

2015

State of the South African Civil Industry



3rd QUARTER 2015

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ECONOMIC BACKGROUND

Global growth remains moderate, as prospects are uneven across the various countries and regions. Global growth is projected at 3,3 percent, marginally lower than in 2014, with a gradual increase in advanced economies and a slowdown expected in emerging and developing economies. In 2016, global growth is expected to strengthen to 3,8 percent.

Growth in the 1st quarter of the year, disappointed by 0,8 percentage points, and averaged 2,2 percent. A notably harsh winter, port closures and a strong downswing of capital expenditure in the oil sector contributed to a weaker than expected activities in the United States (US). Oil prices rebounded more than expected in the 2nd quarter, a factor of higher demand and the expectations that US production will start to slow faster than previously forecast. Because global oil supply is running well above 2014 levels and globally oil inventories are still rising, oil prices are not expected to rebound by any large magnitude in the next 12 to 24 months.

Growth in advanced economies is projected to increase from 1,8 percent in 2014 to 2,1 percent in 2015 and 2,4 percent in 2016. Although growth in the US was dragged down by an unexpected weakness in North America, underlying drivers of investment remain intact. The underlying drivers, according to the International Monetary Fund's (IMF) most recent World Economic Outlook (July 2015), are factors such as wage growth, labour market conditions, good financial conditions, lower fuel prices and a strengthening housing market. Although growth forecasts have been revised upwards for most of the European economies, unfolding events in Greece are likely to take its toll on activity.

Growth in emerging market and developing economies is projected to slow from 4,6 percent in 2014 to 4,2 percent in 2015, reflecting the impact of lower commodity prices and tighter financial conditions. Growth is expected to accelerate to 4,7 percent by 2016.

Table 1: World Economic Outlook (Source: IMF)

	2013	2014	2015	2016
World	3.40%	3.40%	3.30%	3.80%
Advanced Economies	1.40%	1.80%	2.10%	2.40%
US	2.2%	2.40%	2.50%	3.00%
Eurozone	-0.40%	0.80%	1.50%	1.70%
UK	1.70%	2.90%	2.40%	2.20%
Emerging markets	5.00%	4.60%	4.20%	4.70%
Brazil	2.70%	0.10%	-1.50%	0.70%
Russia	1.30%	0.60%	-3.40%	0.20%
India	6.90%	7.30%	7.50%	7.50%
China	7.70%	7.40%	6.80%	6.30%
Sub-Saharan Africa	5.20%	5.00%	4.40%	5.10%
SA	2.20%	1.50%	2.00%	2.10%

World economic growth is expected to slow to 3,3 percent in 2015 with some recovery expected in 2016

(Source: IMF World Economic Outlook April 2015)

Domestic Economy

The South African economy slowed to 1,3 percent in the 1st quarter of 2015, from 4,1 percent in the last quarter of 2014, weighed down by a contracting manufacturing sector. The mild expansion was largely driven by a somewhat robust recovery of 10,2 percent in the mining and quarrying industry. If it is considered that this was merely a statistical base effect following the five month strike action that hit the platinum industry last year, the outlook for the economy is somewhat bleaker. These findings suggest that the South African economy still has very little underlying momentum, and considering the negative impact of the current energy supply constraints that had a more profound impact on the economy this year, economic growth in 2015 is likely to be on par (at best) compared to 2014. This outlook may be more pessimistic in comparison to some forecasts, but considering the weak performance in key indicators in the first six months of the year, it may be a more realistic view.

The main economic constraints include:

- Arguably, the most significant current constraint on the South African economy relates to the slowing growth in China and the impact thereof on the global and emerging economies. Particularly those economies with close trade links (such as South Africa). The slump in commodity prices is also having a negative impact on countries, mainly across Africa, as many countries rely heavily on export generated revenue.
- Energy supply constraints (although less aggressive in the 2nd quarter of 2015) and the broad based impact on economy, manufacturing and consumer and investor sentiment. The Minister of Finance warned that energy disruptions could shed 1,0 percent off of GDP growth this year.
- Current account deficit accompanied by the trade deficit put significant pressure on government to either cut spending or increase taxes. Attempts to improve exports has failed in light of the weak global demand and weaker performance by SA's main trading partners, including China and the Eurozone. Fortunately there has been some improvement in the 2nd quarter of 2015, supported by stronger export growth.
- Further downgrades by international credit ratings on the country as a whole as well as state-owned enterprises (SOE) will have a profound impact on borrowing costs, limit international investment, while resulting in potentially significant capital outflows. This will in turn weaken the currency and add inflationary pressure to an already increasing inflation rate.
- Lately, policy amendments have been criticised for being poorly formulated, with little awareness to the broader consequences. These range from amendments to VISA regulations, foreign ownership in terms of both companies as well as properties. There is a perception that the government implements policy amendments with little regard to the impact and this leads to unnecessary high levels of uncertainty.
- Fraud and corruption has become somewhat of a South African trade mark, with no solution in sight in spite of government's many promises to address corruption. Corruption is reaching unmanageable levels, from corrupt police officers, school principals, to shoddy workmanship on public sector contracts. While the private sector is quickly punished for being corrupt and isolated from future government work through the government's supplier's database, government officials are seemingly not being held accountable.
- Lack of private sector confidence, which also spilled over into lack of foreign investor confidence is creating an environment where investment is held back on a "let's wait and see" approach.

On the upside, there are a few considerations worth mentioning:

- While affecting the outlook for government infrastructure spending, the steps taken by government to re-balance the economy could have a positive spin off the long term if the real issues are effectively addressed. If government cut spending on infrastructure but not address wasteful expenditure and corruption, the current account deficit may not show an improvement, which means the steps taken were not effective.

- The launch of the BRICS Development Bank this year, is a viable alternative avenue for SOE's in SA to apply for finance in order to address the much needed further development of critical infrastructure. Eskom has already eluded to using this option.
- The National Development Plan (NDP) has established the development pillars. Although the implementation may seem to be slow, it provides a much needed plan and clearer direction for investment in the future and government's priorities. It is however extremely important that government remains on the path that has been mapped out by the NDP, as steering away from the targets will seriously diminish government's credibility and further weaken domestic and foreign market sentiment.
- The development of the ocean economy and the establishment of the special economic zones (SEZ) will redefine spatial integration, unlock much needed economic potential in neglected areas, improve job creation and support stronger economic growth.
- In a surprise move the current account gap narrowed to a four year low in the 2nd quarter, boosted by a weaker rand stimulating higher levels of export, and lower domestic demand for increasingly more expensive imports. The gap on the current account narrowed to 3,1 percent, with a recorded trade surplus of R14bn. This narrowing however also reflects the current predicament faced by the economy, as growth in households and government consumption spending slows, accompanied by a slowdown in investment growth.
- Government signed a three year deal with teachers, nurses and other state workers after eight months of negotiations, averting a crippling strike. Civil servants will receive a salary increase of 7 percent, backdated to 7 April 2015, for the first year and then CPI +1 percent for the next two years. Although strike action was avoided, something the economy simply could not afford, the demand on state personnel costs continues to increase and surged by 90 percent (R445 billion) since 2009, and accounts for 36 percent of total government spending. Strike action was also avoided in the construction sector, following successful negotiations between labour unions and SAFCEC.

In what seems to be a fairly contested decision, the South African Reserve Bank (SARB) increased the Repo Rate by 25 basis points, from 5.75 percent to 6 percent in July 2015. SARB ultimately raised rates in lieu of higher than expected revised inflation forecasts. SARB expect inflation to be 6,9 percent in the first quarter of 2016 and 6,1 percent in the 2nd quarter of 2016, thus breaching the upper end of the inflation target of between 3 to 6 percent. In spite of the economic environment, SARB worries that leaving an unchanged repo rate amidst higher inflationary expectations, it will be seen to be reneging on its agreement to target inflation – and have price stability as their sole mandate (while still giving considerable weight to growth and protecting the currency, which the bank has done for the past few years). One of the foundations underpinning the inflation targeting regime is anchoring inflation expectations (through communicating an inflation target, once that target is met for a certain time period the public will see the Reserve Bank as being credible, which will in line anchor their inflation expectations to around the targeted band of 3-6 percent and adjust their behaviour accordingly). Although the inflation targeting regime has been very successful in the past as well as in a number of countries such as New Zealand (who pioneered the regime) as well as Sweden, the debate on the current inflationary target framework, which should take into consideration external factors affecting the currency as well as supply shocks (in this case energy as one example), is a longstanding one with several arguments for and against rising interest rates in such volatile and vulnerable times. Some have argued that the increase was premature and although strongly disputed by the Monetary Policy Committee (MPC), it may have been in anticipation of an imminent increase to be announced by the US Federal Reserve, which did not happen. Therefore, once the US does start to hike interest rates (whenever that may be), SARB has no choice but to impose a further rate hike, or face further inflationary pressures (and therefore higher inflationary expectations) due to currency depreciation.

The MPC did acknowledge that domestic inflation is not driven by demand factors that are more easily dealt with through monetary policy responses.

Inflation pressures started subside, as the price of Brent crude oil slipped to below \$50.00/barrel at the start of August, and is currently (21-Sep) trading at around \$48.00/barrel. Although the currency experienced a simultaneous depreciation from R12.25/\$ at the start of August, to R13.7/\$ towards the end of September, the impact was nonetheless counteracted by a somewhat stronger weakening in the oil price. Consumer Headline inflation averaged 4,6 percent in August 2015, from an annual increase of 5,0 percent in July. At the current rate current predictions of an inflation breach (exceeding 6 percent) by the end of the year may be on the more pessimistic side.

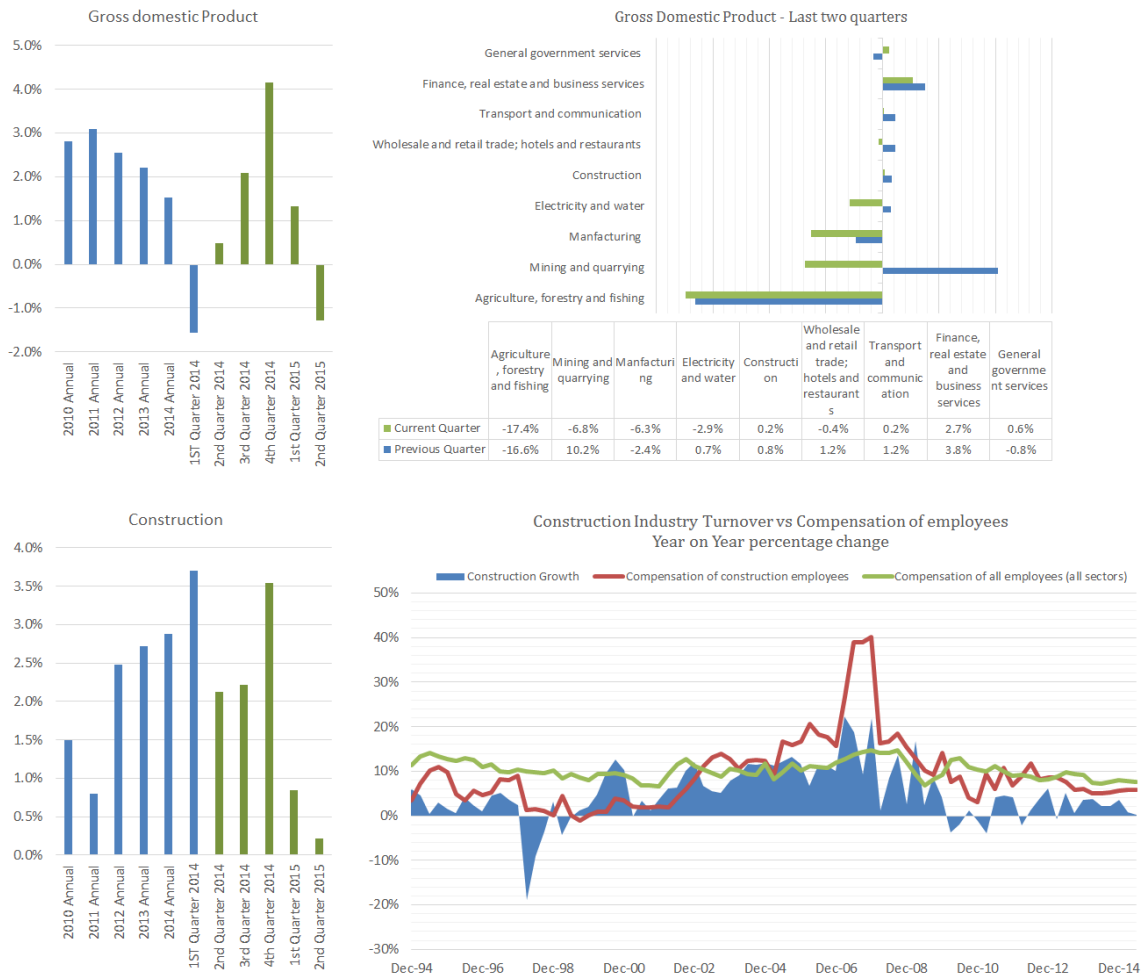
Table 2: Gross Domestic Product by sector

<i>Q-Q, Seasonally Adjusted, Annualised</i>	<i>2012 Annual</i>	<i>2013 Annual</i>	<i>2014 Annual</i>	<i>1ST Quarter 2014</i>	<i>2nd Quarter 2014</i>	<i>3rd Quarter 2014</i>	<i>4th Quarter 2014</i>	<i>1st Quarter 2015</i>	<i>2nd Quarter 2015</i>
<i>Agriculture, forestry and fishing</i>	2.3%	1.5%	5.6%	4.79%	5.63%	9.50%	7.52%	-16.56%	-17.4%
<i>Mining and quarrying</i>	-4.0%	4.0%	-1.6%	-22.85%	-3.03%	3.90%	15.15%	10.21%	-6.8%
<i>Manufacturing</i>	2.4%	0.7%	0.0%	-6.37%	-4.00%	-0.97%	9.49%	-2.38%	-6.3%
<i>Electricity and water</i>	-1.2%	-0.6%	-0.9%	0.22%	-0.53%	-1.08%	0.32%	0.71%	-2.9%
<i>Construction</i>	2.5%	2.7%	2.9%	3.70%	2.13%	2.22%	3.54%	0.85%	0.2%
<i>Wholesale and retail trade; hotels and restaurants</i>	3.6%	1.9%	1.3%	1.53%	-0.25%	3.41%	-0.31%	1.16%	-0.4%
<i>Transport and communication</i>	2.3%	2.0%	2.3%	1.42%	3.86%	2.24%	2.85%	1.17%	0.2%
<i>Finance, real estate and business services</i>	3.3%	3.0%	2.2%	1.36%	1.19%	2.41%	3.52%	3.81%	2.7%
<i>General government services</i>	3.1%	3.1%	3.0%	2.35%	3.94%	2.15%	1.15%	-0.77%	0.6%
<i>Total value added at basic prices</i>	2.4%	2.3%	1.6%	-1.75%	0.70%	2.17%	4.06%	1.10%	-1.3%
<i>Taxes less subsidies on products</i>	3.8%	1.3%	1.1%	0.34%	-1.67%	1.24%	5.06%	3.67%	-0.9%
<i>GDP at market prices</i>	2.5%	2.2%	1.5%	-1.6%	0.5%	2.1%	4.1%	1.3%	-1.3%

According to most recent statistics released by Stats SA, growth in total value added production in the construction sector slowed to an annualised rate 0,2 percent in the 2nd quarter of 2015 from 0,9 percent in the previous quarter.

Compensation for employees in the construction industry increased by 5,9 percent in current prices, compared with an average increase of 7,5 percent across all sectors.

Figure 1: Gross Domestic Product 2015Q2



(Source: Statistics South Africa)

The South African economy faces several risks in the next two years:

- Pending tightening of monetary policy by the US Federal Reserve that would widen the interest rate differential between SA and the US, leading to capital outflows and a weaker currency. This in turn will have a negative impact on imported inflation.
- Although pressures have lifted somewhat in the last few months, government remains under pressure to rein in costs and curb spending, or face renewed warnings from sovereign credit rating agencies. Fiscal discipline has resulted in a more favourable approach recently by credit rating agencies but much work still needs to be done to turn it around. Further downgrades by the credit rating agencies will put South Africa outside of the investment grade, similar to the “junk status” just recently received by Russia. This will also lead to significant capital outflows.
- Currency volatility associated in general with emerging market risks and capital flows
- Weak private sector sentiment and confidence will continue to impact negatively on consumption expenditure and investment.

- Growing resistance from foreign investors towards South Africa’s economic policy particular towards foreign ownership. As noted in previous reports amendments to several legislations are currently being proposed that could have a negative impact on property and foreign investment in the country. These include:
 - the Expropriation Bill,
 - the Land Act Amendment Bill,
 - the Private Security Industry Regulatory Amendment Bill,
 - the Minerals and Petroleum Development Amendment Bill and
 - the Promotion and Protection of Investments Bill.
- Government’s growing alliance in favour of the BRICS Associated countries, in particular Russia and China could have a negative long term impact, considering that both these economies are facing unprecedented volatility in terms of their own economic performance. Thus aligning with these countries while creating policies that are seemingly discouraging investment from the more developed economies could impact negatively on future economic growth, investment and job creation.
- The necessity for load shedding has slowed since July 2015, but the network remains volatile, and subjected to maintenance shutdowns as well as distribution disruptions. This supports the growing necessity to fast track the nuclear built power programme, which is already lagging by around 3 years. With an estimated additional 9600 MW, (collectively the size of Medupi and Kusile), it will provide critical support to our ageing energy infrastructure. Thus it is not a debate on whether we need nuclear or not, it is rather a debate around affordability and transparency in the procurement process.

