

ANNUAL REPORT

2015 / 2016





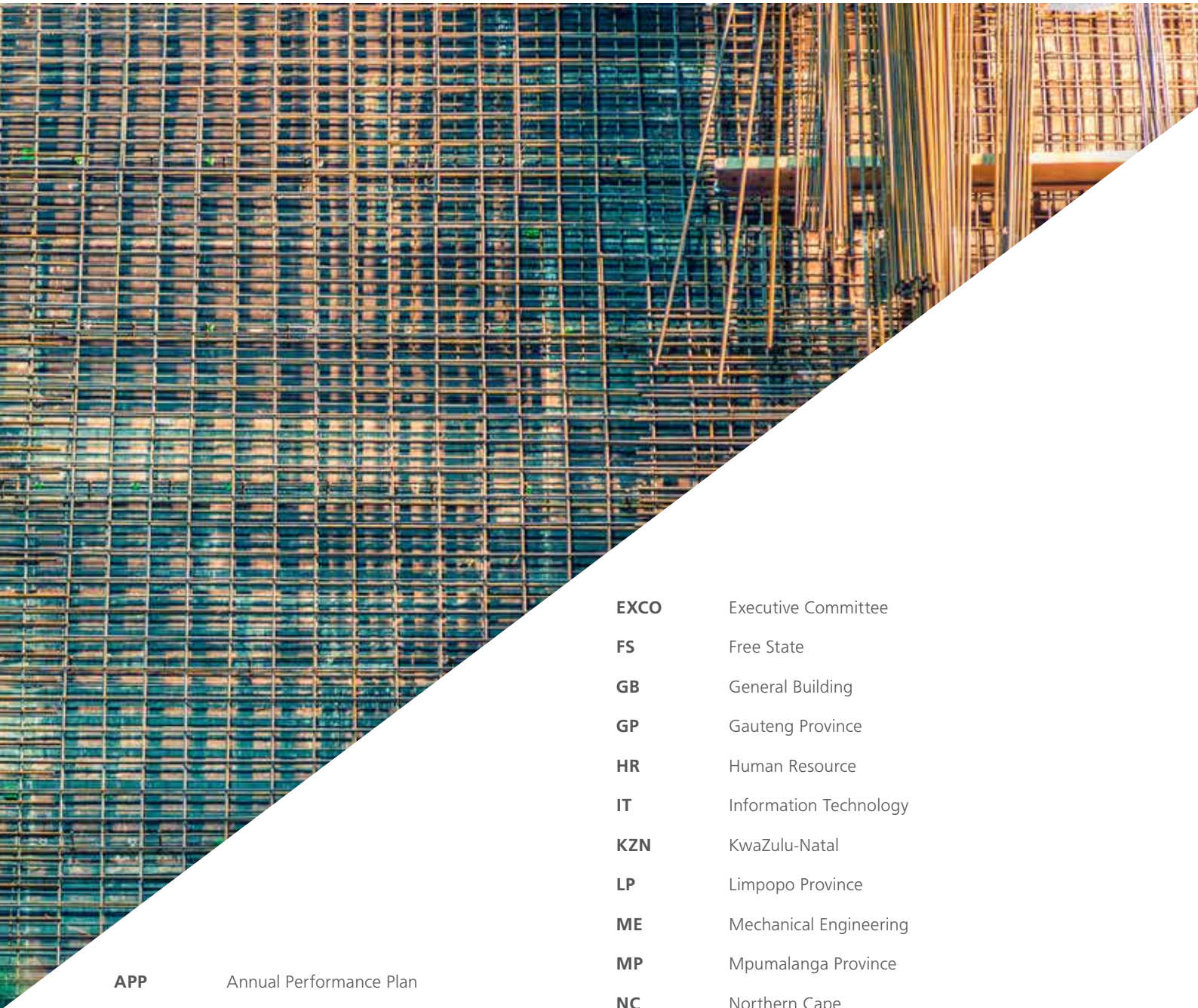


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ABBREVIATIONS



APP	Annual Performance Plan
ARC	Audit and Risk Committee
B-BBEE	Broad Based Black Economic Empowerment
CDP	Contractor Development Programme
CE	Civil Engineering
CESA	Consulting Engineers South Africa
CID	Construction Industry Development Regulations
cidb	Construction Industry Development Board
CIIs	Construction Industry Indicators
CIP	Contractor Incubator Programme
CSCC	Construction Sector Charter Council
DPW	Department of Public Works
DT&PW	Department of Transport and Public Works
EB	Electrical Engineering
EC	Eastern Cape

EXCO	Executive Committee
FS	Free State
GB	General Building
GP	Gauteng Province
HR	Human Resource
IT	Information Technology
KZN	KwaZulu-Natal
LP	Limpopo Province
ME	Mechanical Engineering
MP	Mpumalanga Province
NC	Northern Cape
NCDP	National Contractor Development Programme
NEHAWU	National Education, Health and Allied Workers Union
NW	North West
PFMA	Public Finance Management Act
PSPs	Professional Service Providers
RoC	Register of Contractors
RoP	Register of Projects
SCM	Supply Chain Management
SIPDM	Standard for infrastructure Procurement and Delivery Management
SME	Small and Medium Enterprises
SOC	State Owned Corporations
SW	Special Works
WSI	World Skills International



Minister Thembelani Thulas Nxesi

MINISTER'S FOREWORD

“To date, the cidb has made great strides towards building a solid foundation for the development and transformation of the construction industry.”

The cidb continues to take forward its mandate to facilitate construction industry development to improve the industry contribution to the economy and society. As we reflect on the year gone by, a number of strides made are worth acknowledging.

Among these are the draft regulations on prompt payment which were published for comment in May 2015. The draft regulations once again, highlighted the critical matter of late payments to suppliers in the construction industry that is at the heart of business survival, particularly for emerging contractors.

Besides creating the much needed discourse on this poor client practice that demands our collective action to eradicate, the prompt payment regulations also brought into sharp focus the urgent and critical need for a review of the cidb legislative mandate. This is to close gaps in the mandate and to strengthen the cidb's powers to appropriately lead and guide the behaviour of industry participants in the interest of construction development.

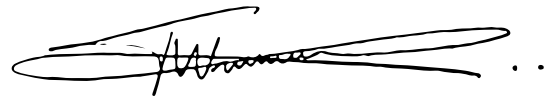
I am encouraged and pleased that the Department of Public Works has initiated the process of reviewing the Construction Industry Development Board Act 38 of 2000 and we are looking forward to robust stakeholder engagement as we embark on this process.

During the period under review I had opportunity to engage with key construction industry stakeholders on the frustratingly slow pace of transformation in the construction industry, through the cidb National Stakeholder Forum. I look forward to continuous engagement with the newly constituted

membership of the cidb Forum over the next two years of their tenure, on the main transformation focus areas identified this year. These are for the industry to achieve improvement in the implementation, monitoring and evaluation of Government policy, legislation and regulations; business conditions within which emerging enterprises operate, skills availability and the business factors to the extent that these enable or inhibit development of the industry.

It is encouraging that during the year under review the cidb placed a specific focus on strengthening its organisation's capacity and capability to deliver on its mandate at all levels, including areas of organisational governance and accountability. We will continue to partner the cidb in this regard.

I would like to thank the Board for their leadership of the cidb as it exercises its central and critical role in the development of the construction industry. In particular I wish to thank Ms Lindelwa Myataza for her contribution during her leadership tenure and to welcome Mr Lufuno Nevhutalu who has picked up the baton as the new Board Chairperson. I thank the employees of the cidb for their dedication and commitment as well as the Acting Chief Executive Officer, Ms Hlengiwe Khumalo.



Hon. Thembelani Thulas Nxesi

Minister of Public Works

31st July 2016



Lufuno Nevhutalu

CHAIRPERSON'S STATEMENT

“ The process to reposition and re-engineer the cidb has begun and will continue well into 2016/17 Financial Year and beyond. ”

Financial Year 2015/16 was truly a defining year. The cidb reflected on its achievements over the years to re-evaluate how best it can improve its role in the construction industry and respond better to its mandate as bestowed on it by the CIDB Act 38 of 2000. Given the findings of the organisation Culture Study and the Organisational Architecture Analysis in the preceding years, both of which highlighted the critical and urgent need for the cidb to renew its strategies, capacity and capability to sustain effective and efficient delivery on its mandate, a refocus on the entity's fundamentals was due.

The Board exercised robust oversight to ensure that the organisation maintains a strong focus on change to respond to these findings, as well as to the inputs of stakeholders in various forums and engagements. The process to reposition and re-engineer the cidb has begun and will continue well into 2016/17 Financial Year and beyond.

The cidb's organisational repositioning trajectory was further strengthened by the announcement by the Department of Public Works, of its intention to undertake a review of the CIDB Act to consolidate the cidb's mandate and powers to carry out its functions efficiently, effectively and without fear or favour. During the year under review the cidb expended considerable effort to identify areas of critical input to the process of the CIDB Act review. This will continue into the new Financial Year 2016/17.

In embracing the need to reposition and re-engineer, the cidb is also mindful of National Treasury procurement initiatives and their implications for its role in construction industry procurement reform going forward. During the period under review the National Treasury introduced the new Standard for Infrastructure Procurement and Delivery Management (SIPDM) which incorporates the cidb Standard for Uniformity in Construction procurement. This development will further inform the cidb change processes going forward.

On 28 March 2016 the cidb hosted a meeting of the National Stakeholder Forum members with the Minister of Public Works, Minister Thulas Nxesi. The meeting reflected on the slow pace of transformation in the construction industry and on the

factors that enable and inhibit progress on transformation. Key among these factors are policy, regulatory and legislative issues, business factors including access to work opportunities by emerging enterprises, enterprise development and support, and access to and availability of skills.

I am pleased that the newly constituted National Stakeholder Forum will be putting the spotlight on these issues as their key focus over their two year tenure.

In his address to the National Stakeholder Forum the Minister re-iterated the importance for all stakeholders to commit and contribute to transformation and to recognise that no one organisation or entity can deliver change alone. The cidb will be playing a critical role in harnessing the contribution of the different construction players in support of transformation goals.

I look forward to the upcoming year as we tackle these challenges head-on and to working together with all stakeholders towards achieving a transformed construction industry that delivers value to clients and society. We move into the new financial year mindful of the Board's imperative to create certainty and stability in the leadership of the cidb as a matter of critical and urgent priority.

I wish to thank the Minister of Public Works, Honourable Thembelani Thulas Nxesi, for his unwavering support and leadership. I thank my colleagues on the Board, the Executive and cidb staff for their hard work and dedication. In particular, I thank Ms Inba Thumbiran and Ms Hlengiwe Khumalo for stepping up to the plate as Acting CEOs at different periods throughout the year and keeping the ship afloat while the process of recruitment for a CEO unfolded.



Lufuno Nevhutalu
Chairperson: cidb Board

31st July 2016



Hlengiwe Khumalo

CEO'S REPORT

“The cidb continues to engage stakeholders on all critical issues affecting the industry.”

Significant levels of self-reflection took place during the financial year under review, spurred by two studies undertaken by the cidb in 2013 and 2014, which were not only incisive but instructive. The 2013 organisational Culture Study highlighted the serious need for the cidb to undertake a fundamental culture renewal to ramp up its capability to deliver on its mandate. The findings and recommendations of this Study were further re-enforced by the Organisational Architecture Analysis in 2014, which looked at the hard issues of delivery focusing on the cidb strategies, systems, processes and people and their alignment to the organisation's legislative mandate.

Engaging the recommendations of these studies and gearing up to respond appropriately to them took up a considerable proportion of the cidb work during the period under review. I am pleased to report that the process to embark on the organisational re-design exercise to take forward the recommendations of the Culture Study and the Organisational Architecture Analysis into the new financial year has already commenced.

In the broader organisational environment change within the cidb was further heralded by National Treasury initiatives to consolidate and bring coherence to the public sector procurement framework through the Central Supplier Database, the eTender system and the Standard for Infrastructure Procurement and Delivery Management (SIPDM). When operational in July 2016, the SIPDM will incorporate the cidb Standard for Uniformity in construction procurement. To ensure synergy and alignment in public sector infrastructure procurement the cidb began a review of its procurement initiatives, including the Standard for Uniformity and the i-tender system. This review will inform our organisational re-design process going forward.

During Financial Year 2015/16 the Department of Public Works announced its intention to start a review of the CIDB Act 38 of 2000. This precipitated a process of internal engagement on necessary and required changes to cidb founding legislation to consolidate the cidb's role as well as position in the construction industry.

Through regular monitoring as well as engagement with stakeholders in different forums over a period, the cidb has recognised delayed payment to suppliers as a critical issue that is affecting development of the construction industry negatively, as well as undermining the sustainability of enterprises. During the period under review the organisation

drafted for the Minister's consideration, regulations aimed at curbing the practice of delayed payment. These were published for comment in Government Gazette number 38822 of 29 May 2015 but later withdrawn for better alignment with the CIDB Act.

The cidb continues to engage stakeholders on all critical issues affecting the industry. During the year under review the cidb constituted the National Stakeholder Forum which met with the Minister on 28 March, 2016. The purpose of the meeting was to discuss the slow pace of transformation in the construction industry as well as key factors that facilitate or impede progress on industry transformation. These factors are discussed in detail later in this report and will form the agenda of the current National Stakeholder Forum into 2017.

Our disciplinary process against fifteen companies charged with breaching the cidb Code of Conduct following their confessions to collusion, to the Competition Commission remained on hold. This followed the application to the High Court by five of the fifteen companies to have the cidb process set aside and the cidb regulations declared invalid. The companies have subsequently applied to the cidb to keep the disciplinary process on hold pending negotiations for a settlement agreement with Government.

During the period under review the cidb initiated a process to introduce a suite of regulation amendments to the 2004 Construction Industry Development Regulations, as amended. These are aimed at improving the Register of Contractors. The proposed regulation amendments are explained in detail later in this report.

As we look forward to the new financial year, the cidb staff and management continue to rely on the unwavering support of the Board and the Minister of Public Works, Honourable Minister Thulas Nxesi. I wish to thank the Chairperson of the Board, Mr Lufuno Nevhutalo for his leadership and support.



Hlengiwe Khumalo
Acting Chief Executive Officer

Date: 31 July 2016

BOARD MEMBERS



Lufuno Nevhutalu



Lindelwa Myataza



Chris Jiyane



Nazreen Pandor



Hareesh Patel



Vuyiswa Sidzumo



Sipho Mosai



Michael Makhura



Nico Maas



Mandisa Fatyela-Lindie



Lefadi Makibinyane



Dr. Natalie Skeepers



Gonasagran Maduray

EXECUTIVE TEAM



Hlengiwe Khumalo,
Acting CEO



**Ebrahim Moola, Programme
Manager: Contractor
Registers Services (CRS)**



Inba Thumbiran,
*Programme Manager:
Procurement and Delivery
Management (PDM)*



**Gerard Naidoo, Programme
Manager: Provincial
Offices and Contractor
Development (PCD)**



Dr. Rodney Milford,
*Programme Manager:
Construction Industry
Performance (CIP)*



PUBLIC SECTOR PROCUREMENT REFORM



The Register of
Contractors facilitates
public sector
procurement and
promotes contractor
development

Promoting compliance and enforcement

The Construction Industry Development Board (CIDB) Act 38 of 2000 mandates the cidb to promote procurement reform and to, within the framework of the policy of Government, promote the standardisation of the procurement process with regards to the construction industry.

In furtherance of this mandate the cidb has established:

- The Standard for Uniformity in Construction Procurement which establishes uniform systems, processes, procedures and documentation across the public sector. The cidb Standard for Uniformity is being reviewed to align to the new National Treasury Standard for Infrastructure Procurement and Delivery Management (SIPDM) due to come into effect in July 2016;
- The Register of Contractors (RoC) which grades and categorises contractors according to capability to carry out construction projects;
- i-tender providing for mandatory advertising of construction tenders on the cidb website;
- The Register of Projects (RoP) providing for the mandatory registration of construction contracts awards; and
- The Code of Conduct for all parties engaged in construction procurement.

Together these instruments constitute the cidb prescripts. It is mandatory for all public sector clients to comply with the cidb prescripts when procuring for construction. The Construction Industry Development (CID) Regulations of 2004, as amended, establish the legal framework for the cidb to enforce industry compliance with these prescripts.

Compliance with i-tender / Register of Projects:

The cidb Compliance Monitor provides indicators of the level of client's compliance with the i-tender/ Register of Projects. It is used by clients to verify their levels of compliance with regulations and by the cidb to improve enforcement actions. The Compliance Monitor is integral to the cidb's proactive approach to improve compliance. It is published quarterly and focuses on all the national and provincial departments of works and roads, all public entities, all Metropolitan Councils and selected high capacity municipalities.

The cidb addresses non-compliance through one-on-one interactions particularly with client departments with compliance levels below 60%. Compliance is also addressed quarterly at the cidb provincial Construction Procurement Officers forums.

As illustrated below, improvement is being observed amongst many client departments, with compliance amongst national infrastructure departments increasing from around 60% in 2012 Quarter 3 to around 90% in 2016 Quarter 2. Compliance amongst provincial infrastructure departments is somewhat lower, but has increased from around 50% in 2012 Quarter 3 to around 72% in 2016 Quarter 2:

Figure 1: Compliance Ratios: Tender Notices (4 Quarter Rolling Average)

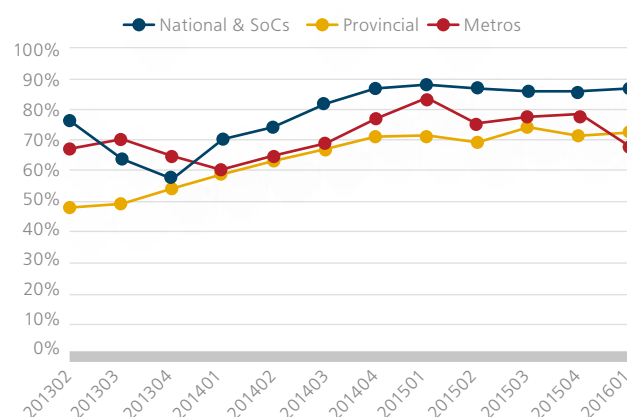


Figure 2: Compliance Tender Ratio (%) per Sector

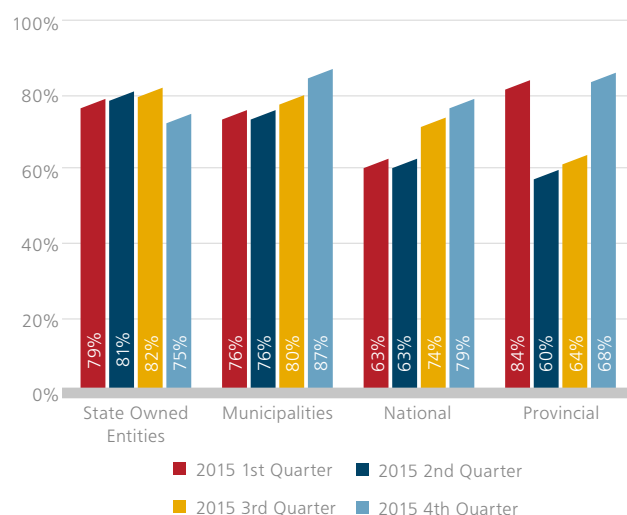


Figure 3: 2015 Total Tender Notices Compliance Ratio (%)

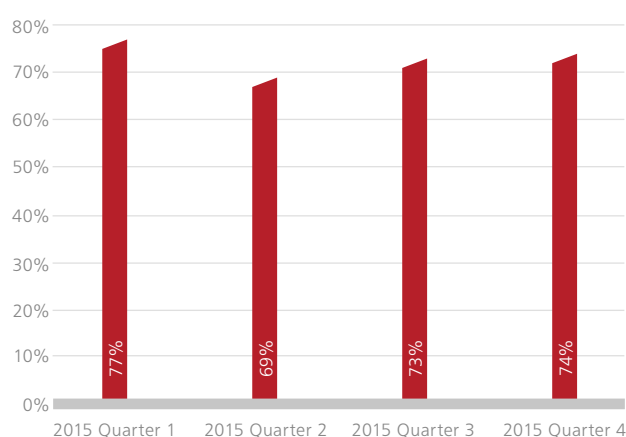


Figure 2 depicts the varying levels of compliance per quarter across the sample of clients. Of significance is that the compliance levels were maintained above the 60% threshold.

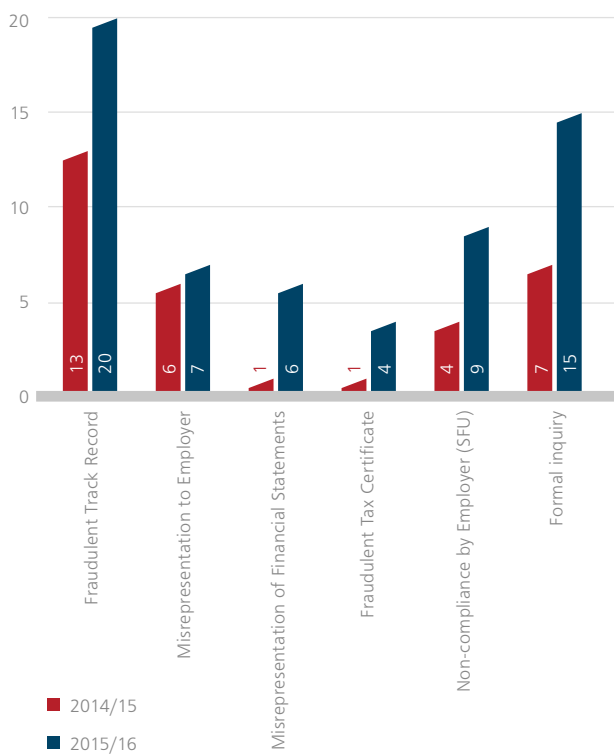
The cidb anonymous fraud hotline provides a channel for stakeholders to blow the whistle on incidents of non-compliance. Alerts can also be emailed or posted. All reported cases are followed up and investigated, and where sufficient grounds exist to charge suspected culprits, Part 5 of the CID Regulations empower the cidb to convene a formal inquiry.

