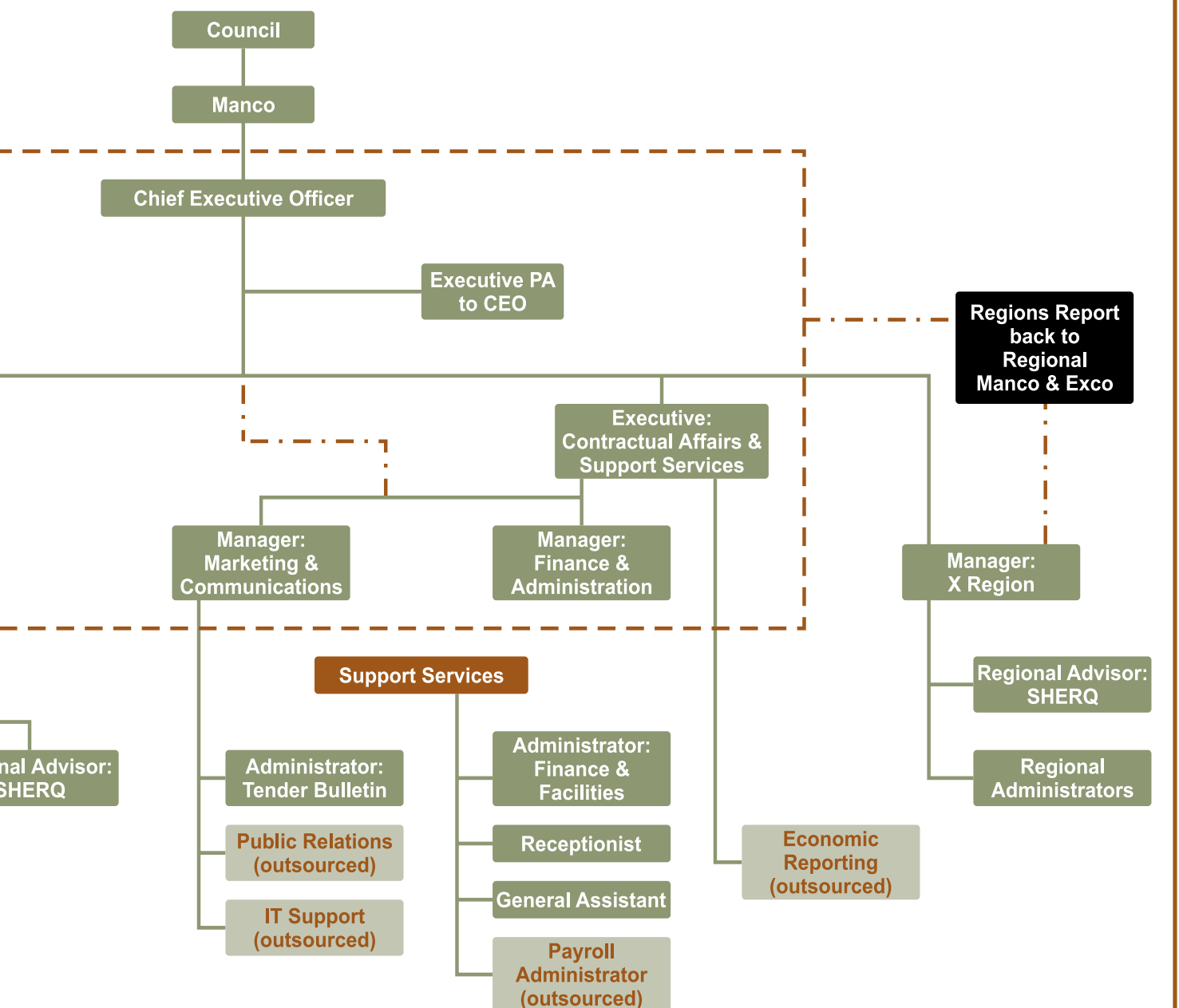
- Rory De Wet – August 2013 – Executive: Contractual Affairs and Advisory Services
- Shantal Pillay – August 2013 – Administrator: Finance
- Amos Mtephe – January 2014 – Manager: North Branch
- Brenda Gogwana – January 2014 – Administrator: North Branch

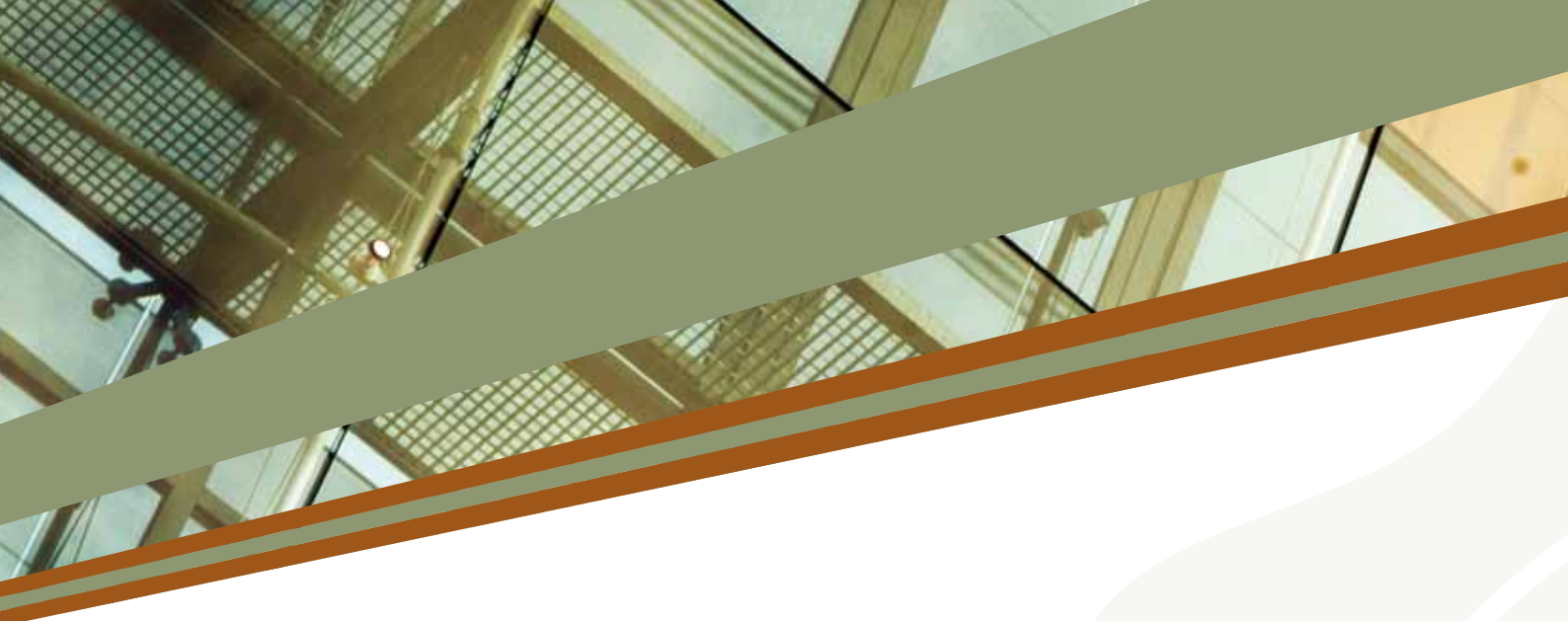
No Resignations or retrenchments for the period under review.



Organisational Structure

SAFCEC Organisational Structure





State of the organisation: stakeholder relations

SAFCEC has sound relations with the following strategic stakeholders:

- Business Unity South Africa (BUSA)
- Development Bank of Southern Africa (DBSA)
- Black Business Council (BBC)
- Construction Industry Development Board (CIDB)
- South African National Roads Agency Limited (SANRAL)
- National Economic Development and Labour Council (NEDLAC)
- Construction Education and Training Authority (CETA)
- Trans-Caledon Tunnel Authority (TCTA)
- Government (all spheres)
- ESKOM
- Consulting Engineers South Africa (CESA)
- Master Builders South Africa (MBSA)
- South African Institution of Civil Engineering (SAICE)
- South African Council for Project and Construction Management Professions (SACPCMP)
- Engineering Council of South Africa (ECSA)
- Council for the Built Environment (CBE)
- National Treasury/CPO
- TRANSNET
- KwaZulu-Natal Department of Transport
- The Concrete Institute
- National Business Initiative (NBI)
- Progressive Business Forum (PBF)
- Bargaining Council for the Civil Engineering Industry (BCCEI)

State of the organisation: new organizational values

The three values of humanity, harmony and democracy are key drivers in the creation of a positive industry-wide organizational culture conducive to the realization of a prosperous civil engineering constructing industry and a prosperous South Africa. These enhance SAFCEC's five strategic cornerstones of knowledge, development, professionalism, care and credibility.

Humanity:

- Restoring and protecting the inherent human dignity of every employee or person
- Caring for the safety and welfare of every employee
- Caring for the environment and communities in all areas of operations
- Being alive to the triple challenges facing the country, i.e. unemployment, poverty and inequality
- Generally inculcating and practicing the values of UBUNTU in all spheres of operations
- Upholding all the values enshrined in the Bill of Rights of the RSA Constitution

Harmony:

- A unified voice for the civil engineering industry
- Synergy of efforts to continuously professionalize the industry
- Promoting and maintaining industrial peace and stability through collective bargaining and dispute resolution mechanisms
- Establishing sustainable mutually beneficial relationships with strategic stakeholders
- Generally striving and advocating for consensus-based solutions

Democracy:

- Serving members' best "legitimate" interests
- Demographic representation of all members irrespective of company size, gender or race
- Transformed management and decision-making structures at all levels
- Consultation with and participation by employees on critical issues affecting them
- Promoting and honouring the rule of law, SAFCEC Constitution and Code of Conduct, and good corporate governance
- Transparency, openness and accountability.

Conclusion

SAFCEC is committed to achieving an inclusive organisation, which is humanised, harmonised and democratised. We believe that a solid foundation of a shared value system is a key ingredient in successfully creating a world class industry body, which strives **"to be a leading construction industry representative body in South Africa"**.

On behalf of the entire management team, we recommit ourselves to serve our members in line with the SAFCEC's five strategic cornerstones, vision, mission and values to, among other things, achieve a 48-hour response time to members queries. Our main focus for the new financial year starting July 2014 is as stated hereunder:

- To continuously entrench SAFCEC values of ***Humanity, Harmony and Democracy***
- To implement the membership drive strategy
- To encourage, advise and support members to comply with their transformation obligations
- To intervene on behalf of members in cases of unfair procurement practices
- To advocate for an independent, single procurement regulatory body (CPO's Office) with sufficient regulatory powers to enforce remedial action on procurement issues across all spheres of government and state entities
- To attain an ISO9001 certification
- To continuously build sustainable and mutually beneficial relations with all our key stakeholders
- To market the services of our members through the SAFCEC members directory
- To play our role in the proper functioning and sustainable bargaining council

Acknowledgements

I would like to place on record my appreciation for the people mentioned hereunder:

- SAFCEC Presidency for support and guidance: President, Norman Milne; Deputy President, Dr Danisa Baloyi; Vice President, Andrew McJannet
- The entire leadership at both MANCO and Council for granting me the opportunity to embark on a process of turning the organization around and their continued support
- All committee chairpersons and committee members for their dedication to serve SAFCEC on a voluntary basis
- EXCO and staff for their support and willingness to chart new waters
- All SAFCEC members for their continued loyalty to the organisation

Webster Mfebe

Chief Executive Officer





75 Year History and Milestones

Building a legacy for South Africa

The first Annual General Meeting of the South African Forum of Civil Engineering Contractors was held on 1 March 1939 at 15h00 in Magor House, Johannesburg.

Few South African organisations have played a greater role than the South African Forum of Civil Engineering Contractors (SAFCEC) in developing South Africa's infrastructure, which has been the foundation of the country's economic prosperity.

