**PRESS RELEASE**

SMEC South Africa sees revenue from African projects double

***26 November 2015:*** *SMEC South Africa has effectively doubled the proportion of its total revenue derived from African projects from 10% to 20% over the past year, and expects this figure to grow to 25%.*

The strategy of adding value to infrastructure projects has stood SMEC South Africa in good stead in 2015, with the engineering consultancy recording a very successful year against the backdrop of a declining economic environment.

While all the major economic indicators were down in 2015, SMEC South Africa “managed to stabilise and actually grew a bit in terms of personnel,” comments CEO **Kostas Rontiris**. “This has been a great achievement, as most of our competitors have been retrenching at the moment.”

Rontiris describes SMEC South Africa as “civil engineers who provide consultancy services to the engineering industry.” The bulk of the company’s work is civil engineering related, which constitutes 85% to 90% of its turnover at present. The remainder consists of project management and small electrical and mechanical works.

**Adding value**

“Our ongoing success is testament to our strategic focus of adding value to infrastructure projects, instead of being highly selective in specific niche markets. Hence we look to the bulk infrastructure market at all government levels. The result is that while we do not have many big projects, we have a lot of small to medium sized ones, which gives us the necessary turnover.

“We go for the small projects as well, which means that we compete at all levels. We do not differentiate, and I think that has been our saving grace in the current economic environment,” Rontiris points out.

This flexibility has also allowed SMEC South Africa to adapt to a changing consulting engineering industry. “What we are now seeing, as opposed to the merger-and-acquisition trend of two years ago, is the creation of a large number of smaller firms due to the new B-BBEE legislation that has changed the definition of a Qualifying Small Enterprise to one with a yearly revenue of R50 million.

**Fierce competition**

“These now have an advantage over the bigger generic firms in the bidding stages. Thus competition is quite fierce at the moment from the smaller emerging firms, which is in line with the government’s strategy of diversifying the industry,” Rontiris notes.

“It is a different environment at the moment, hence a company’s strategy needs to adapt, because instead of competition just from big firms, now you also have competition from smaller ones. We consider ourselves as both a big and a small company.”

The focus on smaller projects has also meant that SMEC South Africa is much closer to the coal face in many areas. “While some consulting engineering companies have closed their regional offices, we not only have our six major ones in Johannesburg, Pretoria, Durban, Bloemfontein, Port Elizabeth and Cape Town, we also maintain a significant presence in George, East London, Kimberley, Polokwane and Rustenburg, which is where our clients are.”

**Technical capacity**

Working with local, provincial and national government departments poses its own unique challenges. “The major challenge at the moment is the technical capacity in these government departments,” Rontiris highlights.

“What we are confronted with often is an unclear scope of work. Therefore it is critical for us to enter into a close working relationship with our clients so that, once we have been appointed, we can build up the scope of work together.”

Rontiris adds that another major challenge is the lack of government funding for projects. “Two to three years ago we had a lack of capacity to spend the money; now there is money available for infrastructure.”

**Red tape**

Related to the funding problems is the bureaucratic red tape surrounding international investor funding. “Being an international firm, we have been approached by overseas funders, which we have introduced to the relevant government departments.

“However, there seems to be an inability on the part of government to accept this type of funding. Being in a global competing world, if you do not accept this funding, it goes elsewhere and you lose it. There is an issue in that we feel the government must be more investor-friendly in the infrastructure space,” Rontiris argues. “We need institutional reform.”

Yet another headache for the consulting engineering industry is the dearth of productive engineers. “We get a lot of people out of university, but they are not productive as they do not have the experience,” Rontiris stresses.

**Training challenge**

“Our internal challenge is to take these graduate engineers and train them so as to ensure they produce high-quality work.” SMEC South Africa has a number of training programmes in place to address this need, over and above the industry mentoring programmes put in place by Consulting Engineers South Africa (CESA).

Rontiris cautions that an engineer only becomes fully productive on his own, without the need for constant guidance, after five to eight years’ experience. The other gap in the engineering profession is the 45 to 55 year olds, who have more than likely emigrated.

Another factor is that the younger generation moves around a lot, and not necessarily within the industry itself. “We find that a lot of engineers move to different industries, such as finance, for the obvious reason of higher salaries.”

In terms of current major projects being undertaken, a feather in the cap for SMEC South Africa is its involvement with the feasibility study of the expansion of the Gautrain network, in a consortium including DLA Cliffe Dekker Hofmeyr and Deloitte (FS). “This is ongoing, and should be completed early next year,” Rontiris concludes.

***Ends***

**Notes to the editor**To download hi-res images for this release, please visit <http://media.ngage.co.za> and click the SMEC link to view the company’s press office.

**About SMEC South Africa**SMEC South Africa provides consultancy services for the lifecycle of a project to a broad range of sectors, which include; hydropower, transport, water, natural resources and environment, geotechnical, mining, tunnelling, urban development, renewable energy, power, government and advisory services and social infrastructure development. The SMEC Group has over 5 300 employees and an established network of over 75 offices throughout Australia, Africa, Asia, the Middle East, the Pacific, North and South America.

**Media Contact**Gerhard HopeNGAGE Public Relations Phone: (011) 867-7763Fax: 086 512 3352Cell: 078 824 8723Email: [gerhard@ngage.co.za](mailto:gerhard@ngage.co.za) Web: [www.ngage.co.za](http://www.ngage.co.za)

Browse the **NGAGE Media Zone** for more client press releases and photographs at <http://media.ngage.co.za>