

Compliance with cidb regulations:

October 2024

PRESENTATION OVERVIEW

- Overview of the cidb mandate
- Legislative requirements for Register of contractors (RoC)
- What is the Register of contractors
- The objectives of the RoC
- Tender value limits and classes of construction works
- Application of potentially emerging status
 - Background
- Who should register & exemptions
- Construction procurement
- Compliance requirements

The cidb

The CIDB

- The cidb is statutory body established by an Act of Parliament (Act 38 of 2000) to oversee the sustainability and growth of construction industry across the country
- Schedule 3A public entity – an agency of the Department of Public Works and Infrastructure (DPWI) under the Executive Authority of the Minister

Overview of the cidb mandate

CIDB legislative mandate

The primary role of the cidb is to regulate and develop the construction industry in accordance with the requirements of the cidb Act.

DEVELOPMENT

- Provide leadership to construction industry stakeholders to stimulate growth, reform and improvement of the construction sector
 - ❖ Initiatives such as:
 - Developing and implementing policies and regulations that promotes the growth and development of the construction industry
 - By providing training, capacity building and skills development programs to enhance the competency of the construction industry
 - By conducting research to inform the industry stakeholders on best practices, market trends and any other industry issues.

CIDB legislative mandate conti..

REGULATION

The cidb Act mandate the Board to:

- Establish a national register of contractors and of construction projects to systematically regulate, monitor and promote the performance of the industry for sustainable growth, delivery and empowerment;
- Promote uniform application of procurement policy throughout all spheres of government;
- Promote the standardisation of the procurement documentation, processes and procedures;
- Promote uniform and ethical standards, construction procurement reform, and improved procurement and delivery management – including the Construction Code of Conduct....

CIDB legislative mandate.

Monitoring role:

The cidb use the register of contractors and the register of projects to monitor the performance of the industry and its stakeholders.

- On quarterly basis, the cidb publishes register of projects compliance monitor.
- This monitor provides indicators of the level of compliance and non-compliance with the Register of Projects by client department.

In the public sector the Register monitors infrastructure projects from when a tender is advertised, the contract is awarded, through to project completion or termination

Scope of the cidb mandate in procurement

Section 16 (3) of the CIDB Act mandates the Minister to prescribe the manner in which public sector construction contracts may be **invited, awarded and managed** within the framework of the registers and within the framework of the policy on procurement.

Project Status Report (Reg. 21(1))

Report on the status of the registered project, **within one calendar month of the date-**

- when a practical completion certificate is issued (Reg 21(1)(a);
- contract is renewed (Reg 21(1)(b);
- contract is cancelled or terminated (Reg 21(1)(c); and
- settling all amounts owing to the contractor (final completion certificate is issued) (Reg 21(1)(d).

Construction works

Cidb Act define construction works “as the provision of a **combination** of goods and services arranged for the development, extension, installation, repair, maintenance, renewal, removal, renovation, alteration, dismantling or demolition of a fixed asset including building and engineering infrastructure”

Legislative requirements for register of contractors

Chapter 3 of the cidb Act

The Board must establish a national register of contractors that must categorize contractors in a manner that (16(1)):

- Facilitates public sector procurement and promotes contractor development.

18(1) A contractor may not undertake, carry out or complete any construction works or **portion** thereof for **public sector contracts**, **awarded** in terms of competitive tender or quotation, unless he or she is **registered** with the Board and holds a valid registration issued by the Board.

Note: *Accordingly, a sub-contractor conducting construction works for public sector contracts, awarded in terms of competitive tender or quotation, must be registered with the CIDB.*

Chapter 3 of the cidb Act

(2) Any contractor who carries out or attempts to carry out any construction works or portion thereof under a public sector contract and who is not a registered contractor of the Board in terms of this Act, is guilty of an offence and is liable, on conviction, to a fine not exceeding ten per cent of the value of the contract so carried out.

Note: *the section prohibits a contractor from carrying out, or completing any works or portion of the works for public sector contracts which has been awarded in terms of competitive tender or quotation, unless they are registered with the CIDB. The section furthermore carries a criminal sanction.*

Awarding of the contracts contrary to the Act and the cid regulations constitutes a reportable criminal offence against the contractor (s 18).

