Master Builders South Africa

is the leading representative body in the building industry in South Africa. It is a national organisation that functions as a Federation of registered employer Associations representing contractors and employers operating in the building industry, and is regulated in terms of Section 107 of the Labour Relations Act, Act 66 of 1995.

Its primary role is to promote the viewpoints and interests of its members and the industry, to promote the highest quality and standards, best business practice, to establish and maintain strategic relationships, as well as interact and engage with Government and other legislative bodies on national issues that affect the industry for the purpose of creating a sustainable business operating environment for the building industry in South Africa.

The Federation’s nine Master Builders Associations and three Affiliate Associations represent some 4000 contracting members. In terms of their codes of conduct, these members are required to manage their businesses in an equitable manner, ensuring that all work is of the highest quality and carried out efficiently, to satisfy the building requirements of the client, by complying with contractual obligations with integrity and objectivity. Master Builders aims to ensure that the building and construction industry plays a constructive role within the country’s economic growth and development goals.

Our Vision and Mission

Vision

• the leading body in the building industry

Strategic Drivers

• promoting best practice
• establishing and maintaining strategic relationships
• interacting with Government on national issues
• growth, development and sustainability

Photographs: Courtesy of AVENG Grinaker-LTA
FOREWORD BY THE PRESIDENT

The South African economy continues to show weaknesses.

Global economic growth rates are below their long run averages. In South Africa, continued depressed commodity pricing, uncertainty around the impact of Brexit on our domestic market, fragile labour relations, concern over electricity and water security and a predicted zero% GDP growth rate for 2016 all impact negatively on an outlook for the South African building sector that does not look promising.

Protests against lack of service delivery, ongoing corruption scandals and general discontent with the state of the economy manifested itself with a significant decrease in support for the ruling party during the local elections held in August 2016. The impact was that in several of the larger Metropolitan areas, including Tshwane, Johannesburg and Nelson Mandela Bay there was no majority resulting in coalition discussions. The impact of municipal coalitions on the ability to govern effectively will be closely watched.

The fourth quarter of 2016 will be critical for the implementation of fiscal consolidation reforms, without which a downgrade of the country’s credit rating to junk status will become a reality.

The reform of the construction sector continues with the recent unveiling of the draft Construction Sector Code for Black Economic Empowerment. This code, together with other initiatives to prioritise black ownership, is predicted to significantly change the construction landscape with companies having to “adapt or die”. Several private organisations have positively embraced change and major reform amongst the listed companies is expected within the next 12 months.

Against this backdrop of change, Master Builders South Africa, continues to transform positively with the leadership demographics more reflective of the country than ever before in its history.

In October 2015, Master Builders South Africa welcomed Mr Roy Mnisi as the incoming Executive Director. Under Roy’s leadership, Master Builders has been able to provide a more effective and cohesive alignment of policy and action ensuring that being “the Leading Voice in the Building Industry” is becoming more of a reality.

The annual Safety Competition remains the pre-eminent Safety Competition in the country, raising awareness of site safety across its membership base and the industry at large.

Pierre Fourie who for the past 25 years has been synonymous with Master Builders South Africa officially retired at the end of July 2016. Pierre who currently continues to provide support to the office, is commended for the invaluable contribution that he has made to the Association over the last quarter of a century. Marie Ferreira has also achieved the landmark of 25 years’ service and continues to provide secretarial and administrative support.

Incoming President, Mr Bonke Simelane and his Vice President, Mr John Matthews will no doubt continue to build on the Transformation and Innovation themes that were initiated two years ago. Under their stewardship, Master Builders South Africa is in good hands.

The term of office of the immediate past president, Mr Colin Cozens terminates at Congress 2016 and Colin is thanked for his service and leadership that he brought to this role.

Finally to the Board, Executive Committee, Subcommittees and key sponsors, many thanks for the support that you have given to me, my fellow Officers and Master Builders South Africa over the past year.

Neil Cloete
President
2014-2016
EXECUTIVE DIRECTOR’S REPORT

It is that time of the year again when we have to pause and reflect on what we have been able to achieve in the past twelve months. Like many other years, the year in review had its own challenges and opportunities that directly affected our industry. While not ignoring the challenges that we have been facing as a building industry, it is always refreshing and encouraging to direct our attention to progress and the contribution that the sector continued to make to the economy of South Africa.

As a federation of employer associations, Master Builders South Africa has been striving to remain true to its vision of being the leading body in the building industry. This is a very huge responsibility that required constant self-evaluation, a flexible approach and adaptation to the changing socio-economic climate of the country. During the year under review, Master Builders South Africa has embarked on a robust strategic review and such process resulted in a more streamlined approach that will not only help to reposition the Federation but also contribute to the growth and transformation of the construction sector. The Federation prioritised four key strategic areas, and the latter part of the year under review was used to put systems in place to ensure direct focus and attention to those areas. The four key strategic areas are: Promotion of best practices in the building industry, Increased interaction with Government (National, Provincial and Local spheres as well as industry regulatory bodies), Stakeholder Relations as well as Growth, Development and Sustainability.

As is the case in many sectors of the economy, skills development remained one of the prioritised areas in all our Associations. The year under review saw an increased effort from our Associations to ensure that the declining levels of skills in the industry do not degenerate into a high risk and threat to the industry. Our Associations embarked on various training programmes including capacitation of employers to deal with skills development in their own workplaces. Several capacity building programmes dealing with critical skills areas such as construction occupational health and safety, contractual and legal, construction regulations and others were conducted during the year.

On the other hand, the year has not been all good for the industry when it comes to safety on construction sites. There have been some incidences of failures that also resulted in loss of life. There are many reasons why we as the industry are still badly affected by these types of risks; as an employer body this has been and remains a concern to us and we have prioritised issues of construction safety once again during the year. As indicated above, there have been a number of workshops, training and support programmes by Master Builders Associations aimed at capacitating employees to reduce risks associated with health and safety in the industry. Supported by the Federated Employers’ Mutual Assurance Company (FEM) our Associations were able to run successful annual Regional Safety Competitions which culminated into yet another successful National Safety Competition. This is one of our ways of promoting and encouraging effective and efficient occupational health systems and compliance culture by our builders. We at Master Builders South Africa salute all the men and women who worked harder to ensure that construction workers were safe in their workplace and that our industry not only remains the industry of choice but is an industry that provides a safe working environment for its employees.

It’s a great pleasure to report that, although the economy of the country is not doing well, our industry has not done badly in terms of employment losses in the year. As indicated in this annual report, Statistics South Africa 2016 survey suggests that the formal construction sector employment remains stable while informal construction is soaking up rising unemployment in the country.

Transformation in the industry was the main focus of Master Builders South Africa during the year. Before the repeal of the construction sector codes in February 2016, the Federation had already taken a fresh look and approach to industry transformation. The Federation supported the newly drafted codes which were finalised by the Construction Sector Charter Council in May 2016 and launched in July 2016. Efforts to prepare members for the implementation of codes once they are promulgated were not only a sign of support and dedication but also a move to demonstrate the Federation’s quest to achieve a transformed industry.
In May 2016, the Federation’s Transformation Committee tabled a report proposing a review of its Terms of Reference and its intention to draft a Transformation Declaration. The intention was that such declaration would serve as a commitment by all the Federation’s member Associations to its own transformation agenda which directly supports the country’s overall transformation aspirations. The Transformation Committee of Master Builders South Africa got a well-defined mandate and the Board has approved the Transformation Charter that was signed at the Master Builders South Africa’s 111th Annual Congress in Durban.

The Federation continued to build and maintain good relations with all strategic stakeholders both in the public and private sectors. This was made easy because of many years of the Federation’s commitment to work together with all industry stakeholders for attainment of a growing and stable industry. We managed to take part in most industry related-fora and shared our knowledge and ideas. We continued to build relations with other voluntary associations and have revitalised our relations with the Construction Education and Training Authority (CETA) and believe that this is a significant relationship required for building capacity and addressing skills development in the industry.

FEM’s contribution toward a safe construction sector has been one of the significant pillars supporting the Federation’s quest for safer construction sites. The support we and our Association members received ensured that we were able to achieve country-wide auditing of construction sites for compliance with safety regulations and standards. This support also made it possible for us to name and fame those companies that are complying and also consider ways in which we can assist those that are still struggling to comply. Bill Richardson puts it nicely when he said “We cannot accomplish all that we need to do without working together.”

I would like to conclude by expressing my gratitude to the President of Master Builders South Africa Mr Neil Cloete and the entire Board for their excellent leadership and undying commitment to the Federation and the industry as a whole. Real work and the impact of the Federation sits with the Associations and I would like to extend my vote of thanks to all the Associations’ leadership. Staff members of the Federation also deserve appreciation as they play a huge role in ensuring that the Federation’s plans and decisions are being implemented.

Roy Mnisi
Executive Director
TRANSFORMATION

Executive Summary

The process of creating an Institutional Model and Governance Framework for the operationalisation, implementation, monitoring and evaluation of Master Builders South Africa’s Transformation Programmes and related Focus Areas continued with the revision and alignment of the Transformation Committee’s terms of reference.

