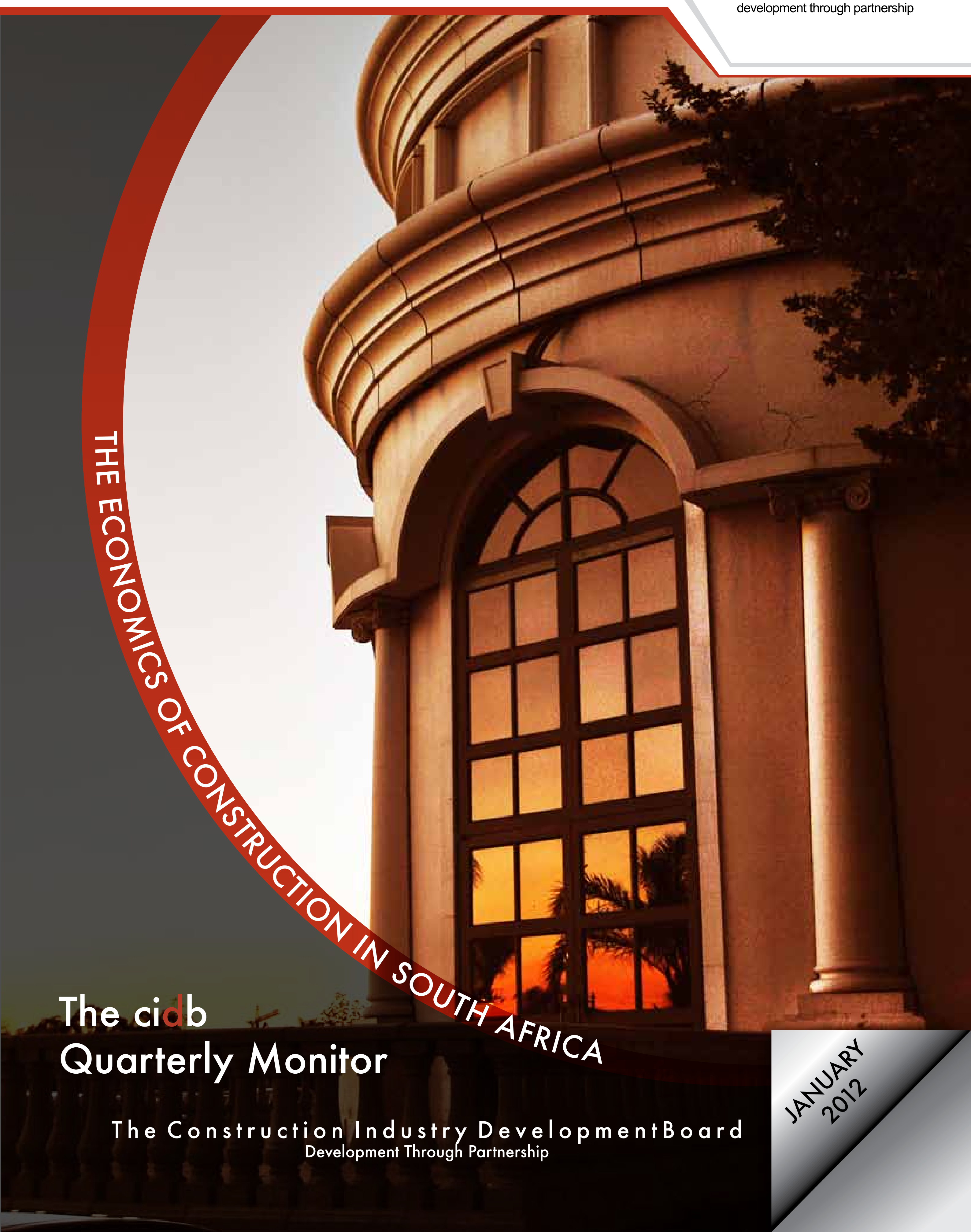
cidb
development through partnership



THE ECONOMICS OF CONSTRUCTION IN SOUTH AFRICA

The cidb Quarterly Monitor

The Construction Industry DevelopmentBoard
Development Through Partnership

JANUARY 2012

Acknowledgements: The support of Industry Insight in providing details of contracts awarded is gratefully acknowledged.

industry insight

cidb Quarterly Monitor; January 2012

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CIDB QUARTERLY MONITOR; JANUARY 2012

1. Introduction

The cidb *Quarterly Monitor*, which covers the 1st quarter of 2011 to the 4th quarter of 2011, provides an overview of the structure of the construction industry and the state of contractor development and construction employment in South Africa. The *Quarterly Monitor* focuses on public sector supply and demand at national and provincial levels, and deals primarily with the General Building (GB) and Civil Engineering (CE) cidb Class of Works.

The cidb *Quarterly Monitor* has been developed, amongst others, to be used as input into developing targeted development intervention strategies in support of the *National Contractor Development Programme* (NCDP)[1]. The *Quarterly Monitor* must however only be seen as a guide to assist in developing targeted intervention strategies[2,3], and the *Quarterly Monitor* should be seen as a tool for interrogating existing intervention strategies.

1 DPW & cidb (2008). *NCDP Summary Framework; Towards 2010 and Beyond*. Department of Public Works and Construction Industry Development Board, http://www.cidb.org.za/knowledge/publications/industry_reports

2 cidb (2010). *Guidelines for Implementing Contractor Development Programmes*. Construction Industry Development Board, http://www.cidb.org.za/contractor/publications/ncdp_framework/default.aspx

3 cidb (2010). *Targeting for Contractor Development Programmes; Guidelines*. Construction Industry Development Board, http://www.cidb.org.za/knowledge/publications/industry_reports

2. Background and Assumptions

The background and key 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 support of *Industry Insight* in providing this information is gratefully acknowledged.) The cidb *iTender Register of Projects* has limited information, while the *Industry Insight Project Database* is more complete and representative.

However, because of the time taken to process the data by the information provider, the *Industry Insight* information for contracts awarded lags the *Quarterly Monitor* by one quarter.

ii) *Business Conditions*: The cidb *Quarterly Monitor* includes perceptions of the confidence in business conditions and insufficient demand for work obtained from the cidb *BER SME Business Confidence Survey*[4], which measures business conditions at a national and at provincial level and in various contractor grades.

iii) *Employment*: The cidb *Quarterly Monitor* includes details of formal and informal construction employment obtained from Statistics South Africa's *Quarterly Labour Force Survey*[5], as well as surveys of growth (or decline) in employment obtained from the cidb *BER SME Business Confidence Survey*[6]. Note that the *Quarterly Labour Force Survey* data lags the *Quarterly Monitor* by one quarter.

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

- contractors registered in Grades 2 to 9; and
- General Building (GB) and Civil Engineering (CE) Class of Works.

The data is then aggregated into the following categories:

- Grade 9 contractors; typically contractors that operate at a national and international level;
- Grades 7 and 8; typically contractors that operate at a regional / provincial level;
- Grades 5 and 6; typically contractors in transition from operating at a local to a regional / provincial level; and
- Grades 2 to 4; typically established and developing contractors that operate at a local level.

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

It should be noted that Grade 9 contractors in particular work across provinces, and do not therefore reflect the contracting capacity within a particular province.

v) Contractor Development: This *cidb Quarterly Monitor* includes information on:

- the number of, and trends in, registrations per categories of contractor grades; and
- the number of, and trends in, upgrades and downgrades per categories of contractor grades.

4 cidb (2011). *cidb SME Business Conditions Survey*. Construction Industry Development Board, http://www.cidb.org.za/knowledge/publications/industry_reports
5 StatsSA. *Quarterly Labour Force Survey; Publication P0210*. http://www.statssa.gov.za/qlfs/index.asp
6 cidb (2011). *cidb SME Business Conditions Survey*. Construction Industry Development Board, http://www.cidb.org.za/knowledge/publications/industry_reports

In assessing upgrades and downgrades, non-compliant applications for regarding have been excluded.

However, while trends in the number of registrations and in the number of upgrades / downgrades are useful indicators of the state of contractor development, it is important to note that these are only weak indicators of contractor development and do not necessarily imply an increase in sustainability or improvement in the performance of the contractor. Rather, indicators of development that should be included (but are currently not available) are that of[7]:

- a growth in competence reflected through technical skills and construction experience; and
- the 'process maturity' within a contracting organisation – normally expressed in terms of its business and construction processes.

vi) *Empowerment*: The cidb *Quarterly Monitor* includes information on black and woman ownership, and on the relative value of contracts awarded to black and women owned companies. Black and woman ownership is defined here as ownership greater than 50%, as recorded on the cidb *Register of Contractors*.

Two sources of information are given as empowerment indicators. Firstly, information on the relative value of public sector contracts awarded to black and woman owned companies has been obtained from the cidb *iTender Register of Projects*. It should be noted however that the information recorded on the cidb *iTender Register of Projects* is incomplete, and a reliable breakdown of contract awards per province is therefore not possible.

Secondly, the turnover of black owned companies is used as an indicator of empowerment. In this regard it should be noted that the turnover of most companies is derived from contracts with both the public and private sectors, and therefore possibly represents a more fair reflection of empowerment.

It should also be noted that Grade 9 contractors are largely (but not exclusively) publically listed organisations (or wholy owned subsideries of publically listed companies) and black/female ownership is therefore not comparable with privately owned companies – and is therefore not given in the *Quarterly Monitor.*

7 cidb (2009). *SA Contractor Development Programmes; Status Quo Report*. Construction Industry Development Board, http://www.cidb.org.za/knowledge/publications/industry_reports

3. Contracts Awarded; Public Sector

(Note that it has been necessary to lag the information provided by *Industry Insight* for contracts awarded by one quarter. The information reflected here in this 2011Q4 cidb *Quarterly Monitor* is therefore a repetition of the 2011Q3 cidb *Quarterly Monitor*.)

Estimates of the distribution of public sector contracts awarded for South Africa as a whole in the four quarters under review (2010Q4 to 2011Q3) in Grades 2 to 9 is shown in the adjacent figure – with around 70% of public sector awards by value being in tender Grades 7 to 9 in General Building (GB) and around 80% in Civil Engineering (CE). (It should be noted however that the largest proportion of the contracts awarded in Grades 7 to 9 are subcontracted down to sub-contractors – typically in Grades 2 to 6).

Estimates of the distribution of public sector contract awards for selected provinces is also shown in the adjacent figure. (Data for other provinces can be provided on request.)

Acknowledgements:

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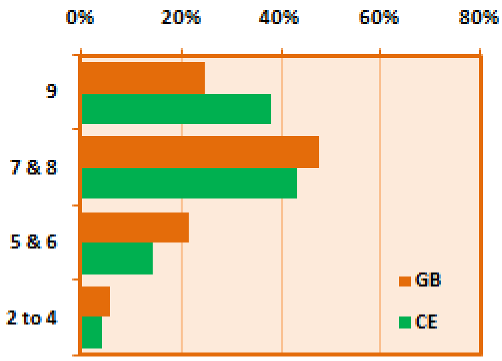
Demand; Public Sector Awards (% Distribution by Value); 201004 to 201103

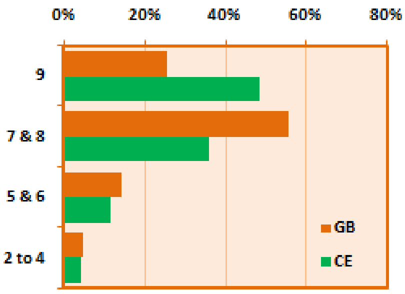
Grade	% Distribution
GB	
9	25%
7 & 8	48%
5 & 6	22%
2 to 4	6%
Total	**100%**
CE	
9	38%
7 & 8	43%
5 & 6	14%
2 to 4	5%
Total	**100%**



South Africa

Demand; Public Sector Awards (% Distribution by Value); 201004 to 201103

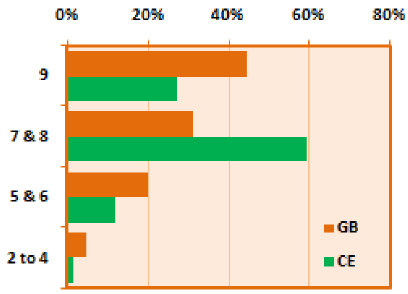
Grade	% Distribution
GB	
9	25%
7 & 8	55%
5 & 6	14%
2 to 4	5%
Total	**100%**
CE	
9	48%
7 & 8	36%
5 & 6	12%
2 to 4	4%
Total	**100%**



Eastern Cape

Demand; Public Sector Awards (% Distribution by Value); 201004 to 201103

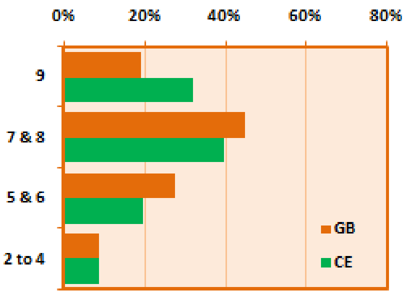
Grade	% Distribution
GB	
9	44%
7 & 8	31%
5 & 6	20%
2 to 4	5%
Total	**100%**
CE	
9	27%
7 & 8	59%
5 & 6	12%
2 to 4	2%
Total	**100%**



Gauteng

Demand; Public Sector Awards (% Distribution by Value); 201004 to 201103

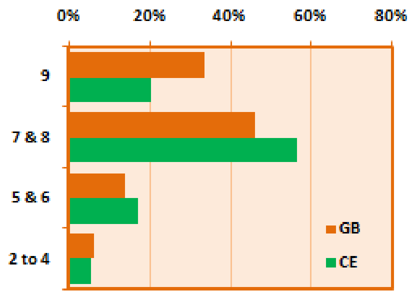
Grade	% Distribution
GB	
9	19%
7 & 8	45%
5 & 6	27%
2 to 4	9%
Total	**100%**
CE	
9	32%
7 & 8	39%
5 & 6	20%
2 to 4	9%
Total	**100%**



Kwa-Zulu Natal

Demand; Public Sector Awards (% Distribution by Value); 201004 to 201103

Grade	% Distribution
GB	
9	34%
7 & 8	46%
5 & 6	14%
2 to 4	6%
Total	**100%**
CE	
9	20%
7 & 8	56%
5 & 6	17%
2 to 4	6%
Total	**100%**



Western Cape

4. Maintenance Contracts Awarded; Public Sector

(Note that it has been necessary to lag the information provided by *Industry Insight* for contracts awarded by one quarter. The information reflected here in this 2011Q4 cidb *Quarterly Monitor* is therefore a repetition of the 2011Q3 cidb *Quarterly Monitor*.)