Table 1 below provides a summary of cases investigated for compliance, per quarter:

Table 1:

TOTAL CASES INVESTIGATED	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
Contractor	11	6	11	8
Employers	4	4	4	5
CASES PER PROVINCE				
Gauteng	5	5	11	8
Limpopo	2	0	0	0
Mpumalanga	1	1	0	1
Western Cape	2	1	1	0
KwaZulu-Natal	3	1	2	4
Free State	0	2	0	0
North West	0	0	1	0
Eastern Cape	2	0	0	0
Northern Cape	0	0	0	0
SOURCES OF COMPLAINTS				
CRS	7	4	8	1
cidb fraud hot line	3	1	1	4
Reported directly to cidb through emails, telephone etc	5	2	6	8
CATEGORY OF COMPLAINTS				
Fraudulent track record	5	3	9	3
Misrepresentation to Employer	1	0	1	5
Misrepresentation of financial statements	3	2	0	1
Fraudulent Tax Clearance	2	1	1	0
Non-compliance by Employer (SFU)	4	1	4	0
Formal inquiry	2	5	7	1

Figure 4: Category of Complaints



Compliance to cidb Code of Conduct

In March 2015 the cidb charged fifteen companies registered on the Register of Contractors for contravening the cidb Code of Conduct for parties involved in construction procurement. This followed the companies' admission of guilt to the Competition Commission, on charges of collusion in construction.

In April 2015, the cidb received responses from five of the fifteen firms stating their intention to institute a court challenge to the cidb's formal inquiry. The urgent High Court challenge was subsequently lodged by the following firms:

1. Murray & Roberts Construction (Pty) Ltd
2. Aveng (Africa) Ltd
3. WBHO Construction (Pty) Ltd
4. Raubex (Pty) Ltd
5. Stefanutti Stocks Holdings

The hearing of the matter was set down for December 2015 but was held in abeyance by the applicants, pending conclusion of their separate negotiations with Government.

Register of Contractors

The Register of Contractors has been established in terms of the CIDB Act (Act 38 of 2000). It grades and categorises contractors according to financial and works capability. It is mandatory for public sector clients to apply the Register when considering construction works tenders. The Register of Contractors facilitates public sector procurement and promotes contractor development and has been firmly established as a key component of the public sector procurement regime.

Table 2: Contractor registrations, as at end June 2016

Grade	CLASS OF WORK						Total	% Black Owned	% Women Owned	% Youth Owned
	CE	EB	EP	GB	ME	SW				
1	29560	1910	6823	62202	6688	25082	132265	95.84	32.24	29.77
2	1729	175	203	2409	305	767	5588	93.84	35.78	26.92
3	1007	69	130	669	138	251	2264	91.72	35.34	26.09
4	1036	131	262	935	215	230	2809	84.06	31.79	18.50
5	689	104	190	575	142	168	1868	80.42	29.78	14.85
6	820	69	213	694	153	129	2078	75.06	29.98	10.12
7	484	49	108	385	73	77	1176	66.79	25.91	8.54
8	175	9	39	146	39	30	438	51.98	23.51	3.96
9	83	3	25	46	33	14	204	23.88	16.42	3.98
Total	35583	2519	7993	68061	7786	26748	148690	94.56	32.25	28.69

Note: Contractors may be registered in multiple classes of work

CE – Civil, **EB/EP** – Electrical, **GB** – Building, **ME** – Mechanical, **SW** – Specialist class of works; Ownership >= 50%, Youth Owned < 35 Yrs Old

The number of registrations processed across provincial offices varies significantly with Gauteng and KwaZulu-Natal the busiest provinces.

Table 3 below shows the provincial breakdown in registrations across Grades 2 to 9. The Gauteng and KwaZulu-Natal provinces make up over 50% of registrations. Most of the larger firms have established head offices in the Gauteng province but conduct operations across all provinces.

Table 3: Provincial Registration Breakdown, Grades 2 to 9

PROVINCE	Grade 2	Grade 3	Grade 4	Grade 5	Grade 6	Grade 7	Grade 8	Grade 9	TOTAL
Eastern Cape	422	167	244	143	127	77	27	3	1210
Free State	193	65	106	53	76	23	14	4	534
Gauteng	1014	306	537	339	457	318	167	93	3231
KwaZulu-Natal	1393	629	490	290	294	152	48	15	3311
Limpopo	262	105	223	121	165	90	20	3	989
Mpumalanga	290	101	159	126	126	65	16	3	886
North West	254	81	109	53	67	38	13	1	616
Northern Cape	126	32	32	25	30	7	8		260
Western Cape	266	106	175	76	119	86	33	18	879
TOTAL	4220	1592	2075	1226	1461	856	346	140	11916

Legal challenges to the cidb registration criteria

During the period under review Madulidi CC, a contractor registered on the cidb Register of Contractors instituted a case in the High Court against the cidb to challenge their grading in terms of the cidb registration criteria. The date of the court hearing is 24 October 2016.

Online registration

Plans are in place to extend the existing technology platform to cater for online contractor registration. This is an exciting development in the evolution of the Register of Contractors. During the 2015/2016 Financial Year the cidb commenced procurement processes related to the provision of online contractor registrations. When in place the planned technology platform will make registration more convenient to contractors, reduce the turnaround time for processing of registrations as well as have a positive impact on cidb resource utilisation.

During the 2015/2016 Financial Year the cidb engaged in discussions with the National Treasury to identify potential areas of integration between the Register of Contractors and the Central Supplier Database in order to improve efficiency of registration and reduce the burden of compliance on contractors.

The National Treasury's Central Supplier Database provides an automated verification of supplier information, including tax clearance, member ID numbers, names of directors and company registration information, among other information. Integration between the cidb and National Treasury will enable the cidb to reduce the requirement for contractors to produce this information when applying for registration on the Register of Contractors.

Future regulation amendments:


During the 2015/2016 year the cidb proposed amendments designed to improve the Register of Contractors. These include:

- Introduction of substantive registration requirements for Grade 1;
- Tender Value Limit Adjustments to increase tender limits across the grades taking into account, inflationary impacts;
- Registration of subcontractors;
- Introduction of a rail engineering registration class of work;
- Mandatory submission of B-BBEE ratings when applying for registration with the cidb to improve monitoring of B-BBEE, and to allow the cidb to track progress against the B-BBEE Charter; and
- Registration Fee adjustments, including differentiated fees for foreign firms.

The cidb conducted a study into the profile of Grade 1 contractors, as well as factors that drive companies to enter into construction at this Grade. The study has improved the cidb's understanding of Grade 1 development challenges and needs, as well as implications for registration requirements.

Table 4: Current tender value limits per grade

Grade	Tender Value Limit
1	R 200 000
2	R 650 000
3	R 2 000 000
4	R 4 000 000
5	R 6 500 000
6	R 13 000 000
7	R 40 000 000
8	R 130 000 000
9	Greater than R 130 000 000



During the 2015/2016 year the cidb proposed amendments designed to improve the Register of Contractors.



MONITORING INDUSTRY PERFORMANCE



Delayed payments are
one of the biggest
challenges facing the
contracting sector, and
in particular the small
and medium sized
contractors

A suite of products help the cidb to monitor and evaluate the performance of the industry and to support contractor development. These include:

- sector specific status reports;
- the cidb *Construction Industry Indicators (CIIs)*;
- the cidb *Construction Monitor*;
- the cidb *SME Business Conditions Survey*; and
- the cidb *Compliance Monitor*

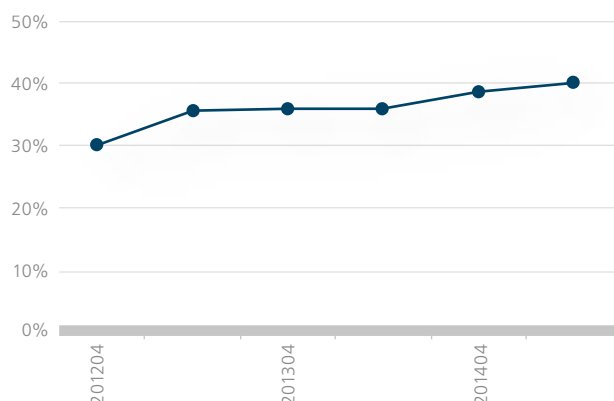
Monitoring construction industry transformation

In 2015/16 the cidb Construction Monitor presented an assessment of the state of transformation of the construction industry, with a focus on the contracting and the consulting engineering sectors. The Construction Monitor drew largely on information obtained from the cidb Register of Contractors, the cidb Register of Projects and the Consulting Engineers South Africa (CESA) Bi-Annual Economic and Capacity Survey.

Consulting Engineering:

An assessment of data obtained from CESA membership data (as of end-December 2015) shows that only around 15% of consulting engineering companies have black-ownership exceeding 50%. The CESA data also shows that the percentage of black executives has increased moderately from 30% in 2012Q4 to 40% in 2015Q2 – but remains low.

Figure 5: Black Executives and a Percentage of Total Executives; CESA Membership

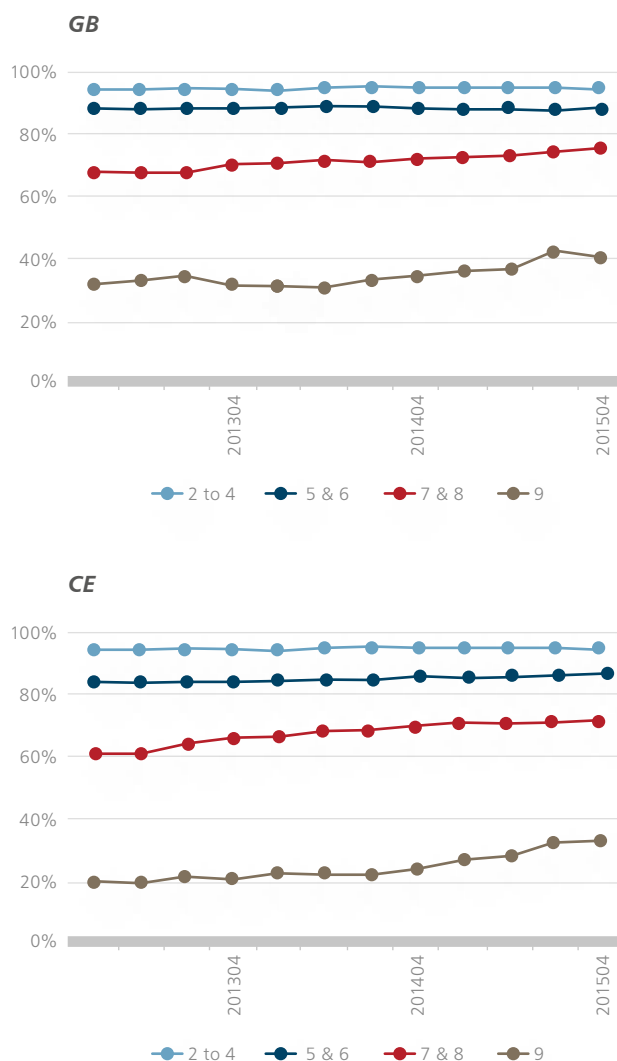


Source: CESA Bi-Annual Economic and Capacity Survey; 2006Q2 – 2015Q2

Registered contractors:

In General Building and Civil Engineering, contractors in Grades 2 to 4 and Grades 7 to 8 are 95% and 70% black-owned respectively. Black ownership is lower in mechanical, electrical and specialist engineering contractors and significantly lower in Grade 9 at around 25% to 30%.

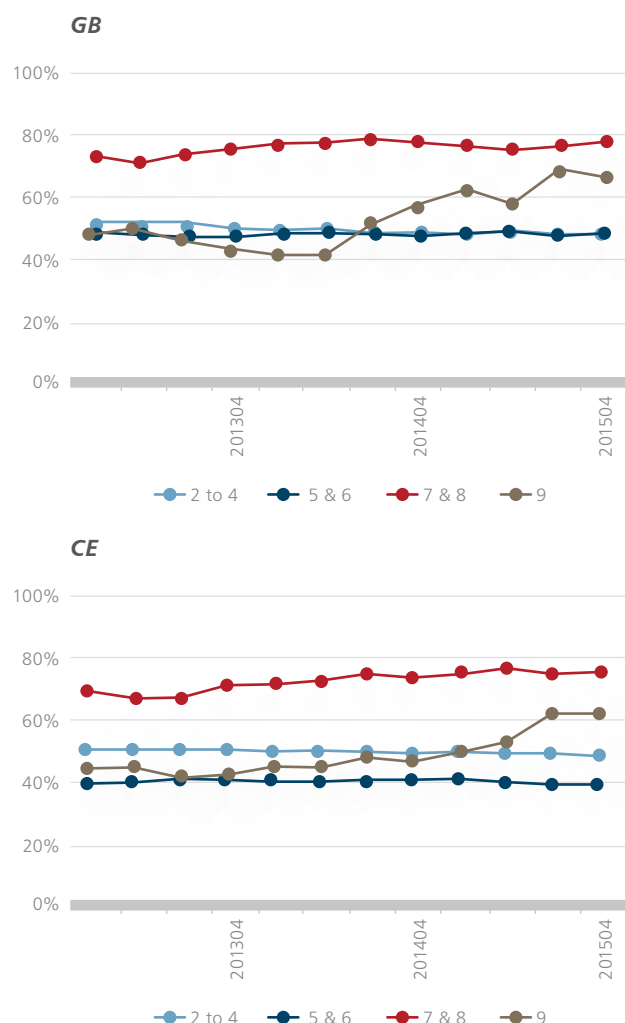
Figure 6: Growth in black ownership, 2013 Quarter 1 to 2015 Quarter 4



Black ownership of Grade 9 contractors has improved in both GB and CE classes of works from 25% to 33% in CE and from 30% to 40% in GB over the period.

On average 50% of all small general building and civil engineering contractors have women-ownership exceeding 30%. Only around 30% of medium to large contractors (Grade 7 and 8) are woman-owned. Woman-ownership of Grade 9 contractors is significantly lower, around 7%.

Figure 7: Women Ownership, 2013 Quarter 1 to 2015 Quarter 4



Woman ownership of Grade 9 contractors has increased significantly from 24% to 31% in GB and 16% to 31% in CE over the period.

Monitoring contractor development

In July 2015 the cidb Construction Monitor covered the state of development in the contracting sector focusing on contractors in public sector contractor development programmes (CDPs) in GB and CE classes of works and on contractor upgrades between the period 2005 and 2015.

Around 60% of all contractors had upgraded one or more times over ten years as illustrated by Table 5 below.

	Table 5: Contractor Upgrades (1 or more); 2005Q3 to 2015Q2; Total			
	GB		CE	
Maximum Grade	Number	%	Number	%
9	32	42%	66	56%
7 & 8	548	75%	665	77%
5 & 6	1 591	60%	1 705	59%
Total	2 171	62%	2 436	63%

Overall the number of black-owned contractors that have upgraded one or more grade over the past ten years is higher than the industry average, with around 80% of black-owned Civil Engineering (CE) contractors in Grades 7 to 9 having upgraded one or more grades in ten years, as illustrated in Table 6.

	Table 6: Contractor Upgrades; 2005Q3 to 2015Q2; Black-Owned			
	GB		CE	
Maximum Grade	Number	%	Number	%
9	13	72%	20	83%
7 & 8	412	82%	467	84%
5 & 6	1 422	64%	1 482	63%
Total	1 847	67%	1 969	67%

Around 50% of contractors have upgraded between one or more grades over ten years, but only 10% of contractors have upgraded four or more grades in ten years as illustrated in tables 7 and 8 below.

	Table 7: General Building (GB) Contractor Upgrades (1 or more); 2005Q3 to 2015Q2; Total				
	1 or more	2 or more	3 or more	4 or more	5 or more
9	42%	30%	13%	11%	8%
7 & 8	75%	53%	32%	13%	6%
5 & 6	60%	44%	27%	8%	0%
Total	62%	46%	28%	9%	2%

	Table 8: Civil Engineering (CE)				
	Contractor Upgrades (1 or more); 2005Q3 to 2015Q2; Total				
Maximum Grade	1 or more	2 or more	3 or more	4 or more	5 or more
9	56%	38%	17%	6%	3%
7 & 8	77%	52%	29%	11%	5%
5 & 6	59%	42%	25%	8%	0%
Total	63%	44%	26%	9%	1%

In July 2015 the cidb also tracked upgrades achieved within contractor development programmes drawing on information available from twenty one CDPs that are currently being monitored in terms of the Nation Contractor Development Programme (NCDP). Typically, CDPs provide direct contracts as well as structured developmental support to contractors enrolled and are typically implemented by a government institution or are outsourced to a developmental institution. Information was drawn from the following CDPs that are currently being monitored:

Table 9: Contractor Development Programmes

Povince	CDP	Number of Contractors
Eastern Cape	• Coega SMME Development Programme	96
	• Incubator Programme	68
	• Integrated Contractor Development Programme (ICDP)	202
	• MasakheSonke Contractor Development Programme	34
	• Mthatha Contractor Development Program	33
	• NMMB Contractor Development Program	24
	• Department of Police Roads and Transport	74
Gauteng	• Joburg Water Vukuphile Learnership	18
	• Vuk'Uphile Learnership	28
KwaZulu-Natal	• KZN Department of Public Works	86
	• Vukuzakhe	268
Limpopo	• Limpopo Contractor Development-LDPW and Stefanutti Stocks Programme	10
	• Limpopo IDT Contractor Development	25
	• Vuk'Uphile Contractor Development	4
	• Vuk'Uphile Contractor Development Programme	35
North West	• CIP North West	11
	• Vuk'Uphile (Tlokwe City Council)	9
	• Vuk'Uphile (learnership) programme North West	13
Western Cape	• DT&PW Roads Branch CDP	27
	• Siyenyuka	13
Total		1078

An assessment of the number of contractors within CDPs that had upgraded one or more grades over the previous three year period is given below – with reference to the contractor's grade at the start of the enrolment period. Note that in the absence of detailed information regarding the date of entry of contractors into CDPs, a three year period has been used. The information presented in the table below must therefore be seen as indicative information only, which can be used as a baseline for further monitoring.

Table 10: CDP Contractor Upgrades (%): 2013Q3 to Grand Total; from date of entry

Entry Grade	2013Q3 to 2014Q2	2014Q3 to 2015Q2	2015Q3 to 2016Q2
GB			
7 & 8	0%	0%	0%
5 & 6	50%	15%	3%
2 to 4	57%	19%	9%
1	17%	14%	5%
Total	39%	15%	6%
CE			
7 & 8	0%	0%	0%
5 & 6	38%	36%	6%
2 to 4	72%	27%	7%
1	50%	52%	10%
Total	60%	43%	8%

From the table above, it is seen that around 40% of all General Building (GB) contractors that have entered into a CDP over the period 2013Q3 to 2014Q2 have upgraded one or more grade since date of entry. Similarly, around 60% of all Civil Engineering (CE) contractors that have entered into a CDP over the period 2013Q3 to 2014Q2 have upgraded one or more grade since date of entry.

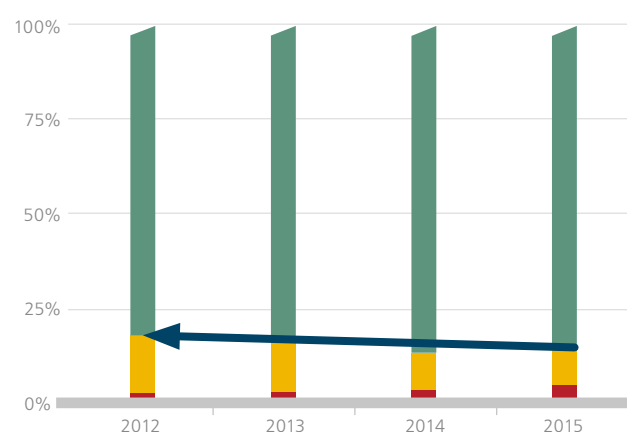
Other studies on contractor development

During the period under review the cidb also conducted a study on contractor development, which highlighted that the pace of development from small, medium to large contractors is slow. This study has also highlighted that sustainable contractor development is dependent on enterprise factors. Enterprises often take time to grow and develop, including financial resources, management skills, and technical capabilities. Other factors such as construction experience, as well as process maturity (business and construction processes) are also relevant for growth. As organisations grow, their processes have to be continually adapted. The study further highlighted that construction companies can mature over time – even if they remain at the same grade.

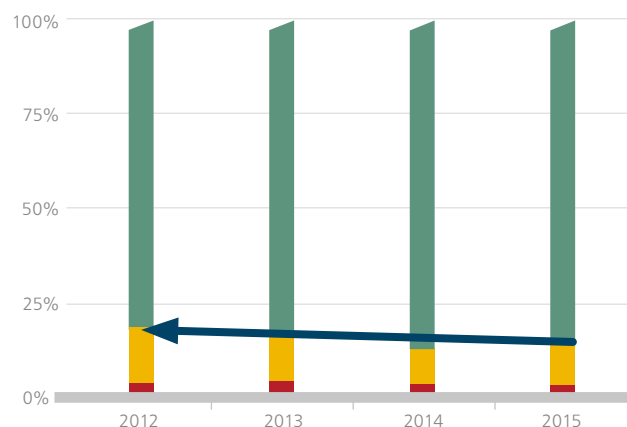
Monitoring performance of clients, contractors and consultants

The cidb Construction Industry Indicators (CIIs) are annual industry performance measures, focusing on perceptions of clients, the client's agent or consultant and contractors.

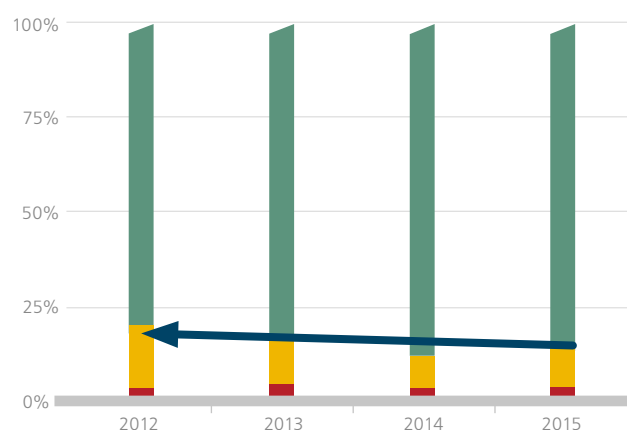
Over the past three year period, the CIIs reflect a steady growth in the level of client dissatisfaction with the performance of contractors on construction projects.



