



Construction Industry Development Board

DEVELOPMENT THROUGH PARTNERSHIP

Compliance Monitor
Register of Projects



Quarter
2016

3

CIDB REGISTER OF PROJECTS COMPLIANCE MONITOR; OCTOBER 2016

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CIDB REGISTER OF PROJECTS COMPLIANCE MONITOR; OCTOBER 2016

The cidb *Register of Projects Compliance Monitor* provides indicators of the level of compliance and non-compliance with the 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;
- public entities; and
- Metropolitan Councils.

The *Compliance Monitor* has recently been restructured, and now only focuses on tender awards and contract closure.

1. Introduction

Information on 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 municipal and 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 currently 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 *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 CID 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 CID Regulations with regard to the registration of tender awards and contract completion –

and thereby contributing to a better understanding of public sector infrastructure spend and the development of the construction industry.

The cidb Register of Projects is also closely aligned to the National Treasury Central Supplier Database. As of 1 April 2016, National Treasury has introduced the Central Supplier Database (CSD) as a single consolidated comprehensive database for national, provincial or local government in order to remove duplication and fragmentation of supplier information across spheres of government. This database applies to all services including construction.

The National Treasury eTender Publication Portal also forms part of this consolidation, and gives free access to public sector tender opportunities in South Africa. It was established to deal with corruption and to bring transparency to supply chain management. It requires all public sector clients to publish their tenders notices and tender awards on a single platform. Due to the introduction of these regulations by National Treasury, cidb will therefore no longer be monitoring the advertisement of tender notices on the cidb iTender/ Register of Projects. The cidb will however continue to monitor the registration of tender awards on the cidb Register of Projects.

2. Background and Analysis for Compliance Indicators

The background and key assumptions used in developing and in interpreting the compliance indicators used in the *Compliance Monitor* are highlighted below.

2.1 Tender Awards

Indicators of compliance with the CID Regulation requirements for notification of tender awards are obtained in terms of the total number of tender notices recorded on the cidb *Register of Projects* and which have been recorded as having been awarded. To allow for the time lag between advertisement of tenders notices and award, tender notices issued within 90 days of the date of issue of this *Compliance Monitor* are excluded. Furthermore, tender notices which are cancelled or withdrawn are excluded. A four quarter rolling total is used.

Note that the compliance indicator does not take into account any lack of compliance with the CID Regulations requirements for recording tender notices on the cidb *Register of Projects* or the National Treasury eTender Portal.

Additional indicators of compliance with the CID Regulation requirements for notification of tender awards will be included shortly, including a comparison between tender awards recorded on the cidb *Register of Projects* and the National Treasury eTender Portal.

2.2 Contract Completion

Although not a mandatory requirement yet in terms of the CID Regulation until the removal of the transitional measures, indicators of tenders awarded but not yet completed are included. To allow for the time lag between award or registration of projects and contract completion, tender awards or projects registered within 90 days for non-term contracts and 180 days for term contracts of the date of issue of this *Compliance Monitor* are excluded. Furthermore, tender awards which are cancelled are excluded. A four quarter rolling total is used.

The indicators of contract completion are given separately for non-term contracts and term contracts. Non-term contracts are contracts which have a duration of shorter than a year and term contracts are contracts which are longer than a period of one year.

3. Tender Awards

Indicators of non-compliance with the requirements for the award of tenders are given on the following pages, in which the number of tender notices recorded on the cidb Register of Projects which have not been recorded as being awarded for the period 2014Q2 to 2015Q4 are given. Note that entities with low numbers of tender notices recorded on the cidb *Register of Projects* are not reported on – which could itself be an indicator of non-compliance.

Overall, it is seen that compliance ratios with the requirements for the award of tenders varies typically between 40% to 70%, with the highest ratio of compliance being for national departments, provincial departments and municipal entities.

