

Compliance Monitor

Register of Projects

Quarter

2 2013



CIDB iTENDER/ROP COMPLIANCE MONITOR; JULY 2013 (revision i)

1.	Introduction	1
2.	Background and Analysis	2
2.1	Tender Notices	2
2.2	Tender Awards	2
2.3	Contract Completion	3
3.	Tender Notices	4
4.	Tender Awards	8

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The *cidb iTender/RoP Compliance Monitor* provides indicators of the level of compliance and non-compliance with the iTender/Register of Projects by client bodies. These indicators can be used by clients to verify their non-compliance with the *cidb* regulations, and for the *cidb* to support enforcement actions and sanctions.

This *Compliance Monitor* is being rolled-out incrementally, and currently focuses on:

- selected national and provincial infrastructure departments;
- Metropolitan Councils; and
- selected high capacity municipalities.

The *Compliance Monitor* will be extended to additional local authorities in due course.

1. Introduction

Information on tender notices, tender awards, and project closure is of paramount importance to the *cidb*, and provides the basis, amongst others, for:

- gathering reliable information on public sector construction expenditure, at a provincial level and at various tender Grades;
- assessing supply and demand in the construction industry;
- promoting and increasing transparency and accountability in construction procurement;
- monitoring and assessing the level of expenditure (through main contracts) on black-, women- and youth-owned construction enterprises; and
- monitoring compliance with and the impact of *cidb* Best Practices.

The Construction Industry Development Regulations of 2004, as amended, were developed in terms of the CIDB Act 38 of 2000 to support the above objectives. In terms of these Regulations, employers in the public sector must comply with requirements for project registration, award and closure as follows:

- a) for the public sector, on projects of which the value exceeds R200 000.00; or
- b) for a public entity listed in Schedule 2 of the Public Finance Management Act, on projects of which the value exceeds R10 million.

Specifically, in terms of the CID Regulations, employers (or clients) must comply with the following:

- a) registration of employers and employer's representatives on the *cidb Register of Projects* in terms of Clause 20;
- b) advertisement of tender invitations *cidb iTender/Register of Projects* in terms of Clause 38(6) (transitional measure);
- c) registration of the tender award in terms of Clause 18; and
- d) contract completion or cancellation in terms of Clause 21, once the transitional measures have been removed.

In the case of the public sector organisations and public entities, non-compliance with the *cidb* Regulations must in terms of Clause 21(4) be reported to the Auditor General, and can also result in fines being applied.

It is the *cidb's* aim and objective that this *Compliance Monitor* will contribute to improving compliance with the *cidb* Regulations with regard to the registration of tender notices, tender awards and contract completion – and thereby contributing to a better understanding of public sector infrastructure spend and the development of the construction industry.

2. Background and Analysis

The background and key assumptions used in developing and in interpreting the *cidb iTender/RoP Compliance Monitor* are highlighted below.

2.1 Tender Notices

In addition to the *cidb* requirement that tender advertisements are to be recorded on the *cidb iTender/Register of Projects*, it is a National Treasury requirement that all public sector and public entities tenders are advertised in the *Government Tender Bulletins*. Details of advertised tenders have therefore been obtained from the *Government Tender Bulletins* as well as online sources such as *Online Tenders* and *Tenderscan* (their support is gratefully acknowledged).

Details of non-compliance with the *cidb* has then been obtained by comparing tender notices recorded within the *cidb iTender/Register of Projects* and those recorded in the *Government Tender Bulletins* and the online sources consulted. As the *Government Tender Bulletins* and the online tender scanning services provide a relatively comprehensive picture of all public sector and public entity tenders, the assessment of non-compliance is relatively comprehensive.

Notwithstanding this, the *cidb* views the details of non-compliance reported on in this *Compliance Monitor* as indicators only, and it is the *cidb*'s stance that the clients have the responsibility to provide evidence of mis-interpretation of non-compliance to the *cidb*.

Note that in this regard, inconsistencies do arise in the indicators of non-compliance where differences occur in the tender numbers on the *cidb iTender/Register of Projects* and in the government gazette or other tender sources, such as:

- xxxx12/13(A) and xxxx12/13A
- xxxx:12/13 and xxxx-12/13

Such differences should be brought to the attention of the *cidb*, and the *cidb* will endeavour to make the necessary changes.

