

Parliamentary Portfolio Committee on Public Works and Infrastructure

CIDB Strategic Plan 2020-25 Annual Performance Plan 2023-24

22 March 2023

Mandate, Vision, Mission & Values

Mandate

Summary of the cidb's Legislative Mandate

1. Provide **strategic leadership** to construction industry stakeholders
2. Promote **sustainable growth** of the construction industry and **the participation of the emerging sector** in the industry
3. Promote improved performance and **best practice of public and private sector clients**, contractors and other participants in the construction delivery process
4. Promote **uniform application of policy** throughout all spheres of government and **promote uniform and ethical standards, construction procurement reform, and improved procurement and delivery management** – including a code of conduct
5. **Monitoring and regulating** the performance of the industry and its stakeholders, including the registration of projects and contractors

Vision

A **transformed construction** industry that is **inclusive, ethical** and contributes to a prosperous South Africa and the World

Mission

We exist in order to **develop** the construction industry through **regulatory support, strategic interventions** and **partnerships**

Values

Responsive ,efficient ,effective, innovative,
ethical, accessible
agile

Strategic Goals of the cidb (2020/25)



1. Transformation



1.1. Increased black ownership and participation

1.1.1 % black ownership of Grades 7 to 9 contractor enterprises (75%)

1.1.2. % access to work of black-owned contractor enterprises (70%)

1.2. Increased Woman-Ownership and Participation

1.2.1. % of woman-owned contractor enterprises in Grades 2 to 9 (40%)

1.2.2.% access to work of woman-owned contractor enterprises (35%)

1.3. Increased Youth-Ownership and Participation

1.3.1. % youth ownership across all Grades (35%)

Outcomes

Outcome indicators including five-year targets

2. Developed industry

1.3. Contractor development

- 1.3.1. % woman-owned contractor enterprise upgrades (50%)
- 1.3.2. % black-owned contractor enterprise upgrades (60%)

3. Ethical and performance driven industry

1.4. Performance Driven Clients

- 1.4.1. % of municipality infrastructure budget spent (90%)

1.5. Reduced non compliance and fraud

- 1.5.1. Average number of non-compliance cases reported per annum (36)

1.6. Ethical and performance driven cidb

- 1.6.1. Audit outcomes (Clean audit)

Updated - Situational Analysis

Transformation: Black-Owned and Women-Owned Contractor Enterprises in Grades 2 to 9 (51%+), 2022Q4

Black Ownership

Grade	Total Number	Number	Black 51%+ (%)
9	249	133	53%
7 & 8	2286	1855	81%
5 & 6	4054	3580	88%
2 to 4	10498	9661	92%
Total	17087	15229	89%

