



# Annual Report 2015/16





# **COUNCIL FOR THE BUILT ENVIRONMENT**

## **ANNUAL REPORT**

### **2015/2016**

The Council for the Built Environment (CBE) is a statutory body established under the Council for the Built Environment Act (no. 43 of 2000). It is an overarching body that coordinates the following six built environment Professional Councils (Architecture, Engineering, Landscape Architecture, Project and Construction Management, Property Valuation and Quantity Surveying) for the purpose of instilling good conduct within the professions, transforming the professions and advising the South African government on built environment related issues.

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## PART A: GENERAL INFORMATION

## 1. COUNCIL FOR THE BUILT ENVIRONMENT'S GENERAL INFORMATION

<b>REGISTERED NAME:</b>	COUNCIL FOR THE BUILT ENVIRONMENT
<b>PHYSICAL ADDRESS:</b>	121 Muckleneuk Street Cnr Middel Street and Florence Ribeiro Avenue Nieuw Muckleneuk Brooklyn 0027
<b>POSTAL ADDRESS:</b>	P.O. Box 915 Groenkloof 0027
<b>TELEPHONE NUMBER/S:</b>	027 12 346 3985
<b>FAX NUMBER:</b>	027 12 346 3986
<b>EMAIL:</b>	registrar@cbe.org.za • info@cbe.org.za
<b>WEBSITE:</b>	<a href="http://www.cbe.org.za">www.cbe.org.za</a>
<b>EXTERNAL AUDITOR:</b>	Auditor General of South Africa
<b>BANKER:</b>	Standard Bank
<b>COMPANY SECRETARY:</b>	Advocate Pieter Fourie

## 2. ABBREVIATIONS/ACRONYMS/DEFINITIONS

<b>Act</b>	The CBE Act
<b>AGSA</b>	Auditor-General South Africa
<b>APP</b>	Annual Performance Plan
<b>BE</b>	Built Environment
<b>BEP/s</b>	Built Environment Profession/als
<b>BEPC/s</b>	Built Environment Professional Council/s
<b>CBE</b>	Council for the Built Environment
<b>CC</b>	Competition Commission
<b>CEO</b>	Chief Executive Officer
<b>CFO</b>	Chief Financial Officer
<b>CHE</b>	Council for Higher Education
<b>CHS</b>	Construction Health and Safety
<b>cidb</b>	Construction Industry Development Board
<b>COO</b>	Chief Operations Officer
<b>Council</b>	The appointed members of the Council of the CBE
<b>CPD</b>	Continuous Professional Development
<b>DoL</b>	Department of Labour
<b>DPSA</b>	Department of Public Service and Administration
<b>DPW</b>	Department of Public Works
<b>EPWP</b>	Expanded Public Works Programme
<b>FPP</b>	Fraud Prevention Plan
<b>GRAP</b>	General Recognised Accounting Practice
<b>HR</b>	Human Resource
<b>IAS</b>	International Accounting Standards
<b>IT</b>	Information Technology
<b>IDoW</b>	Identification of Work
<b>IDMS</b>	Infrastructure Delivery Management System
<b>ILO</b>	International Labour Organization
<b>IPSAS</b>	International Public Sector Accounting Standards
<b>Minister</b>	Minister of Public Works
<b>MISA</b>	Municipal Infrastructure Support Agency
<b>MoA</b>	Memorandum of Agreement
<b>MTBPS</b>	Medium Term Budget Policy Statement
<b>MTSF</b>	Medium Term Strategic Framework
<b>NPO</b>	Non-Profit Organisation
<b>OSD</b>	Occupation Specific Dispensation
<b>PICC</b>	Presidential Infrastructure Coordinating Committee
<b>PFMA</b>	Public Finance Management Act, 1999 (Act 1 of 1999)



<b>PSC</b>	Public Service Commission
<b>RPL</b>	Recognition of Prior Learning
<b>SA GAAP</b>	South African Statements of Generally Accounting Practices
<b>SAQA</b>	South African Qualifications Authority
<b>SCM</b>	Supply Chain Management
<b>SGB</b>	Standards Generating Body
<b>SOE</b>	State Owned Entity
<b>SIPS</b>	Strategic Integrated Projects
<b>SIPDM</b>	Standards for Infrastructure Procurement and Delivery Management
<b>VA/s</b>	Voluntary Association/s
<b>WIL</b>	Work Integrated Learning

### **Built Environment Professional Councils:**

<b>ECSA</b>	Engineering Council of South Africa
<b>SACAP</b>	South African Council for the Architectural Profession
<b>SACLAP</b>	South African Council for the Landscaping Architectural Profession
<b>SACPVP</b>	South African Council for the Property Valuers Profession
<b>SACPCMP</b>	South African Council for Project and Construction Management Professions
<b>SACQSP</b>	South African Council for the Quantity Surveying Profession

### **CBE Programmes:**

<b>Programme 1</b>	Government Policies and Priorities
<b>Programme 2</b>	Skills for Infrastructure Delivery (formerly Skills Development in the Built Environment)
<b>Programme 3</b>	Built Environment Research, Information and Advisory (formerly Research and Information in the Built Environment)
<b>Programme 4</b>	Regulation and Oversight of six BEPCs (formerly Public Interest)

### **Committees of Council:**

<b>ARC</b>	Audit and Risk Committee
<b>BEMC</b>	Built Environment Matters Committee
<b>EXCO</b>	Executive Committee
<b>FHLC</b>	Finance, Human Resources and Legal Committee

### **Definitions:**

<b>Intern</b>	Undergraduate from a University of Technology, who requires workplace training to complete their academic qualifications.
<b>Candidate</b>	Graduate requiring workplace training to enable them to register as a fully-fledged BE professional.
<b>Identification of Work (IDoW)</b>	Work that is ring fenced, only to be undertaken by suitably qualified and registered professionals within the South African BE categories.

### 3. FOREWORD BY THE MINISTER OF PUBLIC WORKS



As I take a situational view of the year under review, for Sub-Saharan Africa 2015 was a turning point. The global summits on sustainable development, financing and climate change during the year swung the spotlight not only onto Africa's needs to accelerate development and adapt to global warming, but also onto the region's urgent needs. Two in three Africans lack access to basic utilities such as a house, electricity, and running water. Zooming into South Africa particularly, these challenges affect and influence our built environment. Preferring to look at the glass half-full, this crisis is also a moment of great opportunity, to demonstrate how the built environment is a confluence to the goals of our country's National Development Plan.

To stay relevant, the Council for the Built Environment (CBE) unpacks its mandates to fold in the uniqueness of South Africa as well as the same-ness of the African region and the world. Regulations, the National Development Plan, skills shortages, unemployment and inequality, protecting the public and technology advances make up the South African canvas that give meaning to the work of the CBE.

I am fully appreciative of the challenges that the CBE Council and staff worked under during the year of review. Just as a river runs its course around obstacles on its path to the ocean, the CBE kept its shoulder to the wheel regardless of the challenges that accompanied its leadership changes and funding, information technology and capacity constraints. One of the challenges experienced was its leadership, resulting in two incumbents having to act in the position within a period of twelve months.

Transformation continues to be the 'elephant in the room', as the key role players continue to interrogate strategies to improve registration statistics of women and non-white professionals in the sector. In March 2016, previously disadvantaged individuals (PDIs) still constituted approximately 40% only of the total number of registered persons in six BEPCs, while female persons totalled only approximately 15%.

In the last two years, the audit outcomes of the CBE have reflected challenges, especially in the area of pre-determined objectives. The challenges relate to the planning and reporting of performance information, on developing specific and appropriate information systems to monitor the progress made towards achieving goals, objectives and targets.

Information Technology (IT) continues to be a challenge at CBE with the lack of functional IT governance structures and processes.

The following measures have been put in place to address some of the challenges mentioned above.

The CBE, working together with the internal auditor, will continue to refine its performance information management processes. It will also focus on improving management through administrative practices and controls. This includes reprioritising areas of intervention based on strategic impact and a review of the organisational structure to ensure alignment with the core business requirements.

In the 2016/17 financial year, the CBE will develop a draft IT governance framework and strategy, in compliance with the Department of Public Service Administration's (DPSA's) corporate governance of Information Communications Technology (ICT). In order to mitigate some of the effects of the budget cuts envisaged over the MTEF, the CBE is in the final stages of obtaining approval for its ICT governance and equipment allocation policy.

The establishment of the Transformation Steering Committee has been a positive move to facilitate coordinated projects in driving Transformation initiatives. There are efforts to support the registration of BEPs, which include road shows to increase the awareness on the importance of professional registration. There are efforts to reach out to women to support them in their BE careers, and to increase the passage of good quality Maths and Science students to pursue BE careers.

The highlights for 2015/16 include performance, and significant improvements in areas of governance issues experienced by the six BEPCs. Progress is also noticeable in areas of their alignment of Strategic Plans and APPs with CBE's and DPW's priorities. The organisation is currently working with the DPW to develop regulations for certain key public functions, in order to ensure compliance. CBE implemented its Structured Workplace Training Model for built environment professions in an effort to unblock the skills pipeline. The cause of this blockage is the many black engineering graduates failing to find work placements; and in instances where they do, they do not receive the appropriate workplace training to lead to professional registration. In the 2015/16 financial year, 53 graduate candidates participated in the programme. 154 Interns were placed for work-integrated learning with host employers, as part of their diploma qualifications.

CBE established formal partnerships with Universities of Technology to facilitate the workplace training of the built environment students. During 2015/16, new partnerships were established with private sector companies for the placement of students. The final research report on the profile of built environment technical professionals employed at National and Provincial departments, as well as at state owned entities was developed.

During the 2015/16 financial year, the CBE received an unqualified audit opinion with findings. Matters raised by the Auditor-General of South Africa during the audit of 2014/15 and 2015/16 financial years are continuing to receive high priority towards remediation and correction during the coming years.

To iterate what I said earlier, challenges are opportunities in disguise. It is indeed heartening to see the CBE work around its challenges to forge partnerships in many shapes and forms, to assist it with implementing its mandate. The elevated culture of engagement and dialogue with stakeholders is also progressive for the CBE, enhancing its role and prominence in the sector.

As regards its Strengthening of the Governance, Risk and Compliance function, it is encouraging to see the CBE increase its focus on the oversight of the performance and transformation of the six professional councils.

I wish to acknowledge and thank the CBE Council, management and staff for steering the CBE through the year under review. I also have the confidence that the CBE family will use the opportunity of a strengthening South African economy to contribute towards accelerated growth and development in South Africa's built environment, as embodied in the National Development Plan.



**Mr T W Nxesi (MP)**

Honourable Minister of Public Works

26 September 2016

## 4. FOREWORD BY THE CHAIRPERSON



The 2015/2016 financial year presents yet another opportunity for the Council to highlight the strides made in the Transformation of the built environment (BE) in general, and of the built environment professions (BEPs) in particular. The Council for the Built Environment (CBE) has made tremendous progress in reaching out to key stakeholders in the built environment, leveraging on these relationships in order to fulfil our mandate. We have capitalised on our relationships with key stakeholders in order to widen the Transformation Agenda in the built environment and achieve greater success.

The CBE has delivered its outputs in the said financial year, in accordance with the mandate of the CBE Act (No.43 of 2000), and as required by the Public Finance Management Act (PFMA) (No.1 of 1999, as amended). This annual report fairly represents the work of the CBE during the reporting period.

Despite the operational challenges faced by the CBE during the year, the overall performance of the entity was 73% in the 2015/16 financial year. As presented in this report, the CBE has extended its services further by increasing the number of young people being assisted with training and skills in the BE fields of study. The CBE made a concerted effort over the past year to strengthen its relationships with stakeholders in higher education institutions, Government and the public and private sectors in order to achieve its training and skills development mandate. We have had key interactions with our current and potential partners within South Africa to develop the skills in the built environment. More than ever before, we have engaged in dialogue with the Department of Public Works (DPW) and other stakeholders, regarding the role of CBE and the BEPs on the issue of Transformation within the built environment.

During the 2016/17 financial year the CBE will, in partnership with Built Environment Professional Councils (BEPCs), DPW and other stakeholders, review the Transformation Model and develop a unified strategy for Transformation. This will be done through the establishment of a Transformation Steering Committee. The CBE will continue to facilitate collective efforts and stakeholder mobilisation towards developing consensus on the Transformation Agenda in the built environment.

The CBE remains focussed and committed to providing well-researched and informed advice to Government and the built environment on critical matters affecting the sector. A number of research initiatives were conceptualised and concluded during the year, as presented in this report. The regulation and oversight of the built environment professional councils focussed mainly on hearing appeals lodged by the BEPCs, and monitoring the implementation of the Corporate Governance Framework as well as the PFMA Compliance road maps by the six BEPCs.

On behalf of the Council, the Executive Management and staff of CBE, I extend my sincere gratitude to the Executive Authority, Mr TW Nxesi (MP), Honourable Minister of Public Works, the Director-General and staff of DPW for their continued support and guidance towards the success of CBE. I thank the Chairperson and Honourable members of the Public Works Portfolio Committee for fulfilling their oversight role and providing invaluable guidance during our interactions. I thank the Presidents and Management of the BEPCs as well as our stakeholders in the built environment for their unwavering support in ensuring that CBE fulfils its mandate.

**Mr IM Nkosi**

Chairperson: Council for the Built Environment

31 May 2016

## 5. CHIEF EXECUTIVE OFFICER'S OVERVIEW



### General Financial Review of the CBE

During the 2015/16 financial year, the Council for the Built Environment (CBE) continued to implement its key strategic priorities, which fully embraced Government's outcomes-based approach, and contributed meaningfully to a skilled and capable workforce. This supported an inclusive growth path, and an efficient, effective development oriented public service. The CBE implemented its Annual Performance Plan (APP) through four programmes viz. Programme 1 – Government Policies and Priorities, Programme 2 - Skills for Infrastructure Delivery, Programme 3 – Built Environment Research, Information and Advisory, and Programme 4 - Regulation and Oversight of six Built Environment Professional Councils (BEPCs).

The 2015/16 APP had 22 deliverables for the year. The CBE achieved 73% of these targets successfully, while 23% were partially achieved, and one (4%) was not achieved. The partial and non-achievement of targets were due to the dependency on external stakeholder endorsement.

The highlights for the year under review were the following:

#### Programme 1 - Government Policies and Priorities

The strategic objective of Programme 1 is to ensure that built environment (BE) academic curricula and Continuous Professional Development (CPD) programmes embody health and safety in construction, environmental sustainability, job creation through labour intensive construction, and the Infrastructure Delivery Management System (IDMS).

Programme 1 had five targets, from which four were partially achieved and one was achieved. The partial achievement of the targets were as a result of the Council of Higher Education (CHE) not endorsing the framework, citing that it was outside their mandate to do so. A key feature of Programme 1 was the development of the framework on modalities to incorporate health and safety in construction, environmental sustainability, job creation through labour intensive construction and the IDMS in BE curricula. Another feature was the development of the final report on the IDMS skills programme. During the year under review, engagements were held with the Office of the Chief Procurement Officer to formalise partnerships on IDMS training, as well as on awareness of the new Standards for Infrastructure Procurement and Delivery Management (SIPDM).

#### Programme 2 - Skills for Infrastructure Delivery

The strategic objective of Programme 2 is to drive and facilitate skills development and transformation within the BE. It contains the flagship programmes that drive the Transformation Implementation Model of the CBE, with a focus on the Workplace Training Model and the Maths and Science support programme.

The Programme achieved all five of its planned targets for the 2015/16 financial year. The highlights for Programme 2 was that, firstly, 60 candidates and 154 interns were placed in Workplace Integrated Learning (WIL). Secondly, 150 Grade 10-12 students were assisted with a Maths and Science support programme in Kimberley. The mobile laboratory, established for the programme, was donated to the Northern Cape Department of Education. Thirdly, the CBE participated in 12 accreditation visits, organised by the BEPCs, for the 2015/16 financial year.

The CBE has started to work with the six BEPCs, the Departments of Higher Education and Training and Basic Education to establish a Transformation Steering Committee to drive Transformation initiatives within the BE in the 2016/17 financial year.

### **Programme 3 - Built Environment Research, Information and Advisory**

The strategic objective of Programme 3 is for CBE to provide informed and researched advice to Government on BE priority matters, as identified in the Medium-Term Strategic Framework (MTSF).

Programme 3 had five targets, from which four were achieved and one was partially achieved. The partial achievement of the one target was due to the delayed appointment of the technical expert, which was done in the third quarter. Although the final report was developed, its quality is being reviewed, and will be finalised at the end of the first quarter of the 2016/17 financial year. The highlights of this Programme were the following:

- A report on the existing Maths and Science support programmes within the BEPCs;
- The final research report on the profile of the BE technical professionals employed at National and Provincial departments as well as state owned entities (SOEs);
- The formulation of recommendations and an advisory report to the Department of Public Service and Administration (DPSA) on the Occupational Specific Dispensation (OSD); and
- A report on the first phase research on the viability of a Government infrastructure agency.

### **Programme 4 - Regulation and Oversight of six Built Environment Professional Councils**

The strategic objective of Programme 4 is for the CBE to act as an appeal body on matters referred to it, in terms of the law regulating the Built Environment Professions (BEPs), and to promote sound governance of BEPs.

The Programme achieved six targets out of seven that were planned for the year under review. The reason for the non-achievement of the one target was that the BEPCs did not submit their Strategic Plans and APPs on time, to allow for its evaluation by the CBE.

The highlight for the year was that all appeals were concluded within the statutory required time limit. The Programme finalised the research on international benchmarking of the identification of work (IDoW). The final report on the monitoring and evaluation of the BEPCs' compliance with CBE's Corporate Governance Framework was developed. The final highlight was the workshop with the BEPCs and the Department of Public Works (DPW's) Policy Unit on the Ministerial approved policy frameworks.

For year under review, the CBE was allocated R41.9 million by the DPW. Together with additional revenue from levies, the CBE had a total budget of R43.9 million. The CBE utilised this allocation to deliver on planned projects as per the APP, as well as on other priority projects identified during the year. The detailed financial performance is outlined in the annual financial statements for the 2015/16 financial year.

The total expenditure incurred for the financial year amounted to R48.5 million with the budgeted expenditure of R43.9 million. This resulted in a deficit of R4.6 million for the financial year. The deficit can be put down to the following expenditure items, which were incurred, but not budgeted for:

1. Legal costs in respect of the suspended Chief Executive Officer's (CEO's) disciplinary hearing;
2. A once-off performance bonus payment to staff in January 2016;
3. Marketing and Communication costs for the publication of CBE official reports; and
4. The surplus spent on the Maths and Science support programme, approved by National Treasury.



As a result of this unbudgeted expenditure, there was an unfavourable variance of R2.677 million or (7.7%) in Programme 1.

There were four partially achieved targets in Programme 1; however, all of the planned budgeted activities for them were successfully executed. The support capacity for the projects were remunerated, and the engagements undertaken were financially supported, as per the project plans. The endorsement of the framework, developed on modalities to incorporate health and safety in construction, environmental sustainability, job creation through labour intensive construction and the IDMS into BE curricula, did not have any financial attachment. It (the endorsement) was to have indicated confirmation by the signature of a CHE representative. The budget for the four projects was spent accordingly.

In Programme 2, there was an unfavourable variance of R2.604 million (37%). This was due to the expenditure over budget on the roll out of the Maths and Science support programme and the extension of the interns and candidates projects. Both of these projects were funded by the surplus funds held by the CBE, which was approved by National Treasury for use on these projects.

Programme 3 had an unfavourable variance of R166 846 (22%). The over expenditure was due to more travelling than what was expected. The budget allocated to the partially achieved target was spent on all activities outlined in its project plan. The partial achievement was based on the finalisation of the report, and not on eliminating or reducing any key deliverables in the project.

Programme 4 had a favourable variance of R810 936 (59%), due to fewer investigations and appeals that required the CBE's intervention.

The total expenditure items, as disclosed in the annual financial statements, show that the CBE spent 111% of its total budget in the 2015/16 financial year. The over-expenditure was due to the following:

1. Legal fees incurred for the disciplinary proceedings of the suspended CEO;
2. The payment of a once-off performance bonus to staff in January 2016;
3. The Marketing and Communication costs incurred for the printing and design of the official CBE publications; and
4. The over-expenditure in Programme 2 on projects funded by the retention of surplus funds, approved by National Treasury.

## **Capacity Constraints and Challenges facing the Public Entity**

The CBE encountered capacity challenges, mainly because of the suspension of the CEO for the whole of the 2015/16 financial year. The Manager: Regulations and Legal Services acted in the position from 1 April to October 2015. Thereafter, the Chief Operations Officer (COO) has been acting in the position from November 2015 to date.

## **Requests for Rollover of Funds**

The CBE obtained approval from National Treasury, in November 2015, to retain and use surplus funds amounting to R8.1 million. The projects utilising these retained surplus funds are in progress and will be completed in the new financial year. A further request has been submitted to National Treasury to retain a surplus amount of R3.7 million, which will be utilised for the upgrading and improvement of the current Information Technology (IT) infrastructure.

## **Supply Chain Management**

The CBE is currently revising and updating the supply chain management (SCM) policy to ensure compliance with the latest developments. The CBE has complied with the National Treasury instruction notes on enhancing and monitoring performance. Irregular expenditure identified was dealt with in terms of National Treasury prescripts.

## **Audit Report on Matters from the Previous Year**

During the year under review, the CBE's audit finding matrix monitored and tracked the implementation of recommendations made by the Auditor-General South Africa (AGSA) and the internal auditors. The Audit and Risk Committee (ARC) reviewed and recommended the matrix for approval.

## **Outlook/Plans for the future to address Financial Challenges**

The CBE finds itself under severe funding constraints to meet its planned objectives. This also does not allow for the much-needed upgrade and improvement of the CBE IT infrastructure. An application to National Treasury to access surplus funds has been submitted.

