



FOCUS

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Annual Forum 2022

“Emerging through the Crisis: A New Beginning”

Magazine Highlights

AGM and Annual Forum 2022

IQSSL Board Reports 2021/2022

Emerging from the Crisis: A New Beginning
for the Construction Industry of Sri Lanka

Role of Blockchain in Construction
Industry Digitalisation

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Memories of IQSSL

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Table of Contents

Annual General Meeting and Annual Forum 2022	4
Governing Council of the Institute of Quantity Surveyors Sri Lanka	5
Annual Forum 2022 Flyer	6
Theme Article - Emerging from the Crisis	7
Message from the President	18
Message from the Vice President	20
Message from the Secretary	22
Report of the Chairperson - Professional Affairs Board	23
Report of the Chairperson - Membership Affairs Board	24
Report of the Chairperson - Board of QS Education and Training	26
Report of the Chairperson - Board of QS Publications Report	27
Report of the Chairperson - Public Relations and Welfare Board	28
Report of the Chairperson - Financial Affairs Board	29
Research Article - Role of "Blockchain" in Construction Industry Digitalisation	30
IQSSL Board Members and Subcommittee Members for 2021/2022	33
New Associate Members - October 2021	35
New Associate Members - March 2022	36
Memories from the Last Year	37
IQSSL Membership Subscription Form	40



Annual General Meeting and Annual Forum 2022

The Annual General Meeting and Annual Forum of Institute of Quantity Surveyors Sri Lanka (IQSSL) has been scheduled to be held on the 2nd and 3rd of September 2022 respectively. Going forward with the development and use of technology, the IQSSL Governing Council planned the AGM and Annual forum in the hybrid meeting format this year as well. Henceforth, the Annual General Meeting will be held within a hybrid setting at the OPA auditorium premises and the Annual Forum will be held in a virtual setting through the Zoom application. Since the shadows of COVID-19 are still looming in Sri Lanka and with the immense success at last year's virtual meeting, it was decided to be held as a hybrid meeting. Moreover, a virtual Annual Forum will facilitate our members scattered around the globe to join in the meeting without any hassle.

This year's theme, "Emerging through the crisis: A new beginning" is about turning over a new leaf in the spring after a wearisome fall. As Sri Lanka is sailing through troubled waters of an economic crisis, it is crucial to ponder on how to emerge from this crisis with a new beginning with lessons learnt from it. The virtual meeting was put in place to get the thoughts of our overseas members as this is an issue the whole country is facing. Therefore, the planned hybrid setting will pave the way for an advantageous end-result.

This year's keynote speaker is Dr. Indrajith Coomaraswamy, former Governor of Central Bank of Sri Lanka. He has been a prominent figure in Sri Lankan politics as he has been providing advice on macroeconomic issues to the Ministry of Finance and Planning, has acted as the Director of the Economic Affairs Division at the Commonwealth Secretariat positions of Non-Executive Director, and Director at numerous reputable companies in Sri Lanka. His insight on the macroeconomic situation in the country and how to emerge from the crisis will uplift the discussion of the Annual Forum. In addition, Dr. Travis Perera, Senior Management Consultant and senior member Board of Study at Postgraduate Institute of Management who is an expert and a lecturer in the areas of Entrepreneurship, Operations Management, Supply Chain Management, Leadership and Business Development will be a panelist in this year's forum. Ch. QS Lalantha Amarasekara, Director and General Manager at QSERVE has over 20 years of experience in the fields of Quantity Surveying and Project Management in UAE as well as Sri Lanka and Archt. Rohana Bandara Herath, Senior Vice President of Sri Lanka Institute of Architects who has a leading role in Sri Lankan Architecture with over 25 years of experience in the Architecture field will be joining this year's forum to add their insight on the subject matter. The Annual Forum will be moderated by Ch. QS Lalith Ratnayake, immediate past president of IQSSL, who is a professional practitioner and a lecturer in Project Management and Quantity Surveying. They are expected to grace this forum to add their valuable insight on this year's theme.

Governing Council of the Institute of Quantity Surveyors Sri Lanka 2021 / 2022



Seated (Left to Right)

Ch. QS Mahinda Gunawardana (Assistant Secretary), Ch. QS Hasitha Gunasekera (Treasurer), Ch. QS Indunil Seneviratne (Vice President), Ch. QS Prof. Mrs. Kanchana Perera (President), Ch. QS Lalith Ratnayake (Immediate Past President), Ch. QS Tilanka Wijesinghe (Secretary), Ch. QS Mrs. Dilani Abeynayake (Council Member),

Standing (Left to Right)

Ch. QS. Rajitha Dasanayake (Council Member), Ch. QS Prasad Dissanayaka (Council Member), Ch. QS Duleesha Wijesiri (Council Member), Ch. QS Prasad Jasinghe (Council Member), Ch. QS Jayantha Jayakody (Assistant Treasurer), Ch. QS Jagath Basnayake (Council Member), Ch. QS Senarath Wetthasinghe (Council Member), Ch. QS Sumith Lokuge (Council Member) Ch. QS Nandun Fernando (Council Member)

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THE ANNUAL FORUM 2022

EMERGING THROUGH THE CRISIS; A NEW BEGINNING



Keynote Speaker

Dr. Indrajit Coomaraswamy
Former Governor
Central Bank of Sri Lanka



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ONLINE VIA ZOOM



Dr. Travis Perera
Senior Management
Consultant
and Senior Faculty, PIM



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Immediate Past President
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Panelists

Panel Moderator



Emerging from the Crisis: A New Beginning for the Construction Industry of Sri Lanka

Agana Parameswaran, Roshani Palliyaguru, and Tharusha Ranadewa

An overview of the current (2020-2022) economic, political, and social crisis in Sri Lanka

Sri Lanka is currently in the midst of a severe economic, political, and social crisis. Predominantly, it is the country's depletion of foreign reserves and long-term economic mismanagement that have brought about this multi-faceted crisis, resulting in an unprecedented scale of impacts on the daily routines of households, businesses, and communities at every level. The entire nation has been experiencing a notable shortage of daily essentials such as food, gasoline, fuel, pharmaceuticals, cement, and other essential supplies over the last few months. Fuel shortages have resulted in an energy crisis on an unprecedented scale, unlike any other time in Sri Lankan history.

It is mainly that the economic turmoil in the country, which continues with high inflation, has turned out to be a political crisis and a humanitarian emergency with sporadic demonstrations throughout the country. World history has examples of similar multi-faceted crises; to name a few, the Argentinean Banking Crisis of 1980–82, the Chilean Banking Crisis during 1981–83, the Mexican Economic Crisis during 1995–97, the Asian Financial Crisis in 1997–98, the US Subprime Mortgage Crisis which started in 2007, the Lebanon Crisis, the Crisis of Argentina during 1999–2002, and the Greek government-debt Crisis during 2009–2019. The ongoing crisis in Sri Lanka has impacted almost every sector in the country, especially the power, transport, education, tourism, health, financial and banking, entertainment and sports, the export and import, manufacturing, and construction sectors, whereas the root causes have been equally applicable to all the sectors.

The causes of Sri Lanka's multi-faceted crisis of 2020-2022

The ongoing, multifaceted, and worst-ever crisis to hit Sri Lanka since independence was primarily caused by misdirected and ill-conceived economic policies over several decades, which lacked focus on wealth generation. For example, the drastic reduction in government revenue due to the untimely tax reductions forced the government towards a sudden increase in money printing, which resulted in the depreciation of the local currency, and thereby in drastic inflation.

The accumulated negative balance of trade was continuously bridged through foreign debts and unsustainable ad-hoc measures for decades, which led to the volatile status of the country's economy. Sri Lanka's external debt has recently increased by twofold. In 2019, its foreign debt represented about 86.8% of its GDP; nevertheless, by 2021, it had increased to 119%. Further, as of the end of July 2022, gross official reserves were anticipated to be US\$1.8 billion, including the swap facility from the People's Bank of China, which is subject to usage conditions and is equivalent to about US\$1.5 billion (CBSL, 2022b). Ultimately, in May 2022, the Sri Lankan government defaulted on its foreign debts for the first time in its history.

The vulnerability that was exposed as a tiny financial cushion was exhausted with the unprecedented drop in tourism (for example, the contribution to GDP from tourism reduced to 0.8% in 2022 from 5% in 2018), a fall in foreign



workers' remittances, and a significant drop in production resulting from the Easter bomb attack in April 2019, and a series of lockdowns during the COVID-19 pandemic. Decades of poor political leadership and management, general bad governance, the mismanagement of government finances, and corruption are also blamed for the amplification of the situation. In particular, the development of the infrastructure, which is frequently blamed for poor feasibility studies, has resulted in unworthy and non-profitable projects for the country.

