

Agrément South Africa

PRESENTATION TO THE PARLIAMENTARY PORTFOLIO COMMITTEE

FOR

THE DEPARTMENT OF PUBLIC WORKS

Strategic Plans, Annual Performance Plans and Budgets for the 2015/16 Financial Year

24 March 2015

Presentation Outline

- Vision & Mandate
- Strategic Intent or Goals
- Agrément South Africa Bill
- Contribution towards achieving National Outcomes
- Key Stakeholders
- Strategic Objectives
- Quality Management Target
- Technical Assessments Targets
- Organisational structure
- Governance
- Financial Performance
- Conclusion

➤ Vision

To-be World Class Technical Assessment Agency.

➤ Mandate

Agrément South Africa is mandated by the Minister of Public Works to “support and promote the process of integrated socio-economic development in South Africa as it relates to the building and construction industry by facilitating the introduction, application and utilisation of satisfactory innovation and technology development”.

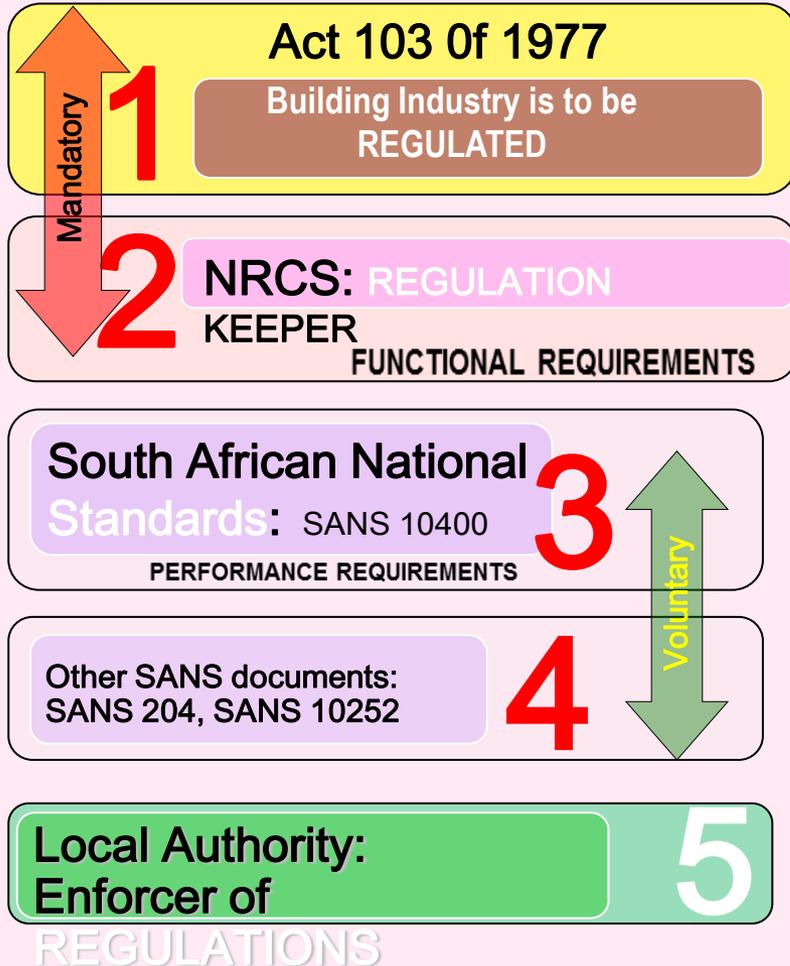
Demystify infrastructure delivery & improve infrastructure delivery.

Agrément does not build houses but facilitates innovation.

