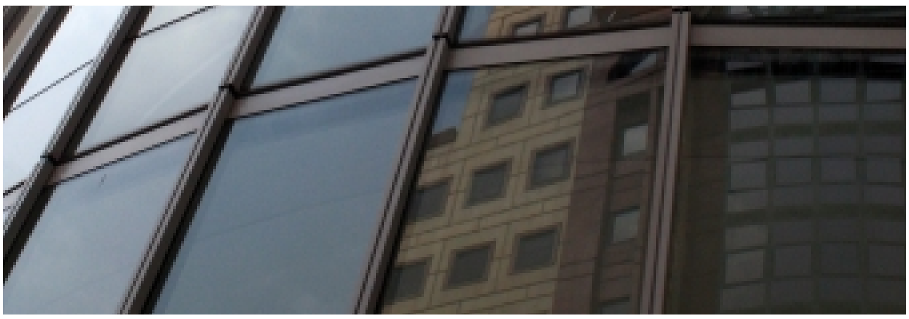
development through partnership

The cidb Quarterly Monitor: April 2008



THE ECONOMICS OF CONSTRUCTION IN SOUTH AFRICA

The Construction Industry Development Board

Acknowledgements:

In addition to information obtained from the cidb Construction registers, the cidb Quarterly Monitor draws on the following external information sources:

- the Industry Insight Projects Database
- the BER Building Confidence Index; and
- the FNB/BER Civil Confidence Index

Their support is gratefully acknowledged.

1. Introduction

The National Contractor Development Programme (NCDP) is a sector-specific intervention within the framework of South Africa's Accelerated and Shared Growth Initiative (AsgiSA). Led by the Minister of Public Works and the Provincial MECs, it is committed to the accelerated growth of the construction industry to meet rising national demand. Specifically, the NCDP is geared to address enhancing capacity and equity ownership across the different contracting categories and grades, as well as improved skills and performance in the delivery of capital works and maintenance across the public sector.

The cidb Quarterly Monitor provides an overview of the state of contractor development in South Africa as input to developing targeted development intervention strategies in support of the NCDP. This Quarterly Monitor covering the 2nd[st] quarter 2007 to the 1[st] quarter 2008 focuses on public sector supply and demand at a provincial level, and deals only with the General Building (GB) and Civil Engineering (CE) cidb Class of Works.

The cidb Quarterly Monitor must only be seen as a guide to assist in developing targeted intervention strategies. Specifically, the cidb Quarterly Monitor should be seen as a tool for interrogating existing intervention strategies.

2. Background and Assumptions

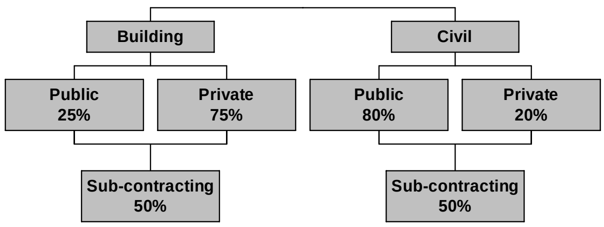
The background and assumptions used in developing and in interpreting the cidb Quarterly Monitor are highlighted below:

i) *Contracts Awarded*: Details of contracts awarded is obtained from the cidb iTender Register of Projects supported by the *Industry Insight* Project Database. The *Industry Insight* Project Database is considered to be about 60% or more accurate (and is constantly being improved). This data has then been scaled up to reflect total construction spend as reflected from Reserve Bank data. (The support of *Industry Insight* in providing this information is gratefully acknowledged.)

ii) *Public vs. Private Sector Demand*: The cidb Quarterly Monitor only presents information on public sector contracts for General Building (GB) and Civil Engineering (CE) cidb Class of Works. Most contractors would however target <u>both</u> public and private sector opportunities. Currently, public sector spend accounts for about 25% of total General Building activity and about 80% of Civil Engineering activity, although lower grade contractors, and in particular emerging contractors, would be more dependent of public sector contracts.

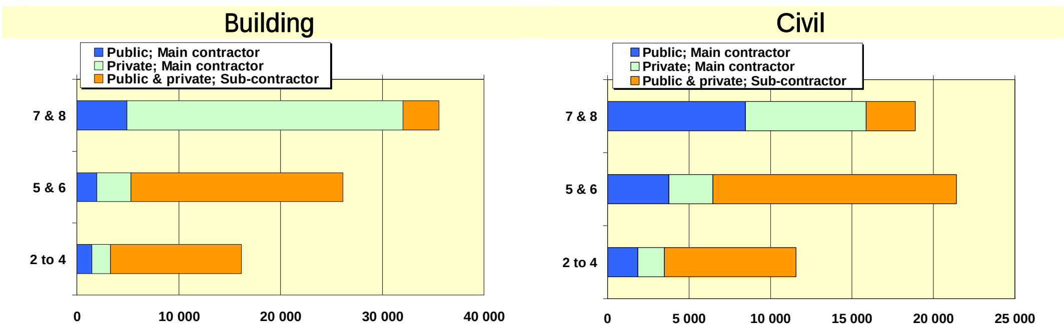
Class of Works	% Public Sector Spend
General Building (GB)	25%
Civil Engineering (CE)	80%

iii) *Sub-contracting*: Much of the work of contractors in Grades 2 to 6 is through obtained sub-contracting to higher level contractors, and not as main contractors. Typically, around 50% of work is sub-contracted to lower Grade or to speciality contractors.



The impact of sub-contracting is illustrated in the adjacent table and following figures, using an <u>assumed</u> distribution of work between the grades. Typically, direct public sector contracts to contractors in Grades 2 to 6 accounts for about 10% of total turnover in General Building and about 20% in Civil Engineering.

Class of Works	Public Sector Main Contracts as % of Total
General Building (GB)	10%
Civil Engineering (CE)	20%



iv) *Supply*: Contractor information is obtained from the cidb Register of Contractors, and considers only:

- contractors registered in Grades 2 to 8; and
- General Building (GB) and Civil Engineering (CE) Class of Works.

The data is then aggregated into the following categories:

- Grades 2 to 4; typically established and developing contractors that operate at a local level;
- Grades 5 and 6; typically contractors in transition from operating at a local to a regional / provincial level; and
- Grades 7 and 8; typically contractors that operate a regional / provincial level.

Grade	Characteristics
7 & 8	provincial / regional
5 & 6	local / regional
2 to 4	local

Grade 9 contractors are excluded from the analysis as these typically operate at a national / international level.

v) *Annual Turnover of Contractor Enterprises*: Although very dependent on the nature of work (e.g. roads, water supply and excavations), an important indicator in interpreting the cidb Quarterly Monitor in order to assess the sustainability of contractors is the ratio of the available work to the turnover per contractor – taking into account both public and private sector opportunities and sub-contracting opportunities. The average annual turnover of contractors per Grade is given in the adjacent table.

Contractor Grade	Average Annual Turnover (Rm pa)
7 & 8	108
5 & 6	13
2 to 4	2.2

vi) *Competition / sustainability*: The cidb Quarterly Monitor then presents a "turnover ratio", calculated as the average annual public sector awards per contractor normalised by the average annual turnover of the contractor (per class of works and per contractor grade per contractor). A turnover ratio of 1 (or 100%) would imply that a contractor could, on average, derive its total annual turnover only from public sector main contracts. A low turnover ratio indicates a highly competitive environment – which is likely to be an unsustainable environment.

The cidb Quarterly Monitor also presents this information per province relative to the average turnover ratio (or competiveness) for South Africa as a whole.

vii) *Business Confidence*: The cidb Quarterly Monitor also presents the BER Building Confidence Index and the FNB/BER Civil Confidence Index for the country as a whole and covering public and private sector work is presented below. The Confidence Index represents the percentage of respondents rating the business conditions as satisfactory.

viii) *Contractor Development*: This cidb Quarterly Monitor has been extended to include information on contractors that have upgraded during the preceding 12 months. The information on upgrades considers only "compliant" applications (i.e. where the full financial and track record information has been provided), and also excludes new business enterprises (i.e. who do not have a previous track record at time of registration).

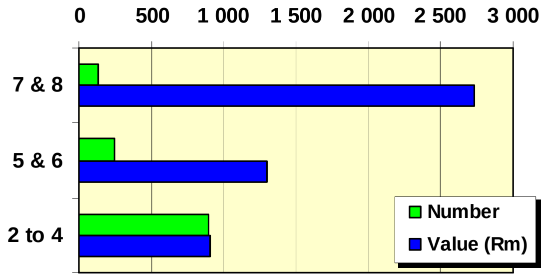
3. South Africa

Demand: The value and distribution of public sector contracts awarded in South Africa in Grades 2 to 8 is shown in the adjacent table and figure. The distribution in the public sector contracts awarded between the grades clearly reflects the infrastructure requirements of South Africa, but also reflects the distribution of public sector contracts to reflect contractor development priorities. It can be seen from the following figures that KwaZulu Natal, Limpopo and Mpumalanga are typically allocating higher percentages of their public sector spend to Grades 2 to 4 contractors – but at the expense of the Grade 5 and 6, or Grade 7 and 8 contractors.

This is illustrated further below in which the number and value of General Building awards is shown for South Africa and for Limpopo using the number and value of public sector building awards using the (uncorrected) Industry Insight project database. In Limpopo around 340 contracts were awarded by the Department of Education for additions to schools in the region to Grade 3 and 4 contractors in the 2nd quarter of 2007 and in the 1st quarter of 2008 – with a typical value of R640 000.

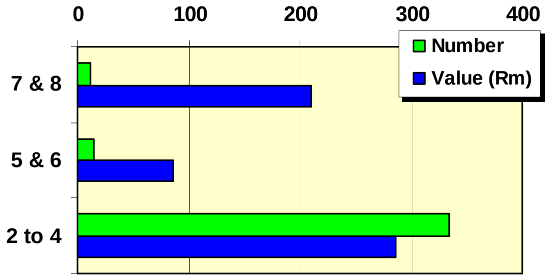
South Africa; Number & Value of Building Awards (Uncorrected)

Grade	Number	Value (Rm)
	Building	
7 & 8	130	2 734
5 & 6	245	1 299
2 to 4	895	908
Total	1 270	4 940



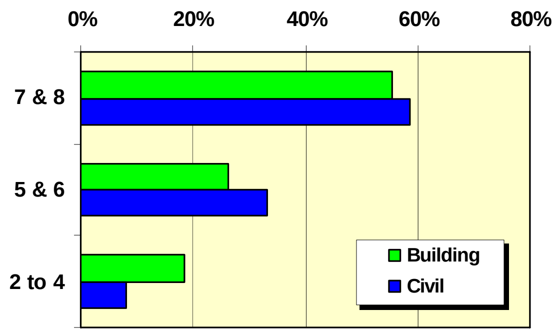
Limpopo; Number & Value of Building Awards (Uncorrected)

Grade	Number	Value (Rm)
	Building	
7 & 8	11	210
5 & 6	15	86
2 to 4	335	286
Total	361	582

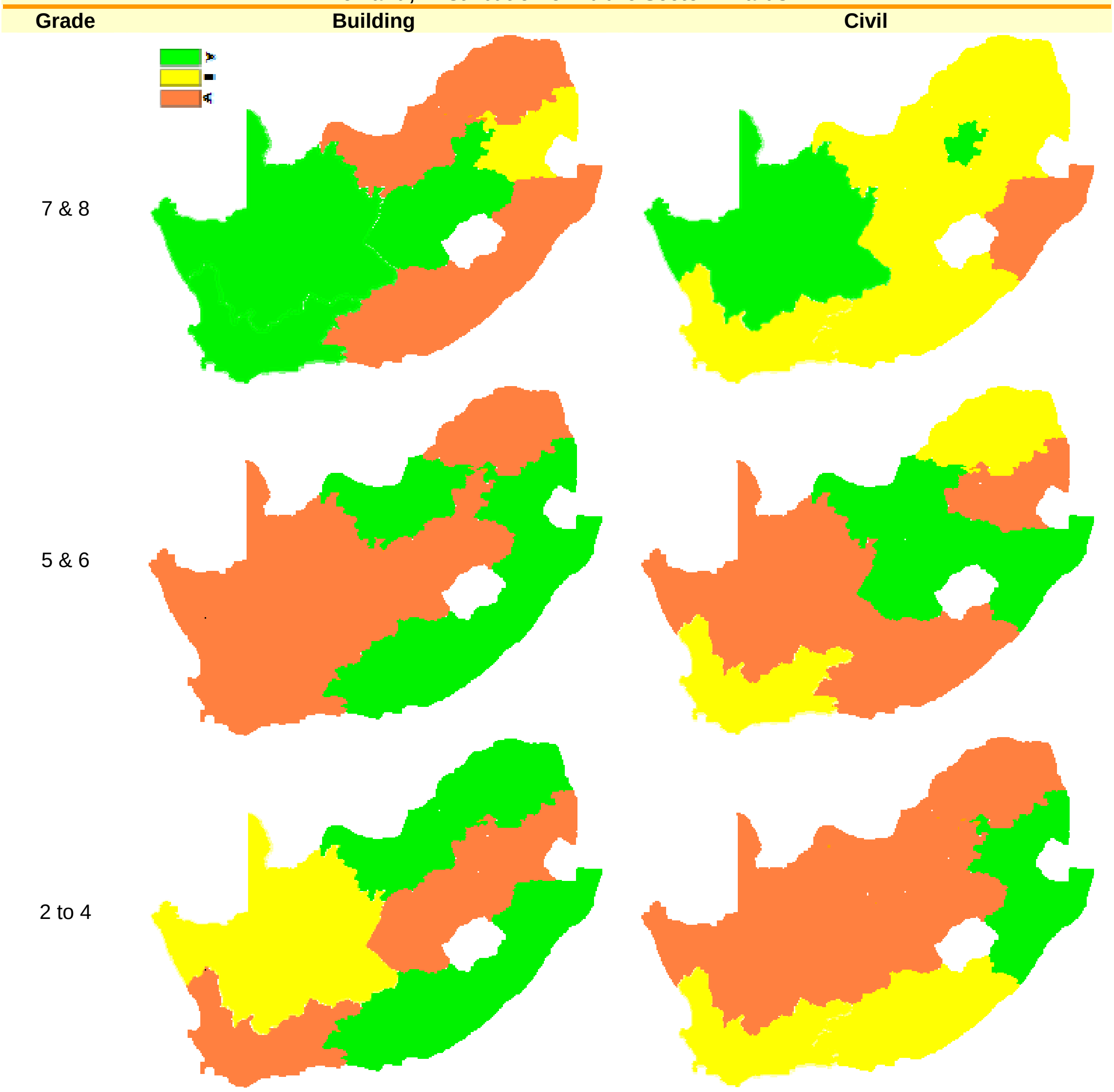


Demand; Public Sector Awards (Corrected)

