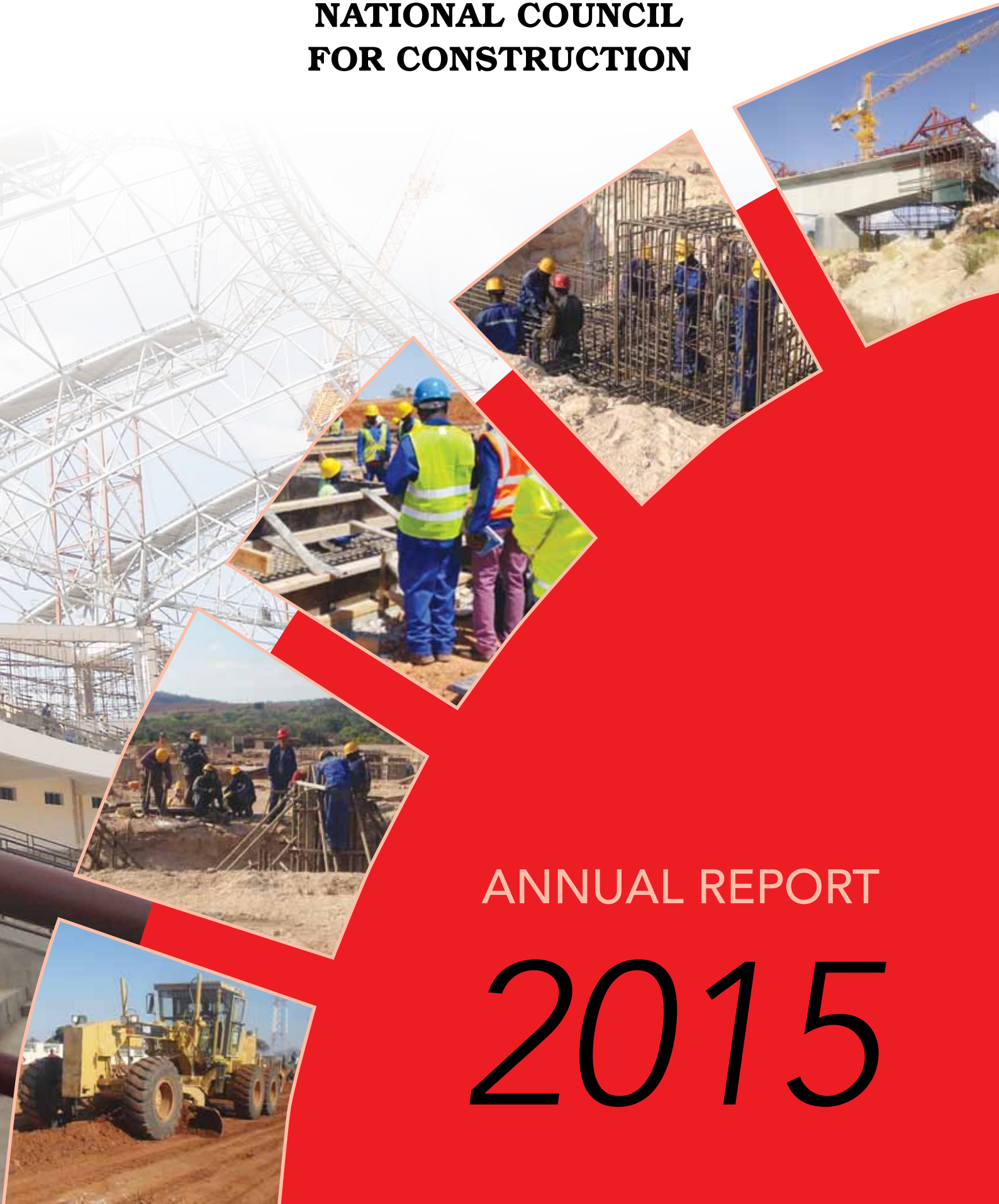




NATIONAL COUNCIL FOR CONSTRUCTION



ANNUAL REPORT

2015



NATIONAL COUNCIL FOR CONSTRUCTION

ANNUAL REPORT 2015

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Our Vision:

To be an internationally recognized innovative and effective regulatory authority in promoting, developing, training, fostering quality and sustainable infrastructure

Our Mission:

To effectively contribute to sustainable national economic growth through the promotion, development, training and regulation of the Zambian Construction Industry



Our Core Values

1. Accountability
2. Innovative
3. Integrity
4. Transparency
5. Zero tolerance to Corruption

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Acronyms and Abbreviations

ICT	Information, Communication and Technology
LBT	Labour Based Technology
NAMSSC	National Association for Medium and Small Scale Contractors
NCC	National Council for Construction
PACRA	Patents and Companies Registration Agency
RRMP	Road Rehabilitation and Maintenance Programme
SI	Statutory Instrument
TEVETA	Technical Education, Vocational and Entrepreneurship Training Authority
UNEP	United Nations Environment Programme
WGBC	World Green Building Council
ZABS	Zambia Bureau of Standards
ZGBA	Zambia Green Building Association
ZIPAR	Zambia Institute of Policy Analysis and Research
NAPSA	National Pension Scheme Authority
WCFCB	Workers' Compensation Fund Control Board
ZDA	Zambia Development Agency
ZRA	Zambia Revenue Authority

1.0 GENERAL INFORMATION

National Council for Construction (NCC) is a statutory body established under the National Council for Construction Act No. 13 of 2003 under the Laws of Zambia. Under this law, NCC is charged with the responsibility of providing for the promotion, development, training and regulation of the Construction Industry in Zambia. In fulfilling its mandate, NCC undertakes the following activities:

1. Registration of Contractors;
2. Registration of Manufactures and Suppliers of Construction materials;
3. Monitoring of construction activities;
4. Capacity building of medium and small scale contractors; and
5. Construction Materials Testing.

1.1 Registration of Contractors

NCC conducts annual registration of contractors wishing to participate in construction of various infrastructure projects. Contractors are registered in Grades One to Six depending on their capacity after assessment. Grade Six contractors can bid for jobs with a maximum contract value of Three Million Kwacha. Grade Six is considered the entry level while Grade One contractors can bid for large contracts and are not limited in terms of value. Construction firms whose registered shareholding with the PACRA is Zambian are eligible to register in all the six grades. However, foreign contractors are only eligible to register in Grades One and Two.

1.2 Registration of Manufactures and Suppliers

NCC conducts annual registration of suppliers and manufactures of construction materials and equipment on voluntary basis.

1.3 Monitoring of Contractors

In order to ensure value for money and adherence to required regulations, NCC conducts monitoring to check for compliance to the construction industry standards, laws and regulations.

1.4 Capacity Building

In order to promote growth in the Zambian construction industry, NCC provides capacity building to Small and Medium scale contractors, Government Institutions, Local authorities, Consulting firms, Individuals and other stakeholders. The Construction School offers training programmes at skills level with the intent to bridge the skills gap in order to improve the local participation and performance of the construction industry.

1.5 Materials Testing Laboratory

NCC has a Materials Testing Laboratory which undertakes testing on various construction materials and conducting training of skills personnel in material testing.

2.0 LEGISLATIVE MANDATE

2.1 Legislation

NCC is mandated to administer the National Council for Construction Act No. 13 of 2003 read together with the Contractor Code of Conduct Statutory Instrument (SI) No. 119 of 2008 and the Registration of Projects

Statutory Instrument No. 39 of 2015. It also refers to other relevant laws in its everyday administration.

2.2 Functions of National Council for Construction

The functions of NCC as enshrined in Part Two, Section Five of the National Council for Construction Act No. 13 of 2003 are to:

- a) Promote and develop the construction industry in Zambia, and give priority to Zambian firms and Zambian companies;
- b) Assess the performance of contractors in the execution of contracts and thus provide a performance record for contractors;
- c) Regulate the behaviour and promote minimum standards and best practice of contractors;
- d) Provide data on the size and distribution of contractors operating within the industry;
- e) Facilitate, where possible, access by Zambian firms or Zambian Companies to resources for the development of their operations;
- f) Promote, in liaison with other bodies in construction related fields, development issues relating to the construction industry;
- g) Promote research into the construction and the development and use of local materials and appropriate construction materials;
- h) In consultation with the National Housing Authority, the director in the Buildings Department and other bodies, promote the construction of affordable low cost and medium density housing;
- i) Set and promote safety standards in the construction industry;
- j) Prescribe and vary the categories for the registration of persons engaged in the construction industry;
- k) Conduct training and coordinate the training programmes of persons engaged in the construction industry;
- l) Make available to persons engaged in the construction industry, published information, advice and assistance in relation to the construction industry;
- m) Monitor and evaluate, from time to time, the capacity and progress of persons engaged in the construction industry;
- n) Promote and maintain competition among professionals or other persons engaged in the construction industry and promote efficiency and economy on the part of the professionals and persons so engaged;
- o) Regulate activities in the construction industry through the appropriate institutions, Boards, and other authorities, as the case may be.
- p) Coordinate construction related activities;
- q) Formulate policies and programmes of the school;
- r) Recommend to the Minister the conditions under which a foreign company may be registered and permitted to operate in Zambia;
- s) Review, from time to time, the process of awarding contracts;
- t) Standardize quality control, contract documentation, codes of practice, procurement processes, legal and contractual processes in liaison with other relevant bodies or organizations and in accordance with other written laws; and
- u) Do all such acts or things are connected with or incidental to the functions of the council under this Act.

