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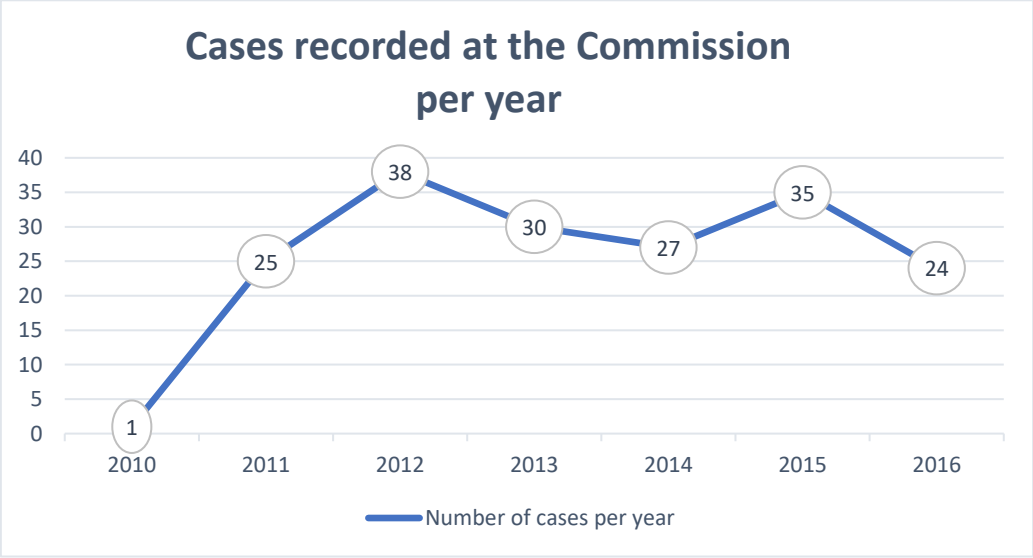
Construction Survey

Introduction

The Construction Industry plays a substantial role in the country's national socio-economic welfare which is protected and promoted within the jurisdiction of the Fair Trading Commission (the Commission). The Commission has observed an increasing number of construction cases lodged at the Commission each year.

Following a review of cases lodged at the Commission it was found that a total of 180 construction cases with a worth of SCR34, 355, 291.14 in financial value has been lodged at the office of the Fair Trading Commission from 2010 to 2016. The year 2012 saw the highest number of cases recorded whilst the year 2013 and 2014 saw a decrease in the number of cases recorded. The year 2015 saw an increase compared to the previous years and only half way through the year 2016, the commission recorded a total of 24 cases.



Based on the number and nature of cases recorded, it has come to the attention of the Fair Trading Commission that there are multiple issues arising from the services provided in the Construction industry. The most prominent complaints are related to the services provided by

the draughtsman, the credibility of the contractors or tradesperson and the general lack of knowledge on the part of the builder. It is therefore imperative to seriously address the concerns that have arisen in this sector or industry with the aim of eliminating the market failures existing therein.

The Fair Trading Commission, pursuant to the following;

- Section 3 of the Fair Trading Commission Act, 2009 which provides for the Fair Trading Commission to;

  (a) keep under review commercial activities to ensure that practices that may adversely or unfairly affect the interests of consumers are dealt with;
  (d) educate or assist consumers in resolving complaints;
  (f) monitor the standards of services supplied by service providers to ensure compliance;
  (g) determine standard of services applicable to service providers.

- Section 5 (c) of the FTC Act 2009 which stipulates that the Commission may, *undertake studies and publish reports and information regarding matters affecting the interests of consumers and enterprises.*

initiated a research aimed at identifying the lapse in the construction industry in the Seychelles that can possibly lead to those market failures. This will enable the Commission along with other authorities to educate both the consumers and service providers with regards to their rights and responsibilities, monitor, determine and improve the standards of services and along with authorities find solutions to address the current issues.

The Survey

The first stage of the research was a survey conducted in order to obtain information that will allow the Commission to understand the level of knowledge of the general public (18 years and above) in relation to construction.

The Commission sought the assistance of the National Bureau of Statistics to review the proposed questions and assist in reformulating and ensuring that the questions were pertinent enough to cover all aspects the Commission wanted to capture in the survey. The Commission also sought the assistance of NATCOF for furnishings that were required for set-up of the

survey locations. Additionally, the Commission sought the permission of the Planning Authority to carry out the pilot survey at their premises and the permission of SENPA to carry out the survey at its premises.

Prior to the start of the survey, the Commission published an article in Seychelles Nation to inform the public about the statistics recorded by the Commission and issues related to the Construction Industry. The article also informed the public about the survey and the locations were they could participate in the survey. The public were also informed about the survey and called on to participate on the Fair Trading Commission's website and Facebook page.

The Commission conducted the survey both online and on a one-to-one basis with random individuals at different locations around Victoria. The turnout for online participants was very low.

A total of 500 participants took part in the survey. 6 questionnaires were not fully completed and could not be analyzed. 494 questionnaire has been used to compile the information provided as Annex 1.

Findings

The survey saw the participation of the majority of participants between the ages of 35-55 years and overall the majority of participants were female. The Commission was able to have the input of participants from mostly all districts on Mahe, including a few on Praslin and La Digue which is understandable in view that the survey was held on Mahe only.

Interestingly, at least 52.6% of participants had their own house whilst the remaining did not. It was evident from the findings that those working formed the majority of participants with their own house whilst the majority of those who did not have their own house were not working. Interestingly, out of those that were not working, 80.3% stated that they were considering building however presently as per work status, has limited capability to construct. Unless they are able to obtain considerable funding, they will most likely form part of the group that will go for the cheaper, unlicensed acquaintances for their construction and hence will need to be educated with regards to their rights and responsibilities when constructing.

The results also showed that the majority of those who had their own house either took a loan or built from personal savings or the house was built through government projects. Again here

questions as raised - unless the consumer has adequate savings, the concern over the limitations when it comes to funding and amount of funding granted through loan versus the cost of constructing comes to play. Perhaps more consumers would be willing to build their own house but financial constraints leads to more pressure on government built housing or cheaper construction.

The results also showed that consumers tend to depend mostly on their own judgement or that of family, friends and acquaintances when making their construction decisions. They tend to trust what they feel they know or presume others know rather than educate themselves by going through the proper channels so that they can know the necessary steps to be taken when making such an important investment. It is also clear that the consumers are not aware which authorities are responsible for which sections of the law and what the correct procedures to go through when building.

Based on the findings from the survey, it can be concluded that there is a general lack of knowledge with regards to the rights and responsibilities on the part of the consumers in regards to the construction industry, processes and procedures involved therein. It will be important that education is focused on the responsibilities of the consumers first and foremost. Additionally, there are concerns over the costs associated with construction. Consumers may be aware that cheap construction can lead to bad investment however they may have limited choice if the costs are too high and hence not within their budget/loan received

Conclusion/Recommendations

It is being recommended that:

- The Commission publishes the results of the survey.

- The Commission should review all the cases with repeated offenders and inform SLA and Planning Authority so that necessary actions can be taken.

- The Commission educates the public vis-à-vis their rights and responsibilities in terms of construction and services provided in the construction industry. The consumers need to be educated with regards to what they need to know and do as consumers prior, during and after constructing.

  The focus should be on the following;

- Which authorities are responsible for the various processes?

- What are the various procedures required by the various authorities? For e.g. what is required by Planning? In case of a dispute, what would be required to lodge a complaint at FTC?
- How should they choose a tradesperson for their work? (The various components)
- Why a have a contract and what should be included in contract.

  This can be done through various mediums such as Adverts in the Seychelles Nation, Facebook uploads, TV/Radio spots and a TV Programme in collaboration with Planning.