Grade	Value pa (Rm; Corrected)	% Distribution
Building		
7 & 8	6 317	55%
5 & 6	3 001	26%
2 to 4	2 098	18%
Total	11 416	100%
Civil		
7 & 8	12 485	59%
5 & 6	5 200	33%
2 to 4	2 204	8%
Total	19 889	100%



Demand; Distribution of Public Sector Awards



Key: Relative to ± 15% of national average

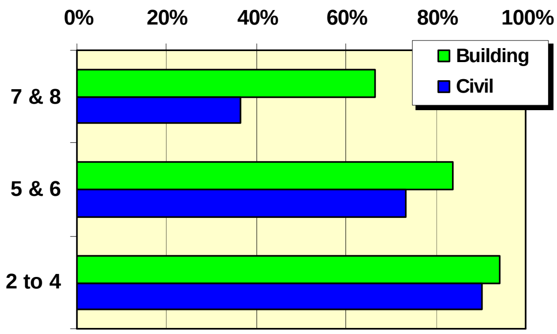
Supply; Black Ownership: For South Africa as a whole (and in fact for every province in South Africa), more than 80% of cidb registered Grade 2 to 4 building and civil contractors are black owned (defined as more that 51% ownership control). Furthermore, more than 80% of all Grade 5 and 6 building contractors are black owned, while around 70% of all Grade 5 and 6 civil contractors are black owned.

On a provincial basis, Limpopo has the highest proportion of black contractors across all grades and all classes of works (typically exceeding 80% black ownership) – even at Grades 7 and 8 building contractors. Ownership in the Western Cape is somewhat below the national average

While the high proportion of black owned contractors is encouraging, the sustainability and growth of contractors should be the end goal – which is examined later in this cidb Quarterly Monitor.

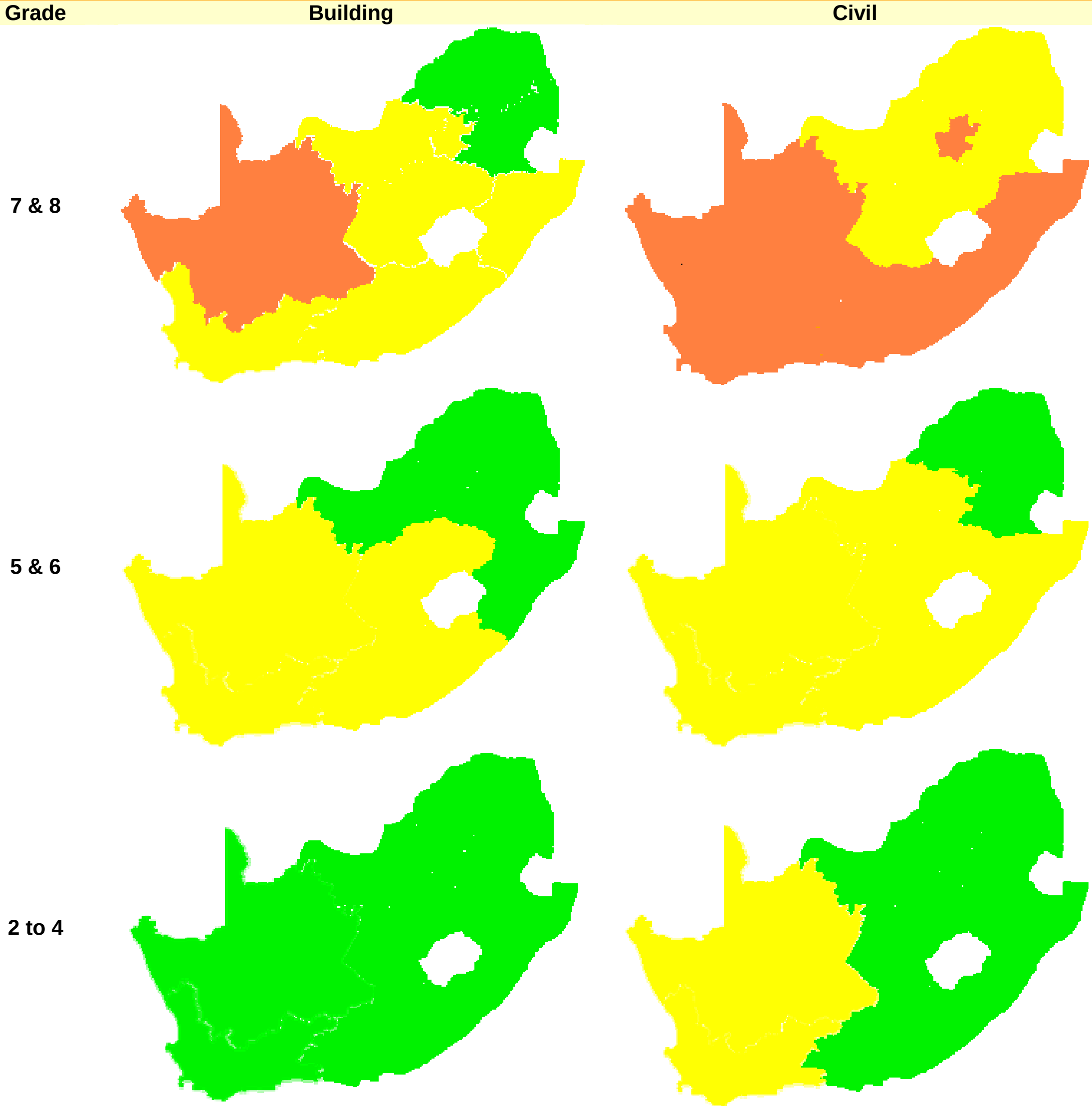
Supply; Black Ownership

Grade	Number of Contractors	Number Black Contractors	% Black Owned
Building			
7 & 8	149	99	40% to 80%
5 & 6	538	451	>80%
2 to 4	3 347	3 151	>80%
Total	4 034	3 701	>80%
Civil			
7 & 8	206	75	<40%
5 & 6	711	520	40% to 80%
2 to 4	2 368	2 134	>80%
Total	3 285	2 729	>80%



Black Ownership

Grade	Building	Civil

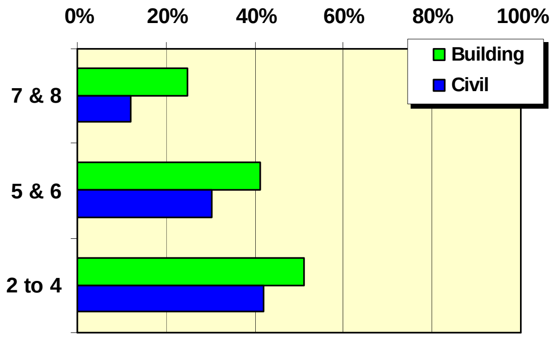


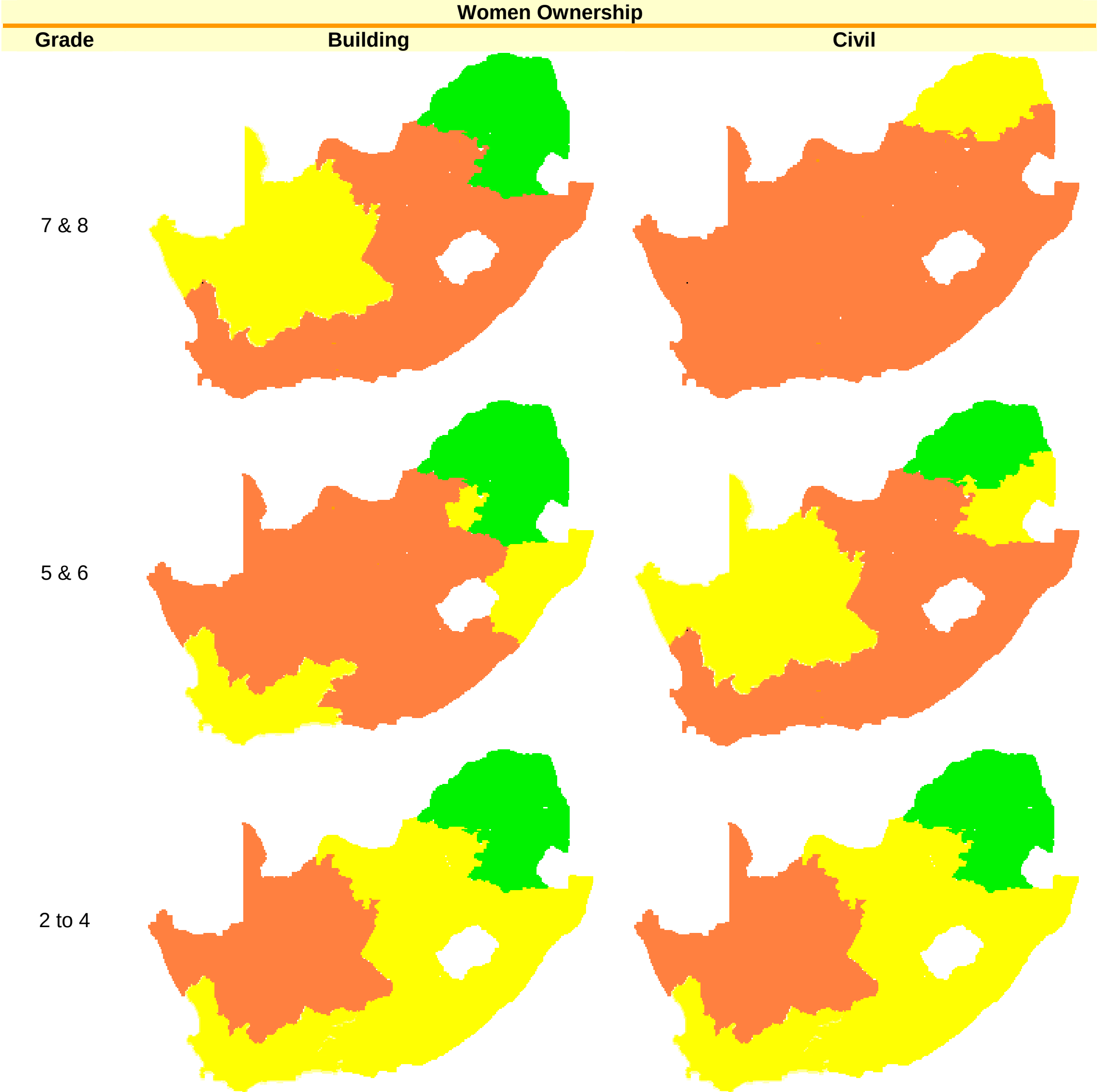
Key: See table above

Supply; Women Ownership: On average, around 40% of all Grade 3 and 4 contractors are women owned – with the highest ownership in Limpopo (which probably reflects tender preferencing in this province). However, women ownership varies significantly from province to province, and across the Grades. From Grades 5 and 6 and above, women ownership is typically less than 30%.