2.3 Funding

The funding for NCC as enshrined in Part Two, Section Ten of the National Council for Construction Act No. 13 of 2003 consisted of:

- a) Appropriation by Parliament for the purposes of Council; and
- b) Fees, grants and donations; and

3.0 CHAIRPERSON'S REMARKS



During 2015, the construction sector remained resolute with government scaling up implementation of various public infrastructure projects. Notable among them was the on-going execution of the Link Zambia 8,000 in various links of the Core Road Network, L400 implementation, construction of the Sioma bridge, Mongu-Kalabo road, Kazungula bridge, Kitwe-Chingola dual carriage way, infrastructure for new districts, the construction of the new Terminal Building at Kenneth Kaunda International Airport; The new Medical School at the Copperbelt University; the establishment of the first ever university in Muchinga province, Robert Kapasa Makasa University.

The private sector have equally embarked on a number of projects such as commercial and residential estates.

With the investment undertaken in these various projects, infrastructure development is expected to continue to play a pivotal role in the socio-economic development of the country for many years to come.

These accelerated developments in public and private infrastructure investments bring with them more opportunities and challenges for the sector players. The complexity of the projects call for the need to have effective and well developed sector players with effective project management and ICT skills, bidding competencies; contract administration; access to equipment and finance.

In order to meet the challenges brought about in the construction business environment, the NCC Board extended the Strategic Plan from 2015 to 2018. It is for this reason that NCC in 2015 adopted the Balanced Score Card. This was to have a more robust system in place of tracking performance of all the set targets in the Strategic Plan meant to achieve the mandate of NCC. During the period under review the notable activities undertaken included:-

- The commencement of the review of the NCC Act No.13 of 2003 whose main objective is to make the Act more robust to meet the challenges of new trends obtaining in the sector regulatory space where other Acts have since been enacted and to ensure compliance to international best practices to create effectiveness in regulation.
- The SI No.39 of 2015 on registration of project was enacted in June 2015 in order to create a database of all projects being executed in the country.
- In the second quarter of 2015, NCC signed an MOU with the Zambia Institute of Policy Analysis and Research (ZIPAR) to carry out the first survey of the Zambian Construction industry in order to provide insight into sector dynamics. It is envisaged that the survey will address information needs in the industry

and help develop an information resource base for policy makers, planners, would-be investors, higher-learning institutions, researchers and the general public about the construction industry. This survey focuses on the growth rate of the sector; the business environment; market players segmentation and profitability; sector contribution to GDP; Foreign Direct Investments and Technological Transfers; Skills Assessments; Sector Challenges among others.

- The Zambia Green Building Association (ZGBA) was formed with financial support from the United Nations Environment Programme (UNEP) to provide guidelines on the promotion and adoption of utilizing renewable materials in construction.
- The NCC also developed 10 modules to support the Continuing Professional Development (CPD) training with financial support from the World Bank under the Road Rehabilitation and Maintenance Project Phase 2 (RRMP II).
- Continued monitoring of construction projects, registration and training of contractors

Going forward, NCC will continue with promotion of local contractor development through training, stakeholder engagement, information gathering and sharing on the performance of the construction industry. Further the NCC will ensure that contractors are registered based on their performance capacity and ensure that there is an established program to grow the contractors for sustainable development. NCC aspires to effectively contribute to sustainable national economic growth through the promotion, development, training and regulation of the Zambian Construction Industry based on a good legal framework and international best practices.

Eng. Patrick Kampengele
Chairperson of the Board of Directors

4.0 EXECUTIVE DIRECTOR'S REMARKS



I wish to begin by stating that the year ended 31st December 2015 was another very important year for NCC and the construction sector in general. NCC staff and management continued to work hard to improve its service provision so as to enhance the Council's capacity to meet stakeholder demands.

In line with its Strategic and Business Plan, NCC continued to implement programmes focused on promoting compliance, capacity building and growth of the construction industry in Zambia.

The enactment of Statutory Instrument No. 39 of 2015 on Registration of Projects compels contractors with projects whose contract value is K500,000 and above to register with NCC in order to facilitate enhanced gathering of information on the nature, value and

distribution of projects, and to provide a basis for the best practice project assessment scheme. This process is also a tool for policy guidance.

The number of certificates issued to contractors increased by 6.7 percent from 4,641 in 2014 to 4,952 in 2015. NCC recorded a total of 195 people being trained by the Construction School in 2015 and a total of 529 contractors attending provincial training workshops.

In its quest to improve performance, NCC appointed seven members of staff into various positions. The staff compliment as at 31st December 2015 was 90. As an organization, NCC is committed to developing its staff to sharpen their skills and make them more responsive to the requirements of the Council and improve service delivery. In this regard, a total of 33 staff were sponsored to undergo training in various academic and professional development capacity building programmes.

In order to improve cohesion within the organization, NCC facilitated participation in sporting activities, networking functions as well as team building sessions for members of staff. NCC also developed eleven and reviewed eight staff related policies and procedures in order to streamline operations. Most notable was the introduction of a Performance Management System.

NCC undertook various corporate social responsibility initiatives with the most notable ones being donations of various food stuffs to vulnerable groups in society

and a donation of hospital mattresses to the University Teaching Hospital.

NCC facilitated participation of four trades School students in the WorldSkills International Competition in order to help encourage and increase the ability of Zambians engaged in the construction sector to provide skills at a global level.

NCC also undertook a number of career talks at selected primary and secondary schools with the aim of encouraging the youth to pursue careers in construction. A total of 195 students participated and it is hoped that the same number or more will be reached in 2016.

In line with its vision and mission, NCC will continue to focus its attention on activities aimed at improving the efficiency and professional conduct of our staff and performance of the construction industry in general.

I wish to take this opportunity to thank the Board, Management and Staff of NCC for their continued hard work and support, and wish the institution success in the years to come.

Eng. Charles Mushota
Executive Director

5.0 BOARD OF DIRECTORS



Eng. Patrick M. Kampengele - Chairperson
Association of Consulting Engineers of Zambia



Mrs. Roseta M. Chabala
Zambia Association of
Manufacturers



Eng. Danny Mfuné
Ministry of Works and Supply



Mrs. Mwangala M. Lethbridge
Zambia Institute of Architects



Mr. Josias Hantebe Simachela
Attorney Generals' Chambers



Mrs. Hilda Kawesha Mwansa
Minister's Appointee



Mr. Michael Nyirenda
Association of Building and
Civil Engineering Contractors



Mrs. Catherine M. Kanyensha
Technical Education, Vocational
and Entrepreneurship Training
Authority



Eng. Mischeck Lungu
Ministry of Local Government
and Housing



Mr. Mutale Edward Mpepo
National Association for
Medium and Small Scale
Contractors



Mrs. Agnes Banda Phiri
Energy Regulation Board



Dr. Fredrick Chileshe
Copperbelt University



Mrs. Pamela C. Kabamba
Ministry of Finance and
National Planning



Mr. Michael Chileshe
Surveyors Institute of Zambia



Mrs. Peggy Chituta
Zambia Bureau of Standards



Eng. Charles Mushota
Executive Director - NCC

6.0 MANAGEMENT



Eng. Charles Mushota
Executive Director



Ms. Mwenya Kapasa
Legal Counsel



Mr. Morgan Chiselebwe
Director – Finance and
Administration



Eng. Golden Makayi
Director – Registration and
Regulation



Arch. Chance Kaonga
Principal – Construction School



Mr. Brian Mutale
Manager – Business
Development



Mr. Lucky Muntanga
Manager – Internal Audit



Eng. Titus Chiwembe
Manager - Materials Testing Laboratory

7.0 BOARD AND COMMITTEE MEETINGS

A total of four (4) ordinary Board meetings and two (2) Extra Ordinary Board Meetings and eighteen (18) Committee Meetings, were held as tabulated in Tables 1 and 2:

Table 1: Board Meetings undertaken

Details of Meeting	Date
Ordinary Board Meeting	20 th February 2015
1st Extra Ordinary Meeting	20 th March 2015
Board Meeting	8 th May 2015
Ordinary Board Meeting	30 th July 2015
Board Meeting	30 th October 2015
2nd Extra Ordinary Meeting	3 rd December 2015

Table 2: Committee Meetings undertaken

Details of Meeting	Date
January	
Finance and Administration Committee	27 th January 2015
Registration, Regulation and Business Development Committee	28 th January 2015
Education and Training Committee	29 th January 2015
Audit and Risk Management Committee	30 th January 2015
March	
Special Meeting of Finance and Administration	13 th March 2015
April	
Finance and Administration Committee	14 th April 2015
Registration, Regulation and Business Development Committee	15 th April 2015
Education and Training Committee	16 th April 2015
Audit and Risk Management Committee	17 th April 2015
July	
Finance and Administration Committee	14 th July 2015
Registration, Regulation and Business Development Committee	15 th July 2015
Education and Training Committee	16 th July 2015
Audit and Risk Management Committee	17 th July 2015
October	
Finance and Administration Committee	13 th October 2015
Registration, Regulation and Business Development Committee	14 th October 2015
Education and Training Committee	15 th October 2015
Audit and Risk Management Committee	16 th October 2015
November	
Extra Ordinary Finance and Administration Committee	3 rd November 2015