- Along with other Authorities, the Commission should also meet with all tradesperson in this sector. It should start with those who has cases already at the Commission followed by others especially the smaller businesses/ individuals in this sector (those conducting work that does not require licenses such as Mason and Carpenter included). They need to be educated on their rights as a tradesperson and their responsibilities to consumers.

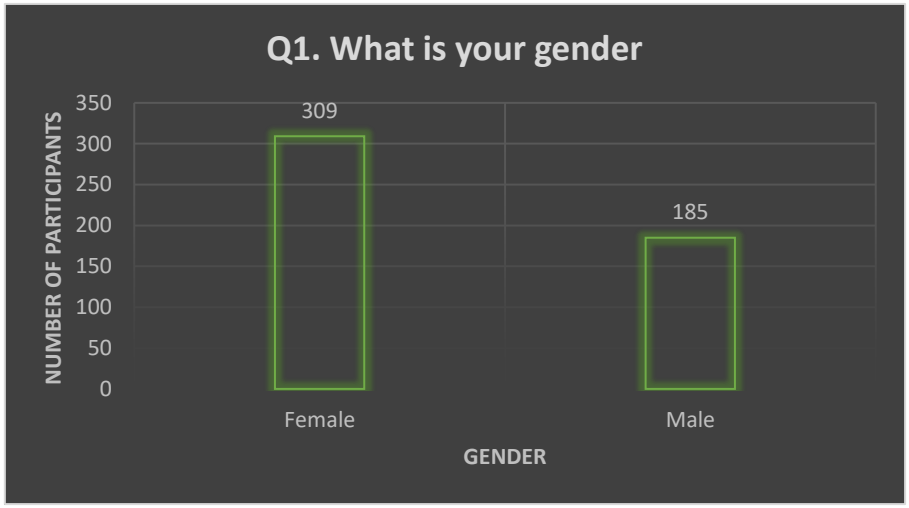
- It should be recommended to SLA and Planning Authority that all tradesperson (including masons, carpenter etc...) have licenses and that it be mandatory that all commencement notices have the name of the tradesperson attached to the document along with relevant qualifications. Additionally, Planning should be more stringent when it comes to commencement notices.

- Economic Mapping in the construction sector in order to understand whether there is any anti-competitive practices (price fixing/cartel) which makes people who want to build unable to do so or unable to go to a contractor due to price.

The Fair Trading Commission

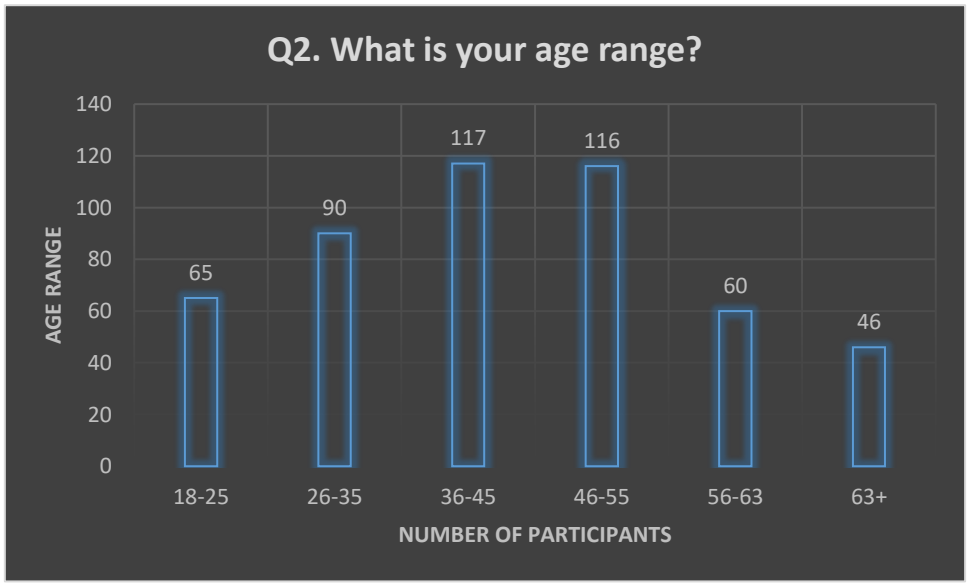
Construction Survey Results

Q1.



Out of 494 participants, 309 were female representing 61.5% of the total participants for the survey and 185 were male representing 37.4% of the total participants in the survey.

Q2.



The participants were aged between 18-63+ years.

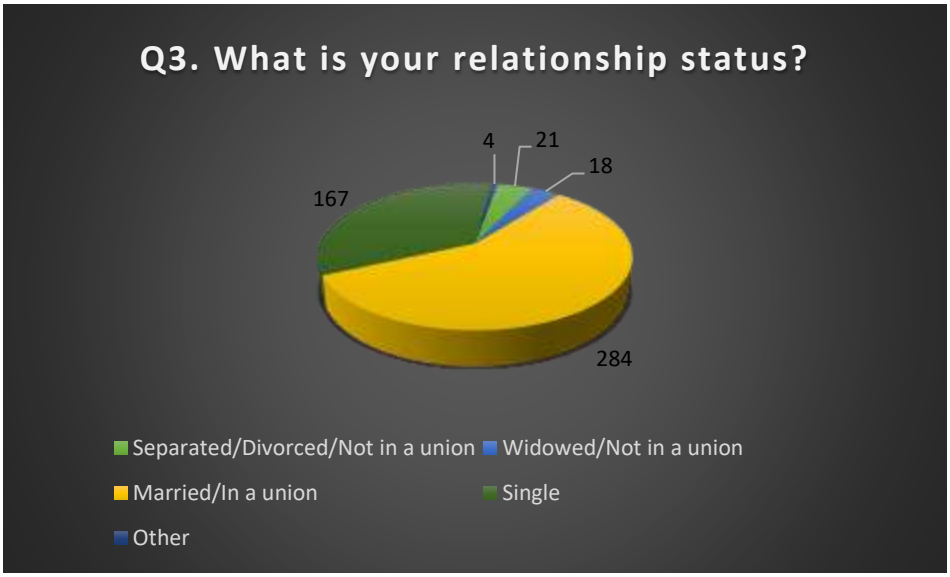
The majority of participants were mid-aged, that is, between 36-55 years, representing 47.2% of total participants. 117 participants, representing 23.7% of the total number of participants were aged between 36-45years and 116 participants representing 23.5% of the total number of participants were aged between 46-55years.

The survey also saw the participation of the younger population 18-35years, representing 31.4% of total participants. 65 participants were aged between 18-25 years, representing 13.2%

of the total number of participants and 90 participants, aged between 26-35 years representing 18.2% of the total number of participants.