Low levels of compliance are seen for:

- Roads Agency Limpopo
- City of Tshwane Metropolitan Municipality
- eThekweni Metropolitan Municipality
- Johannesburg Social Housing Company
- Lepelle Northern Water
- Eskom Holdings Limited
- Airports Company South Africa Limited (ACSA)
- Nelson Mandela Metropolitan Municipality
- Transnet Property
- Transnet Rail Engineering
- Development Bank of Southern Africa (DBSA)
- Department of Education; Free State
- Transnet Pipelines
- Department of Water and Sanitation
- Department of Transport; KwaZulu-Natal
- Department of Police, Roads and Transport; Free State
- Transnet National Ports Authority
- Department of Infrastructure Development; Gauteng

Relatively high levels of compliance are seen for:

- Department of Education (Mmabatho)
- Department of Health; Western Cape
- Department of Rural Development and Agrarian Reform; Eastern Cape
- Joburg Market
- Mandela Bay Development Agency
- Department of Education; Western Cape
- City of Cape Town Metropolitan Municipality
- Department of Transport and Public Works; Western Cape
- South African National Roads Agency Limited

Details of individual tenders notices not awarded are available from the cidb on request.

Number of Tender Notices not Awarded per Quarter (4 rolling quarters)

Entity Type	201402	201403	201404	201501	201502	201503	201504
District Municipalities	103	126	144	156	138	137	152
Local Municipalities	402	383	402	406	454	511	576
Metropolitan Municipalities	178	224	301	262	268	259	209
Municipal Entities	28	40	40	58	64	61	68
National Departments	274	290	202	195	148	134	183
Provincial Departments	592	644	432	405	456	525	655
State Owned Enterprises	415	616	539	485	475	481	531

Number of Tender Notices Awarded per Quarter (4 rolling quarters)

Entity Type	201402	201403	201404	201501	201502	201503	201504
District Municipalities	185	174	167	157	125	115	123
Local Municipalities	844	845	792	796	774	789	780
Metropolitan Municipalities	206	212	225	233	258	237	223
Municipal Entities	73	85	94	98	105	91	79
National Departments	241	284	314	311	322	277	287
Provincial Departments	831	811	743	789	745	713	837
State Owned Enterprises	571	556	415	350	345	360	356

Tender Awards Compliance Indicator (%) (2014Q2 to 2015Q4)

Entity Type	201402	201403	201404	201501	201502	201503	201504
District Municipalities	64%	58%	54%	50%	48%	46%	45%
Local Municipalities	68%	69%	66%	66%	63%	61%	58%
Metropolitan Municipalities	54%	49%	43%	47%	49%	48%	52%
Municipal Entities	72%	68%	70%	63%	62%	60%	54%
National Departments	47%	49%	61%	61%	69%	67%	61%
Provincial Departments	58%	56%	63%	66%	62%	58%	56%
State Owned Enterprises	58%	47%	44%	42%	42%	43%	40%

Tender Awards Compliance Indicator (%) (2014Q2 to 2015Q4)

Metropolitan Municipalities	201402	201403	201404	201501	201502	201503	201504
Buffalo City Metropolitan Municipality	8%	69%	81%	68%	72%	38%	30%
City of Cape Town Metropolitan Municipality	90%	91%	90%	92%	93%	91%	90%
City of Johannesburg Metropolitan Municipality	100%	100%	100%	100%	90%	79%	64%
City of Tshwane Metropolitan Municipality		0%	0%	0%	0%	0%	0%
Ekurhuleni Metropolitan Municipality	98%	98%	95%	73%	79%	64%	51%
eThekweni Metropolitan Municipality	0%	0%	0%	0%	0%	0%	0%
Nelson Mandela Metropolitan Municipality	0%	0%	0%	0%	0%		11%
Mangaung Metropolitan Municipality	95%	90%	80%	74%	58%	35%	75%

Tender Awards Compliance Indicator (%) (2014Q2 to 2015Q4)

Municipal Entities	201402	201403	201404	201501	201502	201503	201504
Joburg Market	100%	100%	100%	100%	100%	100%	100%
Johannesburg City Parks	48%	58%	72%	57%	45%	42%	45%
Johannesburg Development Agency	69%	57%	57%	58%	58%	53%	39%
Johannesburg Roads Agency	89%	82%	79%	76%	84%	87%	74%
Johannesburg Social Housing Company	0%	0%	0%	0%	0%	0%	0%
Johannesburg Water	86%	62%	50%	53%	59%	69%	61%
Pikitup Johannesburg (SOC) Ltd	82%	78%	92%	67%	75%	75%	50%
Mandela Bay Development Agency	100%	100%	100%	100%	100%	100%	100%

Tender Awards Compliance Indicator (%) (2014Q2 to 2015Q4)

