

PL WORKS  
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## **BUSINESS PLAN**

### **AGRÉMENT SOUTH AFRICA**

**2004/2005 – 2006/2007**

*This document is a business plan and budget. It only deals with the certification function of Agrément South Africa. Any other functions that the Department of Public Works may require Agrément South Africa to perform, will be dealt with in a separate business plan and budget.*

## EXECUTIVE SUMMARY

The operation and the activities of the Board of Agrément South Africa are closely linked to that of the national Department of Public Works. It is of critical importance that Agrément South Africa continues to position itself as a close ally and an extension of the Department of Public Works. The activities of the Construction Industry Development Board and other initiatives of the Department of Public Works in the construction domain will continue to influence the activities of Agrément South Africa.

Other strategic factors that will directly influence the environment in which Agrément operates, include:

- the New Partnership for African Development as an important regional initiative that may have a direct impact on infrastructure delivery;
- the need for the development of infrastructure in Africa and the role of the Department of Public Works in developmental peacekeeping;
- growth in the construction industry;
- the rate of housing delivery and alternative housing models;
- the need for economic growth, poverty alleviation, increased infrastructure budget and job creation; and
- environmental agendas and the influence that it will have on the construction process.

Most of the objectives for 2003/2004 were achieved or are in progress. This will be reported on in detail in the Annual Report at the end of the year.

The strategic objectives of the certification function of Agrément South Africa for the next three years are to:

- meet the expectations of its stakeholders;
- grow Agrément certification; and
- deliver socio-economic value.

## STRATEGIC AND OPERATIONAL CONTEXT

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- the need for economic growth, poverty alleviation, increased infrastructure budget and job creation; and
- environmental agendas and the influence that it will have on the construction process.

Agrément South Africa operates under a ministerial delegation of authority from the Minister of Public Works. Its mandate states that Agrément South Africa shall support and promote the process of integrated socio-economic development in South Africa as it relates to the construction industry by facilitating the introduction, application and utilisation of satisfactory innovation and technology development, in a manner which will add value to the process and by so doing enhance Agrément South Africa's position as the internationally acknowledged, objective South African centre for the assessment and certification of non-standardised construction products.

Agrément South Africa shall do this *inter alia* by providing assurance of fitness-for-purpose of such technologies that optimise resource utilisation and promote competition in industry.

Agrément South Africa's mission is to serve the national interest by being the internationally acknowledged independent South African centre serving the building, construction and engineering communities by providing assurance to specifiers and users via technical approvals of fitness-for-purpose of non-standardised and/or unconventional products.

The Board of Agrément South Africa is an independent body operating under a ministerial delegation of authority from the Minister of Public Works. In terms of an agreement with the CSIR, the Board's Agency is operated by CSIR Building

and Construction Technology (Boutek). As such, all the finances of the Board as administered by the Agency will be subject to the CSIR financial system and auditing processes. The staff of the Agency will be managed and developed in line with CSIR policies and procedures. The project management system of the CSIR will be used for managing individual projects.

## **STRATEGIC OBJECTIVES**

Most of the objectives for 2003/2004 were achieved or are in progress. This will be reported on in detail in the Annual Report at the end of the year.

The strategic objectives of the certification function of Agrément South Africa for the next three years are to:

- meet the expectations of its stakeholders;
- grow Agrément certification; and
- deliver socio-economic value.

Each of these strategic objectives will be discussed in the following paragraphs.

### **Meet the expectations of stakeholders**

The main business of the certification function of Agrément South Africa will remain the certification of innovative and non-standardised products in the construction industry. Government finances the major part of the operational cost of Agrément through the National Department of Public Works. The Department is Agrément's most important stakeholder and it is of critical importance that the expectations and objectives of the Department are met.

Agrément South Africa will continue to maintain and enhance the technical credibility and standard of its certification procedures and criteria. New criteria will be developed where necessary. The streamlining of the internal Agrément procedures will continue to receive attention. All Agrément certificates and other technical work are the subject of peer review. The technical work of the Agency is also scrutinised by Technical Committees before being submitted to the Board.

The newly introduced validity monitoring and review procedures for certificates will be fully implemented during the 2004/2005 year. Inspections of certificate holders' implementation of their quality systems are a very important tool for enhancing the credibility of Agrément South Africa. All active certificate holders will be inspected at least once during the year.

The association with the World Federation of Technical Assessment Organisations will be cultivated further. This will enable Agrément to learn from similar international organisations and to benchmark itself against international best practice. It also provides an opportunity for sharing.