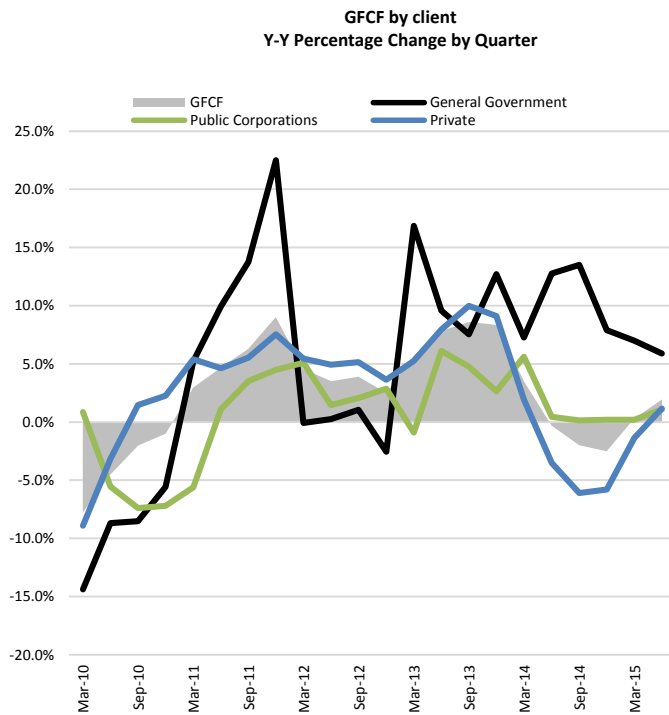
Table 3: Macroeconomic performance and projections

Macro-Economic Forecasts	2012	2013	2014	2015	2016	2017
<i>GDP</i>	2.2%	2.2%	1.5%	1.6%	1.3%	2.3%
<i>Household consumption</i>	3.4%	2.9%	1.4%	4.1%	2.0%	3.1%
<i>Government consumption</i>	3.4%	3.3%	1.9%	2.0%	0.7%	0.7%
<i>Gross Fixed capital formation</i>	3.6%	7.6%	-0.4%	3.3%	1.3%	1.0%
<i>US/ZAR</i>	8.21	9.70	10.80	11.88	12.47	11.85
<i>Imports</i>	6.0%	1.8%	6.0%	6.2%	6.0%	6.4%
<i>Exports</i>	0.1%	4.6%	4.5%	3.0%	5.5%	6.5%
<i>Prime Lending rate</i>	8.50	8.50	9.75	10.50	10.00	9.00
<i>CPI Inflation</i>	5.70	5.80	6.20	3.80	5.50	5.60
<i>Current Account Deficit</i>	-5.2	-5.9	-5.5	-5.1	-5.3	-6.3

(Source: Industry Insight Estimates)

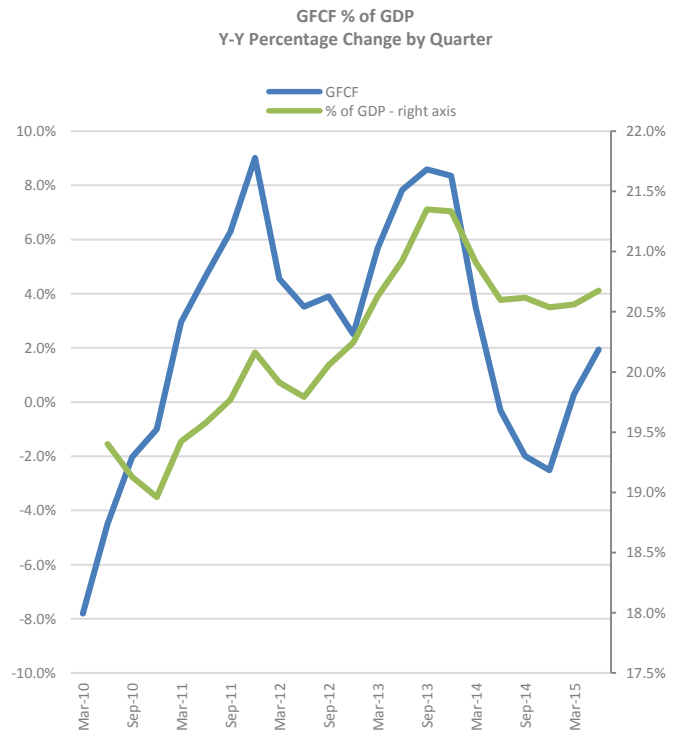
Gross Fixed Capital Formation

Figure 3: GFCF by Client Y-Y Per. (Change By Quarter)



(Source: SARB)

Figure 2: GFCF % of GDP



(Source: SARB)

Investment growth in total gross fixed capital formation (GFCF) remained muted, but showed some improvement in the 2nd quarter of 2015. Total investment increased by 1,9 percent y-y (see adjusted annualised rates), on the back of a small recovery in investment by public corporations (up 1,1 percent) and a 1,1 percent increase by the private sector.

Investment by government contributed 18 percent in the 2nd quarter of 2015 to total GFCF, followed by 19 percent contribution by public corporations. Private sector investment is critical to support GFCF as it represented 63 percent of total investment in the country. Business confidence, a pre-requisite to encourage stronger levels of investment, has shown no real improvement since 2007, and has remained at a relatively neutral level of close to 50 for the past four years. It is therefore extremely worrying that confidence fell to a level of 38 in the 2nd quarter of 2015, the lowest level since 2011. A level above 50, suggest more people are positive, while below 50 suggests there are more people feeling pessimistic regarding business conditions in the country. The outlook for private sector investment growth, on the back of depressed confidence levels, therefore remains fairly muted.

Investment by government in total gross fixed capital formation contributed only 18 percent in the 2nd quarter of 2015, vs a 63 percent contribution by the private sector

Overall GFCF's contribution to GDP improved slightly to 20,7 percent in the 2nd quarter of 2015, from 20,6 percent in the previous quarter.

In spite of South Africa's attempts to accelerate investment and expenditure on infrastructure, it is clear that South Africa no longer has the ability to restore the growing imbalances in economic and social infrastructure requirements.

Without the participation and support by the private sector and increased foreign investment, the infrastructure deficit is likely to continue to expand dampening South Africa's growth potential and ultimately making it near impossible to increase job creation and reduce inequalities.

Market Segment Analysis

- Investment in residential buildings improved during the 2nd quarter of 2015, an increased by 0,8 percent (q-q seasonally adjusted annualised rates), from -11,6 percent in the 1st quarter and is the first positive annualised growth rate since the 4th quarter in 2013. Investment in non-residential buildings improved marginally during the 1st quarter, but q-q annualised growth remains in negative territory down -0,7 percent. The net effect is flat growth in building, following the -7,8 percent q-q annualised decline reported in the previous quarter. While the building industry is by no means in recovery phase, it is encouraging that some opportunities have been presented in the residential market. Non-residential growth will be constrained by a slowdown in new project developments in Gauteng, while some of these opportunities will be mopped up by the Western Cape. The outlook for investment in buildings is slightly more positive for 2015 as several large residential developments have started construction during 2015. Large projects are currently under development, including Waterfall Estate in Midrand, the Mall of the South as well as various projects in and around the V&A Waterfront in the Western Cape, supporting some growth in 2015. The start of the R11bn proposed Vaal River Resort by the end of the year will cushion the current downturn in the industry but real impact of this project may only be evident towards the latter part of 2016 and 2017.
- The private sector however did throw their weight behind the renewable energy sector, and was a significant contributor to higher levels of investment in construction works during 2013 and 2014. Investment in renewable energy is likely to support some growth in 2015, but may be negatively affected by financial constraints slowing Eskom's ability to connect the newly developed renewable energy resources to the national grid. Bid Window 3 projects, part of the renewable energy Independent Power producer programme, started construction in the 2nd quarter of 2015.
- Eskom and Umgeni water board accelerated capital outlays in the 2nd quarter. Eskom increased spending on construction works as well as on machinery and equipment related to its Medupi and Kusile power stations as well as on the revamping of the transmission grid and selected substations.
- Capital spending by the water subsector was reflected by higher investment in construction works as well as machinery and equipment related to ongoing projects.
- The bulk of capital outlays by central and local government centred around energy, transport and education. Higher capital spending by provincial government departments was focussed on the refurbishment of various road networks across several provinces.
- Overall investment growth in construction works, ended flat y-y in the 2nd quarter of 2015 (seasonally adjusted annualised rate), from a marginal increase of 1,0 percent y-y in the 1st quarter.
- Investment growth in total construction (including building and civil) subsequently recorded no real growth (0,2 percent) y-y in the 2nd quarter of 2015, after recording negative growth of -2,0 percent in the 1st quarter.

Table 4: GFCF by Client Type, 2010 Prices

	<i>Rm, 2010 prices, seasonally adj annualised</i>				<i>Annual Percentage Change</i>				<i>GFCF % of GDP (Constant 2010)</i>
	General Government	Public Corporations	Private Business enterprises	Total	General Government	Public Corporations	Private Business enterprises	Total	
2007	84800	70900	367606	523306	22.9%	35.3%	8.6%	13.8%	19.9%
2008	91122	98074	401211	590407	7.5%	38.3%	9.1%	12.8%	21.8%
2009	84155	117410	349422	550987	-7.6%	19.7%	-12.9%	-6.7%	20.7%
2010	76204	111709	341518	529431	-9.4%	-4.9%	-2.3%	-3.9%	19.3%
2011	85918	112575	361245	559738	12.7%	0.8%	5.8%	5.7%	19.7%
2012	85599	115799	378518	579916	-0.4%	2.9%	4.8%	3.6%	20.0%
2013	95537	119428	409162	624127	11.6%	3.1%	8.1%	7.6%	21.1%
2014	105382	121281	395052	621715	10.3%	1.6%	-3.4%	-0.4%	20.7%
1 st QTR 2015	109,411	121,763	396,007	627,181	7.0%	0.2%	-1.4%	0.3%	20.6%
2 nd QTR 2015	110,832	121,791	396,059	628,682	5.9%	1.1%	1.1%	1.9%	20.7%

(Source: South African Reserve Bank, Quarterly Bulletin)

Table 5: GFCF Building and Construction (Rm)

	GFCF Residential		GFCF Non-residential		Total Residential + Non-residential		GFCF Construction works		Total (Residential, Non-residential & Construction works)		
	Current prices	2010 prices, SEA Adj annualised	Current prices	2010 prices, SEA Adj annualised	Current prices	2010 prices, SEA Adj annualised	Current prices	2010 prices, SEA Adj annualised	Current prices	2010 prices, SEA Adj annualised	
2007	56,244	71,431	41,748	52,320	97,992	123,751	74,880	92,834	172,872	216,585	
2008	60,678	65,601	57,681	61,473	118,359	127,074	128,376	134,572	246,735	261,646	
2009	59,853	61,995	60,958	63,215	120,811	125,210	155,988	159,850	276,799	285,060	
2010	50,645	50,645	60,810	60,811	111,455	111,456	147,831	147,831	259,286	259,287	
2011	53,978	51,244	55,763	52,682	109,741	103,926	160,546	152,275	270,287	256,201	
2012	55,955	50,219	56,048	49,541	112,003	99,760	164,814	148,329	276,817	248,089	
2013	55,320	46,676	59,921	49,728	115,241	96,404	194,263	165,813	309,504	262,217	
2014	55,497	43,975	62,495	49,005	117,992	92,980	230,811	188,981	348,803	281,961	
1 st QTR 2015	13512	43135	15610	48043	29122	91178	57766	190025	86888	281203	
2 nd QTR 2015	13962	42816	15587	48447	29549	91263	57230	190635	86779	281898	

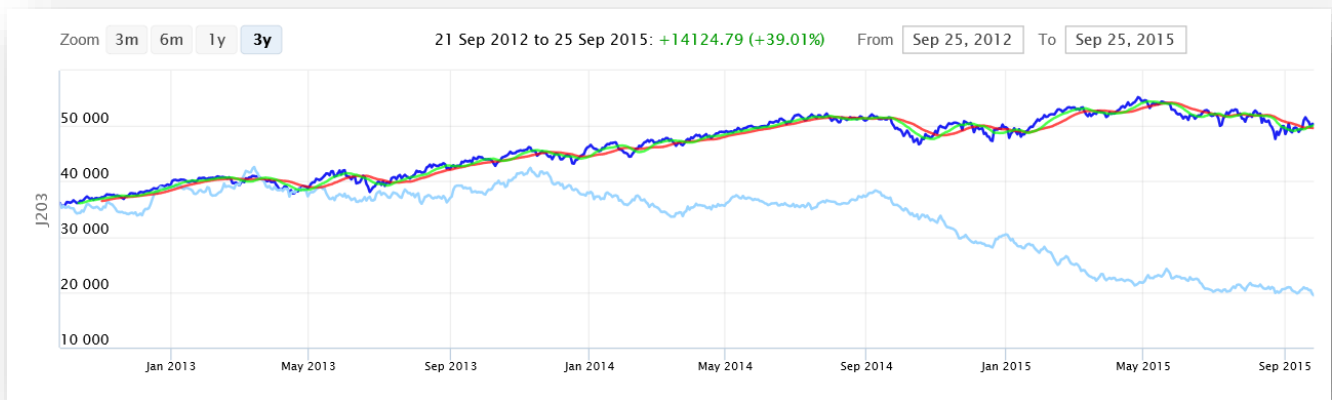
(Source: South African Reserve Bank Quarterly Bulletin)

Table 6: GFCF: Y-Y percentage change (real prices seasonally adjusted)

	Residential	Non-Residential	Total Buildings	Construction Works	Total Construction	Total GFCF
2007	-6.3%	9.0%	0.8%	44.5%	19.5%	14.0%
2008	-8.2%	17.5%	2.7%	45.0%	20.8%	12.8%
2009	-5.5%	2.8%	-1.5%	18.8%	8.9%	-6.7%
2010	-18.3%	-3.8%	-11.0%	-7.5%	-9.0%	-3.9%
2011	1.2%	-13.4%	-6.8%	3.0%	-1.2%	5.7%
2012	-2.0%	-6.0%	-4.0%	-2.6%	-3.2%	3.6%
2013	-7.1%	0.4%	-3.7%	11.8%	5.7%	7.6%
2014	-5.8%	-1.5%	-3.6%	14.0%	7.5%	-0.4%
1 st QTR 2015	-11.6%	-4.1%	-7.8%	1.0%	-2.0%	0.3%
2 nd QTR 2015	0.8%	-0.7%	0.0%	0.3%	0.2%	1.9%

(Source: South African Reserve Bank Quarterly Bulletin)

Performance of the Construction & Materials Index



The Construction and Material's Index significantly underperformed against the overall JSE index, and came under renewed stress from September 2014. The Construction & Material index include several listed constructing companies, as well as material manufacturers and suppliers. Details on the various companies' performance fall outside the scope of this report.

THE POSITION OF THE CIVIL ENGINEERING INDUSTRY

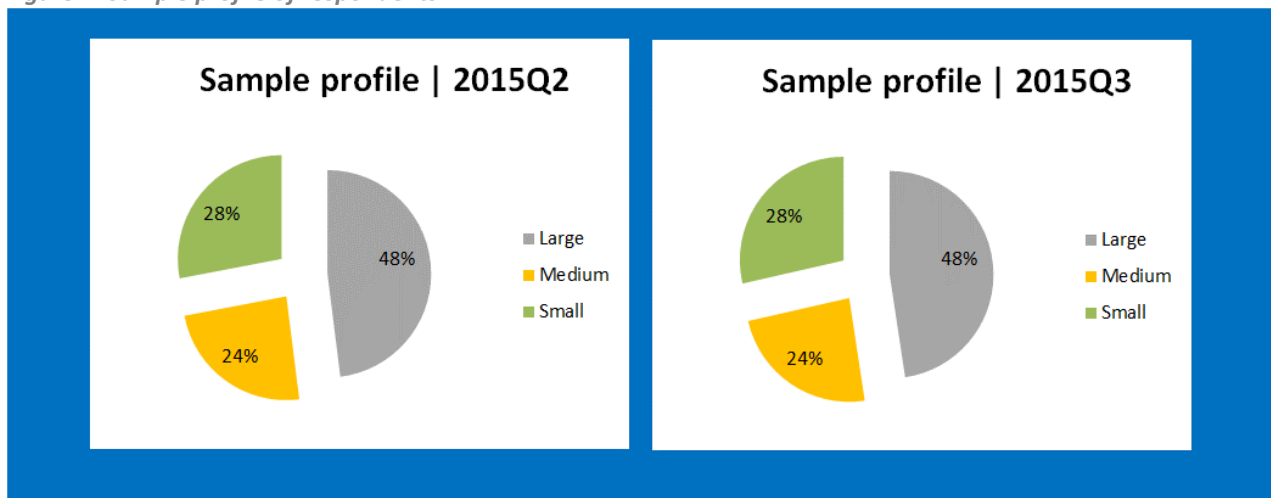
Background

- SAFCEC reviewed and redesigned the questionnaire which was distributed to all SAFCEC members during August 2015.
- It is important to increase the usability of the industry report for all SAFCEC members, including small, medium and large enterprises. For this reason more focus is given to the developing trends within the defined employment categories. The categories are as follows:
 - Small: Employing less than 100 people
 - Medium: Employing between 100 and 1000 people
 - Large: Employing more than 1000 people
- Responses are weighted according to employment only where applicable. Comparisons between the different firm-size categories are not weighted as responses between the firm sizes have already been categorised.

Sample profile

Coincidentally the profile of firms that responded to the 3rd quarter survey, was the same as those that responded in the 2nd quarter survey. Large firms represented 48 percent of the sample, medium size firms 24 percent and smaller firms 28 percent.