Supply; Women Ownership

Grade	Number of Contractors	Number of Women Contractors	% Women Owned
Building			
7 & 8	149	37	<30%
5 & 6	538	222	30% to 50%
2 to 4	3 347	1 705	>50%
Total	4 034	1 964	30% to 50%
Civil			
7 & 8	206	25	<30%
5 & 6	711	216	30% to 50%
2 to 4	2 368	992	30% to 50%
Total	3 285	1 233	30% to 50%





Key: See table above

Competition / Sustainability: The average turnover ratio per contractor Grade and within various Classes of Works is shown in the adjacent table – from which it can be seen that, on average, building contractors in Grades 2 to 4 generate around 25% of their annual turnover form public sector main contracts. Similarly, on average, civil engineering contractors in Grades 2 to 4 generate around 50% of their annual turnover from public sector main contracts.

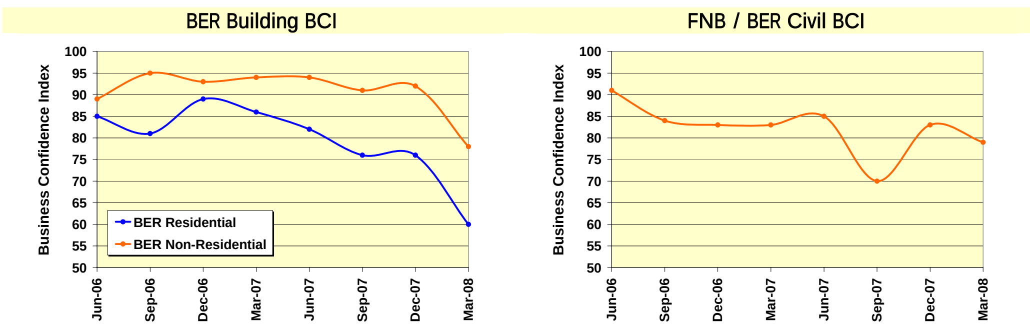
Expressed another way, on average, building contractors could expect a public sector main contract once every 4 years, and civil contractors once every 2 years – which illustrates the importance of the need for sub-contracting and for performance in a competitive environment.

A comparison of the turnover ratios within ±15% of the national norm between the provinces is given in the attached figures. Specifically, for General Building in Grades 2 to 4, it is seen that KwaZulu Natal, Gauteng and Mpumalanga are more competitive than the remainder of the country, while Gauteng, Limpopo, North West and Mpumalanga are more competitive within the civil sector. In other words, General Building contractors in Grades 2 to 4 in KwaZulu Natal, Gauteng and Mpumalanga could expect a public sector main contract once every 5 years or even longer. Clearly, the sustainability of many of these contractors is questionable.

Within the Civil Engineering sector, Eastern Cape, Free State and the Western Cape are the least competitive – due to the high value of contracts awarded during the past four quarters relative to the low number of contractors. (It should be noted however that the data could be biased due to incomplete information.)

Province	Civil Contractors (Grades 2 to 9)	Civil Awards (Rm) (uncorrected)
Eastern Cape	326	2 023
Free State	180	3 271
Gauteng	769	3 119
KwaZulu-Natal	820	1 325
Limpopo	412	648
Mpumalanga	351	612
North West	135	458
Northern Cape	48	509
Western Cape	274	2 033

Business Confidence Index: Another indicator of competiveness is the Business Confidence Index. The BER Building Confidence Index and the FNB/BER Civil Confidence Index for the country as a whole and covering public and private sector work is presented below, where the index represents the percentage of respondents rating the business conditions as satisfactory.

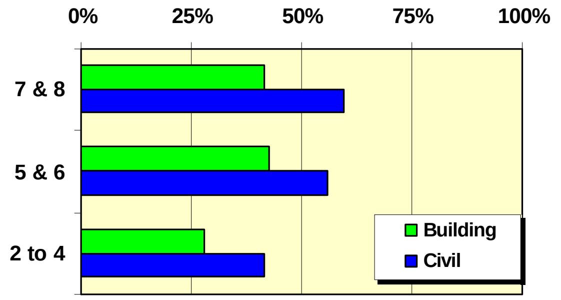


Source: Bureau for Economic Research; http://www.ber.ac.za

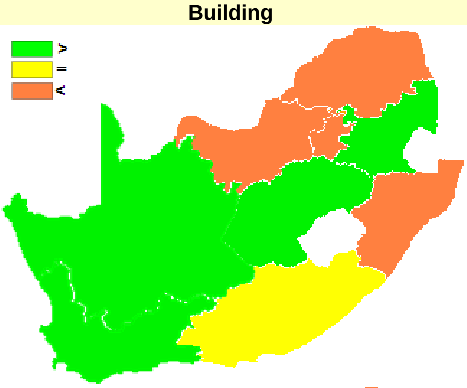
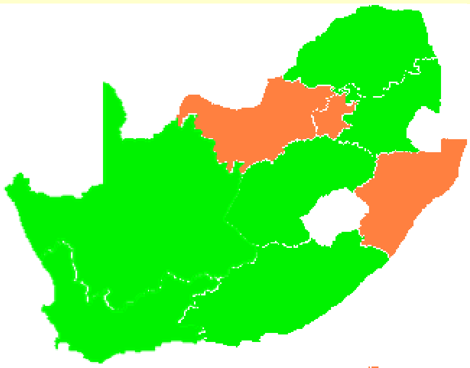
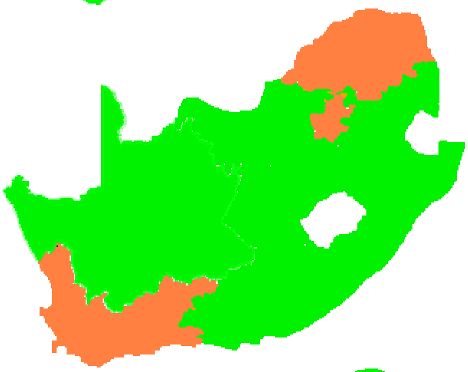
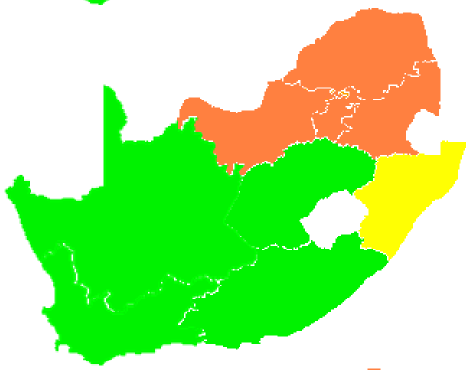
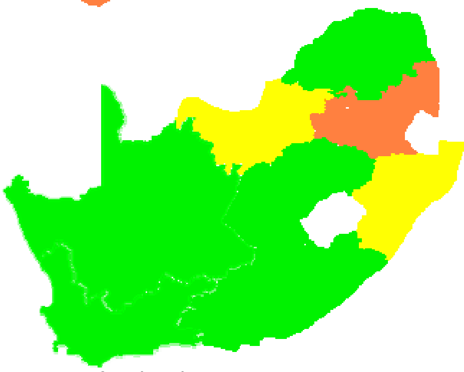
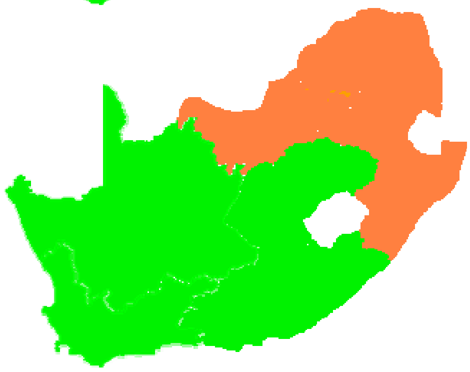
It can be seen from the above that business confidence in the building sector has dropped sharply this last quarter – and hence competitiveness is increasing. (Note however that the public sector is not a major player in the residential sector.) Business confidence in the civil sector also dropped in the last quarter.

Supply and Demand; Turnover Ratio (Corrected)

Grade	Turnover Ratio
Building	
7 & 8	42%
5 & 6	42%
2 to 4	28%
Civil	
7 & 8	60%
5 & 6	56%
2 to 4	42%



Supply and Demand; Turnover Ratio (Corrected)

Grade	Building	Civil
7 & 8		
5 & 6		
2 to 4		

Key: Relative to ± 15% of national average

Contractor Development: Details of the upgrading of contractors in the building and civil sectors within the past four quarters is shown in the adjacent figure. On average, between 5% and 10% of Grade 2 to 4 contractors are upgrading per year, while the highest upgrading of contractors is taking place in Grades 5 and 6 within the building sector.

An overview of contractor upgrading per province is given in the adjacent figures – and again it is seen that (broadly speaking), the highest upgrading of contractors is taking place in Grades 5 and 6. Of possible concern is the low percentage of building contractors in Grades 2 to upgrading in the Eastern Cape, Western Cape, Free State and Gauteng.

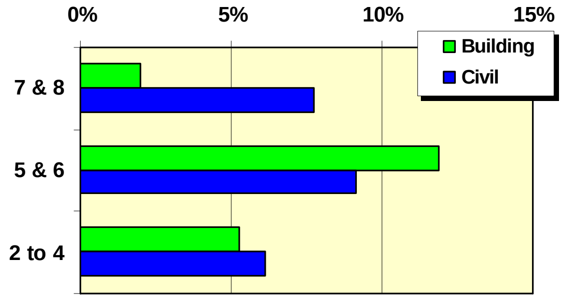
Notwithstanding that most upgradings are taking place in Grades 5 and 6, there has also been some very significant development of contractors in Grades 2 to 4.

Details of some of the contractor upgradings are given below, illustrating the growth that has been achieved (details of the contractors have been kept confidential). Significantly, the turnover of some contractors has increased 10-fold and more, and these contractors are currently taking on some very significant contracts.

Province	From	To	Class of Works	Grade	Year	Largest Contract Value (Rm)	Turnover (Rm)
Western Cape	3	7	CE	3	2006	1.9	1.0
				5	2006	5.5	12.0
				7	2007	8.2	37.8
Limpopo	3	7	CE	3	2006	0.4	4.9
				5	2006	2.1	5.5
				7	2007	8.5	21.0
Mpumalanga	4	7	GB	4	2006	3.1	2.7
				5	2006	3.1	3.6
				6	2007	3.1	7.7
				7	2007	9.0	37.7
Gauteng	4	7	CE	4	2006	3.7	4.1
				6	2008	8.1	20.8
				7	2008	9.3	20.8
Free State	4	8	GB	4	2006	5.9	2.4
				6	2006	12.4	11.3
				6	2007	20.5	16.2
				8	2007	25.6	79.9

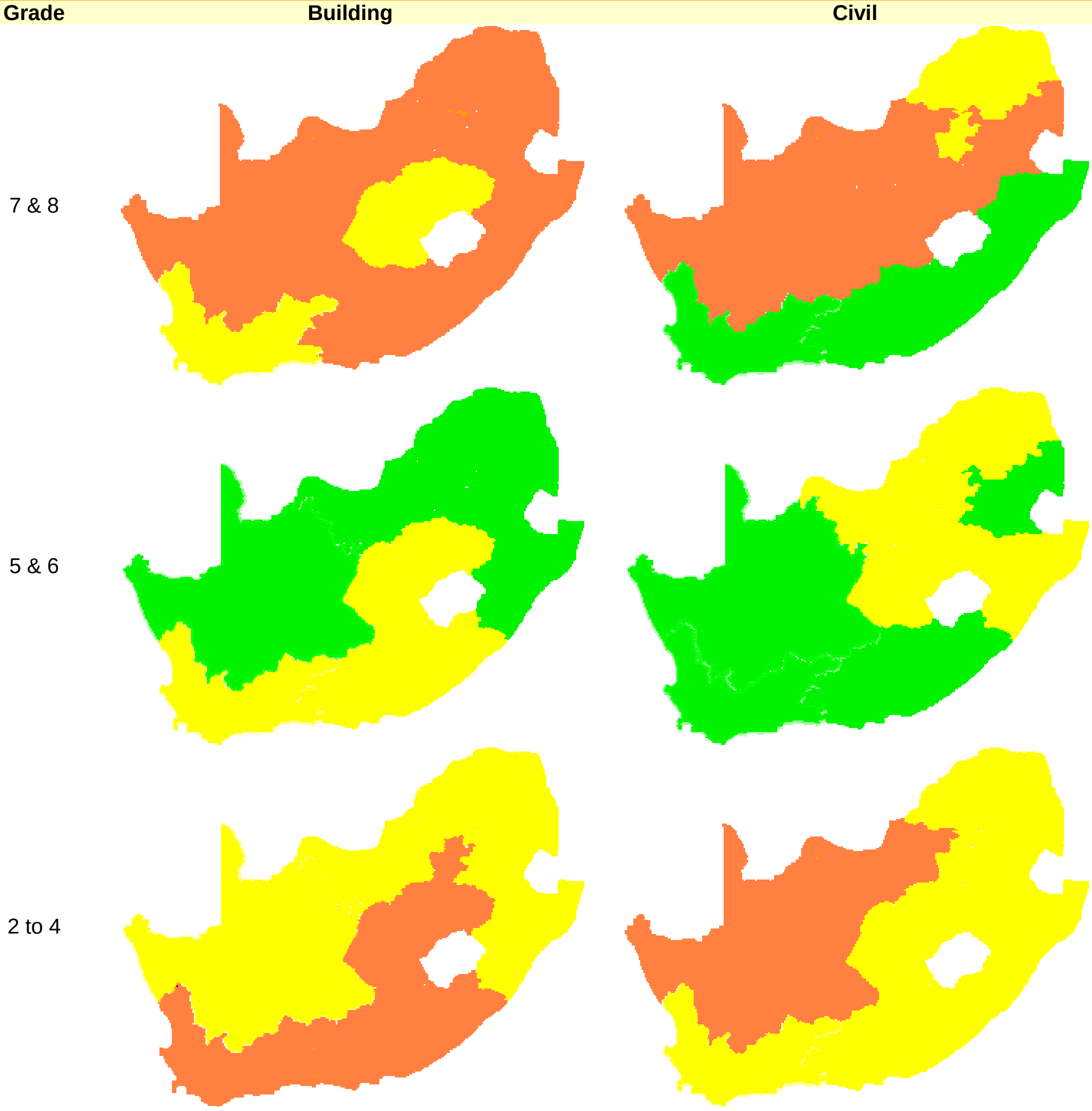
Contractor Upgrades %

Grade	Number of Upgrades	%	
Building			
7 & 8	3	2%	<5%
5 & 6	64	12%	>10%
2 to 4	177	5%	5% to 10%
Total	244		
Civil			
7 & 8	16	8%	5% to 10%
5 & 6	65	9%	5% to 10%
2 to 4	145	6%	5% to 10%
Total	226.003		



