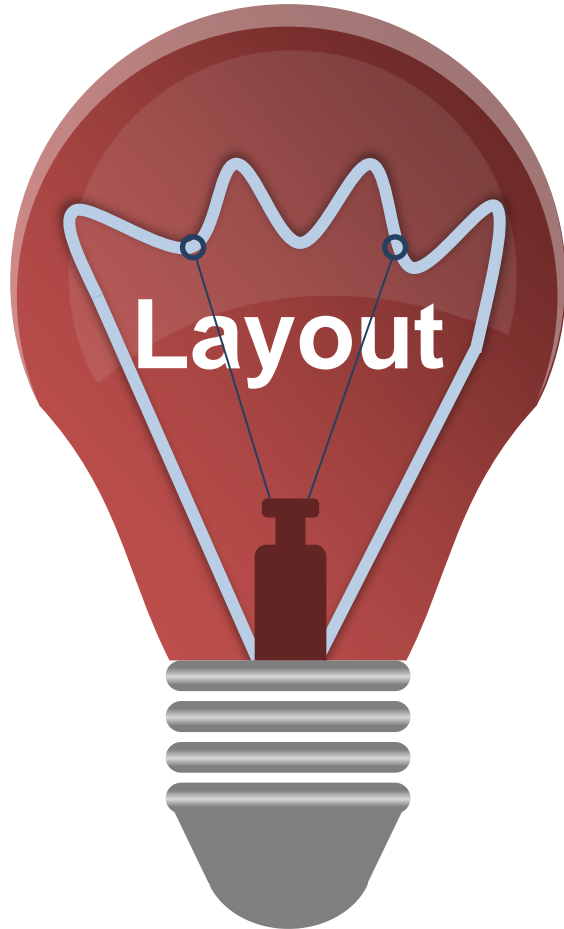


# Parliamentary Portfolio Committee on Public Works and Infrastructure

**CIDB Annual Report 2022/23**

**12 October 2023**



01

Legislative Mandate

02

Strategic Goals

03

Performance Report and highlights

04

Audit Outcomes

05

Finance Report

# Legislative 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

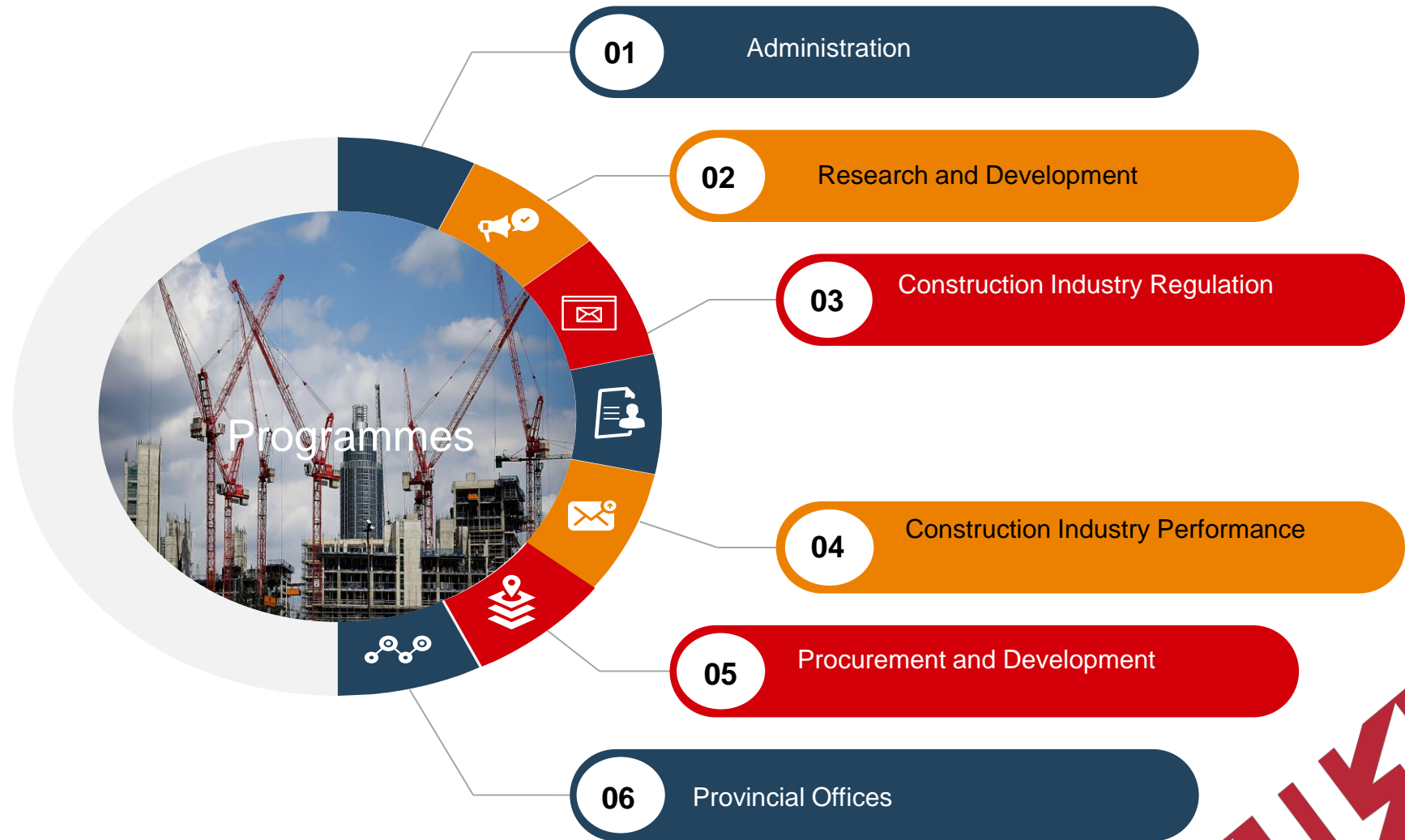
Responsive, efficient, effective, innovative, ethical, accessible agile

