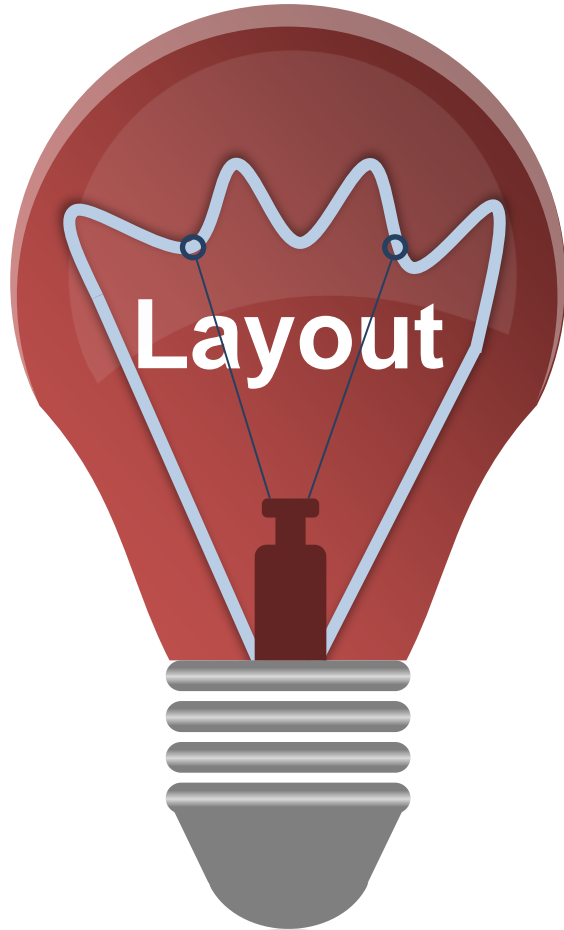


# Parliamentary Portfolio Committee on Public Works and Infrastructure

**CIDB 2024/25 Annual Performance Plan**





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Vision , Mission, Values & Mandate

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### 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

## LEGISLATIVE MANDATE

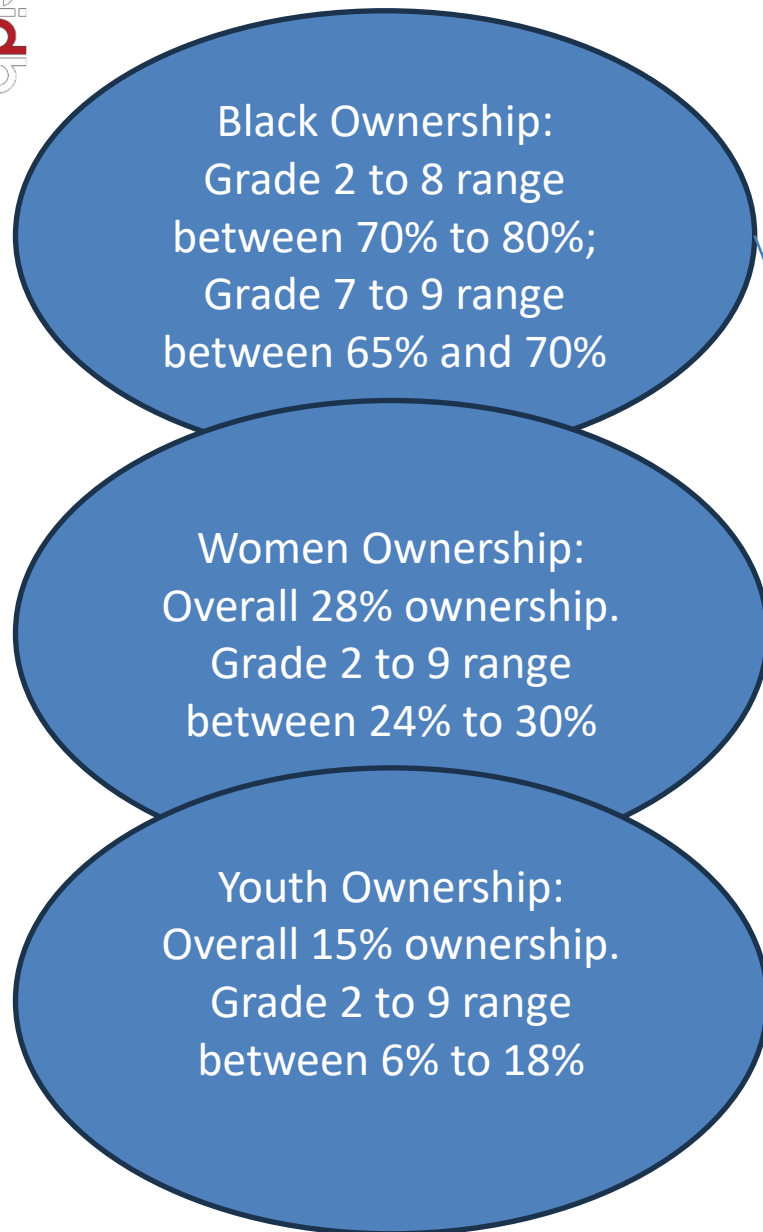
### Summary of the cidb's Legislative Mandate