This was deemed necessary so that Master Builders’ transformation efforts and initiatives are not only directed and focused inward but also outwards and within the corporate MBAs in accordance with the majority of the activities of the 4 Strategic Outcomes.

This is because of the recognition and acceptance that a great deal which needs to be done and achieved takes place outside Master Builders South Africa and therefore needs to be owned and championed at the corporate Master Builders Associations in accordance with their semi-autonomous nature, with Master Builders South Africa playing a monitoring and oversight role.

The Board has approved the Transformation Declaration which is due to be signed at the 2016 annual Congress. The purpose of the Declaration is to demonstrate and publicly declare Master Builders’ steadfast commitment to and support of the country’s and sector’s transformation agenda and associated efforts and initiatives; including but not limited to the newly drafted but still awaiting-to-be-gazetted Construction Sector Charter Codes.

We would like to express our sincere gratitude to all of them for their sheer tenacity, fortitude, sacrifice, dedication and commitment to the sector in particular and to the country in general. We are confident that they’ll be especially proud when they see their seeds bear fruit.

Strategic Outcome 1: Transformed, diverse and demographically representative MBSA Board and Corporate MBA Leadership

We remain convinced that this is continuing apace in accordance with the set process and timelines as evidenced by recent developments within Master Builders South Africa with specific reference to the incoming President, the new Executive Director, new Manager: Occupational Health and Safety as well as the new Manager: Marketing and Business Development. The Board composition and diversity is also reflective of this proud achievement.

Corporate MBAs have also made their contributions with specific reference to the new Presidents of the KwaZulu-Natal and Western Cape Associations.

Strategic Outcome 2: Transformed, diverse and demographically representative Master Builders Associations Membership

Consensus has also been reached about the need, strategic importance and urgency for corporate Master Builders Associations to conduct a ‘Gap Analysis’ survey to determine or confirm their membership profile in accordance with and aligned to the soon-to-be-gazetted Construction Sector Charter Codes.

It is believed and envisaged that the ‘Gap Analysis’ survey will go a long way towards establishing a region-specific baseline from which each of the Associations can determine their individual targets, strategies, milestones, focus areas etc., including identifying areas of collaboration, overlap and low-lying fruit for quick-gains while all the time adhering to the ‘S-M-A-R-T’ Principle of Simple, Measurable, Achievable, Realistic and Time-based.

These will soon be issued for public comment after a protracted period of negotiations between the representatives of the respective role players. We would like to express our sincere gratitude to all of them for their sheer tenacity, fortitude, sacrifice, dedication and commitment to the sector in particular and to the country in general. We are confident that they’ll be especially proud when they see their seeds bear fruit.

Commitment to the Transformation Declaration, the revised Terms of Reference and the outcome of the ‘Gap Analysis’ Survey will elevate this goal and provide fresh impetus to create much-needed momentum and focus that still remains elusive and lacklustre. This is of supreme importance if we are to achieve the objectives of Strategic Outcome 2. Failure will undermine and negate the letter and spirit of the Transformation Declaration.

Strategic Outcome 3: Support sustainable business practice

It is instructive to note that the Enterprise and Supplier Development (ESD) element of the
new B-BBEE Codes is a ‘40% Sub-Minimum Element’ and places greater emphasis on SMME Development Programmes including punitive measures (B-BBEE Level Discounting) as a consequence of non-compliance with specific reference to entities becoming and remaining an ‘Empowering Supplier’ which was previously referred to as a ‘Value Added Supplier (VAS)’.

It is our considered opinion that our members need to be well-informed and understand how this is going to impact their business operations and strategies adopted for the advancement of this Strategic Outcome especially when the impact of the proposed revision of the Preferential Procurement Policy Framework Act (PPPFA), currently in draft form, is implemented.

It is unclear and difficult at this stage to assess any potential impact and ‘unintended consequences’ if any, for our sector with specific reference to the lack of alignment to CIDB Contractor Grades in so far as the proposed changes are concerned, particularly in the application of the proposed regulations to CIDB 8 and 9 Contractor Graded Projects.

The key changes are as follows:

- The tender categories of 80/20 and 90/10 will continue to apply, however
  - The threshold for 80/20 tenders has changed from tenders between R30K - R1M to maximum R100M
  - For tenders over R100M the 90/10 will apply
- The BEE scoring for the 80/20 and 90/10 will be as follows:

<table>
<thead>
<tr>
<th>BEE Level</th>
<th>BEE point allocation in the (80/20) Tenders</th>
<th>BEE point allocation in the (90/10) Tenders</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>20</td>
<td>10</td>
</tr>
<tr>
<td>2</td>
<td>18</td>
<td>9</td>
</tr>
<tr>
<td>3</td>
<td>16</td>
<td>8</td>
</tr>
<tr>
<td>4</td>
<td>12</td>
<td>5</td>
</tr>
<tr>
<td>5</td>
<td>8</td>
<td>4</td>
</tr>
<tr>
<td>6</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>7</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>8</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>NC</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

- The tenderer must provide proof of his/her BEE level. A trust, unincorporated JV or consortium can qualify as if it were a legal entity but must provide proof of its BEE level
- Every tender can set its own criteria
  - A minimum BEE level
  - where a contract is being awarded for more than R30m the tenderer must sub-contract a minimum of 30% of the contract to one or more:
    - EMEs or QSEs owned by Black people, Black females, Black disabled people or Black youth
    - Local co-operatives
    - Enterprises conducting their business in local townships or rural areas
  - Where designated sectors are involved, the tender document must stipulate that only locally produced or manufactured goods meeting the stipulated minimum threshold will be considered
- Providing false information can result in termination of the contract, claims for damages and prohibition from doing business with the Government for 10 years.

Strategic Outcome 4: Education, Training, Skills Development and Capacity Building

Once again it is instructive to note that the Skills Development element of the new B-BBEE Codes is a ‘40% Sub-Minimum Element’ and places great emphasis on Skills Development Programmes including Coaching and Mentoring. It also has punitive non-compliance measures (B-BBEE Level Discounting).

The Construction Sector Codes have a lower and multi-tiered percentage threshold for the amount of Net Profit After Tax (NPAT) that needs to be spent on Skills Development when compared to the Amended Codes of Good Practice (6%).

Master Builders South Africa recognises that the supply and availability of artisanal, technical and professional skills underpin the ability of the construction industry to transform; therefore transforming the industry cannot proceed at the desired levels without restoring the skills supply line at all levels and across all sub-sectors of the construction economy value-chain.

The restoration of the supply line for artisan training in the construction industry is critical to the sustainability
of the industry including the quality of such artisans, and the quality and relevance of such training including support of schools for appropriate subject-selection and attainment levels.

The Master Builders Associations have responded positively and committed themselves to this Strategic Outcome through various Skills Development and Training initiatives. These will however take time to take root and to have the desired impact due to a plethora of other structural and systemic issues slowing down their progress.

It is envisaged that the Transformation Declaration will help to galvanise efforts in this regard especially the formation/creation of collaborative partnerships to tackle this Strategic Outcome.

Bonke Simelane
Vice President
ECONOMIC REPORT 2016

The South African building industry has several features that shape its performance. Foremost amongst these features is that the industry is labour intensive. Another characteristic is that the industry is cyclical. This implies that it is sensitive to movements in interest rates and the business cycle. Currently, the business cycle is in a downward phase and building conditions are tough, especially in the non-residential sector of the market. In this report we focus on various aspects of the building market. The most important of these relate to demand and employment levels, as well as the profitability of building firms.

International economic growth
Global economic growth rates are pedestrian. It has been eight years since the sub-prime crisis which began in the USA led to a global economic slump. Central banks in developed countries reduced interest rates to boost economic growth. These measures were partially successful, but current economic growth rates are still far below their long-run averages. In the USA, gross domestic product is expanding by a moderate 2% p.a. In the world’s second largest economy, the Chinese economic growth rate has fallen below 7% p.a. Consequently, the demand for commodities has slackened rather abruptly and commodity prices have plummeted. The economic growth rate in the Eurozone is marking time. Given that the UK economy is exposed to the potential negative fallout of Brexit, great uncertainty exists about economic prospects in Britain and the European Union. In Japan, the economic growth rate is barely positive. Both Russia and Brazil are experiencing severe recessions. As a member of BRICS, the South African economy is facing its own headwinds.

Domestic economic growth
According to Statistics South Africa and the South African Reserve Bank, the economy expanded during 2015 by just 1.3%. This modest growth rate was the net result of severe contractions in mining, manufacturing and agriculture. Weak global demand for South African exports and severe drought conditions contributed to this poor economic performance. Economic prospects during 2016 are not rosy with several commentators predicting modest growth of 0.5% overall. In the private sector, new investment in productive capacity is low on account of weak consumer demand and political uncertainty. In the public sector, a large budget deficit (i.e. spending exceeding income) has called forth belt-tightening measures to be put in place. Due to a weaker rand exchange rate and the drought, inflation has accelerated to about 6% p.a. To curtail inflationary pressures in the economy, the South African Reserve Bank has raised interest rates by 200 basis points since early 2014.

