

# ACHASM 2018 Two-Day Summit:

## The Role of Procurement and Supply Chain Management in Construction Health and Safety

### Topic: Costing and Pricing for Pr. CHSA Services

Presented by Peter Dobson

# Outline

- Confirming the Clients needs
- Pr. CHSA Scope of Work
- Construction Project Complexity
- Construction Project Documentation Programme
- Capability Requirements
- Time, cost and effort
- Hourly Rate
- Total Fees

# Confirming the Clients needs

1. Turnaround times
2. Consolidated H&S File expectations
  - Input into completed structure
  - Input into operational and occupiers H&S Management Systems
3. Degree of engagement
4. Insurances, facilities, risk and liability transfers

# Determining the Pr. CHSA Scope of Work

1. Complete Scope of Work for Pr. CHSA with guarantees
2. Partial Scope of Work for Pr. CHSA without guarantees
3. Design Risk Management and responsibility of Designers
4. Access to existing Construction Project Documentation
  
5. Work with options 1 & 2 (Full & Partial)

# Construction Project Complexity

Construction Project Feature		Low Complexity	Moderate Complexity	High Complexity
1	Size of project and consultant team	< 4	4-10	>10
2	CH&S Competency of project and consultant team (Designing for H&S, CH&S knowledge & experience etc)	Expert CHS levels	CHS Competency as non-core competency	Poor competency levels
3	Complexity of design (difficulty in constructability)	Simple design, well understood industry standard materials and methods	Typical design, materials and methods	Artistic, novel or untested designs, unusual methods or materials
4	Multi-layer design (sub-contracting of design)	None	Sub-contracting of designs by either consultant team or PC	Sub-contracting of designs by both the consultant team and Principal Contractors
5	Multi-layer sub-contracting	Single Principal Contractor	Single concurrent Principal Contractor, Single tier contractors	Multiple concurrent Principal Contractors or multiple tiers of sub-contractors
6	Time limitations (activity crashing)	No time constraints	Reasonable Time Constraints	Urgent or crashed works activities
7	Space limitations (congestion)	No space limitations	Ample space available	Limited space, e.g. city center; building footprint > 80% of site.
8	CHS budget limitations (degree of novel or design or programme related solutions)	No CHS budget limitations	Normal budget limitations as % of project value, e.g. 7%	Less than 7% of project value or no formal CHS budgeting
9	Degree of approvals from external project stakeholders / authorities for CHS items	Nil	DoL only	Multiple external stakeholders
10	Complexity of Client Representatives team	Single person	Single entity (department, company)	Multiple entities (departments, companies)
11	Degree of engagement with the Construction Client	High	Remote	Nil
12	Engagement with external stakeholders (local community labour or local community leaders)	Nil	Single stakeholder (Community Leader or immediate vicinity)	Multiple stakeholders (community leaders) or volatile local community
13	Remoteness of site	Major metropolitan area	Major city	Rural or remote
14	Inflexibility or non-negotiability of the Construction Clients project brief	Flexible	Negotiable	Inflexible
14	Other:			

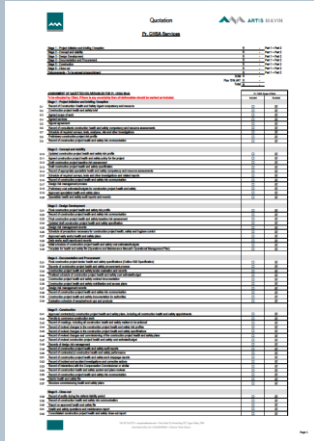
# Construction Project Documentation Programme

1. Dates of milestones
2. Set milestones into Pr. CHSA Documentation Programme
3. (Later used to integrate CHS into CPDP)
4. Anticipated duration of Construction (revision 1)

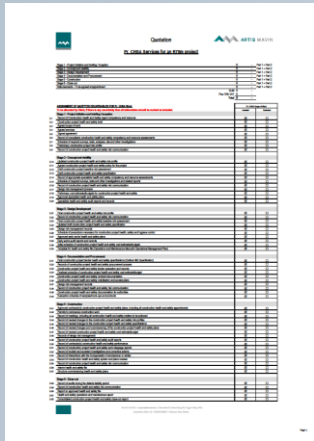
# Pr. CHSA Capability Requirements

1. Take all information into account
2. No charging of school fees
3. Insight and process leverage
4. Limited technology leverage

# Time, cost & effort



This is a screenshot of an Excel spreadsheet titled 'Excel 20180930\_PrCHSA\_Quotation'. It displays a table with multiple columns, including 'Description', 'Quantity', 'Unit', and 'Price'. The table contains numerous rows of data, likely representing different project tasks and their associated costs.