Members of the forum have been responsible for the current infrastructure that drives the country's economy today – as it has done through 1940s onwards. This period through to the early 1980s saw massive infrastructural development which comprised roads and transport corridors, dams, the building of power stations and a comprehensive rail network. Isolated from the world and its economy the local civil engineering industry thrived through necessity and many of our infrastructural landmarks that remain today were built in this time.

The 1990s saw South Africa becoming a global citizen after the country's first democratic elections and the industry enjoyed a building boom into the mid-2000's when the World Cup Soccer Stadiums were built as well as the associated infrastructure including projects such as the Gauteng Freeway Improvement Project, the Gautrain and bus rapid transit systems. Unfortunately the 2010 associated construction boom is now a distant memory.

Government has repeatedly waved a giant carrot in front of the industry's nose in the form of the National Development Plan and Strategic Infrastructure Projects – promising a release of upward of R850 billion into the market.

This has yet come to pass and the market has been rocked by a construction-collusion court case and cut-throat tender bidding. For now the civil engineering contracting industry is a place only for the strong-willed and determined. While the local market may be restrictive and unprofitable – many companies have successfully sought work in Africa.

Nonetheless SAFCEC continues to support established and emerging contractors, whether they are small, medium or large contracting companies, in the civil engineering sector offering the following services:

- Human resources
- Education, training and development
- Transformation
- Contractual affairs and support
- SHERQ

As a member-driven organisation, the regional member committee structure enables SAFCEC to provide its members with ample opportunities to participate in various industry-related matters and decision making processes.

Newspaper clippings 1983 - 1985

Some of these dating back from three decades back could have been lifted from newspapers from 2014 – proving that history does indeed repeat itself!

Contracts are down for '82: The total value of specific civil engineering contract awards notified during 1982 was R1 100 million, virtually the same amount as the notifications during 1981, reports the Federation of Civil Engineering Contractors. The association points out however, that in real terms the volume of work involved was between 15% and 20% lower than 1981. *Engineering News / 1983*

SAFCEC sub-branch for Welkom: SAFCEC is to establish a sub-branch in Welkom (OFS), and the inaugural meeting is set for February 4, 1983 at the Welkom Holiday Inn. Most of the senior personnel from the Johannesburg head-office will be attending the meeting including the president, vice-president and the director of SAFCEC. Welkom is considered to be an ideal location to set up a sub-branch as it has a high-concentration of members with a stable and steady workload – similar to those at the Richards Bay sub-branch. *Civil Engineering Contractor / 1983*

Cutting to the bone: Civil engineering contractors are cutting prices to the bone in the keen competition for contracts. This is as a result of investment cut-backs – particularly by the public sector. The industry, which turned over R2 400 million last year, expects overall volume of work this year to drop by between 5% and 10% as a result of the economic downturn. *Sunday Times / 1983*

Contractors accused of underbidding on deals: Contractors are apparently becoming involved in a price war which could have grave long-term effects for the

civil engineering industry, according to Kees Lagaay, director of SAFCEC. Contractors on major projects are being accused of cutting tender prices when bidding for new work and of disregarding the need to build in a cash provision for plant repair, maintenance and replacement.

Lagaay says, "Many civil contractors run the risk of being in a difficult position in the two or three years by cutting tender prices to the bone." He also outlined that South African road infrastructure was suffering from a lack of expenditure and this could have serious consequences in the future. *Construction Week / 1983*

Opinion varies as to the degree of recession

(excerpts from an interview with Kees Lagaay, director of SAFCEC published in *Civil Engineering Contractor / 1983*):

- "There is no doubt that activity in the industry will show a decline. It is interesting to compare the 1976/1978 slump to the down-turn we are currently experiencing. In the last recession we saw a fall-off in the level of output for two years running at around 20% per year while I do not expect the present recession to be anywhere near this figure."
- "I don't see things improving until at least 1984. Most of the large contracts of the past year have been for long-term work on ESCOM's new power stations, so those involved in heavy concrete seem relatively secure for the moment. Unfortunately, there seems to be an attitude in certain quarters that major roads are "luxuries" that we cannot afford, and that there are more important priorities to attend to. Luckily the National Road Fund will obtain more funds through an extra fuel levy."

Firms losing on interest: SAFCEC is walking through a minefield in its attempt to satisfy members who are distinctly unhappy about retention monies on contracts. While the total amount of money held in retention by clients cannot be accurately estimated, three large construction companies – LTA, CMGM and D&H Construction have between them almost R60 million tied up in retention monies – most of which is not earning interest. Brian Hackney, deputy chairman of LTA, points out that if a client holding retention monies goes insolvent then the contractor becomes a concurrent creditor who has to wait for his money in the normal way – "and this for work that was done in times when the client was solvent." *Construction Week / 1983*



Major row erupts over plant hire insurance: A new insurance concept for hired plant has triggered a major dispute in the local plant hire and insurance industries. The joint insurance package between owner and hirer was designed to “eliminate the perennial problem of disputes about who is responsible for damage to hired plant.” The insurance broker, Hubert Hosken & Company, claimed to have negotiated “extremely competitive “premium rates with one of the country’s leading insurers, Incorporated General Insurance at meetings of the Contractor’s Plant Hire Association. Rory O’ Farrell, director of Hubert Hosken acknowledged that “the boys gave us a rough ride.” SA *Industrial Week / 1983*

Wage disparities being scrapped: The initiative taken by SAFCEC to scrap wage disparities between the Durban and Richards Bay-Empangeni areas is an encouraging step towards establishing more stable industrial relations in the industry. Until recently some employers were paying their unskilled labourers the minimum hourly rate of 93c laid down by the Department of Manpower. SAFCEC members operating in the area have hiked wages to the going Durban minimum hourly rate of R1,01. *Construction Week / 1983*

Bayly wins SAFCEC work: The Civil Engineering Industry Training Board, the training arm of SAFCEC, has awarded the construction of its head office in Bedfordview, valued at R1,4 million, to one of SAFCEC’s youngest members – Peter Bayly Construction. Work on the building should be complete by November 1983. The three-storey building will have a resin bonded plaster finish. SA *Industrial Week / 1983*

Civils – costing plenty: It’s a massive job to upgrade the road, storm water drainage, water supply and sewerage systems in Greater Soweto (GS) and its going to be one of inestimable value to Sowetans. But, as with the electrification project, it will cost them plenty.

Work on the project began in 1980. The cost of the civil engineering upgrading programme was placed at R396 million in July 1981. It has now risen to R440 million. Funds however, are only available for phase 1, which is due for completion in September next year. Ultimately it will be the residents of GS who have to foot the bill through increased service charges. Their reaction to this will be all-important to the future of the entire project. *Financial Mail / 1983*

Stability threatened by contractors who are ‘buying’ tenders: Cut-throat tendering at between 8% and 20% below real job cost will destabilise the civil engineering industry over the next two years if it is not checked says SAFCEC president, Dantie Marais. Because of the downturn, Marais says some contractors are “buying” jobs to keep going. Even if the output of tenders is increased he believes the industry is still “hungry enough” to keep prices low. “After the last recession it took about two years on the upturn to get reasonable prices,” he explains. Another problem associated with sharp increases and decreases in spending is a similar yo-yoing in the number of private sector contractors. *Construction Week / 1983*

The Budget: industry waits on tenterhooks: The imminent Budget announcement is keeping the construction industry in tenterhooks. While some members of the industry are hoping the government will inject more capital into public sector projects, some fear there will be greater cutbacks which will seriously jeopardise the already ailing industry. One of the largest fears is the possibility of a drastic reduction in Escom’s capital expenditure for the forthcoming financial year. There is also considerable concern that fewer new road projects will be announced. The chief executive of Group Five Engineering’s projects and industrial division, Syd van der Walt, stated: “I think we have to accept that government cannot simply draw on its capital reserves,

regardless of other considerations, in order to fund major developments that have been rescheduled because of the recession." *Construction Week / 1983*

Escom dismay – industry to be deprived of millions:

The South African construction industry could be dealt a harsh blow following an announcement last week that Escom is unlikely to call for tenders for new power stations this year. New Escom power stations are worth at least R1 billion each and a considerable percentage of this figure goes to the construction industry. Murray and Roberts' chief executive of construction operations, Ted Gooch, commented: "If Escom cuts back, that's another couple of million rand at least from the viable work situation. But it will come as no surprise." A spokesperson from Concor Construction said: "There is already a lot of cutting back in public sector construction so this will add insult to injury." *Construction Week / 1983*

Contractors are over-reacting: The total value of civil engineering construction last year was about R2 400 million, which was in real terms a few percent higher than in 1981, when growth was about 5%, but a downturn of between 5% and 10% is expected this year. This was disclosed by SAFCEC director, Kees Lagaay, in his annual review. His report shows that although road work is still the largest single sector of the civil engineering industry, accounting for about 25% of all work, the annual value of awarded road contracts since 1978 has remained at about R500 million. In other words, for five years running, the volume of road construction has decreased. *Engineering News / 1983*

Engineers urged to project a better image: South Africa's engineers should "come out of their shell" and tell people about the career advantages of the profession, particularly in the light of the chronic shortage of engineers in the construction industry. Engineers, although said to be the second-highest professional earners in the country, generally project the wrong image to the public and the result is that the average school pupil has a "dismally poor understanding of engineering as a career." *The Star / 1983*

Future bleak and PE area stagnating: Slow growth, stagnation and even regress have marked the activities of the building industry in the Port Elizabeth-Uitenhage region in the decade 1970-1980. In a major report released this week, University of Port Elizabeth

economics lecturer, Dr CVR Wait, has found that the trend in the building, building related, and construction industries in the area have fallen below the national average. He is also highly critical of the Government Regional Economic Development Scheme and its effect on in the future development of the area. *EP Herald / 1983*

Budget dismays civil engineers: Civil engineers are dismayed by the Budget's likely effects on their already struggling sector. Their main concerns are with the handling of public spending and training allowances by the Minister of Finance, Owen Horwood. SAFCEC said at the weekend it was disappointed Horwood had not added the least 1c to the National Road Fund. SAFCEC president, Con Roux, added that "as a result of years of inadequate expenditure, infrastructure is not being developed and maintained at the rate which the growing economy and rising population require." Roux also said the inadequate provision of funds over several years had already led to several crises – such as projects to deal with the water shortages. *Rand Daily Mail / 1984*

Construction foots the bill for State muddling:

Lack of planning in the R7 000 million public-sector construction industry is causing huge losses for building and civil engineering companies who are forced to waste labour, plant and investments in training. *Sunday Times / 1984*

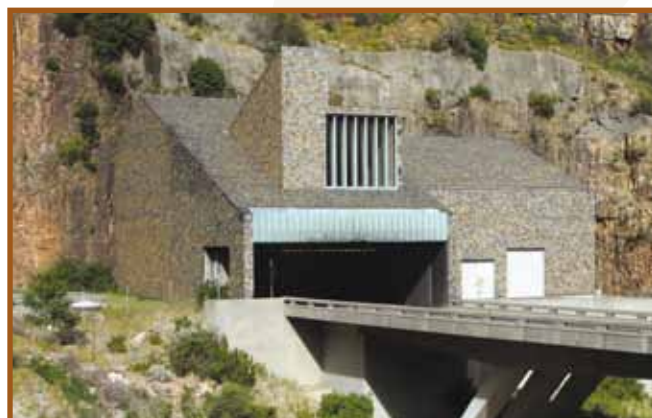
Toll system "unworkable": Leading transport spokesmen are convinced that the road toll plazas – the first of which will be introduced on June 8 – are a last gasp effort to raise road development funds, which have dropped critically low. Government has admitted it has not seriously considered all the alternatives. An industry spokesperson stated that "toll roads are not the solution to the problem if financing our road system adequately." *SA Industrial Week / 1984*

Big civil engineering contracts this year: Civil engineering contracts worth R830 million had been awarded in the first six months of the year according to SAFCEC. Although the value of the new contracts so far this year were higher in monetary terms than corresponding periods of previous years, it has to be borne in mind that construction costs have increased and large civil engineering contracts are of long durations. *PE Evening Post / 1984*

Engineers ready to take on Govt: Civil engineers have restructured their professional body to ensure it will become a voice to be heard in the national corridors of power. Stan Sharrat, chairman of the Natal branch of SAFCEC stated: “This is especially important as we need to be heard in parliament to press the government on several issues.” *Natal Mercury / 1984*

SAFCEC slams govt economic policies: The president of SAFCEC, Con Roux, has launched a stinging attack on the government’s economic policies. Roux stated in a prepared statement that government had allowed creeping socialism and an inflated bureaucracy to erode the nation’s wealth. He also branded the government’s crackdown as too late, too harsh and unjustified. *Cape Times / 1984*

Baited breaths in battle for Majuba: The biggest civil engineering works tender for Majuba Power Station is in question after Escom’s announcement that R3 billion expansion plans are to be deferred. Kees Lagaay, director of SAFCEC, says Escom’s announcement that starting date for Majuba Power Station would be put back by two years means that the awarding of the civil engineering tender is up in the air. *Rand Daily Mail / 1984*







Contractual Affairs and Support Services

National Executive, Contractual Affairs and Support

Services: Rory de Wet

Chairperson: Steve Ryninks

Highlights and milestones

Until very recently there existed a perception that SAFCEC was an “old boys club dominated by pale males” representing only large established companies. The Forum, primarily through its Contractual Affairs and Support Services National Executive’s interactions with public and private sector stakeholders, has managed to shake this misconception off.

