



COUNCIL FOR THE BUILT ENVIRONMENT

2011 - 2012 Annual Report

I have the honour of submitting the Annual Report of the CBE for the period 01 April 2011 to 31 March 2012.

A handwritten signature in black ink, appearing to read 'Portia', with a stylized flourish above the name.

Portia Tau-Sekati (Ms)

Vision

To provide sustainable built environment professions, serving public and national interests.

Mission

Through leadership of the built environment professions, facilitate integrated development, whilst promoting efficiency and effectiveness.

Values

Integrity

We will carry out our responsibility in a manner that will preserve and enhance the integrity of the organisation.

Transparency

We recognise the CBE as a public entity and commit to providing reliable information to all our stakeholders.

Excellence

We will endeavour to achieve the best possible standards in all we do.

Innovation

We will continuously seek and employ better and more affordable solutions to meet the needs of our stakeholders.

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1. LIST OF ABBREVIATIONS AND ACRONYMS

AG	Auditor-General
BE	Built Environment
BEP	Built Environment Profession
BEPC	Built Environment Professional Council
CBE	Council for the Built Environment
CPD	Continuing Professional Development
DPW	Department of Public Works
ECSA	Engineering Council of South Africa
EduRes	Education and Research Committee
GFCF	Gross Fixed Capital Formation
GRAP	Generally Recognised Accounting Practice
HRD	Human Resource Development
IDoW	Identification of Work
IPAP	Industrial Policy Action Plan
NDP	National Development Plan
NGP	New Growth Path
OHS	Occupational Health and Safety
PDI	previously disadvantaged individual
PFMA	Public Finance Management Act
PMDS	Performance Management and Development System
RICS	Royal Institute of Chartered Surveyors
RPL	Recognition of Prior Learning
SACAP	South African Council for the Architectural Profession
SACLAP	South African Council for the Landscape Architectural Profession
SACPCMP	South African Council for the Project and Construction Management Professions
SACPVP	South African Council for the Property Valuers Profession
SACQSP	South African Council for the Quantity Surveying Profession
SAQA	South African Qualifications Authority
SARB	South African Reserve Bank
SGB	Standards Generating Body
VA	Voluntary Association

2. MINISTER'S FOREWORD

The Annual Report of the CBE for the 2011/12 financial year demonstrates our steadfast endeavour to guide the built environment professions, through the six Built Environment Professional Councils towards contributing to the growth and development objectives of the country. Through this report, the CBE accounts to Parliament and to the people of South Africa on its performance, together with highlights on its Professional Councils performance in line with their specific mandates.

As a country, South Africa has adopted infrastructure investment as one of the key policy priorities that will drive economic growth and job creation, as stated in the New Growth Path. During the year under review, the CBE developed a concept document on how it would respond and align to the key priorities of government. In this regard, the CBE undertook a Planning Alignment Project aimed at ensuring that the planning processes of the CBE and the six Professional Councils are aligned to National Treasury guidelines. Furthermore, the project aims to ensure that each of the Council's planning processes takes into consideration priorities of government relating to built environment. These priorities include key strategic integrated infrastructure investment projects identified in the President's State of the Nation Address in February 2012 and the National Planning Commission's Vision 2030.



Thembelani Nxesi

The Infrastructure Plan recently adopted by the Government, aimed at transforming the economic landscape of the country, presents an opportunity for the CBE to re-establish its position as the regulator of the built environment. This has huge implications for the heightened role of built environment professions for effective infrastructure delivery in the country. It is therefore critical for the CBE to drive its mandate of sustainable human resource development to ensure sufficient capacity within the sector. In view of this, the CBE has played a leading role during the 2011/12 financial year in ensuring that the number of unaccredited institutions is reduced. Out of twenty three non-accredited programmes between 2009 and 2011, fourteen have been accredited to date. This has implications for the reduction of graduates that are unable to register with the respective Professional Councils due to non-accredited programmes.

The delay on the completion of the Identification of Work policy framework remains a concern that requires immediate closure. Among others, the challenge of professionals that practice without professional registration cannot be tolerated anymore, as this opens a gap in the regulation of the built environment.

As we look into the future, the effective implementation of, among others, the accreditation, Continuing Professional Development (CPD) and standard generating bodies (SGBs) as policy instruments, will enable the CBE to ensure sustained human resource development within the built environment. The area that still requires intensive engagement is the reduction of fatalities and accidents within the built environment. In the wake of global warming and climate change, the CBE has undertaken initiatives to ensure that BE professionals are responsive to the national initiatives of the green economy, noting the existing report developed by the CBE on Greenhouse Gas Emission Strategies within the built environment. The CBE will continue on its initiatives of ensuring that the professionals' practices are aligned and more importantly, are responsive to the emerging environmental challenges that are facing the globe.

I acknowledge the CBE's continued embrace of transformation initiatives in the built environment. It is for this reason that as the Minister of Public Works, I have deemed it necessary to revisit and make efforts to address legislative bottlenecks that might hinder the route to a transformed BE sector. This includes revisiting the legislative framework that will guide the regulation of BEPs in South Africa.

At the close of the year, the CBE was celebrating its 10 years of existence. Looking back, I recognise the progress to date, mainly in ensuring that policy frameworks on the functions of the CBE and BEPCs are in place and are aligned towards meeting the developmental challenges of the country.

The CBE's achievement of an unqualified audit report for the 2011/12 financial year is commendable. I would like to thank the CBE Council and the management team for all their efforts in ensuring that the CBE continued to operate optimally at the time when the appointment of a new CEO had not been finalised.



Mr T.W Nxesi (MP)

Honourable Minister of Public Works

3. CBE CHAIRPERSON'S REMARKS

I would like to start by congratulating the CBE as it celebrates its 10th year of existence. The journey has not been easy, but we have made strides in responding to the mandate of the CBE. During the financial year under review, the CBE aligned its strategic goals to the key government policy priorities as stipulated in the 2009 Medium Term Strategic Framework document, specifically the goals stepping up skills development initiatives and strengthening human resource base and sustainable resource utilisation. This was necessitated by the fact that the BEPs play a key role in the delivery of infrastructure. It is my firm belief that the BEPs also have a role in job creation and skills transfer within the sector. The need to consider practical strategies towards poverty eradication in South Africa cannot be overemphasised. The CBE's position paper on Standard Generating Bodies puts a strong emphasis on pursuit of labour-intensive programmes to contribute to job creation in the country.

During the period under review, the CBE delivered on the new strategic direction amidst the delays that were experienced during the year. As we move ahead, one of our priorities as the CBE would be to ensure alignment of our professionals to the Government's infrastructure investment. In this regard the CBE established a Task Team to specifically consider issues for alignment in the planning processes of the CBE and the Professional Councils. This presents an opportunity to the CBE to ensure that its mandate of continuous human resource development is effectively implemented within the Built Environment.

The challenges of transformation continue to face the professions and the Council will continue to tackle these into the future. Throughout the year, the transformation of the BEPs remained our priority area. Although progress has been made in the respective six BEPCs, there is still an outcry on some of the bottlenecks that are yet to be addressed. Another area of priority is skills development in the BE. The CBE has achieved its targets of 53 bursary offers to students from previously disadvantaged backgrounds. Of the total, 36% (18) were women.

The CBE Council continuously provided support to the administration team to ensure the functioning of the CBE as an organisation amid challenges.

Our delivery model was structured into four programmes to ensure alignment to the mandate and the strategic goals of the organisation. The programmes are Administration, Built Environment Skills Academy, Centre for Innovation and Integrated Planning, and Public Interest. As we close the financial year, each of these programmes has made a considerable achievement against set targets. My sincere gratitude goes to my colleagues and other stakeholders who helped to ensure the effective functioning of the CBE.



Portia Tau Sekati

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Portia Tau-Sekati

Chairperson: CBE Council

CBE COUNCIL MEMBERS (2010 – 2014)



4. CEO'S REPORT

In the light of the President's announcement of the infrastructure projects, the CBE is tapping into the opportunity to ensure that there is sufficient Human Resource capacity to deliver on these projects. The CBE came into existence through the CBE Act, 2000 (Act 43 of 2000) and was established as an organisation on 8 April 2002. In its 10th anniversary, the CBE celebrates a steady growth in leading the BEPs. The 2011/12 financial year has not been an easy one, mainly due to the organisation having had to revise the Business Plan to be in line with the new Council's strategic direction, as well as the CEO's contract coming to an end. Despite all these challenges, the CBE managed to achieve execution of 79% of the planned projects. In its new Strategic Plan, the CBE organised its work into the following four programmes:

- Administration
- Built Environment Skills Academy
- Centre for Innovation and Integrated Planning
- Public Interest.

The CBE had planned to implement 34 projects in the 2011/12 financial year through these four programmes. Of the 34 projects, 28 were completed during the year and six could not be completed. Looking closer at the projects against the set timelines, the CBE managed to deliver 53% of projects within set timelines and 58% within budget. As an organisation, the CBE has drawn lessons from the performance during the year so as to improve our performance in the next financial year.

PROJECT AND BUDGET PERFORMANCE

Out of the 34 projects that were undertaken by the CBE over the past financial year, some of them would not have incurred cost because they formed part of the normal course of the CBE business. Besides the normal salary cost, the organisation did not incur further costs in the execution or delivery of the projects. Overall, 82% of the projects during the 2011/12 financial year were executed by the CBE's internal staff. This is indicative of the organisational commitment to move away from the use of consultants as only 18% of the work was outsourced during the year.

SUMMARY OF PERFORMANCE OF THE SIX BEPCs

The CBE and the six BEPCs (South African Council for the Architectural Profession [SACAP]; South African Council for the Landscape Architectural Profession [SACLAP]; Engineering Council of South Africa [ECSA]; South African Council for the Property Valuers Profession [SACPVP]; South African Council for the Quantity Surveying Profession [SACQSP] and South African Council for the Project and Construction Management Professions [SACPCMP]) continue to work together on the 13 concurrent functions. The CBE, through its Research and Policy Department, continues to investigate a number of issues affecting the effective supply of skills, challenges faced by tertiary institutions and the role of the industry.

During the year under review, the BEPCs have demonstrated an improvement on some of the functions they undertook. I would like to highlight an increase realised in the area of professional registration with special mention of the growth of candidates, especially candidate registrations by previously disadvantaged individuals (PDIs). The challenges ahead of the CBE and the BEPCs in terms of accelerating registration of candidates to professionals, are still enormous.

CONCLUSION

A number of lessons have been drawn from the challenges experienced during the 2011/12 financial year. One of these is to ensure that there is heightened management of projects within the organisation, and this will be linked to accountability on the performance. The area of budgeting also requires improvement. My sincere gratitude goes to the CBE Executive Management for their role in ensuring that the CBE remained focused even during challenging moments. I also wish to thank the Department of Public Works for all the support provided to the CBE during the year.



Gugu Mazibuko

Chief Executive Officer

5. PREFACE

5.1 CBE PURPOSE AND FUNCTION

The CBE Act of 2000 establishing the CBE was passed by Parliament in November 2000 along with Acts regulating and re-establishing the six BEPs. The Act became operational in September 2001, following the establishment of the six BEPCs for architects, engineers, landscape architects, project and construction managers, property valuers and quantity surveyors.

The CBE was established as an overarching body for the BEPs. Its mandate is to:

- a. promote and protect the interests of the public in the built environment
- b. promote and maintain a sustainable built environment and natural environment
- c. promote on-going human resources development (HRD) in the built environment
- d. facilitate participation by the BE professions in integrated development
- e. promote appropriate standards of health, safety and environmental protection in the built environment
- f. promote sound governance of the BE professions
- g. promote liaison in the field of training in the republic and elsewhere
- h. serve as a forum where the BE Professions discuss relevant issues
- i. ensure uniform application of norms and guidelines set by the BEPCS.

The CBE exists to drive policy coordination and to ensure consistency in application of policy within the BE. Broadly, the CBE also promotes the participation of BEPs in integrated development within the context of national goals. The CBE also acts as the conduit for communication between government and BEPs.





Annual Performance Report



6. PROGRAMME REPORT

The activities of the CBE are organised in the following programmes:

Programme 1: Administration

Programme 2: Built Environment Skills Academy

Programme 3: Centre for Innovation and Integrated Planning

Programme 4: Public Interest

Programme 1: Administration

Purpose	To provide strategic management and administrative support to the entire CBE.
Strategic objectives	<p>To improve the image and profile of the CBE.</p> <p>To establish an efficient, effective and compliant CBE.</p> <p>To update and comply with all critical milestones of the risk management plan for the current year.</p> <p>To maintain an unqualified overall performance and financial audit opinion.</p> <p>To develop and implement a Performance Management and Development System (PMDS).</p> <p>To increase the efficiency and effectiveness of the CBE.</p> <p>To create an output-oriented organisation.</p>
Performance against indicators and targets	<p>Risk champions were appointed to monitor and report on implementation of risk-management plans across the divisions of the organisation.</p> <p>A corporate governance framework was developed and approved by Executive Committee.</p> <p>A new PMDS was developed and implemented.</p>

Strategic goals	Strategic objectives	Evidence / Outcome	Key Performance Indicator	Actual Performance Against Target				Reason for variance
				Target (2011/12)	Actual (2011/12)	Annual Budget R'000	Actual Expenditure R'000	
Lead and strengthen stakeholder management	To improve the image and profile of the CBE	<ul style="list-style-type: none"> Enhanced good Corporate Governance and performance culture within the CBE 	<ul style="list-style-type: none"> Availability of the Survey Report and close a % of gaps identified from the previous survey 	<ul style="list-style-type: none"> Completed the Survey Report and 70% of gaps closed 	55% Achieved	0	0	Project delayed due to not receiving inputs from stakeholders. The report will be finalised in the next financial year. Report at draft stage and 55% of gaps closed
Strengthen the administration function of the CBE	Establish an efficient, effective and compliant CBE organisation	<ul style="list-style-type: none"> Sound governance Enhanced good corporate governance and performance culture within the CBE Sound governance 	<ul style="list-style-type: none"> Availability of an approved CBE Corporate Governance Framework aligned to governance prescripts and number of corporate governance review workshops Availability of an updated Risk Management Strategy and plan % level of matters of audit opinion emphasis that get cumulatively addressed in each period 	<ul style="list-style-type: none"> Framework developed, approved and available for implementation. Corporate Governance review workshops held Updated strategy and risk management plan available by end of first quarter 100% reduction of emphasised matters 	Achieved	40	37	None
					Achieved	88	99	None
					Achieved	0	0	N/A

Strategic goals	Strategic objectives	Evidence / Outcome	Key Performance Indicator	Actual Performance Against Target				Reason for variance
				Target (2011/12)	Actual (2011/12)	Annual Budget R'000	Actual Expenditure R'000	
Strengthen the administration function of the CBE	To increase the efficiency and effectiveness of the CBE	<ul style="list-style-type: none"> A fully capacitated organisation 	<ul style="list-style-type: none"> % of posts on the approved organogram fully funded for the next Medium Term Expenditure Framework period 	<ul style="list-style-type: none"> 95% or more of posts in the approved organogram fully funded 	Not achieved	0	0	Re-designed organogram still awaiting Council approval
		<ul style="list-style-type: none"> A fully capacitated organisation 	<ul style="list-style-type: none"> Availability of organisation efficiency report 	<ul style="list-style-type: none"> Report on the organisational efficiencies 	Achieved	0	0	Report submitted for Council approval
Strengthen the administration function of the CBE			<ul style="list-style-type: none"> Availability of an organisational dashboard 	<ul style="list-style-type: none"> Organisational dashboard implemented by end of the third quarter 	60% Achieved	0	0	Project delayed due non-implementation of Quality Management System. Dashboard developed during fourth quarter
	To create an output-oriented organisation	<ul style="list-style-type: none"> An effective and performance-oriented organisation 	<ul style="list-style-type: none"> Availability of an organisational dashboard 	<ul style="list-style-type: none"> Organisational dashboard implemented by end of the third quarter 	Not achieved	0	0	Dashboard developed in the fourth quarter Implementation and assessment to be done in the new financial year

Changes to planned targets: No changes were made on the planned target

Programme 2: Built Environment Skills Academy

Purpose	To drive and facilitate skills and human resources development in the BE with the ultimate goal of transforming the BE.
Strategic objectives	<p>To provide funding support to deserving students to study towards BE qualifications at tertiary institutions.</p> <p>To promote and facilitate the accreditation of BE programmes at tertiary institutions.</p> <p>To promote and facilitate skills development within the BE.</p> <p>To promote a transformation agenda within the BE.</p>
Performance against indicators and targets	<p>Completion of policy and regulatory work of the CBE and the BEPCs.</p> <p>These are used as instruments to enhance skills and HRD within the sector. The regulations were submitted to the Minister for consideration.</p> <p>The CBE funded seven students from previously disadvantaged backgrounds through the bursary scheme.</p> <p>Continuous monitoring of the implementation of accreditation timetables was done and the report submitted to the Council.</p>

Strategic goals	Strategic objectives	Evidence / Outcome	Performance Indicator	Actual Performance against Target			Reason for variance
				Target (2011/12)	Actual (2011/12)	Annual Budget R'000	
Drive support and advise transformation in the built environment	<p>Provision of funding support to deserving students to study BE qualifications at tertiary institutions</p> <p>To facilitate the accreditation of BE programmes at tertiary institutions</p>	<ul style="list-style-type: none"> Increased participation of PDIs, particularly women and youth, in the BE industry 	<ul style="list-style-type: none"> % of new students from previously disadvantaged backgrounds were granted CBE bursaries Availability of an approved monitoring report on accreditation of programmes in tertiary institutions 	<ul style="list-style-type: none"> 100% of new students from previously disadvantaged background granted CBE bursaries by 30 November 2011 Report on the accreditation of programmes in the BE sector submitted to Council by 30 September 2011 	3 645	3 106	None
Facilitate integrated development planning	To promote and facilitate skills development within the BE	<ul style="list-style-type: none"> Built environment professionals that respond to the developmental objectives of the country 	<ul style="list-style-type: none"> Availability of CPD regulations 	<ul style="list-style-type: none"> Approved draft CPD regulations submitted to the Minister for promulgation by 30 September 2011 	0	0	Approved draft CPD regulation submitted to the Minister for promulgation Project to be completed after promulgation by the Minister
Inform and influence government infrastructure spend and professional practice to be responsive to public policy priorities	To promote a transformation agenda within the BE	<ul style="list-style-type: none"> Consistent application of educational standards and qualifications 	<ul style="list-style-type: none"> Availability of an approved SGB policy framework 	<ul style="list-style-type: none"> SGB Policy Framework approved by Council on 30 March 2012 	0	0	Project put on hold pending Minister's approval of the SGB policy position paper. Meetings held with DPW to expedite approval

Changes to planned targets: No changes were made on the planned target.