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

# Updated: Situational Analysis



# TRANSFORMATION



INTERVENTION	DESCRIPTION AND PROGRESS
Implementation of the B.U.I.L.D: Programme driving development through the B.U.I.L.D Fund; Support clients in the implementation of the B.U.I.L.D Standards.	<p>The B.U.I.L.D Programme focuses on: skills development; Competence Recognition; Business Advisory; Mentorship; Contractor Development Programme; Construction Management Systems; Centres of Excellence.</p> <p>The cidb has trained about 160 women contractors in 2023/24 on construction management system, as part of a multi-year target to ramp up to 2000 trainees with support for certification. Centres of Excellence have been awarded to UJ and Wits to support industry research and build academic capacity providing opportunities to targeted groups.</p> <p>For the 2024/25 financial year, the cidb plans to spend 100% of the BUILD funds allocated to development interventions, including development finance, in partnership with SEFA.</p>
Ensuring the cidb registration criteria addresses transformation.	The cidb Board has approved the amendments to registration criteria. Regulations to be developed.
Providing business and technical advisory services to small and medium contractors.	The business advisory service is a partnership with local development programmes, client departments and other identified stakeholders. Interaction, linkages, training and knowledge transfer are facilitated through the cidb provincial offices. The cidb plans to do assessment of competence with 500 contractors.
Reviewing the Contractor Development Programme framework to enable transformation.	The framework was redesigned and the Implementation of the B.U.I.L.D Programme is in line with the development strategy. Additional guidelines have been provided to infrastructure clients in the form of a targeted development policy.

# Infrastructure Budget Spend



# CLIENT PERFORMANCE: INFRASTRUCTURE BUDGET SPEND

Infrastructure spending has an impact on:  
Demand for work

**Focus:**

Infrastructure spend  
State Owned Entities  
Municipalities

# INFRASTRUCTURE SPENDING: PUBLIC SECTOR

Entities	R million		Contribution (%)		Expenditure (%)		
	2021/2022	2021/2022	2021/2022	2021/2022	% Expenditure in 2019/2020	% Expenditure in 2020/2021	% Expenditure in 2021/2022
	Budget	Expenditure	Budget	Expenditure			
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>

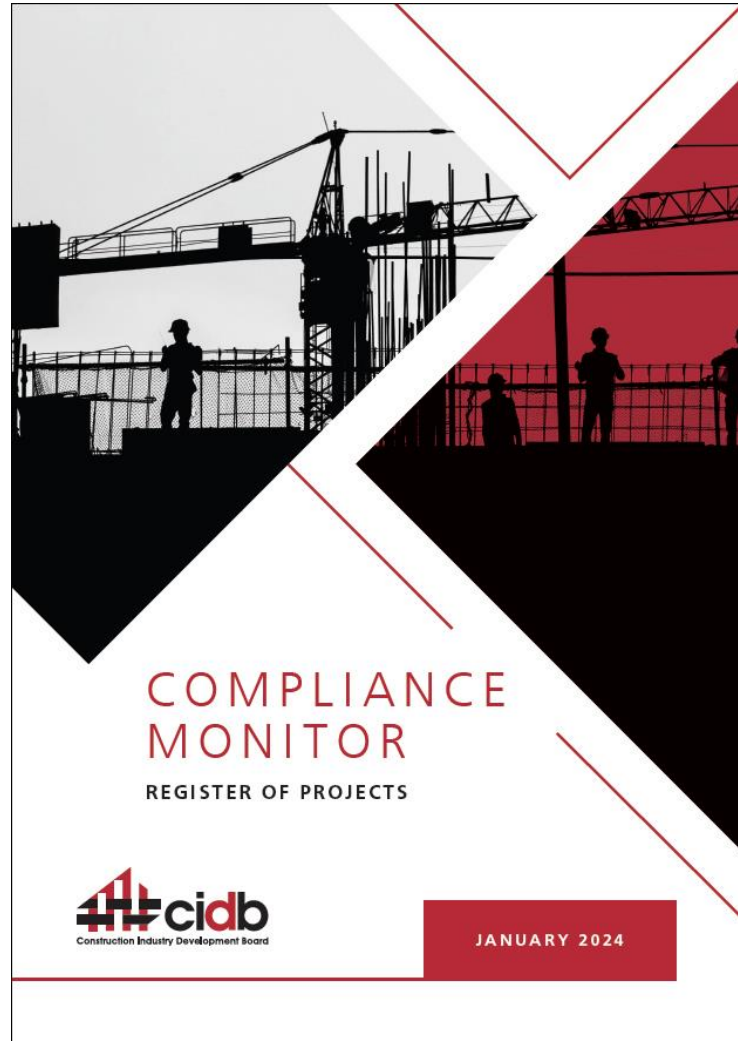
Public sector spending on infrastructure remains a concern.