Estimates of the distribution of public sector maintenance contracts awarded by value (including refurbishment, renovations, etc.) in South Africa as a percentage of the total contracts awarded in the Grades 2 to 9 is shown in the adjacent figure. From the adjacent figure it can be seen that, for the period under review:

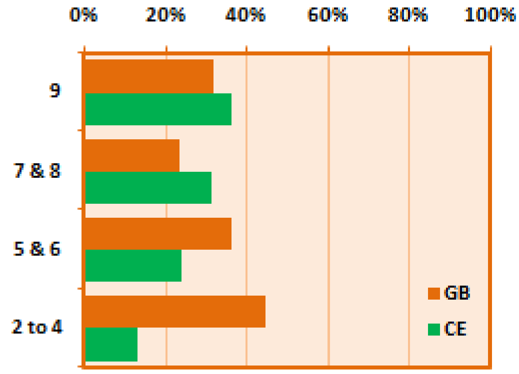
- the value of maintenance contract awards has increased significantly in Grade 9 contractors from 0% to 32% in General Building (GB) and from 8% to 37% in Civil Engineering (CE) - when compared to the same period last year (2009Q4 to 2010Q3).
  and
- around 70% of total Civil Engineering (CE) contracts by value in Grades 7 to 9 have been allocated to maintenance contracts in the period under review (largely road maintenance and refurbishment contracts).

Estimates of the distribution of public sector maintenance contract awards for selected provinces is also shown in the adjacent figure. (Data for other provinces can be provided on request.)

Acknowledgements:
industry insight

Maintenance; Public Sector Awards (% of Value per Grade); 201004 to 201103

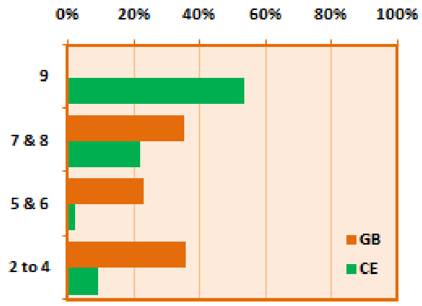
Grade	% Distribution
GB	
9	32%
7 & 8	23%
5 & 6	36%
2 to 4	45%
Total	**30%**
CE	
9	37%
7 & 8	31%
5 & 6	24%
2 to 4	13%
Total	**32%**



South Africa

Maintenance; Public Sector Awards (% of Value per Grade); 201004 to 201103

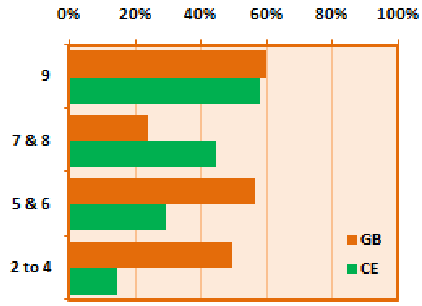
Grade	% Distribution
GB	
9	0%
7 & 8	35%
5 & 6	23%
2 to 4	36%
Total	**25%**
CE	
9	54%
7 & 8	22%
5 & 6	2%
2 to 4	9%
Total	**35%**



Eastern Cape

Maintenance; Public Sector Awards (% of Value per Grade); 201004 to 201103

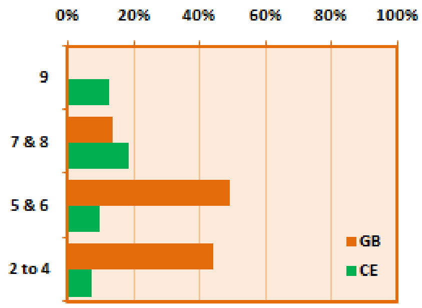
Grade	% Distribution
GB	
9	60%
7 & 8	24%
5 & 6	57%
2 to 4	50%
Total	**48%**
CE	
9	58%
7 & 8	45%
5 & 6	29%
2 to 4	15%
Total	**46%**



Gauteng

Maintenance; Public Sector Awards (% of Value per Grade); 201004 to 201103

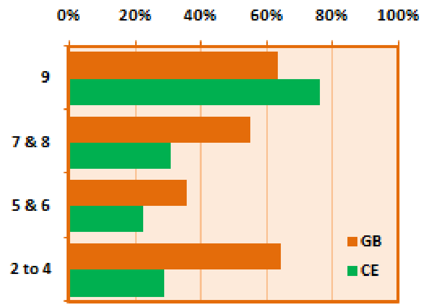
Grade	% Distribution
GB	
9	0%
7 & 8	14%
5 & 6	49%
2 to 4	45%
Total	**23%**
CE	
9	13%
7 & 8	19%
5 & 6	10%
2 to 4	7%
Total	**14%**



Kwa-Zulu Natal

Maintenance; Public Sector Awards (% of Value per Grade); 201004 to 201103

Grade	% Distribution
GB	
9	64%
7 & 8	55%
5 & 6	36%
2 to 4	64%
Total	**56%**
CE	
9	76%
7 & 8	31%
5 & 6	23%
2 to 4	29%
Total	**39%**



Western Cape

5. Business Conditions; Public and Private Sectors

General Building: The overall business confidence of building contractors rose marginally from an index number of 28 in 2011Q3, to a value of 34 in 2011Q4.

Growth in building activity seemed to stabilise at low levels in 2011Q4. A net -43% of the survey respondents indicated that building activity was lower than the same quarter a year ago.

When tendering, respondents encountered less intense competition for new work. As a result, the pressure on profit margins eased during the survey quarter.

Seventy-three per cent of the survey respondents reported that insufficient demand for building work was constraining their business operations. Respondents anticipate that business conditions would remain tough in 2012Q1.

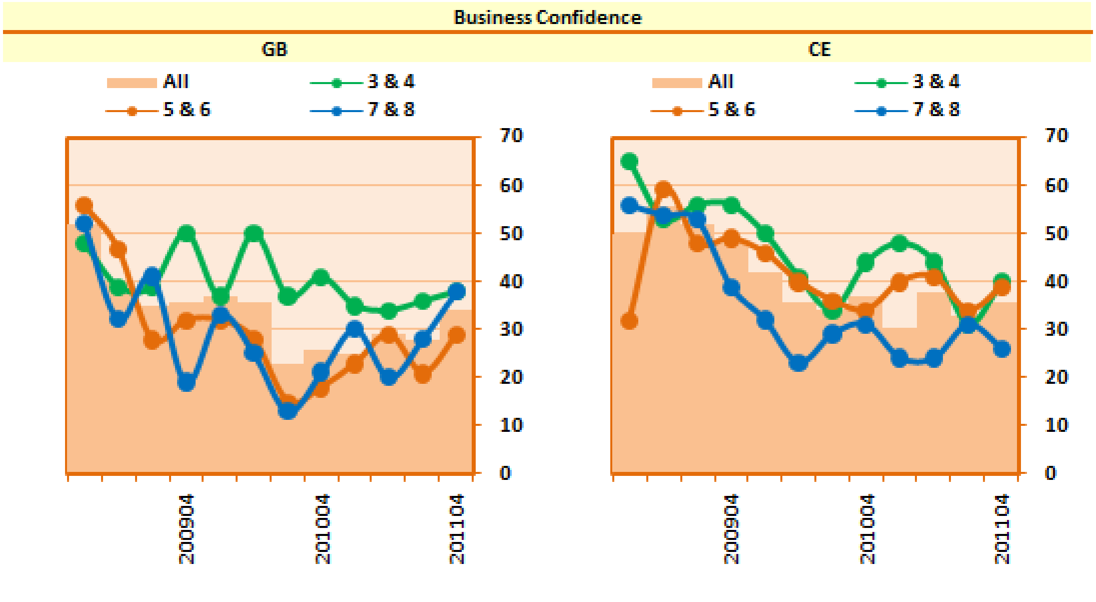
The business confidence of Grades 3 & 4 and Grades 5 & 6 rose slightly in 2011Q4. The confidence level of Grades 7 & 8 improved nicely from 28 to 38 in 2011Q4. Regionally, business confidence increased significantly in KwaZulu-Natal and in the Western Cape. However, a slight weakening of business confidence was reported in the Eastern Cape and in Gauteng.

Civil Engineering: The overall business confidence of civil contractors rose slightly from an index value of 33 in 2011Q3, to a level of 36 in 2011Q4. Business conditions during the survey quarter underperformed expectations, but improved considerably when compared to 2011Q3.

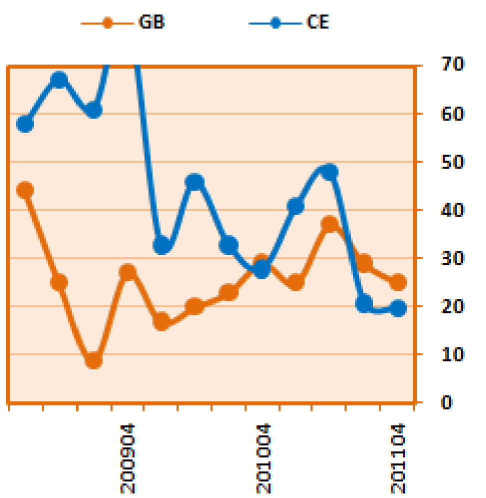
Survey respondents indicated that the growth in construction activity improved during the survey quarter, when compared to 2011Q3. However, tendering competition intensified during the survey quarter and continued to put pressure on contractors' profit margins.

A majority of 74% of the respondents reported insufficient demand as a constraint on their operations. Nevertheless, 6% of respondents expect general business conditions to improve in 2012Q1.

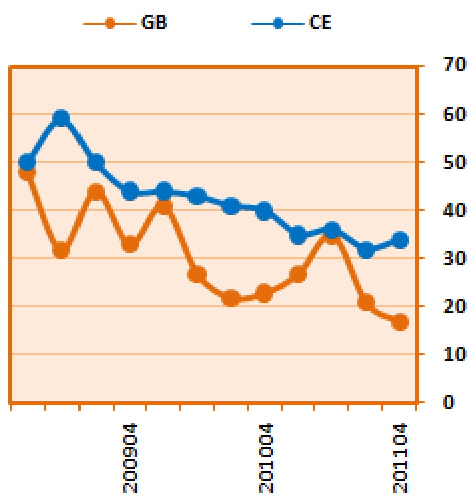
The business confidence of civil contractors in Grades 3 & 4, as well as in Grades 5 & 6, improved during the survey quarter. The business confidence of civil contractors in Grades 7 & 8 dropped from an index value of 31 to a level of 26 in 2011Q4. Regionally, business confidence in the Western Cape remained constant, and dropped slightly from 21 to 20 in the Eastern Cape. In Gauteng confidence improved slightly, but confidence levels declined somewhat in KwaZulu-Natal.



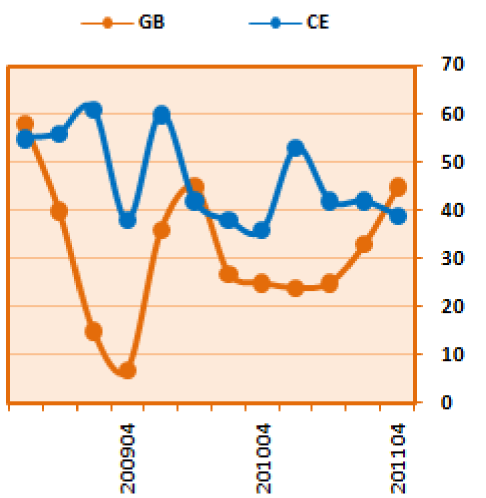
South Africa



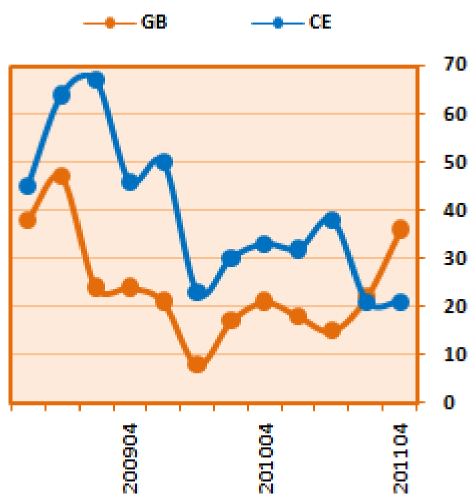
Eastern Cape



Gauteng



Kwa-Zulu Natal



Western Cape

6. Construction Employment; Quarterly Labour Force Survey

(Note: The *Quarterly Labour Force Syrvey* results lag by one quarter. The *Quarterly Labour Force Survey* results for 2011 Quarter 4 will only be available from Statistics South Africa in 2012 Quarter 2)

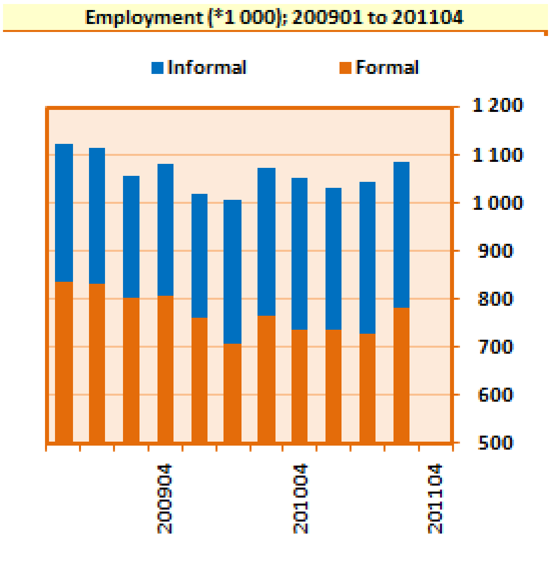
The Stats SA *Quarterly Labour Force Survey* shoews a total gain in construction employment of 12 000 jobs in 2011Q3 and of 43 000 jobs in 2011Q4, showing a recovery in job losses experienced from 2009Q1 to 2011Q1.

Total construction employment in 2011Q3 amounted to 1 086 000 in the formal and informal sector – representing 8,2% of total employment in South Africa.