Programme 3: Centre for Innovation and Integrated Planning

Purpose	The Centre for Innovation and Integrated Planning is the programme whereby the CBE and its member professions will work together and orientate their expertise to the most immediate challenges of the BE and the developmental state.
Strategic objectives	<p>To improve corporate relationships with sector partners locally and internationally.</p> <p>To provide data and information for strategic analysis and decision-making.</p> <p>To provide sustained research and capacity in support of the BEPs and BE sector.</p>
Performance against indicators and targets	<p>Five databases were procured. Access and usage of the databases increased by 70%, which is indicative of good progress made in this area.</p> <p>The CBE stakeholder management plan and communication protocol were developed and approved by the Council.</p>

Strategic goals	Strategic objectives	Evidence / Outcome	Performance Indicator	Actual Performance against Target				Reason for variance
				Target (2011/12)	Actual (2011/12)	Annual Budget R'000	Actual Expenditure R'000	
Lead and strengthen stakeholder management	To improve corporate relationships with sector partners locally and internationally	<ul style="list-style-type: none"> Improved stakeholder management 	<ul style="list-style-type: none"> Availability of a stakeholder management strategy 	<ul style="list-style-type: none"> An operational stakeholder management strategy approved by Council by 30 November 2011 	Achieved	0	0	None
Develop the CBE into a thought leader in the built environment	To provide data and information for strategic analysis and decision-support capabilities	<ul style="list-style-type: none"> CBE as a centre for innovation and excellence 	<ul style="list-style-type: none"> Cumulative number of databases accessible % increase in usage of the databases 	<ul style="list-style-type: none"> Six databases accessible by 30 March 2012 50% increase in usage of databases by 30 March 2012 	Achieved	492	435	Five databases are accessible
Inform and influence government infrastructure spend and professional practice to be responsive to public policy priorities	To provide sustained research and capacity to support built environment professions	<ul style="list-style-type: none"> Built environment professionals that respond to the developmental objectives of the country 	<ul style="list-style-type: none"> Cumulative number of seminars and workshops 	<ul style="list-style-type: none"> Three workshops held by 30 December 2011 	70% achieved	15	0	Two workshops held
Facilitate integrated development planning		<ul style="list-style-type: none"> Enhanced development planning 	<ul style="list-style-type: none"> Cumulative number of reports submitted to EduRes 	<ul style="list-style-type: none"> Two advisory reports submitted to EduRes by 30 March 2012 	Not achieved	115	135	Two draft reports still being reviewed for quality and will be finalised in the new financial year
			<ul style="list-style-type: none"> Annual Indaba 	<ul style="list-style-type: none"> One BE Indaba hosted by 30 September 2011 	Not achieved	0	0	Awaiting approval and guidance from DPW

Programme 4: Public Interest

Purpose	To promote and protect the interests of the public in the built environment.
Strategic objectives	<p>To develop regulations.</p> <p>To ensure effective and efficient tribunals and appeals processes.</p> <p>To facilitate integrated legal services and enhance effectiveness of legislations.</p>
Performance against indicators and targets	<p>Drafting of regulations and appeals to ensure an efficient and legally compliant appeal process.</p> <p>The Identification of Work (IDoW) regulations were drafted for five of the six BEPCs and applications for exemptions were submitted to the Competition Commission.</p>

Strategic goals	Strategic objectives	Evidence / Outcome	Performance Indicator	Actual Performance against Target				Reason for variance
				Target (2011/12)	Actual (2011/12)	Annual Budget R'000	Actual Expenditure R'000	
Strengthen and implement a public protection regime	• To develop regulations	• Enhanced public protection standards	• Cumulative number of IDoW regulations drafted	Achieved	758	662	None	
			• Four IDoW regulations drafted by 30 March 2012	Achieved	0	0	None	
	• Cumulative number of exemptions submitted to the Competition Commission	Achieved	0	0	None			
	• Four Exemption applications submitted to the Competition Commission by 30 March 2012	Achieved	200	114	Draft appeals and registrations regulations submitted and awaiting approval. Public consultation process to begin upon approval of the draft appeals and registration regulations			
To ensure effective and efficient tribunals and appeals processes			• Availability of appeals and registration regulations	Achieved	400	410	Six appeal cases still pending and have exceeded the prescribed period and will be finalised in the next financial year. The CBE is finalising a business case to address bottlenecks around the appeals process	
			• 100% of all cases resolved within the legal time frames	Not Achieved				

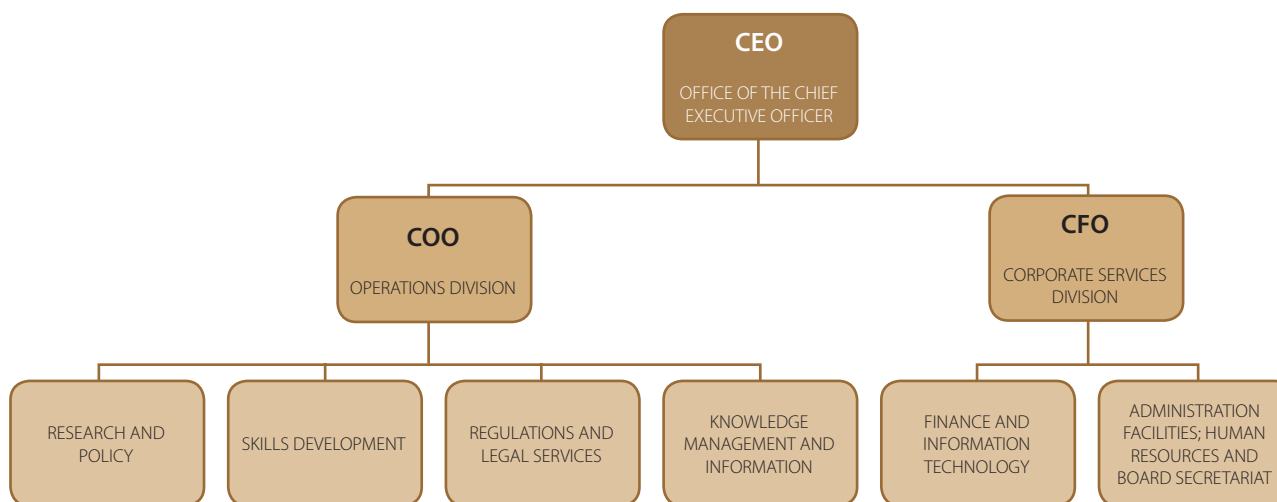


Human Resource Report



7. ORGANISATIONAL COMPOSITION

To ensure effective delivery of the mandate, the organisational structure of the CBE is divided into three divisions, namely the Office of the CEO, Operations and Corporate Services. All the four recently adopted programmes are executed in these divisions. Below is the approved executive structure of the CBE and the detail of each of the divisions.



Office of the CEO:

In support of the Council and its subcommittees, the CEO focuses on implementing the strategic objectives by providing leadership to the organisation, as well as developing and maintaining key stakeholder relationships. The Communication and Stakeholder Relationship function resides within the Office of the CEO.

Operations division:

Headed by the Chief Operations Officer, this core division focuses on implementing the main strategic goals in line with the mandate of the organisation. It comprises Research and Policy, Skills Development, Regulation and Legal Services as well as Knowledge Management and Information departments.

Corporate Services division:

Headed by the Chief Financial Officer, the Corporate Services division plays a supportive role to the organisation by providing Financial and Risk Management function; Information Technology infrastructure, Committee Secretariat, Administration and Facilities management as well as HR Management. Also included in the function of the division is Supply Chain Management, which not only ensures compliance with prescripts but is a critical delivery factor to the organisation's performance.

7.1. Recruitment and selection

During the period under review, the CBE concluded five fixed-term appointments. These included two Acting CEO appointments. Two permanent appointments were also concluded and these included an internal movement.

7.1.1. Staff movement:

The following movement of staff occurred during the year under review:

Appointments		Terminations	
Fixed Term	Permanent	Fixed Term	Permanent
5	2	2	2

The CBE experienced the first across organisation staff movement with one senior staff member being seconded to the National Department of Public Works. This has resulted in temporary internal movements of two managers within the Operations Division.

7.2. Staff complement

At the time of reporting, the staff complement of the CBE was 27. The number comprises two fixed-term employees and 25 permanent employees.

7.2.1. Fixed-Term Contract Employees:

April – June 2011										
African		Asian		White		Coloured		Total		Grand Total
Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	
0	1	0	0	0	0	0	0	0	1	1
July – September 2011										
African		Asian		White		Coloured		Total		Grand Total
Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	
0	2	0	0	0	0	0	0	0	2	2
October – December 2011										
African		Asian		White		Coloured		Total		Grand Total
Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	
2	2	0	0	0	0	0	0	2	2	4
January – March 2012										
African		Asian		White		Coloured		Total		Grand Total
Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	
0	2	0	0	0	0	0	0	0	2	2

The staff turnover for the period was 3.9% and is represented below under the permanent employee summary.

Permanent employees:

April – June 2011										
African		Asian		White		Coloured		Total		Grand Total
Female	Male	Female	Male	Female	Male	Female	Male	Females	Males	
12	8	1	0	2	1	1	1	16	10	26
July – September 2011										
African		Asian		White		Coloured		Total		Grand Total
Female	Male	Female	Male	Female	Male	Female	Male	Females	Males	
12	7	1	0	2	1	1	1	16	9	25
October – December 2011										
African		Asian		White		Coloured		Total		Grand Total
Female	Male	Female	Male	Female	Male	Female	Male	Females	Males	
12	8	1	0	2	1	1	1	16	10	26
January – March 2011										
African		Asian		White		Coloured		Total		Grand Total
Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	
11	8	1	0	2	1	1	1	15	10	25

7.3. Racial and Gender Representativity: CBE as at year ending March 2012

Statistical comparison below is indicative of racial and gender equity spread across population groups.

Table 1 estimates are for the Economically Active Population by race and sex. It is the latest excerpt of the mid-year population estimates in the Statistics SA report published in 2011. The CBE's percentage of total population is fairly representative of the national statistics. The CBE will consider the coloured and African population at its next recruitment opportunity.

Table 1: Mid-year population estimates for South Africa by population group and sex, 2011. Statistics SA.

Population group	Male		Female		Total	
	Number	% of male population	Number	% of female population	Number	% of total population
African	19 472 038	79,4	20 734 237	79,5	40 206 275	79,5
Coloured	2 188 782	8,9	2 351 008	9,0	4 539 790	9,0
Indian/Asian	626 690	2,6	648 177	2,5	1 274 867	2,5
White	2 227 526	9,1	2 338 299	9,0	4 565 825	9,0
Total	24 515 036	100,0	26 071 721	100,0	50 586 757	100,0

Table 2: CBE equity statistics by population groups and sex, March 2012.

Population group	Male		Female		Total	
	Number	% of male population	Number	% of female population	Number	% of total population
African	8	80.0	11	73.3	19	76.0
Coloured	1	10.0	1	6.7	2	8.0
Indian/Asian	0	0.0	1	6.7	1	4.0
White	1	10.0	2	13.3	3	12.0
Total	10	100.0	15	100.0	25	100.0

7.4. Absenteeism (APRIL 2011 – MARCH 2012)

A total of 112 unplanned man days lost during the year with an overall absenteeism rate of 1.5%:

QUARTER ENDING JUNE 2011					
Sick Leave	Family Responsibility Leave	Unpaid Leave	Total No. of Man Days Lost	Total No. of Staff Complement	Absentee %
30	0	0	30	26	0.8%
QUARTER ENDING SEPTEMBER 2011					
37	0	0	37	27	2.0%
QUARTER ENDING DECEMBER 2011					
9	11	0	20	30	1.6%
QUARTER ENDING MARCH 2012					
21	4	0	25	27	1.4%
APRIL 2011 – MARCH 2012					
97	15	0	112	27	1.5%

7.5. PERFORMANCE MANAGEMENT

Within its retention strategy, the CBE ensures that good performance is rewarded. The PMDS was improved and approved to ensure a fair and transparent criterion for performance rewards. During the period under review, 2.5% of the salary bill was paid out to deserving employees.

7.6. OCCUPATIONAL HEALTH AND SAFETY (OHS)

Among other priorities, the department is committed to ensure a safe and healthy environment for the CBE. During the year under review, the CBE offices relocated to a space conducive to the professional nature of work undertaken by the CBE. Effort has been put into ensuring compliance with OHS standards.

The CBE continues to provide an employee wellness programme through life-management services, monthly health-awareness articles and posters, as well as preventative vaccines.

7.7. HR challenges


During the year under review, the CBE experienced the following challenges:

7.7.1 HRD


Due to the limited funding, the CBE could not fulfil the personal development plans. Only bursary holders that had already committed studies could be funded.

7.7.2 HR capacity:

Due to the limited funding, the CBE continues to experience challenges in terms of adequate HR to enable smooth delivery of its mandate. The organisation has remained with frozen positions while the restructuring exercise undertaken during the year has revealed a need for an increase in the organisational structure and the salaries budget.



CBE Overall Report on the six Councils' Activities
for 2011/12



8. BACKGROUND

The objective of this section is to present the analysis of the CBE on how the BEPCs have discharged their mandates during the 2011/12 financial year, in support of the socio-economic development objectives of the country, as articulated in government's socio-economic development policies as advocated in the New Growth Path (NGP), National Development Plan (NDP) and Industrial Policy Action Plan (IPAP2). The BEPCs and CBE share 13 concurrent functions which will be analysed against this backdrop of supporting the socio-economic objectives of government since both of them are legislated juristic entities that are an extension of the State. The 13 concurrent public functions have been clustered into four key thematic areas as reflected on the table. These are Governance of BEPCs, Public Protection, Sustainable and Integrated Development and HRD, as reflected in the table below:

Table 3: CBE thematic areas

THEMATIC AREA	Governance of BEPCs	Public Protection	Sustainable and Integrated Development	Human Resource Development
CBE MANDATE	<p>Promote sound governance of the BE</p> <p>Serve as a forum where BEPs discuss relevant issues</p> <p>Ensure uniform application of norms and standards set by the BEPCs</p>	<p>Promote and protect the interests of the public in the BE</p> <p>Promote appropriate standards of health and safety and environmental protection in the BE</p>	<p>Promote and maintain a sustainable BE</p> <p>Facilitate participation of the BEPs in integrated development</p>	<p>Promote ongoing HRD in the BE</p> <p>Promote liaison in the field of training in the Republic and elsewhere</p>
ENABLING POLICY	<ol style="list-style-type: none"> Codes of Conduct and Practice for the professions Recognition of voluntary associations 	<ol style="list-style-type: none"> Appeal body and procedures IDoW – in line with the Competition Act, 1998 (Act 89 of 1998) 	<ol style="list-style-type: none"> Determination of professional fees in line with the Competition Act of 1998 Recognition of new professions 	<ol style="list-style-type: none"> International recognition of professions Accreditation of education institution's programmes Registration of different categories of registered persons Competency standards for registration Establish standard generating bodies in line with South African Qualifications Authority to align qualifications to the National Qualifications Framework Recognition of prior learning (RPL) CPD

Source: CBE Act of 2000

8.1. GOVERNANCE OF BEPCs

This thematic area focuses on the implementation of the Code of Conduct and Practice, and the recognition of Voluntary Associations (VAs) policy frameworks by BEPCs. Under these policy frameworks, the key message is that both policy frameworks should be underlined by common principles that will inform the development and application of uniform norms and standards by BEPCs. Pertaining to the Code of Conduct and Practice of BEPs, it is important that it is underpinned by the highest level of technical competence and professional ethics. The CBE posits that the main reason for the existence of BEPs is the possession of technical knowledge and competence for the conceptualisation, design, construction and maintenance of infrastructure, which is key in the production and distribution of economic goods and services that serve human needs. In this regard, the VAs serve as the generator, repository and disseminator of this technical knowledge and competence which will be encapsulated in the Code of Conduct and Practice policy frameworks to enable the BEPs to function within broadly accepted professional and ethical standards. The technical competence of BEPs should lead to infrastructure that does not compromise the health and safety of the general public in its construction and operation, and should also lead to non-adverse environmental outcomes, therefore ensuring the inter-generational sustainability of ecosystems and the biosphere which are essential for human survival and flourishing in South Africa and globally, both being global public and common goods or global commons.