Upgrades

Grade **Building** **Civil**

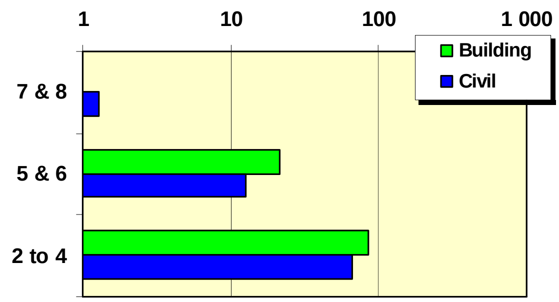


Key: See table above

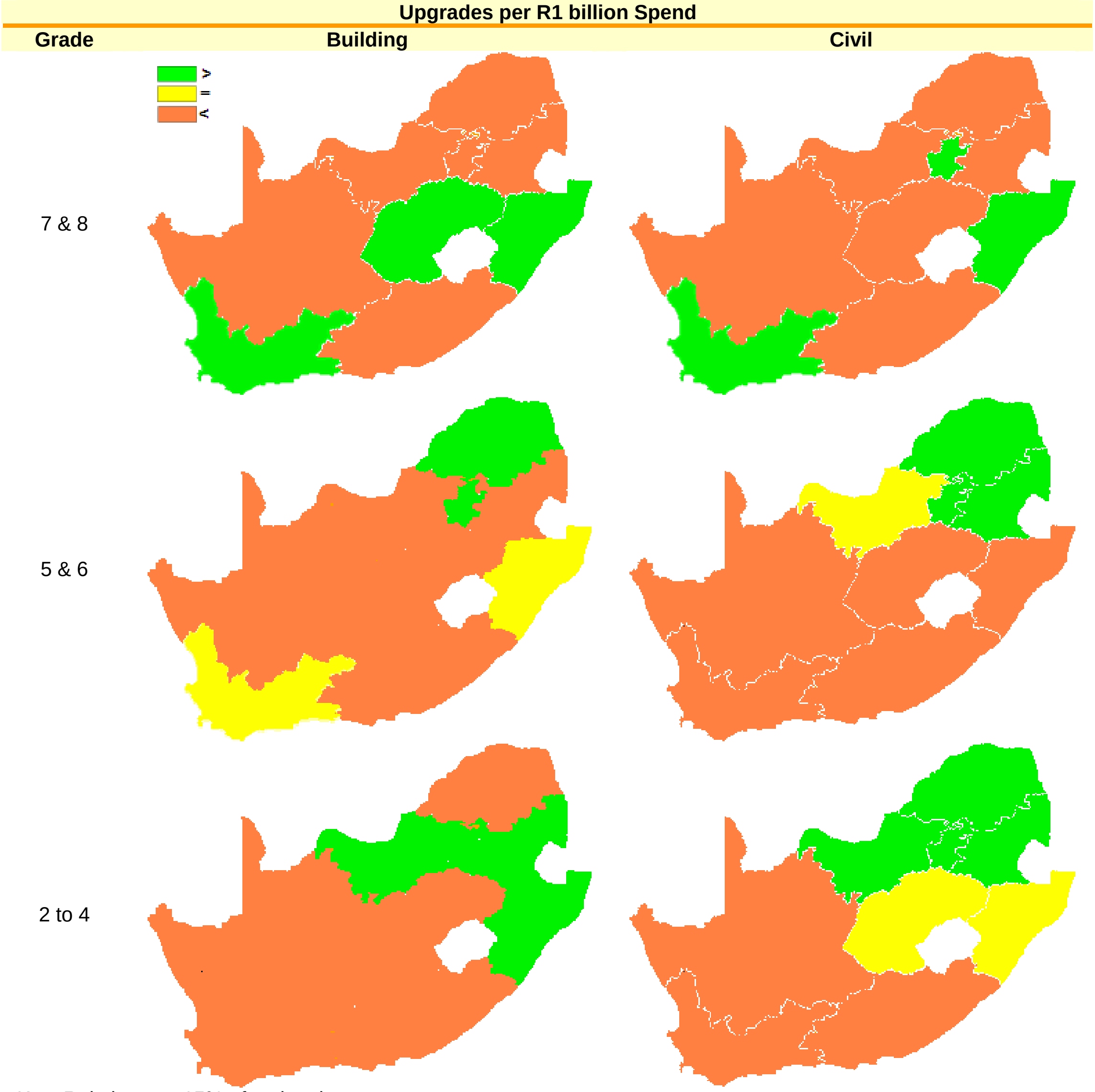
Contractor Development (continued): A useful indicator is the number of contractor upgrades per R1billion of public sector awards shown in the adjacent table and figures. Of interest is that the highest number of contractors per R1billion investment is directly (inversely) correlated with the contractor competiveness in the province. For example, Mpumalanga, Limpopo and North West are the most competitive provinces in civil engineering Grades 5 and 6, and have the highest number of contractor upgrades per r1billion investment.

Contractor Upgrades per R1 billion Spend

Grade	Number of Upgrades	Upgrades / R1b
Building		
7 & 8	3	0.5
5 & 6	64	21
2 to 4	177	84
Total	244	
Civil		
7 & 8	16	1.3
5 & 6	65	12
2 to 4	145	66
Total	226	



Upgrades per R1 billion Spend

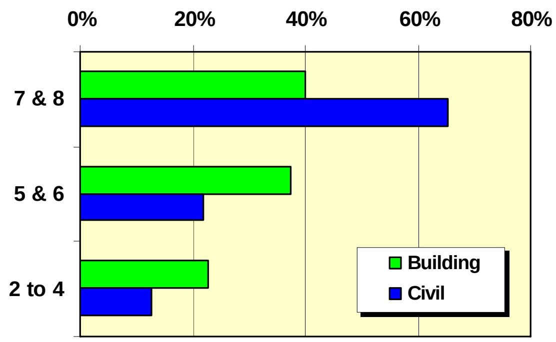


Key: Relative to ± 15% of national average

4. Eastern Cape

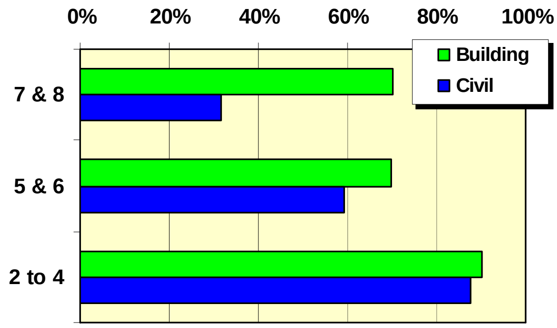
Demand; Public Sector Awards (Corrected)

Grade	Value pa (Rm; Corrected)	% Distribution	Distribution 15% +/- Average
Building			
7 & 8	435	40%	<
5 & 6	406	37%	>
2 to 4	247	23%	>
Total	1 088	100%	
Civil			
7 & 8	2 896	65%	=
5 & 6	971	22%	<
2 to 4	558	13%	=
Total	4 425	100%	



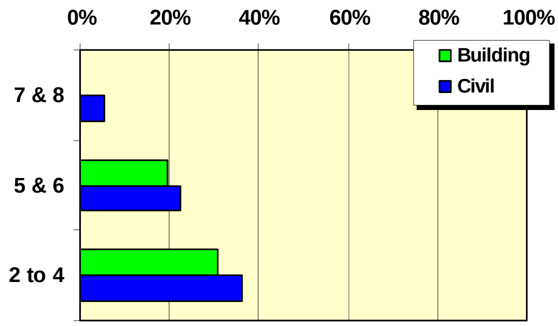
Supply; Black Ownership

Grade	Number of Contractors	Number Black Contractors	% Black Owned
Building			
7 & 8	10	7	40% to 80%
5 & 6	56	39	40% to 80%
2 to 4	274	247	>80%
Total	340	293	>80%
Civil			
7 & 8	19	6	<40%
5 & 6	71	42	40% to 80%
2 to 4	235	206	>80%
Total	325	254	40% to 80%

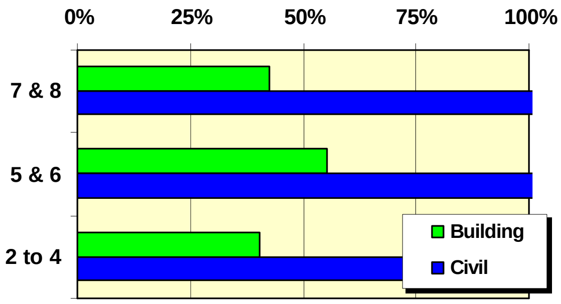


Supply; Women Ownership

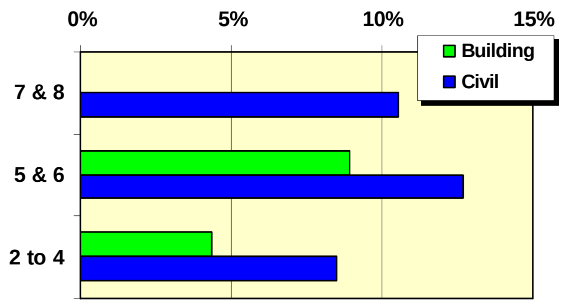
Grade	Number of Contractors	Number of Women Contractors	% Women Owned
Building			
7 & 8	10	0	<30%
5 & 6	56	11	<30%
2 to 4	274	84	30% to 50%
Total	340	95	<30%
Civil			
7 & 8	19	1	<30%
5 & 6	71	16	<30%
2 to 4	235	85	30% to 50%
Total	325	102	30% to 50%



Supply and Demand; Turnover Ratio (Corrected)		
Grade	Turnover Ratio	Turnover Ratio 15% +/- Average
Building		
7 & 8	43%	=
5 & 6	55%	>
2 to 4	40%	>
Civil		
7 & 8	150%	>
5 & 6	104%	>
2 to 4	106%	>

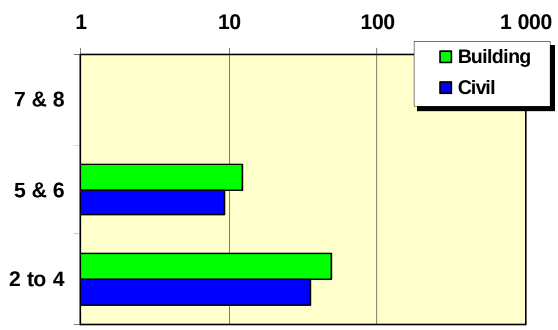


Contractor Upgrades %			
Grade	Number of Upgrades	%	
Building			
7 & 8	0	0%	<5%
5 & 6	5	9%	5% to 10%
2 to 4	12	4%	<5%
Total	17		
Civil			
7 & 8	2	11%	>10%
5 & 6	9	13%	>10%
2 to 4	20	9%	5% to 10%
Total	31		



Contractor Upgrades				
From/To	2 to 4	5 & 6	7 & 8	9
Building				
7 & 8			0	0
5 & 6		2	3	0
2 to 4	2	10	0	0
Civil				
7 & 8			2	0
5 & 6		7	2	0
2 to 4	5	15	0	0