# cidb Strategic Focus (2020/25)





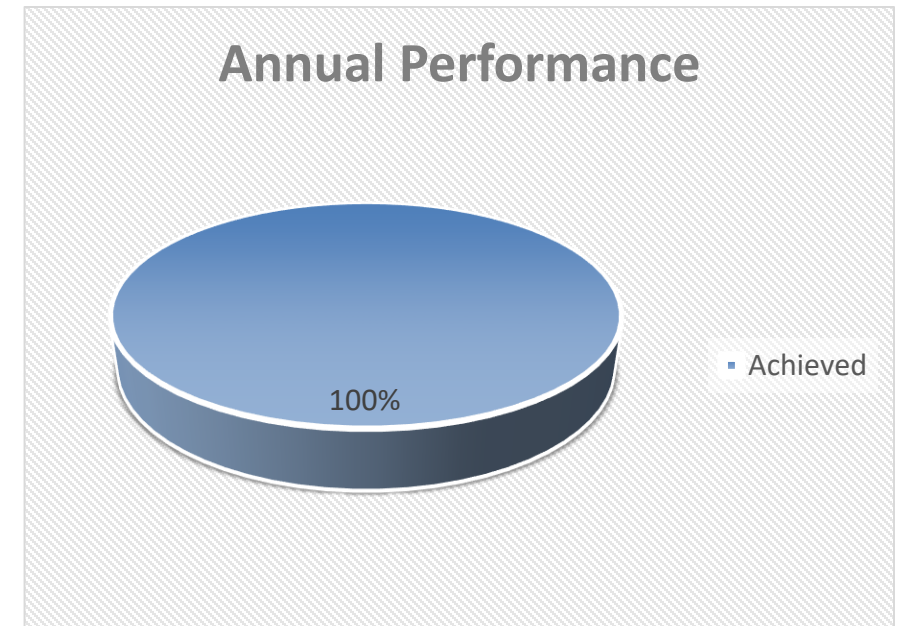
# Programme Perspective



# **Programme Performance: Summary 31 March 2023**

# Performance Overview

Programme	No. of Targets	Achieved	Not Achieved
Administration	5	5	0
Research and Development	1	1	0
Construction Industry Regulations	3	3	0
Construction Industry Performance	2	2	0
Procurement and Development	1	1	0
Provincial Offices	3	3	1
<b>Total</b>	<b>15</b>	<b>15</b>	<b>0</b>



# Divisional Performance

No	Programme	Output indicator	Annual Target	Annual Performance
1	Programme 1	% of staff who attended cidb fraud and prevention awareness session	100%	100%
2		% System uptime	95%	98%
3		% expenditure on BBBEE compliant suppliers	92%	97%
4		% invoices paid within 30 days	100%	100%
5	Programme 2	% Of progress made against the NSF action plan developed in response to matters raised by Stakeholders	80%	81%
6		Number of research studies conducted	2	2
7	Programme 3	Number of reports on revised registration criteria	1	1
8		Number of non-registered projects identified against the RoP	3 000	3 000
9		% of grade 1 to 9 contractors registered within 21 working days for compliant applications	100%	100%
10	Programme 4	Number of industry monitoring and evaluations conducted	4	4
11		Number of reports on public sector expenditure	1	1
12	Programme 5	Number of guidelines developed to facilitate compliance with the B.U.I.L.D Programme	2	2
13	Programme 6	Number of client departments capacitated on contractor development	36	71
14		Number of grade 1 to 6 contractors provided with contractor development support	285	377
15		Number of client departments capacitated on IDMS	80	110



- **Other Performance**
- **Information and Highlights**

# Highlights – 2022/23

- There were 15 performance targets planned to be delivered in 2022/23 and all of 15 targets were achieved. This equates to 100% achievement of the targets.
- 377 contractors provided with **contractor development support**.
- The cidb commenced the process to train 250 women-owned contractors on Construction Management Systems.
- Contribution to the **Economic Reconstruction and Recovery Plan**: Increase government spending against budget, through client training and capacitation; driving enterprise and skills development through infrastructure projects.
  - 110 client departments capacitated on **Infrastructure Delivery Management System (IDMS)** and implementation of the **cidb B.U.I.L.D Programme**.
- Hosted the Empowerment and Recognition of Women in Construction (**ERWIC**) awards.
- The cidb maintained its lead role in construction-related skills competition, **WorldSkills** South Africa.
- The cidb's continues the commitment to **skills development** as the key to professionalising the industry manifested in support for WorldSkills and BRICS Future Skills

# Highlights – 2022/23

- The cidb commenced the process to train 250 women-owned contractors on Construction Management Systems. To scale up to 2000 over the new few years.
- Construction Management Systems enables a business to put in place a framework of processes and procedures to control its construction risks, improve performance and deliver better value to clients.