National Departments	201402	201403	201404	201501	201502	201503	201504
Department of Rural Development and Land Reform	76%	67%	68%	67%	67%	65%	54%
Department of Water and Sanitation	20%	33%	33%	21%	15%	11%	10%
National Department of Public Works	39%	46%	59%	62%	71%	72%	66%

Tender Awards Compliance Indicator (%) (2014Q2 to 2015Q4)

Provincial Departments	201402	201403	201404	201501	201502	201503	201504
Department of Transport, Roads and Public Works; Northern Cape	73%	68%	76%	100%	100%	100%	100%
Department of Transport; KwaZulu-Natal	0%	0%	0%	30%	26%	25%	23%
Department of Agriculture and Land Administration; Northern Cape	86%	88%	75%	75%	55%	44%	44%
Department of Agriculture; Limpopo	100%	100%	100%	100%	80%	71%	45%
Department of Agriculture Rural Development Land and Environmental Affairs (Mpumalanga)		0%	0%	87%	88%	77%	69%
Department of Education; Free State	12%	11%	8%	6%	4%	0%	0%
Department of Education (Mmabatho)	100%	100%	100%	100%	100%	100%	100%
Department of Education; Western Cape	98%	97%	97%	97%	93%	100%	
Department of Health; Free State	100%	90%	90%	89%	80%	100%	13%
Department of Health; KwaZulu-Natal	56%	60%	60%	33%	67%	50%	33%
Department of Health; North West	100%	50%	21%	21%	28%	39%	71%
Department of Health; Western Cape				100%	100%	100%	100%
Department of Infrastructure Development; Gauteng	20%	19%	29%	23%	32%	40%	45%
Department of Police, Roads and Transport; Free State	100%	0%	0%	0%	0%	0%	0%
Department of Public Works and Infrastructure; Free State	93%	88%	88%	89%	73%	57%	50%
Department of Public Works; Mmabatho	95%	95%	51%	49%	41%	29%	22%
Department of Public Works; KwaZulu-Natal	99%	94%	88%	82%	77%	53%	49%
Department of Public Works, Roads and Transport; Mpumalanga	71%	78%	83%	92%	81%	76%	52%
Department of Roads and Public Works; Eastern Cape	68%	64%	62%	68%	74%	72%	74%
Department of Public Transport, Roads And Works; Johannesburg	8%	7%	18%	17%	17%	45%	74%
Department of Roads and Transport; Limpopo	33%	32%	17%	17%	17%		
Department of Rural Development and Agrarian Reform; Eastern Cape	100%	100%	100%	100%	100%	100%	100%
Department of Transport and Public Works; Western Cape	97%	91%	91%	89%	82%	82%	82%
Department of Public Works; Limpopo	32%	63%	100%	100%	100%	100%	

Tender Awards Compliance Indicator (%) (2014Q2 to 2015Q4)

State Owned Enterprises	201402	201403	201404	201501	201502	201503	201504
Airports Company South Africa Limited (ACSA)	50%	17%	10%	8%	0%	3%	3%
Amatola Water Board	71%	65%	60%	13%	13%	0%	60%
Bloem Water	100%	100%	100%	67%	25%	43%	20%
Coega Development Corporation (Coega)	100%	100%	100%	100%	100%	27%	21%
Development Bank of Southern Africa (DBSA)	9%	9%	9%	0%			
Eskom Holdings Limited	6%	6%	4%	0%	0%	0%	0%
Independent Development Trust (IDT)	64%	45%	32%	29%	24%	49%	43%
Lepelle Northern Water	0%	0%	0%	0%	0%	0%	6%
Passenger Rail Agency of South Africa (PRASA)	67%	55%	51%	44%	51%	28%	27%
Roads Agency Limpopo	#DIV/0!	0%	0%	0%	0%	0%	0%
South African National Roads Agency Limited	86%	89%	89%	90%	91%	92%	91%
Transnet Capital Projects	96%	96%	85%	71%	65%	57%	48%
Transnet Rail Engineering	7%	8%	9%	6%	11%	0%	0%
Transnet Freight Rail	36%	43%	75%	64%	60%	71%	62%
Transnet National Ports Authority	26%	23%	8%	10%	33%	31%	31%
Transnet Pipelines	17%	17%	6%	0%	0%	0%	0%
Transnet Property	0%	0%	9%	11%	11%	14%	7%
Umgeni Water	67%	65%	71%	70%	83%	63%	25%
East London Industrial Development Zone	75%	100%	33%	33%	0%	0%	0%
Mhlathuze Water	100%	100%	88%	50%	44%	58%	25%
Rand Water	71%	66%	68%	57%	64%	59%	56%

