cidb

Construction Industry Development Board

ANNUAL REPORT 23/24





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ACRONYMS

ARGC	Audit, Risk and Governance Committee
ASA	Agrément South Africa
B-BBEE	Broad-based black economic empowerment
BER	Bureau for Economic Research
Bn	Billion
BRICS	Brazil, Russia, India, China, South Africa
B.U.I.L.D	Best Practice Project Assessment Scheme
CBE	Council for the Built Environment
CCSO	Chief Corporate Services Officer
CE	Civil Engineering
CEO	Chief Executive Officer
CESA	Consulting Engineers South Africa
CFO	Chief Financial Officer
CID	Construction Industry Development (Regulations)
cidb	Construction Industry Development Board
CIO	Chief Information Officer
CIRP	Construction Industry Recovery Plan
CoE	Centre of Excellence
COO	Chief Operations Officer
COSO	Committee of Sponsoring Organisations
DPWI	Department of Public Works and Infrastructure
ERWIC	Empowerment and Recognition of Women in Construction
EXCO	Executive Committee
GB	General Building
GDP	Gross domestic product
GFCFC	Gross Fixed Capital Formation in Construction
GRAP	Generally Recognised Accounting Practice
HR	Human Resources
IAP	Internal Audit Plan
IBACF	Infrastructure Built Anti-Corruption Forum
ICT	Information and Communications Technology
IDMS	Infrastructure Delivery Management System
IDT	Independent Development Trust
ISA	Infrastructure South Africa
MP	Member of Parliament
NCDP	National Contractor Development Programme
NDP	National Development Plan
NIP	National Infrastructure Plan
NSF	National Stakeholder Forum
OHS	Occupational Health and Safety
PAA	Public Audit Act
PFMA	Public Finance Management Act
PPPFA	Preferential Procurement Policy Framework Act
PSLMs	Provincial Stakeholder Liaison Meetings
RoC	Register of Contractors
RoP	Register of Projects
SAPS	South African Police Services
SARS	South African Revenue Service
SIU	Special Investigating Unit
SMEs	Small and medium enterprises
StatsSA	Statistics South Africa
TVET	Technical and Vocational Education and Training





Dean MacPherson (MP)
Minister of Public Works and Infrastructure

> OUR SINGLE BIGGEST CALLING OVER THE NEXT FIVE YEARS IS TO USE THIS DEPARTMENT TO DRIVE ECONOMIC GROWTH THAT DELIVERS JOBS.

MINISTER'S FOREWORD

In my new role as the Minister of Public Works and Infrastructure (DPWI), I am excited at the challenge ahead of me, but at the same time remain cognisant of the amount of hard work that is required if the Department is to achieve its goal of turning South Africa (SA) into a massive construction site.

Strategic integrated projects in the country have grown from R340 billion in 2020 to no less than R540 billion to date. The energy sector, which has the biggest portfolio and includes renewable energy programmes and green hydrogen projects, has the potential to develop into a R1-trillion industry, which bodes well for the economy and job creation.

Significant gaps exist in the approach to infrastructure development, and I will establish an infrastructure advisory committee to assist in developing recommendations to unlock and speed up infrastructure development across all three spheres of Government. We can no longer work in a silo approach.

To achieve greater growth, public sector investment in infrastructure must increase to 10% of GDP by 2030, but the Department cannot do it alone. Infrastructure plays a role in improving competitiveness, boosting trade, and enhancing integration into the global economy.

South Africa needs stronger partnerships and greater collaboration to address the infrastructure backlogs and gaps it faces. This will require fiscal responsibility, efficient resource utilisation, and an increase in gross capital formation in infrastructure from 14% to 30%.

A significant challenge facing the infrastructure sector is the disruption of infrastructure projects by organised criminal networks, known as the 'construction mafia'. These groups are destructive to the state and we cannot allow criminal elements to derail our development goals.

By reducing unnecessary expenditure, enhancing the use of public assets, and tackling both the infrastructure backlog and criminal disruptions, the Department aims to transform the country's infrastructure landscape, supporting economic growth and improving the quality of life for all SA citizens. Our goal is to create a financially sustainable Department that contributes to the economy.

Our single biggest calling over the next five years is to use this Department to drive economic growth that delivers jobs. This includes using our public assets for the public good. I want the Department and its entities to be something that our people are proud of - a Department that is transparent, trusted, and delivers results.

To effectively execute its mandate, the Department relies extensively on its reporting entities to achieve their individual mandates. The cidb is responsible for managing the role of contractors in the sector, and their success directly impacts our success as a Department.

Infrastructure South Africa (ISA) is a programme within the Ministry of Public Works and Infrastructure, mandated to drive accelerated infrastructure development and serve as a catalyst for closing the infrastructure investment gap and achieving the infrastructure target set out in the National Development Plan. At the Sustainable Infrastructure Development Symposium held in March 2024, the ISA unveiled preparation plans for 12 key infrastructure projects across the country. This bodes well for the future of the sector, and as the cidb, we will work with all the necessary stakeholders to ensure all these projects succeed to the benefit of the economy and the people of SA.

For many years, the DPWI has enjoyed a positive and productive relationship with the cidb and as the Minister for this Department, I commit myself to working with the cidb as we seek to achieve our collective goals. I believe that by working together and prioritising relationships

with all the relevant stakeholders, we will make progress and uncover the true potential that exists for the construction sector.

We encourage the cidb Board, management and all employees to adopt a renewed and urgent focus on accelerating the inclusive development of the construction industry through an emphasis on partnerships between the Government and the private sector; a focus on competent public sector infrastructure client departments; adoption of technology in the infrastructure delivery space; and a focus on enterprise and skills development implemented on infrastructure projects through the B.U.I.L.D Programme.

In closing, I would like to take this opportunity to congratulate the team at cidb for the clean audit opinion awarded by the AGSA. A clean audit is a remarkable achievement and an indication that the cidb takes its governance and reporting responsibilities very seriously.



Dean MacPherson (MP)
Minister of Public Works and Infrastructure





Khulile Nzo
Board Chairperson

WE ARE EXCITED TO SEE THE TRACTION THAT HAS BEEN REALISED FOLLOWING THE LAUNCH OF THE B.U.I.L.D PROGRAMME IN MARCH 2023. THE CONSTRUCTION MANAGEMENT SYSTEM TRAINING THAT WAS PROVIDED TO 160 FEMALE CONTRACTORS IN THE SECTOR HAS SERVED TO DRIVE GENDER PARITY IN THE SECTOR.

CHAIRPERSON'S REPORT

The year under review for the cidb was a positive and successful one for the organisation with notable achievements both internally and externally. This Annual Report reflects these achievements, but at the same time highlights the wins and challenges associated with SA's construction sector.

On this note, the clean audit opinion awarded by the Auditor-General bears testament to the fact that the entire team at cidb has worked hard during the year and at the same time actively operated within the legislation and processes that guide the operations of the entity.

Sector review

According to Global Data information released in December 2023, the country's construction industry is expected to achieve an average annual growth rate of more than 3% from 2024 to 2027, with expected investments in transport, energy, industrial, and housing projects.

In March 2024, Statistics South Africa reported that the South African construction sector contributed R109,5 billion rand to SA's Gross Domestic Product in the fourth quarter of 2023. During the review period, the sector provided employment to over 1,2 million people. These figures remind us of the importance of the sector, and whilst forecasts for the industry are optimistic, we must remain mindful of the challenges it faces.

While all sectors of the economy face macroeconomic and geopolitical challenges, there are specific local factors that have impacted the construction sector and remain significant challenges. Uncertainty in the sector, high logistics costs, corruption, the construction mafia, and load-shedding are some of the key challenges.

Disruption of infrastructure development, intimidation of workers, demands for protection money, and procurement exploitation are some of the adverse effects of the so-called construction mafia's actions in the construction industry. Although it will take time for the industry to rid itself of this problem, the Infrastructure Built Anti-Corruption Forum (IBACF) reported during its quarterly meeting on 12 December 2023, that 712 cases referred for investigation have led to 722 arrests and 52 convictions.

The impact of load-shedding is something that has affected all South Africans, but in the construction sector, it has placed an additional burden on contractors, who are often forced to operate using off-grid power solutions. In the short term, load-shedding is expected to continue to impact the country, but on a positive note, there is hope for the future as improved technology and the increase in renewable power projects present viable solutions to this challenge.

Internal operations review

The Board at the cidb is a dynamic one that has made significant progress during the review period. A key strategic focus for the Board is the role that the private sector can play in addressing certain infrastructure challenges.

The public and private sectors are two completely different sub-sectors, and the Board believes that increased synergy between them will result in a more effective public sector. The successful and highly skilled private sector can strengthen the public sector through knowledge sharing and the adoption of best practices. There has been some fusing of the two different types of contractors that service the two sectors, but we do need to see more of this collaboration.

We are excited to see the traction that has been realised following the launch of the B.U.I.L.D Programme in March 2023. The Construction Management Systems training

that was provided to 160 female contractors in the sector has served to drive gender parity. It is important to note that the training implemented has not been for the sake of achieving numbers but has sought to capacitate the women involved with skills and knowledge that will allow them to take their rightful place in a sector that is dominated by men. The training provided was not just theoretical but involved extensive practical application of the subject matter.

As a collective, the Board is proud of what it has achieved during the period under review. While we have not accomplished everything we set out to, we have moved extensively in the right direction. Our focus going forward will be on the 'd' in the cidb, which stands for development.

If we were to summarise our top three priorities for the period ahead, they would be continuing the training and impactful development of contractors in the sector, making progress in addressing the criminal aspects that hinder service delivery, and fostering greater unity between public and private sectors to improve industry standards and elevate the construction sector in the country.

Gratitude

To the team at DPWI, your guidance and support have proved invaluable in achieving some of the significant gains made by the cidb. Under the leadership of the new Minister and his Deputy, we are looking forward to a successful period ahead.

I also wish to thank my fellow Board Members for their dedication and commitment to realising the mandate of the cidb. Your collective inputs have brought valuable contributions to decisions made and activities implemented.

The management and staff at the cidb deserve recognition for the hard work, which has led to important strides in both internal organisational development and addressing the needs of the sector we serve.

In closing, I wish to leave you with a quote by businessman, Gautam Adani, which very succinctly describes the important role of infrastructure development. He said: "The infrastructure sector is all about building assets for the country. It is part of nation-building."



Khulile Nzo
Board Chairperson



BOARD MEMBERS



Khulile Vuyisile Nzo
Board Chairperson



Professor Susan Bouillon
Deputy Chairperson



Khuliso Kennedy Maimela



Danny Masimene
Ad-hoc Committee Chairperson



Tumelo Gopane



Celeste Margo le Roux



Attwell Sibusiso Makhanya
Human Resources Committee Chairperson



Boitumelo Mokgatle



Karabo Siyila
Registration and Regulatory Compliance Chairperson



Moloko Rabosiwana
Finance Committee Chairperson



Yvonne Mbane



Thuthuka Songelwa



Bongekile Zulu
Social, Ethics and Stakeholder Committee Chairperson

CHIEF EXECUTIVE OFFICER'S REPORT



Bongani Dladla
Chief Executive Officer

> DURING THE REVIEW PERIOD, THE CIDB MADE EXTENSIVE PROGRESS IN STAKEHOLDER COLLABORATION THROUGH THE LEGISLATED NATIONAL STAKEHOLDER FORUM (NSF) TO BRING THE INDUSTRY TOGETHER AND ADVISE GOVERNMENT OF THE CRITICAL INTERVENTIONS REQUIRED FOR THE DEVELOPMENT OF THE CONSTRUCTION INDUSTRY.

The period under review has once again seen the construction sector experience its share of highs and lows. In this context, the cidb has remained steadfast in the pursuit of its mandate and has achieved numerous successes, not least of which is the achievement of 17 out of 18 annual targets, representing an overall achievement of 94%.

Another noteworthy achievement was the award of a clean audit by the AGSA for the 2023/24 period. I wish to extend my thanks and appreciation to everyone in the organisation who contributed to the cidb's achievement of a clean audit that serves as an indication of our intent to operate as an organisation that seeks to 'do the right things right'.

The cidb presented the 2024/25 Annual Performance Plan to Parliament on 20 March 2024. A key discussion with members of Parliament centred on the issue of the construction mafia. The cidb team elaborated on the impact of site disruptions on the industry and explained that where projects are developed within the bounds of the laws and regulations in place and with community support, there is a lower risk of the project being disrupted.

Audit outcomes are another area that frequently receives attention during engagement with Parliament. The cidb was commended for its solid progress and encouraged to deal with matters to migrate the cidb from an unqualified audit to a clean audit. The organisation outlined some of the interventions, including the development and review of preliminary financial statements and related activities.

Overview of the sector

The construction sector contributes to economic growth, infrastructure development, and poverty alleviation. It continues to be a priority for the economic development of the country. The National Infrastructure Plan (NIP), an integral part of the government's Economic Reconstruction and Recovery Plan, aims to generate over 800 000 jobs and attract more than R1 billion in infrastructure investments. The NIP highlights the importance of infrastructure development and its pivotal role in job creation, benefiting both formal and informal workers.

While the National Development Plan (NDP) targets an investment of 30% of gross domestic product (GDP) in infrastructure by 2030, South Africa's constrained economic conditions require a radical approach to the development of the construction sector. This is essential to deliver the infrastructure required for advancing other sectors that rely on it. To address the country's triple challenge of poverty, inequality, and unemployment from an infrastructure perspective requires effective delivery with minimal waste.

To accelerate the delivery of infrastructure projects, there are a few critical areas of focus, one of which is the lack of technical capacity in client departments. This deficiency impedes client departments' ability to implement projects on the ground and achieve value for money from their infrastructure investments.

The cidb plays a critical role in reforming construction procurement and enhancing the capacity of clients in the infrastructure delivery process. With infrastructure work and projects in short supply, pricing wars and uncertainties are leaving built environment participants vulnerable in terms of sustaining their participation in the industry, posing challenges such as poor-quality work.

The Construction Industry Recovery Plan (CIRP), developed by the DPWI with the support of the cidb, will be utilised to revive the construction industry.

Corruption remains one of the greatest obstacles to economic growth and social development. The review period placed extensive focus on the impact of fraud and corruption on the sector and the role that the cidb can play in addressing the scourge. The cidb is working closely with the South African Police Service (SAPS) to deal with cases of fraud and corruption involving cidb-registered contractors. It is anticipated that this partnership will boost the entity's success in dealing with this ongoing challenge.

South Africa, like many other countries, faces a tenuous economic future. The country's high debt servicing costs mean fewer resources are available for the development of the economy. Within this economic environment, it requires the cidb to run a lean and effective operation to fulfil its mandate and drive inclusive development of the construction industry.

Stakeholder engagement

The cidb continues to optimise cidb deliverables and extend its reach through partnerships. These include a close collaboration across and between DPWI and its entities i.e., the cidb, Council for the Built Environment (CBE), Agrément South Africa (ASA) and Independent Development Trust (IDT). The cidb also collaborates with a range of other stakeholders and partners.

Effective communication and interaction with these stakeholders have been a consistent focus.

The quarterly construction industry monitor is produced by the cidb to provide objective and accurate information on the country's construction sector. Additionally, the cidb has developed two practice guides for clients on the application of the cidb Standard for Developing Skills through Infrastructure Contracts.

The DPWI quarterly meetings focussed on the entity's alignment with its priorities and provides the cidb with the opportunity to harness the Department's support on matters related to the country's development priorities.

Provincial stakeholder engagements and the National Stakeholder Forum (NSF) continue to promote the cidb's value-offering to the industry and to gather information on issues hampering the development of the construction industry. The primary target groups at these sessions were clients, contractors, and professional service providers.

The fourth cidb Empowerment and Recognition of Women in Construction (ERWIC) Awards, held in August 2023, celebrated women who have excelled in the construction sector. The event included a conference aimed at empowering women contractors to develop their companies and provided a platform for information sharing, networking, and strengthening business knowledge.

Contractor development programmes

The B.U.I.L.D Programme, launched in March 2024, has achieved significant successes. A key activity was the capacitation and development of 160 women-owned contractors in Grades 5 to 8 who were enrolled in the CMS training programme. The programme also allowed for the assessment of the competence of contractors. The appointment of a B.U.I.L.D Director and B.U.I.L.D Manager has further boosted programme delivery. The growth of emerging contractors, as well as improved performance of contractors, underpin the strategic intent of this flagship programme.

An important instrument supporting contractor development and transformation within the sector is the National Contractor Development Programme (NCDP). This public sector-led initiative is a partnership between the cidb, National and Provincial Public Works, and other willing stakeholders and partners. Key objectives of the NCDP are to increase the capacity, equity ownership, sustainability, quality, and performance of cidb-registered contractors – effectively raising the contribution of the construction industry to South Africa's accelerated and shared growth initiative.

Systems development

Information and Communications Technology (ICT) has been an area of weakness for the cidb, but during the financial period under review, the focus on ICT systems development has yielded positive results.

The cidb continued its drive to automate basic administrative functions and utilise scarce resources more effectively. An expanded online registration platform was launched that enables all grades to be lodged through the online platform. Previously, the cidb only processed applications through contractors physically lodging their applications at the cidb offices across all nine provinces. Most of the applications received during this period came through the online process and serves as evidence of the importance of embracing technology in the execution of our mandate.

Business process management best practices received attention which included process assessment and optimisation based on professionally mapped processes and work instructions. This enables efficiency improvement through the visibility of processes and detection of deviations. It also allows for consistency in executing business processes.

Outlook

The gains made during the reporting period have played an important part in the future success of the cidb. We have an important mandate to fulfill, which depends on establishing solid foundations in the way we exercise our responsibilities.

Key to this is staff who are motivated and capacitated to ensure the organisation delivers on its goals. To this end, the cidb invested in employee development and training. In addition, an organisational culture improvement programme initiated during the last financial year continues to drive an improved organisational culture at the cidb with a strong focus on cultivating a healthy work climate and a strong focus on becoming a high-performance entity.

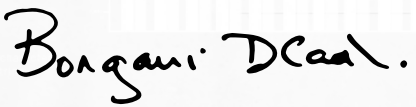
Going forward, the cidb will focus on sustaining the gains made through the Organisational Culture Improvement Programme and ensure that culture improvement is a deliberate and ongoing activity for the cidb. The organisational culture change initiatives and the impact achieved resonate with the strategic direction the cidb seeks to achieve.

Acknowledgements

The cidb relies on input, cooperation, and assistance from a multitude of stakeholders. I wish to extend my sincerest appreciation to our Board for their valuable guidance and support throughout the reporting period.

To the cidb management and staff, I thank you for your contributions to the success and growth of the organisation.

Finally, to our numerous stakeholders, thank you for the role you have played in the development of SA's construction sector which is critical to the country's socio-economic development.



Bongani Dladla
Chief Executive Officer





PART A
STATEGIC OVERVIEW

PART A STATEGIC OVERVIEW

VISION

A transformed construction industry that is inclusive, ethical and contributes to a prosperous South Africa and the world

The vision reflects the importance of the cidb as a catalyst for economic growth and job creation in South Africa. The emphasis is to build an industry that is inclusive and reputable, where all participants equally drive the construction industry.

MISSION

We exist in order to regulate and develop the construction industry through strategic interventions and partnerships

The mission statement emphasises the importance of a new set of strategic interventions that will support the cidb vision. The cidb needs to work with all industry partners to achieve these strategic interventions linked to its legislative mandate, functions and responsibilities.

VALUES

Core values must support the vision and mission through intrinsic behaviour change within the organisation to support Batho Pele principles. The following values are a credo that needs to be supported with each action, word and deed.

- **Responsive** – interrogate processes to be responsive to industry needs and our mandate
- **Efficient** – focus on the new direction and become efficient in what we do
- **Effective** – focus on the new direction and become effective in what we do
- **Innovative** – be creative in our doing and thinking – we cannot do business as usual
- **Ethical** – stand out as a reputable regulator in which all stakeholders have trust
- **Accessible** – take care of our clients, stakeholders and customers and adjust to their needs
- **Agile** – live in an environment that demonstrates change, therefore, we need to move quickly to achieve our approaches – with agility

Legislation and mandate

The cidb is a statutory body established under the Executive Authority of the DPWI and enabled by the Construction Industry Development Board Act 38 of 2000 (CIDB Act), from which it derives its mandate. The objects of the Act contextualise the mandate of the cidb and can be summarised as follows:

a. Provide strategic leadership to construction industry stakeholders, developing effective partnerships for growth, reform, and improvement of the construction sector.
b. Promote the sustainable growth of the construction industry and the participation of the emerging sector in the industry.
c. Determine, establish, and promote improved performance and best practice of public and private sector clients, contractors, and other participants in the construction delivery process.
d. Promote the uniform application of policy throughout all spheres of Government and promote uniform and ethical standards, construction procurement reform and improved procurement and delivery management – including a code of conduct.
e. Develop systematic methods for monitoring and regulating the performance of the industry and its stakeholders, including the registration of projects and contractors. The CIDB Act forms the basis of the cidb strategy and impact statements under the current planning framework.