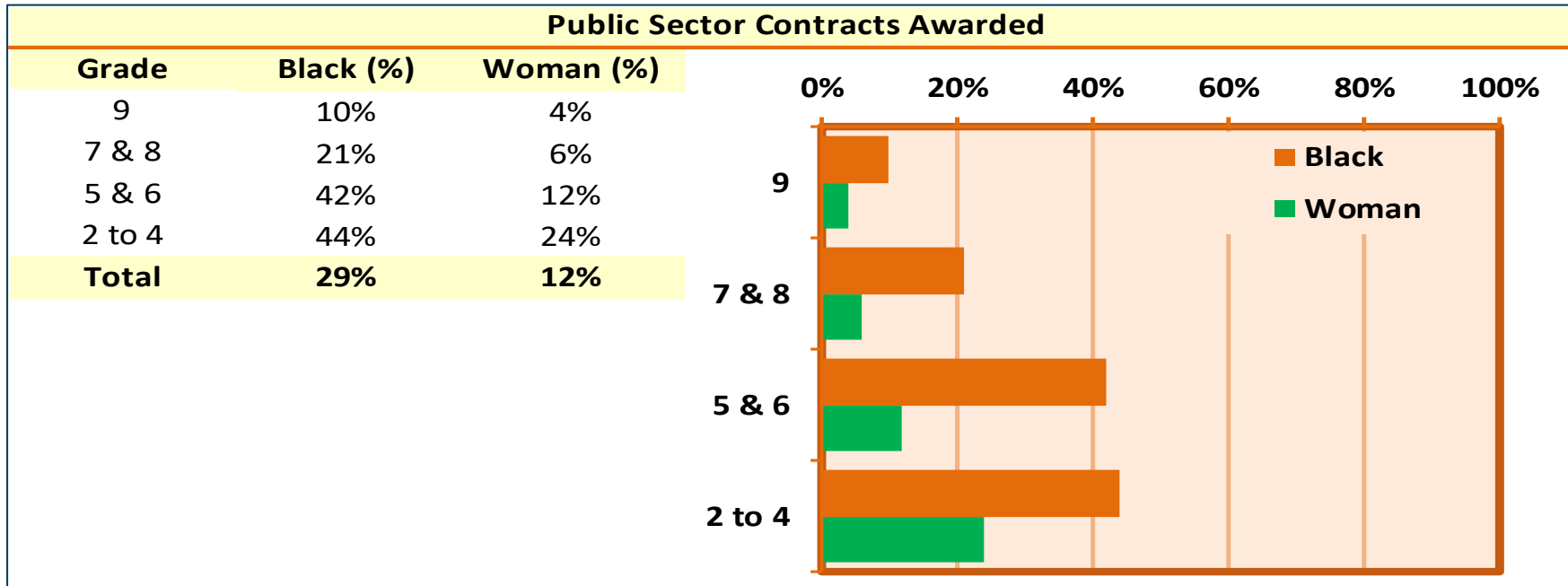
Women Ownership

Grade	Total Number	Number	Women 51%+ (%)
9	249	48	19%
7 & 8	2286	582	25%
5 & 6	4054	1245	31%
2 to 4	10498	3902	37%
Total	17087	5777	34%

Transformation decreases with increasing cidb grade (size of company). Specifically, for ownership of 51% and above, the number of black-owned contractors increased from 46% to 53% in Grade 9 in 2022 Q4.

Women ownership of 51% was 34% in 2022 Q4. Women ownership in grades 2 to 6 is, in fact, decreasing, whereas women ownership in grades 7 to 9 is increasing. This is due in part to women-owned contractors moving to higher grades.

Access To Work: Black And Women-Owned Contractor Enterprises, 2022Q2



Access to work opportunities for black companies is concerning, as it affects transformation.

Black-owned contractors (51% and more), accessed around 29% of public sector awards in 2022Q2.

For woman ownership, awards decreased from 16% in 2021Q2 to 12% in 2022Q2.

Infrastructure Spending: Public Sector

Entities	R million		Contribution (%)		Expenditure (%)
	2020/21	2020/21	2020/21	2020/21	% spent in
	Adjusted budget	Expenditure	Budget	Expenditure	2020/21
-State-owned Companies	78 693	50 816	31%	28%	65%
-Municipalities	69 204	55 622	28%	30%	80%
-Provincial departments	63 108	51 787	25%	28%	82%
-Public entities	18 250	8 837	7%	5%	48%
-National departments	15 615	11 446	6%	6%	73%
-Public private partnerships	5 494	4 872	2%	3%	89%
Total	250 364	183 380	100%	100%	73%

Compliance - Register of Projects, and B.U.I.L.D

Client Departments	Non-compliant	Compliant	Total	Average Compliance
Provincial Departments	748	450	1 198	34%
Metropolitan Municipalities	437	95	532	27%
Municipal Entities	85	24	109	27%
National Departments	344	180	524	34%
State Owned Entities	1 445	622	2 067	30%
District Municipalities	394	89	483	18%
Local Municipalities	2 059	619	2 678	23%
Average Compliance	3 059	1 371	4 430	28%

- Compliance with the registration of projects with the cidb, which is a precursor to the B.U.I.L.D Programme is slow, averaging 28%.
- There are promising signs as large SOE's i.e., SANRAL and Eskom have made commitments to the B.U.I.L.D Programme. Over R 19 million has been contributed to the B.U.I.L.D fund.
- Client capacitation is being conducted nationally on applying the B.U.I.L.D standards including enterprise development and skills development.