This is another screenshot of the same Excel spreadsheet, showing a different section of the data table. It maintains the same column structure as the first screenshot, with 'Description', 'Quantity', 'Unit', and 'Price' columns.

## Excel 20180930\_PrCHSA\_Quotation

### Template & Hours tabs

- Assumptions
  - R70M contract value
  - 12 month construction period (Stage 5)
  - 16 month pre-construction period (Stages 1 to 4)
  - Pr. CHSA is competent Design Risk Management
  - Designers / Specifiers are competent in 'Designing for H&S'
  - 1 x Principal Contractor appointed
  - 1 full working day has 7 billable hours
  - Documentation is project specific
  - A CH&SPMBOK will be utilized
  - CH&S PM software cannot be leveraged beyond the capacity of advanced MSOffice software
  - Allow one hour of thought and insight for each page of salient CHSA project documentation, including review.
  - Hourly rates to determine overall fees include overhead charge outs and clerical staff. Foreseeably: Pr. CHS Agents at Category B.



# Hourly Rate



TO ALL: ACCOUNTING OFFICERS OF DEPARTMENTS AND CONSTITUTIONAL INSTITUTIONS  
ACCOUNTING AUTHORITIES OF PUBLIC ENTITIES LISTED IN SCHEDULES 2 AND 3 TO THE PFMA  
HEAD OFFICIALS OF PROVINCIAL TREASURIES

NATIONAL TREASURY INSTRUCTION NO. 03 OF 2017/2018

## COST CONTAINMENT MEASURES

1. PURPOSE
  - 1.1 This Treasury Instruction repeals Treasury Instruction No. 2 of 2016/2017 on Cost Containment Measures for departments, constitutional institutions and public entities listed in Schedules 2 and 3 to the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999).
  - 1.2 Cost containment measures applicable to executive authorities will be prescribed in the revised Ministerial Handbook.
2. BACKGROUND
  - 2.1 Section 36(1)(b) of the PFMA requires accounting officers of departments and constitutional institutions to be responsible for the effective, efficient, economical and transparent use of their respective institutions' resources. Sections 36(1)(c)(ii) and 51(1)(b)(ii) of the PFMA require accounting officers and accounting authorities to take effective and appropriate steps to manage the available working capital of their respective institutions efficiently and economically.
  - 2.2 Accounting officers and accounting authorities are therefore required to implement control measures to ensure that all expenditure in their respective institutions is necessary, appropriate, cost-effective and is recorded and reported, as prescribed by the relevant legislative framework.
  - 2.3 In giving effect to this requirement, accounting officers and accounting authorities are responsible for ensuring that all employees are mindful of the current economic realities and the need to intensify efforts to improve efficiency in expenditure.
  - 2.4 On 30 September 2016, the National Treasury issued Treasury Instruction No. 2 of 2016/2017 on cost containment measures which took effect from 1 November 2016.
  - 2.5 During implementation of the Treasury Instruction mentioned in paragraph 2.4 above, it came to light that certain provisions are impractical to implement, hence posing difficulties to ensure full compliance with Treasury Instruction No. 2 of 2016/2017. Therefore accounting officers and accounting authorities are required to implement the cost containment measures set out in paragraphs 4 and 5 below.

## Guide on Hourly Fee Rates for Consultants



Department of Public Service and Administration

January 2003



## Hourly Fee Rates For Consultants - With effect from 1 July 2018

Salary Band	Average Total Package	Model A Short Term				Model B Long Term			
		Option A 1 All Overheads		Option A 2 Partial Overheads		Option B 1 All Overheads		Option B 2 Partial Overheads	
		A 1.1 Mark-up	A 1.2 No Mark-up	A 2.1 Mark-up	A 2.2 No Mark-up	B 1.1 Mark-up	B 1.2 No Mark-up	B 2.1 Mark-up	B 2.2 No Mark-up
16	1 853 486	3 787	2 916	3 257	2 459	None	None	None	None
15 / 16	1 674 837	3 350	2 579	2 881	2 211	2 763	2 127	2 378	1 826
15	1 456 187	2 912	2 243	2 505	1 922	2 403	1 849	2 068	1 587
14 / 15	1 325 253	2 651	2 041	2 279	1 749	2 187	1 683	1 882	1 445
14	1 234 806	2 489	1 901	2 124	1 630	2 037	1 568	1 753	1 346
13 / 14	1 136 615	2 272	1 750	1 955	1 500	1 875	1 444	1 614	1 239
13	1 030 459	2 061	1 587	1 772	1 360	1 700	1 309	1 463	1 123
12 / 13	938 686	1 549	1 192	1 333	1 023	1 389	1 070	1 192	911
12	846 914	1 397	1 076	1 203	923	1 233	965	1 076	822
11 / 12	780 765	1 288	992	1 109	851	1 156	890	992	757
11	714 617	1 179	908	1 015	779	1 058	815	908	683
10 / 11	665 029	1 097	845	944	725	964	758	845	645
10	615 442	911	702	782	597	862	665	739	572
9 / 10	560 490	830	639	712	544	785	605	673	521
6 to 8	368 840	546	420	468	358	516	398	443	343