The CBE is working towards strengthening partnerships through a well-coordinated Stakeholder Management Plan, which will enable it to leverage resources and coordinate Transformation interventions within the BE.

## **Events after the Reporting Date**

The disciplinary hearing of the suspended CEO is still in progress. No other significant events occurred after the reporting date.

## **Economic Viability**

A Government Grant and levies from the six BEPCs, who depend solely on registration fees from their professionals, sustain the CBE. Low registration numbers of BEPs therefore impact negatively on the BEPCs' financial sustainability. Economic growth has an impact on the sustainability of the business sector; more opportunities for infrastructure delivery will create space for skills development through candidacy and internship programmes, and will strengthen the country's economy.

## **Acknowledgement**

I would like to express my sincere appreciation to the CBE staff, the CBE Council members and the members of the various committees for their dedication in ensuring that the CBE's mandate was carried out. I would also like to express my sincere appreciation for the support and leadership of the Minister and Deputy Minister of DPW during the period under review.



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**Ms PM Mdlalose**

Acting Chief Executive Officer  
Council for the Built Environment  
31 May 2016

## 6. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT


To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed in this Annual Report are consistent with the annual financial statements audited by the AGSA. This Annual Report is complete, accurate and free from any omissions. It has been prepared in accordance with the guidelines issued by the National Treasury.

The Annual Financial Statements (Part E) has been prepared in accordance with the General Recognised Accounting Practice (GRAP) standards, applicable to a public entity. The Accounting Authority is responsible for the preparation of the annual financial statements and for the judgements made from this information. The Accounting Authority is also responsible for establishing and implementing a system of internal control, designed to provide reasonable assurance on the integrity and reliability of the performance information, human resources information and the annual financial statements. The external auditors were engaged to express an independent opinion on the annual financial statements.

In our opinion, this Annual Report reflects the operations, performance information, human resources information and the financial affairs of the public entity fairly for the financial year ended 31 March 2016.

Yours faithfully



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**Ms PM Mdlalose**

Acting Chief Executive Officer



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**Mr IM Nkosi**

Chairperson: CBE Council

## **7. STRATEGIC OVERVIEW**

### **7.1 Vision**

An environment built to meet people's needs and aspirations.

### **7.2 Mission**

Implementing projects and programmes that address built environment issues and add value to the built environment professions, government and the general public.

### **7.3 Values**

The following values are the principles that bind and guide the CBE in its continuous effort towards service delivery improvement:

#### **Integrity**

We will carry out our responsibility in a manner that will preserve and enhance the integrity of the organisation.

#### **Transparency**

We recognise the CBE as a public entity and commit to providing reliable information to all our stakeholders.

#### **Excellence**

We will endeavour to achieve the best possible standards in all we do.

#### **Innovation**

We will continuously seek and employ better and more affordable solutions to meet the needs of our stakeholders and end-users.

## **8. LEGISLATIVE AND OTHER MANDATES**

### **8.1 The objectives of the CBE as per section 3 of the CBE Act of 2000, are to:**

1. Promote and protect the interest of the public in the built environment;
2. Promote and maintain a sustainable built environment and natural environment;
3. Promote ongoing human resources development in the built environment;
4. Facilitate participation by the built environment professions in integrated development in the context of national goals;
5. Promote appropriate standards of health, safety and environmental protection within the built environment;
6. Promote sound governance of the built environment professions;
7. Promote liaison in the field of training in the Republic and elsewhere and to promote the standards of such training in the Republic;

8. Serve as a forum where the built environment professions can discuss relevant issues; and
9. Ensure uniform application of norms and guidelines set by the Professional Councils throughout the built environment.

## **8.2 Functions, Powers and Duties of the Council (CBE Act of 2000, Section 4 a-z)**

The council may-

- (a) advise government on any matter falling within the scope of the built environment, including resource utilisation, socio-economic development, public health and safety and the environment, and for this purpose carry out such investigations as it or the relevant Minister deems necessary;
- (b) communicate to the Minister information on matters of public importance acquired by the council in the course of the performance of its functions under this Act;
- (c) make recommendations to the Minister on the composition, functions, assets, rights, employees or financing of the council;
- (d) advise the Minister with regard to the amendment of this Act, if necessary, in order to support the norms and values of the built environment professions;
- (e) facilitate interministerial co-operation concerning issues relating to the built environment;
- (f) provide advice and consultation on national policy that could impact on the built environment, human resource development in relation to the built environment professions, and the recognition of new professions;
- (g) comment, if necessary, on all proposed legislation impacting on health and safety in the built environment;
- (h) direct communication from the Minister or the relevant Minister to the councils for the professions;
- (i) advise the councils for the professions on matters of national importance where the needs of the State, as communicated to the council through the relevant Minister, require joint and co-ordinated action by the built environment professions;
- (j) coordinate the establishment of mechanisms for professionals to gain international recognition;
- (k) ensure the consistent application of policy by the councils for the professions with regard to-
  - (i) accreditation;
  - (ii) the registration of different categories of registered persons;
  - (iii) key elements of competence testing of registered persons;
  - (iv) codes of conduct to be prescribed by the councils for the professions;
  - (v) the principles upon which the councils for the professions must base the determination of fees which registered persons are entitled to charge in terms of any of the professions' Acts, and in accordance with any legislation relating to the promotion of competition;
  - (vi) standards of health, safety and environmental protection within the built environment;
  - (vii) the recognition of voluntary associations for the built environment professions, by approving the framework for that recognition submitted by the councils for the professions, taking due cognisance of the characteristics of each built environment profession;

- (l) investigate or initiate investigations into matters pertaining to its functions and policies with regard to the built environment and, if necessary, recommend legislation in this regard;
- (m) act as an appeal body with regard to matters referred to it in terms of the law regulating the built environment professions;
- (n) in consultation with councils for the professions, obtain recognition for the councils for the professions as bodies responsible for the establishment of education and training standards in terms of the South African Qualifications Authority Act, 1995 (Act No. 58 of 1995);
- (o) ensure the consistent application of policy throughout the built environment by encouraging coordination between the councils for the professions;
- (p) promote coordination between the Council on Higher Education and the councils for the professions in relation to the accreditation of education institutions;
- (q) liaise with the Competition Commission, established in terms of the Competition Act, 1998 (Act No. 89 of 1998), on behalf of the councils for the professions regarding the identification of work for the built environment professions;
- (r) review fees published by the councils for the professions to ensure the consistent application of the principles regarding such fees;
- (s) charge-
  - (i) membership fees in the prescribed manner from the councils for the professions, calculated pro rata to the number of persons registered with that council;
  - (ii) fees payable for appeals in terms of section 21; and
  - (iii) any other fee it considers necessary;
- (t) institute legal proceedings to recover all outstanding membership fees payable under this Act;
- (u) consider proposals from the councils for the professions with regard to the determination of policy contemplated in paragraph (k);
- (v) receive and assimilate the annual reports of the councils for the professions and submit a summary to the Minister;
- (w) purchase, hire or otherwise acquire or dispose of property, borrow money on the security of the assets of the council or accept and administer any trust or donation;
- (x) subject to this Act, approve standing orders for the regulation of its proceedings and of all other matters relating to the management, powers and duties of the council;
- (y) perform such functions as may be prescribed; and
- (z) generally, do all such things as the council deems necessary or expedient to achieve the objectives of this Act.

### **8.3 Other Legislative Mandates**

The scope of the CBE and professional councils in the BE value chain is to regulate those BEPs who conceptualise, design, build, maintain and transfer social and economic infrastructure. The CBE executes its mandate derived from the CBE Act 43 of 2000 whilst also mindful of the following legislations, regulations and policies:

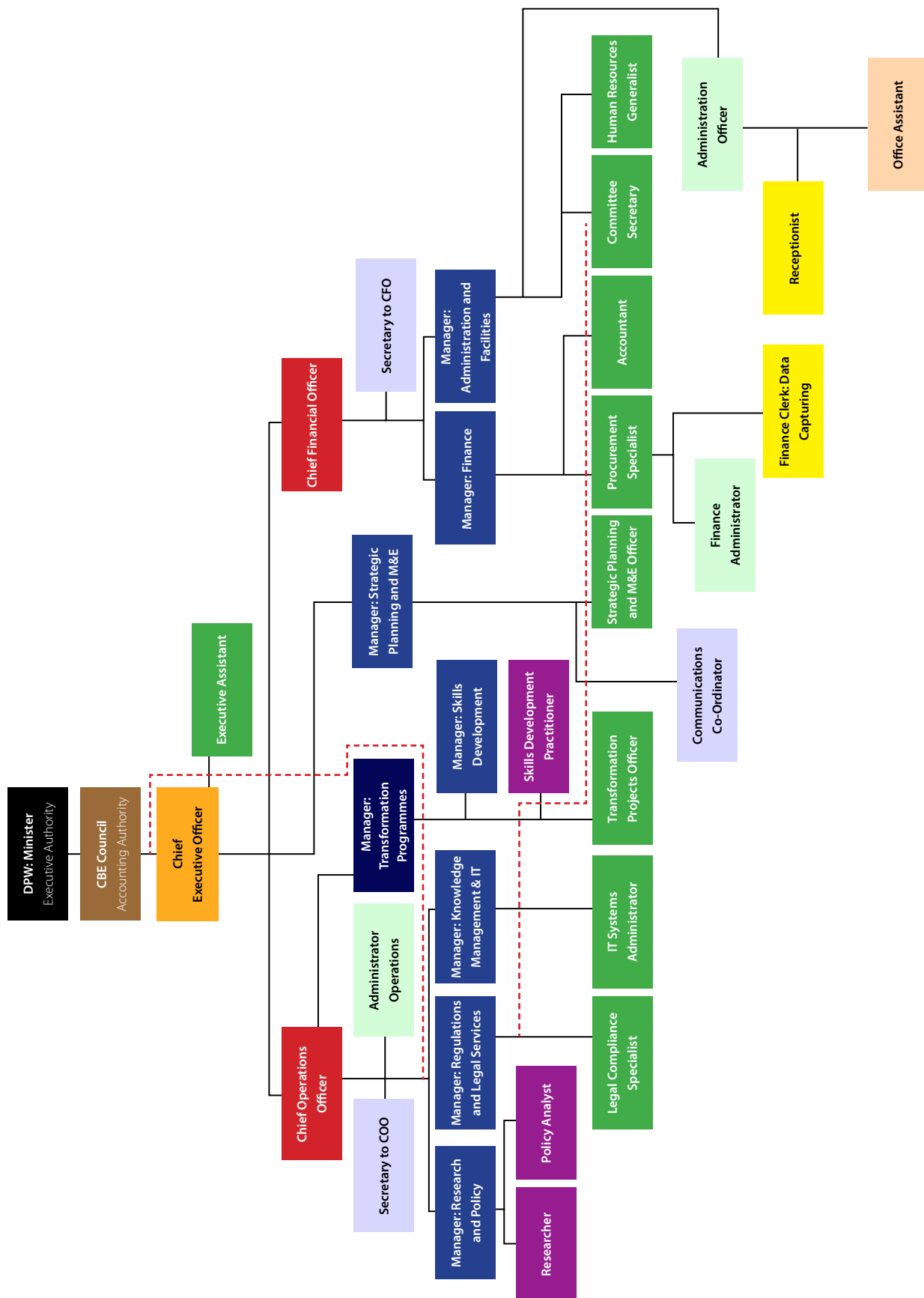


**Table 1: Legislations, regulations and policies**

Short Title of the Act	Purpose of the Act
Republic of South Africa Constitution of 1996	The Constitution is the supreme law of the land. No other law or Government action can supersede the provisions of the Constitution.
Consumer Protection Act, 2011	To promote a fair, accessible and sustainable marketplace for the consumer.
Construction Industry Development Board Act, 2000	To provide for the establishment of the Construction Industry Development Board; and matters incidental thereto.
Council for the Built Environment Act, 2000	To provide for the establishment of the Council for the Built Environment and matters incidental thereto.
Architectural Profession Act, 2000	To provide for the establishment of the Council for the Architectural Profession and matters incidental thereto.
Landscape Architectural Professional Act, 2000	To provide for the establishment of the Council for the Landscape Architectural Profession and matters incidental thereto.
Engineering Profession Act of South Africa, 2000	To provide for the establishment of the Council for the Engineering Profession and matters incidental thereto.
Project and Construction Management Profession Act, 2000	To provide for the establishment of the Council for the Project and Construction Management Profession and matters incidental thereto.
Quantity Surveying Profession Act, 2000	To provide for the establishment of the Council for the Quantity Surveying Profession and matters incidental thereto.
Property Valuers Profession Act, 2000	To provide for the establishment of the Council for the Property Valuation Profession and matters incidental thereto.
Public Finance Management Act, 1999	To regulate financial management and to ensure that all revenue, expenditure, assets and liabilities of Government departments or entities are managed efficiently and effectively.
Skills Development Act 97, 1998	To govern training, education and skills development in the workplace.
Employment Equity Act, 1998	Applies to all employers and workers and protects workers and job seekers from unfair discrimination, and also provides a framework for implementing affirmative action.
Promotion of Administrative Justice Act, 2000	To give effect to the right to administrative action that is lawful, reasonable and procedurally fair and to the right to written reasons for administrative action as contemplated in section 33 of the Constitution of the Republic of South Africa, 1996; and to provide for matters incidental thereto.
Promotion of Access to Information Act, 2000	To give effect to the constitutional right of access to any information held by the State and any information that is held by another person and that is required for the exercise or protection of any rights; and to provide for matters connected therewith.
Minimum Information Security Standards	<ol style="list-style-type: none"> <li>(1) Maximises the degree to which unclassified geographic information from various sources can be made electronically compatible and accessible; and</li> <li>(2) Promotes the development of interoperable geographic information systems technologies that shall:- <ol style="list-style-type: none"> <li>(a) allow widespread, low-cost use and sharing of geographic data by National, Provincial, Local Governments and state entities, and the public; and</li> <li>(b) enable the enhancement of services using geographic data</li> </ol> </li> </ol>

Short Title of the Act	Purpose of the Act
Occupational Health and Safety Act, 1993	The Occupational Health and Safety Act aims to provide for the health and safety of persons at work and for the health and safety of persons in connection with the activities of persons at work and to establish an advisory Council for occupational health and safety.
National Treasury Regulations	These regulations are issued on a regular basis by National Treasury and are applicable to all public entities as listed on Schedules 2, 3B and 3D. These regulations are also applicable to public entities listed on Schedules 3A and 3C until 31 March 2001.
National Archives of South Africa Act, 1996	Provides for the proper management and care of the records of governmental bodies; and the preservation and use of a national archival heritage.
Construction Charter	Provides a framework for the construction sector to address BBBEE, enhance capacity and increase productivity in the sector to meet world best practice.
Property Charter	Promote the BBBEE Act as these relate to the property sector.

## 9. ORGANISATIONAL STRUCTURE





## PART B: PERFORMANCE INFORMATION

## 1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the *Predetermined Objectives* heading in the *Report on other legal and regulatory requirements* section of the auditor's report.

The report from the Auditor-General appears on page 86, published in Part E: Financial Information.

## 2. SITUATIONAL ANALYSIS

### 2.1. Service Delivery Environment

The CBE derives its mandate from the CBE, Act 43 of 2000. The National Development Plan (Vision 2030) identifies education, training and innovation as being at the centre of South Africa's long-term development, and specifically states that "inadequate capacity will constrain knowledge production and innovation unless effectively addressed." The MTSP priorities over the period ahead, as identified in the Medium Term Budget Policy Statement (MTBPS), which are aligned to the CBE mandate, include the following:

- Building the capacity of the public sector, particularly at Local Government level, through the "back-to-basics" approach, focused on improving service delivery, accountability and financial management.
- Improving the quality of the education system, starting with greater attention to human resources management and an annual assessment of learners to benchmark progress.

The above policy priorities are the basis in which the following CBE priorities for the medium-term are grounded:

- A BE that is responsive to the developmental and economic priorities of Government;
- A transformed BE with appropriate, adequate skills and competencies, responsive to the country's infrastructure delivery, operation and maintenance needs;
- An optimally functioning BE, with a responsive and relevant policy and legislative framework, based on informed and researched positions; and
- BEPs that operate within a regulated policy and legislative framework.

#### Transformation Agenda and Skills Development

The CBE and DPW have Transformation as one of the key focus areas. The CBE promotes professional registration of BEPs to ensure that there is accountability in terms of professional conduct. One of the concerns is that the number of registered black BE professionals still remains under 26%. This situation is exacerbated by the fact that some of the BE graduates cannot find relevant placements for their workplace training, so Government has to play an effective role in this regard. BEPs are key in driving infrastructure investment through their skills and competence in the planning, design, procurement, construction, maintenance and decommissioning of infrastructure.

In light of the above mentioned issues, the CBE has initiated a number of skills development programmes, and continuously undertakes research on these issues. In the past years, the CBE developed an overarching Transformation Model and a Structured Workplace Training Model for the BEPs. The models map out appropriate interventions for various stakeholders and role players in the BE. The CBE will continue to implement the following projects to contribute directly to the transformation of the BEPs: Maths and Science support programme, candidacy and the intern's workplace training.

During the 2016/17 financial year the CBE, in partnership with BEPCs, DPW and other stakeholders, will review the Transformation Model and develop a unified strategy for Transformation. This will be done through the establishment of a Transformation Steering Committee.

## **2.2. Organisational Environment**

The CBE continues to make a concerted effort to ensure that its structure is capable for achieving its strategic objectives and those of DPW. The key organisational focus areas over the medium-term are:

- A BE that is responsive to the developmental and economic priorities of Government;
- A transformed BE with appropriate, adequate skills and competencies, responsive to the country's infrastructure delivery, operation and maintenance needs;
- An optimally functioning BE with a responsive and relevant policy and legislative framework, based on informed and researched positions; and
- BEPs that operate within a regulated policy and legislative framework.

Notable additions that will be included in the CBE structure over the period ahead are the:

- Transformation Manager;
- Company Secretary;
- Knowledge Management and Information Technology (IT) Manager; and
- Communications and Stakeholder Relations Specialist.

The CBE encountered capacity challenges during the 2015/16 financial year in the following departments:

- SCM;
- Finance;
- Research and Policy;
- Transformation (Skills Development); and
- Knowledge Management and IT.

The audit outcome of the 2014/15 financial year raised the issue of capacity challenges, especially with regard to vacant executive and management positions. These executive positions were not filled immediately, on the advice of the Executive Authority that the recruitment process should await the appointment of the Fourth Term Council, who were duly appointed on 1 August 2014. The appointments of the Chief Financial Officer (CFO) and Chief Operations Officer (COO) followed subsequently in January 2015.

The attraction and retention of the correct skills is an area in which the CBE intends to remain vigilant. An attraction and retention plan should be developed to address issues of succession, career-pathing, remuneration, reward and engagement strategies. A review of the current organisational structure was deemed strategic.

Further to strategic formulation, the CBE reviews the implementation and control aspect of its strategy through monthly plans and review sessions by its Executive Management Committee and Council. CBE also has an ARC to monitor the scope and the effectiveness of the internal audit function.



## 2.3. Key Policy Developments and Legislative Changes

No legislative revisions have been made to date, however the Ministry of Public Works gazetted the BEP Policy Review for public comment in May 2013, proposing amendments to the statutory regulatory framework of the BEPs.

## 2.4. Strategic Outcome Oriented Goals

The strategic goals listed below were developed to guide the work of the CBE and to co-ordinate work with the BEPCs:

### Strategic Goal 1: A built environment that is responsive to the developmental and economic priorities of Government.

<b>Strategic Goal 1</b>	<b>A built environment that is responsive to the developmental and economic priorities of Government.</b>
<b>Goal Statement</b>	A built environment that is aligned with environmental, health and safety legislations and contributes to service delivery, job creation, poverty alleviation and economic development.
<b>Goal Summary</b>	BE academic curricula and CPD programmes embody health and safety in construction, environmental sustainability, job creation through labour intensive construction, and the IDMS.

### Strategic Goal 2: A transformed built environment with appropriate, adequate skills and competencies, responsive to the country's infrastructure delivery, operation and maintenance needs.

<b>Strategic Goal 2</b>	<b>A transformed built environment with appropriate, adequate skills and competencies, responsive to the country's infrastructure delivery, operation and maintenance needs.</b>
<b>Goal Statement</b>	A well functioning BE skills pipeline that is demographically and gender representative, and supports National infrastructure delivery.
<b>Goal Summary</b>	Implement skills development programmes to ensure the production of competent, dynamic and transformed professionals in the BE.

### Strategic Goal 3: An optimally functioning built environment with a responsive and relevant policy and legislative framework, based on informed and researched positions.

<b>Strategic Goal 3</b>	<b>An optimally functioning built environment with a responsive and relevant policy and legislative framework, based on informed and researched positions.</b>
<b>Goal Statement</b>	Provision of informed and researched advice to Government and all sectors of the economy on BE priority matters identified in the MTSF, supported by well functioning BE research, knowledge management and information resources.
<b>Goal Summary</b>	Offer advice to the Minister of Public Works on BE matters, whilst being mindful of the dynamic and changing BE sector, to fine tune Government's planning and infrastructure investment.

### Strategic Goal 4: BEPs that operate within a regulated policy and legislative framework.

<b>Strategic Goal 4</b>	<b>BEPs that operate within a regulated policy and legislative framework.</b>
<b>Goal Statement</b>	BEPs that provide their services in an ethical and professional manner and are responsive to the country's National goals and needs, whilst complying with legislative requirements.
<b>Goal Summary</b>	Ensure that CBE acts as an appeal body on matters of law regulating the BEPs, and to promote sound governance of the BEPs.