These root causes together resulted in a reduction in the nation's foreign exchange reserves while also resulting in the collapse of many sectors, including the construction sector.

Impact on the construction industry

Over the years, the construction sector has been one of the key sectors that has boosted the country's overall economic growth. As per the Central Bank Report (2021), construction is the second largest industrial sector, contributing 6.1% to the GDP in Sri Lanka. The construction industry covers a wider range of diversified activities and operations and, through links with other sectors, plays a vital role in any nation's economic and social development. The finished physical products created by the construction industry by transforming economic and natural resources establish the necessary infrastructure for almost every other sector, while establishing enormous and robust gross forward and backward links with those sectors. In simple terms, every member of society is impacted by the construction industry, including wellbeing and productivity at home and at work. But for the majority of people outside the industry, knowledge of how the construction industry functions and how it affects our lives is at best hazy.

The public sector is the biggest investor in the construction industry. The mounting debts, the depletion of foreign currency reserves, and the continuously weakened tourism sector in the country limited the public sector spending on infrastructure projects in 2022 and 2023. In addition to the economic collapse, the country's ongoing troubled political environment is expected to erode investor confidence even further, thereby reducing investments in the Sri Lankan construction industry this year. Thus, the multiple dimensions of the crisis in Sri Lanka, amplified by its ripple effects, are having a considerable negative impact on the Sri Lankan construction industry, which is one of the largest contributors to GDP and a source of employment in the nation.

Due to the rising cost of construction brought on by the inflated material costs combined with a fuel and electricity crisis, Sri Lanka's construction industry is currently experiencing a significant fall in construction projects, resulting in thousands of job losses. The majority of organisations assert that rising costs of materials and fuel have forced them to delay, or scale back, or cancel initiatives. According to reports, 80 percent of construction projects have been halted. Further, the smooth operation of projects has also been impacted by the lack of mobility for workers caused by the continued fuel problems and other factors. Further, officials from the industry claim that the fuel crisis has an effect on the operation of machinery and the jobs of machinery operators.

Generally, the Sri Lankan construction industry depends on imports for 70% of its material requirements. Nevertheless, the government's imposition of tough import restriction measures as a result of the severe foreign exchange crisis has caused an ongoing shortage of materials on the back drop, resulting in insufficient raw resources available to manufacture construction



materials locally (e.g., cement 850 to Rs. 3200, structural steel from Rs. 170,000 to Rs. 650,000, reinforcement from Rs. 165,000 to Rs. 402,500, and so on). Thus, unfortunately, the industry stakeholders, including contractors, are at the receiving end of the multidimensional impacts of the crisis. In light of this unrest, Global Data, a top provider of data and analytics, predicts a real-terms decline in the Sri Lankan construction sector of 4.6% in 2022, as opposed to its previous forecast of 9.2% growth (Razeek, 2022).

There are many other impacts on the construction sector, including small construction firms declaring bankruptcy; a lack of new contracts; recovery action by banks; payment delays; higher interest rates; project delays; quality compromise, and being unable to stock the materials. Thus, many people are wondering how the national construction sector can emerge from this crisis situation without collapsing any further in the wake of the several shocks it has experienced over the past two years. It is in this setting that the next section delves into the potential solutions to reform the construction industry over the next 1–10 years.

Survival/recovery strategies

Construction is a sector that must be considered as an essential growth sector and therefore be prioritised for economic restoration in a crisis like this. Moreover, the construction industry's catalytic contributions will be crucial for economic recovery after a recession has been overcome. On the other hand, the entire construction industry of Sri Lanka is awaiting an expedient resolution to the problems.

Various actions taken by the authorities of other countries to overcome similar crisis situations in their respective settings are worth comparing with the actions taken by Sri Lankan authorities

and the potential impact of those actions on the Sri Lankan construction industry. These actions include monetary policy actions, government bailouts, exchange control measures, bank supervision measures, fiscal stimulus, liquidity assistance in local currency, lending foreign exchange, expanding deposit insurance, guaranteeing no-deposit liabilities, preparing bank capital injections, creating demand for assets, imposing short sale restrictions, and relaxing mark to market rules.

Similarly, to lessen the impact of the current economic woes, the government and the Central Bank of Sri Lanka (CBSL) have been adopting several measures into place. The CBSL put surrender requirements on export revenues in order to ensure sufficient foreign exchange liquidity in the banking sector. Additionally, the government and the CBSL implemented measures to deter foreign exchange outflows, such as limitations on some imports and payment terms and the introduction of margin requirements, while promoting foreign inflows into the banking system as opposed to those that were usually routed through the grey market (CBSL, 2022a). Furthermore, current discussions with the International Monetary Fund for an economic adjustment programme have made significant progress. The process of restructuring debt is also in progress, expertly helped by the legal and financial advisers (CBSL, 2022a).

Apart from the survival strategies discussed above, Table 1 below proposes other essential immediate/short-term strategies (concerning a period of one year) and long-term strategies (concerning beyond one year) for the construction industry to help overcome the crisis situation in the industry.



Table 01: Immediate/short-term and long-term survival/recovery strategies to the construction industry

Strategies	Explanation
Immediate / Short-term Survival / Recovery Strategies	
Settle outstanding payments (Wijeratne, 2022)	The Sri Lankan government still owes contractors and consultants more than Rs. 100 billion for work completed on contracts involving roads, water supply, and school building projects alone. When unpaid debts from contracts with other industries are included, the total will be enormous. A few of these payments were also more than a year past due. Therefore, the government must put forward a plan for the swift repayment of these overdue payments.
Reimbursement of price escalations (Wijeratne, 2022)	A Cabinet decision was made in November 2021 to permit price fluctuation, up to a maximum of 20% of the contract sum, on all contracts with a three-month completion time, but there is no price fluctuation under the CIDA formula. It is worthwhile if this 20% cap can be removed in the event of major price increases, and this ought to be allowed even on shorter-term contracts. This is quite possible in foreign-funded projects with the significant rise in the currency exchange rates. Furthermore, since the CIDA formula does not entirely cover some imported civil commodities and MEP items, it is recommended to pay back the difference in foreign exchange fluctuation on the current CIF prices of these. In addition to that, the rising cost of diesel is another pressing concern. It is suggested that a reasonable rise in the contract price be offered as reimbursement for the increase in fuel expenses in order to fill the gap left by the CIDA formula on transportation.
Recommence aborted projects with concessionary funds (Wijeratne, 2022)	The government must begin talks right away to recommence the abandoned projects after a review and reassessment.
Allow property developers to import materials and equipment (Wijeratne, 2022)	Due to material shortages, the devaluation of the rupee, high cost, importation restrictions, and intolerable lending rates the majority of apartment projects are currently on hold. Therefore, it is suggested that property developers be permitted to use the foreign currency they earn through selling apartments to foreigners, to import M&E equipment and the materials necessary for these projects.
Encourage banks not to cash in bonds and guarantees (CIOB, 2022)	During this time, encourage banks not to cash in on bonds and guarantees.
Negotiate credit lines with appropriate lending countries	In terms of purchasing essential construction materials, a particular credit line must be negotiated with suitable lending countries due to price increases, material shortages, and currency issues.



