

2004 kicks off with successful President's Breakfast

The annual President's Breakfast for the media was held recently at the Rosebank Hotel and Craig Clarke, SAACE President for 2004 addressed members of the media on his focus and theme. He highlighted that one of the top priority areas of focus during his presidency will be the formulation of a broad-based black economic empowerment (BEE) policy for the industry.

Says Craig: "Government's broad-based BEE policy is a brilliant strategy which could not only achieve rapid and meaningful BEE, but it would also significantly contribute to economic growth. Furthermore, it will go a long way towards overcoming the problem of fronting, which has for some time been an issue that SAACE has been tackling."

At SAACE's Convention and AGM, the Association decided to develop its own BEE policy in line with the balanced scorecard system developed by the Department



From left: Craig Clarke, President; Graham Pirie, Executive Director; Webster Nnodana, Second Vice-President and Althea Povey, First Vice-President.

of Trade and Industry (DTI).

Craig says that the intention is to incorporate SAACE's strategy into a Construction Industry Charter. He reported that the CSIR had been appointed in 2003 to assist the Association in the development of its BEE strategy and from its investigations, some key demographics emerged.

"Currently less than 5% of registered professional engineers in South Africa are black. This impacts negatively on the industry's capacity to grow equity within the profession, as it is essential that engineering practices should continue to be owned by engineers.

"However, on the positive side, over 10% of executive

management of SAACE's member firms and over 25% of professional and technical staff are black. In total, more than 30% of staff employed in consulting engineering firms are black. The members still have a way to go, but in terms of the available resources they are doing well."

More about Craig and his focus for 2004 on page 2.

IBDS visits World Bank in Washington

The International Business Development Section (IBDS) of SAACE recently returned from a successful visit to Washington, which has seen the establishment

of a functioning South African Consultants Trust Fund (CTF) at the World Bank and the International Finance Cooperation (IFC) – the private

sector investment arm of the World Bank. The IBDS has actively supported the establishment of the first South African CTF for some time.

Says Roelof van Tonder, International Business Development Manager of SAACE: "During our visit, we met with various officials of the World Bank and IFC as part of a SA delegation which aimed to contribute to the implementation of a new funding mechanism."

The CTF is only the first step in a long process of increasing our industry's engagement with the World Bank/IFC.



Roelof van Tonder (second from left) hard at work with representatives of the World Bank and the International Finance Cooperation (IFC) discussing the South African Consultants Trust Fund (CTF). Also in the picture are Adolf Bauermeister of Ingérop Africa (Botswana) and Jeremy Wood of Vela VKE.

Inside

Recruitment, fees and capacity building will be Presidential focus	2
Prioritising Legal Risk Management	3
Pursuing good business etiquette in Africa	4
New process for Excellence Awards	5
Young Professionals Forum to be launched	6
Young Engineers Award criteria	6

Meet the 2004 President – Craig Clarke

The Association is fortunate to have had the commitment of Craig Clarke for many years. Craig first served the Association at branch level in 1987 and was Branch Chairman of the Eastern Cape Branch in 1992/3 during which time he was also a member of the Council. Since 1996, he has served as an elected member of Council as well as participating on numerous committees. His most notable role was in 2003 as Chairman of the Fees and Documents Committee wherein he also represented the SAACE on the ECSA Fees Committee. It was during this time that he also served as First Vice-President to Dempsey Naidoo.

He has also been a Peer Reviewer in the SAACE Peer Review Programme, which seeks to enhance the profession by encouraging member firms to

have their firms reviewed and evaluated by their peers.

Says Executive Director of SAACE, Graham Pirie: "With 33 years' experience as a mechanical engineer and his years of voluntary service to the Association, Craig brings a wealth of experience to his role as President this year. He also provides us with an opportunity to forge closer ties with some of the other disciplines within the consulting engineering profession."

Craig matriculated at Grey High School in Port Elizabeth and completed his BSc and MSc Mechanical Engineering at the University of Cape Town, where he also worked as a research assistant while completing his post-graduate studies. In 1971, he joined the CSIR in Somerset West before returning to Port Elizabeth in 1972 where he joined Clinkscales Maughan-Brown, a leading firm of mechanical and

electrical consulting engineers that today has been in existence for more than 50 years. He has remained with the firm rising to the position of Managing Director in 1998.