In summary, global demand is weak with South Africa being unable to avoid the slowdown in the international economy. With the South African economy performing below its long-run potential of roughly 3% p.a., the building and construction sectors are also reflecting sub-par growth.

Building demand levels
The annual percentage changes in investment levels are presented in the accompanying table. Observe that investment in the total building and construction industry yielded positive growth rates during the past three years. Strong growth rates were recorded in the case of construction works, but growth in building was much more modest. In the residential sector, demand levels recovered during the period 2012/15, but growth rates remained uninspiring. In the non-residential sector, negative growth rates were recorded during the period 2010/13, with 2014 reflecting modest growth of roughly 4%. However, during 2015, a drop in investment of -3.6% had a negative impact on building profitability.
REAL INVESTMENT IN BUILDINGS AND CONSTRUCTION WORKS: ANNUAL PERCENTAGE CHANGES

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>-5.5</td>
<td>-18.3</td>
<td>-4.5</td>
<td>1.5</td>
<td>3.9</td>
<td>2.8</td>
<td>8.3</td>
</tr>
<tr>
<td>Non-residential</td>
<td>2.8</td>
<td>-3.8</td>
<td>-7.2</td>
<td>-1.0</td>
<td>-5.2</td>
<td>3.9</td>
<td>-3.6</td>
</tr>
<tr>
<td>Total building</td>
<td>-1.5</td>
<td>-11.0</td>
<td>-5.8</td>
<td>0.1</td>
<td>-0.9</td>
<td>3.3</td>
<td>2.2</td>
</tr>
<tr>
<td>Construction works</td>
<td>18.8</td>
<td>-7.5</td>
<td>5.2</td>
<td>-0.9</td>
<td>11.9</td>
<td>5.6</td>
<td>5.9</td>
</tr>
<tr>
<td>Total building &amp; construction works</td>
<td>8.9</td>
<td>-9.0</td>
<td>0.5</td>
<td>-0.5</td>
<td>6.7</td>
<td>4.7</td>
<td>4.5</td>
</tr>
</tbody>
</table>

Source: SA Reserve Bank.

In the accompanying graph of investment in residential buildings one can find evidence of strong cycles of long duration. Movements in demand levels in the residential sector of the building market are driven by several cyclical forces. Included amongst these driving forces are: movements in interest rates, the availability of mortgage finance, changes in income levels, the debt levels of consumers, as well as trends in urbanisation and building costs. According to the South African Reserve Bank, the housing sector is currently growing modestly, despite the two percentage point rise in interest rates since early 2014. However, stronger growth is being curtailed by high consumer debt levels and rising building costs.

In the non-residential sector of the market there is less evidence of building cycles of long duration. In contrast to housing, cycles appear shorter and sharper. Yet, every downswing threatens the livelihood of building firms and their workers. According to revised data from the South African Reserve Bank, investment reached a peak during late 2008. Since then, investment levels have dropped by roughly -21%. Although certain geographical nodes reflect robust building work, there is a general lack of nationwide demand in the private non-residential sector. The lacklustre building performance can be observed in the accompanying table of private sector buildings completed data.

Source: MFA Database
PUBLIC SECTOR: NUMBERS OF SQUARE METRES

<table>
<thead>
<tr>
<th>Buildings Completed</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affordable housing</td>
<td>902 955</td>
<td>808 514</td>
<td>764 268</td>
<td>791 987</td>
</tr>
<tr>
<td>Dwelling houses &gt; 80m²</td>
<td>2 805 442</td>
<td>2 859 082</td>
<td>2 776 600</td>
<td>3 158 391</td>
</tr>
<tr>
<td>Flats &amp; townhouses</td>
<td>1 104 767</td>
<td>1 218 234</td>
<td>1 166 426</td>
<td>1 174 581</td>
</tr>
<tr>
<td>Other residential</td>
<td>45 645</td>
<td>88 659</td>
<td>88 528</td>
<td>73 155</td>
</tr>
<tr>
<td>Additions &amp; alterations: residential</td>
<td>1 466 959</td>
<td>1 722 368</td>
<td>1 120 747</td>
<td>1 160 198</td>
</tr>
<tr>
<td>Non-residential: Offices</td>
<td>462 586</td>
<td>795 560</td>
<td>609 266</td>
<td>604 604</td>
</tr>
<tr>
<td>Non-residential: Shopping</td>
<td>499 159</td>
<td>565 853</td>
<td>572 864</td>
<td>545 840</td>
</tr>
<tr>
<td>Non-residential: Industrial</td>
<td>1 128 375</td>
<td>955 483</td>
<td>1 124 811</td>
<td>994 020</td>
</tr>
<tr>
<td>Non-residential: Other</td>
<td>200 640</td>
<td>229 563</td>
<td>213 235</td>
<td>183 576</td>
</tr>
<tr>
<td>Additions &amp; alterations: Other bldgs.</td>
<td>549 710</td>
<td>665 363</td>
<td>496 990</td>
<td>431 189</td>
</tr>
<tr>
<td>Total</td>
<td>9 166 238</td>
<td>9 908 679</td>
<td>8 933 735</td>
<td>9 117 541</td>
</tr>
</tbody>
</table>

Source: Statistics South Africa.

Public sector housing is important because it provides many jobs for skilled and unskilled workers. It also provides shelter for many low-income families. According to the Department of Human Settlements, more than one million housing opportunities have been provided since 2010. Given that local municipal elections will be held in August 2016, the Department is planning to upgrade more than 189 000 housing units in informal settlements during the 2016/17 financial year.

SELECTED PERFORMANCE INDICATORS OF THE DEPARTMENT OF HUMAN SETTLEMENTS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of subsidies provided</td>
<td>115 079</td>
<td>105 936</td>
<td>94 566</td>
<td>103 983</td>
<td>108 017</td>
</tr>
<tr>
<td>No. of rental units completed</td>
<td>15 554</td>
<td>4 984</td>
<td>5 668</td>
<td>4 987</td>
<td>5 447</td>
</tr>
<tr>
<td>Total</td>
<td>130 633</td>
<td>110 920</td>
<td>100 234</td>
<td>108 970</td>
<td>113 464</td>
</tr>
</tbody>
</table>

In summary, despite certain pockets of good performance, economic growth is mediocre with building demand weak. Hence, the profitability of contracting firms has suffered.

**Profitability of building contractors**

As mentioned earlier, the construction industry is cyclical. One of the consequences of cyclical instability is that the profitability of contracting comes under pressure when new building work is scarce.

To try and measure movements in building profitability, the Bureau for Economic Research (BER) conducts a business survey every quarter. The percentage of BER respondents reporting growth in their profitability then becomes a proxy for profitability itself. The current reading is 24 (refer graph). This means that 24% of BER respondents perceive their profitability to be better than a year ago. Yet, this implies that 76% of BER respondents view the profitability of their firms to be worse than a year ago. The long-run average of the cyclical indicator is 34%. Hence, current levels of profitability are certainly “below average”. This finding is in keeping with earlier observations, viz. that economic growth and building demand are weak.

![Graph showing profitability of building contractors](image)

*Source: BER; SARB; MFA Database*

**Liquidations of construction firms**

Cyclical instability in the building industry can impact negatively on the well-being of contractors. This happens because the industry itself is a high-risk industry with constant business pressures like fluctuating work levels, coupled with bottlenecks in the supplies of materials and labour (especially skilled labour). During a downswing period in the business cycle, credit is usually hard to come by and cash flows have to be monitored carefully. Management of construction companies strive for an even workload to retain skilled staff.

According to data compiled by Statistics South Africa, there has been a significant drop during recent years in the number of construction companies that have gone insolvent. The estimate for 2016 is 100 companies. This figure compares very favourably with the 2000/01 figure of roughly 500 liquidated firms. This finding could imply an improvement in management skill over time.
Construction employment: Formal sector

Statistics South Africa monitors employment in the formal construction sector by means of surveys amongst formal business enterprises. According to these surveys, 536 000 workers were employed in the first quarter of 2016. This figure can be compared to peak employment levels of 630 000 workers recorded during the building boom in 2007/08. The difference in formal employment is -15% and comports well over the same period with the decline in total building investment of -17%.
Construction employment: Formal and informal sectors

A separate Statistics South Africa labour force survey conducted amongst households during the first quarter of 2016 yielded a figure of 1 362 000 workers employed in construction. Thus, roughly 826 000 workers are employed in the informal construction sector (1 362 000 minus 536 000). This finding suggests that informal construction is soaking up rising unemployment in the country.

Source: Stats SA; MFA Database

Building costs

The Contract Price Adjustment Provisions (CPAP) are compiled by Statistics South Africa. These indices reflect movements in the input costs of building contractors. They are based on a combination of producer price indices of construction materials and the consumer price index (representing labour).