### How to determine the appropriate fee rate

1. Determine the consultancy option/model by applying the following criteria:
  - "Short Term" means less than 90 consulting days
  - "Long Term" means more than 90 consulting days
  - "All Overheads" means consultant provides all overheads e.g., office, parking, telephone
  - "Partial Overheads" means department provides some overheads e.g. office, parking, telephone
  - "Mark-up" provides for company profit margin - service normally provided by consulting company
  - "No Mark-up" service normally provided by individuals or NGOs
2. Determine the appropriate salary band based on the level of work that is required e.g., use job evaluation to determine the level of work - Salary band 13 represents the level of a Director in the public service, 14 a Chief Director, 15 a DDO and 16 a DO.
3. The hourly fee rate should be read where the consultancy option/model intersects with the salary band.
4. Fee rates exclude operational/project expenditure e.g., travelling, hotel accommodation, parking, and travel and subsistence allowance.

Note - The Guide on Hourly Fee Rates for Consultants and the latest Fee Rates are available at <http://www.dpsa.gov.za> and can be found under Document Archive, All Documents.  
Link <http://www.dpsa.gov.za/dpsa/documents.asp>



## RATES FOR REIMBURSABLE EXPENSES/#!

For the full extent of the terms and conditions of the rates below, refer to SECTION 6 'REIMBURSEMENT TARIFFS FOR TYPING, PRINTING, DUPLICATING AND FORWARDING CHARGES' OF THE LETTER OF INVITATION TO CONSULTANTS OF SECTION C2.1 'PRICING INSTRUCTIONS' OF THE TENDER OR QUOTATION DOCUMENT FOR CONSULTANTS

### TYPING AND DUPLICATING (EXCLUDING VAT)

Table 1: Rates for typing and duplicating undertaken by the consultant himself.

From	Typing of original/master per A4	Duplicating		Printer or copier allowance	
		On white paper	On coloured paper	A4	A3
2009-09-01	R18,00	R0,35	R0,70	-	R7,00
2009-09-13	R20,00	R0,55	R1,00	R0,45	R8,00
2013-01-01	R22,00	R0,65	R1,40	R0,50	R10,00
2017-09-01	R26,00	R0,85	R2,10	R0,60	R14,00

From	Duplicating in colour	
	A4	A3
2009-09-13	*R7,00	*R11,00
2013-01-01	*R8,00	*R13,00
2017-09-01	*R8,50	*R14,00

\* Payable only upon prior written approval by Departmental Project Manager.

### DRAWING DUPLICATION (EXCLUDING VAT)

Table 2: Rates for drawing duplication undertaken by the consultant himself.

From	Duplicating	
	A2	A3
2009-09-01	R7,00	R10,00
2009-09-13	R10,00	R14,00
2013-01-01	R12,00	R16,00
2017-09-01	R14,00	R18,00

For the full extent of the terms and conditions of the rates below, refer to SECTION 6 'TRAVELLING AND SUBSISTENCE ARRANGEMENTS AND TARIFFS OF CHARGES' OF THE LETTER OF INVITATION TO CONSULTANTS OF SECTION C2.1 'PRICING INSTRUCTIONS' OF THE TENDER OR QUOTATION DOCUMENT FOR CONSULTANTS

Note /# E & OE. The information contained in these sheets has been extracted from other documents and summarised for ease of reference only. The terms of a consultant's original appointment take precedence.