Agent



Contractor



Quality

Although no single observable factor has been attributed to the declining levels of contractor performance, the cidb has pointed to a mismatch of projects with contractors as a significant contributing factor. Too often contractors are appointed that are not suited for a particular construction contract. In this regard, the cidb continues to advocate strongly for contractors to be appointed based on functionality taking into account a risk assessment conducted by clients when procuring services for construction of projects.

The 2015 CIs Report has identified increasing dissatisfaction by clients with contractors over the past few years while contractors on the other hand, are reflecting increasing satisfaction with clients. Contractor satisfaction with the overall performance of clients has notably increased over the survey period 2013 to 2015. Contractors rated the quality of tender documents and specifications of clients as satisfactory on 83% of the projects surveyed in 2015, which is an improvement on the 75% satisfaction recorded on the projects surveyed in 2013.

Prompt payment

Contractors were paid within the contractual 30 days after invoicing in only 40% of the projects. This marks a deterioration in prompt payment practices over the survey period 2013 to 2015. Delayed payments are one of the biggest challenges facing the contracting sector, and in particular the small and medium sized contractors – which often results in the bankruptcy of a contractor.

Draft regulations on Prompt Payment

During the period under review the cidb proposed regulations on prompt payment and adjudication, which the Department of Public Works published for comment in Government Gazette number 38822 of 29 May 2015. The draft regulations were widely applauded and welcomed by stakeholders, but were subsequently withdrawn to ensure that they are appropriately aligned to the CIDB Act.

Monitoring business conditions

The cidb/BER SME Business Conditions Survey records business conditions for cidb Grades 2 to 8 General Building and Civil Engineering contractors. The Survey measures a range of indicators, including business confidence, building activity, tendering competition and growth in people employed.

Access to work

Lack of access to work remains a constraint to business growth for both General Building and Civil Engineering classes of works across all grades, at a net balance of 70%. This is due to a number of reasons, including decreased growth in spending in infrastructure from both government and the private sector. For example, real annual growth in Gross Fixed Capital Formation (GFCF) for General Government slowed from 18% in the period 2013 to 2014 to 6,5% for 2014 to 2015, which is a clear indication of government's current constrained resources. In the private sector, real annual growth slowed from 7% for 2013 to 2014 to a negative growth of 0,3% for 2014 to 2015. This reflects the extent of the persistently weak business confidence and has led to lack of investment from the private sector.

Access to skilled labour

The shortage of skilled labour is the second highest constraint to business growth and to profitability. Contractors struggle to complete projects timeously and successfully without proper skills, which then impacts on their profit margins as well as quality of the work done. Skills shortage impacts on the client in terms of service delivery and on contractors as they have to compete for the available skilled people, and therefore pay a higher price.

Access to finance

Inadequate access to credit is a constraint to business growth for Grades 3 and 4. These contractors often start the business using their own funds. Later more capital is needed for the business to grow, which requires access to loans from banks or developmental institutions. Commercial Banks see most of these contractors as high risk because of their risk profile or lack of collateral and they are unable to access credit. When these contractors do access funds, they have to pay a high interest rate for the capital because of their high risk profile. If there are payment delays from clients which affects the contractors cash flow, the contractor is not able to service the loan which further harms the profile and the credit history of these contractors.

Access to credit appears less significant as a business constraint for Grade 7 and 8 contractors, who have a lower risk profile than the smaller Grade 3 and 4 contractors.

Figure 7: Constraints to Business Growth; Civil Engineering, Grades 3 and 4

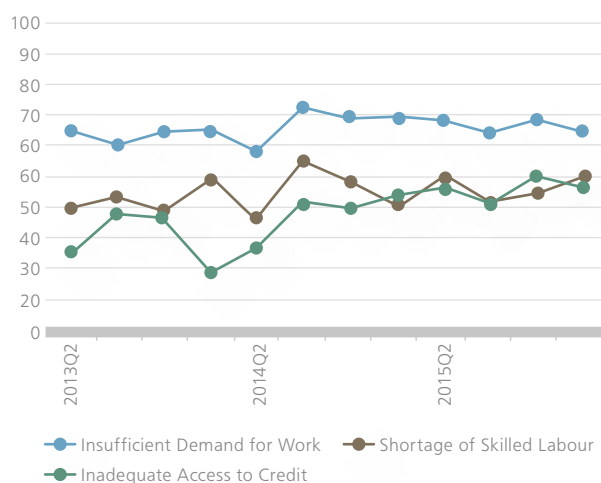
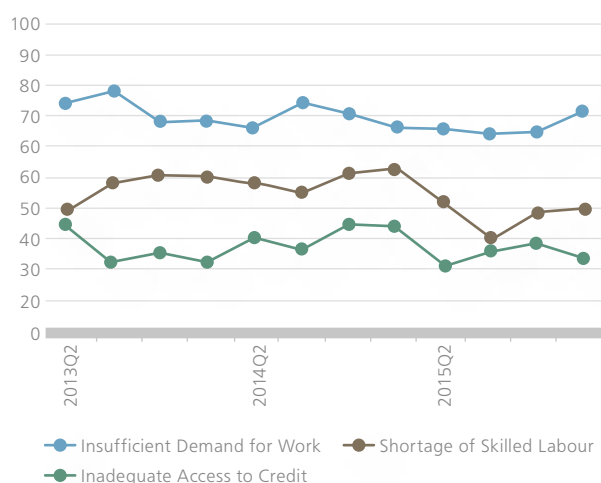


Figure 8: Constraints to Business Growth; Civil Engineering, Grades 7 and 8



Labour conditions

The cidb undertook a review in 2015, of labour and work conditions in the South African Construction Industry. The aim of the study was to investigate the working conditions, labour productivity and factors that may influence productivity in the construction industry with a view of developing interventions that will help improve productivity and quality on construction sites. The focus of the study was on semi-skilled and unskilled workers in the contracting sector.

The study identified the following factors influencing labour productivity:

- (i) industrial action; and
- (ii) the negative impact of the community liaison officers and ward councillors in public sector contracts. Specifically, the most predominant type of strikes by number is unprotected strikes by non-unionised members, which can have a significant impact on the project profitability. On the other hand, the largest number of worker days lost is associated with protected strikes. Legal union initiated strikes are usually more protracted leading to significant production delays due to the number of man-days lost.

Unprotected work stoppages and labour issues are largely due to unrealistic community expectations or to other community based political issues – usually involving Community Liaison Officers (CLOs) and Ward Councillors. Furthermore, discrepancies in wages between members of same company affiliated to different unions operating together on the same construction site often leads to unprotected industrial action. Contractors did however also acknowledge that many of the unprotected legal actions could have been avoided by better industrial relations within the company or on the site.

Exporting SA contracting services

South African contractors are well positioned to contribute to the development of infrastructure in Africa, and South African contractors have notable competitive advantages in providing basic infrastructure on the African continent. Expanding into international and cross-border construction markets is an essential growth strategy for many South African construction companies.

While many of the large South African contractors have demonstrated that they are capable of competing with the best in the world, the challenge is to broaden the base of contractors that can compete in Africa and to compete internationally, including the emerging sector.

In 2015 the cidb undertook a feasibility study on export of contracting services. A key recommendation arising from this study is that the cidb facilitates that the Built Environment Professions Export Council, broadens its mandate and membership to include the contracting sector. This process is now well underway.

cidb Contractor Recognition Scheme

The cidb Contractor Recognition Scheme was launched in terms of Gazette 39204 of 11 September 2015. The cidb Contractor Recognition Scheme encourages contractors to adopt best practices and standards that will help them to improve their performance and to deliver better value to clients.

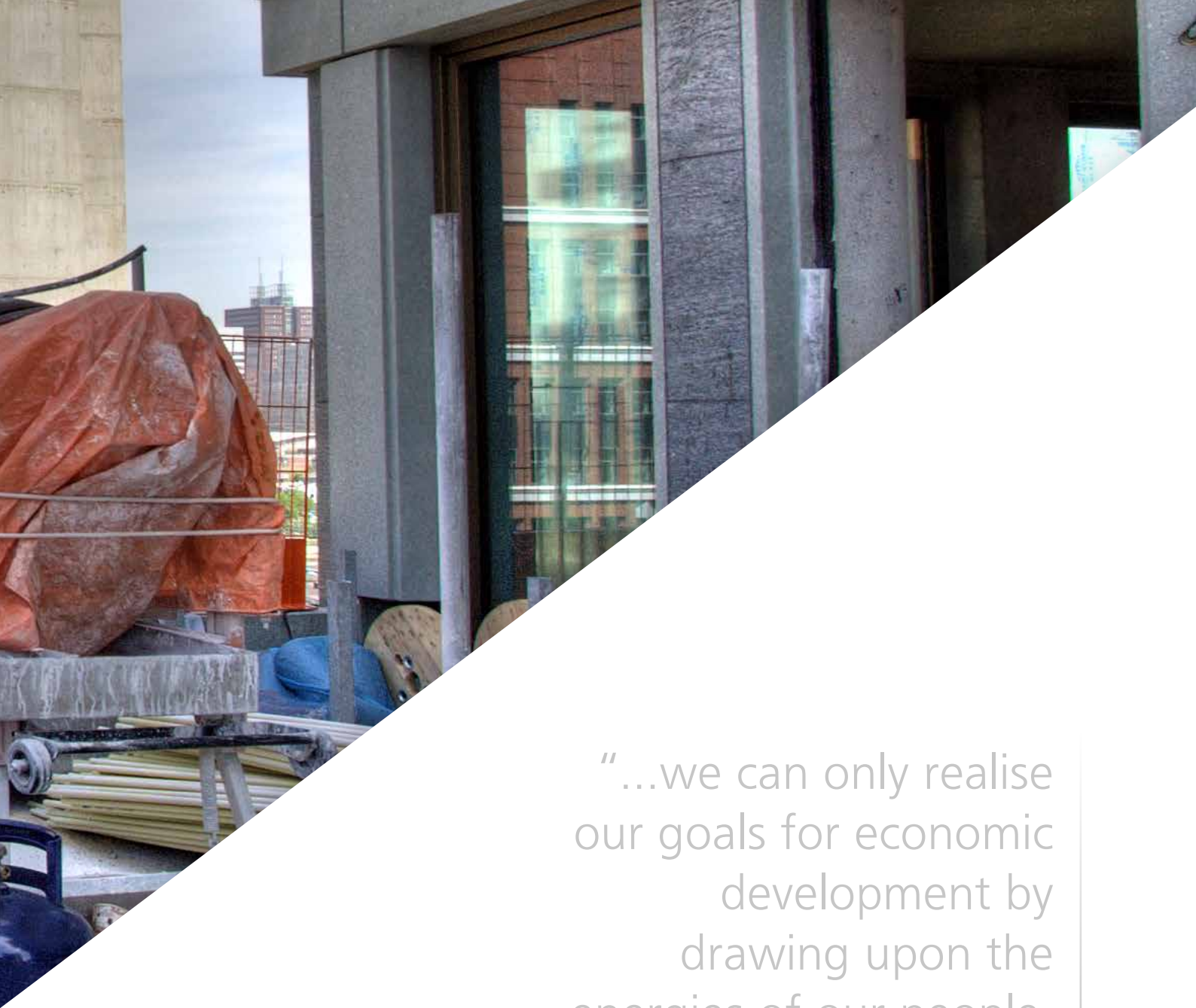
The following cidb standards and practices will form part of the Contractor Recognition Scheme:

- Standard for Contractor Performance Reports for use on Construction Works Contracts (Grades 2 to 9) (published in Gazette number 36760 of August 2013);
- Competence Standard for Contractors (published in gazette 39074 of 7 August 2015);
- Best Practice: Construction Management Systems (published in Gazette 39101 of 14 August 2015) i; and
- Best Practice: Specification for a Fraud and Corruption.

South African
contractors are well
positioned to contribute
to the development of
infrastructure in Africa



STAKEHOLDER ENGAGEMENT



“...we can only realise
our goals for economic
development by
drawing upon the
energies of our people,
growing an inclusive
economy, building skills,
enhancing the capacity
of the state, and
promoting leadership
and partnerships...”

National Stakeholder Forum

In March 2016 the cidb re-constituted the National Stakeholder Forum in terms of section 13 (1), (2), (3) and (4) of the CIDB Act. The new National Stakeholder Forum membership comprises of representatives of public sector clients, policy makers, representatives of construction industry client and contractor bodies, academics, financial institutions and other members of the construction industry. The period of service of the current membership is 2016 to 2018.

2016 National Stakeholder Forum meeting

The Minister of Public Works, Minister Thulas Nxesi met with the newly constituted National Stakeholder Forum on 28 March, 2016 to deliberate on matters affecting transformation in the construction industry. The meeting which was also attended by members of the Parliamentary Portfolio Committee on Public Works was the 12th meeting of the cidb National Stakeholder Forum since the organisation's inception in 2002.

In deliberating on the very slow pace and progress of transformation across all sectors of the construction industry - professions, contractors, clients, suppliers and manufacturing - the meeting focused on governance, business conditions, development support and skills availability as key enablers and impediments to transformation.

Within these factors the meeting focused on:

- Government policy, legislation and regulations, as well as implementation on the ground and the effectiveness of enforcement, monitoring and evaluation;
- The procurement environment, public sector client capacity, local beneficiation and participation and access to work opportunities;
- Quality of infrastructure delivery, access to finance and internal governance within enterprises;
- Availability of skills and competence in particular, professional and artisanal skills; and
- Development support, including contractor development programmes, training, access to information, as well as innovation.

In his address the Minister of Public Works, Minister Nxesi reiterated the National Development Plan 2030's view that "we can only realise our goals for economic development by drawing upon the energies of our people, growing an inclusive economy, building skills, enhancing the capacity of the state, and promoting leadership and partnerships throughout society".

The work of the cidb, he said, is central to development of the construction industry in that it must facilitate, enable, encourage and empower stakeholders to do better. The National Stakeholder Forum must interrogate cidb policies aimed at creating an enabling environment for the industry



The cidb promotes dialogue with stakeholders through a number of forums such as the National Stakeholder Forum which was held in March 2016.

to transform, as well as the partnerships that it has built with critical stakeholders to create a better performing construction industry.

The Minister announced that as part of self-introspection the Department of Public Works will be looking to review the CIDB Act 38 of 2000 with a view to identifying gaps, challenges and opportunities where the cidb role can be strengthened.

WorldSkills SA Construction Chapter

The cidb was appointed to be the coordinating body for the construction chapter within the competition framework of WorldSkills South Africa. The objective of the construction chapter is to promote youth and skills in construction trades, to organise trade specific regional, provincial and national WorldSkills competitions and ultimately to enter participants in construction trades in the WSI competition held once every two years. The initial focus of the Chapter is on bricklaying.

WorldSkills International (WSI) is a global organisation representing 72 member countries to promote vocational, technological and service oriented education and training.

WSI events bring industries and educators together to give youth the chance to compete, experience, and learn how to become the best in their skill of choice as well as showcase excellence in vocational education and training. Competition includes traditional trades, to multi-skilled technology careers in the industry and service sectors.

2016 Postgraduate Conference

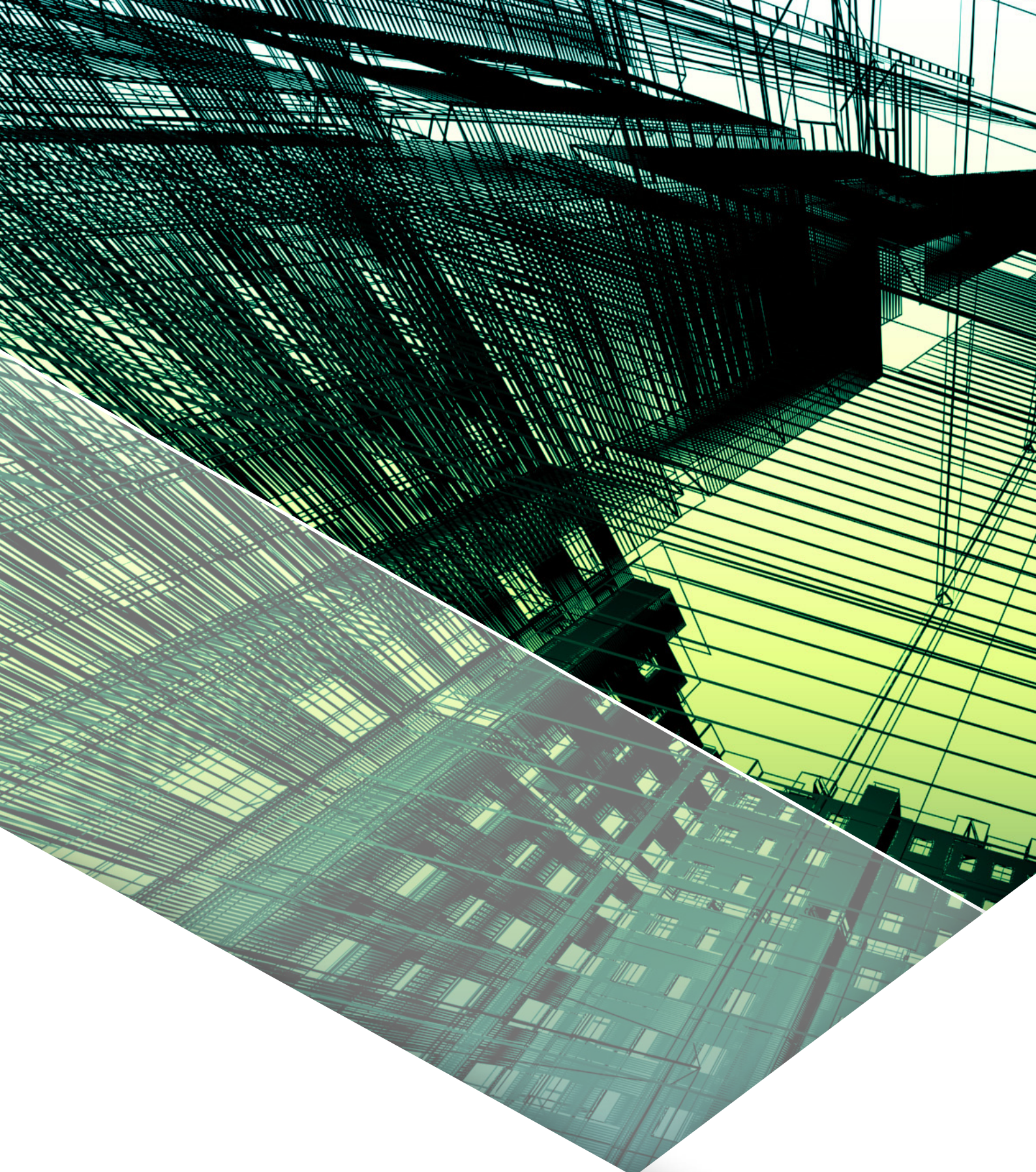
Cape Town University's Department of Construction Economics and Management hosted the 2016 cidb Postgraduate Conference with the support of the Cape Peninsula University of Technology. The theme of the conference was *"Emerging trends in construction organisational practices and project management knowledge areas"*.

A total of 121 abstracts were received from eight countries including Egypt, Ghana, Hong Kong, Netherlands, New Zealand, Nigeria, South Africa and the United Kingdom. Of these 55 full papers were accepted and presented at the conference. The cidb Postgraduate Conference is held bi-annually co-hosted by universities.

Promoting Regional collaboration

During their visits to South Africa in January 2016 and September 2016 respectively, construction industry delegations from Malawi and Uganda engaged with the cidb where they shared knowledge, experience, challenges and opportunities for construction development in their respective countries. Discussions centred on the role and mandate of the cidb, construction procurement, affirmative action, contractor development programmes, performance monitoring and contractor registration.

The work of the cidb, is central to development of the construction industry in that it must facilitate, enable, encourage and empower stakeholders to do better



SUPPORT SERVICES



Among the areas
of focus for the
organisational redesign
are cidb processes,
systems and people.

cidb support services comprise of human resources, supply chain, finance, information technology and facilities. They are an enabler to the entity, providing support to core programmes in their functions to achieve cidb's strategic objectives. They also play a fundamental role in ensuring that the entity complies with relevant laws and regulations.

Supply Chain

The Supply Chain Management (SCM) Unit largely caters for demand management and the acquisition of goods and services.

cidb maintains an efficient, effective and transparent SCM function, in compliance with the Public Finance Management Act and Treasury Regulations.

The management of contracts was strengthened during the year under review as a result of audit recommendations and also to ensure that end-users are provided the necessary administrative and monitoring support. Approved procurement plans were closely monitored so as to ensure timely acquisition of goods and services and the database of service providers was managed and improved. The cidb geared up for alignment with the impending National Treasury procurement reforms due to be implemented in the 2016/17 Financial Year.

Bid committees were reviewed and members were subjected to a refresher workshop for continuous improvement. The policy on SCM as well as the delegations thereto was also reviewed and due amendments effected to assist with improved efficiencies in the delivery of services by cidb.

Finance

The Finance Unit is responsible for internal financial control and the completion of financial reports on revenue management, expenditure control, timely payment of service providers, fixed assets, debtors' management and the submission of all financial statutory reports and returns.

In addition to budget cuts that were received by the entity in 2014 for implementation in 2015/16 and 2016/17, further budget cuts totalling R45 million over a three-year period were received in January 2016 for implementation in 2016/17 – 2018/19 financial years. The budget cuts have necessitated reprioritisation in 2015/16 and a review of allocations to minimize any negative impact in the delivery of services by the cidb.

Service providers were paid within 30 days of receipt of invoices, with the exception of those that resulted in queries about transactions. In most instances, the 30 day turnaround period for payment was shortened to 15 days especially for small, medium and micro enterprises to support enterprise sustainability. Debtors' management was effectively executed through monthly reconciliation and collections.