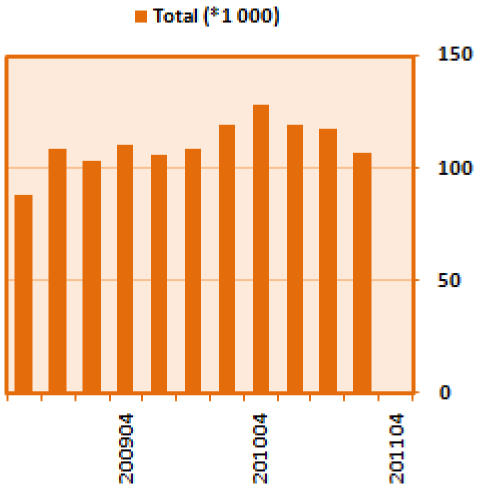
However, although the *Quarterly Labour Force Survey* shows a net gain in employment of 12 000 jobs in 2011Q3 and of 43 000 jobs in 2011Q4, as shown below the net gains varies significantly betyween provinces. Specifically:

- net losses have been experienced in the Eastern Cape and Gauteng in 2011Q2 and 2011Q3; while
- net gains have been experienced in the Free State and Limpopo.

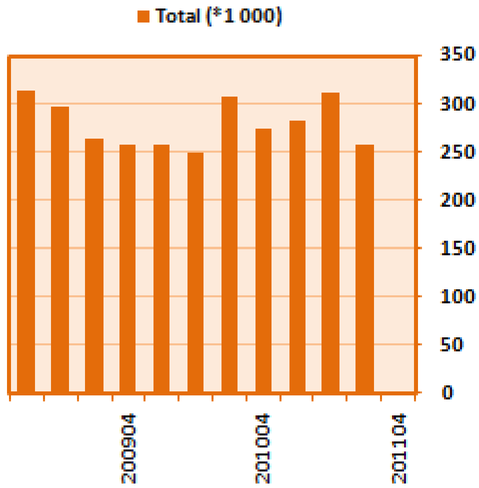
Quarter-on-quarter net gains/losses in construction employment (* 1000)										
yyyyqq	SA	EC	FS	GP	KZ	LP	MP	NC	NW	WC
201001	-64	-5	-11	1	7	-1	-19	-3	-2	-29
201002	-15	3	4	-10	-7	-11	3	3	-11	10
201003	70	11	2	59	4	6	8	2	-6	-17
201004	-20	9	3	-34	-6	15	2	-2	5	-11
201101	-25	-9	2	10	1	-16	-5	-4	2	-6
201102	12	-2	-2	29	9	-15	0	-1	0	-6
201103	43	-11	54	-54	-1	33	7	8	-4	11



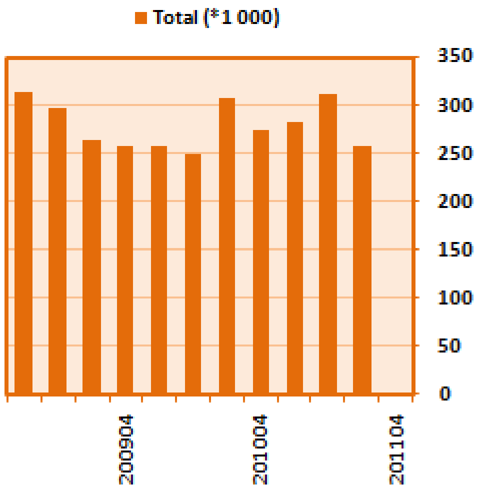
South Africa



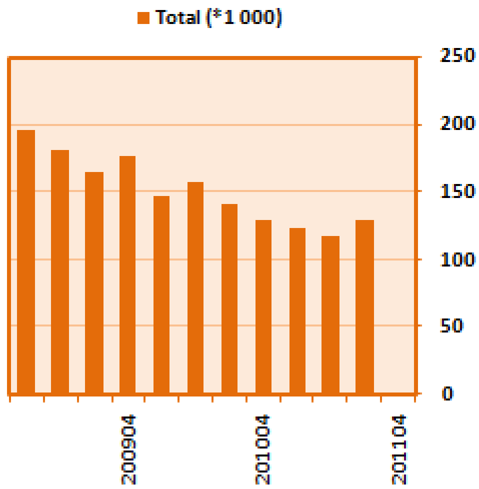
Eastern Cape



Gauteng



Kwa-Zulu Natal



Western Cape

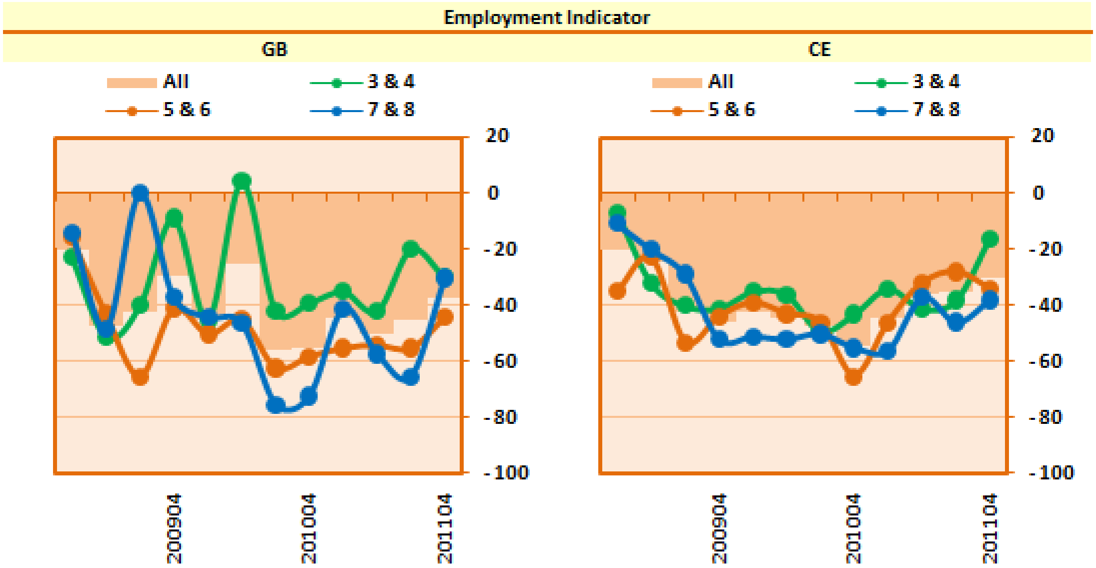
7. Construction Employment; cidb / BER Business Conditions Survey

The net balance of companies (percentage) indicating a growth (positive) or decline (negative) in the appointment of construction employers is shown in the adjacent figure.

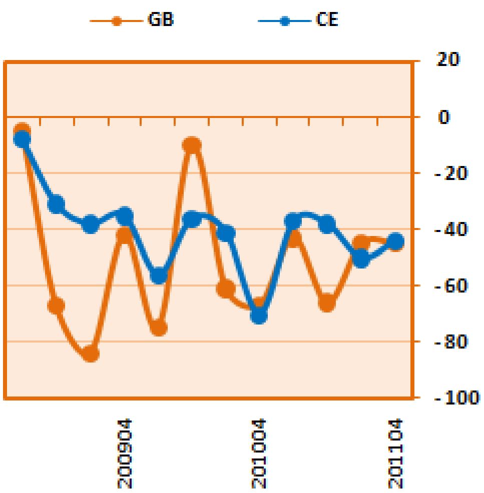
General Building: The overall employment index of building contractors rose marginally from an index number of -45 in 2011Q3, to a value of -37 in 2011Q4, showing that the tempo of labour shedding slowed during the survey quarter. The most notable gains have been in Grade 7 and 8 contractors. Overall, the shedding of labour tends to remain the lowest amongst Grade 3 and 4 contractors.

In line with the changes in business conditions, KwaZulu Natal and the Western Cape showed the best improvements.

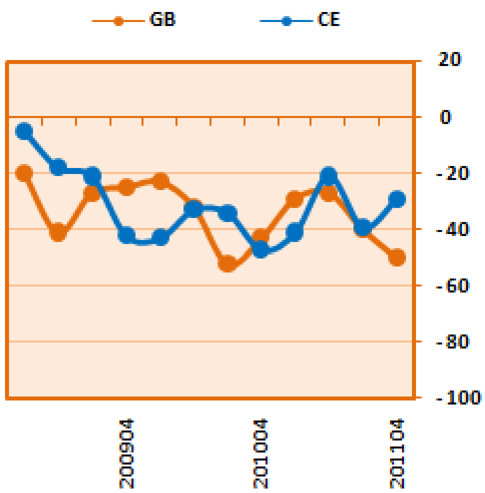
Civil Engineering: The overall employment index of civil contractors rose marginally from an index number of -35 in 2011Q3, to -30 in 2011Q4, showing a slight decrease in the tempo of labour shedding. The most notable gains have been in Grade 3 and 4 contractors, although this may not be sustainable.



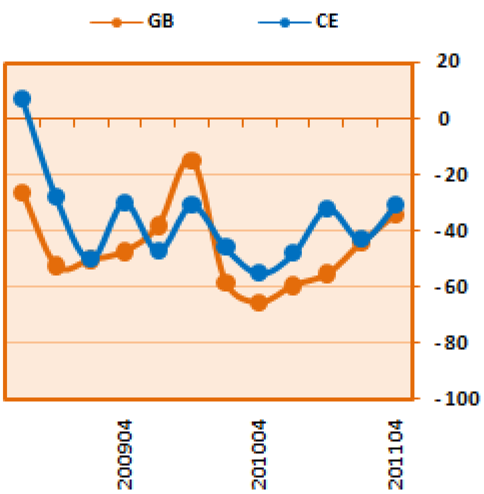
South Africa



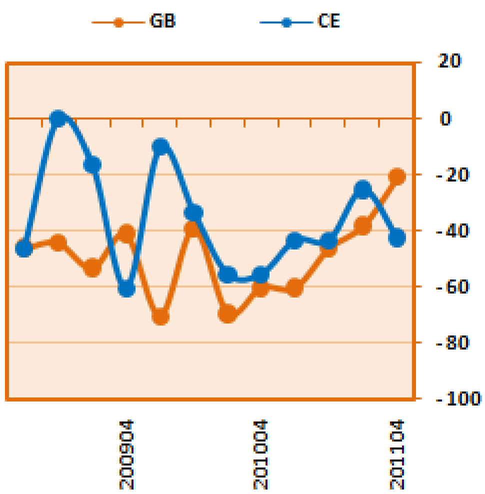
Eastern Cape



Gauteng



Kwa-Zulu Natal



Western Cape

8. Registrations; Grades 2 to 9

Details of the distribution of the total number of registrations in Grades 2 to 9 in General Building (GB) and Civil Engineering (CE) for South Africa and selected provinces are shown in the following figures, together with the total number of registrations over the past three years. (Details for other provinces can be provided on request.)

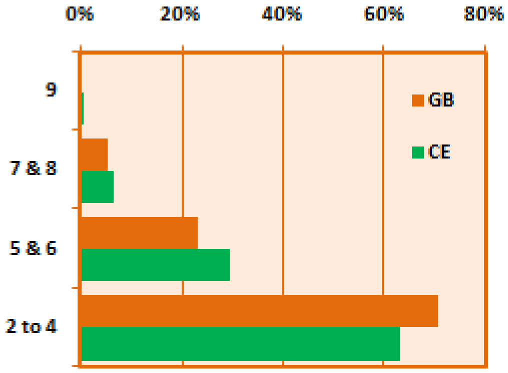
Overall, it is seen that the number of registrations in Grades 2 to 4 account for around 60% to 70% of the total registrations in Grades 2 to 9, whereas the number of registrations in Grades 7 to 9 account for around 8% of the total number of registrations.

The distribution of the total number of registrations in Grades 2 to 9 per province is shown on the following pages. Again, it should be noted that the Grade 9 contractors, and to a lesser extent Grades 7 and 8 contractors, are largely regional contractors and operate in any province – but tend to be based in Gauteng and the Western Cape. Other than the concentration in the Grade 9 contractors and the Grade 7 and 8 contractors, it is seen from the figures that the distribution in profile in registrations is reasonably consistent between provinces.

It is seen that the number of registrations in Grades 2 to 4 in General Building (GB) and in Civil Engineering (CE) has decreased in the last quarter (2011Q4). Furthermore, there has been a consistent increase in the number of registrations in Grades 5 and 6, although the data suggests a leveling off in 2011Q4. Of concern however is that the number of Grade 7 & 8 General Building (GB) contractors, and to a lessor extent Grade 7 & 8 Civil Engineering (CE) contractors, shows a noticeable decrease in the last quarter (2011Q4). The decreases in the number of registrations may be a response to the more difficult business conditions.

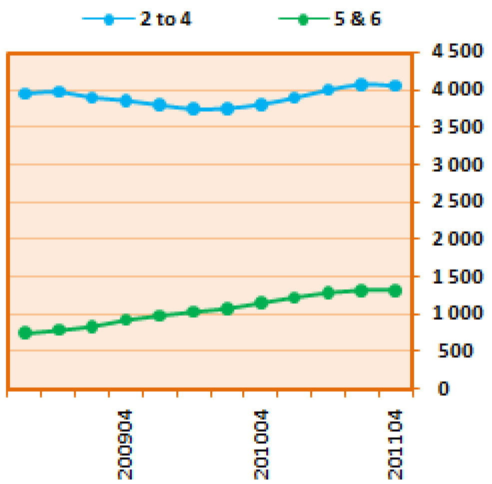
Supply; Registrations per Grade (% Grades 2 to 9); 201104

Grade	Number	% Distribution
	GB	
9	33	1%
7 & 8	322	6%
5 & 6	1 333	23%
2 to 4	4 055	71%
Total	**5 743**	**100%**
	CE	
9	45	1%
7 & 8	339	7%
5 & 6	1 527	29%
2 to 4	3 283	63%
Total	**5 194**	**100%**

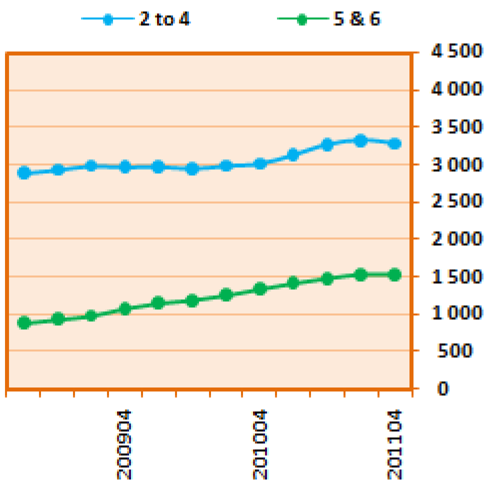


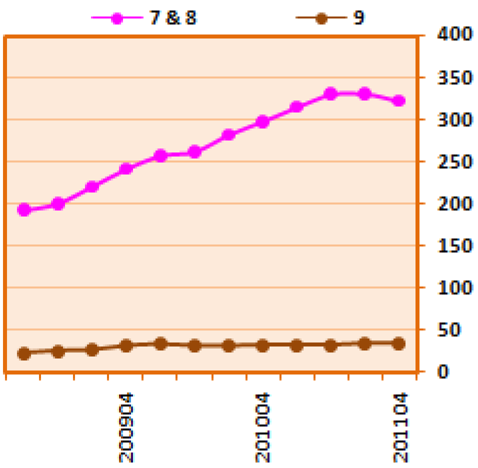
Supply; Number of Registrations; 200901 to 201104