7.1 Finance and Administration Committee

The Finance and Administration Committee held six meetings to receive quarterly reports from management. Table 3 tabulates the attendance:

Table 3: Attendance to Finance and Administration Committee

Name	Position	Scheduled Meetings	Meetings Attended
Mrs. Mwangala Lethbridge	Chairperson	6	5
Mrs. Hildah K. Mwansa	Member	6	6
Eng. Danny Mfunu	Member	6	6
Mrs. Agnes B. Phiri	Member	6	5
Eng. Charles Mushota	Member	6	6
Ms. Mwenya Kapasa	Secretary	6	6
Mr. Morgan Chiselebwe	In attendance	6	6

7.2 Registration, Regulation and Business Development Committee

The Registration, Regulation and Business Development Committee held meetings to receive quarterly reports from management. Table IV tabulates the attendance:

Table 4: Attendance to Registration, Regulation and Business Development Committee

Name	Position	Scheduled Meetings	Meetings Attended
Mrs. Roseta Chabala	Chairperson	4	4
Mr. Joe Simachela	Member	4	4
Mr. Michael Chileshe	Member	4	4
Mr. Michael Nyirenda	Member	4	4
Eng. Charles Mushota	Member	4	4
Ms. Mwenya Kapasa	Secretary	4	4
Eng. Golden Makayi	In attendance	4	4
Mr Brian K. Mutale	In attendance	4	4

7.3 Education and Training Committee

The Education and Training Committee held four meetings to receive quarterly reports from management. Table 5 tabulates the attendance:

Table 5: Attendance to the Education and Training Committee

Name	Position	Scheduled Meetings	Meetings Attended
Mrs. Catherine Kanyensha	Chairperson	4	4
Mr. Chrispin Chilikwela	Member	4	4
Dr. Fredrick Chileshe	Member	4	4
Mr. Edward Mpepo	Member	4	4
Mr. Stanford Msichili	Member	4	2
Eng. Misheck Lungu*	Member	4	2
Eng. Charles Mushota	Member	4	4
Ms. Mwenya Kapasa	Secretary	4	4
Eng. Francis Mwape	In attendance	4	4

* Note: Eng. Misheck Lungu replaced Mr. Stanford Msichili both represented Ministry of Local Government and Housing

7.4 Audit and Risk Management Committee

The Audit and Risk Management Committee held four meetings to receive quarterly reports from management. Table 6 tabulates the attendance:

Table 6: Attendance to the Audit and Risk Management Committee

Name	Position	Scheduled Meetings	Meetings Attended
Mrs. Peggy Chituta	Chairperson	4	4
Mr. Mumbwali Simuzingili	Member	4	2
Mr. Mulambo H Haimbe	Member	4	2
Mrs. Pamela Kabamba	Member	4	1
Ms. Mwenya Kapasa	Secretary	4	4
Mr. Lucky Muntanga	In attendance	4	4

8.0 ADMINISTRATION AND FUNCTIONS

This report provides a detailed status on the key activities undertaken by the various departments and sections at NCC in 2015.

8.1 Legal Services

The purpose of the Department is to provide professional Legal advice and services to the NCC Board and Management. The Department ensures that the everyday decision making by Management is in line with the Law. It also drafts and peruses legal documents contracts, agreements and all court related documents. It defends and initiates actions in the Courts of Law on behalf of NCC in all legal matters and ensures the organisations interests are safeguarded.

The Department is also in charge of all Board related matters and provides Secretarial services to the Board. The Legal Services Directorate facilitated 6 Board and 12 Committees of the Board meetings.

The Legal Services Directorate also facilitated training for Board Members and selected staff on Corporate Governance issues. The Directorate finalised drafting of the Board Charter, and the draft amendment bill for the National Council for Construction Act No. 13 of 2003 which is under review.

8.2 Registration and Regulation

Registration and Regulation Directorate is responsible for regulating the construction industry through the registration of contractors and monitoring of construction projects to promote minimum standards and best practice among others as provided for in the National Council for Construction Act No. 13 of 2003. The following were the main activities undertaken by the Directorate in 2015:

8.2.1 Registration of Contractors

Registration of contractors continued to be one of the major functions undertaken by the directorate. A total of 4,952 registrations were recorded as at 31st December 2015 for the 2015 registration period as compared to 4,641 registrations in 2014. This represented an increase of 6.7% in the number of registrations compared to the same period in 2014. Out of a total of 4,952 registration, NCC issued 4,713 (96%) registration certificates to Zambian registered companies and 239 (4%) to foreign companies. Table VII shows a summary of registrations recorded in 2015 by Grade, Category and Ownership.

Table 7: Total Number of Certificates issued as at 31st December 2015

GRADE	Zambian VS Foreign	Building and Housing	Civil Engineering	Electrical and Telecommunication	Mining	Mechanical Engineering	Specialist	Roads and Earthworks	TOTALS
1	ZAMBIAN	21	9	3	0	0	1	25	59
	FOREIGN	41	29	29	9	3	0	44	155
	TOTAL	62	38	32	9	3	1	69	214
2	ZAMBIAN	22	7	3	0	0	0	27	59
	FOREIGN	29	9	11	0	0	0	10	59
	TOTAL	51	16	14	0	0	0	37	118
3	ZAMBIAN	58	13	19	2	0	1	29	122
	FOREIGN	8	2	5	3	0	1	6	25
	TOTAL	66	15	24	5	0	2	35	147
4	ZAMBIAN	244	37	45	20	0	4	134	484
5	ZAMBIAN	499	81	75	44	0	4	281	984
6	ZAMBIAN	1476	249	190	239	40	10	802	3,006
TOTALS		1,655	318	260	253	43	13	943	4,952

Table 7 shows that in 2015 the highest number of contractors, representing 33% were registered in the Building and Housing category. This is attributed to the increase in rehabilitation of existing buildings and new infrastructure that Government is undertaking throughout the country especially in newly created districts.

Figure I provides an illustration of registrations by Grade. Grade one being the highest and Grade Six being the entry level.

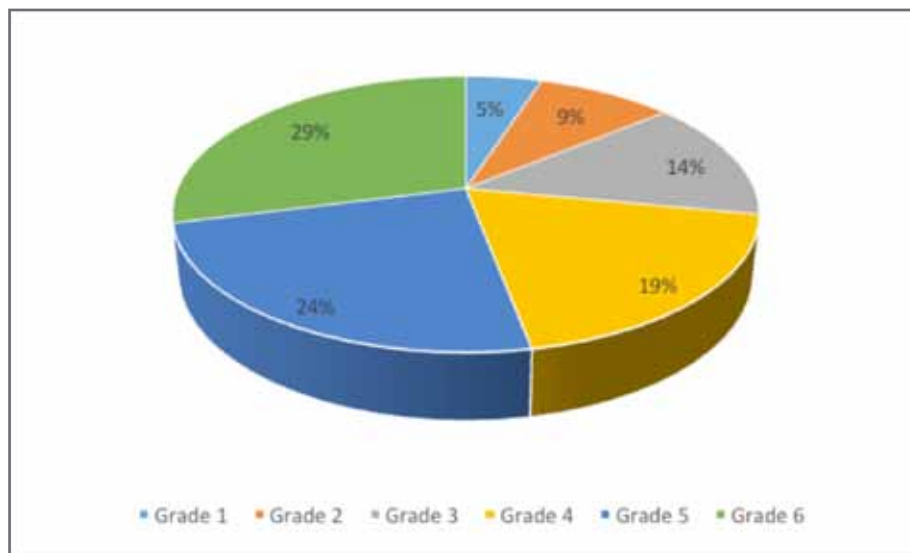


Figure I: Classification of Registrations issued in 2015 by Grade

Figure I showed that contractors registered in Grade Six had the highest number of registrations representing 29% of all registrations issued in 2015.

8.2.2 Registration Trends of Contractors from 2005 - 2015

The Contractor Registration Scheme was implemented in 2005 with the aim to register, classify, grade and categorise contractors according to their capacities and specialisations. It was also implemented to enhance activities aimed at promoting local participation in the construction sector. Figure II shows the number of contractor registrations attained since the commencement of the Contractors' Registration Scheme in 2005.



Figure II: Graph showing number of registrations for the 2005 – 2015 Period

Figure II shows an increasing trend in registrations recorded from 1,307 in 2005 to 4,952 in 2015. It can also be noted that the number of foreign companies registering as Contractors has also increased from Zero in 2005 to 239 in 2015. In 2014 the number of registered contractors reduced by 9.8 percent compared to 2013, but remained buoyant to reach 4,952 in 2015.

8.2.3 Monitoring of Construction Projects and Enforcement of Regulation

Monitoring of construction projects for compliance is one of the key components of regulation. NCC conducts quarterly and random inspections to monitor the performance of contractors and to gather data within the construction industry such as employment statistics, abandoned projects, delayed projects including challenges being faced on projects.

NCC monitors projects under construction



In 2015, NCC conducted a total of 1, 260 inspections of various projects under construction. Table 8 provides a breakdown of the number of projects inspected by province.