### 3. PERFORMANCE INFORMATION BY PROGRAMME/OBJECTIVE

During the 2015/16 financial year, the CBE implemented its APP through four programmes viz. Government Policies and Priorities; Skills for Infrastructure Delivery; BE Research, Information and Advisory; and Regulation and Oversight of six BEPCs.

#### 3.1 Programme 1: Government Policies and Priorities

The purpose of this Programme is to ensure a capacitated and capable CBE that is responsive to Government's development priorities in the BE. For the 2015/16 APP, Programme 1 had five annual targets, from which four were partially achieved and one was achieved. The partial achievement of the targets were as a result of the CHE not endorsing the framework, citing that it was outside their mandate to do so. The targets were delivered as follows:

##### **3.1.1 Framework developed on modalities to incorporate health and safety in construction in BE academic curricula, endorsed by the CHE by 31 March 2016 – Partially Achieved.**

The aim of this project was to develop a framework for the incorporation of construction health and safety in the curricula of South African tertiary institutions that provide BE programmes. In line with the Government's priority of job creation, this project is ultimately aimed at ensuring that BEPs are conversant with and able to implement these concepts in the design, construction, maintenance and disposal of infrastructure. In the broader context, job creation is critical for the economic development of the country, and the BEPs have an opportunity to make a meaningful contribution in the light of the planned infrastructure delivery.

During the year under review, a draft framework on the incorporation of health and safety in the curriculum was developed. A meeting was held with CHE to discuss their endorsement of the framework, as per the annual target. However, the CHE representative indicated that the CHE does not have the jurisdiction to endorse the framework. Thus, the target is recorded as partially achieved. This applies to all of the four areas identified for incorporation into the BE programme curricula. In addition to the delivery of the four frameworks, a consolidated framework was produced during the year, and presented to the BEPCs at a workshop. It is important to engage the BEPCs in this process, especially in their roles as custodians of the accreditation of programmes. Furthermore, BEPCs facilitate CPD programmes for re-registration purposes. The workshop yielded positive outcomes of commitment from the BEPCs, to lead the process of developing an implementation plan for the framework in the upcoming financial year, with support of the CBE.

##### **3.1.2 Framework developed on modalities to incorporate environmental sustainability in BE academic curricula, endorsed by CHE by 31 March 2016 – Partially Achieved.**

The aim of this project was to develop a framework for the incorporation of environmental sustainability in the curricula of South African tertiary institutions that provide BE programmes. In line with the Government's priority of job creation, this project is ultimately aimed at ensuring that BEPs are conversant with and able to implement these concepts in the design, construction, maintenance and disposal of infrastructure. In the broader context, job creation is critical for the economic development of the country, and the BEPs have an opportunity to make a meaningful contribution in the light of the planned infrastructure delivery.

During the year under review, a draft framework on the incorporation of sustainability in the curricula was developed. A meeting was held with CHE to discuss their endorsement of the framework by CHE, as per the annual target. The CHE representative indicated that the CHE does not have the jurisdiction to endorse the framework. Thus, the target is recorded as partially achieved.

### **3.1.3 Framework developed on modalities to incorporate labour intensive construction in BE academic curricula, endorsed by the CHE by 31 March 2016 – Partially Achieved.**

The aim of this project was to develop a framework for the incorporation of labour intensive techniques in the curricula of South African tertiary institutions that provide BE programmes. In line with the Government's priority of job creation, this project is ultimately aimed at ensuring that BEPs are conversant with and able to implement these concepts in the design, construction, maintenance and disposal of infrastructure. In the broader context, job creation is critical for the economic development of the country, and the BEPs have an opportunity to make a meaningful contribution in the light of the planned infrastructure delivery.

During the 2015/16 financial year, a draft framework on the incorporation of labour intensive techniques in the curriculum was developed. A meeting was held with CHE to discuss their endorsement of the framework by CHE, as per the annual target. The CHE representative indicated that the CHE does not have the jurisdiction to endorse the framework. Thus, the target is recorded as partially achieved.

### **3.1.4 Framework developed on modalities to incorporate the IDMS in BE academic curricula, endorsed by the CHE by 31 March 2016 – Partially Achieved.**

The aim of this project was to develop a framework for incorporation of the IDMS in the curricula of South African tertiary institutions that provide BE programmes. In line with the Government's priority of job creation, this project is ultimately aimed at ensuring that BEPs are conversant with and able to implement these concepts in the design, construction, maintenance and disposal of infrastructure. In the broader context, job creation is critical for the economic development of the country, and the BEPs have an opportunity to make a meaningful contribution in the light of the planned infrastructure delivery.

During the 2015/16 financial year, a draft framework on the incorporation of the IDMS in the curricula was developed. A meeting was held with CHE to discuss their endorsement of the framework by CHE, as per the annual target. The CHE representative indicated that the CHE does not have the jurisdiction to endorse the framework. Thus, the target is recorded as partially achieved.

### **3.1.5 One CPD skills programme on the IDMS, developed by 31 March 2016 – Achieved.**

The objective of this project was to develop skills programmes on the IDMS that carry CPD qualifying points. Such programmes would enable a wide dissemination of the IDMS body of knowledge to BEPs, as well as encourage its adoption in the public sector, for sustained infrastructure delivery.

During the year under review, the IDMS Skills Programme was developed. The report outlined the key focus areas of a CPD programme on the IDMS. A notable recommendation was for the CBE to work with National Treasury and the Construction Industry Development Board (cidb), as custodians of the IDMS content. It emerged that during the project, National Treasury had already started an initiative on IDMS training. During the year, engagements were held with the Office of the Chief Procurement Officer to formalise a partnership on IDMS training, as well as on awareness of the new SIPDM. A draft agreement was developed, which will be signed and implemented in the new financial year, as part of the implementation of the current year's recommendations.

## Programme 1 – Strategic objectives, performance indicators, planned targets and actual achievements

\*Projects indicating a zero budget are regarded as part of the normal course of business. Their budgets are reflected in the remuneration costs.

Programme/activity/objective:						
Strategic objectives	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations	
To ensure that the CBE has necessary capacity and capability to support Government's development priorities within the BE, including infrastructure delivery programme, health and safety in construction, environmental sustainability and job creation.	Six	Four	One	Four targets were not achieved. Draft frameworks were developed. A meeting was held with CHE to discuss the endorsements of the frameworks by CHE, as per the annual target. The CHE representative indicated that they do not have the jurisdiction to endorse the frameworks. Thus, the target is recorded as partially achieved.	A consolidated framework was produced during the year and presented at a workshop with the BEPCs.	

## Programme 1 – Key performance indicators, planned targets and actual achievements

Programme/activity/objective: To ensure that the CBE has the necessary capacity and capability to support Government's development priorities within the BE, including infrastructure delivery programmes, health and safety in construction, environmental sustainability and job creation.						
Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations	
1.1 One project on the academic institutions incorporation of construction health and safety into BE academic curricula.	<b>Achieved.</b> The project was implemented through various engagements with the institutions and other relevant stakeholders over the four quarters.	Framework developed on modalities to incorporate construction health and safety into BE academic curricula, endorsed by CHE by 31 March 2016.	Partially achieved.	The framework was not endorsed by CHE.	The framework was developed; however, the partial achievement of the target was due to the CHE not endorsing the framework, citing that it was outside their mandate to do so.	
1.2 One project on the academic institutions incorporation of sustainability into BE academic curricula.	<b>Achieved.</b> The CBE supported the public sector Green Building and Energy Efficiency initiatives being developed by the intergovernmental task team (DPW - Property and Facilities Management Chief Directorate, Department of Energy and Department of Environmental Affairs).	Framework developed on modalities to incorporate sustainability into BE academic curricula, endorsed by CHE by 31 March 2016.	Partially achieved.	The framework was not endorsed by CHE.	The framework was developed; however, the partial achievement of the target was due to the CHE not endorsing the framework, citing that it was outside their mandate to do so.	

Programme/activity/objective: To ensure that the CBE has the necessary capacity and capability to support Government's development priorities within the BE, including infrastructure delivery programmes, health and safety in construction, environmental sustainability and job creation.						
Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations	
1.3 One project on the academic institutions incorporation of labour intensive construction into BE academic curricula.	<b>Achieved.</b> Research report on Labour Intensive Construction and implementation plan was produced.	Framework developed on modalities to incorporate labour intensive construction into BE academic curricula, endorsed by CHE by 31 March 2016.	Partially achieved.	The framework was not endorsed by CHE.	The framework was developed; however, the partial achievement of the target was due to the CHE not endorsing the framework, citing that it was outside their mandate to do so.	
1.4 One project on the academic institutions incorporation of the IDMS into BE academic curricula.	<b>Achieved.</b> The report was finalised and a project implementation plan developed on how to incorporate IDMS in the BE curriculum (at tertiary institutions) and develop a CPD programme for BEPs.	Framework developed on modalities to incorporate the IDMS into BE academic curricula, endorsed by CHE by 31 March 2016.	Partially achieved.	The framework was not endorsed by CHE.	The framework was developed; however, the partial achievement of the target was due to the CHE not endorsing the framework, citing that it was outside their mandate to do so.	
1.5 Number of CPD skills programmes developed on the IDMS.		One CPD skills programme on the IDMS, developed by 31 March 2016.	<b>Achieved.</b> The IDMS Skills Programme was developed.	None	None	



### Programme 1: Linking performance with budget

Programme /activity/ objective	2014/2015			2015/2016		
	Budget	Actual Expenditure	(Over) / Under Expenditure	Budget	Actual Expenditure	(Over) / Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
1.1 One project on the academic institutions incorporation of construction health and safety into BE academic curricula.	534	274	260	649	355	294
1.2 One project on the academic institutions incorporation of sustainability into BE academic curricula.	114	102	12	-	-	-
1.3 One project on the academic institutions incorporation of labour intensive construction into BE academic curricula.	75	60	14	-	-	-
1.4 One project on the academic institutions incorporation of the IDMS into BE academic curricula.	75	26	48	-	-	-
1.5 Number of CPD skills programmes developed on the IDMS.	-	-	-	233	208	25

## 3.2 Programme 2: Skills for Infrastructure Delivery

The purpose of this Programme is to drive and facilitate skills and human resource development in the BE, in line with the CBE mandate and in support of National goals and priorities, as well as Transformation. For the 2015/16 APP, Programme 2 had a total of five annual targets; all of which were achieved, as detailed below:

### **3.2.1. *Development of the Implementation Project Plan to support the production of three high demand BEP skills categories (Engineers, Quantity Surveyors, Project and Construction Managers) for the Strategic Infrastructure Projects (SIPs), submitted to BEMC by 31 March 2016 - Achieved.***

The goal of the project is to have an adequate number of BEPs with appropriate, adequate skills and competencies, responsive to the country's infrastructure delivery needs.

The annual target was achieved. The Implementation Project Plan for the production and development of three high demand BEPs skills identified for SIPs (Engineers, Quantity Surveyors, and Construction and Project Managers) was developed.

This process involved engagements with the three BEPCs to systematically balance the demand and supply of these scarce skills at National, Provincial and sector levels. The occupational teams, working through BEPCs, determined the number of people with the required occupational skills in both the workforce as well as those unemployed. The occupational teams then determined which occupations were not being developed at the requisite rate to meet the demand. CBE's engagement with Government, through the SIPs project, included the implementation of the cidb's Standard for Developing Skills through Infrastructure (Government Gazette No. 36760, 23 August 2013). This would increase the number and quality of candidates' skills development programmes and support them on their way to professional registration.

### **3.2.2 *150 Grade 10-12 learners benefiting from the Maths and Science support programme by 31 March 2016 - Achieved.***

CBE's Maths and Science support programme aims to benefit school learners in Grade 10 – 12 from disadvantaged communities to bolster their academic performance in Maths and Science, in order to improve their opportunities to enter BE careers.

The annual target was achieved. In the year under review, a total of 150 learners were registered in the Northern Cape Province to participate in the CBE Maths and Science support programme. A mobile Science Laboratory unit, established to support ongoing teacher training and learners, was donated to the Northern Cape Department of Education. A successful Awards Event was held to honour the top performers in the programme, as well as to acknowledge the contribution of all stakeholders to the success of the programme. The programme will reach out to approximately 450 learners in the 2016/17 financial year in the provinces of KwaZulu-Natal, Eastern Cape, and Mpumalanga.

### **3.2.3 *50 candidates/BE graduates participating in workplace training by 31 March 2016 - Achieved.***

This project aims at ensuring BE candidates achieve maximum professional development and professional registration in the shortest possible time by:

- Conducting workplace assessments and accreditation;
- Drawing up a generic Training Plan for the profession, in alignment with the BEPC's competency profile;
- Drawing up a detailed Training Plan for each candidate; and
- Preparing mentors (through workshops), to conduct a formative assessment of each outcome, according to the South African Qualifications Authority (SAQA) requirements.

CBE has implemented a Structured Workplace Training Model for the BEPs to unblock the skills pipeline. The blockage occurs because many BE graduates fail to secure work placements; while even those who do, do not receive the relevant workplace training to lead to professional registration. The Candidacy Programme is designed for successful development and growth, which builds on the higher education qualifications and development competencies, fundamental for professional registration.

The annual target was achieved. It exceeded the original intake of 50 candidates. During the year under review, the programme had 60 candidates placed, and 57 of them were mentored. The increase of 10 candidates was achieved through group mentoring candidates, from the same professional field and at a common time and venue. This method also helped to reduce travel costs.

The reports from mentors were analysed to inform interventions and mentorship plans for the candidates. The analysis included the assessment of workplaces, to advise on their continued suitability for candidates. Proposals on candidate rotation were brought to the attention of the participating candidates. This requires engagements with the employers, to be pursued in the new financial year.

The candidates were from the Engineering, Quantity Surveying and Project and Construction Management Professions. 23 (38%) of them were female and 37 (62%) were male. 98% of candidates were African.

#### **3.2.4 50 interns participating in workplace training by 31 March 2016 – Achieved.**

This project is the intern-training component of the Candidate Workplace-training Model. It entails supporting interns from the Universities of Technology (UoT) to undergo workplace training, to complete the practical training requirement of their tertiary qualification.

The target was achieved. In trying to address the human capital shortage in the country, the CBE placed 154 interns in workplace training during the year under review. The programme was bolstered by the surplus funds granted by National Treasury. This was utilised to place an additional 100 interns in workplace training. Although there were no workplace assessments undertaken for these 100 interns, it nevertheless enabled them to undertake their Practicals, P1 and P2. This target was exceeded by an additional 104 interns. In total, 154 interns were placed in the Work-Integrated Learning (WIL) Programme.

The analyses of workplaces for 54 interns were completed. Where workplaces did not have Training Plans in place, they were guided by WIL training guideline logbooks from the UoTs. This informed the work scheduled for the interns under supervision, and the competencies to be acquired. All interns were exposed to the minimum number of outcomes required by the UoT, thus enabling the P2 interns to qualify for their National Diploma.

The analysis of the 54 interns indicated that 12 were female and 42 were male. Fifty (93%) of the participating interns were African. The interns were from the Architectural, Engineering and Building Science Professions.

The CBE has established formal partnerships with Tshwane University of Technology, Durban University of Technology, Mangosuthu University of Technology and Central University of Technology to facilitate the workplace training of BE students. There are also partnerships with the following private sector companies for the placement of students: IMagistix Technology, Med-Tech Engineers (Pty) Ltd, and Ngonyama Okpanum Associate.

#### **3.2.5 One project on accredited academic programmes and institutions, submitted to BEMC by 31 March 2016 – Achieved.**

BEPCs are empowered by their respective Acts to accredit BE academic programmes. The CBE has an oversight role to ensure that the BE academic programmes at tertiary institutions are accredited by the six BEPCs.

This project is about ensuring that the BEPCs adhere to an equitable and fair accreditation process of tertiary institutions, with readily accessible documentary procedures to be followed without fear or favour. The objective is to eliminate any deficiencies in the current process of accrediting tertiary institutions' learning programmes without delay. It is to also ensure consistency throughout the accreditation process, under the supervision of CBE, CHE and DHET, by all six BEPCs.

The target was achieved. One project on accreditation was submitted to BEMC. This project required the six BEPCs to submit their accreditation schedule for the year to the CBE. It also required that the CBE accompanies the BEPCs on their accreditation visit, and subsequently submit a report to BEMC on the results of the accreditation visit. The results were intended to inform BEMC on the status of accreditation in the six BEPCs. The results form the basis to build upon the good practice existing in the analysed institutions, to learn from the results of the analysis on the rationale for accreditation activities, and implement the conclusions. The project has shown that a solid foundation for the accreditation of institutions programmes is in place; however, there are still challenges that require the attention of the CBE, the Ministry of Higher Education, CHE and BEPCs.

On the issue of Transformation, the CBE appointed a Transformation Programmes Manager to address the Transformation Agenda.

The key targets for the year under review were to engage the BEPCs on the "Road-Map" document, which would guide the refinement and further development of the Transformation Strategy/Framework, and to constitute a Transformation Forum, representative of the six BEPCs. The first target was met when a workshop was held accordingly. The BEPCs agreed on the establishment of a Transformation Forum, represented by themselves and other key stakeholders. Draft terms of reference for the Forum were circulated to the BEPCs and DPW.

During the 2016/17 financial year the CBE, in partnership with BEPCs, DPW and other stakeholders, will review the Transformation Model and develop a unified strategy for Transformation. This will be done through the establishment of a Transformation Steering Committee. The CBE will continue to facilitate collective efforts towards developing consensus on the Transformation Agenda and stakeholder mobilisation. The CBE needs a model that will scale-up public engagements on Transformation awareness activities. Among the projects to be undertaken in the 2016/17 financial year, will be a detailed baseline study. This will aim at providing a substantive and detailed portrayal of the current status of Transformation within the South African BE.

## Programme 2: Strategic objectives, performance indicators, planned targets and actual achievements

Programme/activity/objective: Drive and facilitate skills development and transformation within the BE.					
Strategic objectives	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2016/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
Drive and facilitate skills development and transformation within the BE.	Six	Five	Five	Two There were positive variances.	The target was achieved and exceeded. By utilising the surplus funds received from National Treasury, it was possible to place 104 additional interns. With regard to candidates, an additional 10 were absorbed into the programme. This was achieved by group mentoring candidates from the same professional field at a common time and venue. It also helped to reduce travel costs.

## Programme 2: Key performance indicators, planned targets and actual achievements

Programme/activity/objective: Drive and facilitate skills development and transformation within the BE.					
Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
2.1 Number of high demand skills professions categories developed for SIPs.	-	Development of the Implementation Project Plan to support the production of three high demand BEP skills categories (Engineers, Quantity Surveyors, and Project and Construction Managers) for SIPs, submitted to BEMC.	<b>Achieved.</b> The project plan for the production and development of three high demand BEPs skills, identified for SIPs (Engineers, Quantity Surveyors, and Construction and Project Managers), was developed.	None	None
2.2 150 students reached through the roll out of the Maths and Science support programme.	<b>Achieved.</b> 150 students were placed.	150 students reached through the roll out of the Maths and Science support programme by 31 March 2016.	<b>Achieved.</b> 150 students reached.	None	None
2.3 50 BE candidates placed for workplace training (BE candidates - graduates requiring workplace training to enable them to register as fully fledged BE professionals).	<b>Achieved.</b> 53 candidates were placed.	50 candidates placed.	<b>Achieved.</b> 60 candidates were placed.	A positive variance of 10 was achieved.	This was an excess of 10 candidates, achieved by group mentoring candidates from the same professional field at a common time and venue. It also helped to reduce travel costs

Programme/activity/objective: Drive and facilitate skills development and transformation within the BE.					
Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
2.4 BE interns placed for work experiential learning (BE interns - undergraduates from Universities of Technology, who require workplace training to complete academic qualifications).	<b>Achieved.</b> 101 interns were placed with host employers.	50 BE interns placed.	<b>Achieved.</b> 154 interns were placed.	A positive variance 104 was achieved.	The targets were exceeded when CBE utilised the surplus funds received from National Treasury to place 104 additional interns.
2.5 Oversight report on the accreditation of academic programmes and academic institutions by BEPCs.	<b>Achieved.</b> A report was submitted and accreditation visits undertaken to six different tertiary institutions.	One project on accredited academic programmes and institutions, submitted to BEMC by 31 March 2016.	<b>Achieved.</b> One project on accredited academic programmes and institutions, report was submitted to BEMC by 31 March 2016.	None	None



## Programme 2: Linking performance with budgets

Programme/activity/ objective	2014/2015			2015/2016		
	Budget R'000	Actual Expenditure R'000	(Over) / Under Expenditure R'000	Budget R'000	Actual Expenditure R'000	(Over) / Under Expenditure R'000
2.1 Number of high demand skills professions categories developed for SIPs.	-	-	-	90	251	(161)
2.2 150 students reached through the roll out of the Maths and Science support programme.	2 797	2 440	356	1 455	2 515	(1 060)
2.3 50 BE candidates placed for workplace training (BE candidates - graduates requiring workplace training to enable them to register as fully fledged BE professionals).	2 673	1 146	1 526	1 418	2 416	(998)
2.4 BE interns placed for work experiential learning (BE interns - undergraduates from Universities of Technology, who require workplace training to complete academic qualifications).	2 330	1 317	1 012	3 235	4 257	(1 022)
2.5 Oversight report on the accreditation of academic programmes and academic institutions by BEPCs.	45	45	0	240	280	(40)

### 3.3 Programme 3: BE Research, Information and Advisory

The purpose of this Programme is to provide research, knowledge and information on the BE to enable the CBE to advise Government on matters falling within the scope of the BE, as per section 4(a) – (v) of the CBE Act 43 of 2000.