The Bureau for Economic Research (BER) compiles a building tender price index based on an analysis of accepted tenders. Thus, it represents builders’ tender prices, as faced by clients. Movements in this unique index, called the BER Building Cost Index, reflect changing market conditions. Research has shown that movements in tender prices are sensitive to movements in the business cycle (i.e. building demand fluctuations). During good times, tender prices rise more rapidly than during bad times, implying that builders are able to widen their profit margins. However, during bad times, builders are obliged to trim their profit margins and their tender prices then rise less rapidly than their input costs. The latter is currently the case.

The accompanying table provides data on trends in building costs and builders’ tender prices. Observe that during 2015 market forces were well balanced, with costs and prices rising by between 2.5% and 3.5%. No doubt the sharp drop in fuel prices contributed to this favourable condition. However, given a weaker rand exchange rate during 2016, the input costs of builders are accelerating to between 6% and 7% p.a. Not so in the case of builders’ tender prices. The estimated rise in tender prices of 4.5% p.a. implies margin compression. This finding agrees with a drop in profitability of contracting mentioned earlier in this report.
### BUILDERS’ INPUT COSTS AND THEIR TENDER PRICES: ANNUAL PERCENTAGE CHANGES

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>CPAP Work Group 180</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Housing)</td>
<td>3.9</td>
<td>5.3</td>
<td>5.7</td>
<td>6.4</td>
<td>6.6</td>
<td>3.4</td>
<td>7.0</td>
</tr>
<tr>
<td>CPAP Work Group 181</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Commercial &amp; Industrial Buildings)</td>
<td>3.5</td>
<td>5.9</td>
<td>5.8</td>
<td>6.2</td>
<td>6.6</td>
<td>2.5</td>
<td>6.8</td>
</tr>
<tr>
<td>BER Tender prices</td>
<td>-0.2</td>
<td>3.4</td>
<td>6.9</td>
<td>7.3</td>
<td>10.2</td>
<td>3.5</td>
<td>4.5</td>
</tr>
</tbody>
</table>

Source: Statistics South Africa, Pretoria, and Bureau for Economic Research, Stellenbosch University. The data for 2016 are estimates, based on data available up to the second quarter of 2016.

### Summary and conclusions

In this report we have focused on certain key elements of the South African building and construction industry. We find that general economic growth is pedestrian and that new building demand is weak. Employment figures suggest likewise. Consequently, the profitability of contracting has come under pressure. Builders’ input costs are accelerating, yet tendering competition remains keen. Builders’ tender prices are rising moderately. More rapid global and domestic economic growth is required to restore confidence and improve economic prospects in the building industry.

Dr Johan Snyman
Medium-Term Forecasting Associates, Stellenbosch
20 July 2016
OVERVIEW AND OPERATIONAL REPORT

The Board of Master Builders South Africa continues to provide direction to the strategic objectives of the organisation and four regular Board meetings were held during the year under review. These took place in Worcester – coinciding with the Greater Boland Association’s 70th anniversary celebrations, Cape Town, Port Elizabeth and at the OR Tambo International airport, Johannesburg. Without the essential contributions from the Board and Committee members, appointed by the corporate and affiliate members to serve the Federation, our business could not be effective and meaningful and we sincerely thank all these members.

Furthermore, we thank those members who represented the Federation on the external committees and boards, those being BUSA, CETA, CIDB, CSCC, JBCC, NHBRC, SABS and the South African Builder. Our thanks also go to Dr Johan Snyman of Medium-Term Forecasting Associates for compiling an insightful 2016 Economic Report.

Meetings of the standing committees responsible for Contractual and Legal matters, Education and Training and Occupational Health and Safety were, with a few exceptions, held by way of teleconference which has proved to be both cost and time effective. A number of face-to-face meetings were necessary because of the complexity of the agenda items.

We report below on some of the more important matters occupying the standing, and some of the external, committee agendas.

**Education and Training Committee**

The promotion and offering of industry related education, as well as skills training and short courses takes centre stage with many of the Associations, as recorded under the Highlights from the Regions section.

Noteworthy, at national level, is the pursuance of the roles of Assessment Quality Partner (AQP) in partnership with the CIDB, in respect of the Construction Project Builder (Construction Contractor) qualification, and that of the Development Quality Partner (DQP) with the aim of reviewing the national certificates for seven trades, being Concreter, Carpenter and Joiner, Joiner/Wood machinist, Plasterer, Scaffolder, Roof Tiler and Wall and Roof Tiler. The execution of both initiatives is subject to funding, a matter which will be addressed in the development of a new education and training business plan.

**Contractual and Legal Committee**

The building industry will be disappointed with further delays with the enactment of the Prompt Payment Regulations, which is critically important to all roleplayers in the industry. It now appears that the Regulations may be factored into the imminent review of the CIDB Act.

As directed by the Board, the Committee will embark on a review of the House Building and Small Contracts Agreement 2005 Edition.

**NHBRC Industry Advisory Committee**

The NHBRC will soon, through the SACPCMP, commence with the registration of three classes of building inspectors, those being Building Inspector Officer (BIO), Building Inspector Manager (BIM) and Professional Building Inspector Agent (Pr. BIA).

The NHBRC has been criticised for failure to implement processes for the grading of home builders as provided for in the NHBRC Act, and to draw up the required rules, a matter long overdue.

**SACPCMP Voluntary Association Committee**

Master Builders South Africa and three of its corporate members have representation on the SACPCMP’s Voluntary Association Committee. The Federation is particularly concerned with the slow progress made by the SACPCMP with the registration of Construction Health and Safety Practitioners and the concomitant effect that this will have on construction site safety. The organisation, nevertheless, is maintaining close ties with the Council.
Contract Price Adjustment Provisions (CPAP)

The CPAP committee, consisting of representatives from Statistics SA, the National Department of Public Works and the building industry, represented by Master Builders South Africa and the Association of South African Quantity Surveyors (ASAQS), meets regularly to monitor the movement of building materials and labour costs. The indices are published monthly by Statistics SA as Statistical Release P0151.

In order to regulate the working relationship between the parties, the CPAP committee recently signed an MOU with Statistics SA.

The industry will soon be consulted to comment on and consider the effect of impending amendments to certain of the workgroup weightings and material classifications, since Statistics SA were experiencing difficulty in tracing the prices of certain items in the Producer Price Index (PPI).
BOARD AND STANDING COMMITTEES

Board
N V Cloete – President
B B Simelane – Vice President
C J L Cozens – Immediate Past President
M Behardien – KwaZulu-Natal
A Bodill – Western Cape
A Dempers – Boland
F du Plessis Jr – Free State
V Harbhajan, Mrs – KwaZulu-Natal
J Heyneke – AAAMSA
J W Matthews – Western Cape
M Mphomela – North
N M Mhlongo – Co-opted
V V Naidoo – Co-opted
K Sharpe – East Cape
B M Richardson – SARACCA
G Smith – Greater Boland
G B Steele – East Cape
A Riley – North
A Tembe, Ms – Co-opted
J Thomas – SARCEA
D Uys – Boland
J Tembe, Ms – Greater Boland
P R Mnisi – Executive Director
P C Fourie – Operations Director

Standing Committees

Executive Committee
Office-bearers N V Cloete (Chairman)
B B Simelane, C J L Cozens
East Cape G B Steele
North M Mphomela
KwaZulu-Natal V Harbhajan, Mrs
Western Cape A Bodill
Affiliated Associations B Richardson

Contractual & Legal Committee
East Cape L van Rensburg, B Scholtz
Free State F S Vermaas, F du Plessis
North D de Villiers (Chairman), P Griessel
KwaZulu-Natal R Stembridge, S Poorter
Western Cape J Garner, C Bain
AAAMSA H A Schefferlie
SARCEA J Thomas
SARACCA B M Richardson

Development and Finance
Office-bearers C J L Cozens (Chairman)
B B Simelane, N V Cloete
North M Mphomela
Western Cape J W Matthews

Education and Training Committee
East Cape C Townsend, J S Strydom
Free State I Harris
North N M Duncan, M Mphomela
KwaZulu-Natal V Harbhajan, Mrs (Chairman), V Smith
Northern Cape H Pretorius
Western Cape A Keal, A Bodill
SARCEA J Thomas
Occupational Health and Safety Committee

Boland  W Liebenberg
East Cape  G B Steele (Chairman), G Olivier, D Vermaak, Mrs M J Venter, N de Bruyn
Free State  G Roets
North  G Roets
KwaZulu-Natal  N Enslin
Western Cape  M D Bester, D Mtyalela

Transformation

Office-bearers  B B Simelane (Chairman), C J L Cazens, N V Cloete
Boland  Represented by MBAWC
East Cape  K Sharpe, G B Steele
Free State  F du Plessis
Greater Boland  R Williams, Ms M Behardien, V Harbhajan
KwaZulu-Natal  (Alt. V Naidoo)
North  A Riley, M Mphomela
Northern Cape  H Pretorius
Western Cape  J W Matthews, A Bodill