Table 8: Projects Inspected in 2015

Province	2nd Quarter	3rd Quarter	4th Quarter	Total
Lusaka	-	113	-	113
N/Western	34	31	31	96
Northern	42	28	28	98
Western	30	70	77	177
Luapula	51	48	40	139
Copperbelt	48	-	16	64
Muchinga	52	55	57	164
Eastern	52	27	44	123
Central	38	38	34	110
Southern	52	59	65	176
Totals	399	469	392	1,260

Inspections undertaken in 2015 indicate that an estimated 63,554 number of people were employed on various construction sites visited. The Employment statistics for the inspected projects were distributed by province as shown in Table 9.

Table 9: Employment Statistics from Inspected Construction Projects in 2015

Province	2nd Quarter	3rd Quarter	4th Quarter
Lusaka		2668	
Copperbelt	1,674		1,032
N/Western	1,115	1,528	1,528
Northern	1,516	1,118	1,893
Western	2,952	3,294	4,162
Luapula	2,701	1,633	1,512
Muchinga	1,524	2,469	4,020
Eastern	4,049	1,242	3,469
Central	2,822	2,312	2,573
Southern	3,570	2,216	2,962
Totals	21,923	18,480	23,151

Table 10 provides an outline of the major findings of the Inspections. The projects Inspected in 2015 show that 119 Contractors were penalized for various offences relating to registration status and non-compliance to health, safety and environment requirements. Written warnings were issued to 136 contractors to facilitate improved management of areas in which they were found wanting.

Table 10: Summary of Inspections for 2015

	Projects Inspected	Contractors Penalised	Contractors Warned	Sites Closed	Sites Abandoned
2nd Quarter	399	43	54	7	38
3rd Quarter	469	51	59	11	54
4th Quarter	392	25	23	5	49
Totals	1,260	119	136	23	141

Table 10 also shows that a total of 23 Sites were closed, in addition 141 sites were found abandoned. Common reasons for abandoned sites were due to but not limited to delayed payment from clients and in some cases, medium and small scale contractors. A pattern of lack of financial and technical capacity to operate in rural areas were observed.

8.2.4 Enactment of Statutory Instrument No. 39 of 2015 - Registration of Projects

Statutory Instrument (SI) No. 39 of 2015 - Registration of Projects was enacted on 26th June 2015 and officially launched by the Minister of Works and Supply, Hon. Yamfwa Mukanga, MP on 10th December 2015. The Registration of Projects SI is intended to allow for the creation of an accurate database of projects being undertaken in the country by mandating developers to register their projects with NCC. Information to be provided will relate to the nature, value and distribution of construction projects being implemented. The Registration of Projects SI will also enable government to make informed decisions and provide a basis for policy formulation.

8.3 Construction School

The mandate of the Construction School is to build capacity within the construction industry through training of various skills based programmes. Major training programmes undertaken in 2016 are presented below:

8.3.1 Training Programmes

A total of eight Technical Education, Vocational and Entrepreneurship Training Authority (TEVETA) accredited courses were undertaken as shown in Table 11.

Table 11: Training Programmes Conducted by the Construction School in 2015

Item	Course/Activity	No. of Participants	Target No. Per Course
1	Drainage and Culvert Construction	32	35
2	Construction Material Testing	31	30
3	Earth Moving and Plant Operators	38	36
4	Road Construction and Maintenance Supervision	37	70
5	Occupational Safety and Health	11	15
6	Building Works Supervision Course	15	15
7	Paving Technology	16	15
8	AutoCAD 2D	15	15
Total		195	228

A total of 195 students were trained in 2015 against a target of 228.



Teaching women and the youth how to make cobbles as part of the paving technologies training



Students learning on a live site

The school also conducted 10 Provincial Training Workshops for Medium and Small Scale Contractors. The aim of the workshops was to provide information pertaining to the enhancement of their technical and business skills to leverage their relevance and competitiveness in the industry. A total of 529 participants attended the workshop. Statistics by province are provided in Table 12.

Table 12: Summary of Provincial Training Workshops held in 2015

No.	Province	Venue	No. of Participants	Target No.
1	Lusaka	Lusaka - NCC Secretariat	50	50
2	Copperbelt	Kitwe - Lothian House	49	50
3	North Western	Solwezi - Solwezi Lodge	62	50
4	Eastern	Chipata - Luangwa House	36	50
5	Southern	Choma – Riverside Lodge	28	50
6	Western	Mongu - Mongu Lodge	39	50
7	Muchinga	Decila Food & Lodge	82	50
8	Northern	Kasama Lodge	52	50
9	Central	Kabwe Lodge	71	50
10	Luapula	Mansa Lodge	55	50
Total			529	500

Muchinga province recorded the highest attendance of 82 compared to the lowest from Southern Province of 28.

Government Agencies whose operations have a bearing on the Zambian Construction Industry were invited to make presentations on their respective roles. These included Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA), Workers Compensation Fund Control Board (WCFCB), Zambia Public Procurement Authority (ZPPA), Zambia Development Agency (ZDA), Road Development Agency (RDA), the Buildings Department under the Ministry of Works and Supply and Commercial Banks.

**2015 Combined
Graduation Ceremony**



8.3.2 Worldskills Zambia

NCC participated in the WorldSkills competition in Cape Town, South Africa. The objective was to acquaint and prepare two students for the WorldSkills competition which was scheduled for Sao Paulo, Brazil in August 2015. NCC Facilitated participation of members of staff as well as four students from Trades Schools around the country to compete in the WorldSkills Competitions in Sao Paulo, Brazil.



Oswald Kabwe, from Lukashya Trades during the Carpentry WorldSkills Competition in Sao Paulo, Brazil



Team representing Zambia during the WorldSkills Competition in Sao Paulo, Brazil

WorldSkills is a global organisation that promotes vocational, technological and service oriented education and training. WorldSkills brings youths, industries and educators together to give the youths the chance to compete, experience and learn how to become the best in their skill of choice. WorldSkills works within six areas namely: Research, Skills promotion, Career building, Education and Training, International cooperation and development and Skills competition.

8.2.3 Career Talks

The youth have been identified as a good target for recruitment of various professionals in the construction sector. In 2015, NCC conducted Career talks in five provinces namely Lusaka, Western, Luapula, Muchinga and North Western. This is shown in Table 13.

Table 13: Summary of Career Talks Statistics by Province and Number of Schools Reached in 2015

Province	No of Schools	Targeted No of Pupils	Actual No. of Pupils
Western Province	8	50	50
Lusaka	7	50	47
Luapula	14	50	104
North-Western	4	50	51
Muchinga	5	50	79
Totals	38	250	331

It was noted that the demand for information relating to careers in construction in the schools was high.



Lusaka pupils participate in Career Talks during the Agricultural and Commercial Show

All the provinces recorded over targeted numbers and the Education Authorities recommended that that NCC consider taking such initiatives to District level as well to ensure that even students at that level were benefiting from knowledge on careers in construction.

8.3.4 Zambia Green Jobs Programme

NCC in conjunction with International Labour Organisation (ILO), Association of Building and Civil Engineering Contractors (ABCEC) and National Association of Medium and Small Scale Contractors (NAMSSC) hosted a workshop on the founding of the Zambia Green Building Council/Association of Zambia. The workshop was attended by various stakeholders from Government ministries and agencies, private sector, academia, professional bodies and property developers. The workshop was held on February 26th, 2015, at Government Complex. A total of 93 Delegates attended the workshop.

The workshop was officially opened by the Minister of Transport, Works, Supply and Communication Hon. Yamfwa Mukanga represented by Hon. Mutaba Mwali, Deputy Minister in the Ministry of Transport, Works, Supply and Communication.

8.3.5 Training of Entrepreneurs (ToEs) in Green Building Technology

NCC hosted training workshop for Entrepreneurs (ToE) in Solwezi, North Western as part of the Green Jobs Zambia Project which is was sponsored by International Labour Organisation (ILO). The workshop was officiated by His Worship the Mayor of Solwezi, Counsellor Ezekiel Mulonga, on behalf of the Provincial Minister Hon. Dawson Kafwaya. The workshop objectives were to promote the concept of green construction and explore the business cases and opportunities in the green construction arena.

