

NEWSMAKER

Corruption has gone too far

SA's consulting engineers are setting up a war chest to fight graft

CHRIS BARRON

THE body that represents 90% of consulting engineers in South Africa says that tender corruption at local government level has brought the country to the brink in terms of broken or non-existent infrastructure and service delivery.

The situation has become so bad, says the CEO of Consulting Engineers SA (Cesa), Graham Pirie, that it will now take offending municipalities to court. It has started a dedicated fund for this purpose.

"We are now saying enough is enough. We are creating a war chest, and where we suspect corruption we are going to take it to the courts."

The 500-or-so member companies of Cesa have lost so much time and money tendering for contracts that are awarded to "fly-by-nights" with no qualifications or experience that they are more than willing to contribute to the war chest through an extra levy to Cesa.

"We're saying South Africa is on a knife edge," says Pirie. "The procurement pipeline is fraught with corruption and we've got to deal with it. As a nation, where are we going to go if we don't?"

The consulting industry is historically conservative and apolitical and goes to any length to avoid controversy, which is at least in part why the rot of tender corruption has been allowed to fester for so long.

The fact that someone in Pirie's position has chosen to speak out is a mark of how untenable the industry feels the situation has become.

"We're getting 50 complaints a month," he says.

He says many municipalities and even whole provinces have become

no-go areas for member companies.

"Members are saying there are clients they will not work for anymore." These include municipalities and local and provincial government departments.

"A lot have moved north across the border. They are saying it is easier to work in countries like Ghana than in South Africa."

He says Cesa is working with Business Unity South Africa, the National Business Initiative and the Construction Industry Development Board to roll out an "integrity pact".

It is impossible not to ask about the timing of this announcement, coinciding as it does with horrendous accounts of massive price-fixing and collusion over many years within the private-sector construction industry.

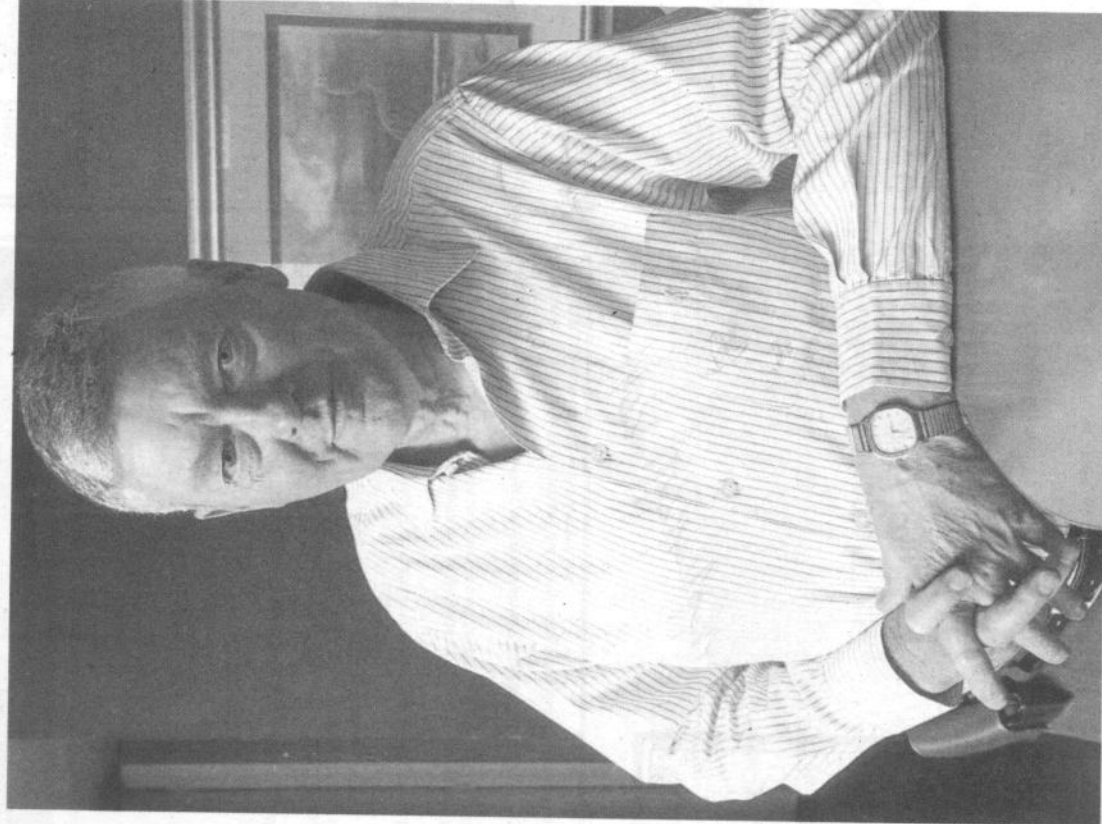
It does not require too much cynicism to ask if this has anything to do with damage control and deflecting attention away from this recently exposed cesspit.