To ensure compliance to legislation and in terms of cidb agreement with Public Works, quarterly performance and financial reports were prepared and submitted to the Department as well as the cidb Board. This assisted the Board to effectively exercise its oversight role ensuring absolute accountability, efficiency and financial prudence.

The efficient monthly reconciliation as an instrument for good internal controls has yet again contributed towards unqualified cidb audit for the 2015/16 Financial Year and to minimal findings raised in the Auditor-General's management report for end of March 2016.

Information Technology

Information Technology (IT) is the cornerstone of cidb business and remains a top priority for the organisation. Areas of improvement were identified as part of the annual risk assessment of IT as well as other audits that were performed on IT and related functions. Management has developed a plan to address the findings. A number of policies were also approved during the year under review and this included an organisation wide IT Plan.

Facilities

A new telephony system was implemented throughout the country as part of improving our service delivery.

The scheduled Pretoria Head Office revamp project that was planned for 2015 could not be executed due to delays in concluding the relevant negotiations. These negotiations are facilitated by the Tshwane Regional Office of the Department of Public Works.

Human Resources

The process of organisational redesign was initiated during the period under review. The exercise follows the findings of the Culture Study in 2013 and the Enterprise Architecture Analysis in 2015 which both highlighted the need to re-align the strategies and structure of the cidb to its legislative mandate, and to re-engineer the cidb into a high performance organization. Among the areas of focus for the organisational redesign are cidb processes, systems and people. During the period under review, a number of positions were filled and additional posts were being progressed at financial year-end. Even though staff turnover was maintained at a low rate during the year, it is important to mention that the organisation conducted several disciplinary hearings during the year under review. The hearings consequently led to an unprecedented number of dismissals in a single financial year.

National Education, Health and Allied Workers' Union Membership

The National Education, Health and Allied Workers' Union (NEHAWU) remains the only recognised union in the cidb as per the recognition agreement entered into in May 2012. Union and Management continued to monitor implementation of the four-year Salary and Substantive Agreement (covering the period 1 April 2014 to 31 March 2018) in respect of employees falling within the re-defined bargaining unit. The cidb began implementation of a strategy to effect salary increments on a sliding scale. This included addressing disparities that were caused by the implementation of a job grading system in 2014.

Table 10: NEHAWU Membership Statistics

Number of unionised Employees	129
Union Representation Percentage	66%

Employee wellness

Successful Wellness Day programmes were held for cidb staff at Head Office and various provinces during 2015. Wellness programmes aim to promote a healthy work-life balance among employees and include professional counseling and advisory services for staff and their immediate family members.

Enterprise Architecture

Following the 2013 cidb Culture Study the organisation embarked on an Enterprise Architecture Analysis in 2015. Whilst the Culture Study focused internally on soft issues, the Enterprise Architecture Analysis focused mainly on hard issues internally and externally, looking at areas such as the cidb's strategic alignment to its mandate, people issues, processes, systems, customer and stakeholder satisfaction, as well as supplier and partnership performance.

On the main, the recommendations of the Study reiterated the urgent and critical need for the organisation to be re-configured. Processes leading to the appointment of a service provider that will partner with the cidb in conducting an organisational redesign project were finalised in the year under review.

Table 11: New Recruits and Terminations

POSITION	DEPARTMENT	DATE VACATED	DATE FILLED
Chief Executive Officer	CEO's Office	27 February 2015	Vacant
Project Manager – CEO's Office	CEO's Office	30 May 2014	Vacant
Board Secretariat	CEO's Office	30 August 2013	Vacant
Manager Planning Monitoring and Evaluation	CEO's Office	New	Vacant
Senior SCM Practitioner	Corporate Services	27 February 2015	Vacant
General Support Assistant	Corporate Services	31 March 2015	Retired – position removed
Desktop Support Engineer	Corporate Services	New	Vacant
IT Manager	Corporate Services	1 April 2015	Vacant
SCM Manager	Corporate Services	30 November 2015	Vacant
Registration of Contractors – RoP	Registers Service	30 September 2015	Vacant
Customer Relations-RoP	Registers Service	31 March 2015	Vacant
Admin Clerk	Registers Service	31 March 2015	Vacant
Assessor x3	Registers Service	30 September 2015 29 February 2016 31 January 2016	Vacant Vacant Vacant
Quality Control Officer X2	Registers Service	01 November 2013 01 April 2014	Vacant Vacant
Call Centre: Leader	Registers Service	01 July 2015	Vacant
Manager: Infrastructure Delivery	Procurement & Delivery Management	31 July 2015	Vacant
Project Manager: EC	Provincial Offices and CD	02 March 2015	Vacant
Provincial Manager: PCD – NC	Provincial Offices and CD	30 November 2015	Vacant
Provincial Manager: PCD – EC	Provincial Offices and CD	24 March 2016	Vacant
Help Desk Support : GP	Provincial Offices and CD	31 March 2016	Vacant
Data Capturer: FS	Provincial Offices and CD	14 March 2016	Vacant

cidb is undergoing an organisational redesign process so as to strengthen its performance and optimise the delivery of its services. This project is due to be finalised before December 2016.

Table 12: Vacancies

DEPARTMENT	VACANCIES (funded)
CEO's Office	4
Corporate Services	5
Registration Services	9
Industry Performance	0
Procurement & Delivery Management	1
Provincial Offices and Contractor Development	5

Human Resources Management

Table 13: Occupational Levels:

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0	0	2	1	1	0	1	0	0	0	5
Senior management	6	1	0	0	3	0	0	0	0	0	10
Professionally qualified and experienced specialists and mid-management	13	0	2	1	6	0	0	1	0	0	23
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	15	0	1	0	25	2	0	1	0	0	44
Semi-skilled and discretionary decision making	26	2	1	1	46	4	1	3	0	2	86
Unskilled and defined decision making	0	0	0	0	1	0	0	0	0	0	1
TOTAL PERMANENT	60	3	6	3	82	6	2	5	0	2	169
FIXED TERM CONTRACT	3	1	0	0	21	0	0	0	0	0	25
Employees with disabilities	0	0	0	0	0	0	0	0	0	0	0
Temporary employees	0	0	0	0	1	0	1	0	0	0	2
GRAND TOTAL	63	4	6	3	104	6	3	5	0	2	196

Table 14: Summary Staff Breakdown

	African	Coloured	Indian	White	%
Males	63	4	6	3	39%
Females	104	6	3	5	60%
People with disability	0	0	0	0	0%
Foreign National	2	0	0	0	1%
Total staff			196	100%	100%

Table 15: Staff Complement

Staff complement	Period ended 31 March 2016
Permanent Staff	169
Fixed Term Contract	25
Temporary staff	2
Total	196

Employee relations

Table 16: Misconduct and Disciplinary Actions:

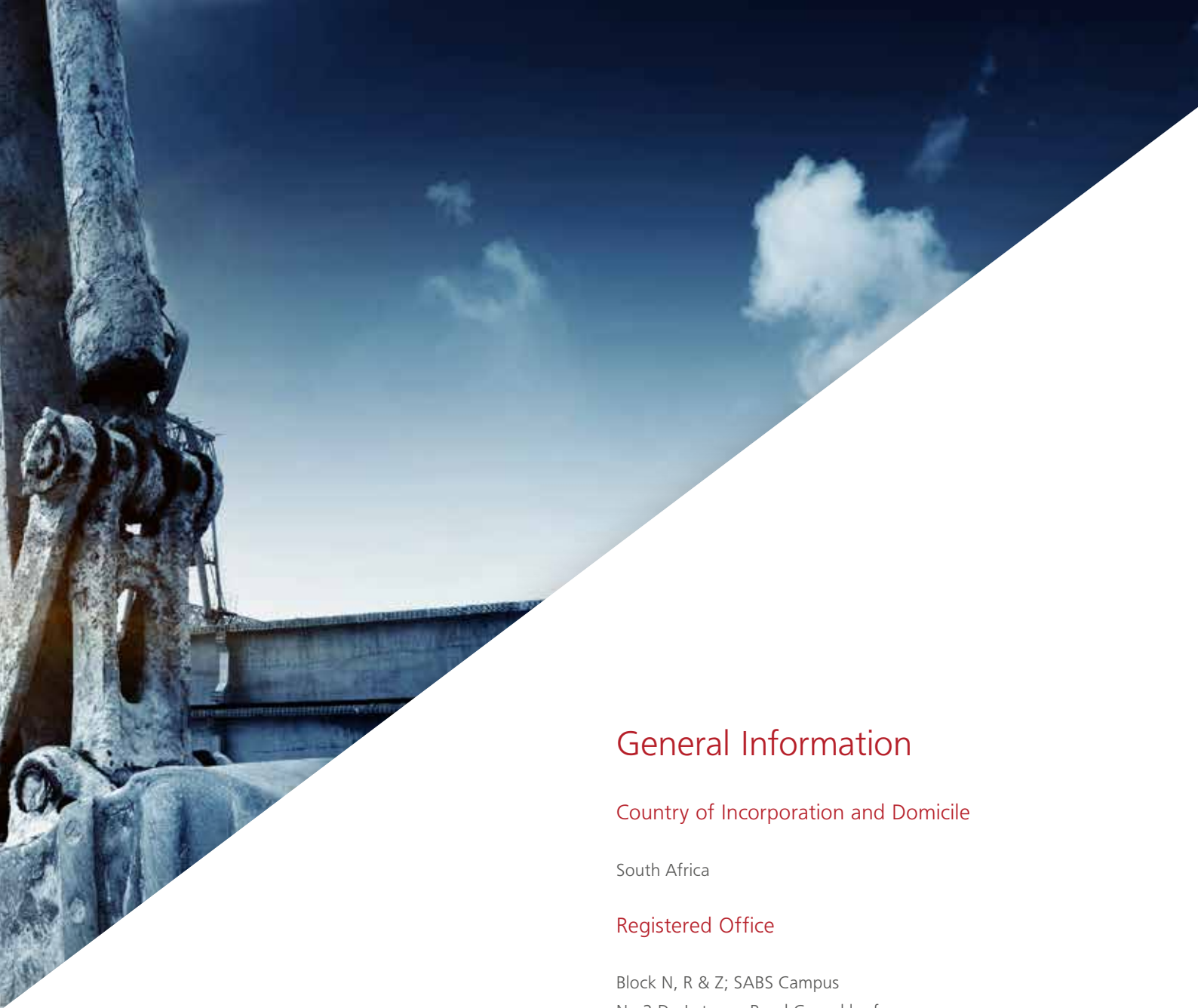
Nature of Sanctions	Number
Verbal Warning	1
Written Warning	8
Final Written Warning	1
Suspension	1
Dismissals	6
CCMA referrals	3
CCMA review	1

A low-angle photograph of a construction site. In the foreground, several construction workers wearing high-visibility yellow-green vests and hard hats (one white, one blue) are seen from behind, looking up. A large crane is lifting a heavy, dark object (possibly a piece of machinery or a large pipe) into the air. The background features tall buildings under construction, with one building having a blue glass facade. The sky is clear and blue.

The cidb strives to
achieve high standards
of governance by
embracing the core
values that underpin
good governance



ANNUAL FINANCIAL STATEMENTS



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General Information

Country of Incorporation and Domicile

South Africa

Registered Office

Block N, R & Z; SABs Campus
No 2 Dr. Lategan Road Groenkloof
Pretoria 0027

Postal Address

P.O. Box 2107
Brooklyn Square Pretoria
0075

Bankers

Standard Bank of South Africa Limited
Investec Limited

Auditors

Auditor-General South Africa

Secretary

First Corporate Secretaries Proprietary Limited

Annual Financial Statements

for the year ended 31 March 2016

Statement of Responsibility

The Accounting Authority is required by the Public Finance Management Act (Act 1 of 1999) (PFMA), 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 Accounting Authority to ensure that the Annual Financial Statements fairly present the state of affairs of cidb as at the end of the financial year and the results of its operations and cash flows for the period then ended. The Auditor-General South Africa is engaged to express an independent opinion on the Annual Financial Statements and given unrestricted access to all financial records and related data.

The Annual Financial Statements have been prepared in accordance with (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The Annual Financial Statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Accounting Authority acknowledges that it is ultimately responsible for the system of internal financial control established by cidb and place considerable importance on maintaining a strong control environment. To enable the Accounting Authority 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 cidb and all employees are required to maintain the highest ethical standards in ensuring cidb's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in cidb is on identifying, assessing, managing and monitoring all known forms of risk across cidb. While operating risk cannot be fully eliminated, cidb endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical

behaviour are applied and managed within predetermined procedures and constraints.

The Accounting Authority is 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 Accounting Authority has reviewed cidb's cash flow forecast for the year ending at 31 March 2017 and, in the light of this review and the current financial position, the Accounting Authority is satisfied that cidb has access to adequate resources to continue in operational existence for the foreseeable future.

The cidb is largely dependent on the Department of Public Works (DPW) for continued funding of operations. The Annual Financial Statements are prepared on the basis that cidb is a going concern and that the Department of Public Works (DPW) has neither the intention nor the need to liquidate or curtail materially the scale of cidb.

The Annual Financial Statements for the year ended 31 March 2016, set out on page 56 to 95, which have been prepared on the going concern basis, were approved by the Accounting Authority in terms of section 51(1)(f) of the Public Finance Management Act No.1 of 1999, as amended and are signed on its behalf by:



Hlengiwe Khumalo
Acting Chief Executive Officer



Lufuno Nevhutalu
Chairperson: cidb Board
31 July 2016

Annual Financial Statements

for the year ended 31 March 2016

Corporate Governance Report

Corporate governance expresses the processes and systems by which the corporates are directed, controlled and held to account. The cidb strives to achieve high standards of good governance by embracing the four core values that underpin good governance that is: fairness, accountability, transparency and responsibility. In ensuring compliance to the principles of governance, a compliance programme has been put in place in cidb to assess adherence to the principles of good governance and to identify areas that require improvements on a regular basis.

1. Accounting Authority

The Minister is responsible for appointing a Board at an interval of three years as per the CIDB Act, 2000. The Minister appointed 13 Board members as defined in the CIDB Act. The Board is the Accounting Authority in terms of the PFMA and is obliged to comply with the fiduciary duties as set out in the PFMA. The Board has a collective responsibility to provide effective corporate governance and strategic direction that involves adhering to the principle of good governance, risk management and internal controls as stipulated in the PFMA, Treasury Regulation and King III report.

The role of the Board is articulated in the Board Charter which is reviewed on a regular basis. The Charter is summarised as follows:

- Board members shall exercise all the powers, functions and duties set out in section 5 of the Act, section 50 of the PFMA act and hereunder subject to any limitations contained the laws of the Republic of South Africa.
- Board members are responsible for the performance of the cidb and are fully accountable to the shareholder for such performance.
- The cidb Board shall fulfill the following statutory duties based on the members' oversight responsibility:
 - Exercise the duty of utmost care to ensure reasonable protection of the assets and records of the cidb;
 - Act with fidelity, honesty, integrity in managing the financial affairs of the cidb and in the best interests of the Board;
 - Endeavour, within the sphere of its influence as the Accounting Authority to prevent any prejudice to the financial interests of the state entrusted to the cidb;

- Exercise leadership and governance responsibility with integrity and judgment in directing the Board to achieve its mandate;
- Adhere to the governance principles of fairness, transparency and accountability in discharging its responsibilities;
- Determine the Board's values and the strategy designed to achieve the cidb Board's purpose;
- Monitor and evaluate the implementation of strategies, policies and procedures, management performance criteria and business plans on regular basis;
- Ensure that the shareholder's performance objectives as set are achieved and are reliably measured in the performance assessment of the Board;
- Develop a clear definition of the levels of materiality or sensitivity as the basis to determine the scope and delegation of authority;
- Ensure that the Board reserves specific powers and authority for itself. All delegated authority shall be in writing and shall be regularly monitored, evaluated and revised when necessary;
- In consultation with the Minister, appoint the Chief Executive Officer as stipulated in section 10 of the Act;
- Ensure that Board members have unrestricted access to accurate, relevant and timely information of the cidb;
- Adopt or develop effective alternative dispute resolution measures by managing potential conflicts between the CEO, CIDB Board members and the shareholder; and
- Develop, implement and review the CIDB Board committees' mandate, composition, charters and their effectiveness annually or on a regular basis as necessary.

2. Governance

Corporate governance expresses the processes and systems by which the cidb is directed, controlled and held to account. The cidb strives to achieve the highest standards of good governance by embracing and adhering to the legislative

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for the year ended 31 March 2016

requirement, PFMA and adopting the principles of good governance as contained in the King III report.

3. Portfolio Committee

The Portfolio Committee is responsible for exercising oversight over the service delivery of cidb which includes reviewing the financial and non-financial of cidb as it is contained in the Strategic and Annual Performance Plan. The following meetings were held with the portfolio committee during the financial year:

Date of meeting	Purpose
6 April 2016	Reviewing of 2016/17 APP

4. Executive Authority

The Minister of Public Works as the Executive Authority of cidb, plays a vital role in ensuring that the cidb operates within the cidb's legislative mandate. The performance of cidb is monitored and evaluated through reports and interactions. During the year under review cidb has submitted the following reports in compliance with the PFMA and Framework for Managing Programme Performance Information.

Date of submission	Type of reports
30 April 2015	Fourth Quarter Performance Report – 2014/15
30 July 2015	First Quarter Performance Report – 2015/16
31 August 2015	First Annual Performance Plan – 2016/17
31 October 2015	Second Quarter Performance Report – 2015/16
30 November 2015	Second Draft Annual Performance Plan – 2016/17
30 January 2016	Third Quarter Performance report – 2015/16
	Final Annual Performance Plan – 2016/17

The following commentaries were issued on the governance matters:

- Governance parameters between Board and the Executive were highlighted. Consequently, a governance workshop for Board members was held in February 2016. This was conducted by KPMG.
- Pending lease agreement between cidb and SABs (landlord).

5. Risk Management

The oversight responsibility over the implementation of cidb's risk management lies with the Accounting Authority that has delegated its responsibility to the Audit and Risk Committee. Therefore, the Audit and Risk Committee reports formally to the Accounting Authority in terms of cidb's risk management process. The EXCO is responsible for applying the risk management framework and techniques in their planning, operating and reporting activities. The cidb has identified all significant risks that may threaten the successful delivery of our mandate, mission and business objectives and documented these in the corporate strategic register.

The process followed by cidb in the risk assessment workshops is reflected below:

- Identifying risks
- Assessing risks
- Prioritising risks
- Managing risks
- Communicating and monitoring risks

The Accounting Authority actively participates in risk and control monitoring and analysis by considering and reviewing the enterprise wide risk profile and management environment. Effective risk management is the key to cidb's success.

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6. Audit and Risk Committee

The role of the Committee is to provide an independent assurance and assistance to the Board on control, governance and risk management. The Committee provides the Board with prompt and constructive reports on its findings, especially when issues are identified that could present a material risk to the institution.

7. Internal Audit Function

The cidb has established the Internal Audit Function; currently fully outsourced to an independent audit firm. The role of Internal Audit is to provide independent, objective assurance and consulting services designed to add value and improve the organisation's operations. It assists the organisation to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. Internal Audit conducts its work following a risk based approach in compliance with the Internal Audit Standards. The annual internal audit plan and the three year strategic rolling plan is approved by the Audit and Risk Committee.

8. Compliance with laws and regulations

The cidb does not have a dedicated compliance function; however system, process and policies are in place to provide the Board with assurance that all laws are being complied with. On-going reviews are being performed by our internal and external auditors. The findings are reflected in the specific audit reports as and when issued at completion of audit assignments.

9. Fraud and corruption

The cidb has zero tolerance towards fraud and corruption and all incidents and reasonable suspicions thereof, will be verified and investigated where appropriate.

Appropriate legal recourse, to the full extent of the law, is taken against perpetrators, including:

- Disciplinary action
- Institution of criminal proceedings

- Recovery of losses
- Civil litigation

Anti-Fraud and Corruption policy is a document that has been developed to guide on fraud and corruption in the cidb. Furthermore, the cidb conducts fraud and ethics awareness workshops on an annual basis. In a move to protect the integrity of the Register of Contractors, the Board enlisted the help of the Special Investigating Unit to probe allegations of fraud and corruption within the cidb. Furthermore, the Board is currently using its regulatory processes in dealing with the construction firms that were implicated in the collusion saga as reported by the Competition Commission.

10. Whistle-Blowing

The cidb subscribes to the duty of protection and to this extent has invested in an anonymous reporting facility "Hotline", enabling and empowering employees and other stakeholders (such as contractors) to exercise their reporting duties, without fearing victimisation and retribution of any kind. This independently managed facility provides for a safe alternative to silence, and offers various reporting media. Anonymity is guaranteed, and the facility is managed in compliance with the Protected Disclosures Act, No. 26 of 2000. Information on this reporting facility / Whistle Blowing hotline is available on the cidb website.

11. Code of ethics

The cidb continually strives to improve the morals and ethics of both its organisational environment and its own conduct. The code of ethics was developed and communicated to all employees as guide.

It is the responsibility of each employee to ensure that he/she:

- Acts within his/her powers and in the interests and for the benefit of the cidb;
- Carries out his/her duties with the skill and care to be expected from persons of their knowledge and experience;
- Ensures that his/her conduct is always based on honesty, fairness, transparency and integrity

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12. Board Committees

The Board has established committees and delegated its powers to those committees to assist it with the fulfilment of its responsibilities in accordance with the provisions of the cidb's Board Charter.

Audit and Risk Committee

Members:

Mr L. Makibinyane (Chairperson)
 Ms N. Pandor
 Mr S. Mosai
 Mr H. Patel
 Ms P. Sibiya (Resigned – 5 August 2015)
 Ms L. Mosoetsa (Resigned – 27 November 2015)

Remuneration Committee

Members:

Mr S. Mosai (Chairperson)
 Ms V. Sidzumo
 Dr N. Sweepers
 Mr H. Patel
 Mr C. Jiyane

Social and Ethics Committee

Members:

Ms N. Pandor (Chairperson)
 Mr M. Makhura
 Mr N. Maas
 Mr G. Maduray
 Ms M. Fatyela-Lindie

Core Programmes Committee

Members:

Mr C. Jiyane (Chairperson)
 Mr M. Makhura
 Ms M. Fatyela-Lindie
 Mr G. Maduray
 Mr N. Maas
 Dr N. Sweepers
 Mr H. Patel

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for the year ended 31 March 2016

Report of the Audit and Risk Committee

Audit and Risk Report

We are pleased to present our report for the financial year ended 31 March 2016.