2023/24 Areas of Focus and APP Output Indicators

2023 – 2024 Performance Targets

KPI NO Output Indicators		2022/23	Annual Target
1.1	% audit issues resolved	New	70%
1.2	Number of board performance assessments conducted	New	1
1.3	% of invoices paid within 30 days	100%	100%
1.4	% system uptime	95%	97%
1.5	Number of research studies conducted	2	2
1.6	Number of reports on amendments of registration criteria	1	1
1.7	Percentage of contravention notices against detected non-compliance on cidb prescripts issued within 30 days	New	80%
1.8	% of Grade 1 to 9 contractors registered within 21 working days for compliant applications	100%	98%
1.9	Number of industry monitoring reports	4	4
1.10	Number of transformation status reports	1	1



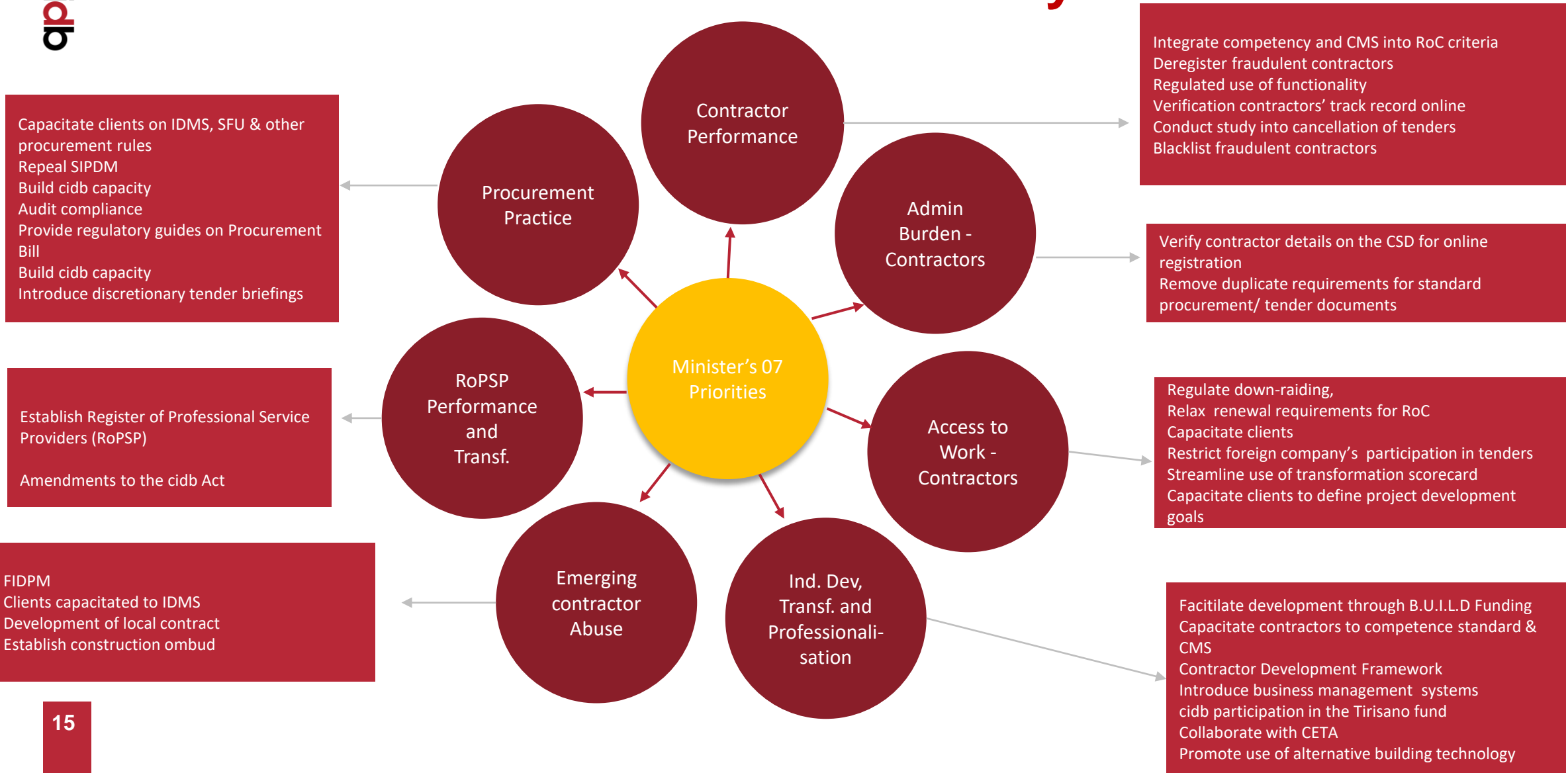
2023 – 2024 Performance Targets

KPI No	Output Indicators	2022/23	Annual Target
1.11	Number of Industry performance standards submitted to board	New	1
1.12	Number of construction industry transformation guidelines developed	New	4
1.13	Number of construction industry development guidelines developed	New	2
1.14	% of BUILD funds spent on development	New	40%
1.15	Number of reports on enterprises receiving development support	New	1
1.16	Number of construction industry development interventions implementation reports provided	New	4
1.17	Number of transformation intervention implementation reports provided	New	4
1.18	Number of industry capacitation sessions conducted on cidb prescripts	New	72

KEY CIDB INTERVENTIONS/AREAS OF FOCUS

- CIDB Act Amendment
 - Extending the Register of Contractors to the private sector
 - Firming up the provisions for the establishment of the Register of Professional Providers
 - Improved compliance and enforcement provisions
 - Assessing options for the establishment of a Construction Ombud
- Regulations Amendments – Register of Contractors (next slides)
- Implementation of the B.U.I.L.D Programme, e.g. 250 women contractors to be supported on implementing Construction Management System (CMS)