Professionally, Craig has a broad range of experience, which includes the full range of fire protection, specialised fire detection and extinguishing systems as well as lift and hoist installations, diesel and electric pumps and power generation systems, refrigeration, hot water and steam generation and piped services. He is strong on the analysis and resolution of mechanical engineering problems and has been called upon to provide expert technical opinion in a wide variety of instances, including insurance claims, legal disputes and similar situations.

Craig is married to Alsona and they have two sons, André, a graphic designer and Gregg, a



Craig Clarke, President of SAACE 2004.

construction manager. Like many engineers, he is a keen DIY man but his other passions are water-sports, especially fishing. He says that he keeps fit by exercising the family's two large Belgian Shepherd dogs.

Recruitment, fees and capacity building will be Presidential focus

For some time, the SAACE has been reporting that there is a critical shortage of engineers both black and white, and it recognises that more black students need to be recruited to the industry. Craig Clarke, SAACE President 2004, said in his address at the media breakfast that part of the difficulty is that since the construction industry has long been in decline, it has negatively impacted on the remuneration of consulting engineers and that this is an area where he will focus his efforts.

"If we are to attract new recruits to consulting engineering, the culture of fee discounting has to be addressed. It is in the national interest for engineering professionals to be remunerated fairly, and while certain government departments still insist on applying outdated fee scales, the Association believes that increasingly, consulting engineers will decline appointments for work where inadequate remuneration is offered.

"The current situation is not sustainable and if our engineering

capacity is not addressed, it will not keep pace with the expected economic growth and infrastructure demands over the next 10 years. Preliminary indications show that with annual growth in the region of 3 to 5%, the construction industry will have to double its capacity within 10 years.

"For consulting engineering, this means a further 10 000 professional engineers will be required in order to meet future industry requirements. Without additional engineers, the country's economic growth could be seriously hampered.

"If fair remuneration is possible, consulting engineering will become a more attractive career option and it will be easier to attract new recruits to the industry."

Capacity building within South Africa is not the only issue facing the Association. It has expressed its commitment to NEPAD and it has highlighted some of the capacity issues facing Africa as a continent.

"We recognise that South Africa's future is linked to Africa

and we are wholly committed to the principle that Africa must be developed by Africans. However, the allocation of donor funds is an issue that we have raised before and on which we will focus more of our efforts during 2004.

"Aid money often benefits the donor country and its economy more than the recipient country. As much as 70% of aid money goes back to the donor country, because of the prevalence of tied aid.

"Donors are also sceptical of Africa's ability to deliver, however, there are many good consulting engineers in Africa, but as a group they lack the capacity and organisation necessary to display the resources and expertise that will encourage the lending agencies to appoint local engineers rather than foreign ones.

"Within FIDIC there is the Group of African Member Associations (GAMA) and, working with GAMA, SAACE has initiated a process to establish a permanent Secretariat for GAMA

in Africa. We have already engaged with NEPAD, the Africa Development Bank and the World Bank to secure seed funding for the project.

"On another level, through SAACE's international business development section, we are encouraging our member firms to partner with African consulting engineers in order to build capacity and lend support to projects in Africa. The goal is not for South African firms to take on all the work, but to assist our fellow Africans build capacity within their own countries."

Other areas that Clarke will focus on are the negative impact of preferential procurement policies, HIV/AIDS awareness and the continuing transformation of SAACE from relying on the voluntary part time services of its members to serve on committees to a point where the Directorate takes on an increasing number of executive duties. Capacity building in this regard has progressed well.



Source: Otto Horvath



Source: Umar Rizwan

Prioritising legal risk management

By Gary Rabie, Glenrand MIB

Over the past couple of years, SAACE, together with Glenrand Legal Risk Consultants, have been engaged in a concerted drive to increase awareness among consulting engineers of legal risk management (LRM). This includes not only informing consulting engineers of what LRM entails, but more importantly how it can be of benefit to them if they embrace the general principles of LRM.

SAACE, Glenrand MIB as brokers for the SAACE professional indemnity (PI) insurance scheme and the relevant underwriters have identified LRM as a key area within consulting firms that needs to be attended to. By and large, a number of PI claims paid out by the scheme could have been either avoided or drastically reduced had the relevant insured consultant applied basic LRM principles at the outset of the project.

It is worthwhile to mention that this LRM drive is not peculiar to

South Africa. Both the relevant engineering associations in New Zealand and the United Kingdom endorse similar LRM principles for use by their members.