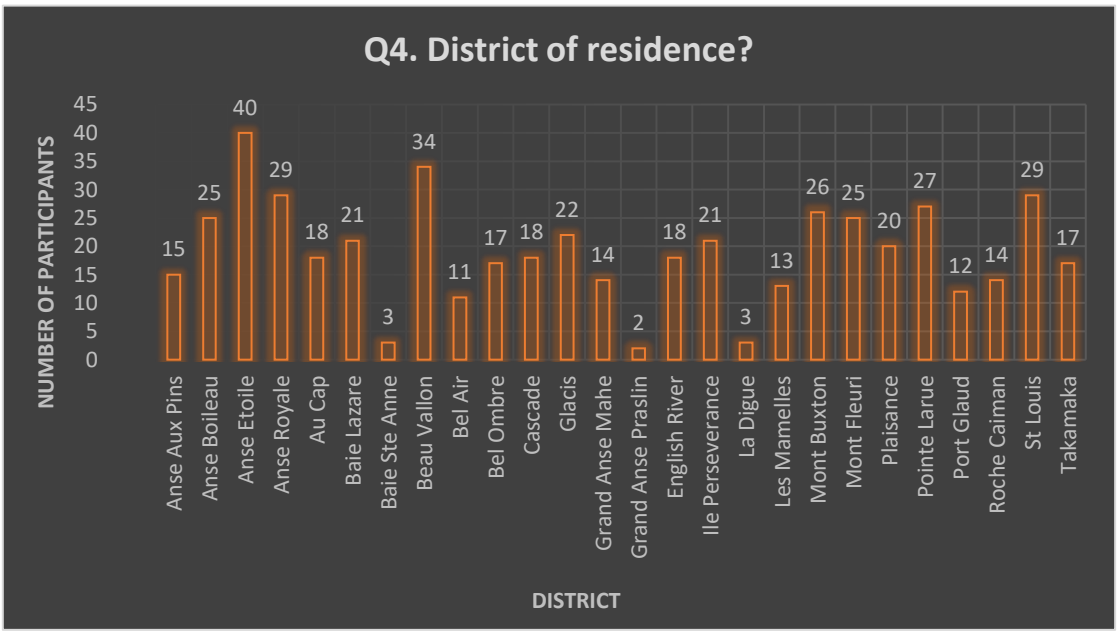
The least number of participants were in the older age group, 56-63+ years, representing 21.5% of the total number of participants, with 60 participants between 56-63 years, representing 12.1% of the total number of participants and 46 participants, representing 9.3% of the total number of participants over the age of 63.

Q3.



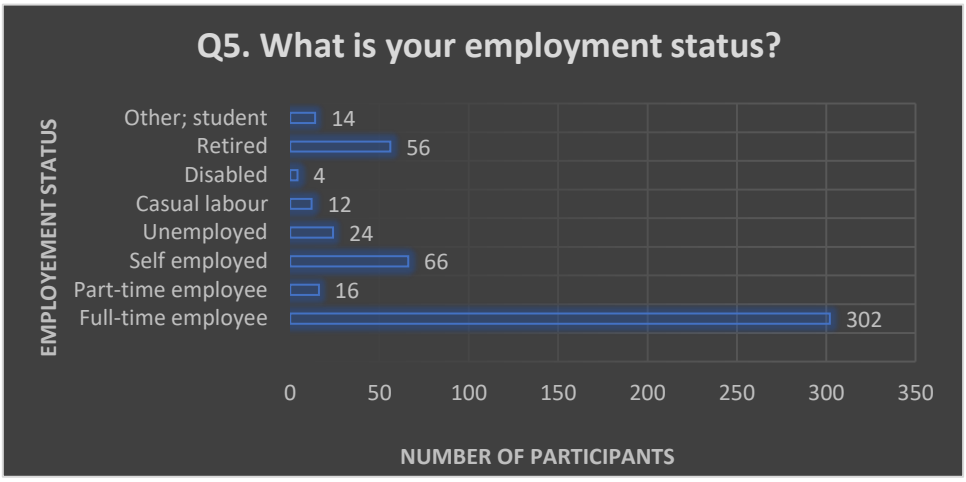
Out of 494 participants, 284 participants were either married or in a union, representing 57.4% of the total participants. 167 were single representing 33.8% of total participants, 18 were widowed and not in a union representing 3.6% of total participants, whilst 21 were either separated, divorced or not in a union representing 4.3% of total participants. 4 did not disclose their relationship status, representing 0.8% of total participants

Q4.



The survey was able to capture participants from all districts on Mahe which accounted for 486 participants, representing 98.3% of participants. The remaining 1.6% were from Praslin and La Digue islands with 5 and 3 participants respectively. Most participants were from the district of Anse Etoile with 40 participants whilst the least number of participants were from La Digue with 3 participants which is normal in view that the survey was conducted on Mahe only.

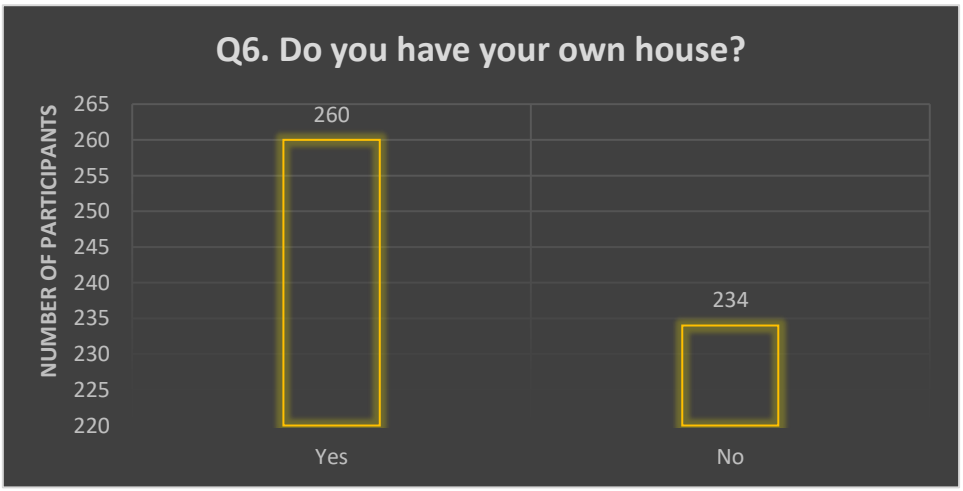
Q5.



302 participants were full-time employees representing 61.1% of the total number of participants. 66 participants representing 13.4% of participants were self-employed, 16 participants representing 3.2% of participants were part-time employees, and 12 participants representing 2.4% of the total number of participants were casual labors. The survey was hence able to capture out of the total number of participants, 80.2% of participants who are working and hence earning an income.

The remaining participants representing 19.8% of total participants were 24 unemployed, 56 retired, 4 disabled and 14 participants were students or did not fall within the categories mentioned in the survey question.

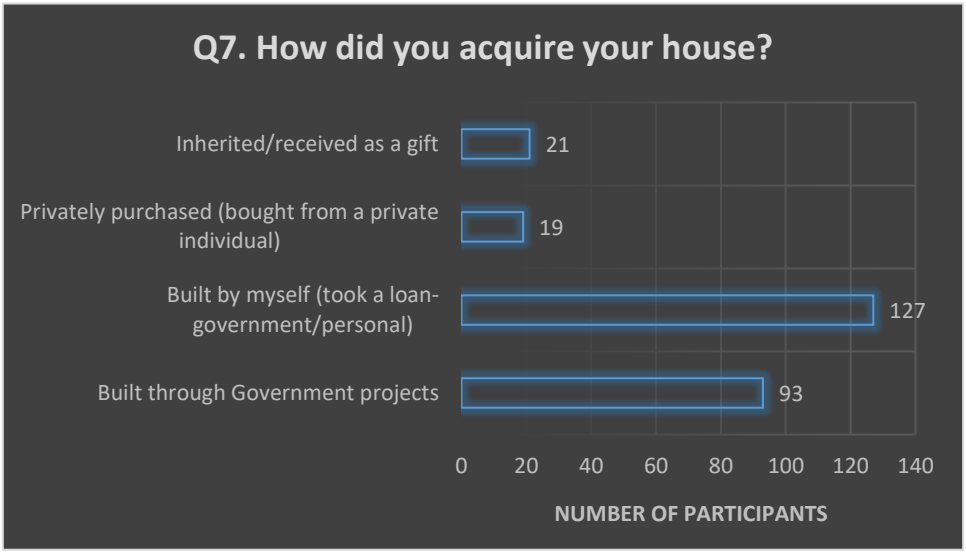
Q6.