“We have achieved a significant turnaround in this regard,” says Rory de Wet.

“The most important reason for this is that we have reached a point in our membership demographics where we can comfortably say that while we do represent the larger more established contractors – more than 50% of our membership currently stems from emerging contractors looking to establish themselves,” he explains.

In addition, he points out that as a result the majority of the support services provided by SAFCEC in terms of Transformation, Education and Training, Development, Human Resources, SHERQ and

Contractual Affairs are being used by emerging contractors. This is mainly because large established entities have all of these services based in-house and the emerging contractors generally do not.

“This makes our case for representation on industry related boards and councils extremely solid as we have earned our right to be there by being fully representative,” states de Wet.

Another highlight of the year was SAFCEC’s participation in the Civiltion Congress. The congress organised by SAICE heralded a new era for engineering professionals – motivating engineers of all disciplines to conduct business differently. The intent of the event was to bring about transformation, diversity, leadership and evolution in the local and global society driven by collaboration between private sector and the government. The event was a first for the construction industry as it provided a united platform for all the relevant role-players including consulting engineers, contractors, suppliers and mechanical and electrical engineers etc.

On a personal note de Wet launched a new training course focussing on Construction Escalation Formula which has proved to be a stumbling block for many contractors and he is pleased to report that 150 people completed the course through the year.

Stakeholder participation

As mentioned SAFCEC played a crucial part in the Civilisation Congress.

“We support SAICE a lot in terms of their role in the industry and also their viewpoints on key issues,” explains de Wet. In addition, SAFCEC has an established relationship with SAICE in terms of training courses and issues of mutual interest.

The Civilisation Congress identified nine crocodiles or issues concerning the construction industry supply chain. SAFCEC has been tasked along with CESA to champion and devise a project plan on the topic of procurement legislation. It is SAFCEC’s view that it needs to build on its already established relationship with National Treasury.

“We have set up a formal channel of two-way communication with National Treasury and I’m happy to report that we see this being beneficial for the industry going forward. This relationship has been strengthened by the drawing up of a log of issues that SAFCEC has brought to National Treasury’s attention as requiring action.

Both de Wet and James Flint, SAFCEC’s National SHERQ Advisor, sit on SACPCMP committees; de Wet on the Mentoring Committee and Flint on the Safety Committee. “We attend the SACPCMP’s sessions and we have also signed a Memorandum of Understanding with them in terms of the relationship terms between the 2 bodies going forward.

De Wet sits on a CIDB Oversight Committee where he can represent the civil engineering contracting industry when revised regulations are open for stakeholder input prior to publishing and implementation. He also was part of the presenting panel that inputted into the CIDB 5 yearly review reporting back into the Department of Public Works.

SAFCEC has an established relationship with MBSA in terms of safety compliance and regulation issues as well as links through the Civilisation Congress.

SAFCEC has also established forums with both SANRAL and ACSA which provide formal avenues to discuss budget allocations and possible projects as well as transformation issues. These relationships are extremely important and will continue to grow in the foreseeable future.

Legislation

SAFCEC has endorsed the GCC 2013 document (SAICE are the custodians) which is currently sitting at the Department of Public Works following some concerns from the Black Business Council. The Black Business Council is lobbying for a seven day payment period for sub-contractors which will have massive issues in terms of practicability from prospective clients. Previous GCC 2010 legislation did not provide enough protection against non-payment while the proposed GCC 2013 legislation provides a 28-day payment period. If a contractor has not been paid within this period he will be within his rights to suspend work.

The largest issue with current legislation is not the legislation itself but the lack of skills and political will to implement it, especially at Provincial and Municipal level. This deviation from legislation places the onus of the risk on the contractor – and contractors are battling to manage this risk and make a living in these tough economic times.

Especially concerning is the way the Nelson Mandela Bay Metro have seemingly given all the power in the Metro to the local SMME’s, with the SMME’s being given work with no apparent tender process and no conditions being applied except those dictated by the SMME’s. The latest outrageous incident saw SMME’s hijacking tender boxes and burning all of the tenders submitted for projects. “We have brought this to the attention of National Treasury and they are investigating the matter,” states de Wet.

Legislation Impacting Construction Procurement

Auditor-General Act of 1995 (Act No. 12 of 1995)

Auditor-General Act of 1995 (Act No. 12 of 1995) requires that the Auditor General reasonably satisfy himself or herself that satisfactory management measures have been taken to ensure that resources are procured economically and utilised efficiently and effectively. (The Auditor General has wide powers to investigate and enquire into procurement matters and



related control and is obligated to report findings either to parliament or a provincial legislative, as relevant).

The Broad-Based Black Economic Empowerment Act of 2003 (Act No. 53 of 2003)

The Broad-Based Black Economic Empowerment Act of 2003 (Act No. 53 of 2003) requires that organs of state and all public entities take into account and, as far as is reasonably possible, apply any relevant code of good practice issued in terms of this Act in developing and implementing a preferential procurement policy.

The Construction Industry Development Board Act of 2000 (CIDB Act)

The Construction Industry Development Board Act of 2000 (CIDB Act) defines the construction industry as “the broad conglomeration of industries and sectors which add value in the creation and maintenance of fixed assets within the built environment.” The Construction Industry Development Regulations issued in terms of this Act defines construction procurement as “procurement in the construction industry, including the invitation, award and management of contracts.” Accordingly, construction procurement involves not only engineering and construction works contracts, but also supply contracts that involve the purchase of construction materials and equipment, services relating to any aspect of construction including professional services, disposals of surplus materials and equipment and demolitions. The CIDB Act establishes a means by which the CIDB can promote and implement policies, programmes and projects aimed at procurement reform, standardisation and uniformity in procurement documentation, practices and procedures within the framework of the procurement policy of government. The Construction Industry Development Regulations require that all organs of state only award construction works contracts to contractors who are appropriately registered with the CIDB, advertise tenders and calls for expressions of interest on the CIDB’s web

based i-tender service and record the award of contracts and any cancellation or termination of a contract in the register of projects on the CIDB website.

The Competition Act of 1998 (Act No. 89 of 1998)

The Competition Act of 1998 (Act No. 89 of 1998) provides for the establishment of a Competition Commission responsible for the investigation, control and evaluation of restrictive practices, abuse of dominant position, and mergers. This Act also provides for the establishment of a Competition Tribunal responsible to adjudicate such matters and for the establishment of a Competition Appeal Court.

The Preferential Procurement Policy Framework Act of 2000 (Act No. 5 of 2000)

The Constitution requires the public procurement system to be “fair, equitable, transparent, competitive and cost effective.” The Constitution does, however, establish a procurement policy providing for “categories of preference in the allocation of contracts” and “the protection or advancement of persons, or categories of persons, disadvantaged by unfair discrimination” provided that such a policy is implemented in accordance with a framework provided for in national legislation. The Preferential Procurement Policy Framework Act of 2000 (Act No. 5 of 2000) gives effect to these Constitutional provisions by providing a framework for the implementation of a preference points system which includes requirements for transparency in the awarding of points and the limiting of the potential economic rents associated with such a system.

The Prevention and Combating of Corrupt Activities Act of 2004 (Act No. 12 of 2004)

This Act makes corruption and related activities an offence; establishes a Register of Tender Defaulters in order to place certain restrictions on persons and enterprises

convicted of corrupt activities relating to both tenders and contracts and places a duty on certain persons holding a position of authority to report certain corrupt transactions.

The Promotion of Access to Information Act of 2000, (Act No. 2 of 2000)

The Bill of Rights also gives everyone the right of access to information held by the state. The Promotion of Access to Information Act of 2000, (Act No. 2 of 2000) gives effect to this right. The Act maintains and protects South Africans' right to access any information held by the State and/or information held by another person that is needed to protect or exercise any rights. Access to information will be granted once certain requirements have been met. The Act also recognises that the right of access to information may be limited if the limitations are reasonable in an open and democratic society (e.g. a limitation that protects privacy).

The Promotion of Equality and Prevention of Unfair Discrimination Act of 2000 (Act No. 4 of 2000)

This Act expressly prohibits the state and all persons (natural and juristic) from discriminating unfairly against any person on the grounds of race or gender through the denial of access to contractual opportunities for rendering services or by failing to take steps to reasonably accommodate the needs of such persons.

The Public Finance Management Act (PFMA) of 1999

Section 76(4) of the PFMA permits National Treasury to make regulations or issue instructions applicable to all institutions to which the Act applies concerning "the determination of a framework for an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective". Supply Chain Management Regulations, Guidelines, Practice Notes, Circulars and Instructions have been issued in terms of the PFMA. These documents are applicable to all departments and public entities with the exception of major public entities e.g. ACSA, DBSA, DENEL, ESKOM, IDT, Transnet, Telkom and TCTA. These documents address issues such as ethical standards, restricting suppliers from doing business with the public sector, codes of conduct, compliance monitoring, improving transparency, prohibition of restricted practices, tax clearance certificates etc.

The Municipal Finance Management Act (MFMA) of 2003

This Act requires each municipality and municipal entity to have and implement a supply chain management policy which is "fair, equitable, transparent, competitive and cost-effective" and complies with a prescribed regulatory framework for municipal supply chain management. This regulatory framework covers the range of supply chain management processes that municipalities and municipal entities may use, procedures and mechanisms for each type of process, disclosure of any conflicts of interests, participation in the supply chain management system of persons who are not officials, the barring of persons from participating in tendering or other bidding processes, measures for combating fraud, corruption, favouritism and unfair and irregular practices in supply chain management, the promotion of the ethics of those involved in municipal supply chain management, the delegation of municipal supply chain management powers and duties including to officials etc.

The Public Protector Act of 1994 (Act No. 23 of 1994)

The Constitution also provides for the establishment of the office of Public Protector. The Public Protector Act of 1994 (Act No. 23 of 1994) permits the public to raise issues and empowers the Public Protector, acting as an ombudsman, to investigate, report on and take the necessary remedial action on any conduct in state affairs or in the public administration, that is alleged, or suspected to be improper or to result in any impropriety or prejudice. Information or evidence that suggests criminal activity is referred to the South African Police Services and the Director of Public Prosecutions. Non-compliance that renders expenditure irregular or unauthorised is referred to the Auditor General.

Construction Legislation

CIDB Regulations: The CIDB publishes regulations in terms of its mandate.

CIDB Standards: The CIDB publishes standards in terms of its mandate.