For the 2015/16 APP, Programme 3 had a total of five annual targets. Four of these were achieved and one was partially achieved. The reason for the partial achievement of the one target was the delayed appointment of the technical expert, which was accomplished in the third quarter. Therefore, although the final report was developed, its quality is being reviewed, and it will be finalised at the end of the first quarter of the 2016/17 financial year. The five targets were delivered as follows:

#### **3.3.1. *One research project on currently existing BE industry initiatives on Maths and Science support interventions at basic education level, submitted to BEMC by 31 March 2016 – Achieved.***

This project seeks to “Provide status-quo analysis and spatial mapping of various Maths and Science initiatives in order to develop a national platform to coordinate and scale up these initiatives into viable and well-run BE Maths and Science support programmes, from primary to the high school education phase, in support of the BE skills pipeline.”

The target was achieved. A report on the existing Maths and Science support programmes was developed and submitted. The development of the report required participation in the CBE’s current Maths and Science support programme in order to understand the impact and potential of expanding the project. One of the findings was that there are number of Maths and Science support initiatives presently, including those undertaken by BEPCs. Therefore, a key recommendation was for the CBE to consider collaborating with other stakeholders to supplement financial resources for the programme, as well as to incorporate teacher development opportunities.

#### **3.3.2 *One research project on BE technical professionals employed in municipalities and provinces, submitted to BEMC by 31 March 2016 – Achieved.***

The purpose of this project was to establish the numbers and profiles of BEPs employed in National and Provincial Government departments, as well as at SOEs. The study intended to inform possible immediate and future interventions, transform the sector, improve the state’s capacity to deliver basic services, and to implement the National Infrastructure Development Plan.

The annual target was achieved. During the year under review, a research report on the profiles of BE technical professionals employed at National and Provincial departments and SOEs was developed. A number of issues came to the fore during the data collection stage, with most necessitating further engagement with CBE and other stakeholders. One of the key findings was that departments are experiencing challenges in attracting and retaining BEPs. Many of these challenges are rooted in the OSD of Engineering and related fields in infrastructure departments. These challenges also emerged during the CBE’s presentation of the IDMS to the departments. Not only were they unaware of the IDMS, but they also used the interaction as an opportunity to highlight their plight, regarding the OSD challenges, to the CBE. This situation necessitated various meetings with DPW, National Department of Defence, Municipal Infrastructure Support Agency (MISA), Heritage Western Cape and the Western Cape Provincial Treasury. Going forward, the CBE should consider capacity to provide support and facilitation of engagements with relevant stakeholders. Proposed Memoranda of Agreements (MoAs) were drafted with some of the key stakeholders.

#### **3.3.3 *One research project on the OSD Framework’s role in the attraction and retention of BEPs in the public sector, discussed with DPSA, by 31 March 2016 – Achieved.***

The focus of this project was to undertake a critical analysis of the OSD Framework on whether it enhanced or hindered the attraction and retention of BEPs within the public sector. The project was aimed at addressing the issues relating to the capability of Government structures to deliver infrastructure effectively. As part of the study, engagements were undertaken with the relevant stakeholders involved in the application of the OSD through their recruitment processes.

During the year, a meeting was held with DPSA to discuss issues relating to the application of the OSD in Engineering and related fields. A positive characteristic of the OSD is that it articulates the professional registration requirements of the various BEPCs, though it was agreed that that are still issues to be unpacked for the DPSA and the departments to be on the same page. Another meeting was held with the Department of Human Settlements to understand their challenges on the implementation of the OSD. From the engagements with the DPW Provincial Department, the perception emerged that the current OSD is inhibiting the attraction of BEPs.

The target was achieved. An advisory report was developed and will be shared with DPSA in the new financial year. The recommendations of the report will be the basis of continued discussions in the new financial year.

**3.3.4 *First phase research project on the viability of a Government infrastructure agency, submitted to Council by 31 March 2016 – Achieved.***

The focus of the project was to review the existing models in other countries that centralise the delivery of infrastructure for improved service delivery. The project was executed mainly through literature reviews, as well as engagements with key stakeholders and role players in the delivery of infrastructure in South Africa.

The annual target was achieved. The feasibility report on establishing a Government infrastructure agency was developed. The report recommended that it is not viable to establish such an agency, as there are already existing, established legislated agencies regulating various aspects of infrastructure. The recommendation was to consider how these agencies could be coordinated. Over and above the report, a discussion document was developed on the engagement of coordinated efforts for the planned infrastructure delivery.

**3.3.5 *First phase research project on the incorporation of labour intensive construction and job creation opportunities in public sector infrastructure and construction projects contracts, submitted to Council by 31 March 2016 – Partially Achieved.***

The main objective of this project was to provide a detailed analysis on how labour intensive techniques can be incorporated in the public sector infrastructure projects. The study intended to inform the development of a framework for the implementation of labour-intensive techniques in construction projects.

The target was partially achieved. The project experienced delays around the contract and appointment of the project expert. As a result, the report was only produced in the last quarter of the year. The quality of the report is currently under review.

Aligned to this project is a proposal to formalise partnerships with DPW, the Expanded Public Works Programme (EPWP) and the International Labour Organization (ILO), with the aim of promoting education and awareness on labour intensive techniques. A draft MoA, developed with inputs from the parties, will be signed and implemented in the new financial year. The implementation of the MoA will also incorporate the Programme 1 output on the framework to incorporate labour intensive techniques into the BE curricula.

### Programme 3: Strategic objectives, performance indicators, planned targets and actual achievements

Programme/activity/objective:					
Strategic objectives	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
To provide research, knowledge and information on BE issues pertinent to BE professionals, DPW and BE issues impacting on service delivery and the economy.	Four	Five	Four	One target was not achieved.	The project experienced delays in the contract and appointment of the project expert. As a result, the draft report was produced in the last quarter of the year. The quality of the report is currently under review.

### Programme 3: Key performance indicators, planned targets and actual achievements

Programme/activity/objective: To provide research, knowledge and information on BE issues pertinent to professionals, DPW, service delivery and those impacting on the economy.					
Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
3.1 Number of research projects on BE industry skills initiatives at schools, universities and workplace training.	-	One research project on currently existing BE industry initiatives on Maths and Science support interventions at basic education level, submitted to BEMC.	<b>Achieved.</b> A report on the existing Maths and Science Support Programmes was developed and submitted.	None	None
3.2 One research project on the survey on BE technical professionals employed at municipal, Provincial and National departments and SOEs.	Research report on BE professionals skills in municipalities.	One research project on BE technical professionals in municipalities and provinces, submitted to BEMC by 31 March 2016.	<b>Achieved.</b> A research report was developed.	None	None
3.3 One research project on the OSD.	-	One research project on OSD framework's role in the attraction and retention of BEPs in the public sector.	<b>Achieved.</b> An advisory report was developed and will be shared with DPSA in the new financial year.	None	None
3.4 Research project on the viability of a Government infrastructure agency.	-	First phase research project on the viability of a Government infrastructure agency, submitted to Council by 31 March 2016.	<b>Achieved.</b> The report on the feasibility of establishing a Government infrastructure agency was developed.	None	None
3.5 Research project on the incorporation of labour intensive construction and job creation requirements in public sector infrastructure and construction projects contracts.	<b>Achieved.</b> Research report on Labour Intensive Construction and implementation plan was produced.	First phase research project on the incorporation of labour intensive construction and job creation requirements in public sector infrastructure and construction projects contracts, submitted to Council by 31 March 2016.	<b>Not achieved.</b>	The target was partially achieved. The research report was produced; however, it was not reviewed for quality assurance.	The project experienced delays in the contract and appointment of the project expert. As a result, the report was produced in the last quarter of the year. The quality of the report is currently under review.

### Programme 3: Linking performance with budgets

Programme/ activity/objective	2014/2015			2015/2016		
	Budget R'000	Actual Expenditure R'000	(Over) / Under Expenditure R'000	Budget R'000	Actual Expenditure R'000	(Over) / Under Expenditure R'000
3.1 Number of research projects on BE industry skills initiatives at schools, universities and workplace training.	-	-	-	99	69	30
3.2 One research project on the survey on BE technical professionals employed at municipal, provincial and National departments and SOEs.	75	26	48	1 658	318	1 340
3.3 One research project on the OSD.	-	-	-	104	56	48
3.4 Research project on the viability of a Government infrastructure agency.	-	-	-	103	70	33
3.5 Research project on the incorporation of labour intensive construction and job creation requirements in public sector infrastructure and construction projects contracts.	75	60	14	153	131	22

### 3.4 Programme 4: Regulation and Oversight of six BEPCs

The purpose of this Programme is to fulfil the statutory mandate of the CBE. This empowers the CBE to act as an appeal body on matters referred to it in terms of the law regulating the BEPs. The CBE is also mandated to implement the IDoW (ring fencing work that must only be done by appropriately registered persons), as per Section 20 and 21 of the CBE Act 43 of 2000. For the 2015/16 APP, Programme 4 had a total of seven annual targets. The Programme achieved six targets out of seven that were planned for the year. The non-submission of Strategic Plans and APPs on time by the BEPCs was the reason for the non-achievement of the one target. This hindered their evaluation by the CBE. The targets for the year under review were as follows:

#### 3.4.1. *An annual report on 100% finalisation of appeals within statutory 60 days by 30 March 2015 – Achieved.*

An annual report on 100% finalisation of appeals within 60 days was completed. All appeals lodged during the financial year were finalised within the statutory time limit as required. The aim of this target was to protect public interest by hearing all appeals within 60 days of lodgement, as prescribed in terms of section 21 of The Council for the Built Environment Act 43 of 2000 ("the Act"). According to the Act, read together with Section 4 paragraph (m) thereof, the CBE is empowered and obliged to hear an appeal launched by a party, aggrieved by a decision of any of the BEPCs in terms of the professions Act. The Appeals Committee was established as a response to the provisions of section 21 of the Act. It stipulates that any person who is aggrieved by a decision of any of the councils for the professions, may, upon payment of the prescribed fee and within 30 days from that person becoming aware of such decision, appeal to the council in writing. The council must consider and decide on the appeal.

All appeal cases for the 2015/16 financial year were finalised. At the end of the financial year, there were no outstanding appeal cases. During the financial year, six appeals were lodged with the CBE. The grounds of appeal can be categorised as:

- BEPC's refusal to prefer charges against registered persons;
- Registration application outcomes; and
- Disciplinary tribunal outcomes (merit and sentences).

#### 3.4.2 (a) *Implementation report on the decision of the Competition Commission (CC) on the IDoW application of the six BEPCs, submitted to Council by 31 March 2016 – Achieved.*

Section 20 of the Act requires the IDoW to be performed by persons registered by a BEPC in an appropriate category. The said IDoW is preceded by, inter alia, consultation with the CC. The CC required exemption applications on behalf of all six BEPCs, which were lodged during previous financial years. In January 2016 the CC announced that all five exemption applications considered by it were rejected. SACAP elected to withdraw its application and to replace it at a later stage with a re-worked version. The grounds for rejection, according to the CC, were:

1. Restriction of competition between registered and unregistered persons. Unregistered persons will not be allowed to undertake work reserved for registered persons.
2. Restriction of competition between persons registered in different professional councils within the CBE.
3. Restriction of competition between persons registered with the CBE and persons registered with other professional councils outside the built environment.
4. Restriction of competition between persons registered with the CBE but in different registration categories.
5. Restrictions imposed by the IDoW Rules will reduce the number of persons operating in the relevant market. This will increase the selling price and quantity of service supplied in the market.



The annual target was achieved. The required final report was submitted to Council in March 2016.

**(b) Research report on the benchmarking of IDoW in other countries, submitted to Council by 31 March 2016 – Achieved.**

The aim of the project was to research the IDoW in other countries. The benchmarking has a dual purpose. It was to provide a comparative analysis on the IDoW in other countries. Furthermore, best practices could be developed and refined that can be applied to the BEPCs in South Africa. The target was achieved. The research report on the benchmarking of IDoW in other countries was developed and submitted to BEMC.

**3.4.3 Corporate Governance Implementation Checklist assessment in the six BEPCS, submitted to Council and DPW, by 31 March 2016 – Achieved.**

The objective of this project was to endorse the Corporate Governance Framework that was adopted by the BEPCs in the 2014/15 financial year, by determining the level of compliance with various codes of governance applicable to the BEPCs. Once the level of compliance was determined, the project aimed to develop strategies to improve the compliance levels of each BEPC. Section 3 (f) of the Act impels it to promote sound governance of the BEPs, thus the Corporate Governance Framework was developed to assist BEPCs in enhancing good governance in their operations.

The target was achieved. A Corporate Governance Implementation Checklist assessment for the six BEPCs was developed. The checklist was submitted to DPW and Council through the BEMC.

**3.4.4 Six BEPCs implementation programmes on the translation of four Ministerial approved BE policies into rules, by 31 March 2016 – Achieved.**

This project envisaged an implementation programme of Ministerial approved BE policy frameworks and their translation into rules by the six BEPCs. Sections 3 (i), 4 (k) and 4 (o) of the Act mandates the CBE to ensure the consistent application of policy by the BEPCs.

The target was achieved. The six BEPCs implementation programmes on the translation of four Ministerial approved policies into rules by BEPCs was developed. All six BEPCs were consulted, in writing, on the CBE's Draft Assessment Plan. A report was developed on the translation of four policies into rules.

**3.4.5 Public Finance Management Act (PFMA) compliance roadmap by the six BEPCs, submitted to BEMC, by 31 March 2016 – Achieved.**

The objective of this project was to assist each BEPC to design a roadmap towards their compliance with the PFMA.

The target was achieved. The PFMA roadmap was developed and submitted to BEMC. All six BEPCs provided information on their existing compliance status with the relevant PFMA requirements, and their intended action to achieve compliance.

**3.4.6 Timetable on the alignment of Strategic Plans, APPs and Annual Reports of the six BEPCs to those of CBE and DPW, submitted to Council and DPW by 31 March 2016 – Not Achieved.**

This project sought to ensure that the six BEPCs, on their path towards compliance with the PFMA, are compliant with the statutory requirements of Government-wide budgeting and planning/reporting. It meant that their Strategic Plans, APPs and Annual Reports must be complaint with statutory requirements and Government priorities in the BE.

The annual target was not achieved. The reason for the non-achievement of the target was that some BEPCs did not submit their Strategic Plan and APP on time to allow an evaluation by the CBE. The six BEPCs are generally at differentiated levels

of compliance with the National Treasury format and information requirements for the Annual Report, APP and Strategic Plan. The challenge faced by the CBE is a lack of commitment from the BEPCs, arising from their financial and technical capacity constraints.

The CBE has, however, developed a Draft Alignment Timetable. The intention of this document is to set clear time lines to align the Strategic Plans of the six BEPCs to comply with priorities and policy frameworks of Government, DPW and the CBE, as well as compliance with planning and reporting requirements of National Treasury. The CBE will engage the BEPCs on the timetable in the new financial year.

The alignment will be undertaken through the MTSF period. It is unlikely that the process will be completed within a year. To this end, agreements will have to be negotiated with each of the BEPCs, until there is total alignment and compliance with the National Treasury Framework over the medium term.

**3.4.7 Project on the development by the CBE and adoption by the six BEPCs of an all-encompassing CBE monitoring and evaluation framework for BEPCs, submitted to Council and DPW by 31 March 2016 – *Achieved.***

The aim of this project was to develop an instrument whereby the CBE and BEPCs could monitor and evaluate the implementation of the 13 functions stipulated in the Act. The objective was to ensure that an all-encompassing monitoring and oversight framework was developed and implemented by the CBE so the BEPCs are supportive and aligned to Government priorities and programmes in the BE.

The annual target was achieved. The framework was developed and submitted to DPW and Council through BEMC. The requirements for the submission of Annual Reports are embedded in the CBE Act and in the six BEPCs Acts. In terms of section 17 of the professions Acts (1) the professional councils must, within six months from the close of each financial year provide the CBE with a report regarding its activities during that financial year, for the purpose of section 4 of the CBE Act.

All six BEPCs submitted their printed Annual Reports to the CBE, who further submitted these to Parliament, as per the statutory requirement.

The developed framework will formalise the work that is already being done by the BEPCs on the alignment of their Strategic Plans and APPs, and the submission of their Annual Reports to Parliament. In the new financial year, the CBE will be continue to engage the BEPCs to assist them with the implementation of the framework.

#### Programme 4: Strategic objectives, planned targets and actual achievements

Programme/activity/objective:					
Strategic objectives	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
To act as an appeal body on matters of law regulating the BEPs, and promote and ensure high standards of professional ethics within the BE.	Four	Seven	Six	One target was not achieved. The reason for the non-achievement was that the BEPCs did not submit their Strategic Plans and APPs on time to allow for an evaluation by the CBE.	The CBE has, however developed a draft alignment timetable and will engage the BEPCs on the timetable in the new financial year.

#### Programme 4: Key performance indicators, planned targets and actual achievements

Programme/activity/objective: To act as an appeal body on matters of law regulating the BEPs, and to promote and ensure high standards of professional ethics and conduct within the BE.					
Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
4.1 Percentage of appeals submitted to CBE by persons aggrieved by decisions of BEPCs, finalised within the statutory 60 days from lodgement.	<b>Achieved.</b> All appeal cases were finalised.	100% finalisation of appeals within statutory 60 days by 31 March 2016.	<b>Achieved.</b> All appeals received were finalised within statutory 60 days.	None	None
4.2 Implementation report on the CC's decision on the IDoW exemption applications for the six BEPCs.	<b>Achieved.</b> Report on the implementation of the CC's decision on BEPCs implemented.	Implementation report on the CC decision on the IDoW exemption applications for the six BEPCs, submitted to Council.	<b>Achieved.</b> The report was submitted to Council.	None	None
4.3 Implementation analysis of CBE's Corporate Governance Report.	<b>Achieved.</b>	Corporate Governance Implementation Checklist assessment in the six BEPCs, submitted to Council and DPW, by 31 March 2016.	-	None	None
4.4 Implementation programme of Ministerial approved BE policy framework and their translation into rules by six BEPCs.	-	Six BEPCs implementation programmes on the translation of four Ministerial approved BE policies into rules by BEPCs, by 31 March 2016.	-	None	None
4.5 PFMA compliance roadmap by six BEPCs.	-	PFMA compliance roadmap by the six BEPCs, submitted to BEMC, by 31 March 2016.	<b>Achieved.</b> The PFMA roadmap was developed and submitted to BEMC.	None	None

Programme/activity/objective: To act as an appeal body on matters of law regulating the BEPs, and to promote and ensure high standards of professional ethics and conduct within the BE.					
Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
4.6 Timetable on the alignment of Strategic Plans, APPs and Annual Reports of the six BEPCs to those of the CBE and DPW.	-	Timetable on the alignment of Strategic Plans, APPs and Annual Reports of the six BEPCs to those of the CBE and DPW, submitted to Council and DPW.	Not Achieved.	The reason for the non-achievement of the target was that BEPCs did not submit their Strategic Plans and APPs on time to allow for an evaluation by the CBE.	A draft alignment timetable was developed. The CBE will engage the BEPCs on the timetable in the new financial year.
4.7 Adoption and implementation by the six BEPCs of a CBE all-encompassing Monitoring and Evaluation Framework.	-	Development of a monitoring and evaluation framework for adoption by the BEPCs, submitted to Council and DPW by 31 March 2016.	<b>Achieved.</b> The framework was developed and submitted to Council and DPW.	None	None

#### Programme 4: Linking performance with budgets

Programme/ activity/objective	2014/2015			2015/2016		
	Budget	Actual Expenditure	(Over) / Under Expenditure	Budget	Actual Expenditure	(Over) / Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
4.1 Percentage of appeals submitted to CBE by persons aggrieved by decisions of BEPCs, finalised within the statutory 60 days from lodgement.	1 104	1 120	(16)	316	295	21
4.2 Implementation report of the CC's decision on the IDoW exemption applications for the six BEPCs.	112	49	63	48	70	(22)
4.3 Implementation analysis of CBE's corporate governance report.	268	224	44	2	9	(7)
4.4 Implementation programme of the Ministerial approved BE policy framework and their translation into rules by the six BEPCs.	-	-	-	5	-	5
4.5 PFMA compliance roadmap by six BEPCs.	-	-	-	17	17	0
4.6 Timetable on the alignment of Strategic Plans, APPs and Annual Reports of the six BEPCs to those of the CBE and DPW.	-	-	-	0	0	0
4.7 Adoption and implementation by the six BEPCs of a CBE all-encompassing Monitoring and Evaluation Framework.	-	-	-	0	0	0

## 4. SUMMARY OF FINANCIAL INFORMATION

The CBE receives its funding from National Treasury via the DPW for its operations. During the reporting period, the CBE was able to meet all its pre-determined obligations with the allocated grant of R41.9 million. The Council also received a levy income of R1.757 million from the BEPCs, from the membership fees of professionals and candidates registered with relevant BEPCs.

The CBE's baseline budget allocation covers its operational costs and core business projects, which includes employment, occupational rent, audit fees, travel and accommodation, a bursary scheme, and consulting fees as the main cost drivers.

### 4.1 Revenue Collection

The table below provides a breakdown of the sources of revenue:

**Table 2: Sources of revenue**

Sources of revenue	2015/2016			2014/2015		
	Estimate	Actual Amount Collected	(Over) / Under Collection	Estimate	Actual Amount Collected	(Over) / Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Government grant from DPW	41 994	41 994	0	41 572	41 572	0
Levies received	1 953	1 757	196	1 941	1 941	0
Interest received	0	0	0	0	0	0
merSETA grant	0	0	0	0	200	(200)
Other operating income	0	0	0	12	32	(20)
<b>Total</b>	<b>43 947</b>	<b>43 751</b>	<b>196</b>	<b>43 525</b>	<b>43 745</b>	<b>(-220)</b>

Income received

#### Reasons for the (Over) / Under collection

##### 4.1.1 Government grant from DPW

The grant income from DPW was received as budgeted.