Chapter 3 of the cidb Act continue

(3) A contractor referred to in subsection (2) must, upon receipt of a written notice by the Board served on him or her in the prescribed manner, cease to continue any public sector construction work.

(4) A contractor who receives a notice referred to in subsection (3), during the currency of contract, may be permitted to complete the construction works or portion thereof, as determined by the Board.

NB: The Regulations requires that the register be applied only to construction works contracts having a value in excess of **R30 000 including VAT**

Awarding of the contracts contrary to the Act and the cid regulations constitutes a reportable criminal offence against the clients (reg 30 (c)). The said regulation makes it a criminal offence for the client department to award a construction works contract to an unregistered contractor

What is the Register of Contractors?

The Register of Contractors (RoC) is a macro risk management tool to support clients to better procure for infrastructure.

- It applies to all contractors wishing to do work in the public sector.
- The Construction Industry Development (CID) Regulations bind public sector clients to only award construction works contracts to cidb registered contractors.

CID Regulations 30(1)(c):

(1) Any person or organ of state who-

- (c) **award** a construction works contract contrary to these Regulations; is guilty of an offence.

Awarding of the contracts contrary to the Act and the cid regulations constitutes a reportable criminal offence against the clients (reg 30 (c)). The said regulation makes it a criminal offence for the client department to award a construction works contract to an unregistered contractor

Objectives of the Register of Contractors

Phase 1(In-place)

The Register of Contractors has been established to:

- **support risk management** in the tendering process;
 - *Contractors are graded according to financial and works capability, including experience in the relevant classes of work*
- **enable effective access** by the emerging sector to work and development opportunity
- **reduce the administrative burden** associated with the award of contracts;
- **reduce tendering costs** to both clients and contractors
- regulate contractor **behaviour** and promote minimum standards and best practice;
- **store and provide data** on the size and distribution of contractors operating within the industry; and

NB: Mandatory for public sector to use it.

Objectives of the Register of Contractors

Phase 2(under development)

The Register of Contractors has been established to:

- Assess the **performance** of contractors in the execution of contracts and thus provide a performance record of contractors

This performance reports provides for a uniform and consistent method of assessment of the performance of a contractor with respect to the following project parameters:

- time management, cost management, quality management
- health and safety management, management of site conditions; and
- management of subcontractors (including payment)

The objective of the Contractor Performance Reports is to provide a track record of a contractor's performance through an assessment of the contractor's skill and commitment in managing time, cost, quality, site conditions, labour, subcontractors, and health and safety on projects.

Tender Value Limits & classes construction works

Tender Value Limits / Threshold

Grade	Range of tender values, inclusive of VAT	
	Greater than:	Less than or equal to:
1	R0	R500 000
2		R1000 000
3		R3000 000
4		R6000 000
5		R10 000 000
6		R20 000 000
7		R60 000 000
8		R200 000 000
9		No limit

Classes of Construction Works

GB = General Building

CE = Civil Engineering

ME = Mechanical Engineering

EB = Electrical Engineering (Building)

EP = Electrical Engineering (In)

Specialist works (SB to SQ)

Classes of constructions works

General Building (GB)

Construction works that:

(a) are primarily concerned with: development, extension, installation, renewal, renovation, alteration, or dismantling of a permanent shelter for its occupants or contents; or (b) cannot be categorised in terms of the definitions for **All other classes of works** provided for civil engineering works, electrical engineering works, mechanical engineering works, or specialist works.

Structures as:

Buildings for domestic, industrial, institutional or commercial occupancies

Car ports; Refurbish / renovate buildings

Services and operations such as:

Buildings and ancillary works other than those categorised as being:

(c) civil engineering works;

(d) electrical engineering works;

(e) mechanical engineering works; or

(f) specialist works

School, office building, renovation, commercial & industrial building, etc.. (GB)



Classes of Construction Works

Civil Engineering (CE)

Construction works that are primarily concerned with materials such as steel, concrete, earth and rock and their application in the development, extension, installation, maintenance, removal, renovation, alteration, or dismantling of building and engineering infrastructure

Structures as:

Cooling towers, Bridges, Culvert, Dam, Grandstand, Road, Railway, Reservoir, Runway, Silo, Tunnel.