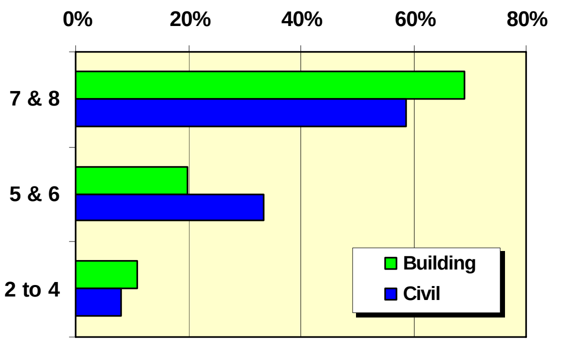
Contractor Upgrades per R1 billion Spend			
Grade	Number of Upgrades	Upgrades / R1b	Distribution 15% +/- Average
Building			
7 & 8	0	0.0	<
5 & 6	5	12	<
2 to 4	12	49	<
Total	17		
Civil			
7 & 8	2	0.7	<
5 & 6	9	9	<
2 to 4	20	36	<
Total	31		



5. Free State

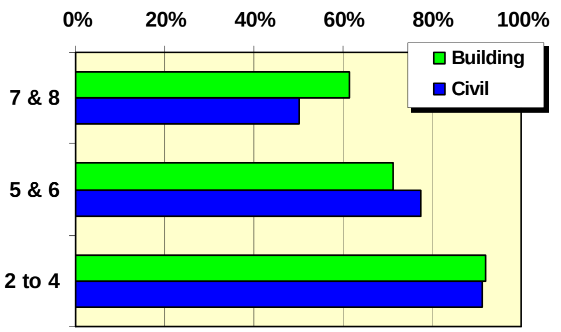
Demand; Public Sector Awards (Corrected)

Grade	Value pa (Rm; Corrected)	% Distribution	Distribution 15% +/- Average
Building			
7 & 8	1 092	69%	>
5 & 6	316	20%	<
2 to 4	173	11%	<
Total	1 581	100%	
Civil			
7 & 8	1 080	59%	=
5 & 6	612	33%	>
2 to 4	148	8%	<
Total	1 840	100%	



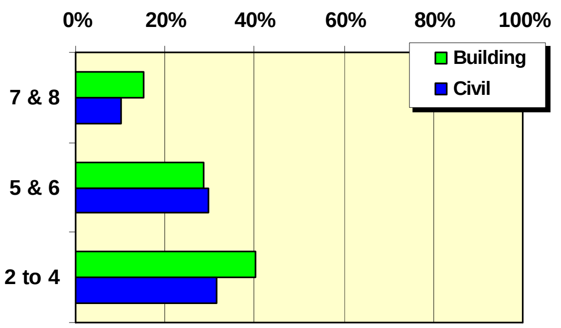
Supply; Black Ownership

Grade	Number of Contractors	Number Black Contractors	% Black Owned
Building			
7 & 8	13	8	40% to 80%
5 & 6	28	20	40% to 80%
2 to 4	176	162	>80%
Total	217	190	>80%
Civil			
7 & 8	10	8	40% to 80%
5 & 6	44	20	40% to 80%
2 to 4	124	162	>80%
Total	178	190	>80%



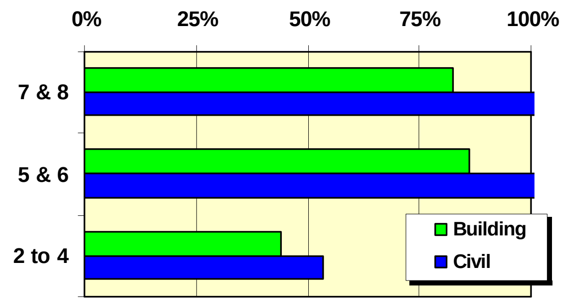
Supply; Women Ownership

Grade	Number of Contractors	Number of Women Contractors	% Women Owned
Building			
7 & 8	13	2	<30%
5 & 6	28	8	<30%
2 to 4	176	71	30% to 50%
Total	217	81	30% to 50%
Civil			
7 & 8	10	1	<30%
5 & 6	44	13	<30%
2 to 4	124	39	30% to 50%
Total	178	53	<30%



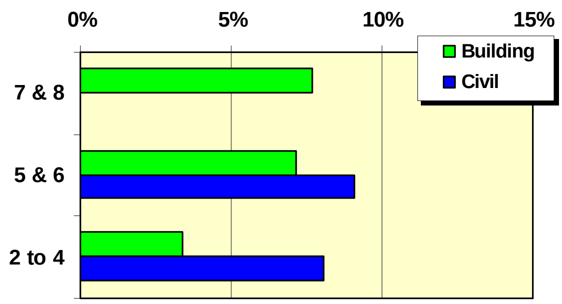
Supply and Demand; Turnover Ratio (Corrected)

Grade	Turnover Ratio	Turnover Ratio 15% +/- Average
Building		
7 & 8	82%	>
5 & 6	86%	>
2 to 4	44%	>
Civil		
7 & 8	106%	>
5 & 6	106%	>
2 to 4	53%	>



Contractor Upgrades %

Grade	Number of Upgrades	%	
Building			
7 & 8	1	8%	5% to 10%
5 & 6	2	7%	5% to 10%
2 to 4	6	3%	<5%
Total	9		
Civil			
7 & 8	0	0%	<5%
5 & 6	4	9%	5% to 10%
2 to 4	10	8%	5% to 10%
Total	14		

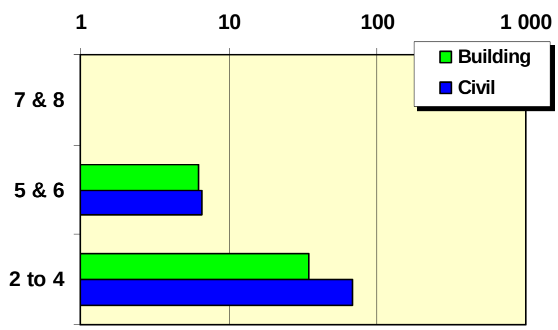


Contractor Upgrades

From/To	2 to 4	5 & 6	7 & 8	9
Building				
7 & 8			0	0
5 & 6		8	9	0
2 to 4	9	11	2	0
Civil				
7 & 8			3	2
5 & 6		6	11	0
2 to 4	5	16	4	0

Contractor Upgrades per R1 billion Spend

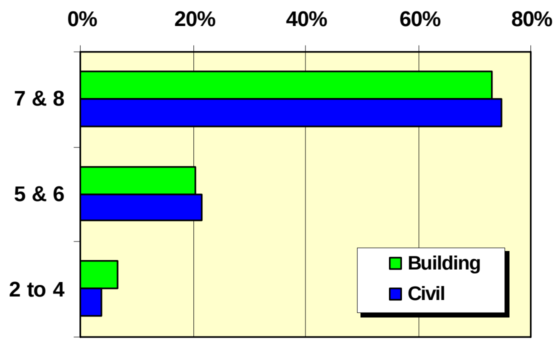
Grade	Number of Upgrades	Upgrades / R1b	Distribution 15% +/- Average
Building			
7 & 8	1	0.9	>
5 & 6	2	6	<
2 to 4	6	35	<
Total	9		
Civil			
7 & 8	0	0.0	<
5 & 6	4	7	<
2 to 4	10	68	=
Total	14		



6. Gauteng

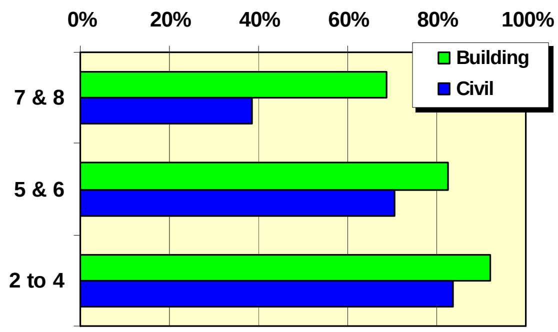
Demand; Public Sector Awards (Corrected)

Grade	Value pa (Rm; Corrected)	% Distribution	Distribution 15% +/- Average
Building			
7 & 8	917	73%	>
5 & 6	255	20%	<
2 to 4	83	7%	<
Total	1 255	100%	
Civil			
7 & 8	2 357	75%	>
5 & 6	675	21%	<
2 to 4	115	4%	<
Total	3 146	100%	



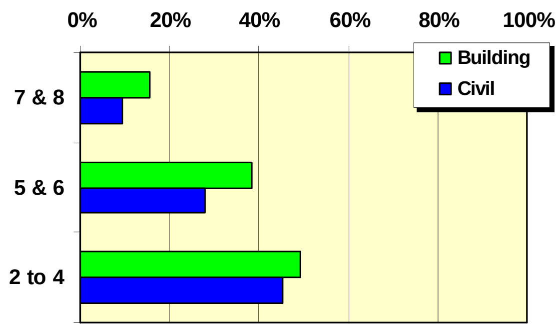
Supply; Black Ownership

Grade	Number of Contractors	Number Black Contractors	% Black Owned
Building			
7 & 8	45	31	40% to 80%
5 & 6	120	99	>80%
2 to 4	690	635	>80%
Total	855	765	>80%
Civil			
7 & 8	86	33	<40%
5 & 6	190	134	40% to 80%
2 to 4	470	393	>80%
Total	746	560	40% to 80%



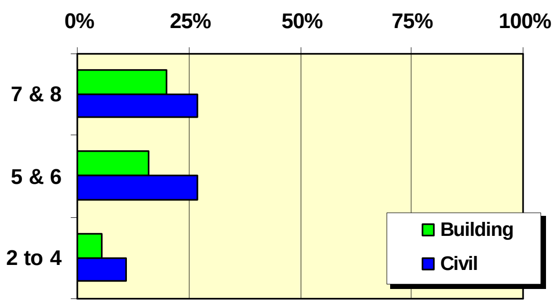
Supply; Women Ownership

Grade	Number of Contractors	Number of Women Contractors	% Women Owned
Building			
7 & 8	45	7	<30%
5 & 6	120	46	30% to 50%
2 to 4	690	341	30% to 50%
Total	855	394	30% to 50%
Civil			
7 & 8	86	8	<30%
5 & 6	190	53	<30%
2 to 4	470	213	30% to 50%
Total	746	274	30% to 50%



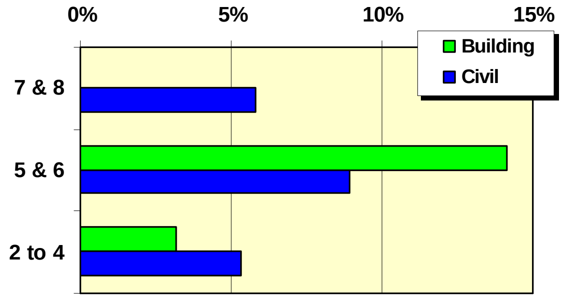
Supply and Demand; Turnover Ratio (Corrected)

Grade	Turnover Ratio	Turnover Ratio 15% +/- Average
Building		
7 & 8	20%	<
5 & 6	16%	<
2 to 4	5%	<
Civil		
7 & 8	27%	<
5 & 6	27%	<
2 to 4	11%	<



Contractor Upgrades %

Grade	Number of Upgrades	%	
Building			
7 & 8	0	0%	<5%
5 & 6	17	14%	>10%
2 to 4	22	3%	<5%
Total	39		
Civil			
7 & 8	5	6%	5% to 10%
5 & 6	17	9%	5% to 10%
2 to 4	25	5%	5% to 10%
Total	47		

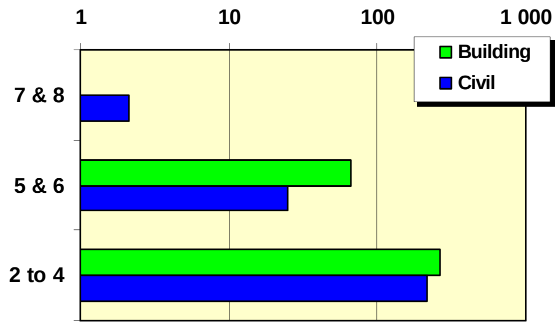


Contractor Upgrades

From/To	2 to 4	5 & 6	7 & 8	9
Building				
7 & 8			0	0
5 & 6		8	9	0
2 to 4	9	11	2	0
Civil				
7 & 8			3	2
5 & 6		6	11	0
2 to 4	5	16	4	0

Contractor Upgrades per R1 billion Spend

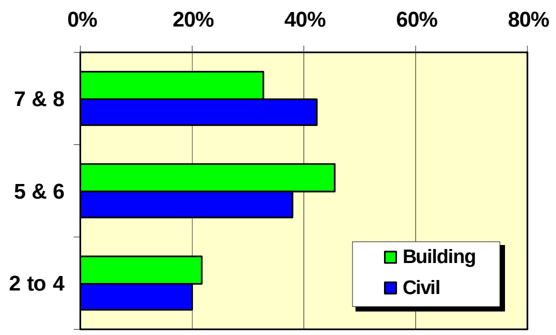
Grade	Number of Upgrades	Upgrades / R1b	Distribution 15% +/- Average
Building			
7 & 8	0	0.0	<
5 & 6	17	67	>
2 to 4	22	264	>
Total	39		
Civil			
7 & 8	5	2.1	>
5 & 6	17	25	>
2 to 4	25	218	>
Total	47		