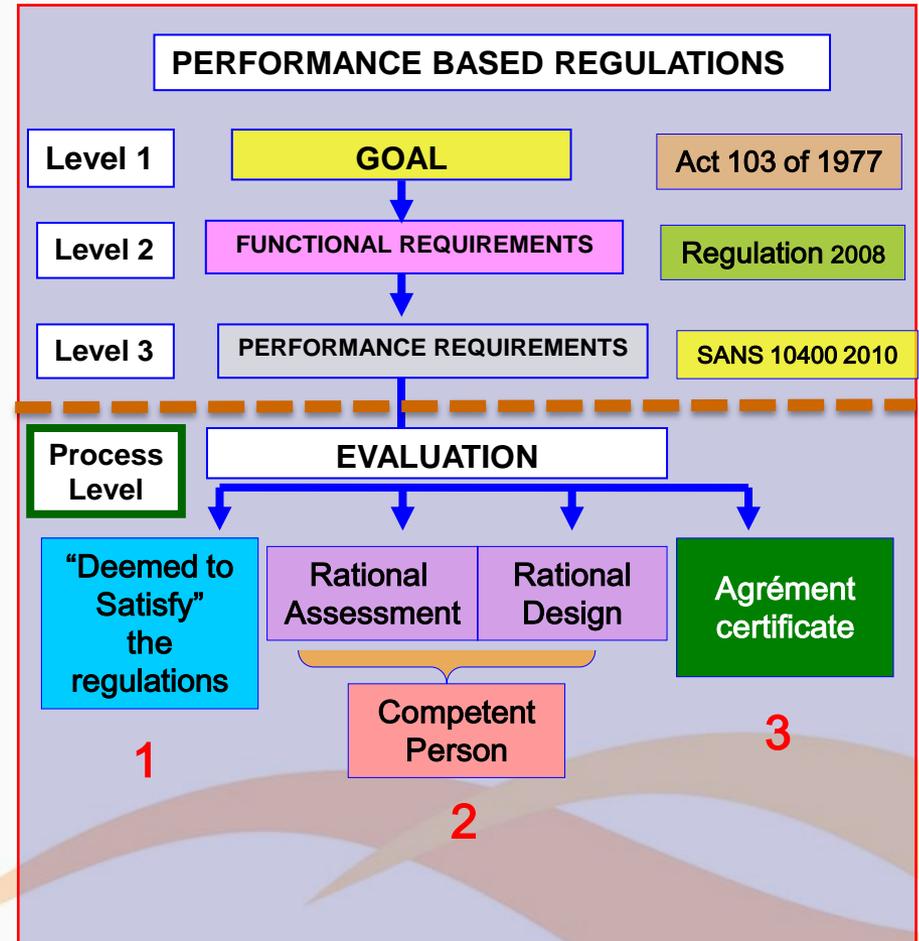
It certifies “fit for purpose” technologies.