Services and operations such as:

Water treatment & supply, Sewerage works, Irrigation works, Storm water & drainage, Coastal works, Ports, Harbours, Airports, Pipelines, Dredging, Earthworks

Railways, bridge, roads, reservoir, pipeline, earthworks, etc.. (CE)



Electrical Engineering (EB)

Construction works that are primarily concerned with the installation, extension, modification or repair of electrical installations in or on any premises used for the transmission of electricity from a point of control to a point of consumption, including any article forming part of such an installation

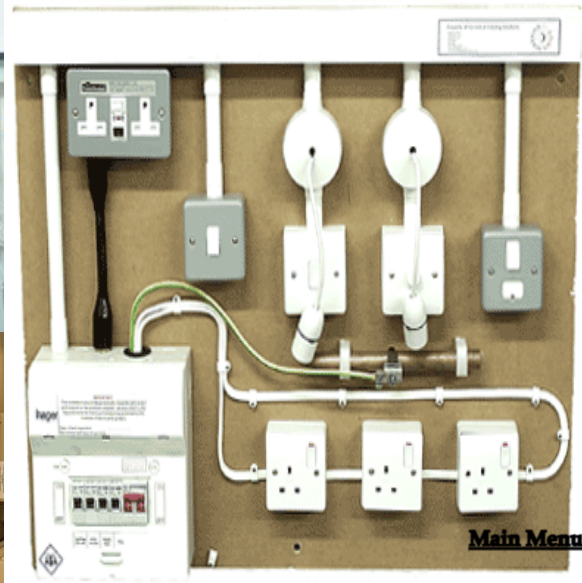
Structures as:

All electrical equipment forming an integral and permanent part of buildings and/or structures, including any wiring, cable jointing and laying and electrical overhead line construction

Examples:

Electrical installations in buildings, Electrical reticulations within a plot of land (erf) or building site, Standby plant and uninterrupted power supply, Verification and certification of electrical installations on premises

Electrical Wiring in Building, cable jointing and laying, standby plant, etc..(EB)



Electrical Engineering (EP)

Construction works that are primarily concerned with development, extension, installation, removal, renovation, alteration or dismantling of engineering infrastructure: (a) relating to the generation, transmission and distribution of electricity; or (b) which cannot be classified as EB.

Basic work types:

Electrical power generation, transmission, control and distribution equipment and systems.

Examples:

Power generation Street and area lighting Substations and protection systems, Township reticulations, Transmission Lines, Supervisory control and data acquisition systems

Transmission Lines, substations, solar panels, transformer, etc.. (EP)



Mechanical Engineering (ME)

Construction works that are primarily concerned with the development, extension, installation, removal, alteration, renewal of engineering infrastructure for gas transmission and distribution, solid waste disposal, heating, ventilation and cooling, chemical works, metallurgical works, manufacturing, food processing and, materials handling

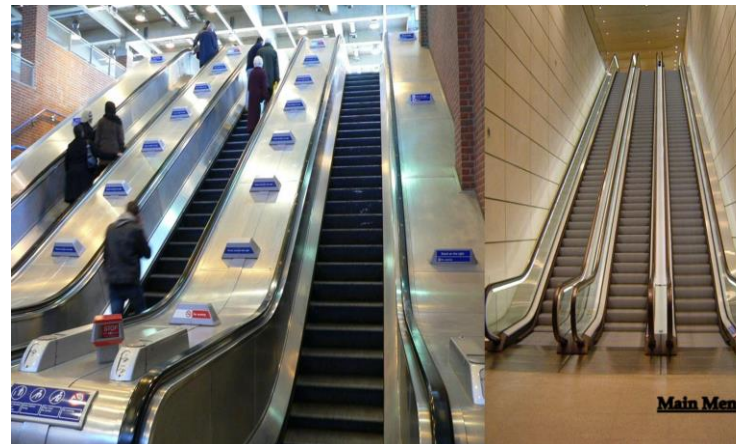
Basic work types:

gas transmission, pipelines installations, lifting machinery

Examples:

Air-conditioning and mechanical ventilation, Boiler installations and steam distribution, Cranes and hoists distribution systems, Dust and sawdust extraction, oil and gas wells, acid plants

HVEC, Kitchen, laundry equipment, cold rooms, lift& escalators, pipeline repair, etc..(ME)