7. KwaZulu Natal

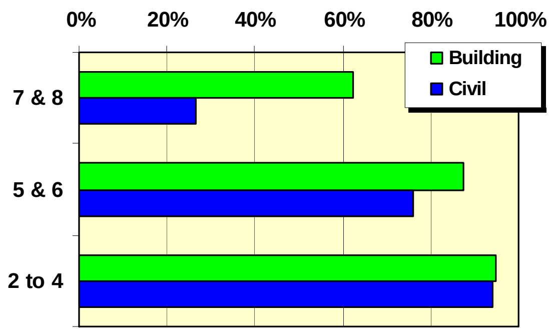
Demand; Public Sector Awards (Corrected)

Grade	Value pa (Rm; Corrected)	% Distribution	Distribution 15% +/- Average
Building			
7 & 8	595	33%	<
5 & 6	829	45%	>
2 to 4	398	22%	>
Total	1 821	100%	
Civil			
7 & 8	1 010	42%	<
5 & 6	907	38%	>
2 to 4	475	20%	>
Total	2 391	100%	



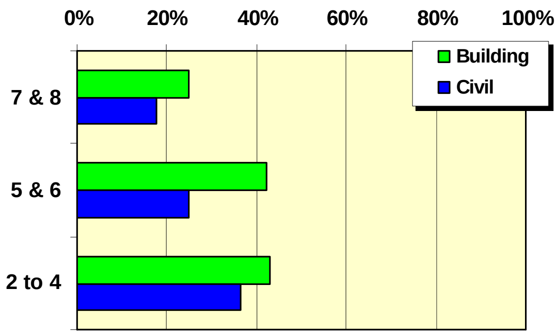
Supply; Black Ownership

Grade	Number of Contractors	Number Black Contractors	% Black Owned
Building			
7 & 8	32	20	40% to 80%
5 & 6	111	97	>80%
2 to 4	729	692	>80%
Total	872	809	>80%
Civil			
7 & 8	34	9	<40%
5 & 6	109	83	40% to 80%
2 to 4	676	637	>80%
Total	819	729	>80%



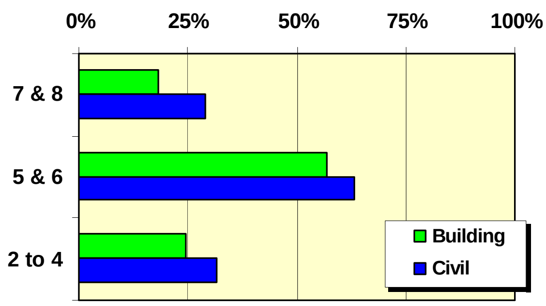
Supply; Women Ownership

Grade	Number of Contractors	Number of Women Contractors	% Women Owned
Building			
7 & 8	32	8	<30%
5 & 6	111	47	30% to 50%
2 to 4	729	314	30% to 50%
Total	872	369	30% to 50%
Civil			
7 & 8	34	6	<30%
5 & 6	109	27	<30%
2 to 4	676	247	30% to 50%
Total	819	280	30% to 50%



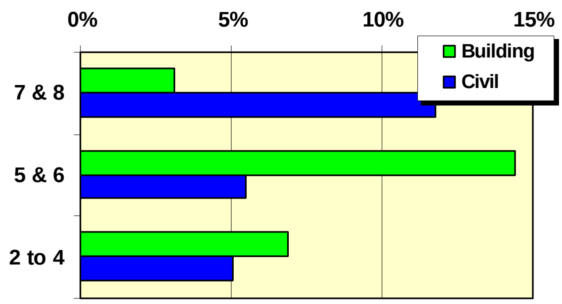
Supply and Demand; Turnover Ratio (Corrected)

Grade	Turnover Ratio	Turnover Ratio 15% +/- Average
Building		
7 & 8	18%	<
5 & 6	57%	>
2 to 4	24%	=
Civil		
7 & 8	29%	<
5 & 6	63%	=
2 to 4	31%	<



Contractor Upgrades %

Grade	Number of Upgrades	%	
Building			
7 & 8	1	3%	<5%
5 & 6	16	14%	>10%
2 to 4	50	7%	5% to 10%
Total	67		
Civil			
7 & 8	4	12%	>10%
5 & 6	6	6%	5% to 10%
2 to 4	34	5%	5% to 10%
Total	44		

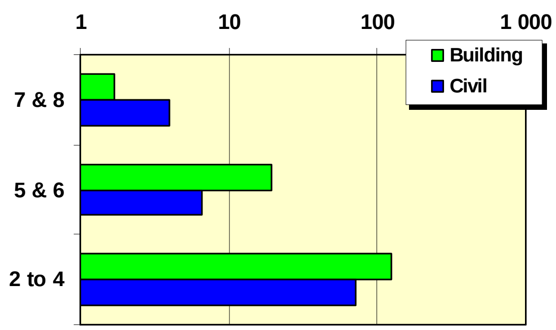


Contractor Upgrades

From/To	2 to 4	5 & 6	7 & 8	9
Building				
7 & 8			1	0
5 & 6		6	10	0
2 to 4	20	29	1	0
Civil				
7 & 8			4	0
5 & 6		4	2	0
2 to 4	14	20	0	0

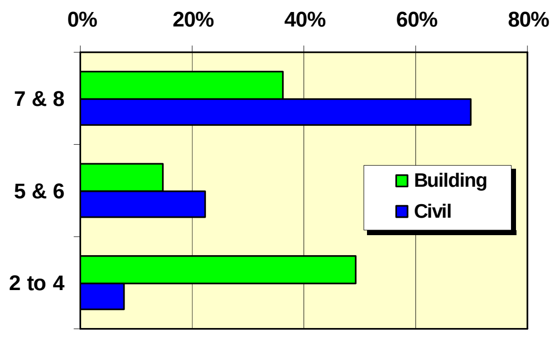
Contractor Upgrades per R1 billion Spend

Grade	Number of Upgrades	Upgrades / R1b	Distribution 15% +/- Average
Building			
7 & 8	1	1.7	>
5 & 6	16	19	=
2 to 4	50	126	>
Total	67		
Civil			
7 & 8	4	4.0	>
5 & 6	6	7	<
2 to 4	34	72	=
Total	44		

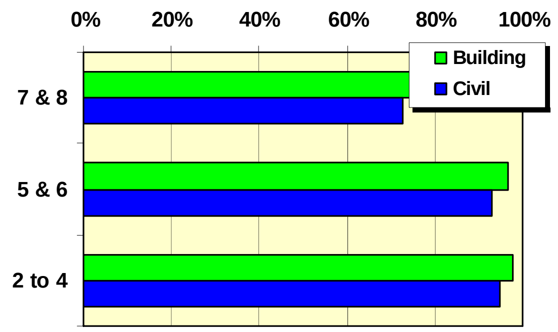


8. Limpopo

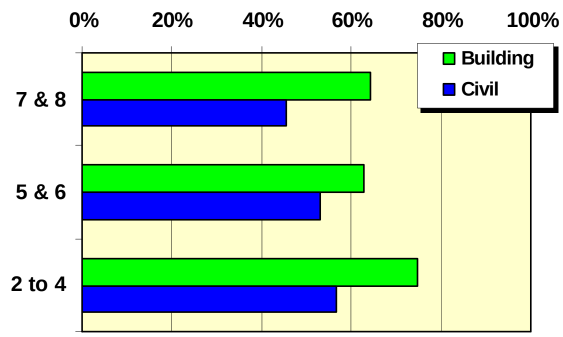
Demand; Public Sector Awards (Corrected)			
Grade	Value pa (Rm; Corrected)	% Distribution	Distribution 15% +/- Average
Building			
7 & 8	486	36%	<
5 & 6	198	15%	<
2 to 4	662	49%	>
Total	1 346	100%	
Civil			
7 & 8	952	70%	=
5 & 6	304	22%	=
2 to 4	107	8%	<
Total	1 363	100%	



Supply; Black Ownership			
Grade	Number of Contractors	Number Black Contractors	% Black Owned
Building			
7 & 8	14	14	>80%
5 & 6	89	86	>80%
2 to 4	580	568	>80%
Total	683	668	>80%
Civil			
7 & 8	11	8	40% to 80%
5 & 6	117	109	>80%
2 to 4	284	269	>80%
Total	412	386	>80%

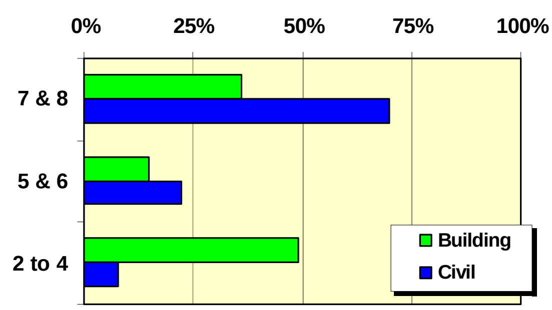


Supply; Women Ownership			
Grade	Number of Contractors	Number of Women Contractors	% Women Owned
Building			
7 & 8	14	9	>50%
5 & 6	89	56	>50%
2 to 4	580	433	>50%
Total	683	498	>50%
Civil			
7 & 8	11	5	30% to 50%
5 & 6	117	62	>50%
2 to 4	284	161	>50%
Total	412	228	>50%



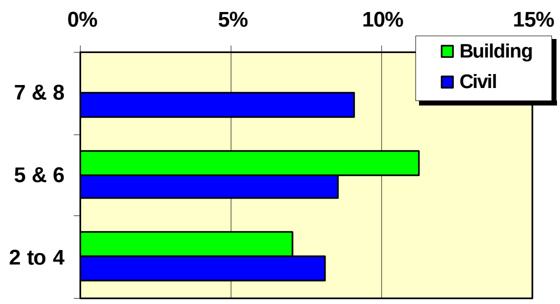
Supply and Demand; Turnover Ratio (Corrected)

Grade	Turnover Ratio	Turnover Ratio 15% +/- Average
Building		
7 & 8	36%	<
5 & 6	15%	<
2 to 4	49%	>
Civil		
7 & 8	70%	>
5 & 6	22%	<
2 to 4	8%	<



Contractor Upgrades %

Grade	Number of Upgrades	%	
Building			
7 & 8	0	0%	<5%
5 & 6	10	11%	>10%
2 to 4	41	7%	5% to 10%
Total	51		
Civil			
7 & 8	1	9%	5% to 10%
5 & 6	10	9%	5% to 10%
2 to 4	23	8%	5% to 10%
Total	34		

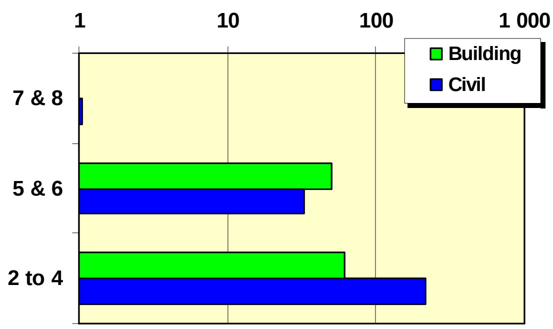


Contractor Upgrades

From/To	2 to 4	5 & 6	7 & 8	9
Building				
7 & 8			0	0
5 & 6		5	5	0
2 to 4	19	20	2	0
Civil				
7 & 8			1	0
5 & 6		8	2	0
2 to 4	5	17	1	0

Contractor Upgrades per R1 billion Spend

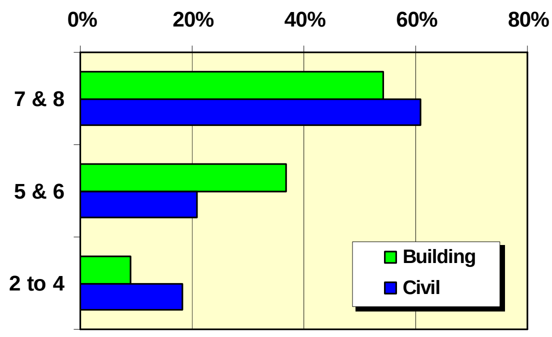
Grade	Number of Upgrades	Upgrades / R1b	Distribution 15% +/- Average
Building			
7 & 8	0	0.0	<
5 & 6	10	50	>
2 to 4	41	62	<
Total	51		
Civil			
7 & 8	1	1.1	<
5 & 6	10	33	>
2 to 4	23	215	>
Total	34		



9. Mpumalanga

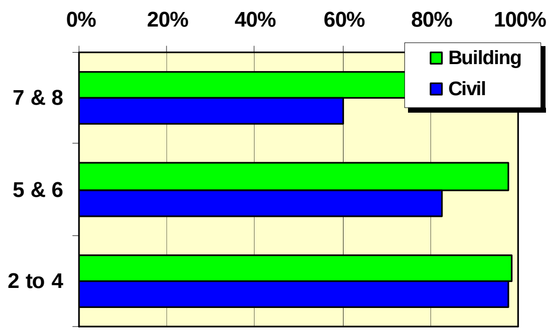
Demand; Public Sector Awards (Corrected)