Transformation Advisory Service

National Transformation Advisor: Nomzamo Landingwe
National Committee Chairperson: Charles Wright

Transformation Committee Governance

In the 2013/2014 reporting year the Transformation Committee was fully constituted with the intention to extend membership to the Emerging Contractors as well as Regional representation. Charles Wright of Stefanutti Stocks was nominated to serve as the Chairperson of the Transformation Committee. The Committee moved that the chair of the Committee be an invited member of Council to ensure proper communication and liaison. The National Manco structure approved this decision and the Chairperson has attended one of the Council meetings held in this period.

In addition, the Transformation Committee took a decision that each company representative needs to have a mandate to play an active role on the SAFCEC National Transformation Committee, which may include voting on any matters that should be referred to SAFCEC Manco or Council for consideration or approval.

In May 2014, the Transformation Committee took time to reflect on its role at SAFCEC and drew on the facilitation service of Empower Logic. The workshop took place at SAFCEC with an 80% representation of members of the committee. Matters on the agenda were:

- Vision and Mission
- Transformation definition
- Transformation topics
- Tools
- Current offerings
- Transformation thrusts
- Possible offerings
- Action plan

A finalized action plan for the National Transformation Committee will be available to all members and will be shared on SAFCEC's website and members' portal.

The SAFCEC Transformation Committee is comprised of the following people:

- Jennifer Becker (Bophelong Construction)
- Sheldon Mayet (M&R Construction)
- Martijn Groot (Liviero Civils)
- Elizabeth O'Leary (Khuthaza)
- Ingrid Campbell (WBHO)
- Marina Dumakude (Tanguliza Services)
- Pheli Mbambo (Grinaker-LTA)
- Ele Tshikovhi (Aveng Group)
- Bobo Ramohapi Motaung (TN Molefe Holdings)
- Gladness Mkhonto -Msiska (Khulane)
- Nico Visser (WK Construction)
- Thembinkosi Nzimande (Nokweja Construction)

Alignment of the Construction Sector Code and the Revised Codes of Good Practice

The Committee also managed and responded to the B-BBEE Revised Codes of Good Practice published in October 2013. SAFCEC set out a committee to advise on the alignment of the Construction Sector Codes and the Revised Codes of Good Practice. The alignment of both these sector codes was the key focus of the committee in this period, and SAFCEC was a key constituent at the Construction Charter Council (CSCC) was nominated as Chief Convenor of the negotiations for established sector.

Information Sharing on Revised Codes of Good Practice

Following the gazetting of the Revised Codes of Good Practice in October 2013, the National Transformation Committee held information sessions for all regions on the impact that the new codes will have on the current Construction Codes, facilitated by EmpowerLogic (SANAS accredited BBBEE Agency).

Date	Facilitator	Region	Participants
18 February 2014	Eric Ackroyd	North Branch	34
19 February 2014	Mariette Kruger	Eastern Cape Branch	13
20 February 2014	Kajil Singh	Western Cape Branch	24
25 February 2014	Kajil Singh	KwaZulu-Natal Branch	16
TOTAL			87

The objective of these workshops was to provide awareness and an overview of the Revised BBBEE Codes as well as analysis of the impact of the Revised Construction Codes on the Current Construction Codes.

The Enterprise Development Facilitation Programme

SAFCEC offers a unique programme for enterprise development in construction. This programme aims at providing capacity to Established Contractors in order for them to run a successful, measurable Enterprise Development programme.

SAFCEC's involvement includes:

- Presentation of awareness information sessions to management teams
- Launching of programme on relevant sites
- Facilitator services which include relationship management, programme manuals and record keeping
- Evaluation of protégé through development planning and performance measurement
- Facilitation of meetings between the mentor company and protégé

To date these are the companies that have benefitted:

Established Contractor	Developing Contractor(s)
ASLA	<ul style="list-style-type: none"> • SACLAWA Enterprises • Intercoast Civils
Aveng	<ul style="list-style-type: none"> • Boikamo • Mashlap • Eyethu • Thodi
Bophelong Construction	<ul style="list-style-type: none"> • Kumani • Maju Mafani
Group Five Civils (Jhb)	<ul style="list-style-type: none"> • Murray and Dickson • Enza • Standard Electric
Group Five Coastal (KZN)	<ul style="list-style-type: none"> • Jambo Construction • Fynns Construction
King Civil	<ul style="list-style-type: none"> • Lettam Building and Civils • Ludonga
Liviero Civils	<ul style="list-style-type: none"> • Bellafoncia Projects and Construction • Brutality (Interviewed) • Nosibu (Interviewed)
Ruwacon	<ul style="list-style-type: none"> • CLA TAU
Civcon	<ul style="list-style-type: none"> • Zufi

Emerging Members Database

SAFCEC has launched an Emerging Members Database which allows for interaction with Established Contractors who will be able to search for suppliers and sub-contractors with areas of specialisation added to ensure matched market opportunities.

Stakeholder engagement

SAFCEC has representation on the Construction Sector Charter Council and has actively encouraged member participation in the baseline study on B-BBEE. The findings of the baseline study were concluded in April and it was indicated that large (established) companies had responded appropriately.



Education, Training and Development

National Advisor: Education, Training and Development: Dazerene Du Plessis
Chairperson: Tim Meyer

Training

SAFCEC's National Training Committee's (NTC) strategic objectives are aligned to the National Training Accord and New Growth Path.

Quality Council for Trades and Occupations (QCTO)

SAFCEC has completed the first phase of identifying the content for the three qualifications to be developed. In the next phase we will obtain buy-in from industry through involving all stakeholders in approving the content identified and to work on developing the actual content.

Further Education and Training (FET) Colleges

SAFCEC continues to support the partnership with FET Colleges. SAFCEC has partnered with the Department of Higher Education (DHET) and CETA to review the FET curriculum for civil engineering studies. The process will involve mapping the current curriculum to industry requirements and aligning the curriculum to existing training material and also the curriculum that will be developed for the three artisan qualifications.

Construction Industry Partnership (CIP)

SAFCEC is also involved with a joint initiative with the National Business Initiative (NBI) through the CIP. The NBI received a grant from the CETA to place 1700 FET students on industry sites for practical experience and to provide training/exposure to lecturers. The NBI is also working with EOH to establish a database where industry training and skills initiatives will be recorded.

Construction Education and Training Authority (CETA)

SAFCEC has had regular meetings with the CETA. The main focus of these meetings is to form a Joint Management Project Team (JMPT) to drive the development of the three qualifications. The team will consist of representatives from CETA, SAFCEC and will also include the facilitator to be appointed to facilitate the process. Once this team is established a budget and project plan will be developed for the roll-out of the process, which is envisaged to be completed within six months.

A CETA representative will also attend all future NTC meetings to give feedback to our members and to deal with their queries. CETA has started a process whereby they are meeting with CEO's from industry. SAFCEC is assisting in the facilitation of these meetings.

SETA Grant Regulations

The deadline for the submission of the combined Workplace Skills Plan (WSP) and the Annual Training Report (ATR) to SETAs was changed from 30 June to 30 April. This is the first time the reports / plans were submitted in line with the new SETA Grant Regulations.

White Paper on Post School Education and Training

The Minister of the DHET, the Honourable Minister Blade Nzimande released a White Paper following on the Green Paper on Post School Education and Training that was released in 2012, which sets out a vision for a single, coherent, differentiated and articulated post-school education and training system. SAFCEC provided comments to this process through Business Unity South Africa (BUSA). SAFCEC also provided input into the Ministerial Task Team Report on SETA Performance through BUSA.

National Scarce Skills

The Department of Labour issued a list of 100 National Scarce Skills.

Youth in Construction (YIC)

SAFCEC in partnership with the South African Institution for Civil Engineers (SAICE), Master Builders South Africa, (MBSA), The Construction Industry Development Board (CIDB) and Consulting Engineers South Africa (CESA) continues to market the variety of careers in the civil engineering industry through exhibitions and distribution of Career DVDs to Schools and Further Education and Training (FET) Colleges. The first ever Youth in Construction exhibition in Kimberley, from 8 to 10 October 2013, was a huge success. We would like to thank both exhibitors and learners for their participation and enthusiasm! We received very positive feedback from all involved and specifically the schools, which was the ultimate aim of the expo. A total of 2 455 scholars from 21 schools attended the expo.

Advisory committees

SAFCEC is well represented on the advisory committees at various institutions. Our role is to

provide input on the quality of students joining the industry, give input to curriculum development and act as an interface between industry and institutions.

Strategic Integrated Projects (SIPs)

The SIPs cover social and economic infrastructure across all nine provinces (with an emphasis on lagging regions). The DHET has requested SAFCEC to access industry to convene professionals in the form of an expert panel to workshop the skills required for the Infrastructure Programme. SAFCEC was tasked to identify skill sets for different types of projects as most contractors pricing work would understand the different skills required as well as the management staff to build such a project. The skills model had to be scalable in order to then apply to all projects. This workshop was held during September 2013 at SAFCEC's offices.

SAFCEC has subsequently been involved in various task teams that were formed to look at the identified skills shortages and recommendations on how to meet/train people in order to meet the requirements for the SIPS projects.

The Minister of Higher Education released a report on "Skills for and through SIPs" which is a culmination of all the work done by the various occupational teams. The report outlines the processes that have been followed to identify the scarce skills for the SIPs and the steps that need to be taken if the projected scarcity is to be addressed.



Human Resources

Acting Executive: Dazerene Du Plessis

Chairperson: Werner Jerling

Bargaining Council for the Civil Engineering Industry (BCCEI)

After being registered in December 2013, the BCCEI finally got off the ground in June 2013. Nick Faasen was appointed the General Secretary effective 1 June 2013 and they took up residence in SAFCEC's offices to get the work started. The BCCEI have subsequently appointed Nicolette Jooste to assist the General Secretary.

The BCCEI AGM was held on 26 June 2013 where a Manco was elected. In addition two sub-committees were identified, namely FINCO and STANCO. SAFCEC is represented in all of these committees.

A significant milestone was reached when the following agreements were promulgated by the Minister of the Department of Labour on 20 June 2014:

- Construction Industry Retirement Benefit Fund Agreement
- Conditions of Employment Agreement
- Registration and Administration Expenses Collection Agreement
- Wage and Task Grade Collective Agreement

These agreements were further extended to all industry stakeholders.

Annual negotiations

One of our main achievements is that the annual negotiations took place under the auspices of the

BCCEI for the first time during this period. Parties to the negotiations were SAFCEC, the National Union of Mine Workers (NUM) and the Building Construction and Allied Workers Union (BCAWU).

The 2013 wage negotiations deadlocked and the unions called for industrial action. SAFCEC received a Protest March notification on Friday 16 August 2013, which was scheduled for Saturday 24 August 2013. A SAFCEC delegation of Webster Mfebe (SAFCEC CEO), Dazerene Du Plessis (Acting Executive: HR), Ruth Maseko (Aveng Grinaker-LTA) and Joseph Mathimba (Aveng Grinaker-LTA) received the official Memorandum at the Chamber of Mines offices in Johannesburg. Bruce Van Der Byl (Namandla Roads) accepted the Memorandum on behalf of SAFCEC in Durban.

The strike started on Monday 26 August 2013. After a 15-day national strike an agreement was reached by the parties on 13 September 2013. The agreement provided for a two-year increase in wages in September 2013 and September 2014, with an adjustment increase for Task Grades one to four in March 2014. In terms of the agreement seven items were not resolved and were referred to the Bargaining Council for investigation and recommendation.

Site Specific Agreement (SSA) – Medupi / Kusile

After numerous meetings with the unions the SSA was signed on Monday, 11 August 2014 at the SAFCEC offices. Muller Uys and Ernst De Jager were mandated to act on SAFCEC's behalf.

Construction Industry Retirement Benefit Fund (CIRBF)

Trustee appointments are ongoing. Over the past months we have had a lot of movement as far as resignations and new appointments are concerned and the appointment of all twelve trustees remains a challenge. One of the agreements promulgated by government recognises the CIRBF as the industry fund, so membership will increase in the future.