One of the most tangible benefits for consultants is that by applying LRM principles they are able to play an active role in managing their PI insurance exposure. First and foremost, consultants should be entering into properly negotiated and considered agreements with their clients, prior to the commencement of a project. By doing so both the consultant and the client will have a clear picture as to what each is entitled to expect of the other.

From a PI insurance perspective, this dramatically reduces the potential legal costs associated with a PI claim. The legal representatives appointed to defend the consultant in the event of litigation will have a considerably easier time determining what a consultant's obligations were, when there is a signed contract in place as opposed to the situation where the consultant has to attempt to remember what was

discussed between him and the client that is now suing him.

Turning to the contract documentation itself, it is important to include clauses that limit a consultant's liability towards the client. Having said that, no doubt there are consultants reading this that would say you cannot do such a thing. Fortunately the High Court of South Africa has ruled on this, although indirectly, when it upheld the limitation of liability clauses included in the SAACE Standard Form of Agreement. This is good news for consultants who are of the erroneous belief, or have been told by clients, that such limitation provisions are illegal, *contra bonos mores* or otherwise.

SAACE has two active committees involved in LRM. The Risk Management Committee

and the Fees and Documents Committee convene on a bi-monthly basis to consider LRM issues that affect the profession. It is therefore important for members who are experiencing a peculiar problem to notify SAACE in order to allow these committees to consider it and to start a process aimed at solving the problem.

Ultimately, every consultant has to take responsibility for legal risk management. A failure to do so will only result in a continuation of clients being able to exploit consultants for their professional services at even greater discounted fees. With LRM, consultants are able to take back their profession and elevate it to the status that it rightfully deserves.

Risk Management dates to diarise

Event	Date	Venue
Risk Management (Pajero 3)	Aug/Sep	Gauteng
Risk Management Case Studies	Aug/Sep	Gauteng

For further information on these School of Consulting Engineering events, call Johan van Schalkwyk on (011) 463-2022.

New Friends of SAACE

SAACE Council welcomes Daily Tenders

At the most recent meeting of Council, the SAACE welcomed Daily Tenders as a new Friend of SAACE.

It was felt that a synergistic and mutually beneficial relationship could be developed between the SAACE, its members and Daily Tenders and that over time there would be increasing opportunities to interact and benefit from the relationship.

Daily Tenders – started in 1999 – has grown to have offices in Johannesburg and Pietermaritzburg, with the Cape Town office due to open in

2004. All 17 staff members have contracting or engineering backgrounds and they are employed in the delivery of the company's main products, which are tender services, early warning of market intelligence and on-line pricing. Other services offered include: bill translation services, award notices, site registers and provision of general industry related news.

Member firms will be able to receive notices of tenders, use the online facility as an information resource to source suppliers and documents, and use it as a means to disseminate information to tenderers.



From left: Dyrick Hobbs (Director, Daily Tenders), Craig Clarke (2004 SAACE President) and Victor Terblanche (Managing Director, Daily Tenders).

Pursuing good business etiquette in Africa

By Roelof van Tonder, IBDS

Business etiquette is probably one of the most difficult things to deal with when working in Africa. Decisions are often influenced by the impression gained in the first five minutes of a meeting. Internationally, it is generally accepted that the golden rule of business etiquette is to be open-minded, non-judgmental and flexible.

In Africa the words non-judgmental, open-minded and flexible should be interpreted in the widest sense possible. South Africa has two particular hurdles

when it comes to doing business in Africa. The first is due to our particular history that has resulted in various unhelpful stereotypes existing among South Africans in general. The second is the well-known fact that South Africa is often viewed as an economic powerhouse ready to devour its African counterparts in an imperialist fashion.

For this reason, good etiquette also extends to incorporating good business practice into joint



Roelof van Tonder,
SAACE International
Business Development
Manager.

ventures. In order for member firms to establish successful joint ventures in Africa, it is important that moral fundamentals such as building equitable partnerships, skills transfer and capacity building come into play. The objective of any joint venture partnership in Africa should not be to acquire the work for the

benefit of solely the South African company, but also to ensure local participation to a degree that what is left behind is a legacy and is of

a sustainable nature.

The Association, through the activities of the International Business Development Section and the School of Consulting Engineering in Africa, will start creating a positive background against which members can sell their services into Africa. However, this will amount to nothing if good business practices are not incorporated into joint venture agreements. In just making the effort to achieve these fundamentals, it is possible to develop a business etiquette that affords you a valuable edge over the competition.



