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Nedbank's green affordable housing

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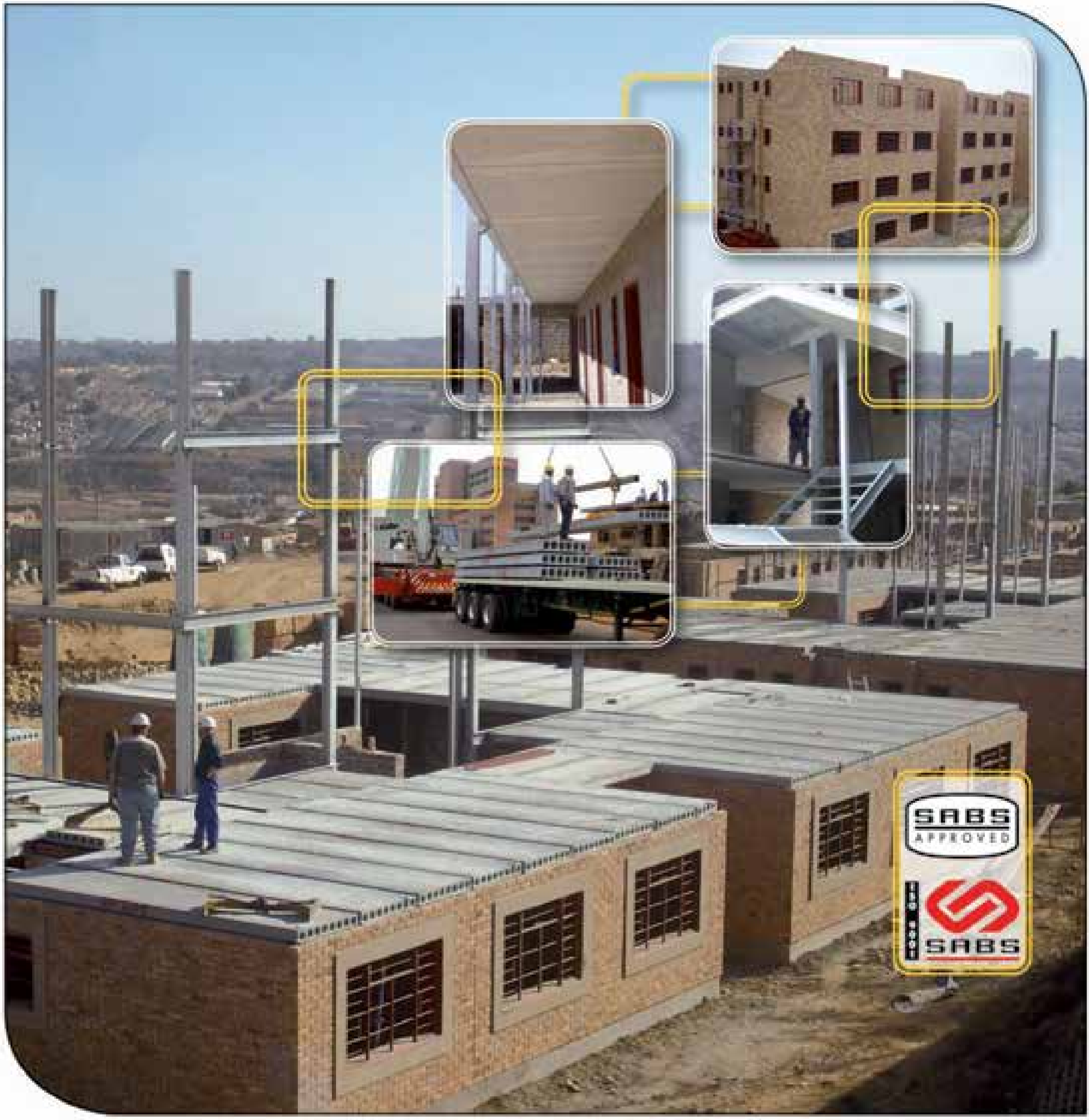
BRIBERY, CORRUPTION AND LABOUR SHORTAGE • ANGLO AND RAL SIGN MOU

SEPTEMBER 2016



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HOUSING
in Southern Africa

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ED'S NOTES

Nedbank's green affordable housing...

The developers' favourite banker, Manie Annandale, Head of Affordable Housing Development Finance at Nedbank, identified the need for 'green' affordable housing almost three years ago. This has resulted in more than 1 000 Gap market and social housing units being built, which will receive the coveted Excellence in Design for Greater Efficiencies (EDGE) certification from the Green Building Council of South Africa.

Energy efficiency and green building in the affordable market is something all developers should strive for and not only to simply comply with minimum legislation requirements. Annandale points out that a middle-class family earning R15 000 back in 2010 may have spent R750 on electricity but today this has risen by more than 60%, while their income has certainly not kept pace. Tenants of The Block in Glenhaven in Cape Town and Danica Manor in Ravenswood in Johannesburg's East Rand will soon have access to EDGE certified rental apartments, funded by Nedbank and International Housing Solutions.

Nedbank Corporate and Investment Banking recently interviewed affordable housing developers in the Western Cape to test consumer attitudes to green stock and gauge the readiness of the market. Solar water heaters appealed to a significant portion of the market and even residents who showed no preference for environmental sustainability at occupation have become enthusiastic adopters when they realised the savings.

The City of Johannesburg recently handed over keys to beneficiaries of new houses at the Fleurhof Integrated mixed use housing development on Main Reef Road. The Fleurhof project will provide housing for 83 000 people on completion. The former Mayor of Johannesburg, Parks Tau announced that 9 154 families will be housed by the city in the next three years.

Interface EMEA CEO and President of the world's largest modular flooring producer, Rob Boogaard has appealed to the construction industry to set 'outrageous but sustainable targets' and reduce carbon dioxide emissions. He cites the alarming tendency to develop a 'green product' without doing the hard work to internally eliminate any negative impact on the environment during the manufacturing process. Interface's Netherlands plant uses 100% recycled products to produce flooring. The plant's power is produced from chocolate waste and dead fish heads.

Leading infrastructure group, Aveng has sold off its equity interests in four major infrastructure developments to Royal Bafokeng Holdings – the 138 MW Gouda Wind Farm; its 27 year concession to build, operate and maintain the Department of Environmental Affairs office campus in Tshwane; the N3 Toll concessions to build, design, finance and operate the toll road between the Cedra Interchange in KZN to Heidelberg; and the 74 MW Sishen Solar Photovoltaic Plant in the Northern Cape. Kutana has acquired Aveng's 70% stake in Steeledale, a reinforcing and mesh business.

We hope you enjoy the read.

Carol Dalglish • Editor

Govan Mbeki Awards 2014 - Best Media - Housing in Southern Africa

HOUSING in Southern Africa

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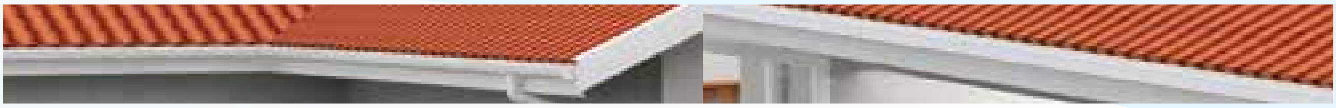

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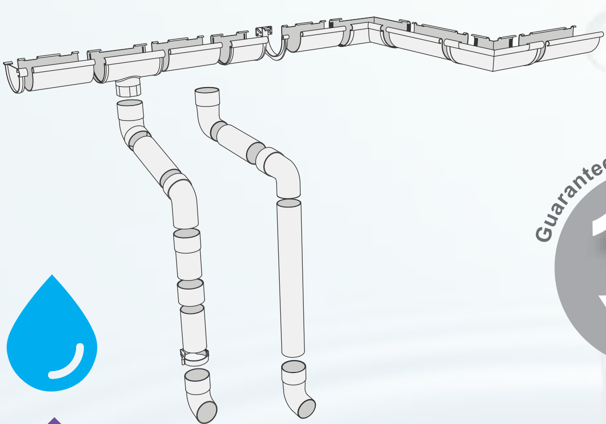

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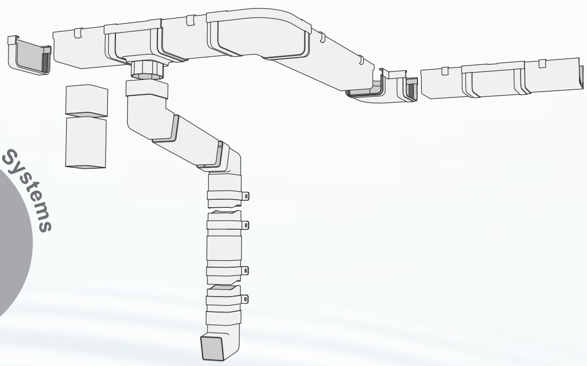

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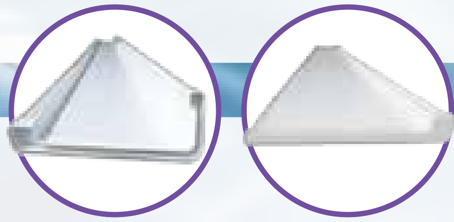

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Country's leading metro

Service delivery matters to local communities, the economy and the residential property market, says Chairman of the Seeff property group, Samuel Seeff.

This has been borne out by case studies and the fact that in the Western Cape house prices continue to outperform the other metros across the country.