External Committees

Business Unity South Africa
Board – Unisectoral Group
No representation
Economic and Trade Policy
M Mphomela, P R Mnisi
Social and Transformation Policy
P R Mnisi

Construction Industry Development Board
Stakeholders Forum
B B Simelane, P C Fourie

Construction Education and Training Authority
Board – Ministerial Appointment
No representation

Construction Sector Charter Council (CSCC)
Council
E G Forbes, Mrs
Executive Committee
M Maponyane
Finance Committee
P C Fourie

Contract Price Adjustment Provisions
P C Fourie (Chairman)
C Bain

Department of Labour
Advisory Committee on Health and Safety
No representation

Institute for Timber Construction (ITC)
Board
D B Hattingh

Joint Building Contracts Committee

Board of Directors
P C Fourie
Executive Committee
D de Villiers
P C Fourie
Technical Committee
Representing MBSA
J Garner
Representing Main Contractors
D de Villiers
C Bain
Representing Sub-Contractors
B M Richardson

MBSA/ASAQS
Good Practice Committee
C Bain, R Stembridge
Standard System Joint Committee
T Kay

National Home Builders Registration Council
Industry Advisory Committee
J Matthews (alternate – P Fourie)
R Stembridge
M Mphomela

South African Builder
Advisory Committee
Mrs E G Forbes – Chairperson
P C Fourie
E Roper

South African Bureau of Standards
Technical Committee TC 5120.61 Construction
Standards
Mrs E G Forbes
H A Schefferlie
Technical Committee TC 59 SANS 10400
H A Schefferlie
Sub-Committee SC 59Q – Universal Access and
Universal Design in the Built Environment
Mrs E G Forbes
Sub-Committee SC 60Q – Facilities for persons with
disabilities – Standards 10400-S
Mrs E G Forbes
Sub-Committee TC 1090 – Safety of Playgrounds and
Playground equipment (including the Work Group
Committee)
Mrs E G Forbes

South African Council for Project and Construction
Management Professions
Committee of Voluntary Associations
A Bodill (Alternate – P C Fourie)
2016 National Health and Safety Competition

The general standard that is set for entry to the National Safety Competition is very high. The participating companies, all MBA members, should have performed to an excellent mark. There were a number of sites that performed well and achieved the 5-star grading, with the lowest performing site/s achieving 2-stars.

The audit team had certain principles that were agreed upon for the smooth running of the audit process, without bias, namely: Every member will be treated equally and be given a chance to present documentation, competitors would be treated with respect, with no interrogation, documentation would be accepted at face value and the judging team would not make comments on the documentation, there would be no attempts at coaching members, no marketing of individual companies and where there were major contraventions/safety concern that could cause injury identified on-site, they should immediately be raised with the site management team.

The audit team consisted of two independent auditors, one from SHEgroup Consultant namely, Francois du Toit and independent consultant, Ernest Pieterse and Itumeleng Leshoedi, Master Builders South Africa OH&S Manager, as a coordinator/lead auditor. The scores of the two independent auditors were used to determine the average score per site/yard whilst the coordinator’s score was used to moderate the score for any discrepancy and, if there was discrepancy, all the marks were recalculated. Where there was a need for adjustment it was done before leaving the site in compliance with 3% rule.

Only three sites reported Section 24 incidents during the audit and the Disabling Injury Frequency Rate (DIFR) was calculated using the DIFR formula and the sliding scale in terms of the Policy for Regulating the National Safety Competition.

The scores recorded reflected good administration, implementation of operational controls on the site, physical and management involvement for the winning teams, as well as the others who were placed second and third. Management participation and involvement showed support for the OHS team, their passion for the National Safety Competition and boosted their morale and eagerness to do well. In other areas, however, there is a need for a re-workshop to the members on the audit system requirement and the interpretation of the legislation for an effective implementation for competitive participation in the National Safety Competition.

We congratulate all the “A” rated companies and their employees who achieved first place, and those who achieved second, third places in 2016, as well as companies who entered their sites. In all the years since it was established the National Safety Competition has been regarded as a learning curve – each year the competitors learn more about the essentials of staying safe on sites, and we hope to see them all back next year for the 2017 competition.

Itumeleng Leshoedi
2016 National Safety Competition Co-ordinator/Manager: Occupational Health and Safety

Safety Manual and CD

The demand for the Construction Industry Occupational Health and Safety Manual & CD, with the current Construction Regulations (2014) is being maintained, and we thank the local MBAs and their members for their support and in striving to comply with Occupational Health and Safety legislation, other statutory requirements, acceptable standards and good work practices.

Federated Employers Mutual

The relationship with the management of FEM, and the generous financial assistance received from the company, is truly valued and appreciated. We thank them for their partnership in winning through safety, by involving the Master Builders in the development of their SAFetember initiative.
2016 NATIONAL SAFETY COMPETITION RESULTS

Plant Yard and Manufacturers Section
• Plant and Storage Yards – Vice-President’s Shield
  1st Place: Aveng Grinaker-LTA
  2nd Place: Tiber Construction (Pty) Ltd
  3rd Place: WBHO Construction (Pty) Ltd

Manufacturers and Allied Trades
• Allied Trades – Master Builders Association Shield
  1st Place: Brand Engineering SA (Pty) Ltd
  2nd Place: Form-Scaff Port Elizabeth
  3rd Place: Form-Scaff Polokwane
• Manufacturers – Master Builders Association Shield
  1st Place: Much Asphalt (Pty) Ltd
  2nd Place: ER Signs & Safety (Pty) Ltd
  3rd Place: Aveng Steelendale, Bloemfontein

Building Section
• Contracts less than R10m – Chief Executive Officer’s Shield
  1st Place: Patcon Building and Civil Engineering (Pty) Ltd
  2nd Place: GVK Siyazama Construction (Pty) Ltd
  3rd Place: Mose Construction and Development
• Contracts R10m to R25m – Safety Management Shield
  1st Place: Belo & Kies Construction (Pty) Ltd
  2nd Place: GVK Siyazama Construction (Pty) Ltd
  3rd Place: Techni Construction (Pty) Ltd
• Contracts R25m to R75m – Ramsay Herd Shield
  1st Place: Aveng Grinaker – LTA Liviero Pavillion Joint Venture
  2nd Place: GVK Siya Zama Building Construction (Gauteng) (Pty) Ltd
  3rd Place: Dewing Construction (Pty) Ltd
• Contracts R75m to R150m – Vice President’s Shield
  1st Place: Liviero Building (Pty) Ltd
  2nd Place: WBHO Construction (Pty) Ltd
  3rd Place: GD Irons (Pty) Ltd
• Contracts R150m to R300m – President’s Shield
  1st Place: NMC (Pty) Ltd
  2nd Place: WBHO Construction (Pty) Ltd
  3rd Place: Liviero Building (Pty) Ltd
• Contracts R300m to R500m – Federated Employers’ Mutual Shield
  1st Place: Liviero Building (Pty) Ltd
  2nd Place: NMC (Pty) Ltd
  3rd Place: WBHO Construction (Pty) Ltd
• Contracts R500m plus – Master Builders Association Shield
  1st Place: Aveng ENZA JV
  2nd Place: Tiber/WBHO JV
  3rd Place: Stefanutti Stocks (Pty) Ltd
SOUTH AFRICAN BUILDER

South African Builder, published monthly since 1923, is the official journal of Master Builders South Africa. The magazine has the specific purpose of disseminating news from the construction sector in southern Africa, and the continent of Africa, to the members of Master Builders Associations across South Africa, as well as to key stakeholders in the industry such as government departments, industry bodies and the industry as a whole.

It is the most widely read magazine in the construction industry with a readership exceeding 30 000. South African Builder is also published online in digital format on its website at www.sabuilder.co.za which includes a comprehensive historic archive of past issues. Through this platform it is also circulated to an extended readership via electronic email transmission.

Outlook 2016

In January, having interviewed captains of the construction sector, South African Builder published their outlook and views on operational and economic aspects anticipated for the forthcoming year. This report generates significant interest in view of the current difficult economic climate at home and abroad.

In the same vein, regular economic reports on the state of the construction sector are published throughout the year, collated from data provided by respected financial authorities such as FNB/BER and Credit Guarantee Insurance Corporation.

Construction Health and Safety

Regular reporting on Construction Health and Safety matters remains a high priority for South African Builder. Of particular interest throughout the year is the Regional Health and Safety competition run by each of the Master Builders Associations, culminating in the coverage of the Master Builders National Safety Awards competition at Congress.

News reporting on Master Builders South Africa and Master Builders Associations

Of the highlights reported on by South African Builder during the past year the Master Builders South Africa Congress 2015 certainly ranks as a high priority. This detailed report covers all aspects of Congress, which was declared open by Neil Cloete, President of Master Builders South Africa. The keynote address by Mlu Clive Manci, Board member and Past Vice President of Business Unity South Africa (Busa) was of particular interest: “Africa is our oyster – Business is OUR business – it’s time to have tough conversations with Government,” he said.