Industry job descriptions

Some of the current job descriptions are either outdated or not properly defined/explained, which makes it difficult to grade jobs properly. A task team, made up of SAFCEC members and union representatives, was selected to address this issue. The team was trained on job evaluation during October 2013 and job description writing in June 2014. This team will now have to look at current job descriptions as well as new job descriptions that were identified.

Stakeholder engagement

As a member of Business Unity South Africa (BUSA), SAFCEC continued to represent the industry and give input into proposed legislation and public comment. SAFCEC represented the industry on the Social Policy Committee.

Labour law review

On a number of bills an invitation for submission of written comments was received i.e on the Basic Conditions of Employment Amendment Bill, the Labour Relations Amendment Bill, the Women Empowerment and Gender Equity Bill, UIF Bill etc.

1. Labour Relations Amendment Bill – the Bill has been approved by the Portfolio Committee on Labour. The Bill will now be approved by the National Assembly early in the third parliamentary term.
2. Basic Conditions of Employment Amendment Bill – the Bill has been approved by the National Assembly and is likely to be referred to the NCOP in the third term together with the LRA Bill.
3. Employment Services Bill and Employment Equity Amendment (EEA) – the Portfolio Committee has yet to schedule public hearings on the Bills. They will likely

do so in the third term. The proposed amendments to Section 6 of the EEA introduce specific reference to discrimination arising from differences between terms of conditions of employment between employees of the same employer performing the same or substantially the same work or work of equal value.

Government has confirmed that it is investigating the possibility of introducing a national minimum wage. The Basic Conditions of Employment Act, which provides for sectorial determinations setting minimum wages, has been amended and is expected to come into effect shortly. The new provisions in S55 provide for the establishment of an umbrella provision that goes beyond the scope of sectorial determinations – thus paving the way, for the first time, for a cross-sectorial minimum wage setting.

Staff

The following appointments were made during the financial year:

- Rory De Wet (Executive – Contractual Affairs and Support Services)
- Shantal Pillay (Administrator: Finance)
- Amos Mtephe (Manager: North Branch)
- Brenda Gogwana (Administrator: North Branch)

SHERQ

National SHERQ Advisor: James Flint

National SHERQ Committee Chairperson: Siya Makhaye (Aveng Grinaker-LTA)

National SHERQ Committee Vice-Chairperson: George Kleinsmit (WBHO)

SAFCEC SHERQ Department

The 2013 / 2014 year has been a momentous one for the SAFCEC SHERQ Department with many legislative changes in construction health and safety being finalised and coming into effect. Through our committed involvement in the development of these changes the SAFCEC SHERQ Department has been able to manage these changes in a direction that suits the members' best interests. SAFCEC remains intimately involved in all current and future initiatives that will potentially have an impact on member operations, and continues to be committed to ensuring members are aware of, and up-to-date with, all industry-related developments in terms of SHERQ.

Federated Employers Mutual Association (FEM)

The 2014 period has again seen the Federated Employers Mutual Association (FEM) being instrumental in ensuring the continued functioning of the SAFCEC SHERQ department through their annual Safety Grant to SAFCEC. SAFCEC continues to work closely with FEM and FEM Policy holders on industry-related health and safety concerns.

2014 has seen a major focus on motor vehicle safety, which continues to plague the industry's health and safety figures with SAFCEC collaborating with FEM in a road safety workshop in the Western Cape. SAFCEC encourages all members to join FEM in terms of

Compensation Insurance in order to take advantage of FEM's superior service as well as their rebates for positive health performance. FEM continues to be the leading authority for health and safety compensation figures for the construction sector in South Africa. SAFCEC remains committed to working with FEM's for the promotion and awareness of health and safety in the South African construction sector.

Department of Labour:

Advisory Council for Occupational Health and Safety (ACOHS)

SAFCEC has represented the construction sector at ACOHS for the 2013 / 2014 period and is capitalising on its appointment to ACOHS through involvement in various technical committees for the development of legislation and regulations relevant to the industry and SAFCEC members, including:

Occupational Health and Safety Bill

At the end of 2012 a revision to the Occupational Health and Safety Act 85 of 1993 was proposed to ACOHS by the Department of Labour. SAFCEC has given continual comment on this Bill from a construction sector perspective, and 2014 has seen the Bill escalated to NEDLAC for discussion. SAFCEC continues to remain closely involved in this process and will convene members for comment when the Bill is out for public comment.

Construction Regulations

Following intimate involvement in the development of the Construction Regulations 2014, SAFCEC was invited to present at the promulgation ceremony (10.2.14) representing organised business. SAFCEC

has remained committed to the development of the regulation guidance notes, ensuring members' questions and queries are addressed in these notes. SAFCEC has hosted or been involved in numerous workshops regarding the new regulation since its promulgation. SAFCEC has also ensured members are updated on all associated exemption notices and memorandums regarding the regulation as they are released from the Department of Labour.

Ergonomics Regulations

SAFCEC is appointed to the technical committee developing an ergonomics regulation and remains close to this process. The construction sector is one that could be significantly impacted by this regulation and SAFCEC remains involved in the process to manage the final direction of the regulation.

Construction Health and Safety Accord

SAFCEC remains a signatory member of the Construction Health and Safety Accord, and although there has been no progress with the Accord's work plan, SAFCEC remains committed to the vision and ideals as outlined in the Accord.

South African Council for Project Managers and Construction Management Professionals (SACPCMP)

2014 has seen the culmination and commencement of the registration process for construction health and safety practitioners with the SACPCMP. SAFCEC has held numerous workshops around the country assisting members in the registration process and continues to help and guide members with the registration process. Members have enjoyed the added advantage of having three registered assessors and interviewers on the SACPCMP's task team, as well as representation on various committees at the SACPCMP to ensure members' interests are upheld.

SAFCEC is also extremely proud of its success in terms of influencing the SACPCMP health and safety registration fee structure. This was to the benefit of safety officer registrations which is now aligned to safety officers employed within SMME's or emerging contractors. 2014 also saw SAFCEC being recognised at the SACPCMP's Fourth Council Inauguration Ceremony for their efforts and involvement with the SACPCMP through the presentation of certificates of appreciation from the SACPCMP.

SAFCEC Safety Awards

SAFCEC developed and launched a safety awards program during 2014. This is a compliance-based project audit system that is designed to positively reinforce good health and safety practices. Although the project is still in its infancy, it is hoped that these safety awards will evolve into a recognised industry initiative.

Greenroads Council South Africa (GrCSA)

SAFCEC continues to serve on the Interim Board at the Greenroads Council South Africa, as well as chairing the Technical and Development Committee. 2014 has been a difficult year for the initiative as the United States withdrew their support to the South African chapter and reneged on the memorandum of understanding. SAFCEC remains involved in the hopes that this sustainability rating tool will gain traction in South Africa.

SAFCEC Management System – ISO 9001

SAFCEC has developed and implemented a management system that is based on ISO 9001. 2014 saw a management review and internal audit as well as the appointment of an accreditation body (SACAS) for the management system. Accreditation is planned for the end of 2014 and the system is aligned to ensuring SAFCEC continues to deliver on its promise of 'Quality Service'.

North Branch Region

North Branch Regional Manager: Amos Mtephe

North Branch Regional Administrator: Brenda Gogwana

Manco Chairperson: Stuart Knight

Manco Vice Chairperson: Pheli Mbambo up to Q1 2014, Marina Dumakude from Q2 2014

SHERQ Advisor: James Flint

The North Branch encompasses five provinces, namely: Gauteng, Free State, Limpopo, Mpumalanga and the North West.

The following appointments in the North Branch were made during the year:

Amos Mtephe, North Branch Regional Manager – 1 January 2014

Brenda Gogwana, North Branch Administrator – 1 October 2013

Membership

The North Branch Region Manco is made up of the following members:

Stuart Knight – Liviero (Chairperson)

Pheli Mbambo – Aveng (Vice Chairperson) replaced by Marina Dumakude

Berto Smit – WBHO

Coenie Vermaak – Civcon

Dave Bennett – Basil Read

Devendra Lalbasanth – Franki

Eric Wisse – Murray & Roberts

James Popper – Bophelong Construction

Mark Stannard – Steffstocks

Nico Visser – WKC

Raymond Carter-Johnson – DipCivils

Sakie Haartman – Saxon Developments

Shaun Ayliffe – Group Five

The Vice Chairperson of MANCO, Pheli Mbambo up to Q1 2014 and Marina Dumakude of Tanguliza Projects from Q2 2014.

Since the beginning of the year the region received the following new member applications; and approval from Manco was sought and received.

CIDB Grade	New Approved Application
1CE-3CE	31
4 CE	4
5 CE	4
6CE	6
7CE	3
8CE	
9CE	2
No CIDB Grade	3
Associate	6
Total	59

A total of 35 members have been suspended utilising the Membership platform. This is intended to increase the level of payment of fees as the members are then deprived of say; communications and other benefits. This is the first stage in eventually cancelling membership for those that do not pay after being notified about their suspension.

Our challenge is to have new members proceed with the payment of membership fees. We have seen that not all approved applicants actually go through with payment of their fees. We will be working to increase the payment fulfilment by new applicants.

Our membership recruitment is aimed at showcasing SAFCEC to the general industry with emphasis on emerging contractors through articulating the benefits of joining SAFCEC. There is some perception about SAFCEC, from mainly emerging contractors, that SAFCEC is not truly representative and the balance of power is skewed towards the larger members.

To convince some of the members is becoming a challenge in the region due to the perceptions that they do not get value by being members. All efforts are being made to change these perceptions.

In this regard we have established an Emerging Contractors Forum so that Emerging Contractors have a voice that is listened to and heard. The aim is to have all members, large and small to participate in the activities and affairs of SAFCEC. Currently only an interim leadership for the Emerging Contractors Forum has been elected.

Member recruitment drive

The focus areas are outside of Gauteng. The active CIDB registered members forms the pool for the membership drive. Below is a table showing the numbers as from the CIDB website (accessed 11th June 2014). The information is for the five provinces that form the North Branch, i.e. North West, Free State, Limpopo, Mpumalanga and Gauteng.

	7CE	8CE	9CE
North West	19	8	0
Free State	13	2	3
Limpopo	39	5	1
Mpumalanga	21	6	0
Gauteng	140	50	35
Total	232	71	39

Workshops on industry specific courses like the Contract Price Adjustment Formula (CPAF) have been held in Gauteng, for both SAFCEC and non SAFCEC members. At these workshops potential new

members are introduced to SAFCEC and subsequent appointments made where they are encouraged to join SAFCEC. These workshops gave the branch an ideal opportunity to field questions and address the concerns and uncertainties raised by the prospective members.

Member retention drive

The membership platform has been enhanced wherein members can update and upload details of the work they do and advertise these on the website. Visits to especially emerging contractors were held to showcase these attributes on the SAFCEC website. The branch deals with all queries in an efficient, friendly and professional manner.

Market conditions

The members continue to anticipate the spending by government on projects from the Infrastructure Plan. The business environment currently being witnessed will result in the borrowing of funds for the PICC relatively more expensive should there be downgrading by the rating agencies – as it is being punted. The negative business conditions are reinforced by the SACCI Business Index June 2014.

The SACCI Business Confidence Index (2010 = 100)

Month	2007	2008	2009	2010	2011	2012	2013	2014
January	119.7	110.7	97.2	95.8	103.1	97.1	94.0	90.5
February	118.6	110.9	99.7	97.9	101.9	99.5	93.0	91.9
March	117.4	110.8	93.1	97.9	104.2	95.7	90.4	92.7
April	120.2	110.2	96.6	97.9	102.5	94.3	92.3	92.6
May	118.2	109.7	96.5	96.7	101.2	92.8	90.4	88.9
June	116.9	109.2	98.0	100.0	102.4	94.9	90.2	89.7
July	117.5	109.5	98.1	99.4	99.0	90.9	90.7	
August	115.7	106.8	97.9	103.3	98.6	95.0	90.5	
September	116.4	106.1	100.9	103.6	98.4	91.7	91.4	
October	114.3	99.3	97.0	101.3	97.5	92.0	91.1	
November	113.0	102.3	99.2	102.6	97.4	91.7	90.8	
December	111.8	98.9	98.5	103.3	99.1	93.0	91.9	
Average	116.7	107.0	97.7	100.0	100.4	94.1	91.4	

Source: SACCI Business Confidence Index Report June 2014



The South African SMME Business Index Report by the Africagrowth Institute shows that the two most limiting factors are government taxes and regulations as well as operating costs; as shown in the graph below.