4. Contract Completion

Indicators of tenders awarded but not yet completed are given on the following pages, in which the number of tender awards not recorded on the cidb Register of Projects which have not been recorded as being completed for the period 2014Q2 to 2015Q4 are given for non-term contracts and 2014Q2 to 2015Q1 for term contracts. Note that entities with low numbers of tender awards recorded on the cidb *Register of Projects* are not reported on – which could itself be an indicator of non-compliance.

Non-Term contracts

Low levels of compliance are seen for:

- Department of Public Works; KwaZulu-Natal
- Department of Public Transport, Roads And Works; Johannesburg
- Transnet Freight Rail
- Department of Infrastructure Development; Gauteng
- eThekweni Metropolitan Municipality
- Department of Transport and Public Works; Western Cape
- Department of Police, Roads and Transport; Free State
- Rand Water
- National Department of Public Works
- Department of Public Works; Limpopo

Relatively high levels of compliance are seen for:

- Mangaung Metropolitan Municipality
- Independent Development Trust (IDT)
- Johannesburg Development Agency
- Johannesburg Roads Agency

Number of Tender Awards not closed per Quarter (4 rolling quarters)

Entity Type	201402	201403	201404	201501	201502	201503	201504
District Municipalities	107	93	99	79	42	53	28
Local Municipalities	166	161	157	150	169	154	155
Metropolitan Municipalities	320	332	264	204	204	165	154
Municipal Entities	2	2	3	2	3	3	2
National Departments	24	24	19	10	8	5	9
Provincial Departments	262	291	303	355	492	482	541
State Owned Enterprises	23	21	24	21	12	15	12

Number of Tender Awards closed per Quarter (4 rolling quarters)

Entity Type	201402	201403	201404	201501	201502	201503	201504
District Municipalities	27	24	12	8	4	2	1
Local Municipalities	136	151	148	157	158	144	123
Metropolitan Municipalities	38	35	47	101	120	124	124
Municipal Entities	32	37	41	35	26	24	14
National Departments	5	3	2	2	1	8	9
Provincial Departments	417	323	279	266	242	244	182
State Owned Enterprises	71	73	15	19	17	9	6

Contract Completion Compliance Indicator (%) (2014Q2 to 2015Q4)

Entity Type	201402	201403	201404	201501	201502	201503	201504
District Municipalities	20%	21%	11%	9%	9%	4%	3%
Local Municipalities	45%	48%	49%	51%	48%	48%	44%
Metropolitan Municipalities	11%	10%	15%	33%	37%	43%	45%
Municipal Entities	94%	95%	93%	95%	90%	89%	88%
National Departments	17%	11%	10%	17%	11%	62%	50%
Provincial Departments	61%	53%	48%	43%	33%	34%	25%
State Owned Enterprises	76%	78%	38%	48%	59%	38%	33%

Contract Completion Compliance Indicator (%) (2014Q2 to 2015Q4)

Metropolitan Municipalities	201402	201403	201404	201501	201502	201503	201504
Buffalo City Metropolitan Municipality	25%	16%	35%	44%	47%	91%	100%
City of Cape Town Metropolitan Municipality	38%	47%	83%	87%	82%	80%	25%
Ekurhuleni Metropolitan Municipality	26%	30%	19%	25%	56%	79%	93%
eThekweni Metropolitan Municipality	2%	2%	1%	2%	2%	2%	1%
Mangaung Metropolitan Municipality			100%	100%	100%	99%	99%

Contract Completion Compliance Indicator (%) (2014Q2 to 2015Q4)

Municipal Entities	201402	201403	201404	201501	201502	201503	201504
Johannesburg Development Agency	96%	96%	94%	94%	88%	89%	88%
Johannesburg Roads Agency	86%	91%	91%	100%	100%		

Contract Completion Compliance Indicator (%) (2014Q2 to 2015Q4)