Figure III provides a summary of attendance by province for the Start and Grow Your Green Construction Business Workshops conducted in 2015

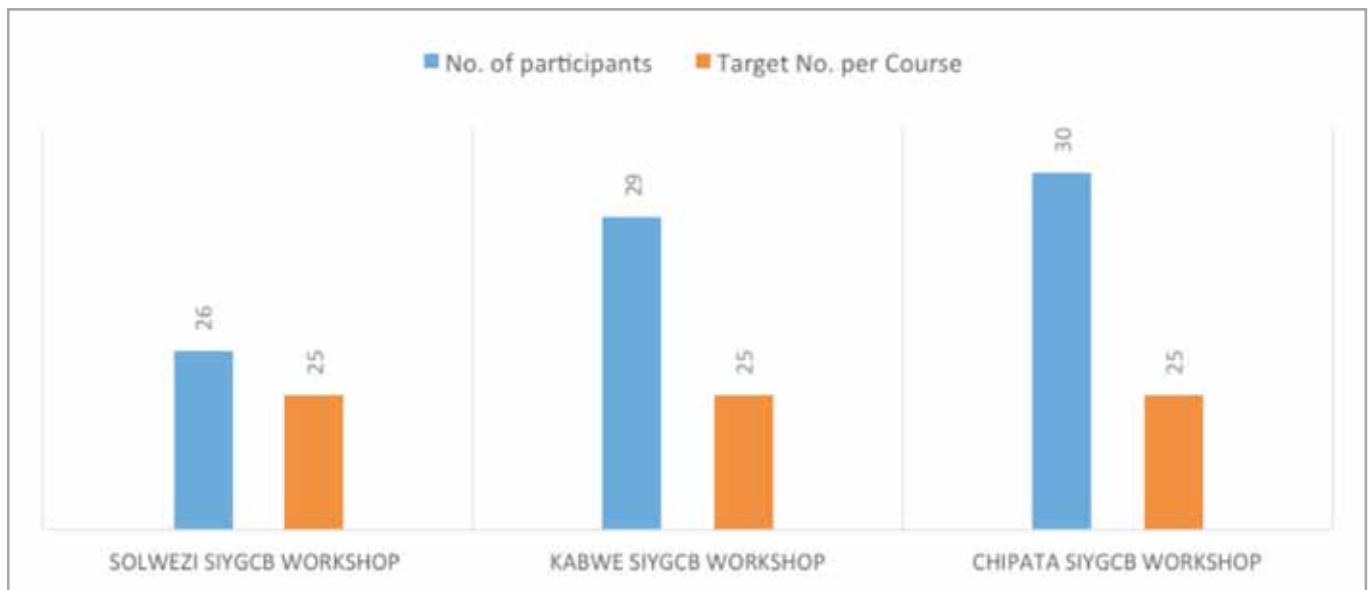


Figure III: Statistics on Attendance of 2015 Training Workshops for Enterprises

It can be noted that all the workshops met and exceeded the target in terms of numbers of participants in attendance.

8.3.6 Zambia Green Building Association (ZGBA)

The Zambia Green Building Association (ZGBA) was registered on 2nd December 2015. The Association was being spearheaded by founding group members that included NCC, NAMSSC, ABCEC and other Private Sector stakeholders. The ZGBA Secretariat is based at NCC.

The Zambia Green Building Association attended the 15th World Green Building Congress (WGBC) in Hong Kong from the 27th to 31st October 2015, where it received admission recognition. The essence of the convention was to unveil the green buildings technologies practiced by the WGBC as well as other green buildings councils and share ideas on how the councils across the world can be developed.

NCC in conjunction with United Nation Environment Protection (UNEP) held a 3 days' workshop from 11th to 13th May 2015, at Ndozo Lodge. The workshop was attended by 50 delegates and officially opened by Hon. Yamfwa Mukanga, Minister of Transport, Works, Supply and Communication. The workshop was earmarked for staff in the Local Authorities and Building Department.



Participants of the Green building technologies workshop for local authorities and government agencies

The workshop objectives were to promote the concept of green construction and explore the business cases and opportunities in the green construction arena.

8.3.7 Continuing Professional Development (CPD) – World Bank

NCC finalised training manuals to be used for Contractor Continuing Professional Development. The manuals will be launched for use in 2016.

8.4 Finance and Administration

The Finance and Administration Directorate has six units which backstop implementation of NCC core activities.

8.4.1 Human Resource and Administration

The following section provides activities undertaken under the Human Resources and Administration Section.

8.4.1.1 Staff Complement

The staff complement was ninety (90) as at 31st December, 2015. In 2015, seven members of staff were confirmed and three were separated.

On a sad note, NCC lost a dedicated and committed member of staff from the Construction School, the late Alick Mwanza who was a Training Officer. The late Mr. Mwanza passed away on 24th November 2015 and was put to rest on 27th November 2015 at Leopards Hill Memorial Park.

8.4.1.2 Recruitment of Staff

NCC commenced the process of recruitment for 13 vacant positions. These were advertised in the print media and the selection process was completed in readiness for recruitment in 2016. The vacant were as tabulated in Table 14:

Table 14: Summary of Vacant Positions to be filled in 2016

NO.	POSITION	NO. OF VACANCIES
1.	Manager - Information, Communication and Technology	1
2.	Manager - Procurement and Supplies	1
3.	Human Resource Officer	1
4.	Buildings Engineer	1
5.	Monitoring and Compliance Specialist	3
6.	Data Entry Officer	2
7.	Front Office Assistant	1
8.	Training Coordinator	1
9.	Stores Person	1
10.	Laboratory Assistant	1
	TOTAL	13

8.4.1.3 Capacity Building

A total of 33 members of staff were sponsored to attend various training programmes. Three members of staff were sponsored for long term training and the remaining 30 attended short term training.

8.4.1.4 Team Building Workshop

An Institutional Team Building Programme took place in Siavonga from 9th to 12th September 2015 and fifty (50) members of staff from various Departments and regional offices participated.

8.4.1.5 Development and Review of NCC Polices, Manuals and Procedures

NCC facilitated the review of existing policies and development of new policies as shown in Table 15.

Table 15: List of Policies Reviewed and Developed in 2015

Policy Type	Status
Staff Loan Policy	Reviewed
Transport Policy	Reviewed
Information, Communication and Technology Policy and Procedures	New
Code of Ethics	New
Asset Replacement Policy	New
Accounting Systems Manual	Reviewed
Administration Manual	Reviewed
Communications Policy	New
Procurement and Supplies Policies and Procedures Manual	Reviewed
Recruitment and Selection Policy and Procedure Manual	Reviewed
Performance Management System	Reviewed
Staff Establishment Control System	Reviewed
Investment Policy	New

8.4.1.6 Biometric Time Clock Attendance System

In order to improve employee performance and reporting times, NCC installed a biometric time clock system. The benefits of the system include accurate maintenance of records and improved access to data regarding staff performance in terms of attendance and reporting times.

8.4.2 Accounts

Budget monitoring remains at the foremost of the organisations' operations. The primary responsibility of Accounts is to ensure effective and efficient management of funds in such a manner as to accomplish the objectives of the organisation. The unit constantly interacts with the Departments at NCC and provides reports on the financial position of the organisation to ensure NCC remains financially stable. The Accounts unit is prudent in monitoring expenditure against allocated budget and has contributed significantly towards the organisation achieving an unqualified audit report.

8.4.3 Procurement and Supplies

This section highlights the main procurement activities that were undertaken during the year. NCC Procurement in line with the approved Procurement Plan for 2015 undertook various tenders using open and simplified bidding. Some notable contracts for goods and services awarded were as follows:

1. Purchase of five 4x4 Motor vehicles;
2. Purchase of one D320 CAT Excavator;

3. Purchase of Computer Laboratory Equipment;
4. Rehabilitation and Conversion of the 3 Bedroomed House into Offices at Plot 30741 Olympia, Lusaka, for the National Council for Construction (NCC) Central Regional Office;
5. Tender for Consulting Services for Architectural and Engineering Design, preparation of Bidding documents and the supervision of the construction of National Council for Construction Regional Office in Kitwe;
6. Contract for Individual Consultant to undertake Consultancy services for the mainstreaming of Labour Based Technologies in the Zambian construction industry under the RRMP- World Bank; and
7. Contract for an Individual Consultant (IC) to undertake a review of the National Council for Construction (NCC) Act No. 13 of 2003 under the Road Rehabilitation and Maintenance Program (RRMP – World Bank)



NCC's Excavator and Grader

8.4.4 Information, Communication and Technology

The key activities which were undertaken included the Installation of extension lines and LAN connectivity at the offices at the Northern Regional Office in Kitwe. The cash register for the canteen was successfully installed and configured.

8.4.5 Workshop

The institution operates a mechanical workshop that is responsible for minor repairs and maintenance. The unit is responsible for the maintenance of the fleet as well as carrying out all simple electrical, plumbing and carpentry works at NCC. Some of the major activities undertaken were:

1. Procurement and replacement of suspended ceiling for the offices and the classrooms
2. Procurement of tracking system on twenty four (24) motor vehicles

8.4.6 Canteen and Hostels

The canteen and hostels section based at the Secretariat provided food, beverages and accommodation to students undertaking various training programmes, members of staff and members of the public. Total participation ratios for the period under review were as shown in Table 16:

Table 16: Number of Students and the General Public Served by the Canteen and Hostels inn 2015

Item	Course/Activity	Food	Accommodation	No. of Participants	Target No Per Course
1	Construction Material Testing	10	7	31	30
2	Earth Moving and Plant Operators	5	1	38	36
3	Road Construction and Maintenance Supervision	15	20	37	70
4	Occupational Safety and Health	7	4	11	15
5	Building Works Supervision Course	10	4	15	15
6	Paving Technology	11	6	16	15
7	AutoCAD 2D	10	4	15	15
8	Lusaka Provincial Workshop	50			
Total		118	46	195	228

8.5 Internal Audit

NCC has an Internal Audit function to provide objective and independent assurance to the Board of Directors and Management on the efficacy, efficiency and adequacy of internal controls, processes and policies. The function also assists the Board and Management to have clear visibility into NCC's risk landscape by ensuring that all relevant and significant risks are identified and mitigating measures are put in place.

During the year 2015, detailed reviews of existing internal controls and processes were undertaken and reports detailing material weaknesses and recommendations on remedial measures were produced. In this regard, Management, continued to implement recommendations by the Audit and Risk Management Committee and the Board of Directors in light of reports from Internal Audit.