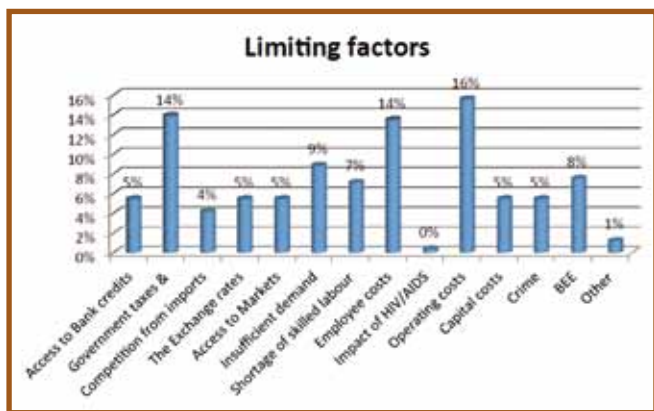


Figure 6: Business Limitations Source: Africagrowth Report

Market conditions are hampering progress in the growth of the construction industry with resultant negative consequences such as lack of skills transfer and subdued contractor development on a sustainable level, growing of unemployment levels and skills loss. As for the implications of this on SAFCEC – we have seen growing default rates and reduced fees for the branch.

Annual Sports Day

Our popular Annual Sports Day was held in early April 2014. The sport codes comprised of golf, fun run/walk, netball, soccer and volleyball. The golf event took place at the Leeuwkop Golf Course whilst the rest of the sports took place at the Helderfontein Estate. We received 167 golfers for the four-ball event and there were more than 200 participants in the other sports. As a result of the high number of golfers we had to have the first tee-off at 06h30. We thank all the golfers that made this early start.

A prize-giving gala dinner was held at the Helderfontein Estate. We congratulate all the winners and to those that did not make the winning list there is always next time. We also thank the chairman of the North Branch Manco Stuart Knight and the CEO of SAFCEC, Webster Mfebe for assisting in the prize giving ceremony.

The success of the Sports Day would not have been achieved if it was not for the sponsorship received from our members.

Stakeholder engagement

A number of major clients have been identified and have been approached to schedule one-on-one meetings with SAFCEC member representatives. The clients are ERWAT, JDA, JRA, Roads Agency Limpopo (RAL), Tshwane Metro, Rand Water, SANRAL, TRANSNET, Johannesburg Water, Emfuleni Local Authority, Mogale City, etc.

Construction Industry Development Board (CIDB)

We were invited to the CIDB Provincial Stakeholder Liaison Meetings for Mpumalanga, Gauteng and Limpopo.

Highlights and concerns raised by the delegates included current regulations that are under review:

- Grade 1 (recommendations developed)
- Downgrading (recommendations developed)
- Project reporting, H&S, subcontracting (subject to consultation)
- Best Practice Project Assessment Scheme
- Review CIDB sanctions
- Register of Contractors.

The members concerns were in the main experiencing downgrading by the CIDB and the lack of work means contractors stay a long time with no work

and therefore no opportunity to advance their CIDB grading. Some have to travel long distances to the CIDB offices in their provinces.

The East Rand Water Care Company (ERWAT)

The majority of the projects will have construction and commission in the financial year 2016/2017.

ERWAT have requested that SAFCEC assists in drawing up a contracting model of Design-Build as their experience is that the majority of their projects are not successfully completed due to the poor relationships between the consulting engineer and the contractor. SAFCEC is to set up a mini-delegation team in order to get further particulars from ERWAT.

Johannesburg Development Agency (JDA)

Their contracting model which is being piloted is to have a managing contractor, e.g. an 8CE company that manages the emerging contractors on the majority of their projects. The work is divided into small packages to accommodate the emerging contractors. The arrangement has resulted in about 20% mark-up on projects, but the JDA seem content with this; with the hope that skills development and skills transfer will result. JDA sees an increase in the non-compliance with safety on sites due to lack of safety induction; especially of sub-contractors.

Johannesburg Water

For the current Financial Year the City has an infrastructure budget of R7 billion of which R1 billion has been allocated. Similar amounts are expected in the coming financial year in the following categories:

- Bulk waste water
- Upgrade and renewal- focus in coming year
- Soweto Infrastructure Upgrade (Gcinamanzi)
- Special projects
- Extension Infrastructure- new reservoirs, storage facilities

City of Tshwane

There are several proposals that are being looked at. Some of these include:

- At least one power station towards end of 2015
- Housing and mixed-use development corridors where PPPs will be required

- Government Boulevard in the CBD to house government offices in a single office park
- Nelson Mandela Corridor (a mixture of offices and residential areas)
- West Capital Rejuvenation (Marabastad) where an agreement with a developer is already in place
- Ongoing upgrades / renewal of roads and sanitation infrastructure

Johannesburg Roads Agency (JRA)

The Capital Expenditure Programme has seen an increase in the budget allocated commencing with the current financial year as shown below:

Period	Allocation
2011/12	R243 million
2012/13	R290 million
2013/14	R737 million
2014/15	R1, 297 billion
2015/16	R2, 319 billion
2016/17	R2, 015 billion

Challenges for the branch

The difficult business conditions, especially for construction companies, result in low applications for membership. Methods must be identified in order to diversify the income source for the branch. The region occupies a large area which poses challenges in terms of SAFCEC being visible to members in especially areas outside of Gauteng.

Appreciation

I would like to thank the Manco members under the chairmanship of Stuart Knight, our CEO Webster, the branch Administrator Brenda and all colleagues for the good working relationship and your assistance and availability to give guidance during the year.

Western Cape Region

Branch Manager: Roz Messenger

SHERQ Advisor: Rudolf Murray

Chairperson: Theresa Cupido

Vice-Chairperson: Chris Escreet

Administrator: Sonja Hannan

Membership

Full members: 34 (including 11 national members' branches in Cape Town)

Emerging members: 18

Associate members: 28 (including 16 national members' branches in Cape Town)

Recruitment during the year:

Full members:

1. Carpe Diem
2. Lulenco Plant Hire
3. Mainline Civil Engineering Contractors

Emerging member:

1. Magic Moppers, Mowers & Maintenance

Associate members:

2. Safety Solutions Africa
3. HW Brokers
4. NOSA (national company recruited in Cape Town)
5. ABE (national company recruited in Cape Town)

Recruitment of members is a challenge as fees are high for the higher categories, CIDB grading 7 – 9. Larger construction companies in the Western Cape are unlisted private companies and costs play a very important factor. Contractors equate the cost to

service received individually whereas the benefit of being a member of SAFCEC is that the organisation is the voice of the industry and they would add to the strength by joining. Various members were suspended during the year due to non-payment.

A membership drive was carried out during May 2014 to recruit high end contractors. The CEO and the branch manager met with Power Construction, Haw & Inglis and Burger & Wallis in Cape Town whereas the CEO met with Neil Muller Construction in Johannesburg. Invitations to all workshops and seminars held in Cape Town are sent to non-members and at each of these events, SAFCEC's role in the industry is highlighted.

Client liaison

Two meetings are held annually with the main clients namely SANRAL, City of Cape Town and the Western Cape Province Transport Department. Various issues are discussed at these meetings and excellent relationships have been built up with these clients. We met with WCG during the year to discuss enterprise development criteria in their documentation. This led to changes being made.

Ongoing liaison with clients is maintained and clients informed of the registration of the BCCEI in December 2012. They were again informed about the process when the Minister of Labour extended the agreements to non-parties in June 2014. Documents will be amended to include that proof of registration must be provided for government tenders. Our health and safety advisor, Rudolf Murray, attended meetings to

inform clients about the health and safety regulations promulgated in February 2014. Clients approach SAFCEC for advice on health and safety issues as well. A SAFCEC / SANRAL health and safety committee meets quarterly to ensure that their documents comply with the construction regulations. SAFCEC also participated in SANRAL's annual IMBIZO in November 2013.

Contact has been made with Eskom locally and the meetings scheduled were postponed due to the Eskom representative being unable to keep the appointments. A new meeting has been rescheduled. Contact has also been made with ACSA. The new regional manager for Metrorail is Richard Walker and we will arrange to meet with him during the next few months.

Industry organisations

The regional manager, Roz Messenger, is on the SARF committee and is part of the sub-committee pursuing the establishment of a learner traffic centre in conjunction with City of Cape Town for the Khayelitsha and Mitchells' Plein areas. Two liaison committee meetings per year are held with CESA to discuss any major clients, disputes, material issues, etc. The regional manager attends all CIBD contractor development meetings, feedback sessions and any other meetings they arrange in the Western Cape. We also attend the Cape Chamber of Commerce Transport and Transport Infrastructure monthly meetings. Excellent liaison is also maintained with the MBA Western Cape and MBA Boland. They also attend our Health and Safety Committee meetings. Both ASPASA and SARMA have been invited to attend our client and CESA liaison meetings. SABITA attends SAFCEC meetings.

Enterprise development

Regular meetings are held with the steering committee of the Emerging Contractor Forum. Workshops aimed at emerging contractors' needs are held. In addition the CIBD regional manager attends these meetings. ASLA uses the SAFCEC Enterprise Development Program with assistance from Sylvie Brinkhorn while Martin & East has developed its own enterprise development program.

Our Chairperson, Theresa Cupido, is the managing director of an emerging contractor, ATN Group and her passion and interest in emerging contractors is constantly reflected.

Market conditions

The market remains depressed. Budgets are discussed at client liaison meetings. A monthly exercise is carried out to compare actual work out to tender entered into our tender bulletin versus the various budgets. At this stage SANRAL is spending most of their budget for the Cape region in the Eastern Cape. We have approached the City of Cape Town as it appears that they will not spend their budget for their financial year ending March 2015 while provincial work is on target.

Branch activities

Mike Schüssler, the well-known economist, was our speaker at the annual cocktail function in September 2013 held at the Kuilsriver Golf Club. The Annual Western Cape Golf day was held on 15 November 2013 at the Mowbray Golf Club – with Stefanutti Stocks as the winners, followed by Zebra Surfacing and ATN Roadmarking in third place. The Annual Sports day was held on 14 March 2014 at the Somerset Country Club with 318 participants in the various sports events. Sponsors are especially thanked as without them the day would not be so successful. The Western Cape team won the 2014 Quad Golf held in the Eastern Cape for the fourth consecutive year.

Education and training

Liaison has also been made with the new Western Cape CETA representative. Information about all courses held by the CESA School in Cape Town is circulated to members. SABITA is involved with training. SAFCEC is represented on the CPUT Advisory committee. A representative from CPUT attends our HR committee meetings and Stellenbosch University provides us with information for their training programmes presented that is circulated to members. This is an area that requires stimulation now that the bargaining council is up and running.



Outreach

Botes & Kennedy Manyano was awarded the regional Established Contractor Health and Safety Award and Inter Coast Civils the regional Emerging Contractor Health & Safety Award at our annual cocktail function in September 2013. Regional SHERQ meetings are held quarterly and attendance is excellent as clients and other associations attend these meetings. Rudolf Murray is also an assessor with SACPCMP. He has held many information sessions to explain the process of registration with SACPCMP to members, non-members, clients and associations.