Meet the team

Back from left: Roelof van Tonder, Graham Pirie, Johan van Schalkwyk, Hillary Hoskins. Second row, from left: Jean Stanford, Cynthia Kwatsha, Linda Coetzee, Nomsa Khumalo, Jean Newman. Front: Tony Bradley

Raising the profile of SAACE at IMIESA and PIARC



At the 2003 PIARC World Road Congress in Durban are from left, Nic North-Coombes of GKMS, Roelof van Tonder, David Adamson, a delegate from New Zealand, Allyson Lawless and Dave Temple of SNA.

Seen with the new exhibition stand at the IMIESA Conference are (from left) SAICE past president, Allyson Lawless; Graham Pirie, Executive Director, SAACE; and Paul Rogers, Export Manager, SAFCEC.



New process for Excellence Awards

Members will have received notification of the Glenrand MIB Excellence Awards' new requirement for pre-entry. This process has been initiated for 2004 to encourage a greater number of participants in the recognition process and to ensure that the full entries are compiled for the most appropriate category of award and submitted timeously.

Furthermore, as there is no fee payable for pre-entry and the initial requirement is only a one page summary document, this is expected to make the initial stage quicker and easier for firms. It was felt that in the past, many firms missed the opportunity to participate because of the amount of time required to compile a full entry within the

limited time-frame available.

Says Graham Pirie, Executive Director: "This new process will allow the Awards Committee to review the proposed entries and then advise firms on the best category to enter. Each proposed entry will then receive a detailed list of requirements for that category which should be included in the full entry. It also ensures that entries in the same category follow a specific framework, which will make adjudication both easier and more equitable.

The deadline for the submission of full entries is Friday, 28 May, and the SAACE Glenrand MIB Excellence Awards banquet will be held on Monday, 11 August.

School hosts two successful events

The SAACE School of Consulting Engineering (SCE) has already hosted two successful events at the start of the New Year. The first being a business seminar on Commercialising of Professional Services, which was held at Conference Park in Midrand on 27 January and the second being a seminar on the New Construction Regulations relating to Occupational Health and Safety (OH&S) which was held on 10 February also at Conference Park.

Says Johan van Schalkwyk, Manager of the SCE: "Both seminars were extremely successful and have garnered positive feedback from participants."

Issues addressed during the Commercialising of Professional Services Seminar related to the increasingly competitive environment in which consulting engineers find themselves

operating. This is characterised by many uncompromising clients pursuing cost-based selection rather than quality cost-based selection. As a result, the consulting firm is pressured to reduce fees leading to fee cutting which invariably compromises quality.

With a team of presenters which included Craig Clarke, SAACE President; Bob Pullen, ECSA President; Malcolm Pautz, CIDB Procurement Manager; Bruce Mkhize, ECSA Legal Officer; and Francois Swart, CEO of Bigen Africa, the seminar offered the 120 participants an informed view of the issues and ways to counteract the negative effects of fee cutting practices.

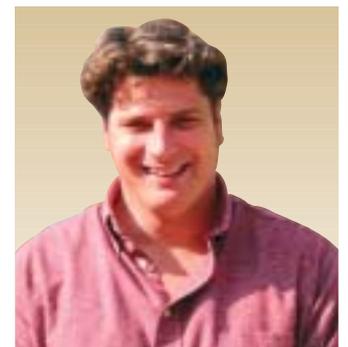
The debate centred on whether or not consultants knew when to say no to a client or whether they had become so desperate for work that they would accept it at a loss.

According to Johan, the second seminar presented by Dr Theo Haupt and Professor John Smallwood, has turned out to be the hot topic of the year.

Says Johan: "The new changes to the OH&S Regulations for the construction industry have created quite a stir among the consultants. With the client now being responsible for the safety plan and risk assessment, this opened up a can of worms. The consultant, by default, ended up with the responsibility in his lap again. Not being experts in this field, the level of risk involved has created valid concerns among consultants."

During the seminar, Professor Smallwood made it clear that there should be a paradigm shift from the approach of 'who does what' to instead focus on the number of lives that could have been saved.

The role of the various stakeholders was addressed and a better understanding of the full picture was conveyed to the 75 participants. Professor Smallwood says that the client cannot abdicate his responsibility to the consultant and the consultant should not accept this obligation. He also cautioned consultants about the risk involved when assuming the role as a safety officer.



Johan van Schalkwyk, Manager, School of Consulting Engineering.