Classes of Specialist Works

➤ ~~SA - Alarms, security and access control systems~~

- SB - Asphalt works (installation, repair, maintenance or removal of asphalt)
- SC - Building excavations, shaft sinking & lateral earth support
- SD - Corrosion protection (installation, repair, removal of corrosion protection systems)
- SE - Demolition of buildings and blasting
- SF - Fire prevention and protection systems
- SG - Glazing, curtain walls and shop fronts
- SH - Landscaping, irrigation and horticultural works
- SI - Lifts, escalators and travellers
- SJ - Piling and specialized foundations for buildings & structures
- SK - Road markings and signage
- SL - Structural steelwork fabrication and erection
- SM - Timber buildings and structures
- SN - Waterproofing using specialist systems.
- SO - Water supply and drainage for buildings (wet services, plumbing)
- SQ - Installation, repair, removal, demolition of Precast concrete or steel fencing, installation of wire perimeter fencing, palisade fencing, diamond perimeter fencing...

Note: Fencing could fall into one of three classes of works, namely:

- Civil engineering;
- General building (walls and boundaries fall under GB.); or
- Specialist

Potentially emerging enterprises

Potentially emerging contractors

Where employers have in place a **targeted development programme**, contractors who are registered PE **may be awarded a contract in one contractor grading designation** higher than their current **contractor grading designation** provided that the **Employer**:

- is satisfied that the contractor has the potential to develop into and qualify for registration in a higher grade.
- ensures that financial, management or other support is provided to that contractor to enable the contractor to successfully execute the contract.

Who should register

Who should register?

Who must register:

Construction companies who have the capability to undertake construction works contracts and who wish to tender for public construction contracts.

Who must not register (Exemptions):

- **Joint ventures** (Joint ventures themselves are not registered **but the contractors who form part of the JV must be registered individually at the cidb**). *Regs 25(5)(a)*

Joint ventures are eligible to submit tender offers or expressions of interest if-

- a) every member of the joint venture is a registered contractor in terms of these Regulations and the lead partner has a contractor grading designation of not lower than one level below the required grading designation in the class of construction works under consideration and possesses the required recognition status; and
- b) the category of registration of the joint venture, determined in accordance with subregulation (6) is equal to or higher than the category of registration specified in accordance with subregulation (3).

Joint Venture

CID regulation 25(6): The contractor grading designation for a joint venture is determined either in accordance with **table 9** or in accordance with regulation 11 but is calculated based on-

- (a) the sum of the annual turnover of all members to the joint venture; and
- (b) the sum of the available capital of all the members to the joint venture;

CID Regs: Table 9

Designation	Deemed to satisfy joint venture arrangements
3	3 X grade 2
4	3 X grade 3
5	2 X grade 4 1 X grade 4 + 2 X grade 3
6	2 X grade 5 1 X grade 5 + 2 X grade 4
7	2 X grade 6 1 X grade 6 + 2 X grade 5
8	3 X grade 7
9	3 X grade 8

Joint Venture Calculator

The image is a screenshot of a web browser displaying the CIDB (Construction Industry Development Board) Joint Venture Grading Designation Calculator. The browser's address bar shows the URL: https://registers.cidb.org.za/PublicContractors/JVGradingDesignationCalc. The page features the CIDB logo at the top left, which consists of a stylized '4' made of red and black bars followed by the text 'cidb' in black, with 'Construction Industry Development Board' written below it. A red horizontal bar with the word 'Home' in white is positioned below the logo. The main heading of the application is 'Joint Venture Grading Designation Calculator'. Below this, there are two dropdown menus: 'Advertised Grade: *' and 'Advertised Class of Work: *'. A text prompt 'Enter up to 5 CRS number below²' is followed by five empty input boxes. To the right of these boxes is the label 'Required (Lead partner)¹'. At the bottom left, there is a 'Close' button, and at the bottom right, there is a 'Calculate JV Grade' button. The Windows taskbar is visible at the very bottom of the screen, showing various application icons and the system clock indicating 2:33 PM on 12/3/2018.

Joint Venture Calculator




Browser window showing the CIDB Joint Venture Calculator interface.