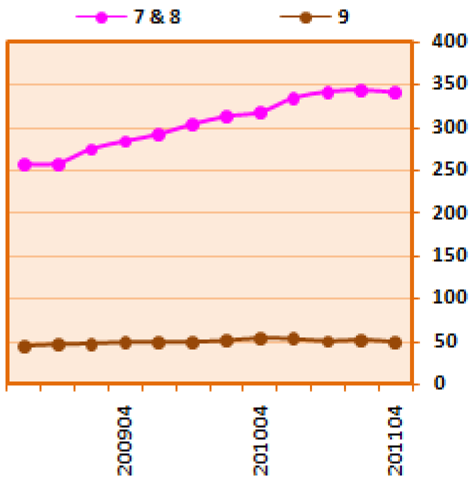
GB



CE



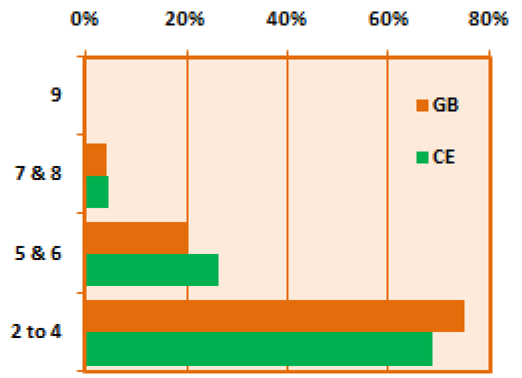




South Africa

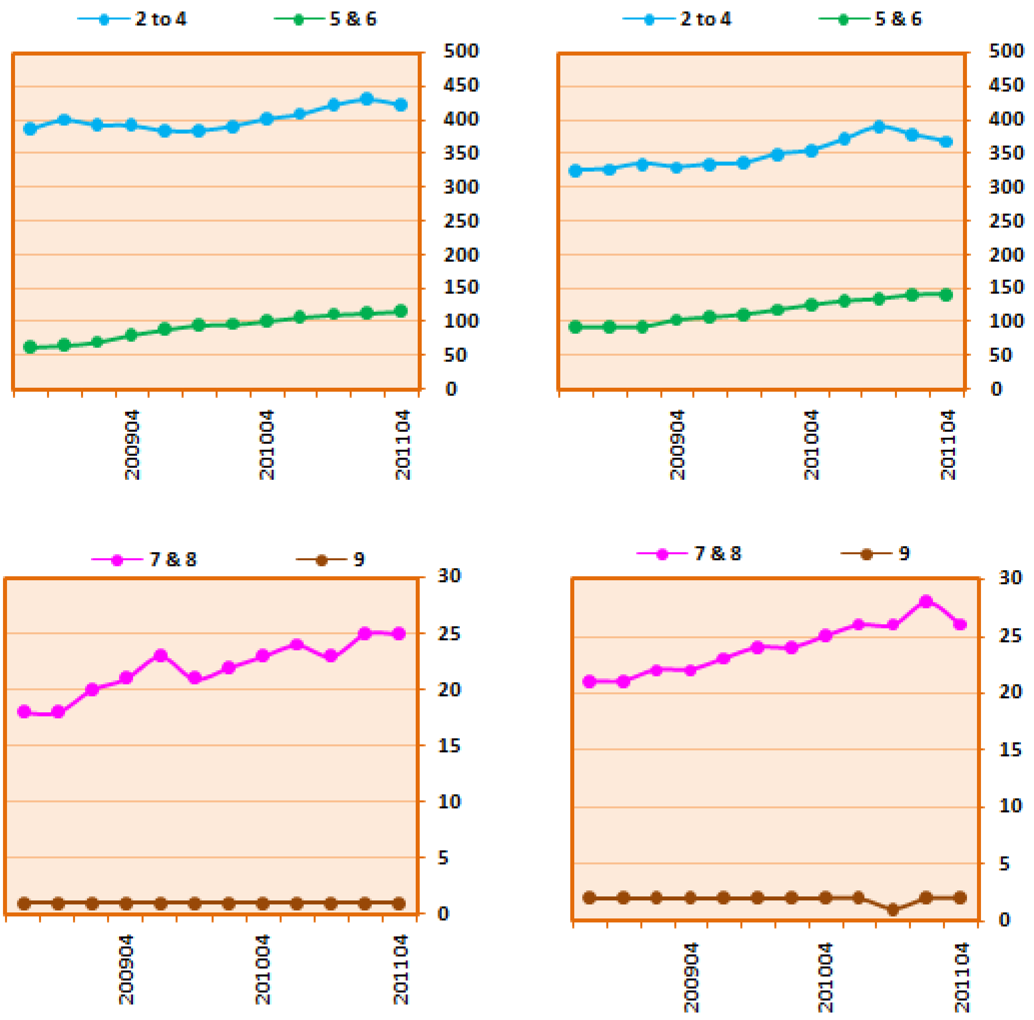
Supply; Registrations per Grade (% Grades 2 to 9); 201104

Grade	Number	% Distribution
	GB	
9	1	0%
7 & 8	25	4%
5 & 6	117	21%
2 to 4	423	75%
Total	566	100%
	CE	
9	2	0%
7 & 8	26	5%
5 & 6	141	26%
2 to 4	369	69%
Total	538	100%



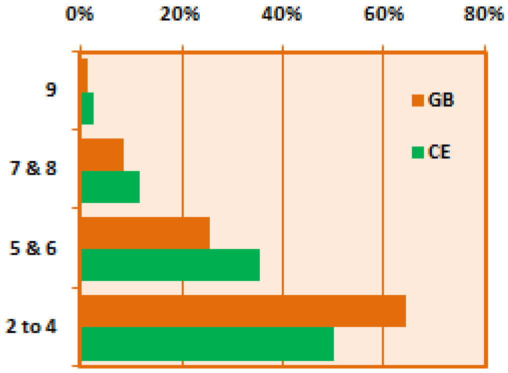
Supply; Number of Registrations; 200901 to 201104

GB | CE



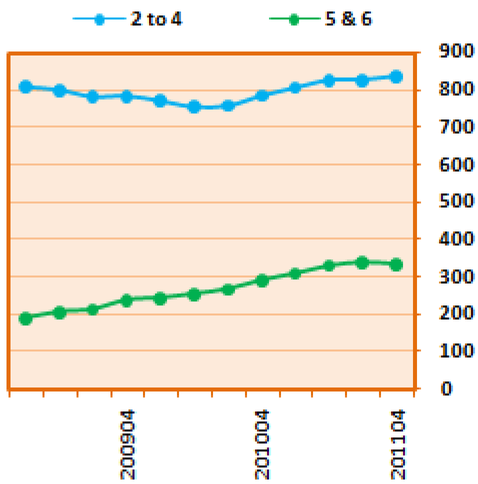
Eastern Cape

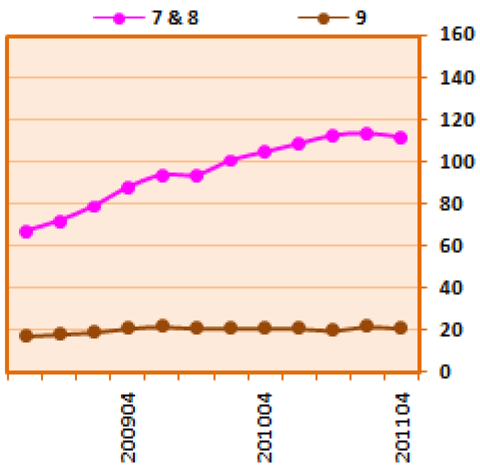
Supply; Registrations per Grade (% Grades 2 to 9); 201104		
Grade	Number	% Distribution
	GB	
9	21	2%
7 & 8	112	9%
5 & 6	337	26%
2 to 4	837	64%
Total	1 307	100%
	CE	
9	30	3%
7 & 8	130	12%
5 & 6	397	36%
2 to 4	559	50%
Total	1 116	100%



Supply; Number of Registrations; 200901 to 201104

GB





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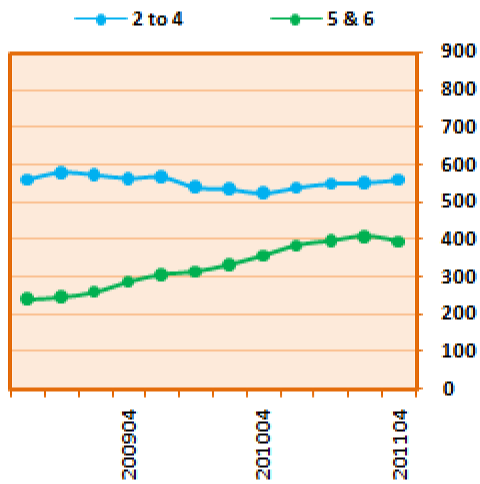
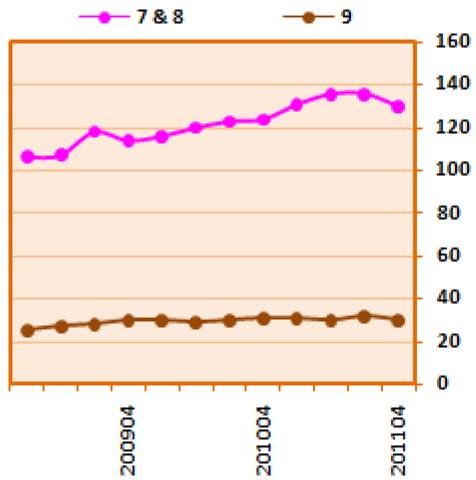
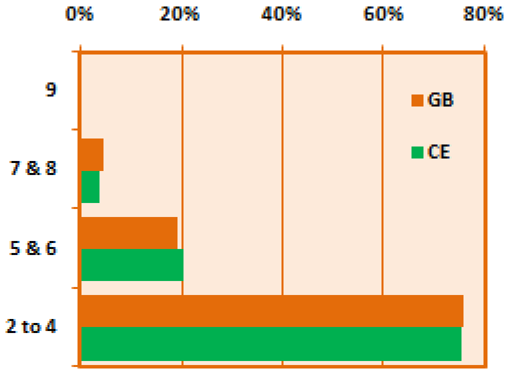




Gauteng

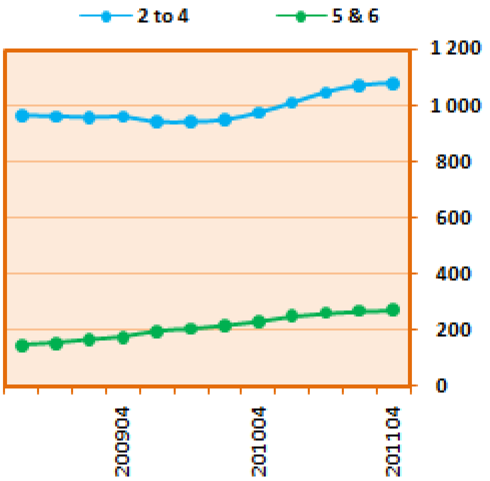
Supply; Registrations per Grade (% Grades 2 to 9); 201104

Grade	Number	% Distribution
	GB	
9	3	0%
7 & 8	68	5%
5 & 6	274	19%
2 to 4	1 083	76%
Total	**1 428**	**100%**
	CE	
9	5	0%
7 & 8	62	4%
5 & 6	307	20%
2 to 4	1 128	75%
Total	**1 502**	**100%**



Supply; Number of Registrations; 200901 to 201104

GB



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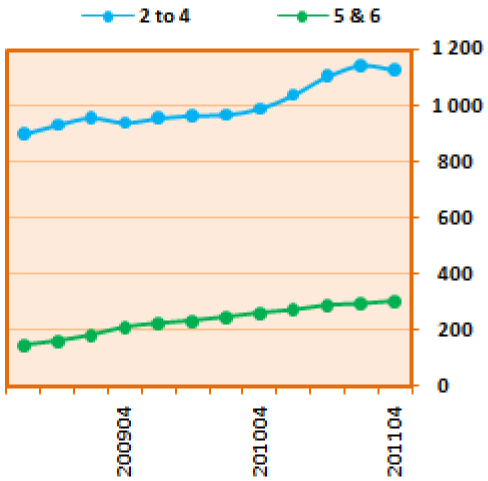
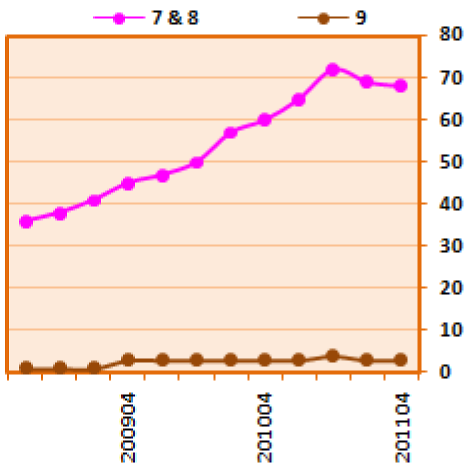
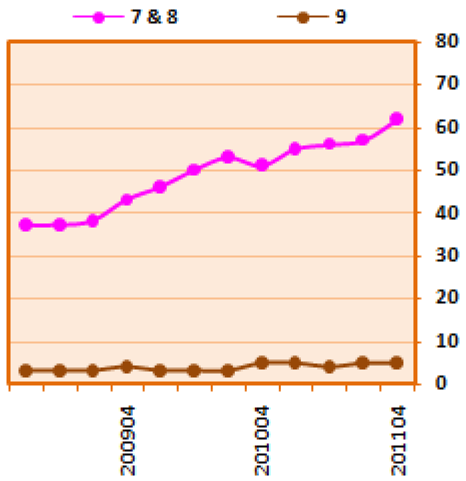