## Interventions to Improve Public sector expenditure

- Consult with all organs of state to identify construction-related budgets and their application. Assess the impact of public infrastructure expenditure on the construction industry and advise the Minister.
- Continuation of 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(120 clients departments targeted in 2024/25).
- Implementation of the cidb competence framework for procurement and the underpinning tools to assess SCM officials.



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



- Development interventions through the B.U.I.L.D Programme are gathering momentum with women-owned contractors targeted being trained Construction Management Systems (see earlier slides). Contractor competence assessments have also commenced.
- Compliance by infrastructure client departments is low. For Q2 and Q3 there were 53 capacitation sessions held due to the high demand from clients. Clients were sent transgression letters for non-compliance.
- The Best Practice Standards, Construction Management Systems, Contractor Competence Assessment and Centre's of Excellence are the first phase of the rollout of the development strategy enabled through the B.U.I.L.D Programme. In 2023/24 around 160 contractors underwent the Construction Management Systems training. Centres of Excellence establishment awarded to University of Johannesburg and Wits University to promote industry research and build academic capacity providing opportunities to targeted groups.

# Compliance with the cidb Register of Projects

Tender Awards Compliance Indicator (%) for 4 Quarters

Entity Type	2022Q4	2023Q1	2023Q2	2023Q3
District Municipalities	49%	56%	33%	4%
Local Municipalities	35%	25%	29%	18%
Metropolitan Municipalities	37%	40%	16%	7%
Municipal Entities	73%	33%	7%	6%
National Departments	32%	13%	17%	12%
Provincial Departments	56%	50%	51%	21%
State Owned Enterprises	65%	40%	32%	34%

Tender Awards Compliance Indicator (%) for 4 Quarters

National Departments	2022Q4	2023Q1	2023Q2	2023Q3
Department of Rural Development and Land Reform	100%	100%	0%	0%
Department of Water and Sanitation	100%	100%	100%	33%
National Department of Public Works	26%	3%	14%	13%
South African Police Services	100%	22%	25%	0%

# Compliance with the cidb Register Projects

Tender Awards Compliance Indicator (%) for 4 Quarters

Provincial Departments	2022Q4	2023Q1	2023Q2	2023Q3
Department of Agriculture and Rural Development; Gauteng	60%	100%	-	33%
Department of Agriculture; Limpopo	-	100%	100%	100%
Department of Agriculture, Rural Development Land and Environmental Affairs; Mpumalanga	100%	-	67%	100%
Department of Education; Free State	-	-	0%	0%
Department of Health; Eastern Cape	-	-	-	0%
Department of Health; Free State	-	-	-	0%
Department of Health; Gauteng	0%	0%	-	-
Department of Health; KwaZulu-Natal	-	88%	67%	18%
Department of Health; North West	67%	100%	-	0%
Department of Health; Western Cape	-	67%	38%	57%
Department of Human Settlements; Western Cape	0%	-	-	-
Department of Infrastructure Development; Gauteng	50%	-	-	0%
Department of Police, Roads and Transport; Free State	-	-	100%	0%
Department of Public Works and Infrastructure; Free State	50%	0%	-	33%
Department of Public Works; North West	0%	100%	-	80%
Department of Public Works; KwaZulu-Natal	53%	46%	48%	25%
Department of Public Works, Roads and Transport; Mpumalanga	63%	-	100%	14%
Department of Roads and Public Works; Eastern Cape	0%	0%	0%	6%
Department of Rural Development and Agrarian Reform; Eastern Cape	100%	-	85%	50%
Department of Transport and Public Works; Western Cape	90%	75%	92%	22%
Department of Transport, Roads and Public Works; Northern Cape	0%	0%	0%	0%
Department of Transport; KwaZulu-Natal	71%	61%	-	6%
Department of Public Works; Limpopo	0%	-	0%	-

# **Other Performance Information & Highlights**



# HIGHLIGHTS

## Empowerment and recognition of women in construction

- A highlight for the period under review is the 04<sup>th</sup> Empowerment and Recognition of Women in Construction (ERWIC) awards which was held 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.
- The ERWIC Awards has grown over the years and now many women-owned contractors aspire to receive recognition and are eager to contribute and lead the way in the construction industry.