The Building Industry's 4 Levels of legislation + 1

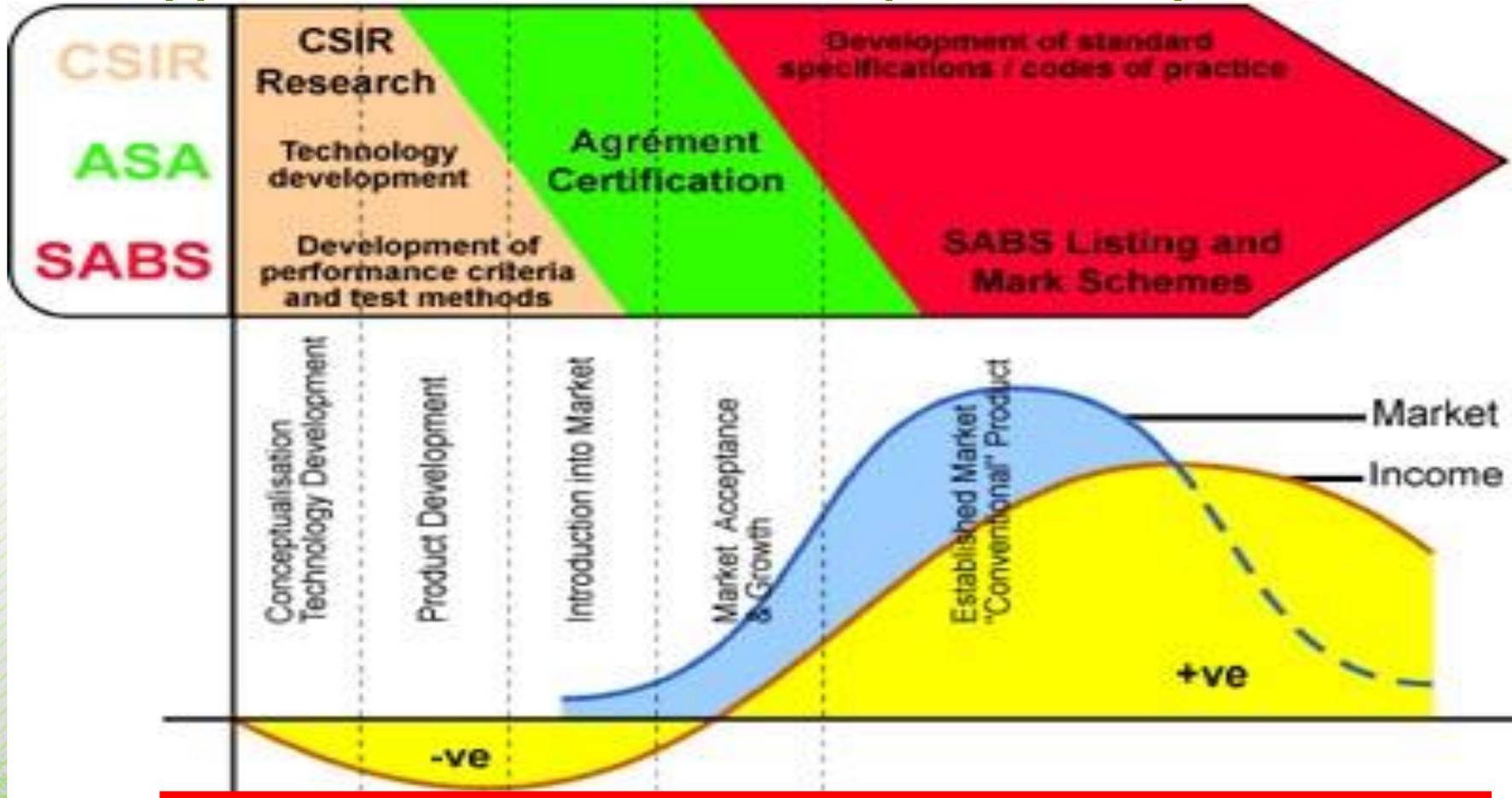
LEVELS OF LEGISLATION



SOLUTIONS TO SATISFY THE REGULATIONS



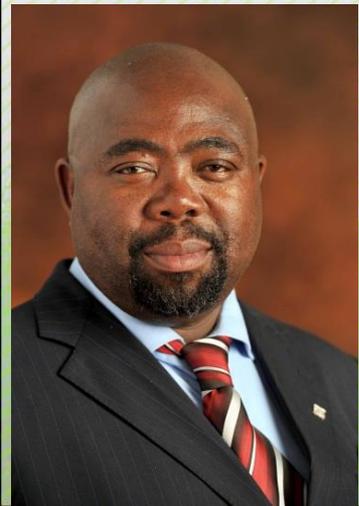
Typical Product Development Cycle



No Duplication of roles. Only Collaborative Synergies

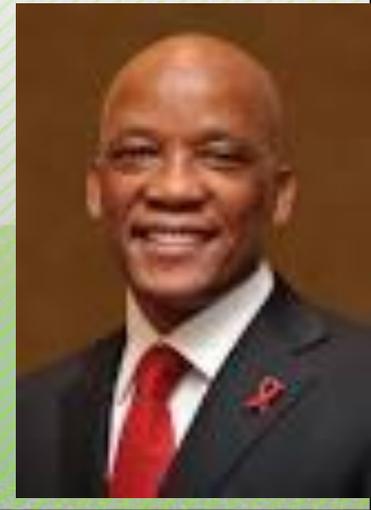
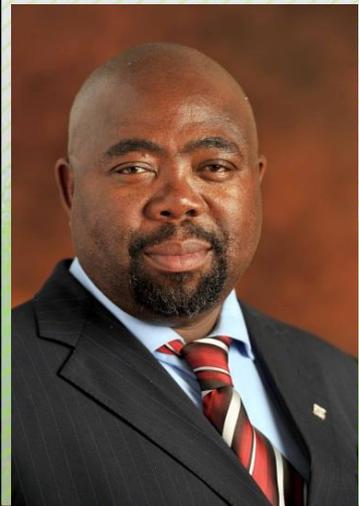
Strategic Intent or Goals

- The Board has identified five overarching long-term goals for the next five years. These are to:
- provide active support to the Minister's strategic programmes and initiatives, aimed generally at turning around the National Department of Public Works and specifically at increasing South African innovation and emerging creativity development;
 - consolidate Agrément South Africa into a viable and cutting edge organisation with sound corporate governance, risk management profile and world-class processes and systems with a strong technological intellectual base;