The new construction regulations were promulgated in February 2014 and Rudolf has been involved with clients, members and associations to ensure their documentation complies with the new regulations. A traffic safety seminar was held in June 2014. The seminar was opened by Mark Jansen, deputy to Kenny Africa. Speakers were: David Frost (Western Cape Government), Henning van Aswegen (member), Randall Cable (SANRAL) and Advocate Raynard Looch. Based on Advocate Raynard Looch's input, a workshop on Legal Liability was held in October 2014. SANRAL and Federated Employers Mutual sponsored the event. Continuous liaison with the traffic departments of the Western and Northern Cape is also maintained.

Staff

Sonja Hannan will retire in December 2014 and we wish her well for the future.

Our Young Contractors Forum has lost momentum and we're looking for a passionate person to lead this forum after the previous chair resigned from a member company and left the industry. The YCF is vital to create interaction between CESA's YPF and WCG's YGF. The members of these forums are the future of the industry.



KwaZulu-Natal Region

Branch Manager: Peter Kendal
SHERQ Advisor: Marilyn August
Chairperson: Roland D’Unienville
Vice Chairperson: Bruce van der Byl
Administrator: Denise Strydom

Branch membership

Many of our successes with regard to recruitment began from interaction with our team in the KwaZulu-Natal office. Denise Strydom is our first point of contact and just from interacting with people wanting to buy books, attend courses or receive information, she has sparked their interest. Many of these people have been referred to either Marilyn or Peter to follow up and they often request application forms. Fleming Civils requested contractual advice and joined as a result of interaction with the manager.

We have also had new recruits from interaction during our training courses:

Major Machines attended one of our SAFCEC Training Courses and after interaction with Marilyn and Peter requested an application form. Peter also attended the Master Builders South Africa (MBSA) AGM on 17th June which enabled him to network with a Builder – Bencon Projects (6CE), who also has a CE rating. This lead is being followed.

Peter and Marilyn have both done visitation in efforts to recruit members. In this light Peter has visited the following companies:

- Leomat
- Scribante Mining Africa
- Rodcol

- JCB in Richards Bay
- Oro Projects in Pietermaritzburg

Oro Projects has subsequently joined through enterprise development with Stefanutti Stocks. This was followed up by visits to Leomat and Icon Construction by the CEO and Peter. These are both ex-members who resigned a few years ago. Unfortunately there has been no further movement by either of them to join SAFCEC.

Marilyn has visited a number of members to conduct audits and when the opportunity knocks, she pays a visit to non-members to offer assistance and gives information on SAFCEC. Examples of this include:

- Vikash Ramphal / Arvidya Civils (4 CE)
- Sheena Dennis / HI Glen Construction (4 CE)

Type of Member	June 2013	June 2014	Change
Full members	51	46	5
Full branch members:	12	18	6
Total full members	63	64	1
Emerging members:	38	36	2
Associate members:	25	24	1
Totals	126	124	2

We were disappointed to receive the resignation letters of WK Construction SA and Fountain Civil Engineering as both were long standing members of SAFCEC and were very involved in our liaison committees as well as our social activities. Other resignations were Cozzi International and Dru Civils.

We welcome the following new members:

- Major Machines
- EXR Construction
- Makhathini Projects
- Deck Steel and Concrete
- Scribante Africa Mining
- Fleming Civils
- Shisalanga and Zenzulwazi Plumbing and Construction

Branch members are full members that the KwaZulu-Natal branch services but which have their head offices in other regions such as:

- Aveng Grinaker-LTA
- Basil Read
- Civcon
- CMC di Ravenna
- Esorfranki
- Liviero
- Ground Engineering
- Group Five
- Martin and East
- Milling Techniks
- Much Asphalt
- National Asphalt
- Phambili Road Surfacing
- Raubex KwaZulu-Natal
- Shisalanga
- Space Construction
- Stefanutti Stocks
- WBHO KwaZulu-Natal

The significance of the increase in branch members is that while we appear to have lost eight members over the year, six are to mergers owing to a downturn in the economy. We welcome the 14 new emerging members who applied for membership over the past year, namely:

- Uluntu Emerging Contractors
- Abjoy Development
- Ukhasi Construction
- Imbube Africa
- Msomi Property Holding
- TM Concepts
- Thumbela
- Abaphumuleli Trading
- Snyathela

- Mndayi
- Protumi Construction
- BTE Construction
- Thuthuka Civil Projects

We had no formal resignations from the emerging members and we welcome the following associate members who joined us last year:

- Fuze Risk Management
- LA Consulting
- Volpe Commercial Management Services

We regret to advise of the following resignations: Scribante Labour Consulting and Kempston Employment Services.

Client liaison

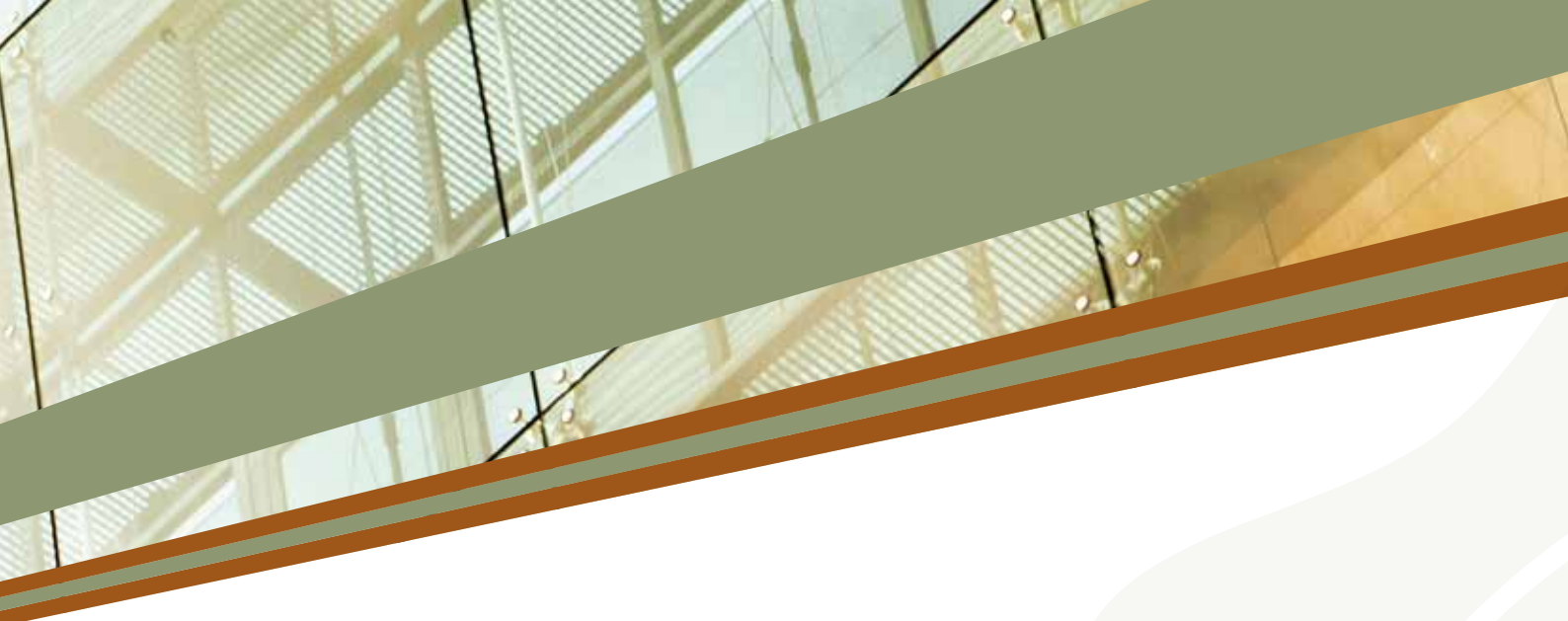
In August last year the eThekweni project engineer for the Integrated Rapid Public Transport Network asked us to meet with the procurement team to discuss the most practical ways of getting as many people as possible to benefit from this work before going out to tender. We were pleased to have been able to offer advice on this project. Unfortunately the end product was not entirely as per our recommendation but we were pleased that our advice was considered. This appears to be an ongoing strategy with eThekweni and more projects are being approached in this manner. Transnet are short staffed and have been very busy with the planning of new work so it has not had an opportunity to meet with us yet. A new date is being negotiated.

Stakeholder engagement

It has been agreed that we would meet with eThekweni Municipality three times a year going forward. SANRAL are reviewing the Committee of Land Transport Officials and SAFCEC have been invited to participate in this. Umgeni Water dropped proposed changes to their contract documentation after engaging with SAFCEC.

Industry organisations

eThekweni has expressed an interest in setting up a further Liaison Forum which includes SAFCEC and other client bodies possibly including consultants. This



is a work in progress. Some of our members took part in the South African Institution of Civil Engineering's Golf Day which was another opportunity to network.

Enterprise development

Sylvie Blinkhorn ran a mentorship programme with Fynn Construction and Jambo from April 2011 to June 2014 in KwaZulu-Natal. The targets set down by the Trans Caledon Tunnel Authority were achieved. Group Five selected umSimbithi Civils for enterprise development on the Lower Thukhela Bulk Water Scheme which began in March 2014.

Branch highlights

SAFCEC's Marketing Manager, Annemie Cowley organised the Annual Convention at Port Edward which was very successful. This function brought together all the Council members from around the country and we had Kevan Rocher, from our region, co-opted onto council.

An overview of business conditions

Market conditions: The market is very competitive and profit margins have been reduced.

Delayed roll-out of work: The roll-out of work is often delayed for reasons unknown to members – and some members have had to lay-off workers between projects while waiting on new contracts to be awarded.

Irregular awards: Awards are often perceived to be irregular owing to employers sometimes failing to follow their own procedures. Objections are often lodged and contract awards are delayed. This in turn causes further delays as the employer's resources which are earmarked for the next project are held back to investigate the award.

Poor tender documentation: Tender documents are often drafted by inexperienced engineers

who tend to cut and paste extracts from previous tender documents. Cross referencing is therefore often incorrect and this leads to ambiguities in the documentation which filter into the pricing which can later lead to disputes. Some of these cases have been brought to SAFCEC's attention by our members after the contract has been signed.

Inadequate Contract Price Adjustment (CPA)

compensation: The compensation for escalated costs does not adequately cover contractors. In the case of a delayed award the contractor often loses money, before they begin work, owing to suppliers escalating their prices by more than the CPA as per the formula.

Unrealistic transformation goals: Employers are accelerating transformation by setting high Community Participation Goals / Priority Participation Goals while not allowing additional time in the contract period. Contractors, often desperate for work, tender on these requirements without giving them due consideration. The result is often poor progress and poor quality owing to employing inexperienced employees, sub-contractors, service providers and suppliers. eThekweni has engaged with SAFCEC prior to rolling out some projects in an effort to get it right.

Inexperienced engineers: Members have experienced problems with inexperienced engineers giving impractical instructions or decisions and causing delays to the programme. Three members have recently requested contractual advice from SAFCEC in this regard.

Late payments: Members working for the Department of Transport have experienced late payment of certificates owing to lack of funds. This has caused crippling cash-flow problems as members pay their sub-contractors before they themselves get paid.

Labour disputes: Most of our members have experienced work stoppages, intimidation, violence,

injuries to staff, damage to property and delays owing to strikes. This has reduced profits and members have been fortunate to break even. The inauguration of the Bargaining Council for the Civil Engineering Industry attempted to remove much of the conflict from the work-face.

Community unrest: Violence and work stoppages are often caused by raised expectations of employment of the local communities when projects are initially announced. Employers rely on clauses in the contract that place the risk for work stoppages caused to projects at the door of the contractor.

In a nutshell this year has been tough and we look forward to a better year ahead.

Education and training

We ran a Tendering and Estimating course and the Durban University of Technology liaison meeting introduced a new proposal to assist students to achieve their qualification by doing their practical training. This has been passed on to our members. Unfortunately work has decreased so not many students can be accommodated.