# HIGHLIGHTS Brics Future Challenge



- The cidb participated in the BRICS Skills Development Group and actively supported the development of the building information modelling curriculum.
- 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.

# National Stakeholder Forum 2023



- The National Stakeholder Forum (NSF) meeting with the Minister of Public Works and Infrastructure, Honourable Sihle Zikalala, was held on 12 December 2023. Minister outlined the challenges limiting the construction industry's capacity to delivery infrastructure, stimulate economic growth, and create a better environment for survival of businesses were discussed.
- Minister emphasised the need for the industry to address the blockages for accelerated infrastructure delivery and for projects to hit the ground. He also emphasised that as we roll out infrastructure projects it is critical that there are benefits to local communities. Within the DPWI dedicated capacity has been established to promote the social facilitation framework that was approved by Cabinet. The Department is harnessing the support of its entities to support the incorporation of social facilitation in infrastructure project.
- The Minister also indicated that the cidb Register of Contractors should be expanded to the private sector, thereby deepening the development and transformation of the construction industry. This will be supported through amendments to the CIDB Act (38 of 2000). Minister also expressed support for the establishment of a construction industry ombudsman which will provide cost-effective mechanisms for resolving disputes in the industry and to provide support for vulnerable role players that seek redress in terms of disputes.
- Poor practices, policy and regulatory challenges in the construction procurement environment, enterprise development, and professionalisation of the construction industry are among key development blockages that will form the focus of the NSF during its two-year tenure which began in October 2023.

# Highlights

## Empowering Women Contractors



Construction Management Systems Implemented as part of the B.U.I.L.D Programme. The cidb seeks to develop and upskill 250 female contractors, who own at least 51% in their respective companies from Grades 5 to 8 in the Civil Engineering and General Building classes of work and will ramp up the number of beneficiaries in subsequent years. The goal is to accelerate professionalisation of companies on the Register of Contractors for success and sustainability, with women-owned contractors being the first beneficiaries of this B.U.I.L.D Programme initiative. In 2023/24 around 160 contractors underwent the Construction Management Systems.



# **Organisational Development and Business Delivery Capability**



# ORGANISATION DEVELOPMENT AND BUSINESS DELIVERY CAPABILITY

Organisational Culture Improvement Programme underway. Key areas of focus include improved team cohesion, employee recognition, investment in professional development, policy revisions, and information sharing, among other areas of focus. Since 2021, around 25% of cidb employees have undergone professional development and training.

Registration service online function has become the primary platform for contractors applying to the cidb. This enables improved customer service, faster turnaround times and better integrity. Adopting technology platforms to support the cidb core services enables reorienting of cidb employees towards more value-adding services such as client capacitation, and compliance and enforcement.

# **cidb Governance & Performance**



# AUDIT MATTERS

Outcome area	Movement	2022-23	2021-22	2020-21
Financial statements	⬆️	🟢	🟣	🟢
<b>Annual performance report</b>				
• 1.13 indicator schedule for duplication to ensure that no client department has been duplicated, ensuring the accuracy of list	⬆️	🟢	🟢	🟢
• 1.14 Grades 1 - 6 contractors provided with contractor development support is accurate.	⬆️	🟢	🟢	🟢
• 1.15 Client department's capacitated on IDMS.	⬆️	🟢	🟢	🟢
<b>Compliance with legislation</b>				
• Annual financial statement, performance report and annual report	⬆️	🟡	🟡	🟢
• Revenue management	⬆️	🟢	🟡	🟢
• Procurement and contract management	⬆️	🟢	🟢	🟡
• Expenditure management	⬆️	🟢	🟢	🟢
• Asset Management	⬆️	🟢	🟢	🟢
• Consequence management	⬆️	🟢	🟢	🟢
• Strategic planning and performance management	⬆️	🟢	🟢	🟢

🟢	Unqualified / No material findings	🟣	Qualified	🟡	Adverse	🔴	Disclaimed	🟠	Material findings
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## Audit Outcome

- 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.
- Cidb aims to achieve a clean audit in the 2023/24 financial year

# AUDIT MATTERS

## Summary of the Audit Action Plan

- There were 11 key recommendations issued by the auditor general to improve the audit outcome
- 6 of the recommendations have been resolved whilst the remaining 5 recommendations would be resolved before 31 March 2024.