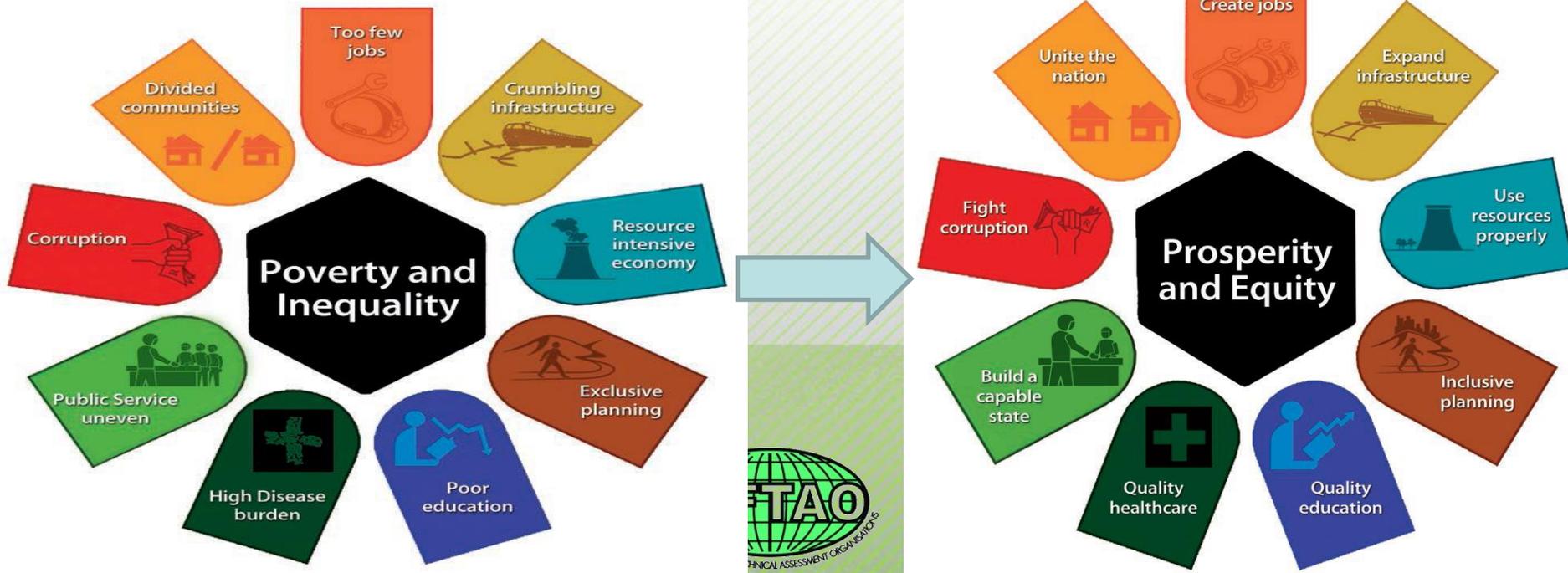


Strategic Intent or Goals

- drive the growth and progress of Agrément South Africa as a leading state-owned, internationally acknowledged centre for the assessment and certification of non-standardised construction products;
- build a centre that enhances SA's position, leadership and strong global presence through innovation, research and development;
- promote a human capital strategy that enables Agrément South Africa to address its current and future human resource challenges, including the shortage of critical skills in the construction industry.



Agreement South Africa Bill



Contribution to achieving National outcomes

Outcome	Agrément South Africa's contribution
A long and healthy life for all South Africans	Technical certification of technologies that improve indoor thermal performance to provide a healthy living environment and contribute towards a long life and a healthier nation.
A responsive, accountable and efficient local government system	<p>Participate in the activities of local government, specifically:</p> <ul style="list-style-type: none"> ➤ undertaking presentations to local authority building inspectors nationally as well as during the annual building inspector's convention ➤ membership of the advisory council of the National Regulator for compulsory specifications ➤ proactive support to building inspectors at local authorities to exercise building control within their areas of jurisdiction.

Contribution to achieving National outcomes

Outcome	Agrément South Africa's contribution
<p>A skilled and capable workforce to support an inclusive growth path</p>	<p>Undertake Human Capital Development (HCD) by encouraging staff to improve their academic qualifications and assigning challenging but relevant tasks.</p> <p>Direct HCD interventions in 2015/16 include:</p> <ul style="list-style-type: none"> ➤ Vacation students placed at Agrément South Africa : 2 ➤ Undergraduate bursars supported: 1 ➤ Interns placed at Agrément South Africa: 2.
<p>An efficient, competitive and responsive economic infrastructure network</p>	<p>As part of the CSIR, participate in the Association of Southern African National Roads Agencies and SANRAL (the South African National Roads Agency) projects aimed at revising national guidelines for road materials and structural design of roads.</p>

Contribution to achieving National outcomes

Outcome	Agrément South Africa's contribution
Decent employment through inclusive economic growth	<ul style="list-style-type: none"> ➤ Undertaking technical certification of several new, labour-intensive construction methods, such as developing criteria for using thin concrete technology in road construction similar to the technology developed and implemented in communities in Gauteng and the Eastern Cape. ➤ Assist in facilitating the development of technologies that improve the competitiveness of the construction industry ➤ Assist in creating opportunities for developing new industries and job creation, such as Agrément South Africa's involvement in developing new industries that add value to the use of indigenous natural fibres in the construction industry to stimulate job creation in rural areas.
Environmental assets and natural resources that are well protected and continually enhanced	Include environmental assessment as part of contributing towards environmental sustainability, such as thermal performance, energy efficiency software and developing a database of the environmental impact of construction materials.

Contribution to achieving National outcomes

Outcome	Agrément South Africa's contribution
Improving the quality of basic education	Technically assessing innovative technologies that can be used to construct modern schools. The Independent Development Trust (IDT) has used innovative technologies in constructing schools, especially in rural areas.
Sustainable human settlements and an improved quality of household life	Participate in the activities of the Department of Human Settlements, including research and development, such as awarding an Agrément South Africa certificate of fitness-for-purpose for a new design for a low-income house. Compared to the standard RDP house, the house has better indoor air quality, utilises 'zero wastage' and modular construction approaches and has an innovative thin concrete foundation that saves one tonne of concrete per house significantly reduces construction time.