National departments like Housing and Water Affairs and Forestry, local authorities, provincial departments (e.g. Gautrans) and organisations like the National Home Builders' Registration Council (NHBRC) and the South African National Roads Agency Limited (SANRAL) are important stakeholders. These bodies need to know that they can trust the Agrément process and the credibility of certificates. Interaction with these bodies will continue.

Certificate holders are also important stakeholders. Many of them expect of Agrément to market their certified products on their behalf. While this is not possible, every effort will be made to market the Agrément concept to authorities and specifiers. This will facilitate the use and acceptance of certified products. Opportunities for the use of certificated products in Africa will be pursued. Contact and interaction with certificate holders will be strengthened during the 2003/2004 year. Financial management will receive strict attention to ensure costs are kept within the approved budget.

### **Grow Agrément certification**

The growth of Agrément South Africa will remain an important objective during the next few years. It is expected that the number of traditional assessments for housing systems will remain at current levels. Agrément maintains close links with the NHBRC. Its insistence on Agrément certification for non-standard houses will continue to support demand for certification.

The evaluation of bridge deck joints will probably increase during the next year. The first bituminous products should also be evaluated. The positive cooperation with SANRAL and the Department of Water Affairs and Forestry will result in a number of technical assessments of road and sanitation products respectively.

The certification of construction products in addition to building systems will be emphasised further. Opportunities that will be explored include water supply and sanitation products, energy efficiency products relating to buildings, bituminous products, bridge seals and products that claim to reduce negative impacts on the environment. Of these sanitation products probably presents the biggest challenge and opportunity during the next few years. The medium term aim is still to increase the ratio of product certificates to building system certificates to 2:1, without significantly reducing the number of building systems that are certified.

Non-conventional stabilisers for unsealed roads have previously been identified as the next product class for certification. The development of criteria in this area will be finalised.

The NHBRC and the Department of Housing have expressed a need for the modelling of the energy consumption of houses. Agrément is well positioned to play leading role in this initiative. Business opportunities in this area will be developed.

Opportunities for closer cooperation with other African countries will also be explored.

### **Deliver socio-economic value**

The results of the study on socio-economic indicators will be implemented. This means that Agrément certificates will comment on the socio-economic potential of the product that is evaluated.

The use of the Agrément Open Certificate on modified earth construction as a means of transferring non-proprietary technology to communities and SMEs will continue to receive attention. The implementation of the Open Certificate will continue to be a major activity. This could include intense interaction with local authorities and the NHBRC, continuing research to improve the system, training of prospective certificate holders, and cooperation with organisations like the Development Bank of Southern Africa (DBSA) and the Independent Development Trust (IDT) to assist with the implementation of pilot projects.

Interaction with the Department of Housing will continue. This interaction will not only focus on the use of the Agrément Open Certificate, but also explore the possibility of certifying repairs and maintenance on existing earth structures.

While it is not envisaged that the development of the next type of Agrément Open Certificate will start in the next year, attempts will be made to identify the most likely candidate technology for the next certificate. This technology may be in the area of sanitation.

### **TRANSFORMATION AND MANPOWER DEVELOPMENT**

The Technical Agency of Agrément South Africa forms part of CSIR Building and Construction Technology (Boutek). Boutek has well-developed transformation policies in place. These policies will also apply in the Technical Agency. The staff retention, mentoring and career development plans of Boutek also apply to the Technical Agency. The training of two junior evaluators will continue.

### **INVESTMENT STRATEGY**

Agrément's investment strategy will support its strategic priorities and objectives. This document will focus in more detail on the investment or expenditure in 2004/2005. The budgeted external income of R1000k, interest of R300k as well as the grant of R6150k from the Department of Public Works will be invested in

the operations of the Agency. Other sources of funding will also be pursued during the year. These will include donor agencies and other government departments.

The budgeted non-grant income of R1000k is conservative and does not take any income for development projects into account. It does, however, reflect increased income from evaluations of new product classes (e.g. bituminous road products and bridge deck joints). In the past, a significant portion of the Board's income was spent on the management of the validity of certificated and on monitoring certificate holders' quality systems. Whilst this is an essential part of the certification process, these costs escalate as the number of certificates increase. Partial cost recovery for this activity will be implemented during 2004/2005.

The manpower bill for the Agency will be R3600k. This includes the salary cost of all staff members. Provision is made for an average salary increase of 6% in October. This percentage depends on the CSIR decision with respect to salaries of staff members.