In order to enhance the operations an Internal Audit Manual was developed and approved by the Board of Directors.

Internal Audit also facilitated the strengthening of the NCC's Risk Management framework through its consulting role in the development of the Risk Management Policy.

Internal Audit function will continue assisting the Board and Management in their quest to achieve operational excellence and deliver the Council's mandate.

8.6 Business Development

The Business Development Unit provides for the improvement, collaboration and facilitation of existing and new business opportunities for NCC and Contractors. It is also responsible for tracking of progress in the implementation of planned activities of the strategic Plan through monitoring and evaluation

During the period under review, the unit facilitated the introduction and development of the Balanced Score Card to replace the log frame in order to enhance feedback on reporting progress of strategic Plan activities. Business Process Reengineering was undertaken at the Materials Testing Laboratory and the Construction School. The objective was to undertake radical changes in the Business Processes in order to achieve cost reduction, effectiveness and timeliness in the way work assignments are achieved.

A perception survey was conducted on the Copperbelt. The objective of the survey was to understand perceptions held on NCC by its clients with a view to improving service delivery. The survey revealed that NCC commanded a positive impression in the areas visited.

An MOU with the Zambia Institute for Policy Analysis and Research (ZIPAR) to partner in the generation of information with an initial focus on the Survey of the Zambia Construction Industry was signed. ZIPAR is expected to conduct a survey of the Zambian Construction Industry on behalf of NCC.

NCC hosted and sponsored the Development and Investment in Infrastructure Conference at Chrismar Hotel, Livingstone from 16-18 September 2015. During the conference, 40 scientific papers on infrastructure strategies for Africa were presented from academics, researchers and industry practitioners across Africa.

NCC implemented activities pertaining to the World Bank sponsored assignment on Mainstreaming Labour Based Technologies (LBT) in the Zambian Construction Industry under the Road Rehabilitation and Maintenance Project Phase II (RRMP II).

The overall objective of the program was to promote appreciation and understanding in the adoption and use of Labour Based Technologies in the Zambian Construction Industry value chain as an option to create job opportunities for the unemployed youths and other vulnerable groups. The end result of this process will be development of policy and strategy on the adoption of labour.

8.7 Construction Materials Testing Laboratory

The Institution is in the process of upgrading the materials testing laboratory into a modern accredited standard laboratory. In 2015, the process of restocking the laboratory with modern testing equipment and improving the infrastructure commenced. The procurement of equipment was being financed by the World Bank under the RRMP Phase II.

It is envisaged that the laboratory will be fully operational and ready for accreditation by 2018.

8.8 Public Relations

NCC participated in the Zambia Technology and Building Show held from 19th to 20th March 2015 and the 89th Zambia Agricultural and Commercial Show held from 29th July to 2nd August 2015 under the theme 'Innovation beyond the Golden Jubilee'.

NCC also facilitated the airing of 13 programmes on Zambia National Broadcasting Corporation Radio Four, production and airing of one documentary and 3 television spot adverts on ZNBC Television One, sponsored by the World Bank under the RRMP II.

NCC participated in the commemoration of various national days and networking activities, these included:

1. Labour Day under the theme "Promoting National Economic Growth through Job Creation, Free Collective Bargaining and Respect of Workers' Rights";
2. Inter-Ministerial Sports Festival under the theme "Promoting a Healthy Lifestyle";
3. 17th Inter-Company Relay under the theme "Run and Walk For Your Health Towards Peace and Unity";
4. World AIDS Day under the theme "Getting to Zero." Zero new HIV Infections. Zero Discrimination. Zero AIDS Related Deaths". NCC also facilitated community health talks on HIV/AIDS talks with the Kanakantapa Community around the NCC site in the area; and
5. World Anti-Corruption Day which was commemorated under the theme "Breaking the corruption chain".

As part of corporate social responsibility, NCC supported Mwembeshi Prisons by donating various food stuffs and cleaning items. At the University Teaching Hospital donations of various food stuffs to the Children's Cancer Ward and 20 mattresses for the Adult Emergency Ward were undertaken. NCC also supported commemoration of the N'cwala ceremony.

9.0 FINANCIAL STATEMENTS

National Council for Construction Financial Statements For the year ended 31 December 2015

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CYMA

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Management Consultants*

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Council Members' Report

The Council Members of the National Council for Construction (NCC) have the pleasure in presenting their report and audited financial statements for the year ended 31 December 2015.

Council Members

The Members of the Council during the year were as follows:

NAME	ORGANISATION
Mr. Patrick M. Kampengele- Chairperson	Association of Consulting Engineers of Zambia
Mrs. Roseta M. Chabala Vice - Chairperson	Zambia Association of Manufacturers
Mr. Charles Sipanje	Permanent Secretary-Ministry of Works and Supply
Mrs. Pamela C. Kabamba	Permanent Secretary-Ministry of Finance
Mr. Misheck Lungu	Permanent Secretary-Ministry of Local Government and Housing
Mr. Josias Hantebe Simachela	Attorney General - Ministry of Justice
Mrs. Hilda Kawesha Mwansa	Any Other Person appointed by the Minister
Mr. Michael Nyirenda	Association of Building & Civil Engineering Contractors
Mrs. Mwangala M. Lethbridge	Zambia Institute of Architects
Mrs. Catherine M. Kanyensha	Technical Education, Vocational and Entrepreneurship Training Authority (TEVETA)
Mr. Edward Mpepo	National Association for Medium & Small Scale Contractors
Mrs. Agnes Banda Phiri	Energy Regulation Board
Dr. Fredrick Chileshe	Copperbelt University, School of Mines
Mr. Michael Chileshe	Surveyors Institute of Zambia
Mrs. Peggy Chituta	Zambia Bureau of Standards
Eng. Charles Mushota	Executive Director – NCC

Senior Management

Eng. Charles Mushota	Executive Director
Mr. Morgan Chiselebwe	Director - Finance and Administration
Arch. Chance Kaonga	Principal - Construction School
Eng. Golden Makayi	Director - Registration and Regulation
Ms. Mwenya Kapasa	Legal Counsel

Ownership and principal business of the Council

The National Council for Construction is a body corporate established under the National Council for Construction Act No. 13 of 2003. The principal activities of the Council are to promote the development of the construction industry by regulating and assessing the performance of contractors and conducting training of persons in the construction industry in Zambia.

*Council Members' Report - continued***The company's results**

	2015	2014
Income	<u>48,739,523</u>	<u>45,571,097</u>
Expenditures	<u>58,525,696</u>	<u>42,130,929</u>
(Deficit) / Surplus	<u>(7,630,873)</u>	<u>5,076,188</u>

The Council recorded a deficit of K7.7million in 2015 compared to a surplus of K5.08 million in 2014.

Donations

The Council did not make any donations in the year under review (2014: nil)

Average number of employees and their total remunerations

The average number of employees during the year was 90 (2014: 85). The employees' total remunerations amounted to K14.8 million (2014: K9.7 million.)

Health, Safety and Welfare of the employees

The Council complied with all statutory regulations in relation to Factories and Public Health Act.

Going concern

The financial statements have been prepared on a going concern basis which assumes that the Council will continue in operational existence in the foreseeable future.

The validity of this assumption depends on the Government of the Republic of Zambia's continued support and the Council's ability to generate its own revenues from registration, regulation as well as training.

If the council were unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce the balance sheet values of assets to their recoverable amounts, to provide for further liabilities that might arise and reclassify fixed assets as current assets.

Other material facts, circumstances and events

The Council members were not aware of any material facts, circumstances or events which occurred between the reporting date and this report which might influence an assessment of the financial position of the Council.

The financial statements on pages 7 to 20 were approved by the Directors.



.....
Eng. Patrick M. Kampengele
Council Chairperson



.....
Eng. Charles Mushota
Executive Director

Council's responsibilities and statement

Section 14 of the National Council for Construction Act No. 13 of 2003 requires the Council members to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Council and of the Statement of Comprehensive Income of the Council and its cash flows for that year.

The Council Members' responsibility includes:

- (i) Designing and implementing internal controls relevant to the preparation and presentation of financial statements that are free from material misstatements whether due to fraud or error;
- (ii) Selecting and applying suitable accounting policies;
- (iii) Making estimates that are reasonable in the circumstances;

Section 13 of National Council for Construction Act No. 13 of 2003 requires the Council members to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Council and of the Statement of Comprehensive Income of the Council and its cash flows for that year. It also requires the Council members to ensure that they keep proper accounting records that disclose accurately, the financial position of the Council. They are also responsible for safeguarding the assets of the Council.

In the opinion of the Directors:

- (i) The Statement of Comprehensive Income is drawn up so as to give a true and fair view of the loss of the Council for the year ended 31 December 2015;
- (ii) The Statement of Financial Position is drawn up so as to give a true and fair view of the state of affairs of the Council as at 31 December 2015.
- (iii) There are reasonable grounds to believe that the Council will be able to pay its debts as and when they fall due.
- (iv) The financial statements have been prepared in accordance with the International Financial Reporting Standards and are in compliance with the National Council for Construction Act No. 13 of 2003.