Seeff says, "One of the most important outcomes of this year's historic local government elections and the shift in power to the opposition, the Democratic Alliance in particular, has been that service delivery matters, in Cape Town. These have been the most crucial and hotly anticipated election results since 1994 and Seeff says that the shift to the opposition in key metropolitan areas such as Nelson Mandela Bay, Tshwane and in Johannesburg, is a clear signal to government that service delivery is critical. What is more, the better you deliver, the better you do at the polls, as the Cape metro results showed." The news from the international markets and economic analysist have also been positive and we have, for example, seen the rand strengthen against the major currencies to some of the best levels since 2008. Analyst, Maarten Ackerman of Citadel Advisory, says that the business friendly election result has been welcomed by the investment community with the rand reaching new heights. "A strong rand will have a positive influence on the economy, interest rate and ultimately, the property market," says Seeff. As the Cape case study has shown over the last five years, Seeff notes that people want to live and invest in areas where services are top notch. "This is precisely why property buyers have streamed to the Western Cape and the Cape metro in particular in significant numbers. At the same time, the Cape has gotten richer as skills and resources have migrated here and with that, business and property growth. "At the ballot box buyers have voted with their wallets when it comes to property in the Cape," says Seeff. ■

Samuel Seeff

Rental increases

It is a rule of basic economics that along with petrol, food prices and everything else, rentals need to increase annually. In the past it was an accepted norm that the landlord would expect between 8% to 10% annual increase, irrespective of economic circumstances.

Today it is accepted that rent increases will be negotiated by the landlord and tenant to set a figure agreeable to both parties, according to Leon Breytenbach, of the Rawson Property Group.

The landlord must cover the costs pertaining to the property and cannot be expected to maintain the original rental indefinitely, as inflation, the prime lending rate, insurance, property maintenance and municipal rates change.

"The owner would argue in favour of higher escalation costs to cover the ongoing obligation. It is, however, necessary to ensure that the property rental remains at a market related level in order to make it attractive to prospective tenants, while still achieving a viable degree of profit. The tenant will argue in favour of a lower escalation," says Breytenbach.

"The tenant will question the value derived from the monthly rental spend and the increase generally without any visible added value. If pushed beyond what the tenant regards as a reasonable increase, the tenant may terminate the lease," says Breytenbach.

Generally a lease agreement will cover a fixed period and then continue on a month to month basis, while the parties negotiate the terms of the renewed lease agreement.

The property owner should take into consideration whether the tenant proved to be a worthwhile lessee. Was the rental paid timeously? Were unreasonable requests made during the lease term? Was the use, upkeep and maintenance of the property acceptable? Did the tenant get along with the neighbours? Is it worth the hassle of seeking a new tenant? What are the current market rentals?

The tenant must consider the past relationship with the landlord. Is the rental comparable to similar properties in the area? What will it cost to move given the inconvenience? The tenant could possibly get the landlord to agree to carry out some improvements to the property in return for renewal and renegotiation of the lease.

Breytenbach concludes, "Both parties should maintain reasonable expectations, respect the other party's view and be prepared to compromise." ■

ANGLO AND RAL SIGN MOU

The Roads Agency Limpopo (RAL) has signed a Memorandum of Agreement with mining giant, Anglo American Platinum, for the design and construction of a 20 km stretch of road linking Atok, Ga-Selepe and Ga-Mashabela to Twickenham.

Anglo American Platinum will contribute R46,8 million and RAL will be responsible for R153,2 million. RAL CEO Maselagayne Matji says, “We have decided to adopt a strategy to bring in partners who can assist in road construction. Once our roads are in a good condition, developers will be interested in participating in the Limpopo economy.”

Matji said RAL had so far managed to secure investments of R306 million from private sector players to partner in the upgrade of the road infrastructure in Limpopo. Of the 20 260 km of road network that RAL is responsible for, about 14 300 km is gravel road. In terms of its own calculations, the roads agency would need R150 billion to address the backlog, money that is not available through the fiscus. Matji says that is why such partnerships are necessary, “To build a road is not cheap.”

Indresen Pillay, Executive Head of Projects at Anglo American Platinum, says that this is the first time the company has entered into a partnership whereby they co-fund an infrastructure project with a state entity.

Pillay says, “Anglo was initially concerned around issues of governance, capability, capacity and leadership. However, they were impressed by the solid management structure and expertise that exist within RAL to handle such a dynamic partnership project. RAL has a funding mechanism in place to be able to allow this to happen.”

Pillay added that Anglo is excited to share ideas and expertise with a state agency and was committed to seeing the entire project through. “This is not something where we are going to write a cheque and walk away. We will continue to be partners in the delivery of this project, and as partners we will be able to learn from one another.” ■

TAKING ON DEBT AFTER HOME LOAN APPROVAL


Tommy Nel

Home loan customers are often not aware that some banks may continue to monitor their credit profiles and perform updated affordability checks up until bond registration.

This means consumers taking on further debt after they have received a home loan approval may find that the approved home loan amount is reduced, re-priced or declined all together.

Tommy Nel, Head of Credit at FNB Home Loans, says: "We have found that consumers are often unaware that taking out further debt after their home loan is approved will trigger a review on the home loan application," says Tommy Nel, head of credit at FNB Home Loans. "We continually re-assess loans that have been approved up until the bond is registered in the Deeds Office and the property is transferred into the new owner's name."

Any new adverse information listed against any of the applicants during this bond registration window, such as missed payments, or defaults, or further debt triggers the review process. The reassessment will take into account this new information on the applicant's credit profiles as well as any new debt obligations entered into.

Nel adds, "This can result in repricing of the home loan, a lower amount offered or, in some cases, even declining the previously approved loan. This can be a very distressing experience for prospective homeowners; however, the reassessment is necessary to protect the interests of both client and bank."

The result of over extending credit puts potential home owners at risk of foreclosure and some consumers never fully recover. It could also damage their good credit standing that could compromise their ability to rent a property.

Nel says that customers tend to be overly optimistic about their level of affordability and warns customers against taking on any extra debt after a home loan application has been approved.

"Consumers do not always allow themselves a margin of safety for unforeseen expenses or interest rate increases when setting their household budget. This reduces their ability to recover from unforeseen expenses or interest rate increases and some then resort to taking up unsecured loans to try and get back on their feet. However, in the absence of a disciplined review of their expenditure levels, this is likely to do more harm than good in the long term."

He suggests that a new home owner waits until they are in their new home and have lived there for a few months first. This way they can be confident that their household budget still balances." ■

Water service delivery

The re-established Department of Water and Sanitation's call centre hotline aims to provide developers, builders, service providers, stakeholders and communities with access to information about the programmes and services of the department.

The hotline will enable the department to receive and resolve issues related to water-use registration and licensing; vandalism and theft of infrastructure; treatment plants and other problems; illegal water connections; revenue, billing and debt management; water supply interruptions and other issues as well as basic sanitation supply and community sanitation problems.

Given the recent water challenges and constraints, South Africans are urged to use the hotline as this will assist the department to respond to and accelerate service delivery.

The hotline number, 0800 200 200, is free of charge, easy to use and convenient. It will operate in all 11 languages and is operational from 6am to 10pm during weekdays. ■

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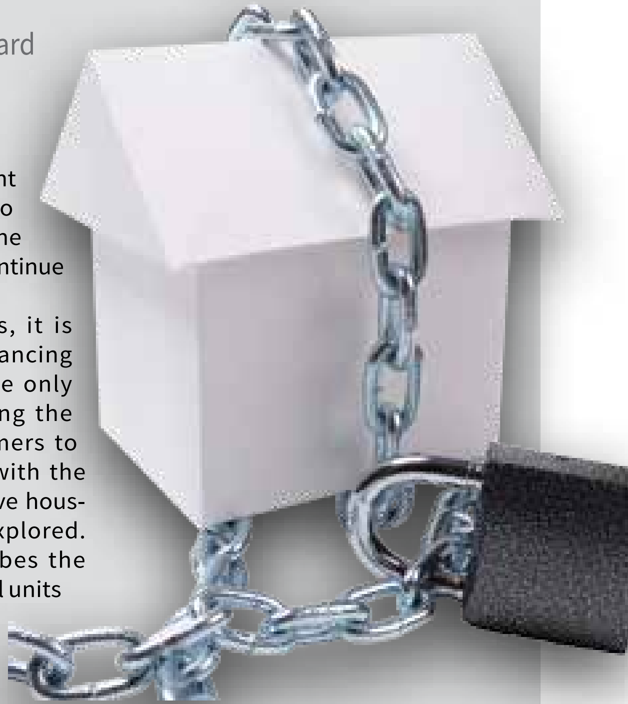
THE AFFORDABLE HOUSING SECTOR

Oupa Masilela, Executive Head of Affordable Housing at Standard Bank recently addressed the backlog in affordable housing.



In the past three years, Standard Bank Affordable Housing has been the preferred lender to first-time home buyers.

The bank has successfully leveraged industry stakeholder relationships to offer quality accommodation to low- and medium-income earners. In collaboration with the Department of Human Settlements, Standard Bank has to date disbursed more than R80 million Finance Linked Individual Subsidy Programme (FLISP) subsidies nationwide.

Providing dignified housing is one of South Africa's greatest challenges, but it's being made harder by a slow economy. The problem is also aggravated by unemployment levels and inflation hikes, that threaten the disposable income levels of consumers.

The task at hand is to fund 1,5 million new housing opportunities targeted by the Department of Human Settlements for delivery by 2019. According to the latest information from Statistics SA, the percentage of households living in informal dwellings only marginally decreased from 13.6% to 13.1% between 2002 and 2014.

This delivery target follows the National Human Settlements Indaba held in October 2014 where a Social Contract for the Development of Sustainable Human Settlements was signed with Human Settlements stakeholders, banks, major employers, private affordable housing developers and government agencies committed to provide funding of R250 billion by 2019.

However, Africa Check reports a bleaker picture. A Financial and Fiscal Commission investigation into the housing situation estimate it would cost government about R800 billion to eradicate the housing backlog by 2020. Increasing urbanisation has put a strain on the demand for and rate of housing delivery, with an estimated annual housing backlog of 140 000. This figure increased to 178 000 units a year following 1994, however delivery levels have fluctuated with some as high as 235 000 in 1998 and 1999, according to Africa Check's research.