Figure 4: Sample profile of respondents



Financial Statistics

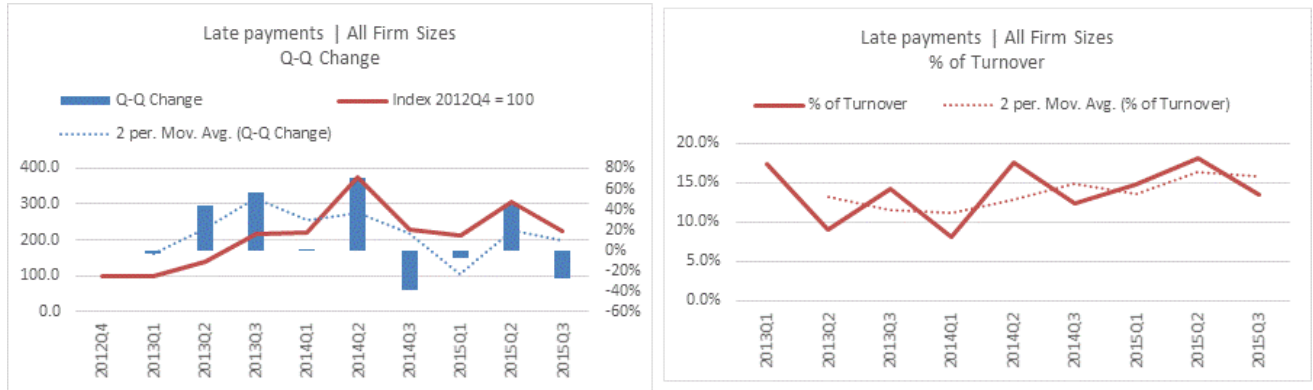
- Majority of the responding firms reported an increase in turnover during the 2nd quarter of 2015 compared with the 1st quarter, following the release of budgetary funds which generally occurs during the 2nd quarter of the year. The total value of civil engineering construction certified for payment increased by 16 percent in the 2nd quarter of 2015, compared to a q-q increase of 6,0 percent in the 1st quarter. This follows the 2,5 percent estimated decrease in annual turnover during 2014.
- There was no change in employment since the 1st quarter of 2015. The total number of employees (including Permanent and Limited Duration) employed in South Africa ended flat (0,4 percent) following the 2,4 percent q-q contraction in the 1st quarter of 2015. The appointment of limited duration employees however reportedly increased by 6 percent, supported by an increase amidst medium size firms, while permanent employment fell by 4 percent, due to a contraction reported by the larger contractors. An estimated 103 774 people are currently employed in the civil engineering construction sector, from around 200 000 in 2009. Employment growth has been largely flat since 2010.

Table 7: Employment change q-q, by firm size

<i>Firm Category</i>	<i>Size</i>	<i>Limited Duration</i>	<i>Permanent Employees</i>	<i>Total</i>	<i>% Limited Duration of total workforce</i>
<i>Large</i>		3%	-5%	-1.2%	51.2%
<i>Medium</i>		35%	3%	16.0%	48.0%
<i>Small</i>		-88%	-57%	-63.4%	6.7%
<i>Total</i>		6%	-4%	0.4%	50.7%

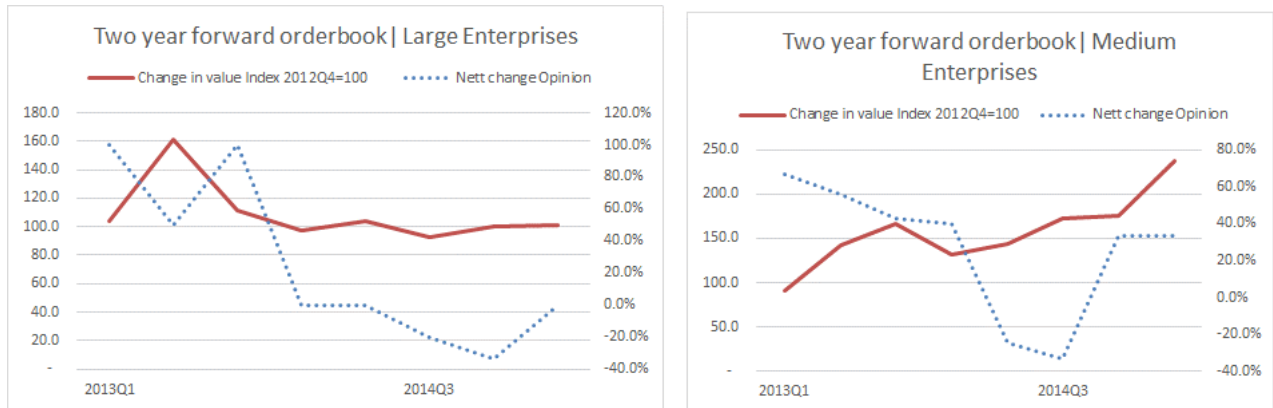
- The nominal value of **salary and wages** increased by 6 percent, supported by an average increase of 31 percent by medium firms. Larger firms reported a lower increase by comparison of 3,4 percent.
- The contribution of the salary and wage bill to turnover stabilised over the last few surveys, and averaged between 26 percent and 28 percent, compared to an average of between 22 percent and 24 percent in the previous surveys.
- Late payments (measured as the total value of late payment for civil works completed and already invoiced), fell by 27 percent in the 2nd quarter of 2015 compared to the 1st quarter, following a q-q increase of 45 percent in the 1st quarter of 2015. Late payments may also be a factor related to delays in certification which in turn highlights the growing concerns around competency.
- The value of late payment as a percentage of turnover moderated to an average of 14 percent in the 2nd quarter of 2015, from an average of 18 percent in the previous survey, and 14,8 percent in the 4th quarter of 2014. This follows an average of 13 percent for the year 2014. The Department of Public Works' new proposed regulations (under the Construction Industry Development Board (CIDB) Act 2000) could however pave the way for a more affordable and efficient resolution of disputes over non-payment of contractors and subcontractors. The CIDB Prompt Payment Regulations and Adjudication Standard contained in the draft amendment, proposed necessary changes that would enable a fair resolution of payment disputes and provide contractors with a platform to take a more hardline stance in demanding timely payment for work done. A recent CIDB study found that out of 900 contracts, 43 percent of payments to contractors were made more than 30 days after invoicing.

Figure 5: Late payments



- The nominal value of the “two year forward order book” for South Africa fell by an average of 12 percent q-q following the 3 percent increase and 6,6 percent increase in the previous two surveys. The nominal value of order books for large contractors fell 12 percent q-q, vs a 14 percent contraction during the same period for medium size contractors. Only one of the larger contractors reported an increase in their order books. Overwhelmingly, the value of order books have deteriorated across the board.

Figure 6: Two year forward order book



FINANCIAL PERFORMANCE OF LISTED COMPANIES

Following the release of results for Wilson Bayly Holmes-Ovcon (WBHO) and Basil Read, it is clear that particularly civil engineering and road divisions remain under pressure while turnover in the up to now more subdued building sector has shown more optimistic performance.

Basil Read Holdings Limited, released their results for the six month period ended 30 June 2015 in August. Revenue fell to R2.8 billion compared to R3,3 billion in the previous year. Operating profit recovered to R93,7 million, compared to an operating loss of R255 million. Operating Margin achieved as 3.3%.

The operating profit came largely from the St Helena Airport and Mining divisions of the company, the other divisions produced losses.

Basil Reads' focus will remain on the South African market, supported by the profile of order books. All the divisions, with the exception of roads, have shown a growth in their order books.

Revenue for **WBHO** grew by 15 percent to R29 billion. It was reported that 23 percent of this growth came from Australia and 21 percent from the rest of Africa formed the basis for this performance, however, moderate growth of 3% was also achieved by our local South African businesses. On the other hand, their operating margin decreased to 2,7 percent, a year earlier it was at 4,0 percent.

WBHO Ltd.'s order book as at 30 June 2015 increased by 3,5 percent from a year earlier and reflects increases to the group's building divisions both locally as well as in the rest of Africa and Australia.

Group Five reported a 10 percent contraction in revenue to R13,9bn in their financial results for the year ended June 2015. Operating profit fell 43 percent to R366,5 million, while the order book increased by 10 percent to R18,8 bn. Revenue in the engineering and construction division fell 11,7 percent, largely as a result of a 29,1 percent contraction in the civil engineering division, eased somewhat by a 10,3 percent increase in building and housing and a 27 percent increase in the projects sub-division. Operating margins remained subdued, at 0,4 percent for the Engineering and Construction division.

Murray & Roberts reported a 15 percent decrease in revenue to R30,6bn (Year End June 2015), mainly due to a subdued markets in the oil and gas industries. A 6 percent decrease was also reported in the order book, which moderated to R38,3 bn. The largest component to the order book is the R16,8bn towards underground mining. Results were largely blamed on a subdued global economy, weak demand and a slump in commodity prices.

Aveng reported a 17 percent decrease in revenue to R43,9bn, and an operating loss of R288 million. The Group's performance was negatively impacted by a substantial loss in the steel operating and engineering operating groups. No improvement in South Africa's infrastructure programme alongside reduced mining activities and labour disruptions are reported as key constraints. The group reported a 11 percent contraction in the order book to R28.9 bn since December 2014, and a 22 percent contraction compared to June 2014.

Awards of CIDB grade 9 projects

A total of 16 projects were put out to tender as CIB grade 9 projects, compared to 8 in the 1st quarter. This is still lower than the quarterly average for last year, but is at least an improvement from the 1st quarter. Tenders issued fell by 27 percent in the first six months of 2015 compared to the same period in 2014. Only marginal increases were reported in Grade 7 and 8 projects, up 4 percent y-y.

On the back of 12 Grade 9 projects out to tender in the 2nd quarter, the value of tenders issued in the 2nd quarter increased to an estimated R15 billion, compared to an average value of R10bn in the previous quarter.

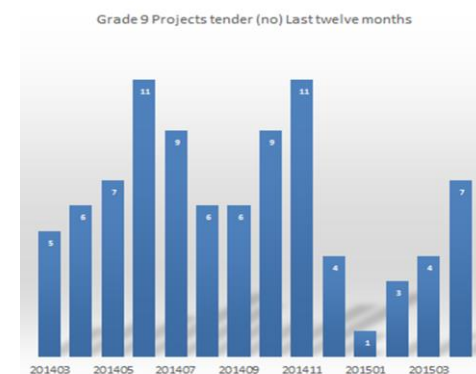


Figure 7: Grade 9 civil projects at tender stage

In terms of the awarding of Grade 9 civil projects in the 2nd quarter of 2015, Murray & Roberts had the highest value (R922m), followed by Rumdel Construction, Martin & East, Power construction, and EXR Construction.

Industry Profile

The following section provides a snapshot view of responding firms' turnover earned by project type, client and province during the 2nd quarter 2015, surveyed in August 2015. This is not necessarily representative of the entire industry, but shows the significant contribution by the roads segment to large and medium contractors. In this survey, smaller contractors earned close to 40 percent from water and sanitation, compared to contributing less than 6 percent to larger contractor's turnover and 11 percent for medium size contractors.

Table 8: Turnover distribution by sub-discipline

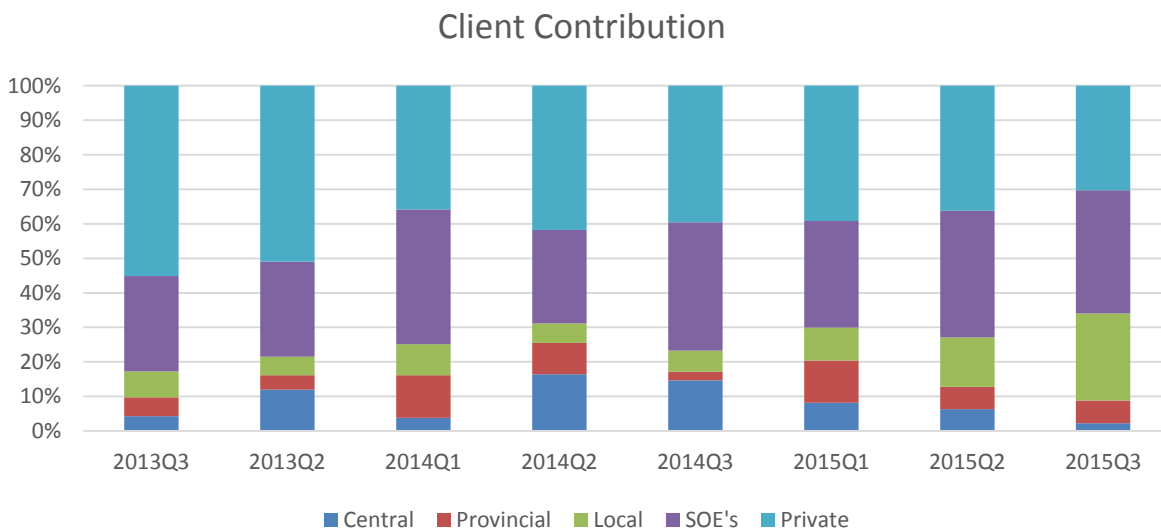
Discipline	Large	Medium	Small	Total 2014Q2	Total 2014Q4	Total 2015Q1	Total 2015Q2
<i>Roads</i>	37.0%	67.7%	0.0%	27.5%	74.4%	32.3%	42.5%
<i>Earthworks</i>	6.4%	1.8%	0.0%	4.8%	0.9%	5.7%	5.6%
<i>Water Infrastructure</i> <i>Bulk</i>	9.3%	11.0%	0.0%	10.2%	0.6%	8.3%	9.6%
<i>Water and Sanitation</i>	5.7%	11.0%	38.9%	0.0%	0.4%	5.9%	6.7%
<i>Rail</i>	4.2%	0.0%	0.0%	1.8%	0.4%	1.6%	3.4%
<i>Harbours</i>	1.7%	0.0%	0.0%	0.7%	19.5%	3.3%	1.4%
<i>Power (bulk)</i>	15.0%	0.0%	0.0%	24.4%	1.9%	19.7%	12.3%
<i>Power (services)</i>	0.0%	0.0%	0.0%	1.4%	0.0%	0.0%	0.0%
<i>Airports</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Mining Infrastructure</i>	6.2%	2.6%	0.0%	8.5%	0.7%	12.3%	5.6%
<i>Mining (Surface earthworks)</i>	0.0%	0.0%	0.0%	1.4%	0.0%	0.0%	0.0%
<i>Other</i>	14.4%	6.0%	61.1%	19.2%	1.2%	10.9%	13.0%
<i>Total</i>	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Table 9: Turnover distribution by client

	Large	Medium	Small	Total 2014Q2	Total 2014Q4	Total 2015Q1	Total 2015Q2
<i>Central</i>	2.6%	0.0%	45.8%	15.1%	8.1%	6.1%	2.2%
<i>Provincial</i>	7.6%	2.1%	38.9%	3.0%	12.1%	4.0%	6.6%
<i>District/Local/Metropolitan Councils</i>	13.3%	77.2%	0.0%	6.5%	9.4%	14.1%	25.2%
<i>Parastatals</i>	41.4%	11.4%	0.0%	36.4%	30.5%	41.1%	35.7%
<i>Private</i>	35.1%	9.3%	15.3%	39.0%	39.9%	34.6%	30.3%
<i>Total</i>	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

(Data for the third quarter not available)

Figure 8: Client contribution to turnover



The contribution by the private sector in this survey moderated to 30,3 percent from an average of 34,6 percent, in the previous survey. The contribution by Parastatals also moderated from 41,1 percent to 35,7 percent. The contribution by district/local and metropolitan councils further increased to 25 percent from 14 percent of turnover, in the previous survey, while provincial governments contributed 6 percent to turnover and central government only 2 percent.

Table 10: Geographic Distribution of the value of civil engineering construction work (turnover)

Province	Large	Medium	Small	2014Q2	2014Q4	2015Q1	2015Q2
<i>GAU</i>	25%	70%	39%	19%	22%	22%	33%
<i>WC</i>	16%	12%	0%	6%	8%	6%	15%
<i>EC</i>	12%	2%	61%	4%	6%	9%	10%
<i>NC</i>	2%	1%	0%	6%	1%	7%	2%
<i>MPU</i>	13%	6%	0%	23%	29%	22%	11%
<i>FS</i>	6%	6%	0%	9%	7%	6%	6%
<i>LIM</i>	15%	0%	0%	10%	10%	12%	12%
<i>NW</i>	1%	3%	0%	3%	4%	3%	1%
<i>KZN</i>	11%	0%	0%	18%	12%	12%	9%
<i>Total</i>	100%	100%	100%	100%	100%	100%	100%

Gauteng contributed 33 percent to this survey, followed by 15 percent in Western Cape, 12 percent in Limpopo, 11 percent in Mpumalanga and 10 percent in the Eastern Cape. Kwazulu Natal contributed only 9 percent to turnover in this survey.

In order to fill the void in the regional sample, a comparison between survey results and an independent database of domestic civil contracts awarded over the last four quarters, is included in the next section. Please note that the project database unfortunately excludes infrastructure related to mining developments, an important discipline to the larger construction firms. Nonetheless it provides a yardstick for comparative purposes. A breakdown by province is also provided.

Table 11: Value (nominal) of civil contracts awarded: Y-Y change (same qtr previous year)

	2014 Q2	2014Q3	2014Q4	2015Q1	2015Q2	2015 YTD	2014	2013
<i>EC</i>	-28%	79%	90%	39%	172%	84%	51%	7%
<i>FS</i>	127%	58%	46%	288%	-64%	76%	25%	-5%
<i>GAU</i>	-81%	158%	-60%	-5%	80%	19%	-28%	55%
<i>KZN</i>	176%	25%	-57%	-32%	-65%	-51%	21%	42%
<i>LIM</i>	5%	435%	244%	-78%	-69%	-74%	136%	-59%
<i>MPU</i>	-90%	-26%	1248%	78%	38%	71%	-48%	-18%
<i>NW</i>	-42%	841%	139%	-49%	-91%	-77%	2%	1%
<i>NC</i>	-77%	87%	88%	-18%	85%	22%	-40%	-52%
<i>WC</i>	-51%	-80%	-2%	47%	128%	81%	-44%	46%
<i>TOTAL</i>	-21%	49%	7%	15%	-11%	3%	-1%	10%

(Source: Industry Insight project database, Databuild)

The nominal value of civil contracts awarded fell by 11 percent y-y in the 2nd quarter 2015 compared to the same quarter in 2014. In the first six months, the value of awards (not adjusted for inflation) rose marginally up 3 percent. Compared to a 1 percent decrease in 2014.

The most significant increase was reported in the Eastern Cape, where the value of awards increased by 172 percent (or R1,6 bn) since the 2nd quarter of 2014, supported by mainly by over R2,2bn worth of road contracts awarded. These contracts included the R508m upgrade between Magusheni and Mzamba, awarded to Rumdel Construction as well as the R500m upgrade of the National Route between Port Alfred and Fish River awarded to Murray & Roberts by SANRAL.

Kwazulu Natal again reported the strongest decline, down 65 percent or R2,5bn.

The table below shows the movement by province, smoothed over a running twelve month period.