2.2 Tender Awards

Details of tender awards (or contract awards) are obtained from the *Government Tender Bulletins* and compared with the tender awards recorded on the *cidb iTender/Register of Projects*. It is however not a requirement that all public sector and public entities contract awards are recorded in the *Government Tender Bulletins*, and the assessment of compliance with the recording of contract awards in the *cidb iTender/Register of Projects* is therefore not comprehensive.

The following indicators of non-compliance with the *cidb* requirements for registering tender awards on the *cidb iTender/Register of Projects* are used in the *Compliance Monitor*:

- i tender awards recorded in the *Government Tender Bulletins*, but not recorded in the *cidb iTender/Register of Projects*;
- ii tender notices recorded in the *cidb iTender/Register of Projects*, but not recorded in the *cidb iTender/Register of Projects* as tender awards within 90 days of the tender closing date; and
- iii tender notices recorded in the *Government Gazette*, but not recorded in the *cidb iTender/Register of Projects* as tender awards within 90 days of the tender closing date.

Items (ii) and (iii) above are clearly only indicators of non-compliance, and do not take into account the non-award or cancellation of tenders, etc. Notwithstanding this, items (ii) and (iii) are however

important indicators, and it is the cidb's stance that the clients have the responsibility to provide evidence of mis-interpretation of non-compliance to the cidb.

2.3 Contract Completion

Indicators of non-compliance with cidb requirements for recording of contract completion and/or contract termination will be included in due course.

3. Tender Notices

Details of the number of tender notices for selected public sector organisations and public entities that are recorded in *Government Tender Bulletins* but not recorded on *cidb iTender/Register of Projects* for the period 2012Q3 to 2013Q2 is shown on the following pages. In addition, details of the number of tender notices for selected public sector organisations and public entities recorded in *Government Tender Bulletins* which are also recorded on *cidb iTender/Register of Projects* is also shown. Collectively these tables give an indication of the extent of compliance or non-compliance by the client bodies.

The following clients are largely not using the *cidb iTender/Register of Projects* (10% compliance or less):

- Department of Agriculture and Land Administration; Northern Cape
- Department of Health; KwaZulu-Natal
- Department of Public Works, Roads and Transport; Mpumalanga
- Department of Rural Development and Land Reform; Free State
- Department of Sport and Recreation; KwaZulu-Natal
- Buffalo City Local Municipality (BCLM)
- City of Tshwane Metropolitan Municipality (CTMM)
- Johannesburg Roads Agency (JRA)
- Emalahleni Local Municipality
- Greater Sekhukhune District Municipality
- Ekurhuleni Metropolitan Municipality (EMM)
- Department of Public Works; Limpopo
- Department of Transport; KwaZulu-Natal
- Department of Roads and Public Works; Eastern Cape

Clients with the highest rate of compliance (80% or greater) include:

- Department of Roads and Transport; Limpopo
- Department of Transport, Roads and Public Works; Northern Cape
- Matjhabeng Local Municipality
- City of Johannesburg Metropolitan Municipality (CJMM)
- Mangaung Local Municipality
- Saldanha Bay Local Municipality
- Johannesburg Water
- Department of Transport and Public Works; Western Cape

Details of individual tenders are available from the *cidb* on request.