- Support to DPWI in developing the Construction Industry Recovery Plan (CIRP)
- Further Automation of cidb's core services such as online contractor registration

National Stakeholder Forum (NSF) Recommendations on the Identified Priority Issues



Overview of RoC Regulation Amendments

REGULATION AMENDMENT

1. Registration Criteria; Financial & Performance
2. Grading Level
3. Classes of Work
4. Tender exclusion at lower grades for Foreign Firms
5. Registration Fees Increase
6. Transfer of Records
7. Labour Only Track Record
8. Trade Contractors
9. Down-raiding
10. Tender Value Limit Adjustments
11. Grade 1 Entry Level Requirements
12. Registration of Subcontractors
13. B-BBEE Scorecard
14. Joint Ventures
15. Demographic Representation
16. Private Sector Registration
17. Registration Renewal Criteria



KEY CIDB INTERVENTIONS/AREAS OF FOCUS

- **Key industry research outputs for 2021-22 and 2022-23**
 - **Studies in tender cancellations**
 - **Outputs in graduates at PhD (4) and Masters (6)**
 - **2 female**
 - **Postgraduate conference with international partnerships**
- **Planned industry research outputs for 2023-24 and beyond**
 - **Adding 2nd cidb Centre of Excellence**
 - **Building Information Modelling (BIM) implementation framework**
 - **Studies in women contractor empowerment**
 - **Doctoral research workshop to support graduate students**

Interventions to Improve Infrastructure Spending

- **Collaboration with National Treasury on infrastructure delivery and the identification of construction-related budgets and their application.**
- **Client capacitation on cidb prescripts, IDMS and the Framework for Infrastructure Delivery and Procurement Management (FIDPM) to drive transformation in infrastructure procurement, including awareness of procurement reforms (72 capacitation sessions targeted across the country in 2023/24)**
- **Research study undertaken on the impact of tender cancellations.**
- **Implementation of the cidb competence framework for procurement and the underpinning tools to assess SCM officials**