Strategies	Explanation
Immediate / Short-term Survival / Recovery Strategies	
Encourage flexible advance payment plans	Contracts can allow for flexible advance payment plans that allow for material storage and early procurement at rapidly rising prices. Then faster payments help with positive cash flow and make it possible for suppliers to be paid more quickly once the main contractors are paid quickly.
Appoint a cabinet minister for the construction industry	It is important that a cabinet ministry be established for the construction industry. Further, with the necessary modifications to the Act, CIDA should be reorganised under a cabinet ministry.
Acceleration of foreign funded projects	<p>Sri Lanka has disbursed a total of \$ 968.8 million in foreign funds, as reported by the Ministry of Finance, to finance high priority projects and to address financial demands such as the importation of necessities in the first quarter of 2022. Nearly 41.57% of the total disbursements went to projects in the power and energy sector, which was followed by the road and bridge sector at 21.5%, the health and social welfare sector at 10.97%, the water supply and sanitation sector at 6.32%, irrigation at 6.07%, ground transportation at 5.5%, and the education sector at 3.13%. As of 30th of April 2022, Sri Lanka had a total undisbursed balance of \$ 8,054.3 million foreign funds available from already-committed loans that are to be utilised in the next three to five years (Mudugamuwa, 2022).</p> <p>With the undisbursed balance, it is extremely important that foreign-funded projects are accelerated, so there will be an increase in the flow of international funds. The foreign cash earned on these projects must be used to pay for the project's import requirements in order to guarantee consistent work progress. Also, in foreign-funded projects, the price escalations due to the inflated prices of materials can be entertained without placing the entire burden on the contractors, as those escalations could be covered through drastic rises in the exchange rates.</p>
Provide judicial assistance	The contract parties should be provided with the option of receiving judicial assistance so that they can modify or terminate contracts without going through a dispute procedure; and they should be allowed to seek advice or directives from the courts to address scenarios they encounter rather than always using clauses for force majeure or frustration.
Long-term Survival / Recovery Strategies	
Introduce a Building & Construction Industry Security of Payment Act	It is crucial that contractors are paid on time for the tasks they have completed. The need for prompt payments has been more pressing than ever in the current situation due to unheard-of spikes in material prices, exchange rates, and bank interest rates. Therefore, legislation similar to the "Building & Construction Industry Security of Payment Act" in Singapore and Australia must be introduced in Sri Lanka too to safeguard the contractors.



Strategies	Explanation
Long-term Survival / Recovery Strategies	
Ensure financial viability of constructions projects	It has been noted that construction projects that were funded with foreign loans as unsolicited offers with no financial viability were one of the key causes of the current foreign exchange crisis. There are many instances of these endeavours. Therefore, there must be appropriate, technically sound strategies that support politically unbiased and morally upright investment decision-making to ensure the financial viability of construction projects.
Reinstate the National Procurement Commission (NPC)	<p>The National Procurement Commission (NPC) should be reinstated with representation from all key qualified industry professionals, and while the procurement process is in progress, all large public projects with a value greater than a certain threshold must have their procurement documents screened.</p> <p>The current procurement guidelines should be updated. It is ideal to replace the existing antiquated government procurement guidelines from 2006 with the ones created in 2018 by the now-defunct NPC following significant industry engagement.</p> <p>Along with accounting audits, certain projects should also undergo technical audits to evaluate all upcoming projects and assess their financial benefits critically.</p>
Establish effective project management practices	The construction industry has to establish effective project management practices in order to withstand the current crisis, including centralised management, enhancing worker competence, investing only in the top-priority projects, increasing consistency in project planning, strengthening negotiation skills, improving communication, instilling a greater sense of responsibility, and placing more emphasis on project monitoring.
Employ qualified Qs for the public sector procurement	In Sri Lanka, there are only a few government entities that employ qualified quantity surveyors (QS) whereas unfortunately, it is mainly other professionals in the construction industry that are involved in the functions and expertise areas of professional quantity surveyors. Since the construction sector serves as one of the most important sectors for a nation's socio-economic development, the poor investment, developmental, financial, and procurement decision-making of other professionals involved in the place of quantity surveyors has put the construction industry in a precarious situation, which is also a primary cause of the crisis. Throughout all the phases of a project, quantity surveyors shall be mandated to counsel all stakeholders on procurement, financial probity, and accomplishing the stakeholders' value systems. Therefore, incorporating QSs into the public sector has been a critical requirement to ensure many success criteria for construction projects.



Strategies	Explanation
Long-term Survival / Recovery Strategies	
Encourage collaborative contracting	It is possible to combine everyone's interests with what is best for the project by using more collaborative contractual arrangements, which can be implemented into different procurement routes/delivery models. As a result, project issues can be resolved right away without letting them escalate into disputes to provide favourable results for all parties rather than just one side. Such an approach is quite helpful in a crisis situation like this, in which adversarial relationships between the project parties can be minimised. In order to anticipate possible problems and spur innovation, collaborative contracting also enables deeper interaction and earlier involvement of the supply chain.
Endure sustainable / circular built environmental concepts in construction	Green construction, passive houses, and other sustainability-related concepts can all be seen as innovative ideas that will help the construction industry survive and grow in the future. Incorporation of sustainable construction methods can enable the creation of high-quality, environmentally friendly, and healthy everyday working and living spaces, ensuring their ecological, economic, and social sustainability in the long run. This has significant advantages for any nation's economy, environment, and society. Additionally, it can eliminate waste, conserve water resources, reduce noise and light pollution, increase the possibilities for renewable energy sources, decrease overall energy use, and provide a variety of other benefits.
Encourage lean construction	Lean construction is a technique that, with continuous improvement, helps to increase the value-adding activities and decrease the non-value-adding ones in the construction sector. Through implementing lean in the construction industry, construction processes are improved, health and safety records are improved, maximum cost-effective value is achieved, productivity is increased, inventory is better controlled, construction time is reduced, waste is reduced, supplier relationships are improved, market share is increased, and so on. As a result, projects can be delivered on time with the quality, cost, and safety that the client requires.
Adopt industry 4.0	Building Information Modeling (BIM), the Internet of Things (IoT), Cloud Computing, Virtual Reality (VR), Smart Factory, Big Data, 3D-Printing, Augmented Reality (AR), Modularisation, Mixed Reality (MR), Cyber-Physical Systems (CPS), and Human-Computer-Interaction (HCI) are just a few examples of new technology that has been adapted to make it possible for a digitised construction environment. The construction sector can gain a number of advantages by adopting new technologies in a number of ways, including cost and time savings; improved quality; customer relationships; industry image; cooperation; communication; sustainability; increased safety; and on-time and within-budget delivery.



Strategies	Explanation
Long-term Survival / Recovery Strategies	
Revitalise the construction education	<p>Higher education in construction needs to be revitalised in order to make long-term survival strategies a reality. It shall encourage critical thinking, a spirit of adventure, exploration, research, and the use of all available tools to discover something new. Moreover, the education system should be able to emphasise the strategies described above through the curriculum and training. It will also help the industry to ensure the required skill sets of its professionals and the entire workforce for a modern construction industry, including skills like adaptability, creativity, and resilience, as well as an openness to adapt. Furthermore, construction professionals and workers should upgrade their skills in order to be prepared for emerging industries once the economy starts to grow again. Research institutions and universities can assist in determining such potential industries for construction professionals and workers.</p>
Ensure zero corruption and transparency	<p>Another primary cause of this crisis was corruption, particularly in the construction sector, which was brought on by a number of factors, including the deregulation of the infrastructure sector; the lack of transparency in the selection process for projects; the large inflow of public funds; political meddling; biased investment discretion; the intense competition during the tendering process; the high cost of sector assets; narrow profit margins; the monopolistic nature of delivery of services; and close ties between project owners, contractors, and subcontractors. In order to overcome that,</p> <ul style="list-style-type: none"> ● Awareness raising: <ul style="list-style-type: none"> ○ Core ethical standards and a code of conduct should be developed to guide behaviour. ○ Give employees a level of ethical understanding that allows them to make appropriate decisions. ○ Training packages to support the application of ethics/promote ethics with other anti-corruption measures. ● Strengthening professional institutions: <ul style="list-style-type: none"> ○ Trade or professional associations should enforce their ethical policies and act on corrupt practices. ● Prevention of corruption: <ul style="list-style-type: none"> ○ Project owners implement an Integrity Pact during the tender and project execution phases. ○ Increase transparency around government spending and income flows on construction projects. ● Enforcement and monitoring measures: <ul style="list-style-type: none"> ○ Companies and individuals caught bribing shall be blacklisted



Strategies	Explanation
Long-term Survival / Recovery Strategies	
Promote exportation of construction and consultancy services	It is recommended to promote the export of construction and consultancy services in order to increase the revenue from the export. A survey of large businesses of all sizes and SMEs can be conducted in order to determine the potential for service export and to obtain such opportunities from the relevant countries.
Promote exportation of value-added construction products	Increasing the value-added construction products and creating a global market for them by encouraging the export of products such as prefabricated/modular products are measures that need serious attention from the relevant authorities.
Promote domestic product market	<p>The choice of materials that are currently accessible for construction is quite constrained and is getting even worse as local organic materials become scarcer. Both increasing the availability of organic materials and expanding the range of manufactured materials locally require action. Industrial and agricultural waste, in particular, have to be used more. Thus, the construction sector can strengthen and encourage the domestic product market while reducing imports.</p> <p>Lenders typically limit their loans to large-scale construction material manufacturing technologies like cement plants, offering them capital at substantially lower interest rates than for small-scale producers. Instead, there needs to be a dramatic shift in the proportion of finance allocated to small-scale technology. In this case, the lenders must take the initiative.</p>
Empowering and strengthening other sectors	Empowering and strengthening other sectors such as tourism, transportation, agriculture, power, etc., would undoubtedly contribute to the development of the required future demand for construction.