Out of 494 participants, 260 participants representing 52.6% of the total number of participants had their own house whilst 234 participants, representing 47.3% of the total number of participants did not have their own house.

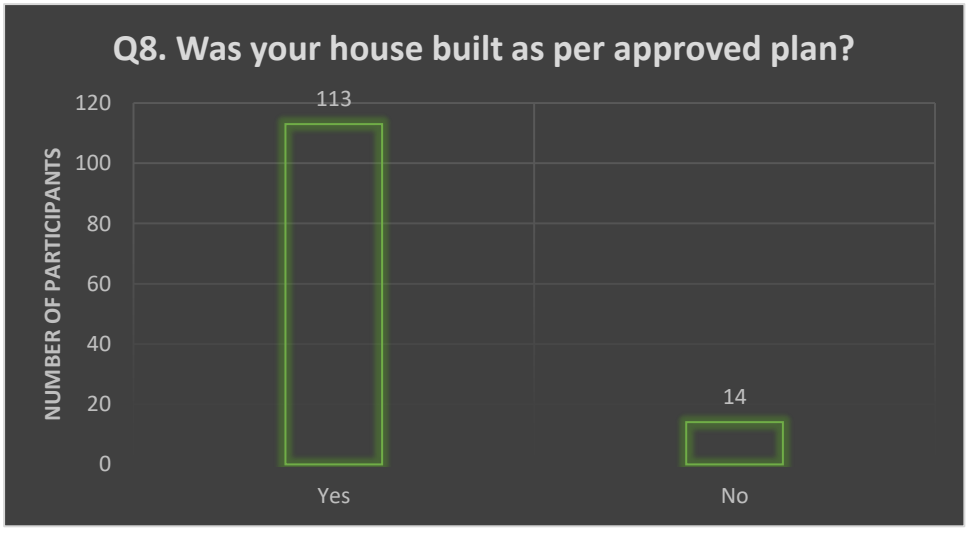
We further compared the data and found that out of the 260 participants who stated that they have their own house, 197 were working whilst 63 were not working.

Q7.



Out of the 260 participants who stated that they have their own house, 127 participants representing 48.8% of participants acquired their houses by taking a loan or using their personal savings to build their own house. 93 participants, representing 35.8% of participants acquired their houses through Government projects. 21 participants representing 8.1% of participants inherited or received their houses as a gift. 19 participants representing 7.3% of participants privately purchased their houses. This shows that the majority of home owners that participated in the survey and has a house, had to build their own house and hence search for contractor/builders themselves.

Q8.



The participants who stated that they acquired their houses by taking a loan or using their personal savings to build their own house were asked whether their houses were built as per approved plan. Out of the 127 participants, 113 representing 89% of participants stated that their house was built as per approved plan whilst 14 representing 11.3% of participants stated that is was not. Although here the majority of participants stated that their houses were built according to the approved plan, at least 11.3% of the participants here stated that it was not built as per approved plan. This should not be the case as once a plan has been reviewed and is approved, the house should be built as approved and the Planning Authority is responsible for taking up any matter of breach.

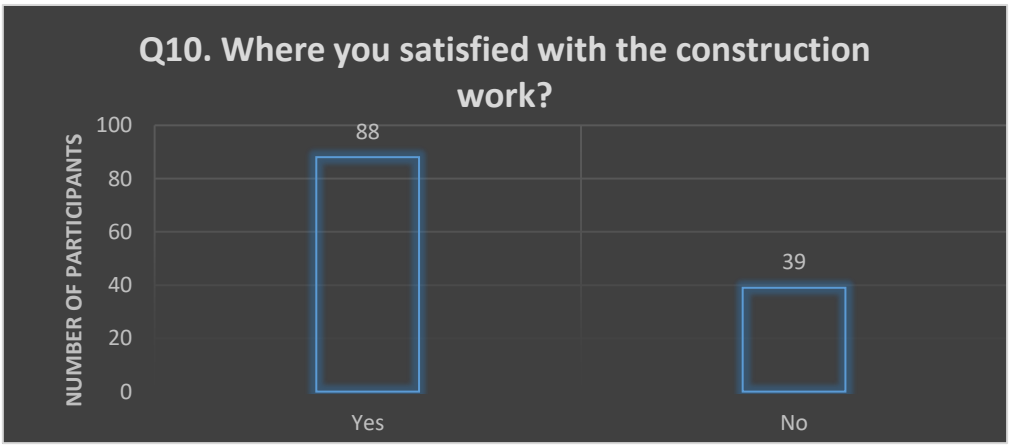
Q9. The participants who stated that their houses were not built as per approved plan were further asked to specify why and their replies are stated below.

Q9. If no, please specify why.

1. *Had to be modified, still awaiting for MLUH's reply*
2. *Contractor said that there was not enough money to construct as per approved plan and the land was too sloppy*
3. *Money was short to build as per plan*
4. *The contractor wanted to make some modification*
5. *Plan was not followed*
6. *Done it fast*
7. *Building a quick abode*
8. *The roof is next to the edge of the land contrary to plan*
9. *Done the roof in a different way than that of the plan*
10. *Defects*
11. *Veranda not built as per plan - mason fault*
12. *No approval was required at that time*
13. *Did not like the approved plan*
14. *Contractor did not build according to plan*

The survey results showed that the main reasons why the houses were not built as per approved plan were related to the work conducted by the tradesperson (contractor/builder) which was contrary to the plan.

Q10.



The participants who stated that they acquired their houses by taking a loan or using their personal savings to build their own house were then asked whether they were satisfied with the construction work. Out of the 127 participants, 88 representing 69.3% of the participants were satisfied with the construction work whereas 39 participants 30.7% of the participants were not satisfied with the work. Again here, despite the majority of participants were satisfied with their construction work, at least 30.7% were not satisfied, representing almost one third of participants who spent on construction of a house for which they were not satisfied.

Q11. The participants who stated that they were not satisfied with the construction work were asked to specify why and their replies are stated below (not all participants who were not satisfied with their construction work provided a reply to this question).

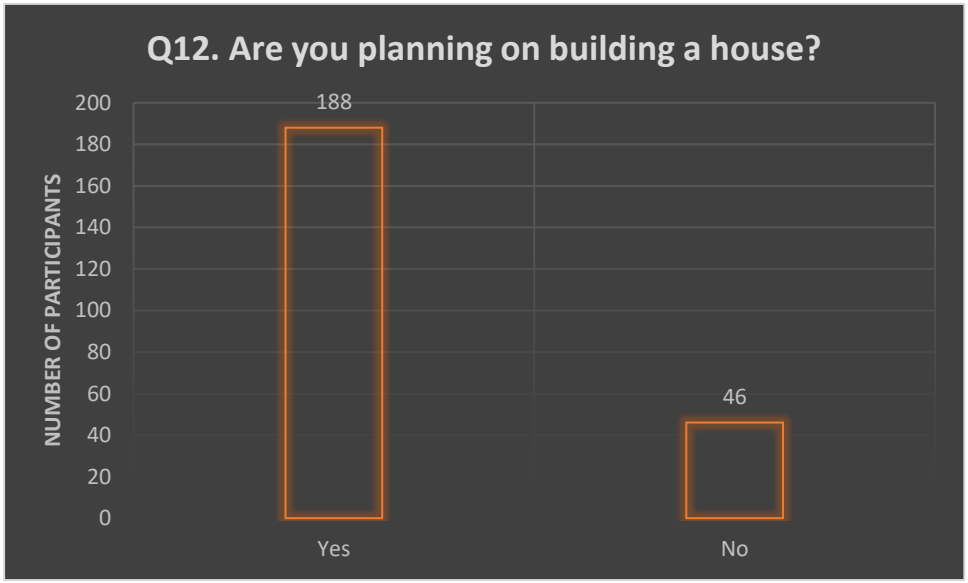
Q11. If no please specify why.