Other key legislation includes:

i. Public Finance Management Act, Act No 1 of 1999 (PFMA)
ii. Broad-based Black Economic Empowerment Act, Act No 53 of 2003
iii. Municipal Finance Management Act, Act No 56 of 2003 (MFMA)
iv. Preferential Procurement Policy Framework Act, Act No 5 of 2000
v. Council for the Built Environment Act, Act No 38 of 2000
vi. State Land Disposal Act, Act No 48 of 1961
vii. Expropriation Act, Act No 63 of 1975
viii. Land Affairs Act, Act No 101 of 1987
ix. National Environmental Management Act, Act No 107 of 1998
x. Occupational Health and Safety Act, Act No 181 of 1993
xi. National Regulations and Building Standards Act, Act No 103 of 1977
xii. Infrastructure Development Act, Act No 23 of 2014
xiii. Water Services Act, Act No 108 of 1997
xiv. Skills Development Act, Act No 1997 of 1998
xv. Property Sector Transformation Charter 2007
xvi. Green Building Framework, 2001
xvii. Public Audit Act, Act No 25 of 2004
xviii. Labour Relations Act, Act No 66 of 1995
xix. Employment Equity Act, Act No 55 of 1998
xx. Basic Conditions of Employment Act, Act No 75 of 1997
xxi. Protection of Personal Information Act, Act No 4 of 2013





PART B

CONSTRUCTION INDUSTRY REGULATION

PART B: CONSTRUCTION INDUSTRY REGULATION

The CIDB Act 38 of 2000 mandates regulation of the construction industry through the Register of Contractors (RoC), Register of Projects (RoP), and code of conduct for all involved in construction procurement. The Construction Industry Development (CID) Regulations of 2004, as amended, give effect to these prescripts, and the cidb is mandated to operationalise and enforce them.

Register of Contractors

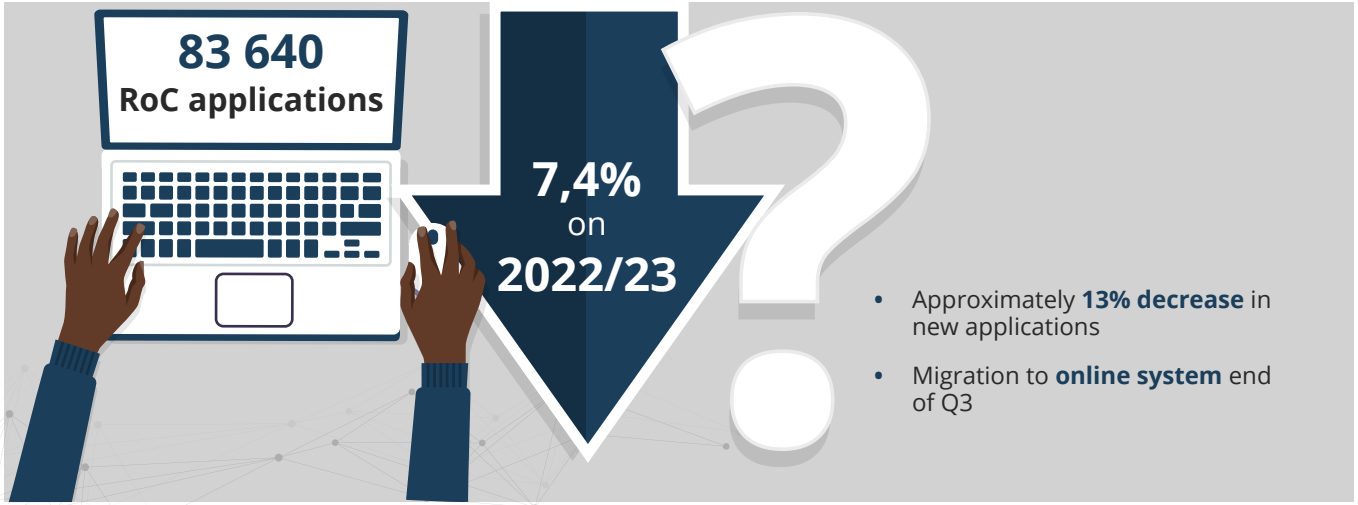
The RoC grades and categorises contractors according to financial and works capability. It is mandatory for contractors who wish to do business with Government and public sector clients awarding construction works contracts. It facilitates public sector procurement and promotes contractor development.

The table below details the number as well as type of applications processed during the 2023/24 Financial Year.

> THE CIDB REGISTER OF PROJECTS (ROP) MONITORS INFRASTRUCTURE PROJECTS NATIONALLY, INCLUDING THOSE OF THE GOVERNMENT AND PRIVATE SECTORS. IN THE PUBLIC SECTOR, THE REGISTER MONITORS INFRASTRUCTURE PROJECTS FROM WHEN A TENDER IS ADVERTISED, THE CONTRACT IS AWARDED, THROUGH TO PROJECT COMPLETION OR TERMINATION.

Table 1: Number of applications processed during the year under review

Number of applications processed for the period 1 April 2023 – 31 March 2024					
Application type	**Quarter 1**	**Quarter 2**	**Quarter 3**	**Quarter 4**	**Total**
Three-year renewal	3 024	3 950	3 842	3 800	**14 616**
Additional classes of works	3 077	3 736	3 289	3 423	**13 525**
Annual updates	3 339	3 523	2 700	3 280	**12 842**
New applications	5 892	6 753	5 506	6 057	**24 208**
Three-year moratorium	1 094	1 515	1 169	1 366	**5 144**
Confirmation of updates	1 851	1 696	881	835	**5 263**
Update of tax clearance certificate	290	404	148	198	**1 040**
Upgrades	1 722	1 861	1 828	1 591	**7 002**
Total	**20 289**	**23 438**	**19 363**	**20 550**	**83 640**

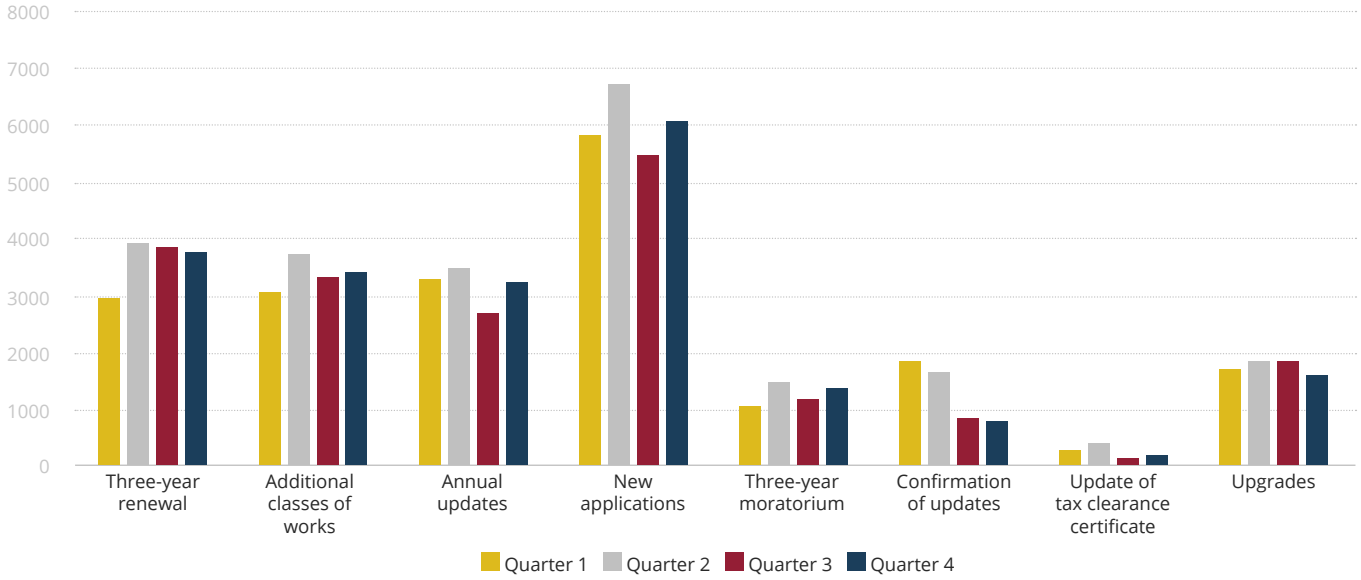


- Approximately **13% decrease** in new applications
- Migration to **online system** end of Q3

PLEASE NOTE

- **28%** of new applications were Grade 1 indicating growth in entrepreneurs but many lack skills and experience
- Number of Grade 1 applications **expected to drop** in future due to 2024/25 proposed changes in qualifying criteria

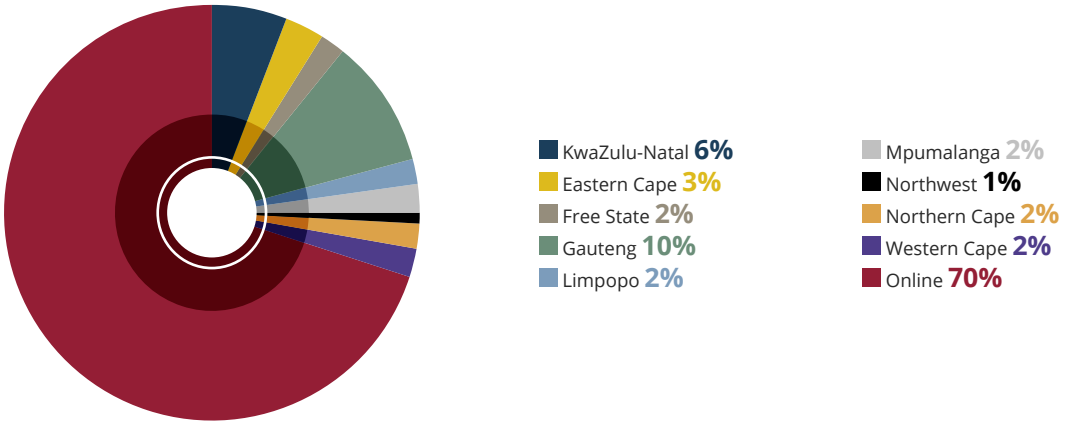
Figure 1: Number of applications processed per type



The graph above gives an illustration of applications processed per type or category during the year under review. It is noted that the number of applications processed increased steadily from Q1 to Q2 and dropped in Q3 as this is a period affected by the annual shutdown of the construction industry.

The total number of applications processed was further broken down based on the processing centre as outlined below.

Figure 2: Applications processed per processing centre



Online registrations make up 70% of total registrations. This indicates a remarkable reduction on applications submitted at provincial offices through walk-ins, and increased adoption of technology.

Register of Projects

The cidb Register of Projects (RoP) monitors infrastructure projects nationally, including those of the Government and private sectors. In the public sector, the register monitors infrastructure projects from when a tender is advertised, the contract is awarded, through to project completion or termination. All Government institutions are required to register infrastructure projects on the register.

The register's focus is limited to public sector projects due to a limitation in the legislation that is currently being addressed through amendment of the CIDB Act.

During the reporting period, compliance with the RoP and cidb i.tender remained low and varied across the different client departments. Measures in place to improve compliance include:

- Ongoing capacitation of clients to compensate for the turnover of supply chain management personnel;
- Increased resources allocated to compliance through daily monitoring; and
- Active engagements with clients.

The cidb will continue to implement this strategy and other planned initiatives to improve compliance in the short and long term.

Table 2: Number of tenders advertised in the 2023/24 Financial Year

Client type	Number of tenders advertised
District municipality	190
Local municipality	1 471
Metropolitan municipality	225
Municipal entity	114
National department	300
Other	244
Private sector	0
Provincial department	1 350
State-owned enterprise	3 599
Total	**7 493**

Call management

The role of the call centre is call management to improve cidb's customer service. The table below details the number of calls received and processed during the year under review:

Table 3: Number of calls received during the year under review

Number of applications processed for the period 1 April 2023 – 31 March 2024					
Calls	**Quarter 1**	**Quarter 2**	**Quarter 3**	**Quarter 4**	**Total**
Total calls received	25 065	33550	25 168	29 546	**113 329**
Total calls answered	**22 823**	**28 765**	**20 445**	**24 210**	**96 243**
Total calls abandoned	2 242	4 785	4 723	5 336	**17 086**
% of calls answered	91,06%	85,74%	81,23%	81,94%	**84,92%**
% of calls abandoned outside 180 seconds	8,94%	14,26%	18,77%	18,06%	**15,08%**

The table above indicates that a total of 113 329 calls were received during the period under review. This is about 1,4% fewer calls when compared to the previous financial year. Approximately 26% more calls were answered during this financial year as compared to the previous financial year. More calls were abandoned in the last two quarters of the year. The cidb will implement performance improvement measures in the next financial year to address this challenge.

Non-compliance investigations

A total of 56 cases of violation of cidb prescripts received were referred for further investigation. These are cases received through the anonymous fraud hotline, internal referrals, and referrals by law enforcement agencies such as the Hawks and the Special Investigating Unit (SIU) according to the breakdown provided in table 4 below.

Table 4: Breakdown of investigated cases

Source of cases	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Register of project non-compliance	0	0	1	0	1
Register of contractor internal referrals	5	0	5	30	40
Hotline	5	5	1	4	15
SIU cases	0	0	0	0	0
Total	**10**	**5**	**7**	**34**	**56**

Investigations focussed on:

- Submission of fraudulent tax clearance certificates
- Falsified track records
- Misrepresentation of financial statements
- Fraudulent bank statements
- Client non-compliance with the RoP

Criminal cases

The cidb is obliged to report any contractor or client department that submits false or misleading documents, as well as any activity that might be regarded as corruption, to the police. Such cases go through a process of preliminary investigation to establish if there is any merit to the allegation before they are referred to the police. If a case warrants removal in terms of Section 19 of the CIDB Act, it goes through the process of assessment by an internal committee to establish if there is enough merit to the allegation.

The cidb has established partnerships with various law enforcement agencies to fast-track the investigation and prosecution of criminal cases. These partnerships include collaborations with the SAPS and the NPA.

During the period under review, 21 cases were referred to the SAPS for criminal investigation, of which 19 were cases of contractors submitting fraudulent documents to the cidb in their application for grading.

A total of 31 clients were deemed non-compliant to the requirements of the RoP. A total of 31 clients were deemed non-compliant to the requirements of the RoP.

A formal inquiry against these clients may be conducted after completion of an investigation report if the cost to investigate their non-compliance proves to be substantial.

Client departments with a track record of non-compliance who continue to be non-compliant had their cases referred for formal inquiries.

Formal inquiry cases

During the reporting period, the cidb had two formal inquiries to finalise. Below is the summary of the decisions and actions taken:

Table 5: Formal inquiries finalised

Company name	Status
Javansu Trading CC	Contractor was found guilty in the first quarter and fined R50 000. He has since paid R21 750 with R28 250 still outstanding.
Pikitup	The imposed fine of R100 000 has still not been paid, and the process to report the client to the AG will be initiated.





PART C

INDUSTRY DEVELOPMENT

PART C: INDUSTRY DEVELOPMENT

The cidb's development strategy, created in consultation with the industry players, includes a focus on contractor development. The period under review was the first year of implementation of some of the planned contractor development programmes since the inception of the Best Project Assessment Scheme, now known as the B.U.I.L.D Programme.

A series of contractor development projects were undertaken during the review period.

The B.U.I.L.D Programme

The local construction industry has long been identified as a catalyst for economic growth and social development. The B.U.I.L.D Programme, launched in March 2024, will not only unlock opportunities but also serve to create a construction industry landscape that is rooted in inclusive development.

Functioning as a framework for the entire sector, it will ensure that infrastructure can meaningfully contribute to South Africa's developmental goals, knowledge transfer, upskilling, environmentally sustainable buildings, and a safer construction industry for everyone.

All sectors of the construction industry, including large contractors, clients, and build environment professionals, are ready and willing to assist in ensuring transformation of the industry can take place at a rapid pace and on a large scale. Clients are ready to leverage construction projects, from Grade 7 and above, for development aligned with the standards prioritised in the B.U.I.L.D Programme. These will benefit emerging enterprises in Grades 1 to 6, learners and graduates of TVET colleges and universities, as well as candidates for professional registration.

Best Practice Contractor Recognition Scheme

The cidb Best Practice Contractor Recognition Scheme seeks to develop contractors by promoting acceptable standards necessary for running a contracting enterprise. The scheme also recognises a contractor's track record and experience that enables clients to acknowledge and reward contractors for quality and good performance on projects. The cidb Best Practice Contractor Recognition Scheme is aligned with the objectives of the National Contractor Development Programme (NCDP), supporting the empowerment of contractors.

The Scheme comprises a series of interlinked elements that constitute building blocks for improved business performance and for improved project delivery. These include contractor performance reports, contractor competence accreditation, and accredited construction management systems.

During the period under review, the cidb sponsored 174 female-owned construction companies to receive training and implement Construction Management Systems in their businesses. Beneficiaries were Grades 5 to 8 contractors in all classes of construction works and from all nine provinces.

Furthermore, a total of 512 contractors in Grades 1 to 6 across all classes of works nationally, received assessment of prior learning to determine their level of competence against the cidb Competence Standard and accreditation. The cidb Competence Standard for Contractors establishes minimum acceptable standards necessary for running a contracting enterprise and for supervising building and construction works within the fields of:

- Business management
- Building and construction management

The competencies need to reside with the owner and/or key nominated representatives of the contractor.



Research Output

- An Integrated Infrastructure Delivery Model for Developing Economies: Planning and Delivery Management Attributes
- Risk Management Practices in Construction: A Global View
- A Building Information Modelling Maturity Model for Developing Countries
- A Roadmap for the Uptake of Cyber-Physical Systems for Facilities Management
- A Maintenance Management Framework for Municipal Buildings in Developing Economies
- 35 Journal Articles on Construction, Digitalisation, and Construction Employability
- Article on Construction Health and Safety

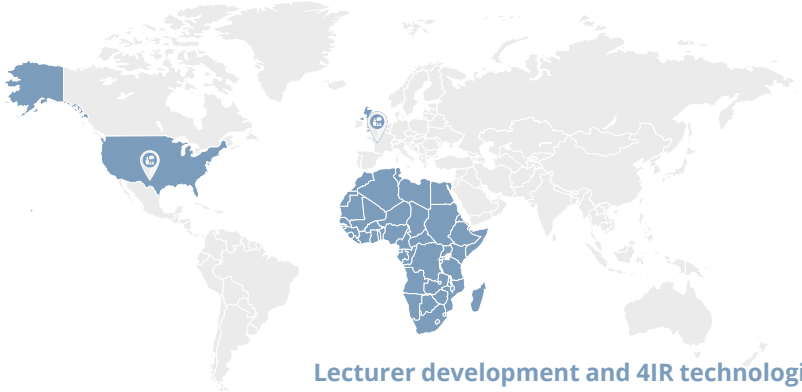
BRICS FUTURE SKILLS CHALLENGE

- SA hosted 100s of young people from BRICS countries for challenge
- Competitors pitched solutions to a 'Lions Den' of expert judges
- SA obtained bronze, silver and gold medals in various categories

Student Output Through University of Johannesburg Centres of Excellence

- **52** Honours graduates
- **12** Completed PhDs
- **3** Post-doctoral fellows retained

International Developmental Partnerships



Lecturer development and 4IR technologies



PART D

MONITORING INDUSTRY PERFORMANCE

PART D: MONITORING INDUSTRY PERFORMANCE

The impact of the economy on the construction industry

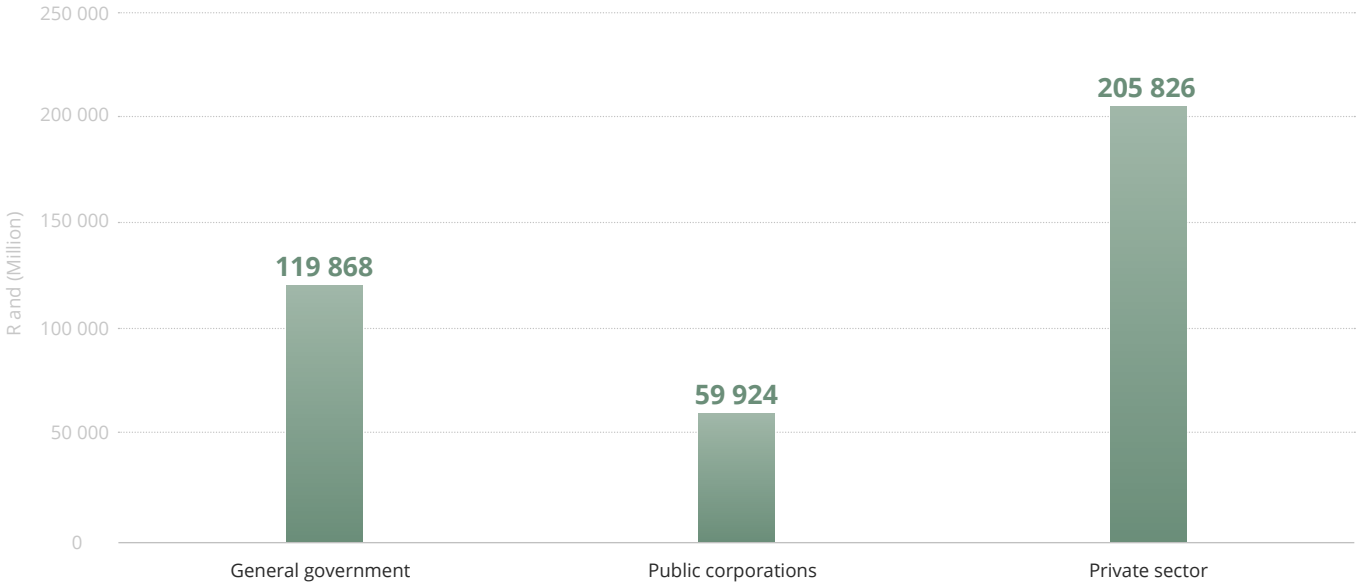
In alignment with the NPD, SA aims to increase public sector infrastructure spending to 10% of GDP by 2030. However, recent years have shown a decline in such spending, with an average of only 5,4% of GDP allocated to public sector infrastructure investment between 2012 and 2022.

Additionally, the construction sector struggles to regain its pre-COVID momentum. The private sector, a major contributor to the building sector, faces challenges due to high interest rates, discouraging building investments, and hampering sectoral growth. Moreover, the underspending of infrastructure budgets and limited resources further hinder public sector investment in infrastructure. These factors compound the hurdles faced by South Africa in achieving its infrastructure development goals, posing significant barriers to economic progress and societal advancement.

