

23 April 2018

DEAR CONSTRUCTION INDUSTRY STAKEHOLDER

**EXPLANATORY MEMORANDUM ON DRAFT AMENDMENTS TO THE
CONSTRUCTION INDUSTRY DEVELOPMENT REGULATIONS, 2004 AS
AMENDED**

The purpose of this explanatory memorandum is to provide a summary of the draft amendments to the Construction Industry Development regulations which were recently published for public comment by the Honourable Minister T.W Nxesi in Government Gazette No 41572, Notice 426 of 13 April, 2018. The proposed amendments relate to contractor registration renewal criteria, requirements for interim reporting and the removal of transitional measures.

Stakeholders are invited to submit comments on the proposed amendments.

PROPOSED AMENDMENTS

**SUBSTITUTION OF REGULATION 9 AND INSERTION OF REGULATION 9A:
CONTRACTOR REGISTRATION RENEWAL**

The proposed amendments seek to provide relief for contractors that are trading under difficult economic conditions and therefore struggle to maintain their cidb grades when renewing their registration. Substitution of Regulation 9 and insertion of Regulation 9A applies to registered contractors in Grades 2 to 6 who applied for their first renewal of registration after 01 May 2016.

When applying for renewal for registration these contractors will only be required to demonstrate that they have completed a construction works contract in the relevant category in the six years preceding their renewal application, instead of 5 years. The value of the contract completed must be equals to or exceed the amount for that works capability designation.

This amendment therefore extends the applicable track record period from 5 years to 6 years for the first renewal, within the parameters above. The Annual Turnover and Available Capital requirements will not be required for that first renewal.

DELETION OF REGULATION 18(4)

Sub regulation 4 seeks to remove the project registration fee of R750.00. This fee is applicable to clients when registering projects with the cidb. The project registration fee never came into effect due to the transitional measures implemented in terms of the Regulations.

REMOVAL OF CIDB I-TENDER SERVICE AS A MANDATORY REQUIREMENT

The removal of the transitional measures implemented in terms of the Regulations means that the cidb i-tender service will no longer be mandatory. This will avoid duplication with the National Treasury eTender service.

INTERIM REPORTING: REPORTING REQUIREMENTS FOR CONTRACTS COMPLETED OVER A YEAR

Regulation 21 is amended by the insertion after subregulation (1) of the following subregulation:

“(1A) Where a construction works contract has not been completed, cancelled or terminated within one year from the date of award, the employer must submit a report to the Board, annually, in the prescribed format, as determined by the Board.”

CLOSING DATE AND SUBMISSION ADDRESSES

Comments on these Regulations are to be submitted by 18 May 2018 using any of the following methods. Please use the Regulation Gazette No. 41572 as an identifier in your correspondence. Comments received after this date may not be considered.

Comments are to be marked for the attention of Ms. Gugu Mgwebi

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By Email gugu.mgwebi@dpw.gov.za

For further information contact Mr. Enoch Masibi, Construction Registers Service,
(012) 482 7257 or email to: noncedos@cidb.org.za

Yours sincerely



Enoch Masibi

Acting Programme Manager: Construction Registers Service