1. *Service not delivered as per approved plan*
2. *Was not there to supervise closely and was not well versed in the construction industry*
3. *Kitchen not built as approved*
4. *The foundation was not correct built and did contractor did not build everything*
5. *Flood when it rains, next to mangrove swamp and infrastructure is not as per standard*
6. *Materials was not good, did not put the required materials in the construction and went to planning for a solution, no good outcome.*
7. *Plumbing, wirings and finishing's on the house not good and 8 apartments used the same keys.*
8. *Was not done as discussed*
9. *The roof not well done*
10. *Cheap construction*
11. *Finishing not of good standard and workers not serious*
12. *Few masons came to work but did not do work well and left*
13. *Cracked walls, exterior finishing not good and cheap materials for construction used yet the house is still new.(built less than a year ago)*
14. *Problem with house, need to spend more on house built by the government*
15. *Not satisfy with the finishing, not of standard I expected and construction took longer than planned*
16. *Rusting*
17. *Contractor does not complete job in a timely manner*
18. *Construction defects*
19. *Measurements not correct and veranda not as per plan*
20. *Not satisfied*
21. *Contractors did not adhere to requirement and not honest*
22. *House has not yet finished yet has had to maintain the house*
23. *The contractor who was originally contracted to do my house did not complete it*
24. *Leakage in the house*
25. *There was some problems(septic tank had not been built correctly)*
26. *Duration of time taken for construction*
27. *Contractor was not trustworthy and contractor gave a quotation worth for two of the same house*
28. *Had to go to court*
29. *House cracked*
30. *Problem with builder contractor, lack consistency*
31. *Fault in construction work*

32. *The house was left half-finished and I had to find another contractor*
33. *Got many difficulties and lost a lot of money and no one wanted to build the house*
34. *Contractor left the work unfinished; the work done was not up to standard*
35. *The Mason did not follow the plan accordingly; Had to change the roof as it was contrary to approved plan*
36. *Contractor left job undone and I had to get a new contractor*
37. *Project not completed*
38. *Delay in work*
39. *Work with defects*

Again here the survey results shows that the main reason why the participants were not satisfied with the work where related to the tradesperson (contractor/builder). The responses as to why the participants were not satisfied with the construction work varied from construction carried out contrary to the plan, the quality of materials used - not durable and not of good quality, work carried out were not of good quality - house has defects, to contractor not completing the job in the required time and in some instances not completing the work at all causing delay in the project. Overall it can be concluded that the lack of satisfaction was because of poor workmanship i.e. poor standards of performance of services and use of goods that are not of good quality and not durable for a reasonable period of time as expected for a house which is a long term investment.

Q12.



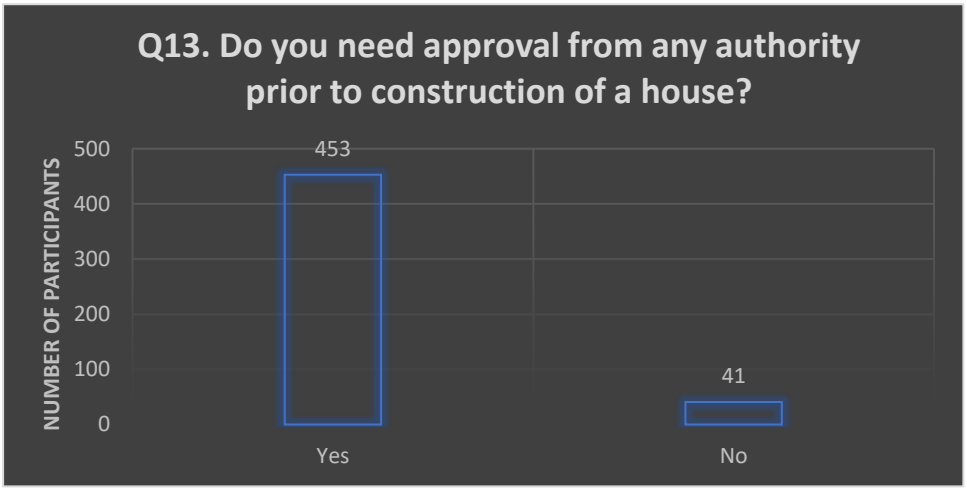
The Commission wanted to find out amongst those who did not have their own house, the number of participants who were planning to build their house and would most likely be the group that will need to be educated with regards to their rights and responsibilities when constructing.

Out of the 234 participants who stated that they did not have their own house in **Q6**, 188 participants, representing 80.3% of the total participants stated that they were planning on building their own house whereas 46 participants, representing 19.7% of the total participants were not planning on building their own house. It is important to note here that out of the 234

participants who did not have their own house, 36 participants were working whilst 198 participants were not working.

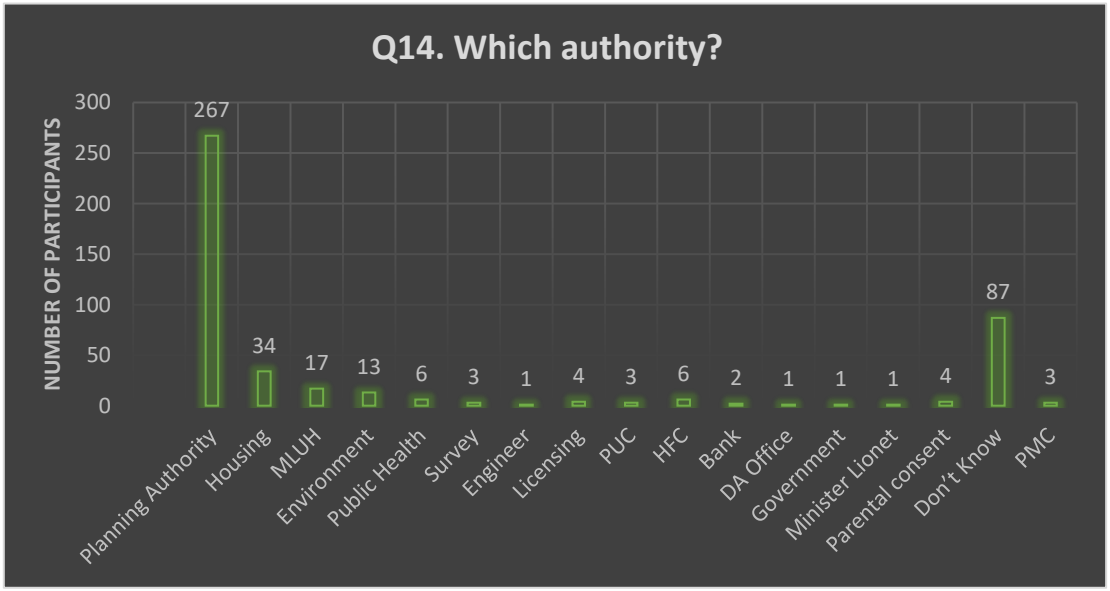
In order to test the knowledge of the participants in relation to construction in order to understand how much the participants knew with regards to construction, responsible authorities and choosing contractor/builder, the following questions were asked;

Q13.



The participants were asked whether approval is required from any authority prior to building. 453 participants stated that permission is required from an authority, representing 91.7% of the total number of participants. 41 participants stated that approval is not required from any authority, representing 8.3% of the total number of participants. It should be noted here that the older age group stated that at the time of constructing their houses, no permission was required therefore they didn't know that it is required now. It should also be noted that female participants formed the majority of those who stated that they did not know from which authority permission is required prior to building.