##### 4.1.2 Levies received

The levies received were less than what was budgeted for, due to fewer registrations received.

##### 4.1.3 Interest Income

There was no interest income earned as the investment account with Investec was closed. A new account was opened with Central Public Deposits (CPD) of the SA Reserve Bank, where all surplus cash will be invested in future.

##### 4.1.4 Other Operating Income

No other operating income was earned during the financial year.



## 4.2 Programme Expenditure

**Table 3: Expenditure breakdown per Programme**

	2015/2016			2014/2015		
Programme	Budget	Actual Expenditure	(Over)/ Under Expenditure	Budget	Actual Expenditure	(Over)/ Under Expenditure
<b>Government Policies and Priorities</b>	34 766	37 100	(2 334)	26 842	30 081	(3 239)
<b>Skills for Infrastructure Delivery</b>	7 051	9 655	(2 604)	10 229	7 293	2 936
<b>BE Research, Information and Advisory</b>	752	918	(166)	2 988	2 217	771
<b>Regulation and Oversight of six BEPCs</b>	1 377	566	811	3 055	1 630	1 425
<b>Total</b>	<b>43 947</b>	<b>48 240</b>	<b>(4 293)</b>	<b>43 114</b>	<b>41 221</b>	<b>1 893</b>
Assets (additions)	0	344	(344)	370	378	(8)
Total including assets (additions)	43 947	48 584	(4 638)	43484	41 599	1885

### Reasons for (Over) / Under expenditure

#### 4.2.1 Government Policies and Priorities

The over expenditure in Programme 1 was due to the following:

- Legal expenses for the suspended CEO's disciplinary case;
- A once-off performance bonus to staff; and
- Marketing and Communications expenditure incurred for the printing and design of official CBE publications.

#### 4.2.2 Skills for Infrastructure Delivery

The over expenditure in Programme 2 was due to the roll out of projects funded by the surplus funds, approved by National Treasury.

#### 4.2.3 BE Research, Information and Advisory

There was over expenditure in Programme 3, due to under estimating DPW's priorities. As a result, there was increased travel expenditure for stakeholder engagements.

#### 4.2.4 Regulation and Oversight of six BEPCs

The under expenditure in Programme 4 was due to fewer appeals reported, than what was budgeted for the year.

### 4.3 Capital investment

The table below indicates that the CBE did not have any infrastructure projects during the current and prior years:

**Table 4: Infrastructure projects**

	2015/2016			2014/2015		
Infrastructure projects	Budget	Actual Expenditure	(Over) / Under Expenditure	Budget	Actual Expenditure	(Over) / Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
None	None	None	None	None	None	None

There were no major maintenance projects undertaken during the period under review. There were also no maintenance backlogs experienced during the financial year.



## PART C: GOVERNANCE

## 1. INTRODUCTION

Corporate Governance is essentially about effective leadership, the ethics of responsibility, accountability, fairness and transparency. In the context of the CBE, it entails:

- a. The creation of an appropriate, ongoing monitoring and dynamic system of checks and balances;
- b. The implementation of a system to ensure compliance by the CBE with its legal and regulatory obligations;
- c. The implementation of a process whereby risks to the sustainability of the CBE's mandate are identified and managed; and
- d. The development of practices, which make and keep the CBE accountable to its stakeholders.

The CBE takes its governance responsibility from the relevant legislation and principles of the King III Report.

## 2. EXECUTIVE AUTHORITY

The Minister is the Executive Authority of the CBE.

## 3. THE ACCOUNTING AUTHORITY / COUNCIL

The CBE Act of 2000 establishing the CBE was passed by Parliament in November 2000, along with Acts regulating and re-establishing the six BEPCs. The Act became operational in September 2001, following the establishment of the six BEPCs for architects, engineers, landscape architects, project and construction managers, property valuers and quantity surveyors.

Some of the key functions assigned by the CBE Act include:

- a. Advise government on any matter falling within the scope of the built environment, including resource utilisation, socio-economic development, public health and safety and the environment, and for this purpose carry out such investigations as it or the relevant Minister deems necessary;
- b. Facilitate inter-ministerial co-operation concerning issues relating to the built environment;
- c. Provide advice and consultation on national policy that could impact on the built environment, human resource development in relation to the built environment professions and the recognition of new professions;
- d. Comment, if necessary, on all proposed legislation impacting on health and safety in the built environment;
- e. Advise the Councils for the Professions on matters of national importance where the needs of the State, as communicated to the Council through the relevant Minister, require joint and coordinated action by the built environment professions;
- f. Ensure the consistent application of policy by the Councils for the Professions with regard to: accreditation, registration, competence testing of registered persons, codes of conduct for the professions, principles for determination of fees in accordance with any legislation relating to the promotion of competition, and standards of health, safety and environmental protection within the built environment.
- g. Act as an appeal body with regard to matters referred to it in terms of law regulating the built environment professions.

The CBE exists to drive policy coordination and to ensure consistency in application of policy within the BE. Broadly, the CBE also promotes the participation of BEPs in integrated development within the context of national goals. The CBE also acts as the conduit for communication between Government and BEPs.

## The role of the Council

The role and responsibilities of the Council are to: -

- (1) Act as the focal point for, and custodian of, corporate governance by managing its relationship with management, the Professional Councils, the DPW, the Ministry of Public Works and other stakeholders of the organisation along sound corporate governance principles.
- (2) Appreciate that strategy, risk, performance and sustainability are inseparable and to give effect to this by:
  - a. Contributing to and approving the strategy.
  - b. Satisfying itself that the strategy and business plans do not give rise to risks that have not been thoroughly assessed by management.
  - c. Identifying key performance and risk areas.
  - d. Ensuring that the strategy will result in sustainable outcomes.
  - e. Considering sustainability as a business opportunity that guides strategy formulation.
- (3) Provide effective leadership on an ethical foundation.
- (4) Ensure that the organisation is and is seen to be a responsible corporate citizen by having regard to not only the financial aspects of the business of the organisation, but also the impact that the business operations have on the environment and the society within which it operates.
- (5) Ensure that the organisation's ethics are managed effectively.
- (6) Ensure that the organisation has an effective and independent Audit and Risk Committee.
- (7) Be responsible for the governance of risk.
- (8) Be responsible for IT governance.
- (9) Ensure that the organisation complies with applicable laws and considers adherence to non-binding rules and standards.
- (10) Ensure that there is an effective risk-based internal audit.
- (11) Appreciate that stakeholder perceptions affect the organisation's reputation.
- (12) Ensure the integrity of the organisation's quarterly and annual reports.
- (13) Act in the best interests of the organisation by ensuring that members:
  - a. Adhere to legal standards of conduct.
  - b. Are permitted to take independent advice in connection with their duties following an agreed procedure.
  - c. Disclose real or perceived conflicts to the Council and deal with them accordingly.
  - d. Deal in securities only in accordance with the policy adopted by the Council.
- (14) Commence business rescue proceedings as soon as the organisation is financially distressed.
- (15) Appoint and evaluate the performance of the Chief Executive Officer.

The Council should do everything necessary to fulfil its role set out above.

The following prescripts of the Council Charter resulted in challenges during the financial year:

Section 8(2)(d) stipulates that a member of the Council must vacate his or her office if he or she has, without leave of Council, been absent from more than two consecutive meetings of Council.

Attendance of the Fourth Term Council and committees was at 80% for meetings during the 2015/16 financial year.

### **Composition of the Council**

The Act stipulates that Council comprises 20 members (non-executive) appointed by the Minister of Public Works consisting of:

- (a) One representative from the department;
- (b) Not more than three persons nominated by state departments within whose functional areas the professions are also practised;
- (c) Two representatives nominated by each Council for the Professions; and
- (d) Not more than four persons nominated by the public.

Members are appointed through a formal process as stipulated in the Act. In terms of the Act, the Minister of Public Works appoints the Chairperson and Deputy-Chairperson of Council. Members are appointed for a period of four years. The Chief Operations Officer (COO) and Chief Financial Officer (CFO) attend meetings of Council and relevant Committees.

During the 2015/16 financial year, ten meetings were held as planned, five of which were special meetings. The following important matters were discussed:

- a. The CEO's suspension and related matters;
- b. The nomination process, as required by the Act, to fill vacancies on Council;
- c. Presentation to the Public Works Portfolio Committee;
- d. Condonement of Fruitless and Wasteful Expenditure by the Third Term Council;
- e. The APP;
- f. Transformation Model re-alignment;
- g. Built Environment Professions Bill;
- h. Council Governance Training;
- i. Competition Commission's IDoW matters; and
- j. Resignation by Council members.

Council received two resignations - from Ms AA Steyn (representing SACLAP on the Council) on 02 February 2016 and Ms NF Sithole on 10 February 2016. Ms NF Sithole resigned as Deputy Chairperson of Council; however, she remains a Council member. Council received nominations from SACLAP, as required by the Act, which were recommended to the Minister. CBE is awaiting the decision on these nominations from the Minister's office.

**Table 5: Fourth Term Council membership**

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g.: Audit and Risk Committee / Ministerial task team)	No. of Meetings attended
IM Nkosi (Chairperson)	5(2)(c) SACPCMP	1 August 2014	-	Dip (Civil Engineering); BSc (Construction Management); MSc (Project Management)	Construction Project Management Infrastructure Programme Management Property Development Facilitation Construction Management	IN-TPM Project Managers IN and Associates Project Managers MIO-Liviero Garankuwa (PTY) Ltd	Vice President SACPCMP Chair: Finance Committee EXCO Member  CBE: Chair Council Chair: EXCO Chair: EXCO & Presidents' Forum FHLC Member BEMC Member	40
NF Sithole (Deputy Chairperson)	5(2)(d) Public	1 August 2014	-	BCom Hons; CA	Finance; Eskom; Umgeni Water; KPMG	-	Vice President: Public Relations for the Central Centurion Toastmasters Club  CBE: Deputy Chair: Council EXCO & President Forum Member ARC member	6
CA Breed	5(2)(c) SACLAP	1 August 2014	-	BSc Larch; Masters; Honours	Landscape Archi- tecture; Lecturer	CityScape Design Lecturer, University of Pretoria ILASA National Ex- ecutive Committee & President	CBE Council Member BEMC	6



Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g.: Audit and Risk Committee / Ministerial task team)	No. of Meetings attended
ND Lombard	5(2)(c) SACAP	1 August 2014	-	Introductory Architectural Drawing National Technical Certificate Part 3	SAID President Architectural Consultant for a Residential Security Development Resident	-	SACAP: Council Member  CBE: Council Member FHLC Member	15
N Maharaj	5(2)(d) Public	1 August 2014	6 May 2016	BProc; LLB	Legal; Company Secretary; PFMA; Corporate Governance & Board Effectiveness; Financial & Accounting Principles for Public Entities	-	Chairperson South Rand Hospital Board; NADEL; RTMC; HCT Company Secretary; Chairperson Audit & Performance Committee of Setsoto Local Municipality; PFMA & MFMA Bid Committees  CBE: Council Member EXCO Member EXCO & Presidents' Forum Member Chair FHLC BEMC Member ARC Member	8

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g.: Audit and Risk Committee / Ministerial task team)	No. of Meetings attended
EG Makongwana	5(2)(c) SACPVP	1 August 2014	-	BTech: QS; MSc: Property Development & Management	-	-	Board Member for Valuation appeals for Ekurhuleni Alternate board member for City Johannesburg Board member for Valuation appeals board Westonia, Randfontein and Mogale City  CBE: Council Member BEMC Member	9
JL Margolius	5(2)(c) SACPVP	1 August 2014	-	Nat Dipl: Property Valuations; Arbitration; Mediation; M. Phil (Construction, Economics & Management) UCT Certificate of Real Estate	Property Valuation, Sectional Title, Arbitration and Mediation Property Management Real Estate Litigation Support and Expert Witness (Property matters) Property Law	Jerry L Margolius & Associates CC  Arbitration & Appraisal Services CC  Jonic Trust (Trustee), CTJC C (PTY) Ltd Rates Watch Cape CC Arabella Country Estate Home Owners Association (non- executive Director)	Margin Property valuation services (Pty) Limited (Consultant) Member of Western Cape Provincial Government Property Committee Chairman; Hatfield Management Committee Ministerial Task Team Land Valuer General, Editor-The Valuer manual (Lexus)  CBE: Council Member Member of FHLC	18

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g.: Audit and Risk Committee / Ministerial task team)	No. of Meetings attended
Dr ZT Mathe	5(2)(c) ECSA	1 August 2014	-	BSc Chemical Engineering; Doctor of Phil; Master of Business Leadership	Power Plant Design Project and Engineering Management Strategic and Business Development Project controls Corporate Governance Project and Technology Development	ECSA Council UCT Chemical Engineering Advisory Board Mayibuye Works Zwanani consulting Special economic Zones Advisory Board	ECSA: Council Member Chair Central Registration Committee  CBE: Council Member Chair BEMC EXCO Member EXCO & President Forum Member	25
D Michell	5(2)(c) SACPCMP	1 August 2014	-	NUS Power Plant- Eskom; SPO Units- Eskom; SAMTRAC – NOSA; IT IS – NOSA; Loss Control Management (ILCI); OHSAS18001 Systems (SABS); OHSAS18001 Auditor (SABS); MBSA Lead Auditor (MBSA); Outcomes Based Assessor; Coaching and Outcomes Based Education	Construction Health and Safety	Member: Concept Safety System	SACPCMP: Council Member Chair CHS Committee DCC Member  CBE: Council Member BEMC Member	8

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g.: Audit and Risk Committee / Ministerial task team)	No. of Meetings attended
Prof KA Michell	5(2)(c) SACQSP	1 August 2014	-	BSc (QS); M. Phil; D. Phil.	Quantity Surveying; Academia	-	President SACQSP  CBE: Council Member FHLC Member	20
C Mtshisa	5(2)(a) Department of Public Works	1 August 2014	-	Honours in Labour Relations and Labour Law		-	CBE: Council Member BEMC Member	4
ZC Mvalo	5(2)(b) Department of Higher Education	1 August 2014	-	BA (SW) Master in Public Administration Post Graduate Diploma in Employment Law and Social Security Bachelor of Law	Corporate Services Human Resources Labour Relations Skills Development	-	CBE: Council Member BEMC Member	8
A Sassenberg	5(2)(c) ECSA	1 August 2014	-	NHDT (Eng) Civ; Pr Tech Eng; Project Management	Civil (infrastructure) and Structural Designs Construction Project Management Commercial development Light commercial development Interior design Functional facilitator	AMS consultants (sole proprietor) Hectotrim (light industrial development company) Cherrymoss (commercial development company) Scoreprops (commercial development company) Promania t/a Celebrations (functions and venue company)	ECSA: Transformation Marketing Professional registration SASFA technical design SANS 517  CBE: Council Member Member FHLC  Manung Tribunal	17

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g.: Audit and Risk Committee / Ministerial task team)	No. of Meetings attended
RG Sefotlho	5(2)(d) Public	1 August 2014	-	Advanced Management Development Programme NQF Level 6	Journalism; Outcomes Based Assessment; Public Relations	Thaboko Trading cc T and K Enterprise (PTY) Ltd	Member of Disabled People of South Africa- Northern Cape  CBE: Council Member BEMC Member	17
AA Steyn	5(2)(c) SACLAP	1 August 2014	10 February 2016	BScLarch; MLA	Landscape Architecture	-	SACAP: Council Member FHLC Member	4
S Thubane	5(2)(c) SACAP	1 August 2014	-	BAS Diploma in Project Management BSc Hon. Construction Management	Senior Technologist	-	SACAP: Council Member IDoW Member  CBE: EXCO Member BEMC Member	23
MM Tshangela	5(2)(c) Department of Environmental Affairs	1 August 2014	-	BSc; MSc: Technology Management	Policy Advisor	-	CBE: Council Member BEMC Member	5

## **Committees of Council**

### **Statutory Committees**

- a. Executive Committee (EXCO), as prescribed and mandated in the Act
- b. Audit and Risk Committee (ARC), as prescribed and mandated in the PFMA

### **Other Committees**

- a. Finance, Human Resources and Legal Committee (FHLC)
- b. Built Environment Matters Committee (BEMC)

### **Executive Committee (EXCO)**

In terms of the CBE Act, the EXCO may hold meetings as and when necessary, with a minimum of four per year. The statutory mandate of EXCO is to:

- a. Ensure that the resolutions of the Council are carried out;
- b. Consider any matter delegated to it by the Council in terms of any law, and advise the Council in connection therewith;
- c. Prepare estimates of revenue and expenditure of the Council;
- d. Control the expenditure of monies voted by Council in its approved estimates and all other monies or funds made available by the Council;
- e. Exercise or perform any power, duty or function delegated to it by the Council and such other powers as may be delegated to it by Council in terms of clause 16 of the CBE Act;
- f. Report on the activities of the Committee at every ordinary meeting of Council; and
- g. Establish an annual work plan to ensure that all relevant matters of the Committee's roles and responsibilities are covered.

During the 2015/16 financial year, four ordinary meetings and five special meetings of the EXCO took place. The following important matters were discussed:

- a. The CEO's suspension and related matters;
- b. The establishment of a CBE EXCO and BEPC Presidents' Forum;
- c. Filling of critical positions in the Operations and Finance Departments;
- d. Non-performance in the first and second quarters;
- e. Leadership challenges; and
- f. Approval of the 2016/17 APP.

## Audit and Risk Committee (ARC)

The ARC is constituted in terms of Section 77 of the PFMA, read with Chapter 9 of the Treasury Regulations. The ARC consists of three external members and two Council members. The ARC Chairperson is an external member. The ARC assesses the CBE's risks, with reference to the entity's available resources, expertise, resources and experience of financial management, SCM, and the internal audit function. The ARC has a policy that outlines its terms of reference.

The role of the ARC is to assist Council to ensure that-

- a. The CBE has implemented an effective policy and plan for risk management that will enhance the CBE's ability to achieve its strategic objectives;
- b. The disclosure regarding risk is comprehensive, timely, and relevant;
- c. Review the annual financial statements, interim reports, preliminary or provisional result announcements, summarised integrated information, any other intended release of price-sensitive information and prospectuses, trading statements and similar documents;
- d. Comment on the annual financial statements, the accounting practices and the effectiveness of the internal financial controls;
- e. Review the disclosure of sustainability issues in the integrated report to ensure that it is reliable and does not conflict with the financial information;
- f. Recommend the engagement of an external assurance provider on material sustainability issues to Council;
- g. Recommend the integrated report for approval by Council;
- h. Consider the frequency for issuing interim results;
- i. Consider whether the external auditor should perform assurance procedures on the interim results;
- j. Review the content of the summarised information for whether it provides a balanced view; and
- k. Engage the external auditors to provide assurance on the summarised financial information.

During the 2015/16 financial year, five meetings were held as planned. Based on the approved internal audit plan for 2015/16, the following audits were performed during the year under review:

- Audit of predetermined objectives for Quarters 1 – 3;
- Review of human resource management;
- Review of asset management;
- Review of internal financial controls;
- Review of SCM processes;
- Follow up on the AGSA's SCM report;
- Review of skills development programme; and
- Review of risk management.

## **Finance, Human Resources and Legal Committee (FHLC)**

The mandate of the FHLC is as follows:

### **A. Finance**

- a. Consider matters of financial strategy and policy, including procurement and SCM, risk management and insurance, as they relate to the operations of the CBE, in particular the optimum use of available and potential financial resources (including internal investment options and their rate of return).
- b. Consider and assess all investment opportunities available to the CBE, in respect of all funds which it administers, and determine the manner and extent to which funds are to be invested with a view to ensuring both security and optimisation of income.
- c. Review the annual financial statements of the CBE in conjunction with the ARC, and make recommendations to Council.
- d. Receive and consider budget proposals from the Executive, and recommend the annual operating and capital budgets to Council.
- e. Monitor compliance with the PFMA in respect of matters relating to the CBE Act.
- f. Review the adequacy of the working capital by comparing cash focus against the actual.
- g. Receive reports of fraud relating to the CBE.
- h. Report on the activities of the Committee at every ordinary meeting of Council.
- i. Establish an annual work plan to ensure that all relevant matters of the Committee's roles and responsibilities are covered.

### **B. Human Resources**

- a. Consider and make recommendations on the human resources strategy that will ensure that CBE is able to attract, retain and develop the best possible talent to support business performance.
- b. Consider and make recommendations on the creation or review of an organisational culture, structure, and processes, which seek to support the development of staff and optimisation of their potential, in particular those who have been previously disadvantaged, to address any existing inequalities in staff profiles and organisational practice.
- c. Ensure compliance with all employment legislation such as Employment Equity Act, Labour Relations Act and Basic Conditions of Employment Act etc.
- d. Consider and make recommendations on a formal and transparent procedure for developing a policy on remuneration, with particular reference to Senior Management.
- e. Determination of annual remuneration adjustments for all staff members.
- f. Creation and abolition of Senior Management positions, appointments, transfers and promotions of Senior Managers; performance appraisal of the CEO, and implementation of disciplinary action against the CEO.



## **C. Legal**

- a. Deal with the BE Policy proposal by DPW relating to the repeal of the CBE Act.
- b. Deal with IDoW; Appeals; Planning, Monitoring and Evaluation; and other legal compliance matters within the BEPCs.
- c. Deal with Corporate Governance matters in Council.