Provincial charts included in Annexure C

Table 12: Value of civil contracts awarded: 2nd quarter 2015, by province and project type

Province	Bridges	Civil Other	Power	Rail	Road	Water	Grand Total
Eastern Cape	60	43	30		2287	253	2673
Free State		8			240	32	279
Gauteng	105	23			550	67	745
Kwazulu Natal	289	10	4		639	421	1363
Limpopo					92	58	150
Mpumalanga		0	14		180		194
North West Province					23	36	60
Northern Cape		19	4		29	154	205
Western Cape	5	4	246	12	1054	319	1640
Grand Total	459	106	297	12	5095	1339	7310

Economic Indicators

Economic indicators generally depict the “opinions” of respondents related to work conditions, tempo of work activity, competition for tenders, profitability and prices. It measures contractors’ sentiment during the survey period (3rd quarter 2015).

The mostly negative market sentiment continues to prevail since 2009, but the level of sentiment expressed by respondents have reached new lows during the 1st quarter of 2015.

- **The net % satisfied with working conditions** during the 1st quarter of 2015, remained in deep negative territory -67.4, but was a slight improvement from the -79.1 reported in the previous survey. An increasing number of contractors however reported working conditions as very quiet up from 3 percent to 17 percent.
- The net % satisfied with working conditions in the current quarter deteriorated from -71.1 to -79.9, with 80 percent saying conditions were quiet. Only 3 percent experienced quite busy conditions.
- In terms of the outlook for the next quarter, conditions are expected to remain depressed, with the net satisfaction rate at -53.2, from -69.9 percent in the previous survey. An increasing number of contractors, 12,4 percent vs 3 percent in the previous survey, do however expect busier conditions, but majority 65 percent expect the quiet to very quiet conditions to persist.
- **Competition for tenders** has reportedly eased somewhat during 2014, and while the number of contractors that reported more than 25 bids per tender moderated to 2,1 percent in the previous survey (from 4,6 percent in the previous survey) it increased to 9,3 percent in the current survey. Majority of firms reported in this survey competition of between 11 and 25 bids per tender.
- **Tender prices** came under greater pressure in this survey, with 44 percent saying tender prices were very keen, compared to 29 percent in the previous survey.
- Surprisingly 23 percent of contractors reported **profitability** to be at a satisfactory level, compared to only 11 percent in the previous survey. Majority of contractors however reported low (63,4 percent) to very low levels (13,4 percent).

A positive rate implies more firms reported improved business conditions, while a negative rate implies majority of firms reported a more pessimistic outlook on the industry.

Please note that these calculations are weighted according to a firm’s total reported work force in RSA.

- According to 65 percent of firms, the **developing trend in profit margins** is receding, supported mainly by a more dismal outlook on profitability expressed by the larger firms. None of the contractors expect profit margins to improve.

Figure 9: Opinions related to Profitability

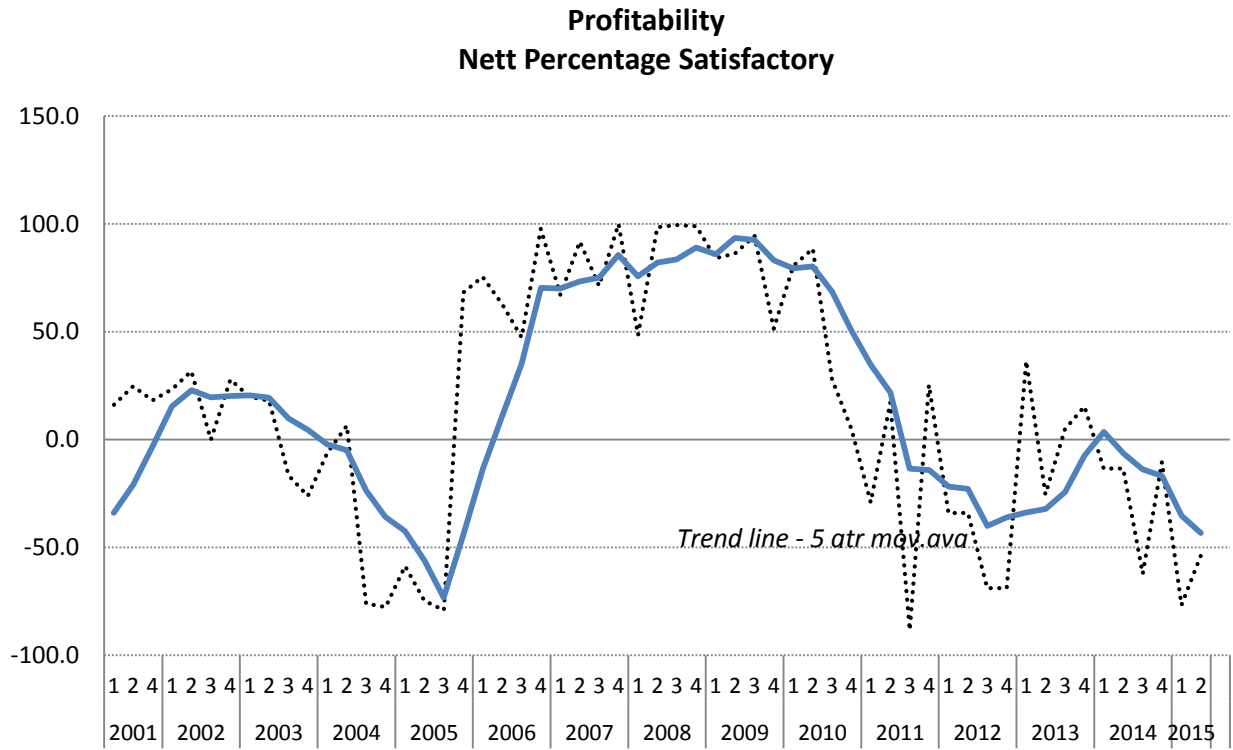
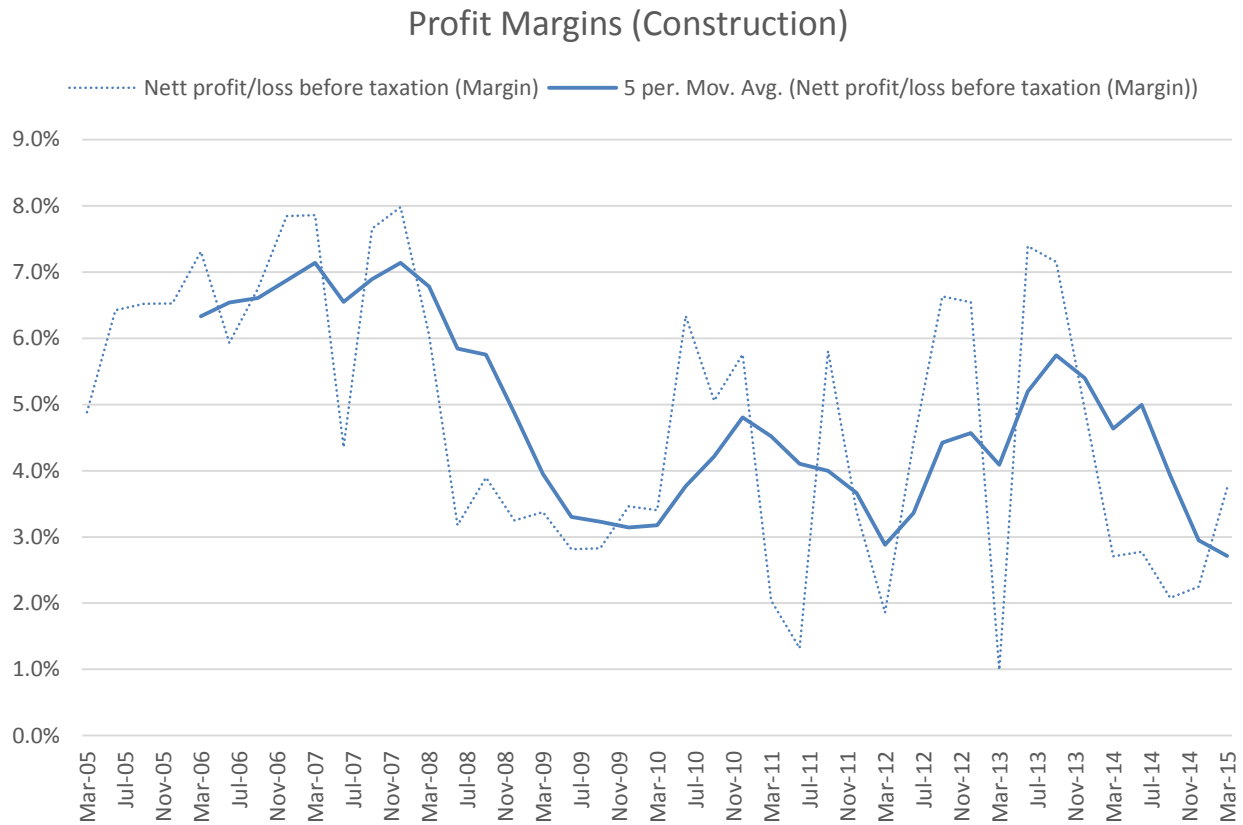


Figure 10: Profit Margin

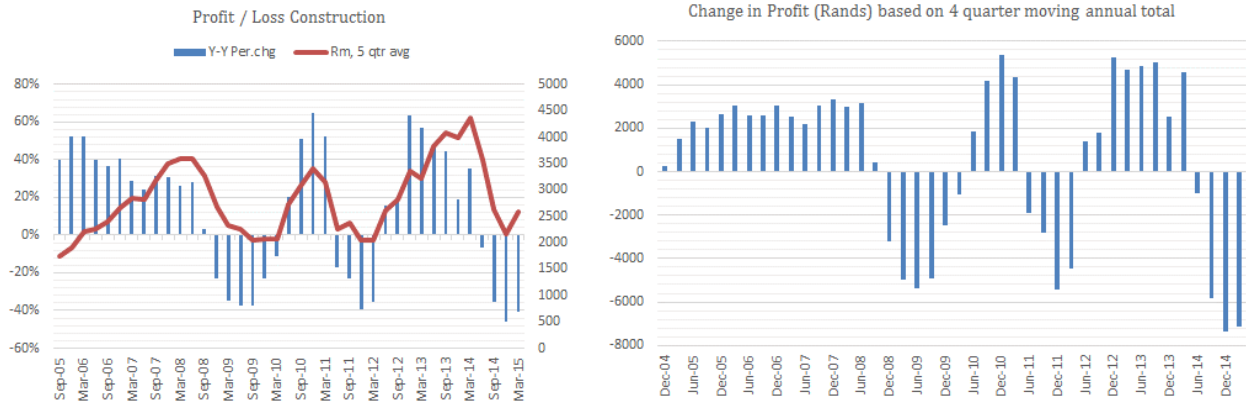


(Source: Statistics South Africa, P0044)

According to Stat SA’s estimates, profit margins improved to an average of 3,7 percent in the 1st quarter of 2015 (latest available data), from 2,5 percent in the 4th quarter of 2014. Measured over the last five quarters the trend is still downward, but a declining at a slower pace.

In rand terms profit has increased compared to the 1st quarter in 2014, to R3,7 bn (up by R1.6bn in rand terms), but on average over the last four quarters, profit is still lower by around 41 percent y-y, meaning industry profitability contracted by R7,1 to around R10bn compared to R17bn in the four quarters up to March 2014. Refer charts below.

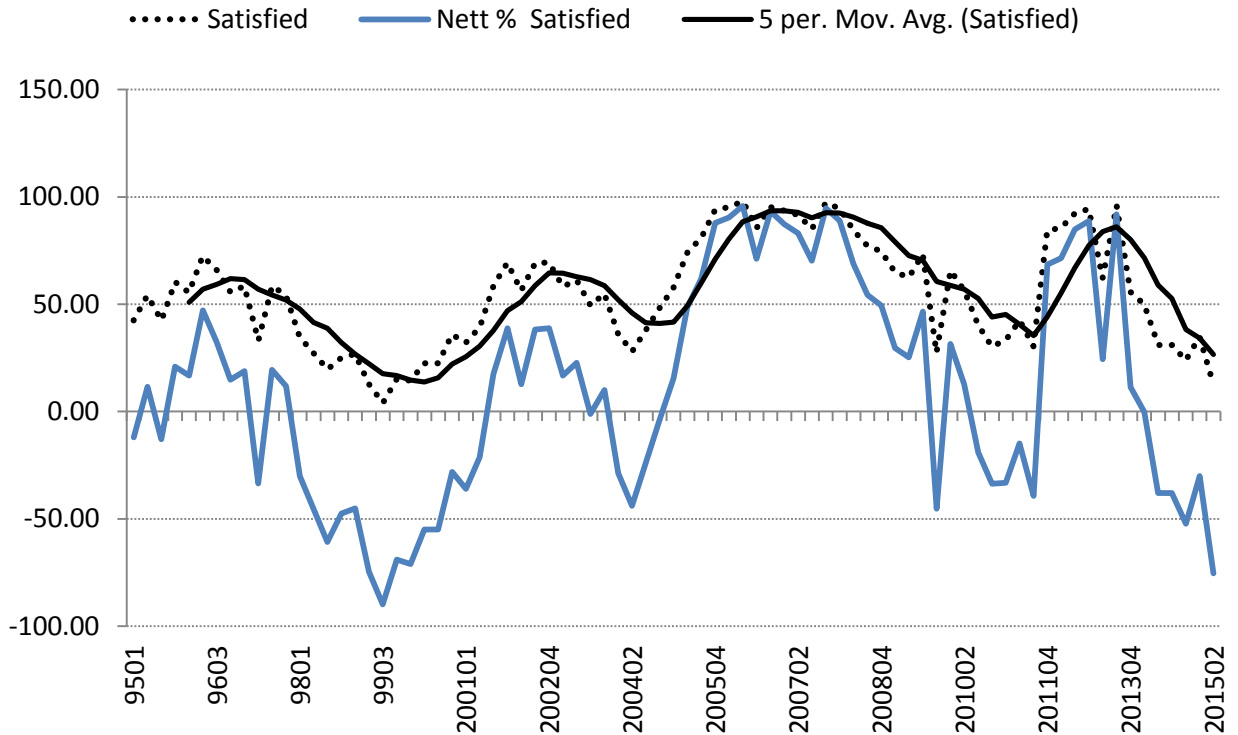
Figure 11: Profit/Loss Total construction



(Source: Stats SA Quarterly Financial Statistics P0044)

- While current business conditions are clearly more depressed affecting tender prices and profitability, the more negative outlook in terms of **order books** suggests these difficult times are likely to continue or get progressively worse. The net % satisfaction rate deteriorated strongly to -75.3 in the current survey, from -30.1 in the previous survey. An overwhelming majority of firms still feel the order book values are low (from 65 percent to 87,6 percent), while only 6 percent reported satisfactory levels (from 34.9 percent in the previous survey). Order books are negatively affected by the slow roll-out of public infrastructure, low confidence in mining sector which is delaying capital expenditure, while projects are broken into smaller projects, benefitting Grade 7 and 8 contractors more so than Grade 9 contractors, but even this trend has shown a deteriorating in the last 3 to 6 months.

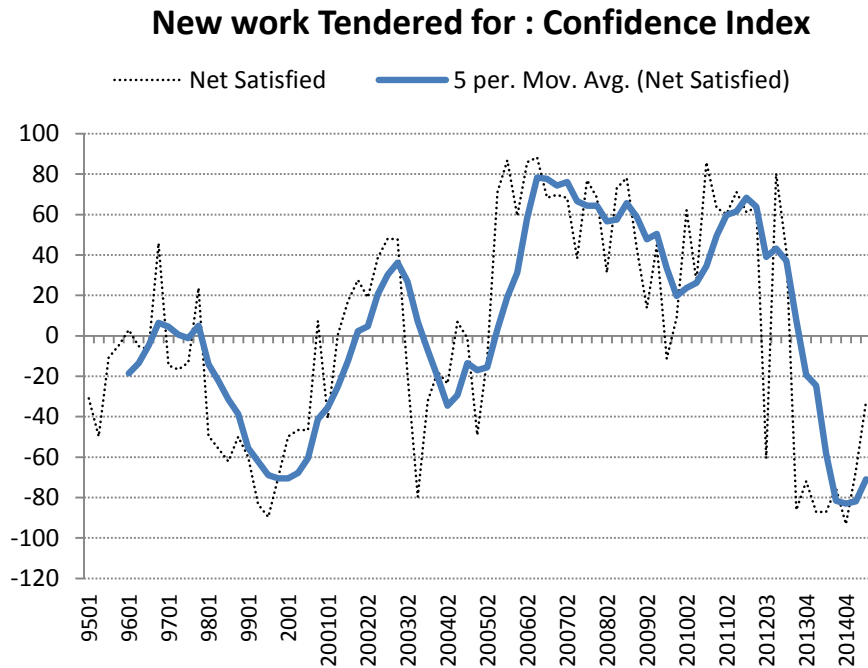
State of Orderbooks



Opinions related to tenders, awards, order books and turnover

Tender activity

Figure 12: Opinions of new work tendered for



Explanatory note: Tender activity is a crucial indicator, being a first warning of the potential volume of work. The confidence reflected by companies regarding this indicator is therefore crucial and often deviates from the actual physical number of tenders during a period. The rate of involvement in cross border activity of larger contractors has increased in recent quarters, to counter act the impact of the dearth in work opportunities domestically in which they can compete. Some larger companies recently announced that the percentage contribution of work outside of South Africa is larger than revenue generated inside the country. Because these indicators are weighted, the opinions and perceptions of larger firms impacts quite heavily on the overall trend, and the impact of "cross border" activity must not be undermined in the movement of these indices.

- Majority of firms continued to express their dissatisfaction with tender volumes, but there has been some improvement in the current survey, as the net satisfaction rate improved from -66,8 percent to -32,3percent. This is mainly as a result of 27 percent reporting satisfactory conditions, while 6 percent felt that tender activity was good, mainly within the medium and smaller size contractors. This sentiment was not shared by any of the larger contractors. Majority of respondents still reported low tender activity levels (66 percent).
- Actual tender activity based on the number of projects published at tender stage for civil works, has been on a decline since the 4th quarter of 2013, and fell for the 7th consecutive quarter on a year on year basis. The number of tenders published for civil works fell by 5 percent in the 2nd quarter of 2015, following the 26 percent y-y decrease in the 1st quarter of 2015. In the first six months of 2015 tender activity has now fallen by 17 percent and compared to 2011, activity levels have fallen by over 40 percent.