Health and safety

Marilyn had interaction with the following members:

- Thokozani Mjoli / Pilcon Projects
- Martin Joseph / Grinaker LTA
- Ian Burger / Namandla Road
- Pearl Mncube / Holmes Cut and Seal
- Jan De Jonge / DDT Civils
- Chantal Laubsher / Esorfranki

Introduction meetings with new members:

- Linda Nyandeni / Gashscms
- Zime Shezi / Oro Projects

Consultation with members regarding health and safety issues:

- Ncumisa Reggie / Town and Around Civils
- John Chetty / Esorfranki
- Avesh Dunaram / Thekwini Reinforcing
- Dominico Ngcobo / Fuze Risk Consultants
- Karen Tarin / Basil Read
- Sandra Nicholson / National Asphalt
- Thandeka Maphumulo / Akwande Civils
- Clarence Fynn / Afrocon Construction

- Dumisani Mkhize / Inxiwa Construction
- Eugene Strydom / Intervention Systems

A year-end safety meeting was attended by 26 members at Paradise Valley.

Branch activities

We held our cocktail party in November 2013 with Darren Maule as the entertainer. This went down very well and we had a good turnout of around 150 people consisting of clients, engineers, suppliers and members. This is always a good networking opportunity and this was no exception. Guests included a representative of the eThekweni Mayor's office, representatives of SANRAL, Department of Transport, Umgeni Water, University of KwaZulu-Natal, and the SAFCEC President. Some consulting engineers also attended as associate members or as guests.

Our SAFCEC Golf Day was held at the Kloof Country Club and was very successful with a field of 128 players. Our sponsors were very generous and all of the players enjoyed the day with one player celebrating a hole-in-one.

Staff news

There have been no changes to the branch staff over the past year. We do however regret that we were obliged to terminate M-powerment Consulting Services in order to cut costs.



Eastern Cape Region

Branch Manager: Dave McIntosh

SHERQ Advisor: James Flint

Chairperson: John Skinner of John Skinner
Construction

Vice-Chairperson: Wantu Bugqwangu of MMP
Contractors

Administrator: Jane Murcott

Membership

Our membership drive has been conducted through following up on internet enquiries, recommendations from existing members and cold calling civil engineering contractors listed in the CIDB register.

Regional activity

The Eastern Cape branch has had close liaison with both SANRAL and the Coega Development Corporation. Meetings are held twice and four times annually respectively with these two clients. Frank and constructive exchanges of information are the order of the day during these meetings.

Stakeholder liaison

Unfortunately the two main Metro Municipalities in the region, the Nelson Mandela Bay Municipality and the Buffalo City Metropolitan Municipality are a law unto themselves. SAFCEC as an organisation is critical of many of their methods of operation. Liaison meetings are not encouraged by these Metros though we continue with constructive engagement whenever possible with official representation in their infrastructure and engineering departments.

The Eastern Cape Provincial Roads and Public Works has seen several changes and as a result substantive

liaison with this client has been irregular. It is the branch's aim, in the future, to attempt to re-establish better liaison with the client.

Transnet, apart from their large involvement in the Port of Ngqura, have not been very active over the past few years in the Eastern Cape. Recent announcements of large infrastructural investment by Transnet in the Eastern Cape over the next five years make it important that liaison is once again established between SAFCEC and Transnet in the Eastern Cape.

It is essential for the well-being of our industry that staff from head office continue their efforts to actively engage with Senior Government Departments. Apart from SAFCEC's role to guide and inform these departments and to the needs of our industry, as important is that a firm stance from these departments in cases of apparent bribery and corruption in a number of our client bodies must be taken seriously and the necessary corrective actions taken to address these problems.

Industry organisations

Regular liaison meetings are held with CESA members in the Port Elizabeth area. The shortfalls and considered illegal tendering and award actions by the Nelson Mandela Bay Municipality are usually high on the discussion list. The relationship between SAFCEC and CESA is good and our frustrations with the lack of accountability of the Metro are common amongst professionals in the industry.

Our contact with the CIDB is usually handled through SAFCEC head office – more specifically Contractual Affairs Executive, Rory de Wet. Together with head office officials and member representatives from our other regions we have established liaison with

National Treasury in Pretoria. We have reported our members' frustrations and concerns due to the actions of some of our clients especially the Nelson Mandela Bay Municipality. We have been assured by National Treasury that our concerns will be fully investigated and if required corrective action taken. We wait in hopeful anticipation.

Enterprise development

Although no formal Enterprise Development Programmes are run in the Eastern Cape, considerable branch time is spent assisting emerging members in the running and development of their operations. We believe this kind of approach is well received by these members. They are encouraged to attend construction related courses that we organise in both East London and Port Elizabeth.

Market conditions

Unfortunately the very fact that most of our members report satisfactory order books should be considered a highlight. Contracting in the Eastern Cape for the clients that most of our members depend upon is not without serious frustrations.

All of our members are small to medium sized companies; their clients are local regional bodies and municipalities.

Tendering and working for the majority of these clients requires the ability to deal with many unusual and irregular circumstances. Considerable amounts of money are spent by a number of our members in their challenge against these irregular circumstances. For many of our smaller members this kind of cost cannot be contemplated, resulting in unchallenged client decisions.

These circumstances are not new to our members and they are now, not without considerable anger, accepting that this is the way civil construction business is to be undertaken in the Eastern Cape.

Having said this, it is, however, definitely not blanket condemnation of all of our clients as those that conduct their construction affairs in an orderly manner are indeed praised and appreciated.

Branch activities

The Eastern Cape region hosted the annual Quadrangular Golf meeting this year. A total of 44 SAFCEC members enjoyed rounds of golf at Royal

Port Alfred and the Fish River Sun courses. The social activities between the rounds of golf added to the overall enjoyment. The sunny and windless (to the surprise of the inland members) weather conditions helped to ensure the success of the meeting.

Our annual cocktail party was held in Port Elizabeth during September 2013. This was well attended and was an opportunity for our members to invite clients, suppliers and consulting engineers to gather and interact in a relaxed manner.

During November each year we hold our tremendously popular annual Golf Day at the Fish River Sun Golf Course. True to form in November 2013 this event, although social, was fiercely contested with a great and robust after party and dinner. A good percentage of the profits from this event were donated to a worthy charity of the branch Chairperson's choice.

Skills, health and safety

Courses are ongoing in the Eastern Cape conducted by ACS Training. Members are kept completely up to date as to when these courses take place. Members are then responsible for liaison with ACS for attendance of whichever course applies to their needs. With the future work programmes uncertain, training is not as robust as one would like it to be. As previously mentioned, courses have been held both in East London and Port Elizabeth e.g. GCC 2010, CPAF (Indices) and Bargaining Council presentations. We intend organising a follow up course run by Rory de Wet on the GCC 2010 both in East London and Port Elizabeth.

Earlier in the year, James Flint and Rudolf Murray hosted a health and safety meeting for all our members in Port Alfred. This was well received. With our members widespread throughout the region it has proved difficult to hold health and safety meetings on a regular basis.


Membership figures

In general terms the Eastern Cape Region's membership has increased from 38 to 44 in total. The current membership figures are as follows:

Full members: 26

Emerging members: 14

Associate members: 4



New members of the branch since last year's Annual Report include:

- Andile Truck Hire and Civils: 6CEPE
- Anix Trading: 7CEPE
- Aztec Road Services: 1SK
- Gano & Dimpo Developers: 4CEPE
- Gcinasonke: 7CE / 6GB
- Hlangeni Contractors: 4CEPE
- Joe & Angaviwe Civils: 4CEPE
- Jo-Minproc Engineering: 4CEPE
- Mfuraa Trading & Projects: 5CEPE
- PE Qwesha Enterprises: 5CEPE
- Rhuja Civil & Building: 4CE
- SJW Civils: 8CE

Transformation

On the transformation front our emerging membership has grown from 6 to 14. However, the resignation of Civil and General Contractors is of concern to us. The company was a long standing full member of SAFCEC who become disillusioned with SAFCEC's apparent lack of concern for the views of privately owned small and medium sized companies.

Recruitment of CIDB grading 7CE and upwards is proving difficult as the larger the company the less important SAFCEC services offered are due to their in-house capacities. Nevertheless we continue in our attempts to recruit members of these CIDB gradings.

Staff news

Our branch Chairperson, John Skinner has been an outstanding chairman having devoted a considerable amount of his busy schedule on Eastern Cape Branch matters. Both John and Wantu Bugqwangu, our Vice-Chairperson were always available to give good advice. We thank them both for their invaluable contribution.

There has been no change in the Eastern Cape Region's staff. Jane Murcott, the Regional Administrator continues her excellent contribution in this position. She is a great asset to the branch and her interaction with our members is exemplary.



STAFF MEMBERS



Webster Mfebe
Chief Executive Officer



Rory de Wet
Executive: Contractual Affairs and Support Services



Dazerene du Plessis
Acting Exec.: HR & Advisory Services and National Advisor: ETD



Liselle Govender
Manager: Finance & Administration



Annemie Cowley
Manager: Marketing & Communications



James Flint
National Advisor: SHERQ



Nomzamo Landingwe
National Advisor: Transformation



Martha Gaeje
Executive PA to CEO



Shantal Pillay
Administrator: Finance & Facilities



Cleo Letshwenyo
Administrator: Tender Bulletin



Alice Zikalala
Receptionist



Frida Mathabathe
General Assistant



Amos Mtephe
Manager: North Region



Brenda Gogwana
Administrator: North Region



Peter Kendal
Manager: KwaZulu-Natal Region



Marilyn August
Regional Advisor: SHERQ KwaZulu-Natal



Denise Strydom
Regional Administrator: KwaZulu-Natal



Roz Messenger
Manager: Western Cape Region



Rudolph Murray
Regional Advisor: SHERQ Western Cape



Sonja Hannan
Regional Administrator: Western Cape



Dave McIntosh
Manager: Eastern Cape Region



Jane Murcott
Regional Administrator: Eastern Cape

PHOTOGRAPHY COMPETITION 2013/14



1st Place / Photographer: J Jung
Murray & Roberts: Material Handling System – Impumelelo Contract



2nd Place / Photographer: Jamie Thom
WBHO: Alice Lane Phase 3A



3rd Place / Photographer: Jamie Thom
WBHO: Atrium on 5th



4th Place / Photographer: Russell Cleaver
Group Five: Spring Grove Dam – Mooi Umgeni Transfer Scheme



5th Place / Photographer: Ian Weston
BRNC: Wolwefontein to Colesburg N1/N9



6th Place / Photographer: DDP Photography
ORO Projects: Lower Thukela Bulk Water Supply Scheme



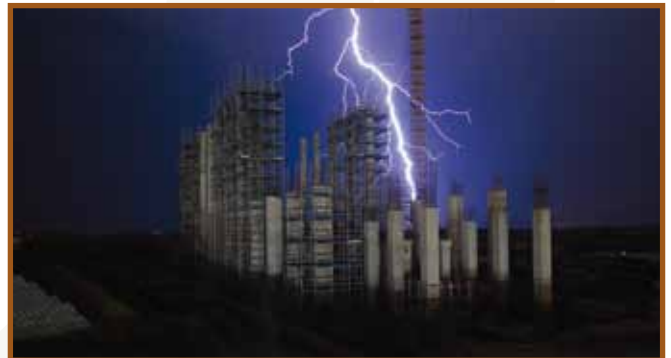
7th Place / Photographer: Jamie Thom
WBHO: Seisa Ramabodu Stadium – Bloemfontein



8th Place / Photographer: Jaco Heyl
Betsekgadi Community Projects: Jane Furse 25ML Reservoir



9th Place / Photographer: J Jung
Murray & Roberts: Lanseria 20ML Reservoir and 1.2ML Water Tower



10th Place / Photographer: Francois Vermeulen
Stefanutti Stocks Civils: Shondoni Bunker



11th Place / Photographer: Jimmy Johnston
Basil Read: St Helena Airport Project



12th Place / Photographer: J Barnardo
Martin & East: Okavango Road



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