Approval of the Financial Statements

Consequently, the financial statements on pages 7 to 20 were approved by the Council of Members at a Council meeting held on ~~17/03/2016~~ and were signed on its' behalf by:



.....
Eng. Patrick M. Kampengele
Council Chairperson



.....
Eng. Charles Mushota
Executive Director

Report of the Auditors to the Council Members of National Council for Construction

Report on the financial statements

We have audited the financial statements of National Council for Construction for the year ended 31 December 2015 set out on pages 7 to 20. These financial statements comprise the statement of financial position as at 31 December 2015, statement of comprehensive income and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes to the financial statements.

Directors' responsibility for the financial statements

The Council Members are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the National Council for Construction Act No. 13 of 2003. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatements, whether due to fraud or error. In making the risk assessment, the auditor considers internal controls relevant to the Council's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Council as at 31st December 2015 and of its financial performance and its cash flow for the year then ended, in accordance with applicable International Financial Reporting Standards and have been prepared in accordance with the National Council for Construction Act No. 13 of 2003.

Report on other Legal and regulatory requirements

In accordance with Section 13 of the National Council for Construction Act No. 13 of 2003, we report that, in our opinion, the required accounting records, other records and registers required by the Act have been properly kept in accordance with the Act.

CYMA

CYMA


.....
Chintu Y. Mulendema
Managing Partner

29/03/16
.....
Date

National Council for Construction

Financial Statements

for the year ended 31 December 2015

(All amounts are in Kwacha unless otherwise stated)

Statement of Comprehensive Income	Notes	2015	2014
INCOME			
Grants	8	7,908,381	9,956,963
Fees	9	38,733,283	33,600,146
Other Income	10	2,097,859	2,013,988
Interest Income	11	<u>1,955,298</u>	<u>1,636,020</u>
Total income		50,694,821	47,207,117
Operating Expenditures			
Administrative expenses	12	<u>(58,325,694)</u>	<u>(42,130,929)</u>
Surplus/(Deficit) for the year		<u>(7,630,873)</u>	<u>5,076,188</u>

National Council for Construction

Financial Statements

for the year ended 31 December 2015

(All amounts are in Kwacha unless otherwise stated)

Statement of Financial Position

	Notes	2015	2014
ASSETS EMPLOYED			
Property, Plant and Equipment	3	<u>20,151,581</u>	<u>19,056,996</u>
Current Assets			
Receivables	5	4,091,155	4,196,076
Bank and Cash Balances	6	22,335,463	28,959,704
		<u>26,426,618</u>	<u>33,155,780</u>
Total Assets		<u><u>46,578,199</u></u>	<u><u>52,212,776</u></u>
EQUITY AND LIABILITIES			
Funds Employed			
Accumulated Fund		24,523,339	32,154,212
Capital Grant		7,097,625	7,360,500
		<u>31,620,964</u>	<u>39,514,712</u>
Current Liabilities			
Trade and other payables	7	14,957,235	12,698,064
		<u>14,957,235</u>	<u>12,698,064</u>
Total Equity and Liabilities		<u><u>46,578,199</u></u>	<u><u>52,212,776</u></u>

These Financial Statements on page 7 to 20 were approved by the National Council for Construction Council of Members on17/03/2016.....and signed on its behalf by:



.....
Eng. Patrick M. Kampengele
Council Chairman



.....
Eng. Charles Mushota
Executive Director

National Council for Construction

Financial Statements

for the year ended 31 December 2015

(All amounts are in Kwacha unless otherwise stated)

Statement of Changes in Equity

	Accumulated Fund K	Capital Grant K	Total K
Balance at 1 January 2014	27,078,024	7,628,960	34,706,984
Amortisation	-	(268,460)	(268,460)
Surplus for the year	5,076,188	-	5,076,188
Balance at 31 December 2014	32,154,212	7,360,500	39,514,712
Amortisation	-	(262,875)	(262,875)
Surplus/(deficit) for the year	(7,630,873)	-	(7,630,873)
Balance at 31 December 2015	24,523,339	7,097,625	31,620,964

National Council for Construction

Financial Statements

for the year ended 31 December 2015

(All amounts are in Kwacha unless otherwise stated)

Statement of Cash Flows

	Notes	2015	2014
Cash flows from operating Activities			
Surplus		(7,630,873)	5,076,188
Adjusted For:			
Interest Received		(1,955,298)	(1,636,020)
Depreciation	3	3,019,373	1,727,843
Amortisation of capital grants	10	(262,875)	(268,460)
Profit on Disposal of Fixed Assets		(175,358)	-
		<u>(7,005,031)</u>	<u>4,899,551</u>
Adjusted for working capital movements			
Increase receivables		104,921	(1,434,261)
Increase/(decrease) payables		2,259,171	(1,455,342)
		<u>(4,640,939)</u>	<u>2,009,948</u>
Returns on investments and servicing of finance			
Interest received		1,955,298	1,636,020
Net Cash flows from operating activities		<u>(2,685,641)</u>	<u>3,645,968</u>
Cash flow from Investing Activities			
Tangible Property, plant and equipment	3	(4,470,229)	(6,729,379)
Proceeds from sale of Fixed Assets		531,629	-
Net cash Inflow		<u><u>(6,624,241)</u></u>	<u><u>(3,083,411)</u></u>
Cash Movement			
Net Bank and Cash Balances at start of the year		28,959,704	32,043,115
Net Bank and Cash Balances at end of the year	5	<u>22,335,463</u>	<u>28,959,704</u>
Movement in Cash		<u><u>(6,624,241)</u></u>	<u><u>(3,083,411)</u></u>
		-	-

Significant Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The Council meets its day to day working capital requirements through funds generated from its operations and Grants from the Government of the Republic of Zambia and National Road Fund Agency (NFRA)

The financial statements have been prepared on a going concern basis on the assumption that the Council will continue in operational existence for the foreseeable future.

The validity of this assumption depends on the Government of the Republic of Zambia's continued support and the Council's ability to generate its own revenues from Registration and Regulation as well as training.

If the council were unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce the balance sheet values of assets to their recoverable amounts, to provide for further liabilities that might arise and reclassify fixed assets as current assets.

(b) Revenue recognition

Revenue represents the fair value of the consideration received or receivable, net of discounts and sale-related taxes. Revenue from sales of goods is recognised when the goods are delivered and title has passed. Revenue for services is recognised when the service has been rendered.

Interest income is recognised on a time proportion basis when it is determined that such income will accrue to the Council.

(c) Translation of foreign currencies

Transactions in foreign currencies during the period are converted into the functional currency, Kwacha, using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation, at period-end exchange rates, of monetary assets and liabilities denominated in foreign currencies are recognised in the income statements.

(d) Property, Plant and Equipment

All categories of property, plant and equipment are initially recorded at cost. Subsequently, they are stated at historical cost or revalued amount less depreciation.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Significant Accounting policies (continued)

Depreciation is calculated on the straight line basis to write down the cost of each asset, or the revalued amount, to its residual value over its estimated useful life as follows:

• Leasehold Land and Buildings	2.5%	Furniture & Fittings	25%
• Motor Vehicles	25%	Office Equipment	33%
• Laboratory equipment	25%	Workshop Equipment	25%

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

The surplus on revaluation of non-current assets is credited to a non-distributable reserve. A transfer is made from this reserve to the revenue reserve each year equivalent to the difference between the actual depreciation charge for the year and the depreciation charge based on historical values.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining operating profit. On disposal of revalued assets, amounts in the revaluation surplus relating to that asset are transferred to retained earnings.

(e) Grants

Revenue grants are recognised as income in the income statement in full on a receipt basis in the year received. Capital grants are capitalised and amortised over the depreciable life of the asset.

(f) Receivables

Receivables are presented in the statement of financial position net of allowances for doubtful receivables, estimated by the Council's management based on prior experience. A provision for impairment of receivables is established when there is objective evidence that the Council will not be able to collect all the amounts due according to the original terms of receivables. The amount of the provision is recognised in the income statement.

(g) Employee benefits

Retirement benefit obligations

The council has registered all its employees with the statutory pension scheme (NAPSA) and a private pension scheme with ZSIC Life Limited. These are both defined contribution schemes.

A defined contribution scheme is a pension plan under which the Company pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees' benefits relating to employee service in the current and prior periods.

The Council's contributions to the defined contribution scheme are charged to the income statement in the period to which they relate.

Accounting policies (continued)

(h) Provisions

Provisions are recognised when the Council has present legal or constructive obligations as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

**National Council for Construction
Financial Statements
for the year ended 31 December 2015**

(All amounts are in thousands of Kwacha unless otherwise stated)

Notes to the financial statements

1 Financial risk management objectives and policies

The Council's activities expose it to a variety of financial risks, including credit risk and the effects of changes in foreign currency exchange rates and interest rates.

Most of the transactions for the council are carried out in Zambia Kwacha. The exposure foreign currency risk is low.

2 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

(i) Critical accounting estimates and assumptions

Property Plant and Equipment

Critical estimates are made by the Council members in determining depreciation rates for property, plant and equipment. The rates used are set out in accounting policy (d) above.

Receivables

Critical estimates are made by the Council members in determining the recoverable amount of impaired receivables.

(ii) Critical judgements in applying the entity's accounting policies

In the process of applying the Council's accounting policies, Council members have made judgements in determining whether assets are impaired.