Figure 13: Civil Tender Activity

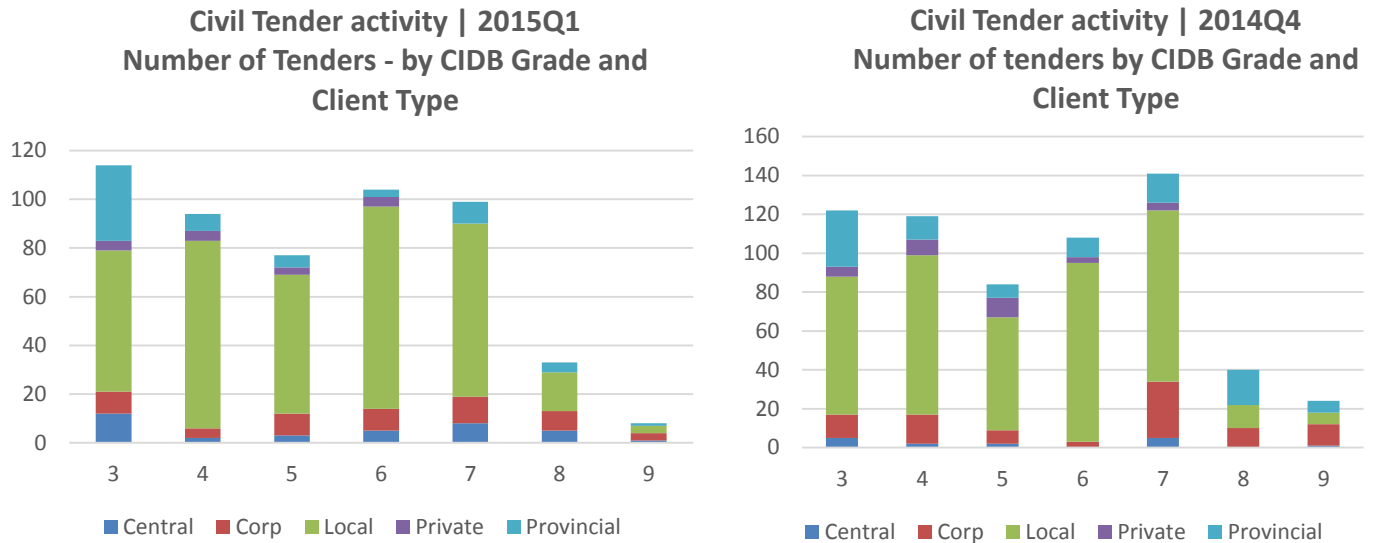


Table 13: Civil Tender activity by known CIDB grade

Year, Quarter	3	4	5	6	7	8	9	Total
201201	211	146	95	92	72	28	14	658
201202	218	112	77	91	112	39	12	661
201203	261	170	120	130	123	43	15	862
201204	198	185	134	155	76	39	10	797
201301	246	123	97	106	59	31	9	769
201302	316	153	132	120	102	31	7	671
201303	239	188	152	173	109	30	15	906
201304	175	124	101	139	111	68	24	742
201401	180	158	108	113	92	33	9	693
201402	220	136	126	124	120	49	24	799
2014Q3	190	150	123	138	123	39	19	782
2014Q4	122	121	84	108	141	41	24	641
2015Q1	114	95	79	105	99	33	8	533
2015Q2	165	117	133	141	126	52	16	750

(Source: Industry Insight Project Database, Databuild)

Figure 14: Estimated Tender Values (RM)

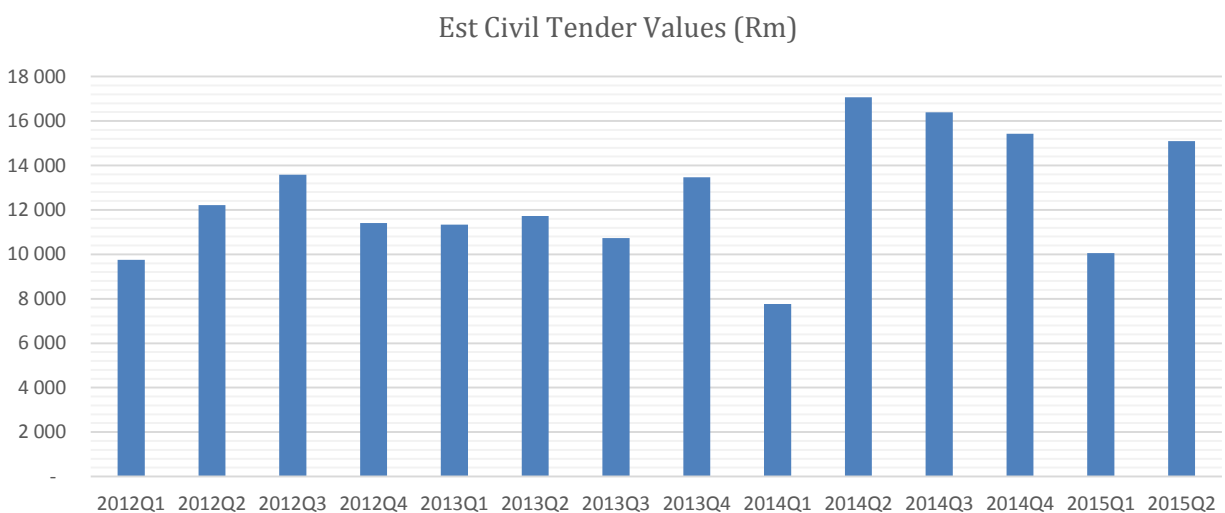


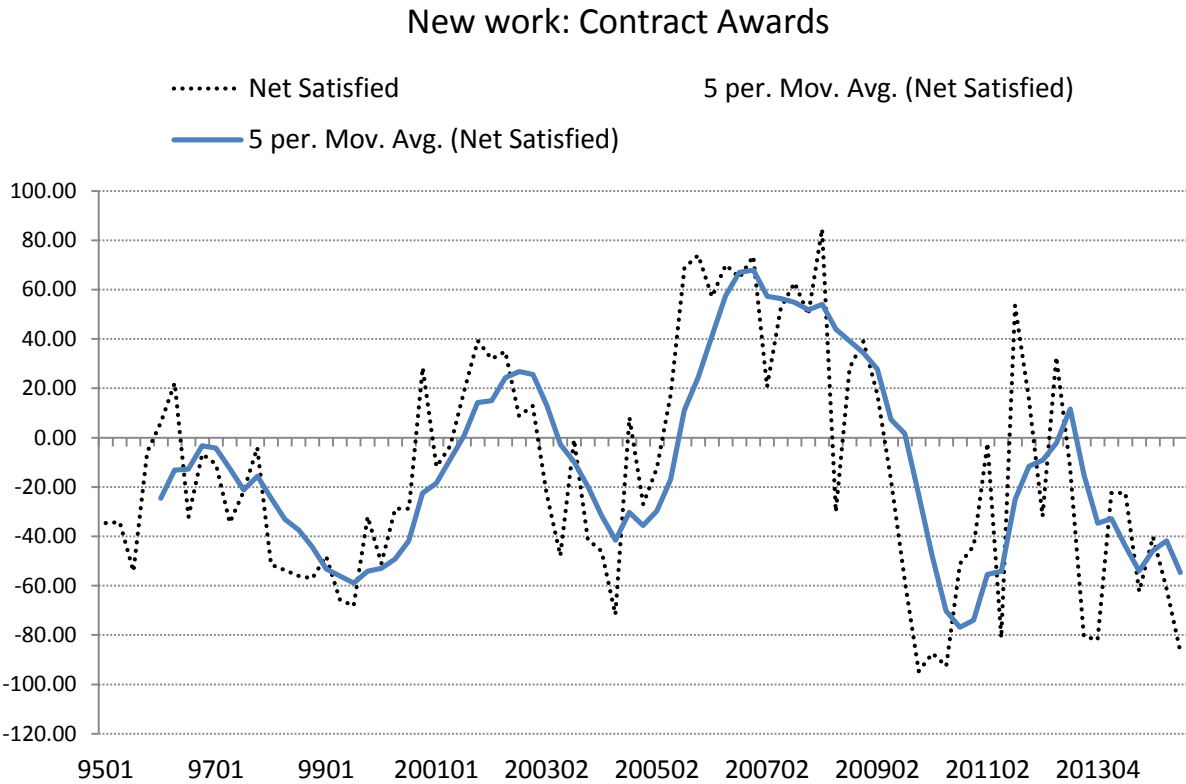
Table 14: Estimated Civil Tender Values, by Project Type, by Quarter (Rm, Current Prices- Not Adjusted For Inflation)

	Air	Bridges	Civil Other	Power	Rail	Road	Water	Grand Total	Y-Y Per. Change (Nominal)
2012Q1	12	206	244	610	-	4,289	4,399	9,759	
2012Q2	-	87	549	404	16	4,919	6,247	12,223	
2012Q3	11	194	289	765	235	6,625	5,466	13,585	
2012Q4	-	197	498	778	13	6,392	3,527	11,404	
2013Q1	-	125	668	548	-	6,378	3,614	11,333	16.1%
2013Q2	24	107	1,023	578	184	5,153	4,658	11,726	-4.1%
2013Q3	18	102	205	334	0	5,676	4,403	10,738	-21.0%
2013Q4	4	73	185	288	-	9,662	3,261	13,473	18.1%
2014Q1	-	287	423	285	9	3,886	2,871	7,760	-31.5%
2014Q2	4	232	432	456	97	8,270	7,584	17,074	45.6%
2014Q3	129	211	534	600	121	8,174	6,620	16,389	52.6%
2014Q4	-	306	489	366	104	7,668	6,489	15,421	14.5%
2015Q1	16	192	553	455	152	4,205	4,486	10,059	29.6%
2015Q2	120	585	275	614	76	9874	3548	15,095	-11.6%

(Source: Industry Insight Project Database, Databuild)

Awards

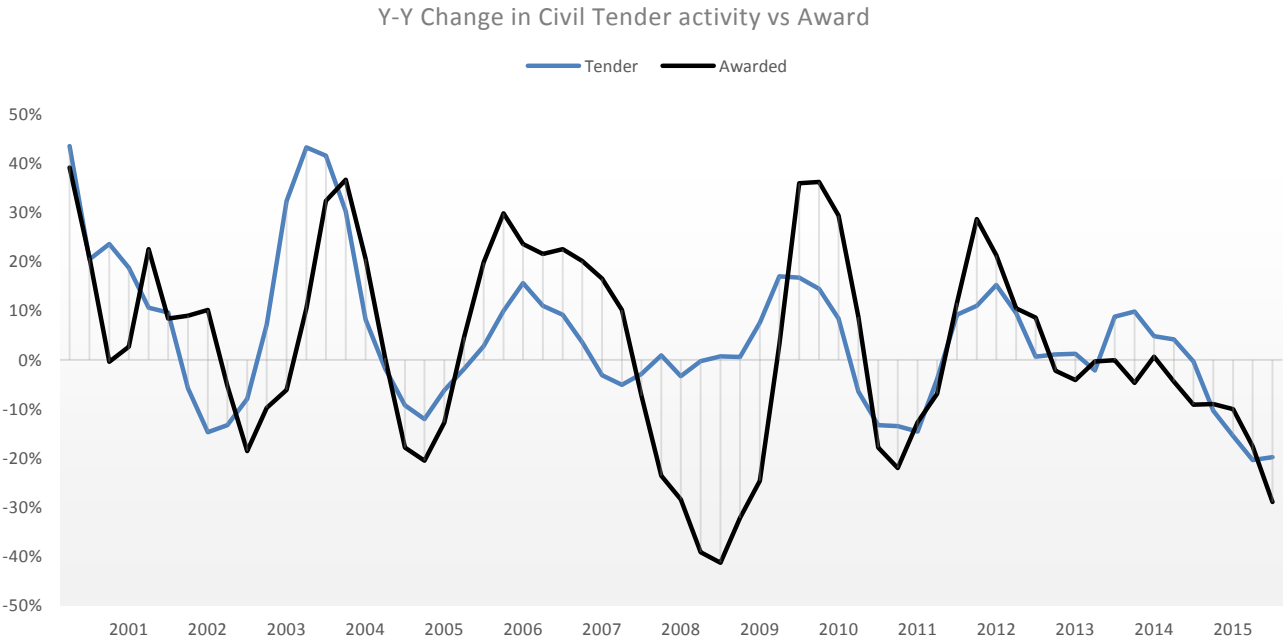
Figure 15: Opinions Related To Awards



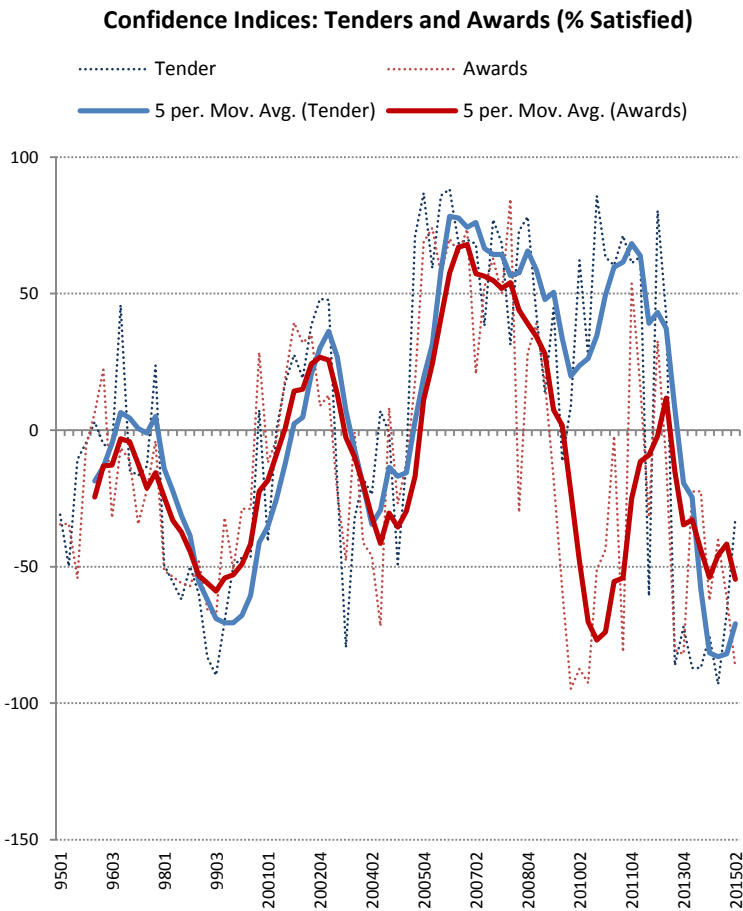
Contractors remained negative in terms of the awarding of contractors, with the net % satisfaction rate deteriorating to -87,0 percent from -61,3 percent in the 1st quarter and -40,3 percent in the previous quarter. Over 90 percent (90,8) vs 76.9 percent in the previous survey reported low value of awarded in the current quarter. The net satisfaction rate has been in negative territory since 2013 and is unlikely to recover in the medium term.

The negative sentiment towards awards and tenders are supported by independent research from Databuild which shows the depressed conditions in the number of tenders issued as well as the slow rate of awards. Refer chart below.

Figure 16: Tenders and Awards: Y-Y percentage change



(Source: Databuild)

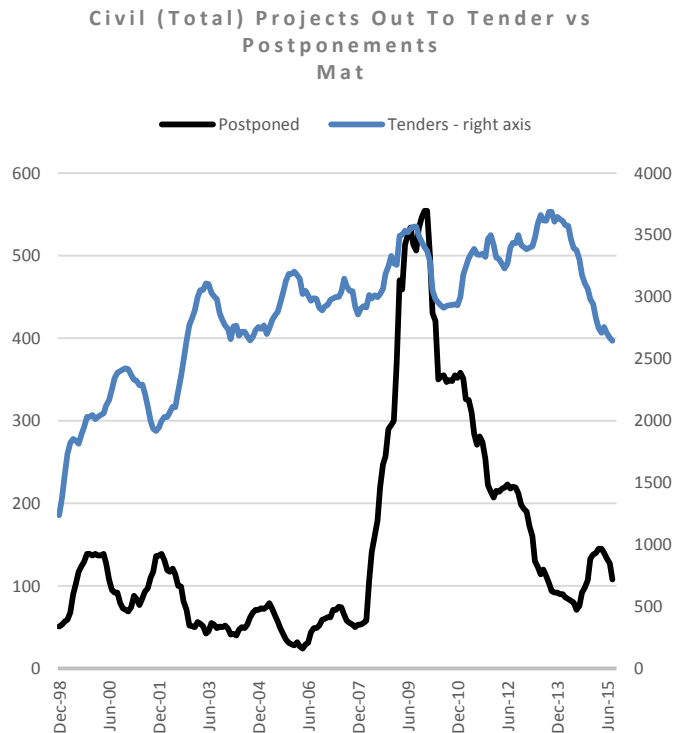


Awards and Tender sentiment remains weak

Sentiment towards awards and tenders remained weak, and although there has been some improvement in opinions related to awards (to being less negative), sentiments towards tender activity remains specially depressed.

Without an improved outlook in terms of sentiments towards tender activity, the outlook for the civil industry will remain negative in terms of growth prospects.

Projects postponed



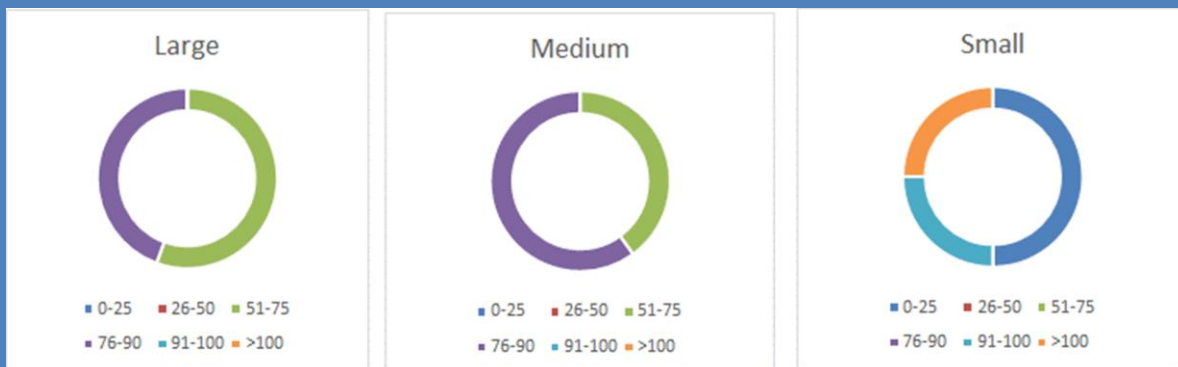
The number of civil projects placed on hold increased by 44,6 percent in 2014 compared to 2013, with a notable acceleration from mid-2014 onwards, shortly after the finalisation of the 2014 National Elections.