An analysis of Gross Fixed Capital Formation in Construction (GFCFC) in current prices (i.e., not adjusted for inflation) for the year 2023 is shown below, which includes investment by the general Government, public corporations, and the private sector in the following:

- Construction works
- Non-residential buildings
- Residential buildings

Figure 3: Gross fixed capital formation, 2023 (R million)



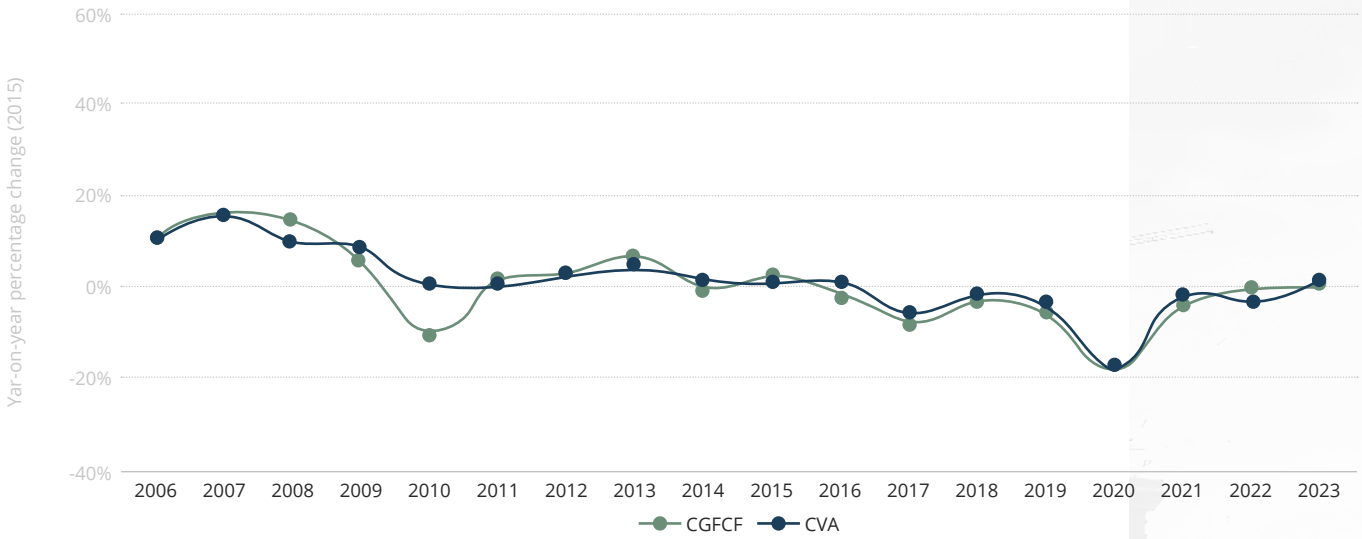
1 Industry Insight (2024). Pulse – Gross Fixed Capital Formation 2023. www.industryinsight.co.za.

2 SARB (2024). Quarterly Bulletin March 2024. www.resbank.co.za.

The construction sector now accounts for around 2% of gross domestic product, which is a decline from the 4% that it used to contribute. Its contribution is relatively small and has been shrinking and it is now the second smallest industry in relation to its contribution to GDP.

In 2023, the value added by the construction industry to South Africa's gross domestic product amounted to around R110 billion (real prices), with a year-on-year increase of 0,6%. The sector is still performing below its pre-COVID performance levels. According to StatsSA, the output of the construction sector was impacted by the decreased activity in non-residential and construction works. This can also be seen from the analysis in the figure below.

Figure 4: Construction – value added



Municipal capital spending

Capital spending refers to acquiring, maintaining, or improving fixed assets such as buildings, equipment, and infrastructure.

The table below indicates the performance of municipalities on capital spending. Note, that at the end of the 2022/23 municipal financial year, the total underspending of municipalities increased to around R20 billion. In the 2022/23 Financial Year, most of the municipalities had difficulties spending their capital budgets; 210 out of 257 municipalities spent less than 40% of their budgets.

There was a slight reduction of approximately 5% in the number of municipalities that had difficulties spending their infrastructure budgets as compared to the previous reporting period.

According to the National Treasury's analysis of public sector infrastructure spending, the following may be contributors to municipalities' infrastructure underspend:

- A lack of planning
- Supply chain issues
- The impact of lockdown restrictions



Table 6: Performance of municipal capital spending

Indicator	2020/21	2021/22	2022/23
Budgeted capital expenditure (Rm)	69 255	67 249	71 887
Actual capital expenditure (Rm)	55 622	47 529	51 851
Underspending (Rm)	-13 634	-19 719	-20 036
Actual capital expenditure as a % of budgeted capital expenditure	80%	71%	72%
Number of metros, municipalities, and district municipalities	257	257	257
Those spending less than budget			
Less than 100%	256	254	254
Less than 80%	256	253	254
Less than 60%	252	246	246
Less than 40%	242	226	210
Those spending more than budget			
More than 100%	1	3	3
More than 150%	-	2	2
Those spending between 40% and 150%			
Between 40% and 60%	10	20	36
Between 60% and 80%	4	7	8
Between 80% and 100%	-	1	-
Between 100% and 150%	1	1	1
Between 150% and above	-	2	2

Public sector infrastructure spending

According to National Treasury, 'infrastructure' is broadly defined as the inclusion of spending on new assets; replacements; maintenance and repairs; upgrades and additions; and rehabilitation, renovation and refurbishment of assets. Capital and interest payments are also included in the definition. This type of spending is often considered a subset of capital expenditure.

State-owned companies and public entities together account for 40% of the total public infrastructure budget. Municipalities and provincial departments contribute 25% and 26%, respectively, while national departments and public-private partnerships combined, account for 10%.

According to National Treasury figures, underspending has improved since the 2020/21 fiscal year. Total infrastructure spending remained relatively stable during the 2021/22 and 2022/23 fiscal years. Comparing these two fiscal years, provincial and national departments had the most significant underspending, with R7 billion and R4,2 billion, respectively.



There was also a year-on-year increase of 12% in total infrastructure expenditure. Public entities and state-owned companies experienced the largest increases, at 33% and 27%, respectively. State-owned companies made the largest contribution to public infrastructure expenditure, spending 95% (around R67,9 billion) of their budget and contributing approximately 28% to the total public infrastructure expenditure.

Table 7: Public infrastructure budget and expenditure

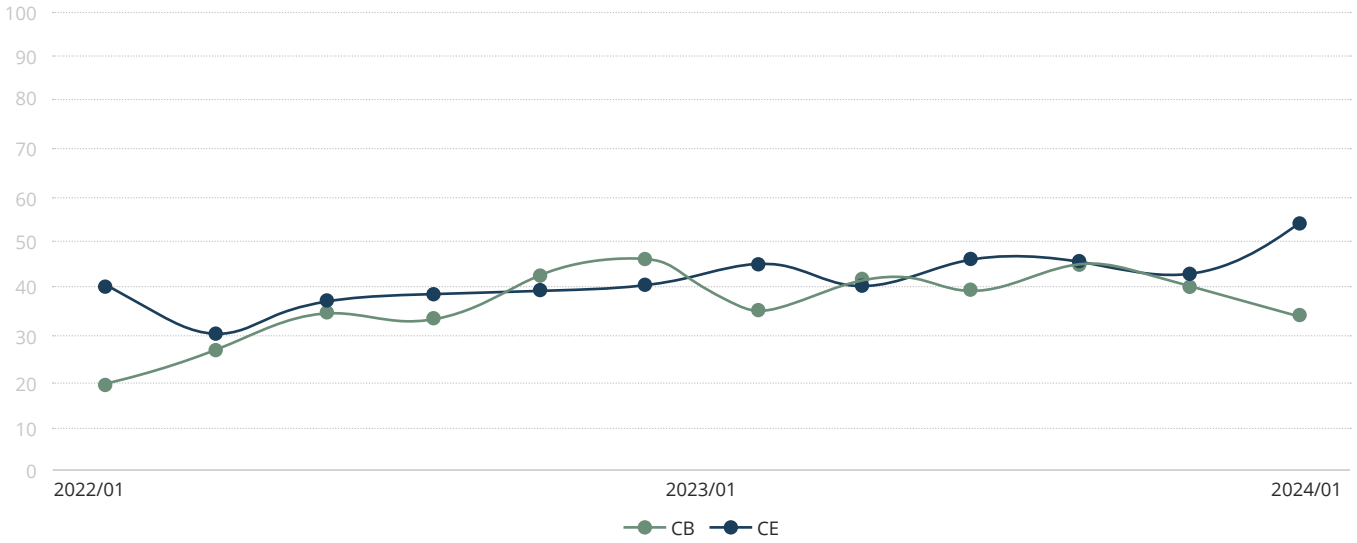
	R billion		Contribution		Expenditure (%)		
	2022/2023	2022/23	2022/23	2022/23	% Expenditure in 2020/2021	% Expenditure in 2021/2022	% Expenditure in 2022/23
Entities	**Budget**	**Expenditure**	**Budget**	**Expenditure**			
National departments	17,4	13,2	7%	6%	90%	87%	76%
Provincial departments	67,1	60,1	26%	25%	82%	96%	90%
Local government	62,8	64,7	25%	27%	88%	100%	103%
Public entities	29,5	26,8	12%	11%	48%	94%	91%
Public-private partnerships	7,1	6,0	3%	3%	74%	96%	85%
State-owned companies	71,3	67,9	28%	28%	81%	91%	95%
Total	**255,2**	**238,7**	**100%**	**100%**	**81%**	**95%**	**94%**

Source (National Treasury – own calculations)

Business conditions

Perceptions of business confidence in Grades 3 to 8 cidb-registered contractors, are depicted in the figure below.

Figure 5: Business confidence in Grades 3 to 8 contractors



Headline confidence ticked up despite a slight deterioration in activity. Two of the four measured constraints to business activity eased, which likely countered the effects of lower activity on the business mood. The only constraint to intensify was the inadequate supply of building materials.

Sentiment among General Building (GB) contractors decreased to 34, while the business confidence of Civil Engineering (CE) contractors rose by nine points to register a level of 51. Comparing activity growth between the two groups, CE is faring better than GB. In the last two quarters, the activity index for CE registered levels was last seen in 2014.

Looking at the provincial breakdown, KwaZulu-Natal and Gauteng reported the highest confidence. Meanwhile, activity in the Western Cape continues to outpace the other regions. Indeed, their activity index has been the highest for three consecutive quarters.

Transformation of the contracting sector

The cidb Construction Monitor assesses transformation of the construction industry, with a focus on consulting engineers (or professional service providers) and contractors. It draws largely on information obtained from the RoC, RoP, and CESA.

The information provided in this Annual Report focuses on data collated up to Quarter 4 of 2023.

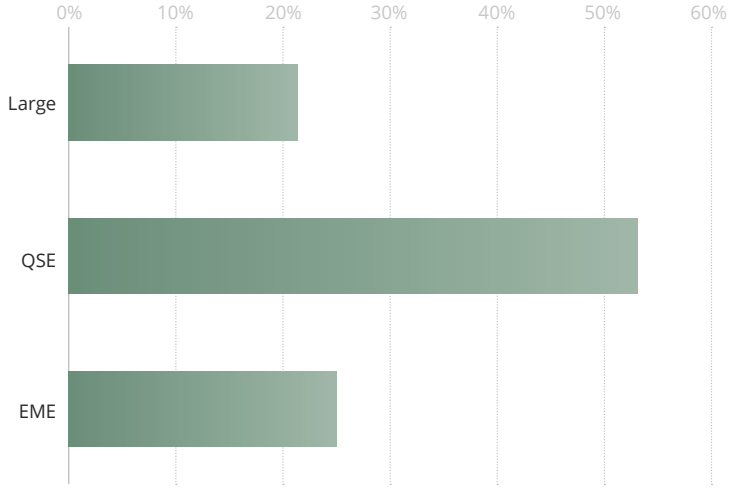
Black ownership - Professionals

An assessment of data obtained from Consulting Engineers South Africa (CESA), membership as of January 2024 shows the percentage of companies that comply with the requirements of the Broad-Based Black Economic Empowerment (B-BBEE) codes for the built environment, as set in the Construction Sector Codes.

The information provided in the table to the right lists the distribution of CESA members according to the size of the companies and how they rate in terms of B-BBEE compliance. The black ownership of over 50% of Exempted Micro Enterprises (with an annual turnover of less than R6 million) is 25%. This is one percent lower than that of the previous reporting period. The Qualifying Small Enterprises (with an annual turnover between R6 million and R25 million) has increased from 42% in January 2023 to 53% in the period under review. The number of Large Enterprises (with an annual turnover greater than R25 million) has decreased from 32% from the previous report to 21% in January 2024.

Table 8: Black ownership statistics (Source: CESA Membership Database, www.cesa.co.za, January 2024

Black ownership: January 2024	
Size	**%**
Large	21%
QSE	53%
EME	25%
Total	**100%**

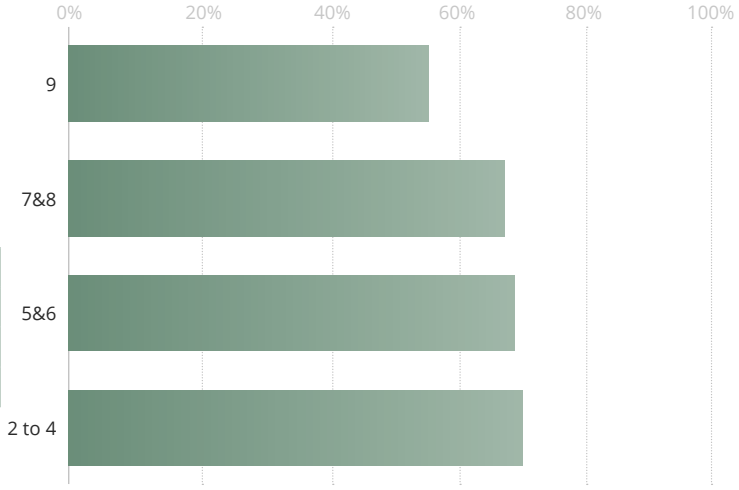


Black ownership – cidb-registered contractors

Details of black ownership of cidb-registered contractor enterprises are provided in the table below on the basis of 'ownership control 51% or more'. The grade listed in the table corresponds to the highest grade for an enterprise across all registrations for the enterprise.

Table 9: Highest grades across all registrations

Supply: Black ownership active Grades 2 to 9 as at 2023/2024; South Africa			
Grade	**Total Number**	**Black 51% + Number**	**Black 51% + (%)**
9	318	176	55%
7&8	2 706	1816	67%
5&6	10 890	7 588	70%
Total	**13 914**	**9 580**	**69%**



This assessment reveals that the level of transformation decreases as the cidb grade (size of the company) increases, particularly in terms of ownership of 51% and above. Black-owned contractors in Grade 9 comprised 55% in the fourth quarter of 2023.

It is important to note that Grade 9 contractor enterprises include publicly listed companies and wholly owned subsidiaries, where black ownership, aside from directors, is excluded. The impact of excluding publicly listed and international companies on the profile is small. Black ownership in Grades 2 to 8 is above 80% on the RoC.

Women ownership – cidb-registered contractors

Details of women ownership (51% or more) of cidb-registered contractor enterprises are provided in the table below. The grade listed in the table corresponds to the highest grade for an enterprise across all the registrations for the enterprise.

From the assessment below, it is seen that the level of transformation decreases as the cidb grade (size of company) increases – but change with grade is not as pronounced as is observed for black ownership. Specifically, for ownership of 51% and above, it is seen that women ownership amounts to around 30% of all contracting enterprises. It appears that there was no remarkable change in the percentage of women ownership to that of the previous reporting period.

Table 10: Transformation based on women-owned construction companies

Supply: Women ownership active Grades 2 to 9 as at 2023/2024; South Africa			
Grade	**Total Number**	**Women 51% + Number**	**Women 51% + (%)**
9	318	79	25%
7&8	2 706	615	23%
5&6	4 334	1145	26%
2 to 4	10 890	3 187	29%
Total	**18 248**	**5 026**	**26%**



The history profiles of women ownership of 51% and above for contracting enterprises, show an average of 25% in the fourth quarter of 2023. Women-owned contractors are least represented in Grade 9. In contrast, women ownership in Grades 2 to 6 ranges from 23% to 29%.

The cidb has embarked on initiatives that will help increase women ownership in future years. These initiatives include the development of a targeted development policy and the construction management systems training focused on upskilling 250 female-owned construction companies from Grades 5 to 8 in the General Building (GB) and Civil Engineering (CE) categories.

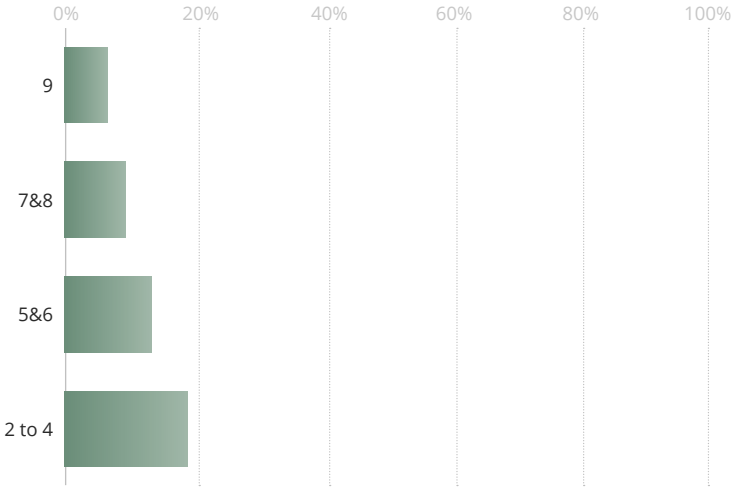


Youth ownership – cidb-registered contractors

The third and final targeted group in terms of transformation is youth-owned contractors of cidb-registered contractor enterprises. The table below details ownership control of 51% or more.

Table 11: Transformation based on youth-owned construction companies

Supply: Youth ownership active Grades 2 to 9 as at 2023/2024; South Africa			
Grade	**Total Number**	**Youth 51% + Number**	**Youth 51% + (%)**
9	318	21	7%
7&8	2 706	269	10%
5&6	4 334	581	13%
2 to 4	10 890	2 060	19%
Total	**18 248**	**2 931**	**12%**



The grade listed in the table and graph above corresponds to the highest grade for an enterprise across all the registrations for the enterprise.

From the assessment above, it is seen that the level of transformation decreases as the cidb grade (size of company) increases – but change with grade is not as pronounced as is observed for youth ownership. Specifically, for ownership of 51% and above, it is seen that youth ownership remains at around 12% in the fourth quarter of 2023 in Grades 2 to 9.





PART E
STAKEHOLDER ENGAGEMENT

PART E: STAKEHOLDER ENGAGEMENT INDUSTRY

National Stakeholder Forum

The National Stakeholder Forum (NSF) provides a platform for stakeholders to review the state of the construction industry and engage the cidb and the Minister of DPWI on constraints to industry progress and development. It is a mandatory forum established in terms of the CIDB Act 38 of 2000.

The NSF brings together diverse role players in the construction industry, enriching dialogue among its members and the quality of recommendations to the cidb and the Minister.

In 2023, the Forum was reconstituted, introducing new members to serve two years from 2023 to 2025. The new Forum was inducted in October 2023 and kick-started its tenure with core meetings in November and December 2023.

Key issues emerging from the deliberations included the following:

- The role of social facilitation in curbing the scourge of extortion and construction site invasions
- The state of enterprise mentorship in the industry and the implications of the Procurement Bill for the construction industry
- The quality of training and training outputs, as well as the role of the various regulatory bodies in streamlining skills development
- The use and abuse of emergency procurement and panels in construction procurement and accountability of clients and consultants in project successes or failures

The NSF will spend the next two years examining these issues to make appropriate and meaningful recommendations to the Minister and the cidb.

The cidb reached out to provincial stakeholders in 2023 to expand the scope of conversations taking place in the NSF and to ensure that the provincial perspective is also heard. The Provincial Stakeholder Liaison Meetings (PSLMs) were primarily held with contractors and infrastructure clients in each province to facilitate focused engagements with the Board and the cidb, tailored to the needs and priorities of each stakeholder group. The outreach proved valuable.

The cidb shared its plans and vision for advancing industry development through the B.U.I.L.D Programme as a vehicle and highlighted the crucial role that clients, large contractors, and professional service providers must play in achieving the programme's goals. The B.U.I.L.D Programme was welcomed by stakeholders as a bold step in the right direction to develop the industry.

B.U.I.L.D. the way towards a future construction sector

On 5 March 2024, the cidb launched the B.U.I.L.D Programme in Pretoria, Gauteng, in a ceremony led by the previous Deputy Minister of the DPWI, Ms Bernice Swarts. This was a culmination of extensive work begun in 2020 to roll out the programme following publication of Government Gazette 43726 of 18 September 2020, mandating its implementation.

The launch showcased strides made in the short period of the B.U.I.L.D Programme's implementation to support industry development. These include capacitating women-owned contractors to adopt CMSs for enterprise sustainability, skills development programmes for youth, and academic support rendered to universities.

The B.U.I.L.D. Programme is a major step forward in creating development opportunities for people and enterprises in the construction sector and enabling emerging contractors to grow their businesses. Investment in infrastructure is a prominent feature of the economy and B.U.I.L.D. will ensure that social development goals are achieved through construction tenders issued by Government.

The programme will contribute meaningfully to national priorities such as skills development, enterprise development, job creation, and a healthier and safer construction sector. It also gives the green light to national departments and public entities to build social development goals into infrastructure projects above R20 million, when calling for tenders.

The B.U.I.L.D Programme also establishes a national fund to support development initiatives aimed at increasing delivery capacity in construction. Contractors awarded projects valued at over R20 million will be required to contribute at least 5% of the project value towards developing people and enterprises. This fund will contribute to uplifting the entire construction industry through investments in skills development and the wider participation of emerging contractors, including women and the youth.