# Highlights – 2022/23

- The cidb 2023 04th Empowerment and Recognition of Women in Construction (ERWIC) awards took place on 24 August 2023 at Indaba Hotel in Fourways
- The event included a conference to empower women-contractors to develop their companies and provided a platform for information sharing, networking and strengthening business knowledge.





# Highlights – 2022/23

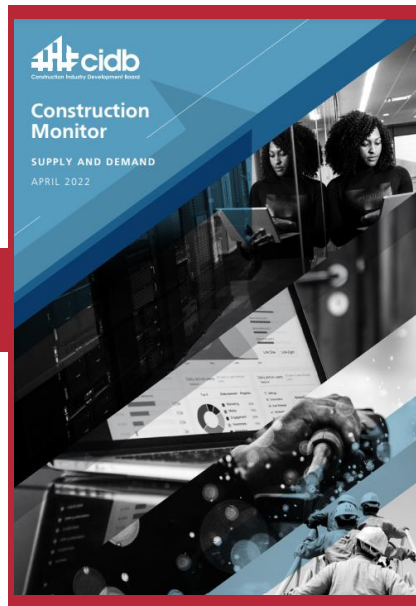
- During the year under review, cidb participated in the BRICS Skills Development Group and actively supported the development of the building information modelling curriculum. This work is ongoing and will be highlighted during the 2023/2024 reporting period.
- The South African Team won gold at the BRICS Future Challenge (12 to 15 Sep 2023, NASREC, Johannesburg). The BIM teams were tasked with developing 3D models, preparing a bill of quantities, calculating energy consumption and presenting their solutions related to water, energy and environmental health.



# cidb Quarterly Industry Monitor

- The cidb Construction Monitor: four quarterly cidb Construction Monitor publications covering:

Quarter 1



Quarter 2



Quarter 3



Quarter 4





# Supply and Demand - Infrastructure Spending: Public Sector (Budget)

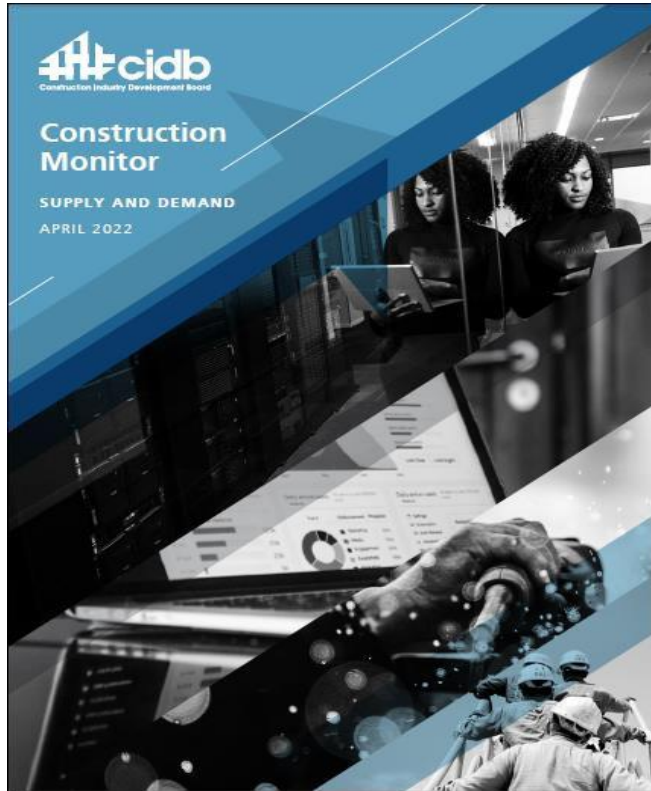
Entities	R million		Contribution (%)		Expenditure (%)		
	2021/2022	2021/2022	2021/22	2021/2022	%	%	%
	Budget	Expenditure	Budget	Expenditure	Expenditure in 2019/2020	Expenditure in 2020/2021	Expenditure in 2021/2022
State-owned companies	72 709	53 361	30%	27%	50%	65%	73%
Municipalities	69 016	47 665	28%	24%	62%	80%	69%
Provincial departments	60 051	56 021	25%	29%	100%	82%	93%
Public entities	21 147	20 205	9%	10%	86%	48%	96%
National departments	14 469	12 455	6%	6%	90%	73%	86%
Public-private partnerships	6 822	6 546	3%	3%	100%	89%	96%
<b>Total</b>	<b>244 214</b>	<b>196 253</b>	<b>100%</b>	<b>100%</b>	<b>71%</b>	<b>73%</b>	<b>80%</b>

# Supply and Demand - Infrastructure

## Spending: Public Sector

- State-owned companies and public entities collectively account for 39% of the total public infrastructure budget. Municipalities and provincial departments account for 28% and 24% respectively, while national departments and public-private partnerships account for around 9%. State-owned companies' share dropped from 38% in 2020/2021 to 30% in the following year.
- Underspending improved during 2021/2022. Municipalities were the only category of clients in which expenditure declined. They and state-owned companies spent below 80% of their budgets, while all the other entities spent above 80% of their budgets. Provincial departments made the highest contribution to public infrastructure expenditure, spending 93% (around R56 billion) of their budget and contributing around 29% to total public infrastructure expenditure.