Masilela says that government is taking immense strain to keep its budget afloat as the slow economic conditions continue to bite.

Looking at past trends, it is evident that mortgage financing cannot be relied on as the only solution in terms of raising the capital needed by consumers to purchase houses or deal with the housing backlogs. Alternative housing solutions should be explored. "The 'Gap market' describes the shortfall between residential units supplied by the state and houses delivered by the private sector. It comprises people who earn between

'A VAT-free incentive subsidy to all new home owners/applicants meeting gap-market criteria will reduce the cost of capital, and incentivise first-time home ownership. It will improve house financing and affordability as the required capital to fund the loan will be reduced.'

Oupa Masilela

R3 500 and R15 000 per month – not enough to participate in the private market, yet too much to qualify for state subsidised houses. This problem needs to be addressed, and it requires collaboration between all stakeholders.

He suggests that there is a need for improved access to rental space or broader social housing initiatives. According to the General Household Survey Data, renting in informal dwellings increased with 18,5% in 2012 and 32,6% in 2014. Although FLISP was introduced in 2012 to assist households earning between R3 501 and R15 000 a month, there is still an opportunity to reach the broader consumers in the Affordable Housing market. Masilela says, "A VAT-free incentive subsidy to all new home owners/applicants meeting gap-market criteria will reduce the cost of capital, and incentivise first-time home ownership. It will improve house financing and affordability as the required capital to fund the loan will be reduced. One of the key challenges that hinder progress in the delivery of mortgage financing is the fact that half of the five million people in the country who can borrow money to buy a house, have impaired credit records. The challenge at hand is huge, the tasks are vast, yet partnering is the best solution." ■

BRIBERY, CORRUPTION AND LABOUR SHORTAGE


Musa Shangase

Musa Shangase, Commercial Director of Corobrik cited a number of challenges that face the construction industry in South Africa. The most notable challenges facing the building sector according to Shangase is the struggling rand, corruption, labour shortage, service delivery and Eskom.

Addressing delegates at Interbuild Africa 2016, Shangase said that given the challenges it is not all gloom and doom, the future maybe brighter than it seems. Unpacking the challenges he says, "The country's slow economic growth makes for a sluggish construction sector, in 2015 until early 2016 the rand took a serious knock in relation to the dollar. As the value of the rand decreased, project costs rose, as well as those of construction materials like steel and oil. Commodity markets are affected, with subsequent decreases in revenue being felt by major construction firms. A poor performing currency means plummeting profitability for construction firms. When the economic growth stalls, so does the demand for construction work. If the demand for new construction work remains poor in 2016, it will pose a serious challenge."

He adds that bribery and corruption has pervaded the construction industry. "The topic is regarded by many as synonymous with construction and engineering projects. However, the procurement and completion of such projects demands interaction between the participants; it involves a certain level of cooperation in order to coordinate the numerous activities which make up the construction process. The balance between activities that legally facilitate this process and those that are tainted by concepts of bribery, or corruption is not always clear. Lately there were issues of corruption, with companies paying to have their tenders fast-tracked. Also these cartels limit healthy competition, undermines the reputation of the industry and prevents healthy competitive pricing."

Citing the example of power problems facing Eskom, the power shortages may force construction companies to look at increased mechanisation in the future. On labour shortages, Shangase points out that there are few skilled artisans coming into the industry and some contractors claim that staff salaries represent 29% of total operating costs.

> 'The residential building sector increased by 6,7% or R1,38 billion and non-residential increased by 18% or R1,9 billion over the same period last year.'

Research from Grant Thornton's International Business Report for 2016, shows that 61% of South African businesses have been negatively affected by government services delivery issues or regulatory requirements in the past six months. Of these 61% stated that increased service costs such as electricity, water, e-tolls and rising rates and taxes had the greatest negative impact on businesses. Almost 56% stated disruption of supply of utilities, 46% were impacted by government employee strikes 45% cited the rising cost of legislative compliance had negatively affected their businesses.

However, Stats SA reported recently that the value of building plans passed increased by 7,6% or R3,1 billion between January to May 2016, compared to the previous year.

The residential building sector increased by 6,7% or R1,38 billion and non-residential increased by 18% or R1,9 billion over the same period last year.

He says, "South Africa's strengthening rand has made a positive contribution and the fact that the recent elections were free and fair. National Treasury says that it will maintain government's fiscal policy stated in the 2016 budget. This includes achieving economic growth of 2,7% in 2017 rising to 4% in 2019. 'Madiba', always said it seems impossible until it is done." ■

FLEURHOF DRIVE

The City of Johannesburg (COJ) Mayoral Committee Member for Housing, Dan Bovu, recently handed over keys to beneficiaries of new houses at the Fleurhof integrated mixed use housing development in Johannesburg.

Fleurhof is a privately owned property in the process of being developed by Calgro M3 in partnership with the City of Johannesburg. It has been identified as one of the South Africa's premier integrated residential projects. Fleurhof is situated south west of Johannesburg next to the existing Fleurhof residential township.

The 440 ha usable land area comprises various types of residential units and forms of tenure that have specific economic target markets: fully subsidised BNG/RDP housing, GAP, social housing, FLISP and open market rentals as well as fully bonded units. Within the 440 ha of land is a mine dump in the process of being cleared, which will result in yielding an additional 5 000 residential units within the near future.

The Fleurhof project on completion will provide housing opportunities for an estimated 83 000 people. This also includes 3 236 fully subsidised units, 4 429 social and rental units, and 2 122 fully bonded houses and FLISP units.

Bovu says that apart from the 100 units allocated to beneficiaries, Johannesburg's Executive Mayor, Parks Tau, recently announced that 9 154 families will be housed by the city in the next three years.

Bovu said more beneficiaries will be notified by SMS once units are ready for occupation. He officially opened Fleurhof Drive, the multi million rand thoroughfare linking Florida with Meadowlands in Soweto. "The new road will significantly cut travelling time." The dual carriageway links the more affluent neighbourhoods of Florida and Roodepoort with previously disadvantaged areas. Bovu added, "We continue to tackle the city's housing waiting list and we have reached the stage where we can address and respond to the needs of the elderly."

Green initiatives include energy saving technologies such as solar water heaters, heat pumps, improved insulation, gas while recycling projects have been implemented and initiatives such as food and gardening and urban greening are currently being

> A new water reservoir is being constructed while Fleurhof will obtain electricity from the shared sub-station the group implemented for the Pennyville project.

investigated. Besides the green component, the added benefit of these measures will also reduce electricity demand by the development and make the township socially and visually more attractive. A new water reservoir is being constructed while Fleurhof will obtain electricity from the shared sub-station the group implemented for the Pennyville project. The estimated project revenue is R4 068 billion.

All of the bulk and link infrastructure upgrades that are being done as part of the Fleurhof development are not all project specific requirements. The City of Johannesburg is utilising the project as a catalyst to drive infrastructure development with the area to unlock future residential developments along Main Reef Road in Roodepoort. The regional reservoir and bulk water infrastructure pipeline along Main Reef Road are being built as part of the general upgrading of infrastructure in the old mining corridor. The R85 million infrastructure project will alleviate the current pressure on water infrastructure, roads, sewerage, reticulation and storm water facilities. It will also provide capacity for the future residential developments to be undertaken within the area.

The R80 million construction of the Fleurhof sub-station is being undertaken by the City of Johannesburg with the financial backing of the Department of Energy. The sub-station will provide capacity for future residential developments on this economic corridor. ■

Appointing a managing agent

When it comes to management of a sectional title scheme, the majority of trustees will do an excellent job, but it sometimes makes sense to employ a managing agent.

According to Mandi Hanekom, Operations Manager of sectional title finance company Propell, "Trustees do not get paid for the hours that they put into managing their scheme and often have to fit the necessary tasks into an already busy work schedule. Managing agents are experienced in dealing with all sectional title matters.

If trustees decide to employ a managing agent, they must ensure that they have written contract stating all the conditions of the appointment.

Prescribed management rules (PMR) deal with the appointment of a managing agent, and the cancellation of the contract. These rules deal with authority to employ an agent, and it is up to the trustees to ensure that the contract complies with the rules. The term of the contract: PMR rules state that a managing agent's contract must run for one year and is renewed automatically unless the body corporate notifies the management. There is no notice period specified and the trustees must ensure that this is included in the contract.

Cancellation: the contract should include the provision to cancel the contract without notice if the managing agent is found to be non-performing of his duties or is in breach of the terms of the contract. The condition should state that he will have no claim against the body corporate should there be a cancellation.

Revocation: there are circumstances whereby the contract could be revoked – liquidation or business rescue of the managing agent or his company; if any member of staff have been found to have been convicted of an offense, or involved in fraud; or if the body corporate has taken a special resolution to revoke the appointment. In the last case, however, the managing agent could claim compensation or damages for loss of income. Before deciding to appoint a managing agent, trustees should ascertain specifically the responsibilities of the managing agent. For example these duties could include: preparing the annual budget; preparing a schedule of insurance for the scheme; dealing with insurance claims; maintaining the common property; accounting and payment of accounts; minutes of meetings and notices to owners; dealing with complaints from owners, and enforcing rules of the scheme.

"The key to a successful relationship is to find a good managing agent, one with contactable references and a good track record, to ensure the work being carried out is done by a professional. In turn, the performance of the body corporate should improve and the financial situation of the scheme will remain healthy," says Hanekom. ■

Group Five boosts earnings

The giant construction company, Group Five aims to be Africa's leading infrastructure and project development, construction and concession group.