It is envisioned that the programme will help to rebuild the construction sector inclusively, ensuring higher levels of participation by emerging contractors into the major projects that flow from Government's investments in infrastructure. It provides a clear framework for the private sector to ensure their participation in infrastructure projects contributes to the broader national priorities.

Through B.U.I.L.D, the cidb can address some of the fundamental stumbling blocks that inhibit the meaningful participation of small and emerging entrepreneurs. Their potential is often stifled by a lack of access to finance and credit as well as a shortage of opportunities for vocational and management training. Government has a primary role in removing these obstacles through its procurement processes and dedicated delivery programmes designed to support the participation of emerging contractors.

The programme sets prescribed minimum standards for project contributions to social development and introduces standard measurements of reporting and accountability for the public and private sector clients.

The cidb will collect the individual project contributions towards the B.U.I.L.D. Fund and act as the implementing agency for the allocation of money to the development initiatives that will be supported. Clients must register their contracts and report their contributions to the fund through the cidb's Register of Projects.

> LET'S ALL BE OPEN TO THIS NEW AND EXCITING PROGRAMME AS WE STAND TO BENEFIT IN THE SUSTAINABILITY OF OUR BUSINESSES AND QUALITY DELIVERY OF ALL OUR PROJECTS. IT IS HERE TO ASSIST US AS SMMEs.
>
> Ziyanda Binqela (VP Electrical Contractors) a beneficiary of CMS training funded by the B.U.I.L.D Programme, speaking at the B.U.I.L.D launch in March 2024.

ERWIC awards and conference

The cidb's premium event to celebrate women in construction, the cidb ERWIC Awards, took place on 24 August 2023, in Johannesburg, Gauteng. Through these awards, the cidb raises awareness around gender transformation in construction where women remain significantly under-represented across the various sectors and levels of the industry.

Statistics of women-owned companies on the RoC alone, highlight the abject under-representation of women in construction at all levels, particularly in the higher cidb Grades 7 to 9, and the picture is not much different for women's participation in the built environment professions.

The ERWIC Awards challenge gender stereotypes by showcasing outstanding achievements of women in the industry, encourage role modelling, and calling for stakeholder commitment to actively support and invest in gender empowerment.

Former Minister Sihle Zikalala conferred excellence awards to women in 15 categories at the 2023 event.

The ERWIC Awards play a vital role in spotlighting excellence among women in construction. Beyond recognition, it is essential to support the sustainability of these rising stars and performers. The industry must remain engaged in their ongoing development, while successive winners of the awards must continue to own and drive their empowerment journey.

In 2020, the first cohort of ERWIC winners collaborated with the cidb and the DPWI to create a network of award winners of fostering continuous development of women who are embracing performance excellence in their businesses. Another objective of the network is to mobilise stakeholder resources and training support, as well as advocate for targeted work opportunities for women.

In August 2023, the network convened its first fully-fledged conference on enterprise development. Former MEC Lebogang Maile of the Gauteng Department of Infrastructure Development addressed the conference on targeted procurement within his Department, commitment to gender empowerment, and partnering with women contractors in the reliable delivery of infrastructure.





Driving youth skills development through support of WorldSkills competition

WorldSkills International is a global organisation that promotes skills excellence among young people. Today, more than 60 countries/regions are WorldSkills members, and membership is growing steadily.

The WorldSkills organisations are in a unique position to foster skills development. Thousands of young people participate in national, regional and international competitions that generate enthusiastic interest among many stakeholders, including competitors, teachers, employers and governments. WorldSkills also offers opportunities for benchmarking skills, exchanging experiences and joining forces to develop skills, effective teaching practice and strong training systems.

The WorldSkills global network is a hub for developing vocational education and training. Quality training outcomes create opportunities for young people – opportunities that bring recognition and status, and ensure skills development that aligns with workplace demands. The experiences and dreams of the WorldSkills competitors make powerful stories that inspire others to choose skills education as the foundation for a fulfilling future.

The cidb was the proud sponsor of the 5th WorldSkills South Africa National Competition 2024 which concluded in Durban in February 2024. Over 200 young people showcased their vocational skills in 22 categories.

WorldSkills South Africa has biennial national competitions where students from Technical Vocational Education and Training (TVET) colleges and universities of technology compete in various artisan trades.

The cidb is passionate about transformation and youth skills development in the construction industry and proudly supported this year's bricklaying competitors.

Participants had to complete two test projects in 18 hours. Congratulations to all the winners who will represent South Africa at the WorldSkills Lyon 2024 International competition in France from 10 to 15 September 2024.











PART F
INTERNAL CAPACITY

PART F: INTERNAL CAPACITY

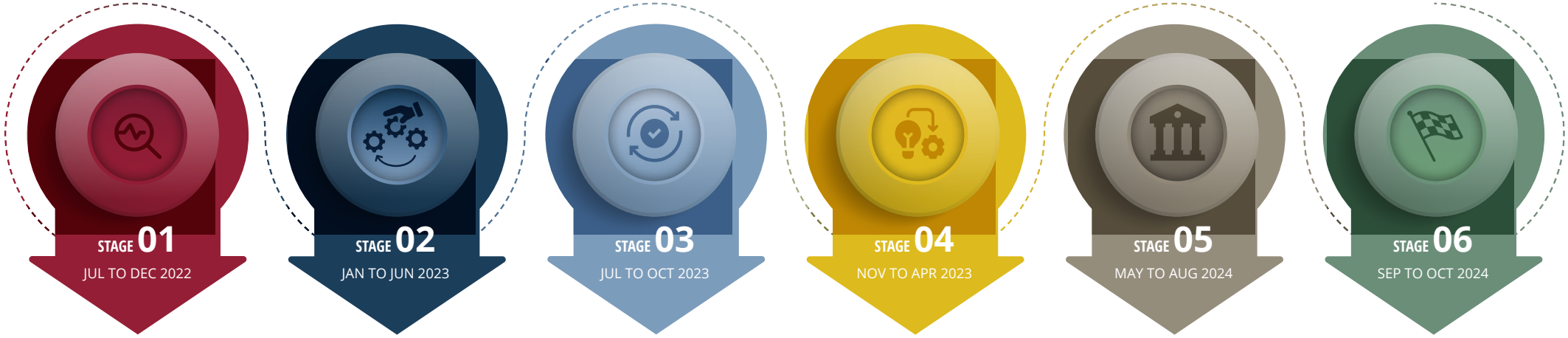
Organisational Culture Improvement Programme

The cidb has embarked on a comprehensive initiative to align the organisation's culture with its strategic objectives to foster an inclusive, performance-driven, and collaborative work environment. Significant progress has been made, marked by increased employee participation and engagement.

The Organisational Culture Improvement Programme is a two-year intervention that will conclude on 31 October 2024. Beyond October 2024, the cidb will maintain and strengthen the gains made through the programme. The project scope and deliverables were clearly defined and implemented in phases, with diagnostics conducted before and after the improvement interventions. The project is closely linked with leadership and management development, employee development, organisational values, and performance management.

Phases of the Organisational Culture Improvement Programme

The project implementation plan has phases such as inception, planning and development, employee engagement surveys, and internalisation of interventions. At the close of the financial period, the project was between stage 4 and stage 5 which involves institutionalisation of culture change interventions.



Culture strategy and roadmap. Culture diagnoses

Culture change intervention

Measure effectiveness of culture change intervention

Implement refined culture change interventions

Institutionalise culture change interventions

Project close-out

STAGE 01

First survey in October 2022 identified following areas of improvement:

- Leadership
- Management
- Vision and Mission
- Recognition and Rewards
- Team Cohesion
- Information Sharing
- Policies and Procedures
- Training and Development
- Customer Services
- Diversity Management

Various interventions were implemented to address these areas

STAGE 02

January to June 2023 –
CULTURE CHANGE INTERVENTIONS

STAGE 03

July to October 2023 –
MEASURE EFFECTIVENESS OF CULTURE CHANGE INTERVENTIONS

SECOND ASSESSMENT IN OCTOBER 2023 HIGHLIGHTED IMPROVEMENT IN:
Information sharing; Customer service; Talent management; Policy awareness
BUT, still room for improvement in:
Mission internalisation; Leadership visibility; Team cohesion; Reward and recognition

STAGE 04

November 2023 to April 2024 –
IMPLEMENT REFINED CULTURE CHANGE INTERVENTIONS

STAGE 05

May to August 2024 –
INSTITUTIONALISE CULTURE CHANGE INTERVENTIONS

STAGE 06

September to October 2024 –
PROJECT CLOSEOUT

Notable milestones achieved during this journey

Leadership visibility

The cidb Board and management successfully conducted visits to all provincial offices to engage stakeholders on matters affecting the development of the construction industry and the support that the cidb may provide. Furthermore, the Board and management also engaged staff members in the provincial offices to foster trust, engagement, and open communication and to create a positive and supportive work environment that drives organisational success and employee satisfaction.

Values, vision, and mission

Organisational values were prominently displayed, and themed email banners were used to reinforce values. A competition that focused on cidb values was conducted and winners were selected for prize giving. The focus was on helping employees grasp, embrace and live the cidb values.

Leadership development programmes

Leadership development and advanced management programmes, as well as performance management training, were initiated. These measures sought to enhance leadership capabilities and improve management practices. This further boosted employee morale and incentivised positive behaviour.

Reward and recognition

Employee recognition programmes were introduced to celebrate the achievement and milestone reached by the managers. In addition, employees who successfully completed their studies through the organisation's bursary scheme were celebrated.

Information sharing

The use of modern technology platforms enabled the cidb to share regular and engaging content on a variety of subjects of relevance to staff. Details on cidb programmes and upcoming events are just two examples of the type of information shared.

HR policies and procedures

Policy enhancement was identified as key to create, maintain and sustain the gains achieved. Workshops on core approved policies, such as performance management, fraud prevention, elimination of harassment in the workplace, conditions of service and remuneration, were conducted to create alignment with the culture improvement process.

Development of Performance Management Policy

The development of a Performance Management Policy was accompanied by a change management framework that outlines the strategic approach and detailed implementation plan. It ensures that the transition to the new Performance Management Framework is managed in a structured and efficient manner.

Employee wellness progress

A series of employee wellness interventions were conducted to highlight the commitment of management to the wellbeing of employees. These included financial advice and health-care services. The process was spearheaded by the CEO and his executive team as it was recognised that leadership should be at the forefront of the culture improvement programme.

LOOKING AHEAD

To sustain the gains made and address remaining challenges, the focus will be on continued leadership engagement, behaviour change definitions, root cause analysis, work adjustment, and consistent leadership accountability.

Key pillars in institutionalisation of organisational culture interventions

- The development of a change management framework to support the implementation of the Performance Management Policy
- Expansion on cidb values to help employees internalise them in the context of the cidb
- Recognition and reward for employees who are embracing and living the cidb values
- The role of staff as strategic partners in driving culture change
- Bringing purpose and organisational values to life
- Alignment of policies and procedures
- Capacitation of employees to acquire skills needed
- Use of metrics to measure workplace culture



Members of the cidb Board visited the provinces to better understand stakeholder issues at a provincial level and to engage cidb staff.





cidb managers were put through their paces on the Leadership Development Programme.



Graduates of the cidb bursary programme celebrated the successful completion of various courses of study.



cidb management engaged with labour representatives in the development of cidb policies.

Human Resources

The cidb's Human Resources (HR) strategy seeks to:

a) Attract the right talent in the right place at the right time to enable transformation and growth strategy.
b) Ensure that the organisational structure is effectively managed to enable the implementation of the organisation's strategy.
c) Create a leadership culture that enables an innovative and growing organisation.
d) Manage talent through performance and succession management; market-related remuneration and rewards strategies; and continuous learning and development to drive organisational objectives.
e) Enable a high-performing organisation by creating an environment of learning and self-development.
f) Ensure good corporate governance, by implementing advanced policies and procedures in line with the changing world of work.
g) Create a caring organisation that enables effective communication and work-life balance.

Human resources highlights

The following was achieved in the period under review:

The cidb introduced and rolled out an integrated and digitalised HR system that simplified its process and practices.

A total of 19 vacant positions were filled to ensure operational efficiency and effectiveness.

Organisational policies were revised and aligned to the latest legislative amendments, where applicable.

All employees participated in workshops to enhance the performance management process and identify areas of improvement.

A total of 15 managers were enrolled in the leadership development programme and completed the training. The training is aimed at improving management skills.

Priority was given to enhancing the critical skills of individuals and teams across the organisation, with a focus on training interventions aligned to current and future business goals. Employee development remains a priority of the cidb and the bursary scheme continues to provide study support of formal qualifications to employees. Executive Coaching was implemented for the five executives during the review period. As part of driving a performance-driven culture, Performance Management training was rolled out for all employees and 155 employees were trained. Bursary funding was provided to 31 employees at a cost of R743 436,10, and 14 employees completed their qualifications and graduated.

It remains cidb's goal to ensure proper representation in its workforce. The Employment Equity Plan seeks to ensure that there is an inclusive and diverse workforce in line with cidb's employment equity targets.

Engagements between management and labour representatives improved.

Human resources statistics

Table 12: Personnel costs by occupational level

Occupational levels	Personnel expenditure	% of total personnel cost	Number of employees	Average personnel cost per employee
Top management	R 13 444 311,67	11%	5	R 2 688 862,33
Senior management	R 25 569 330,33	20%	16	R1 504 078,25
Professional, specialised, and middle management	R 25 151 404,07	20%	23	R1 093 539,31
Skilled technical, junior management, supervisory	R 29 010 390,70	23%	44	R 659 327,06
Semi-skilled	R 24 353 023,05	19%	53	R 459 491,00
Unskilled	R 9 654 266,81	7%	30	R 321 808,89
Grand Total	**R 127 182 726,63**		**171**	

Percentages are rounded off to nearest decimal

Table 13: Total number of employees (including employees with disabilities) in each occupational category as of 31 March 2024

	Male				Female				Foreign National		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	3	0	0	0	2	0	0	0	0	0	**5**
Senior management	6	1	1	0	5	0	0	1			**14**
Professionally qualified and experienced specialists and middle-management	12	0	2	0	8	0	0	0	0	0	**22**
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	14	0	0	0	22	1	0	2	0	0	**39**
Semi-skilled and discretionary decision-making	15	0	0	0	35	2	1	0	0	0	**53**
Unskilled and defined decision-making	5	0	0	1	20	1	0	0	0	0	**27**
Total	**55**	**1**	**3**	**1**	**92**	**4**	**1**	**3**	**0**	**0**	160

Table 14: Total number of employees with disabilities as of 31 March 2024

	Male				Female				Foreign National		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0	0	0	0	0	0	0	0	0	0	**0**
Senior management	0	0	0	0	0	0	0	0	0	0	**0**
Professionally qualified and experienced specialists and middle-management	0	0	0	0	0	0	0	0	0	0	**0**
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	0	0	0	0	1	0	0	0	0	0	**0**
Semi-skilled and discretionary decision-making	0	0	0	0	1	0	0	0	0	0	**0**
Unskilled and defined decision-making	1	0	0	0	0	0	0	0	0	0	**0**
Total	**1**	**0**	**0**	**0**	**2**	**0**	**0**	**0**	**0**	**0**	**3**

Table 15: Employment and vacancies per occupational category

cidb equivalent occupational category	Number of posts	Number of posts filled	Number of vacant posts	Vacancy rate (%) Number of vacant posts/ number of posts x100
Unskilled and defined decision-making (Paterson B)	28	27	1	6.25%
Semi-skilled and discretionary decision-making (Paterson C1 - C2)	56	53	3	18.75%
Skilled technical and academically qualified (Paterson C3 - C-upper)	45	39	6	37.5%
Professionally qualified (Paterson D1 - D3)	27	22	5	31.25%
Senior management (Paterson D-upper)	15	14	1	6.25%
Top management (Paterson E)	5	5	0	0%

Table 16: Recruitment (new recruits), 1 April 2023 to 31 March 2024

	Male				Female				Foreign National		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0	0	0	0	0	0	0	0	0	0	**0**
Senior management	1	0	0	0	0	0	0	0	0	0	**1**
Professionally qualified and experienced specialists and middle-management	0	0	0	0	3	0	0	0	0	0	**3**
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	1	0	0	0	1	1	0	0	0	0	**3**
Semi-skilled and discretionary decision-making	0	0	0	0	0	0	0	0	0	0	**0**
Unskilled and defined decision-making	0	0	0	0	1	0	0	0	0	0	**1**
Total	**2**	**0**	**0**	**0**	**5**	**1**	**0**	**0**	**0**	**0**	**8**

Table 17: Promotions / internal advancements

	Male				Female				Foreign National		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0	0	0	0	0	0	0	0	0	0	**0**
Senior management	2	0	0	0	0	0	0	0	0	0	**2**
Professionally qualified and experienced specialists and middle-management	1	0	1	0	2	0	0	0	0	0	**4**
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	1	0	0	0	2	0	0	0	0	0	**3**
Semi-skilled and discretionary decision-making	0	0	0	0	1	0	0	0	0	0	**1**
Unskilled and defined decision-making	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total	**4**	**0**	**1**	**0**	**5**	**0**	**0**	**0**	**0**	**0**	**10**

Employee exits

Table 18: Exits by race, gender, and occupational category (including people living with disabilities), 1 April 2023 to 31 March 2024

	Male				Female				Foreign National		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0	0	0	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	0	0	1	0	0	0	1
Professionally qualified and experienced specialists and middle-management	2	0	0	0	1	0	0	0	0	0	3
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	1	0	0	0	1	0	0	0	0	0	2
Semi-skilled and discretionary decision-making	1	0	0	0	1	0	0	1	0	0	3
Unskilled and defined decision-making	0	0	0	0	1	1	0	0	0	0	2
Total	**4**	**0**	**0**	**0**	**4**	**1**	**1**	**1**	**0**	**0**	**11**

Table 19: Reasons why staff left the organisation, 1 April 2023 to 31 March 2024

Termination type	Number of terminations	% of total terminations	% turnover rate
Death	2	18%	1%
Resignation	7	64%	4%
Expiry of contract	1	9%	0.63%
Retrenchment: operational requirements	0	0%	0%
Dismissal: misconduct	0	0%	0%
Poor performance	0	0%	0%
Discharged due to ill health	0	0%	0%
Retirement	1	9%	0.63%
Total	**11**	**100**	**6.91%**

**Formula used: terminations / total terminations x 100 = % terminations*
**Formula used: terminations / total number of employees x100 = % turnover rate*

Skills development statistics

Skills development priorities are informed by employee development plans as outlined in employees' performance contracts. The cidb spent R1 million in implementing the executive development coaching, and an additional R1 million on development training for managers at different levels through the University of Pretoria. As part of driving a performance-driven culture, performance management training was rolled out to all employees. Bursaries, at a cost of R743 436,10, were awarded to 31 members of staff during the reporting period.

Table 20: Skills development per occupational category as of 31 March 2024

	Male				Female				Foreign National		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	3	0	0	0	2	0	0	0	0	0	**5**
Senior management	5	1	1	0	3	0	0	1			**11**
Professionally qualified and experienced specialists and middle-management	11	0	2	0	7	0	0	0	0	0	**20**
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	14	0	0	0	22	1	0	2	0	0	**39**
Semi-skilled and discretionary decision-making	15	0	0	0	35	2	1	0	0	0	**53**
Unskilled and defined decision-making	5	0	0	1	20	1	0	0	0	0	**27**
Total	**53**	**1**	**3**	**1**	**89**	**4**	**1**	**3**	**0**	**0**	**155**

Facilities management

Following the successful relocation of the cidb head office in 2023, the cidb initiated a procurement process for provincial offices in KwaZulu-Natal, Eastern Cape, and Mpumalanga provinces. This process is set to be concluded during the 2024/25 Financial Year, with the Free State provincial office earmarked for a permanent location during the same financial year. The current accommodation agreements are maintained to ensure that services are not disrupted.

With the establishment and expansion of the cidb's property portfolio, a team of professionals was appointed to ensure that procured buildings comply with all regulatory requirements through building conditions assessments, and a comprehensive, integrated maintenance plan.

In response to the national load- and water-shedding challenges, the cidb initiated the process of installing alternative sources of water and electricity. The process kickstarted at the North West and Northern Cape provincial offices, with the remaining offices to follow. The project will run into the 2024/25 Financial Year.

The various health and safety teams, as well as the Occupational Health and Safety (OHS) Committee were established, trained, and members engaged to report monthly on any findings and submit feedback to the organisation.

Information and communications technology

ICT performance

ICT achieved system uptime of 99% against a target of 97% as planned, with minor disruptions in quarters 1 and 3. Online registration (eRoC) was launched in September 2023 and enabled Grade 2 to 9 services to be available online. This has potential to reduce the application turnaround time from 21 to 14 days by reducing information capturing time that could be seven days. This is achieved by using Central Supplier Database (CSD) information instead of filling out manual application forms.

ICT governance

The cidb embarked on the COBIT maturity model assessment to help the organisation to understand the current level of IT governance maturity, identify areas for improvement, and establish a roadmap for enhancing IT governance effectiveness. Out of 69 gaps identified and tracked by the roadmap, 54 (78,3%) have been closed.