Although tender activity generally slows down after an election period (as seen in 1999, 2004, 2009 and 2014), by on average between 15 percent and 20 percent, the contraction in 2014/15 is the strongest year on year decline since 1999, and is worsened by the simultaneous increase in the number of projects being held back.

The year started off with a 150 percent y-y increase in the number of civil projects postponed in the 1st quarter.

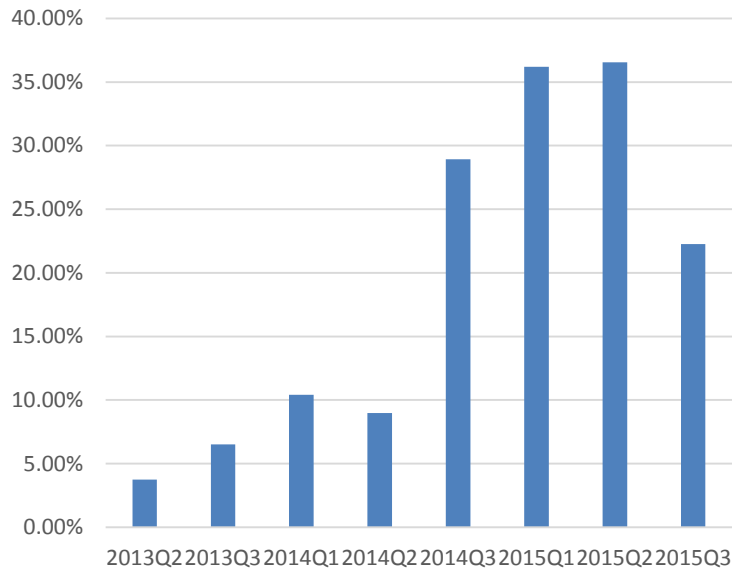
CAPACITY UTILISATION AND PLANT EQUIPMENT

Majority of firms (77,5%) reported capacity utilisation in terms of general plant and resources of between 76% - 90%.in the 2nd quarter, with fewer firms (22%) saying utilisation was less than 75%. Utilisation levels seems to have improved from the previous survey, although there are notable variances in responses received. Larger firms are mostly at below 75% utilisation, while smaller firms are either at below 25% or above 90%. Majority of medium firms are between 76% and 90%>.



Capacity Utilisation

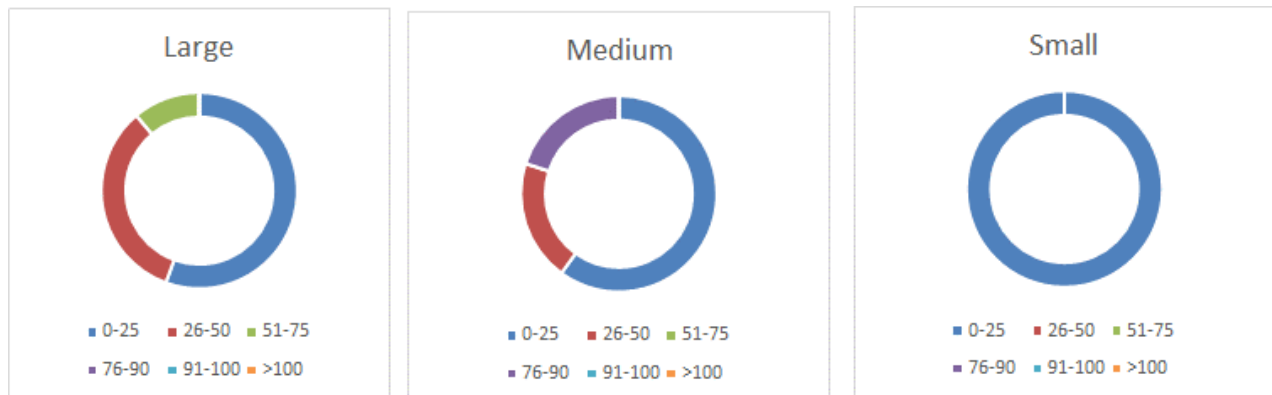
% of Respondents that reported between 51-75 percent



Capacity utilisation showed some improvement in the 2nd quarter, supported by higher levels of utilisation amongst medium size firms, while 44 percent of larger firms reported that more than 50 percent of plant equipment was standing idle.

The percentage of plant equipment that was standing idle at less than 25 percent increased to 86,6 percent (from 77,4 percent and 56,7 percent in the previous two surveys, suggesting fewer plant was standing idle. 10,2 percent reported that between 26 and 50 percent of plant was standing idle, from 16,3 percent in the previous survey. However around 44 percent of the larger firms said that more than 50 percent of their plant was idle in the 2nd quarter of 2015, compared to 20 percent in the previous survey.

Figure 19: Percentage of company's internal plant idle, by firm size

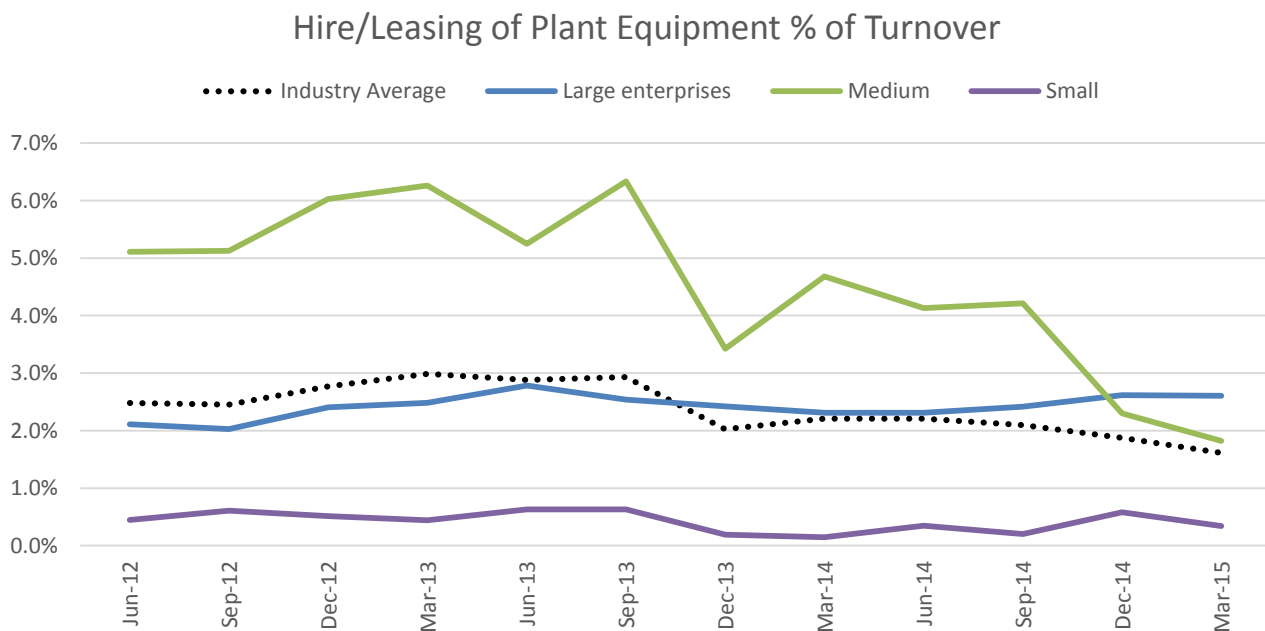


Independent research from Stats SA confirms that companies are spending less on plant and equipment. Contractors spent around 9 percent y-y less on hiring and leasing of equipment during 2014 compared with the previous year, and 4 percent y-y less in the 1st quarter of 2015, according to estimates provided by Stats SA (Publication P0044). According to Stats SA approximately 2,1 percent of turnover was spent on hiring and leasing of plant equipment in 2014 (including building and civil construction), but this ratio moderated to only 1,6 percent of turnover in the 1st quarter. Again there are significant variances between the firm sizes. Larger and smaller firms increased spending on the leasing of plant and equipment while medium size firms cut expenditure by close to 50% y-y in the 1st quarter. Larger firms spent around 2,6 percent of turnover on plant and equipment, medium size firms 1,8 percent (down from 2,3 percent in the 4th quarter) and smaller firms less than 1 percent (0,3 percent). Smaller firms invested in plant and equipment during 2014, increasing expenditure by 15,6 percent to R356 million (or 0,6 percent of turnover), while larger and medium size enterprises cut spending by 1 percent and 20 percent respectively.

Figure 20: Hire/Leasing of Plant Equipment (Total construction)

	Hire/Leasing of Plant Equipment				Hire/Leasing plant equipment % of Turnover			
	Construction industry				Construction industry			
	Large	Medium	Small	Total	Large	Medium	Small	Total
	> R182 million	R42 million to R182 million	R2 million to R42 million		> R182 million	R42 million to R182 million	R2 million to R42 million	
Jun-12	900	758	51	1,709	2.1%	5.1%	0.4%	2.5%
Sep-12	804	855	92	1,751	2.0%	5.1%	0.6%	2.5%
Dec-12	935	875	76	1,886	2.4%	6.0%	0.5%	2.8%
Mar-13	863	972	58	1,893	2.5%	6.3%	0.4%	3.0%
Jun-13	1,159	865	99	2,123	2.8%	5.2%	0.6%	2.9%
Sep-13	1,020	1,005	105	2,130	2.5%	6.3%	0.6%	2.9%
Dec-13	975	667	46	1,688	2.4%	3.4%	0.2%	2.0%
Mar-14	866	782	32	1,680	2.3%	4.7%	0.1%	2.2%
Jun-14	957	716	70	1,743	2.3%	4.1%	0.3%	2.2%
Sep-14	947	776	55	1,778	2.4%	4.2%	0.2%	2.1%
Dec-14	1,208	530	199	1,937	2.6%	2.3%	0.6%	1.9%
Mar-15	1,082	401	123	1,606	2.6%	1.8%	0.3%	1.6%

(Source: Stats SA, Quarterly Financial Statistics)





Firm Size market segmentation

Opinions and sentiment are categorised by firm size, based on reported work force including permanent and limited duration employment.

Results for various indicators are shown here, summarised by firm size.

- Working conditions for next quarter
- Competition for tenders
- Tender prices
- Profitability
- Profitability – Trend
- Capacity Utilisation
- Plant Idle

Turnover and Employment

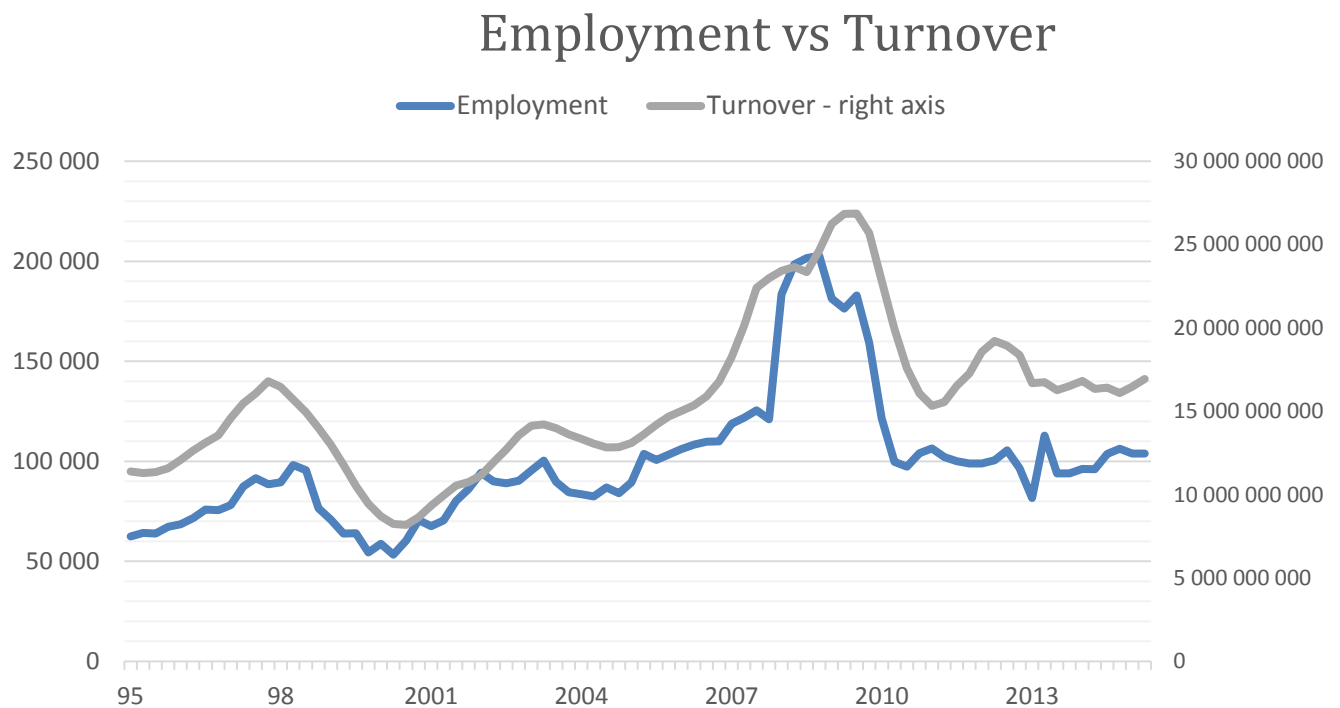
According to responding contractors, and in spite of the negative sentiment expressed, turnover increased by 16 percent q-q in the 2nd quarter of 2015, following the 6 percent q-q in the 1st quarter of 2015. Turnover generally increases at a stronger pace in the 2nd quarter as funds have been allocated towards infrastructure allocations for the next financial year, following the release of the budget in February each year. Majority of the firms, across all firm sizes, reported improved turnover in the 2nd quarter compared with the 1st quarter.

The net satisfaction rate in terms of turnover, deteriorate to -38,6 percent in the current survey from positive 9,1 percent in the previous survey. Close to 70 percent of contractors were of the opinion that turnover was low.

Turnover is not expected to increase in real terms over the short to medium term, based on current movement in key economic indicators, the contraction in the value of civil contracts awarded last year, the overall slowdown in the number of contracts out to tender accompanied by an increase in the number of civil projects placed on hold/cancelled and the cut in projected infrastructure expenditure by government and state owned enterprises announced in the 2015/16 Medium Term Expenditure Framework.

Turnover for 2014 is estimated to have increased by 2,6 percent y-y in nominal terms, but if construction cost is taken into consideration, real turnover fell by an estimated 2,5 percent y-y in 2014 and by 10,0 percent in 2013. Turnover is projected to increase by between 3 percent and 6 percent y-y in nominal terms during 2015. Pending further developments in SOE's capital expenditure programmes, and government's infrastructure allocations, expenditure is likely to fall by between 1 and 3 percent in nominal terms in the next two years.

Figure 21: Civil Industry Employment vs Turnover, 2012 Prices



Construction cost inflation accelerated to an average of 5,3 percent in 2014 compared to 5,7 percent in 2013, and is expected to moderate to an annual average increase of 4,1 percent in 2015, before accelerating to 7,3 in 2016. Price pressures are expected to ease somewhat in 2015 mainly due to the moderating effect of the lower oil and commodity prices coupled with lower consumer price inflation.