Grade	Value pa (Rm; Corrected)	% Distribution	Distribution 15% +/- Average
Building			
7 & 8	666	54%	=
5 & 6	454	37%	>
2 to 4	110	9%	<
Total	1 230	100%	
Civil			
7 & 8	602	61%	=
5 & 6	206	21%	<
2 to 4	179	18%	>
Total	988	100%	



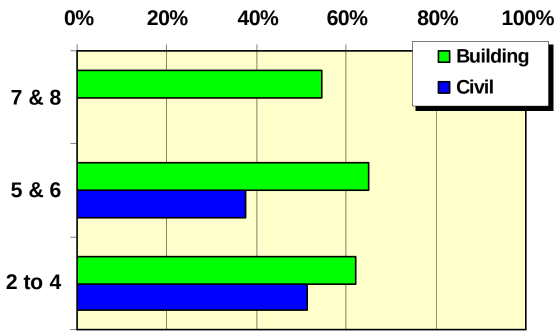
Supply; Black Ownership

Grade	Number of Contractors	Number Black Contractors	% Black Owned
Building			
7 & 8	11	10	>80%
5 & 6	43	42	>80%
2 to 4	407	401	>80%
Total	461	453	>80%
Civil			
7 & 8	5	3	40% to 80%
5 & 6	69	57	>80%
2 to 4	277	271	>80%
Total	351	331	>80%



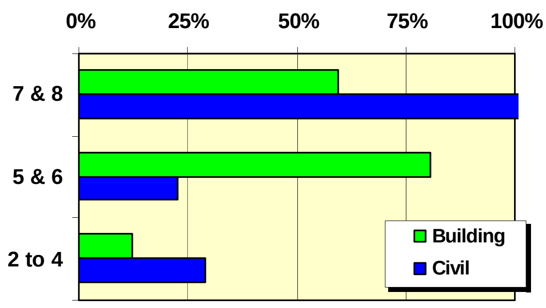
Supply; Women Ownership

Grade	Number of Contractors	Number of Women Contractors	% Women Owned
Building			
7 & 8	11	6	>50%
5 & 6	43	28	>50%
2 to 4	407	252	>50%
Total	461	286	>50%
Civil			
7 & 8	5	0	<30%
5 & 6	69	26	30% to 50%
2 to 4	277	142	>50%
Total	351	168	30% to 50%



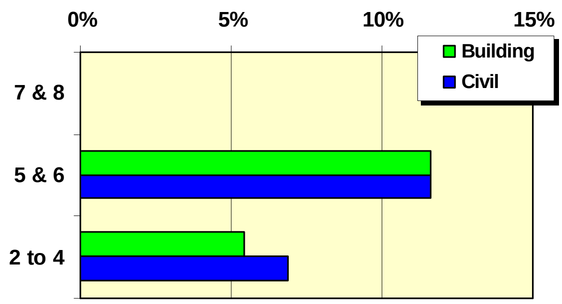
Supply and Demand; Turnover Ratio (Corrected)

Grade	Turnover Ratio	Turnover Ratio 15% +/- Average
Building		
7 & 8	59%	>
5 & 6	80%	>
2 to 4	12%	<
Civil		
7 & 8	118%	>
5 & 6	23%	<
2 to 4	29%	<



Contractor Upgrades %

Grade	Number of Upgrades	%	
Building			
7 & 8	0	0%	<5%
5 & 6	5	12%	>10%
2 to 4	22	5%	5% to 10%
Total	27		
Civil			
7 & 8	0	0%	<5%
5 & 6	8	12%	>10%
2 to 4	19	7%	5% to 10%
Total	27		

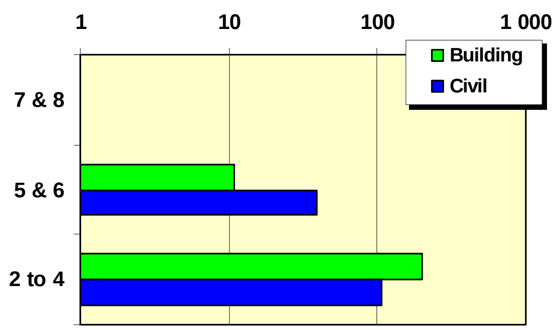


Contractor Upgrades

From/To	2 to 4	5 & 6	7 & 8	9
Building				
7 & 8			0	0
5 & 6		2	3	0
2 to 4	10	11	1	0
Civil				
7 & 8			0	0
5 & 6		6	2	0
2 to 4	7	12	0	0

Contractor Upgrades per R1 billion Spend

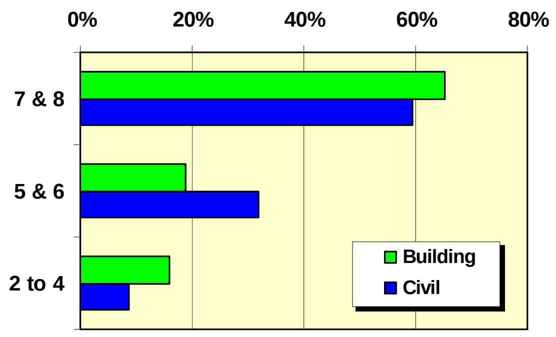
Grade	Number of Upgrades	Upgrades / R1b	Distribution 15% +/- Average
Building			
7 & 8	0	0.0	<
5 & 6	5	11	<
2 to 4	22	200	>
Total	27		
Civil			
7 & 8	0	0.0	<
5 & 6	8	39	>
2 to 4	19	106	>
Total	27		



10. North West

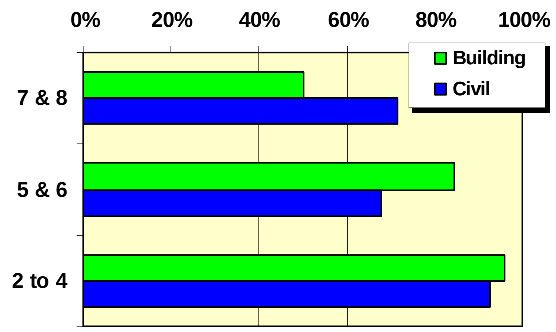
Demand; Public Sector Awards (Corrected)

Grade	Value pa (Rm; Corrected)	% Distribution	Distribution 15% +/- Average
Building			
7 & 8	120	65%	<
5 & 6	204	19%	>
2 to 4	103	16%	>
Total	427	100%	
Civil			
7 & 8	322	59%	=
5 & 6	173	32%	>
2 to 4	48	9%	<
Total	543	100%	



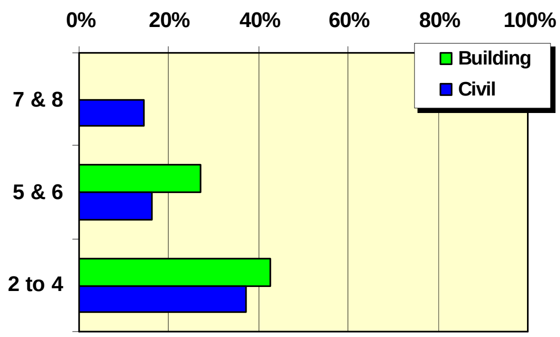
Supply; Black Ownership

Grade	Number of Contractors	Number Black Contractors	% Black Owned
Building			
7 & 8	4	2	40% to 80%
5 & 6	26	22	>80%
2 to 4	180	173	>80%
Total	210	197	>80%
Civil			
7 & 8	7	5	40% to 80%
5 & 6	31	21	40% to 80%
2 to 4	97	90	>80%
Total	135	116	>80%



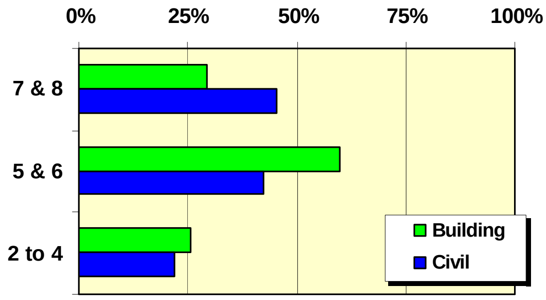
Supply; Women Ownership

Grade	Number of Contractors	Number of Women Contractors	% Women Owned
Building			
7 & 8	4	0	<30%
5 & 6	26	7	<30%
2 to 4	180	77	30% to 50%
Total	210	84	30% to 50%
Civil			
7 & 8	7	1	<30%
5 & 6	31	5	<30%
2 to 4	97	36	30% to 50%
Total	135	42	30% to 50%



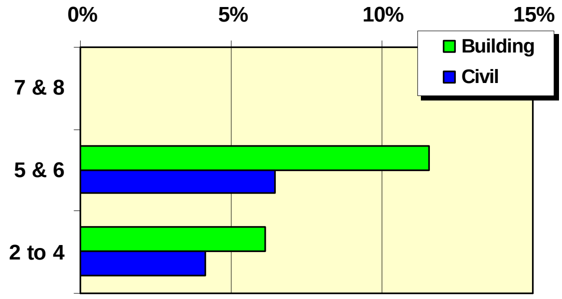
Supply and Demand; Turnover Ratio (Corrected)

Grade	Turnover Ratio	Turnover Ratio 15% +/- Average
Building		
7 & 8	29%	<
5 & 6	60%	>
2 to 4	26%	=
Civil		
7 & 8	45%	<
5 & 6	43%	<
2 to 4	22%	<



Contractor Upgrades %

Grade	Number of Upgrades	%	
Building			
7 & 8	0	0%	<5%
5 & 6	3	12%	>10%
2 to 4	11	6%	5% to 10%
Total	14		
Civil			
7 & 8	0	0%	<5%
5 & 6	1	6%	5% to 10%
2 to 4	1	4%	<5%
Total	2		

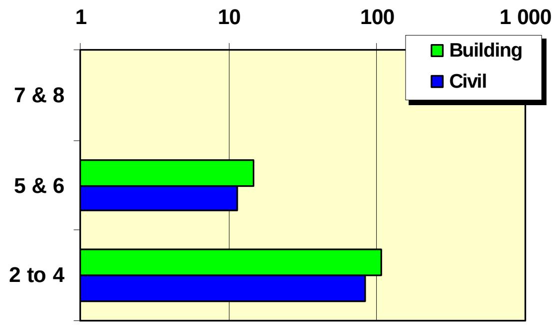


Contractor Upgrades

From/To	2 to 4	5 & 6	7 & 8	9
Building				
7 & 8	0		0	0
5 & 6		0	3	0
2 to 4	6	5	0	0
Civil				
7 & 8			0	0
5 & 6		1	0	0
2 to 4	1	0	0	0

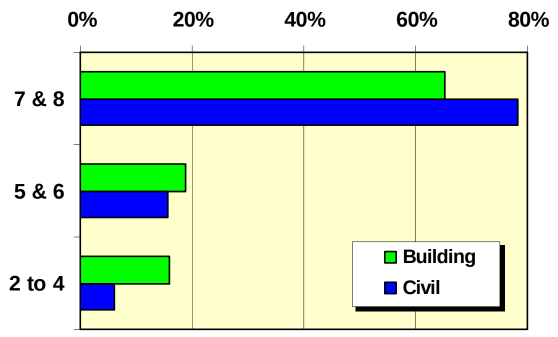
Contractor Upgrades per R1 billion Spend

Grade	Number of Upgrades	Upgrades / R1b	Distribution 15% +/- Average
Building			
7 & 8	0	0.0	<
5 & 6	3	15	<
2 to 4	11	107	>
Total	14		
Civil			
7 & 8	0	0.0	<
5 & 6	1	12	=
2 to 4	1	84	>
Total	2		

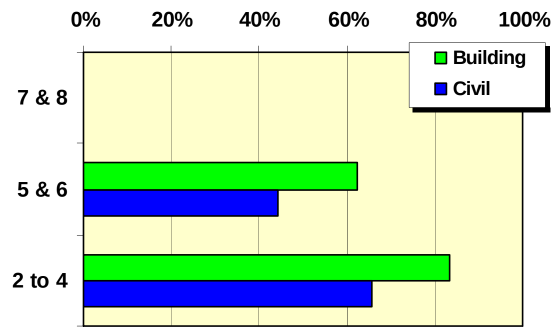


10. Northern Cape

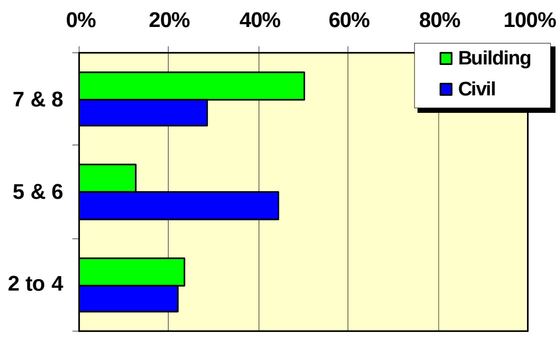
Demand; Public Sector Awards (Corrected)			
Grade	Value pa (Rm; Corrected)	% Distribution	Distribution 15% +/- Average
Building			
7 & 8	441	65%	>
5 & 6	128	19%	<
2 to 4	107	16%	=
Total	676	100%	
Civil			
7 & 8	783	78%	>
5 & 6	158	16%	<
2 to 4	60	6%	<
Total	1 000	100%	