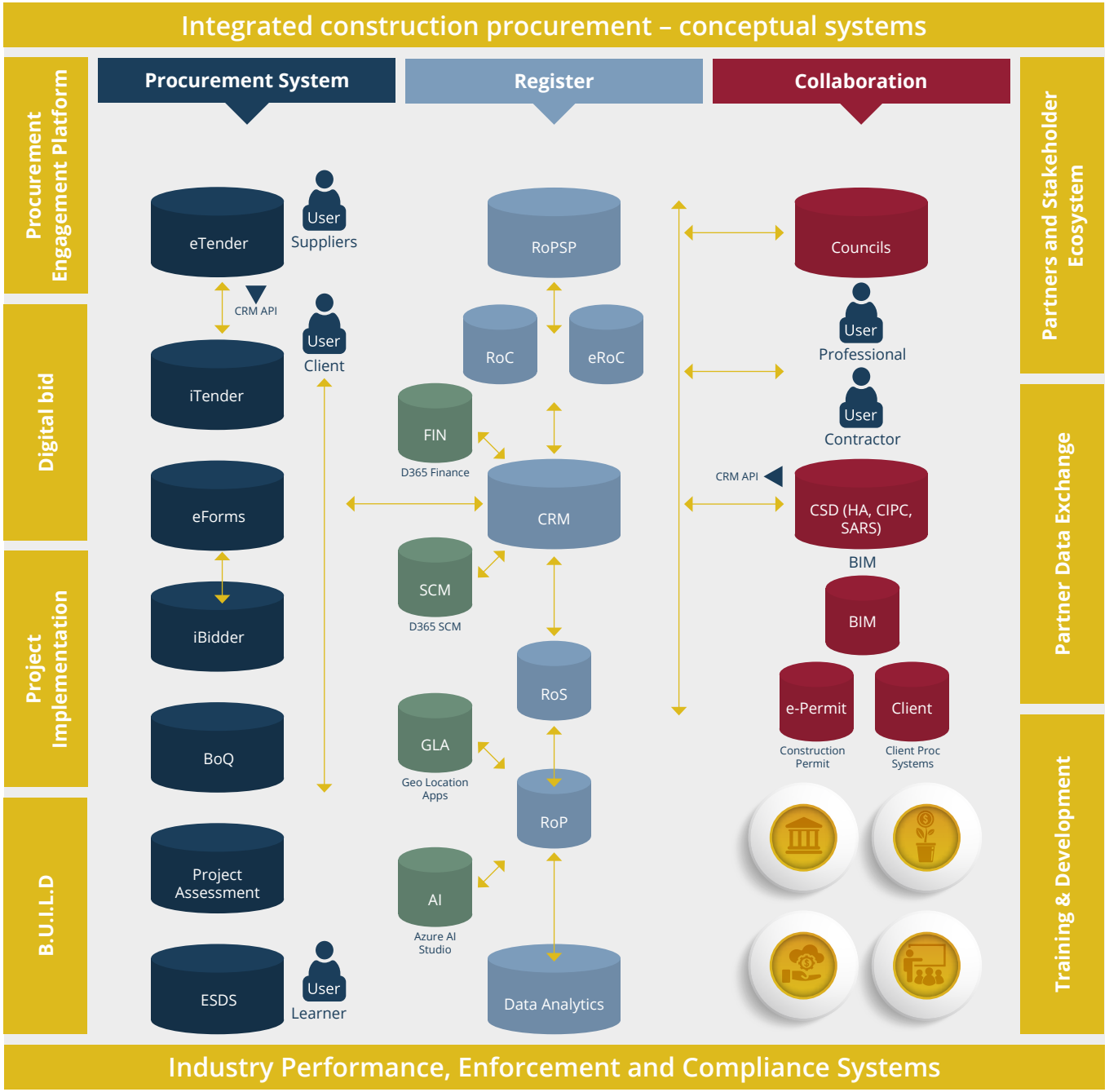
The IT steering committee, established to provide oversight of the ICT, has been meeting regularly.

Digital transformation

The Board approved the digital strategy that will assist the cidb and the industry with issues of 4IR. Digital transformation should help to ease the challenges facing the construction industry and the improvement of the cidb's performance.

The approval of the digital strategy paves a way for ICT to significantly reduce process turnaround times through the introduction of electronic registration services, elimination of manual processes, introduction of self-service channels, improvement in the view of customer information at the call centre level, development of mobile apps, improved feedback during the application process, as well as the deployment of modern application monitoring.

The image on the right shows the conceptual representation of the systems that will transform cidb services.



Matters required by National Treasury Instruction No. 4 of 2022/2023

During the year ended 31 March 2024, no irregular amounts were confirmed by the cidb management or identified by the Auditor General SA during a review of irregular expenditure transactions in line with Instruction No. 4 of 2022/2023. The cidb Board condoned an irregular expenditure balance of R 796 250.38 in the year under review.

The previous year's Irregular Expenditure movement is disclosed below:

Description	2023/2024	2022/2023
Opening balance	R 796 250,38	R 796 250,38
Add: Irregular Expenditure confirmed	-	-
Less: Irregular Expenditure condoned	R 796 250,38	-
Less: Irregular Expenditure not condoned and removed		-
Less: Irregular Expenditure recoverable	-	-
Less: Irregular Expenditure not recovered and written off	-	-
Closing balance	-	R 796 250,38

Fruitless And Wasteful Expenditure

In accordance with Instruction No. 4 of 2022/2023, no incidents of fruitless and wasteful expenditure were identified during the year.

Description	2023/2024	2022/2023
Opening balance	R 39 428,00	R 39 428,00
Add: Fruitless and Wasteful Expenditure confirmed	-	-
Less: Fruitless and wasteful expenditure written off	-	-
Less: Fruitless and wasteful expenditure recoverable	-	-
Closing balance	R 39 428,00	R 39 428,00



PART G
ANNUAL FINANCIAL STATEMENTS

CONTENTS . . .

The reports and statements set out below comprise the annual financial statements presented to the parliament:

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The annual financial statements set out on pages 63 to 105, which have been prepared on the going concern basis, were approved by the Board on 31 July 2024 and were signed on its behalf by:

Chief Executive Officer
Bongani Dladla

Board Chairperson
Khulile Nzo



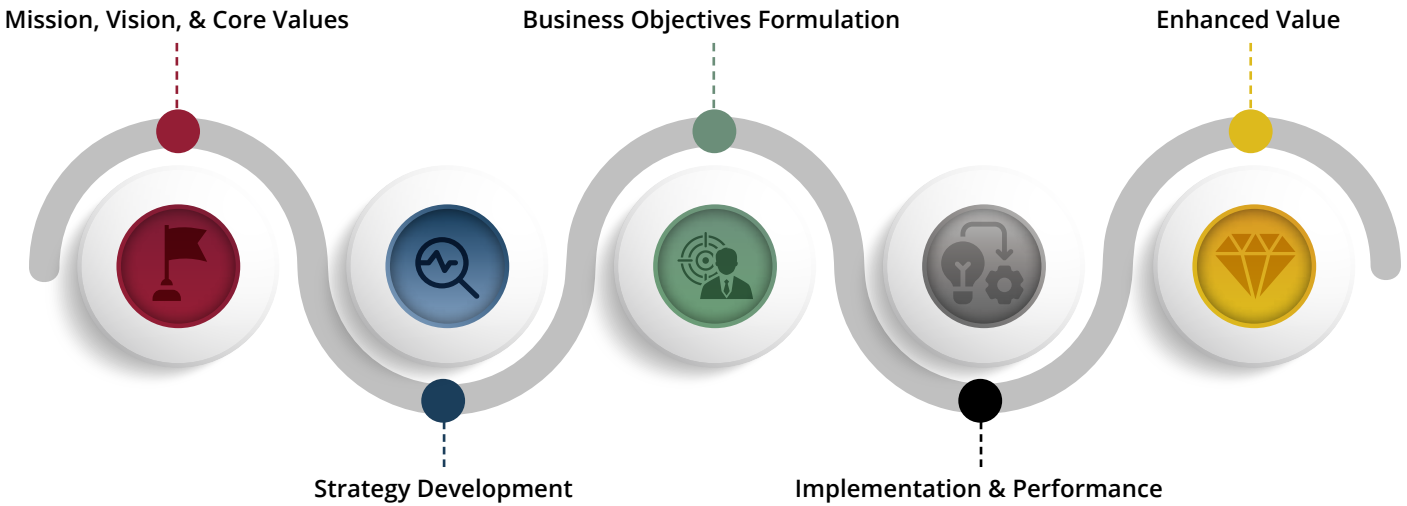
GENERAL INFORMATION

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	Regulatory body for the construction industry in South Africa
BOARD MEMBERS	Nzo K (Chairperson) Bouillon S (Deputy Chairperson) Gopane T Le Roux C Maimela K Makhanya S Masimene D Mbane Y Mokgatle B Rabosiwana B Siyila K Songelwa T Zulu B
REGISTERED OFFICE	No 1267 Gordon Hood Road Centurion 0157
BANKERS	Standard Bank of South Africa Limited Investec Limited
AUDITORS	Auditor-General South Africa
SECRETARY	Mdyesha Ndema Attorneys

Risk management

In line with the PFMA, the cidb carried out a strategic risk assessment to identify risks that could impede the achievement of its strategic objectives and goals. This led to the development of a risk register and risk-based Internal Audit Plan (IAP). For risk management, the cidb has further adopted the enterprise risk management framework developed by the Committee of Sponsoring Organisations (COSO). Below is an outline of the procedure:

Figure 6: Enterprise risk management



Governance & culture

1. Exercise Board risk oversight
2. Establishes operating structures
3. Defines desired culture
4. Demonstrates commitment to care values
5. Attracts, develops, and retain capable individuals

Strategic & objective-setting

6. Analyses business context
7. Defines risk appetite
8. Evaluates alternative strategies
9. Formulates vusiness objectives

Performance

10. Identifies risk
11. Assesses severity of risk
12. Implements risk responses
13. Develops portfolio view

Review & revision

14. Assesses substantial change
15. Reviews risk and performance
16. Pursues improvement in enterprise risk management

Information, communication, & reporting

17. Leverage information and technology
18. Communicates risk information
19. Reports on risk, culture, and performance

Risk profiles

Progress on risk management and performance against strategic goals is reported to the Board and EXCO quarterly. The top ten risks profiled as at the financial year-end are detailed below.

Table 21: Risk profiles

Strategic objectives	Risk names	Inherent risk rating	Residual risk rating	Priority
Increased black ownership and participation	Inadequate representation of black contractors in cidb Grades 7 to 9	20	15	1
Increased black ownership and participation	Inadequate participation of women in the construction industry sector	25	15	1
Skills development	Shortage of construction skills - supply pipeline	25	15	3
Contractor development	Poor implementation of the B.U.I.L.D initiative	20	12	*
Performance-driven clients	SA downgraded to the "grey listing" that affected infrastructure investment	20	12	2
Performance-driven clients	Inability to drive clients to meet infrastructure budget performance goals	20	12	2
Reduced non-compliance	Non-compliance to cidb prescripts by clients (RoP) and contractors	20	12	1
Ethical and performance-driven clients	Business disruption caused by power outages and poor service delivery	20	10	1
Ethical and performance-driven clients	Cybercrime and system hacking	25	9	3
Ethical and performance-driven clients	Failure to achieve performance target (underperformance)	20	9	3

Red – Priority 1	Management and intervention by EXCO and the Board
Yellow – Priority 2	Management should constantly monitor and manage that the risk is not increasing
Green – Priority 3	Management will constantly monitor the implementation process of risks action plans

Inherent risk refers to the status of risk without any internal controls in place, whereas residual risk is the risk status after considering the internal controls. These two factors, more specifically, the rating allocated to the residual risk then determines the priority allocated to dealing with the risks. The information provided above therefore identifies inadequate representation of black contractors in cidb Grades 7 to 9, inadequate participation of women in the construction industry sector, non-compliance to cidb prescripts by clients and contractors in respect of the Register or Projects, as well as business disruption caused by power outages and poor service delivery as priority 1 risks that require management and intervention by EXCO and the Board.

Risk performance

The information provided below outlines the cidb's performance against internal risks on a quarterly basis. The risk appetite indicator indicates the degree to which the risk is at an organisation acceptable level to achieve organisational objectives.

Table 22: Risk performance

Risks descriptions	Risk appetite indicator	Performance			
		Quarter1	Quarter 2	Quarter 3	Quarter 4
Budget cuts / loss of revenue – financial performance	<80% of the annual budget	>80%	>80%	>80%	>80%
Unavailability of the system due to cybercrime, hacking, or system failures – system performance	<95% of system uptime	99,5% of system uptime	>97,5% of system uptime	>99% of system uptime	>99% of system uptime
Business interruptions caused by community unrest, service delivery protests, poor conditions of buildings, electricity, and water issues - facility management	5 days not operational	NW, EC & KZN lost over 5 days in the quarter	NC - 140h GP - 366h MP - 160h NW - 978h KZN - 536h EC - 1 152h LP - 4 045h FS - 72h	EC - 135h NW - 180h NC - 120h KZN - 11 736h LP - 42h MP - 24h WC - 42h FS - 64h GP - 132h	EC - 135h NW - 36h NC - 85,5h KZN - 880h LP - 234,5h GP - 108h
Reputational damages caused by internal fraud	Zero fraud tolerance	No fraud cases reported	No fraud cases were reported involving employees	No fraud cases were reported involving employees	No fraud cases were reported involving employees

The information provided above indicates that risk performance is well managed, except for business interruptions caused by community unrest, service delivery protests, poor conditions of buildings, electricity, and water issues. Load-shedding, power and water outages, server downtime, as well as sewage maintenance, impacted the provincial offices. To mitigate the risk associated with load-shedding and power outages, the unit implemented the procurement of generators for all provincial offices. Alternatives to the other problems experienced, that are largely outside of the cidb's control, are being discussed and considered.

Fraud and corruption

The cidb strategy to tackle fraud and corruption is reflected in the anti-fraud plan. Every year, the Audit, Risk, and Governance Committee (ARGC) reviews and approves the plan. The fraud strategy that consists of fraud prevention, detection, investigation, and corrective actions, is summarised as follows:

Figure 7: Fraud and corruption strategy



Anti-fraud activities implemented

- Fraud risk assessment conducted in May 2023
- Anti-fraud plan reviewed and approved by the ARGC in July 2023
- All new employees were pre-screened
- All employees were requested to declare their business interest
- The fraud hotline was operational and manned by an independent company
- All reported cases were actioned and reported to the Board
- Oversight committees met regularly
- Fraud awareness was conducted in November 2023
- Internal audit reviews were conducted using the risk-based plan
- The code of conduct was shared with all employees

> Corruption is among one of the greatest obstacles to economic growth and social development. The review period placed extensive focus on the impact of fraud and corruption on the sector and the role that the cidb can play in addressing the scourge.
>
> ***– Bongani Dladla, CEO***

INTERNAL AUDIT AND AUDIT COMMITTEE

Internal Audit

The purpose of the internal audit function is to provide independent, objective assurance and consulting services that are designed to add value and improve the operations of the Construction Industry Development Board (cidb). This function helps the organisation to accomplish its objectives and translate operational activities by bringing a systematic and disciplined approach to evaluating and improving the effectiveness of risk management, control, and governance processes. Internal audit has unrestricted access to all functions, records, property, and employees of the cidb; and the Audit, Risk and Governance Committee (ARGC). Adequate resources for the three-year plan review are

annually allocated to the internal audit function. Internal audit reports administratively to the CEO and functionally to the ARGC.

The internal audit division of the cidb applies a fully outsourced model. Nexia SAB & T has served as internal auditors of the cidb during the current year under review. The internal audit was functional throughout the financial year under review and operated in line with its approved Internal Audit Charter, based on Treasury Regulation 3.2 and the Standards for the Professional Practice of Internal Auditing. The scope of the internal audit's work was derived from the approved annual operational plan, approved by the ARGC.

The audit approach combines two types of audit engagements, that is, assurance and consulting (advisory) services. Internal Audit is always, when conducting their work or any other tasks assigned to them, guided by the International Standards for the Professional Practice of Internal Auditing (SPPIA) and the Code of Ethics, as published by the Institute of Internal Auditors (IIA), and complies with the relevant sections in the PFMA and related Treasury Regulations.

Audit, Risk and Governance Committee (ARGC)

The cidb's ARGC is an independent committee, appointed in terms of section 51 (a) (ii) of the PFMA Act, Act No. 1 of 1999 (as amended), the Treasury Regulation 27.1, as well as its Board approved ARGC terms of reference.

The primary purpose of the ARGC is to assist the Accounting Authority in fulfilling its responsibilities to ensure that the cidb has and maintains effective, efficient, and transparent systems of financial, risk management, governance, compliance and internal control by providing oversight of the following:

- Financial reporting, systems of internal control and performance against predetermined objectives.
- Ensuring and enhancing the independence of the internal audit unit and external auditors.
- Reviewing the strategic and operational risk areas of the CIDB to be covered in the scope of internal and external audits.
- Ensuring the proper functioning of both the internal and external audit processes and other assurance services, including fraud and corruption investigation activities.
- Monitoring compliance with laws and regulations.

The ARGC is also responsible for reviewing the annual financial statements and performance information reports, as required by the PFMA and the related Treasury Regulations. The ARGC does not perform any management functions or assume any management responsibilities but functions as an objective and independent oversight committee, making recommendations to the Accounting Authority for its approval or final decision.

Overall, the ARGC executed its responsibilities through close liaison and communication with management, internal and external auditors and where it deems it necessary and engages with the Executive Authority. However, in the current year under review, there were no matters that necessitated an engagement with the Executive Authority.

Audit, Risk and Governance Committee members and attendance

The ARGC consists of members listed below, of which two (2) are independent members in line with good corporate governance practice and six (6) are delegated members of the Board of the cidb. The Committee meets at least four times per annum as per its approved terms of reference, with a special meeting where such a need arises. During the financial year under review, the ARGC held four (4) ordinary meetings and one (1) special meeting.



The table below discloses relevant information on the ARGC members and their attendance at the Committee meetings:

List of ARGC members, qualifications and meetings attended:

Name and Surname	Qualifications	Designation	Date of Appointment	Date of Resignation	Number of Meetings Attended
Mr Lesetja Monama	CA(SA) RA	Chairperson	9 March 2023	-	5/5
Prof Susan Bouillon	B Juris, LL.B, LL.M, LL.D (Planning), PU for CHE, SAQCC, SANS 1475	Board Deputy Chairperson	1 December 2021	-	5/5
Ms Karabo Siyila	Dr of Philosophy in Acc, MCOM Acc Sciences, BCom Honours (CTA), Professional Practice Exam, Qualifying Exam	Board Member	1 December 2021	-	5/5
Ms Yvonne Mbane	MBA, Masters Diploma in Human Resources Management, Bachelor of Education, Bachelor of Arts, Secondary Teachers Diploma	Board Member	1 December 2021	-	5/5
Ms Boitumelo Mokgatle	BCom Acc, MBA	Board Member	1 December 2021	-	5/5
Ms Celeste Le Roux	Post Graduate Diploma (Management Practice), Project Management, Property Management.	Board Member	1 December 2021	-	5/5
Ms Bongekile Zulu	B. Proc, MBA, IIR, Certificate in Environmental Law	Board Member	1 January 2018	-	5/5
Mr Thabane Gwala	Master's in commerce, CA(SA)	Independent Member	9 March 2023	-	5/5

AUDIT, RISK AND GOVERNANCE COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2024.

Audit, Risk and Governance Committee responsibility

The Audit, Risk and Governance Committee ("the Committee") is established as an independent statutory committee in terms of the PFMA. The Committee functions within approved terms of reference and complies with relevant legislation, regulation, and governance codes. The Committee submits this report for the financial year ended 31 March 2024, as required by the Treasury Regulations 27.1.7, as issued in terms of sections 51 (1)(a)(ii) and 76(4)(d) of the PFMA.

Evaluation of the effectiveness of internal controls

The PFMA requires the Accounting Authority to ensure that the cidb has and maintains effective, efficient and transparent systems of financial, risk management and internal control, whilst it is the Committee's role to review the effectiveness of internal controls and oversee risk management. Reviews on the effectiveness of the internal controls were conducted and they covered financial, operational, compliance and risk assessment.

In line with the PFMA, internal audit provides the Committee and management with reasonable assurance regarding the effectiveness and appropriateness of the internal controls. The Committee considers the system of internal controls appropriate in all material respects to:

- Reduce risks to an acceptable level
- Meet the business objectives
- Ensure assets are safeguarded
- Ensure that transactions undertaken are recorded in the accounting records

Our assessment of internal controls is that they are adequate and effective.

Quality of lin-year management of the monthly/quarterly report

The Committee has reviewed the quarterly management reports and is satisfied with the quality thereof. Where performances were below the annual performance plan targets, management provided reasons for such underperformance and implemented plans to improve identified performance deficiencies.

Evaluation of the 2023/2024 Annual Financial Statements and Annual Performance Report

The Committee reviewed the annual financial statements of the cidb and is satisfied that they comply with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and that the accounting policies used are appropriate.

Through this review, the Committee has:

- Confirmed, based on management's review and reasons provided, that the annual financial statements were prepared on a going concern basis. The Committee is satisfied that the cidb will maintain its ability to continue as a going concern, for the foreseeable future.
- Reviewed and discussed the audited annual financial statements with the external auditors, the CEO, and the CFO.
- Noted that there were no significant changes in accounting policies and practices.
- Reviewed the external auditor's audit report and considered the accounting treatments, significant unusual transactions, the summary of uncorrected misstatements and accounting judgements contained therein.
- Noted the adjustments arising from the external audit process and the Committee agrees with the said adjustments.

The review of the annual financial statements and the annual performance report for the period ended 31 March 2024 was done at the Committee's meeting held on 20 May 2024.

Furthermore, the Committee reviewed the annual performance report for the period ended 31 March 2024. Through this review, the Committee has:

- Reviewed the report on the pre-determined objectives to be included in the annual reports.
- Noted that there were no adjustments arising from the external audit process.

Risk management

The Board assigned the oversight responsibility for the risk management function to the ARGC. The cidb has implemented a risk management strategy, which includes a fraud prevention plan.

The Committee has monitored the significant risks faced by the cidb through the review of quarterly risk assessment, risk reporting and discussions with management. The Committee received and has evaluated in detail, the progress made in the mitigation of the strategic risks during the year under review. The Committee notes the progress made towards effective management of risks; however, improvement areas still exist where effective mitigation strategies did not yield the required and anticipated outcome during the financial year.