Q14.

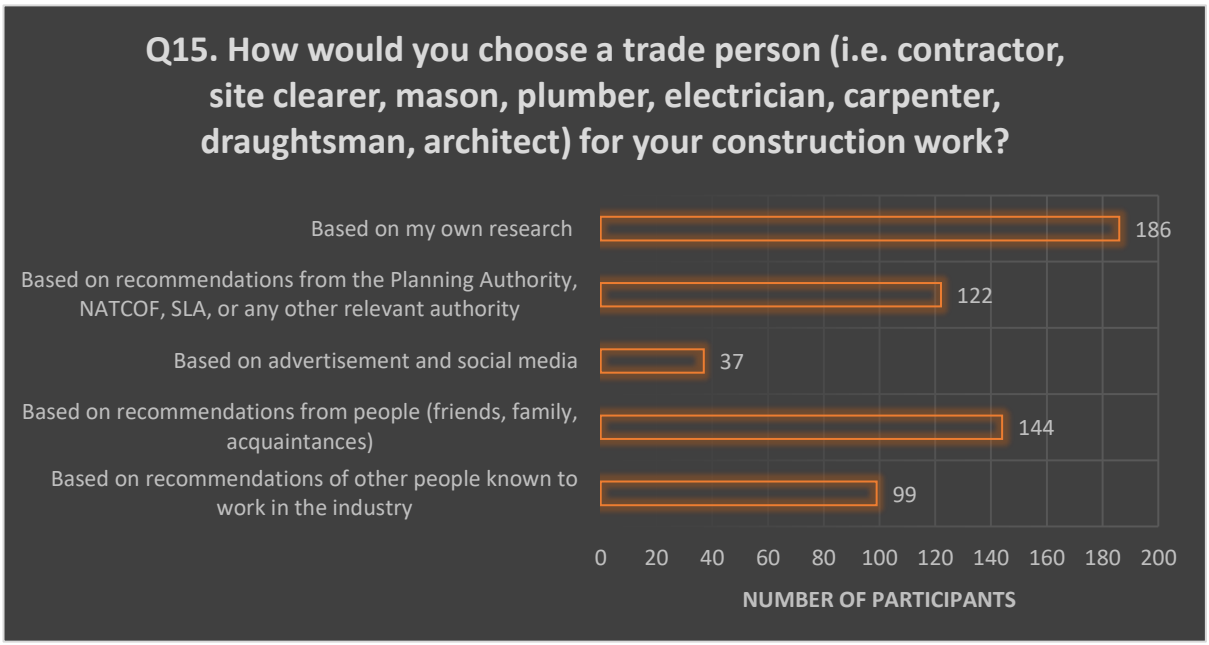


The 453 participants who stated that permission is required from an authority prior to construction were asked which authority grants permission. 267 participants rightly stated that permission is required from Planning Authority. 34 participants stated Housing, 17 stated Ministry of Land Use and Habitat, 6 stated HFC and 1 believed that it should be Minister Lionet. With this, it can be concluded that 325 participants, representing 71.7% of participants had a notion as to the Ministry which is responsible for granting permission for construction.

87 participants stated that they were not aware which authority. Other participants stated Environment (13), Public Health (6), Engineer (1), DA Office (1), Government (1), PMC (3), Survey (3), Licensing (4), Public Utilities Corporation (3), Bank (2) and parental consent (4) for land that is owned by parent. These departments/units are also involved in the process but not necessarily directly responsible for granting permission for construction.

The majority of participants who knew that permission is required from planning were Female. Based on the previous result for **Q13.** whereby the majority of participants who did not know that permission is required were also female, this can be perhaps due to the larger number of female participants than male in the survey. It should also be noted that the majority of participants who stated Planning were between the age ranges of 36-45 which is again the higher age range of participants who participated in the survey and also the age range whereby most participants who had their own house fell within.

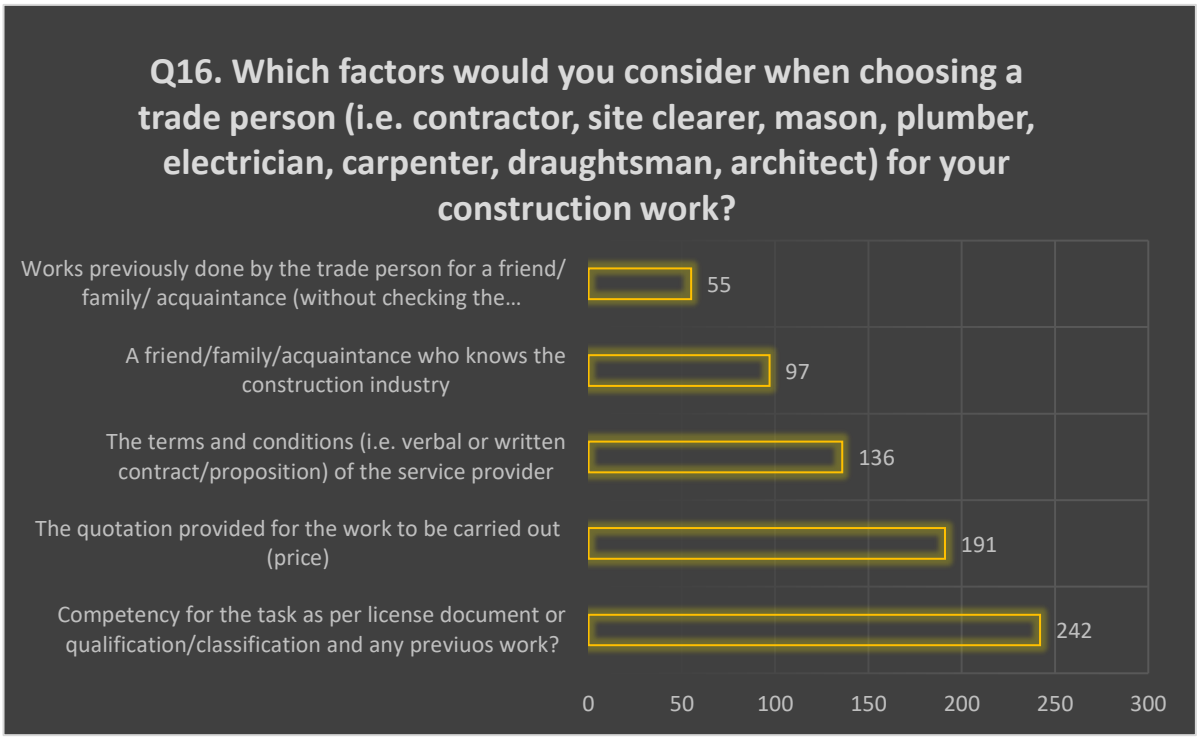
Q15.



The participants were presented with a series of proposals and were asked how they would chose a trade person for their construction work. Participants were able to check all proposals that applies to them for this question. 186 participants stated that they would choose a trade person based on their own research. 144 participants stated that they would choose a trade person based on recommendations from people (friends, family, and acquaintances). 122 participants stated that they would choose a trade person based on recommendations from the Planning Authority, NATCOF, SLA, or any other relevant authority. 99 participants stated that

they would choose a trade person based on recommendations of other people known to work in the industry, 37 participants stated that they would choose a trade person based on advertisement and social media. It should be noted here that the majority of participants prefers to do their own research or choose a trade person based on recommendations from friends, family and acquaintances rather than seek the proper place for research where they can be properly educated about their rights and responsibilities. The choice of tradesperson indicates a sense of comfort zone that participants choose to stay within rather than venture out for the best deal for their money and satisfaction. Perhaps knowing the tradesperson or one known to someone close brings a sense of trust and may be relatively cheaper than the ones recommended by authorities however trust also means no contract which means when things goes wrong, the consumers find it difficult to settle disputes.