8.1.1. Recognition of Voluntary Associations (VAs)

VAs are member-based groupings that serve two primary roles, firstly to protect and enhance its members' interests and secondly, as a repository of profession-specific technical knowledge and its dissemination through CPD courses and activities. It is therefore essential for the BEPCs to recognise as many VAs as possible in order to maximise the depth and scope of professional best-practice knowledge generation and dissemination in order to meet the developmental challenges of the country.

Table 4: No of VAs recognised in 2009-2012

Professional Council	Total number of recognised VAs			Total number of recognised VAs
	2008/9	2010/11	2011/12	
SACPVP	3	4	4	4
SACQSP	0	1	0	1
ECSA	39	42	42	42
SACAP	11	11	11	11
SACPCMP	10	11	10	10
SACLAP	0	1	1	1
Total	63	70	68	67

Source: Professional Council Quarterly Reports, 2008/09, 2009/10, 2010/11, 2011/12

The above table shows that no new VAs were recognised between 2010 and 2011, with the recognition of one VA (Association of Quantity Surveying of South Africa) being withdrawn by the SACQSP. VAs are primarily an interest group lobby organisation that serve the interest of their members which at its basic level is driven by commercial interests, while BEPCs are legislatively enacted juristic entities and have to balance the needs of BEPs with those of the public as an extension of the State. It is therefore fundamentally appropriate to balance private and public interests which puts into focus the principle of stakeholder consultation and public participation in policy development.

It is therefore paramount that BEPCs recognise as many VAs as possible within transparent and rational recognition requirements to accommodate the interests of BEPs in their development of policy frameworks, rules and regulations. Equally important is the soliciting of general public views and concerns by BEPCs in also developing their policy frameworks through appropriate channels such as the *Government Gazette*, and popular print and electronic media. The role of the CBE in this equation, being the overarching regulator of the BE, is to ensure that the principle of stakeholder consultation is adhered to in the first instance, and equally important, that the needs of the public – as represented by government’s socio-economic objectives – are taken into consideration.

Currently, the BEPCs do not have information on the total VA universe, their type of competence and registration status, and this is critical information to measure their performance towards the fullest and broadest coverage of VAs. Bringing the broadest ambit of VAs under the BEPCs through their recognition is important as an avenue that will establish the size and depth of the technical competence of the BEPs as a precondition to meeting the development challenges of the country from the policy interventions espoused in the NGP and the NDP. Understanding the competency profile of the BEPs is important in understanding the requisite skills and competency profiles that will meet the objectives of the NGP, IPAP2 and the NDP.

8.1.2. Code of Conduct of BEPs

BEPs in the discharge of their professional duties are required to adhere to strict professional and ethical practices to protect the health and safety of the public and promote sustainable environmental outcomes. In this regard, section 30(1) of the BEPCs Acts of 2000 mandates them to appoint a disciplinary tribunal to hear a charge of improper conduct and institute disciplinary proceedings regarding any complaint, charge or allegation of unprofessional conduct against any person registered with the Council. The section below outlines an analysis on the disciplinary cases as reported to the BEPs.

8.1.3. Disciplinary cases

The table below shows the number of new disciplinary cases reported and investigated by the BEPCs and generally shows that some of BEPs continue to breach the Code of Conduct of their respective BEPCs, with SACAP experiencing the greatest professional practice infringements.

Table 5: Number and trend of disciplinary cases per Council

Professional Council	2008/9	2009/10	2010/11	2011/12
SACPVP	23	14	19	14
SACQSP	19	11	19	19
ECSA	79	13	57	51
SACAP	136	120	62	86
SACPCMP	0	0	10	2
SACLAP	0	0	4	0
TOTAL	257	158	171	172
% change	0	-39%	8,2%	0,6%

Source: *Professional Council Quarterly Reports, 2008/09, 2009/10, 2010/11, 2011/12*

It can be noted that the massive fall in infringements in 2009/10 might have been caused by the downturn in the construction industry and therefore lower levels of work available for BEPs since the subsequent two years which have been characterised by enhanced construction industry activity saw upward trending infringements. ECSA reported that out of 51 new cases in 2011, 27 (53%) relate to professional incompetence against 36 (63%) in 2010, while in 2010 it was reported that 44% (75 cases) of all infringements within the six BEPCs related to incompetence. The CBE therefore views infringements in a serious light and advocates a zero-tolerance and defect strategy.

The general nature of infringements and high number of cases relating to incompetence raises a number of key issues. The need for the enactment of the IDoW policy framework is overdue in order to ensure that professionally competent BEPs are allowed to practise in the BE. The enforcement of registration requirements and the control of who practises in the BE will be critical, which calls for the development of appropriate systems and mechanisms. The development of better systems to discharge the disciplinary process in case of infringements will also be of critical importance. Lastly, the issue of CPD to enhance the technical competence of BEPs will also need to be closely monitored and implemented to ensure that BEPs maintain the highest standards of professional competence and ethical standards.

The overhaul of the regulatory framework of the BEPs will contribute to addressing the above issues as the current legislative framework has serious governance weaknesses that lead to uneven and fractured governance of the BEPs. A common legislative platform is needed to ensure that BEPs steadfastly contribute towards meeting the developmental challenges of the country and also protect the health and safety interests of the public and the environment.

8.2. PUBLIC PROTECTION

8.2.1. Appeal body and procedures

The CBE acts as an appeal body for professional misconduct by BEPs as per section 4(m) of the CBE Act of 2000, which requires the CBE to act as an appeal body regarding matters referred to it in terms of the law regulating the BEPs. The CBE has noted the high disciplinary cases due to the infringement of the Code of Conduct and Practice of the various BEPCs. As noted above, the current BE legislative framework has governance challenges, the most important being the laborious and expensive disciplinary process as reported by BEPCs. This will be exacerbated by the pending implementation of the IDoW policy framework and forms one of the key motivations for the review of the BE legislative framework in order to promote competent professional practice and the protection of the interests of the public and the environment.

8.2.2. IDoW Project

The CBE has made great strides in the completion of the IDoW policy for the six professions. Five policy frameworks from SACAP, SACLAP, SACPCPM, SACQSP and SACPVP have been submitted to the Competition Commission for exemption from the prescripts of the Competition Act of 1998, as the IDoW policy is essentially a work reservation measure which is uncompetitive from a perfectly competitive outcome structure since it increases barriers to entry into the professions. The IDoW policy for ECSA will be finalised during the 2012/13 financial year for submission to the Competition Commission for exemption. The CBE acknowledges that the process has been long and laborious, and this was necessitated by the complexity of ensuring that rationality in allocating appropriate work streams for the different registration categories prevails in order to protect the interests of the public and the environment. The CBE has also been constrained by the stipulation of consultation and consensus seeking among the various BEPCs, and their attendant VAs which have constituencies that legitimately need their interests protected and recognised. It is therefore commendable that the process is nearing completion and a new era in the BE will be heralded. However, the granting of exemption by the Competition Commission is the first milestone; the enforcement of the policy is one of the greatest challenges that will face the BEPs' system of regulation.

8.3. SUSTAINABLE AND INTEGRATED DEVELOPMENT

8.3.1. Determination of professional fees

The Competition Commission ventilated its displeasure on the stipulation of professional guideline fees as an essentially uncompetitive market practice. The CBE has noted the views of the Competition Commission authorities, and is confident of a rational outcome within the changing regulatory regime of the BE. However, it should be noted that the construction industry to which the BEPs belong is a globalised industry and whatever regime is finally adopted will take this factor into account, but most importantly, it will have to take into consideration the developing status of the country as well as the transformation objectives of the industry and the sustainable growth of the BEPs. Furthermore, there are other well established professions within the country such as the medical, legal and accounting professions, which will shed best practice lessons for whatever regime is finally settled on for the BEPs, while international best practice will also be a wisdom fountainhead.

8.3.2. Recognition of new professions

The CBE completed a position paper on the recognition of new professions and will be completing a policy framework in the 2012/13 financial year. The policy position paper has uncovered the following three areas, which will be addressed by the policy framework:

1. Processes to recognise those established BEPs that fall outside the current legislative mandate of the CBE such as Town and Regional Planners, Land Surveyors etc. The objective is to ensure policy coordination and integration of BEPs under one regulatory framework in order to increase policy coordination in the BE.
2. Processes to recognise and "professionalise" new knowledge areas as either independent professions or new knowledge areas that will augment the existing knowledge base of the BEPs that will assist in addressing the unique developmental challenges of South Africa and the global South.
3. Processes to recognise new categories of registration or newly established niche professional categories within the current six professions that are regulated by the CBE.

8.4. HUMAN RESOURCE DEVELOPMENT

8.4.1. Competency standards for registration

In the 2010/11 financial year, the CBE developed a policy framework for competency standards of graduates and professionals. The policy framework will complement the SGB policy framework to be developed in the 2012/13 financial year; together with the CPD and Accreditation policies will form core HRD policy instruments that the CBE will use to ensure that there is a sustainable growth of the professions. However, the CBE will need to work closely and form formal cooperative agreements with the Department of Higher Education and Training to integrate the principles espoused in the Higher Education Qualifications Framework and those of the *Green Paper on Higher Education Reform*.

8.4.2. International recognition

In the 2009/10 reporting cycle, the CBE noted the following:

1. South Africa is a developing economy and has two strategic priorities that relate to the BE. Firstly, it needs to attract foreign direct investment and technology by making the economy competitive through modern social and economic infrastructure. Secondly, it needs to contribute to the development of the Southern African Development Community region and Africa in general to ensure a balanced economic growth in Africa that will secure and further its own development i.e. pursuance of the African Agenda.

2. The misalignment of existing BE international agreements against South Africa's foreign policy doctrine to facilitate mutual recognition of qualifications and professions with emerging growth economies, specifically the Brazil, Russia, India and China block, that will facilitate, among others, the mobility of our professions and enable mutual trade, investment and technology transfer.

In pursuance of the above objectives, the CBE is responding to the following mandates of the CBE Act of 2000:

- Section 4(a) advises government on any matter falling within the scope of the BE, including resource utilisation, socio-economic development, public health and safety and the environment, and for this purpose carry out such investigations as it or the relevant Minister deems necessary.
- Section 3(g) promotes liaison in the BE in the field of training, both in the Republic and elsewhere, and promotes the standards of such training in the Republic.
- Section 4(j) coordinates the establishment of mechanisms for professionals to gain international recognition.

Notable is the fact that the BEPCs have continued their efforts in maintaining the international benchmarking of BE programmes to international standards through agreements with international professional organisations as listed below.

Table 6: International accords and organisations that govern BE qualifications

ECSA	SACPCMP	SACAP	SACQSP	SACPVP	SACLAP
<ul style="list-style-type: none"> • Washington Accord • Sydney Accord • Dublin Accord • Engineers Mobility Forum • Engineering Technologists Mobility Forum • Mutual Exemption Agreement with the Institution of Civil Engineers (UK) • Mutual Exemption Agreement with Engineers Ireland 	<ul style="list-style-type: none"> • Has entered into Memorandum of Understanding with the Chartered Institute of Building (CIOB) 	<ul style="list-style-type: none"> • Commonwealth Association of Architects (CAA) 	<ul style="list-style-type: none"> • Royal Institute of Chartered Surveyors (RICS) 	<ul style="list-style-type: none"> • Negotiating with Royal Institute of Chartered Surveyors (RICS) • Member of African Real Estate Society (AFRES) 	<ul style="list-style-type: none"> • Opened negotiations with International Federation for Landscape Architects (FLA)

Source: *Professional Council Quarterly Reports, 2011/12*

8.5. ACCREDITATION

There are eleven universities and six universities of technology that offer BE programmes in South Africa. Also, there are two private institutions that offer BE qualifications; namely the Centurion Academy (National Diploma in Electrical Engineering) and Inscape (Architectural Draughting). The table below shows the number of unaccredited BE programmes since 2009, which shows a substantial decreasing trend since 2009 in the number of unaccredited programmes. However, the CBE notes that reasonable effort has been undertaken since 2010 to increase the accreditation of those unaccredited BE programmes through the accreditation timetable:

Table 7: Number of non-accredited BE programmes

2009	2010	2011
23	10	9

The table below highlights unaccredited programmes and shows that the majority of the programmes are found in universities of technology and Unisa, which are institutions that predominantly enrol PDI candidates. The non-accreditation of these programmes will seriously hamper the demographic transformation of the BEPs since they enrol mostly PDI candidates.

Table 8: Non-accredited BE programmes

INSTITUTION	ECSA	SACOSP	SACPCMP	SACLAP
Unisa	BTech and ND (Engineering) - Chemical - Civil - Electrical - Industrial - Mechanical	N/A	N/A	ND in Landscape Technology
Cape Peninsula University of Technology		Bachelor of Technology in Quantity Surveying	BTech in Construction Management MTech in Construction Management	N/A
Central University of Technology		BTech in Quantity Surveying	N/A	N/A
Durban University of Technology		N/A	N/A	ND in Landscape Technology
Tshwane University of Technology			N/A	ND in Landscape Technology BTech in Landscape Technology

Source: Professional Council Quarterly Reports, 2011/12

Table 9: List of institutions with BE programmes and their accreditation status

The programmes have been colour-coded to denote the following accreditation status:

Red – Full Accreditation

Orange – Not Accredited

Blue – Partial Accreditation

Black – Accreditation status not determined as information was not provided.

INSTITUTION	SACQSP	SACPVP	SACPCMP	SACLAP	SACAP	ECSA
University of Cape Town	<p>Bachelor of Quantity Surveying</p> <p>Bachelor of Science (BSc) (Hons) in Quantity Surveying</p>	<p>BSc in Property Studies</p> <p>BSc (Hons) in Property Studies</p> <p>MSc in Property Studies</p> <p>Postgraduate Diploma in Property Studies</p>	BSc (Hons) in Construction Management	Master of Landscape Architecture (MLArch)	<p>Bachelor of Architectural Studies (BAS)</p> <p>BAS (Hons)</p> <p>Master of Architecture</p> <p>PhD in Architecture</p>	<p>Bachelor of Engineering in</p> <ul style="list-style-type: none"> - Civil - Chemical - Electrical - Mechanical - Electrical and Electronic - Material - Electro-mechanical - Mechatronic - Electrical and Computer
University of the Free State	<p>Bachelor of Quantity Surveying</p> <p>BSc (Hons) in Quantity Surveying</p>	<p>Master of Land and Property Development (MPPROP Property Valuation)</p>	BSc in Construction Management	N/A	<p>Bachelor of Architectural Studies BAS (1st 3 yrs)</p> <p>BAS (Hons)</p> <p>Master of Architecture</p> <p>Master of Architectural Profession</p> <p>Master of Architecture Research</p> <p>PhD in Architecture</p>	N/A

INSTITUTION	SACQSP	SACPVP	SACPCMP	SACLAP	SACAP	ECSA
University of KwaZulu-Natal	Bachelor of Quantity Surveying BSc (Hons) in Quantity Surveying	N/A	BSc (Hons) in Construction Management	N/A	BAS Master of Architecture PhD in Architecture (All until 2012)	BSc (Eng) in: - Electrical - Agricultural - Chemical - Electronic - Civil - Mechanical - Computer - Engineering
University of Pretoria	Bachelor of Quantity Surveying BSc (Hons) in Quantity Surveying	MSc in Real Estate Property Valuation	BSc (Hons) in Construction Management	BSc in Landscape Architecture BL (Hons) ML (Prof)	BSc in Architecture M.Arch Prof BSc (Hons) in Architecture	Bachelor of Engineering in: - Industrial and Systems - Chemical - Electrical, Electronic and Computer - Mechanical and Aeronautical - Material Science and Metallurgical - Mining - Civil
University of the Witwatersrand	Bachelor of Quantity Surveying BSc (Hons) in Quantity Surveying	BSc (4 years) in Property Studies (conditional accreditation)	BSc (Hons) in Construction Management	N/A	BAS BAS (Hons) M. Arch (Prof) M.Arch (Research) (All until 2012)	Bachelor of Engineering in: - Chemical and Metallurgical - Civil and Environmental - Electrical and Information - Mechanical, Industrial and Aeronautical - Mining

INSTITUTION	SACQSP	SACPVP	SACPCMP	SACLAP	SACAP	ECSA
Nelson Mandela Metropolitan University	<p>Bachelor of Quantity Surveying</p> <p>BSc (Hons) in Quantity Surveying</p>	<p>MSc in BE Facilities Management</p> <p>MSc in BE Property Economics and Valuation</p>	<p>BSc (Hons) in Construction Management</p> <p>BTech, BSc, Hons, Masters in Construction Studies</p> <p>Postgraduate Diploma in Construction Management</p> <p>BSc in Construction Economics</p> <p>BSc in Construction Economics and Computer Science</p> <p>MSc in BE Project Management</p> <p>MSc in BE Construction Management</p> <p>BTech in Construction Management</p> <p>PhD in Construction Management</p>	N/A	<p>M.Arch (Professional)</p> <p>M.Arch (Research)</p> <p>D.Arch</p> <p>ND in Architectural Technology</p> <p>BTech in Architectural Technology</p> <p>BAS</p> <p>MTech (Architectural Technology)</p>	<p>ND and BTech Engineering in:</p> <ul style="list-style-type: none"> - Civil - Electrical - Industrial - Operations Management - Quality - Mechanical <p>B.Eng in Mechatronics</p>