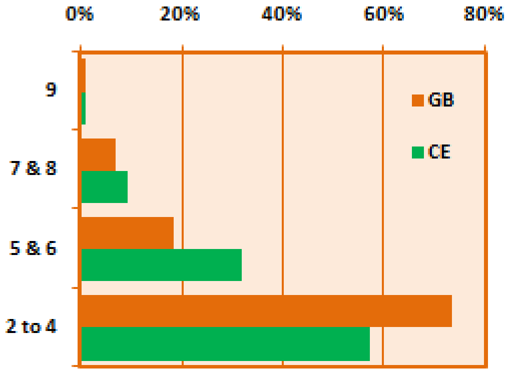




Kwa-Zulu Natal

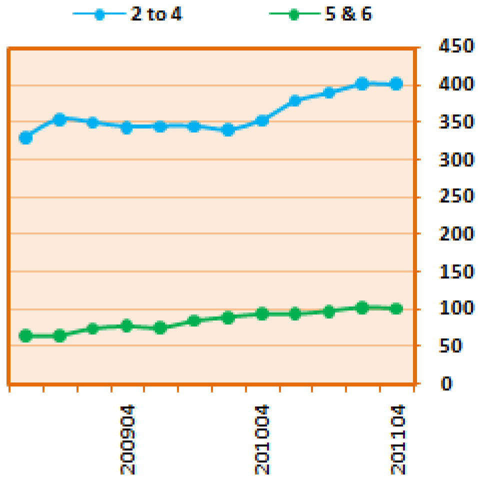
Supply; Registrations per Grade (% Grades 2 to 9); 201104

Grade	Number	% Distribution
	GB	
9	6	1%
7 & 8	38	7%
5 & 6	101	18%
2 to 4	401	73%
Total	**546**	**100%**
	CE	
9	5	1%
7 & 8	35	9%
5 & 6	120	32%
2 to 4	214	57%
Total	**374**	**100%**

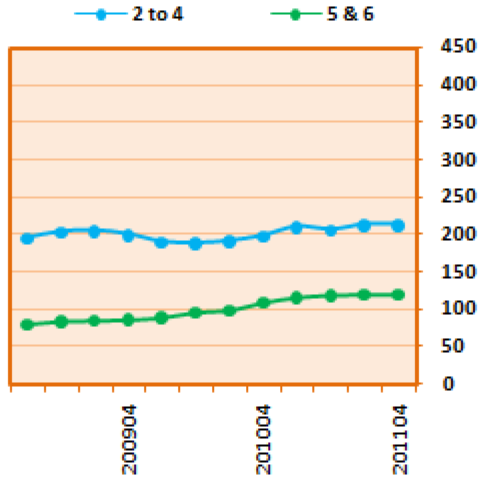


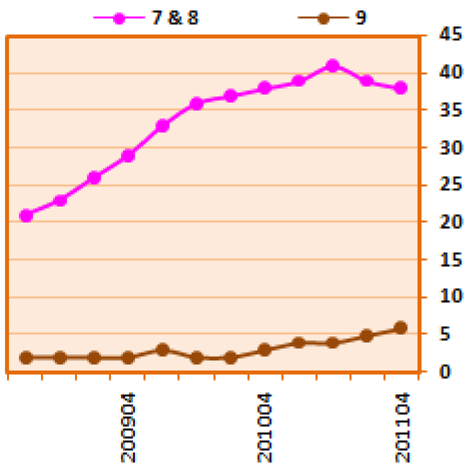
Supply; Number of Registrations; 200901 to 201104

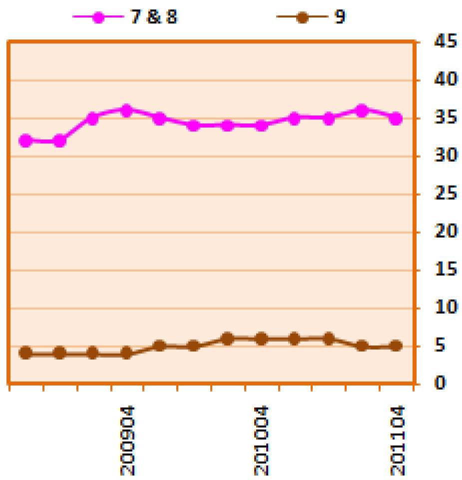
GB



CE





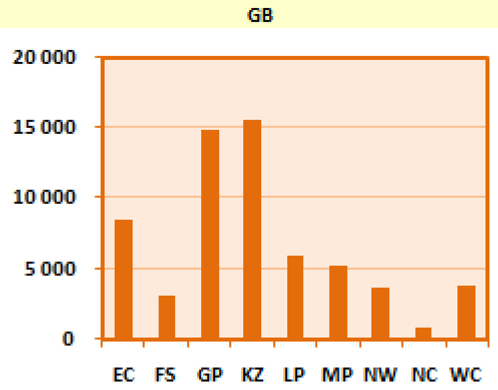


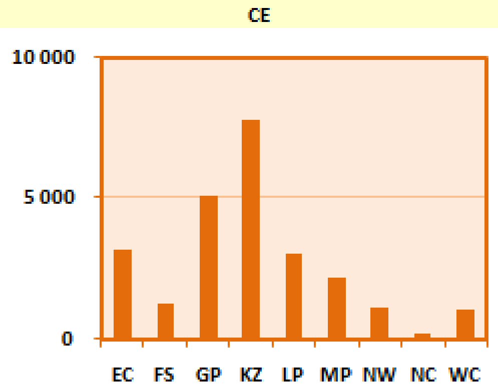
Western Cape

9. Registrations; Grade 1

The absolute number of Grade 1 contractors per province is shown in the adjacent figure. It is seen that the number of registered Grade 1 General Building (GB) and Civil Engineering (CE) contractors in KwaZulu-Natal and the Eastern Cape appears to be disproportionally high – especially compared to the GDP or construction spend per province.

Supply; Grade 1 (Absolute)



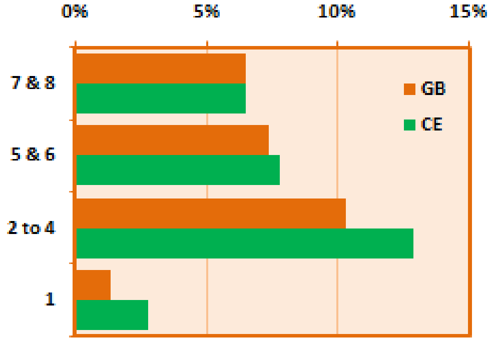


10. Contractor Development; Upgrades

Details of the upgrading of contractors in General Building (GB) and in Civil Engineering (CE) within the past four quarters are shown in the adjacent table. The average rate of contractor upgrades in Grades 2 to 8 is seen to be around 5% to 15% per year – while for Grade 1 contractors the rate of upgrading is significantly lower, namely around 1% to 3%.

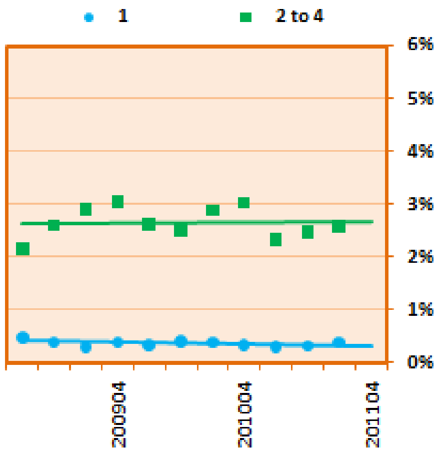
On interest, the overall rate of upgrades in General Building (GB) and Civil Engineering (CE) appears to be decreasing over the past three years (possibly reflecting the difficult economic conditions), except for the rate of upgrades in Grades 2 to 4.

Upgrades; 201101 to 201104							
From/To	2 to 4	5 & 6	7 & 8	9	Total	Registrations	%
GB							
7 & 8	0	0	17	4	21	322	7%
5 & 6	0	57	41	0	98	1 333	7%
2 to 4	246	164	7	0	417	4 055	10%
1	750	92	0	0	842	61 553	1%
Total	996	313	65	4	1 378	67 263	2%
CE							
7 & 8	0	0	18	4	22	339	6%
5 & 6	0	72	47	0	119	1 527	8%
2 to 4	231	187	3	0	421	3 283	13%
1	595	102	0	0	697	25 055	3%
Total	826	361	68	4	1 259	30 204	4%

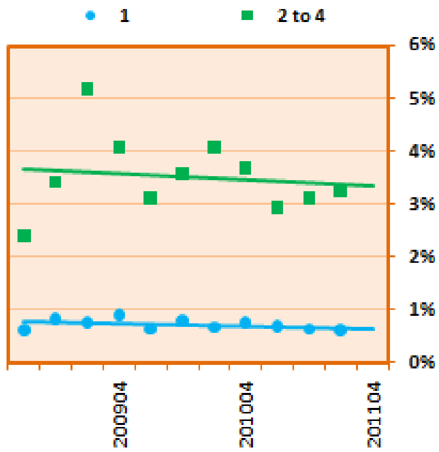


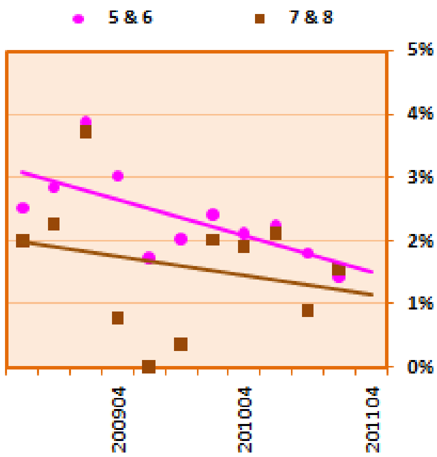
Upgrades per Quarter; 200901 to 201104

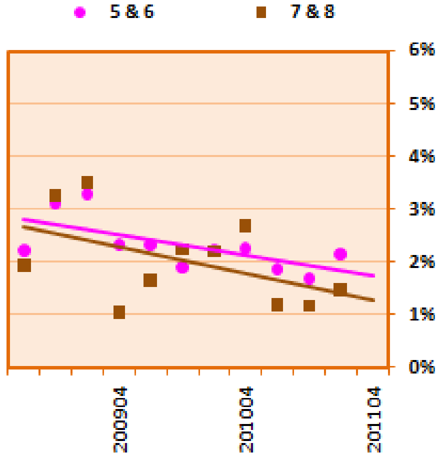
GB



CE







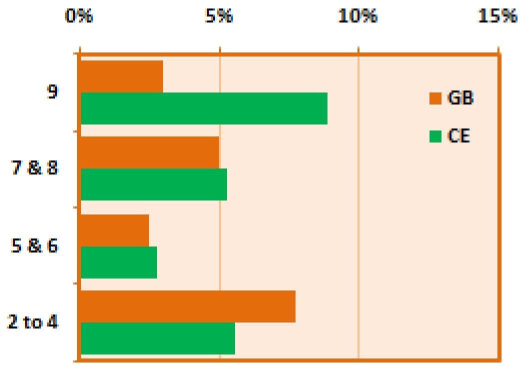
11. Contractor Development; Downgrades

Details of downgrading of contractors are shown in the adjacent figure, in which only compliant applications have been considered. Overall, in Grades 2 to 8, it is seen that the number of downgrades is between 3% to 8% per year.

Of interest, it can be noted that:

- in Grades 2 to 8, the number of upgrades is substantially larger than the number of downgrades (Section 9); and
- the number of downgrades (between 5% to 6%) is substantially lower than the number of downgrades over the same period a year ago (2011Q1 to 2011Q4) (around 8% to 10%).

Downgrades; 201101 to 201104							
From/To	1	2 to 4	5 & 6	7 & 8	Total	Registrations	%
			GB				
9	0	0	0	1	1	33	3%
7 & 8	0	2	12	2	16	322	5%
5 & 6	4	15	14	0	33	1 333	2%
2 to 4	242	71	0	0	313	4 055	8%
Total	246	88	26	3	363	5 743	6%
			CE				
9	1	0	0	3	4	45	9%
7 & 8	1	0	14	3	18	339	5%
5 & 6	7	22	14	0	43	1 527	3%
2 to 4	132	50	0	0	182	3 283	6%
Total	141	72	28	6	247	5 194	5%



12. Equity; Black Ownership

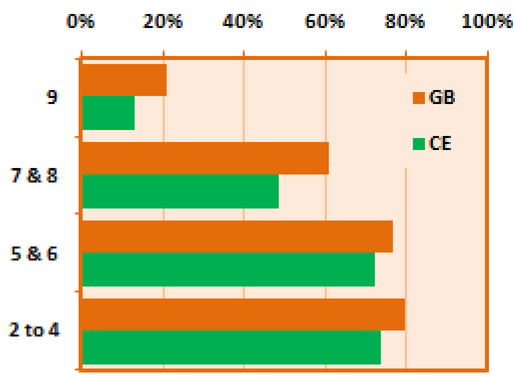
Details of black ownership of cidb registered contractors (defined as ownership control of 50% or more) for South Africa and for selected provinces is shown in the following figures. (Details for other provinces can be provided on request.)

From the adjacent figure it can be seen that around 80% of cidb registered Grade 2 to 4 General Building (GB) and Civil Engineering (CE) contractors are black owned. Furthermore, around 80% of all Grade 5 and 6 General Building (GB) and Civil Engineering (CE) contractors are black owned, while around 60% of all Grade 7 and 8 General Building (GB) contractors are black owned. Black ownership of Civil Engineering (CE) contractors in Grades 7 and 8 is however much lower – around 50% on average.

The history profiles of black ownership for South Africa as a whole and for selected provinces is also shown in the following figures. Of concern is that, overall, black ownership representation has not increased significantly over the past three years, and in some case the representation has in fact even decreased. This negative trend is most noticeable in Grades 2 to 4.