Contribution to achieving National outcomes

Outcome	Agrément South Africa's contribution
<p>Vibrant, equitable and sustainable rural communities and food security for all</p>	<p>Technically assessing technologies that can improve the performance of dwellings and therefore the living environment in rural areas, such as improved traditional building methods and the use of lightweight building construction technologies and materials that are easier and cheaper to transport than conventional materials and are therefore suitable for remote rural areas.</p>

STAKEHOLDERS

STAKEHOLDER	NATURE OF INTEREST	SOURCE OF POWER
Building professionals	Benefits associated with innovative construction technologies	Innovative technology, products and systems are usually not specified
Certificate holders	Facilitation of approvals and marketing	Agrément certification is deemed to satisfy the requirements of the building regulations
Department of Human Settlements (DoHS)	The provision of subsidy housing	The Department is mandated to decide where human settlements will be located and which construction technology/ methodology to employ

STAKEHOLDERS

STAKEHOLDER	NATURE OF INTEREST	SOURCE OF POWER
Department of Public Works (DPW)	Tasked with encouraging the use of innovative products and systems to the benefit of South Africa	Funding the day-to-day costs of maintaining Agrément South Africa
Home owners	Benefits associated with innovative construction technologies	Financial
Local authorities	Plan approval is required by law. Promote uniformity in the understanding and implementation of National Building Regulations (NBRs) made in terms of the National Building Regulations & Building Standards Act, 103 of 1977.	The withholding of building plan approval; when present, professional architects and engineers are required to perform specific functions.

STAKEHOLDERS

STAKEHOLDER	NATURE OF INTEREST	SOURCE OF POWER
National Home Builders Registration Council (NHBRC)	Management of risk associated with their structural and water penetration warranty scheme	Refusal to register contractor and building, thereby denying insurance cover
National Regulator for Compulsory Specifications (NRCS)	Government is responsible for protecting the health and safety of citizens, the environment and for ensuring fair trade	Government is obliged to ensure that national and international trade is fair and based on reliable measurements
Roads Agencies	Benefits associated with innovative construction technologies	Innovative construction technologies and products and systems are usually not specified

STAKEHOLDERS

STAKEHOLDER	NATURE OF INTEREST	SOURCE OF POWER
South African Bureau of Standards (SABS)	Promotes South African national standards to facilitate international trade and enhance South Africa's economic performance and transformation	Develops, promotes and maintains standardisation and quality for commodities and the renders related conformity assessment services

STRATEGIC OBJECTIVES

STRATEGIC OBJECTIVE	STRATEGIC PLAN TARGET	TARGET 2015/2016
<p>Ensure effective corporate governance processes and sound resource management and increase technical assessment outputs.</p>	<p>% amount of revenue collected.</p>	<p>100% revenue collection.</p>
	<p>Manage all debtors to ensure payments are received within 90 days.</p>	<p>Comply 100%</p>
	<p>Payments done within 45 days.</p>	<p>Comply 100%</p>
	<p>Expenditure to income ratio equal or better than budget.</p>	<p>Comply 100%</p>
	<p>Investments in terms of approved Investment policy and strategy.</p>	<p>Investment benchmark as approved by Agrément South Africa.</p>

STRATEGIC OBJECTIVES

STRATEGIC OBJECTIVE	STRATEGIC PLAN TARGET	TARGET 2015/2016
<p>Certification of products and systems as being fit for purpose.</p>	<p>% of Evaluation offers processed and accepted / rejected within seven days from date of receipt. Excludes in-completed submissions.</p>	<p>90%</p>
<p>[% of certificates processed = number of applications /offers/ certificates processed (approved or rejected) within specified period divided by total number of applications received in a year].</p>	<p>% of Agrément offers issued within 15 working days of receiving such applications.</p>	<p>90%</p>
	<p>% of Agrément certificates issued within Board approved contract period.</p>	<p>90%</p>

STRATEGIC OBJECTIVES

STRATEGIC OBJECTIVE	STRATEGIC PLAN TARGET	TARGET 2015/2016
Human Capital Development.	% improvement in employee satisfaction.	Conduct employee satisfaction survey and achieve a minimum of 64%.
Ensure sustainability and stability of the Agrément South Africa technical agency.	Assemble Board Technical Committee including industry experts as per Board approved schedule.	Comply 100%
	Review and make reference to latest national standards and technical requirements.	Comply 100%