INSTITUTION	SACQSP	SACPVP	SACPCMP	SACLAP	SACAP	ECSA
University of Johannesburg	BTech in Quantity Surveying ND in Building	ND in Real Estate Property Valuation	BTech. MTech in Construction Management	N/A		BTech in Engineering -Extraction Metallurgy in: <ul style="list-style-type: none"> - Computer Systems - Mining - Chemical - Civil - Electrical - Industrial - Mechanical - Metallurgy - Mineral Resource Management Bachelor of Engineering <ul style="list-style-type: none"> - Civil - Mechanical - Electrical and Electronic with Informational Technology - Electrical and Electronic - Mechanical - Mechanical (Information Technology)
Walter Sisulu University of Technology	ND in Building	N/A	N/A	N/A	N/A	BTech and ND in Engineering <ul style="list-style-type: none"> - Civil - Mechanical - Electrical, Electronic and Computer - Chemical

INSTITUTION	SACQSP	SACPVP	SACPCMP	SACLAP	SACAP	ECSA
Stellenbosch University	N/A	N/A	N/A	N/A	N/A	B.Eng - Chemical - Civil - Electrical and Electronic - Electrical and Electronic with Computer Science - Industrial - Mechatronic - Mechanical
North West University (Potchefstroom)	N/A	N/A	N/A	N/A	N/A	B.Eng - Chemical - Electrical and Electronic with Computer Engineering - Mechanical - Nuclear Science and Engineering
Unisa	N/A	ND in Real Estate Property Valuation (programme to be discontinued in 2011)	N/A	ND in Landscape Technology	N/A	BTech and ND in Engineering - Civil (environmental) - Chemical - Electrical - Industrial - Information Technology - Mechanical - Mining
Cape Peninsula University of Technology	Bachelor of Technology in Quantity Surveying	ND in Real Estate (Property Valuation)	BTech in Construction Management MTech in Construction Management	ND and BTech in Landscape Technology	BTech (Bachelor of Architectural Technology) ND in Architecture MTech (Thesis based)	BTech and ND in Engineering - Civil - Chemical - Computer Systems - Industrial - Electrical - Mechanical

INSTITUTION	SACQSP	SACPVP	SACPCMP	SACLAP	SACAP	ECSA
Central University of Technology	BTech Quantity Surveying	N/A		N/A	N/A	BTech and ND in Engineering <ul style="list-style-type: none"> - Chemical - Civil - Electrical - Industrial - Mechanical - Mechatronics - Operations - Management - Quality
Durban University of Technology	N/A	N/A	N/A	ND in Landscape Technology (Programme to be terminated in 2011)	ND in Architecture BTech Higher Diploma in Architectural Technology (All until 2012)	ND in Engineering <ul style="list-style-type: none"> - Computer Systems - Electronic - Chemical - Civil - Electrical - Mechanical
Mangosuthu University of Technology	ND in Building ND in Surveying	N/A	N/A	N/A	N/A	BTech and ND in: Engineering <ul style="list-style-type: none"> - Civil - Electrical - Mechanical - Chemical

INSTITUTION	SACQSP	SACPVP	SACPCMP	SACLAP	SACAP	ECSA
Tshwane University of Technology	Bachelor of Technology in Quantity Surveying	Building Science	N/A	ND in Landscape Technology BTech in Landscape Technology	Architectural Technology Part 1 MTech in Architecture (Part 2) BTech (All until 2012)	BTech and ND in Engineering - Chemical and Metallurgical - Civil - Electrical - Industrial - Mechanical - Mechatronics - Operations Management - Quality
Vaal University of Technology	N/A	N/A	N/A	N/A	N/A	BTech and ND in Engineering - Chemical - Electrical - Civil - Industrial - Mechanical - Computer Systems - Metallurgical
Centurion Academy						ND in Engineering: Electronic
Inscope				Architectural Draughting		

8.6. PROGRESS ON IMPLEMENTATION OF CPD BY THE SIX BEPCs

Table 10: Percentage of professionals that comply with CPD requirements

COUNCIL	2008/09	2009/10	2010/11	2011/12
ECSA	70%	70%	70%	70%
SACPCMP	Policy under development	Policy under development	Policy gazetted for comment to be implemented in the 2011/12 financial year	Policy gazetted for comment by 1 April 2012
SACLAP	Policy reviewed	Policy reviewed	95%	95%
SACQSP	2,2%	95%	97%	97%
SACPVP	33%	5%	60%	60%
SACAP	57%	76%	60%	95%

Source: *Professional Council Quarterly Reports, 2008/09, 2009/10, 2010/11, 2011/12*

The table above shows that there has been a high uptake of CPD activities across the board by BEPs, with the CBE commending the finalisation of the CPD policies by the SACPCMP. The issue of CPD going forward after the implementation of the IDoW policy will form a key policy instrument for BEPs in order to ensure that they maintain appropriate technical competency standards to be able to contribute to the country's unfolding development. The following issues, which were identified in the policy position paper of the CBE which was developed in 2010, will also need to be addressed by the new CPD regime that will be implemented after the current five-year regime is reviewed:

1. The CBE together with the BEPCs should determine appropriate content through SGBs that will form the core knowledge areas addressing core knowledge areas of BEPs that address developmental issues within the ambit of international professional agreements. The approved content should only be provided by accredited service-providers to be jointly determined by the CBE and the BEPCs.
2. The CBE together with the BEPCs should determine the core research areas that will determine the content of CPD knowledge areas backed by empirical research findings from universities and other state agencies such as the Council for Scientific and Industrial Research, etc. The research agenda should be determined by the CBE and BEPCs with the assistance of VAs and not by private service-providers. However, private service-providers should be allowed after a strict vetting exercise following lessons learned from sector education and training agencies (SETAs) which have been hampered by 'fly by night' private service-providers.
3. The BEPCs should be the primary organisations that disseminate knowledge on approved content and the CPD requirements to professionals.
4. The cost of CPD activities should be capped in order to prevent an unfair financial burden on BEPs.
5. Professionals should undertake CPD activities that are relevant to their core cognate knowledge areas which will be determined by research as identified in points 2 and 3 above.
6. The CPD accumulation cycle and the number of accumulated points per year need to be standardised and uniform across all professions.

8.7. RECOGNITION OF PRIOR LEARNING

RPL in the BE has a strategic transformative objective and seeks to address the obstructed HRD outcomes wrought by the historical exclusionary apartheid policies. However, some of those deprived of meaningful jobs in the career ladder through sheer aptitude and potential have acquired the necessary skills and competencies to perform at higher and professional job contexts.

The RPL seeks to recognise and formalise this acquired knowledge and competence in order to increase the competency profile of the professionals. Within the BE, one of the perceived barriers to RPL is the technical knowledge base that distinguishes a bona fide BEP. However, this argument is not valid as RPL has the same competency assessment standards as a candidate from a formal education context in the first instance. Secondly, the RPL policy is a tool to facilitate entry into the career ladder at the entry level. The key issue therefore is the recognition of acquired knowledge for that level of competency and registration, which is also tied to the recognition of potential to function at the current competency level and progress into higher registration levels through formal education routes.

Recognition of potential to progress through the formal education route is therefore one of the most important functions of RPL and therefore circumvents the technical knowledge argument that is put forward as an impediment to the rigorous promotion of RPL in the BE and should therefore be put to bed. RPL is about recognition and formalisation of current competency and the recognition of potential to progress in the career ladder through recognised and accepted career progression channels. The RPL has never and will never advocate for a 'dumbing down' of the formal education route, but advocates for different entry routes into the formal education and career stream.

The above argument is put forward to contextualise the low uptake of RPL, especially the non-uptake of RPL by ECSA, which cites the technical nature of BE knowledge as a major argument for the non-implementation of RPL. The following table shows that there has been a dramatic fall in RPL uptake throughout all the professions. Such a situation is one of the motivations to change the regulatory landscape of the BEPs to ensure that general policies of government are vigorously implemented.

Table 11: Number of successful RPL cases

	2008/09	2009/10	2010/11	2011/12
SACPVP	0	0	0	0
SACQSP	35	0	23	3
ECSA	0	0	0	0
SACAP	16	6	1	0
SACPCMP	14	0	3	5
SACLAP	0	0	0	0
TOTAL	65	6	27	8

Source: *Professional Council Quarterly Reports, 2008/09, 2009/10, 2010/11, 2011/12*

One of the key recurring impediments to the implementation of a comprehensive RPL strategy for the BE is the lack of baseline studies, which makes it difficult to ascertain the extent of the need for RPL in the sector. In the evolving regulatory regime of the BE, RPL baselines for comprehensive implementation will form a core programme for the BE.

8.8. REGISTRATION

8.8.1. Sectoral context of the BE

One of the key drivers of competitiveness of the BE industry is the cyclical nature of the construction industry, which like other sectors of the economy experiences dwindling fortunes in business cycle downturns, and rising fortunes in subsequent upswings.

Dr Johan Snyman, Director of Medium Term Forecasting Associates, explained that the South African construction industry as a whole was cyclical in nature and these cycles, particularly as they apply to the construction of private housing, correlated with the decline or increase in the level of investment, population migration and interest rates.¹ The South African Reserve Bank (SARB)² reports that the economy reached an upper turning point in the business cycle in November 2007 and entered into a recession in the fourth quarter of 2008. It started experiencing positive growth rates from the third quarter of 2009 and has since grown by 3,4% to the first quarter of 2011. However, the SARB reports that real fixed capital formation tends to lag the economic cycle and therefore continued contracting throughout 2009 and early 2010. The following table shows that Gross Fixed Capital Formation (GFCF) started contracting in 2009 and was highly accentuated in the private sector which fell by 8,9% in 2009 but moderated in 2010 and fell by 4,4%. However, what is encouraging is that private-sector investment grew from the second quarter of 2010 and has been growing since and rose by 2,7% in the first quarter of 2011.³

Table 12: Real Gross Fixed Capital Formation (GFCF) 2009-2011

Real gross fixed capital formation

Percentage change at seasonally adjusted annualised rates

Components	2008/9	2009/10	2010/11					2011/12
	Year	Year	1 st qr	2 nd qr	3 rd qr	4 th qr	Year	1 st qr
Private business enterprises	9,2	-8,9	-2,9	2,2	2,0	1,6	-4,4	2,7
Public corporations	36,2	26,1	2,6	2,9	0,7	3,3	3,5	6,6
General government	16,1	-4,0	-10,3	-5,3	-3,0	-1,9	-10,9	-0,5
Total	14,1	-2,2	-2,8	1,2	1,0	1,5	-3,7	3,1

Source: SARB Annual Economic Review 2011.

The positive growth in private sector GFCF was however held back by low business confidence levels, uncertainty about the sustainability of the global and domestic recovery, and ample spare capacity available in the domestic economy, which was not conducive to large-scale capital spending in the domestic economy.⁴

The cyclical nature of the construction industry leads to the loss of BEP skills as job shedding is undertaken in the sector during economic downturns, which was established by the *CBE Skills Audit Report (2008)* and the *CBE State of the Built Environment Professions Report (2009)*. In the case of South Africa, the counter-cyclical fiscal stance of government through mainly infrastructure investment somewhat shields the construction industry from sharp downward spikes and would therefore ensure that BEP numbers are somehow preserved within the BE. However, it is expected that the registration numbers of BEPs will show a declining tendency, especially after the 2008 international financial meltdown. The following section will interrogate this tendency.

1 www.masterbuilders.co.za/news/2011/February/seminar_lays_foundations_for_a_more_stable_construction_industry.htm

2 SARB Annual Economic Review 2011

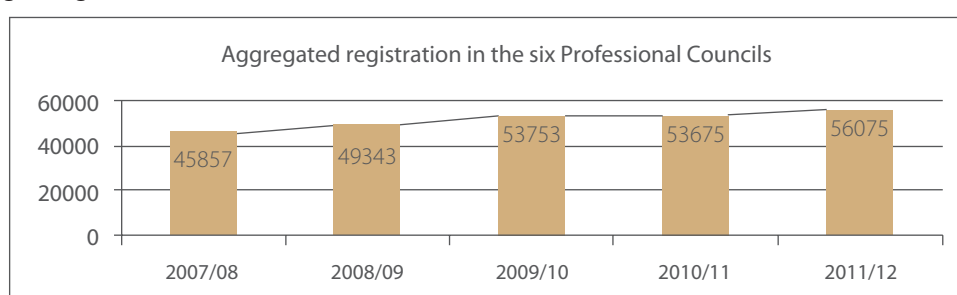
3 SARB Quarterly Review March 2011

4 SARB Annual Economic Review 2011

8.8.2. Aggregate professional and candidate registration

The graph below shows the total registration complement of the six BEPCs which indicates a strong upwards trend in registration numbers following strong construction industry performance since 2005, which was arrested by the peak in the business cycle in 2007 and the subsequent recession since 2008, buttressed by the global economic meltdown of 2008/09. However, for the 2008 and 2009 years, the construction industry was buoyed by the building of football stadiums, the upgrading of infrastructure surrounding the stadiums and the South African National Roads Agency Ltd's Gauteng Freeway Improvement Project. The sustained growth of the construction during 2007-2009 is affirmed by the growing professional registration numbers in those years, which moved sideways in 2010 showing a peak in construction industry activity. As the SARB reports, there has been positive GFCF growth since the first quarter of 2011 and would be reflected by growing registration numbers of BEPs as reflected in the graph below.

Graph 1: Aggregate registration in the six BEPCs 2007-2011



Source: Professional Council Quarterly Reports, 2007/08, 2008/09, 2009/10, 2010/11, 2011/12

The table above indicates that in 2008 and 2009, there was positive aggregate growth in aggregate registration numbers, confirming the above analysis which was accompanied by a massive fall in registration numbers in 2010 and a massive upward reversal in 2011, which is expected due to the rising GFCF which will stimulate demand for BEP services as the demand for their services is derived demand from GFCF or infrastructure investment. However, the following factors will also contribute to growing BEP skills demand:

1. The infrastructure investment drive of government has buoyed the fortunes of the construction industry.
2. The BEPs have diversified their income streams by internationalising their operations and therefore preserving their skills base.
3. BEPs skills are a scarce skill, and the high skills thesis in a globalising and knowledge based economy has ensured that the demand for BEP skills is maintained even in economic downturns.

Table 13 shows the absolute change in registration numbers within the six professions from the year 2007 to 2011.

Table 13: Aggregate registration in the six BEPCs 2007-2011

Council	2007/08	2008/09	2009/10	2010/11	2011/12
ECSA	0	1 432	5 024	1 419	3 831
SACPCMP	0	142	206	-521	41
SACLAP	0	40	15	28	11
SACQSP	0	-129	150	213	149
SACPVP	0	-21	-161	-71	-66
SACAP	0	2 022	-824	-1 146	-1 566
TOTAL	0	3 486	4 410	-78	2 400

Source: Professional Council Quarterly Reports, 2007/08, 2008/09, 2009/10, 2010/11, 2011/12

The table above highlights the following issues:

1. The Engineering profession is in some way shielded from the business cycle effects and has sustained a positive growth in numbers throughout the economic downturn from its peak in 2007. The Quantity Surveying profession seems to reflect a similar trend.
2. The Architectural and Property Valuers professions are experiencing serious problems and have been losing numbers since 2007. The key issue is where are the de-registered going to? Are we seeing a “new normal” for these professions?
3. The Project and Construction Management profession was massively affected by the peak in the construction industry and has shown a marginal increase in registrations. Close monitoring of the profession is therefore important to establish trends in registration.

Table 14 disaggregates the growth or fall in registration numbers according to registration status. It highlights the following issues:

1. For the Engineering and Quantity Surveying professions, the positive growth in registration numbers has been underpinned by a healthy growth in candidate registration numbers.
2. For the Architectural and Property Valuers professions, declining candidate and professional registration numbers reinforce each other to lead to declining registration numbers, which begs the above question of whether are we seeing a “new normal” for these professions?
3. The Project and Construction Management profession is seeing declining professional registration numbers and candidate registration numbers will require close monitoring as a discernible trend is hard to fathom given the 2010 anomaly.