The time period bridging the years 2007 to 2012 is remembered as one characterised by dramatic changes in the Irish and UK construction industries because of the most famous and longest-lasting recession that hit Europe in 2007, which was caused by rising energy prices and the collapse of the housing market. The Irish and UK construction companies made a lot of efforts to emerge from this recession seeking a better industry and the taxonomy framework of the response strategies adopted by them during this period was developed relative to Porter's generic strategies of cost leadership, differentiation, and focus. Porter's model is a well-known theoretical framework among business strategists and industrial economists worldwide (Tansey et al., 2014; Tansey et al., 2013). Porter's generic strategies are very much targeted at the organisational-

level, and thus are of great relevance to the construction sector organisations as well in order to get out of crisis situations. Those organisational strategies are all depicted in Figure 01 due to their relevance to Sri Lankan construction and consultancy organisations. Thus, the survival strategies presented up to now within this section, along with any further possible strategies, can all be classified under three categories:

1. National-level strategies that affect the stability of the national economy
2. Industry-level strategies
3. Organisational-level strategies

Accordingly, Figure 01 summarises all the survival strategies under those three headings,

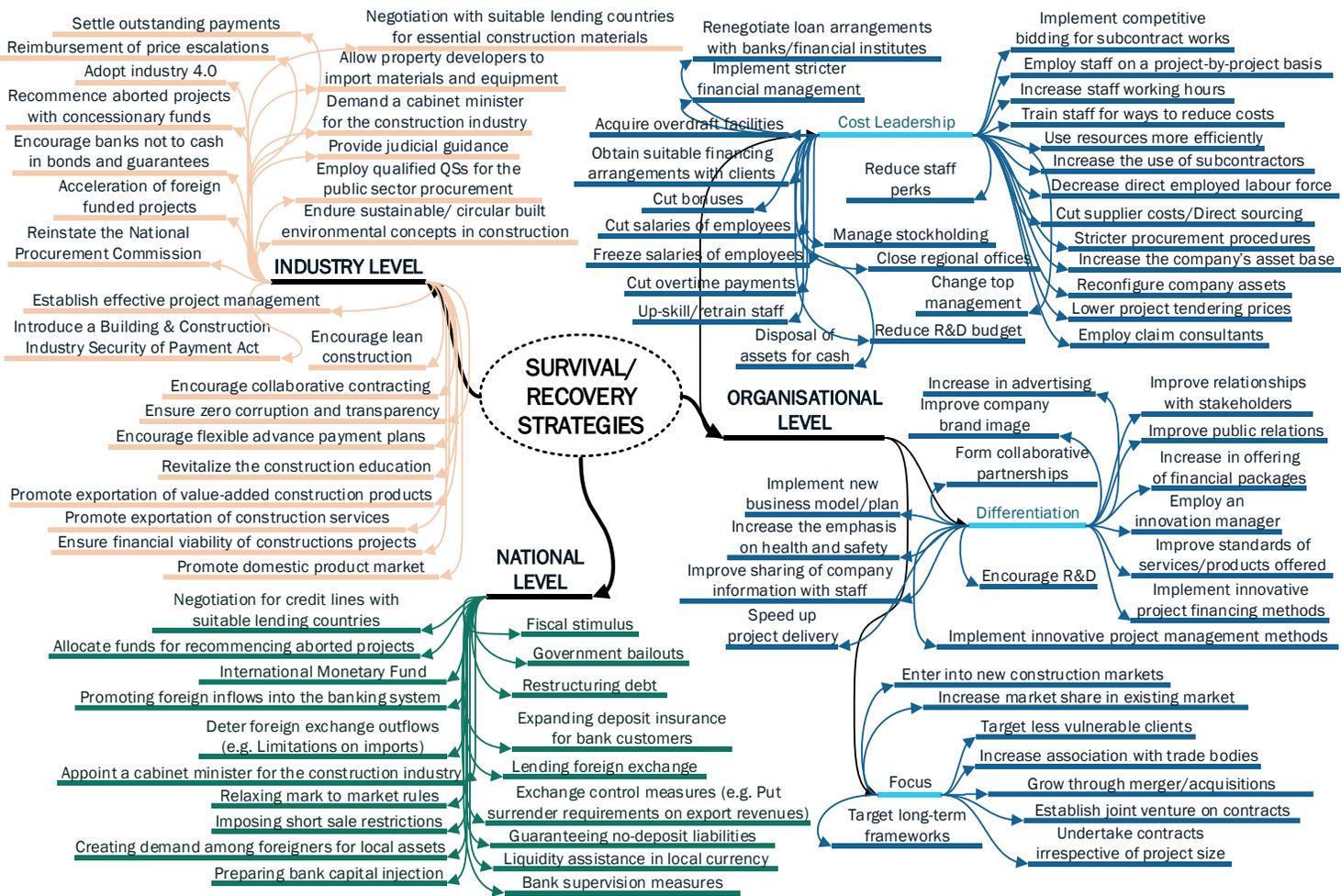


Figure 01: Survival/recovery strategies

Recommendations to emerge from the crisis for a new beginning for the construction industry of Sri Lanka

The government sector's corruption, the government's improper investment decision-making and financial management, and high foreign debts spent on financially non-viable projects are the main causes of the Sri Lankan crisis. The Sri Lankan construction industry, one of the major contributors to GDP and a source of employment in the country, is also suffering significantly as a result of the crisis's multiple dimensions.

Government officials' antiquated thinking and stringent regulations/contracts in the construction industry have further damaged the financial position of innocent contracting parties. Therefore, it is recommended that stakeholders of the construction industry implement the survival and recovery strategies discussed above in a timely manner to overcome this crisis, which have been proposed concerning various aspects of the construction industry, such as technical, administrative, legal, ethical, management, financial, economic, technological, etc.



Additionally, it is recommended to incorporate bottom-up design and implementation of survival and recovery strategies; radical and scientifically informed decision-making; serious uptake of construction innovation, which can bring about even more developments and advancements; and adherence to fundamental principles in order to properly implement these strategies, as well as increased transparency surrounding public sector construction projects. As far as innovation is concerned, the construction industry of Sri Lanka must leverage technological innovations to make construction processes, activities, and procedures more efficient and sustainable. Similar to how other industries have experienced their own sweeping digital transformations, it has become clear that construction organisations that embrace new technologies have a strong competitive advantage where all parties start to understand the benefits of driving innovation. Organisations large and small, new and old, global and local, must push their pioneering efforts to drive innovation.

Accordingly, the multiple dimensions of the crisis can be gradually lessened by executing the above-mentioned short and long-term recovery strategies at national, industry, and organisational levels as appropriate. Thus, it is hoped that the ongoing crisis will be an eye-opener and a window of opportunity for the construction industry to be revitalised in every aspect concerning innovative technology and sustainability in the future.

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Message from the President

Ch.QS. Prof (Mrs.) Kanchana Perera

B.Sc. (Hons) QS, M. Phil, FIQS.SL, FAIQS, FRICS, CQS, ICECA
President - Institute of Quantity Surveyors, Sri Lanka

As the president of the Institute of Quantity Surveyors, Sri Lanka (IQSSL), I am pleased to send this message on the occasion of the 2022 Annual General Meeting of the Institute.

Our theme for 2022 is “Emerging through the crisis; A new beginning”.

With the spread of the COVID-19 pandemic across the country, we, Sri Lankans, had to undergo unprecedented difficulties starting from the beginning of 2021. Sri Lanka is now in the midst of a grave economic crisis, the worst economic crisis that the country has had to face since gaining independence from Great Britain in 1948. The economic crisis has badly affected the construction sector, a barometer of the national economy.

The construction sector in Sri Lanka, which makes a percentage contribution of 7.1% to the gross domestic product,

has been severely and adversely affected by the economic crisis.

Quantity Surveyors who are among the key construction stakeholders have to now face many challenges owing to the high inflation rate in the country caused by currency devaluation, inadequate foreign reserves, food shortages, etc.