Q16.



The participants were presented with a series of proposals and were asked what factors they would consider when choosing a trade person for their construction work. Participants were able to check all proposals that applies to them for this question. 242 participants stated that they would choose a trade person based on the trade person's competency for the task as per license document or qualification/classification and any previous work. 191 participants stated that they would choose a trade person based on the quotation provided by the trade person for the work to be carried out (price). 136 participants stated that they would choose a trade person based on the terms and conditions (i.e. verbal or written contract/proposition) of the service provider. 97 participants stated that they would choose a trade person based on the recommendation of a friend/family/acquaintance who knows the construction industry. 55 participants stated that they would choose a trade person based on works previously done by the trade person for a friend/ family/ acquaintance (without checking the qualification/ license documents).

The results here shows that the majority of participants did state that they would choose a person based on recommended practices, that is, person based on the trade person's competency for the task as per license document or qualification/classification and any previous work or based on the terms and conditions (i.e. verbal or written contract/proposition) of the service provider. However a considerable amount of participants stated that they would choose based on the quotation provided. If all these are analyzed together then the consumer should be on the right track to the best practices in choosing a tradesperson that would most probably provide a satisfactory work. However the reality still remains, as the results reflects here, that the quotation provided would be the decisive factor in most cases hence, low cost may mean poor workmanship.

Q17.

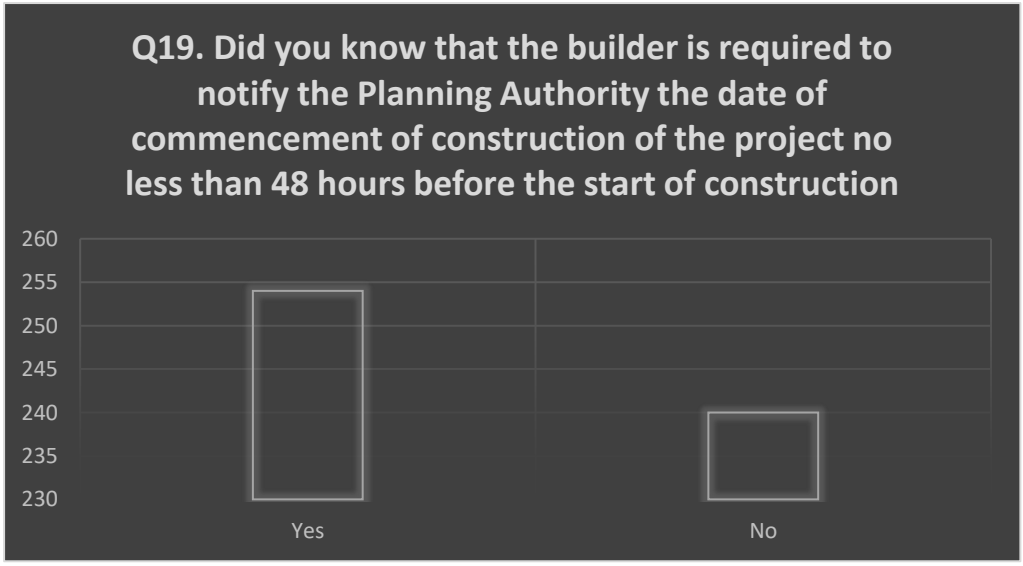
The participants were asked whether they would consider having a written contract for the construction services to be provided. 367 participants representing 74.2% of participants stated that they would have a contract whilst 127 participants representing 25.7% of participants stated that they would not consider having a contract.

Q18.

Participants who stated that they would consider having a written contract for the construction services to be provided where asked to elaborate what they would ensure is included in the contract. Participants stated points for this question and the replies has been bundled up together. 131 participants, representing 38% of responses stated that they would ensure that the duration is included in the contract. 83 participants representing 24% of responses stated that they would ensure that the price is included. 35 participants representing 10% of responses stated that they would ensure that the terms and conditions is included in the contract but did not elaborate on the exact terms and conditions they are referred to. 27 participants (8% of responses) who did agree that a written contract should be drafted for the construction services did not have any notion as to what should be included in the contract. Other responses included safety conditions 1%, materials required 8% and quality of work 5%.

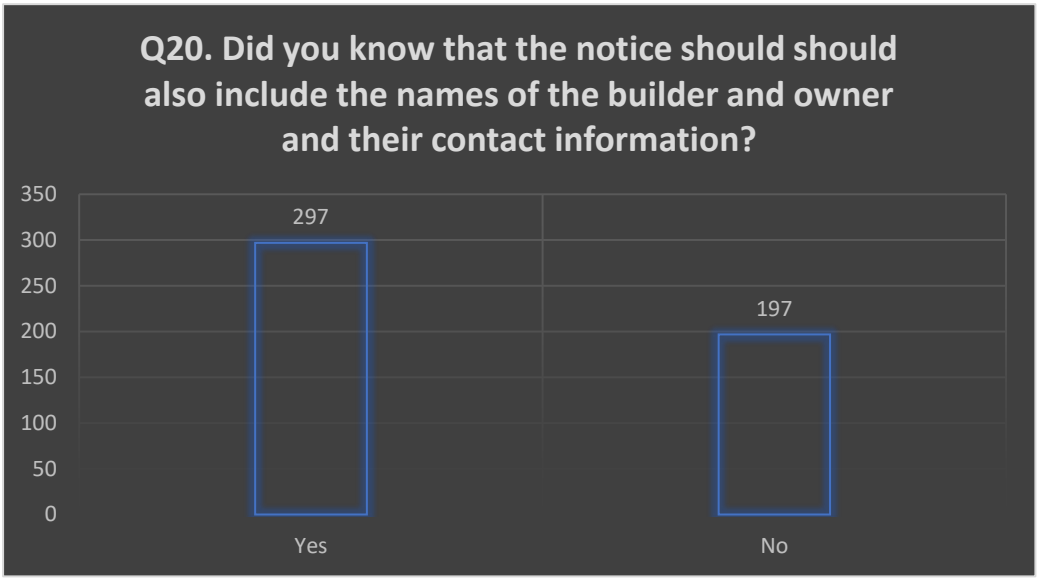
The results showed that the majority of participants did have a notion of at least one condition which should be included in a contract but not necessarily all pertinent conditions that are required. This shows that consumers needs to be educated with regards to the terms and conditions that should be included in a contract thus ensuring that they are not to being misled into unfair contract terms.

Q19.



The participants were asked whether they knew that the builder is required to notify the Planning Authority the date of commencement of construction of the project no less than 48 hours before the start of construction. 254 participants representing 51% of the total number of participants were aware whereas 240 participants representing 49% of the total number of participants were not aware. Despite the fact that the majority of participant were aware of the notification requirement, the result draws to our attention to the alarming fact that 49% of the participants had no notion on the planning authority law.