Table 14: Aggregate professional and candidate registration in the six BEPCs – 2009-2011

Council		2009/10	2010/11	2011/12	TOTAL	%
ECSA	TOTAL	5 024	1 419	3 831	10 274	100%
	Professional	2 713	-268	1 221	3 666	36%
	Candidate	2 311	1 687	2 610	6 608	64%
SACPCMP	TOTAL	206	-521	41	-274	100%
	Professional	48	-220	-51	-223	81%
	Candidate	158	-301	92	-51	19%
SACLAP	TOTAL	15	28	11	54	100%
	Professional	5	12	11	28	52%
	Candidate	10	16	0	26	48%
SACQSP	TOTAL	0	213	149	362	100%
	Professional	-69	53	2	-14	-4%
	Candidate	69	160	147	376	104%
SACPVP	TOTAL	-161	-71	-66	-298	100%
	Professional	54	52	29	135	-45%
	Candidate	-215	-123	-95	-433	145%
SACAP	TOTAL	-824	-1 146	-1 566	-3 536	100%
	Professional	399	-1 119	-1 289	-2 009	57%
	Candidate	-1 223	-27	-277	-1 527	43%
	TOTAL	4 260	-78	2 400	6 582	100%

Source: Professional Council Quarterly Reports, 2009/10, 2010/11, 2011/12

An initial analysis of the above table, except for the Property Valuers profession, shows that the professions that have shown a rise in registration levels have been accompanied by above-average growth in candidature registration numbers, and vice-versa for those which have seen declining registration levels. This reinforces the assertion that the skills pipeline i.e. the number of replacement candidates that enter the profession is critical for the sustainable growth of BEPs. The Skills Pipeline proposal of the CBE, which has been developed from the 2008 Skills Audit research of the CBE, is therefore an important and overdue strategy to ensure the adequate resourcing of the BE with requisite quantitative and qualitative skills component.

The above table also shows that ECSA experienced the largest rise in cumulative registrations since 2009 to 2011 of 10 274, with 6 608 (64%) being candidates, which have therefore been the driver of the growth in registrations. The Quantity Valuers profession has also seen the rise in registration driven by rising candidate registrations, which have reversed the slight fall in professional registration numbers. The Construction and Project Management, Property Valuers and Architectural professions are showing distressing signals where the fall in registration has mainly come from the professional registration categories, which will leave a massive mentorship deficit and might be a threat to the infrastructure drive of government.

The concerning factor is that three professions have experienced a fall in numbers, and the CBE will establish the reasons therefore. However, the key issue for the CBE is to establish an adequate resourcing strategy of BEPs in light of the planned infrastructure drive of government in line with the NDP. For the CBE, its first priority will be to ensure that the BEP skills pipeline is functioning optimally in order to increase the supply of BEPs needed by the anticipated growing economy. The scenario planning methodology that was used in projecting the requisite skills requirement for the economy that was used in the 2008 Skills Audit is relevant as it is forward looking and projects skills requirements under various economic growth scenarios. This scenario planning methodology coupled with the infrastructure project pipeline developed by the Presidential Infrastructure Coordination Commission with its strategic infrastructure projects will form the basis of the CBEs response to ensure the adequate resourcing of the BE with BEPs.

8.8.3. Aggregate Gender Representation

Gender transformation in the BE is proving to be very difficult, with the Architectural Landscape profession being the only BEP that is showing substantial gender transformation. The racial composition of the professions is changing and it is time that the same effort is expended towards gender transformation.

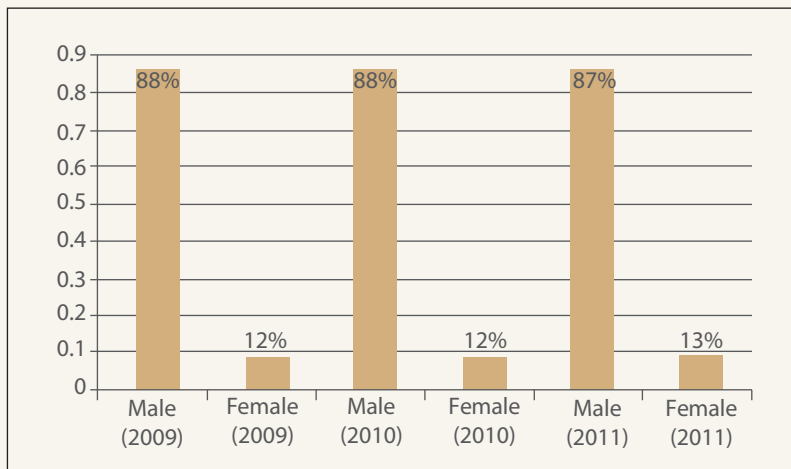
Table 15: Gender representation within the six professions

Professional Council	Total registered 2009/10	Male	Female	Total registered 2010/11	Male	Female	Total registered 2011/12	Male	Female
ECSA	33 246	30 774	2 472	34 664	31 682	2 982	38 495	34 742	3 753
		93%	7%		91%	9%		90%	10%
SACPCMP	3 624	3 431	193	3 103	2 897	206	3 144	2 932	212
		95%	5%		93%	7%		93%	7%
SACLAP	167	138	29	187	95	92	198	101	97
		83%	17%		51%	49%		51%	49%
SACAP	11 446	8 825	2 621	10 517	8 252	2 265	8 951	7 035	1 916
		77%	23%		78%	22%		79%	21%
SACQSP	2 679	2 199	480	2 900	2 377	523	3 049	2 400	649
		82%	18%		82%	18%		79%	21%
SACPVP	2 375	1 914	461	2 304	1 848	456	2 238	1 768	470
		81%	19%		80%	20%		79%	21%
TOTAL	53 537	47 281	6 256	53 675	47 281	6 256	56075	48 978	7 097
		88%	12%		88%	12%		87%	13%

Source: Professional Council Quarterly Reports, 2009/10, 2010/11, 2011/12

The urgency of a gender mainstreaming and transformation strategy is further necessitated by the following diagram, which shows that the number of females has not changed since 2008 and hover at 12%, which is still the situation found in 2011 albeit having a shown a marginal increase to 13%.

Graph 2 : Total registered gender profile of professionals and candidates, 2009-2011



Source: Professional Council Quarterly Reports, 2009/10, 2010/11, 2011/12

Gender transformation in the BE is proving to be illusive and requires a gender mainstreaming strategy which can be achieved within the CBE skills pipeline proposal. It is a multi-faceted problem that requires interventions from the primary education phase and throughout the skills pipeline, and should also address the changing of attitudes and practices from a male-dominated sphere within BE companies to an environment that is conducive to attracting and retaining female candidates.

8.8.4. Candidate registration

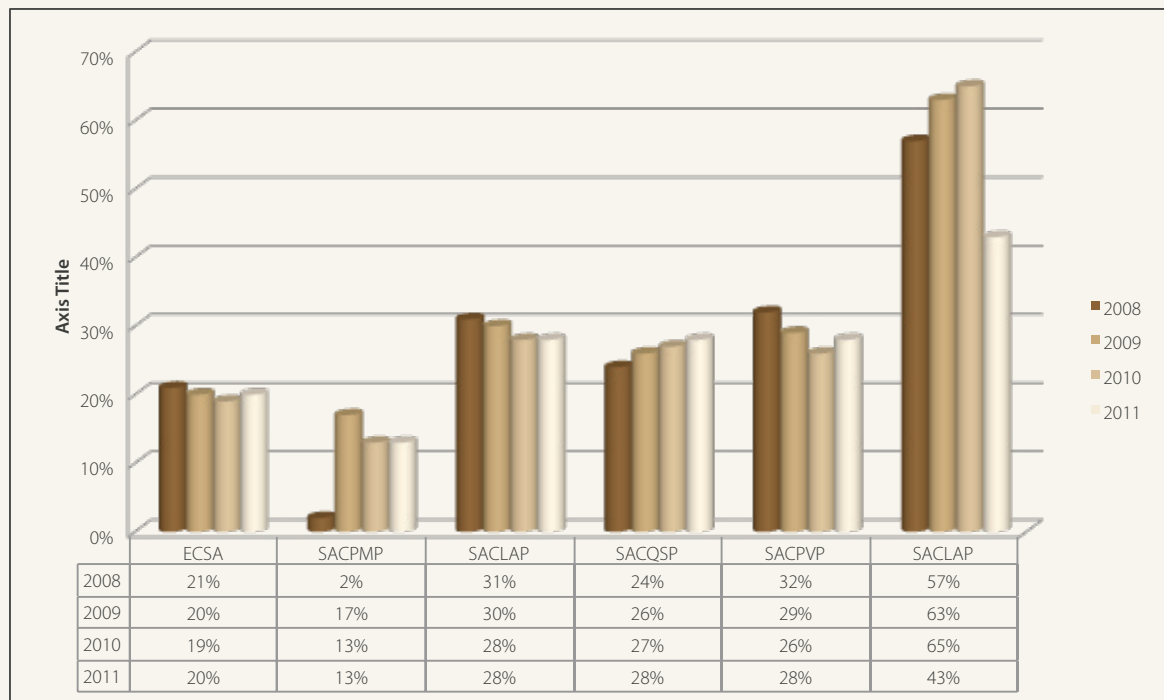
Table 16: Growth in registered candidate numbers

Professional Council	Total registered candidates 2008	Total registered candidates 2009	Total registered candidates 2010	Total registered candidates 2011	Cumulative growth in candidate registration	%
ECSA	6 753	9 064	10 751	13 361	39 929	66.0%
SACAP	3 091	1 868	1 841	1 564	8 364	13.8%
SACPCMP	910	1 068	767	767	3 512	5.8%
SACQSP	872	941	1 101	1 248	4 162	6.9%
SACPVP	1 300	1 085	962	962	4 309	7.1%
SACLAP	30	40	56	56	182	0.3%
TOTAL	12 956	14 066	15 478	17 958	60 458	100%
Annual % change	0%	9%	10%	16%		

Source: *Professional Council Quarterly Reports, 2008/09, 2009/10, 2010/11, 2011/12*

The above table shows an upward trend in candidate registration numbers, with the greatest number coming from the engineering profession. However, the above table shows a trend that was established above where the Architectural profession is seeing a declining trend in candidate registrations, while the Construction and Project Management, Property Valuers and Landscape Architectural professions have seen a fall followed by a static fall in candidate registration numbers. The fall in candidate registration numbers might be an indication of serious problems within the professions and the CBE cannot speculate on the reasons thereof without initial research to establish the true causes of the decline in candidate registrations. The first step would be to establish the trend in graduations within the four professions to determine whether the problem lies with the lack of adequate supply of Grade 12 candidates and subsequent graduates i.e. at the primary supply phase or the problem lies with graduates not registering as candidates and therefore the problem lies at the candidature phase. It is therefore important to research firstly where the problems lie and establish the causes thereof in order to create adequate strategies for them.

Graph 3: Female profile per Council



Source: Professional Council Quarterly Reports, 2008/09, 2009/10, 2010/11, 2011/12

The above graph presents trends in registered female candidates and shows decrease in female candidate registration for the Engineering, Architectural and Landscape Architectural professions. The Project and Construction Management and Quantity Surveying professions have realised growth in numbers. The table below shows the aggregate female registration numbers within the professions.

Table 17: Female registration profile of the BEPCs

	ECSA	SACPMMP	SACAP	SACQSP	SACPVP	SACLAP	TOTAL
Female 2011	2 770	16	482	305	275	32	3 880
Female 2010	2 127	133	559	291	281	35	3 427
Female 2009	1 739	138	523	252	278	26	2 956
Female 2008	1 381	122	870	248	369	13	3 003
TOTAL	8 017	409	2 434	1 096	1 203	106	13 265

Source: Professional Council Quarterly Reports, 2008/09, 2009/10, 2010/11, 2011/12

8.8.5. Racial profile of candidates

Table 18: Racial profile of total candidates

	2008/09	2009/10	2010/11	2011/12
Black	6 680	5 928	8 951	11 061
White	6 529	6 051	6 409	6 882
Total	13 209	11 979	15 360	17 943

Source: Professional Council Quarterly Reports, 2008/09, 2009/10, 2010/11, 2011/12

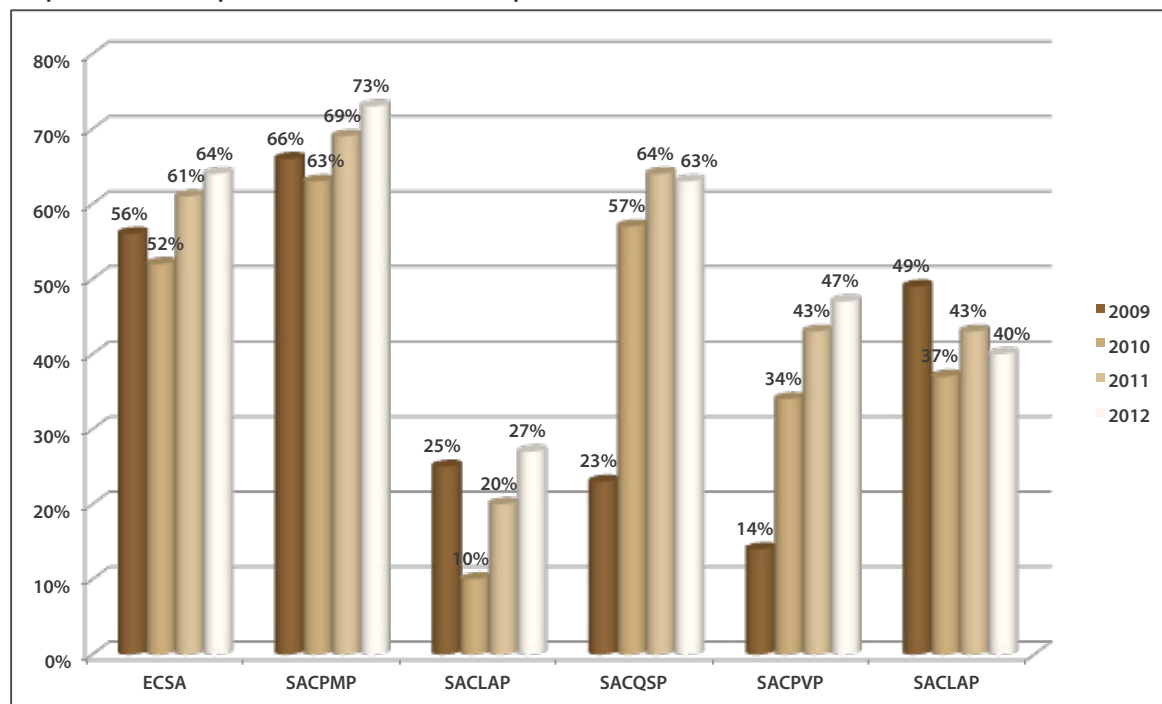
	2008/09	2009/10	2010/11	2011/12
Black	51%	49%	58%	62%
White	49%	51%	42%	38%

Source: Professional Council Quarterly Reports, 2008/09, 2009/10, 2010/11, 2011/12

The total racial composition of candidates is changing and PDI candidates have grown from 51% of total candidates in 2008 to 62% of total candidates in 2011. However, the aggregate rise in the number of black candidates hides the differing performance within the professions as reflected in the table below.

8.8.6. PDI candidates

Graph 4 : Racial composition of black candidates per BEPC



Source: Professional Council Quarterly Reports, 2008/09, 2009/10, 2010/11, 2011/12

The above graph show that PDI candidates for the Engineering, Project and Construction Management and Quantity Surveying professions are showing PDI representation which is above the 62% average, while the Architectural, Landscape Architectural and Property Valuers professions are showing below average performance.

Table 19: Black candidate change in registration

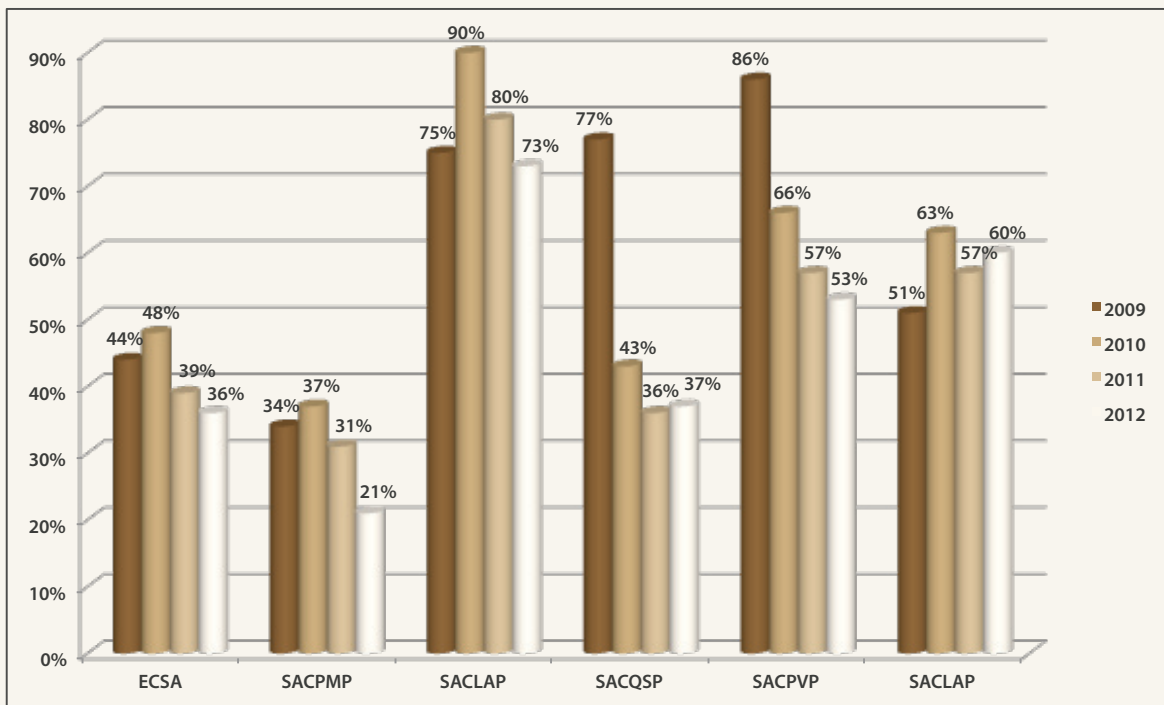
Professional Councils	2008/09	2009/10	2010/11	2011/12	Additional PDIs between 2008 and 2011
ECSA	4 264	4 018	6 554	8 600	4 336
SACPCMP	600	552	531	629	29
SACLAP	3	4	11	15	12
SACQSP	200	462	700	789	589
SACPVP	99	331	416	406	307
SACAP	1 514	563	739	622	-892
TOTAL	6 680	5 928	8 951	11 061	4 381
Annual % change	0%	-11%	51%	24%	

Source: Professional Council Quarterly Reports, 2008/09, 2009/10, 2010/11, 2011/12

The table above shows a startling fact about the performance of BEPC to accelerate the entry of PDIs into the professions and shows that ECSA accounts for 99% of all PDI candidates in the BE. The Architectural profession has seen a fall in PDI candidates, which has also been experienced by the Property Valuers professions. The dwindling of PDI numbers might be a reflection of low Grade 12 Maths and Science throughput rates but might also be a reflection of poor marketing of the professions by BEPCs.