The running expenses of the Agency will be R1655k. Of this amount, R1045k will be invested in the operation of the Agency, R360k in the marketing of Agrément and R200k in research to develop new technical criteria in relevant areas and to refine existing criteria where necessary. Each of these is discussed below.

The operational costs of the Agency will be R1045k. Various activities form part of this cost. The day-to-day operating expenses will be R745k. This includes items like manpower development, stationery, telephones, rental of equipment, subsistence and travel, legal fees, printing, mailing, refreshments and photocopying. It also includes the running cost associated with the evaluation of products. The cost of the Board and its Committees and all their meetings will amount to R100k. The running expenses to monitor quality, carry out inspections, both in plant and on site, and validity monitoring and review will be R250k.

Communication of Agrément has been a focus area for the past few years. The current strategy is to focus on third party marketing and to create awareness of Agrément through articles in the media. The Agency has no in-house marketing capacity. A marketing communications company has been appointed to assist the Agency with the marketing of Agrément.

The communication activities of Agrément will continue to receive attention and R360k is budgeted for this. The communication will focus on decision makers at all levels of Government. The marketing of Agrément's services to the roads industry and the manufacturers of construction products will also receive attention. An amount of R250k is budgeted for the services of the

communication consultants. This include activities like market surveys, the organising of functions, the development of the Annual Report and other printed material, the management of media and the sourcing of promotional material. R40k is budgeted for subsistence and travel to carry out the communication activities. Printing of the Annual Report, Newsletters and other leaflets will be an expense of R70k.

An amount of R200k will be invested to develop and research technical criteria. Of this, an amount of R100k will be used for further research and the implementation of the Agrément Open Certificate. It is expected that the implementation will continue into the next 3 – 5 years. An amount of R100k is budgeted for the finalisation of criteria for the certification of dust suppressants on dirt roads.

The CSIR infrastructure cost for the next financial year will be R1995k. This includes finance, personnel and administration charges of R1665k, rental of R235k and depreciation of R95k.

The income and expenses for the next three years is reflected in the budget below. Very limited detail is supplied for 2005/2006 and 2006/2007, but no major change in strategic direction of the certification activities is expected.



**AGREEMENT SOUTH AFRICA**  
**Certification activities**

Budget 2004/2005 – 2006/2007	R'000				
	Budget 04/05	Actual 03/04	Actual 02/03	Budget 05/06	Budget 06/07
<b>INCOME</b>	<b>7450</b>	<b>6823</b>	<b>6238</b>	<b>8050</b>	<b>8650</b>
PWD Grant	6150	5800	5500	6550	7050
Assessments and other	1000	773	518	1100	1200
Interest	300	250	220	400	400
<b>EXPENDITURE</b>	<b>7250</b>	<b>6854</b>	<b>6047</b>	<b>7750</b>	<b>8250</b>
Manpower	3600	3218	2642		
Running cost	1655	1814	1727		
Operations	<b>1095</b>				
Agency operating expenses	745				
Quality monitoring	250				
Board costs	100				
Marketing	<b>360</b>				
Communications consultants	250				
Subsistence and travel	40				
Printing	70				
Technical criteria	<b>200</b>				
Open certificate	100				
Dust suppressants	100				
CSIR infrastructure costs	1995	1822	1678		
Rental	235				
Depreciation	95				
Finance, personnel & administration	1665				
<b>SURPLUS</b>	<b>200</b>	<b>(31)</b>	<b>191</b>	<b>300</b>	<b>400</b>

**AGREMENT SOUTH AFRICA**  
**2003/2004 KRAs**

<b>Growth &amp; Financial</b>	
External income (excluding PWD grant)	R1000k
Net margin	R200k
WIP on external contracts	< 3 months
Contracts for bituminous product	March 2005
Mentor junior evaluators	Ongoing
Recommendation on environmental labelling	September 2004
Manage costs within approved budget	March 2005
Play active role in new standards generation especially energy efficiency standards	March 2005
<b>Expectations of stakeholders</b>	
New Board appointed by Minister	March 2004
Peer review of all reports	100%
Project Management System	Compliance with CSIR internal reports
Quality inspection on all certificate holders	Once per year
Implement validity management	September 2004
Publish at least one paper and 2 advertorials	March 2005
<b>Socio-economic value</b>	
Implement socio-economic indicators in first certificate	August 2004
Implement Agrément Open Certificate	Ongoing