URL: <https://registers.cidb.org.za/PublicContractors/JVGradingDesigna>

Page Title: CIDB - Home

Navigation: Results, cidb Home, Index

File Edit View Favorites Tools Help



Construction Industry Development Board

Home

Grading Calculator

Contractor Name/s and Status Print

10232223 (SEKHUKHUNE WORK MANAGEMENT (PTY)LTD - Active) - PE 5GB, 5CE

10246893 (ZIYANDA PROJECTS - Active) - 2EB, 2ME, 1SL, 2SO, 1EP

Advertised Grade: (6) R 10,000,000 - R 20,000,000

Advertised Class of Work: GB - General Building Works

Calculated Grade: 5GB

Date Calculated: 2021/07/27

Close

¹References: [Table 1](#) , [Table 2](#) and [Table 3](#).

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[Website technical enquires contact](#)

Windows taskbar: 12:23 PM 7/27/2021

The following is exempt from registration

Who must not register (Exemptions):

- Contractors who are **under restrictions** from doing business with the public sector e.g., Bidders who are listed on the national Treasury register of defaulters will be automatically disqualified
- **Home builders** are exempt from registration provided that they only undertake the construction of homes. Covered by the NHBRC's warranty scheme



The following is exempt from registration

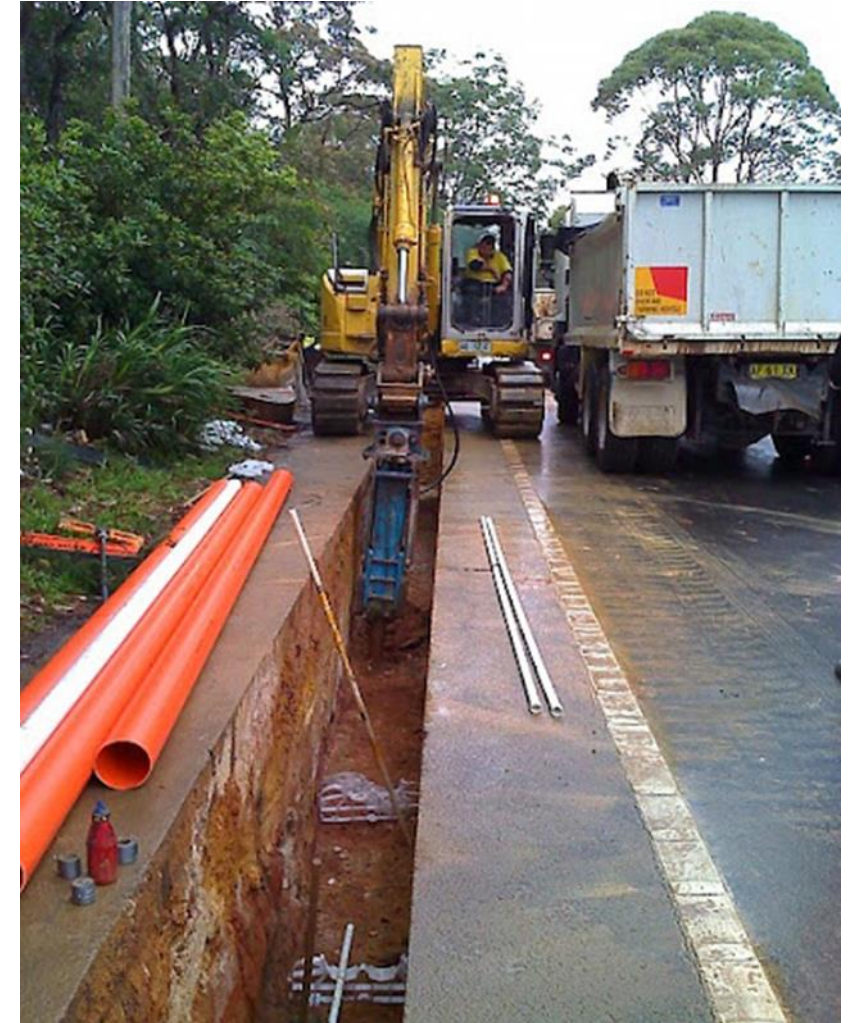
Who must not register (Exemptions):

- Labour only contractors who undertake substantially labour only contracts are exempt
 - ❖ Bulk of materials being supplied by the employer
- Supply only contractors who undertake substantially supply only (or majority supply only) contracts are exempt

NB: *All Subcontractors shall be registered with the CIDB in the appropriate category for the class of work to be performed.*