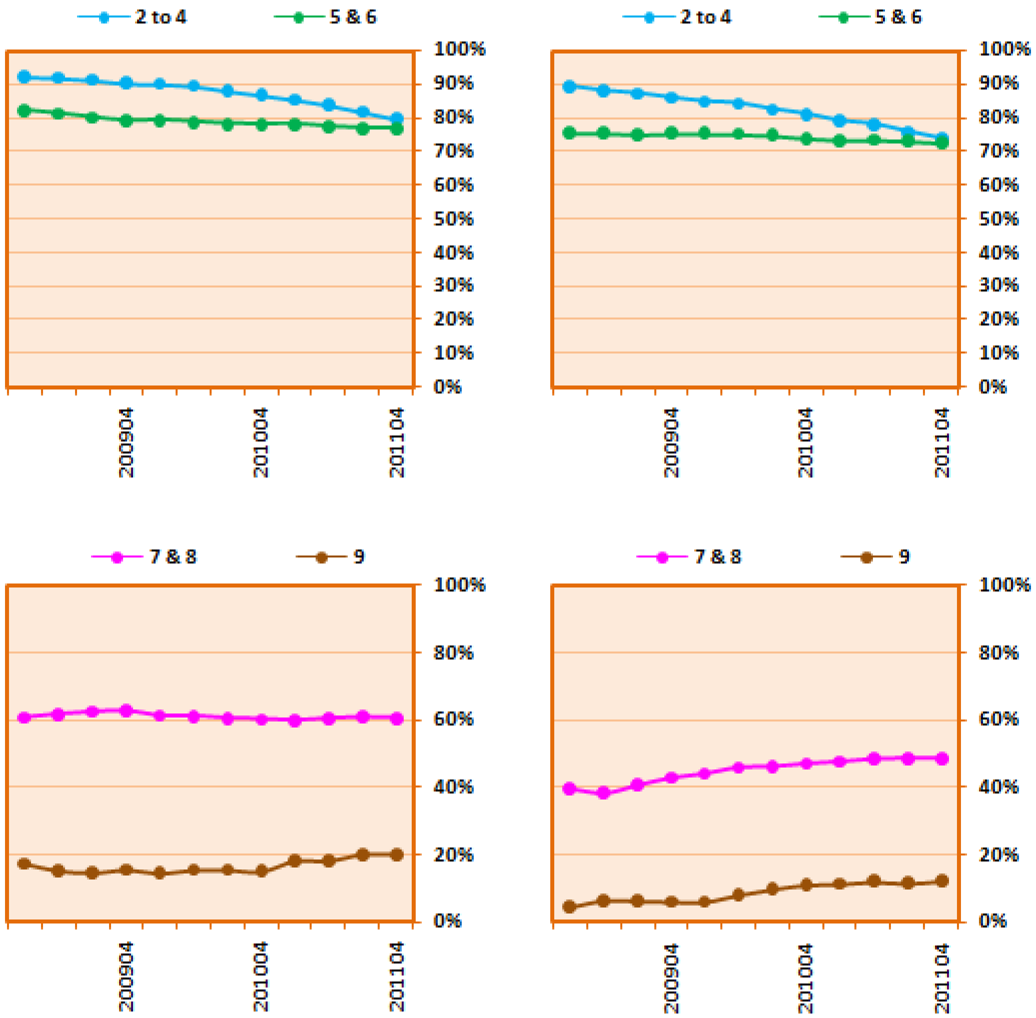
Supply; Black Ownership; 201104

Grade	Number	Black (%)
	GB	
9	7	21%
7 & 8	196	61%
5 & 6	1 027	77%
2 to 4	3 236	80%
Total	**4 466**	**78%**
	CE	
9	6	13%
7 & 8	166	49%
5 & 6	1 109	73%
2 to 4	2 430	74%
Total	**3 711**	**71%**



Supply; Black Ownership; 200901 to 201104

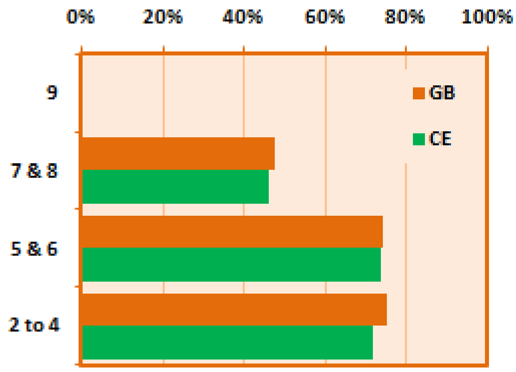
GB | **CE**



South Africa

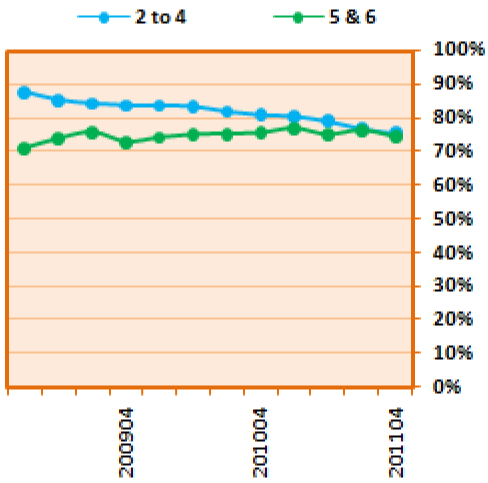
Supply; Black Ownership; 201104

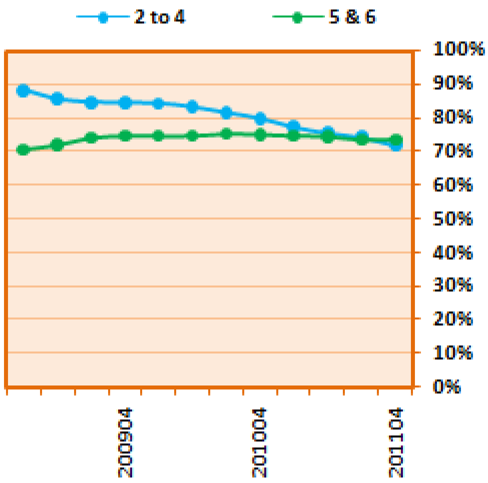
Grade	Number	Black (%)
	GB	
9	0	0%
7 & 8	12	48%
5 & 6	87	74%
2 to 4	319	75%
Total	**418**	**74%**
	CE	
9	0	0%
7 & 8	12	46%
5 & 6	104	74%
2 to 4	266	72%
Total	**382**	**71%**

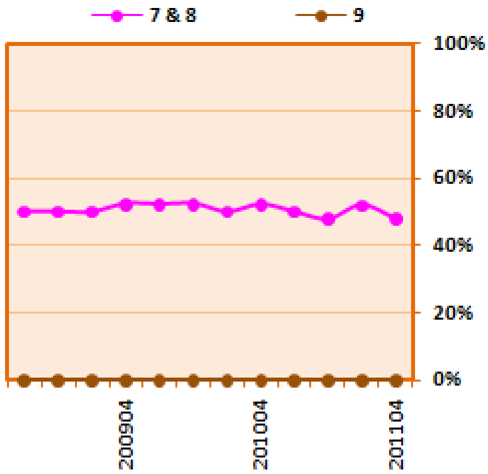


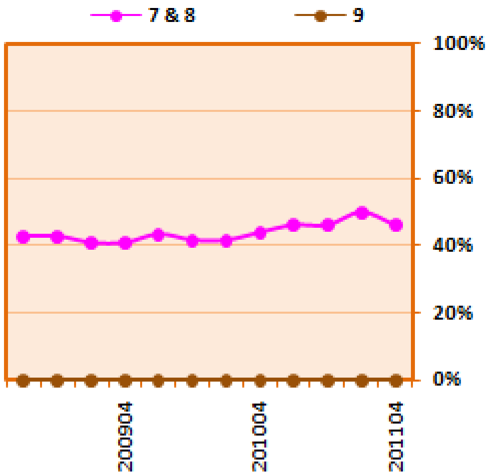
Supply; Black Ownership; 200901 to 201104

GB | CE





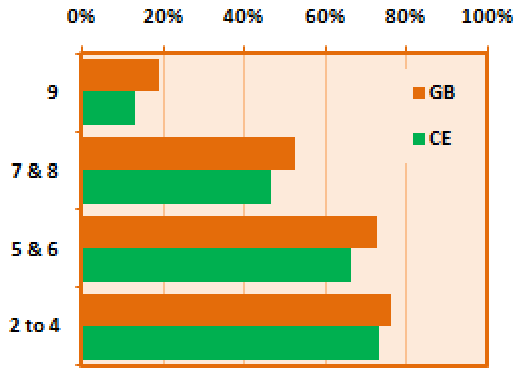




Eastern Cape

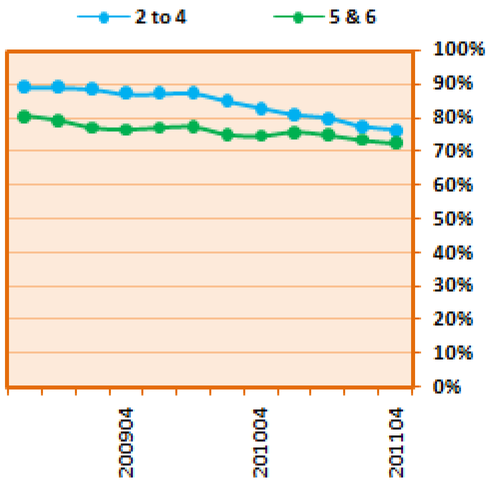
Supply; Black Ownership; 201104

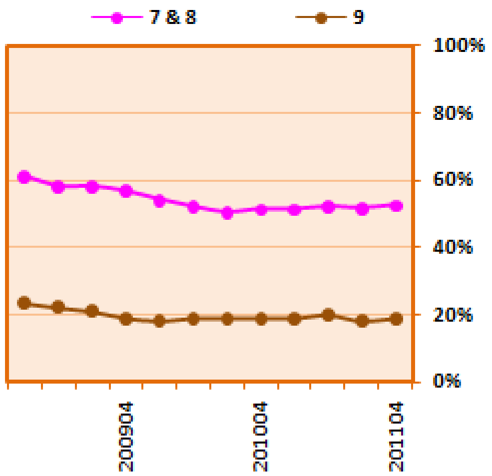
Grade	Number	Black (%)
	GB	
9	4	19%
7 & 8	59	53%
5 & 6	245	73%
2 to 4	640	76%
Total	**948**	**73%**
	CE	
9	4	13%
7 & 8	61	47%
5 & 6	264	66%
2 to 4	410	73%
Total	**739**	**66%**



Supply; Black Ownership; 200901 to 201104

GB





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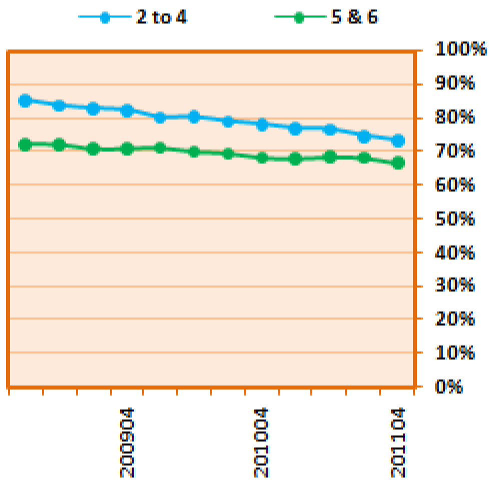
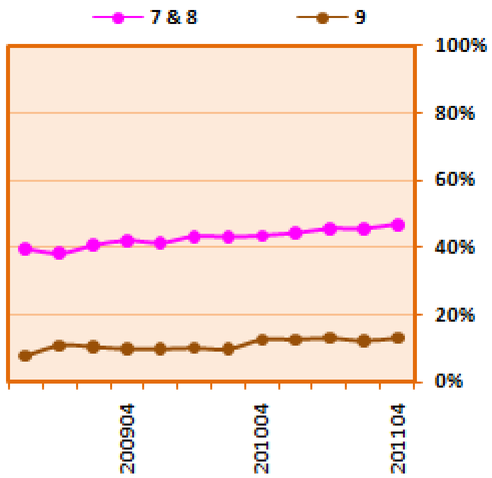
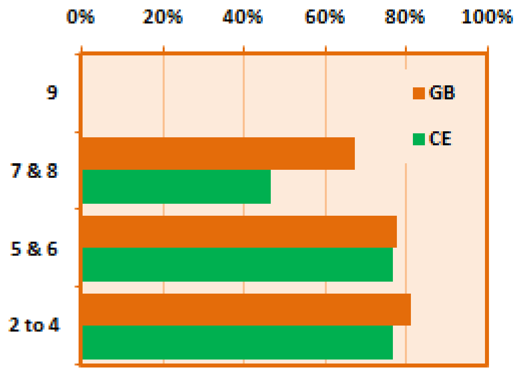




Gauteng

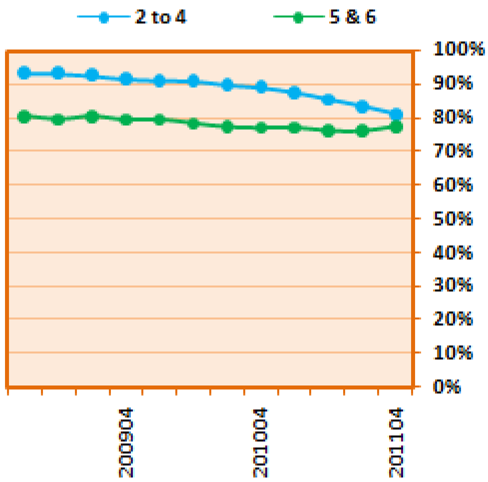
Supply; Black Ownership; 201104		
Grade	Number	Black (%)
	GB	
9	0	0%
7 & 8	46	68%
5 & 6	213	78%
2 to 4	879	81%
Total	**1 138**	**80%**
	CE	
9	0	0%
7 & 8	29	47%
5 & 6	236	77%
2 to 4	868	77%
Total	**1 133**	**75%**

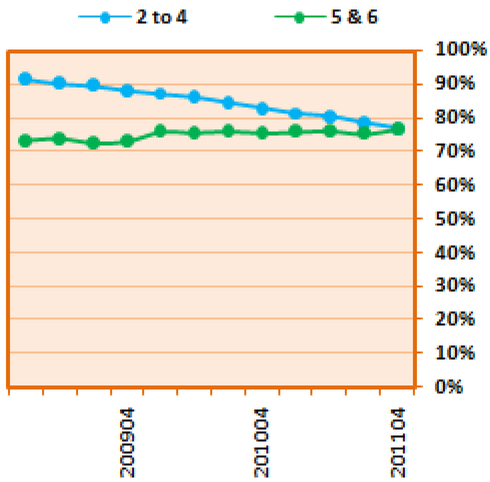


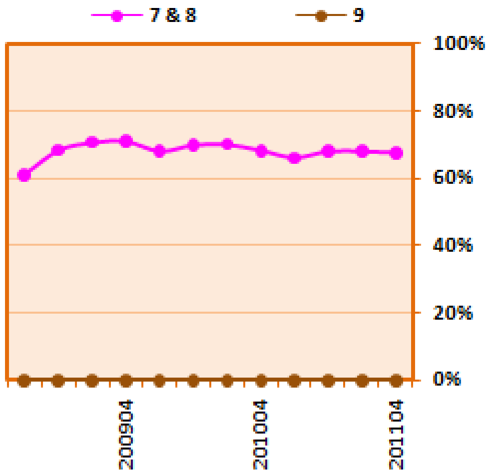
Supply; Black Ownership; 200901 to 201104