Number of Non-Compliant Tender Notices per Quarter

Client	201203	201204	201301	201302
Department of Agriculture and Land Administration; Northern Cape	10	8	1	17
Department of Agriculture; Limpopo	6	7	1	
Department of Health; Free State			1	
Department of Health; KwaZulu-Natal	12		12	11
Department of Infrastructure Development; Gauteng	4	6	7	2
Department of Public Transport, Roads And Works; Johannesburg				14
Department of Public Works, Roads and Transport; Mpumalanga	4	21	17	
Department of Public Works, Roads and Transport; North West	4	4	1	24
Department of Public Works; Eastern Cape	1		2	6
Department of Public Works; Free State				4
Department of Public Works; KwaZulu-Natal	29	52	28	22
Department of Public Works; Limpopo		18	54	
Department of Roads and Public Works; Eastern Cape	36	39	34	12
Department of Rural Development and Land Reform; Free State		19	3	
Department of Rural Development and Land Reform; KwaZulu-Natal	1			3
Department of Sport and Recreation; KwaZulu-Natal			8	
Department of Transport and Public Works; Western Cape	13	2		2
Department of Transport; KwaZulu-Natal	143	2	94	203
Buffalo City Local Municipality (BCLM)	7	1	4	7
City of Cape Town Metropolitan Municipality (CCTMM)	11	10	15	4
City of Johannesburg Metropolitan Municipality (CJMM)			1	
City of Tshwane Metropolitan Municipality (CTMM)	15	2	4	9
Coega Development Corporation (Coega)	22		21	13
Ekurhuleni Metropolitan Municipality (EMM)	13	33	20	13
Ethekewini Metropolitan Municipality (EMM)	6		20	28
Johannesburg Development Agency	2	7	1	1
Johannesburg Roads Agency (JRA)		2	11	12
Johannesburg Water			3	1
Mandela Bay Development Agency (MBDA)			1	
Amathole District Municipality	5		4	2
Emalaheni Local Municipality	2	5	9	9
Greater Sekhukhune District Municipality	16	6	3	29
Mangaung Local Municipality	1		1	
Matjhabeng Local Municipality		1		
Saldanha Bay Local Municipality	1	1	1	1
Ugu District Municipality	9	11	2	7

Number of Compliant Tender Notices per Quarter

Client	201203	201204	201301	201302
Department of Health; Free State				3
Department of Health; Mmabatho			5	
Department of Infrastructure Development; Gauteng	13	17	6	
Department of Public Transport, Roads And Works; Johannesburg			2	25
Department of Public Works, Roads and Transport; North West		48	8	22
Department of Public Works; Eastern Cape				8
Department of Public Works; Free State		2	1	
Department of Public Works; KwaZulu-Natal	5	6	9	12
Department of Public Works; Limpopo		1		
Department of Roads and Public Works; Eastern Cape	2	7	2	
Department of Roads and Transport; Limpopo			12	
Department of Rural Development and Land Reform; KwaZulu-Natal	1	5	3	
Department of Rural Development and Land Reform; Limpopo	1			1
Department of Transport and Public Works; Western Cape	76	28	14	25
Department of Transport, Roads and Public Works; Northern Cape		16	11	15
Department of Transport; KwaZulu-Natal	16	3	1	
City of Cape Town Metropolitan Municipality (CCTMM)	24	24	24	19
City of Johannesburg Metropolitan Municipality (CJMM)	4	30	11	
Coega Development Corporation (Coega)	6	1	4	9
Ekurhuleni Metropolitan Municipality (EMM)		1		
Ethekewini Metropolitan Municipality (EMM)	18	3	48	27
Johannesburg Development Agency		5	9	3
Johannesburg Water	11	9	3	11
Nelson Mandela Bay Municipality (NMBM)	1			
Amathole District Municipality	2	8	5	12
Mangaung Local Municipality	2	13	4	16
Matjhabeng Local Municipality	2	4	7	36
Saldanha Bay Local Municipality	1	20	6	8
Ugu District Municipality		15		

Tender Notices Compliance Ratio (%)

Client	Number of Tenders	Compliance Ratio
Department of Agriculture and Land Administration; Northern Cape	36	0%
Department of Health; KwaZulu-Natal	35	0%
Department of Infrastructure Development; Gauteng	55	65%
Department of Public Transport, Roads And Works; Johannesburg	41	66%
Department of Public Works, Roads and Transport; Mpumalanga	42	0%
Department of Public Works, Roads and Transport; North West	111	70%
Department of Public Works; Eastern Cape	17	47%
Department of Public Works; Free State	7	43%
Department of Public Works; KwaZulu-Natal	163	20%
Department of Public Works; Limpopo	73	1%
Department of Roads and Public Works; Eastern Cape	132	8%
Department of Roads and Transport; Limpopo	12	100%
Department of Rural Development and Land Reform; Free State	22	0%
Department of Rural Development and Land Reform; KwaZulu-Natal	13	69%
Department of Sport and Recreation; KwaZulu-Natal	8	0%
Department of Transport and Public Works; Western Cape	160	89%
Department of Transport, Roads and Public Works; Northern Cape	42	100%
Department of Transport; KwaZulu-Natal	462	4%
Buffalo City Local Municipality (BCLM)	19	0%
City of Cape Town Metropolitan Municipality (CCTMM)	131	69%
City of Johannesburg Metropolitan Municipality (CJMM)	46	98%
City of Tshwane Metropolitan Municipality (CTMM)	30	0%
Coega Development Corporation (Coega)	76	26%
Ekurhuleni Metropolitan Municipality (EMM)	80	1%
Ethekewini Metropolitan Municipality (EMM)	150	64%
Johannesburg Development Agency	28	61%
Johannesburg Roads Agency (JRA)	25	0%
Johannesburg Water	38	89%
Amathole District Municipality	38	71%
Emalaheni Local Municipality	25	0%
Greater Sekhukhune District Municipality	54	0%
Mangaung Local Municipality	37	95%
Matjhabeng Local Municipality	50	98%
Saldanha Bay Local Municipality	39	90%
Ugu District Municipality	44	34%