Exemption

Modular structures, prefab structures, Installation of optic fibre cable



Mobile classrooms



Compliance requirements

Compliance Obligations

❑ Request for Proposal / Invitation to Tender

❖ Bid Specifications must be developed -

- ✓ in line with the Standard for Uniformity in Construction procurement (**Reg. 24(c)**)
- ✓ prescribing required contractor grading designation as determined (**Reg. 11(1)**);
- ✓ only cidb registered contractor's proposals may be evaluated (**Sec. 18(1)** with **Reg. 25(1)**).
- ✓ setting out class of construction works best describing the works contract (**Reg. 25(3)(a)**); and
- ✓ incorporate BUILD Standards requirements depending on project value, duration and classes of construction works (**Sec. 23(3)** with **Regs. 22A and 22B**)

❑ Tender Advertisement

- ❖ Tender invitations exceeding R30 000 **must** be published on cidb website (**Reg. 24**)

❑ Tender Evaluation

- ❖ Unregistered contractor capable of being registered prior evaluation **may** be evaluated, contractor **must** be so capable within 21 working days after closing date (**Reg. 25(1A)**)

Compliance Obligations....

❑ Tender Awards

❖ Register of Project

- ✓ **Within 21 working days of contractor appointment** - register a project +R200 000 for public sector or +R10 million for private sector and PFMA Schedule 2 entities. **Sec. 22(3)** read with **Reg. 18(1A)** and **(1)**

❖ B.U.I.L.D Programme

- ✓ **On Date of Award** – Report to CIDB on ROP for BUILD Compliance
- ✓ After receipt of invoice from CIDB within 30 days - 0.2% BUILD Assessment fee payable (depending on project value, duration and classes of construction works) – (**Sec. 23(3)**)

❑ Project Status Report (Reg. 21(1))

❖ Report on the status of the registered project, **within one calendar month of the date-**

- ✓ when a practical completion certificate is issued (**Reg 21(1)(a)**);
- ✓ contract is renewed (**Reg 21(1)(b)**);
- ✓ contract is cancelled or terminated (**Reg 21(1)(c)**); and
- ✓ settling all amounts owing to the contractor (final completion certificate is issued) (**Reg 21(1)(d)**).

Compliance Obligations....

❑ Project Status Report - Reg. 21 (Cont.)

- ❖ Notify CIDB of any **arbitration** or **litigation** initiated on registered project. **(Reg. 21(2))**
- ❖ Notify CIDB of **the nature of financial or management support provided to the contractor**, where an emerging contractor with a grading designation lower than that required for the contract is appointed. **(Reg. 21(3))**
- ❖ CIDB to report to Auditor General client failure to register a project. **(Reg. 21(4))**

❑ Reporting on B.U.I.L.D Standards Compliance (Regs. 22A and 22B)

- ❖ Within a **calendar month** of the practical completion of the project, **notify CIDB of the project compliance with BUILD Standards**; and
- ❖ Submission of the following to CIDB-
 - ✓ affidavit **pertaining to enterprise development** (Indirect Targeting Standard); and
 - ✓ other forms relating to the **achievement of contract skills development** (Skills Development Standard).

Compliance Monitoring by CIDB

- ❑ **Compliance Monitoring** - Continuous process to detect non-complying tenders using below means:
 - ❖ Newspaper tender advertisements (Daily);
 - ❖ Employer websites tender advertisements (Daily);
 - ❖ Stakeholder alerts (ad hoc);
 - ❖ Access to National Treasury e-tender;
 - ❖ Download tender documents on employer websites to verify-
 - ✓ if tender document was developed in line with Standard for Uniformity in Construction Procurement;
 - ✓ if tender was published/advertised on cidb website;
 - ✓ If invitation was made only to cidb registered contractors or not;
 - ✓ whether correct class of construction works was prescribed or not;
 - ✓ If B.U.I.L.D Standards were incorporated for grading designations 7 and above contracts.
 - ❖ Employer websites awarded tender;
 - ❖ Construction sites identification
- ❑ Where non-compliance/contravention is detected, contravention notice is issued to –
 - ❖ Accounting officer of an organ of state; or
 - ❖ CEO in case of a private sector

THANK YOU

- [Email: Edwards@cidb.org.za](mailto:Edwards@cidb.org.za)
- [Tel: 012 482 7248](tel:0124827248)