Message from Graham's desk

Young Professionals Forum to be launched



While we were at the FIDIC Conference 2003 in Paris, our immediate past President, Dempsey Naidoo, and President, Craig Clarke, attended and participated in the Young Professionals Forum (YPF), which formed part of the proceedings. Dempsey was impressed with the impact and energy of this forum and since our return we have spent some time discussing a similar initiative for South Africa.

Internationally, among other FIDIC member consulting engineering associations, there is already a move to form what could become a worldwide forum of young professionals who can exchange information and bring

new ideas into the profession.

Some of the member associations, such as Japan, Australia and New Zealand, have already formed their own young professional groupings, which although they are either relatively informal or constituted as a sub-committee, are already successfully running a Young Professional Exchange Programme between the three countries.

Sweden has already created a formal structure within its association which consists of up to 15 young professionals nominated to participate in Yngre radet, which operates as a think tank for the Swedish Federation of Consulting Engineers and Architects with the objective of capturing the ideas of the young professionals in order to make consulting work more

attractive for the next generation.

Interestingly, none of these countries have progressed to the level of providing seminars, workshops and training courses that we have. The only other association of which I am aware that provides training is the Association of Consulting Engineers (ACE) in the UK.

We know that consulting engineering is an ageing resource. With too few recruits joining the industry, and the average age of professional civil engineers being more than 50, it is essential that the young engineers already in the industry are fast-tracked.

Since the SAACE has recognised young professionals as being the future of the profession, during 2004, we will launch our

own YPF with objective of attracting and retaining young professional and technical people.

From my personal experience the value attached to YPFs internationally demonstrates that there is a gap in our local profession for the role that young firms and young professionals can play.

We are pleased to say that we have had open discussions with SABTACO and it is supportive of the initiative, so it is likely that the establishment of a YPF in South Africa would be under the auspices of both SAACE and SABTACO.

For further information, please contact Graham Pirie on (011) 463-2022.

Young Engineer's Award criteria

In line with this year's focus on the development of young professionals, the SAACE has decided to establish a new category for inclusion in the SAACE Glenrand MIB Excellence Awards – Young Engineer of the Year.

Criteria for nomination and adjudication in this category are as follows:

- The nominee must be less than 35 years of age;
- The nomination may be

made by co-workers, but the nomination must be approved by the head of the nominee's firm;

- The nominee must be available, should he receive the Award, to attend the FIDIC convention due to take place in Copenhagen on 12-16 September 2004, depending on the availability of corporate sponsorship;
- The nominee must be

available to serve on the Young Professionals Forum (YPF) for a 12-month period;

- The nomination should consist of a motivation of the outstanding achievement of the nominee.

Details of the format for the full entry are available from the SAACE. This is considered to be a prestigious opportunity to participate in the global network of consulting engineering.

Editor's note

We have tried to make this issue topical and as a result we have reviewed the most recent news, namely the President's Breakfast with the media, two very successful School of Consulting Engineering (SCE) events, and some of the most recent changes to the Excellence Awards format.

Another highlight in this issue is the article on Legal Risk Management by Glenrand MIB.

Please also diarise the important dates in this issue for the upcoming Presidential regional visits, the deadlines for the Excellence Awards and for the upcoming SCE seminars.

Having experienced a change of editor, I trust that you will find that this issue meets your expectations and that the newsletter remains as popular as ever as a means for communication with our members.

Please submit articles, letters or requests to lorraine@primaryfocus.co.za

Calendar of events

Important dates to diarise

Date	Event	Venue
14-17 March 2004	GAMA	Abuja, Nigeria
17 March 2004	Presidential visit to Free State	Fichardt House, Bloemfontein
18-19 March 2004	Presidential visit to Northern Cape	Australians Arms, Kimberley
*23 March 2004	Occupational Health and Safety Workshop – new legislation	Western Cape, venue to be confirmed
*6 April 2004	Occupational Health and Safety Workshop – new legislation	KwaZulu-Natal, venue to be confirmed
*22 April 2004	Business Report Writing Workshop	Venue to be confirmed
22-23 April 2004	Presidential visit to KwaZulu-Natal	Sica's
*12-13 May 2004	FIDIC Contract Documents Workshop	Western Cape, venue to be confirmed
12-15 September 2004	FIDIC	Copenhagen, Sweden
21-23 October 2004	SAACE AGM/Convention	Port Elizabeth

*School of Consulting Engineering – for more information call Jahan van Schalkwyk (011) 463-2022