Pirie professes to be as horrified as anyone by the revelations and is at pains to distinguish between his members, who are consulting engineers, and the big construction companies presently in the sights of the competition authorities and the Hawks. The construction companies are contractors. They build things like soccer stadiums and the Gautrain, he explains.

"They've got nothing to do with us. Our members are professional service providers, they are not contractors. They are not allowed to have a vested interest at all in construction."

"If any of them is involved in collusion, somebody should tell us about it, because as yet nobody has."

Asked to be more explicit about local government corruption, Pirie



ENOUGH IS ENOUGH: Graham Pirie, head of Cesa Picture: JEREMY GLYN

says it commonly involves tenders coming out with impossibly short deadlines, or tenders being put out, cancelled and re-issued shortly afterwards with minimal changes.

"Why would a tender come out a

week before Christmas with a short adjudication period?"

Answer: because the only companies who are around to tender are those that have been tipped off.

What they lack in qualifications or

experience they make up for in connections.

Then there are the tenders cancelled without explanation and re-issued within a six-month period, which is contrary to legislation — in other words illegal. This is done to throw more experienced and qualified companies off the trail.

"Our members typically devote 30% of their time and resources preparing for the tender, and a hell of a lot of money. They can't afford to go through the process again."

Should they do so, the game of withdrawing and re-issuing is quite likely to be repeated until they give up and leave the way clear for companies without qualifications or

'South Africa is on a knife edge. The procurement pipeline is fraught with corruption'

experience. These companies then either do the work, which has to be done again at great cost to tax- and ratepayers, or they subcontract it out to companies "which should have got the contract in the first place, and keep most of the profits".

These profits are exorbitant because their bids are way higher than anything the project calls for. Their benefactors sitting in the procurement offices of local authorities or on procurement committees receive a handsome cut.

"The tender is awarded to a company which bids far higher than other bidders, and then the spoils are shared," says Pirie. "It's quite common."

Exacerbating the problem is a lack of capacity in the public sector. Put

more bluntly, few municipalities have engineers on their staff.

This means that when a consulting engineering company applies to do a particular project, the bureaucrat handling the process can't explain what is needed — "if you want a water purification plant you need to be able to describe that thing, to spec it" — and cannot assess whether the applicant is likely to be able to do the job or not.

"You're no longer talking engineer to engineer," says Pirie. "The people procuring the service don't understand and are not qualified to procure that service. In many cases they're taken advantage of fly-by-nights without knowing it until it's too late."

As a result of "political interference" there has been "a migration of expertise in the technical sphere from the public to the private sector".

It means that municipalities have lost a lot of corporate memory, and an engineering culture which used to ensure not only that new projects were appropriate to the need and built timeously but that infrastructure was maintained.

"We need to reincarnate the notion of the municipal engineer who joins a local authority and grows with it. Someone who says, 'I want to be a municipal engineer, this is who I am'. That concept has disappeared."

The result, says Pirie, who himself was a civil engineer for the Johannesburg municipality for 23 years until 1995, are glaringly evident.

"Service delivery is not happening, and people are burning tyres in the streets because it is not happening."

Mere lack of service delivery suggests there are easy solutions. But in fact the situation is much worse than this. "We're consuming our assets," he says. "It's not about cutting ribbons on new buildings and bridges, it's about maintaining what we have. And we're not doing that."