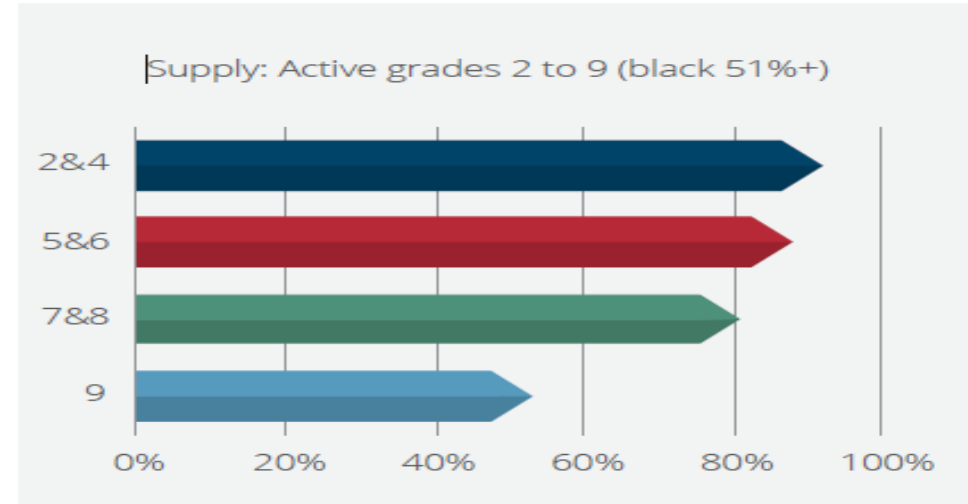
# Construction Monitor: Supply and Demand



- The cidb Construction Monitor assesses transformation of the construction industry, with a focus on consulting engineers (or professional service providers) and contractors.
- This annual report presents transformation data to 2022Q4.

# Transformation – Black-Owned Contractor Enterprises in Grades 7 to 9, 51%+

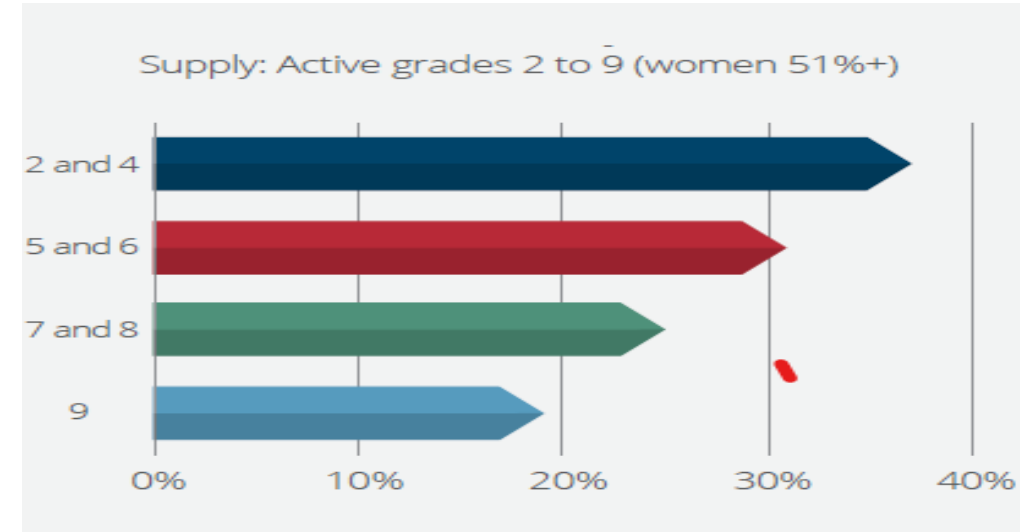
Supply: Active grades 2 to 9			
Grade	Total number	Number	Black 51%+
9	249	133	53%
7 and 8	2 286	1 855	81%
5 and 6	4 054	3 580	88%
2 and 4	10 498	9 661	92%
<b>Total</b>	<b>17 087</b>	<b>15 229</b>	<b>89%</b>



- The state of transformation decreases with increasing cidb grade (size of company). Specifically, for ownership of 51% and above, 53% of Grade 9 contractors were black owned in 2022Q4; 81% for Grades 7 and 8; and 78% for Grades 7 to 9.
- Grade 9 contractor enterprises include public listed companies and wholly owned subsidiaries for which black ownership other than directors is excluded. The impact of excluding listed and international companies from the profile is, however, small. Black ownership in grades 2 to 8 of the Register of Contractors is above 80%.

# Transformation – Women-Owned Contractor Enterprises in Grades 2 to 9; 51%+

Supply: Active grades 2 to 9			
Grade	Total number	Number	Women 51%+
9	249	48	19%
7 and 8	2 286	583	25%
5 and 6	4 054	1 245	31%
2 and 4	10 498	3 902	37%
<b>Total</b>	<b>17 087</b>	<b>5 777</b>	<b>34%</b>



- Women ownership of 51% and above for 2022Q4 was on average 34% against our five-year target of 40%.
- The fewest women-owned contractors are in Grade 9 at 19%. Women ownership in grades 2 to 6 is above 30%.
- The cidb has launched initiatives to increase women ownership, including a targeted development policy and construction management systems training programme to upskill women-owned construction in general building and civil engineering.