Interventions to Improve Compliance

- **Compliance strategies implemented to enhance current compliance with the cidb prescripts, including collaboration and integration with the Department of Employment and Labour and the Auditor-General.**
- **On the ground compliance monitoring of compliance of infrastructure project registration with the cidb. There were 1507 non-compliant sites identified in 2021/22. Revised compliance strategy developed and cidb capacity has increased. The focus is on targeting selected client departments for high impact.**
- **Proactive approach adopted to monitor awarded tenders on infrastructure clients websites.**
- **Collaboration with National Treasury's Office of the Chief Procurement Officer to share information on construction works tenders.**

KEY CIDB INTERVENTIONS/AREAS OF FOCUS (Internal)

- **Improving audit outcomes**
- **Improvement of key policies including employment equity and performance management**
- **Organisational culture improvement**
- **Filing critical vacancies**
- **cidb Office infrastructure**
- **Leadership development programs**

cidb Governance and Performance

Governance and Performance

- The cidb Board was appointed on 01 December 2021 for a three-year term. The Board and its six subcommittees are fully functional. Board performance reviews will be conducted in the 2023/24 year.
- In terms of the audit outcome there was improvement across supply chain management and performance information but a regression in the financial statements due to the new revenue stream for B.U.I.L.D fees, where all the construction contracts awarded during the current year that qualify for a best practice fee were not declared on the register of projects by infrastructure client departments.
- The interventions to improve the audit outcomes include harnessing the role of Internal audit to assist with the review of B.U.I.L.D revenue; to produced interim financial statements for audit to identify non-compliance before the external audit; to track root causes of findings with quarterly reports to the Audit, Risk and Governance Committee to exercise oversight.
- The 2023-24 Annual Performance Plan builds on cidb performance trends. For the 2021-22 year cidb achieved 93% of its targets.
- In 2023-24 the fundamental shift of focus for the cidb will be in the area of B.U.I.L.D Program implementation, which will accelerate industry development, transformation and performance improvement.

Financial Budget

Programme Budget Allocations for 2023/24 to 2025/26

Statement of financial performance								
	Audited outcome	Audited outcome	Audited outcome	Approved budget	Revised budget	Medium-term estimate		
R thousand	2019/20	2020/21	2021/22	2022/23	2022/23	2023/24	2024/25	2025/26
Revenue								
Total revenue	189 861	184 146	228 037	195 600	225 132	218 038	226 897	236 406
Register income	94 853	102 166	97 328	139 039	139 037	131 293	136 545	142 007
Investments revenue	18 848	7 996	6 986	6 083	6 083	6 425	6 425	6 713
Donations		250	250	-	-	-	-	-
B.U.I.L.D Revenue			43 419	-	-	-	-	-
Service in kind		1 292	1 019	-	-	-	-	-
Other income			869					
Transfers received	76 160	72 443	78 166	80 012	80 012	80 320	83 927	87 687
Expenses								
Current expenditure	187 099	166 028	194 372	195 600	225 132	218 038	226 897	236 407
Compensation of employees	104 847	97 355	111 784	120 000	125 000	136 935	142 412	148 108
Goods and services	79 153	64 905	78 848	75 600	100 132	81 103	84 485	88 298
Depreciation	3 096	3 767	3 733	-	-	-	-	-
Interest, dividends and rent on land	4	-	7	-	-	-	-	-
Surplus/(Deficit)	2 761	18 118	33 665	-	-	-	-	-
Expenditure by Programme								
	Audited outcome	Audited outcome	Audited outcome	Approved budget	Approved budget	Medium-term estimate		
R thousand	2019/20	2020/21	2021/22	2022/23	2022/23	2023/24	2024/25	2025/26
Administration	84 982	97 568	121 307	106 829	136 361	126 189	130 428	135 615
Research and development	-	-	3 643	5 585	5 585	5 778	6 067	6 339
Construction industry regulation	71 385	24 290	23 926	28 721	28 721	29 717	31 589	33 004
Construction industry performance	16 039	11 553	5 962	9 797	9 797	10 137	10 542	11 014
Procurement and development	14 693	3 830	8 357	9 953	9 953	10 298	10 916	11 405
Provincial offices	-	27 495	31 177	34 715	34 715	35 919	37 356	39 029
Total expense	187 099	164 736	194 372	195 600	225 132	218 038	226 897	236 407



THANK YOU