## Interventions to Improve Audit Outcomes

- Internal audit **has started with the** review of audit action plan
- Produced interim financial statements for audit to identify non-compliance before the external audit.
- Report to the Audit, Risk and Governance Committee for oversight progress in addressing audit findings, including root causes

# **2024/25 APP OUTPUT INDICATORS**





# 2024/25 PERFORMANCE TARGETS

Programme	No.	Output Indicator	Prior year	2024/25 annual target
Programme 1: Administration	1.1	% Audit issue resolved	70%	80%
	1.2	Number of board performance assessment conducted	1	0
	1.3	% of invoice paid within 30 days	100%	100%
	1.4	% System uptime	97%	98%
Programme 2: Research & Development	2.1	Number of research studies conducted	2	2

- **Administration programme plays a crucial role in the delivery of cidb services through support services**
- **% of audit issues resolved.**
  - Ensure that sound governance practices are implemented through effective implementation and resolution of audit actions.
- **% of invoices paid within 30 days.**
  - invoices are paid within 30 days to maintain supplier sustainability and comply with payment directives.
- **% of system uptime**
  - System uptime measures the time that ICT systems are operational throughout total working hours across the financial year.
- **Research and development focuses on researching subjects of importance to, or that impact on, transformation and development.**



# 2024/25 PERFORMANCE TARGETS

Programme	No.	Output Indicator	Prior year	2024/25 annual target
Programme 3: Construction Industry Regulation	3.1	Number of reports on amendments of registration criteria	1	0
	3.2	% of contravention notices against detected non-compliance on cidb prescripts issued within 30 days	80%	90%
	3.3	% of grades 1 to 9 contractors registered within 21 working days for compliant applications	98%	98%
Programme 4: Construction Industry Performance	4.1	Number of industry monitoring reports	4	4
	4.2	Number of transformation status reports	1	1
	4.3	Number of industry performance standards submitted to the Board	1	0

➤ Construction Industry Regulation is the custodian of the Register of Contractors (RoC) and Register of Projects (RoP).

➤ **% of contravention notices against detected non-compliance on cidb prescripts issued within 30 days**

- Non-compliance with the RoP is currently high. The cidb commits to verifying compliance across provinces.

➤ **% of grades 1 to 9 contractors registered within 21 working days for compliant applications**

- Cidb aims to register all applications within 21 days. In the 2022/23 financial 100% of applications were registered within 21 days.

➤ **Construction Industry Performance determines and establishes best practice that promotes improved industry stability, performance, efficiency and effectiveness.**

- Cidb produces industry monitoring reports on a quarterly basis.
- The focus of the monitor is on Transformation. Supply and demand, Contractor development, Employment, Public sector infrastructure spending.

# FINANCE



# Programme Budget Allocations for 2024/25 to 2026/27

## Statement of financial performance

	Audited outcome	Audited outcome	Audited Outcome	Approved Budget	Medium-term estimate		
R thousand	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
<b>Revenue</b>							
<b>Total revenue</b>	<b>184 146</b>	<b>246 333</b>	<b>370 682</b>	<b>252 038</b>	<b>278 152</b>	<b>296 880</b>	<b>316 431</b>
Register income	102 165	97 328	139 838	131 293	136 544	142 006	147 686
Investments revenue	7 995	6 986	10 209	6 425	6 425	6 712	6 981
Donations	250	250	-	-	-	-	-
B.U.I.L.D Revenue		61 730	139 021	34 000	60 000	70 000	80 000
Service in kind	1 292	1 019	1 481	-	-	-	-
Other income		854	121				
Transfers received	72 442	78 166	80 012	80 320	75 183	78 161	81 764
<b>Expenses</b>							
<b>Current expenditure</b>	<b>166 027</b>	<b>194 167</b>	<b>225 778</b>	<b>252 037</b>	<b>278 153</b>	<b>296 880</b>	<b>316 432</b>
Compensation of employees	97 355	112 587	124 744	136 934	142 411	148 108	154 032
Goods and services	64 905	78 045	96 727	115 103	135 741	148 772	162 399
Depreciation	3 767	3 528	4 301	-	-	-	-
Interest, dividends and rent on land	-	7,00	6,60	-	-	-	-
Surplus/(Deficit)	18 118	52 166	144 903	0,00	0,00	0,00	0,00

**THANK YOU**