# Research and Development

## Centre of Excellence

- The cidb continued to support and partner the Centre of Excellence (CoE) at the Department of Construction Management and Quantity Surveying of the University of Johannesburg.
- Student outputs for the year under review included five honours graduates, two masters and a completed PhD, with one more submitted for the April 2023 graduating period.
- The CoE has retained the services of three postdoctoral fellows who are being supported to grow their academic careers as co-supervisors of honours and masters students, while carrying out independent research.



# Research and Development

## Research studies

- During 2022/2023, the cidb conducted a study into the causes and effects on stakeholders of construction tender cancellation.
  - ❖ Tender cancellation is costly and time consuming for tenderers, may disrupt service delivery and is suspected to fuel industry corruption.
  - ❖ A follow-up study established the true costs of tender cancellation and recommended measures to mitigate the impact on contractors. It will be published in 2023/2024.
- Research was also conducted on South African professionals' perceptions of building information. The study is a basis for the development of a comprehensive building information modelling implementation framework, which will evolve during 2023/2024.

# **Contribution to the Economic Reconstruction and Recovery Plan**

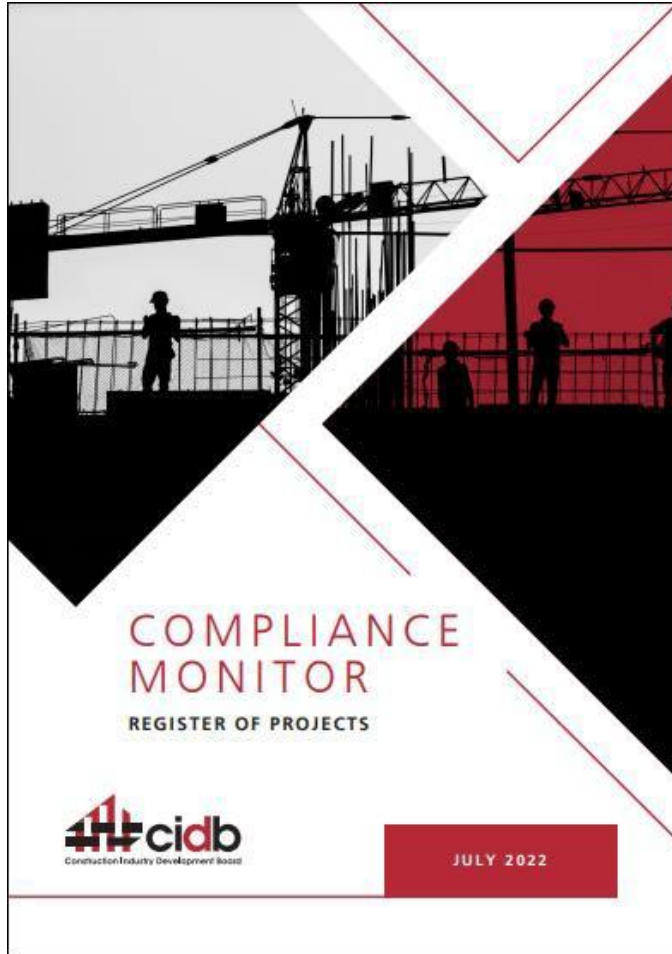
# Contribution to Economic Reconstruction & Recovery Plan

No	Intervention	Intended outcome	Funding/ Budget Committed	High Level Outputs /Targets	Implementation Progress	Challenges & Mitigation Measures
1.	Increase government spending against budget, through client training and capacitation.	<b>Optimised spending</b> in order to drive the developmental benefits flowing from government infrastructure procurement.	Budgets reside in client departments	70% Municipal budget spent for 2022-23 (baseline is 60%); 80% for 2023-24; 90% for 2024-25.  Focus is on municipal expenditure where performance is lowest.	69% spending against budget in 2021/22. Performance has decreased in the 2020/21 year presenting a risk if the declining pattern continues.  This has direct implications for development of designated groups through infrastructure projects.  For the 2022/23 year 110 client departments and SOE's were capacitated on the Infrastructure Delivery Management System (IDMS).  This assists client departments in terms of infrastructure planning, adopting effective tender and contract award processes, expediting procurement and getting projects off the drawing board and on the ground.	One of South Africa's goals in the National Development Plan is to increase public sector infrastructure expenditure to 10% of GDP by 2030. However, public sector infrastructure expenditure has been declining in the past few years.  The slowdown in the construction economy is exacerbated by underspending of capital budgets.  Client capacitation and training provides for improved procurement processes and increased spending. This includes capacitation support for SOE's.  A further opportunity exists in terms of the review of the CIDB Act underway which provides an opportunity to strengthen cidb's procurement reform and development mandate.