The PwC Tower at Waterfall City Estate is currently under construction by the WBHO-Group 5 JV
November/December 2015
Master Builders Association – Greater Boland holds a gala evening to celebrate its 70th birthday.

ASAQS hosts Malaysian counterparts: A delegation from the Royal Institution of Surveyors Malaysia (RISM) paid an official visit to the Association of South African Quantity Surveyors (ASAQS) at its head office in Midrand recently.

South African Builder shares the sad news of the passing of the legendary Vic Smailes, Executive Director of the Northern Cape Master Builders Association.

2016
January
FNB’s Senior Industry Analyst, Jason Muscat predicts: “With the domestic economy set to deliver another year of sub-trend growth in 2016 and business confidence likely to remain subdued, the year ahead looks to be very similar to 2014 and 2015.”

February
Master Builders Association North honours Past President Nico Maas, a stalwart in Construction Health & Safety, by renaming one of its major Regional Health & Safety Competition trophies after him.

March
Tony Riley, a senior executive of retail giant Massbuild, is elected as the new President of Master Builders Association North.

Corobrik installs quality-enhancing robotic technology at its Lawley Factory.

April
The South African Competition Commission rules that the practice of using fee guidelines within the Built Environment Industry is non-competitive.

May
South African Builder participates as Media Partner at the key 2016 African Construction and Totally Concrete Expo.

June
Master Builders South Africa welcomes the news from the Construction Sector Charter Council (CSCC) that the new Construction Sector Code has finally been agreed to.

The East Cape Master Builders Association notes with great concern that the regular report on private sector building statistics for the region reflects a significant drop in both building plans passed and buildings completed.

July
The 115th Annual General Meeting of the KwaZulu-Natal Master Builders and Allied Industries Association marked an historic moment with the election of the first Woman President of the Executive Council, Joyce Dolly Tembe.

South African Builder publishes its first regular column on Contractual and Legal issues: “JBCC on disputes: Nip those disputes in the bud.”
The Dr Pixley ka Isaka Seme Memorial Hospital in KwaZulu-Natal under construction is being constructed by a joint venture (JV) between AvengGrinaker-LTA Building, the lead contractor, and Enza Construction.

John Thomé
Editor, South African Builder
ACRONYMS

AAAMSA ............................. Association of Architectural Aluminium Manufacturers of South Africa
AQ ................................. Assessment Quality Partner
ASAQS .............................. Association of South African Quantity Surveyors
ATR ................................. Annual Training Report
BBEE ................................. Broad-Based Black Economic Empowerment
BER ................................. Bureau for Economic Research
BUSI ................................. Business Unity South Africa
CCMA ................................. Commission for Conciliation, Mediation and Arbitration
CESA ................................. Consulting Engineers South Africa
CETI ................................. Construction Education and Training Authority
CIDB ................................. Construction Industry Development Board
CIOB ................................. Chartered Institute of Building – Africa
CPAP ................................. Contract Price Adjustment Provisions
CSCC ................................. Construction Sector Charter Council
DIFR ................................. Disabling Injury Frequency Rate
DQP ................................. Development Quality Partner
FEM ................................. Federated Employers’ Mutual Assurance Company Ltd
JBCC ................................. Joint Building Contracts Committee
NCAC ................................. National Contracts Advisory Committee
NDI ................................. National Development Plan
NHBRC .............................. National Home Builders Registration Council
NPAT ................................. Net Profit After Tax
PICC ................................. Public Infrastructure Coordinating Commission
PPI ................................. Producer Price Index
PPPFA ................................. Preferential Procurement Policy Framework Act
QCTO ................................. Quality Council for Trades and Occupations
SABS ................................. South African Bureau of Standards
SACPCMP .......................... South African Council for Project and Construction Management Professions
SAFCEC ............................ South African Forum of Civil Engineering Contractors
SAIA ................................. South African Institute of Architects
SAQA ................................. South African Qualifications Authority
SARACCA......................... South African Refrigeration and Air Conditioning Contractors’ Association
SARCEA ............................ South African Reinforced Concrete Engineers’ Association
SARMA .............................. Southern African Readymix Association
SMME ................................. Small, Medium and Micro-sized Enterprises
WSP ................................. Workplace Skills Plan
PAST PRESIDENTS

W R Poynton Durban 1904/06
F Turner Pretoria 1906/07
J Z Drake Cape Peninsula 1907/08
T W Reynolds Port Elizabeth 1908/09
M C A Meischke Witwatersrand 1909/10
A E Parfitt Bloemfontein 1910/11
J Prentice Pretoria 1911/12
T Clark Witwatersrand 1912/13
A F Turner Durban 1913/14
J J Kirkness Pretoria 1914/17
J Thompson Witwatersrand 1917/18
W Nottingham Pretoria 1918/19
H W Harris Port Elizabeth 1919/20
A R Midgley Durban 1920/21
D F Corlett Witwatersrand 1921/22
A B Reid Cape Peninsula 1922/23
P J Hittinger Witwatersrand 1923/24
A Andresen Pretoria 1924/25
C Carr Durban 1925/26
R G McClelland Port Elizabeth 1926/27
D M Evans Witwatersrand 1927/28
F Bakker Cape Peninsula 1928/29
W M Pattison Pretoria 1929/30
H O Tunner Durban 1930/31
A Barrow Witwatersrand 1931/32
J R Hadden Cape Peninsula 1932/33
J B D Clark Witwatersrand 1933/34
B P Jones Bloemfontein 1934/35
J Garnett Pietermaritzburg 1935/36
H O Young Cape Peninsula 1936/37
W Knuckey Witwatersrand 1937/38
F Vercoe Durban 1938/39
C C Pike East London 1939/40
J Downie Pretoria 1940/41
A J Broakensha Durban 1941/42
J N Bird Cape Peninsula 1942/43
R Rutherford Witwatersrand 1943/44
R Barros Pietermaritzburg 1944/45
J Glendinning Port Elizabeth 1945/46
J C Bitcon Witwatersrand 1946/47
J J Smith Durban 1947/48
F B Blomkamp Cape Peninsula 1948/49
J P Lamb Pretoria 1949/50
G J R Bulman Pietermaritzburg 1950/51
J J Annand East London 1951/52
F H Mitchell Witwatersrand 1952/53
F H Radford Durban 1953/54
C Bakker Cape Peninsula 1954/55
R T Morrison Bloemfontein 1955/56
J A Barrow Witwatersrand 1956/57
H Aitken Durban 1957/58
J W L Ruddy Port Elizabeth 1958/59
F E Kennard Pretoria 1959/60
T Pattullo Cape Peninsula 1960/61
W F Hamilton Durban 1961/62
H H Lobban Witwatersrand 1962/63
H McCarthy Cape Peninsula 1963/64
H T Stirling Witwatersrand 1964/65
J A Reardon Durban 1965/66
R A Briggs Cape Peninsula 1966/67
P J van Twisk Pretoria 1967/68
M Lipshitz Durban 1968/69
D R Herd Witwatersrand 1969/70
H N Dodd East London 1970/71
J Zylstra Pretoria 1971/72
F Williams Witwatersrand 1972/73
C H R Kincaid Durban 1973/74
G K Breed OFS Golfields 1974/75
B L Moyle Witwatersrand 1975/76
L Fish Durban 1976/77
D F D Allan Cape Peninsula 1977/78
D H Mitchell Witwatersrand 1978/79
R L Stevenson Durban 1979/80
J A Barrow Witwatersrand 1980/81
L S Glaser Cape Peninsula 1981/82
P O Morris Witwatersrand 1982/83
G H Rowles Kimberly 1983/84
A J M Stewart Durban 1984/85
B J S Zylstra Pretoria 1985/86
A P Jacobsen Witwatersrand 1986/87
D N Fraser Cape Peninsula 1987/88
B G Thompson Port Elizabeth 1988/89
R G Hurry Witwatersrand 1989/90
E V Hulme Witwatersrand 1990/91
V N Smailes Kimberly 1991/92
R M Giuricich Transvaal South 1992/93
G P Volck Transvaal South 1993/94
B R Buys Bloemfontein 1994/95
R A Edwards Gauteng 1995/96
S E Jones Cape Peninsula 1996/97
W S Deacon East Cape 1997/98
J A Dempers Boland 1999/00
N L Klopper Gauteng 2000/01
M B van Breda Cape Peninsula 2001/02
N F Maas Gauteng 2002/03
B A Botha East Cape 2003/04
S D Moffatt KwaZulu-Natal 2004/06
G R Roberts Western Cape 2006/07
E G Forbes (Mrs) Gauteng 2007/09
M J Talbot East Cape 2009/11
D B Hattingh Western Cape 2011/13
C J L Cozens KwaZulu-Natal 2013/14

Life members
J A Barrow
H A Benadie
D H Mitchell
A J M Stewart
E G M Forbes (Mrs)
HIGHLIGHTS FROM THE REGIONS

The Master Builders Associations are the Corporate Members of the Federation and offer numerous services and benefits to their contracting members. This year, the focus is on the East Cape and KwaZulu-Natal, North and Western Cape Master Builders Associations.