STRATEGIC OBJECTIVES

STRATEGIC OBJECTIVE	STRATEGIC PLAN TARGET	TARGET 2015/2016
<p>Improve technical assessments through participation in the World Federation of Technical Assessments Organization (WFTAO) and international research organizations to contribute towards Study tours and active participation in projects undertaken by other developmental states.</p>	<p>Devise innovative construction technologies suitable for fast-tracking rural development in South Africa by introducing appropriate systems which have been used successfully in other parts of the world. Target of at least one system annually.</p>	<p>Participate in the 18th Annual General Meeting of the WFTAO.</p>
<p>Effective business management solutions for enhanced implementation of Agrément's mandate.</p>	<p>Effective use of People-soft Enterprise Resource Planning Solution for financial, human resources and project management.</p>	<p>Comply 100%</p>
<p>Ensure improved service delivery to meet client expectations and leverage stakeholder relations.</p>	<p>% improvement in customer satisfaction.</p>	<p>Conduct customer satisfaction survey & achieve a minimum of 64%.</p>
	<p>% of certificate holders subjected to quality audit.</p>	<p>100%</p>

QUALITY MANAGEMENT TARGETS

OBJECTIVE STATEMENT	ANNUAL TARGET OUTPUTS (2015/2016)
Facilitate and monitor the implementation of the Quality inspections on all Agrément South Africa's Certificate Holders.	Completion and monitoring of Quality Inspection Implementation Plan.
Monitoring of previous Quality Records and manuals.	Monitoring of previous Quality Records and manuals.
Conduct and monitor Annual quality inspections and annual fees.	Compilation of all annual Quality Inspection. Monitoring the payment of the annual fee by the certificate holder
Approval of the certificate holder's licensees or qualified installers.	Monitoring the registration of licensees and qualified installers