8.8.7. White candidates

Graph 5: Breakdown of white candidates per BEPC



Source: Professional Council Quarterly Reports, 2008/09, 2009/10, 2010/11, 2011/12

The gradual reduction in the number of white candidates is expected as more black candidates enter the BEPs. However, as shown by the graph above, all professions are seeing a downward trend in white candidates except for the Architectural profession. Are we seeing a tacit racialisation of the professions or is this a reflection of some other fundamental dynamics that are seeing a clear racialisation of the BEPs? However, this racialisation debate might not be a true reflection of the situation on the ground but as the table below shows, the problem is that not enough white candidates register and the registration numbers will be compared with graduation numbers to establish whether it is a decrease in white graduation numbers or that white candidates do not bother to register, and the reasons are unknown.

Table 20: White candidate change in registration

	2008/09	2009/10	2010/11	2011/12
ECSA	3 351	3 757	4 197	4 761
SACPCMP	309	318	236	230
SACLAP	9	36	45	41
SACQSP	671	342	401	459
SACPVP	613	646	546	461
SACAP	1 576	952	984	930
TOTAL	6 529	6 051	6 409	6 882
Annual % change	0%	-7%	6%	7%

Source: Professional Council Quarterly Reports, 2008/09, 2009/10, 2010/11, 2011/12

CONCLUSION

The key focus of the above analysis has been on the growth in total registered professionals in the BEPs and the growth of candidates, especially PDI candidate numbers. The analysis has uncovered disturbing trends in the Architectural, Project and Construction Management and Property Valuers professions, which have been characterised by declining total registration numbers, especially black candidate registration. The first point of call for the CBE will be to check the graduation numbers in these professions to establish whether the problems lie with low university throughput rates linked to inadequate Grade 12 Maths and Science completion rates. A recurrent theme in this section has been the argument for adopting a skills pipeline strategy for the BEP in order to ensure an adequate supply of BEPs given the centrality of infrastructure investment for the country's development in the next 20 years. The governance of the BEPCs has also come under the spotlight due to weaknesses in their governance. The overall objective is to ensure that the BEPs have a conducive and enabling policy and legislative framework to ensure their parochial growth and development which reinforces the country's own growth and development needs.



Financial Report



AUDIT COMMITTEE REPORT

FOR THE YEAR ENDED 31 March 2012

We are pleased to present our report for the financial year ended 31 March 2012.

Audit Committee members and Attendance

The Audit Committee which was reconstituted during the year, consists of the members listed hereunder and should meet three times per year as per its approved terms of reference. During the current year an induction, a risk management workshop, four Committee meetings and two Ad Hoc Investigative Committee meetings (for the external members only) were held.

Name of members	Number of meeting attended
Mr D Coovadia (Chairperson)(External member)	8
Mr F Gustin (External member)	5
Ms T Sihlaba (External member)	6 (Resigned 6/4/2012)
Mr V Mdwarwa (CBE Council)	4
Ms Z Mvusi (CBE Council)	2

Audit Committee responsibility

We report that we have adopted appropriate formal terms of reference in our charter in line with the requirements of **section 51(1)(a)** of the **PFMA of 1999** and **Treasury Regulation 27.1**. We further report that we have conducted our affairs in compliance with this charter.

The effectiveness of internal control

The system of internal control was not entirely effective for the year under review. Several deficiencies in the system of internal control, including deviations from it, were reported by the internal auditors and the Auditor-General South Africa. The audit committee however, based on the reports of internal and external auditors, is of the opinion that the internal control system continues to improve.

The quality of in year management and monthly/ quarterly reports submitted in the terms of the PFMA of 1999

We are satisfied with the content and quality of monthly and quarterly reports prepared and issued by the CBE during the year under review. It was, however, noted that suspense accounts were not cleared monthly.

Internal Audit

Internal Audit is outsourced to an independent firm. Based on their reports, we are of the opinion that the internal audit function is satisfactory.

Risk management

The CBE is in the process of implementing a risk management programme.

Evaluation of Annual Financial Statements

We have reviewed:

- and discussed the audited financial statements to be included in the Annual Report, with the AGSA and management.
- the AGSA's management report and management's response thereto.
- significant adjustments resulting from the audit.

We concur with and accept the AGSA's audit report on the annual financial statements and are of the opinion that the audited annual financial statements should be accepted and read together with the audit report of the AGSA.

Auditor-General of South Africa

We have met with the AGSA to ensure that there are no unresolved issues.



D COOVADIA CA (SA)

Independent Chairperson of the Audit Committee

30 June 2012

REPORT OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE COUNCIL FOR THE BUILT ENVIRONMENT

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Council for the Built Environment set out on pages 67 to 107 which comprise the statement of financial position as at 31 March 2012, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting authority's responsibility for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No 1 of 1999) (PFMA), and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the *General Notice* issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council of the Built Environment as at 31 March 2012, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No 1 of 1999) (PFMA).

Emphasis of matter

7. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Restatement of corresponding figures

8. As disclosed in note 26 to the financial statements, the corresponding figures for 31 March 2011 have been restated as a result of an error discovered during 2012 in the financial statements for the Council of Built Environment at, and for the year ended, 31 March 2011.

Report on other legal and regulatory requirements

9. in accordance with the PAA and the *General Notice* issued in terms thereof, we report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

10. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 13 to 22 of the annual report.

11. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the *National Treasury Framework for managing programme performance information*.

The reliability of the information in respect of the selected programmes is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

12. The material findings are as follows:

Usefulness of information

13. Treasury Regulation 30.1.3(g) requires that the annual performance plan should form the basis for the annual report, therefore requiring the consistency of objectives, indicators and targets between planning and reporting documents. A total of 32% of the reported indicators and targets are not consistent with the indicators and targets as per the approved annual performance plan. This is due to the fact that indicators and targets were not suitably developed during the strategic planning process.

Additional matter

14. I draw attention to the following matter below. This matter does not have an impact on the predetermined objectives audit findings reported above.

Achievement of planned targets

15. Of the total number of planned targets for the selected objectives, only 13 were achieved during the year under review. This represents 41% of the total planned targets that were not achieved during the year under review. This was mainly due to the fact that indicators and targets were not suitably developed during the strategic planning process.

Compliance with laws and regulations

16. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the *General Notice* issued in terms of the PAA are as follows:

Strategic planning and performance management

17. The accounting authority did not submit the proposed strategic plan to the executive authority for approval at least six months before the start of the financial year of the designated department, or another time period as agreed to between the executive authority and the public entity in contravention with the requirements of Treasury Regulation 30.1.1.

Annual financial statements, performance and annual reports

18. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 55(1) (b) of the Public Finance Management Act. Material misstatements of property, plant and equipment and provisions identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Procurement

19. Contracts were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, which is prescribed in order to comply with Treasury regulation 16A8.3.

20. Contracts were awarded to bidders who did not submit a declaration of past supply chain practices such as fraud, abuse of Supply Chain Management system and non-performance, which is prescribed in order to comply with Treasury regulation 16A9.1.

Expenditure Management

21. The accounting authority did not take effective steps to prevent irregular expenditure and fruitless and wasteful expenditure, as required by section 51(1) (b)(ii) of the Public Finance Management Act.

Asset management and liability management

22. Bank reconciliations were not performed on a weekly basis, as required by Treasury Regulation 31.1.2(j).

Internal control

23. I considered internal control relevant to my audit of the financial statements, the annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

24. The entity did not have sufficient monitoring controls to ensure complete and accurate financial reporting, compliance with laws and regulations and proper implementation of the overall process of planning and reporting of performance against pre-determined objectives.

Auditor - General

Pretoria

31 July 2012



AUDITOR - GENERAL
SOUTH AFRICA

GENERAL INFORMATION

Country of incorporation and domicile South Africa

Nature of business and principal activities Built Environment Regulator

Members

Portia Tau - Sekati (Chairperson)
Thokozani Majozi (Deputy Chairperson)
Eugenia Kula Ameyaw
Christopher James Campbell
Frederick Brian Johnson
Menno Klapwijk
Molefi Kubuzie
Victor Vuyisile Mdwara
Lucky Welcome Molobela
Zanele Mvusi
Sindisiwe Ngxongo
Elma Inge Pieterse
Lula Paraksevy Scott
Hendrikus Van Der Hoven
Dinga Rammy Nkwashu
Phill Mashabane
Godfrey Thamaga Chaane
Charles Israelite

Registered office 121 Muckleneuk
Nieuw Muckleneuk
0027

Business address 121 Muckleneuk
Nieuw Muckleneuk
0027

Postal address PO Box 915
Groenkloof
0027

Auditors Auditor General

ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

The CBE Council is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the CBE Council to ensure that the annual financial statements fairly present the state of affairs of the CBE as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP).

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The CBE Council acknowledges that they are ultimately responsible for the system of internal financial control established by the CBE and place considerable importance on maintaining a strong control environment. To enable the CBE Council to meet these responsibilities, the Accounting authority sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the CBE and all employees are required to maintain the highest ethical standards in ensuring the CBE's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the CBE is on identifying, assessing, managing and monitoring all known forms of risk across the CBE. While operating risk cannot be fully eliminated, the CBE endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The CBE Council are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The CBE Council have reviewed the CBE's cash flow forecast for the year to 31 March 2013 and, in the light of this review and the current financial position, they are satisfied that the CBE has or has access to adequate resources to continue in operational existence for the foreseeable future.

The CBE is mainly dependent on the Government grant for continued funding of operations. The annual financial statements are prepared on the basis that the CBE is a going concern and that the CBE has neither the intention nor the need to liquidate or curtail materially the scale of the CBE.

The accounting authority is primarily responsible for the financial affairs of the CBE.

The external auditors are responsible for independently reviewing and reporting on the CBE's annual financial statements. The annual financial statements have been examined by the CBE's external auditors and their report is presented on page 60 to 63.

The annual financial statements set out on pages 63 to 106, which have been prepared on the going concern basis, were approved by the accounting authority on 28 May 2012 and were signed on its behalf by:



Portia Tau - Sekati (Chairperson)

STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2012

	Note(s)	2012 R '000	2011 R '000
Assets			
Current Assets			
Trade and other receivables from exchange transactions	5	125	145
Other receivables from non-exchange transactions	6	43	178
Cash and cash equivalents	7	6 439	4 712
		6 607	5 035
Non-Current Assets			
Property, plant and equipment	3	1 207	870
Intangible assets	4	364	528
		1 571	1 398
Total Assets		8 178	6 433
Liabilities			
Current Liabilities			
Operating lease liability		421	-
Trade and other payables from exchange transactions	8	4 267	2 180
Provisions	9	234	398
		4 922	2 578
Total Liabilities		4 922	2 578
Net Assets		3 256	3 855
Net Assets			
Accumulated surplus		3 256	3 855

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2012

	Note(s)	2012 R '000	2011 R '000
Total Revenue			
Other operating income		80	23
Revenue from non-exchange transactions	10	29,090	27,144
Interest received	11	298	70
Total Revenue		29,468	27,237
Expenditure			
Personnel costs	12	(14,140)	(14,407)
Depreciation and amortisation		(284)	(610)
Administrative expenses	13	(7,452)	(6,428)
Operating expenses	15	(8,191)	(9,920)
Total Expenditure		(30,067)	(31,365)
Surplus / (deficit) for the year		(599)	(4,128)

STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2012

	Accumulated surplus R '000	Total net assets R '000
Balance at 01 April 2010	7 983	7 983
Changes in net assets		
Deficit for the year	(4 128)	(4 128)
Total changes	(4 128)	(4 128)
Balance at 01 April 2011	3 855	3 855
Changes in net assets		
Surplus for the year	(599)	(599)
Total changes	(599)	(599)
Balance at 31 March 2012	3 256	3 256

CASH FLOW STATEMENT

for the year ended 31 March 2012

	Note(s)	2012 R '000	2011 R '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Grants		28 659	25 527
Interest income		298	70
Cash receipts from customers		1 720	2 277
		<u>30 677</u>	<u>27 874</u>
Payments			
Employee costs		(13 851)	(14 189)
Suppliers		(14 475)	(17 137)
		<u>(28 326)</u>	<u>(31 326)</u>
Net cash flows from operating activities	17	<u>2 351</u>	<u>(3 452)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(624)	(49)
Purchase of other intangible assets	4	-	(226)
Net cash flows from investing activities		<u>(624)</u>	<u>(275)</u>
Net increase/(decrease) in cash and cash equivalents		1 727	(3 725)
Cash and cash equivalents at the beginning of the year		4 712	8 437
Cash and cash equivalents at the end of the year	7	<u>6 439</u>	<u>4 712</u>

ACCOUNTING POLICIES

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

These accounting policies are consistent with the previous period, however the useful life of property plant and equipment and Intangible assets has been reviewed in this current year, see change in accounting policy.

1.1 Property, plant and equipment

Property, plant and equipment, comprising of computer equipment and furniture and other equipment, is stated at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

Property, plant and equipment is recognised when the following conditions are met:

- when the cost of the item can be measured reliably and
- when it is probable that future economic benefits or service potential associated with the item will flow to the CBE.

Subsequent expenditure relating to an item of property, plant and equipment is capitalised when it is probable that future economic benefits from the use of the asset will flow to the CBE and the costs can be reliably measured. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Depreciation is calculated on a straight line basis over the useful life of the asset using cost less residual value. Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Furniture and fittings	10 years
Office equipment	8 years
Computer equipment	6 years
Leased Office Equipment	Over the lease period

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

ACCOUNTING POLICIES (*continued*)

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Any contractual commitments for the acquisition of property plant and equipment at year end shall be disclosed in the notes to the annual financial statements stating the nature and amount relating to the committed amount.

1.2 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the CBE; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset acquired at no or nominal cost, the cost shall be its fair value as at the date of acquisition. Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

Management assesses the carrying value of each intangible assets annually and revisions are made where it is considered necessary. The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date. Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	5 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

Any contractual commitments for the acquisition of intangible assets at year end shall be disclosed in the notes to the annual financial statements stating the nature and amount relating to the committed amount.

ACCOUNTING POLICIES (*continued*)

1.3 Financial instruments

Classification

The CBE classifies financial instruments, or their component parts on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognised on the CBE's statement of financial position when the CBE becomes a party to the contractual provisions of the instrument.

Initial recognition and measurement

Financial instruments are recognised initially when the CBE becomes a party to the contractual provisions of the instruments. The CBE classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Trade and other receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. This category includes short-term receivables, such as receivables, as well as cash and cash equivalents.

Loan and receivables are initially measured at fair value, plus transaction costs, subsequently, items included in this category are measured at amortised cost, calculated based on the effective interest method and interest income is included in surplus/deficit for the period.

Loans and receivables are derecognised at carrying value when it is not probable that future economic benefits will flow to the entity.

Net gains or losses represent reversals of impairment losses, impairment losses and gains and losses on derecognition. Net gains or losses are included in "other income" or "other expenses".

Short-term receivables with no stated interest rate are measured at the original invoice amount, if the effect of discounting immaterial.

Trade and other payables

Other financial liabilities are initially measured at fair value, plus transaction cost. subsequently, these items are measured at the amortised cost, using the effective interest method. Interest expenses on these items are recognised in surplus/deficit for the period and they are included in "finance costs".

Financial liabilities are derecognised at carrying value when no future economic outflow is probable.

ACCOUNTING POLICIES (*continued*)

Net gains or losses represent gains or losses on derecognition and they are included in "other income" or "other expenses". Short-term payables with no stated interest rate are measured at the original invoice amount, if the effect of discounting is immaterial.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.4 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.5 Impairment of non-cash-generating assets

At each balance sheet date, the CBE reviews the carrying amount of its property plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered any impairment loss. If such indication exist, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount for an individual asset, the recoverable amount is determined for the non-cash generating unit to which the asset belongs.