Group Five has set its sights on becoming Southern Africa's leading lightweight dry building materials manufacturer and the leading African specialist toll motorway development, investment and operating company. CEO, Eric Verner, says that this strategy has boosted profits in the latest financials. "We are focused on optimising our use of capital and generating returns on capital employed that are value-enhancing to shareholders. These results bear testimony to our strategy of investing and operating across the infrastructure value chain, which enables the generation of an improved blended group operating margin and the delivery of annuity income to deliver sustained returns. During the year, our Investments & Concessions business especially proved its value in our portfolio. As a management team, we are continually reviewing our strategy to ensure it remains relevant to changing market landscapes and client requirements, as well as enhancing shareholder value. Our portfolio of assets is therefore tested for its strategic fit and ability to create acceptable return on investment."

Vemer adds that the group's overall order book currently stands at R17,3 billion. However, building and housing revenue in the country remained flat at R4,9 billion. The segment reported a 18,5% decrease in core operating profit from R91,4 million last year to R74,5 million. This resulted in the overall core operating margin decreasing from 1,9% to 1,5%. The total secured order book stands at R5,6 billion. ■

NEDBANK CIB

Greening affordable housing

Manie Annandale, Nedbank Corporate and Investment Banking (NCIB) Head of Affordable Housing Development Finance, says that more than 1 000 Nedbank-funded houses will receive Excellence in Design for Greater Efficiencies (EDGE) certification from the Green Building Council of South Africa (GBCSA).

Nedbank provided developer funding for the Gap and social housing units in Johannesburg and Cape Town.

> Environmentally sustainable housing is currently taking off within the affordable housing market for householders earning less than R20 800 per month.

> 'An average emerging middle class family of four, who earned R15 000 in 2010 may have spent R750 on electricity. Today their electricity bill has risen by more than 60% to R1 220, double the rate at which their income has grown.'

Annandale identified the potential for green affordable housing in early 2013, anticipating particularly high demand for sustainability in the growing affordable rental sector. He says, "In a sluggish economic environment characterised by job losses and slow income growth, families are forced to find ways to save. Utility bills provide a substantial and immediate savings opportunity, as they typically consume 5% to 10% of disposable income amongst households in the affordable housing segment. An average emerging middle class family of four, who earned R15 000 in 2010 may have spent R750 on electricity. Statistics from Eskom and the South African Reserve Bank shows that their electricity bill has risen by more than 60% to R1 220, double the rate at which their income has grown. This highlights how vitally important utility costs are becoming in determining personal financial security."

He adds that home ownership is becoming more expensive too. In two years, the prime interest rate has increased by 200 basis points, pricing first-time homeowners earning under R16 000 per month out of the market and placing significant pressure on existing bondholders. Other budget pressures stemming from factors such as above-inflation municipal rate hikes in major metros and the rising uptake of unsecured personal credit, have further reduced affordability levels. As a result, rentals are growing fast as a cost-effective alternative to meet the demand for quality accommodation close to work and social amenities. A key trend within the rentals market is to incorporate

Manie Annandale

green elements, appealing not just to eco-conscious consumers but to those struggling to make ends meet.

Financial benefits of green homes

Green homes can alleviate household budgetary pressures through cutting utility and maintenance costs, while also offering residents greater thermal comfort. The EDGE tool, recently introduced as the basis for GBCSA residential certifications, sets a requirement of 20% savings in each of three categories: energy, water and

Continued ▸▸▸

Nedbank and IHS

– partners in developing affordable green rentals

Residents of Glenhaven in Cape Town and Ravenswood on the East Rand in Gauteng will soon have access to new leading EDGE certified rental apartments under R6 500 per month.

Financed by Nedbank Corporate and Investment Banking (NCIB), and developed by International Housing Solutions (IHS) for the affordable housing market, which is targeted by Fund II: the International Finance Corporation (IFC) and these developments are amongst South Africa's first EDGE (Excellence in Design for Greater Efficiencies) rated housing developments.

The tenant value proposition is compelling: high quality affordable apartments offering tenants greater thermal comfort at lower running costs and monthly savings estimated at between R100 to R300 per unit. To catalyse the market, this stock will be launched at the same price points as conventional units, by virtue of concessionary funding supplied by IFC. Innovative term loan structures offered by NCIB is providing senior secured debt of R160 million to finance two developments worth R235 million. EDGE is a green building tool developed by the IFC for application in more than 100 developing countries. Compliance requires a saving of at least 20% in energy, water and embodied energy in building materials over a baseline of compliance with regulatory building standards. To meet these hurdles, apartments at The Block in Glenhaven and Danica Manor in Ravenswood will include a range of sustainable technologies and interventions including, amongst others, solar water heaters and heat pumps; roof insulation; low flow faucets; and smart meters for tenants and home owners to monitor consumption, at a capital cost to IHS of approximately R10 000 to R15 000 per unit.

The Ravenswood residential development, comprising 188 two bedroom one bathroom sectional title units, was the first in South Africa to receive preliminary EDGE

certification at design stage, with the 253 unit Glenhaven development, comprising a mix of one and two bedroom apartments, following in quick succession.

Both IHS and NCIB see clear economic benefits in integrating green building specifications into the mass housing market in the country.

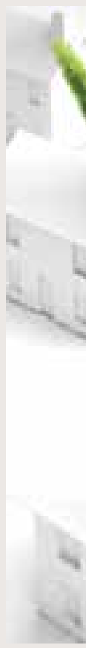
Greening affordable housing…

Continued ▸▸▸

embodied energy in building materials. Reaching this standard usually costs developers of entry-level homes for the affordable market approximately R10 000 to R20 000 per unit, depending on building designs and specifications. Technologies which are typically incorporated include solar water heaters or heat pumps, efficient lighting, low flow showerheads, dual flush toilets and clay or cement bricks.

Until now, this increased capital cost has deterred the developer market since targeted end users are highly price sensitive and unlikely to pay a premium for a product which has not yet proven locally that it delivers lower lifecycle costs. In a groundbreaking public-private partnership, NCIB has partnered with SA's Green Fund, managed by the Development Bank of Southern Africa (DBSA), to catalyse the development of this market. Under this initiative, R120 million of senior secured loans with preferential interest rates tied to achievement of the EDGE standard will be disbursed to Nedbank client developers, focusing primarily on rental stock, where landlords and tenants can share the goal to cut operating costs. To showcase the financial benefits of going green, Nedbank will also remotely monitor utility usage in a sample of green homes to validate the savings predicted by the EDGE tool.

Says Annandale: "Experience in international markets shows that green homes offer measurable reductions in utility costs, spend less time on the market, and attract higher resale prices. At Nedbank we believe that in future, lending to green affordable developments will give us the leading edge, both in terms of more stable cash flows over the life of loans as well as through enhanced loan security via rental property value, which is less exposed to uncertain utility tariff escalations. This demonstrates our Fair Share 2030 mindset: capturing business benefit through innovatively improving the sustainability of our business." ■



NEDBANK CIB

According to Rob Wesselo, IHS Managing Director: "Families living in EDGE compliant units can save in excess of R100 per person in monthly utility bills. These savings reduce pressure on tenants' disposable income, safeguarding their financial security and ability to meet financial obligations in a highly cost-sensitive market. As landlords we anticipate enhanced demand, lower vacancies and rental defaults in consequence. This will manifest in enhanced capitalisation rates at investor exit, proving that doing the right thing pays."

NCIB is equally optimistic. The bank recently announced the creation of a R120 million loan funding pool for the development of green affordable housing stock in collaboration with the Development Bank of Southern Africa (DBSA). "In future, higher tenant demand and lower operating costs may positively influence valuations of green rental stock, reflecting enhanced financial feasibility says Manie Annandale, Head of Affordable Housing Development Finance at NCIB. "Additionally, to the extent that the financial position of the developer is improved, there is potential for lenders to improve their risk-adjusted return on capital. Nedbank believes that a focus on sustainability promotes business innovation, delivering on our aspiration to be Africa's most admired bank".

In future, it is expected that a green affordable housing market will emerge as consumer demand grows. This should enable developers to recover the green premium from residents, either through slightly increased rentals or marginally higher house prices. NCIB recently interviewed affordable housing developers in the Western Cape to test consumer attitudes to green stock and gauge the readiness of the market. Green technologies and solar water heaters in particular were reported to appeal to a significant proportion of residents due to associated savings. Even residents who showed no preference for environmental sustainability at occupation became enthusiastic adopters once savings started to accrue.

Annandale cites the example of green affordable housing in international markets. In Mexico, the Hipoteca Verde programme has enhanced the affordability of over 900 000 lower income homeowners through the financing of green technologies, with attractive lifecycle costs in green mortgages. In the USA, green affordable housing in Virginia has yielded a 10% improvement in rental affordability through a reduction of 30% in electricity bills. This counters the popular perception that green homes are a luxury intended only for the affluent. ■

Nedbank supports growth in affordable rentals

Growth in Gap and affordable market housing has struggled to keep pace with the rapid urbanisation and the ever increasing number of households over the past 15 years.

Between 2000 and 2016, almost five million people have been added to the ranks of the middle class, according to Research on Socio-Economic Policy Unit and Consulting for Sustainable Solutions. Middle class households tend to be small and this suggests that housing stock needed to grow by 2,5 million over this period. However, Statistics South Africa residential building figures indicate that half this number were delivered by the private sector since the new democracy. The affordable housing market is defined by the Financial Sector Code as households earning under R20 800 per month. Growth in affordable housing supply has been constrained by a variety of factors; including rising uptake of unsecured credit impacting the ability of homeowners to secure mortgages; increasing interest rates, which effectively increases the credit burden on households; and substantial increases in development costs in major metros, straining homeowner affordability.