Audit and Risk Committee Members and Attendance

The Audit and Risk Committee (ARC) was operational during the financial year. The ARC members listed below met four times during the financial year, as specified in the charter.

Name of Member	Number of meetings
Mr Lefadi Makibinyane (Chairperson)	4
Mr Sipho Mosai (Board member)	2
Mr Hareesh Patel (Board member)	4
Ms Nazreen Pandor (Board member)	3
Ms Precious Sibiya (Private)	0
Ms Lerato Mosoetsa (Private)	2

During the year, the following changes occurred: Ms Precious Sibiya resigned on 5th August 2015, without attending a single meeting and Ms Lerato Mosoetsa also resigned as a committee member on the 27th November 2015.

Audit and Risk Committee Responsibility

The ARC confirms that it has complied with its responsibilities as it is contained in the Treasury regulations 27.1.7 and 27.1.10 (b) and (c) in terms of Public Finance Management Act. The committee also reports that it has conducted its affairs in terms of the approved charter.

The reporting on Performance Information

The Board has additional responsibility to ensure that it accurately reports on performance information. The ARC confirmed that they were satisfied with reporting of the performance information throughout the year, through verification of an independent assessment by the Internal Auditors.

The effectiveness of Internal Controls

The internal controls of cidb were effectively managed throughout the financial year. The Office of the Auditor-General and Internal Audit team identified certain weaknesses in the controls which were brought to the attention of Management.

The ARC has exercised an oversight role over the reports that were prepared, audited and submitted in terms of PFMA and provided relevant inputs where required.

Internal Audit

The cidb has adopted an outsourced model for the Internal Audit function. The ARC has reviewed and approved the 3-Year coverage plan and is satisfied with the audit work that has been completed to date.

Evaluation of Financial Statements

- Reviewed and discussed the audited annual financial statements to be included in the annual report with the Auditor-General and Accounting Officer;
- Reviewed the Auditor General's management letter and management response thereto;
- Reviewed the accounting policies and procedures;
- Reviewed the significant adjustment resulting from the audit.

We concur and accept the Auditor-General conclusions on the annual financial statements and are of the opinion that the audited financial statements be accepted and read together with the report of the Auditor-General.



Mr Lefadi Makibinyane

Signed on behalf of the Audit and Risk Committee

Chairperson: Audit and Risk Committee

31 July 2016

Annual Financial Statements

for the year ended 31 March 2016

Report of the Auditor-General to Parliament on the Construction Industry Development Board

Report on the Financial Statements

Introduction

1. I have audited the financial statements of the Construction Industry Development Board set out on pages 56 to 95, which comprise Statement of Financial Position as at 31 March 2016, the Statement of Financial Performance, Statement of Changes in Net Assets, Cash Flow Statement and the Statement of Comparison of Budget and actual amounts for the year then ended, as well as 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 South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act (PFMA) of South Africa (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 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 Construction Industry Development Board as at 31 March 2016 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the PFMA.

Report on other legal and regulatory requirements

7. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

8. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected focus area presented in the Annual Performance Report of the entity for the year ended 31 March 2016:
 - Focus area 1: Strengthen and enforce the cidb regulations to reduce construction risk, all forms of fraud and corruption in the sector on pages 98 to 103

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for the year ended 31 March 2016

- Focus area 2: Build, capacitate and enhance compliance in the industry to deliver quality infrastructure in the country on pages 103 to 105
9. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information (FMPPi)*.
10. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
11. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following programmes:
- Focus area 1: Strengthen and enforce the cidb regulations to reduce construction risk, all forms of fraud and corruption in the sector on pages 98 to 103
 - Focus area 2: Build, capacitate and enhance compliance in the industry to deliver quality infrastructure in the country on pages 103 to 105

Additional matter

12. Although we identified no material findings on the usefulness and reliability of the reported performance information for the selected programmes, we draw attention to the following matter:

Achievement of planned targets

13. Refer to the Annual Performance Report on pages 96 to 120 for information on the achievement of the planned targets for the year.

Compliance with legislation

14. I performed procedures to obtain evidence that the entity had complied with applicable legislation regarding financial matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Expenditure management

15. Effective steps were not taken to prevent irregular expenditure, amounting to R2 348 338 as disclosed in note 29 of the AFS, as required by section 38(1)(c)(ii) of the PFMA and TR 9.1.1.

Internal control

16. I considered internal control relevant to my audit of the financial statements, Annual Performance Report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for our opinion, the findings on the Annual Performance Report and the findings on non-compliance with legislation included in this report.

Financial and performance management

17. As management did not adequately monitor adherence with the requirements of the Treasury Regulations on supply chain management processes, irregular expenditure was incurred.

Auditor - General



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Pretoria
31st July 2016

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for the year ended 31 March 2016

Accounting Authority's Report

The Construction Industry Development Board (cidb) is a statutory body listed as a Schedule 3A public entity established in terms of the CIDB Act, 2000 to provide strategic leadership to stakeholders to stimulate sustainable growth, reform and improvement of the construction sector and the industry's enhanced role in the country's economy as well as regulate the industry. The cidb is under the Executive Authority of the Department of Public Works (DPW).

General overview of the state of affairs

For the Financial Year 2015/16, the cidb received a grant of R65 626 000 (2014/15: R77 212 000) from DPW.

A further amount of R75 418 080 (2014/15: R66 385 314) was received in the form of registers' revenue; as well as other income of R9 397 357 (2014/15: R7 957 267). Thus, the total income for the cidb was R150 441 437 (2014/15: R151 554 581). The net surplus for the financial year was R16 220 915 (2014/15: R21 185 450). After taking into account the opening accumulated surplus of R89 763 385, this has resulted in the increase of accumulated surplus to R105 984 300 at the end of the financial year.

During the year under review, the Minister of Public Works effected changes to the leadership of the Board. The Director-General of Public Works: Mr Mziwonke Dlabantu was appointed as interim caretaker Chairperson from December 2015 until March 2016 when a new Chairperson of the Board: Mr Lufuno Nevhutalu was appointed.

The Committees of the Board continued to play their oversight roles and are constituted as follows:

- Audit and Risk Committee
- Remuneration Committee
- Social and Ethics Committee
- Core Programmes Committee

Further to the above committees, as part of the Minister's oversight interventions, a Board Executive Committee (BoardExco) structure was also formed during the year. The main responsibility of this structure was to oversee the administrative matters of the Board so as to strengthen the

governance processes of the Board. This structure comprises of all Chairpersons of Committees of the Board and is chaired by the Board Chairperson.

The terms of reference of the Board Committees are detailed in their respective charters. The cidb's performance plan was, to a large extent, implemented satisfactorily. Further details are contained under the section dealing with performance information.

Service rendered by the cidb

The cidb is a statutory body listed as a Schedule 3A public entity established in terms of the cidb Act, 2000 to provide strategic leadership to stakeholders to stimulate sustainable growth, reform and improvement of the construction sector and the industry's enhanced role in the country's economy as well as regulate the industry. The cidb is under the Executive Authority of the DPW.

Business address

Registered office:

Block N, R & Z, SABS Campus
No. 2 Dr Lategan Road
Groenkloof, 0027
Pretoria

Postal:

P.O. Box 2107
Brooklyn Square
0075

Bankers:

Standard Bank of SA Limited
Investec Bank Limited

External Auditors:

Auditor-General of South Africa

Internal Auditors:

Morar Incorporated Chartered Accountants (SA)

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New or proposed activities

No new activities were undertaken during the period under review. For the upcoming financial year, the Board will be undertaking two main activities viz.: the review of its strategic plan as well as the organisational design review. The procurement reforms introduced by National Treasury in 2016, as they relate to infrastructure procurement, will also have impact on the cidb, the extent of the impact is not yet known. The National Treasury is being engaged in this regard.

Events after reporting date

There were no events after the reporting date.

Performance information

The cidb has developed an Annual Performance Plan (APP); this APP provides clear indication of goals and objectives for the 2015/16 period. Such a plan was developed for the 2015/16 financial year. Progress reports were tabled at each Board and Committee meetings of the cidb.

Furthermore, the cidb reported to DPW on a quarterly basis regarding progress towards the achievement of the stated outputs and objectives, in line with the funding arrangement between the DPW and cidb.

A detailed report on the activities of the cidb is included under a separate section of the Annual Report.

Approval

The Annual Financial Statements for the year ended 31 March 2016, set out on pages 56 to 95 were approved by the Accounting Authority in terms of section 51(1)(f) of the PFMA, as amended and are signed on its behalf by:



Hlengiwe Khumalo
Acting Chief Executive Officer



Lufuno Nevhutalu
Chairperson: cidb Board
31 July 2016

Annual Financial Statements

for the year ended 31 March 2016

Statement of Financial Position

	Note	2016 R	2015 R
Assets			
Current Assets			
Receivables from exchange transactions	5	1 958 808	1 418 330
Cash and cash equivalents	6	150 011 797	122 918 708
		151 970 605	124 337 038
Non-Current Assets			
Property, plant and equipment	3	12 851 319	14 295 417
Intangible assets	4	8 702 175	7 768 937
		21 553 494	22 064 354
Total Assets		173 524 099	146 401 392
Liabilities			
Current Liabilities			
Finance lease obligation	7	1 260 739	1 401 947
Payables from exchange transactions	8	9 459 762	6 753 849
Provisions	9	4 568 376	4 859 968
Income received in advance	10	51 263 437	42 958 841
		66 552 314	55 974 605
Non-Current Liabilities			
Finance lease obligation	7	987 485	663 402
Total Liabilities		67 539 799	56 638 007
Net Assets		105 984 300	89 763 385
Accumulated surplus		105 984 300	89 763 385
Total Net Assets		105 984 300	89 763 385

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for the year ended 31 March 2016

Statement of Financial Performance

	Note	2016 R	2015 R
Revenue			
Assessment fees	11	38 857 950	33 109 450
Other income	12	45 731	757 391
Finance income	13	9 351 626	7 199 876
Government grants	11	65 626 000	77 212 000
Contractor fines	11	490 000	65 000
Annual fees	11	36 070 130	33 210 864
Total revenue		150 441 437	151 554 581
Expenditure			
Employee Benefit Cost	20	(76 144 993)	(77 042 094)
Members' emoluments	24	(1 598 881)	(1 250 074)
Depreciation and amortisation	3&4	(4 761 135)	(4 258 723)
Finance costs	21	(530 502)	(693 673)
Debt Impairment	22	(121 729)	(208 084)
Operating expenses	23	(50 137 029)	(46 642 578)
Total expenditure		(133 294 269)	(130 095 226)
Operating surplus		17 147 168	21 459 355
Loss on disposal of property, plant and equipment		(868 695)	(273 115)
Loss on disposal of intangible assets		(57 558)	(790)
		(926 253)	(273 905)
Surplus for the year		16 220 915	21 185 450

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for the year ended 31 March 2016

Statement of Changes in Net Assets

	Accumulated surplus R	Total net assets R
Balance at 01 April 2014	68 577 935	68 577 935
Surplus for the year	21 185 450	21 185 450
Total changes	21 185 450	21 185 450
Balance at 01 April 2015	89 763 385	89 763 385
Surplus for the year	16 220 915	16 220 915
Total changes	16 220 915	16 220 915
Balance at 31 March 2016	105 984 300	105 984 300

Annual Financial Statements

for the year ended 31 March 2016

Cash Flow Statement

	Note	2016 R	2015 R
Cash flows from operating activities			
Receipts			
Registers income		75 418 080	66 385 314
Grants received		65 626 000	77 212 000
Interest income		9 351 626	7 199 876
Other receipts		45 731	757 390
		150 441 437	151 554 580
Payments			
Compensation to employees		(76 436 584)	(74 564 616)
Payments to suppliers and others		(41 387 611)	(47 897 193)
		(117 824 195)	(122 461 809)
Net cash flows from operating activities	16	32 617 242	29 092 771
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(1 292 414)	(2 243 967)
Proceeds from disposal of property, plant and equipment	3	-	183 658
Purchase of other intangible assets	4	(1 864 272)	(895 921)
Net cash flows from investing activities		(3 156 686)	(2 956 230)
Cash flows from financing activities			
Finance lease payments - capital		(1 836 965)	(1 025 579)
Finance lease payments - finance cost		(530 502)	(693 673)
Net cash flows from financing activities		(2 367 467)	(1 719 252)
Net increase in cash and cash equivalents		27 093 089	24 417 289
Cash and cash equivalents at the beginning of the year		122 918 708	98 501 419
Cash and cash equivalents at the end of the year	6	150 011 797	122 918 708

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for the year ended 31 March 2016

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget R	Adjustments R	Final Budget R	Actual amounts on comparable basis R	Difference between final budget and actual R	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange Transactions						
Assessment fees	29 722 190	6 672 915	36 395 105	38 857 950	2 462 845	30
Other income	-	-	-	45 731	45 731	
Finance income	4 568 000	4 000 000	8 568 000	9 351 626	783 626	
Total revenue from exchange transactions	34 290 190	10 672 915	44 963 105	48 255 307	3 292 202	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	65 626 000	-	65 626 000	65 626 000	-	
Contractor fines	-	-	-	490 000	490 000	
Annual fees	28 181 810	6 327 085	34 508 895	36 070 130	1 561 235	30
Total revenue from non-exchange transactions	93 807 810	6 327 085	100 134 895	102 186 130	2 051 235	
Total revenue	128 098 000	17 000 000	145 098 000	150 441 437	5 343 437	
Expenditure						
Personnel	(80 954 000)	-	(80 954 000)	(76 144 993)	4 809 007	30
Depreciation and amortisation	-	-	-	(4 761 135)	(4 761 135)	30
Finance costs	-	-	-	(530 502)	(530 502)	
Members' emoluments	(1 629 323)	-	(1 629 323)	(1 598 881)	30 442	
Bad debt written off	-	-	-	(121 729)	(121 729)	
Operating Expenses	(45 514 677)	(17 000 000)	(62 514 677)	(50 137 029)	12 377 648	30
Total expenditure	(128 098 000)	(17 000 000)	(145 098 000)	(133 294 269)	11 803 731	

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for the year ended 31 March 2016

Budget on Cash Basis

	Approved budget R	Adjustments R	Final Budget R	Actual amounts on comparable basis R	Difference between final budget and actual R	Reference
Operating surplus	-	-	-	17 147 168	17 147 168	
Loss on disposal of assets	-	-	-	(926 253)	(926 253)	
Surplus before taxation	-	-	-	16 220 915	16 220 915	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	16 220 915	16 220 915	30

Reconciliation

Basis difference

Depreciation and amortisation	4 761 135
Finance costs	530 502
Bad debt written off	121 729
Loss on disposal of assets	926 253

Actual Amount in the Statement of Financial Performance

22 560 534

The reasons why there was a variance in the year under review is reflected in note 30 of the Annual Financial Statements.

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for the year ended 31 March 2016

Accounting Policies

1. Presentation of Annual Financial Statements

The Annual Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with Section 55(1) of the Public Finance Management Act (Act 1 of 1999) (PFMA).

These Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these Annual Financial Statements, are disclosed below.

1.1 Presentation Currency

These Annual Financial Statements are presented in South African Rand and are not rounded off.

1.2 Going Concern Assumption

cidb is largely dependent on the Department of Public Works (DPW) for continued funding of operations. DPW has neither the intention nor the need to liquidate or materially curtail the scale of cidb.

The Accounting Authority in line with DPW's intention, considers that cidb has adequate resources to continue operating for the foreseeable future and that it is therefore appropriate to adopt the going concern basis in preparing cidb's Annual Financial Statements. The Accounting Authority has satisfied itself that cidb is in a sound financial position and that it has access to sufficient cash resources to meet its foreseeable cash requirements.

These Annual Financial Statements have been prepared based on the expectation that cidb will continue to operate as a going concern in the year(s) ahead.

1.3 Significant Judgements and Sources of Estimating Uncertainty

In preparing the Annual Financial Statements, management is required to make estimates and assumptions that affect the amounts represented in the Annual Financial Statements and related disclosures. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Use of available information and the application of judgement is inherent in the formation of estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Actual results in the future could differ from these estimates which may be material to the Annual Financial Statements.

Impairment of property, plant and equipment and finite life intangible assets

Consideration is given each financial position date to determine whether there is any indication of impairment of the carrying amounts of property, plant and equipment and finite intangible assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, based on the time value of money and the specific risk.

Assets that suffered an impairment are tested for possible reversal of impairment at each reporting date if indications exist that impairment losses recognised in prior periods no longer exist or have decreased.

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Assessment of useful lives

The residual value and useful life of an asset are regarded as accounting estimates and intrinsically have an element of uncertainty associated with them. As such they are based on information available at the time that they are estimated.

It is therefore expected that these estimates will differ at various stages of an asset's life depending on economic times and management's intentions. Useful lives and residual amounts are reviewed and assessed at each financial year end.

Such review and assessment take into consideration the nature of the assets, their intended use and technical obsolescence. The residual value and useful life of an asset is reviewed, and revised, if necessary, at each financial year end.

Bad debts written off

On debtors, an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Leave provision

Employees' entitlement to annual leave is recognised when it accrues. A provision is made on the estimated liability for annual leave as a result of services rendered by employees up to the amount of the obligation.

Provision for performance bonus

Employees' entitlement to performance bonus is recognised when the Board has approved a bonus percentage for the year. The provision becomes actual after being qualified by the results of the performance measurement tool applied. Payment of performance bonuses is the sole discretion of the Board and dependent on the availability of funds. The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

1.4 Property, Plant and Equipment

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

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

Property, plant and equipment is initially measured at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost. Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

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Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Assets acquired under finance leases are capitalised and depreciated in accordance with cidb's policy on property, plant and equipment unless the lease term is shorter. Leasehold assets are depreciated as below.

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 fixtures	10 - 18 years
Motor vehicles	5 years
Office equipment	8 - 18 years
Computer equipment	3 - 18 years
Leasehold Assets	3 years

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.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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.

1.5 Intangible Assets

An asset is identified as an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from cidb and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the cidb intends to do so; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from cidb or from other rights and obligations.

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 cidb; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset acquired through a non-exchange transaction, the cost shall be its fair value as at the date of acquisition. The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

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, other	1 - 18 years

Intangible assets are derecognised:

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

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1.6 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Derecognition is the removal of a previously recognised financial asset or financial liability from cidb's statement of financial position.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, cidb estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), cidb use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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.

A financial asset is:

- cash; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to cidb.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to cidb.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by cidb in the event of difficulty in meeting obligations and statutory commitments associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk is managed by:

- investing in short term deposit facilities with a maturity period between 14 and 180 days as per cashflows forecasts;
- timeous request and release of funds by the DPW to cidb; and
- the nature of the cidb's business is on cash basis.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if cidb had not acquired, issued or disposed of the financial instrument.

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Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- cidb designates at fair value at initial recognition.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading.

A financial instrument is held for trading if:

- it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
- on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
- non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
- financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

cidb has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Trade and other receivables	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

cidb has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class

Income received in advance

Payables from exchange transactions

Category

Financial liability measured at amortised cost

Financial liability measured at amortised cost

Initial recognition

cidb recognises a financial asset or a financial liability in its statement of financial position when cidb becomes a party to the contractual provisions of the instrument.

Initial measurement of financial assets and financial liabilities

cidb measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

cidb measures a financial asset and financial liability initially at its fair value .

Subsequent measurement of financial assets and financial liabilities

cidb measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

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for the year ended 31 March 2016

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when cidb has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.7 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.

When a lease includes both land and buildings elements, cidb assesses the classification of each element separately.

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 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. Assets acquired under finance leases are capitalised and depreciated in accordance with cidb's policy on property, plant and equipment unless the lease term is shorter.

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.

1.8 Accruals

Accrual liabilities represent expenses already incurred but not yet paid.

1.9 Commitments

Commitments are contractual agreements with the suppliers of goods and services, where delivery has not yet taken place. Commitments are disclosed in the notes to the Annual Financial Statements at nominal value of the contractual agreement.

1.10 Employee Benefit

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 sick leave and performance bonuses are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences (leave provision) 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

A defined contribution plan is a pension plan under which cidb pays fixed contributions into a separate entity which administer the fund. cidb has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. cidb currently contributes towards the insurance portion of the fund on behalf of its employee. The insurance contributed by cidb covers guaranteed benefits on disability and death.

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Provident Fund

cidb operates a provident fund on behalf of its employees, the provident fund is administered by a single pension fund that is legally separated from cidb. cidb has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all eligible employees the benefits. Membership of the provident fund is compulsory for all employees who joined cidb after 01 September 2010 and optional for all employees who joined cidb before the said date.

cidb employee benefit structure is on the total cost to company and as such do not directly contribute towards the provident fund on behalf of its employees who are members of the provident fund and only employees contribute towards the provident fund.

Contributions to the Provident fund operated for employees are charged against income as incurred.

1.11 Provisions and Contingencies

Provisions are recognised when:

- cidb 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 entity

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.

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 in "surplus and deficit".

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

If cidb has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 18.

1.12 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 cidb receives 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.

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Measurement

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

Registers income

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Finance income

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

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

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.13 Revenue from Non-Exchange Transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by cidb, which represents an increase in net assets, other than increases relating to contributions by the Department of Public Works (DPW).

Revenue from non-exchange transactions refers to the transactions where cidb receives revenue from another entity without directly giving approximately equal value in exchange.

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.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, the cidb 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.

Revenue from the non-exchange transaction takes the form of grants from the Department of Public Works and is received on an annual basis and raised as revenue on receipt.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As cidb 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 reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

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Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by cidb.

When, as a result of a non-exchange transaction, cidb recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Fines

Fines are economic benefits or service potential received or receivable by cidb from an individual or other entity, as determined by the outcome of the hearing, as a consequence of the individual or other entity breaching the requirements of cidb regulations. The cidb is empowered to impose fines on individuals or entities considered to have breached the cidb regulations. The payment is recognised as a fine.