Evaluation of compliance with laws and legislation

During the financial year under review, the Committee considered and evaluated:

- The systems and processes the CIDB uses to ensure compliance with laws and regulations.
- Monitored compliance with laws and regulations.
- Reviewed both the internal and external audit reports to identify any instances of non-compliance with laws and regulations.

The Committee noted that there was no non-compliance with the procurement and contract management processes and other applicable laws and regulations during the year under review. The Committee will continue tracking and monitoring compliance with laws and regulations every quarter during the ordinary meetings.

Evaluation of the effectiveness of internal audit

Internal audit is responsible for reviewing and providing assurance on the adequacy and effectiveness of the internal control environment across all the significant areas of the cidb and its operations.

The Committee is responsible for ensuring that the organisation's internal audit function is independent and has the necessary resources, skills, standing and authority within the organisation to enable it to discharge its responsibilities effectively. The Internal auditors have unrestricted access to the Committee, management, and all records of the cidb.

The Committee reviews and approves the internal audit plan annually. Internal audit activities are measured against the approved internal audit plan and the Chief Audit Executive tables progress reports at the Committee's quarterly meetings.

During the year under review, the internal audit developed and implemented a risk-based strategic and operational coverage plan by the Institute of Internal Auditors (IIA) standards and the Internal Audit Methodology.

The Committee is satisfied with the effectiveness of the internal audit function and its activities including its annual work programme and coordination with external auditors and follow-up on management corrective action plans.

External Audit: Auditor-General of South Africa

The external audit function is performed by the Auditor-General of South Africa (AGSA). The Committee has satisfied itself that the external auditor is independent of the cidb. The Committee has satisfied itself that the AGSA exercised its duties independently and objectively throughout the duration of the audit.

The Committee, in consultation with the Accounting Authority, noted and agreed to the terms of the AGSA's engagement letter, audit strategy and audit fees in respect of the 2023/2024 financial year.

The Committee also monitored the implementation of the action plans to address matters arising from the management report issued by the AGSA for the 2022/23 financial year. The Committee noted that a significant number of action plans arising from the 2022/2023 were implemented by the cidb.

The AGSA has issued an unqualified audit opinion (clean audit) during their 2023/2024 regulatory audit. This is an improvement when compared to the prior year. The Committee concurs and accepts the conclusion of the AGSA on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and be read together with the report of the AGSA.

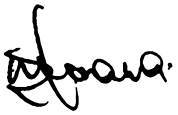
Appreciation

The Committee acknowledges the work performed by internal and external auditors, CEO and his executive team and broad management team of the cidb, the finance team and the Board for their continued support. The Committee wishes to thank everyone for their commitment and dedication to the task at hand. I want to thank my fellow Committee members for their valuable contribution to the Committee during the 2023/2024 financial year.

In conclusion

I would like to congratulate the management of the cidb for attaining a clean audit opinion for the current year under review. This is a testament to the hard work the cidb team has put in throughout the year to improve on the audit outcomes. As we celebrate with the organisation on this great outcome, the task remains that of maintaining this clean audit in the next financial year and going forward. As the Committee, we have full confidence in the cidb team that this clean audit opinion will be maintained for the foreseeable future.

Signed on behalf of the Audit, Risk and Governance Committee by:



Mr Lesetja Monama CA (SA) RA
Chairperson: Audit, Risk and Governance Committee
Construction Industry Development Board (cidb)
25 September 2024



REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON CONSTRUCTION INDUSTRY DEVELOPMENT BOARD

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Construction Industry Development Board set out on pages 63 to 105, which comprise the statement of financial position as at 31 March 2024 statement of financial performance, statement of changes in net assets and cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. 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 2024 and its financial performance and cash flows for the year then ended in accordance with Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management act 1 of 1999 (PFMA).

Basis for Opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.

4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

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

B.U.I.L.D Fees

7. As disclosed in note 15 to the financial statements, the public entity is currently reviewing the CIDB Act 38 of 2000 to equip itself with the necessary regulatory authority which will empower the entity to levy and collect B.U.I.L.D related revenue in the private sector.

Responsibilities of the accounting authority for the financial statements

8. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the 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.

9. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

10. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the annual performance report

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

13. I selected the following material performance indicators related to provincial offices presented in the annual performance report for the year ended 31 March 2024. I selected those indicators that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.
    - Number of construction industry development interventions implementation reports provided
    - Number of transformation interventions implementation reports provided
    - Number of industry capacitation sessions conducted on CIDB prescripts

14. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.

15. I performed procedures to test whether:
    - the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
    - all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included
    - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
    - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
    - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
    - the reported performance information presented in the annual performance report in the prescribed manner
    - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over achievement of targets.

16. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

17. I did not identify any material findings on the reported performance information for the selected indicators.

Report on compliance with legislation

18. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.

19. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

20. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

21. I did not identify any material non-compliance with the selected legislative requirements

Other information in the annual report

22. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in programme presented in the annual performance report that have been specifically reported on in this auditor's report.

23. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

24. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and

the selected material indicators in the scoped-in programme presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

25. The other information I obtained prior to the date of this auditor's report are Irregular expenditure and fruitless and wasteful expenditure register and the audit committee report and accounting authority report are expected to be made available to us after 18 September 2024.

26. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

27. When I do receive and read the audit committees report and accounting authorities report if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

28. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

29. I did not identify any significant deficiencies in internal control

Other reports

30. I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

31. The special investigation Unit (SIU) is investigating allegations on the registration of contractors at the Construction Industry Development Board in terms of a presidential proclamation. The investigation covers alleged actions between 1 January 2006 and 15 April 2016. At the date of the audit report, the management has not received the results of the finalised investigation.

Auditor - General

Pretoria
18 September 2024

AUDITOR-GENERAL SOUTH AFRICA

Auditing to build public confidence

ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor-General's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected material performance indicators and on the public entity's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit 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 public entity's internal control

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Section 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); 55(1)(c)(i); 56(1); 57(b); 66(3)(c)
Treasury Regulation, 2005	Regulation 8.2.1; 8.2.2; 16A3.2; 16A3.2(a); 16A6.1; 16A6.2(a); 16A6.2(b); 16A6.3(a); 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; 16A6.6; 16A7.1; 16A7.3; 16A7.6; 16A7.7; 16A8.3; 16A8.4; 16A9.1(b)(ii); 16A9.1(d); 16A9.1(e); 16A9.1(f); 16A9.2(a)(ii); 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1; 31.2.1; 31.2.1; 31.3.3; 31.2.5; 31.2.7(a); 32.1,(a); 32.1.1(b); 32.1.1(c); 33.1.1; 33.1.3
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations,2004	Regulation 17; 25(7A)
Preferential Procurement Policy Framework Act 5 of 2005	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.8; 7.8; 8.2; 8.5; 9.1; 9.2; 10.1; 10.2; 11.1
Preferential Procurement Regulations, 2022	Regulation 4.4; 5.4
National Treasury SCM Instruction No. 03 2021/22	Paragraphs 4.1; 4.2(b); 4.4; 7.2
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 2 of 2021/22	Paragraphs 3.2.1; 3.2.4; 3.3.1
Practice Note 5 of 2009/10	Paragraph 3.3
Second amendment of National Treasury Instruction 05 of 2020/21	Paragraph 1
Erratum National Treasury Instruction 5 of 202/21	Paragraph 2
National Treasury instruction No. 1 of 2021/22	Paragraph 4.1
National Treasury instruction No 5 of 2020/21	Paragraph 4.8; 4.9

STATEMENT OF FINANCIAL POSITION

Annual Financial Statements for the year ended 31 March 2024

Figures in Rand	Notes	2024	2023 Restated*
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	3	101 942 433	103 706 772
Intangible assets	4	37 176 871	33 326 083
		139 119 304	**137 032 855**
CURRENT ASSETS			
Receivables from exchange transactions	5	355 042	266 743
Receivables from non-exchange transactions	6	271 357 854	166 584 932
Prepayments		4 420 848	9 588 192
Cash and cash equivalents	7	288 079 002	202 988 015
		564 212 746	**379 427 882**
Total Assets		**703 332 050**	**516 460 737**
LIABILITIES			
NON-CURRENT LIABILITIES			
Finance lease obligation	8	-	70 805
CURRENT LIABILITIES			
Finance lease obligation	8	70 805	280 902
Income received in advance	9	105 598 268	97 260 629
Employee benefit obligations	10	11 687 945	11 113 029
Payables from exchange transactions	11	19 175 825	16 353 655
		136 532 843	**125 008 215**
Total Liabilities		**136 532 843**	**125 079 020**
Net Assets		**566 799 207**	**391 381 717**
Accumulated surplus		566 799 207	391 381 717
Total Net Assets		**566 799 207**	**391 381 717**

STATEMENT OF FINANCIAL PERFORMANCE

Annual Financial Statements for the year ended 31 March 2024

Figures in Rand	Notes	2024	2023 Restated*
Revenue			
Revenue from exchange transactions			
Assessment fees		54 071 400	50 125 434
Other income		1 744 348	1 441
Finance income	13	14 065 663	10 208 646
Gain on disposal of assets and liabilities		26 393	-
Total revenue from exchange transactions		**69 907 804**	**60 335 521**
Revenue from non-exchange transactions			
Government grants	14	80 320 000	80 012 000
B.U.I.L.D Fees	15	176 456 831	139 021 120
Contractor fines		150 000	120 000
Annual fees		89 754 263	89 712 568
Service in Kind		1 615 331	1 480 706
Total revenue from non-exchange transactions		**348 296 425**	**310 346 394**
Total revenue	12	**418 204 229**	**370 681 915**
Expenditure			
Employee Benefit Cost	16	(131 177 349)	(124 744 318)
Members' emoluments	17	(6 707 406)	(4 738 690)
Depreciation and amortisation	18	(5 798 784)	(4 932 516)
Finance costs	19	(2 938)	(6 608)
Debt Impairment reversal	20	-	239 332
Bad debts written off		(6 165)	(186 805)
Loss on assets written off		-	(1 222 749)
Operating expenses	21	(99 094 097)	(91 198 492)
Total expenditure		**(242 786 739)**	**(226 790 846)**
Surplus for the year		**175 417 490**	**143 891 069**

STATEMENT OF CHANGES IN NET ASSETS

Annual Financial Statements for the year ended 31 March 2024

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	249 261 757	249 261 757
Prior year adjustments	(1 771 109)	(1 771 109)
Balance at 01 April 2022 as restated*	**247 490 648**	**247 490 648**
Surplus for the year	143 891 069	143 891 069
Restated* Balance at 01 April 2023	**391 381 717**	**391 381 717**
Surplus for the year	175 417 490	175 417 490
Balance at 31 March 2024	**566 799 207**	**566 799 207**
Note		

CASH FLOW STATEMENT

Annual Financial Statements for the year ended 31 March 2024

Figures in Rand	Notes	2024	2023 Restated*
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Registers income		143 110 739	139 681 279
Grants received		80 320 000	80 012 000
Finance income		14 065 663	10 208 646
B.U.I.L.D receipts		71 683 909	21 947 660
Other receipts		1 744 348	-
		310 924 659	**251 849 585**
Payments			
Compensation to employees		(131 015 764)	(121 005 973)
Payments to suppliers and others		(86 677 080)	(92 711 527)
		(217 692 844)	(213 717 500)
Net cash flows from operating activities	24	**93 231 815**	**38 132 085**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	3	(1 266 423)	(1 098 527)
Proceeds from sale of property, plant and equipment	3	98 991	61 019
Purchase of other intangible assets	4	(6 689 556)	(8 285 421)
Net cash flows from investing activities		**(7 856 988)**	**(9 322 929)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance lease payments - capital		(280 902)	(277 232)
Finance lease payments - finance cost		(2 938)	(6 608)
Net cash flows from financing activities		**(283 840)**	**(283 840)**
Net increase in cash and cash equivalents		**85 090 987**	**28 525 316**
Cash and cash equivalents at the beginning of the year		202 988 015	174 462 698
Cash and cash equivalents at the end of the year	7	**288 079 002**	**202 988 014**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Annual Financial Statements for the year ended 31 March 2024

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
REVENUE						
REVENUE FROM EXCHANGE						
TRANSACTIONS						
Assessment fees	45 952 550	-	**45 952 550**	54 071 400	**8 118 850**	35.2
Other income	-	-	**-**	1 744 348	**1 744 348**	35.3
Finance income	6 425 000	-	**6 425 000**	14 065 663	**7 640 663**	35.5
Gains on disposal of assets	-	-	**-**	26 393	**26 393**	
Total revenue from exchange transactions	**52 377 550**	**-**	**52 377 550**	**69 907 804**	**17 530 254**	
REVENUE FROM NON-EXCHANGE TRANSACTIONS						
TRANSFER REVENUE						
Government grants	80 320 000	-	**80 320 000**	80 320 000	**-**	35.4
B.U.I.L.D fee	34 000 000	-	**34 000 000**	176 456 831	**142 456 831**	35.10
Contractor fines	-	-	**-**	150 000	**150 000**	
Annual fees	85 340 450	-	**85 340 450**	89 754 263	**4 413 813**	35.2
Service in kind	-	-	**-**	1 615 331	**1 615 331**	35.8
Total revenue from non-exchange transactions	**199 660 450**	**-**	**199 660 450**	**348 296 425**	**148 635 975**	
Total revenue	**252 038 000**	**-**	**252 038 000**	**418 204 229**	**166 166 229**	
EXPENDITURE						
Employee benefit cost	(139 318 912)	-	**(139 318 912)**	(131 177 349)	**8 141 563**	35.6
Members' emoluments	(4 500 000)	-	**(4 500 000)**	(6 707 406)	**(2 207 406)**	35.7
Depreciation and amortisation	-	-	**-**	(5 798 784)	**(5 798 784)**	35.8
Finance costs	-	-	**-**	(2 938)	**(2 938)**	
Bad debts written off	-	-	**-**	(6 165)	**(6 165)**	
Operating expenses	(108 219 088)	-	**(108 219 088)**	(99 094 097)	**9 124 991**	35.9
Total expenditure	**(252 038 000)**	**-**	**(252 038 000)**	**(242 786 739)**	**9 251 261**	
Surplus of the year	**-**	**-**	**-**	**175 417 490**	**175 417 490**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**-**	**-**	**-**	**175 417 490**	**175 417 490**	

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1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in compliance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost conventions as the basis of measurement.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Presentation Currency

These annual financial statements are presented in South African Rand, which is the functional currency of the cidb.

1.2 Going Concern Assumption

These annual financial statements have been prepared based on the expectation that the Construction Industry Development Board (cidb) will continue to operate as a going concern for the foreseeable future. The cidb receives its funding from The Department of Public Works and Infrastructure and recovers some of its costs through the Register of Contractors. There has not been any indication that these financial sources may be significantly affected in the foreseeable future.

1.3 Materiality

In assessing whether an omission or misstatement could influence the decisions of users and so be material, the cidb has considered the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting, and a willingness to study the information with reasonable diligence. Therefore, the assessment has taken into account how users with such attributes could be expected to be influenced in making and evaluating decisions.

1.4 Significant Judgements And Sources Of Estimation 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. Use of available information and the application of judgements is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

Impairment testing

The cidb designates its assets as non-cash generating assets. The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets

Employee benefits Obligations

Employee benefits obligations comprises leave and performance bonus. Management determined an estimate based on the information available. Additional disclosures and judgements made of the estimates are included in note 10.

Accounting by principals and agent

The cidb makes assessments on whether it is the principal or agent in principal-agent relationships. When cidb in a principal-agent arrangement concludes that it undertakes transactions with the third parties for the benefit of another entity, then it is agent. If cidb concludes that it is not the agent, then it is the principal in the transactions.

Additional information is disclosed in Note 36.

Impairment of statutory receivables

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the cidb measures and impairment loss. The impairment loss is measured as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, are reduced, either directly or through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

Estimates for B.U.I.L.D. revenue

Determining whether an estimate for Best Practice Projects Assessment Scheme (B.U.I.L.D) revenue requires the application of judgment by management. The nature of transactions of projects qualifying to be recognised for B.U.I.L.D. projects is so volatile that it is impractical to

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Annual Financial Statements for the year ended 31 March 2024

provide an estimate that would be reliable and represent useful information to the users of the Annual Financial Statements. The related revenue can only be reliably measured sometime after the taxable event occurs.

The cidb applies GRAP 23.71 in recognising revenue and assets relating to B.U.I.L.D. revenue, and no estimates are provided as management deems it unreliable and will not provide useful information to the users.

Useful lives and Residual values of assets

Management makes judgements in estimating the useful lives and the residual values of property plant and equipment and intangible assets. This may affect the depreciation/amortisation and the carrying values of the assets. These are reviewed on an annual basis.

1.5 Property, Plant and Equipment

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 the entity; and
- the cost of the item can be measured reliably.

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.

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.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value. The useful lives of items of property, plant and equipment have been assessed as follows:

Item	*Depreciation method*	*Average useful life*
Buildings	Straight-line	20 - 100 years
Furniture and fixtures	Straight-line	3 - 20 years
Motor vehicles	Straight-line	8 - 15 years
Office equipment	Straight-line	3 - 25 years
IT equipment	Straight-line	3 - 25 years
Other equipment	Straight-line	3 - 20 years

The cidb assesses at each reporting date whether there is any indication that the cidb expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the cidb revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate. Some of the indicators that cidb considers are the changes in replacement practices and physical conditions of the assets.

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.

The cidb separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 3).

The cidb discloses relevant information relating to assets that are not ready for use at reporting date, in the notes to the financial statements (see note 3).

1.6 Intangible Assets

An intangible asset is recognised when:

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

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

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The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date. Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	*Depreciation method*	*Average useful life*
Computer software	Straight-line	3-20 Years

1.7 Financial Instruments

Financial instruments are recognised when the cidb becomes a party to the contractual agreement of the instrument. Financial instruments carried in the statement of financial position include cash and bank balances, trade & other receivables and trade & other payables. These instruments are carried at their amortised cost.

1.7.1 Financial Assets

The cidb classifies its financial assets into the category discussed below:

Receivables from exchange transactions

The cidb classifies receivables from exchange transaction as financial assets at amortised costs and measures these using the effective interest method. These financial assets are not quoted in an active market and have fixed or determinable payments as defined in the standards of Generally Recognised Accounting Practice.

Interest income is recognised by applying the effective interest rate.

Impairment of financial assets

Financial assets are assessed for impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets. When a trade receivable is uncollectable, it is written off against the allowance account.

Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in surplus or deficit for the year.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank balances. Cash and cash equivalents include cash on hand and deposits held at call. They are initially recognised at fair value, and are subsequently carried at amortised cost using the effective interest method.

1.7.2 Financial Liabilities

All financial liabilities of the cidb are classified as financial liabilities at amortised cost. The classification depends on the nature and purpose of the financial liabilities and is determined at the time of initial recognition.

Payables from exchange transactions

The cidb has payables from exchange as a class of financial liabilities as reflected on the face of the statement of financial position and to the notes thereto.

Finance cost is recognised by applying the effective interest rate.

1.8 Cash and Cash Equivalents

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

1.9 Statutory Receivables

Statutory receivables arise from the published gazette 43726 on the Best Practice Project Assessment Scheme(B.U.I.L.D) which indicates that every client must pay a fee to the cidb amounting to 0,2% up to a maximum of R2 million of construction contract value awarded within the specified period and that meets a specified criteria.

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition of an asset when it is probable that the future economic benefits or service potential associated with the asset will flow to the cidb.

The transaction amount can be measured reliably initial measurement.

The cidb initially measures statutory receivables at their transaction amount.

The cidb measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is

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Annual Financial Statements for the year ended 31 March 2024

changed subsequent to initial recognition to reflect any:

- Impairment losses; and
- Amounts derecognised.

The cidb assesses at each reporting date whether there is any indication that a statutory receivable may be impaired.

Suppose there is an indication that a statutory receivable may be impaired. In that case, the cidb measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivables is reduced through the use of an allowance account.

The amount of the losses is recognised in surplus or deficit.

In estimating future cash flows, the cidb considers the amount and timing of the cash flows it will receive. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised.

Accordingly, the amount of any adjustment is recognised as surplus or deficit. The cidb derecognises a statutory receivable, or a part thereof, when:

- The rights to the cash flows from the receivable are settled, expire, or are waived;
- The cidb transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- The cidb, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party. As a result, the other party has the practical ability to sell the receivable in its entirety to an unrelated third party.

Moreover, it can exercise that ability unilaterally and without imposing additional restrictions on the transfer. In this case, the entity:

- Derecognise the receivable; and
- Recognise separately any rights and obligations created or retained in the transfer.

1.10 Tax

The cidb is a schedule 3, Part A Public entity and is therefore exempt from income tax.

1.11 Leases

The cidb has entered into a finance lease agreement for its telephone equipment for a period of 36 months.

Finance leases - lessee

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

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

Operating leases - lessee

The cidb has entered into a 36 months lease agreement through a National Treasury RT3-2018 contract as a participant and is a party to lease agreements for some of its provincial offices accommodation and printers used in head office and provincial offices. 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, if any.

1.12 Income Received in Advance

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

1.13 Employee Benefits

Short-term employee benefits

Short-term employee benefits include items such as:

- Salaries and social security contributions;
- Short-term compensated absences (such as paid annual leave and paid sick leave) where the

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compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;

- Performance bonus payable within twelve months after the end of the reporting period in which the employees render the related service; and

cidb acknowledges the expected cost of performance bonus only when it has a current legal or constructive obligation to make such payments due to past events. This recognition is possible when a reliable estimate of the obligation can be made, and a present obligation only exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits: Defined contribution plans

Payments to a defined contribution plan are charged as an expense as they fall due. The cidb currently contributes towards the insurance portion of the fund on behalf of its employees. The insurance contributed by the cidb covers guaranteed benefits on disability and death.