If the recoverable amount of an asset (cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash generating) is reduced to its recoverable amount. Impairment losses are immediately recognised as an expense, unless the relevant assets is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under the standard.

ACCOUNTING POLICIES (*continued*)

Where an impairment loss subsequently reverses, the carrying amount of the assets (non-cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined and no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Cash-generating assets are those assets held by the CBE with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. Useful life is either:

- (a) the period of time over which an asset is expected to be used by the entity; or
- (b) the number of production or similar units expected to be obtained from the asset by the entity.

If the recoverable service amount of a non-cash generating assets is less than the carrying amount of the assets is reduced to its recoverable service amount. This reduction is an impairment loss.

Criteria developed by the entity to distinguish non-cash-generating assets from cash-generating assets are as follow: All the assets that will be used in the income generating activities will be classified as cash generating assets.

All assets that are not used primarily in the profit generating activities are classified as non - cash generating assets.

ACCOUNTING POLICIES (*continued*)

1.6 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and bonuses), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.7 Provisions and contingencies

Provisions are recognised when:

- the CBE has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the CBE settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

ACCOUNTING POLICIES (*continued*)

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating deficits.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 22.

1.8 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the CBE provide assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

Investment Income is recognised on a time proportion basis using the effective interest method.

1.9 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by the CBE, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the CBE can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

ACCOUNTING POLICIES (*continued*)

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, the CBE either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

1.10 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.11 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.12 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

ACCOUNTING POLICIES (*continued*)

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.13 Judgements made by management

Intangible assets

Computer software

If the computer hardware can operate without the software then the software is recognised as intangible assets and not property plant and equipment.

Property plant and equipment

At reporting date all assets were reviewed for their useful life and the useful life for assets which were deemed to have reached the end of their depreciable life was reviewed as follows:

- Computer equipment over a three-year period
- Office equipment over a three-year period

Receivables

Receivables are assessed at each reporting period if they are impaired or doubtful.

Impairment Testing

All assets and liabilities are tested for impairment based on the available information at the time of testing and management's assessment of the assets and liability.

Provisions

Provisions are raised and or adjusted based on the available information at the time of testing. Management base their estimates on the probability of the event happening, the available information and past experience.

Allowance for doubtful debts

Where there is an indication that the debt may be irrecoverable management will raise a provision and each case will be evaluated independently

ACCOUNTING POLICIES (*continued*)

1.14 Related parties

Related parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operational decisions or if related party entity and another entity are subject to common control. Related parties include:

- Entity that directly or indirectly through one or more intermediaries, control, or are controlled by the reporting entity
- Key management personnel, and close members of the family of key management personnel
- Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in key management personnel, or over which such a person is able to exercise significant influence.

1.15 Budget information

The CBE is typically subject to budgetary limits in the form of appropriations which is given effect through appropriation by the MTEF allocation from National Treasury.

General purpose financial reporting by the CBE shall provide information on whether resources were obtained and used in accordance with the adopted budget.

The annual financial statements and the budget are not the same basis of accounting however the reconciliation between the accrual basis of the annual financial statement and cash basis of budgeting has been provided in the notes to the annual financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

2. NEW STANDARDS AND INTERPRETATIONS

GRAP 23: Revenue from Non-exchange Transactions

Revenue from non-exchange transactions arises when an entity receives value from another entity without directly giving approximately equal value in exchange. An asset acquired through a non-exchange transaction shall initially be measured at its fair value as at the date of acquisition.

This revenue will be measured at the amount of increase in net assets recognised by the entity.

An inflow of resources from a non-exchange transaction recognised as an asset shall be recognised as revenue, except to the extent that a liability is recognised for the same inflow. As an entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it will reduce the carrying amount of the liability recognised as recognise an amount equal to that reduction.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 April 2012.

The entity has early adopted the standard for the first time in the 2012 annual financial statements. The impact of the standard is not material.

GRAP 24: Presentation of Budget Information in the Financial Statements

Subject to the requirements of paragraph .19, an entity shall present a comparison of the budget amounts for which it is held publicly accountable and actual amounts either as a separate additional financial statement or as additional budget columns in the financial statements currently presented in accordance with Standards of GRAP. The comparison of budget and actual amounts shall present separately for each level of legislative oversight:

- the approved and final budget amounts;
- the actual amounts on a comparable basis; and
- by way of note disclosure, an explanation of material differences between the budget for which the CBE is held publicly accountable and actual amounts, unless such explanation is included in other public documents issued in conjunction with the financial statements, and a cross reference to those documents is made in the notes.

Where an entity prepares its budget and annual financial statements on a comparable basis, it includes the comparison as an additional column in the primary annual financial statements. Where the budget and annual financial statements are not prepared on a comparable basis, a separate statement is prepared called the 'Statement of Comparison of Budget and Actual Amounts'. This

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

statement compares the budget amounts with the amounts in the annual financial statements adjusted to be comparable to the budget.

A comparable basis means that the budget and annual financial statements:
are prepared using the same basis of accounting i.e. either cash or accrual;

- include the same activities and entities;
- use the same classification system; and
- are prepared for the same period.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 April 2012.

The entity expects to adopt the standard for the first time in the 2013 annual financial statements.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

GRAP 21: Impairment of Non Cash-Generating Assets

The method of measurement of value in use of a non-cash-generating asset under this Standard is different to that applied to a cash generating asset.

Asset should be measured by reference to the present value of the remaining service potential of the asset.

Determining value in use (present value of remaining service potential) of a non-cash-generating asset, may be the depreciated replacement cost approach, restoration cost approach and service units approach.

This Standard does not require entities to apply an impairment test to property, plant and equipment carried at revalued amounts.

This Standard does not include a decrease in market value significantly greater than would be expected as a result of the passage of time or normal use as a minimum indication of impairment. This indication is included as an additional indication that impairment may exist.

The effective date of the standard is for years beginning on or after 01 April 2012.

The entity expects to adopt the standard for the first time in the 2013 annual financial statements.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

GRAP 26: Impairment of cash-generating assets

Cash-generating assets are those assets held by an entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

An entity assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, an entity estimates the recoverable amount of the asset. When estimating the value in use of an asset, an entity estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and an entity applies the appropriate discount rate to those future cash flows.

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss. An impairment loss is recognised immediately in surplus or deficit. Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, an entity determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, an entity use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

An entity assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, an entity estimates the recoverable amount of that asset.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 April 2012.

The entity expects to adopt the standard for the first time in the 2012 annual financial statements.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

GRAP 25: Employee benefits

The objective of GRAP25 is to prescribe the accounting and disclosure for employee benefits. The Standard requires an entity to recognise:

- a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and
- an expense when an entity consumes the economic benefits or service potential arising from service provided by an employee in exchange for employee benefits.

GRAP25 must be applied by an employer in accounting for all employee benefits, except share based payment transactions.

GRAP25 defines, amongst others, the following:

- Employee benefits as all forms of consideration given by an entity in exchange for service rendered by employees;
- Defined contribution plans as post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods;
- Defined benefit plans as post-employment benefit plans other than defined contribution plans;
- Multi-employer plans as defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that:
 - pool the assets contributed by various entities that are not under common control; and
 - use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned;

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

- Other long-term employee benefits as employee benefits (other than post-employment benefits and termination benefits) that is not due to be settled within twelve months after the end of the period in which the employees render the related service;
- Post-employment benefits as employee benefits (other than termination benefits) which are payable after the completion of employment;
- Post-employment benefit plans as formal or informal arrangements under which an entity provides post-employment benefits for one or more employees;
- Short-term employee benefits as employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service;
- State plans as plans other than composite social security programmes established by legislation which operate as if they are multi-employer plans for all entities in economic categories laid down in legislation;
- Termination benefits as employee benefits payable as a result of either:
 - an entity's decision to terminate an employee's employment before the normal retirement date; or
 - an employee's decision to accept voluntary redundancy in exchange for those benefits;
- Vested employee benefits as employee benefits that are not conditional on future employment.

The standard states the recognition, measurement and disclosure requirements of:

- Short-term employee benefits;
 - All short-term employee benefits;
 - Short-term compensated absences;
 - Bonus, incentive and performance related payments;
- Post-employment benefits: Defined contribution plans;
- Other long-term employee benefits;
- Termination benefits.

The standard states Post-employment benefits: Distinction between defined contribution plans and defined benefit plans:

- Multi-employer plans;
- Defined benefit plans where the participating entities are under common control;
- State plans;
- Composite social security programmes;
- Insured benefits.

The standard states, for Post-employment benefits: Defined benefit plans, the following requirements:

- Recognition and measurement;
- Presentation;
- Disclosure;
- Accounting for the constructive obligation;
- Statement of financial position;

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

- Asset recognition ceiling;
- Asset recognition ceiling: When a minimum funding requirement may give rise to a liability;
- Statement of financial performance.

The standard prescribes recognition and measurement for:

- Present value of defined benefit obligations and current service cost:
 - Actuarial valuation method;
 - Attributing benefits to periods of service;
 - Actuarial assumptions;
 - Actuarial assumptions: Discount rate;
 - Actuarial assumptions: Salaries, benefits and medical costs;
 - Actuarial gains and losses;
 - Past service cost.
- Plan assets:
 - Fair value of plan assets;
 - Reimbursements;
 - Return on plan assets.

The standard also deals with Entity combinations and Curtailments and settlements.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The entity does not envisage the adoption of the standard until such time as it becomes applicable to the entity's operations.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

GRAP 104: Financial Instruments

The standard prescribes recognition, measurement, presentation and disclosure requirements for financial instruments. Financial instruments are defined as those contracts that results in a financial asset in one entity and a financial liability or residual interest in another entity. A key distinguishing factor between financial assets and financial liabilities and other assets and liabilities, is that they are settled in cash or by exchanging financial instruments rather than through the provision of goods or services.

One of the key considerations in initially recognising financial instruments is the distinction, by the issuers of those instruments, between financial assets, financial liabilities and residual interests. Financial assets and financial liabilities are distinguished from residual interests because they involve a contractual right or obligation to receive or pay cash or another financial instrument. Residual interests entitle an entity to a portion of another entity's net assets in the event of liquidation and, to dividends or similar distributions paid at management's discretion.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

In determining whether a financial instrument is a financial asset, financial liability or a residual interest, an entity considers the substance of the contract and not just the legal form.

Where a single instrument contains both a liability and a residual interest component, the issuer allocates the instrument into its component parts. The issuer recognises the liability component at its fair value and recognises the residual interest as the difference between the carrying amount of the instrument and the fair value of the liability component. No gain or loss is recognised by separating the instrument into its component parts.

Financial assets and financial liabilities are initially recognised at fair value. Where an entity subsequently measures financial assets and financial liabilities at amortised cost or cost, transactions costs are included in the cost of the asset or liability.

The transaction price usually equals the fair value at initial recognition, except in certain circumstances, for example, where interest free credit is granted or where credit is granted at a below market rate of interest.

Concessionary loans are loans either received by or granted to another entity on concessionary terms, e.g. at low interest rates and flexible repayment terms. On initial recognition, the fair value of a concessionary loan is the present value of the agreed contractual cash flows, discounted using a market related rate of interest for a similar transaction. The difference between the proceeds either received or paid and the present value of the contractual cash flows is accounted for as non-exchange revenue by the recipient of a concessionary loan in accordance with Standard of GRAP on Revenue from Non-exchange Revenue Transactions (Taxes and Transfers), and using the Framework for the Preparation and Presentation of Financial Statements (usually as an expense) by the grantor of the loan.

Financial assets and financial liabilities are subsequently measured either at fair value or, amortised cost or cost. An entity measures a financial instrument at fair value if it is:

- a derivative;
- a combined instrument designated at fair value, i.e. an instrument that includes a derivative and a non-derivative host contract;
- held-for-trading;
- a non-derivative instrument with fixed or determinable payments that is designated at initial recognition to be measured at fair value;
- an investment in a residual interest for which fair value can be measured reliably; and
- other instruments that do not meet the definition of financial instruments at amortised cost or cost.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

Derivatives are measured at fair value. Combined instruments that include a derivative and non-derivative host contract are accounted for as follows:

- Where an embedded derivative is included in a host contract which is a financial instrument within the scope of this Standard, an entity can designate the entire contract to be measured at fair value or, it can account for the host contract and embedded derivative separately using GRAP 104. An entity is however required to measure the entire instrument at fair value if the fair value of the derivative cannot be measured reliably.
- Where the host contract is not a financial instrument within the scope of this Standard, the host contract and embedded derivative are accounted for separately using GRAP 104 and the relevant Standard of GRAP.

Financial assets and financial liabilities that are non-derivative instruments with fixed or determinable payments, for example deposits with banks, receivables and payables, are measured at amortised cost. At initial recognition, an entity can however designate such an instrument to be measured at fair value.

An entity can only measure investments in residual interests at cost where the fair value of the interest cannot be determined reliably.

Once an entity has classified a financial asset or a financial liability either at fair value or amortised cost or cost, it is only allowed to reclassify such instruments in limited instances.

An entity derecognises a financial asset, or the specifically identified cash flows of an asset, when:

- the cash flows from the asset expire, are settled or waived;
- significant risks and rewards are transferred to another party; or
- despite having retained significant risks and rewards, an entity has transferred control of the asset to another entity.

An entity derecognises a financial liability when the obligation is extinguished. Exchanges of debt instruments between a borrower and a lender are treated as the extinguishments of an existing liability and the recognition of a new financial liability. Where an entity modifies the term of an existing financial liability, it is also treated as the extinguishments of an existing liability and the recognition of a new liability.

An entity cannot offset financial assets and financial liabilities in the statement of financial position unless a legal right of set-off exists, and the parties intend to settle on a net basis.

GRAP 104 requires extensive disclosures on the significance of financial instruments for an entity's statement of financial position and statement of financial performance, as well as the nature and extent of the risks that an entity is exposed to as a result of its annual financial statements. Some disclosures, for example the disclosure of fair values for instruments measured at amortised cost or cost and the preparation of a sensitivity analysis, are encouraged rather than required.

GRAP 104 does not prescribe principles for hedge accounting. An entity is permitted to apply hedge accounting, as long as the

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

principles in IAS 39 are applied.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The entity does not envisage the adoption of the standard until such time as it becomes applicable to the entity's operations.

It is unlikely that the amendment will have a material impact on the entity's annual financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

2012
R '000

2011
R '000

3. PROPERTY, PLANT AND EQUIPMENT

	2012			2011		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	1 034	(523)	511	855	(589)	266
Office equipment	670	(374)	296	916	(474)	442
Computer equipment	943	(543)	400	744	(582)	162
Leased office Equipment	29	(29)	-	29	(29)	-
Total	2 676	(1 469)	1 207	2 544	(1 674)	870

Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Transfers	Write offs	Depreciation	Total
Furniture and fixtures	266	335	-	(41)	(49)	511
Office equipment	442	20	(71)	(32)	(63)	296
Computer equipment	162	269	71	(50)	(52)	400
	870	624	-	(123)	(164)	1,207

Reconciliation of property, plant and equipment - 2011

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	373	13	(120)	266
Office equipment	566	17	(141)	442
Computer equipment	225	19	(112)	162
	1 194	49	(373)	870

Pledged as security

None of the CBE's Property plant and equipment has been pledged as security for any liability or contingent liability.

During the current year the CBE reclassified two of its servers from office equipment to computer equipment at book value of R70,967.44. The effect of the reclassification is as follows increase in computer equipment (Cost R145,299.90 and accumulated depreciation R74,332.46) and a decrease in office equipment (Cost R145,299.90 and Accumulated depreciation R74,355.46)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

2012
R '000

2011
R '000

4. INTANGIBLE ASSETS

	2012			2011		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1 333	(969)	364	1 377	(849)	528

Reconciliation of intangible assets - 2012

	Opening balance	Write offs	Amortisation	Total
Computer software	528	(44)	(120)	364

Reconciliation of intangible assets - 2011

	Opening balance	Write offs	Amortisation	Total
Computer software	540	226	(238)	528

None of the CBE's intangible assets has been pledged as security for any liability or contingent liability.

5. TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

Trade and other receivables from exchange transactions	2	22
Rental Deposits	123	123
	125	145

6. TRADE AND OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Levies	43	178
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None of the trade and other receivables from non - exchange transactions has been pledged as security for any liability or contingent liability.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

	2012 R '000	2011 R '000
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7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Cash on hand	3	5
Bank balances (current account)	1 775	1 694
Call account (Investments)	4 661	3 013
	6 439	4 712

None of the cash balances has been pledged as security to any liability or contingent liability.

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Credit rating

F1 (ZAF) Fitch rating	4 661	13
F1 + Fitch Rating	1 775	4 694
	6 436	4 707

8. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Trade and other payables from exchange transactions	2 509	1 148
Leave payable	520	522
Accruals	1 238	510
	4 267	2 180

The CBE has not defaulted on any of its payables

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

2012	2011
R '000	R '000

9. PROVISIONS

Reconciliation of provisions - 2012

	Opening Balance	Additions	Utilised during the year	Total
Legal proceedings	180	84	(264)	-
Provision for bonus payment	218	234	(218)	234
	398	318	(482)	234

Reconciliation of provisions - 2011

	Opening Balance	Additions	Total
Legal proceedings	180	-	180
Provision for bonus payment	-	218	218
	180	218	398

Legal proceedings provisions

During the past financial years, an application was made against the CBE to the Cape Town Court in connection with the appeals overseen by the CBE in accordance with section 21 of the CBE act of 2000. The matter was finalised during the 2009/2010 financial year and the verdict was issued against the CBE. The CBE was however uncertain about the financial implication and raised a provision as stated above. The value was reliably estimated by the CBE legal advisors at the time. During the current year the amount estimated was revised and the provision was realised when the claim was received.

