



Reducing the **COST** of power line construction by 20% –

A PIPE DREAM OR REALITY?

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An unusual and challenging workshop between client and suppliers took place at the Country Club Johannesburg during September 2014. The subject for the day was: Reducing the cost of power line building by 20% and it was attended by more than 60 representatives of Eskom and the power line industry, mostly members of POLASA.

The subject was first outlined by three presentations followed by a few hours of robust small group discussions where causes were examined, facts queried and issues clarified. Issues raised were listed and discussed covering the environment we work in; the problems caused and experienced by suppliers and contractors; as well as problems caused and experienced by Eskom. A number of solutions or approaches were suggested.

Gary Whalley, Chairman of POLASA presented an industry paper “A burning platform for engagement” (*previously discussed in Steel Construction Vol. 38 No. 1 and 2 2014*) where the recent history of postponement and delays of projects was translated into major job losses in the industry including the closure of six

companies in spite of substantial requirements for new power lines over the next decade.

Bob Naraghi of Eskom presented a paper on “Power delivery projects, and line construction cost analysis” which showed an unsatisfactory picture on many recent contracts for power lines with late deliveries, overspending and access problems.

Leon Heymans of POLASA then gave a thought provoking talk: “Why do South African contractors tender 20% to 30% cheaper in neighbouring countries?” using a recent bid for work in Namibia as an example.

The issues discussed were varied and covered a surprisingly wide field of subjects. In order to facilitate addressing these, four main categories of problem areas were identified:

- **Contractual** – Avoiding over-scoping and over-design, standardisation, building trust, etc.
- **Timing / Delays** – Servitudes, long adjudications, local labour, document approvals, etc.
- **Safety / SHEQ** – Seek uniformity and simplicity, over regulation, design for risk management, etc.
- **Manufacturing** – Planning significant, cost effective technology changes, AMSA subsidy, etc.

It became clear that many opportunities for improvements exist. All participants were committed to address these opportunities constructively.

The challenge now for POLASA and Eskom is to find a practical and effective way forward to build on this foundation – watch this space!