# Total Fees

Item No.	Item	Rate (excl VAT)
1	Hourly Rate	R1,250.00 for Principal; R 950.00 for CHS Agent; R750 for CHS Officer
2	Travel Time	Hourly rate less 50%, 1st hour not billed
3	Mileage	NDPW Rates, estimate R4.00 / km, 1st 50km not billed
4	Subsistence	R400.00 / day
5	Accommodation	R900.00 / night, dependent on season & locale
6	Car Rental	Group B
7	Airfare	Economy Class

# Total Fees

Description	Unit	Rate	Total
<b>Project Management</b>			
Project Management - Overall			
Project Management - Design			
Project Management - Construction			
Project Management - Other			
<b>Design Services</b>			
Design Services - Overall			
Design Services - Architectural			
Design Services - Engineering			
Design Services - Other			
<b>Construction Services</b>			
Construction Services - Overall			
Construction Services - Labor			
Construction Services - Materials			
Construction Services - Equipment			
Construction Services - Other			
<b>Other Services</b>			
Other Services - Overall			
Other Services - Professional			
Other Services - Other			

Excel 20180930\_PrCHSA\_Quotation - Rates Tab

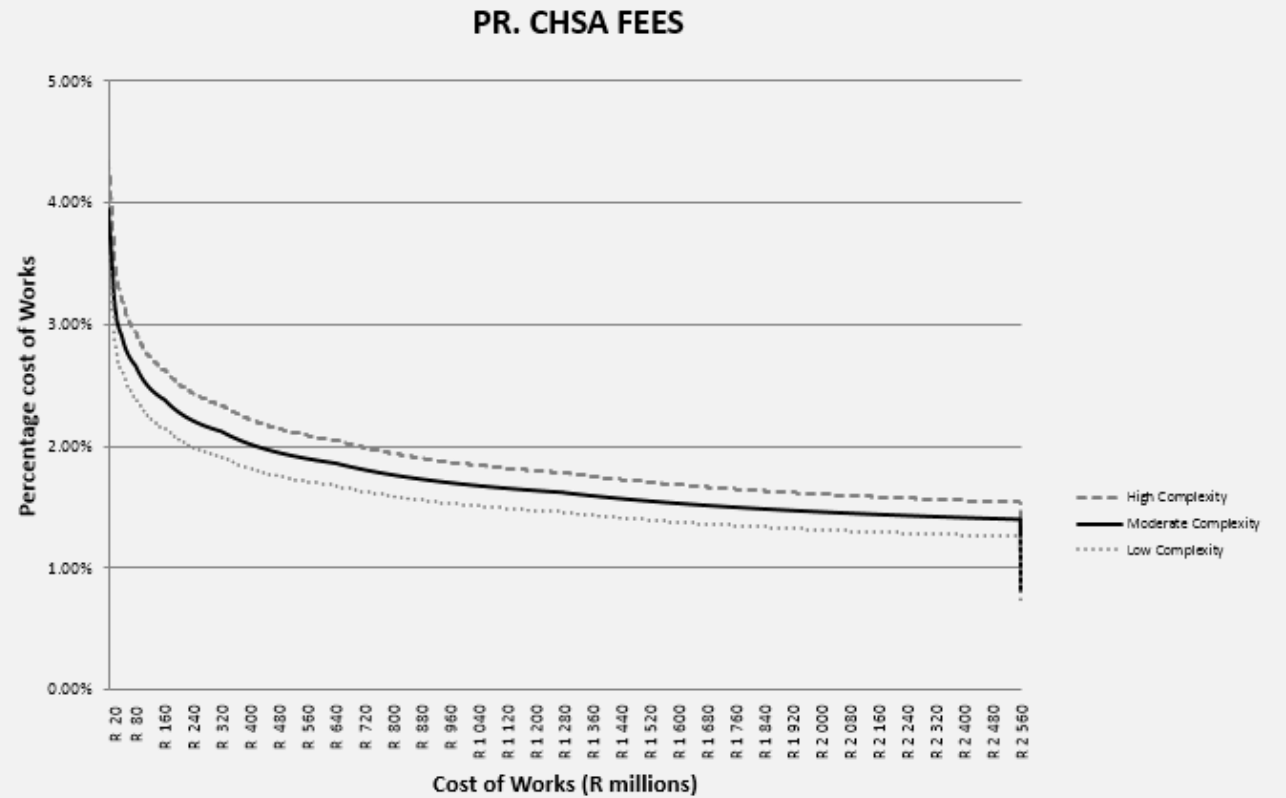
- Options 1 & 2
- Learn to negotiate
- Understand the audience's language

# Total Fees

20140714\_PrCHSA\_FeeScaleWithAssumptionsAndDeliverables

Post PROCSA based fee scale

Same process performed with projects of various  
Contract works values.