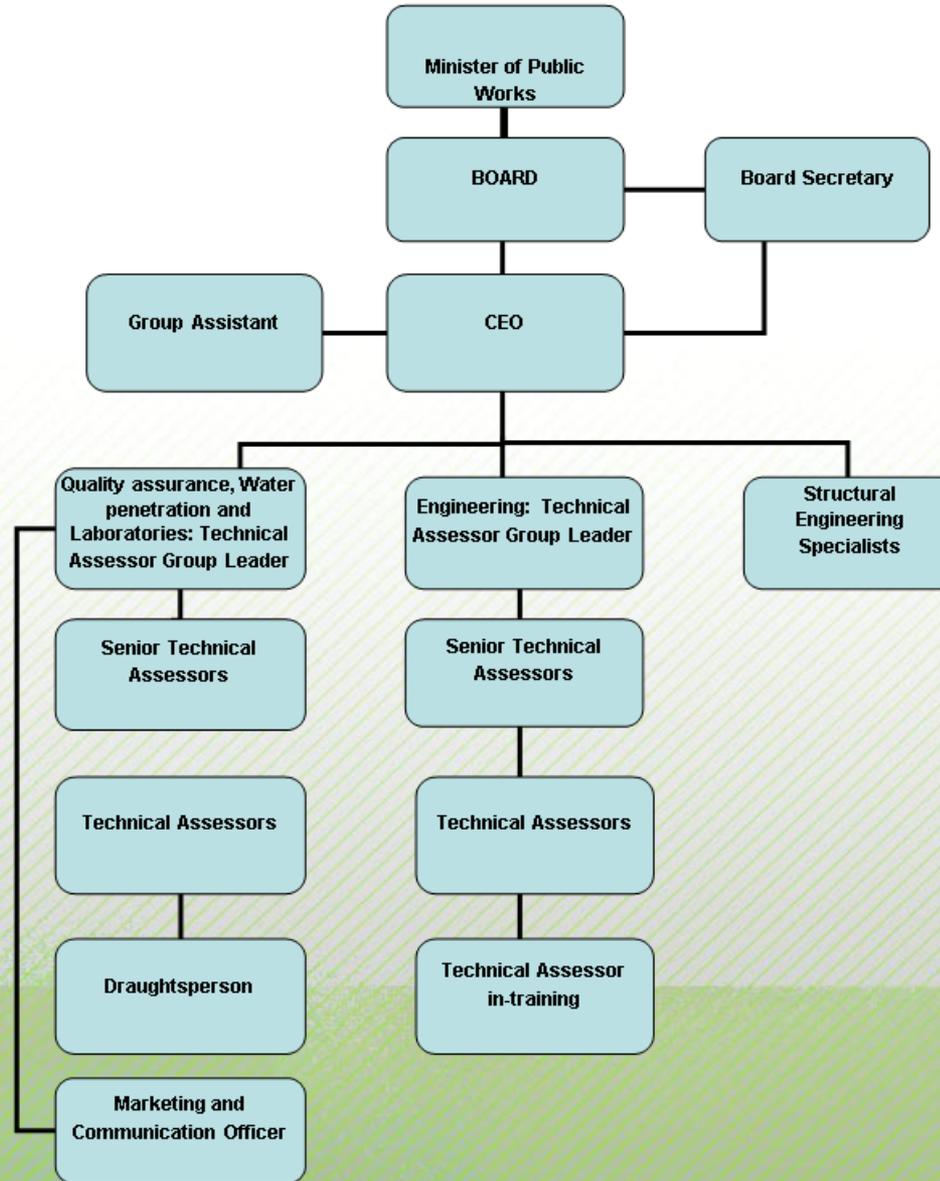
QUALITY MANAGEMENT TARGETS

OBJECTIVE STATEMENT	ANNUAL TARGET OUTPUTS (2015/2016)
Facilitate the approval of the certificate holder's quality manual based on the quality management system and implementation.	Ensure all certificate holder implement quality plan based on quality management system and implementation.
Facilitate and monitor the resources required.	Ensure that there is resource for the quality management.
Facilitate and monitor the use of Agrément certificates by certificate Holders and licensees.	EXTERNAL FOCUS: Completed project registration documents.
Following up on certificates.	Follow up on issues concerning the use of Agrément certificates.
Facilitate and monitor the three yearly validity reviews.	Compilation of all validity review schedules.