Consequently, the personal and work lives of many quantity surveyors have been adversely affected. Yet, this is not the time for us to become demoralised, which would further aggravate the crisis. We need to stay strong and find ways to get through the crisis.

Sri Lanka urgently requires radical economic reforms, which can release and emancipate its people instead of entrapping them within the restraints of bureaucratic governance. State sector organisations require restructuring to maintain fiscal discipline.



In addition, the country requires to move toward an export-oriented economy, which would require proactive changes in many sectors and strengthening of the rule of law to combat corruption and improve transparency and public accountability. The time is opportune for the construction industry to think afresh and make a new beginning and a determined attempt to follow new construction trends.

In view of the recent unprecedented increase in the prices of construction materials, all ongoing projects have to be reviewed. Decisions will have to be taken whether to continue with the projects or suspend/terminate them. All new projects on offer have to be reviewed and their expected economic benefits have to be evaluated. Procurement commission comprising key construction professionals has to be re-established and the procurement guidelines have to be revised. To obtain the required additional investments, procurement documents of every large public project of more than a specific value have to be continuously reviewed while their procurement processes are ongoing.

Export of construction services and products, design consultancy work and prefabricated/ modular products has to be promoted to enhance export income. Construction workers and professionals have to be trained to undertake work in emerging sectors once the economy recovers. Research organisations/ universities should identify sectors that would lead through the current crisis faster or earlier than the other sectors. The public in Sri Lanka expect the professionals, academics, and public officers who have benefitted from free education to act responsibly and make our country a better place for living by focusing on sustainable construction. Thus, construction professionals have an important role to play during this crisis by leading the country through the crisis and make a fresh start.

I take this opportunity to thank all Governing Council Members, Past Presidents, Board Members, Corporate Members and all other members of the IQSSL, IQSSL staff, and the stakeholder organisations of the construction industry for their continuous and valuable support extended to IQSSL. I wish the annual general meeting and annual forum, all success.



Message from the Vice President

Ch. QS Indunil Seneviratne

B.Sc. (Hons) QS, M.Sc. (Construction Management) USA, FIQS.SL
Vice President - Institute of Quantity Surveyors, Sri Lanka

As the Vice President of the Institute of Quantity Surveyors, Sri Lanka (IQSSL), I am pleased to send this message on the occasion of the 2022 Annual General Meeting of the Institute.

Our theme for 2022 is “Emerging Through Crisis: A New Beginning”.

Sri Lanka, as a county, has been facing many critical challenges in terms of economic, political, and social environments over the last 1-2 years. Shortage in the inflow of foreign currency to the Sri Lankan banking system had created a black market which fetched exchange rates much more higher than the offered rates in the banking system. The situation forced the Central Bank of Sri Lanka to allow the rupee to fluctuate free against the US dollar. A rapid devaluation up to about 360 plus levels within few months has brought in many unprecedented challenges from many fronts for the Sri Lankan economy. Import restrictions saw prices of daily essentials, LP Gas, fuel, medical supplies moving up to all-time high, price levels with acute scarcities which had compelled the general public to be in queues for long hours and sometimes even for days.

All stakeholders of the construction industry were not spared from the ill-effects. Almost all materials, both local and imported, have gone up in price close to 300 percent. If we take the price of a 50kg cement bag as benchmark it has gone up from Rs 980 to Rs 3200 levels. Scarcity of diesel has critically affected local supply chains and increased price levels. Almost all construction projects have been suspended or terminated due to the current situation. Current construction clients who are in need of finishing the ongoing projects are forced to finish their projects with locally available material rather than relying on imported materials. Unemployment, underemployment, increased cost of construction, suspensions, terminations, insolvency and bankruptcies are the rumblings in the air among the construction community. Have we bottomed out or the SL Economy is still slipping down the greasy slopes to major catastrophe. Political instability has prolonged the time taken for the SL Economy to find concrete solutions.

In order to come out of the current situation, Sri Lanka should invest only on capital projects which generates a return to service the borrowed capital.



Quality assured local industries need to be helped and promoted. Heavy reliance for consumable imports needs to be minimised while strengthening the agro economy.

Government servants who are paid with tax payers money need to play a proactive role in the decision-making process so that the politicians could take them to general public to garner political support. It is very unfortunate that roles of public servants and politicians had reversed in the past, which had created a portfolio of non-debt serving public projects which has burdened the economy. Finding long term economic solutions to the power crisis is going to be of paramount importance for the viability of the Colombo Port City which should hopefully flourish in the medium term to bring in the expected inflows.

How should the Quantity Surveying fraternity brace for the current situation which can be termed as the “New Normal” situation is a question which needs answers. Struggling projects needs to be pushed towards completion finding solutions outside the contractual frame work.

The need for close monitoring of the balance work to be done before a project is terminated for convenience is very important.

Sharpening of skills of negotiations, skills to deal with suspensions and terminations and skills in drafting memorandum of understanding would ensure continued employment and re-employment for Quantity Surveyors. Serious consideration needs to be given in finding job opportunities in the foreign construction industries through networking. Acquiring new skills needs to be considered for better future employment opportunities.

Finally, I would like to take this opportunity to acknowledge the support that IQSSL received from our membership throughout the years and the dedication of past and present council members, without which it would have been almost impossible for the Institute and the Quantity Surveying profession to be where we are now in Sri Lanka and as well as among the PAQS Nations.

I wish the annual general meeting, technical sessions, and the annual forum a success.



Message from the Secretary

Ch. QS Tilanka Wijesinghe

B.Sc. (Hons) QS, PG. Dip in Project Mgt, FIQS.SL
Secretary - Institute of Quantity Surveyors, Sri Lanka

It is with great pleasure that I write this message on the occasion of Annual General Meeting (AGM) 2021/2022 of IQSSL

Despite the unprecedented challenges inflicted by the COVID-19 pandemic and financial crisis of the country, the Governing Council and the Boards of IQSSL managed to achieve a reasonable progress as detailed in the Secretaries Report.

Due to the prevailing limitations in mobility, this year's AGM is planned to be held in the hybrid mode while IQSSL Annual Forum combined with the Annual Technical Sessions, planned to be conducted virtually on the theme of "Emerging through the crisis; A new beginning".

Considering the prevailing economic crisis and present status of the industry, I am optimistic that the theme is more than relevant and can immensely contribute towards the revival efforts of the Construction Industry and countries economy.

There is no alternative than enhancing the process of wealth generation, if the country to emerge out of the economic hole. Policy makers along with professionals shall explore

the best approach to position the country well in the global production and service chain.

The construction industry has all the potentials to become the leader in new beginning that will prosper the country's economy.

First and foremost, it is the positive mindset that shall be inculcated among the public, professionals and policy makers in our courageous efforts toward the rebuilding of the nations economy. The crisis could give us a window of opportunity to realise the true problems in our systems to rethink and remedy it.

I am confident IQSSL and its members owing to the capabilities and global recognition, can fit well into the challenging task of leading and coordinating the industry resurgence efforts.

I hope the forum will generate a fruitful discussion and yield in its objective by exploring positive and creative thinking among the policy makers and professionals towards the coordinated efforts in resurgence.

I wish all the IQSSL members, stakeholders, and public, all the courage and perseverance in navigating through the turbulence.



Report of the Chairperson Professional Affairs Board

Ch. QS Nandun Fernando

B.Sc. (Hons) QS, FIQS.SL, FAIQS, Attorney at Law
Chairperson – Professional Affairs Board (PAB)

Continuing from an unprecedented pandemic that devastated ordinary life and changed the very pattern of working in almost every industry, we as a country leapt in to another extraordinary and unique socio-economic context brought about by a severe financial crisis. Undoubtedly, we are still in the process of experiencing, understanding and adjusting to both these negative aspects fully. Sri Lanka is yet to understand or come to terms with the pending economic crisis.

Five CPD seminars were conducted on virtual mode during the year touching on many contemporary issues, construction administration and other topics of general interest. It included a programme on emerging economic trends, issues in lumpsum based contracts, applicable environmental regulations, etc. Almost all CPDs were well attended.

Few short-durational programmes were conducted during the year for the benefit of industry practitioners to enhance their knowledge, skills and capacities. Being designed to benefit a wider QS community, continued interest for these programmes is observed.

During the year, negotiations on reciprocal recognition of Member qualifications with Royal Institution of Chartered Surveyors of UK were continued.

Continuing from the previous year, the existing Code of Professional Conduct and Ethics was reviewed, emphasising on emerging professional norms and current developments and industry needs and practices. Review of the Code was successfully concluded with due adaptation of revised Code of Professional Conduct and Ethics by the members.