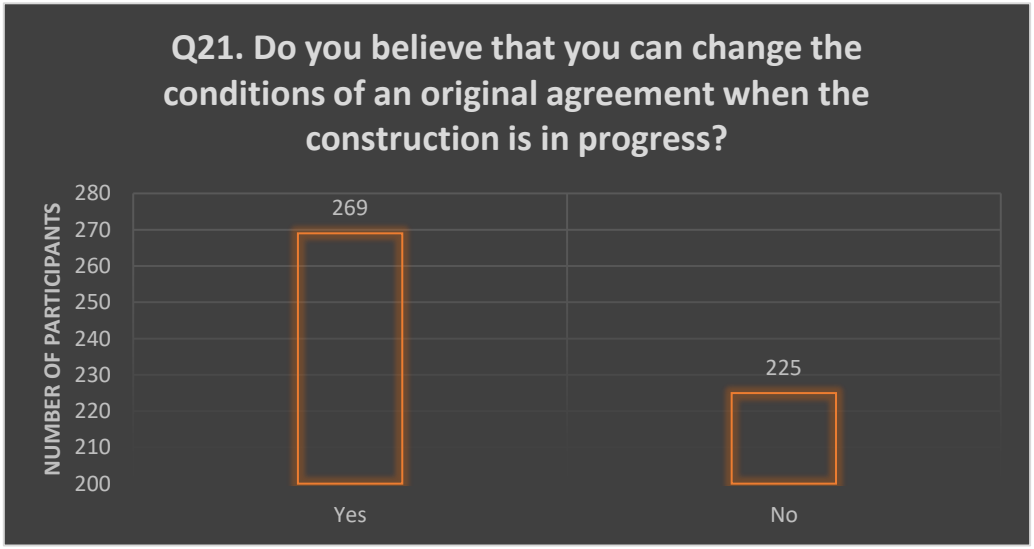
Q20.



The participants were asked whether they knew that the notice provided to Planning Authority should also include the names of the builder and owner and their contact information. 254 participants representing 51% of participants were aware whereas 240 participants representing 49% of participants were not aware.

Here the results shows that the participants have limited notion of the planning authority law. For those who have constructed with lack of notion, this could also be the reason as to why they ended up unsatisfied with the work – the consumer/contractor/builder did not follow the planning authority law either willingly or ignorance of the law.

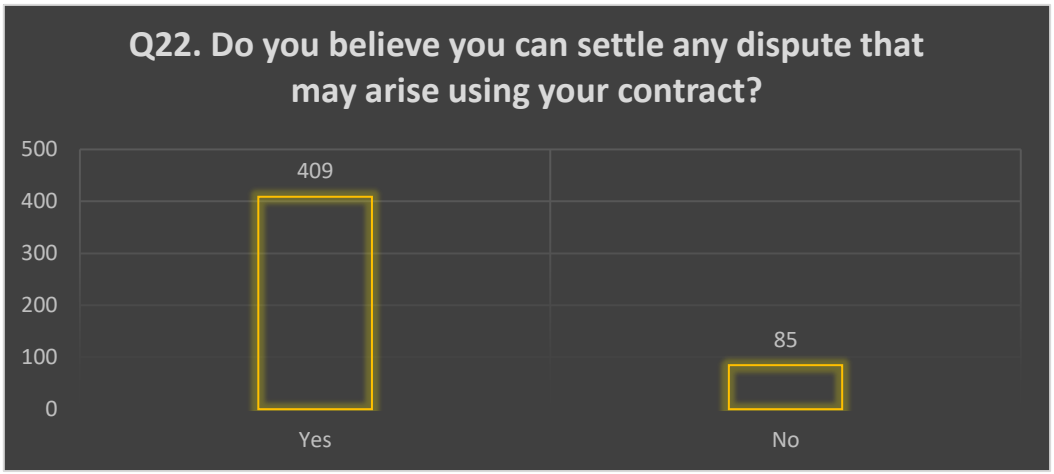
Q21.



Participants were asked whether they believe they can change the conditions of an original agreement when the construction is in process. 269 participants representing 60.1% of the total participants stated that they believe the conditions of an original agreement can be changed

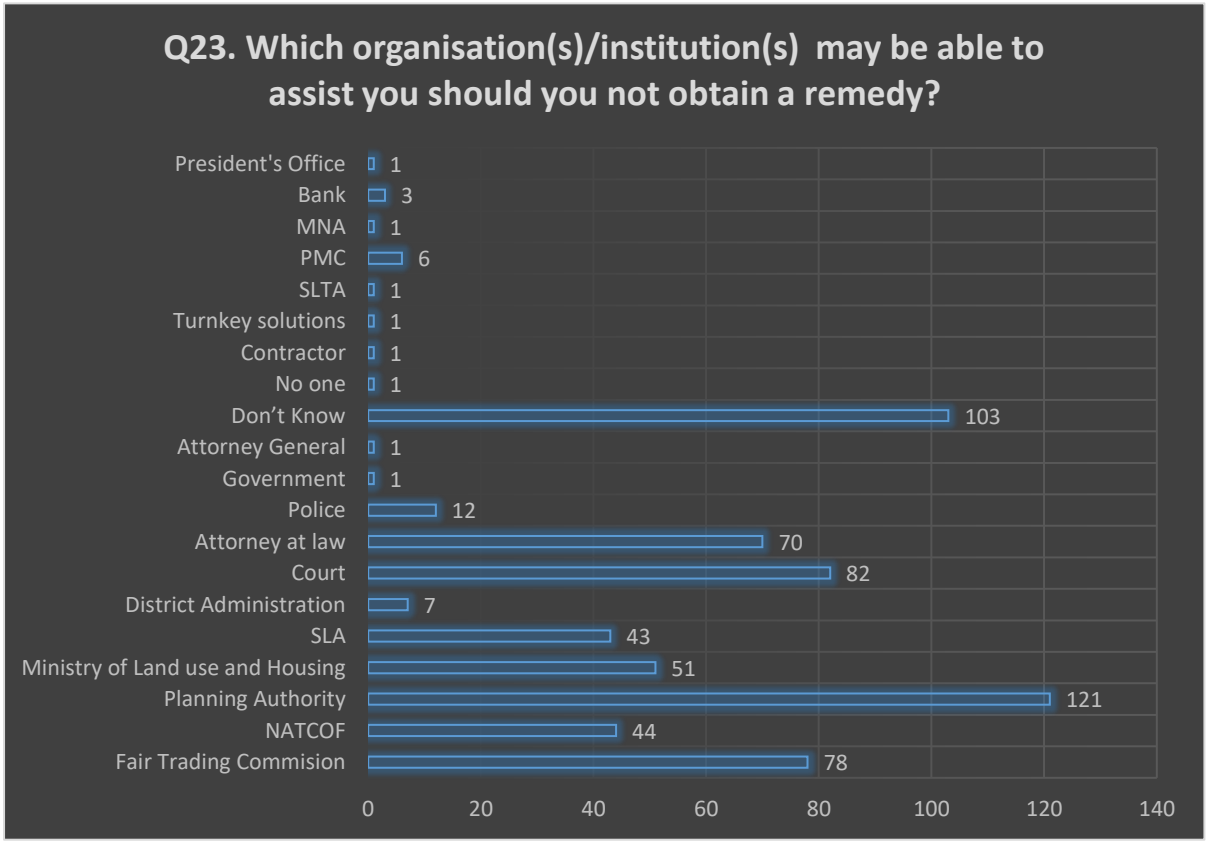
whereas 197 participants representing 39.9% of the total participants stated that the conditions cannot be changed.

Q22.



Participants were asked whether they believe they can settle any dispute that may arise using their contract. 409 participants representing 82.8% of the total participants stated that they believe that they can settle any dispute using their contract whereas 85 participants representing 17.2% of the total participants stated that the conditions cannot be changed. The results here were satisfactory.

Q23.



The final question was to test the knowledge of the participants as to whether they were aware which organization may be able to assist them should they not obtain a remedy. 121 participants stated Planning Authority, 103 were not aware which authority, 82 participants stated court, 78 participants stated the Fair Trading Commission,70 participants stated attorney at law, 51 Ministry of land use and Housing, 44 NATCOF and 43 stated SLA. Other participants stated Police, District Administration, PMC, Bank, SLTA, Contractor, MNA and Presidents Office.

Again here, the results shows that more education is required so that consumers are made aware of the various authorities that can assist them before, during and even after construction.

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