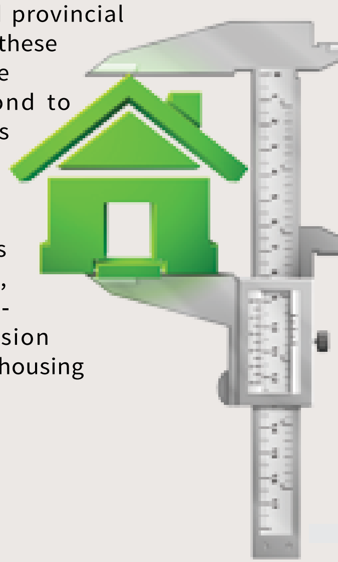
The most critical element of this affordability challenge is well-located land at the right price, mirroring international trends. The emerging middle class requires easy access to job opportunities, schools, health care facilities and other social amenities associated with middle class lifestyles. Currently they are paying a premium for this; land costs typically account for 20% to 35% of the total cost of a housing unit in major urban nodes such as Cape Town and Johannesburg. Add to this the annual increase in construction costs in excess of 9%, and it is clear that affordability of apartments and small homes is coming under threat. Currently, very little new sales stock comes onto the market at under R400 000, squeezing out first-time homeowners with monthly incomes under R16 000.

Rentals provide a compelling solution in this context, offering the emerging middle class an affordable opportunity to live close to amenities that support their aspirational lifestyles and upward income mobility. Nedbank Corporate and Investment Banking's Head of Affordable Housing Development Finance, Manie Annandale says; "We have seen a marked increase in the appetite for developing rental stock amongst our client base over the past two years, owing to factors such as high unmet demand, solid collections and attractive yields relative to upper segments of the residential market."

> 'Recently published rentals data from TPN shows that a sweet spot in the tenant market lies between R3 000 and R7 000 rental – the core of the gap market – where more than 85% of tenants are in good standing.'

Recently published rentals data from TPN shows that a sweet spot in the tenant market lies between the R3 000 and R7 000 rental – the core of the gap market – where more than 85% of tenants are in good standing. No doubt this is influenced by the shortage of stock serving this market; if tenants lose access to a well-located rental unit, it may take them a long time to find a vacant comparable unit. TPN reports that vacancies are lowest in rental units priced at R3 000 to R7 000 highlighting the need for more rental stock priced in this range.

According to TPN, yields are also attractive. Gross yields in lower to middle income areas are currently in the region of 8%, driven largely by demand for sectional title units. There is an expectation that yields will rise further, resulting in a reduction in first-time buying activity and an increasing preference for renting cheaper units due to financial pressure. Further, dependent on where units are located, escalations may substantially exceed inflation such as in the Western Cape. "At Nedbank we remain committed to supporting top tier affordable housing developers as they expand their presence in the rentals market. By understanding the needs of the emerging middle class, and forging partnerships with landowners including municipal and provincial governments, these developers are able to respond to market needs by delivering competitively priced products," says Annandale, "and this supports our mission of closing the housing gap." ■



'OUTRAGEOUS' BUT SUSTAINABLE TARGETS

Rob Boogaard, President & CEO at Interface EMEA, the world's largest modular flooring solution, has appealed to the industry to set itself outrageous but sustainable targets.

Addressing delegates at the Green Building Council of South Africa conference in Sandton, Boogaard said: "The aim of sustainability should not merely be to stop the negative aspects of the production process, nor just to limit it, but to set outrageous targets and reverse the trend."

Interface is leading the way. The company has achieved a 90% reduction in carbon dioxide emissions since 1996 and today this represents almost 1 500 tonnes per annum. Interface now operate on 95% renewable energy, and in the Netherlands 100% renewable energy. The company uses 100% reticulated water in production, half of the raw materials used to produce its modular flooring is derived from recycled products and it does not send any waste to landfills.

Boogaard adds, "Interface's energy usage per unit of production has been halved in the past 20 years, while our ultrasonic cutting technology has reduced waste by 80%. We have even gone as far as providing power to our factory by using chocolate waste and dead fish heads. Interface has also managed to drastically reduce the negative environmental impact of carpet tile production by using less yarn, using recycled yarn and developing a new type of yarn. Yarn is responsible for around 45% of the environmental impact of a carpet tile across its full life cycle. This led us to develop our Microtuft products, which challenge the perception that high yarn weight equals high quality, by showing that a well-constructed, dense surface can be just as durable and hardwearing."

He explains, "Our ReEntry recycling process is a technological breakthrough for the flooring industry. Not only does Interface accept any old carpet at the end of its life, but we even accept carpets from other manufacturers. Using specially developed technology, we convert old carpets and reuse the vinyl and nylon components."

Interface's Net-Works initiative enables impoverished local residents in various parts of the world to collect discarded fishing nets – which wreak havoc with the marine ecosystem – and sell the nets back into the global supply chain. "This not only provides an additional income for the local communities but also gives those destructive, broken nets a second life as new, durable carpet tiles. Net-Works is proof that when business, conservation, and communities innovate together, we can create positive, sustainable change."

Boogaard said that Ray Anderson, the founder of Interface, believed that business should not exist merely to make a profit but should also strive for a higher, nobler purpose than that. "Ray was passionate about reducing the carpet industry's dependency on oil and, in 1994, launched Interface's Mission Zero initiative and goals for 2020. Interface aims to eliminate all negative impacts on the environment. This includes: increased efficiency, design innovation and revolutionary recycling efforts such as deriving raw materials from vehicles' old or broken windshields. This will in just four years' time help us meet what sceptics originally regarded as an unrealistic, outrageous target."

Boogaard concludes that he was concerned that an increasing number of companies saw the quest for a circular economy merely in terms of providing a recycling service to customers, or an opportunity to produce slick brochures and case studies to illustrate environmental successes. "There is also the alarming tendency to develop a 'green product' without doing the hard work to internally eliminate any negative impact on the environment during the manufacturing process. 'I don't believe that anybody can make a green product in a brown factory. It's just not possible."

For further information about Interface products contact local distributor KBAC Flooring. ■


Rob Boogaard

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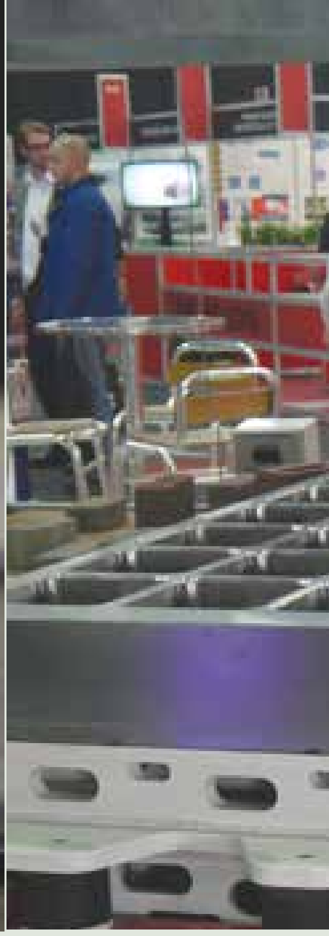


RENEWED FOCUS ON TECHNOLOGY

By establishing associations with leading technology providers in Europe, PMSA is ideally placed to be able to offer solutions for the manufacture of concrete products.

This goes hand-in-hand with PMSA's own home-grown technology as the leading manufacturer of brick, block and paving machines on the continent. Walter Ebeling, Managing Director of PMSA says, "We can start with somebody who wants to start a brick business with a small hand-operated or electrically hand-operated machine, all the way up to a customer who wants to control every single detail of the factory process to maximise product quality and minimise production costs," says Ebeling. "To make a good concrete mix, it needs consistent raw materials, a consistent moisture content and highly accurate addition of water in the mixing process. PMSA mixers are designed for mixing concrete intensively so that the customer has a better blended concrete, in order to reduce the cement content, while giving the same or superior strength." Ebeling explains, "As companies have increasing pressure to supply goods at more competitive prices, there are normally only a few options where pricing can be adjusted in the manufacturing process. With PMSA range of block machinery the equipment can offer several avenues, for costs savings. Namely moisture control, curing solution, higher output plants for increased efficacy and more automated plants to maximise the labour productivity."

Says Ebeling, "Through the PMSA moisture measurement system the aggregate moisture is measured off and when dosing the aggregates compensation is made for the amount of water in the aggregates. This corrects the aggregate to cement ratio and gives a more consistent batching and even usage of cement to aggregate. This results is savings of cement by up to 10% in brick, block and paver production, especially when sands are delivered wet from the sand suppliers. The better products are cured the higher the strength of the product. Cement savings can be achieved with curing systems." He goes on to explain that PMSA offers a wide range of curing system and with the top of range Quadrix systems are able to recue cement consumption by as much as 15% or more.

The addition of PMSA's new Ultravibe vibrators to its machines provides flexibility in producing compact concrete for pavers, bricks, blocks and kerbs with reduced cement content.

"With our curing systems we can place the product that needs to be cured in an environment that allows it to cure at its best rate, reducing the curing time, increasing the early strength and again being able to optimise the cement content so as to be able to make a superior product."

Ebeling adds that PMSA has been fine-tuning its internal processes and systems over the last five years, from automated tracking of spares and parts to a new CRM system. "We

AND INNOVATION

> 'With the new mass housing projects the cost control of input products is of vital importance and industrial machinery will be required to produce high volumes of affordable houses.'

have expended a large amount of effort and energy on putting systems in place to allow the company to grow.

"Having all this technology and skills available to us, it makes absolute sense that we drive the technology. Naturally it is an intensive process, as it requires the input of everyone in the company. It requires testing, research and development and, where necessary, acquiring new skills."

An example of PMSA's ongoing product development is its new Eco range of automated handling systems, unveiled at Totally Concrete 2016. This latest technology gives customers the option of automated handling plants at a far more affordable price compared to top-of-the-range systems.