# Contribution to Economic Reconstruction & Recovery Plan

No	Intervention	Intended outcome	Funding/ Budget Commitment	High Level Outputs /Targets	Implementation Progress	Challenges & Mitigation Measures
2.	Upscale the implementation of the cidb B.U.I.L.D Programme	<b>Enterprise and skills development</b>	Budgets reside in client departments nationally.	<p>Scaled up targets over a five year period i.e. 01 April 2021 to 31 March 2025:</p> <p>R8 billion of contracts will be directed to developing enterprises per year together with developmental support, by 2025.</p> <p>Around 1 000 contractors will receive developmental support per year, by 2025.</p> <p>R450m spend on workplace training per year, by 2025.</p> <p>10 000 learning opportunities per year for FET learners / artisans, by 2025.</p> <p>1 500 learning opportunities for candidates, by 2025.</p>	<p>Implementation commenced 01 April 2021 and clients are in the process of integrating the B.U.I.L.D Programme into their procurement processes.</p> <p>For the 2022/23 year 110 client departments and SOE's were capacitated on the B.U.I.L.D Programme.</p> <p>Implementation is gathering momentum. The cidb has provided hands-on support to various clients on how to integrate the B.U.I.L.D Programme into their procurement.</p> <p>The cidb has commenced the training targeting 250 women contractors on construction management systems in Grades 5 to 8 and going forward the cidb will be facilitating competence assessment and training of contractors.</p>	<p>Slow implementation of the BUILD Programme results in lost opportunity for development.</p> <p>The cidb has conducted extensive client capacitation sessions and direct client support.</p> <p>BUILD provides for the acceleration of development implemented through infrastructure projects in a manner that enables easy compliance with procurement prescripts.</p> <p>The cidb has increased compliance and enforcement measures.</p> <p>A further opportunity exists in terms of the CIDB Amendment Act which provides an opportunity to strengthen cidb's procurement reform mandate, expand its development mandate and enforcement powers.</p>

# B.U.I.L.D Implementation Progress



- Development interventions through the B.U.I.L.D Programme are gathering momentum with 250 women-owned contractors being trained on Construction Management Systems. This will be followed by other development interventions such as contractor competence assessment and facilitation of training.
- Compliance by infrastructure client departments is low. After extensive capacitation, the cidb has stepped up on compliance interventions.
- It is requested that the department improves compliance so that industry development and transformation can be accelerated.

# Compliance with the cidb Register of Projects

<b>Tender Awards Compliance Indicator (%) per 4 rolling Quarters</b>						
<b>Metropolitan Municipalities</b>	<b>2021Q2</b>	<b>2021Q3</b>	<b>2021Q4</b>	<b>2022Q1</b>	<b>2022Q2</b>	<b>2022Q3</b>
Buffalo City Metropolitan Municipality	75%	55%	58%	54%	54%	38%
City of Cape Town Metropolitan Municipality	65%	59%	37%	16%	9%	5%
City of Tshwane Metropolitan Municipality	60%	50%	50%	22%	17%	11%
Ekurhuleni Metropolitan Municipality	0%	0%	0%	-	0%	0%
eThekweni Metropolitan Municipality	13%	9%	2%	1%	0%	0%
Mangaung Metropolitan Municipality	100%	100%	70%	56%	56%	45%
Nelson Mandela Metropolitan Municipality	0%	0%	0%	0%	0%	0%

<b>Tender Awards Compliance Indicator (%) per 4 rolling Quarters</b>						
<b>Municipal Entities</b>	<b>2021Q2</b>	<b>2021Q3</b>	<b>2021Q4</b>	<b>2022Q1</b>	<b>2022Q2</b>	<b>2022Q3</b>
City Power Johannesburg	25%	25%	33%	33%	-	-
City of Joburg Property Company SOC Ltd	0%	0%	0%	0%	0%	0%
Joburg Market	0%	0%	-	-	-	-
Johannesburg City Parks	-	-	-	0%	0%	0%
Johannesburg Development Agency	40%	0%	50%	50%	33%	25%
Johannesburg Roads Agency	50%	33%	0%	0%	0%	0%
Johannesburg Water	50%	60%	57%	44%	44%	33%
Mandela Bay Development Agency	60%	50%	25%	0%	0%	0%

<b>Tender Awards Compliance Indicator (%) per 4 rolling Quarters</b>						
<b>National Departments</b>	<b>2021Q2</b>	<b>2021Q3</b>	<b>2021Q4</b>	<b>2022Q1</b>	<b>2022Q2</b>	<b>2022Q3</b>
Department of Rural Development and Land Reform	86%	78%	54%	50%	39%	38%
Department of Water and Sanitation	67%	42%	60%	47%	48%	59%
National Department of Public Works	39%	38%	38%	29%	24%	21%
South African Police Services	100%	100%	83%	83%	51%	47%