National Departments	201402	201403	201404	201501	201502	201503	201504
National Department of Health						100%	67%
National Department of Public Works	17%	11%	10%	17%	11%	17%	17%

Contract Completion Compliance Indicator (%) (2014Q2 to 2015Q4)

Provincial Departments	201402	201403	201404	201501	201502	201503	201504
Department of Agriculture and Land Administration; Northern Cape		93%	100%				0%
Department of Education; Western Cape				100%	70%	70%	70%
Department of Infrastructure Development; Gauteng		0%	0%	0%	0%	0%	2%
Department of Police, Roads and Transport; Free State		33%	8%	8%	8%	6%	7%
Department of Public Works; KwaZulu-Natal		0%	0%	0%	0%	0%	0%
Department of Public Works, Roads and Transport; Mpumalanga		51%	7%	8%	10%	0%	0%
Department of Roads and Public Works; Eastern Cape		78%	69%	8%	7%	7%	11%
Department of Public Transport, Roads And Works; Johannesburg		0%	0%	0%	0%	0%	0%
Department of Transport and Public Works; Western Cape		7%	6%	6%	7%	4%	6%
Department of Transport; KwaZulu-Natal		82%	86%	93%	93%	97%	99%
Department of Public Works; Limpopo		0%	0%	0%	0%	21%	21%

Contract Completion Compliance Indicator (%) (2014Q2 to 2015Q4)

State Owned Enterprises	201402	201403	201404	201501	201502	201503	201504
Coega Development Corporation (Coega)	77%	87%	83%	88%	93%	67%	67%
Independent Development Trust (IDT)	94%	95%	63%	57%	100%	100%	
Rand Water	14%	0%	0%	0%	0%	0%	0%
Transnet Freight Rail	0%	0%	0%	0%	0%	0%	0%

Term contracts

Low levels of compliance are seen for:

- Department of Police, Roads and Transport; Free State
- Department of Public Works; KwaZulu-Natal
- Department of Transport and Public Works; Western Cape
- Transnet Freight Rail
- City of Cape Town Metropolitan Municipality

Relatively high levels of compliance are seen for:

- Department of Transport; KwaZulu-Natal

Number of Tender Awards not closed per Quarter (4 rolling quarters)

Entity Type	201402	201403	201404	201501
District Municipalities	8	6	5	5
Local Municipalities	21	17	14	20
Metropolitan Municipalities	9	5	3	4
National Departments	4	3	2	1
Provincial Departments	73	155	157	148
State Owned Enterprises	10	10	11	8

Number of Tender Awards closed per Quarter (4 rolling quarters)

Entity Type	201402	201403	201404	201501
District Municipalities	7	3	3	2
Local Municipalities	13	13	11	10
Metropolitan Municipalities	1	1	0	0
National Departments	8	5	2	1
Provincial Departments	99	100	81	73
State Owned Enterprises	0	0	0	0

Contract Completion Compliance Indicator (%) (2014Q2 to 2015Q1)

Entity Type	201402	201403	201404	201501
District Municipalities	47%	33%	38%	29%
Local Municipalities	38%	43%	44%	33%
Metropolitan Municipalities	10%	17%	0%	0%
National Departments	67%	63%	50%	50%
Provincial Departments	58%	39%	34%	33%
State Owned Enterprises	8%	0%	0%	0%

Contract Completion Compliance Indicator (%) (2014Q2 to 2015Q1)

Metropolitan Municipalities	201402	201403	201404	201501
City of Cape Town Metropolitan Municipality	10%	17%	0%	0%

Contract Completion Compliance Indicator (%) (2014Q2 to 2015Q1)

National Departments	201402	201403	201404	201501
National Department of Public Works	67%	63%	50%	50%

Contract Completion Compliance Indicator (%) (2014Q2 to 2015Q1)

Provincial Departments	201402	201403	201404	201501
Department of Police, Roads and Transport; Free State			0%	0%
Department of Public Works; KwaZulu-Natal	0%	0%	0%	0%
Department of Transport and Public Works; Western Cape	0%	0%	0%	0%
Department of Transport; KwaZulu-Natal	80%	94%	100%	100%

Contract Completion Compliance Indicator (%) (2014Q2 to 2015Q1)

State Owned Enterprises	201402	201403	201404	201501
Transnet Freight Rail	0%	0%	0%	0%

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