Discussions were successfully conducted and are set to be held further with experienced partitioners to develop industry and practice-oriented standards in Quantity Surveying.

PAB is continuing its close interactions with government bodies and regulatory authorities towards establishment of professional and technical Service Minutes for Qs in the state sector.

All of above activities have been effectively facilitated and made possible by a dedicated group of PAB Members to whom my heartfelt gratitude is extended, together with members of PAB CPD Sub Committee. A special note of appreciation is also offered to members of IQSSL staff for their support.



Report of the Chairperson Membership Affairs Board

Ch. QS Rajitha Dasanayake

B.Sc. (Hons) QS, MSc (Project Mgmt) SL, FIQS.SL, MRICS, CQS, AAIQS
Chairperson – Membership Affairs Board (MAB)

Membership Affairs Board (MAB) during the period 2021/2022 worked towards continuation of the institute’s goal of congregating all Sri Lankan Quantity Surveyors under the national institute.

Primary function of the board is to advice the Governing Council on matters relating to the membership including enrolments for the new memberships and upgrade of the memberships. During this period MAB took efforts to update the details of memberships across all membership categories. It is intended and planned to carry out the underlying functions with the view of enhancing the membership strength of IQSSL during the forthcoming period. Preliminary initiatives have already been taken in order to implement the plan.

1) Conducting awareness programmes with key institutions;

2) Similar programme aiming all other institutions that has QS programmes. Accordingly following aspects need to be considered;

a) Identify in district-wise the institutions that has QS programmes (Technical collages etc.)

b) Gather information on number of QSs participating in each institution

c) Gather information of lectures participating in these QS programmes

d) Identify IQSSL members in district-wise who are willing to conduct guest lectures in membership promotion drive and finalise a schedule

e) Organise such guest lectures in district-wise.

3) The Companies that are willing to pay the IQSSL subscriptions for the whole of their QS staff were to be offered attractive discounts considering the number of subscription payments.

As the Chairperson of MAB, I observed the excited interest placed by non- members of Sri Lankan Quantity Surveyors practicing in Sri Lanka as well as abroad Quantity surveyors to join with the institute. Existing members have also shown keen interest in upgrading their membership to match their acquired qualifications and current experience in par with their professional developments.

Our present membership strength as at 11th August 2022 is:

No.	Membership Category	Updated Member Count 2020 August	Updated Member Count 2021 August	Updated Member Count 2022 August
1	Honorary Life Fellow	5	5	5
2	Fellow (FM)	33	34	34
3	Associate (AM)	394	392	421
4	Graduate (GM)	630	507	555
5	Technical (TM)	410	435	476
6	Probationary (PM)	37	146	298
7	Registered (RM)	25	18	18
8	Student (SM)	2211	2182	2386
TOTAL		3745	3719	4193

Underlying functions and tasks have been successfully performed during the past period with extended support received from MAB members.



Members who have not paid membership subscriptions were identified and committee members and subcommittee members were assigned to follow up the process in collecting the membership fees. Members who have not paid membership subscriptions up to year 2012/2013 had been suspended from their memberships and its summary is as follows;

Category	Number of members suspended				Removed Members (A)	Re-added (B)	Total (A)-(B)
	1st List May -19	2nd List Nov -19	3rd List Oct -20	4th List Jun-21			
FM			01		01	0	01
AM			19	03	22	0	22
GM			171	08	179	12	167
TM			05		05	0	5
PM			06	05	11	0	11
RM			06	01	07	0	7
SM	101	497	64	175	837	12	825

Apart from the above, the initiative of reinvigoration of expired membership was successfully implemented by means of vigorous level of personal communications undertaken by senior members. With due consultation and assistance from the FAB, this initiative enabled to collect significant backlogged membership fees.

A new category of Honorary Life Fellow Membership was introduced afresh and Identity Cards (ID) were issued without limitation of membership period.

Membership Renewal Form has been revised considering the facts which are required during membership updating process.

Necessary steps were taken to collect and maintain a backup copy (soft copy) of the members' database to make sure their safe storage.

As the probationary membership route will be abolished with the amendments of the IQSSL Act, MAB proposed to keep the membership open for further 4 years. Accordingly, it was concluded that the probationary members as of 31st July 2020 to be encourage to upgrade themselves to the registered grade membership within 4 years from the as on the date approved by the council.

Members were appointed as country representatives from each of the countries; Sri Lanka, Oman, Dubai, Qatar, Australia, New-Zealand, Canada, United Kingdom. Coordination meeting was convened with the overseas representatives with the purpose of discussing the way forward for addressing the issues faced by them, such as limitations in making payments through credit cards, expanding overseas networks, facilitating APC process, amongst other things.

I would also like to thank the members of Membership affairs Board, namely Ch.QS (Mrs.) Liyanage Devika , Ch.QS Indunil Seneviratne, Ch.QS Mahinda Gunawardena, Ch.QS. Sanjeewa Dasanayaka, Ch.QS (Ms.) Heshani Gamage, Ch.QS Nuwan Thilakaratne, Ch.QS. Jayavilal Wilegoda, Ch.QS. W.M. Piyasoma who worked tirelessly to make the board's affairs a success.



Report of the Chairperson Board of QS Education and Training

Ch. QS Duleesha Wijesiri

B.Sc. (Hons) QS, AIQS.SL, MCIOB, GreenSL@AP, Dip. Commercial Arbitration
Chairperson - Board of Quantity Surveying Education and Training (BQSET)

It has been a difficult time for all Sri Lankans alike. Despite the difficulties I am happy to highlight a glimpse of services offered by the Board of Quantity Surveying Education and Training (BQSET) for the Session 2021/2022.

One of the key tasks of BQSET is to conduct the Assessment of Professional Competence (APC). We successfully conducted two APC sessions for the past year. In order to overcome the ongoing difficulties due to COVID-19 and Fuel Crisis, we conducted APC as online sessions. We are pleased to note that all participants welcomed online APCs and many candidates from overseas countries made the best use of the opportunity to sit for the APC online. We intend to continue the online APCs for the overseas candidates to enhance the convenience to our prospective members. In parallel to the APCs, we conducted Charter Classes online as well.

Another task the BQSET is entrusted upon is to conduct the Professional Level programme. While physical classes were difficult to be conducted due to the pandemic and the crisis, we embarked on delivering the lectures online. Accordingly, we commenced our New Batch for Level I for the year 2022 conducting lectures in online mode and nearly 40 students enrolled for the course. In addition, we continued the ongoing Level I, II and III courses successfully. During the past year, 42 students successfully completed the Level III course and became eligible for the Technical Membership of IQSSL.

Another major scope of BQSET is the standardisation of Quantity Surveying education in the country.

This primarily includes accreditation of degree programmes and conduct of Graduate Member Qualifying Examination (GMQE). During the last year, BQSET introduced new criteria for the recognition of degree courses and conducted a seminar to introduce the same with the active participation of many private and public universities in Sri Lanka. The recognition criteria are published in IQSSL website for further details. Furthermore, during the past year BQSET accredited the Quantity Surveying Degree courses of two private institutes offering QS degrees and offered provisional accreditation.

Graduate Member Qualifying Examination (GMQE) is also an annual exam conducted by BQSET and this was successfully conducted earlier this year and the next examination is planned for November 2022.

Furthermore, IQSSL and BQSET encourage research and development in the QS profession. Thereby several researches together with University of Moratuwa were undertaken and funded during the last year. In addition, BQSET plan to establish a Think-tank to encourage, innovate and enhance the level of QS education to face future challenges.

I take this opportunity to thank my hardworking Board Members, Ch. QS Dr. (Mrs.) Anuradha Samarajeewa, Ch. QS Dr. (Mrs.) Dilani Abeynayake, Ch. QS (Mrs) Kasun Amali, Ch. QS (Ms) Chamari Allis, Ch. QS (Mrs) Asanka Muhandiram, Ch. QS Dasun Fernando and subcommittee Members Dr. (Mrs) Menaha Thyaparan, Dr. (Mrs) Thanuja Ramachandra, Dr. (Mrs) Roshani Palliyaguru, and Dr. (Mrs.) Tharusha Ranadewa for their untiring commitment.