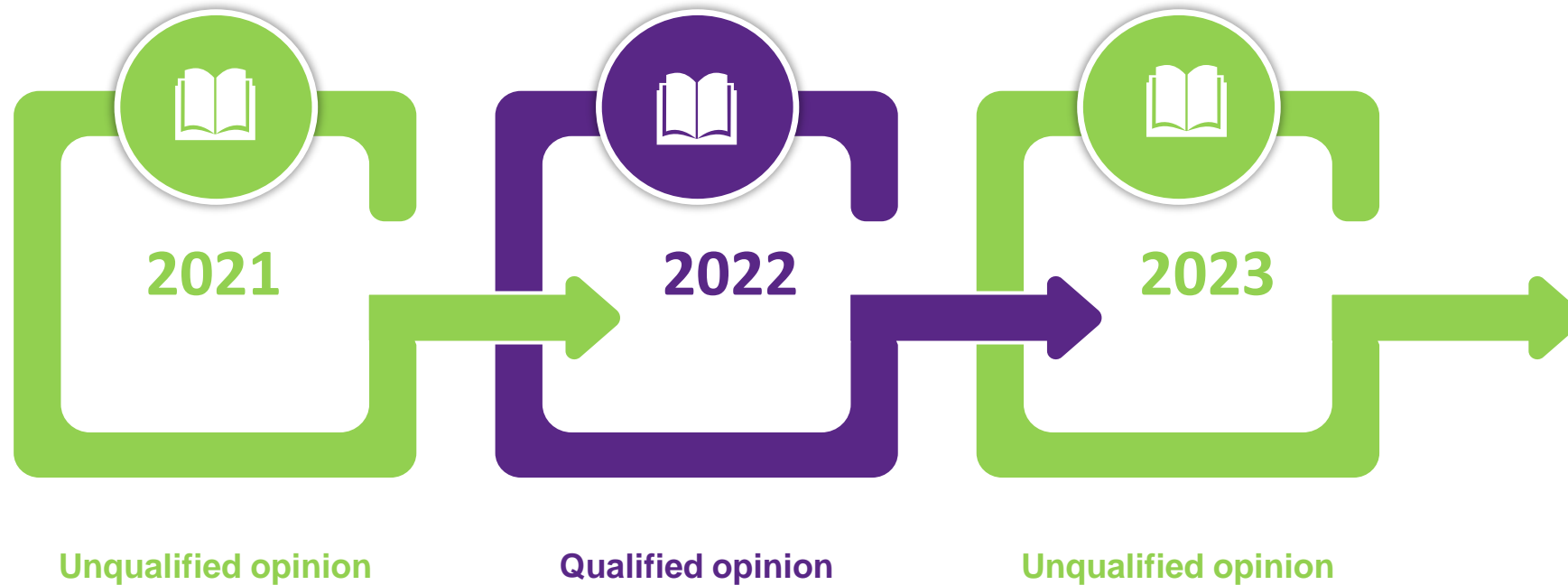


# Compliance with the cidb Register of Projects

Provincial Departments	2021Q2	2021Q3	2021Q4	2022Q1	2022Q2	2022Q3
Department of Agriculture and Rural Development; Gauteng	0%	0%	0%	0%	0%	18%
Department of Agriculture and Land Administration; Northern Cape	35%	46%	75%	100%	100%	0%
Department of Agriculture; Limpopo	-	100%	100%	100%	100%	50%
Department of Agriculture, Rural Development Land and Environmental Affairs; Mpumalanga	92%	92%	100%	100%	100%	0%
Department of Education; Free State	0%	0%	0%	0%	0%	0%
Department of Education; Limpopo	-	50%	50%	50%	50%	0%
Department of Education; North West	-	0%	0%	0%	0%	-
Department of Health; Eastern Cape	0%	0%	0%	0%	0%	0%
Department of Health; Free State	89%	88%	88%	0%	0%	0%
Department of Health; Gauteng	0%	0%	0%	0%	0%	0%
Department of Health; KwaZulu-Natal	0%	0%	0%	0%	0%	0%
Department of Health; North West	7%	6%	0%	0%	0%	0%
Department of Health; Western Cape	100%	100%	100%	100%	100%	60%
Department of Human Settlements; Western Cape	-	-	-	0%	0%	0%
Department of Infrastructure Development; Gauteng	61%	61%	35%	29%	22%	8%
Department of Police, Roads and Transport; Free State	0%	0%	77%	77%	77%	76%
Department of Public Works and Infrastructure; Free State	56%	57%	56%	52%	53%	44%
Department of Public Works; North West	100%	80%	65%	54%	35%	18%
Department of Public Works; KwaZulu-Natal	43%	40%	38%	53%	54%	46%
Department of Public Works, Roads and Transport; Mpumalanga	10%	17%	29%	13%	11%	4%
Department of Roads and Public Works; Eastern Cape	0%	0%	0%	0%	0%	0%
Department of Rural Development and Agrarian Reform; Eastern Cape	67%	66%	63%	71%	70%	61%
Department of Transport and Public Works; Western Cape	74%	77%	75%	79%	73%	41%
Department of Transport, Roads and Public Works; Northern Cape	33%	33%	0%	0%	0%	0%
Department of Transport; KwaZulu-Natal	52%	61%	53%	50%	48%	31%
Department of Public Works; Limpopo	0%	0%	0%	0%	0%	0%

# **cidb Governance and Performance**




























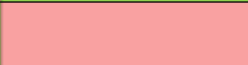
















# Audit Outcomes



- The audit outcome improved from a qualified audit opinion to an unqualified opinion with findings.
- The cidb continued its solid performance on supply chain management processes and performance information as no material audit findings were raised.

# 2022/2023 Audit outcome

The overall audit outcome of the public entity is unqualified with findings. This is an improvement from the previous year's audit outcome.