Provident Fund

The 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 the cidb. The 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 the cidb after 01 September 2010 and optional for all employees who joined the cidb before the said date. The cidb employee benefits structure is on the basic salary plus benefits for the bargaining unit employees. The non-bargaining unit employees benefits structure is on total cost to company. The cidb contributes 7.5% of the annual basic salary towards the provident fund for employees within the bargaining unit and does not directly contributes towards the provident fund for the non-bargaining unit employees who are members of the fund. However all employees are required to contribute towards the provident fund irrespective of the unit they fall under.

1.14 Employee Benefits Obligations

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

They are reviewed at each reporting date and adjusted to reflect the current best estimate. They 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.

A provision is used only for expenditures for which the provision was originally recognised.

1.15 Expenditure

Expenditure is classified in accordance with nature of the expenditure in the period in which it is incurred. The cidb recognises expenditure in surplus or deficit when a decrease in future economic benefits or service potential relates in an asset or an increase in a liability , other than those relating to the distributions to government.

The cidb recognises expense immediately in surplus or deficit when no future economic benefits or service potential are expected or when and to the extent that future economic benefits or service potential do not qualify or cease to qualify for recognition as an asset in the statement of financial position. The related costs of providing services recognised as revenue in the current period is included as expenditure.

1.16 Prepayments

A prepayment represents an expense paid for in one accounting period, but the asset for which it is paid will not be consumed until a future period. To ensure that the expenditure is recognized as an expense in the same period in which it is consumed, it is recorded as a prepaid expense. If the asset is consumed over multiple periods, there may be a series of corresponding charges to expense. The amount of prepaid expenses is initially measured in the actual cash paid on the date of recognition. These expenses are realized in the surplus and deficit statement when the cidb incurs the expenses.

1.17 Commitments

The cidb discloses commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Commitments for which disclosure is necessary to achieve a fair presentation are disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost

1.18 REVENUE FROM EXCHANGE TRANSACTIONS

Measurement

Revenue is measured at the fair value of the consideration received or receivable.

Assessment 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

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Annual Financial Statements for the year ended 31 March 2024

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 cidb;
- 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.

1.19 Revenue From Non-Exchange Transactions

Revenue from non-exchange transactions takes the form of grants from the Department of Public Works and Infrastructure, annual fees from contractors, fines and fees from the Best Practice Projects Assessment Scheme (B.U.I.L.D).

Measurement

Revenue from a non-exchange transaction is measured at the fair value of the consideration received or receivable by the cidb.

When, as a result of a non-exchange transaction, the 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 the 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. Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the cidb.

B.U.I.L.D Income

The Minister of Public Works and Infrastructure published the implementation of dates for the Standards for Indirect Targeting for Enterprise Development and Standard for Developing Skills through Infrastructure Contracts in the Government Gazette no. 43726. The first phase of implementation started in 01 April 2021 for National Government Departments, Public Entities and Strategic Infrastructural Projects. Provincial departments and Metropolitan municipalities became eligible for Best Practice Projects Assessment Scheme in 2022/23 while district and local municipality became eligible this financial year.

All construction contracts above a prescribed tender value are subject to assessment compliance with Best Practice Standards and Guidelines as gazetted. Every client who engages in the Best Practice Project Assessment Scheme also known as B.U.I.L.D must pay to the cidb 0,2% of the contract value as determined at the time of the awarding of the contract as a B.U.I.L.D fee.

Chapter Four of the Cidb Act of 2000 stipulates that the cidb Board must establish a Register of Projects (ROP) to gather information on the nature, value, and distribution of projects and provide the basis for the best practice project assessment scheme. The Minister must prescribe the requirements for the registration of projects, taking into account the different sizes and characteristics of projects in the construction industry and the objectives of this Act. All construction contracts above the prescribed tender value must be recorded in the register. On the recommendation of the Board, the Minister may prescribe a fee to be paid to the Board by all clients for the registration of projects—further, the cidb. Regulation Gazette no. 10784 of 2017 further stipulates that the Best Practice fee Invoicing will be linked to the registration of the project in terms of the CIDB Act and its regulations.

Based on the requirements of chapter four of the cidb Act, Clients are required to register their projects on the Register of Projects (ROP). Upon registration of the projects on the ROP, the cidb will then use the ROP to determine projects qualifying to contribute to the Best Practice Projects Assessment Scheme in line with the fee prescribed by the Minister.

Based on the stipulated law above, the cidb recognises B.U.I.L.D fees when it satisfies the definition of assets and revenue. Therefore, the future economic benefits will flow to the cidb, and the fair value of the assets can be measured reliably. The above are satisfied when a project is registered on the Register of Projects or when cidb receives a payment from a client in lieu of a qualifying project or or when applicable projects are identified and known to the cidb as at the reporting date. Where amendments are made to the record of the ROP declared projects by the client, the related adjustments are recognised in the period the amendments are brought to the cidb's attention.

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Annual Financial Statements for the year ended 31 March 2024

Additional information is included in note 15.

Services in-kind

Except for financial guarantee contracts, the cidb recognise services in-kind that are significant to its operations and service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the cidb and the fair value of the assets can be measured reliably.

The cidb receives free accommodation from the DPWI Provincial Departments for its six provincial offices based in Eastern Cape, Western Cape, Limpopo, Northern Cape, North West and KwaZulu Natal in a form of shared office space. The cidb uses the The Rode's Report on South African Market to estimate the value of the services received. Where data of the town or city where the offices are located is not available on the Report, the data of the nearest period or similar town is used for the estimate.

1.20 Finance Income

Finance income is recognised on a time-proportion basis using the effective interest method.

1.21 Related Parties

The 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 interdependence of the three spheres of government in South Africa, only organs of state with the ability to control or jointly control the cidb or exercise significant influence over the 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 out with organs of state within the ambit of the Minister of DPWI and transactions not carried out at arm's length basis are disclosed.

Management are considered related parties because they are responsible for planning, directing and controlling the activities of the cidb, including those charged with the governance of the cidb in accordance with the cidb Act.

1.22 Segment Information - Entity Wide Disclosure

The cidb operates within all South African provinces through its nine provincial offices, with Gauteng provincial office sharing the same office space with the Head office.

The Provincial offices are regarded as service centres where the applications would be received for processing at the Head Office. Consequently, the province's activities are considered insignificant for decision-making.

The cidb management does not review the results of the provincial offices to make decisions about resources to be allocated or assess each provincial performance for decision-making purposes, and the geographical locations are meant only to ensure the geographical footprint of the cidb.

1.23 Budget Information

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 2023/04/01 to 2024/03/31.

1.24 Comparative Figures

When the presentation or classification of items in the financial statements is amended due to better presentation and/or better understandability and/or comparability and/or due to the implementation of a new or amended standard, prior period comparative amounts are reclassified. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.25 Contingencies

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 27.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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2. New Standards and Interpretations

2.1 Standards and Interpretations Effective and Adopted in the Current Year

In the current year, the cidb has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	*Effective date: Years beginning on or after*	*Expected impact:*
• Guideline: Guideline on Accounting for Landfill Sites material impact	01 April 2023	Unlikely there will be a material impact
• GRAP 25 (as revised): Employee Benefits	01 April 2023	Unlikely there will be a material impact
• iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	01 April 2023	Unlikely there will be a material impact
• iGRAP 21: The Effect of Past Decisions on Materiality material impact	01 April 2023	Unlikely there will be a material impact
• GRAP 2020: Improvements to the standards of GRAP 2020 material impact	01 April 2023	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements material impact	01 April 2023	Unlikely there will be a material impact

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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1.3 Property, Plant and Equipment

	2024			2023		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Building	93 258 786	(2 486 901)	90 771 885	93 258 786	(621 725)	92 637 061
Furniture and fixtures	5 384 043	(4 824 839)	559 204	5 480 447	(4 691 166)	789 281
Motor vehicles	180 775	(173 243)	7 532	180 775	(171 736)	9 039
Office equipment	2 537 429	(1 857 941)	679 488	2 473 721	(1 618 280)	855 441
IT equipment	14 268 183	(4 505 084)	9 763 099	13 529 765	(4 113 815)	9 415 950
Other equipment	163 406	(2 181)	161 225	-	-	-
Total	**115 792 622**	**(13 850 189)**	**101 942 433**	**114 923 494**	**(11 216 722)**	**103 706 772**

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Depreciation	Total
Building	92 637 061	-	-	(1 865 176)	90 771 885
Furniture and fixtures	789 281	-	(4 124)	(225 953)	559 204
Motor vehicles	9 039	-	-	(1 507)	7 532
Office equipment	855 441	171 649	(33 057)	(314 545)	679 488
IT equipment	9 415 950	931 368	(33 565)	(550 654)	9 763 099
Other equipment	-	163 406	-	(2 181)	161 225
	103 706 772	**1 266 423**	**(70 746)**	**(2 960 016)**	**101 942 433**

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Depreciation	Total
Building	93 258 786	-	-	(621 725)	92 637 061
Furniture and fixtures	1 348 429	-	(75 555)	(483 593)	789 281
Motor vehicles	18 077	-	-	(9 038)	9 039
Office equipment	1 924 002	59 812	(619 232)	(509 141)	855 441
IT equipment	10 055 852	1 038 715	(587 360)	(1 091 257)	9 415 950
	106 605 146	**1 098 527**	**(1 282 147)**	**(2 714 754)**	**103 706 772**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Annual Financial Statements for the year ended 31 March 2024

Pledged as security

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

	2024	2023
Compensation received for losses on property, plant and equipment – included in operating profit.		
IT equipment	98 991	61 019
Assets subject to finance lease (Net carrying amount)		
Office equipment	68 166	338 527
Other information		
In 2019/2020, certain furniture was approved for disposal with the plan to replace it during the move to new premises. However, due to delays in the move, it has been impractical to replace the furniture. Currently, the furniture is still in use and reflects the cidb's intended use of the furniture post-financial year-end. To replace the furniture, cidb management has appointed a panel of furniture manufacturing service providers and is currently conducting due diligence on technical functionality.	-	81 755
Details of properties		
Erf 52 Verwoerdburgstad township		
The purchased property in centurion became ready for management's intended use on 12 December 2022 when the City of Tshwane municipality issued occupancy certificate.		
• Purchase price: 12 December 2022	-	93 258 786
Expenditure incurred to repair and maintain property, plant and equipment		
Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Operational expenses	2 886 432	5 313 001

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Annual Financial Statements for the year ended 31 March 2024

4. Intangible Assets

	2024			2023		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	45 694 273	(8 517 402)	37 176 871	39 004 717	(5 678 634)	33 326 083

Reconciliation of intangible assets - 2024	Opening balance	Additions	Amortisation	Total
Computer software	33 326 083	6 689 556	(2 838 768)	37 176 871

Reconciliation of intangible assets - 2023	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	27 260 046	8 285 421	(1 622)	(2 217 762)	33 326 083

Pledged as security

The cidb has no intangible assets pledged as security for any liabilities and has no restrictions on any of its assets.

	2024	2023
Intangible assets in the process of being constructed or developed Cumulative expenditure recognised in the carrying value of Intangible assets		
Computer software, other	-	3 184 096

Intangible asset under development in the previous financial year has been capitalised. An error was noted that the intangible assets though not all modules were utilised as cidb was concluding its assessment on its overall strategy, some modules were deployed for use. A correction of the prior year's error was recorded. Refer to note 31.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Annual Financial Statements for the year ended 31 March 2024

5. Receivables From Exchange Transactions

	2024	2023
Trade debtors	255 349	237 370
Staff debtors	99 693	29 373
	355 042	**266 743**

Trade and other receivables impaired

As of 31 March 2024, trade and other receivables of R255 349 (2023: R237 370) were assessed for impairment .

Provisions are not necessary as receivables are cleared immediately.

6. Receivables From Non-Exchange Transactions

	2024	2023
B.U.I.L.D Fees	271 357 854	166 584 932
The cidb had the following statutory receivables where the framework for the presentation of financial statements has been applied:		
B.U.I.L.D Fees	271 357 854	166 584 932
Total receivables from non-exchange transactions	271 357 854	166 584 932
Receivables from non-exchange transactions past due but not impaired		
Receivables from non-exchange transactions other than those ageing relate to B.U.I.L.D estimates. As at 31 March 2024, estimates were R64 920 890 (2023: R30 398 345)		
The ageing statutory receivables is as follows:		
1 to 3 months	25 938 747	2 107 543
Over 3 months	128 336 410	131 024 579

Basis used to assess and test whether a statutory receivable is impaired

Management evaluated the recoverability of the statutory receivables and determined that no impairments were necessary. Management considered the type of receivable, the type of clients owing this receivable, the support structures available to both the cidb and clients to collect and/or settle the receivable. After all these consideration, the cidb management team is confident that the entire balance will be recoverable.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Annual Financial Statements for the year ended 31 March 2024

7. Cash And Cash Equivalents

	2024	2023
Cash and cash equivalents consist of:		
Cash on hand	5 258	8 939
Bank balances	108 256 425	43 577 420
Other cash and cash equivalents	179 817 319	159 401 656
	288 079 002	**202 988 015**
Cash and cash equivalents held by the entity that are not available for use by the cidb	102 099 107	40 131 278

The cidb entered into an administrative agreement with the Jobs Fund, an agency of the National Treasury. The cidb is administering and monitoring the implementation of the JF8 - 1709 Construction Industry SME Development Project. An amount of R5 548 348 (2023: R5 965 228) is at the bank at the end of the reporting period, ringfenced for exclusive use for the project. Another portion of cash and cash equivalent which is not available for use by the entity is an amount of R96 550 758 (2023:R34 166 050) held for the B.U.I.L.D programme. Cidb launched the Best Practice Project Assessment Scheme aimed at developing sustainable construction industry. These funds will be spent exclusively on B.U.I.L.D Programs.

Other cash and cash equivalents represents cash held on call accounts

8. Finance Lease Obligation

	2024	2023
Minimum lease payments due		
• Within one year	70 960	283 840
• In second to fifth year inclusive	-	70 960
	70 960	354 800
less: future finance charges	(155)	(3 093)
Present value of minimum lease payments	**70 805**	**351 707**
Non-current liabilities	-	70 805
Current liabilities	70 805	280 902
	70 805	**351 707**

The cidb leased telephone equipments under a finance lease arrangement.

The average lease term was 3 years with the lease payments discounted at the rate implicit in the lease.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Annual Financial Statements for the year ended 31 March 2024

9. Income Received In Advance

	2024	2023
Income received in advance	105 598 268	97 260 629

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

10. Employee Benefit Obligations

Reconciliation of employee benefit obligations - 2024	Opening Balance	Additions	Utilised during the year	Total
Provision for leave	7 168 963	1 982 861	(2 771 482)	6 380 342
Provision for performance bonus	3 944 066	5 307 603	(3 944 066)	5 307 603
	11 113 029	**7 290 464**	**(6 715 548)**	**11 687 945**

Reconciliation of employee benefit obligations - 2023	Opening Balance	Additions	Utilised during the year	Total
Provision for leave	5 817 092	3 134 359	(1 782 488)	7 168 963
Provision for performance bonus	1 056 811	3 944 066	(1 056 811)	3 944 066
	6 873 903	**7 078 425**	**(2 839 299)**	**11 113 029**

Employee entitlements to annual leave are recognised when the leave accrues to the employees. A provision for the estimated liability for annual leave due to services rendered by employees up to the balance sheet date is raised. Provision for leave is calculated at the current salary rate multiplied by the balance of the number of leave days. There are no uncertainties envisaged that may affect the above provision. The provision for leave is expected to be settled within the next 12 months.

The cidb has a policy to provide performance bonuses to non-bargaining unit employees. The bonus amount is determined by a sliding scale ranging from 7% to 25% of the employee's salary. The cidb recognises a liability for the amount expected to be paid if it has a legal or constructive obligation to pay based on past service rendered by the employee. The cidb raises a provision for the bonus based on an estimated amount to be paid using measurement tools. This provision is expected to be settled within the next 12 months.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Annual Financial Statements for the year ended 31 March 2024

11. PAYABLES FROM EXCHANGE TRANSACTIONS

	2024	2023
Trade Payables	4 571 219	4 017 102
Jobs Fund Payable	5 548 349	5 965 228
Trade Accruals	7 446 884	4 824 441
Operating lease payables	510 459	371 837
Payroll Liabilities	1 097 181	1 173 314
Other creditors	1 733	1 733
	19 175 825	**16 353 655**

12. REVENUE

	2024	2023
Assessment fees	54 071 400	50 125 434
Other income	1 744 348	1 441
Interest received - investment	14 065 663	10 208 646
Government grants & subsidies	80 320 000	80 012 000
B.U.I.L.D Fees	176 456 831	139 021 120
Contractor fines	150 000	120 000
Annual fees	89 754 263	89 712 568
Service in kind	1 615 331	1 480 706
Gain on disposal of assets and liabilities	26 393	-
	418 204 229	**370 681 915**
The amount included in revenue arising from exchanges of goods or services are as follows:		
Assessment fees	54 071 400	50 125 434
Other income	1 744 348	1 441
Interest received - investment	14 065 663	10 208 646
Gain on disposal of assets and liabilities	26 393	-
	69 907 804	**60 335 521**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Annual Financial Statements for the year ended 31 March 2024

	2024	2023
The amount included in revenue arising from non-exchange transactions is as follows:		
Government grants & subsidies	80 320 000	80 012 000
B.U.I.L.D Fees	176 456 831	139 021 120
Contractor fines	150 000	120 000
Annual fees	89 754 263	89 712 568
Service in kind	1 615 331	1 480 706
	348 296 425	**310 346 394**

Nature and type of services in-kind are as follows:

The Provincial Departments of Public Works and Infrastructure provided free accommodation for our provincial offices in Eastern Cape, Western Cape, Northern Cape, North West, Limpopo and KwaZulu Natal.

13. Finance Income

	2024	2023
Interest revenue		
Bank	14 065 663	10 208 646

The amount included in Investment revenue arising from exchange transactions amounted to R14 065 663 .

14. Government Grants And Subsidies

	2024	2023
Operating grants		
Government grant and subsidies	80 320 000	80 012 000

15. B.U.I.L.D Fees

	2024	2023
Fees	176 456 831	139 021 120

The cidb believes involving the private sector in its mandate and regulations will significantly enhance the organization's ability to promote a comprehensive developmental agenda for the construction industry. The involvement of the private sector is expected to bring innovative practices, increased efficiency, and additional resources, thus strengthening the industry's growth and sustainability. To facilitate this, the cidb is currently reviewing the CIDB Act 38 of 2000 to equip itself with the necessary regulatory authority. The Department of Public Works and Infrastructure is presently conducting the Draft CIDB Act stakeholders engagements at the provincial level. Revising the CIDB Act will empower cidb to levy and collect B.U.I.L.D related revenue in the private sector.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Annual Financial Statements for the year ended 31 March 2024

16. Employee Related Costs

	2024	2023
Basic	97 074 906	92 383 935
Bonus	4 609 135	4 629 487
Medical aid - company contributions	1 766 141	1 732 819
UIF	347 638	350 675
Other payroll levies	662 130	540 812
Leave pay provision charge	(493 166)	1 600 394
Defined contribution plans	11 603 666	9 855 400
Long-service awards	63 500	68 500
Housing benefits and allowances	2 141 237	2 222 878
	117 775 187	**113 384 900**
Remuneration of executive directors		
Annual remuneration	11 690 242	10 477 202
Other allowances	96 000	441 473
Performance bonuses	1 615 920	440 743
	13 402 162	**11 359 418**

17. Members' Emoluments

	2024	2023
Members' emoluments	6 707 406	4 738 690

18. Depreciation And Amortisation

	2024	2023
Property, plant and equipment	2 960 016	2 714 754
Intangible assets	2 838 768	2 217 762
	5 798 784	**4 932 516**

19. Finance Costs

	2024	2023
Finance leases	2 938	6 608

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Annual Financial Statements for the year ended 31 March 2024

Total interest expense, calculated using the implicit interest rate, on financial instruments not at fair value through surplus or deficit amounted to R2 938.