During the 2015/16 financial year, six meetings were held, two of which were special meetings. The following important issues were discussed:

- a. Disciplinary steps against the SCM Practitioner;
- b. Review of the Delegation of Authority;
- c. Human Resource (HR) Policies;
- d. Generic CEO Performance Agreement;
- e. Review of Finance and SCM Policies;
- f. Supplier Database;
- g. IT hardware upgrade and Data Recovery Plan;
- h. Implementation of a Fraud Hotline Number;
- i. Office accommodation;
- j. Financial Report;
- k. AGSA's audit progress;
- l. The recommendation of the annual financial statements and the Annual Report to Council for submission to AGSA; and
- m. Matters relating to the Union (NEHAWU).

## **Built Environment Matters Committee (BEMC)**

The mandate of BEMC is as follows:

### **A. Broader Government Priorities and Programmes in the BE**

1. Skills Plan for Government's infrastructure rollout programme through the Presidential Infrastructure Coordinating Committee (PICC) and SIPs.
2. Job creation initiatives of Government (Links to EPWP within DPW, and the involvement of BEPCs in labour intensive construction).
3. Environmental sustainability agenda (Links to DPW's Green Building initiatives).
4. Health and Safety in construction (Links to the Department of Labour's [DoL's] initiatives and incorporation of health and safety into the curricula of BE academic programmes).
5. Transformation:

5.1. The proposal from the Non-Profit Organisation (NPO) that will undertake Transformation initiatives at schools, tertiary institutions and for quality assured workplace training.

5.2. Support for BEPCs' Transformation plans.

## **B. Skills development initiatives in the BE**

1. Maths and Science support programme in schools.
2. Monitor the accreditation of academic programmes and academic institutions; monitor registrations, including RPL.
3. Quality assure workplace training for new BE graduates for candidature, and interns for experiential learning.

## **C. Research and information on BE matters**

1. Research on BE matters that are of priority to DPW.
2. Research on BE matters that are of priority to BEPCs.
3. Research on BE matters that are of priority in service delivery (Municipalities, National, Provincial and infrastructure departments e.g. the IDMS).
4. Research on BE matters that are of priority to industry and the public.

## **D. BEPCs General Matters**

1. Implementation of policies within BEPCs.
2. Business plan issues of BEPCs.
3. Support, guidance and monitoring of BEPCs.
4. Support for conclusion of IDoW regulations.
5. Other BEPCs related matters.

During the 2015/16 financial year, four meetings were held as planned. The following important matters were discussed:

- a. Progress on projects to be delivered on, as per the 2015/16 APP;
- b. The non-achievement of targets and mitigating steps;
- c. Transformation Model; and
- d. Approval of the Corporate Identity Manual revisions, the Language and Social Media Policies, and the Bursary Scheme Funding Proposal for recommendation to Council.

**Table 6: Committees composition and meetings**

Committee	No of meetings planned	No. of meetings held	No. of members	Name of members
Executive Committee (EXCO)	9	9	5	IM Nkosi (Chairperson) NF Sithole (Deputy-Chairperson) Prof KA Michell Dr ZT Mathe S Thubane (Alternate Member)
Audit and Risk Committee (ARC)	5	5	5	D Coovadia (Chairperson) M Mothipe (Deputy-Chairperson) F Docrat NF Sithole JL Margolius
Finance, Human Resources and Legal Committee (FHLC)	5	6	9	Prof KA Michell (Chairperson) ND Lombard JL Margolius A Sassenberg AA Steyn IM Nkosi ZC Nvalo RG Sefotlho AA Steyn
Built Environment Matters Committee (BEMC)	4	4	10	Dr ZT Mathe (Chairperson) CA Breed IM Nkosi EG Makongwana D Michell C Mtshisa ZC Mvalo RG Sefotlho S Thubane MM Tshangela
Council	10	10	16	IM Nkosi, Mr (Chairperson) NF Sithole, Ms (Deputy Chairperson) CA Breed, Ms ND Lombard, Mr EG Makongwana, Ms JL Margolius, Mr ZT Mathe, Dr D Michell, Mr M KA Michell, Prof C Mtshisa, Mr ZC Mvalo, Mr A Sassenberg, Ms RG Sefotlho, Mr S Thubane, Mr MM Tshangela, Ms AA Steyn, Ms

## Remuneration of Council members

In accordance with the National Treasury prescript, the Minister of Public Works approved the remuneration rate for Council on 22 January 2013 as Category Classification A2 (Part time members), with an annual adjustment.

The following members are not remunerated, either by choice or in terms of their public service designation:

- C Mtshisa
- ZC Mvalo
- AA Steyn
- MM Tshangela

Council members receive a specific claim amount and are reimbursed for parking, travel and toll fees.

**Table 7: Council remuneration**

Designation	Per Day	Per Hour
Chairperson	R3, 856	R482
Deputy Chairperson	R3, 280	R410
Chairpersons of Committees	R3, 280	R410
Members of Council / Committees	R3, 048	R381

**Table 8: Fourth Term Council remuneration**

Name	Remuneration	Other allowance	Other re-imbursments	Total
IM Nkosi (Chairperson)	R112 144	-	R15 325	R127 469
NF Sithole (Deputy Chairperson)	R17 104	-	R863	R17 967
CA Breed	R19 296	-	R811	R20 107
ND Lombard	R44 688	-	R1 552	R46 240
N Maharaj	R22 920	-	R5 604	R28 524
EG Makongwana	R25 560	-	R4 069	R29 629
JL Margolius	R57 720	-	R2 656	R60 376
Dr ZT Mathe	R49 200	-	R7 005	R56 205
T Matunda	-	-	-	-
D Michell	R19 296	-	R2 384	R21 680
Prof KA Michell	R63 394	-	R4 430	R67 824
C Mtshisa	-	-	-	-
ZC Mvalo	-	-	-	-
A Sassenberg	R44 856	-	R44 960	R89 816
RG Sefotlho	R48 072	-	R3 011	R51 083
AA Steyn	-	-	-	-
S Thubane	R51 288	-	R2 550	R53 838
MM Tshangela	-	-	-	-
D Coovadia (Audit Committee External Member)	R106 880	-	R7 560	R114 440
M Mothipe (Audit Committee External Member)	R64 108	-	R926	R65 034
F Docrat (Audit Committee External Member)	R74 796	-	R3 977	R78 773

## 4. RISK MANAGEMENT

Risk Management forms a central part of the CBE's strategic management, with the task of identification, assessment, management and monitoring of risks across the organisation. The CBE's Internal Auditor, Ngubane and Company, and the ARC play a vital role in Risk Management. The principles of good governance require Council, as the Accounting Authority, to be directly responsible for Risk Management and planning. Risk Management is also a compliance requirement, as per the PFMA.

During the period under review, the following activities were noted:

- A Strategic Risk Management workshop was held on 9 September 2015 with Council and Management, where the strategic risks were identified, assessed, prioritised and listed for monitoring by Council and Management;
- There was a follow up Operational Risk workshop held on 27 January 2016 with CBE Management and staff, where the operational risks were identified, assessed, prioritised and listed for monitoring by Management; and
- Updated risk registers was submitted to the ARC meetings on a quarterly basis, for monitoring thereof.

## 5. INTERNAL CONTROLS AND FINANCIAL MANAGEMENT

During the period under the review, the CBE's internal control environment was compromised by the resignation of staff, which rendered the Finance Department and SCM environment unmanned for a period of five months. The use of interim temporary staff was necessary to stabilise the control environment, until the vacant positions could be filled. The staff crisis was resolved during the reporting financial year, and there has been progress to ensure that the control environment and financial management functions are sound and monitored to ensure compliance.

## 6. INTERNAL AUDIT AND AUDIT COMMITTEE

### Internal Audit Function

The role of the internal auditors is to improve the CBE's operations and assist in monitoring the internal controls, before any deficiencies are identified by AGSA. The internal audit function also helps the CBE to accomplish its objectives by introducing a systematic, disciplined approach to evaluate and improve the effectiveness of the risk management, control, and governance processes. The internal audit function also submits its quarterly written reports to all ARC meetings and, if necessary, meets with the ARC Chairperson prior to, and immediately after, each ARC meeting.

Based on the approved internal audit plan for 2015/16, the following audits were performed during the year under review:

### Materiality Framework

The CBE is dependant mainly on its grant allocation from DPW for the execution of its mandate and its administrative operations. The CBE sets its materiality level at 0.5% of the grant allocation, in line with the International Auditing Standard 320 paragraph 3, and in compliance with the PFMA. Any item that, by its nature, is considered fruitless, wasteful, irregular or criminal conduct will be deemed material, irrespective of the amount. In response to the fraudulent supply chain management and internal control issues raised in the 2014/15 auditor's report, all amounts above zero (R0) will be considered significant, irrespective of the value, for the period ending 31 March 2016. This figure will be revised annually, and the Executive Authority will be consulted as per Treasury Regulation 28.3.1 and sections 55(2) and 54(2) of the PFMA, which state "the accounting authority must develop and agree on a framework of acceptable levels of materiality and significance with the relevant executive authority".

## Key activities and objectives of the Audit and Risk Committee

### Audit and Risk Committee Function

The ARC is constituted in terms of Section 77 of the PFMA, read with Chapter 9 of the Treasury Regulations. The ARC consists of three independent experts and two Council members. The ARC Chairperson is one of the independent experts serving on the committee. The ARC has satisfied itself of the expertise, resources and experience of the CBE finance, SCM, procurement and internal audit function. The ARC has a charter that outlines its terms of reference.

The role of the ARC is to assist Council to ensure that-

- i. The CBE has implemented an effective policy and plan for risk management that will enhance the CBE's ability to achieve its strategic objectives; and
- ii. The disclosure regarding risk is comprehensive, timely, and relevant.
- iii. Review the annual financial statements, interim reports, preliminary or provisional result announcements, summarised integrated information, any other intended release of price-sensitive information and prospectuses, trading statements and similar documents;
- iv. Comment on the annual financial statements, the accounting practices and the effectiveness of the internal financial controls;
- v. Review the disclosure of sustainability issues in the integrated report to ensure that it is reliable and does not conflict with the financial information;
- vi. Recommend the engagement of an external assurance provider on material sustainability issues to Council;
- vii. Recommend the integrated report for approval by Council;
- viii. Consider the frequency for issuing interim results;
- ix. Consider whether the external auditor should perform assurance procedures on the interim results;
- x. Review the content of the summarised information for whether it provides a balanced view; and
- xi. Engage the external auditors to provide assurance on the summarised financial information.

The table below discloses relevant information on the ARC members.

**Table 9: Audit and Risk Committee membership**

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date Resigned	No. of Meetings attended
D Coovadia	CA	External member	-	6 December 2010 (1st Term) 6 December 2014 (2nd Term)	-	7
M Mothipe	CA	External member	-	8 February 2013 (1st Term) 6 December 2014 (2nd Term)	-	5
F Docrat	-	External member	-	6 December 2014 (1st Term)	-	6
JL Margolius	-	Council Member	-	Appointed by Council on 27 May 2015 to serve on the ARC	-	3
NF Sithole	-	Council Member	-	1 August 2014	-	2
Dr N Maharaj	-	Council Member	-	1 August 2014	6 May 2016	1

## 7. COMPLIANCE WITH LAWS AND REGULATIONS

The entity has policies and procedures to ensure compliance with all relevant legislation. It is unfortunate that there was a lapse in compliance to relevant SCM regulations in the third quarter of the previous financial year (2014/15), which resulted in irregular expenditure. The matter was duly investigated and reported to the Accounting Authority. The employee resigned when disciplinary processes were instituted, and the matter was subsequently concluded. The CBE has no jurisdiction over the employee from a disciplinary point of view, upon the termination of his employment at CBE. Further, there can be no legal action instituted by the employee in future against the CBE. The CFO confirmed that a full and final settlement had been reached with the employee, with no further recourse.

The ARC monitored all legal issues encountered by the CBE, to ensure that these were managed and resolved. Management presented the non-compliance issues on a quarterly basis to the ARC, EXCO and Council to ensure that the CBE complied with all laws and regulations.

## 8. FRAUD AND CORRUPTION

The entity focuses on the implementation of an up-to-date FPP, a requirement set out in Section 3.2.1 of the National Treasury Regulations.

During the period under review, a service provider was appointed to review the FPP. An updated plan and the report on the outcomes of the review have since been received from the service provider. These will be submitted to relevant committees and Council for recommendation and approval, in the upcoming financial year.

Fraud Management remains satisfactory, as no public reports have been received from the Public Service Commission (PSC's) anonymous hotline, to which the CBE is affiliated. An independent service provider has been appointed to monitor the CBE's fraud hotline. Staff will receive training on the modus operandi of the new fraud hotline in the upcoming financial year.

## 9. MINIMISING CONFLICT OF INTEREST

The criteria for declaring any conflict of interest, together with Conflict of Interest Register for the Council, EXCO, ARC and other committees is in place. Registers, to record any conflict of interest, are provided annually to be signed by members of Council. Registers, to record any declaration of interest, were also presented at all meetings of the Council and its committees. All employees in the SCM Department also signed a special declaration to refrain from any personal influence in the appointment of external service providers. While no conflict was declared, one SCM employee tendered a resignation during an investigation into alleged breach of such conduct.

## 10. CODE OF CONDUCT

All employees and Council members signed the annual declaration indicating other business interests, as well as the confirmation to abide by the Code of Conduct of the organisation.

## 11. HEALTH AND SAFETY AND ENVIRONMENTAL ISSUES

Provision of a healthy working environment remains a priority. The CBE complies with the Health and Safety Act through ensuring a safe and conducive working environment. To this end the following was implemented:

- i. In compliance with an approved Health and Safety policy, the CBE has an established Health and Safety Committee.
- ii. The Evacuation Procedure is displayed throughout the office building for guidance in case of an emergency. Further to this, biannual evacuation procedure drills were held during the year.
- iii. A Maintenance Record book details occupational hazard related complaints. A few structural concerns were identified in the current office building, which were reported to the landlord and are receiving attention. There were no hazard incidents reported.

## 12. COMPANY SECRETARY

The Fourth Term Council elected to appoint a Company Secretary, in compliance with the King III principle. The Company Secretary's role is to advise Council and committees of Council on governance issues relevant to their terms of reference. Training was provided to Council members and the Company Secretary. The Council Charter and Terms of Reference for committees have been reviewed, an assessment of Council performance effected and an internal audit of compliance undertaken. Compliance with good governance principles was duly noted by Council, and is being inculcated into all Council activities.

## 13. SOCIAL RESPONSIBILITY

During the 2015/16 financial year, the CBE did not participate in any Social Responsibility projects.

## 14. AUDIT AND RISK COMMITTEE REPORT

The Audit Committee is pleased to present its report for the financial year ended 31 March 2016.

### **Audit Committee Responsibility**

The Audit Committee reports that it has complied with its responsibilities arising from section 38(1) (a) of the PFMA and Treasury Regulation 3.1. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter. It has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that it has not reviewed changes in accounting policies and practices.



## **The Effectiveness of Internal Control**

The Audit Committee's review of the findings of the Internal Audit work, based on the risk assessments conducted in the public entity, revealed certain weaknesses, which were raised with the public entity.

The system of internal control was partially adequate and partially effective for the year under review. Several deficiencies in the system of internal control, including deviations from it, were reported by the internal auditors and AGSA. The Audit Committee however, based on the reports of internal and external auditors, is of the opinion that the internal control system continues to improve.

### **The following internal audit work was completed during the year under review:**

- Corporate Governance
- Review of the risk management processes
- A special report on the procurement process
- Review of the CBE's Skills Development Programme
- Stakeholder Management
- Information Technology and Knowledge Management
- Supply Chain Management
- Review of internal financial controls

### **The following were areas of concern:**

- Information Technology and Knowledge Management
- Asset Management
- Internal Financial Controls
- Supply Chain Management

Confirmation provided from Management indicates that there is oversight from EXCO on steps taken to mitigate Internal Audit Findings.

## **In-Year Management and Monthly/Quarterly Report**

The public entity has submitted monthly and quarterly reports to the Executive Authority.

## **Evaluation of Financial Statements**

The Audit Committee reviewed the annual financial statements prepared by the public entity. The compilation of prior year figure errors were discussed. Corrections and amendments proposed by the committee were incorporated.

## Auditor's Report

The Audit Committee reviewed the public entity's implementation plan for audit issues raised in the prior year, and was satisfied that the matters have been adequately resolved, except for the following:

- Asset management
- IT Governance
- Performance Management

The Audit Committee concurs and accepts the conclusions of the external auditor on the annual financial statements, and is of the opinion that the audited annual financial statements be accepted and read together with the report of the auditor.




**Mr D Coovadia CA (SA)**

Chairperson of the Audit Committee

Council for the Built Environment

30 May 2016



***Give a man a fish and you feed him for a day;  
Teach a man to fish and you feed him for a lifetime.***

***Chinese proverb***



## PART D: HUMAN RESOURCE MANAGEMENT

## 1. INTRODUCTION

The primary purpose of the Human Resources (HR) function is to ensure that the organisation has an adequate complement of relevant and key competencies to achieve its strategic objectives as reflected in its Strategic Plan. This is achieved by the alignment of the HR Plan to the organisational strategy through:

- Recruitment and selection of competent employees;
- Provision of employee relations support;
- Provision of HR support to managers with respect to all policy and procedure related matters;
- Provision of an Employee Wellness Programme; and
- Facilitating an integrated learning and development culture to enhance continuous professional development.

### **Employee Performance Management Framework**

One of the key priorities achieved was the revision of the organisational structure to ensure the retention of much need human capacity. The number of positions in the permanent organisational structure increased from 32 to 39. This has translated into the previously fixed term positions in the Departments of Transformation, Company Secretariat and the CEO's Office acquiring permanent tenure in the organisational structure. Unfortunately, due to budget constraints, other positions remain unfunded and frozen.

Whilst the organisation is still struggling to achieve a smooth Performance Management and Development system, there has been a notable improvement in performance, which was recognised through performance rewards. A 5% special bonus was awarded to employees for the 96% achievement of organisational annual targets.

### **Employee Wellness Programme**

The Employee Health and Wellness Programme was kept alive through awareness initiatives such as a continuous display and circulation of wellness articles. Awareness events such as Wellness Days were also held. World Aids Day was observed by hosting basic health screening and preventative vaccinations. A Cancer Awareness Day was also held successfully.

The biannual usage report on the utilisation of professional wellness services showed an overall engagement rate of 47.1% during the period under review. The most commonly utilised service was Professional Counselling, which constituted 76.9% of total engagement. Professional Counselling encompasses the areas of relationships, child and family care, abuse and personal development. It has been encouraging to note that employees are aware of the Wellness Programme offered by the organisation.

### **Policy development**

HR policies are developed and reviewed periodically to incorporate legislation updates and industry norms. The Recognition Agreement between the new structures of Council and the trade union has necessitated a change in the review process. At the time of reporting, the policy review process was not finalised.

### **Challenges faced by the public entity**

One of the challenges experienced was the suspension of the CEO. The impact of the protracted disciplinary process resulted in two incumbents having to act in the position within a period of 12 months.

### **Future HR plans /goals**

One of the future plans is to embark on an organisation-wide job analysis and review. The benefits of such an exercise are to identify adequate capacity required, and to align this to CBE's long-term strategy, whilst ensuring proper remuneration for human resources. The exercise will also enhance the internally focussed themes such as the capacity and capability of the CBE.

## 2. HUMAN RESOURCE OVERSIGHT STATISTICS

**Table 10: Personnel cost per Programme**

Programme	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel Expenditure (%)	No. of employees	Average personnel cost per employee (R'000)
Government Policies and Priorities	33 743	9 232	0.27	23	401
Skills for Infrastructure Delivery	9 652	2 112	0.22	3	704
BE Research, Information and Advisory	1 524	2 804	1.84	5	561
Regulation and Oversight of six BEPCs	2 189	1 620	0.74	2	810
<b>TOTAL</b>	<b>47 110</b>	<b>15 768</b>	<b>0.33</b>	<b>33</b>	<b>478</b>

**Table 11: Personnel cost per salary band**

Level	Personnel Expenditure (R'000)	Personnel Expenditure (%)	No. of employees	Average personnel cost per employee (R'000)
Top Management	4 375	0.28	4	1 094
Senior Management	3 806	0.24	5	761
Professionally qualified	2 431	0.15	5	486
Skilled	3 229	0.20	9	359
Semi-skilled	1 828	0.12	9	203
Unskilled	99	0.01	1	99
<b>TOTAL</b>	<b>15 768</b>	<b>1.00</b>	<b>33</b>	<b>478</b>

**Table 12: Performance rewards**

Level	Performance Rewards	Personnel Expenditure (R'000)	Performance Rewards (%)
Top Management	43	4 375	0.01
Senior Management	115	3 806	0.03
Professionally qualified (1)	86	2 431	0.04
Skilled (4)	175	3 229	0.05
Semi-skilled (1)	121	1 828	0.07
Unskilled	9	99	0.10
<b>TOTAL (6)</b>	<b>550</b>	<b>15 768</b>	<b>0.04</b>

**Table 13: Training costs**

Programme	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure (%)	No. of employees trained	Avg training cost per employee
Government Policies and Priorities	9 232	302	1.92	13	23 263
Skills for Infrastructure Delivery	2 112	48	0.30	3	16 031
BE Research, Information and Advisory	2 804	62	0.40	4	15 609
Regulation and Oversight of six BEPCs	1 620	57	0.36	3	18 923
<b>TOTAL</b>	<b>15 768</b>	<b>470<sup>1</sup></b>	<b>2.98</b>	<b>23</b>	<b>20 423</b>

**Table 14: Employment and vacancies per Programme**

Programme	2014/2015 No. of Employees	2015/2016 Approved Posts	2015/2016 No. of Employees	2015/2016 Vacancies	Vacancies (%)
Government Policies and Priorities	20	21	18	3	-
Skills for Infrastructure Delivery	2	4	3	1	-
BE Research, Information and Advisory	2	5	5	0	-
Regulation and Oversight of six BEPCs	2	2	2	0	-
<b>TOTAL</b>	<b>26</b>	<b>32</b>	<b>28</b>	<b>4</b>	<b>0.125</b>

**Table 15: Employment and vacancies per level**

Level	2014/2015 No. of Employees	2015/2016 Approved Posts	2015/2016 No. of Employees	2015/2016 Vacancies	Vacancies (%)
Top Management	3	3	3	0	-
Senior Management	4	8	6	2	-
Professionally qualified	4	4	4	0	-
Skilled	7	8	7	1	-
Semi-skilled	7	8	7	1	-
Unskilled	1	1	1	0	-
<b>TOTAL</b>	<b>26</b>	<b>32</b>	<b>28</b>	<b>4</b>	<b>0.125</b>

## Employment changes

During the period under review, the following changes took place:

- The key position of Manager: Strategic Planning and Monitoring was vacated and the CEO was placed on suspension.
- One employee from the Committee Secretariat was seconded to the Executive Authority in September 2015.
- Two resignations took place in the Corporate Services Division. These were the positions of the Supply Chain Practitioner and Office Administrator.
- Six permanent appointments were concluded. These were for the positions of the Accountant; Supply Chain Practitioner; Finance Administrator; Office Administrator; Knowledge Management and IT Manager; and Transformation Programmes Manager.