1.14 Finance Costs

Finance costs are recognised as an expense in the period in which they are incurred.

1.15 Unauthorised Expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised 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.

1.16 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.

1.17 Irregular Expenditure

Irregular expenditure as defined in the Public Finance Management Act No.1 of 1999 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 Public Finance Management Act effective from 1 April 2008 and the updated guideline on irregular expenditure issued on 28 May 2014 and effective from 01 April 2015 requires the following:

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 Annual Financial Statements must also be recorded appropriately in the irregular expenditure register.

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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.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the subsequent financial year, the register and the disclosure note to the Annual 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 bad debt written off and disclose such in the relevant note to the Annual 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 Annual Financial Statements and updated accordingly in the irregular expenditure register.

cidb is required to comply with the standards of GRAP, cidb shall incur irregular expenditure when a transaction, condition or an event linked to the transgression that has financial implications is recognised as expenditure in the Statement of Financial Performance in accordance with the Standards of Generally Recognised Accounting Practice (GRAP).

Irregular expenditure that is not recoverable because no official was found to be liable in law for such transgression and was not also not condoned by the relevant Treasury will be de-recognised in the balance of the irregular expenditure note. The accounting authority will only de-recognise irregular expenditure when the accounting authority is satisfied that:

- (a) reasonable steps have been taken to confirm that such irregular expenditure did not result in any loss or damages to the cidb and that the cidb did obtain value from such a transaction, condition or event

- (b) the non-compliance that lead to the irregular expenditure is being addressed; and

- (c) transactions, conditions or events of a similar nature are regularly reviewed to ensure that there are no possible future non-compliance cases reported.

The accounting authority will write-off irregular after confirmation of the controls implemented by management to prevent occurrence of irregular expenditure by informing the relevant delegated official in writing to de-recognise the irregular expenditure in the notes to the financial statements.

1.18 Related Parties

cidb operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of Government in South Africa, only public entities with the ability to control or jointly control cidb or exercise significant influence over cidb, or vice versa, or entities that are subject to common control, or joint control within the national sphere of government are considered to be related parties. Only transactions carried with entities within the ambit of the Department of Public Works and transactions not carried out at arms' length basis are disclosed.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of cidb, directly or indirectly, including any director (whether executive or otherwise) of cidb. Key management personnel are limited to the Board and the Executives only.

Close members of the family of key management are considered to be those family members who may be expected to influence, or be influenced by, management in their dealings with cidb.

All transactions with entities identified by cidb as related parties are disclosed.

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1.19 Budget Information

cidb is typically subjected to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

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

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2015-04-01 to 2016-03-31.

The Annual Financial Statements and the budget are not on the same basis of accounting therefore a reconciliation between the statement of financial performance and the budget have been included in the Annual Financial Statements. Refer to note 30.

1.20 Events After the Reporting Period

Events after the reporting date are those events that occur between the end of the reporting period and the date the Annual Financial Statements are authorised for issue. The cidb accounts for those events after the reporting period that provide evidence of the condition that existed at the end of the reporting period by adjusting the Annual Financial Statements, all other material events that are indicative of the condition that arose after the reporting period are disclosed in the notes to the Annual Financial Statements.

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Notes to the Annual Financial Statements

2. New Standards And Interpretations

2.1 Standards and Interpretations Effective in the Current Year

In the current year, cidb has not adopted the following standards that are effective as they are not relevant to cidb's operations:

Standard:	Effective date: Years beginning on or after	Expected impact:
• GRAP 18: Segment Reporting	01 April 2015	• Impact is immaterial as the standard is not relevant to cidb's operations.
• GRAP 105: Transfers of functions between entities under common control	01 April 2015	• Impact is immaterial as the standard is not relevant to cidb's operations.
• GRAP 106: Transfers of functions between entities not under common control	01 April 2015	• Impact is immaterial as the standard is not relevant to cidb's operations.
• GRAP 107: Mergers	01 April 2015	• Impact is immaterial as the standard is not relevant to cidb's operations.

2.2 Standards and Interpretations Issued, but not yet Effective

The cidb has not applied the following standards, which have been published and are mandatory but not yet effective for accounting periods beginning on or after 01 April 2016 or later periods:

Standard:	Effective date: Years beginning on or after	Expected impact:
• GRAP 20: Related parties	• Not yet pronounced	• Impact is estimated to be immaterial.
• GRAP32: Service Concession Arrangements: Grantor	• Not yet pronounced	• Impact is estimated to be immaterial.
• GRAP108: Statutory Receivables	• Not yet pronounced	• Impact is estimated to be immaterial.

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Notes to the Annual Financial Statements

3. Property, Plant and Equipment

	2016			2015		
	Cost	Accumulated depreciation and impairment	Carrying value	Cost	Accumulated depreciation and impairment	Carrying value
Furniture and fixtures	7 392 541	(3 657 911)	3 734 630	7 434 237	(3 314 341)	4 119 896
Motor vehicles	180 775	(65 079)	115 696	180 775	(32 540)	148 235
Office equipment	8 997 100	(5 581 660)	3 415 440	8 191 385	(4 322 634)	3 868 751
Computer equipment	8 962 582	(3 377 029)	5 585 553	10 067 845	(3 909 312)	6 158 533
Total	25 532 998	(12 681 679)	12 851 319	25 874 242	(11 578 827)	14 295 415

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	4 119 896	99 252	(46 214)	(438 304)	3 734 630
Motor vehicles	148 235	-	-	(32 539)	115 696
Office equipment	3 868 751	1 476 440	(195 371)	(1 734 380)	3 415 440
Computer equipment	6 158 533	898 957	(627 110)	(844 827)	5 585 553
	14 295 415	2 474 649	(868 695)	(3 050 050)	12 851 319

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	4 337 266	449 040	(152 220)	(514 190)	4 119 896
Motor vehicles	-	180 774	-	(32 539)	148 235
Office equipment	4 969 675	393 475	(22 425)	(1 471 974)	3 868 751
Computer equipment	5 831 970	1 444 563	(282 126)	(835 874)	6 158 533
	15 138 911	2 467 852	(456 771)	(2 854 577)	14 295 415

Pledged as security

cidb has no assets classified under Property, Plant and Equipment pledged as security for liabilities and no restrictions have been imposed on any of its assets.

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for the year ended 31 March 2016

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	2016 R	2015 R
Assets subject to finance lease (Net carrying amount)		
Office equipment	1 412 500	1 663 016
Computer software, other	666 534	53 399
	2 079 034	1 716 415

4. Intangible Assets

	2016			2015		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	13 728 202	(5 026 027)	8 702 175	11 815 760	(4 046 823)	7 768 937

Reconciliation of intangible assets - 2016

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software, other	7 768 937	2 701 882	(57 558)	(1 711 086)	8 702 175

Reconciliation of intangible assets - 2015

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software, other	8 266 283	901 050	(791)	(1 397 605)	7 768 937

Pledged as security

Cidb has no Intangible assets pledged as security for liabilities and no restrictions have been imposed on any of its assets.

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5. Receivables From Exchange Transactions

	2016 R	2015 R
Trade receivables	479 398	303 554
Employee costs in advance	22 847	-
Prepayments	1 456 563	1 114 776
	1 958 808	1 418 330

Trade and other receivables impaired

As of 31 March 2016, trade and other receivables of R 22,193 (2015: R 219,160) were impaired and provided for. The amount of the provision was R134,509 as of 31 March 2016 (2015: R 34,973).

Provision for bad debt has been determined by reference to cidb's policy of debt management, past default experience and the current economic environment.

The cidb considers the carrying amount of receivables to approximate their fair value.

Reconciliation of provision for impairment of trade and other receivables

Opening balance	(34 973)	(530 549)
Provision for impairment	(134 509)	(34 973)
Amounts written off as uncollectible	-	484 500
Unused amounts reversed	34 973	46 049
	(134 509)	(34 973)

6. Cash and Cash Equivalents

Cash and cash equivalents consist of:		
Cash on hand	33 102	36 151
Bank balances - Call Deposits	5 009 359	812 801
Bank balances - Maturity Deposits	144 969 336	122 069 756
	150 011 797	122 918 708

A financial guarantee in a form of a Security Bond amounting to R3,151,281 was issued to Raphela Incorporated. The guarantee was issued to the Department of Labour in compliance with section 145(8) of the Labour Relations Act of 1995, as amended.

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7. Finance Lease Obligation

	2016 R	2015 R
Minimum lease payments due		
- within one year	1 458 316	1 822 936
- in second to fifth year inclusive	1 073 608	739 707
	2 531 924	2 562 643
less: future finance charges	(283 700)	(497 294)
Present value of minimum lease payments	2 248 224	2 065 349
Present value of minimum lease payments due		
- within one year	1 260 739	1 401 947
- in second to fifth year inclusive	987 485	663 402
	2 248 224	2 065 349
Non-current liabilities	987 485	663 402
Current liabilities	1 260 739	1 401 947
	2 248 224	2 065 349

At the reporting date, cidb had a lease agreement in respect of office equipments. The lease agreements are not renewable at the end of the lease term and cidb does not have any option to acquire the equipments at the end of the lease term.

In addition to the existing cidb lease agreements, cidb has entered into a finance lease agreement term of 36 months for telephonic systems.

The average effective borrowing rate of the lease agreements is 13% (2015: 18%).

Interest rates are fixed at the contract date. All leases agreements have fixed repayments and no arrangements have been entered into for contingent rent.

The lease agreements do not impose any restrictions on cidb.

8. Payables from Exchange Transactions

Trade payables	3 023 585	842 540
Unallocated deposits	3 239 524	3 524 226
Trade accruals	2 393 821	1 792 953
Other payroll accruals	142 858	47 433
Payroll liabilities	659 974	546 697
	9 459 762	6 753 849

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9. Provisions

Reconciliation of provisions - 2016

	Opening Balance	Additions	Utilised during the year	Total
Provision for performance bonus	2 169 007	2 037 136	(2 169 007)	2 037 136
Provision for leave	2 540 960	2 653 312	(2 663 032)	2 531 240
Provision for termination	150 000	-	(150 000)	-
	4 859 967	4 690 448	(4 982 039)	4 568 376

Reconciliation of provisions - 2015

	Opening Balance	Additions	Utilised during the year	Total
Provision for performance bonus	-	2 169 008	-	2 169 008
Provision for leave	2 306 490	2 540 960	(2 306 490)	2 540 960
Provision for termination	76 000	150 000	(76 000)	150 000
	2 382 490	4 859 968	(2 382 490)	4 859 968

Provision for performance bonus is calculated at 7% of annual salaries of all non-bargaining staff members. The bonuses are payable to all non-bargaining staff members who qualify for the performance bonuses. There are no uncertainties envisaged that may affect the above provisions.

Provision for leave is calculated at current salary rate multiplied by number of available leave credits. There are no uncertainties envisaged that may affect the above provisions.

10. Income Received in Advance

Income received in advance represents both assessment and annual fees received in advance and would be released through surplus or deficit when requisite invoices are raised and processed.

	2016 R	2015 R
Contractors not assessed (work-in-progress)	51 263 437	42 958 841

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11. Revenue

	2016 R	2015 R
Assessment fees	38 857 950	33 109 450
Other income	45 731	757 391
Finance income	9 351 626	7 199 876
Government grants	65 626 000	77 212 000
Contractor fines	490 000	65 000
Annual fees	36 070 130	33 210 864
	150 441 437	151 554 581
The amount included in revenue arising from exchanges of goods or services are as follows:		
Assessment fees	38 857 950	33 109 450
Other income	45 731	757 391
Finance income	9 351 626	7 199 876
	48 255 307	41 066 717
The amount included in revenue arising from non-exchange transactions is as follows:		
Transfer revenue		
Government grants	65 626 000	77 212 000
Contractor fines	490 000	65 000
Annual fees	36 070 130	33 210 864
	102 186 130	110 487 864

12. Other Income

Proceeds from insurance claims	15 476	-
Sundry income	30 255	757 391
	45 731	757 391

13. Finance Income

Finance income		
Bank	9 351 626	7 199 876

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14. Income Tax Exemption

The cidb is exempt from Income Tax in terms of section 10 (1) (cA) (i) of the Income Tax Act.

15. Audit Fees

	2016 R	2015 R
External audit fees	807 877	1 048 741
Internal audit fees	764 041	492 577
	1 571 918	1 541 318

16. Cash Generated from Operations

Surplus	16 220 915	21 185 449
Adjustments for:		
Depreciation and amortisation	4 761 135	4 258 723
Loss on assets written off	926 253	273 905
Finance costs	530 502	693 673
Debt impairment	121 729	208 083
Movements in provisions	(291 591)	2 477 477
Changes in working capital:		
Receivables from exchange transactions	(540 479)	108 926
Reversal of bad debts provision	(121 729)	(208 083)
Payables from exchange transactions	2 705 912	(6 219 149)
Income received in advance	8 304 595	6 313 767
	32 617 242	29 092 771

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17. Commitments

	2016 R	2015 R
Already contracted for but not provided for		
• Outstanding contractual obligations as at year-end	19 050 181	41 060 605
Total commitments		
Already contracted for but not provided for	19 050 181	41 060 605

Commitments relates to all contractual agreements cidb entered into with certain service providers, none of the commitments relates to acquisition of Property, Plant and Equipment. Prior year commitments balance of R36,993,355 have been restated to reflect a more comprehensive obligation in line with current year balance.

Operating leases - as lessee (expense)

Operating lease payments represent rentals payable by cidb to SABS for its office properties in Pretoria. The cidb engaged the Department of Public Works to take over the lease agreement negotiations with SABS as per Government Immovable Asset Management Act 19 of 2007 which mandates DPW to manage leases of Government departments and public entities. A letter was received from the DPW granting cidb permission to continue with the leasing of SABS properties on a month-to-month basis until the procurement process has been completed and a new lease procured. Contract of the new lease has been signed by SABS and awaiting to be signed by DPW.

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18. Contingencies

	2016 R	2015 R
Contingent liabilities		
Liable to:		
National Treasury	16 220 915	34 162 698

The accumulated surplus of R16,220,915 has been classified as a contingent liability at 31 March 2016 as there is no approval received as yet to retain the surplus funds. In terms of PFMA Section 53 (3) entities are not allowed to accumulate surpluses unless approved by National Treasury. The cidb is obliged to repay to National Treasury any amount of the surplus not granted for retention. The cidb is currently in engagements with National Treasury regarding additional surplus.

Furthermore, the cidb received budget cuts of a total of R84,400,000 over four years starting from 2015/16 ending in 2018/19. As such, the said budget cuts will be augmented by reprioritising the accumulated surplus so as to ensure that the cidb still delivers on its mandate. cidb has started a process to engage National Treasury to redirect the surplus funds to operational needs.

Liable to:

As a contingent liability related to a Labour Court case is not yet finalised as disclosed in the prior year's Annual Report, cidb had to pledge a Security Bond of approximately R3 million in this regard. The matter has not been finalised by the Labour Court and the full contingent liability cannot, at this stage, be reliably estimated.

Unpaid invoices amounting to R100,515 which were disclosed as contingency liability in prior year were not paid by the cidb in the year under review and were neither disputed further by the Service Provider concerned.

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for the year ended 31 March 2016

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19. Related Parties

- National Department of Public Works;
- Gauteng Provincial Department of Public Works; Eastern Cape Department of Roads and Public Works;
- Western Cape Department of Transport and Public Works; KwaZulu-Natal Department of Public Works;
- Free State Department of Police, Roads and Transport; Mpumalanga Department of Public Works;
- Limpopo Department of Public Works; North West Department of Public Works, Roads and Transport;
- Northern Cape Regional Development of Roads and Public Works; and
- Council for the Built Environment.

The cidb has entered into an arrangement with all provincial departments of Public Works except Gauteng, whereby the departments provide office space for the cidb operations for free. The cidb operates out of the offices mentioned above.

	2016 R	2015 R
Related party balances		
Amounts included in Trade receivable (Trade Payable) regarding related parties		
Council for the Built Environment - facilitation of a governance workshop by KPMG	128 607	-
Department of Public Works - recovery of Inba Thumbiran's salary	-	189 540
Related party transactions		
Grant transfer received from DPW		
Department of Public Works	65 626 000	77 212 000
Transfer for Department of Public Works projects		
Department of Public Works	1 150 000	-
Paid on behalf of related parties		
Council for the Built Environment	(128 607)	-
Unrecoverable balance		
Department of Public Works - recovery of Inba Thumbiran's salary	-	(189 540)

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20. Employee Benefit Cost

	2016 R	2015 R
Basic	62 678 550	62 890 918
Bonus	1 390 113	1 734 910
UIF	317 847	321 621
Group Life company contribution	300 363	298 898
Leave payment	258 852	412 697
Provident fund contributions	3 969 784	3 527 360
	68 915 509	69 186 404
Remuneration of executives		
Annual Remuneration	6 626 371	7 401 215
Acting Allowance	136 668	20 377
Performance Bonuses	466 445	434 098
	7 229 484	7 855 690
Total		
Employee Benefit Cost	76 144 993	77 042 094

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21. Finance Costs

	2016 R	2015 R
Finance leases	530 502	693 673

22. Bad Debt Written off

Bad debts written off	22 193	219 160
Provision for bad debts	134 509	34 973
Reversal of bad debts provision	(34 973)	(46 049)
	121 729	208 084

23. Operating Expenses

Audit fees	1 571 918	1 541 318
Bank charges	568 805	492 273
Other maintenance, repairs and running cost	1 263 907	1 374 040
Consulting and professional fees	15 247 190	13 638 336
Fines and penalties	-	846
Audit committee remuneration	5 951	144 927
Insurance	382 915	835 702
Computer expenses and consumables	1 419 026	2 247 315
Lease rentals - Buildings	5 542 308	5 131 766
Lease rentals - Other	573 062	573 733
Sponsorships	40 780	50 654
Motor vehicle expenses	15 014	5 230
Courier and delivery charges	510 494	208 174
Printing and stationery	4 178 001	3 893 762
Security	1 496 826	1 565 519
Training and staff development	1 614 367	1 367 060
Subscriptions and membership fees	114 624	118 398
Telephone and fax	2 739 287	2 665 771
Travel and subsistence - local	3 140 345	4 567 877
Electricity	1 877 484	1 210 169
Advertising	776 372	2 256 613
Legal fees	5 888 219	1 125 283
Venue expenses	1 040 388	1 627 812
Board conference and training	129 746	-
	50 137 029	46 642 578

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for the year ended 31 March 2016

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24. Members' Emoluments and Remuneration of Executives

Board 2016

	Designation	Board Meetings	Committee Meetings	Other Activities	Board Meetings	Committee Meetings	Other Activities	Travel Allowance	Total
Nevhutalu L	Chairperson	-	-	5	-	-	34 656	17 679	52 335
Myataza L	Member	12	4	31	81 744	29 184	137 948	56 992	305 869
Jiyane C	Member	8	16	19	46 956	70 176	77 443	39 490	234 065
Mosai S	Member	6	6	6	30 272	30 272	27 197	35 081	122 823
Maas N	Member	4	7	2	22 704	39 732	16 082	8 790	87 308
Makhura M	Member	11	8	7	60 544	45 408	32 164	12 038	150 154
Skeepers N	Member	12	5	3	64 328	20 812	4 494	9 446	99 081
Sidzumo V	Member	8	4	5	41 624	13 244	25 778	7 320	87 966
Patel H	Member	11	13	9	77 572	94 600	51 084	181 478	404 734
Maduray G	Member	9	8	4	49 192	39 732	14 664	4 867	108 455
Pandor N	Member	12	10	15	64 328	53 921	59 598	23 888	201 735
Makibinyane L	Member	8	9	5	54 868	58 652	27 908	76 330	217 758
Total emoluments - Board					594 132	495 733	509 016	473 399	2 072 280

Board 2015

Total emoluments - Board	786 192	144 142	319 741	652 524	1 902 599
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Members' emoluments for the Board in respect of all meetings and activities amounted to a total of R1,598,880 (2015: R1,250,075).

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Board meetings include:

- Statutory meetings, all pre-scheduled Board/EXCO and committee meetings for the year. This includes Board induction and strategic planning meetings
- All provincial stakeholder liaison meetings
- All the National Stakeholder Forums

Committee meetings include:

All Board committee meetings for the year

Other activities include:

National and regional meetings as well as events, Parliamentary meetings, road shows, other stakeholder meetings, any other meetings attended by members of the Board; and attendance/participation at any other events or meetings as determined from time to time

Executives

	Designation	Salary	Acting Allowance	Performance Bonus	Total
2016					
Khumalo H (Acting CEO: 01 Dec 2015 to date)	CFO/ACEO	1 268 060	21 870	96 907	1 386 837
Naidoo G	Prog Manager	1 301 604	-	89 684	1 391 288
Milford R	Prog Manager	1 452 152	-	100 223	1 552 375
Thumbiran I (Acting CEO: 01 Mar 2015 to 30 Nov 2015)	Prog Manager/ ACEO	1 298 204	114 797	89 446	1 502 447
Moola E	Prog Manager	1 306 351	-	90 185	1 396 536
Total emoluments - Executives		6 626 371	136 667	466 445	7 229 483
2015					
Total emoluments - Executives		7 401 215	20 377	434 097	7 855 689

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Audit Committee 2016

	Designation	Committee meetings	Committee meeting fees	Other meetings	Travel allowance	Total
2016						
Sibiya P	Member					
Mosoetsa L	Member	2	4 592		1 359	5 951
Total emoluments - Audit Committee			4 592		1 359	5 951
2015						
Total emoluments - Audit committee			139 938		4 990	144 928

During the year, Ms Precious Sibiya resigned on 5th August 2015 without attending a single meeting and Ms Lerato Mosoetsa also resigned as a Committee member on the 27th November 2015.

25. Change in Estimate

Property, plant and equipment

In terms of the requirements of GRAP 17 Property, Plant and Equipment which states that the useful lives of assets must be reviewed at each balance sheet date, management revised the estimated useful lives of computer equipment, office equipment and furniture and fittings. In prior periods, management had estimated the useful lives of computer equipment, furniture and fittings, office equipment and computer software to be eighteen years. The effect of this revision has reduced the depreciation charges for the current and future periods by R 190,614. The effect of this revision has increased surplus for the year by R 190,614.