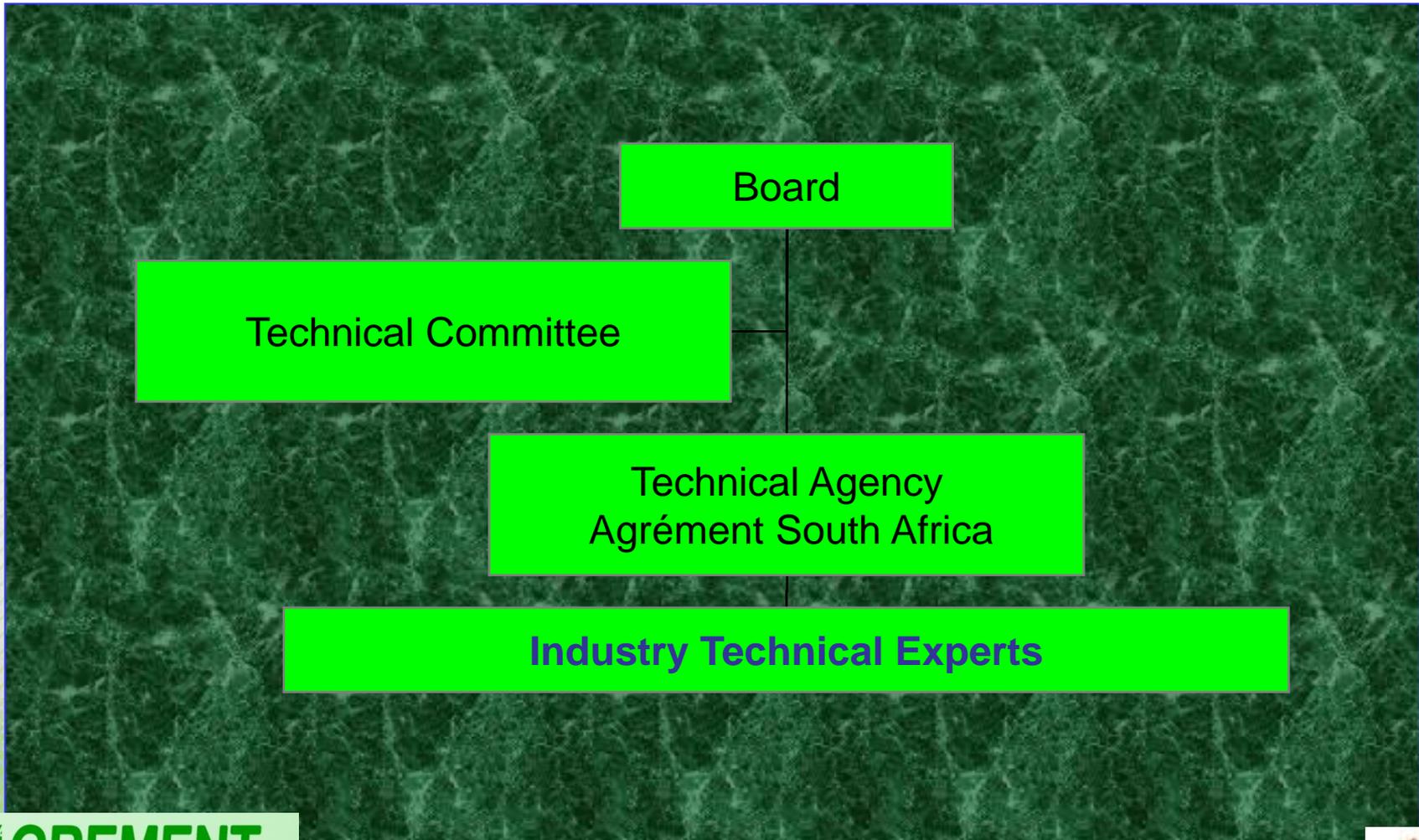
TECHNICAL ASSESSMENTS TARGETS

OBJECTIVE STATEMENT	ANNUAL TARGET OUTPUTS (2015/2016)
Facilitate and monitor the implementation of the technical assessments on all Agrément South Africa's Certificate applicants.	Completion and monitoring of technical assessment Implementation Plan.
Monitoring of previous Technical assessment Records and certificates.	Monitoring of previous Technical assessment Records and certificates.
Conduct and monitor Technical assessment.	Compilation of all Technical assessment reports.
Facilitate the approval of the certificate holder's quality manual based on the quality management system and implementation.	Ensure all certificate holder implement quality plan based on quality management system and implementation.
Publish certificates.	Publish synopsis of the certificates on Agrément South Africa Web site, government gazette and the Agrément South Africa Annual Report.
Following up on certificates.	Follow up on issues concerning the use of Agrément certificates.

Organisational structure



Organisational structure



Governance

- The Minister of public Works approved the Agrément South Africa's 2015/16 strategic plan.
- Strategic and Annual Performance Plan 2015/16 – 2019/20 was delivered to the Parliamentary Stores before 10 March 2015 for tabling.
- By undertaking technical assessments of innovative systems for and on behalf of the Government, Agrément South Africa has made a great contribution in the safe introduction of innovative technologies in the country with commensurate benefits.

Innovative systems have potential to teach people the ways and gives them the means to take control over their own future accommodation by allowing them to build their own houses.

Governance Matters: Values

- Agrément South Africa has excellent support systems, business enterprise processes & very strong linkages with global best practice organizations, processes and individuals.
- Agrément South Africa is very well governed with strong internal control processes and systems.
- The Board addresses issues of corporate governance to ensure compliance with treasury & national requirements.
- This ensures proper fiduciary management within the Agrément South Africa.
- Agrément is making a contribution to build a better South Africa!

Board Governance

- 8 Board members.
- Current Chairperson is Mr. Pepi Silinga.
- **Strategic planning session** held annually.
- Board operates at a strategic level and in accordance with good governance policies.
- The Board's Technical sub-committee focused on key objectives & ensured Agrément South Africa was **well governed**.
- **Financial statements are audited and received a clean audit report.**



Ms Nteboheng Ngcobo
Civil Engineering
Lecturer,
University of
Johannesburg

Mr Mninawe Pepi Silinga
CEO
Coega Development
Corporation



Dr Jeffrey Mahachi
Advisor
NHBRC

Mr MF Makamo
Manager
SABS



Mr Hans Ittmann
Logistics Consultant

Ms Mariana Marneweck
Environmental Liability
Consultant



Ms Adelaide Ranape
Senior Legal Manager
Barlow World Africa

Mr DC Fredericks
Managing Director
OHS E-Consulting



RECONCILING ANNUAL PERFORMANCE TARGETS WITH MTEF

<u>Agrement South Africa</u> <u>[R'000]</u>			
	2015/16	2016/17	2017/18
<i>External Income</i>	10 314	10 933	11 589
<i>Other Income</i>	1 949	2 066	2 190
Total Income	12 263	12 999	13 779
<i>Human Resources</i>	6 495	6 885	7 298
<i>Running Costs</i>	3 020	3 201	3 393
<i>Other Costs</i>	2 593	2 749	2 914
Total Costs	12 108	12 835	13 605
Surplus (loss)	155	164	174
<i>Interest Income</i>	132	140	148
NET MARGIN AFTER INTEREST	287	304	322

Comparison Of Actual **Annual** Financial Performance With Previous Years Performance

	2009/10	2010/11	2011/12	2012/13	2013/14
Total Income	8 737 412	8 782 333	9 778 965	9 947 491	11 056 266
Total Expenses	8 590 975	8 550 714	9 876 645	10 298 870	10 911 181
<i>Margin before Interest</i>	146 437	231 619	-97 680	-351 379	145 085
Interest	147 597	107 570	182 508	185 755	162 442
<i>Nett Margin/Surplus</i>	294 034	339 189	84 828	-165 624	307 527

Financial Comments

- Agrément South Africa has operated for 46 years under ministerial delegation of authority from the Minister of Public Works.
- The annual grant funding is channeled from the Department of Public Works (DPW) to the CSIR as the legal public entity.
- The funds are ring fenced & only used for Agrément South Africa.
- The transactions are subject to the policies, procedures and governance processes as per treasury regulations.
- Finances are audited as required by treasury regulations.

The CSIR has received an unqualified audit report for the last few years and has been hailed as an example of good financial management.

Thank you... for Achieving excellent results
TEAM: Together Everyone Achieves More