1: Permanent and fixed term employees (plus Council members)

**Table 16: Employment changes**

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	3	0	0	3
Senior Management	3	2	0	5
Professionally qualified	4	1	1	4
Skilled	6	2	1	7
Semi-skilled	7	1	1	7
Unskilled	1	0	0	1
<b>TOTAL</b>	<b>24</b>	<b>6</b>	<b>3</b>	<b>27</b>

**Table 17: Reasons for staff leaving**

Reason	Number	% of staff leaving
Death	-	-
Resignation	3	100
Dismissal	-	-
Retirement	-	-
Ill health	-	-
Expiry of contract	-	-
Secondment	-	-
<b>TOTAL</b>	<b>3</b>	<b>100</b>

Labour Relations:

**Table 18: Misconduct and disciplinary action**

Nature of Disciplinary Action	Number
Verbal Warning	0
Written Warning	2
Final Written warning	0
Dismissal	0

### Equity Target and Employment Equity Status

The statistical comparison in the tables below is indicative of the racial and gender equity spread according to professional levels. All demographic areas have been fulfilled with the exception of the Coloured female, African male staff and disabled persons representation.



**Table 19: Male equity status and target**

	MALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
Level	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	1	0	0	1	1	0	0
Senior Management	1	2	1	1	0	0	1	1
Professional qualified	2	5	0	0	0	0	0	0
Skilled	2	2	0	0	0	0	1	1
Semi-skilled	0	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>5 (55.56)</b>	<b>10 (79.8)</b>	<b>1 (11.11)</b>	<b>1 (8.9)</b>	<b>1(11.11)</b>	<b>1 (2.6)</b>	<b>2 (22.22)</b>	<b>2 (8.7)</b>

**Table 20: Female equity status and target**

	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
Level	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	2	2	0	0	0	0	0	0
Senior Management	2	2	0	0	0	0	0	0
Professional qualified	2	1	0	1	0	1	0	0
Skilled	2	2	0	0	1	0	1	1
Semi-skilled	5	5	1	1	0	0	1	1
Unskilled	1	1		0	0	0	0	0
<b>TOTAL</b>	<b>14 (77.77)</b>	<b>13 (79.8)</b>	<b>1 (5.56)</b>	<b>2 (9.1)</b>	<b>1(5.56)</b>	<b>1 (2.4)</b>	<b>2 (11.11)</b>	<b>2 (8.7)</b>

**Table 21: Disabled staff status**

Level	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Top Management	-	-	-	-
Senior Management	-	-	-	-
Professionally qualified	-	-	-	-
Skilled	-	-	-	-
Semi-skilled	-	-	-	-
Unskilled	-	-	-	-
<b>TOTAL</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>



## PART E: FINANCIAL INFORMATION

## **Report of the Auditor-General to Parliament on the Council for the Built Environment**

### **Report on the financial statements**

#### **Introduction**

1. I have audited the financial statements of the Council for the Built Environment set out on pages 92 to 133, which comprise the statement of financial position as at 31 March 2016, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

#### **Accounting Authority's responsibility for the financial statements**

2. The Accounting Authority is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as the Accounting Authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor-General's responsibility**

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### **Opinion**

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council for the Built Environment as at 31 March 2016 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the PFMA.

#### **Emphasis of matter**

7. I draw attention to the matter below. My opinion is not modified in respect of this matter.

## Restatement of corresponding figures

8. As disclosed in note 27 to the financial statements, the corresponding figures for 31 March 2015 have been restated as a result of errors discovered during 2015/16 in the financial statements of the Council for the Built Environment at, and for the year ended then, 31 March 2015.

## Report on other legal and regulatory requirements

9. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report, non-compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

## Predetermined objectives

10. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programmes presented in the annual performance report of the public entity for the year ended 31 March 2016:
- Programme 1: Government Policies and Priorities on pages 27 to 32
  - Programme 2: Skills for Infrastructure Delivery in the Built Environment on pages 33 to 39
  - Programme 3: BE Research Information and Advisory on pages 40 to 44
11. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well-defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).
12. I assessed the reliability of the reported performance information to determine whether it is valid, accurate and valid.
13. The material findings in respect of the selected programmes are as follows:

### Programme 2: Skills for Infrastructure Delivery

Reliability of reported performance information

14. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure reliable reporting of actual achievements against planned objectives, indicators and targets. Adequate and reliable corroborating evidence could not be provided for the reported achievements against planned targets of significantly important indicators.

### Programme 1: Government Policies and Priorities

### Programme 3: BE Research Information and Advisory

15. I did not identify any material findings on the usefulness and reliability of the reported performance information for Programme 1: Government Policies and Priorities and Programme 3: BE Research Information and Advisory.

## **Additional matters**

16. I draw attention to the following matters:

## **Achievement of planned targets**

17. Refer to the annual performance report on page(s) 27 to 51 for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on reliability of the reported performance information for the selected objectives reported in paragraph 15 of this report.

## **Adjustment of material misstatements**

18. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information on Programme 2: Skills for Infrastructure Delivery. As management subsequently corrected only some of the misstatements, I identified material findings on the reliability of the reported performance information.

## **Compliance with legislation**

19. I performed procedures to obtain evidence that the public entity had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

## **Annual Financial Statements**

20. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 55(1)(b) of the Public Finance Management Act. Material misstatements of non-current assets, current liabilities and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

## **Expenditure Management**

21. The Accounting Authority did not take effective steps to prevent irregular expenditure, amounting to R2 287 000 as disclosed in note 21 of the annual financial statements, as required by section 51(1)(b)(ii) of the Public Finance Management Act.

## **Internal control**

22. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and compliance with legislation included in this report.

## **Financial and performance management**

23. Management did not have adequate review and monitoring processes in place in certain instances, to prepare accurate and complete financial and performance reports that are supported and evidenced by reliable information.

**Other reports**

24. I draw attention to the following engagements that could impact potentially on the public entity's financial, performance and compliance related matters. My opinion is not modified in respect of these engagements that are either in progress or have been completed.

**Investigations**

1. The CEO allegedly appointed a firm to conduct an investigation into the procurement practices of the entity against Council's instructions during the previous financial year. A disciplinary process is currently in progress against the CEO on charges as identified by the Council. The matter was initiated in April 2015 and was still in progress at the date of this report.
2. A disciplinary process was instituted against the former supply chain practitioner on charges of financial misconduct relating to the previous financial year. The official resigned during August 2015. A criminal case has been opened and was still on-going at the time of this report.

*Auditor-General*

Pretoria

31 July 2016



**AUDITOR - GENERAL  
SOUTH AFRICA**

*Auditing to build public confidence*

## INDEX

The reports and statements set out below comprise the financial statements presented to Parliament:

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## ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

The CBE Council is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the CBE Council to ensure that the financial statements fairly present the state of affairs of the CBE as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the financial statements and was given unrestricted access to all financial records and related data.

The financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP).

The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The CBE Council acknowledges that they are ultimately responsible for the system of internal financial control established by the CBE and place considerable importance on maintaining a strong control environment. To enable the CBE Council to meet these responsibilities, the Accounting Authority sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the CBE and all employees are required to maintain the highest ethical standards in ensuring the CBE's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the CBE is on identifying, assessing, managing and monitoring all known forms of risk across the CBE. While operating risk cannot be fully eliminated, the CBE endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The CBE Council is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The CBE Council has reviewed the CBE's cash flow forecast for the year to 31 March 2017 and, in the light of this review and the current financial position, they are satisfied that the CBE has or has access to adequate resources to continue in operational existence for the foreseeable future.

The CBE is mainly dependent on the Government grant for continued funding of operations. The financial statements are prepared on the basis that the CBE is a going concern and that the CBE has neither the intention nor the need to liquidate or curtail materially the scale of the CBE.

The Accounting Authority is primarily responsible for the financial affairs of the CBE.

The external auditors are responsible for auditing and reporting on the CBE's financial statements. The financial statements has been examined by the CBE's external auditors and their report appears on page 86 - 89 of this report.

The financial statements set out on pages 92 to 133, which have been prepared on the going concern basis, were approved by the Accounting Authority on 31 May 2016 and were signed on its behalf by:



**Mr IM Nkosi**

Chairperson: Council for the Built Environment



## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

	Note	2016 R'000	2015 Restated* R'000
<b>Assets</b>			
<b>Current Assets</b>			
Other financial assets	5	2	-
Trade and other receivables from exchange transactions	6	13	4
Trade and other receivables from non-exchange transactions	7	201	329
Cash and cash equivalents	8	11 211	15 481
		<b>11 427</b>	<b>15 814</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	3	2 156	2 435
Intangible assets	4	349	449
Other financial assets	5	91	-
		<b>2 596</b>	<b>2 884</b>
Non-Current Assets		2 596	2 884
Current Assets		11 427	15 814
<b>Total Assets</b>		<b>14 023</b>	<b>18 698</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables from exchange transactions	9	4 500	4 456
Trade and other payables from non-exchange transactions	10	27	-
Provisions	11	196	200
Deferred operating lease liability	26	98	201
		<b>4 821</b>	<b>4 857</b>
Non-Current Liabilities		-	-
Current Liabilities		4 821	4 857
<b>Total Liabilities</b>		<b>4 821</b>	<b>4 857</b>
Assets		14 023	18 698
Liabilities		(4 821)	(4 857)
<b>Net Assets</b>		<b>9 202</b>	<b>13 841</b>
<b>Net Assets</b>			
Accumulated surplus		9 202	13 841

## STATEMENT OF FINANCIAL PERFORMANCE

	Note	2016 R'000	2015 Restated* R'000
<b>Revenue</b>			
Other operating income		620	32
Revenue from non-exchange transactions	12	43 835	43 713
Interest received		2	-
<b>Total revenue</b>		<b>44 457</b>	<b>43 745</b>
<b>Expenditure</b>			
Personnel costs	13	(20 085)	(16 596)
Depreciation and amortisation	14	(955)	(616)
merSETA project expenses	15	(239)	(280)
Administrative expenses	16	(11 833)	(10 396)
Operating expenses	17	(15 984)	(13 293)
<b>Total expenditure</b>		<b>(49 096)</b>	<b>(41 181)</b>
		-	-
Total revenue		44 457	43 745
Total expenditure		(49 096)	(41 181)
<b>(Deficit) surplus for the year</b>		<b>(4 639)</b>	<b>2 564</b>
		<b>(4 639)</b>	<b>2 564</b>

## STATEMENT OF CHANGES IN NET ASSETS

	Accumulated surplus R'000	Total net assets R'000
Opening balance as previously reported	11 548	11 548
<i>Adjustments</i>		
Correction of errors	(271)	(271)
<b>Balance at 01 April 2014 as restated</b>	<b>11 277</b>	<b>11 277</b>
<i>Changes in net assets</i>		
Restated surplus for the year	2 564	2 564
Total changes	2 564	2 564
<b>Restated balance at 01 April 2015</b>	<b>13 841</b>	<b>13 841</b>
<i>Changes in net assets</i>		
Surplus for the year	(4 639)	(4 639)
Total changes	(4 639)	(4 639)
<b>Balance at 31 March 2016</b>	<b>9 202</b>	<b>9 202</b>

**CASH FLOW STATEMENT**

	Note	2016 R'000	2015 Restated* R'000
<b>Cash flows from operating activities</b>			
<b>Receipts from:</b>			
Grants		41 994	41 572
Cash receipts from customers		1 921	1 810
Other cash receipts	19	383	1 377
		<b>44 298</b>	<b>44 759</b>
<b>Payments to:</b>			
Employee costs		(13 965)	(17 727)
Suppliers		(33 951)	(23 089)
		<b>(47 916)</b>	<b>(40 816)</b>
Total receipts		44 298	44 759
Total payments		(47 916)	(40 816)
<b>Net cash flows from operating activities</b>	20	<b>(3 618)</b>	<b>3 943</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3	(344)	(232)
Purchase of other intangible assets	4	(308)	(146)
<b>Net cash flows from investing activities</b>		<b>(652)</b>	<b>(378)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(4 270)</b>	<b>3 565</b>
Cash and cash equivalents at the beginning of the year		15 481	11 916
<b>Cash and cash equivalents at the end of the year</b>	8	<b>11 211</b>	<b>15 481</b>

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Cash Basis						
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Note
	R'000	R'000	R'000	R'000	R'000	

### Statement of Financial Performance

#### Revenue from non-exchange transactions

Interest received - investment	-	-	-	2	2	
Revenue from non-exchange transactions	43 947	-	43 947	43 835	(112)	30
<b>Total revenue from non-exchange transactions</b>	<b>43 947</b>	<b>-</b>	<b>43 947</b>	<b>43 837</b>	<b>(110)</b>	

#### Revenue from exchange transactions

Other operating income	-	-	-	620	620	30
<b>Total revenue</b>	<b>43 947</b>	<b>-</b>	<b>43 947</b>	<b>44 457</b>	<b>510</b>	

#### Expenditure

Personnel costs	(19 328)	(529)	(19 857)	(20 085)	(228)	30
Administrative expenses	(11 398)	398	(11 000)	(11 833)	(833)	30
merSETA project expense	-	-	-	(239)	(239)	30
Operating expenses	(13 041)	131	(12 910)	(15 984)	(3 074)	30
<b>Total expenditure</b>	<b>(43 767)</b>	<b>-</b>	<b>(43 767)</b>	<b>(48 141)</b>	<b>(4 374)</b>	

	180	-	180	(3 684)	(3 864)	
	-	-	-	-	-	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>180</b>	<b>-</b>	<b>180</b>	<b>(3 684)</b>	<b>(3 864)</b>	

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Budget on Cash Basis						
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Note
	R'000	R'000	R'000	R'000	R'000	

## Reconciliation

## None cash movements

Depreciation and Amortisation

(955)

Accrual for leave

(33)

Provision for bonus

4

Asset adjustment and write-offs

(74)

Operating lease smoothing

103

## Actual Amount in the Statement of Financial Performance

(4 639)

## Statement of Financial Position

## Assets

## Non-Current Assets

Property, plant and equipment

(180)

-

(180)

(344)

(164)

30

Intangible assets

-

-

(308)

(308)

30

## Total Assets

(180)

-

(180)

(652)

(472)

## **ACCOUNTING POLICIES**

### **1. Presentation of Financial Statements**

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations and directives, issued by the Accounting Standards Board in accordance with Section 91(1) of the PFMA.

These financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

#### **1.1 Presentation currency**

These financial statements are presented in South African Rand, which is the functional currency of CBE.

#### **1.2 Going concern assumption**

These financial statements have been prepared, based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

#### **1.3 Property, plant and equipment**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

## ACCOUNTING POLICIES

### 1.3 Property, plant and equipment (continued)

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs, which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	10 years
Minor furniture and fixtures		Fully depreciated within year of purchase
Office equipment	Straight line	8 years
IT equipment	Straight line	6 years
Minor office equipment	Straight line	Fully depreciated within year of purchase
Minor IT equipment	Straight line	Fully depreciated within year of purchase

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.



## ACCOUNTING POLICIES

### 1.3 Property, plant and equipment (continued)

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

All items with a cost below R4 000 are considered minor assets and will be fully depreciated within the year that it is purchased. The depreciation charge for each period is recognised in surplus or deficit, unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of, or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the entity holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end, and are available for sale.

Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

### 1.4 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

## ACCOUNTING POLICIES

### 1.4 Intangible assets (continued)

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets, amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	1 - 5 years

The gain or loss arising from the derecognition of an intangible assets is included in surplus or deficit when the asset is derecognised.

### 1.5 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectability.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to CBE.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs, because a specified debtor fails to make payment when due, in accordance with the original or modified terms of a debt instrument.

## ACCOUNTING POLICIES

### 1.5 Financial instruments (continued)

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counter party has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together, and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

### Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

## ACCOUNTING POLICIES

### 1.5 Financial instruments (continued)

#### Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value.

#### Derecognition

##### Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity substantially transfers all of the risks and rewards of ownership of the financial asset to another party.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognises the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

##### Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

#### Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

## **ACCOUNTING POLICIES**

### **1.6 Judgements made by management**

#### **Intangible assets**

Computer software

If the computer hardware can operate without the software, then the software is recognised as an intangible asset and not property, plant and equipment.

#### **Receivables**

Receivables are assessed at each reporting period if they are impaired or doubtful.

#### **Impairment Testing**

All assets and liabilities are tested for impairment, based on the available information at the time of testing and management's assessment of the assets and liabilities.

#### **Provisions**

Provisions are raised and or adjusted, based on the available information at the time of testing.

Management base their estimates on the probability of the event happening, the available information and past experience.

#### **Property, plant and equipment**

Plant and equipment are considered for impairment if there is any reason to believe after applying the internal and external impairment indicators that impairments may be necessary. Residual values and estimated useful lives are assessed on an annual basis. The residual values of all other assets are estimated to be zero.

### **1.7 Budget information**

Entities are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by an entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2015/04/01 to 2016/03/31.

The financial statements and the budget are not on the same basis of accounting, therefore a reconciliation between the statement of financial performance and the budget has been included in the financial statements.

## ACCOUNTING POLICIES

### 1.8 Related parties

The entity operates in an economic sector currently dominated by entities, directly or indirectly, owned by the South African Government. As a consequence of the constitutional independence of the three spheres of Government in South Africa, only entities within the national sphere of Government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

### 1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and building elements, the entity assesses the classification of each element separately.

#### Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

#### Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

### 1.10 Impairment of non-cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Non-cash-generating assets are assets other than cash-generating assets.

## **ACCOUNTING POLICIES**

### **1.10 Impairment of non-cash-generating assets (continued)**

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets, held with the primary objective of generating a commercial return that generates cash inflows from continuing use, that are largely independent of the cash inflows from other assets or groups of assets.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the entity; or
- (b) the number of production or similar units expected to be obtained from the asset by the entity.

#### **Identification**

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The CBE assesses, at each reporting date, whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the CBE estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually, by comparing its carrying amount with its recoverable service amount.

This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

### **1.11 Employee benefits**

Employee benefits are all forms of consideration given by the CBE in exchange for service rendered by employees.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

## ACCOUNTING POLICIES

### 1.11 Employee benefits (continued)

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from the CBE's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the CBE has indicated to other parties that it will accept certain responsibilities and as a result, the CBE has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

#### Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The CBE measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonuses, incentives and performance related payments when the CBE has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.



## ACCOUNTING POLICIES

### 1.11 Employee benefits (continued)

#### Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control, and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

#### Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the CBE pays fixed contributions into a separate Provident fund (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the CBE during a reporting period, the CBE recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, the CBE recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

### 1.12 Provisions and contingent liabilities

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

## ACCOUNTING POLICIES

### 1.12 Provisions and contingent liabilities (continued)

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the CBE settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent liability is:

- (a) a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within control of the entity; or
- (b) a present obligation that arises from past event but is not recognised because:
  - (i) it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
  - (ii) the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets and contingent liabilities are disclosed in note 25.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The entity recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

## ACCOUNTING POLICIES

### 1.12 Provisions and contingent liabilities (continued)

Where a fee is received by the entity for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the entity considers that an outflow of economic resources is probable, an entity recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

### 1.13 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the CBE provides assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

#### Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

Investment Income is recognised on a time proportion basis using the effective interest method.

### 1.14 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by the CBE, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arises when the CBE can use, or otherwise benefit, from the asset in pursuit of its objectives and can exclude, or otherwise regulate, the access of others to that benefit.

## ACCOUNTING POLICIES

### 1.14 Revenue from non-exchange transactions (continued)

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, CBE either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

#### Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

#### Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised, it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

### 1.15 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

### 1.16 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided, had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

## **ACCOUNTING POLICIES**

### **1.17 Irregular expenditure**

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of, or that is not in accordance with a requirement of, any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009, which was issued in terms of sections 76(1) to 76(4) of the PFMA, requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or Accounting Authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. New standards and interpretations

#### 2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2016 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none"> <li>GRAP 20: Related parties</li> </ul>	01 April 2017	The impact of the amendment is not material. The CBE has, during the financial year, disclosed all related parties and transactions in line with the standard.
<ul style="list-style-type: none"> <li>GRAP 17 (as amended 2015): Property, Plant and Equipment</li> </ul>	01 April 2016	The impact of the amendment is not material.
<ul style="list-style-type: none"> <li>GRAP 21 (as amended 2015): Impairment of non-cash-generating assets</li> </ul>	01 April 2017	The impact of the amendment is not material.
<ul style="list-style-type: none"> <li>GRAP 26 (as amended 2015): Impairment of cash-generating assets</li> </ul>	01 April 2017	The impact of the amendment is not material.