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26. Risk Management

Liquidity risk

Liquidity risk is the risk that cidb will not be able to meet its financial obligations as they become due. cidb ensures that adequate funds are available to meet its expected and unexpected financial commitments. The following table provides details of cidb's remaining contractual liability for its financial liabilities and availability of cash resources. The amounts disclosed in the table are the contractual undiscounted cash flows. Balance due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Carrying Amount	Contractual cash flows	Contractual cash flows with 1 year	Contractual cash flows between 1 and 5 years
At 31 March 2016				
Trade and other payables	9 459 761	9 459 761	9 459 761	-
Income received in advance	51 263 436	51 263 436	51 263 436	-
Finance lease	2 248 223	2 248 223	1 260 739	987 484
At 31 March 2015				
Trade and other payables	6 753 849	6 753 849	6 753 849	-
Income received in advance	42 958 841	42 958 841	42 958 841	-
Finance lease	2 065 350	2 065 350	1 401 947	663 403

The following table shows the classification of the cidb's principal instruments together with their carrying value:

	Classification	Carrying Value	Carrying Value
Financial instrument			
Cash and cash equivalents	Financial asset at amortised cost	150 011 797	122 918 708
Receivables	Financial asset at amortised cost	502 245	303 554
Trade and other payables	Financial liability measured at amortised cost	9 459 761	6 753 849
Income received in advance	Financial liability measured at amortised cost	51 263 436	42 958 841
Finance lease	Financial liability measured at amortised cost	2 248 223	2 065 350
Financial guarantee	Financial liability measured at amortised cost	3 151 285	3 151 285

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The following table presents the total net gains or losses for each category of financial assets and financial liabilities:

	Loans and Receivables	Financial Liabilities at amortised cost	Total
2016			
Finance income	9 351 626	-	9 351 626
Finance charges	-	(530 502)	(530 502)
	9 351 626	(530 502)	8 821 124
2015			
Finance income	7 199 876	-	7 199 876
Finance charges	-	(693 673)	(693 673)
	7 199 876	(693 673)	6 506 203

Interest rate risk

The cidb is exposed to interest rate changes in respect of returns on its investments with financial institutions and finance cost payable on finance lease contracted with external party. cidb's interest rate profile consists of fixed and floating rate bank balances which expose cidb to fair value interest rate risk and cash flow interest risk. cidb's exposure is managed by investing in current accounts, call accounts and short-term maturity accounts mainly in two Fitch credit rated financial institutions.

	Change investments (%)	Upward Change	Downward Change
2016			
Cash and cash equivalents	1	1 500 118	(1 500 118)
2015			
Cash and cash equivalents	1	1 229 187	(1 229 187)

Credit risk

Credit risk consists mainly of cash and cash equivalents and trade and other receivables. The cidb only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. The cidb trades only with recognised, creditworthy third parties and monitors receivable balances on an on-going basis with the result that the cidb's exposure to bad debts is not significant.

With respect to credit risks arising from the other financial assets of the cidb, which comprises cash and cash equivalents, the cidb's exposure to credit risk arises from default of the counter-party, with a maximum exposure equal to the carrying amount of

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these instruments. The cidb's cash and cash equivalents are placed with high credit quality financial institution therefore the credit risk with respect to cash and cash equivalents is limited.

Trade and other receivables, cidb is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consists of a large number of customers in various industries and geographical areas within South Africa. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good. Management evaluated credit risk relating to customers on an ongoing basis. No credit limits were exceeded during the reporting period and management does not expect any deficits from non-performance by these counterparties. The maximum exposure to credit risk of trade and other receivables is represented by the carrying amount in the statement of financial position after taking into account that all receivable services are paid for in advance. None of the cidb's financial assets are secured by collateral or other credit enhancements such as guarantees.

Exposure to credit risk

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

	2016 R	2015 R
Financial instrument		
Cash and cash equivalents	150 011 797	122 918 708
Trade and other receivables	502 245	303 554

Ageing of financial assets

The following tables provide information regarding the credit quality of financial assets which may expose the cidb to credit risk:

	Neither past due nor impaired	Past due but not impaired - less than 2 months	Past due but not impaired - more than 2 months	Carrying Value
2016				
Cash and cash equivalents	150 011 797	-	-	150 011 797
Trade and other receivables	-	-	502 245	502 245
	150 011 797	-	502 245	150 514 042
2015				
Cash and cash equivalents	122 918 708	-	-	122 918 708
Trade and other receivables	-	-	303 554	303 554
	122 918 708	-	303 554	123 222 262

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Concentration of credit risk

The maximum exposure to credit risk for financial assets at the reporting date by Fitch credit rating category was as follows:

	BBB-	BBB+	Unrated
2016			
Cash and cash equivalents	104 497 414	45 508 913	5 470
Other receivables	-	-	502 245
	104 497 414	45 508 913	507 715
2015			
Cash and cash equivalents	97 684 179	25 227 300	7 229
Other receivables	-	-	303 554
	97 684 179	25 227 300	310 783

27. Events after the Reporting Date

A Special Investigating Unit (SIU) proclamation was issued on cidb via Regulation Gazette No. 10591 vol. 610 No. 39935 on 15 April 2016. In a move to protect the integrity of the Register of Contractors the Board enlisted the help of the SIU to probe persistent allegations of fraud and corruption within the cidb.

28. Fruitless and Wasteful Expenditure

There was no fruitless or wasteful expenditure incurred during the period under review.

29. Irregular Expenditure

	2016 R	2015 R
Opening balance	347 445	5 954 735
Add: Irregular Expenditure - current year	2 348 338	5 897 269
Less: Amounts condoned	(2 547 023)	(11 504 559)
	148 760	347 445

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Details of irregular expenditure – current year

Legacy contracts	Description	Amounts
No supporting documentation of SCM process followed	Tender awarded to a new service provider. No action taken as employee concerned left the organisation	106 325
No contract	The contract terminated. No action taken as employee concerned left the organisation	17 642
Expired contract	The contract terminated. No action taken as employee concerned left the organisation	6 515
SCM process not followed in the deviation and extension of scope of contract	Internal investigation into registration of contractors in the cidb. No action taken as employee concerned left the organisation.	380 974
Inconsistency in the evaluation of functionality	The contract is on its second year of the 3 year term & upon termination no extension will be done. Disciplinary action was taken against the employees who have caused the irregular expenditure	764 041
New Transactions	Description	Amounts
No SBD forms & Tax Clearance Certificate	Disciplinary action was taken against the employee who did not perform the administrative checks before the service provider was awarded the contract. The contract was consequently terminated.	49 290
No Valid Tax Clearance Certificate	This matter is currently under investigation and will be reported accordingly in line with SCM policy	874 791
Not following SCM process	This matter is currently under investigation and will be reported accordingly in line with SCM policy	148 760
		2 348 338

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Details of current year irregular expenditure - prior year

Legacy contracts	Description	Amounts
Inconsistent evaluation criteria applied	The contract was terminated and new interim contracts are in place. No action taken as the employee concerned left the organisation.	1 398 439
No supporting documentation of SCM process followed	The new contract was advertised and is at the evaluation stage. No action taken as the employee concerned left the organisation.	1 594 181
No contract	The process of arranging a new contract has started. No action taken as the employee concerned left the organisation.	58 525
Expired contract	The contract has since been terminated and new interim contracts are in place. No action taken as the employee concerned left the organisation.	42 685
New transactions	Description	Amounts
SCM process not followed. Instruction received to issue a purchase order without any approval and supporting documents.	Identification and appointment of a service provider (not listed in the SCM database to co-ordinate an event in Cape Town.)	118 000
SCM process not followed in the deviation and extension of scope of contract	Internal investigation into the registration of contractors in the cidb	2 337 994
Inconsistent evaluation criteria applied	The matter is currently under investigation and will be reported accordingly in line with SCM policy.	347 445
		5 897 269

Annual Financial Statements

for the year ended 31 March 2016

Notes to the Annual Financial Statements

30. Budget Differences

Material differences between budget and actual amounts

The cidb budget is approved on a cash basis by functional classification. The approved budget covers the period from 1 April to 31 March each year. The Annual Financial Statements and budget documents are prepared for the same period. For the Financial Year ended 31 March 2016, there is a basis difference: the budget is prepared on a cash basis and the Annual Financial Statements are prepared on the accrual basis. The cidb is not allowed to budget for a surplus; however, for the Financial Year ended 31 March 2015, revenue collected exceeded the expenditure incurred resulting in a net surplus of R16,220,915.

For the purposes of this note, only the differences of above R1,000,000 will be explained. Assessment fees and annual fees, both of which represent Registers Income, have a total difference of R4,024,080 over-collected. This difference arose as a result of cidb having received more applications for annual fees and assessments than originally anticipated. Personnel expenditure was underspent by R4,809,007; this is due to vacant funded posts that were not filled in the year under review. The cidb is currently undergoing an Organisational Re-design exercise which will inform the Board of the optimum structure for the cidb in line with its mandate and strategy. The difference on depreciation of R4,761,135 is due to the fact that cidb's budget is on a cash basis and no budget for depreciation was provided for as it is a non-cash item. Operating expenditure underspent by R12,377,648; this is mainly due to projects which cidb could not spend on due to challenges relating to procurement as well some projects committed in the current year actually planned to overlap in future financial year/s.

After taking into account the opening accumulated surplus of R89,763,385, this resulted in the increase in the accumulated surplus to R105,984,300 at the end of the Financial Year.

The investigation in the construction cartel stemming from the outcome of the Competition Commission Tribunal were still ongoing as at end of March 2016.

Changes from the approved budget to the final budget

The changes between the approved and final budget are a consequence of over collection of revenue. The approved budget was augmented by an adjustment of R17,000,000 which was located from R4,000,000 from Finance Income and R13,000,000 from Registers fees.

Operational expenditure was therefore adjusted by R17,000,00. The adjusted budget of R17,000,000 was consequently allocated as follows: R16,000,000 to Professional Fees for online registration, organisational re-design and legal services. The balance of R1,000,000 was allocated to Admin Expenses and Capital expenditure for expenses related to IT.



ANNUAL PERFORMANCE PLANS



PART A: Progress Against Annual Performance Plan Objectives

Strategic Goal 1: Strengthen and enforce the cidb regulations to reduce construction risk, all forms of fraud and corruption in the sector

Purpose	The existence of a regulatory environment that nurtures the growth, development and transformational objectives of the construction industry
Objective Statement	To provide an enabling regulatory environment that enforces improvements to industry whilst discouraging unethical practices
Key Policy Priority	Regulation of the construction industry
Expected Outcome	An appropriately regulated construction industry

No.	Strategic Objective	Output	Performance Indicator	Performance Target	Performance Progress	Deviation	Programme
1.1	Regulating to minimize construction industry risk	Regulation Amendments Recommendations document	Number of Regulation Amendments Recommendation report related to contractor registration criteria submitted to DPW Policy Unit for approval..	1 x Regulation Amendments Recommendation report related to contractor registration criteria submitted to DPW Policy Unit for approval by 31 July 2015.	Achieved Regulation Amendment recommendation report related to contractor registration criteria was submitted to DPW Policy Unit for approval on 3 July 2015.		Construction Registers Service (CRS)
1.2		Framework document for cidb Register of Professional Service Providers	Number of cidb Framework for Register of Professional Services Providers submitted to cidb Board for approval for Gazetting: <ul style="list-style-type: none"> cidb Standard for Performance Reports for Professional Services Providers cidb Competence Standard for Professional Services Providers cidb Standard for Management Systems for Professional Services Providers, investigation and routing of enquiries for resolution).	1 x cidb Framework for Register of Professional Services Providers submitted to submitted to DPW for endorsement for submission cidb Board for approval for Gazetting by end-March 2016	Achieved cidb Framework for Register of Professional Services Providers submitted by email on 23 February 2016 to DPW for endorsement for cidb Board for approval for Gazetting.		Construction Industry Performance (CIP)

No.	Strategic Objective	Output	Performance Indicator	Performance Target	Performance Progress	Deviation	Programme
1.3		cidb Standard for Integrity Management System for Contractors	Number of cidb Standard for Integrity Management System for Contractors submitted to cidb Board for approval for Gazetting	1 x cidb Standard for Integrity Management System for Contractors submitted to cidb Board for approval for Gazetting by end-December 2015	Achieved. cidb Standard for Integrity Management System for Contractors submitted to Core Operations Programmes Committee of 11 May 2015 and cidb Board of 25 June 2015 for approval for Gazetting.		Construction Industry Performance (CIP)
1.4		Annual Assessment Report on state of implementation of cidb Best Practice Contractor Recognition Scheme	<p>Number of Annual Assessment Reports on state of implementation of cidb Best Practice Contractor Recognition Scheme submitted to cidb Board for noting, including:</p> <ul style="list-style-type: none"> • number of contractors recognised • process and system functionality • cidb Provincial Office capacitation • developmental support • client and contractor feedback • report of cidb Oversight Committee recommendations for enhancing implementation of cidb Best Practice Contractor Recognition Scheme 	1 x Annual Assessment Report on state of implementation of cidb Best Practice Contractor Recognition Scheme submitted to cidb Board for noting by end-March 2016	Achieved Annual Assessment Report on state of implementation of cidb Best Practice Contractor Recognition Scheme submitted by email on 2 March 2016 to Board Secretariat to submit to cidb Board for noting.		Construction Industry Performance (CIP)

No.	Strategic Objective	Output	Performance Indicator	Performance Target	Performance Progress	Deviation	Programme
1.5	Regulations to enhance procurement reform and delivery management	Prescripts for construction infrastructure project delivery	Number of prescript assessment report for Gateway Reviews	1 x Assessment Report on the state of implement of the prescripts for Gateway Reviews by end March 2016	Not achieved Quarterly report was not finalised.	The annual report on the implementation of the Gateway Reviews was not finalised. Prescriptions for Gateway Reviews have been published as part of the National Treasury Standard for Infrastructure Procurement and Delivery Management. The implementation of this initiative will have to be in conjunction with the Office of the Chief Procurement Officer at the National Treasury to limit any confusion by the clients in the implementation thereof.	Procurement and Delivery Management (PDM)
1.6		Regulations for Prompt Payment published in the government gazette	Number of regulations for Prompt Payment published in the government gazette	1 x regulation for Prompt Payment published in the government gazette by end December 2015	Partially achieved The Board approved the regulations on 26 November 2015 and were submitted to DPW on 30 November 2015 for approval of the Minister to publish in the government gazette.	The deadline to publish in the government gazette by end of December 2015 was not met.	Procurement and Delivery Management (PDM)

No.	Strategic Objective	Output	Performance Indicator	Performance Target	Performance Progress	Deviation	Programme
1.7		Revised regulations to the CIDB Act published in the government gazette	Number of Revised regulations to the CIDB Act published in the government gazette	1 x Review and revision of CID Regulations approved by EXCO by March 2016	Achieved Regulations were approved at the Exco meeting held on 24 February 2016.		Procurement and Delivery Management (PDM)
1.8		Revised Standard for Uniformity published in the government gazette	Number of revised Standard for Uniformity published in the government gazette	1 x Review and revision of Standard for Uniformity published in the government gazette by end June 2015	Achieved: The proposed amendments were approved by the Board on 25 June 2015 and were sent to government printers by 30 June 2015, for publication in the government gazette.		Procurement and Delivery Management (PDM)

No.	Strategic Objective	Output	Performance Indicator	Performance Target	Performance Progress	Deviation	Programme
1.9		Construction procurement competence standards published in the government gazette	Number of Construction procurement competence standards published in the government gazette	1 x Annual Assessment Report on the Pilot Programme for Construction Competence Standards by end March 2016	Not achieved Annual report on the Pilot programme for Construction Competence was not finalised by March 2016.	The Annual Report on the Pilot of the Construction Competence Standards was not achieved. The Competence Standards will be reviewed in the next financial year in relation to the prescriptions for procurement in the National Treasury Standards for Infrastructure Procurement and Delivery Management. Roll out of the reviewed standard will be in conjunction with the OCPO at National Treasury.	Procurement and Delivery Management (PDM)
1.10		Compliance Strategy	Annual report on Implementation of Compliance Strategy	1 x Annual report on Implementation of Compliance Strategy by March 2016	Achieved Quarterly report on the implementation of the Compliance Strategy submitted on 31 March 2016.		Procurement and Delivery Management (PDM)
1.11		Anti-corruption strategy	Number of Client Integrity Management System Standard	1 x Client Integrity Management System Standard to limit anti corrupt practices by 31 March 2016	Achieved Exco approved standard for Client Integrity Management System on 31 March 2016.		Procurement and Delivery Management (PDM)

No.	Strategic Objective	Output	Performance Indicator	Performance Target	Performance Progress	Deviation	Programme
1.12		cidb Compliance Monitor cidb Compliance Monitor	Number of cidb Compliance Monitor monitoring state of compliance by client departments with requirements for tender notices, tender awards and contract closure published in pdf format on cidb Web	4 x cidb Compliance Monitor published in pdf format on cidb web 2015/16 (end-Apr, Jul, Oct, Jan	Achieved 2015/16 Q4 cidb Compliance Monitor published on cidb web in pdf format on 17 March 2015.		Construction Industry Performance (CIP)

Strategic Goal 2: Build and capacitate the industry to deliver quality infrastructure in the country.

Purpose	Build capacity to deliver quality infrastructure through clients , contractors and stakeholders capacitation						
Objective Statement	Enhance compliance with cidb's prescripts						
	Enhance the performance of the construction industry, encouraging best practice						
	Enhance the infrastructure skills						
	Broaden the roll-out and update of the NCDP						
	Enhance compliance with the NCDP						
Key Policy Priority	Contractor and industry skill development						
Expected Outcome	Deliver quality infrastructure and improve performance						

No.	Strategic Objective	Output	Performance Indicator	Performance Target	Performance progress	Deviation	Programme
2.1	Develop and implement the best practice registers in support of improving the performance of the industry	cidb Standard for Contract Participation	Number of cidb Standard for Contract Participation specifying uniform and minimum contract participation goals submitted to DPW for endorsement for submission to cidb Board for approval for Gazetting	1 x draft cidb Standard for Contract Participation and 1 x feasibility report with go/no-go assessment on Standard by end-December 2015	Achieved Draft cidb Standard for Contract Participation and 1 x feasibility report with go/no-go assessment on Standard was submitted by email to CIP Programme Manager on 11 December 2015.		Construction Industry Performance (CIP)

No.	Strategic Objective	Output	Performance Indicator	Performance Target	Performance progress	Deviation	Programme
		cidb Standard for CONQUAS SA Quality Assessments and operational plan with go/no-go assessment	Number of cidb Standard for CONQUAS SA Quality Assessments specifying quality assessment techniques submitted to DPW for endorsement for submission to cidb Board for approval	1 x draft cidb Standard for CONQUAS SA Quality Assessments and 1 x operational plan with go/no-go assessment on Standard by end-December 2015	Achieved cidb Standard for CONQUAS SA Quality Assessments and 1 x operational plan with go/no-go assessment on Standard submitted to CIP Programme Manager by email on 17 December 2015 December 2015.		Construction Industry Performance (CIP)
		Annual Assessment Reports on state of implementation of cidb Best Practice Project Assessment Scheme	<p>Number of Annual Assessment Reports on state of implementation of cidb Best Practice Project Assessment Scheme submitted to cidb Board for noting, including:</p> <ul style="list-style-type: none"> • number of projects enrolled • process and system functionality • cidb Provincial Office capacitation • client and contractor feedback • recommendations for enhancing implementation of cidb Best Practice Project Assessment Scheme 	1 x Annual Assessment Report on state of implementation of cidb Best Practice Project Assessment Scheme submitted to cidb Board for noting by end-March 2016	Achieved. Annual Assessment Report on state of implementation of cidb Best Practice Project Assessment Scheme submitted by email on 2 March 2016 to Board Secretariat to submit to cidb Board for noting.		Construction Industry Performance

No.	Strategic Objective	Output	Performance Indicator	Performance Target	Performance progress	Deviation	Programme
2.2	Support the development and promotion of infrastructure delivery skills	cidb Infrastructure Delivery Skills Program (SDA), PG World Skills, PG Conference	Number of cidb operated or facilitated SDA with a capacity to manage 50 learners per year established and operational	1 x cidb operated or facilitated SDA with a capacity to manage 50 learners per year operational by end-March 2016	Achieved cidb operated or facilitated SDA with a capacity to manage 50 learners per year is operational.		Construction Industry Performance (CIP)
2.3	Improving client performance	cidb Best Practice Client Recognition Scheme	Feasibility report to investigate the establishment of a Client Recognition Scheme	1 x report on feasibility of establishing Client Recognition Scheme submitted to Board by March 2016	Achieved Final report on the feasibility of establishing a Client Recognition Scheme submitted by email to Board Secretariat to submit to cidb Board for noting on 29 March 2016.		Procurement and Delivery Management (PDM)
		Institutionalization of the IDMS across public sector	Maintenance and improvement of the IDMS for application by all public sector departments	1 x Assessment report on the institutionalization of the IDMS across National, Provincial and Local authorities by end March 2016	Achieved Annual report on the IDMS available .		Procurement and Delivery Management (PDM)
2.4	Improved communication with key construction procurement stakeholders	Improved Model for CPO forum	Improved approach to Construction Procurement Officer's (CPO) Forum for improved best practice in construction procurement and delivery	1 x Annual Report on the roll-out of an improved model for the CPO Forum by end March 2016	Achieved Annual report developed on the performance targets for CPO Forums hosted for the financial year 2015/2016		Procurement and Delivery Management (PDM)

Strategic Goal 3: Enhance the transformation of the construction industry

Purpose	Enhanced transformation of the construction industry, as measured by black ownership, B-BBEE level and participation and access to work opportunities, while delivering value to clients and stakeholders by meeting service delivery norms and standards
Objective Statement	To monitor the state of transformation of the construction industry, and to introduce regulatory, policy and programmatic interventions that enhance transformation of the construction industry.
Key Policy Priority	Transformation of the Construction Industry
Expected Outcome	A transformed construction industry that delivers value to clients and stakeholders