The new Eco range of handling systems includes forklift options as opposed to more conventional but higher-cost finger and transfer car systems. With the largest fully automated PMSA machinery over 165 000 bricks can be made with as little as nine people in a 9-hour production shift. So while the capital cost increases the actual labour cost per block is dramatically reduced. This results is labour savings as much as 80% or more.

Ebeling concludes, "With the new mass housing projects the cost control of input products is of vital importance and industrial machinery will be required to produce high volumes of affordable houses. This requires more efficient use of equipment, labour and materials to enable government to roll-out more houses with a fixed budget. The real job creation is then created in the building of more houses with the same set budget."

PMSA brick-making machinery produces two million bricks a day in the Johannesburg area alone. ■

Green building movement

Giant cement producer, AfriSam, continues to develop products geared at using downstream materials such as slag, which is well known for its ability to enhance the performance of readymix concrete.

Mike McDonald, Manager of AfriSam's Centre of Product Excellence, says that slag is a by-product from the blast furnace iron manufacturing process, and when used in concrete it can substitute up to 80% of the Portland cement in the mix design.

"A ton of CO_2 is emitted into the environment for every ton of pure cement that is produced. Only a small percentage of this can be offset by traditional methods such as planting new trees. Intervention is, therefore, essential, and some of AfriSam's milestones with hybrid products include the first commercialisation of a cement with a 42.5 strength class containing less than a 50% clinker component."

The incorporation of slag is further beneficial in that it improves the durability characteristics of cement, reducing permeability, improving resistance to chemical attack and inhibiting rebar corrosion. All these characteristics improve concrete towards becoming a more sustainable construction material.

AfriSam's Eco Cement offers high workability while allowing a smooth, defect free finish for concrete, masonry and plasterwork. This high performance cement also reduces the heat of hydration in mass concrete.

McDonald says that he expects demand for better performing cements with a low clinker content to grow. This is considering the proposed introduction of a carbon tax in South Africa commencing in 2017, and the 'green building' and infrastructure movements that have brought a heightened awareness of the embodied energy and carbon of building materials.

"This is exactly why AfriSam has invested so much time and effort into presenting technical courses aimed at helping its customers better understand the product. It is only a matter of time before South Africa sees a greater uptake of the low carbon footprint cements. And, AfriSam will definitely be ready to respond," says McDonald. ■

Concrete floors proving popular

Concrete floors are proving increasingly popular in the residential and commercial sectors, says Bryan Perrie, Managing Director of The Concrete Institute.

Traditionally concrete flooring has been used in locations where utility, durability, and ease of maintenance are more important than design and beauty. However, the range of designs that are now available offer both aesthetic and practical flooring solutions for residential interiors including bathrooms, kitchens and passages.

Perrie says, "Concrete flooring is popular in kitchens because it is durable and easy to clean. It can be sealed against moisture damage, and made virtually impervious to staining agents or food and drink spillage. Durability and water and moisture resistance are also making concrete a popular bathroom floor choice: textured techniques can be used to ensure that the surface is slip-resistant even when wet. The various types of surface finish and colour options allow for the application of concrete floors in a foyer or hallway that will be stylish and also functional in these high traffic areas."

Developers and home owners are increasingly using decorative concrete floors in housing including stenciled motifs, multi-colour-tile-like patterns, saw-cut designs, or free standing concrete islands in kitchen areas.

"Skilled concrete flooring artisans can replicate the appearance of expensive flooring materials such as marble, granite, or top-end wood. The lifetime cost of concrete floors is also low because they require little maintenance and have a lifespan of many decades," says Perrie.

Maintenance requirements of concrete floors depend on the volume of traffic. When it comes to upkeep applying a suitable sealer, or wax, designed for concrete floors will make the floors more resistant to stains, chemical spillage and abrasion.

"Concrete floors are also hygienic, easy to maintain and additional benefits include being able to change the flooring design," says Perrie. ■

Retaining wall systems

Renowned interlocking concrete block specialist, Terraforce, have supplied a number of flagship projects and city precincts with its earth retaining blocks.

Terraforce interlocking concrete blocks are manufactured under controlled conditions on five continents and are used extensively as an environmentally friendly landscaping retaining wall solution to limit soil erosion.

The system is growing in popularity with developers, contractors, architects and engineers. On Johannesburg's West Rand, an amphitheatre was built against a hill backing onto Roodekrans Ridge. This required earthworks to be cut to create platforms which needed to be retained.

The Terraforce retaining wall system, with a round face finish was chosen to create a more natural look and feel. The system proved to be cost effective, plantable and easily constructed to form concave curvatures.

The walls are 6,5 metres in height and are reinforced with geo-fabric. Additional wide channels above the wall control the storm water from the hillside above. The indigenous trees, grass and shrubs complement and soften the structural retaining wall particularly well, while the red soils used for the backfill and for filling the blocks have stained the grey blocks, resulting in a colour mix that blends in with the surrounding environment. The finished wall and additional landscaping provide a beautiful background setting against the ridge.

The amphitheatre was designed and built by Otto Wijnberger of In2Structures and the Terraforce blocks were manufactured by ReMaCon Products cc.

Terraforce product range includes: Terraforce Retaining Block L11, L12, L15, L16 Standard (also in a rock face finish) Elongated shape. Optional vertical interlock allowing for seamless variations of wall inclination (90 to 35 degrees), eliminating the use of geogrids in many cases. Convex and concave corners and curves of small radius allow complex designs to suit most site conditions.

Terraforce Retaining Block L13, L18, L22 Standard (or rock round face) can be used to control soil erosion, storm water, river bank and sea shore protection.

Terraforce 4 x 4 Multi Step block offers a light, versatile concrete unit, generally used for constructing low terrace walls, stairs and seating arrangements for sports facilities and outdoor amenities.

Terracrete Hard Lawn Paver can be laid in different patterns and may be used with or without ground anchors for the lining of riverbanks and other areas to limit soil erosion. The product is suitable for parking areas, as well as the stabilising of steep embankments such as bridge abutments.

Terrafix Erosion Control blocks are available in three different thicknesses and can be laid in a variety of configurations to suit most site conditions. It was specifically designed to provide a flexible lining where cost-effective protection against wind and water erosion is required. ■

AVENG DISPOSES OF INFRASTRUCTURE INVESTMENT

Leading infrastructure firm, Aveng, recently announced a headline loss of earnings between 45% and 55%. The company will dispose of its entire equity interest in four major infrastructure investments to Royal Bafokeng Holding for R860 million.

Aveng plans to sell its 70% stake in its Steeledale business to black women-owned investment group, Kutana, for approximately R252 million, of which between R93 million and R123 million will be paid in cash and the balance paid on a deferred basis.

The result is a material improvement on the prior year and is underpinned by: an improved financial performance from Aveng Grinaker-LTA on completion of loss-making and non-contributing contracts; an improvement in the ratio of contracts operating at tendered margins; strong performance in the building business; and the resolution of some major commercial claims and a further reduction in fixed operating expenses. The company reported that contract cancellations, difficult trading condition, under performance on certain contracts, restructuring expenses to 'right size' the group's overhead structure had proved challenging. The final figure includes the profit on sale of the South African property portfolio of R577 million in the first half of the year, which partially offset the impairment of certain steel assets in the second half of the year.

Aveng has entered into a binding agreement with Royal Bafokeng Holdings, who will acquire Aveng's equity interests and loan in the following investments: the 138 MW Gouda wind farm, one of the largest wind farms in the Western Cape has 46 wind turbines. Imvelo Concession Company, which is the holder of a 27-year concession to build, operate and maintain the Department of Environmental Affairs office campus in Tshwane. The N3 Toll Concessions includes a 30-year concession agreement to design, construct, finance, operate and maintain the N3 toll road between the Cedara Interchange in KwaZulu-Natal to the Heidelberg South interchange in Gauteng. The 74 MW Sishen Solar Photovoltaic Plant located in the municipality of Dibeng in the Northern Cape.

These sales are subject to terms and conditions and the effective date is estimated to be on October 31, 2016.

Kobus Verster, Aveng CEO, said: "These investments have reached an appropriate maturity where we can transfer them to a strong investment company and realise value for the group. Aveng Capital Partners will continue to pursue project development opportunities for the Group as our investment and structured financing arm."

Kobus Verster and Albertinah Kekana

Kobus Verster and Thoko Mokgosi-Mwantembe

Albertinah Kekana, Royal Bafokeng Holdings CEO, commented: "The proposed agreement and its focus on renewable energy, property and road infrastructure is in line with our diversification strategy. As a long term investor, we are pleased to be partnering with Aveng Capital Partners. It has a very credible track record in originating, developing, structuring and investing in general infrastructure, power and real estate projects in South Africa. This proposed deal represents our long term investment approach and our commitment to the South African growth story."

Aveng has reached an agreement with Kutana, to acquire its steel reinforcing and mesh business (Steeledale) in terms of a phased exit strategy. The effective transaction date is estimated to be on November 1, 2016. Kutana will acquire 70% of the Steeledale business. Aveng can elect to sell the remaining 30% after three years.

"The sale of 70% of Aveng Steeledale is in line with our medium term strategy to divest from steel and improve the group's returns. Kutana will improve market access and position the Steeledale business for growth in a difficult and competitive market environment," said Verster.

Thoko Mokgosi-Mwantembe, CEO of Kutana, commented: "The Steeledale acquisition forms a cornerstone of our steel and construction business strategy. With our experience and focus, we are uniquely positioned to drive the growth of the business in South Africa and we look forward to creating significant value for all our stakeholders. Empowerment of the people of South Africa, in particular the communities in which we operate, is at the heart of the Kutana philosophy." ■

Developments going off the grid

Going 'green' is the subject on everyone's lips globally. In South Africa, renewable energy currently makes up less than five percent of the country's energy resources. Most of South Africa's power continues to be provided by coal. However, the Department of Energy's Integrated Resource Plan (IRP) commits to accelerating the local industry and increasing the production of solar and wind energy.