Report of the Chairperson Board of Quantity Surveying Publications

Ch. QS Prasad S. Dissanayaka

B.Sc. (Hons) QS, AIQS.SL, MCIOB, GreenSL@AP, Dip. Commercial Arbitration
Chairperson - Board of Quantity Surveying Publications (BQSP)

In this moment, I am happy to make this report to you as the Chairman of the Board of Quantity Surveying Publications (BQSP) at the end of another successful year. Everyone is fully aware that the past years have been challenging for all the boards and this year too has been a highly challenging year with all the limitations and restrictions imposed by the pandemic and well as the issues that are facing newly from the bigging of this year.

Despite all these challenges, we have been able to successfully continue the duties and achieve the board objectives as a result of the commitment and efficient support given by the members of my board.

We have successfully concluded the evaluations of the student article competition during this year and the certificates and cash prizes were officially awarded to the winners in a formal ceremony with the participation of council members and the past presidents of the IQSSL. All the selected articles will be scheduled to be published in the upcoming Focus magazines, issued quarterly by IQSSL.

Taking a step further to be in line with other global institutions, we have initiated the development of Online Payment mechanism through the IQSSL website in 2020. Making it a reality during this year, we were able to successfully expand the online payment system for the payment of membership payments as well.

With immense support given by our editorial panel, Ch. QS Prof. (Mrs) Kanchana Perera, Dr. (Mrs.) Udayangani Kulathunga, Dr. (Mrs.) Tharusha Ranadewa, Mr. Dharshaan Vijayanandha, and Dr. (Mrs) Roshani Palliyaguru we have successfully continued to publish all the quarterly "Focus" e-journals during the past year as well. We sincerely thank them for their invaluable contribution as the Editorial Board of the Focus Journal.

Further, during the past year we were able to continue with the revision of the of IQSSL's corporate profile brochure and IQSSL's history book. We have planned to complete and publish them during the upcoming year.

All of these would not have been a success if not for the invaluable commitment and the efforts of my board members (namely, Ch. QS Mahinda Gunawardena, Ch. QS Majith Kodithuwakku, Ch. QS Buddhika Perera, Ch. QS Yasitha Bulathsinhala, Ch. QS Dhamisha Sriyananda, Ch. QS Iresha Gamage) and subcommittee members (namely, Dr. Mrs. Roshani Palliyaguru, Mr. Dharshaan Vijayanandha, Dr. Mrs. Tharusha Ranadewa, Ms. Savindee Ruapasinghe, Mr. Nimesh Priyamantha, Mr. Sandun Senanayake, and Ms. Piumali Hettige). I take this opportunity to thank all the above board members for their unstinting cooperation for the activities of the BQSP. Moreover, I take this opportunity to thank Mr. Lahiru Fernando for the assistance in maintaining our website and publications as well as the staff of the Secretariat for assisting the BQSP in numerous ways.



Report of the Chairperson Public Relations and Welfare Board

Ch. QS Sumith Lokuge

B.Sc. (Hons) QS, AIQS.SL, M.Sc. Dispute Resolution and Const. Law, Dip. Arbitration
Chairperson – Public Relations and Welfare Board

As the Chairperson of Public Relations and welfare Board of Institute of Quantity Surveyors Sri Lanka it is with great pleasure and honour that I present this message on activities and tasks undertaken and completed during 2021/2022 period.

We have to continue our works in the smooth recovery period of COVID-19 pandemic. Hence, gradually, the board focused on the events that were already started and ongoing.

Obtaining the personal loan facility under professional category was completed for Commercial Bank PLC. Discussions with other banks are in progress.

Tree Planting programme aiming to develop relationship among IQSSL and other QS related institutions was planned and as first step it was scheduled to implement in Technical College at Maradana. However, due to crisis facing the country it was postponed.

Professional indemnity insurance policy, specially to cover the risk of Quantity

Surveying practices by QS consultancy firms was drafted and ready to forward to Insurance Institutes when and as required.

We think that felicitation events of Prof. Chitra Wedikkara and Ch. QS Mr. H. D. Chandrasena is a great achievement of our Board.

Preparation of short video clips representing evolution of QS profession in Sri Lanka and involvement Quantity Surveyors in construction industry is another activity initiated by the Board.

I personally thank to all Board Members (Namely Ch. QS (Mr.) Jagath Basnayake, Ch. QS (Mr.) Prasad Jasinghe, Ch. QS (Mrs) Nisha Thambugala, Ch. QS (Mrs) Kumudu Rangani, Ch. Qs (Mr.) Ranjana Gunarathne, Ch. QS (Mr.) Suranga Wickramarathne, and Ch. QS (Mr.) Harshan Amarasekara) Sub Committee Members (Ms. Sachini Dissanayake, Mr. Shashindra Wijeratne, Mr. Ruchira Liyanage, Mr. Lahiru Manoj and Mr. Nimesh Priyamantha) who were with me by giving their utmost support to make success the events planned by the Board.



Report of the Chairperson Financial Affairs Board

Ch. QS Hasitha Gunasekara

B.Sc. (Hons) QS, M.Sc. in PM, Dip. Arbitration, FIQS.SL, FAIQS, CQS, ACI Arb, MCIOB, MRICS
Chairperson – Financial; Affairs Board (FAB)

I have the pleasure of presenting the Audited accounts of the IQSSL for the financial year 2020/2021 ending 31st March 2021. I have been made to understand that the audited accounts e-copy, has been circulated to you through email and hope all of you, have got it. In attempting to present the financial accounts I will touch upon the main high lights for the year.

First, I should go on record that our continuous effort of making the Institute a financially stable organisation had become a success for the year 2020-2021 yet again. Despite of the impact of COVID-19 and financial difficulties We have carefully looked at the status of collection of membership subscription payments which is the main source of income for the institute. I am happy to report that contact details of most Members have now been corrected. Membership affairs board chairman and his membership affairs board team had made all the attempts to contact them both locally as well as internationally through our overseas representatives. Even though significant gains had been made in the positive direction, a continuous effort is needed to improve the collections in the years to follow. Further, a concentrated effort had been made, to update membership registers of all membership categories to address the issue, while following a more methodical acceptable method during the financial year 2020/2021.

In addition, short courses conducted jointly by the Professional Affairs Board and Board of Quantity Surveying Education and Training have generated significant income for the Institute. It is my pleasure to report that the efforts of Chairmen of Professional Affairs Board, Board of Quantity Surveying Education and Training with the board members commitment on CPDs and short courses created a new income source.

The emailed audited accounts will provide you a general outline of financial standing and financial administration of the Institute for the year 2020-2021. Audited Accounts had been prepared by Auditors S & A Associates.

We have made considerable improvements on status of fixed deposits, especially during year under consideration. Fixed deposits amounted to Rs. 87,682,034.10 at the end of the financial year 2020-2021 reduced from Rs. 88,973,619.00 in the previous year. However, the Total Assets has increased from 125.2m to 129.2m in this year.

Total Revenue of the Institute stood at 37.2m down from a 11.5m compared to the last year. The main contributing factor had been the steady drop-in FD interest rates thus the financial income had come down to 4.6m, from 9.2m reported for 2019-2020.

In the 2020/21 Financial Accounts, which has been presented to the membership, there are two sets of accounts, one for IQSSL and other for IQSSL College of Quantity Surveying guaranteed limited. IQSSL CQ G Ltd was established on 11th April 2020 and initial investment of 17.4m has been granted to it so far. This will be In addition, In the same financial year, IQSSL has also made a settlement with the ex-assistant accountant amounting to Rs. 575,000.00 which would also bring in a negative impact on the 2020/2021 IQSSL balance sheet. Further, IQSSL has also paid up 24.6m to UDA for the leasehold of the Land at Colombage Mawatha which will be reflected as a leasehold. In addition, we had also witnessed the FD interest rates dipping considerably which would also have a negative effect. We would also be liable to the newly introduced 24 percent corporate tax on the FD interest generated.

Due to the ongoing process, certified audit report for the 2021/2022, will be precented during the next AGM.

Finally, I wish to thank the President, the Governing Council and the members of Financial Affairs Board for the invaluable guidance given. I would also like to thank Directors of CQSGL, Accounting and Administrative staff of the Institute and the College, for their support extended which immensely contributed to the achievements made in the financial year 2020/2021.

Thank you.