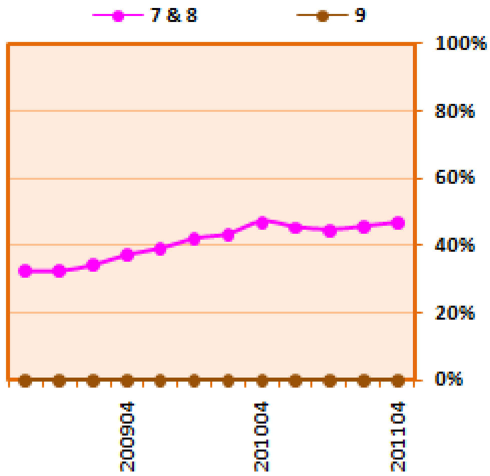
GB

CE



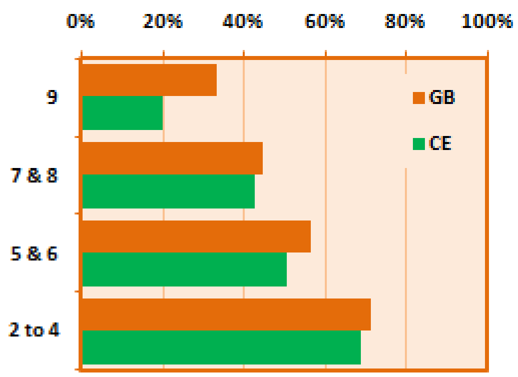






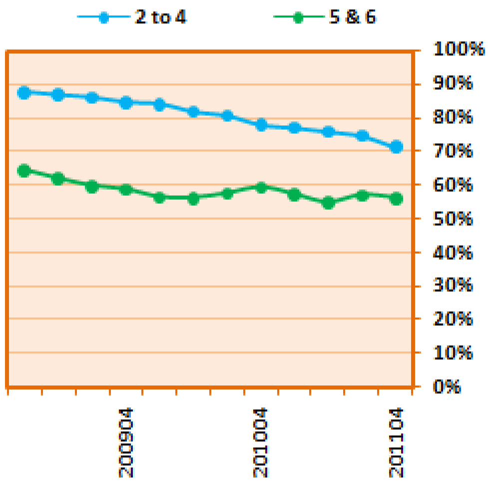
KwaZulu-Natal

Supply; Black Ownership; 201104		
Grade	Number	Black (%)
	GB	
9	2	33%
7 & 8	17	45%
5 & 6	57	56%
2 to 4	286	71%
Total	**362**	**66%**
	CE	
9	1	20%
7 & 8	15	43%
5 & 6	61	51%
2 to 4	148	69%
Total	**225**	**60%**



Supply; Black Ownership; 200901 to 201104

GB



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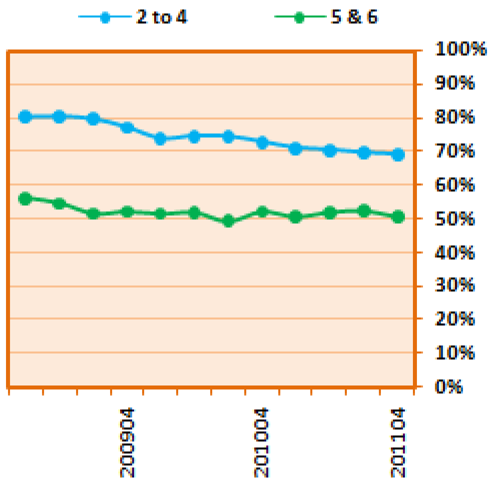
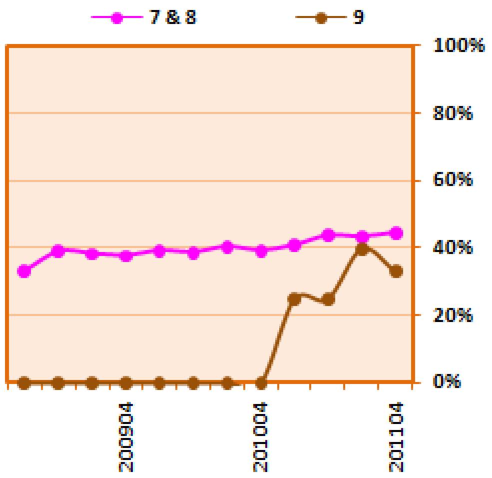
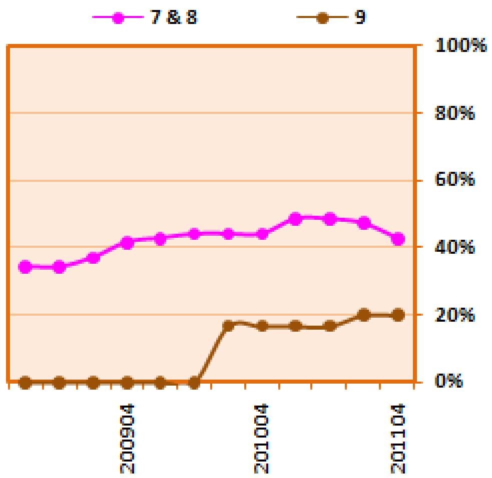






Western Cape

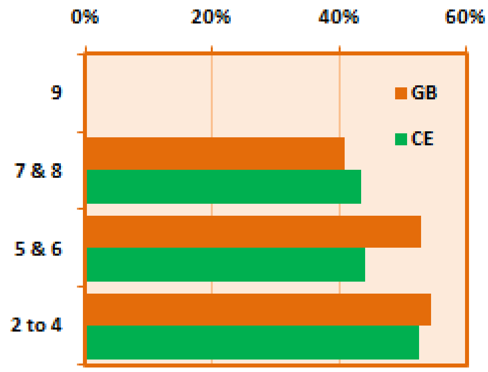
13. Equity; Women Ownership

Details of black ownership of cidb registered contractors (defined as ownership control of 50% or more) for South Africa and for selected provinces is shown in the following figures. (Details for other provinces can be provided on request.)

On average, around 40% of all Grade 2 to 4 contractors are women owned. From Grades 5 and 6 and above, women ownership is typically less than 30% in Civil Engineering (CE), when in General Building (GB) it is around 30% to 40%. However, women ownership varies significantly from province to province and across the Grades - with the highest ownership (not shown here) in Limpopo (which probably reflects tender preferencing in this province), followed by Mpumalanga.

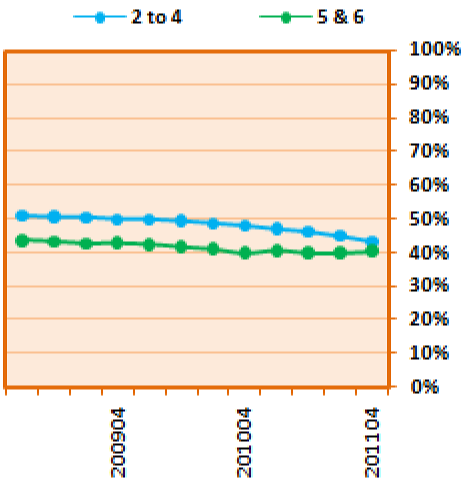
Supply; Woman Ownership; 201104

Grade	Number	Women (%)
	GB	
9	1	0%
7 & 8	80	41%
5 & 6	541	53%
2 to 4	1 755	54%
Total	**2 377**	**41%**
	CE	
9	0	0%
7 & 8	72	43%
5 & 6	486	44%
2 to 4	1 277	53%
Total	**1 835**	**35%**

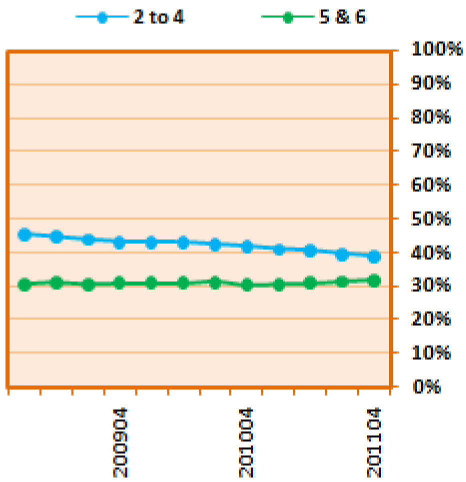


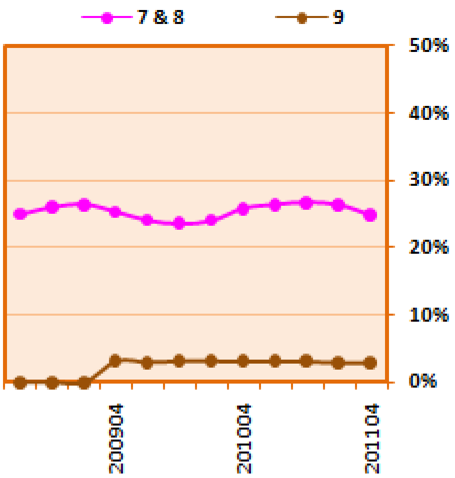
Supply; Women Ownership; 200901 to 201104

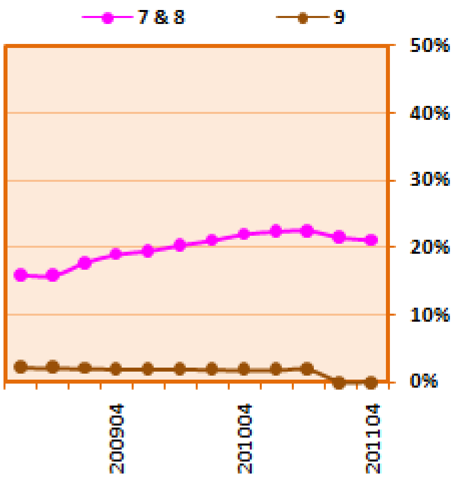
GB



CE



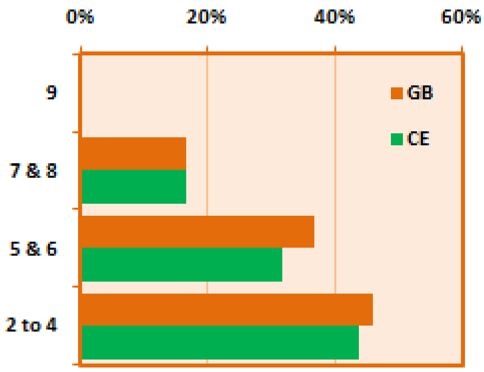




South Africa

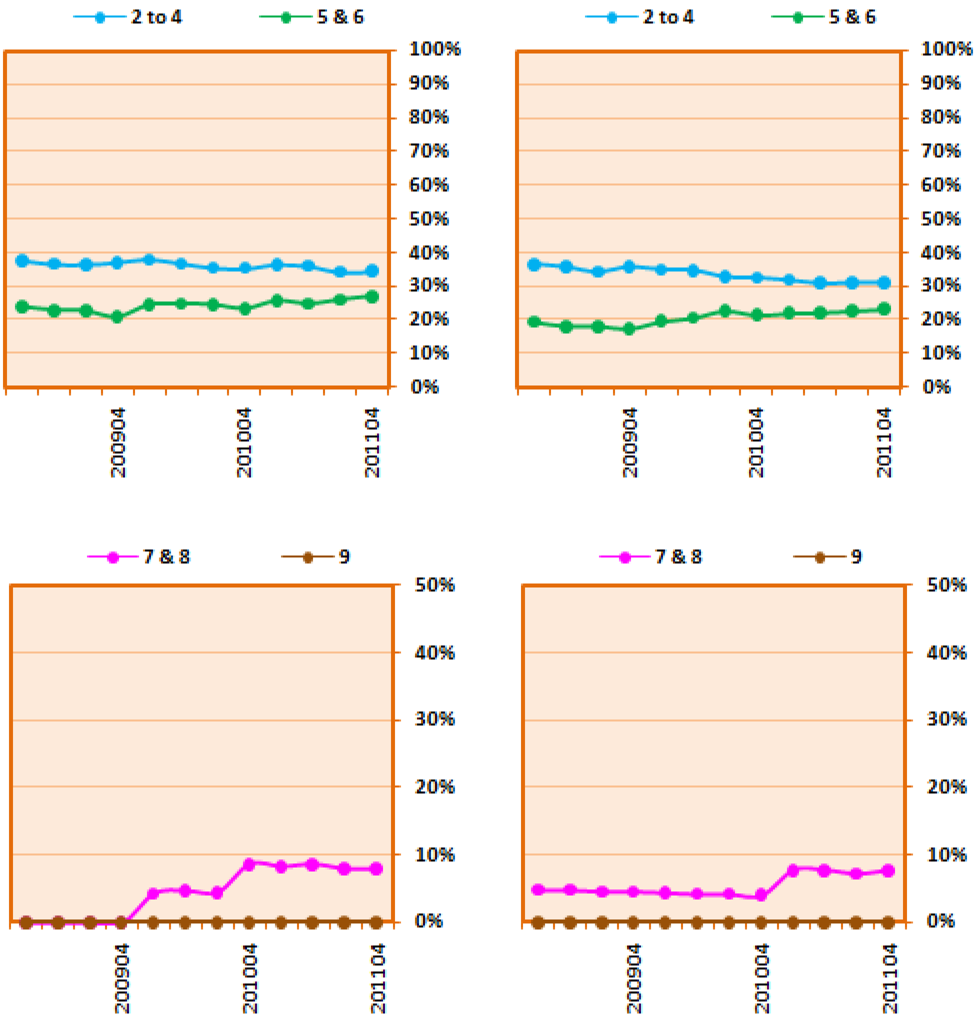
Supply; Woman Ownership; 201104

Grade	Number	Women (%)
	GB	
9	0	0%
7 & 8	2	17%
5 & 6	32	37%
2 to 4	146	46%
Total	**180**	**32%**
	CE	
9	0	0%
7 & 8	2	17%
5 & 6	33	32%
2 to 4	116	44%
Total	**151**	**28%**