4. Tender Awards

The number of tender awards for selected public sector organisations and public entities recorded in *Government Tender Bulletins* but not recorded on *cidb iTender/Register of Projects* for the period 2012Q3 to 2013Q2 is shown on the following pages. The number of tender awards for selected public sector organisations and public entities recorded in *Government Tender Bulletins* which are also recorded on *cidb iTender/Register of Projects* is also shown on the following pages. Collectively these tables give an indication of the extent of compliance or non-compliance by the client bodies.

However it should be noted that it is not mandatory for government departments to publish details of tender awards, and the assessment of non-compliance is therefore limited to those clients that have elected to publish details of tender awards in the government Gazette.

Low levels of compliance (*30% or less*) are seen for:

- Department of Water Affairs
- Department of Health; KwaZulu-Natal
- Department of Public Transport, Roads And Works; Johannesburg
- Department of Rural Development and Land Reform; KwaZulu-Natal
- Department of Transport; KwaZulu-Natal
- Department of Public Works; KwaZulu-Natal

Relatively high levels of compliance (*70% or more*) are seen for:

- Department of Transport and Public Works; Western Cape
- Department of Education; Gauteng

Details of individual tenders are available from the *cidb* on request.

Number of Non-Compliant Tender Awards per Quarter

Client	201203	201204	201301	201302
Department of Environmental Affairs & Tourism	1			
Department of Rural Development and Land Reform	2			
Department of Water Affairs		4	1	11
National Department of Health				1
National Department of Public Works	3	4	13	3
Department of Agriculture and Rural Development; Gauteng		1	1	
Department of Arts and Culture; KwaZulu-Natal				1
Department of Education; Gauteng		1		
Department of Education; Northern Cape				2
Department of Education; Western Cape		4		
Department of Health; KwaZulu-Natal	46	9	1	1
Department of Health; Western Cape		1		
Department of Human Settlements; KwaZulu-Natal		1		
Department of Infrastructure Development; Gauteng	1			
Department of Public Transport, Roads And Works; Johannesburg			11	
Department of Public Works; KwaZulu-Natal	8	12	6	12
Department of Roads and Public Works; Eastern Cape	5	3	9	4
Department of Rural Development and Land Reform; KwaZulu-Natal			9	
Department of Social Development; Northern Cape		1		
Department of Transport and Public Works; Western Cape	1			2
Department of Transport; KwaZulu-Natal	7	12	8	35
Lepelle Northern Water			2	

Number of Compliant Tender Awards per Quarter

Client	201203	201204	201301	201302
National Department of Public Works	6	1	10	8
Department of Agriculture and Rural Development; Gauteng		2	1	
Department of Education; Gauteng				5
Department of Public Works; KwaZulu-Natal	1	1	1	3
Department of Roads and Public Works; Eastern Cape	8		6	
Department of Transport and Public Works; Western Cape	15			75

Tender Awards Compliance Ratio (%)

Client Description	Number of Tenders	Compliance Ratio
Department of Water Affairs	16	0%
National Department of Public Works	48	52%
Department of Education; Gauteng	6	83%
Department of Health; KwaZulu-Natal	57	0%
Department of Public Transport, Roads And Works; Johannesburg	11	0%
Department of Public Works; KwaZulu-Natal	44	14%
Department of Roads and Public Works; Eastern Cape	35	40%
Department of Rural Development and Land Reform; KwaZulu-Natal	9	0%
Department of Transport and Public Works; Western Cape	93	97%
Department of Transport; KwaZulu-Natal	62	0%

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