Table 15: Actual and Expected Turnover trends

	<i>Turnover Nominal</i>	<i>% Change (Nominal)</i>	<i>Turnover 2000=100</i>	<i>% Change (Real)</i>
1995	7 653 130 803		11,751,401,745	
1996	9 864 977 221	28.9%	13,548,444,351	15.3%
1997	13 282 356 448	34.6%	16,806,228,721	24.0%
1998	11 680 899 837	-12.1%	13,987,962,456	-16.8%
1999	8 600 472 761	-26.4%	9,455,575,722	-32.4%
2000	8 669 595 494	0.8%	8,639,968,534	-8.6%
2001	11 723 000 614	35.2%	10,762,140,678	24.6%
2002	17 138 501 083	46.2%	13,564,355,097	26.0%
2003	17 701 840 728	3.3%	13,621,980,350	0.4%
2004	17 180 281 073	-2.9%	12,844,628,262	-5.7%
2005	20 999 901 277	22.2%	14,682,985,873	14.3%
2006	25 783 535 490	22.8%	16,786,189,738	14.3%
2007	38 084 310 982	47.7%	23,146,856,716	37.9%
2008	58 063 639 993	52.5%	28,955,855,614	25.1%
2009	51 147 261 584	-11.9%	25,857,399,665	-10.7%
2010	32 744 103 366	-36.0%	16,140,361,470	-37.6%
2011	36,888,136,573	12.7%	17,366,815,461	7.6%
2012	40,952,061,358	11.0%	18,449,854,654	6.2%
2013*	38,920,982,014	-5.0%	16,505,163,586	-10.1%
2014*	39,941,145,748	2.6%	16,167,182,556	-2.5%
2015 *	41,538,791,578	4.0%	16,151,652,122	-0.1%
2016	41,331,097,620	-0.5%	14,977,533,887	-7.3%

2017	40,297,820,180	-2.5%	14,274,775,699	-4.7%
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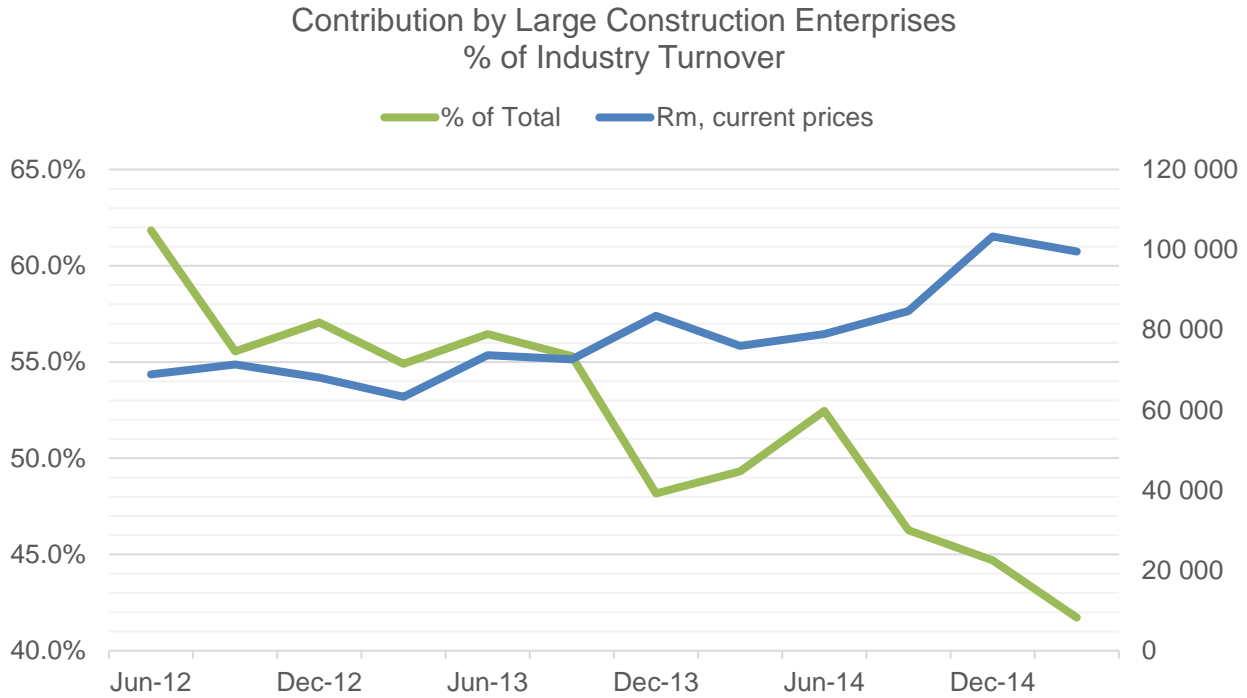
*Provisional Figures

Table 16: Employment, Contract Awards, Turnover and Salaries and Wages

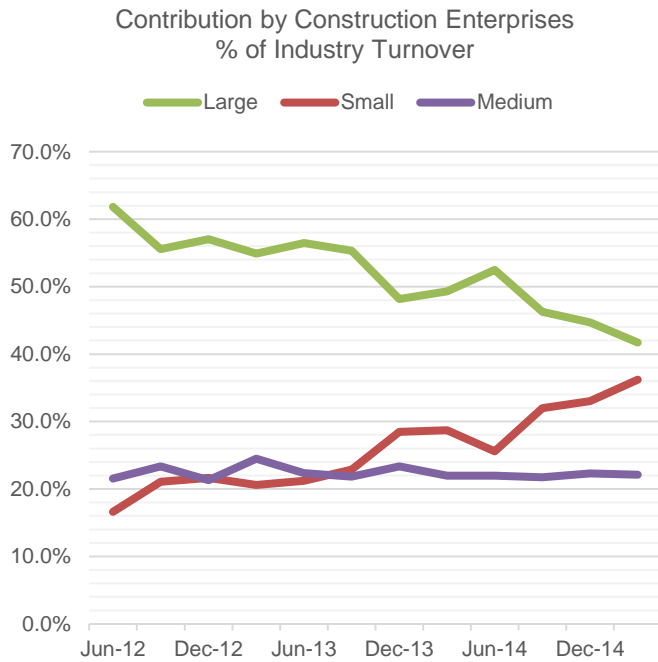
	Employment	Turnover (nominal)	Salaries and Wages (nominal)
2009	174 927	51 147 261 584	11 318 888 989
2010	105 591	32 744 103 366	7 246 270 075
2011.1	106 463	8 014 928 510	1 773 703 679
2011.2	102 079	8 600 000 000	1 903 180 000
2011.3	100 037	10 187 541 740	2 254 502 987
2011.4	98 837	10 085 666 323	2 231 957 957
2011	101 854	36 888 136 573	8 163 344 624
2012.1	98 837	11 324 591 712	2,506,132,146
2012.2	100 497	10,456,138,926	2,313,943,544
2012.3	105 522	9,933,331,979	2,198,246,367
2012.4	105 522	9,237,998,741	2,044,369,121
2012	96502	40,952,061,358	9,062,691,178
2013.1	81651	7,944,678,917	1,758,157,444
2013.2	112823	11,122,550,484	2,461,420,422
2013.3	93894	9,454,167,911	2,092,207,359
2013.4	93894	10,399,584,702	2,301,428,095
2013	95565	38,920,9982,014	8,613,213,320
2014.1	96241	9,255,630,385	2,048,271,004
2014.02	96048	10,643,974,943	2,355,511,655
2014.03	103732	10,111,776,196	2,237,736,072
2014.04	106326	9,929,764,224	2,197,456,823
2014	100587	39,941,145,748	8,838,975,554

2015.01	103774	10,525,550,078	2,526,132,019
2015.02	103774	12,209,638,090	2,677,699,940

Figure 22: Contribution by Larger Construction Enterprises (% of Total Turnover)



(Source: Statistics South Africa)



According to research by Statistics South Africa, larger enterprises in the construction sector are getting a smaller piece of the construction pie. The contribution by larger enterprises has deteriorated to a level of only 41 percent compared to over 60 percent in 2012. Larger firms play a critical role in employment, skills development, mentorship as well as transformation. Of additional concern is that the contribution by medium size firms have remained largely stable at an average of 22 percent, but it is the smaller enterprises that have taken a larger share of construction turnover. Smaller firms increased their contribution from 16 percent in 2012 to a staggering 36 percent in the 1st quarter of 2015. While the role of medium and smaller enterprises are certainly not being undermined, growing pressures on larger enterprises, already struggling with “below industry average” profitability, will have a negative impact on future employment and skills development in the industry.

The chart above includes a comparison with Stats SA’s estimates of total construction on a quarter on quarter basis. The more positive trend shown in the last quarter is largely attributed to an improvement in investment in buildings, supported by recent estimates released by the South African Reserve Bank (September 2015 Quarterly Bulletin).

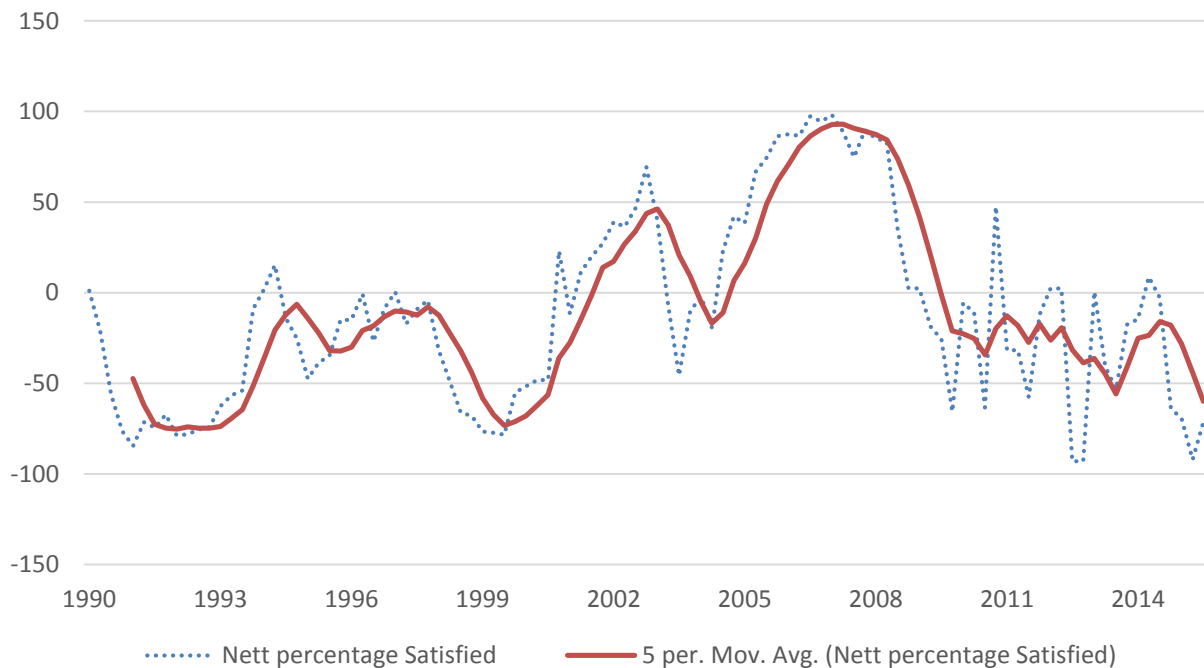
Confidence Index

The quarter on quarter movement in the index has been more erratic lately, but after some improvement in the last few quarters, brought about by a more optimistic outlook from medium size contractors, the trend has reversed, showing signs of a further weakening.

Explanatory note: The civil engineering confidence index relates to the overall business outlook amongst the companies within the industry. Levels below the 50-mark indicate pessimism, 0 equals total negativity, and 100 indicates absolute optimism. This is a continuously changing weighted index.

Civil Engineering Confidence Index

Net Percentage Satisfied (Weighted)

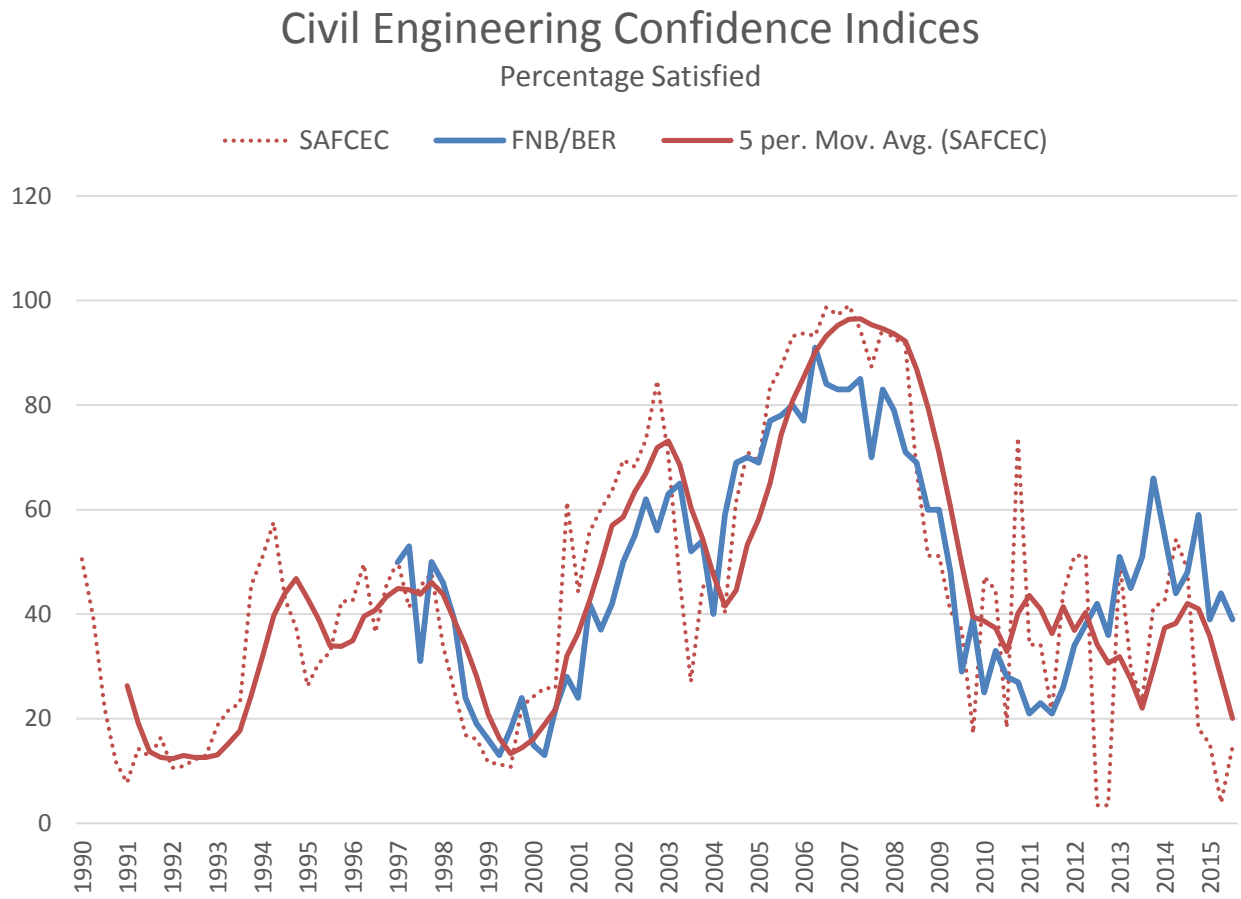


Culminating all the other indicators already discussed, the net satisfaction rate improved to -71,2 in the current survey, from -92,0 in the previous survey and from -70,0 and -64,0 in the previous two surveys. The uptick in confidence was largely due to a more positive sentiment expressed by a few medium size firms. Smoothed over the last five quarters, the net satisfaction rate continued to deteriorate falling to -60,0 from -44,0 in the previous survey.

The poor state of affairs in terms of industry confidence is supported by the FBN/BER civil industry confidence index, which also recorded a marked deterioration in civil contractor satisfaction rates from 44 in the 2nd quarter to 39 in the 3rd quarter. The main difference between the SAFCEC confidence index and the FNB/BER is the fact that the SAFCEC responses are weighted according to firm size. Thus while the indices may be at a different level, the trends are very similar and clearly shows the depressed conditions currently being experienced in the civil industry.

The SAFCEC confidence index is recalculated here to show the percentage satisfied as opposed to the net percentage satisfaction rate, as shown in the chart above.

Figure 23: FNB/BER Confidence index vs SAFCEC Confidence Index



Survey results EX-RSA

Table 13: Business Conditions during the past two quarters

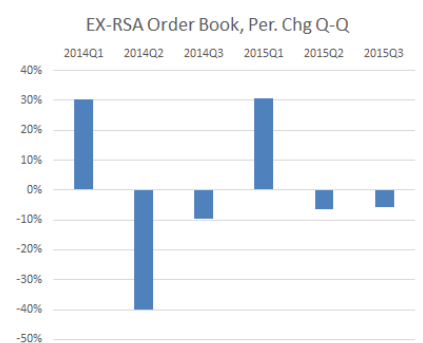
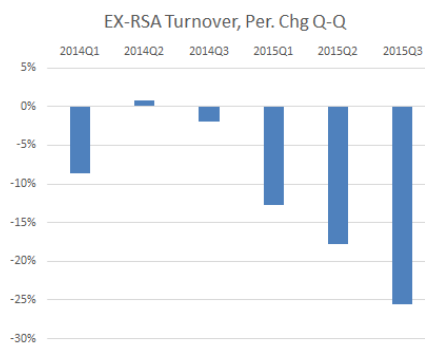
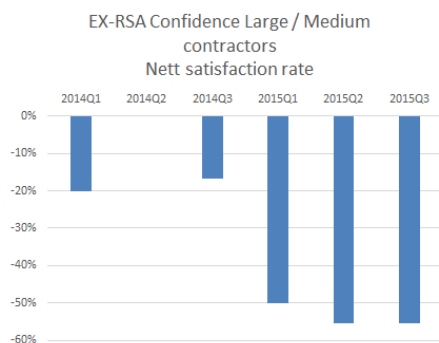
	Previous quarter	Current Quarter
Very poor	10%	44%
Poor	30%	11%
Satisfactory	60%	44%
Good	0%	0%
Very Good	0%	0%
Net Satisfaction	-40.0	-56.0

Business Conditions EX-RSA
Current Quarter



Table 14: Late payments, order books and turnover, EX-RSA

Survey period	% late payments of turnover	% Change in turnover	% Change in order book
2014Q2	46%	1%	-40%
2014Q3	47%	-2%	-10%
2014Q4	59%	-13%	30%
2015Q1	106%	-18%	-7%
2015Q2	133%	-26%	-6%



KEY ISSUES AFFECTING CURRENT CONFIDENCE LEVELS IN THE INDUSTRY:

- Skills related to engineering is becoming a more serious constraint largely aggravated through continued client interference which creates an environment whereby agents are being disempowered. This leads to project implementation delays and is a contributing factor to the increase in payment delays, through delays in certification.
- Slow roll out of public sector infrastructure projects, including the delays to implement the targets as set out in the National Development Plan, aggravated by cuts in projected infrastructure expenditure allocations which was announced in the 2015/16 Budget, has resulted in negative growth projected over the medium term expenditure framework period (2015/16 to 2017/18)
- Delays in SANRAL's ability to roll out road contracts due to the ongoing e-toll dispute, will have a serious impact on the industry, considering the high contribution of the road segment to industry turnover. It is hoped that the current deadlock between the Western Cape Government and SANRAL can be resolved through greater communication, transparency and public participation.
- Skills shortages in procurement which also include government's ability to implement proper project planning and implementation. It is also critical to shorten the delay between tender and awards which could take as long as one year.
- The inability of certain local and district municipalities to spend allocated budgetary allocations, which also suggest inadequate skills in planning and budgetary management.
- Low confidence in the mining sector is delaying private capital expenditure
- Continued labour unrest affecting economic performance as well as critical project execution. Unrest is expected to escalate in 2016 because of the Municipal Elections. This could lead to even further delays in project implementation.
- The tendency by government to break what should be larger Grade 9 projects, into smaller grade projects
- Pricing by contractors remains a concern, as some contractors would tender on projects that fall outside the scope of the prescribed CIDB grade, leading to unnecessary delays in the procurement process. Prices can also vary to the extent that it can almost be deemed as irresponsible, or below cost with little or no regard to operational efficiency or the impact of (negative) escalation on contracts.
- As the industry continues to shed employment, these and other challenges will impact on the industry's future capacity to respond effectively to increased demand when the industry starts to recover.