No	Strategic Objective	Output	Performance Indicator	Performance Target	Performance Progress	Deviation	Programme
3.1	Transformed construction industry; Contractors	Enhanced Back-ownership ²	% of black-owned (50%+) and women-owned (30%+) contractors; Grades 5 & 6, registered on cidb Register of Contractors	<ul style="list-style-type: none"> 83% of contractors; Grades 5 & 6, registered on cidb Register of Contractors are black-owned (50%+), as at end-March 2016 47% of contractors; Grades 5 & 6, registered on cidb Register of Contractors are women-owned (30%+), as at end-March 2016 	Not Achieved <ul style="list-style-type: none"> 82% of contractors; Grades 5 & 6, registered on cidb Register of Contractors are black-owned (50%+), as at end-March 2016 42% of contractors; Grades 5 & 6, registered on cidb Register of Contractors are women-owned (30%+), as at end-March 2016. 	Inadequate transformation	CEO

No	Strategic Objective	Output	Performance Indicator	Performance Target	Performance Progress	Deviation	Programme
			% of black-owned (50%+) and women-owned (30%+) contractors; Grades 7 & 8, registered on cidb Register of Contractors	<ul style="list-style-type: none"> 65% of contractors; Grades 7 & 8, registered on cidb Register of Contractors are black-owned (50%+) and women-owned (30%+), as at end-March 2016 37% of contractors; Grades 7 & 8, registered on cidb Register of Contractors are women-owned (30%+), as at end-March 2016 	Achieved <ul style="list-style-type: none"> 69% of contractors; Grades 7 & 8, registered on cidb Register of Contractors are black-owned (50%+) and women-owned (30%+), as at end-March 2016 40% of contractors; Grades 7 & 8, registered on cidb Register of Contractors are women-owned (30%+), as at end-March 2016. 		CEO
			% of black-owned (50%+) and women-owned (30%+) contractors; Grade 9, registered on cidb Register of Contractors	<ul style="list-style-type: none"> 28% of contractors; Grade 9, registered on cidb Register of Contractors are black-owned (50%+), as at end-March 2016 18% of contractors; Grade 9, registered on cidb Register of Contractors are women-owned (30%+), as at end-March 2016 	Achieved <ul style="list-style-type: none"> 28% of contractors; Grade 9, registered on cidb Register of Contractors are black-owned (50%+), as at end-March 2016 25% of contractors; Grade 9, registered on cidb Register of Contractors are women-owned (30%+), as at end-March 2016 		CEO

No	Strategic Objective	Output	Performance Indicator	Performance Target	Performance Progress	Deviation	Programme
3.2	Electronic Monitoring and evaluation system report.	% of Public Sector CDPs are registered on the cidb electronic Monitoring and evaluation system at the requisite data quality and completeness	% of Public Sector CDPs on the cidb electronic Monitoring and evaluation system	Electronic Monitoring and evaluation system report - 75% of Public Sector CDPs are registered on the cidb electronic Monitoring and evaluation system complying at a level of 90% data by 31 March 2016	Achieved: Overall satisfaction survey results over the 3 month period at provinces were 95,7 % (3029) satisfaction and 4,3% (131) complaints. Consolidated customer satisfaction for the year = 96 % (585 complaints of 14603 surveys) All PCDF's were held in all provinces and met target of at least 50% being surveys at 90% satisfaction levels.	With 95% as the target for customer satisfaction, the aim will always be to exceed this by entrenching principles of efficiency and effectiveness – the enhanced training and promotion of customer satisfaction together with ease of monitoring and reporting will continue in the strive for excellent and improved service delivery.	Provincial Offices and Contract Development (PCD)
3.3	Development of procurement instruments to enhance transformation	Procurement model to limit the concentration of established contractors and BEP's in tendering	A feasibility study to investigate the development of a procurement model that limits tender opportunities for the established sector	1 x Assessment report on the investigation of a procurement model for limited tender opportunities by end March 2016	Not Achieved Bid Specification Committee took place on 8 January 2016 to evaluate the submissions. Only one tender received, which was not suitable.	Suitable service provider not obtained	Procurement and Delivery Management (PDM)

Strategic Goal 4: Position the cidb as a knowledge authority in the industry

Purpose	Position cidb as knowledge authority in the construction industry
Objective Statement	<ol style="list-style-type: none"> To position the cidb as a knowledge leader in identified areas aligned to cidb strategy, building on existing capacity; To establish a knowledge centre through which industry and clients can access knowledge and experience on innovation and best practice, with a specific focus on information dissemination through the cidb Provincial Offices To support Academic Excellence and RD&I in the construction industry
Key Policy Priority	Knowledge Centre and Best Practice
Expected Outcome	Position the cidb as a knowledge centre and authority in the industry.

No.	Strategic Objective	Output	Performance Indicator	Performance Target	Performance Progress	Deviation	Programme
4.1	Support academic excellence and R&D	cidb Post Graduate (PG) Conference or Doctoral Workshop hosted	Number of cidb Post Graduate (PG) Conference or Doctoral Workshop hosted annually.	1 x PG Conference hosted by end-March 2016	Achieved PG Conference was hosted by UCT from 2 to 4 February 2016.		Construction Industry Performance (CIP)
4.2	Undertake sector-specific status reports on the construction industry	Sector status reports published in pdf format on cidb Web, on: <ul style="list-style-type: none"> 1 x sector status report on Employment and Labour in Construction 1 x sector status report on Export Construction 1 x sector status report on Export Promotion of Contracting Services 	<ul style="list-style-type: none"> Number of sector status reports published in pdf format on cidb Web, on: <ul style="list-style-type: none"> 1 x sector status report on Employment and Labour in Construction 1 x sector status report on Export Construction 1 x sector status report on Export Promotion of Contracting Services 	<ul style="list-style-type: none"> 1 x Report on Employment and Labour in Construction published in pdf format on cidb web end-December 2015 1 x Report on Export Promotion of Contracting Services published in pdf format on cidb web by end-December 2015 	Achieved <ul style="list-style-type: none"> Report on Employment and Labour in Construction published in pdf format on cidb web 8 December 2015 1 x Report on Export Promotion of Contracting Services published in pdf format on cidb web by end-December 2015. 		Construction Industry Performance (CIP)

No.	Strategic Objective	Output	Performance Indicator	Performance Target	Performance Progress	Deviation	Programme
4.3	Monitor and evaluate the performance of the construction Industry	Monitoring reports, and sector specific status reports.	Number of cidb Construction Industry Indicators (CIIs) Summary Results monitoring client and contractor perceptions and procurement indicators published in pdf format on cidb Web	1 x 2014 CIIs published in pdf format on cidb web by end-January 2016	Achieved 2014 CIIs published in pdf format on cidb web on 22 January 2016.		Construction Industry Performance (CIP)
			Number of cidb Monitor monitoring the state of the development of the industry) published in pdf format on cidb Web: <ul style="list-style-type: none"> Quarter 1: Supply & Demand Quarter 2: Contractor Development Quarter 3; Employment Quarter 4: Transformation 	4 x cidb Construction Monitor published in pdf format on cidb web in 2015/16 (end-Apr, Jul, Oct, Jan)	Achieved 2015/16 Q4 cidb Construction Monitor published on cidb web in pdf format on 21 January 2016.		Construction Industry Performance (CIP)
			Number of cidb SME Business Conditions Survey monitoring Business Conditions (business confidence, competition, employment, access to credit) by Grade and Province published in pdf format on cidb Web	4 x cidb SME Business Conditions Survey published in pdf format on cidb web 2015/16 (end-Apr, Jul, Oct, Jan)	Achieved 2015/16 Q4 cidb SME Business Conditions Survey published on cidb web in pdf format 18 January 2016.		Construction Industry Performance (CIP)

No.	Strategic Objective	Output	Performance Indicator	Performance Target	Performance Progress	Deviation	Programme
		Knowledge dissemination through provincial Offices	Number of provincial information sessions: <ul style="list-style-type: none"> state of industry (CIs, SME Business Conditions Survey) CRS provincial dashboards 	9 x Provincial information sessions by end-March 2016: <ul style="list-style-type: none"> state of industry (CIs, SME Business Conditions Survey) CRS provincial dashboards 	Achieved 9 x Provincial information sessions by end-March 2016: <ul style="list-style-type: none"> state of industry (CIs, SME Business Conditions Survey) CRS provincial dashboards 		Construction Industry Performance (CIP)
4.4	Development of Practice Guides and Practice Notes for the industry	1 x Practice Note; Balancing Delivery and Development	Number of cidb Practice Note published in pdf format on cidb Web	1 x Practice Note on Balancing Delivery and Development published in pdf format on cidb web by end-July 2015	Achieved Practice Note #33 on Balancing delivery and development was published on the website by 31 July 2015		Procurement & Delivery Management (PDM)
		1 x Review of cidb Practice Manual Implementing Employment Intensive Road Works with go/no go recommendation to update	Number of review of cidb Practice Manual Implementing Employment Intensive Road Works with go/no go recommendation to update	1 x Review of cidb Practice Manual Implementing Employment Intensive Road Works with go/no go recommendation to update submitted to Programme manager CIP by end-December 2015	Achieved Review of cidb Practice Manual Implementing Employment Intensive Road Works with go/no go recommendation to update submitted by email to CIP Programme Manager on 14 December 2015.		Construction Industry Performance (CIP)

No.	Strategic Objective	Output	Performance Indicator	Performance Target	Performance Progress	Deviation	Programme
4.5	Capacity and training of cidb stakeholders	Trained and capacitated stakeholders	Number of Training and capacitation sessions per year, (on procurement outcomes for client Contractor Development Programs CDPs, IDMT and other procurement related topics)	1 x Framework and 1 x annual report for Training and Capacitation of Public Sector Clients on cidb prescripts by end March 2016	Achieved Annual report for Training and Capacitation of Public Sector Clients on cidb prescripts by end March 2016.		Procurement & Delivery Management (PDM)

Strategic Goal 5: Maintain financial sustainability

Purpose	To develop a self-sufficiency strategy to minimize dependency on Executive Authority
Objective Statement	Develop alternative ways to supplement current financial model
Key Policy Priority	Provide support to core programmes in a manner ensures service delivery
Expected Outcome	Enhanced self-sufficiency of the organization

No.	Strategic Objective	Output	Performance Indicator	Performance Target	Performance Progress	Deviation	Programme
5.1	Enhanced income generation model	Regulation amendments incorporating adjustment of registration fees	Number of Regulation Amendments scoping document for adjustment of contractor registration fees submitted to DPW by for development of Regulation	1 x Regulation Amendments scoping document for adjustment of contractor registration fees submitted to DPW by end-December 2015 for development of Regulation	Achieved The scope of regulation amendments, including Registration fees was submitted to DPW on 3 July 2015 as per memorandum titled: 'Approval of amendments to Construction Industry Development Regulations, 2004 As Amended'.		Construction Registers Service (CRS)

No.	Strategic Objective	Output	Performance Indicator	Performance Target	Performance Progress	Deviation	Programme
5.2		Regulation amendments for Best Practice Project Assessment Scheme incorporating Best Practice Fee	Number of Regulation Amendments scoping documents for cidb Best Practice Project Assessment Scheme submitted to DPW for development of Regulation	1 x Regulation Amendments scoping document for cidb Best Practice Project Assessment Scheme submitted to DPW by end-December 2015 for development of Regulation	Achieved The Regulation Amendments scoping document for cidb Best Practice Project Assessment Scheme submitted to DPW on 11 December 2015 for development of Regulation.		Construction Industry Performance (CIP)
5.3	Regulation amendments for Best Practice Project Assessment Scheme incorporating Best Practice Fee	Number of Regulation Amendments scoping documents for cidb Best Practice Project Assessment Scheme submitted to DPW for development of Regulation	Number of Regulation Amendments scoping documents for cidb Register of Professional Services Providers submitted to DPW	1 x interim Regulation Amendments scoping document for cidb Register of Professional Services Providers submitted to Programme Manager by end-March 2016 for development of Regulation	Achieved Interim Regulation Amendments scoping document for cidb Register of Professional Services Providers submitted to Programme Manager by email on 11 December 2015 for development of Regulation.		Construction Industry Performance (CIP)

Strategic Goal 6: Provide an excellent service to contractors and clients nationally

Purpose	<ul style="list-style-type: none"> To offer an efficient and effective registrations service through the CRS Programme and the provincial offices To develop and promote measures that assist organs of state in the planning, decision making, implementation and monitoring of contractor development.
Objective Statement	<ul style="list-style-type: none"> Excellent customer service. Provision of leadership and support to the public sector and other stakeholders in the support of increasing emerging sector participation
Key Policy Priority	Support to client and contractor development and increased participation of the emerging sector
Expected Outcome	Increased emerging sector participation and by client departments of CDP's with improved grading status of contractors within these CDP's; Efficient cidb service offerings through the cidb head office and provincial offices.

No.	Strategic Objective	Output	Performance Indicator	Performance Target	Performance Progress	Deviation	Programme
6.1	Effective and efficient registration service	Quarterly production report.	Percentage contractor registration within the prescribed 21 working days turnaround time for all compliant applications for Grade 2-9 contained in the quarterly production report	93% compliance with the legislated turnaround time on processing compliant Grade 2-9 applications by end of March 2016	Not Achieved There were 22,287 Grade 2 to 9 applications activated in the financial year of which 16,024 applications were processed within a period of 21 working days equating to 72% compliance with the legislated turnaround time.	Registrations processing is conducted across the cidb provincial offices and cidb head office. Required permanent human Resource capacity was delayed pending the planned Organisation Design project. The programme's effort to reduce the downgrading of contractors by affording additional time to contractors to submit documents also had an impact on meeting processing turnaround times.	Construction Registers Service (CRS)

No.	Strategic Objective	Output	Performance Indicator	Performance Target	Performance Progress	Deviation	Programme
		Quarterly registration report	Percent of Grade 1 compliant registrations activated within a 2 working day turnaround time from time of receipt, contained in the quarterly production report.	90% of Grade 1 compliant registrations activated within 48 working hours from time of receipt, reported per quarter	<p>Achieved There were 44,160 Grade 1 applications activated in this financial year of which 41,353 applications were processed within a period of 2 working days amounting to 94% achievement.</p> <p>The annual consolidated result is 94% processed within 48 hours.</p>	<p>Performance exceeds expectation by 4% compared to the target of 90%.</p> <p>Faster processing of Annual review and other update application types contributed to the set target of 90% being exceeded</p>	Provincial Offices and Contract Development (PCD)
		Query Administration Report	Percent compliance with the two working day turnaround time for the administration of contractor queries related to registration on the Register of Contractors, contained in the quarterly production report. (Administration of queries involves acknowledgement, investigation and routing of queries for resolution).	97 % of contractor registration queries to be administered within a period of two working days from the time of receipt by end of March 2016.	<p>Achieved There were 7,638 enquiries received in the 2015/16 financial year. These were administered within the stipulated turnaround time of two working days from the time of receipt. This equates to a 100% achievement.</p>	<p>Performance exceeds expectations. A well-resourced and supported query resolution team is in place.</p>	Construction Registers Service (CRS)

No.	Strategic Objective	Output	Performance Indicator	Performance Target	Performance Progress	Deviation	Programme
		Query Administration Report	Percent compliance with the two working day turnaround time for the administration of client support enquiries related to the Register of Projects contained in the quarterly production report. (Administration of support enquiries involves acknowledgement, investigation and routing of enquiries for resolution)	97 % client support enquiries related to the usage of the Register of Projects to be administered within a period of two working days from the time of receipt by end of March 2016	Achieved There were 573 queries received in the 2015/16 financial year and all were administered within the stipulated turnaround time of two working days which equates to a 100% achievement	Performance exceeds expectation. Client queries are administered within a period of 12 hours. A well trained client support team is in place	Construction Registers Service (CRS)
		Contractor registration satisfaction survey	Number of business plan for independent satisfaction surveys on contractor registration or renewal	1 x Business plan for independent satisfaction surveys on contractor registration or renewal approved by Exco by end-December 2015	Achieved The Business plan for independent satisfaction surveys on contractor registration or renewal was approved by Exco on 24 November 2015.		Construction Registers Service (CRS)
		A minimum of 1 Satellite cidb registration office for extended through partnerships in provinces (phased)	Minimum of 1 Satellite cidb registration office for registration processes extended through partnerships in provinces (phased)	Minimum of 1 Satellite cidb registration office for registration processes extended through partnerships in 2 provinces by 31 March 2016	Achieved: Eastern Cape and Mpumalanga and Northern Cape have all finalised negotiations and have approvals from partners who have tabled MoA's to the ACEO for an approval.		Provincial Offices and Contract Development (PCD)

No.	Strategic Objective	Output	Performance Indicator	Performance Target	Performance Progress	Deviation	Programme
		Strengthen relationship with government enforcement agencies	% of Public Sector CDPs are registered on the cidb electronic Monitoring and evaluation system at the requisite data quality and completeness	Electronic Monitoring and evaluation system report - 75% of Public Sector CDPs are registered on the cidb electronic Monitoring and evaluation system complying at a level of 90% data by 31 March 2016	<p>Achieved: 13 out of 16 (81%) recognised CDP's in the Public Sector was registered on the cidb's Electronic Monitoring System.</p> <p>Outstanding two provinces being Free State and, Mpumalanga including the National Department of Transport were still to register by 31 March 2016.</p>	<p>Due to extensive and collaborative use of networks and partner we were able to create awareness and capacitation.</p> <p>Data has been validated by client supported resources and internal data capturer/ provincial cross checks</p>	Provincial Offices and Contract Development (PCD)
6.2	cidb provincial offices services customer satisfaction	Contractor satisfaction reports with actions and remedial measures for complaints.	% of satisfaction from Customer bi-annual survey averaged across all provinces from a minimum sample of 10% of office walk-ins and 50% PCDF stakeholders to be surveyed.	95% from Customer bi-annual survey (end Sept 2015 and end March 2016) averaged across all provinces from a minimum sample of 10% of office walk-ins and 50% PCDF stakeholders to be surveyed.	<p>Achieved: Overall satisfaction survey results over the 3 month period at provinces were 95,7 % (3029) satisfaction and 4,3% (131) complaints.</p> <p>Consolidated customer satisfaction for the year = 96 % (585 complaints of 14603 surveys).</p>	<p>With 95% as the target for customer satisfaction, the aim will always be to exceed this by entrenching principles of efficiency and effectiveness – the enhanced training and promotion of customer satisfaction together with ease of monitoring and reporting will continue in the strive for excellent and improved service delivery.</p>	Provincial Offices and Contract Development (PCD)

No.	Strategic Objective	Output	Performance Indicator	Performance Target	Performance Progress	Deviation	Programme
6.3	Customer relations and Provincial offices efficiency and Management (inclusive of outreach and visibility/communications of cidb cross programme initiatives)	Provincial Construction Development Fora (PCDFs)	Number of Provincial Construction Development Fora (PCDFs) held per province inviting provincial clients department, associations and professional bodies (at least two each invited)	Two (2) Provincial Construction Development Fora (PCDFs) per province inviting provincial clients departments, associations and professional bodies held per quarter, incorporating all 4 core cidb prog capacitation issues prescripts by end March 2016	Achieved PCDF'S for all provinces were held at least once over the last 2 quarters and twice per province for the year.		Provincial Offices and Contract Development (PCD)
		Strengthen relationship with government enforcement agencies	Each province to participate in at least 1 PICC/ SIP provincial engagement	Each province to participate in at least 1 PICC/ SIP provincial engagement by 31 March 2016	Achieved: All provinces have identified their infrastructure / SIPP structures have attended these meetings.		Provincial Offices and Contract Development (PCD)

Strategic Goal 7: Optimise the organisational design to support the effective delivery of the cidb mandate

Purpose	Promote an optimal organisational culture that supports the effective delivery of the mandate						
Objective Statement	Improve and review: <ul style="list-style-type: none">• Governance framework• Policies and procedures• Organizational structure• Change management						
Key Policy Priority	Human Resources Policies and Procedures Training and development						
Expected Outcome	Human Resources support in accomplishment of the mandate and strategic objectives						
No.	Strategic Objective	Output	Performance Indicator	Performance Target	Performance Progress	Deviation	Programme
7.1	Promote a learning organisation	Training and career development policy	Approved policy on Training & Career Development	Approval of the cidb Training & Career Development Policy by March 2016	Achieved Policy on Training and Career Development approved on 2 March 2015.Approval and payment of bursaries finalised in February 2016.		Corporate Services (CS)
		Allocation of training budget	Equitable distribution of the training budget in terms of Programmes report.	Allocation of a centralised budget by 1 Apr 2015	Achieved Budget equally distributed by Programmes on 1 st April 2015.		Corporate Services (CS)
		Time and attendance	Instill discipline in terms of accounting for cidb time	Time and attendance policy approval by end June 2015.	Not achieved Time and Attendance policy still in draft format.	Shortcomings with main gate security reports at SABS	Corporate Services (CS)
		Turnaround strategy to respond to culture survey	Response to the culture survey results	Development and submission of a draft strategy to the CEO by 30 June 2015	Achieved Strategy drafted and submitted to the CEO by 30th June 2015.		Corporate Services (CS)

Strategic Goal 8: Strengthen and maintain relationships with stakeholders through effective communication

Purpose		Improve and maintain good relationship with stakeholders through effective communication					
Objective Statement		<ul style="list-style-type: none">Improve communication with stakeholdersEffective implementation of communication strategy					
Key Policy Priority		Communication strategy					
No.	Strategic Objective	Output	Performance Indicator	Performance Target	Performance Progress	Deviation	Programme
8.1	Improve and maintain stakeholder relationship	Stakeholder Engagement Model submitted to Board for approval	Number of Stakeholder Engagement Model submitted to Board for approval	1 x Stakeholder Engagement Model submitted to Board for approval by end-March 2016	Achieved: The Board tasked a task team of the Board and ACEO to handle the stakeholder model with priority on the NSF – This led to the NSF being held by 29 th March 2016.		CEO

Notes

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Notes

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DEVELOPMENT THROUGH PARTNERSHIP