Supply; Black Ownership			
Grade	Number of Contractors	Number Black Contractors	% Black Owned
Building			
7 & 8	4	0	<40%
5 & 6	8	5	40% to 80%
2 to 4	60	50	>80%
Total	72	55	40% to 80%
Civil			
7 & 8	7	0	<40%
5 & 6	9	4	40% to 80%
2 to 4	32	21	40% to 80%
Total	48	25	40% to 80%

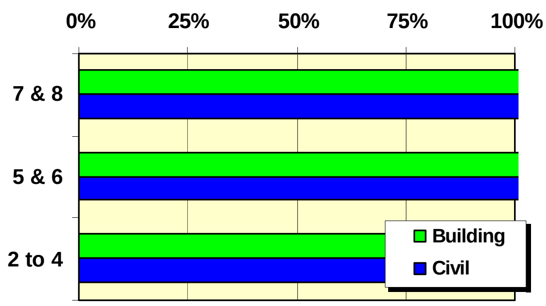


Supply; Women Ownership			
Grade	Number of Contractors	Number of Women Contractors	% Women Owned
Building			
7 & 8	4	2	30% to 50%
5 & 6	8	1	<30%
2 to 4	60	14	<30%
Total	72	17	<30%
Civil			
7 & 8	7	2	<30%
5 & 6	9	4	30% to 50%
2 to 4	32	7	<30%
Total	48	13	<30%



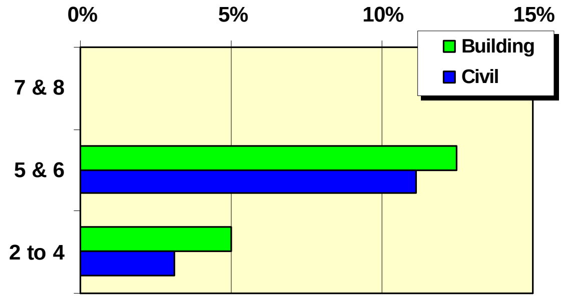
Supply and Demand; Turnover Ratio (Corrected)

Grade	Turnover Ratio	Turnover Ratio 15% +/- Average
Building		
7 & 8	108%	>
5 & 6	122%	>
2 to 4	80%	>
Civil		
7 & 8	110%	>
5 & 6	133%	>
2 to 4	84%	>



Contractor Upgrades %

Grade	Number of Upgrades	%	
Building			
7 & 8	0	0%	<5%
5 & 6	1	13%	>10%
2 to 4	3	5%	5% to 10%
Total	4		
Civil			
7 & 8	0	0%	<5%
5 & 6	1	11%	>10%
2 to 4	1	3%	<5%
Total	2		

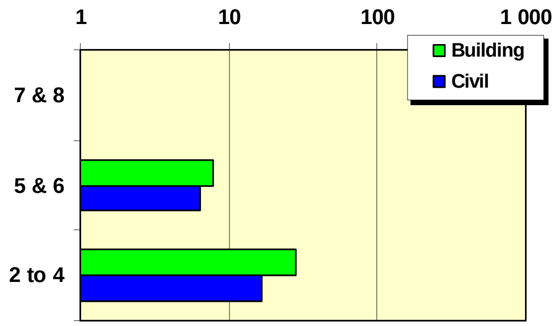


Contractor Upgrades

From/To	2 to 4	5 & 6	7 & 8	9
Building				
7 & 8			0	0
5 & 6		1	0	0
2 to 4	3	0	0	0
Civil				
7 & 8			0	0
5 & 6		1	0	0
2 to 4	1	0	0	0

Contractor Upgrades per R1 billion Spend

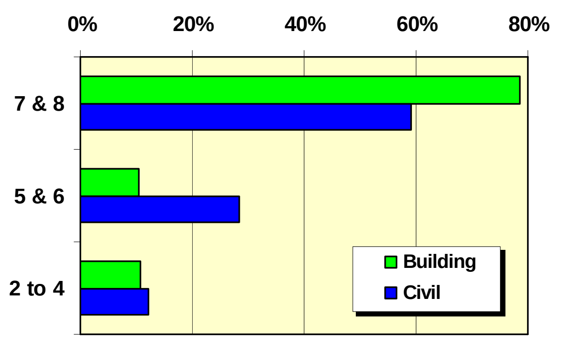
Grade	Number of Upgrades	Upgrades / R1b	Distribution 15% +/- Average
Building			
7 & 8	0	0.0	<
5 & 6	1	8	<
2 to 4	3	28	<
Total	4		
Civil			
7 & 8	0	0.0	<
5 & 6	1	6	<
2 to 4	1	17	<
Total	2		



11. Western Cape

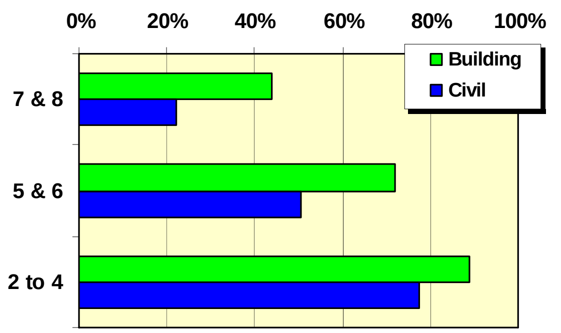
Demand; Public Sector Awards (Corrected)

Grade	Value pa (Rm; Corrected)	% Distribution	Distribution 15% +/- Average
Building			
7 & 8	1 566	79%	>
5 & 6	211	11%	<
2 to 4	215	11%	<
Total	1 991	100%	
Civil			
7 & 8	2 483	59%	=
5 & 6	1 195	28%	=
2 to 4	515	12%	=
Total	4 192	100%	



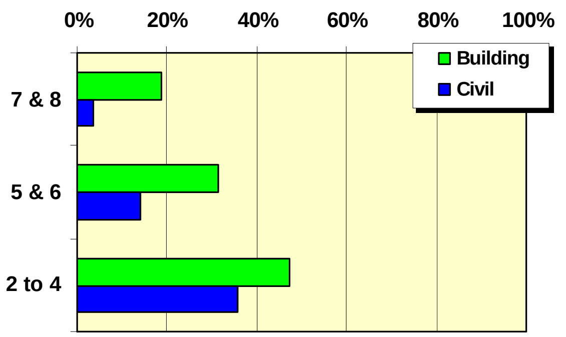
Supply; Black Ownership

Grade	Number of Contractors	Number Black Contractors	% Black Owned
Building			
7 & 8	16	7	40% to 80%
5 & 6	57	41	40% to 80%
2 to 4	251	223	>80%
Total	324	271	>80%
Civil			
7 & 8	27	6	<40%
5 & 6	71	36	40% to 80%
2 to 4	173	134	40% to 80%
Total	271	176	40% to 80%



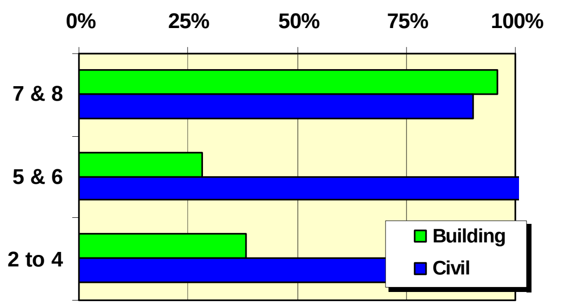
Supply; Women Ownership

Grade	Number of Contractors	Number of Women Contractors	% Women Owned
Building			
7 & 8	16	3	<30%
5 & 6	57	18	30% to 50%
2 to 4	251	119	30% to 50%
Total	324	140	30% to 50%
Civil			
7 & 8	27	1	<30%
5 & 6	71	10	<30%
2 to 4	173	62	30% to 50%
Total	271	73	<30%



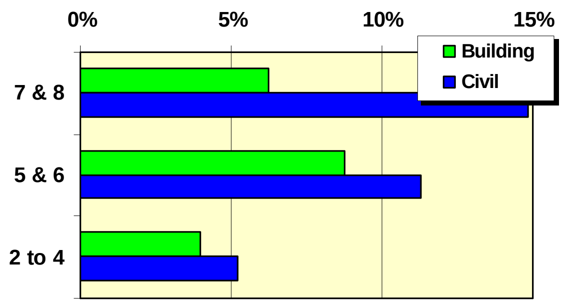
Supply and Demand; Turnover Ratio (Corrected)

Grade	Turnover Ratio	Turnover Ratio 15% +/- Average
Building		
7 & 8	96%	>
5 & 6	28%	<
2 to 4	38%	>
Civil		
7 & 8	90%	>
5 & 6	128%	>
2 to 4	133%	>



Contractor Upgrades %

Grade	Number of Upgrades	%	
Building			
7 & 8	1	6%	5% to 10%
5 & 6	5	9%	5% to 10%
2 to 4	10	4%	<5%
Total	16		
Civil			
7 & 8	4	15%	>10%
5 & 6	8	11%	>10%
2 to 4	9	5%	5% to 10%
Total	21		

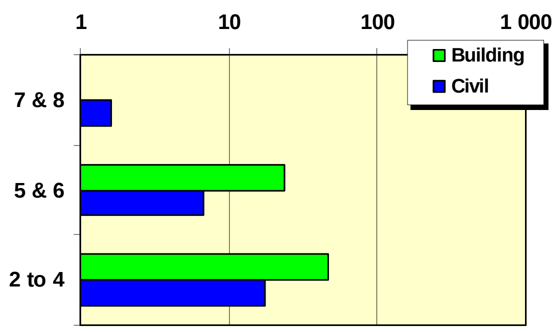


Contractor Upgrades

From/To	2 to 4	5 & 6	7 & 8	9
Building				
7 & 8			1	0
5 & 6		4	1	0
2 to 4	6	3	1	0
Civil				
7 & 8			3	1
5 & 6		5	3	0
2 to 4	3	5	1	0

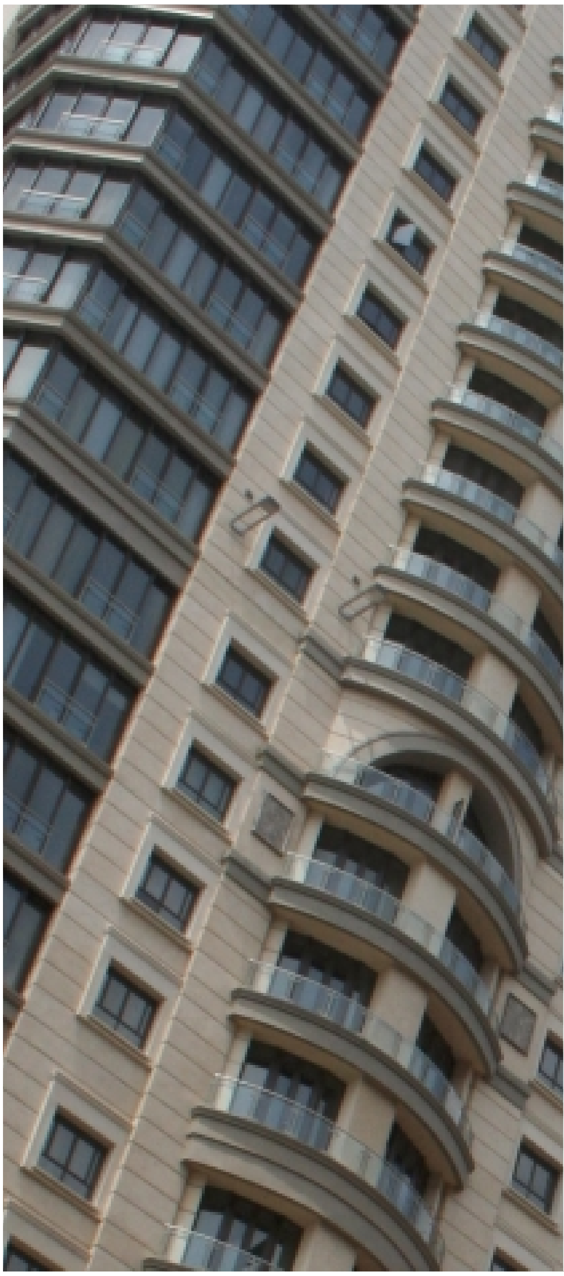
Contractor Upgrades per R1 billion Spend

Grade	Number of Upgrades	Upgrades / R1b	Distribution 15% +/- Average
Building			
7 & 8	1	0.6	>
5 & 6	5	24	=
2 to 4	10	47	<
Total	16		
Civil			
7 & 8	4	1.6	>
5 & 6	8	7	<
2 to 4	9	17	<
Total	21		



PO Box 2107, Brooklyn Square,
0075 Pretoria, South Africa
Registers Helpline: 0860 103 353

website: www.cidb.org.za
E-mail: cidb@cidb.org.za
Tel: +27 (0)12 482 7200
Fax: +27 (0)12 343 7153



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