East Cape

The East Cape MBA’s activities have again broadly covered the areas of education and training, health and safety, industrial relations, contractual and legal as well as business advice, and social events and networking activities.

Skills Development

The East Cape MBA promotes the use of skilled and trained artisans in order for its members to deliver a quality product in the building industry. In recent times, the MBA has recognised that although the level of skills in the building industry has declined for a number of reasons, there is also an indication that progress is being made in areas of pivotal training such as the designated trades and Occupational Health and Safety.

The current MBA skills development facilitation service to promote skills development entails:

- Recruitment of employers to participate in CETA Grant Systems;
- Arranging appointments of Skills Development Facilitators;
- Facilitation of the planning of training;
- Assisting companies in completing documentation for registration as well as the implementing of Learnerships, Skills Programmes, Internships, Apprenticeships, Trade Testing or any other Training Programmes;
- Assist the company with the preparation of the Workplace Skills Plans (WSP) and Annual Training Reports (ATR);
- Advising companies of any quality standards set by regulatory bodies;
- Provide a reliable data backup system of WSP and ATR submissions;
- Acting as the contact between the company and various associated training institutions;
- Serving as a resource for companies with regard to all aspects of skills development;
- Problem solving/advising companies, individuals and educational institutions on training matters and career guidance;
- Populating and regulating a matrix for learning programmes registered and completed together with collecting certified copies of qualifications/Registration documents for data base.

The issues outlined above are in our view crucial components of skills development and have been the nemesis of qualitative training progression throughout our region and the country. It must be added that quite a number of learners have been placed by the MBA’s skills development department but not enough to meet the industry need. This aspect has been a challenge but one which we take on with enthusiasm.

In summary, there are 92 Apprentices, 59 Health and Safety Learnerships, 16 Internships, 6 Bursary students in their final year from our CETA funded projects with MBA Training Manager Craig Townsend giving a Toolbox talk to learners on site.
14 Candidacy Programmes in the pipeline. Besides our normal monthly training 243 people have benefitted from these funded projects since the inception of the MBA’s training/skills development department. WSPs and ATRs have also been submitted for an average of 150 companies per annum to date.

Finally, it must be emphasised that the MBA has embraced the Desire, Drive and Determination (Three “D”s) to develop skills that will make us succeed.

Health & Safety
The MBA safety department once again had a successful Annual Regional Safety Competition with a total of 21 entries from members in the Eastern and Southern Cape and six sites going through to the National Competition.

Safety services offered by the MBA have had great support from members and this has led to improved safety on site as well as general legal compliance.

Health and Safety files and on site auditing have been in great demand and the MBA makes every effort to ensure that their members are working safely on site.

Currently star grading audits are being performed on all of our Master Members to ensure they achieve at least a 3 star safety grading in order to set a standard amongst our members. This process is moving along with great success.

A number of Construction Regulations Workshops have been held across the region with a view to improving members’ knowledge of and compliance with the regulations. Apart from expert input, attendees received a copy of the new OHS Act and Regulations with a comparison between the old and new regulations.

Numerous health and safety articles and newsflashes were issued via the MBA’s weekly Bulletin as well as via regular Newsflashes.

We were also pleased to hold our annual health and safety workshop at the Walter Sisulu University in East London on 23 June 2016 with 67 building students in attendance. This workshop was presented by the MBA’s Safety Training Officer Ncedisa Gaga.

Once again we thank FEM for the continued financial support received for the MBA’s Health & Safety Programme.

Industrial Relations
The MBA has continued to assist members with telephonic advice, the chairing of disciplinary hearings and union meetings and CCMA representation for conciliations and arbitrations. Members are also assisted with the drafting of all the documents required to oppose condonation and rescission applications.

The MBA engaged the BEE Verification Agency to do presentations in its various areas on the new DTI Codes.
and the consequences it will have on members’ current B-BBEE status. A presentation was held in Port Elizabeth in May and further presentations are to be held in East London and George later this year.

A workshop was held in Port Elizabeth earlier this year to promote the MBA’s IR services and we were fortunate enough to have Marius Kotze, the convening senior commissioner at the CCMA in Port Elizabeth, as guest speaker who addressed members on the new LRA amendments. A similar event is being planned for East London later this year and it has been confirmed that Mr Jean Van Zuydam, a senior commissioner at the CCMA in East London, will be the guest speaker and will address members on organisational rights.

The MBA also issued numerous IR Articles throughout the year.

### Social Events

The MBA once again hosted its series of exceptionally successful dinners with Barry Hilton entertaining guests in Port Elizabeth, East London and George.

The MBA has also hosted two out of its three annual golf days namely Port Elizabeth and East London. These are charity events with the proceeds always going to a selected local charity.

### Membership Awards

The East Cape MBA presents membership awards annually to members who have reached certain membership milestones with the Association. Ralph Liddiard Electrical achieved 35 years of membership this year and was presented with their membership award at the MBA’s Grahamstown Annual Dinner. Congratulations to Ettienne Drake and his team.

### KwaZulu-Natal

#### Overview of 2015/2016 activities

Master Builders KwaZulu-Natal celebrated its 115th anniversary during the 2015 / 2016 financial year with a new three-year strategy being implemented for the period 1 March 2015 to 28 February 2018. This marked a historic moment in the Association’s long and illustrious history with the election of the first woman President of the Executive Council, Joyce Dolly Tembe.

The Association successfully runs several business portfolios offering a one stop shop to its members, stakeholders and the public.

It was pleasing to note that 140 new members were recruited, bringing membership to a record high of 781 at the close of the financial year. The Association went on to recruit 15 black-owned companies on CIDB levels 5 to 7 during this period.

Throughout the year the Association continued to drive initiatives that serve to promote members. They include the Find-A-Builder and Find-A-Supplier web modules which significantly enhance the Association’s ability to promote members to the public as well as...
to other members. Members also received a basic listing in the Annual Membership Directory and the Private Projects web module enables the public to submit details of private construction projects online, affording members the opportunity to obtain work.

The Association, which prides itself on transformation initiatives, recorded the following membership statistics: 44% black ownership; 13% black female ownership; and 16% total female ownership.

There was no new intake in the emerging contractor programme in 2015. A total of 81 emerging contractors completed the mentorship component at the end of August. The adopt-a-company phase ran from September 2015 to February 2016 with participation from 18 member companies. Of the 81 emerging contractors, 61 completed mentorship at the end of February 2016 and graduated in June.

The Training Academy had 1 279 training interventions during the financial year, with 2 817 e-learning interventions. The alumni database comprised 1 317 delegates at the close of the financial year. The Association registered with SACPCMP as a voluntary Association and also with ASOCSA.

Pleasing to note was the success of the Vuka Makhi programme in its first year of inception. The Bursary fund also played a major role in increasing the pool of skills in the industry.

The anti-corruption programme continued and there will be a focus on more workshops. The Quality Improvement programme met the needs of the industry with ongoing building industry forum meetings, quarterly newsletters and distribution of pocket booklets.

In line with the Association’s focus on key programmes and initiatives to promote quality in the KZN building industry, it proudly commissioned the book, A - Z of Building as a tool to assist contractors to improve their building and pricing skills and is provided to members free of charge. We trust that our members and the industry at large will benefit from this intervention.

Health and safety are key priorities for the Association and members must comply with clause 9.4 of the Association Constitution which states: "A member is required to maintain healthy and safe working conditions for all its employees and to respect and protect the environment." Ongoing safety management services provided by the Association’s dedicated Health and Safety department continued to ensure that members receive quality assistance and guidance. It is the Association’s mission to promote a positive culture shift which will facilitate continual improvement. This will in turn contribute towards the elimination of occupational injury, disease and loss as well as the prevention of damage to the environment. The Occupational Health Department completed a total of 14 231 medicals.

The Association continuously drives marketing initiatives comprising branding, advertising, social media, and events. The annual awards event celebrating Excellence in Construction and Health and Safety took place in October 2015 with member companies showcasing their excellence. Once again the Association applauds its membership in their quest for excellence.

The Association performed well within budget at the end of the 2016 financial year, once again achieving an unqualified audit report and retaining a Level 1 B-BBEE certificate.
North

2015/2016 has been a productive year for MBA North, with a continual drive towards achieving the Association’s vision to be the representative association in the building industry, in the North Provinces and enhancing and representing the interests of our members and the industry.