According to global management consultancy firm McKinsey and Company's Brighter Africa Report, sub-Saharan Africa is 'starved for electricity' due to an underdeveloped power sector, with electricity shortages stunting GDP growth potential.

What is required, it states, is 'government and investors to develop the continent's huge electricity capacity'. The report highlights the fact that the African continent has 13% of the world's population and a staggering now have no access to electricity.

The green revolution continues to grow and is attracting the attention and support of major developers nationwide. According to Build Africa Chief Executive Officer, Miles Oates, it is a trend on the rise with developers eager to create a product that stands out above the others, in an increasingly eco-conscious world, whilst still creating additional revenue streams.

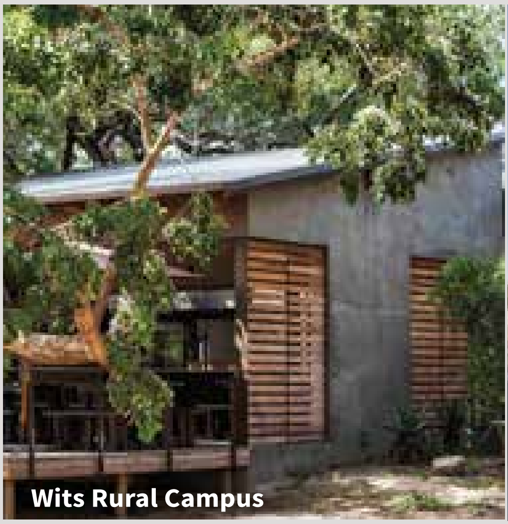
Build Africa Corporation has supplied the Power Up Complete Power Supply to a housing development in the Western Cape, which will allow residents to become almost autonomous instead of relying on the national energy supplier, Eskom. The Power Up units were found to reduce electricity bills by up to 75%.

Oates says that the system produces up to three times the daily power output of other deep cycle systems and the Crystal battery banks are known to last up to five times longer.

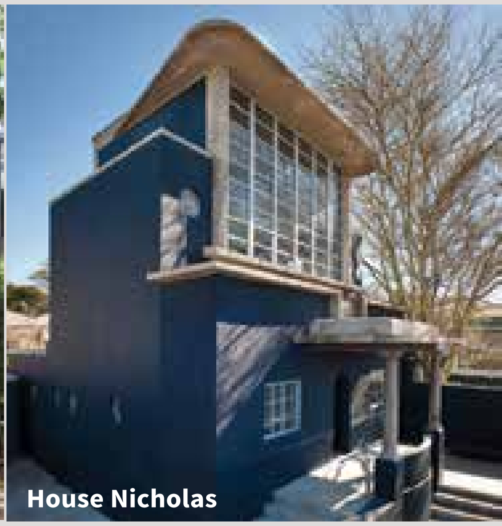
"We hope that this is a stepping stone to many more eco-friendly, sustainable, developments. The product harvests power from a variety of sources such as solar panels, windmills and generators or the grid. This kind of mass implementation of green, renewable energy is very new in the residential market locally, says Oates.

The Power Up units, he says, is a holistic system it can simply reduce your reliance on unreliable providers and drastically reduce energy bills. Oates recently supplied Power Up units at the Lesbos refugee camp for the United Nations tent structures.

TOP WOMEN COMPETE IN



Wits Rural Campus



House Nicholas

Kate Otten

Tanzee Razak

Four talented women are among architects from across the country to enter their designs in the 2015/16 Corobrik-SAIA Awards of Excellence and Merit. The gala dinner will take place at Shine Studios in Braamfontein, Johannesburg on the 2nd of September.

A record 66 entries were received for these prestigious awards which have been bestowed every two years by Corobrik and the South African Institute for Architects (SAIA) for the past 26 years.

The four women, along with the other competitors, stand to win Awards of Excellence, which represent the highest accolade that can be bestowed on a building in South Africa, Awards of Merit conferred for a significant architectural achievement or special commendations for notable design. Obert Chakarisa, CEO of SAIA, said that each of the 66 entries had already won an award in the regional events and, as such, was in the top design echelons in the country. He went on to say that it was heartening to see the growing impact that women were making in the architectural profession.

“A mere 21,54% of our members are women, of which 19,46% are professional architects bearing the acronym PR Arch,” he said. “Encouragingly we are seeing increasing numbers of women in our Candidate Architect in Training category, currently 42%, which bodes well for the future.

“There is no doubt that women bring a unique perspective to architectural design and that they are involved in a significant proportion of the world class designs that are being produced in South Africa. We value their mounting contribution to the industry.”

Karlien Thomashoff of Thomashoff and Partners has entered the ‘Last Glass House’ in Johannesburg, Gallagher Lourens Architects have put forward the Hermanus Community Day Centre in which Tina Gallagher played a major role, Kate Otten of Kate Otten Architects has submitted the Wits Rural Facility, and a Johannesburg home dubbed House Nicholas was entered by Noero Architects in association with Tanzeem Razak of Lemon Pebble Architects.

Karlien Thomashoff of Thomashoff + partner Architects, was appointed to design ‘The Last Glass House’, situated on the rocky outcrop of Westcliff Ridge in Parktown. Professor Paul Kotze of Wits University, wrote that the house was light, transparent, and nearly ephemeral and constructed mostly by means of dry construction which was homage to the mining and industrial vernacular of Johannesburg.

Tina Gallagher was significantly involved in the design of the R37 million Hermanus Community Day Centre in Zwelihle, Hermanus by Gallagher Lourens Architects in Cape Town, which was completed in 2014. She has been involved in the design of schools, shopping centres and stadia, as well as civic, commercial and residential projects. One of the key projects she has worked on is the R105 million Transnet ME Building Rehabilitation and Precinct Plan which began in 2012 and is ongoing.

Gallagher has been an external thesis examiner for Cape Peninsula University of Technology and won an award for Design Excellence for the City of Cape Town, Civic Centre Council Chamber and offices. “I strive towards creating contemporary architectural solutions and my commercial buildings demonstrate a strong technological bias,” she said.

Professor Kotze said that the infinite care taken by Gallagher Lourens in the design of the Hermanus Community Day Centre was evident from the start, from the design of

ARCHITECTURAL AWARDS


Hermanus Day Centre


Glass House


Tina Gallagher


Karlien Thomashoff

the brochure and other documents prepared for the adjudicating process to the smallest details of the completed building. Commissioned by the Western Cape Provincial Government's Transport & Public Works Department, it replaces three existing small clinics with the aim of offering a more comprehensive range of primary health care services.

"In many ways, the manner in which the architects have solved the functional requirements and how they have dealt with the macro and micro context are exemplary. It is an example that should act as a benchmark for all similar buildings in South Africa."

Kate Otten of Kate Otten Architects in Johannesburg is one of South Africa's most recognised architects, known for being architect of 'place'. Her buildings are born out of the South African context, weaving together materials, skills, politics, light, and landscape to create places that feed and nurture the human spirit.

Her design of the University of the Witwatersrand Rural Campus in Bushbuckridge, Limpopo ensures that the built forms are generously connected to nature, at the same time avoiding all established architectural clichés of 'bush architecture'.

Prof Kotze said that the new buildings had a beautiful and inspired simplicity about them. "The structure and building forms are confined to a few elements constantly repeated in surprising and thoughtful ways.

"The new buildings and these walkways have created a dynamic quality of shifting planes, framed views and the celebration of light that is far removed from the static and rather predictable quality of the old buildings of the Wits Rural Facility," he said.

Tanzeem Razak, director and founding partner of Lemon Pebble Architects in Johannesburg, is a passionate advocate for spatial transformation in South African cities and her focus is on design in areas of limited resources. Her love of cities, and Johannesburg in particular, is evident in her design of House Nicolas in Richmond in association with Noero Architects.

According to Professor Kotze, the house distinguishes itself in that it is beautifully detailed and equally carefully built. The upper level, built on top of the existing four-roomed mine worker's house, retains the original footprint and has been designed with great sympathy to the older section.

"The second storey capitalises on the magnificent view over Braamfontein and Hillbrow."

At Lemon Pebble, Razak heads a creative team that works on creating public buildings and housing within the post-apartheid urban context that seeks to critically uncover and make explicit hidden narratives. Social regeneration remains the underlining theme of her writing and built work. "I love cities – especially Johannesburg," says Razak. "The vibe, the energy of the people and their resourcefulness inspires me. Social injustice concerns me and I am passionate about architecture and its ability to make a tangible difference in people's lives, to spatially transform our environment."

This year's winners will receive their awards from SAIA President, Sindile Ngonyama, SAIA CEO, Obert Chakarisa and Corobrik managing director, Dirk Meyer. The awards dinner will be attended by members of SAIA and dignitaries as well as the judging panel which this year was made up of Kevin Bingham, awards convenor, SAIA vice president and a director of FGG Architects in Durban; sponsor representative Musa Shangase, who is commercial director of Corobrik; Mokena Makeka, who is founder and principal architect at Makeka Design Lab in Cape Town; Prof Paul Kotze, who is professor of Wits University's School of Architecture and Planning; and Sumien Brink, who is editor of VISI magazine in Johannesburg. ■

New municipal leaders can revive building sector


Norman Seymore

The challenge to find work remains the biggest obstacle to sustained growth for the South African building industry, and it is to be hoped that the new municipal leaders will find a way to expedite long overdue infrastructural projects. This is according to Norman Seymore, CEO of the Chryso Southern Africa Group.