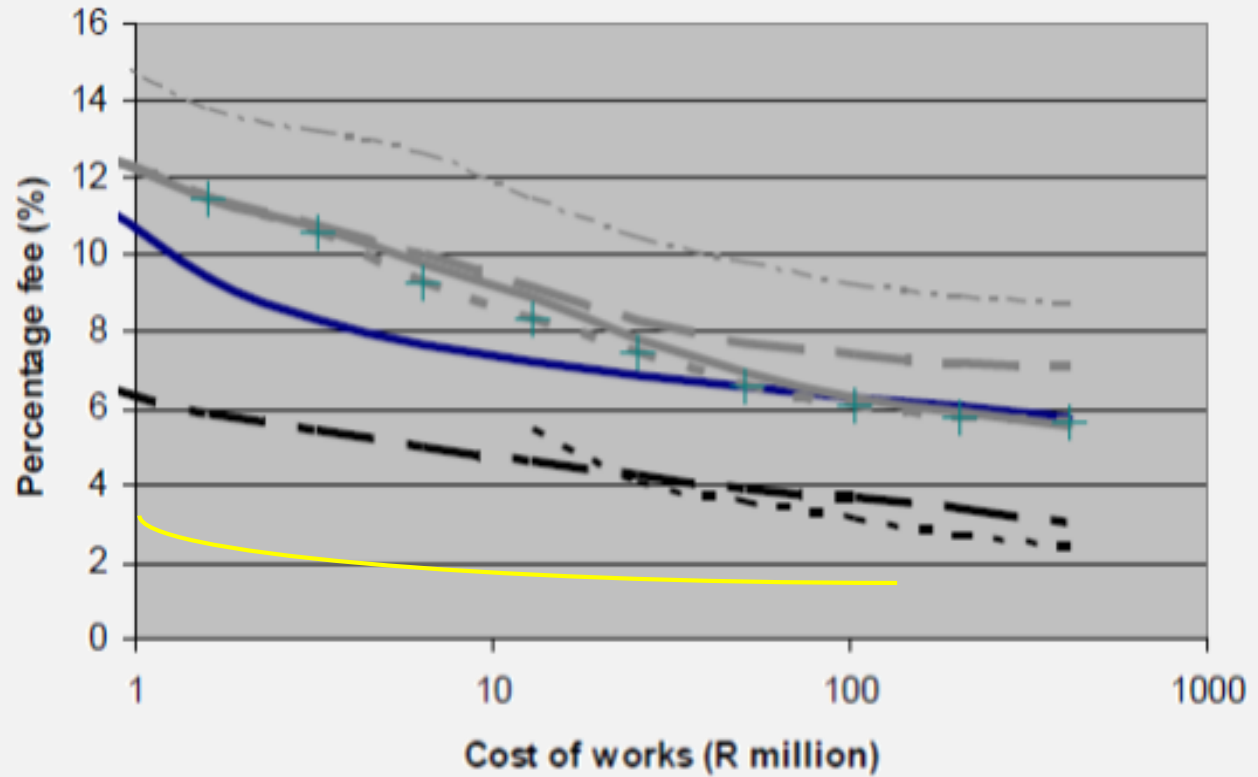


# Total Fees

Cost Bracket	Cost of the Works: From	Cost of the Works: To	Primary Fee	Add %	For value over
1	R -	R 10,000,000	R 5,195	3.30%	R -
2	R 10,000,000	R 20,000,000	R 335,086	2.97%	R 10,000,000
3	R 20,000,000	R 40,000,000	R 632,248	2.67%	R 20,000,000
4	R 40,000,000	R 80,000,000	R 1,166,309	2.41%	R 40,000,000
5	R 80,000,000	R 160,000,000	R 2,128,450	2.11%	R 80,000,000
6	R 160,000,000	R 320,000,000	R 3,819,989	1.86%	R 160,000,000
7	R 320,000,000	R 640,000,000	R 6,795,767	1.60%	R 320,000,000
8	R 640,000,000	R 1,280,000,000	R 11,916,100	1.38%	R 640,000,000
9	R 1,280,000,000	R 2,560,000,000	R 20,727,063	1.18%	R 1,280,000,000
10	R 2,560,000,000	and above	R 35,888,570	1.02%	R 2,560,000,000

Project stage	Description	% of Total Fees
1	Project initiation and briefing	5%
2	Concept and feasibility	20%
3	Design development	20%
4	Tender documentation and procurement	10%
5	Construction and contract administration	40%
6	Project close out	5%
		100%

# Total Fees



Where cost of works is relative to the respective discipline.

- Architect
- - - Quantity surveyor
- - - Engineer 2
- + - Engineer 4
- - - Construction project manager
- Engineer 1
- - - Engineer 3
- Construction H&S Agent

# ACHASM 2018 Two-Day Summit:

## The Role of Procurement and Supply Chain Management in Construction Health and Safety

### Topic: Costing and Pricing for Pr. CHSA Services

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Thank-you