National Council for Construction
Financial Statements

for the year ended 31 December 2015

(All amounts are in Kwacha unless otherwise stated)

Notes to the financial statements (continued)

3 Property Plant and Equipment

	Leasehold Property	Motor vehicles	Laboratory Equipment	Office Equipment	Furniture & Fittings	Workshop Equipment	Total
Cost/Valuation							
At 1 January 2014	12,024,529	8,251,889	268,068	2,561,072	853,086	1,342,531	25,301,175
Additions	4,117,556	2,036,852	-	243,115	297,306	34,550	6,729,379
Disposals	-	-	-	-	-	-	-
At 31 December 2014	16,142,085	10,288,741	268,068	2,804,187	1,150,392	1,377,081	32,030,554
Additions	19,248	2,577,930	-	1,188,005	573,176	111,870	4,470,229
Disposals/ Adjustments	-	(1,674,971)	-	(80,428)	(108,646)	(25,945)	(2,689,990)
At 31 December 2015	16,161,333	11,191,700	268,068	3,111,764	1,614,922	1,463,006	33,810,793
Depreciation							
At 1 January 2014	2,894,582	4,558,265	262,483	1,716,594	572,008	1,241,783	11,245,715
Charge for the year	298,947	1,102,269	5,585	295,795	24,499	748	1,727,843
Disposals	-	-	-	-	-	-	-
At 31 December 2014	3,193,529	5,660,534	268,068	2,012,389	596,507	1,242,531	12,973,558
Charge for the year	397,147	1,814,660	-	423,104	336,271	48,191	3,019,373
Disposals/ Adjustments	(12,500)	(1,340,693)	-	(872,824)	(107,702)	-	(2,333,719)
At 31 December 2015	3,578,176	# 6,134,501	# 268,068	1,562,669	825,076	1,290,722	13,659,212
Carrying Amounts							
At 31 December 2015	12,583,157	5,057,199	-	1,549,095	789,846	172,284	20,151,581
At 31 December 2014	12,948,556	4,628,207	-	791,798	553,885	134,550	19,056,996

National Council for Construction

Financial Statements

for the year ended 31 December 2015

(All amounts are in Kwacha unless otherwise stated)

Notes to the financial statements (continued)

	2015	2014
8 Grants		
Road Sector Capacity building - NRFA Grant	4,679,633	5,855,170
Government Grant	2,965,873	3,833,333
Transfer from Capital Grant	262,875	268,460
	<u>7,908,381</u>	<u>9,956,963</u>
9 Fees		
Registration, Scrutiny and Annual Fees	38,064,223	32,666,446
Tuition Fees	669,060	933,700
	<u>38,733,283</u>	<u>33,600,146</u>
10 Other operating Income		
Hire of Facilities	345,351	1,730,326
Green Technology Construction	1,556,150	155,880
Profit from disposal of assets	175,358	-
Bad Debts recovered	-	4,282
Rental Income	21,000	123,500
	<u>2,097,859</u>	<u>2,013,988</u>
11 Interest Income		
Bank interest	1,660,582	1,330,317
Interest on Staff Loans	294,716	305,703
	<u>1,955,298</u>	<u>1,636,020</u>
12 Administrative Expenses		
Advocacy, Sensitisation and Publicity	481,781	576,058
Annual skills Competition	311,820	275,921
Audit and Accounting Fees	62,176	66,394
Freight and Courier charges	90,621	34,250
Board Expenses	1,841,278	781,681
Building Technology Course	-	220,125
Canteen Expenses	509,613	1,128,183
Capacity Building	1,048,948	1,222,484
Cleaning Materials and Groceries	270,967	363,411
Computers software and accessories	454,782	487,409
Review of NCC Act	118,733	-
Construction Sector outlook report	46,050	-
Depreciation	3,019,373	1,727,843
	<u>8,256,142</u>	<u>6,883,759</u>

National Council for Construction

Financial Statements

for the year ended 31 December 2015

(All amounts are in Kwacha unless otherwise stated)

Notes to the financial statements (continued)

	2015	2014
12 Administrative Expenses - Continued		
Balance B/fwd.	8,256,142	6,883,759
Enforcement of construction regulations	603,646	602,262
Contractors verification expenses	1,058,016	-
Fuel and Lubricants	712,197	877,540
Graduation Ceremonies	113,665	122,212
Staff wellness	108,146	48,030
Implementation of Business Plan	172,537	1,243,534
NORAD Refund	121,000	-
Insurance of NCC Assets	520,939	186,031
International Construction Events	375,558	293,221
International Training Exchange/ASOCSA	47,804	180,091
Kitchen and Hostels expenses	184,672	122,632
Kitwe Office Expenses	161,352	73,565
External Technical Assistance	143,990	130,165
School activities & advocacy	320,596	-
Bank Charges	102,925	83,339
Membership to professional bodies	52,446	49,660
Monitoring Construction Activities	1,419,783	1,246,015
Motor Vehicles expenses	528,920	331,164
MOU implementation	27,085	83,120
Labour Day Celebrations	99,460	80,675
Road Sector Contractors Capacity Building (Note 12.1)	2,612,948	3,781,946
Other expenses	205,219	58,850
Plant Operators Course	-	55,637
Provincial Registration Committee Expenses	113,000	368,200
Registration expenses	350,318	360,316
Repairs and maintenance	454,364	379,603
Revision of construction standards	242,520	81,416
Security expenses	320,234	219,363
Staff costs (Note 12.2)	32,813,991	19,547,613
Stationery and Printing	1,329,605	907,950
Training of Trainers in EMPO Course	-	155,138
Telephone, Fax and email	242,161	177,943
Finance & Adm. review Workshop	-	152,170
TAVETA license	95,575	39,650
National Exhibitions and Exposure	437,352	705,348
Travel Local and International	649,917	480,236
Worlds Standards Day	-	5,380
Stakeholder Consultative Workshop	122,425	41,608
Stakeholder Sensitisation	-	107,380
SME Mentorship, Placement & Tracer	-	180,910
Registration & Regulation Departmental Workshop	-	63,225
Document Management System	-	13,000
Construction School Review Workshop	-	84,078
	55,120,508	40,603,975

National Council for Construction

Financial Statements

for the year ended 31 December 2015

(All amounts are in Kwacha unless otherwise stated)

Notes to the financial statements (continued)

	2015	2014
12 Administrative Expenses - Continued		
Balance B/fwd.	55,120,508	40,603,975
Commemoration of World Safety Day	37,534	22,670
Commemoration of Women's day	99,959	66,220
Procurement Committee	471,721	398,624
Team Building	786,690	514,565
Water and Electricity	64,271	77,948
Fibre Optic Subscriptions	548,022	146,351
Green Technology Construction expenses	894,466	26,300
Educational Materials	103,409	68,000
Certification Programmes- CISA,CCNA,MCP)	-	45,185
Codification of NCC new Assets	13,300	14,000
Youth Day	30,520	20,885
National and International Seminars	-	35,087
Commemoration of National Days	-	26,744
Gender Commemoration	42,040	24,775
Public Service Day	-	20,100
International Anti-Corruption Day	25,700	19,500
Books & Laws of Zambia	29,404	
Legal Management services	15,350	
Corporate Social Responsibility	22,800	
Student medical scheme	20,000	
	<u>58,325,694</u>	<u>42,130,929</u>
12.1 Road Sector Contractors Capacity Building - NRFA Grant		
Maintenance of Training Equipment	-	-
Earth Moving Plant and Operators	305,936	64,980
Materials testing	10,200	343,961
SME Mentorship, Placement & Tracer	21,614	-
Sector ICT	-	28,600
Steel Fixing	-	37,473
Cobblestone Technology Course	38,490	
Capacity Building Programme	324,651	601,817
Brick Paving Course	-	47,475
Roll out Courses	471,069	576,492
Road Construction and Maintenance Course	811,821	1,160,906
Construction Management Course	-	137,109
Road Construction Surveying	-	213,199.00
Management of Civil Engineering Processes	-	253,475
Provincial Training workshop	625,702	316,459
Bank Charges	3,465	-
	<u>2,612,948</u>	<u>3,781,946</u>

National Council for Construction

Financial Statements

for the year ended 31 December 2015

(All amounts are in Kwacha unless otherwise stated)

Notes to the financial statements (continued)

	2015	2014
12 Administrative Expenses - Continued		
12.2 Staff Costs		
Salaries and Wages	14,773,228	9,708,748
NAPSA	664,242	1,027,596
PAYE	7,776,494	4,256,374
Pension Contribution	473,295	656,902
Group Life assurance	259,644	191,831
Group personal accidents	32,047	32,047
Medical Expenses	682,820	471,652
Leave Benefits	1,218,800	77,600
Staff welfare	454,598	284,587
workers compensation	38,739	38,740
Commutation	16,900	519,605
Gratuity Contributions	6,100,507	2,085,508
Recruitment cost	245,768	143,440
Internship costs	76,909	52,983
	<u>32,813,991</u>	<u>19,547,613</u>

13 Contingent Liabilities

There were no known contingent liabilities as at the year end.

14 Events after reporting date

There has not been any material matter or event that has arisen since the year end up to date of approval of these financial statements which would affect substantially the operations of the entity that requires disclosure or adjustment

15 Capital Commitments

There were no capital commitments in place as at 31 December 2015 (2014: none)

16 Comparative Figures

Comparative figures have been reclassified where necessary to afford meaningful comparison.

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