PROSPECTS FOR 2015 AND 2016

What can we expect in the next 12 to 24 months

- There is more muted outlook for public sector expenditure on infrastructure in the next three years, following a downward adjustment in growth estimates, as announced in the 2015/16 Budget. Growth is projected to average 0,5 percent in nominal terms over the 3 year forecast period. Public Sector infrastructure as a percentage of GDP, targeted to reach 10 percent by 2030, is projected to fall back to 5,4 percent by 2017/18.
- Weak economic growth and possible further downward revisions to GDP growth for this year will further erode funds allocated for infrastructure expenditure.
- There are several risks to the economy most paramount the views expressed by credit rating agencies on South Africa's ability to manage its current account deficit and electricity crisis.
- South Africa is further faced by the conundrum that close to 40 percent of bonds are held by foreigners increasing our vulnerability to currency volatility and worsening the impact should SA face a further downgrade by credit rating agencies.
- The pending interest rate hike, expected to be announced by the US Federal Reserve in the next 6 to 12 months, will have a negative impact on the currency unless South Africa further raises interest rates. In an already ailing economy, with excessive unemployment, this will be detrimental.
- SOE's infrastructure programmes are being delayed due to financial constraints as tariff increases are deemed as insufficient to finance pipeline projects. As the completion of Medupi and Kusile nears completion, there are no new pipeline projects ready for roll out by Eskom to fill the void in the next three years. Implementation of renewable energy projects identified in the 3rd and 4th window, may be delayed as Eskom struggles to connect existing renewable projects to the grid.
- Private sector confidence remains elusive, not sufficient to stimulate renewed investment growth. This combined with policy uncertainty in the mining sector and labour tensions in the mining sector will continue to delay much needed infrastructure spending.

The start of 2015 posed many challenges, foremost the regular supply interruption of electricity as Eskom embarked on national load shedding which was shortly thereafter accompanied by threats of strike action by not one, but seven labour unions. Minister of Finance, Nhlanhla Nene, may have expected a 2,2 percent increase in GDP in 2015, but electricity interruptions together with potential strike action by the Public sector, an increase in personal income tax (for the first time in 20 years), looming potential downgrade by credit rating agencies and the US Federal Reserve preparing to hike interest rates, are all deemed as aggravating conditions that could have a serious negative impact on GDP growth this year. Government has therefore not surprisingly lowered its GDP growth for 2015 to 1,6 percent for 2015.

DEVELOPMENTS THAT COULD SHAPE THE INDUSTRY IN 2015/2016:

- Promulgation of the SEZ act by Minister of Trade and Industry hopefully in the first half of 2015 will add further incentive for the private sector to partake in infrastructure development earmarked by the Special Economic Zones, including the Saldanha Bay IDZ where construction has already started.
- Further developments in renewable energy generation could not only boost dwindling energy supplies, but provide much needed turnover in the civil industry whilst supporting job creation albeit at moderate levels. The civil industry's exposure to the renewable sector is modestly estimated at between 15 percent and 20 percent.
- Several large residential developments recently announced could support growth in the civil engineering construction sector including earthworks, roads construction as well as infrastructure associated with water and sanitation, for example the proposed R11 billion Vaal River City, to be constructed along the Vaal River, Steyn City, and the proposed Modderfontein development. Even housing developments announced by government, should consider the impact on the surrounding infrastructure and take adequate measures to ensure the infrastructure can cope with the anticipated increase in demand. According to Irene Main, a representative for the Vaal Dam, inadequate planning and the fact that municipal departments are not catering for the necessary infrastructure is a major concern and happens not only in and around the Vaal Dam but across the country as a whole.
- With greater focus on Water and Sanitation, as water resources are quickly drying up, it is likely that additional funding will be allocated towards water resource management and infrastructure. Government has already announced that an additional six new dams will be constructed over the next decade while the South African government is preparing a draft law to force municipalities to devote 15 percent of their annual budgets for the maintenance and operation of water infrastructure. This will be some challenge as water expenditure (excluding waste water management) in Metropolitan Councils is currently around 9 percent of total expenditure (or R17,5 billion), according to the 2014/15 revenue and expenditure report. Furthermore the Water Services Operating and Transfer Subsidy grant (WSOS) was noted as the lowest performing grant as reported by municipalities in the first two quarters of the 2014/15 financial period.
- The alignment process of the Construction Sector Charter with the revised Codes of Good Practice has already started and the implementation date has been extended from May 2015 to October 2015. The revised codes include fewer elements (five as opposed to seven), but with more stringent targets and the added penalty of discounting points where targets are not being complied with. Thus far no agreement has been reached between labour and business, which is why it is important that members understand the implication of adopting the generic codes. Government aims to develop a central supplier database as well as centralise procurement. If not properly implemented it could lead to large scale delays in the adjudication of tenders.
- Accessing tender information will be made more accessible through the development of the e-tender system.

CIVIL ENGINEERING PRICE MOVEMENTS

Input cost price movements based on the Baxter Contract Price Adjustment Formula (CPAF) averaged 5,3 percent 2014, compared to 5,7 percent in 2013. In the first three months of 2015, input costs recorded negative inflation of -0,4 percent y-y, which accelerated to -0,7 percent in the 2nd quarter of 2015. Based on information for the first two months of the 3rd quarter, input costs is expected to decline further in the 3rd quarter, currently at -0,9 percent (July and August).

Contributing factors in the 2nd and 3rd quarters include the 25 percent y-y drop in the fuel index, and a sharper than expected contraction of 6 percent y-y in the composite material index. Pending further developments in the oil price and currency vulnerability, we expect the composite index to moderate to an average of 2,4 percent (from a previous forecast of 4,1 percent) in 2015 before accelerating to 6,2 percent in 2017. Our assumptions include a modest recovery in the oil price to an average of \$58/barrel in 2016 and further depreciation in the currency, averaging R14.0/US Dollar. These developments and the impact on input cost construction will be closely monitored.

The Baxter Contract Price Adjustment Formula (or CPAF), is widely recognised by the industry as an accepted set of indices to adjust contracts for payment escalation. However, it is important to clarify that these set of indices are freely available and published by Statistics South Africa and is not owned or manipulated by SAFCEC in any way

Table 17: CPAF Indices Annual Percentage Change

Year	Material (SAFCEC)	Fuel (SAFCEC)	Plant (SAFCEC)	Labour (CPI)	Composite
2013	4.3%	7.2%	6.3%	5.8%	5.7%
2014	3.3%	3.1%	6.4%	6.1%	5.3%
2015*	-4.0%	-22.7%	12.4%	4.5%	2.4%
2016*	0.0%	15.5%	10.0%	5.7%	6.2%

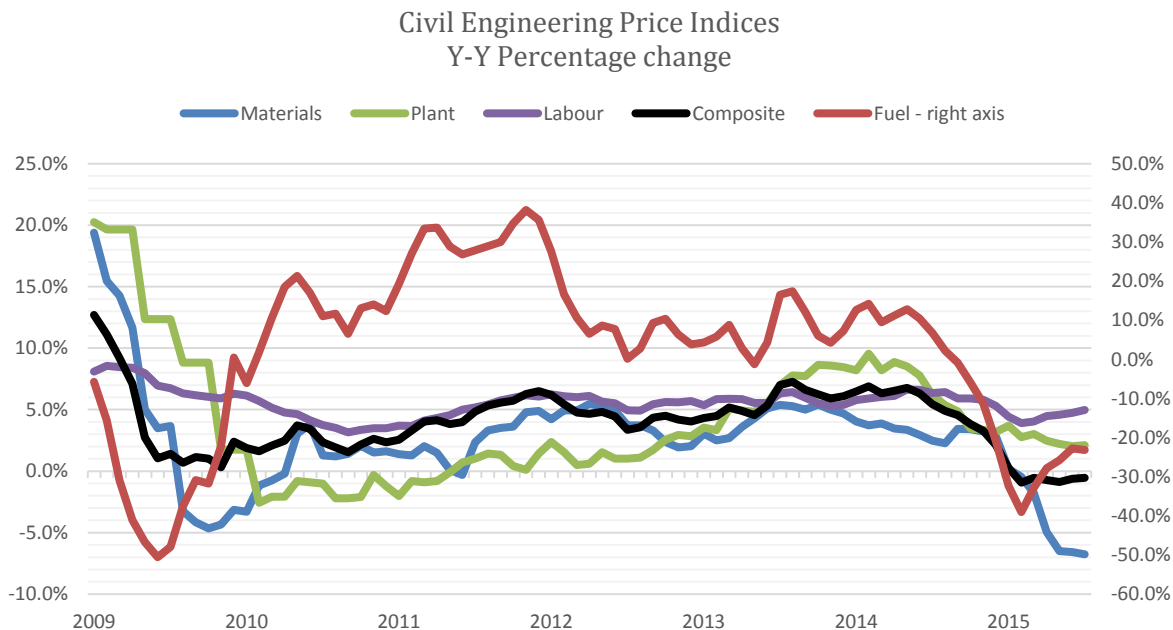


Figure 24: Civil Engineering price movements (Source: Stats SA)

Table 18: Macro Price Assumptions

	2012	2013	2014	2015	2016	2017
R/US\$ Exchange Rate	8.2	9.7	11.3	12.7	14.0	13.3
Oil price (\$ per barrel, UK Crude oil)	111.8	108.0	80.0	55.0	57.8	63.5
Oil Price (ZAR per barrel)	917.9	1042.2	904.0	698.5	806.8	843.1
CPI (% change)	5.7%	5.8%	6.1%	4.5%	5.7%	5.3%

Table 19: CPAF Indices Forecast 2012-2017

<i>Index 2012= 100</i>	2012	2013	2014	2015	2016	2017
Plant	100.0	106.3	113.1	127.1	139.8	132.8
Fuel	100.0	107.2	110.6	85.4	98.7	103.1
Materials	100.0	104.3	107.7	103.4	103.4	105.5
Labour	197.2	208.5	221.2	231.1	244.3	257.2
Composite	129.1	136.4	143.6	147.0	156.1	159.0
Y-Y Percentage Change						
Plant	1.6%	6.3%	6.4%	12.4%	10.0%	-5.0%
Fuel	8.8%	7.2%	3.1%	-22.7%	15.5%	4.5%
Materials	3.9%	4.3%	3.3%	-4.0%	0.0%	2.0%
Labour	5.7%	5.8%	6.1%	4.5%	5.7%	5.3%
Composite	4.5%	5.7%	5.3%	2.4%	6.2%	1.8%

Table 20: CPAF Indices (Quarterly Average)

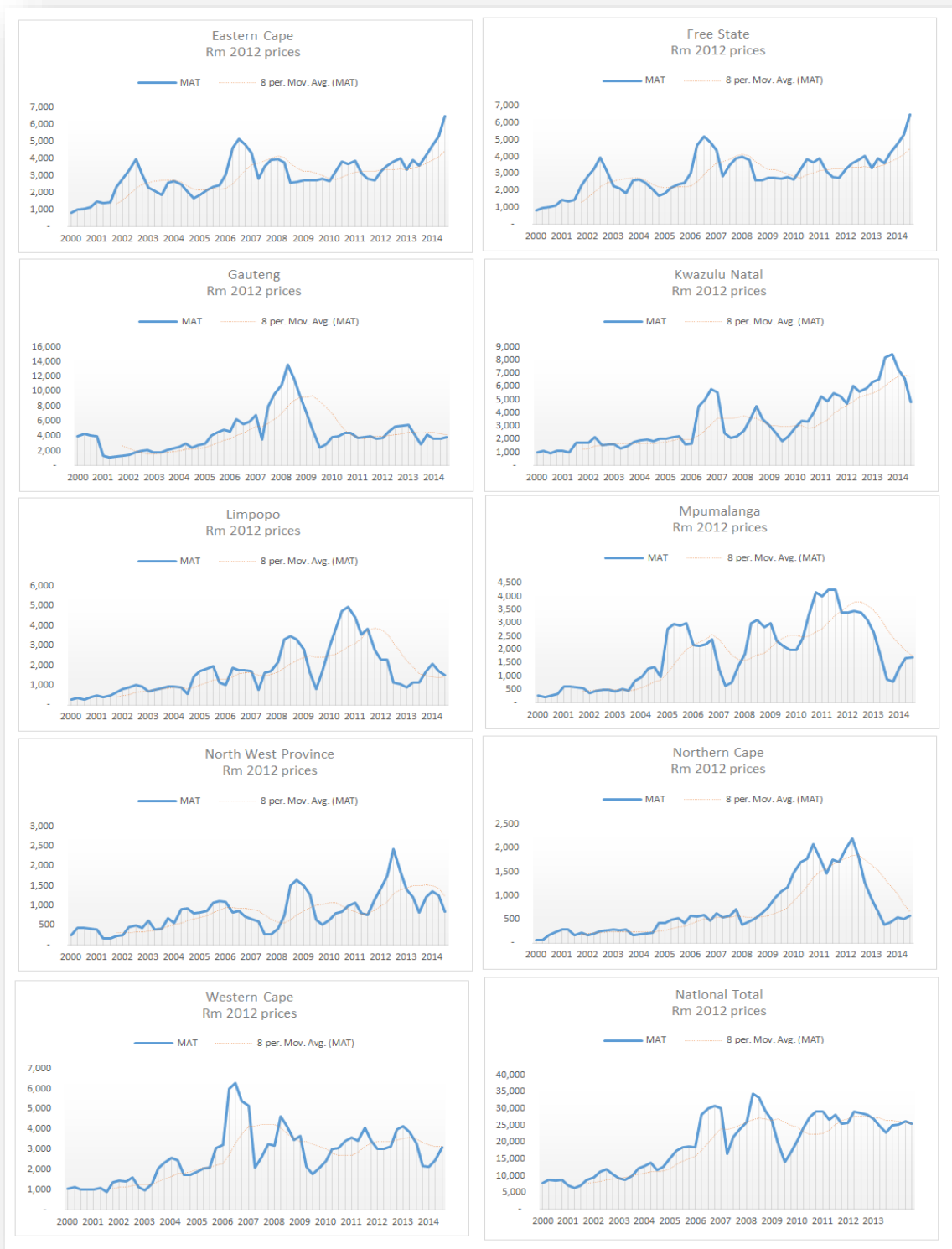
Year	Quarter	CPAF Indices 2012=100					Y-Y Inflation				
		Materials	Labour	Fuel	Plant	Composite	Materials	Labour	Fuel	Plant	Composite
2012	1	99.6	193.3	99.0	98.9	127.5	4.7%	6.1%	17.8%	1.5%	5.5%
	2	100.0	196.2	101.2	99.5	128.8	5.2%	5.8%	7.6%	1.0%	4.6%
	3	100.1	198.0	94.8	100.4	129.0	3.6%	5.1%	4.1%	1.3%	3.8%
	4	100.1	201.1	105.1	101.2	131.2	2.1%	5.6%	6.8%	2.8%	4.2%
2013	1	102.4	204.4	105.3	102.8	133.4	2.7%	5.7%	6.3%	4.0%	4.7%
	2	104.3	207.2	103.1	104.5	135.1	4.3%	5.7%	1.9%	5.1%	4.9%
	3	105.4	210.4	109.2	107.9	138.0	5.2%	6.2%	15.3%	7.5%	7.0%
	4	105.1	212.0	111.3	109.8	139.2	5.0%	5.4%	5.8%	8.6%	6.1%
2014	1	106.3	216.5	118.0	111.7	142.1	3.9%	5.9%	12.1%	8.7%	6.6%
	2	107.7	220.6	115.0	113.3	144.0	3.3%	6.5%	11.5%	8.4%	6.5%
	3	108.2	223.5	112.1	113.8	144.9	2.7%	6.2%	2.7%	5.5%	5.0%
	4	108.5	224.0	97.1	113.5	143.5	3.2%	5.7%	-12.7%	3.3%	3.1%
2015	1	105.6	225.4	77.0	115.2	141.6	-0.7%	4.1%	-34.7%	3.2%	-0.4%
	2*	101.3	230.8	85.7	115.8	142.9	-6.0%	4.6%	-25.5%	2.2%	-0.7%
	3*	100.7	234.1	87.3	116.1	144.0	-7.0%	4.7%	-22.1%	2.0%	-0.6%
	4*	104.0	235.0	84.5	129.2	148.9	-4.2%	4.9%	-13.0%	13.8%	3.7%
2016	1*	102.2	239.3	100.0	137.2	153.6	-3.2%	6.2%	29.8%	19.1%	8.5%
	2*	103.4	243.2	99.1	138.9	155.6	2.1%	5.4%	15.6%	19.9%	8.8%
	3*	104.0	239.3	98.0	141.0	155.1	3.2%	2.3%	12.3%	21.5%	7.7%
	4*	104.0	248.4	97.6	142.1	158.1	0.0%	5.7%	15.5%	10.0%	6.2%
*forecast											

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ANNEXURE A

Table 15: Provincial Summary Value of civil contracts awarded



(Source: Industry Insight, Databuild)

Figure 25: Provincial Trends

<u>Y-Y Percentage change (MAT, Real)</u>										
Quarter	EC	FS	GAU	KZN	LIM	MPU	NWP	NC	WC	TOT
201403	4.7%	8.2%	-21.4%	45.1%	61.2%	-74.4%	-34.3%	-66.0%	-45.2%	-11.1%
201404	43.3%	19.9%	-33.9%	14.8%	133.9%	-50.9%	-2.7%	-41.6%	-48.6%	-6.5%
201501	35.3%	119.8%	-14.2%	0.3%	50.6%	-10.5%	3.4%	-22.8%	-36.8%	5.4%
201502	80.8%	59.3%	36.0%	-41.4%	31.2%	92.3%	1.1%	50.3%	-5.8%	11.9%
<i>Change in rand terms</i>	2,896	1,019	1,012	(3,399)	352	818	9	193	(192)	2,708
<u>Annual Percentage Change (Real)</u>										
2010	-6.9%	-24.7%	-66.6%	-35.6%	-45.6%	-29.4%	-43.2%	98.9%	-47.0%	-42.4%
2011	34.3%	28.8%	17.0%	69.9%	156.0%	64.5%	20.2%	57.5%	55.5%	54.1%
2012	-18.4%	-14.4%	-7.2%	26.6%	-30.7%	10.2%	12.5%	-6.3%	6.7%	-3.5%
2013	23.3%	25.6%	36.4%	17.5%	-57.0%	-17.3%	78.6%	-9.9%	2.4%	6.2%
2014	11.7%	-7.0%	-28.2%	28.1%	13.1%	-61.5%	-37.9%	-67.7%	-19.7%	-13.2%