Outcome area	Movement	2022-23	2021-22	2020-21
<b>Financial statements</b>				
<b>Annual performance report</b>				
<ul style="list-style-type: none"> <li>1.13 indicator schedule for duplication to ensure that no client department has been duplicated, ensuring the accuracy of list</li> </ul>				
<ul style="list-style-type: none"> <li>1.14 Grades 1 - 6 contractors provided with contractor development support is accurate.</li> </ul>				
<ul style="list-style-type: none"> <li>1.15 Client department's capacitated on IDMS.</li> </ul>				
<b>Compliance with legislation</b>				
<ul style="list-style-type: none"> <li>Annual financial statement, performance report and annual report</li> </ul>				
<ul style="list-style-type: none"> <li>Revenue management</li> </ul>				
<ul style="list-style-type: none"> <li>Procurement and contract management</li> </ul>				
<ul style="list-style-type: none"> <li>Expenditure management</li> </ul>				
<ul style="list-style-type: none"> <li>Asset Management</li> </ul>				
<ul style="list-style-type: none"> <li>Consequence management</li> </ul>				
<ul style="list-style-type: none"> <li>Strategic planning and performance management</li> </ul>				

	Unqualified / No material findings		Qualified		Adverse		Disclaimed		Material findings
---	------------------------------------	---	-----------	---	---------	---	------------	---	-------------------

## Interventions Required To Achieve a Clean Audit

- An audit action plan that addresses all AG recommendations has been developed
- Internal audit will assist with the review of progress against the audit action plan
- Report to the audit committee progress on addressing audit findings for oversight, including root cause analysis



# FINANCE REPORT





# Financial Management

- Responsible financial management
- Manage budget cuts from shareholder
- Optimise resources through collaboration with other entities
- Improve B.U.I.L.D Fund collection processes



# Financial Management

**Construction Industry Development Board**  
Annual Financial Statements for the year ended 31 March 2023

**STATEMENT OF FINANCIAL PERFORMANCE**

	Notes	2023	2022 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Assessment fees		50 125 434	50 537 921
Other income		1 441	371 606
Finance income	13	10 208 646	6 986 443
<b>Total revenue from exchange transactions</b>		<b>60 335 521</b>	<b>57 895 970</b>
<b>Revenue from non-exchange transactions</b>			
Government grants	14	80 012 000	78 166 000
B.U.I.L.D Fees	15	121 542 685	53 420 280
Donation received	16	-	250 000
Contractor fines		120 000	-
Annual fees		89 712 568	46 789 628
Service in Kind		1 480 706	1 018 739
<b>Total revenue from non-exchange transactions</b>		<b>292 867 959</b>	<b>179 644 647</b>
<b>Total revenue</b>	12	<b>353 203 480</b>	<b>237 540 617</b>
<b>Expenditure</b>			
Employee Benefit Cost	17	(123 980 194)	(111 784 209)
Members' emoluments	18	(4 738 690)	(3 145 516)
Depreciation and amortisation	19	(4 300 536)	(3 528 195)
Finance costs	20	(6 608)	(7 336)
Debt Impairment reversal	21	239 332	180 780
Bad debts written off		(186 805)	(141 014)
Operating expenses	22	(91 962 615)	(75 742 158)
<b>Total expenditure</b>		<b>(224 936 116)</b>	<b>(194 167 648)</b>
<b>Operating surplus</b>	24	<b>128 267 364</b>	<b>43 372 969</b>
Gain/(Loss) on disposal of property, plant and equipment		(841 903)	482 643
<b>Surplus for the year</b>		<b>127 425 461</b>	<b>43 855 612</b>

# Statement of Financial Performance Analysis

- Increase in surplus for the year compared to the previous financial year mainly due to income in B.U.I.L.D revenue
- Employee costs increased due to some of the key positions that were filled during the year.



# Financial Management

## Construction Industry Development Board

Annual Financial Statements for the year ended 31 March 2023

### Statement of Financial Position as at 31 March 2023

	Notes	2023	2022 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Receivables from exchange transactions	5	266 743	960 802
Receivables from non-exchange transactions	6	166 584 932	49 418 484
Prepayments		9 588 192	8 309 792
Cash and cash equivalents	7	202 988 014	174 462 698
		<b>379 427 881</b>	<b>233 151 776</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	3	103 706 772	106 198 298
Intangible assets	4	36 110 017	29 438 002
		<b>139 816 789</b>	<b>135 636 300</b>
<b>Total Assets</b>		<b>519 244 670</b>	<b>368 788 076</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Finance lease obligation	8	280 902	277 232
Income received in advance	9	97 260 629	97 105 936
Provisions	10	11 113 029	6 873 903
Payables from exchange transactions	11	16 353 653	14 917 558
		<b>125 008 213</b>	<b>119 174 629</b>
<b>Non-Current Liabilities</b>			
Finance lease obligation	8	70 805	351 707
<b>Total Liabilities</b>		<b>125 079 018</b>	<b>119 526 336</b>
<b>Net Assets</b>		<b>394 165 652</b>	<b>249 261 740</b>
Accumulated surplus		394 165 652	249 261 740
<b>Total Net Assets</b>		<b>394 165 652</b>	<b>249 261 740</b>

# Statement of Financial Position Analysis

- Cidb continued with a financial healthy position with R202m (2022:R174m) positive cash resources.
- A significant increase in current assets was as a result of a B.U.I.L.D revenue and receivables.

**THANK YOU**