Supply; Women Ownership; 200901 to 201104

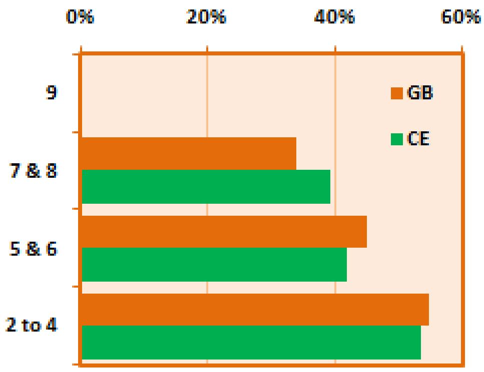
GB | CE



Eastern Cape

Supply; Woman Ownership; 201104

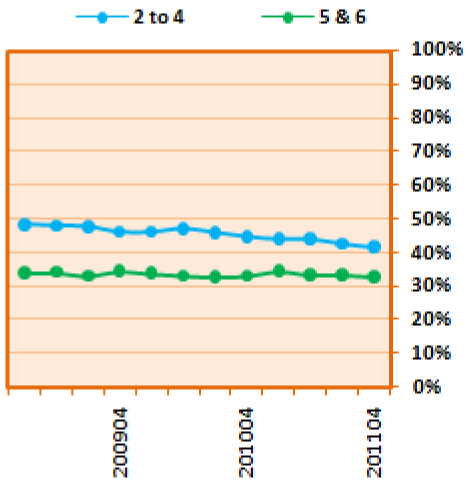
Grade	Number	Women (%)
	GB	
9	0	0%
7 & 8	20	34%
5 & 6	110	45%
2 to 4	349	55%
Total	**479**	**37%**
	CE	
9	0	0%
7 & 8	24	39%
5 & 6	110	42%
2 to 4	219	53%
Total	**353**	**32%**

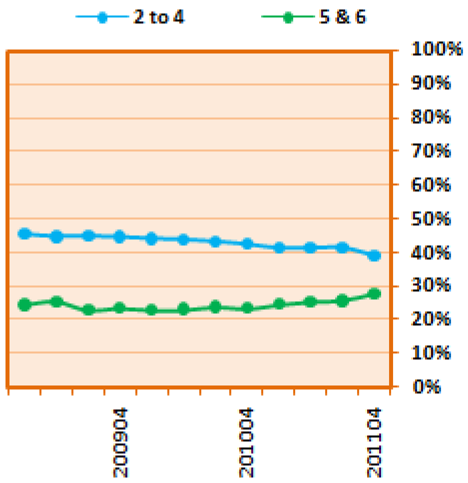


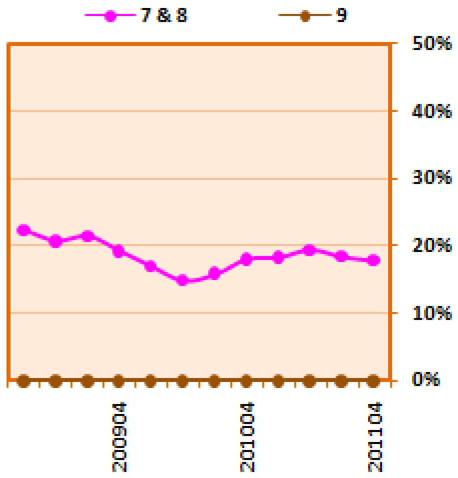
Supply; Women Ownership; 200901 to 201104

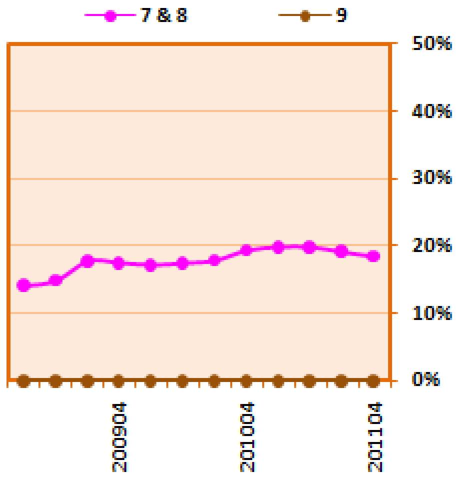
GB

CE





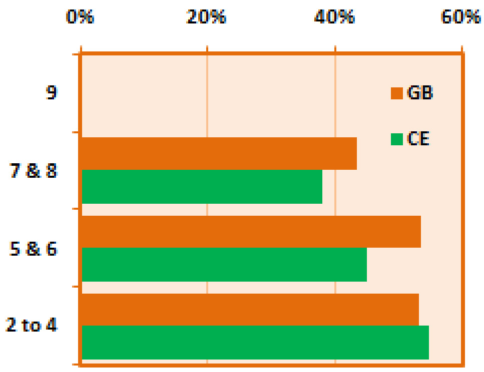




Gauteng

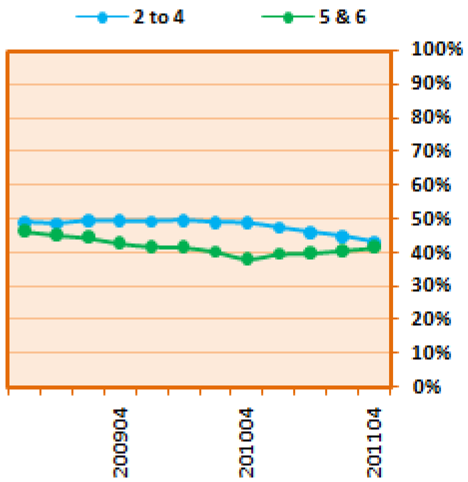
Supply; Woman Ownership; 201104

Grade	Number	Women (%)
	GB	
9	0	0%
7 & 8	20	43%
5 & 6	114	54%
2 to 4	468	53%
Total	**602**	**42%**
	CE	
9	0	0%
7 & 8	11	38%
5 & 6	106	45%
2 to 4	475	55%
Total	**592**	**39%**

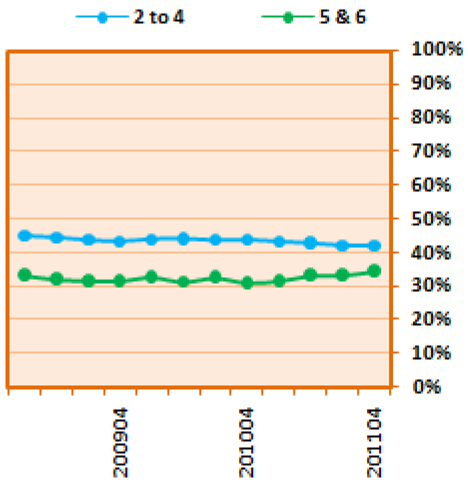


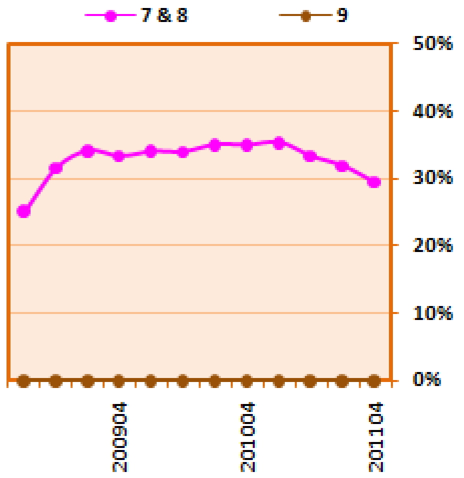
Supply; Women Ownership; 200901 to 201104

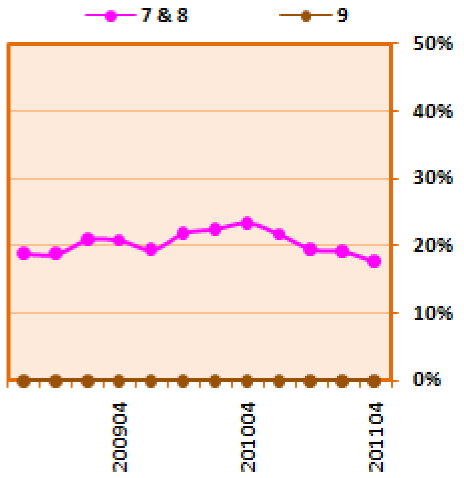
GB



CE

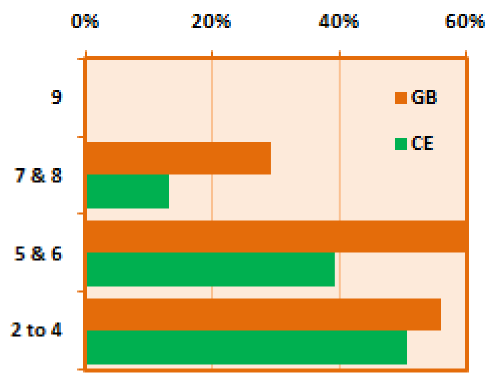




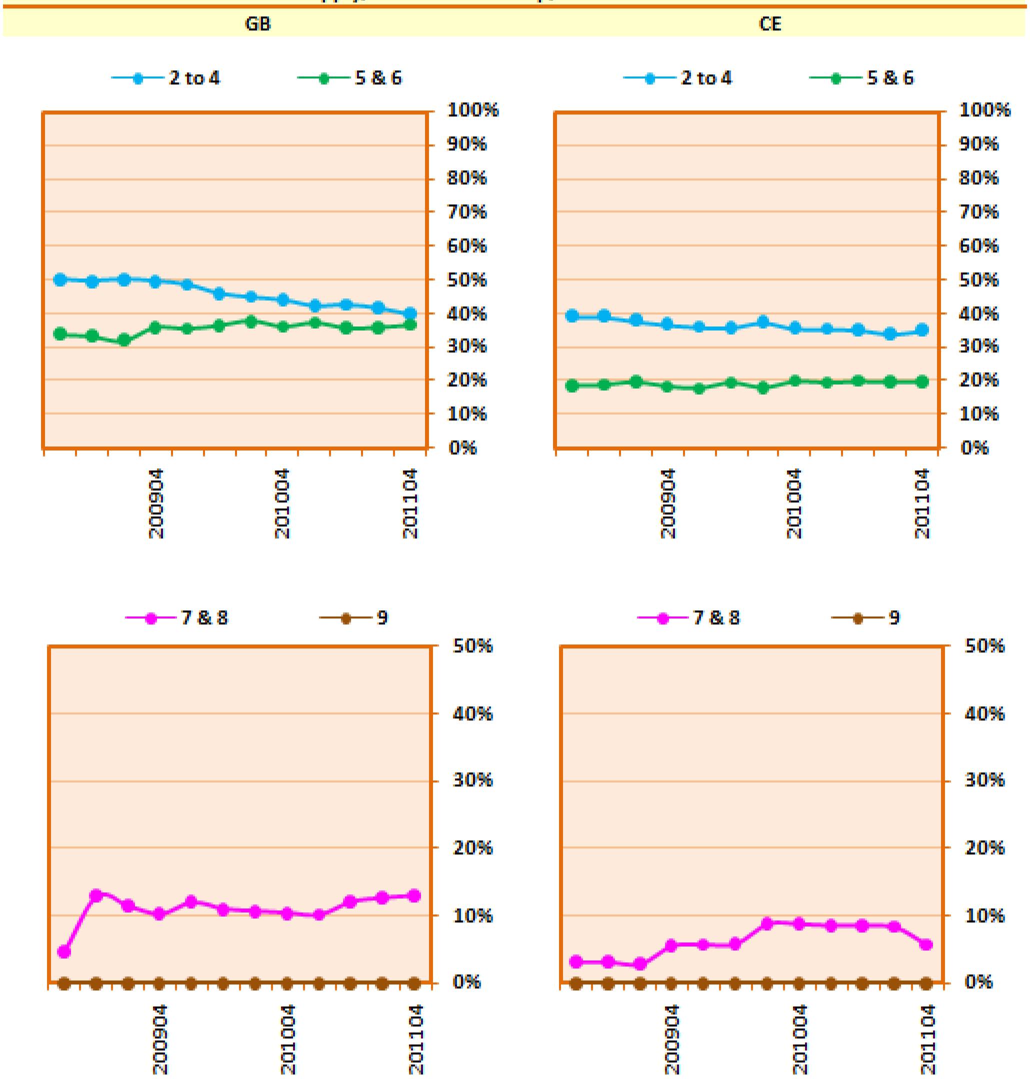


KwaZulu-Natal

Supply; Woman Ownership; 201104		
Grade	Number	Women (%)
	GB	
9	0	0%
7 & 8	5	29%
5 & 6	37	65%
2 to 4	160	56%
Total	**202**	**37%**
	CE	
9	0	0%
7 & 8	2	13%
5 & 6	24	39%
2 to 4	75	51%
Total	**101**	**27%**



Supply; Women Ownership; 200901 to 201104



Western Cape

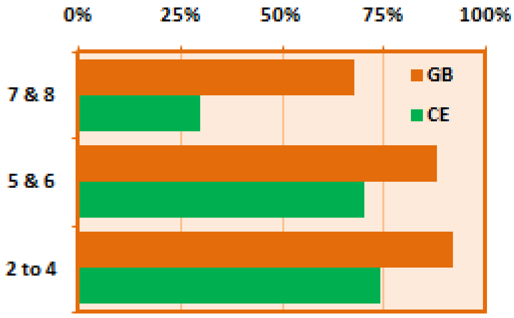
14. Equity; Contracts Awarded

Estimates of the value of public sector contracts awarded to black owned companies during the four quarters under review are shown in the adjacent figure, from which it is seen that around 80% to 90% of the value of Grade 2 to 6 contract awards have been awarded to black owned contractors.

An alternative estimate of the value of the public and private sector contracts awarded to black owned companies is also given in the adjacent figure, obtained from the turnover reflected in the companies' recent financial statements. This estimate suggests that black owned companies in Grades 2 to 4 generate around 70% of the total turnover of Grade 2 to 4 contractors – and to around 50% in Grades 5 to 8.

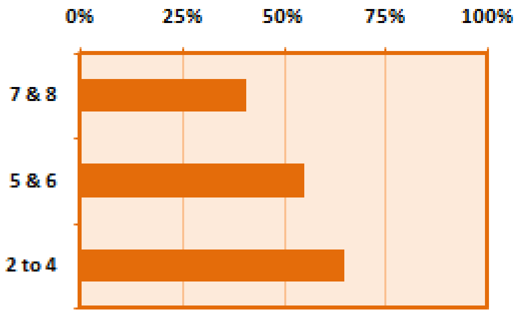
Contracts Awarded; Black Owned (Grades 2 to 8); 201101 to 201104

Grade	%
GB	
7 & 8	68%
5 & 6	88%
2 to 4	92%
Total	**78%**
CE	
7 & 8	30%
5 & 6	71%
2 to 4	74%
Total	39%



Turnover; Black Owned (Grades 2 to 8); GB and/or CE

Grade	%
GB and/or CE	
7 & 8	41%
5 & 6	55%
2 to 4	65%
Total	**49%**



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