Chryso Southern Africa Group recently celebrated its 20th anniversary and Seymore, who is also Vice-President of Chryso globally said: "It is imperative that government finds a way to release the billions of rands that have been allocated for new building work in South Africa. Hopefully, the new civic leaders, who will control the country's biggest municipal budgets, will lead the way to at long last provide the projects building contractors and materials suppliers have eagerly awaited for years."

Seymore noted that during this time the sector had to step up exports and operations outside the country's borders in order to survive. "This is not acceptable when so much work is available in our own country and we fervently hope local government will have the skills and willingness to give the national construction sector a new lease on life."

Looking at Chryso Southern Africa's future, Seymore said "We will continue to diversify and grow. Research and development will play a vital role and we will invest at least 4% of sales and revenue into this facet of our operations. In addition, we will open a new dedicated Research & Development Centre at our head office in Jet Park. An important plus factor for Chryso Southern Africa is that we now produce our own raw materials for the formulation of Chryso's acclaimed New Generation admixtures and no longer have to import these at exorbitant costs because of the dismal state of the rand."

The company had also made significant progress in the 'greening' of its own products in the past 20 years, culminating in the pioneering introduction of dustless manufacturing processes for cementitious products at its main plants.

"The products Chryso supplies to the cement industry for fly ash and slagment production, plus limestone extension, have enabled cement producers to significantly reduce their own carbon dioxide emissions – something we are very proud of," he added. ■

Time management expertise

Companies employ costly knowledge workers and subject experts to trade their expertise for an hourly consulting fee and collect a tidy return on their payroll investment.

However, the financial managers often find themselves burdened with time-consuming investigations to understand why actual billings don't match expected earnings, what causes the deficit, and how to prevent it altogether.

"Time management needn't be that difficult," says Brendon Gass, CEO of SmartHR. He says that with the right systems it is easy and there are many reasons why companies bleed time (and therefore profits), such as: workers operate at low capacity and their time is not tracked; workers operate at high capacity but don't report all their time spent; workers waste time on unprofitable activities. This often means that companies take on extra capacity already available in their underutilised workforce; or fail to curb overruns on allocated project time. Gass points out that companies fail to leverage the slack accumulated against allocated project time or set sensible key performance indicators to measure worker performance.

Gass says that with the right system, financial managers can not only track down missing time with ease but also prevent loss entirely. "It's important to realise that time management isn't just a system for capturing and billing hours," warns Gass. "It's continuous control of a dynamic lifecycle with the power to inform enterprise strategy at all levels."

Analytical tools leverage the entire database – not just time sheets – to offer a consolidated view of time dynamics against which to manage the workforce, develop policy and protect profits.

For many financial managers, reconciling lost and billable time is a full time job. However, the right approach – assisted by appropriate technologies – makes the process simple and painless. Savings in effort, improved profitability, cost reduction and increased strategic visibility more than justify the investment. Gass advises all financial managers to review and optimise their time management processes where possible.


Brendon Gass

For more information on SmartHR go to www.smarthr.co.za ■

Competition Commission

The South African Competition Commission has approved the proposed merger of global paint and chemical coatings company AkzoNobel acquiring BASF IC, a unit within BASF SE, which develops, manufactures and distributes coating products.

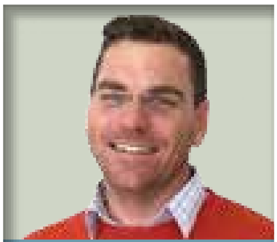
The Commission found that the proposed transaction is unlikely to substantially prevent or lessen competition in market for the supply of powder coatings as the structure of the market does not change as a result of this transaction. Further, the proposed merger does not raise public interest concerns.

The proposed merger between Cape Gate and Cape Gate Fence and Wire Works (CGFWW) has been approved by the Competition Commission without conditions. Cape Gate intends to acquire CGFWW.

Cape Gate is an integrated steel and wire manufacturer, producing a variety of steel, wire and wire products. It supplies materials to various business sectors including construction, mining, engineering and agriculture. CGFWW manufactures a variety of wire products including construction welded mesh and fencing products.

The Commission found that the proposed transaction is unlikely to result in a substantial lessening or prevention of competition. In addition, the proposed transaction does not raise any other public interest concerns. ■

a.b.e. appointments



Johnie Emmerich

Megan Nieman

Johnie Emmerich has been appointed Technical Sales Consultant: Flooring for a.b.e. Construction Chemicals in the Western Cape.

Emmerich worked for a.b.e.'s George branch for five years before acquiring a share in a waterproofing and flooring company. He augmented the supplier experience he gained at a.b.e with application experience working on site.

Glenn Bouwer, a.b.e.'s Regional Manager, Western and Eastern Cape, says the company is extremely pleased to have re-acquired the skills of such a flooring specialist. "Johnie has already made his presence felt in the local sector and is a valuable asset to the a.b.e. team in the Cape."

A.b.e. Construction Chemicals' new Field Sales Manager Retail for the Greater Gauteng area, Megan Nieman, rejoins the company.

Nieman started her working life at the company in administration at the age of 19.

She held a number of positions before being promoted to Key Account Sales Representative and left the business unit a year ago. The company lured her back and offered her an exciting new position and

Nieman says, "It's a tremendous challenge, and I relish the opportunity to increase retail sales for a company that's already a market leader."

a.b.e. Construction Chemicals is part of the Chryso Southern Africa Group. ■

AEE REP qualification

The Nelson Mandela University will be hosting the Association of Energy Engineers (AEE) qualification programme the Certified Renewable Energy Professional (REP) from September 20 to 23, 2016.

In partnership with the Energy Training Foundation (EnTF), the sole approved training partner for the Southern African region of the AEE, the Faculty of Engineering, Built Environment and IT at NMU was the ideal choice for the EnTF to expand its training programs to other regions within Southern Africa. NMU boasts excellent facilities for practical visits within its surrounds of the Eastern Cape. The REP three day training course offers a voluntary international examination on the fourth day. There are no pre-requisites required to attend the training programme.

Candidates will have the additional benefit of visiting the NMU's facilities like the PV test lab, the outdoor renewable energy research facility, the algae biomass plant, as well as take a ride in the solar car which is parked in the solar carport and charging station near the Engineering Building. In addition, visitors arriving a day earlier will be able to visit the completely off-grid Rhino House at Crossways farm outside of Port Elizabeth, and Jeffreys Bay's wind farms are a few kilometres away.

For further information about the Energy Training Foundation visit www.entf.co.za ■

R300 million investment for Masonite

A R300 million investment by Jacobs Capital breathes new life into KwaZulu-Natal based Masonite restores business confidence in the major South African manufacturer of high quality engineered wood.

Masonite's recapitalisation programme and business rescue process started a year ago recently ended. The acquisition of Masonite by corporation investment and transactional advisory firm Jacobs Capital and its partners, Black Bird Capital, headed by Nkosinathi Nhlangulela and Siyabonga Mncube.

Creditors received 100 cents in the rand and shareholders will be paid a 35 percent premium on the list price. Most importantly, all employment contracts were saved. The board of directors is in the process of being reconstituted.

"We have wasted no time since the deal was approved by the Competition Commission in June. All the conditions of sale have been met. This is a very exciting time. We have teams in place looking at all aspects of the business and strategic planning sessions have produced short and longer term plans," said Wessel Jacobs, Chief Executive of Jacobs Capital.

The Masonite business at Estcourt, marks the third large investment by Jacobs Capital in a year and it is expected to make a meaningful contribution to the annual revenue of the company. With a R1,5 billion portfolio Jacobs Capital has completed over 50 restructuring projects including the successful turnaround of Da Gama, one of the largest textile mills in South Africa.

Jacobs said, "Masonite is a strong company and the deal was structured to ensure that all creditors were paid out leaving the company with a debt free balance sheet and working capital of R85 million as well as R100 million in stock holding."

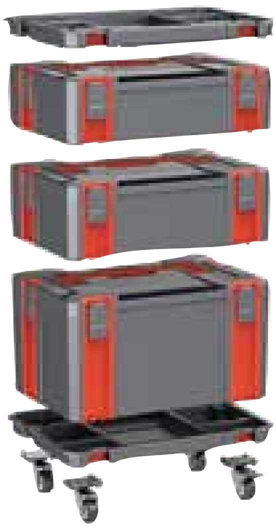
A new product line will ensure that Masonite keeps up with market trends."

Nkosinathi Nhlangulela, Director and Shareholder added: "The company is now 100% locally owned with a new board that understands local conditions and imperatives. We see this as a long term commitment to both the business and the KwaZulu-Natal region."

Jacobs said he was confident that the oldest company listed on the Johannesburg Stock Exchange was poised to regain its place in the economy. "We have an excellent team that can restore this business and take it to new heights."

In terms of the ratified transaction, the Millco Consortium has purchased the Masonite Mill. The Masonite forestry assets have been sold to Forestco which is owned by R&B Timbers and an agreement is in place that secures the supply of timber for Masonite.

Mobile workshop



Leading tool accessory supplier, Tork Craft, offers a new five piece tool is their unique mobile five piece space saving tool station. The new unit offers an ideal storage solution for the service industry professionals such as plumbers, electricians and builders.

The stacked modular space saver clips together into each other with a strong locking mechanism from the largest case size of 443 x 310 x 248 mm, a medium case of 443 x 310 x 151 mm, and a smaller unit of 443 x 310 x 128 mm and a top storage tray. Additional set dividers are available and creates a further nine separate compartments.

Constructed from tough durable high impact ABS plastic. The secure quality interlocking system with dual side locking clips offers the perfect mobile solution.

The Tork Craft mobile storage system is available from leading suppliers countrywide for more information contact Vermont Sales on +27 (0) 11 314 7711, visit their web site www.vermontsales.co.za Trade enquiries welcome.

Joe Public 16299

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