We held our second series of annual dinners in the Mpumalanga and North West provinces in November 2015 and February 2016 consecutively. In the North West region we held our dinner in Klerksdorp where one of our members, CC Jordan received an award for 40 years of membership to the MBA North, displaying the kind of value that our members place on the Association and its services as well as the long standing relevance of the Association to the industry. Through these events we have managed to establish and grow our interactions and activities with provincial stakeholders in the regions, namely the CIDB, NHBRC and SEDA. We have continued to engage with Municipalities in these provinces and have as a result improved the participation and visibility of the Association with them. This said, more work is required in the Limpopo province in which we plan to replicate similar activities in 2016/2017.

In February 2016 a high profile breakfast workshop was held in Midrand for our members, which was well attended. Our keynote speaker was renowned expert on business in Africa, author of the book ‘Africa is open for Business’, columnist for the African Independent newspaper, conference facilitator and speaker, B-BBEE consultant and talk show presenter on Power FM’s Power Hour, Victor Kgomoewana. He shared his first-hand experience and advice on conducting business in Africa. He cited several projects that were underway at the time, saying that with infrastructure growth booming in Africa, South African construction entrepreneurs would do well to take their business north of the border. He urged members to be willing to be African by thinking regionally, building partnerships and collaborating in order to take advantage of African opportunities.

I urged our members to claim their membership, participate, engage and get involved with industry policy to realise the rewards they can expect, through the depth and scope of the many services we offer.

The Occupational Health and Safety programme ‘training on the move’ (TOM) provides mobile awareness and induction for health and safety training. TOM has provided training to over 300 sites in the North regions this financial year. Included is training in Namibia in partnership with the Construction Industry Federation (CIF) of Namibia and Stefanutti Stocks. TOM travelled over 3,100 km to Windhoek, Namibia to give training on three construction sites in June 2016. In the wake of several accidents in recent years MBA North will continue to assist and encourage the industry to give health and safety the attention it deserves on construction sites and transporting workers to and from sites.
With this in mind we participated in the World Day of Safety on 28 April 2016, an awareness campaign that puts the spotlight on emerging trends in the field of Occupational Health and Safety and on the magnitude of work related injuries, diseases and fatalities worldwide. We observed a moment of silence, and participated in a candle light ceremony in our Health and Safety Committee to honour the memory of victims of accidents and diseases.

The first intake of the Small Builder’s Development Course in 2016 graduated in July 2016, where 24 graduates received certificates of attendance and completion. This group unfortunately experienced challenges with mathematics in the course. We will ensure that there is a requirement for a minimum level of mathematics in the next intake, with classes scheduled to commence from 1 October 2016. We thank our sponsors who have subsidised the course fees for students, Mota Engil, Livier, Bosch and Fintrex and welcome industry partners to participate in this initiative going forward.

Finally the face of the Association’s team has changed quite considerably in this financial year, with some staff growing and moving on and the retirement of our bookkeeper, Sue Bezuidenhout, after 34 years of service at the Association. I am excited to introduce the new determined team that will no doubt reach the current and future goals of MBA North.
Western Cape

The MBA Western Cape is the oldest association within the regional associations of MBSA and boasts a proud history, this being its 125th year in existence. We are recognised as – and remain – the leading employer body in the building industry in our region.

Our members in this region, however, have over the past year faced numerous challenges with increased interest rates, electricity price hikes, spiralling inflation, a slide in the rand and a volatile economic climate. It has certainly been a tough trading environment that has sadly seen some long-standing member firms become casualties. But all is not doom and gloom and our contractors have hunkered down and ridden out the turmoil. Both the Western Cape Government and the City of Cape Town continue to award significant numbers of projects in health, education and housing, and our CBD, which has always been a destination of choice, has seen the construction of a number of new high rise office blocks. Coupled with developments in the V&A Waterfront, a high level of building activity on the Atlantic seaboard and at Century City, the contracting fraternity seems to have reasonable order books and sufficient projects on hand.

The Association has seen a busy year in their activities covering education and training, occupational health and safety, BIBC liaison, wage negotiations, industrial relations, ongoing JBCC issues and our traditional annual social events, which include members’ dinners and golf days.

At our last AGM, John Matthews of Pinelands Development was inaugurated as our new President, taking over the reins from Craig Bain of Status Africa. The association also welcomed Marten Govender from SOHCO Development, who was elected Junior Vice
President. For exemplary and longstanding service to the Association ‘Life’ Membership was bestowed last year on Jonathan Mitchell of Damp Control Cape CC and Tony Keal of Tony Keal Human Resources.

Good news for the local industry, following intensive wage negotiations and liaison, was the conclusion of a new three-year collective agreement, between the employer parties and the trade unions at the Building Industrial Bargaining Council (BIBC). The BIBC compliance rate reflects a 31% increase, which – no doubt – has been driven by the heightened vigilance in the region by the Council inspectors.

The MBA’s Cadet (Trainee Foreman), 4-year programme has been well accepted and candidates receive basic training in concreting, painting, masonry, carpentry, and plumbing, plus an introduction to setting out, planning and programming. The ongoing Apprentice programme has also been well received. Much rests in the revival of apprenticeships and not only in terms of youth employment. Sustainable economic growth may well depend on the success of this tried-and-tested way of transferring skills to a new generation.

In March this year, the Association launched Learnerships in Health and Safety which is a fully accredited two-year programme, which combines structured learning and work place experience, leading to the achievement of a SAQA qualification – National Certificate in Construction Health & Safety.

Through our Skills Trust, the Association currently assists 23 bursary students with their tertiary studies at a number of academic institutions and universities of technology. The Trust also donates annually to the “Go for Gold Programme”, which – amongst other goals – also contributes towards addressing our country’s crisis of youth unemployment and breaking the cycle of poverty.

At the UCT Built Environment annual prize giving, MBA presented awards for Construction Studies to the top Honours student – Yudith Sumputh, top third year student – Alain Alexander, and top second year student – Courtney Meyer.

The Association’s OHS Department has had another busy year offering priority services to members. We thank our members for their participation in both the Regional and National Safety competitions and congratulate those who have won awards. A successful one-day seminar to celebrate World Health Day was presented at Belmont Square in conjunction with SAIOSH, attracting 90 attendants. Top subject matter speakers included Dale Kennedy, Riaan Britz, Prof John Smallwood, Dr Chao Mulinga, David Frost and Dr Amy Burdzik.

The OHS Dept also provides training in health and safety awareness for the new Go for Gold gap-year students who are spending a year gaining experiential training with firms in the built environment before they commence their tertiary studies.

Various workshops and mini-seminars have been hosted by the Association at Belmont Square, not only OHS, but also covering C&L issues and the amendments to JBCC 6th edition suite of documents.

On the social calendar, two successful member golf days were held, and our fully booked Members’ annual dinner this year boasted Tannie Evita Bezuidenhout (aka Pieter Dirk Uys) as the evening’s entertainer.

Investment in Belmont Square, the Association’s single major asset and source of income, continues to grow. The office portfolio remains fully let and the Conference Centre continues to fare well.
MEMBERS

Master Builders Association Boland
Tel: 021 863 3330
Fax: 021 863 3331
Email: manager@mbaboland.co.za
Web: www.mbaboland.org.za

East Cape Master Builders Association
Tel: 041 365 1835
Fax: 041 364 1676
Email: ecmba@global.co.za
Web: www.ecmba.org.za

Master Builders Association Free State
Tel: 057 352 6269
Fax: 057 353 2402
Email: masterbuilders@mbafs.co.za
Web: www.mbafs.co.za

Master Builders Association Greater Boland
Tel: 023 342 6964
Fax: 023 342 6964
Email: mbagb@telkomsa.net
Web: www.mbagreaterboland.org.za

KwaZulu Natal Master Builders Association
Tel 031 266 7070
Fax 031 266 6348
Email: info@masterbuilders.co.za
Web: www.masterbuilders.co.za

Master Builders Association North
Tel: 011 805 6611
Fax: 011 805 6718
Email: info@mbanorth.co.za
Web: www.mbanorth.co.za

Master Builders Association Northern Cape
Tel: 053 832 1762
Fax: 053 832 1368
Email: nc_mba@xsinet.co.za
Web: www.mbanc.org.za

Master Builders Association West Boland
Tel: 022 772 2251
Fax: 022 772 2457

Master Builders Association Western Cape
Tel: 021 685 2625
Fax: 021 685 2622
Email: info@mbawc.org.za
Web: www.mbawc.org.za

Association of Architectural Aluminium Manufacturers of SA
Tel: 011 805 5002
Fax: 011 805 5033
Email: aaamsa@iafrica.co.za
Web: www.aaamsa.co.za

SA Refrigeration and Air Conditioning Contractors’ Association
Tel: 011 622 3890
Fax: 011 622 2534
Email: saracca@icon.co.za
Web: www.saracca.co.za

SA Reinforced Concrete Engineers’ Association
Tel: 011 455 6321
Fax: 011 455 6331
Email: sarcea@iafrica.com
Web: www.sarcea.co.za

Master Builders South Africa
P O Box 1619, Halfway House, Midrand, 1685
Tel: +27 11 205 9000 : Fax: 011 315 1644
Email: info@masterbuilders.org.za
Website: www.masterbuilders.org.za