Provision for bonus payment

During the current year the CBE raised a provision for bonus payment in relation to performance bonus for the performance period April 2011 to March 2012. The provision was raised based on the basis of the budget amount provided for the performance period.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

2012	2011
R '000	R '000

10. REVENUE FROM NON-EXCHANGE TRANSACTIONS

Government grant from Department of Public Works	27 433	25 527
Levies received	1 657	1 617
	29 090	27 144

As per MTEF allocation the CBE received its allocation of R27 million from the department. However 1.2 million was surrendered back to national treasury as a surplus surrendered for the 2010/2011 financial year

Included in the Grant is R1,6 million in respect of additional funds requested for specific projects of the CBE and was approved later in the year. Due to late approval not all of the projects could be completed by year end.

Of the R1,6 million only R268 thousand was spent and the remainder of R1,3 is committed to be utilised in the next financial year 2012/2013 below is a table breaking down the R1,6 million allocation.

Conditional Grant (restriction)	Grant Allocated	Amount Utilized	Total
Publication of Research Reports	50	-	50
Internal Audit Function	300	-	300
Computer Equipment	300	269	31
Feasibility study on the BE Academy	350	-	350
Provision of Scholarships to Master and PHD Students	450	-	450
Feasibility Study on a structured candidacy programme	150	-	150
	1 600	269	1 331

11. REVENUE FROM EXCHANGE TRANSACTIONS

Interest revenue

Interest received	298	70
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

	2012 R '000	2011 R '000
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12. PERSONNEL COSTS

Basic	8 512	8 188
PAYE	3 186	3 006
Provident fund contributions	1 509	1 546
Medical aid contributions	526	449
UIF	81	83
Employee benefits provisions	232	330
Staff training	62	768
Staff welfare	32	37
	14 140	14 407

Remuneration of Chief Executive Officer (B Zulu)

Annual Remuneration	327	949
Contributions to UIF, Medical Aid, Pension Funds	23	85
	350	1 034

Included in the Personnel cost above is the Chief Executive Officer's remuneration as broken down under Remuneration of chief executive officer for period April 2011 to June 2011.

Remuneration of Chief Financial Officer (M Sedite)

Annual Remuneration	816	768
Contributions to UIF, Medical Aid, Pension Funds	76	69
	892	837

Included in the Personnel cost above is the Chief Financial Officer's remuneration as broken down under remuneration of chief financial officer.

Remuneration of Chief Operations Officer (M Gwazube)

Annual Remuneration	893	804
Performance Bonuses	25	-
Contributions to UIF, Medical Aid, Pension Funds	76	69
	994	873

Included in the Personnel cost above is the Chief Operations Officer's remuneration as broken down under remuneration of chief operations officer.

Mr Gwazube was seconded to the Department of Public Works for the period December 2011 to March 2012.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

	2012 R '000	2011 R '000
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Remuneration of Acting Chief Executive Officer (L Molobela)

Annual Remuneration	312	-
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Included in the Personnel cost above is the Chief Executive Officer's remuneration as broken down under Remuneration of chief executive officer for period July 2011 to September 2011

Remuneration of Acting Chief Executive Officer (M Ralephata)

Annual Remuneration	528	-
Contributions to UIF, Medical and Pension Funds	1	-
	529	-

Included in the Personnel cost above is the Chief Executive Officer's remuneration as broken down under remuneration of chief executive officer for period October 2011 to March 2012

Remuneration of Acting Chief Operations Officer (L Zepe)

Annual Remuneration	163	-
Contributions to UIF, Medical and Pension Funds	15	-
	178	-

Included in the Personnel cost above is the Chief Operations Officers remuneration as broken down under remuneration of chief operations officer for the period December 2011 to March 2012

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

2012	2011
R '000	R '000

13. ADMINISTRATIVE EXPENSES

Administrative expenses include the following

Auditors remuneration	729	583
Internal audit fees	534	667
Advertising	246	759
Lease rentals on operating lease	2 617	1 254
Telephone and fax	378	454
Computer expenses	1 236	987
Council honorarium and Chairperson claims **	554	682
Training	4	19
Catering	63	79
Conferences and seminars	81	178
Building Cost and Consumables	567	503
Printing and stationery	274	93
Insurance	137	134
Bank charges	25	27
Entertainment	7	8
Assets expensed	-	1
	7 452	6 428

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

2012
R '000

2011
R '000

Included in administrative fees above is the Council, Council sub committees and Audit committee members remuneration.
Below is a breakdown of individual members:

Member	Council Meetings attended	Other committee meetings attended	Claim for attendance in R Thousands	S&T in R Thousands	Total claim in R Thousands
P Tau - Sekati (Chairperson)	6	21	105	19	123
T Majozi (Deputy Chairperson)	4	11	30	-	30
C Campbell	2	4	17	3	20
GT Chaane	4	6	18	4	22
C Israelite	4	5	-	-	-
F Johnson	5	4	3	2	5
M Klapwijk	3	5	16	-	16
M Kubuzie	3	-	5	-	5
EX Kula - Ameyaw	5	19	58	8	66
P Mashabane	4	3	15	6	21
VV Mdwarwa	3	8	-	-	-
LW Molobela	1	6	16	30	46
Z Mvusi	1	2	10	-	10
S Ngxongo	5	14	30	3	33
DR Nkhwashu	2	6	23	-	23
EI Pieterse	4	4	-	-	-
C Ruiters	1	1	-	-	-
PE Scott	3	7	25	7	32
HJ Van der Hoven	5	5	20	8	28
D Coovadia	-	8	91	6	97
T Sihlaba	-	6	56	2	58
F Gustin	-	5	36	1	37
	-	-	574	99	672

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

2012	2011
R '000	R '000

14. DEPRECIATION AND AMORTISATION

Depreciation and amortisation expenditure include the following:

Property, plant and equipment	164	372
Intangible assets	120	238
	284	610

15. OPERATING EXPENSES

Operating expenses include the following:

Travel and accommodation	966	1 572
Consulting fees	3 528	3 107
Assets written off	145	-
Subscriptions and membership fees	358	336
Promotions and sponsorships	-	938
Bursary Scheme (Bursaries)	2 976	2 858
Catering for projects	27	18
Awareness and Publications	136	464
Events and Workshops	55	587
Legal expenses	-	40
	8 191	9 920

16. RECONCILIATION BETWEEN BUDGET AND STATEMENT OF FINANCIAL PERFORMANCE

Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance:

Net deficit per the statement of financial performance	(599)	(4 128)
Adjusted for:		
Fixed Assets	(515)	(139)
Depreciation and amortisation	284	610
Revenue	1 091	750
Employee costs	(581)	1 141
Expenditure	(884)	1 855
Net (deficit) surplus per approved budget	(1 204)	89

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

	2012 R '000	2011 R '000
17. CASH GENERATED FROM (USED IN) OPERATIONS		
Deficit	(599)	(4 128)
Adjustments for:		
Depreciation and amortisation	284	610
Movements in Deferred operating lease liability	421	(119)
Movements in provisions	(164)	218
Adjustments, losses and write-offs	168	-
Changes in working capital:		
Trade and other receivables from exchange transactions	20	279
(Increase)/Decrease in trade and other receivables from non-exchange transactions	135	358
Trade and other payables from exchange transactions	2 086	(560)
Increase/(Decrease) trade and other payables from non-exchange transactions	-	(110)
	2 351	(3 452)

18. IRREGULAR EXPENDITURE

Opening balance	-	851
Add: Irregular Expenditure - current year	40	68
Less: Amounts condoned	-	(919)
	40	-

Details of irregular expenditure – current year

	Details	
Apple Beam	Incurred on printing of additional annual reports	40

The CBE had during the financial year 2011/2012 incurred irregular expenditure to the amount of R 40,000.00 in relation to printing of the additional annual report copies which resulted in variation higher than the prescribed 15% threshold above the contract amount.

19. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure	215	26
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During the current year the CEO's recruitment process was cancelled by the CBE Council, the process was re-initiated and new service provider was sourced. The previous service provider was already remunerated for the work performed at the time of cancellation amounting to R215,360.00 which was not utilised in the new process. An inquiry into the previous recruitment has been instituted by the CBE Council and was not yet completed by the end of the financial year. There is a possible contingent liability amounting to R40 thousand should the service provider enforce the contractual obligation.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

	2012	2011
	R '000	R '000

20. FINANCIAL INSTRUMENTS

Interest rate risk

Interest rate risk arises primarily from the CBE's investment in cash and cash equivalents. The exposure in terms of cash and cash equivalents are tabled under notes on credit and liquidity risk. Due to the nature of accounts payables and payments being made within 30 days in terms of the PFMA accounts payables does not attract interest rate risk.

A 1% change in the market interest rate on the outstanding balances of the following instruments at year-end will have the following effect per year:

Change in interest rate

	Change in interest rate	Upward change	Downward change
Cash in current banking institutions	1.00 %	64	64

Credit risk

The financial assets that potentially subject the CBE to the risk of non-performance by counter-parties and thereby subject the CBE to concentrations of credit risk, consist mainly of cash and cash equivalents and receivables. The credit risk is controlled through the application of credit approvals, limits and monitoring procedures.

The CBE limits its counter-party exposure by only dealing with well-established financial institutions with high credit ratings assigned by international credit-rating agencies. Credit risk with respect to receivables is limited, due to the nature of the CBE's revenue transactions. The CBE does not have any significant exposure to any individual customer or counter-party. Accordingly, the CBE does not consider having any significant concentration of credit risk, which had not been adequately provided for. Receivables are presented net of doubtful debts.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument

Receivables - unrated	168	323
Cash and Cash Equivalents: F1 (Fitch rating)	6 439	4 712

Liquidity risk

The CBE manages liquidity risk through proper management of working capital, capital expenditure and cash flow; and by variance reports between actual and budgeted amounts.

Exposure to liquidity risk

The following are the maturities and contractual cash flows of other financial liabilities which have been discounted.

Payables		
Within one year	4 922	2 578

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

	2012 R '000	2011 R '000
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Fair values

The CBE's financial instruments consist mainly of cash and cash equivalents, receivables and payables. No financial asset was carried at an amount in excess of its fair values could be reliably measured for all financial assets. The following methods and assumptions are used to determine the fair value of each class of financial instrument:

Cash and cash equivalents

The carrying amount of cash and cash equivalents approximates fair value due to the relatively short-term maturity of these financial assets.

Cash and cash equivalents are invested with reputable financial institutions with maturity of three months or less.

Receivables

The carrying amount of receivables net of provision for impairment approximates fair value due to the relatively short-term maturity of this financial assets.

Payables

The carrying amount of payables approximates fair value due to the relatively short-term maturity of this financial liability . The carrying amount of financial instruments is per category is as follows:

Loans and receivables	6 607	5 035
Financial Liabilities	4 922	2 578

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

21. RELATED PARTIES

Relationships

Council members	Refer to accounting authorities report
Executive Authority	National Department of Public Works (DPW)
Professional Council	South African Council for the Architectural Profession (SACAP)
Professional Council	Engineering Council of South Africa (ECSA)
Professional Council	South African Council for the Quantity surveying Profession (SACQSP)
Professional Council	South African Council for the Project and Construction Management Profession (SACPCMP)
Professional Council	South African Council for the Property Valuers Profession (SACPVP)
Professional Council	South African Council for the Landscape Architectural Profession (SACLAP)

The above related parties did not have any transactions which were not at arms length with the CBE during the financial year 2011/2012.

Receipts from professional councils are in respect of levies in terms of section 17(1)(a) of the CBE Act 43 of 2000.

The payments made by the CBE were in relation to the administrative support provided to the professional councils which required administrative assistance.

Balances due or payable are in relation to levies transactions and administrative support provided.

During the financial year there were no related party transactions with key management or any of the immediate families or any organisation in which they have significant influence.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

	2012 R '000	2011 R '000
Related party Balances		
South African Council for the Architectural Profession (SACAP)	43	34
Engineering Council of South Africa (ECSA)	-	54
South African Council for the Quantity surveying Profession (SACQSP)	(7)	(4)
South African Council for the Project and Construction Management Profession (SACPCMP)	(79)	94
South African Council for the Property Valuers Profession (SACPVP)	9	
South African Council for the Landscape Architectural Profession (SACLAP)	-	51
National Department of Public Works (DPW)	(1 226)	-
Related party transactions		
Related Party Receipts		
South African Council for the Architectural Profession (SACAP)	333	348
Engineering Council of South Africa (ECSA)	1 082	1 028
South African Council for the Quantity surveying Profession (SACQSP)	106	109
South African Council for the Project and Construction Management Profession (SACPCMP)	110	51
South African Council for the Property Valuers Profession (SACPVP)	74	73
South African Council for the Landscape Architectural Profession (SACLAP)	7	6
National Department of Public Works (DPW)	28 659	25 527
Related Party Payments		
South African Council for the Property Valuers Profession (SACPVP)	-	93
South African Council for the Landscape Architectural Profession (SACLAP)	51	204

Key management information

Class	Description	Number
Non-executive board members (Refer to Accounting Authorities report)	Council members	18
Audit Committee	Audit Committee external members	3
Executive management (Refer to note12)	Senior management	3

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

2012	2011
R '000	R '000

22. CONTINGENT LIABILITY AND COMMITMENTS

22.1 Contingent liabilities

22.1.1 Accumulated Surplus

In terms of section 53(3) of the PFMA of 1999, the CBE has to obtain approval from national Treasury to retain accumulated surplus funds at year-end. The budget relating to the 2011/2012 has been fully utilised and part of the approved surplus have also been utilised. Of the R3.256 million in accumulated funds, R1.571 million represents the book value of the assets capitalised which will be realised over time, the R1.331 million represents the unconditional grant with restrictions deferred to the 2012/2013 financial year and commitments amounting to R97 thousand referred to below. A request to retain the current year accumulated surplus amounting to R258 thousand will be made to National Treasury. Should the National Treasury not grant the CBE approval to retain accumulated surplus, the CBE will be liable to pay the surplus amounting to R258 thousand back to National Treasury.

Below is the reconciliation of the accumulated surplus..

Accumulated surplus reconciliation	Surplus as per Net Assets	Restricted and committed funds reserved for future use	Carrying Value of Non Current Assets	Reconciled surplus for the Year
Surplus for 2012	3 256	(1 428)	(1 571)	257

22.1.2 Contractual obligation

There is a possible contingent liability amounting to R40 thousand resulting from a contractual obligation that is still under review based on the fruitless expense that has been incurred.

22.2 Commitments

At the end of the financial year the CBE had commitments under non- cancelable agreements with suppliers to the value of R96 887.42 for promotional material which was ordered but not yet delivered at year-end.

23. OPERATING LEASE COMMITMENTS

Operating lease payments represent rentals payable by the CBE for its office accommodation. Lease is negotiated for an average of three year and no contingent rent is payable.

Minimum lease payments due

Payable within one year	3 219	801
Payable within two to five years	4 758	-
	7 977	801

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

	2012 R '000	2011 R '000
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24. CHANGE IN ESTIMATE

Property, plant and equipment

The useful life of certain Furniture & Fitting was estimated in previous financial years to be 6 years. In the current period management have revised their estimate to 10 years. The effect of this revision has decreased the depreciation charges for the current and future periods by R55 587

Office equipment

The useful life of Office Equipment was estimated in the previous financial years to be 6 years. In the current period management have revised their estimate to 8 years. The effect of this revision has decreased the depreciation for the current and future periods by R78 319

Computer Equipment

The useful life of Computer Equipment was estimated in previous financial years to be 3 years. In the current period management have revised their estimate to 6 years. The effect of this revision has decreased the depreciation for the current and future periods by R58 878

Computer Software

The useful life of Computer Software was estimated in the previous financial years to be 3 years. In the current period management have revised their estimate to 5 years. The effect of this revision has decreased the amortisation for the current and future periods by R117 629.

25. AUDITORS' REMUNERATION

External audit fees	729	583
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26. PRIOR PERIOD ERRORS

Provision for bonus payment. During the current year a error was discovered that the CBE did not raise a provision for bonus payment. As a result a prior year error in relation to the 2010/2011 financial year has occurred. A correction of that error has been raised in the current year.

Comparative figures have been restated accordingly to adjust for the error.

The correction of the error results in adjustments as follows:

Statement of financial position

Increase in expenses (Provision for bonus payment)	-	218
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Statement of Financial Performance

Increase in liabilities (Provision for bonus payment)	-	218
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Cash flow statement

Cash flow from operating activities

Increase in provision	-	218
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

2012	2011
R '000	R '000

27. GOING CONCERN

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The Executive authority continue to provide the grant funding as indicated in the MTEF for the MTEF period year for the ongoing operations for the CBE. The CBE's total liabilities are below its assets by R3 256.

28. EVENTS AFTER THE REPORTING DATE

No significant event took place after the balance sheet date that would have significant effect on the financial statements.

