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DAM FINE: The Cesa Award for Engineering Excellence on projects with a value greater than R250-million was won by the Braamhoek Consultants Joint Venture, comprising GIBB, Knight Piésold and SSI Engineers and Environmental Consultants, for the Bedford Dam-Ingula Pump Storage Scheme for Eskom

Safety at risk from criteria, price war

PRICE and empowerment are driving the procurement of professional services, and this can result in dangerous, less-effective and often costlier infrastructure projects.

Mphikeleli Thela, deputy-president (elect) of Consulting Engineers South Africa (Cesa) and vice-chairman of consulting engineers Nyeleti, pointed out that public-sector procurement was governed by legislation, in particular the revised Preferential Procurement Policy Framework Act (PPPFA).

"When government procures services for projects over a certain size, it must be by open tender. Consulting engineers submit their bids and go through the adjudication process.

"At the moment adjudication takes place on the basis of 90:10

for very large projects or 80:20 for those that are below that threshold. Respectively 90% or 80% of the points are allocated to price and 10% or 20% to empowerment.

"These are professional services that are being procured, but selection is being made on the basis of how black or white the bidding firm is and the price that is put forward.

"Neither of these measures takes into account the qualifications, experience and track record of the consulting engineers bidding for the work. Although there is a quality threshold, it is still insufficient and not in the best interests of the client or the project," Thela said.

He said that the PPPFA, prior to the revisions, did bring quality into the equation and government needed to bring this



WARNING: Mphikeleli Thela of Consulting Engineers SA

element back into the process.

Thela made the point that some projects were highly technical and very specialised. Therefore, not incorporating

quality into the tender process could end up costing the country more.

Not only could designs be less than optimal, but there is a danger that oversight of construction might be less rigorous than is required.

"There are some very real dangers involved when projects are awarded to firms with insufficient skills and experience. Service delivery could be slowed, as some projects will simply not get to completion and others may be of poor quality, adding to the life-cycle cost of the project," Thela said.

He added that professional services made up less than 2% of the life-cycle cost of a project, but inadequate procurement limited the level of innovation, effort and expertise that could be put into projects, because

the projects were driven by price instead of expertise.

Consulting engineers are cutting their prices to the bone as they compete with each other for the work.

However, this means that firms can no longer afford to allocate the resources, time and effort to projects, and this leads to an erosion of the quality of projects being delivered to government.

"We are engaged in a price war. Not only is this detrimental to the individual firms, but it is having a negative long-term effect on our industry.

"The present fee proposals are not profitable. Therefore, some firms will not survive; those that manage to stay in business do not have the resources to employ more qualified people, and their ability to

invest in development and training will be limited," Thela said.

He said the government and the industry needed to find a solution that would benefit public-sector infrastructure delivery, and safeguard and build SA's engineering expertise.

"Making quality — the expertise, qualifications and track record of the service providers — a key element in the tendering process helps government ensure that infrastructure projects are successfully implemented. It also ensures that government is getting good-quality infrastructure that will perform effectively and efficiently.

"Inexperienced consulting engineers can literally get people killed, and the projects commissioned on the basis of saving money will end up costing more," Thela said.