Role of "Blockchain" in Construction Industry Digitalisation

Umesha Weerapperuma Department of Building Economics, University of Moratuwa
Final Year Undergraduate

Introduction

The construction sector is one of the major sources of economic growth and development. Digitalisation has been trending over the period and involves the movement of "Industry 4.0". Because of that, construction firms have intentionally digitalised architectural designs, construction techniques, procurement processes, and building operations through automated systems. However, many researchers have rated the speed of digitalisation of the construction industry as lower than agriculture, logistics, transportation, and finance sectors. Similarly, due to the nature of the construction industry, adapting to new technological advances is slower while remaining resistant to innovations (Altay & Motawa, 2020; Kudryavtseva & Vasileva, 2021).

At the same time, technological usage has increased massively with the integration of physical work. Building Information Modelling (BIM), Integrated Design Delivery (IDD), Virtual and Augmented Reality, Design for Manufacture and Assembly (DFMA), and Prefabricated Prefinished Volumetric Construction (PPVC), 3D Printing, Big Data, Blockchain, Drones, and UAVs are some of the emerging concepts under the umbrella of "Industry 4.0". BIM plays a dominant role in the digital transformation of the architecture, engineering, and construction (AEC) industry. Since the information on design, procurement, construction, and operation can be exchanged between stakeholders, most firms are reluctant to adopt BIM due to the insecurity associated with sharing information.

What will be the solution to this stumbling block? By the way, "blockchain" is an innovation that has emerged and integrated with financial services rapidly. Afterwards, the telecommunication, healthcare, supply chain, manufacturing, insurance, and automobile sectors have adopted this technology. Therefore, blockchain technology is an optimal solution that shapes the construction industry's habitats by ensuring the data is secure, decentralised, and immutable. Consequently, this article mainly aims to provide background knowledge and an explanation of "how blockchain can support digitalisation in the built environment."

What is Blockchain?

Blockchain is a decentralised, immutable, and distributed ledger comprised of a cryptographically linked chain of record collections (Hewa, Yalianttala & Liyanage, 2021; Rodrigo, Perera & Senaratne, 2018). That record collection is referred to as blocks, and finally, it becomes transactions or events (Mathews, Bowe & Robles, 2017). Simply put, the main purpose of the blockchain is to remove the middle person in transactions by ensuring trust. Generally, a third-party or middleman acts as a trusted intermediary between the parties who are involved in a transaction. But in blockchain, this is executed through smart contracts, and security is managed by cryptography rather than human intervention.



In 2008, Satoshi Nakamoto adopted the blockchain concept to develop "Bitcoin". It is now a well-known application of blockchain, which uses a digital token to pay for its maintenance by the miners (Mathews, Bowe & Robles, 2017). In a blockchain, data is stored in multiple nodes that cannot be controlled by a single point. There is a "peer-to-peer" (just assume, person to person) network. So, new data enters the blockchain through nodes (computers). This is called a "distributed ledger" because it simultaneously maintains all the nodes in the network. Each subsequent block of data comprises the "hash" of the prior block (just assume a code with a few numbers) to create a chain to link all the blocks. These hashing algorithms maintain the connection between blocks within the network. Any node can request to add new transactions. If the majority of the nodes agree, then that transaction will be recorded on a new block and connected to the existing blockchain. Simply, that is the way it works. Adopters must understand the fundamental technology underlying the innovation in order to encourage adoption. The following features are simply explained in layman's language that would be motivated to create new applications for the built environment by integrating blockchain.

Salient Features of Blockchain

Blockchain consists of salient features that are being put to use in different industries. Some of the features are relevant to the dynamic nature of the construction industry. For instance, with the feature of "decentralisation," data and transactions can be controlled without the need for a central administrator or a centralised data storage mechanism. As described previously, hashing algorithms ensure the "security" of stored data and provide trust. Due to the "immutability" feature, once a record is added to the blockchain, transactions cannot be undone (Rodrigo, Perera & Senaratne, 2018).

Therefore, it is useful to track the history of transactions in construction projects to ascertain the EOTs, claims, variations, and disputes. With the involvement of a huge amount of money, transparency has become a crucial factor in construction projects. Consequently, in a public blockchain, transactions are visible to the public. Furthermore, the level of transparency can be changed as per requirements, and stakeholders can monitor the relevant transactions with high transparency. On the other hand, each of the transactions on the blockchain is recorded and validated with a timestamp. Therefore, users can easily track the previous records by accessing nodes in the distributed ledger network (Zheng et al., 2020).

Application of Blockchain in the Construction Industry: Quantity Surveying Perspective

Most of the blockchain applications for the construction industry are still at an experimental level. According to the epidemic theory, introducing a new technology beyond traditional practice can be complicated and lengthy. By nature, some organisations are willing to take the risk and take the first step. Others may prefer to take it safe, mainly because of the unavailability of enough resources, resistance to change, or any other social, economic, or political constraints. However, blockchain technology can be implemented with traditional practices to perform that process efficiently, as follows:

Supply chain management: In a building project, each supplied item can be tracked and linked to the building information model via blockchain (Rodrigo, Perera & Senaratne, 2018). Therefore, an immutable record of data will be stored and maintained throughout the entire life cycle of the project. This can be developed to estimate the embodied carbon in the supply chain (Olawumi & Chan, 2018).



Payment certification: Preparation of payment applications and certificates are core duties of a quantity surveyor which are integrated with numerous datasets. Therefore, it leads to disputes. Because of the immutability of the blockchain network, it can fairly and securely capture all the transactions and records for consideration with high transparency.

Commercial Management: Quantity surveyors are involved in commercial management from the pre-contract stage to the post-contract stage and deal with different stakeholders. There are several transactions, payments, and agreements that require trustworthiness and transparency. With relevant blockchain features, it can be effectively integrated with commercial management. Further, this digitalised system can be incorporated with e-procurement work (Perera, 2021).

Dispute resolution and claims management: Because all data is recorded within the blockchain, no data can be changed (this is known as the immutability feature). As a result, any misunderstandings will be easily cross-checked with what has been recorded within the blockchain. Further, misinterpretation of contract clauses is a frequent reason for claims and disputes. Hence, blockchain is a turning point for the quantity surveyor's job role as a contract administrator.

Conclusions and the Way Forward

The global pandemic has affected the Sri Lankan economy, causing it to come to the brink of collapse. As a path of recovery from the global pandemic and economic crisis, digital currencies and blockchain have been identified as viable solutions to strengthen the economy. Proof of concepts (PoCs) are being drafted and explored, and the Central Bank of Sri Lanka (CBSL) is in discussions to assess the opportunities for and potential bottlenecks in blockchain implementation. Thus, the construction industry also has great potential to benefit from this decentralised, secure, and transparent technology soon.

Awareness of blockchain technology and its applications among front-line decision-makers in the Sri Lankan construction industry is at an average level, even among innovators. Importantly, rules and regulations required to develop an integrated system of digital banking, blockchain, and smart contracts are being deployed by the government. As a proactive strategy, the construction industry also should be ready with the necessary knowledge. Therefore, arranging knowledge-sharing events with FinTech and blockchain experts will be useful for early preparation to obtain a competitive advantage. Importantly, this innovation will demand strategic and agile thinking. Hence, a requirement for a trusted independent body for guiding and showcasing good practices has arisen. It would be helpful for knowledge exchange among built-environment professionals. Moreover, there should be more research on identifying a feasible business case that would be suitable for the existing construction industry in Sri Lanka as an initial start-up.

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28th January 2022



Inauguration of Professional Level
5th March 2022



Certificate Awarding at BMICH
21st March.2022



Past Presidents' Meeting
25th March 2022



Essay Competition Winner Awarding
25th March 2022



Unveiling Immediate Past President's Photograph
5th May 2022



Presenting the Past President's Collar to Ch.QS Upul Shantha
5th May 2022

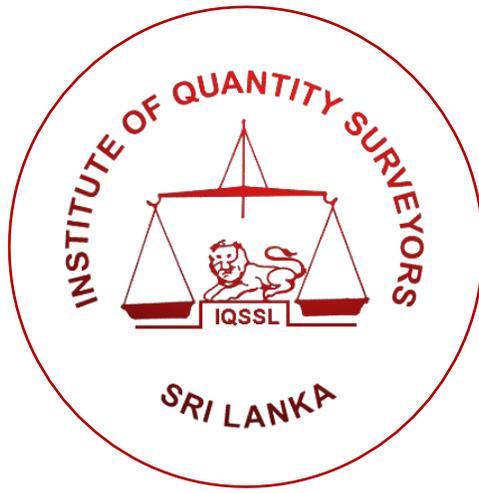


Felicitation for Ch.QS H.D. Chandrasena
8th May 2022



Discussion with KDU
18th August 2022





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