20. Debt Impairment

	2024	2023
Debt impairment reversal	-	(239 332)

21. Operational Expenses

	2024	2023
Advertising	1 773 454	5 068 014
Auditors remuneration	3 444 580	3 634 377
Bank charges	1 259 336	1 339 968
Cleaning	1 715 103	1 532 353
Consulting and professional fees	27 168 372	15 225 812
Consumables	326 931	117 103
Rentals	4 038 386	10 343 735
Insurance	671 824	440 552
IT expenses	20 755 206	21 651 210
Motor vehicle expenses	12 054	10 251
Placement fees	83 534	1 126 972
Postage and courier	36 688	624 851
Printing and stationery	610 680	596 787
Repairs and maintenance	2 907 561	6 240 852
Security	5 291 329	3 692 258
Subscriptions and membership fees	788 059	316 560
Telephone and fax	3 886 271	3 497 358
Training & welfare	2 896 415	1 246 119
Travel - local	7 194 365	4 646 908
Travel - overseas	4 360 317	1 746 683
Assets expensed	3 639	1 950
Electricity	4 722 764	5 599 633

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Annual Financial Statements for the year ended 31 March 2024

	2024	2023
Storage fees	669 307	496 446
Board expenses	420 200	128 599
Sponsorships	478 611	240 936
Venue expenses	3 579 111	1 632 205
	99 094 097	**91 198 492**

22. Auditors' Remuneration

	2024	2023
External audit	2 759 244	2 727 185
Internal audit	685 336	907 192
	3 444 580	**3 634 377**

23. Operating Surplus

	2024	2023
Operating surplus for the year is stated after accounting for the following:		
Gain (loss) on sale of property, plant and equipment	26 393	(1 222 749)
Amortisation on intangible assets	2 838 768	2 217 762
Depreciation on property, plant and equipment	2 960 016	2 714 754
Employee costs	131 177 349	124 744 318

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Annual Financial Statements for the year ended 31 March 2024

24. Cash Generated from Operations

	2024	2023
Surplus	175 417 490	143 891 069
Adjustments for:		
Depreciation and amortisation	5 798 784	4 932 516
(Loss) gain on sale of assets and liabilities	(26 393)	1 222 749
Finance costs - Finance leases	2 938	6 608
Debt impairment	-	(239 332)
Bad debts written off	6 165	186 805
Movements in provisions	574 916	4 239 126
Cash lost		
Changes in working capital:	(1 850)	-
Receivables from exchange transactions	(88 299)	694 059
Add back non-cash movement	(6 165)	52 527
Receivables from non-exchange transactions	(104 772 922)	(117 166 448)
Prepayments	5 167 344	(1 278 400)
Payables from exchange transactions	2 822 168	1 436 096
Income received in advance	8 337 639	154 710
	93 231 815	**38 132 085**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Annual Financial Statements for the year ended 31 March 2024

25. Financial Instruments Disclosure

	2024	2023
Categories of financial instruments		
Financial assets		
Trade debtors	255 349	237 370
Cash and cash equivalents	288 079 002	202 988 015
	288 334 351	**203 225 385**
Financial liabilities		
Finance lease obligation	70 805	351 707
Payables from exchange transactions	12 019 835	8 840 276
	12 090 640	**9 191 983**

Payables from exchange transactions comprises of trade payables, accruals and other creditors as per note 11.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Annual Financial Statements for the year ended 31 March 2024

26. Commitments

	2024	2023
Capital expenditure		
Already contracted for but not provided for		
• Intangible assets	-	2 409 623
Total capital commitments		
Already contracted for but not provided for	-	2 409 623
Operational expenditure		
Already contracted for but not provided for		
• Operational expenditure	180 128 755	47 651 551
Total operational commitments		
Already contracted for but not provided for	180 128 755	47 651 551
Total commitments		
Capital expenditure	-	2 409 623
Operational expenditure	180 128 755	47 651 551
	180 128 755	**50 061 174**
Operating leases - as lessee (expense)		
Minimum lease payments due		
• within one year	1 312 582	1 938 544
• in second to fifth year inclusive	-	705 002
	1 312 582	**2 643 546**

Operating lease payments represent rentals payable by the cidb for its offices in Free State and Mpumalanga. Leases are negotiated for an average term between six months to three years and Free State rentals escalate at 8% per annum . No contingent rent is payable.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Annual Financial Statements for the year ended 31 March 2024

27. Contingencies

Contingent liabilities

The cidb has a cash surplus of R423 259 055 (2023:R244 831 476) classified as contingent liability as at 31 March 2024 as there is no approval to retain it yet. In terms of PFMA Section 53(3) entities are not allowed to accumulate cash surpluses unless approved by National Treasury. The cidb is obliged to repay to National Treasury any amount of the surplus not approved for retention. The cidb is currently in engagements with National Treasury regarding this surplus. In the past three years National Treasury has permitted the cidb to retain the surplus. Management believes that due to the past trend and the strength of the projects committed for the surplus, cidb won't have to surrender these funds. The surplus below is either committed or earmarked for certain projects and is calculated on table below.

During the previous reporting period, cidb was instructed to surrender R50 784 874 of the previous financial year's surplus. An appeal has been lodged to contest the initial decision to surrender. As at the reporting date, the outcome of the appeal was pending.

	2024	2023
Retention of Surplus		
Cash and cash equivalent for the year	288 079 002	202 988 014
Add: Receivables	271 712 896	166 851 675
Less: Current liabilities	(136 532 843)	(125 008 213)
	423 259 055	**244 831 476**

Contingent assets

Cidb issued a sanction on a company in terms of regulation 29(18) of the Construction Industry Development Board regulations, 2004 (as amended), for issuing a fraudulent letter supposed to have been written by cidb to the company. Cidb did not suffer any direct loss due to this fraudulent activity.

The cidb investigating committee concluded that the company should be fined R40 000, of which R20 000 must be paid within 3 months from the date of issue of the sanction. Failing this, the company will be suspended from registration until payment is made in full.

The remaining R20 000 of the fine is suspended for two years. However, this suspension is contingent upon the company not being found guilty of a similar offence during that period. It's crucial for the company to understand that any such offence will result in the immediate activation of this part of the fine.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Annual Financial Statements for the year ended 31 March 2024

28. Related Parties

Relationships	
Controlling party	The Minister of Public Works and Infrastructure By virtue of the cidb being a national entity under control of Minister of DPWI, it is considered to be connected to all organs of state under control of the Minister.

	2024	2023
Related party transactions		
Revenue from non-exchange transactions with related parties		
Department of Public Works and Infrastructure (transfers and subsidies)	(80 320 000)	(80 012 000)

The 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 interdependence of the three spheres of government in South Africa, only the organs of state with the ability to control or jointly control the cidb or exercise significant over the cidb, or vice versa or those that are subject to common control, or joint control within the national sphere of government are considered to be related parties.

The cidb considers all other transactions with national government exempt if they are within the legal mandate of the cidb or the other party. This includes B.U.I.L.D related transactions.

29. Management Remuneration

Members' emoluments for meetings, activities and cellphone allowance, which excludes reimbursed travel expenses, subsistence and amounted to a total of R6 707 406 (2023: R4 738 690).

Board meetings include:
Statutory meetings, all pre-schedules Board/Exco and committee meetings for the year, this includes board induction and strategic planning meetings. All provincial stakeholder liaison meetings All NSF meetings.

Committee meetings include:
All board committee meetings for the year.

Other Activities include:
National and regional meetings as well as events, parliamentary meetings, roadshows, 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.

Retainer:
The retainer is payable to cover any other incidental costs and preparation for those activities which are not provided for.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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Executive

2024	Salary	Acting Allowances	Other Allowances	Performance Bonus	Total
Dladla B (CEO)	3 045 454		24 000	908 770	3 978 225
Nsibande S (CFO)	2 283 807		18 000	420 950	2 722 756
Naka E (CIO)	2 004 700	-	18 000	-	2 022 700
Nyaga N (COO)	2 324 261	-	18 000	-	2 342 261
Ngwenya M (CCSO)	2 032 020	-	18 000	286 200	2 336 220
	11 690 242	**-**	**96 000**	**1 615 920**	**13 402 162**

2023	Salary	Acting Allowance	Other Allowances	Performance Bonus	Total
Dladla B (CEO)	2 715 118	57 640	23 000	-	2 795 758
Nsibande S (CFO)	2 104 747	-	18 000	223 381	2 346 128
Naka E (CIO)	1 882 348	-	18 000	-	1 900 348
Nyaga N (COO)	464 445	-	4 500	-	468 945
Ngwenya M (CCSO)	1 908 000	-	18 000	118 125	2 044 125
Raphiri R (Acting COO Dec 2019 to Feb 2023)	1 402 544	290 332	12 000	99 237	1 804 113
	10 477 202	**347 972**	**93 500**	**440 743**	**11 359 417**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Annual Financial Statements for the year ended 31 March 2024

Non-executive

2024

	Board meetings	Committee meetings	Other activities	Retainer	Other Allowances	Total
Nzo K (Chairperson)	97 172	78 947	414 209	144 036	25 600	759 964
Bouillon S (Deputy Chairperson)	70 339	191 680	207 367	122 244	25 600	617 230
Gopane T	65 579	78 430	75 585	112 068	22 000	353 662
Le Roux C	44 460	165 615	73 364	112 068	22 000	417 507
Maimela K	53 352	180 688	102 363	112 068	22 000	470 471
Makhanya S	68 913	83 987	111 151	112 068	22 000	398 119
Masimene D	60 021	184 509	75 130	112 068	22 000	453 728
Mbane Y	64 467	171 242	157 285	112 068	22 000	527 062
Mokgatle B	73 359	121 155	161 274	112 068	22 000	489 856
Rabosiwana M	64 467	182 288	134 599	112 068	22 000	515 422
Siyila K	64 467	158 946	107 365	112 068	22 000	464 846
Songelwa T	60 021	157 347	138 489	112 068	22 000	489 925
Zulu B	68 913	173 396	157 284	112 068	22 000	533 661
Monama S (Independent Audit, Risk & Governance Committee Chair)	47 240	58 911	-	-	22 000	128 151
Gwala T (Independent Audit, Risk & Governance Committe Member)	2 698	36 422	-	-	22 000	61 120
Magagula R (Independent Information and Communication Technology Committee Member)	-	26 682	-	-	-	26 682
	905 468	**2 050 245**	**1 915 465**	**1 499 028**	**337 200**	**6 707 406**

2023

	Board meetings	Committees meetings	Other activities	Retainer	Other Allowances	Total
Nzo K (Chairperson)	98 063	129 322	201 983	144 036	-	573 404
Bouillon S (Deputy Chairperson)	78 221	130 776	57 685	122 244	-	388 926
Gopane T	25 010	105 902	30 607	112 068	-	273 587
Le Roux C	79 474	139 289	29 306	112 068	-	360 137
Maimela K	71 693	94 481	23 201	112 068	-	301 443
Makhanya S	39 737	124 130	37 646	112 068	-	313 581
Masimene D	79 474	171 174	46 778	112 068	-	409 494

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Annual Financial Statements for the year ended 31 March 2024

2023	Board meetings	Committees meetings	Other activities	Retainer	Other Allowances	Total
Mbane Y	71 693	109 588	41 023	112 068	-	334 372
Mokgatle B	52 798	100 036	32 458	112 068	-	297 360
Rabosiwana M	60 578	147 276	48 448	112 068	-	368 370
Siyila K	72 829	137 639	53 677	112 068	-	376 213
Songelwa T	67 247	149 391	30 182	112 068	-	358 888
Zulu B	77 251	137 065	37 643	112 068	-	364 027
Tyandela N (Independent Audit, Risk & Governance Committee Chair)	18 888	-	-	-	-	18 888
	892 956	**1 676 069**	**670 637**	**1 499 028**	**-**	**4 738 690**

30. Change In Estimate

Property, plant and equipment

A review of useful lives of property plant and equipment was conducted during the year. Management decided, due to reasons which includes assets utility and maintenance practices of the cidb, the useful life be reassessed from the initial 20 years to a total useful life of 25 years in two assets categories as at April 1, 2023.

The effect of this revision has decreased the depreciation charges for the current period by R535 709, while increasing surplus by the same amount.

It will be impracticable to estimate the effect in future periods because the change affects different asset types with different allocated useful lives and in different conditions.

31. Prior-Year Adjustments

Presented below are those items contained in the statement of financial position and changes in net assets. They were as a result of:

It has been discovered that an intangible asset was categorised as a work in progress in the previous financial year. Upon further investigation, it was found that the development of the asset had been completed, approved, and partially deployed for management's intended use. Therefore, the balance has been transferred from Work in Progress to Intangible assets, and corresponding amortisation for the previous period has been recorded while the asset was in partial use.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Annual Financial Statements for the year ended 31 March 2024

Statement of financial position

2023	As previously reported	Correction of error	Restated
Intangible assets	39 970 717	(966 000)	39 004 717
Accumulated amortisation	(3 860 700)	(1 817 935)	(5 678 635)
Accumulated surplus	(249 261 757)	1 771 109	(247 490 648)
	(213 151 740)	**(1 012 826)**	**(214 164 566)**

Statement of financial performance

2023	As previously reported	Correction of error	Restated
Depreciation and amortisation	(4 300 536)	(631 980)	(4 932 516)
	(4 300 536)	**(631 980)**	**(4 932 516)**

32. Risk Management

Liquidity risk

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

At 31 March 2024	Within 1 month	Over 1 and 6 months	Over 6 and 12 months	Over 1 year
Payables from exchange transactions	12 019 835	-	-	-
Finance lease obligation	23 576	47 229	-	-

At 31 March 2023	Within 1 month	Over 1 and 6 months	Over 6 and 12 months	Over 1 year
Payables from exchange transactions	8 840 276	-	-	-
Finance lease obligation	23 268	116 722	140 913	70 805

Credit risk

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

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With respect to credit risk arising from the other financial assets of the cidb, which comprise cash and cash equivalents, the cidb's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amount of these instruments. The cidb's cash and cash equivalents are placed with high credit quality financial institutions, therefore the credit risk with respect to cash and cash equivalents is limited.

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

	2024	2023
Financial instrument		
Cash and cash equivalents	288 079 002	202 988 014
Receivables from exchange transactions	255 349	237 370
Payables from exchange transactions	12 019 835	8 840 276

Aging of financial assets

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

2024	Neither past due nor impaired	Carrying Value
Cash and cash equivalents	288 079 002	288 079 002
Receivables from exchange transactions	255 349	255 349
	288 334 351	**288 334 351**

2023	Neither past due nor impaired	Carrying Value
Cash and cash equivalents	202 988 014	202 988 014
Receivables from exchange transactions	237 370	237 370
	203 225 384	**203 225 384**

Market risk Interest rate risk

The cidb is exposed to interest rate changes in respect of returns on its investments with financial institutions. The cidb's interest rate profile consist of fixed and floating rate bank balances which expose the cidb to fair value interest rate risk and cash flow interest rate risk. The cidb's exposure is managed by investing in current accounts, call accounts and short term maturity accounts with credible financial institutions

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Interest rate risk

Financial instrument	Current interest rate	Due in less than a year	Due in one to two years	Due in two to in three years	Due in to in four years	Due after five years
Cash in current banking institutions	6% - 8,5%	288 079 002	-	-	-	-

33. Going Concern

There were no material uncertainty about the cidb's ability to continue as a going concern.

34. Events After the Reporting Date

There were no material events or adjustments made after the reporting date.

35. Budget Differences

Material differences between budget and actual amounts

35.1 The revenue earned exceeded the expenditure incurred, resulting in a net surplus of R175,4 million.

35.2 Annual fees were overcollected by R4,4 million while assessment fees were over by R8,1 million resulting in a net variance of R12,5 million. This was as a result of improved collection methods employed the cidb during the reporting period.

35.3 Other income relates to R1 million received from CETA for training contractors, R0,4 million Jobs Fund earned back from expenditure incurred and R0,3 million of fees charged for contractor management training. These funds were not budgeted for.

35.4 There were no changes on government subsidies the period, transfers received as projected.

35.5 Finance income was over-achieved by R7,6 million due to investment strategies employed by management and also a constant rise in the interest rate.

35.6 Employee costs were underspent by just over R8,3 million. This is mainly due to budgeted positions, including key roles which remain vacant.

35.7 Members' emoluments were over by R1,8 million. This is due to an increase in special board meetings and activities during the period.

35.8 Depreciation and amortisation, loss on sale of assets and service in kind do not have budgets allocated to them because they are non cash items.

35.9 The underspending was as a result of certain contractor developmental projects not being executed during the reporting period.

35.10 B.U.I.L D income is a fairly new revenue stream and management is in the process of planning the activities of the program. The R34 million budget was the cash available to spend for developmental programs at the beginning of the year.

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36. Accounting By Principals And Agents

The cidb was a party to a principal-agent arrangement.

Details of the arrangement is as follows:

The cidb entered into an administrative agreement with the Jobs Fund, an agency of National Treasury where the cidb is administering and monitoring the implementation of the JF8 - 1709 Construction Industry of SME Development Project. Through the back to back agreement signed by the cidb and the implementing agencies, the cidb ceded its rights and risks associated with the project to the implementing agencies.

Entity as agent

Resources held on behalf of the principal, but recognised in the entity's own financial statements

The cash resource amounting to R5 548 348 (2023: R5 965 228) is held as at the reporting date. It is ring-fenced and held exclusively for the project. This is expected to be disbursed within the next 12 months as the requirements of the project are being met.

Revenue recognised

The revenue to the value of R416 879 together with the corresponding expenditure of R416 879 included under operating expenditure was realised this financial year for the monitoring work facilitated by the cidb for the Job Fund.

Liabilities and corresponding rights of reimbursement recognised as assets

A payable amounting to R5 548 348 (2023: R5 965 228) was held as at the reporting date. It represents the funds held by the cidb still awaiting the fulfillment of the agreement. They are expected to be settled within the next 12 months as the requirements of the agreement are being met.



PART H

PERFORMANCE AGAINST TARGETS 2023/24

PART H: PERFORMANCE AGAINST TARGETS 2023/24

Out of 18 performance targets that were planned to be delivered in 2023/24,17 targets were achieved. The overall achievement is 94%.

Programme 1: Administration

Outcome	Output	Output indicator	Audited actual performance 2021/22	Audited actual performance 2022/23	Planned annual target 2023/24	Actual achievement 2023/24	Deviation from planned annual target to actual achievement 2023/24	Reasons for deviations	Reasons for revisions to the outputs/output indicators/ actual targets
Ethical and performance-driven cidb	Resolution of audit issues	% audit issue resolved	Not applicable	Not applicable	70%	87%	17%	Constant monitoring of action plan progress and engagements with management resulted in more findings being resolved sooner than anticipated	Not applicable
	Board performance assessment	Number of Board performance assessments conducted	Not applicable	Not applicable	1	1	0	Not applicable	Not applicable
	Age analysis report	% of invoices paid within 30 days	100%	100%	100%	100%	0	Not applicable	Not applicable
	System uptime	% system uptime	99%	98%	97%	99%	2%	Difference is insignificant	Not applicable

Programme 2: Research and Development

Outcome	Output	Output indicator	Audited actual performance 2021/22	Audited actual performance 2022/23	Planned annual target 2023/24	Actual achievement 2023/24	Deviation from planned annual target to actual achievement 2023/24	Reasons for deviations	Reasons for revisions to the outputs/ output indicators/ actual targets
• Increased black ownership and participation • Increased woman ownership and participation • % youth ownership across all grades	Research report	Number of research studies conducted	2	2	2	2	0	Not applicable	Not applicable

Programme 3: Construction Industry Regulations

Outcome	Output	Output indicator	Audited actual performance 2021/22	Audited actual performance 2022/23	Planned annual target 2023/24	Actual Achievement 2023/24	Deviation from planned annual target to actual achievement 2023/24	Reasons for deviations	Reasons for revisions to the outputs/ output indicators/ actual targets
• Increased black ownership and participation • Increased woman ownership and participation • % youth ownership across all grades	Report on revised registration criteria	Number of reports on amendments of registration criteria	1	1	1	1	0	N/A	N/A

Outcome	Output	Output indicator	Audited actual performance 2021/22	Audited actual performance 2022/23	Planned annual target 2023/24	Actual Achievement 2023/24	Deviation from planned annual target to actual achievement 2023/24	Reasons for deviations	Reasons for revisions to the outputs/ output indicators/ actual targets
1.5. Reduced non-compliance and fraud	Compliance with CIDB prescripts	% of contravention notices against detected non-compliance of cidb prescripts issued within 30 days	Not applicable	Not applicable	80%	100%	20%	Established robust compliance monitoring systems and allocated a specialised team to identify clients who are not compliant	Not applicable
1.6. Ethical and performance-driven cidb	Contractors registered on the RoC	% of Grades 1 to 9 contractors registered within 21 working days for compliant applications	99%	100%	98%	100%	2%	Not applicable as the difference is insignificant	Not applicable

Programme 4: Construction Industry Performance

Outcome	Output	Output indicator	Audited actual performance 2021/22	Audited actual performance 2022/23	Planned annual target 2023/24	Actual achievement 2023/24	Deviation from planned annual target to actual achievement 2023/24	Reasons for deviations	Reasons for revisions to the outputs/ output indicators/ actual targets
• Increased black ownership and participation • Increased woman ownership and participation • % youth ownership across all grades	Monitoring reports	Number of industry monitoring reports	4	4	4	4	0	Not applicable	Not applicable
	Monitoring reports	Number of transformation status reports	1	1	1	1	0	Not applicable	Not applicable
Performance-driven clients	Construction industry standards	Number of industry performance standards submitted to the Board	Not applicable	Not applicable	1	1	0	Not applicable	Not applicable

Programme 5: Procurement and Development

Outcome	Output	Output indicator	Audited actual performance 2021/22	Audited actual performance 2022/23	Planned annual target 2023/24	Actual achievement 2023/24	Deviation from planned annual target to actual achievement 2023/24	Reasons for deviations	Reasons for revisions to the outputs/output indicators/ actual targets
Performance-driven clients	Construction industry transformation guidelines	Number of construction industry transformation procurement guidelines developed	Not applicable	Not applicable	4	4	0	Not applicable	Not applicable
	Development	Number of construction industry development guidelines developed	Not applicable	Not applicable	2	2	0	Not applicable	Not applicable
		% B.U.I.L.D funds spent on development	Not applicable	Not applicable	40%	37%	3%	• Contractor no-shows for scheduled APL assessments • Low contractor participation on CMS training • Over-budgeting on venue hire, travel and accommodation costs	Not applicable
		Number of reports on enterprises receiving development support	Not applicable	Not applicable	1	1	0	Not applicable	Not applicable

Programme 6: Provincial Offices

Outcome	Output	Output indicator	Audited actual performance 2021/22	Audited actual performance 2022/23	Planned annual target 2023/24	Actual achievement 2023/24	Deviation from planned annual target to actual achievement 2023/24	Reasons for deviations	Reasons for revisions to the outputs/ output indicators/ actual targets
High-performing construction industry	Construction industry transformation reformative leadership provided	Number of construction industry development interventions implementation reports provided	Not applicable	Not applicable	4	4	0	Not applicable	Not applicable
	Construction industry development leadership provided	Number of transformation intervention implementation reports provided	Not applicable	Not applicable	4	4	0	Not applicable	Not applicable
		Number of industry capacitation sessions conducted on cidb prescripts	Not applicable	Not applicable	72	95	23	• The increase in contravention letters sent to client departments led to many clients requesting sessions on cidb prescripts to enable them to comply • B.U.I.L.D awareness sessions also played a major role as clients needed more information to comply	Not applicable

cidb

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