## NOTES TO THE FINANCIAL STATEMENTS

	2016 R'000	2015 R'000
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### 3. Property, plant and equipment

	2016			2015		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	1 100	(492)	608	1 100	(399)	701
Office equipment	1 008	(696)	312	1 008	(581)	427
Computer equipment	1 983	(747)	1 236	1 845	(540)	1 305
Minor furniture and fixtures	639	(639)	-	632	(631)	1
Minor computer equipment	34	(34)	-	37	(36)	1
Minor office equipment	61	(61)	-	58	(58)	-
<b>Total</b>	<b>4 825</b>	<b>(2 669)</b>	<b>2 156</b>	<b>4 680</b>	<b>(2 245)</b>	<b>2 435</b>

#### Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Write-offs	Depreciation	Total
Furniture and fixtures	701	-	-	(93)	608
Office equipment	427	-	-	(115)	312
Computer equipment	1 305	334	(75)	(328)	1 236
Minor furniture and fixtures	1	7	-	(8)	-
Minor computer equipment	1	-	(1)	-	-
Minor office equipment	-	3	-	(3)	-
	<b>2 435</b>	<b>344</b>	<b>(76)</b>	<b>(547)</b>	<b>2 156</b>

#### Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Reassessments	Write-offs	Depreciation	Total
Furniture and fixtures	750	44	-	-	(93)	701
Office equipment	537	-	5	(6)	(109)	427
Computer equipment	1 337	188	59	(3)	(276)	1 305
Minor furniture and fixtures	1	-	-	-	-	1
Minor computer equipment	1	-	-	-	-	1
	<b>2 626</b>	<b>232</b>	<b>64</b>	<b>(9)</b>	<b>(478)</b>	<b>2 435</b>

## NOTES TO THE FINANCIAL STATEMENTS

	2016	2015
	R'000	R'000

**3. Property, plant and equipment (continued)****Pledged as security**

None of the CBE's property, plant and equipment has been pledged as security for any liability or contingent liability.

The residual values of property, plant and equipment have been assessed to be negligible, as a result they have not been considered in the calculation of the depreciable amount.

**4. Intangible assets**

	2016			2015		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1 216	(867)	349	908	(459)	449

**Reconciliation of intangible assets - 2016**

	Opening balance	Additions	Amortisation	Total
Computer software	449	308	(408)	349

**Reconciliation of intangible assets - 2015**

	Opening balance	Additions	Amortisation	Total
Computer software	441	146	(138)	449

None of the CBE's intangible assets has been pledged as security for any liability or contingent liability.

The residual values of intangible assets have been assessed to be negligible, as a result they have not been considered in the calculation of the depreciable amount.



## NOTES TO THE FINANCIAL STATEMENTS

	2016 R'000	2015 R'000
<b>5. Other financial assets</b>		
<b>At amortised cost</b>		
Receivable from exchange transactions	93	-
The receivable is payable in monthly instalments of R1 000.		
Interest is payable at the prime lending rate.		
<b>Non-current assets</b>		
At amortised cost	91	-
<b>Current assets</b>		
At amortised cost	2	-
	<b>93</b>	<b>-</b>
<b>6. Trade and other receivables from exchange transactions</b>		
Trade and other receivables from exchange transactions	13	4
Trade and other receivables from exchange transactions approximates their fair values.		
<b>7. Trade and other receivables from non-exchange transactions</b>		
Grant and levies	197	329
Other receivables from non-exchange transactions	4	-
	<b>201</b>	<b>329</b>

None of the trade and other receivables from non - exchange transactions has been pledged as security for any liability or contingent liability.

Trade and other receivables from non-exchange transactions approximates their fair values.

## NOTES TO THE FINANCIAL STATEMENTS

	2016 R'000	2015 R'000
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**8. Cash and cash equivalents**

Cash and cash equivalents consist of:

Cash on hand	12	13
Bank balances (current account)	11 199	15 468
	<b>11 211</b>	<b>15 481</b>

None of the cash balances has been pledged as security to any liability or contingent liability.

**Credit quality of cash at bank and short term deposits, excluding cash on hand**

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

**Credit rating**

F1 + Fitch Rating	11 211	15 481
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**9. Trade and other payables from exchange transactions**

Trade and other payables from exchange transactions	529	1 235
Leave payable	851	819
Accruals	3 120	2 402
	<b>4 500</b>	<b>4 456</b>

Trade and other payables from exchange transactions approximates their fair values.

**10. Trade and other payables from non-exchange transactions**

Other payables from non-exchange transactions	27	-
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Trade and other payables from non-exchange transactions approximates their fair values.

## NOTES TO THE FINANCIAL STATEMENTS

	2016 R'000	2015 R'000
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### 11. Provisions

#### Reconciliation of provisions - 2016

	Opening Balance (R'000)	Additions (R'000)	Utilised during the year (R'000)	Under estimation of provision (R'000)	Total (R'000)
Provision for bonus payment	200	196	(577)	377	196

#### Reconciliation of provisions - 2015

	Opening Balance (R'000)	Additions (R'000)	Utilised during the year (R'000)	Under estimation of provision (R'000)	Total (R'000)
Provision for bonus payment	165	200	(205)	40	200

#### Provision for bonus payment

During the current year the CBE raised a provision for bonus payment in relation to performance bonus for the performance period April 2015 to March 2016. Provision for bonus payment is prepared on the basis of prior year's actual performance which was 2% of the basic annual salary. Management is of the view that the amount will be adequate to cover the performance bonus of the organisation for the 2015/16 financial year. An additional 5% performance bonus was paid once off for the overall performance of the entity and the current performance of the entity is an indication that such an amount may not be paid again.

### 12. Revenue from non-exchange transactions

Government grant from Department of Public Works	41 994	41 572
Levies received	1 841	1 941
merSETA Grant	-	200
	<b>43 835</b>	<b>43 713</b>

### 13. Personnel costs

Basic	11 688	9 814
PAYE	5 175	3 676
Provident fund contributions	1 813	1 590
Medical aid contributions	621	606
UIF	140	112
Employee benefits provisions	32	206
Staff training	479	505
Staff welfare	105	49
Relocation costs	36	3
Bonus	(4)	35
	<b>20 085</b>	<b>16 596</b>

## NOTES TO THE FINANCIAL STATEMENTS

	2016 R'000	2015 R'000
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**13. Personnel costs (continued)****Remuneration of Chief Financial Officer (C Changfoot)**

Annual remuneration	977	39
Contributions to UIF, medical aid, pension fund	92	4
Subsistence and travel	39	2
	<b>1 108</b>	<b>45</b>

Included in the Personnel cost above is the Chief Financial Officer's remuneration, as itemised under remuneration of Chief Financial Officer for the period 1 April 2015 to 31 March 2016. The previous CFO (M Sedite) resigned in February 2014. The office was held by R Mhlanga in the interim until March 2015. C Changfoot was appointed on 16 March 2015 in the 2014/15 financial year.

**Remuneration of Chief Operations Officer (P Mdlalose)**

Annual remuneration	1 016	113
Contributions to UIF, medical and pension fund	92	11
Acting allowance	49	-
Subsistence and travel	7	-
	<b>1 164</b>	<b>124</b>

Included in the Personnel cost above is the Chief Operations Officer's remuneration, as itemised under remuneration of Chief Operations Officer for the period 1 April 2015 to 31 March 2016. P Mdlalose was appointed on 16 February 2015 in the 2014/15 financial year and was appointed as the acting CEO from 1 November 2015.

**Remuneration of Chief Executive Officer (G Mazibuko)**

Annual remuneration	1 132	1 039
Contributions to UIF, medical and pension fund	103	97
Subsistence and travel	37	45
Telephone reimbursement	-	16
	<b>1 272</b>	<b>1 197</b>

Included in the Personnel cost above is the Chief Executive Officer's remuneration, as itemised under remuneration of Chief Executive Officer for the period 1 April 2015 to 31 March 2016. G Mazibuko was appointed on 1 May 2012.

**14. Depreciation and amortisation**

Property, plant and equipment	547	478
Intangible assets	408	138
	<b>955</b>	<b>616</b>

## NOTES TO THE FINANCIAL STATEMENTS

	2016 R'000	2015 R'000
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### 15. merSETA project expenses

Bank charges	2	1
Travel and accommodation	4	28
Consulting fees	233	251
	<b>239</b>	<b>280</b>

### 16. Administrative expenses

Auditors remuneration	1 580	1 438
Internal audit fees	557	729
Advertising	284	465
Telephone and fax	397	404
Computer expenses	1 173	1 086
Council expenses**	1 003	1 289
Training	4	-
Catering	67	95
Conferences and seminars	20	248
Building cost and consumables	598	693
Printing and stationery	42	219
Insurance	304	174
Bank charges	36	33
Premises - contractual amounts	4 182	3 523
Professional Councils support	1 586	-
	<b>11 833</b>	<b>10 396</b>

\*\*Included in administrative fees above is the Council, Council sub-committees and Audit committee members remuneration. Below is a breakdown of remuneration for the individual members:

\* During the current financial year the following members resigned from the CBE Council and its committees:

- N Maharaj former Council member and Chairperson of the Finance, Human Resource and Legal Committee resigned on 6 May 2015;
- AA Steyn former Council member resigned on 2 February 2016; and
- NF Sithole former Deputy Chairperson resigned as Deputy Chairperson on 10 February 2016.

\*\* The following replacement of the resigned Council and its sub-committee members was made:

- Prof KA Michell (Council member was appointed on 26 May 2015 as the Chairperson of the Finance, Human Resource and Legal Committee).

Currently the nomination process for the replacement of AA Steyn and the Deputy chairperson is awaiting the Minister's response.

## NOTES TO THE FINANCIAL STATEMENTS

	2016 R'000	2015 R'000
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**16. Administrative expenses (continued)****3rd Term Council Member**

	<b>Total claim (R'000) 2014/15</b>
AP Tau - Sekati (Chairperson)	21
P Mashabane (Deputy Chairperson)	20
GT Chaane	8
C Israelite	-
M Klapwijk	6
EX Kula - Ameyaw	14
VV Mdware	-
LW Molobela	23
Z Mvusi	3
S Ngxongo	10
DR Nkhwashu	4
A Peters	11
El Pieterse	-
PE Scott	4
HJ Van der Hoven	17
	<b>141</b>

## NOTES TO THE FINANCIAL STATEMENTS

	2016 R'000	2015 R'000
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### 16. Administrative expenses (continued)

4th Term Council Member	Council meetings	Claim for attendance (R'000)	Subsistence and travel (R'000)	Total claim (R'000) 2015/16	Total claim (R'000) 2014/15
IM Nkosi (Chairperson)	38	112	15	127	125
NF Sithole (Former Deputy Chairperson)*	6	17	1	18	41
Adv DJ Block	-	-	-	-	23
CA Breed	6	19	1	20	19
ND Lombard	15	45	1	46	47
N Maharaj*	8	23	6	29	118
EG Makongwana	9	26	4	30	17
JL Margolius	18	58	2	60	47
Dr ZT Mathe	25	49	7	56	60
T Matunda	-	-	-	-	3
D Michell	8	19	2	21	35
Prof KA Michell	20	63	5	68	43
C Mtshisa	4	-	-	-	-
ZC Mvalo	8	-	-	-	-
A Sassenberg	17	45	45	90	108
RG Sefotlho	17	48	3	51	32
AA Steyn*	4	-	-	-	-
S Thubane	23	51	3	54	12
MM Tshangela	5	-	-	-	-
D Coovadia (Audit Committee Member)	7	107	7	114	62
M Mothipe (Audit Committee Member)	5	64	1	65	46
F Docrat (Audit Committee Member)	6	75	4	79	11
	<b>249</b>	<b>821</b>	<b>107</b>	<b>928</b>	<b>849</b>

### 17. Operating expenses

Travel and accommodation	2 218	1 811
Consulting fees	6 656	8 940
Assets written off	74	(65)
Other expenses	2 079	583
Subscription and membership fees	1	-
Bursary scheme	3 941	1 623
Catering for projects	65	44
Awareness and publications	3	119
Events and workshops	85	238
Legal expenses	862	-
	<b>15 984</b>	<b>13 293</b>

## NOTES TO THE FINANCIAL STATEMENTS

	2016 R'000	2015 R'000
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**18. Auditors' remuneration**

External audit fees	1 580	1 438
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**19. Other cash receipts**

Re-imbursement of staff debt	315	227
Insurance claims	16	23
merSETA grant	50	150
Sundry receipts	2	977
	<b>383</b>	<b>1 377</b>

**20. Cash (used in) generated from operations**

(Deficit) surplus	(4 639)	2 564
<b>Adjustments for:</b>		
Depreciation and amortisation	955	616
Movements in deferred operating lease liability	(103)	(483)
Movements in provisions	(4)	35
Adjustments, losses and write-offs	(74)	(58)
<b>Changes in working capital:</b>		
Trade and other receivables from exchange transactions	(9)	(7)
Trade and other receivables from non-exchange transactions	181	(68)
Trade and other payables from exchange transactions	48	1 344
Trade and other payables from non exchange transactions	27	-
	<b>(3 618)</b>	<b>3 943</b>



## NOTES TO THE FINANCIAL STATEMENTS

	2016 R'000	2015 R'000
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### 21. Irregular expenditure

Opening balance	4 496	352
Add: Irregular expenditure - current year	2 287	4 144
	<b>6 783</b>	<b>4 496</b>

#### Details of irregular expenditure – current year

Tax clearance certificates	Procurement was sourced from suppliers whose tax clearance certificates either expired or could not be found.	40	3 188
Procurement without three quotations	Services were procured without inviting three quotations.	-	77
Non compliance with competitive bidding threshold	Procurement of information technology equipment deliberately split into two parts instead of being a single transaction. A competitive bidding process must be followed for any procurement with a transaction value more than R300 000.	-	391
	The winning quote was selected before any of the three quotes were submitted for evaluation.	-	48
	Bid was not advertised 21 days prior to its closure.	2 247	792
		<b>2 287</b>	<b>4 496</b>

During the prior financial year, this issue of “non-compliance with the competitive bidding threshold” was raised in a forensic audit report of the supply chain management section. The CBE Council and Management are undertaking disciplinary procedures in this regard.

## NOTES TO THE FINANCIAL STATEMENTS

	2016 R'000	2015 R'000
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**22. Fruitless and wasteful expenditure**

Opening balance	260	215
Fruitless and wasteful expenditure incurred during the year	-	45
Fruitless and wasteful expenditure detected in current year relating to prior financial years	123	-
	<b>383</b>	<b>260</b>

During the 2011/12 financial year the CEO's recruitment process was cancelled by the previous Third Term Council. The process was re-initiated and a new service provider was sourced. The previous service provider was already remunerated for the work performed up to the time of cancellation, amounting to R215 360 which was not utilised in the new process. An inquiry into the previous recruitment process was instituted by the current Fourth Term Council and was completed by the end of the 2013/14 financial year, upon which a request was made to the Minister for condonement. The Minister refused to condone this fruitless and wasteful expenditure and the Fourth Term Council took a resolution on 12 March 2015 to recover the amount from the Third Term Council. Legal opinion has since been obtained and an additional request was sent to the Minister, subsequent to the investigation, to condone this fruitless and wasteful expenditure.

During the previous financial year, software to the value of R45 000 for the development of a database system that already existed was procured. The CBE Council and Management are undertaking disciplinary procedures in this regard.

During the 2015/16 financial year a rental deposit paid in respect of an operating lease, which expired in December 2010, was not recovered. The claim to the deposit prescribed in December 2013, as it reached the three year prescription period contained in the Prescriptions Act no.68 of 1969. An effort was undertaken to recover the funds in the current year, but no contact details of the previous landlord was still in use.

**23. Financial risk management**

The entity's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk.

**Interest rate risk**

As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

**Credit risk**

The financial assets that potentially subject the CBE to the risk of non-performance by counter-parties and thereby subject the CBE to concentrations of credit risk, consist mainly of cash and cash equivalents, other financial assets and trade receivables. The credit risk is controlled through the application of approved regulations, limits and monitoring procedures.

## NOTES TO THE FINANCIAL STATEMENTS

	2016 R'000	2015 R'000
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### 23. Financial risk management (continued)

The CBE limits its counter-party exposure by only dealing with well-established financial institutions with high credit ratings assigned by international credit-rating agencies. Credit risk with respect to receivables is limited, due to the nature of the CBE's revenue transactions. The CBE does not have any significant exposure to any individual customer or counter-party. Accordingly, the CBE does not consider having any significant concentration of credit risk, which had not been adequately provided for. At year end, receivables are not considered to be impaired or past due date.

Financial assets, exposed to credit risk at year end, were as follows:

Financial assets at fair value

Receivables - unrated	214	333
Cash and cash equivalents at fair value	11 211	15 481
Other financial assets	93	-

### Liquidity risk

The CBE manages liquidity risk through proper management of working capital, capital expenditure and cash flow; and by variance reports between actual and budgeted amounts.

The following are the cash outflows of trade payables due within one year. The CBE does not consider having any significant exposure to liquidity risk, as its current assets exceed its current liabilities.

At 31 March 2016	Less than 1 year R'000	Between 1 and 2 years R'000	Between 2 and 5 years R'000	Over 5 years R'000
Trade and other payables from exchange transactions	3 649	-	-	-
Trade and other payables from non exchange transactions	27	-	-	-
	Less than 1 year R'000	Between 1 and 2 years R'000	Between 2 and 5 years R'000	Over 5 years R'000
Trade and other payables from exchange transactions	3 637	-	-	-

### Fair value risk

The CBE's financial instruments consist mainly of cash and cash equivalents, trade receivables and trade payables. No financial asset that was carried at an amount in excess of its fair value, could be reliably measured for all classes of financial assets. The following methods and assumptions are used to determine the fair value of each class of financial instruments:

### Cash and cash equivalents

The carrying amount of cash and cash equivalents approximates fair value due to the relatively short-term maturity of these financial assets. Cash and cash equivalents are invested with reputable financial institutions with maturity of three months or less.

## NOTES TO THE FINANCIAL STATEMENTS

	2016 R'000	2015 R'000
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**23. Financial risk management (continued)****Financial assets at fair value**

The carrying amount of receivables approximates fair value due to the relatively short-term maturity of these financial assets.

**Financial liabilities at fair value**

The carrying amount of payables approximates fair value due to the relatively short-term maturity of these financial liabilities.

**24. Related parties**

Council members	Refer to Accounting Authority's report
Executive Authority	National Department of Public Works (DPW)
Professional Council	South African Council for the Architectural Profession (SACAP)
Professional Council	Engineering Council of South Africa (ECSA)
Professional Council	South African Council for the Quantity Surveying Profession (SACQSP)
Professional Council	South African Council for the Project and Construction Management Profession (SACPCMP)
Professional Council	South African Council for the Property Valuers Profession (SACPVP)
Professional Council	South African Council for the Landscape Architectural Profession (SACLAP)

The transactions with the Executive Authority are in respect of the Grant and the reimbursement for staff secondment to DPW. The balances with DPW are in relation to the reimbursement for staff seconded.

The above related parties did not have any transactions which were not at arms length with the CBE during the financial year.

Receipts from professional councils are in respect of levies in terms of section 17(1)(a) of the CBE Act 43 of 2000.

Payments made by the CBE were for administrative support provided to the professional councils.

Balances due or payable are in relation to levy transactions and administrative support provided.

During the financial year there were no related party transactions with key management or any of the immediate families or any organisation in which they have significant influence.

## NOTES TO THE FINANCIAL STATEMENTS

	2016 R'000	2015 R'000
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### 24. Related parties (continued)

#### Related party balances

##### Related party balances

South African Council for the Architectural Profession (SACAP)	(27)	100
Engineering Council of South Africa (ECSA)	72	15
South African Council for the Quantity Surveying Profession (SACQSP)	2	9
South African Council for the Project and Construction Management Profession (SACPCMP)	26	25
South African Council for the Property Valuers Profession (SACPVP)	10	16
South African Council for the Landscape Architectural Profession (SACLAP)	1	-
National Department of Public Works (DPW)	87	115

#### Related party transactions

##### Grant received

National Department of Public Works (DPW)	41 994	41 572
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##### Levies received

South African Council for the Architectural Profession (SACAP)	378	395
Engineering Council of South Africa (ECSA)	1 127	1 184
South African Council for the Quantity Surveying Profession (SACQSP)	117	124
South African Council for the Project and Construction Management Profession (SACPCMP)	144	140
South African Council for the Property Valuers Profession (SACPVP)	67	90
South African Council for the Landscape Architectural Profession (SACLAP)	9	8

##### Council support payments

Engineering Council of South Africa (ECSA)	688	-
South African Council for the Project and Construction Management Profession (SACPCMP)	948	-

##### Other operating income

National Department of Public Works (DPW)	285	-
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## NOTES TO THE FINANCIAL STATEMENTS

	2016 R'000	2015 R'000
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### 24. Related parties (continued)

#### Key management information

Class	Description	Number
Non-executive board members (Refer to Accounting Authority's report and note 16)	Council members	15
Audit committee (Refer to note 16)	Audit committee external members	3
Executive management (Refer to note 13)	Senior management	3

### 25. Contingent liability and commitments

#### 25.1 Contingent liabilities

##### 25.1.1 Accumulated surplus

In terms of section 53(3) of the PFMA of 1999, the CBE has to obtain approval from National Treasury to retain accumulated surplus funds at year-end. The budget for the 2015/16 financial year was under utilised by R0,670 million. Of the R9,202 million in accumulated funds to date, R2,505 million represents the book value of the assets capitalised which will be realised over time through the use of the assets.

Accumulated surplus reconciliation	Surplus as per Net Assets (R'000)	Restricted and committed funds approved for future use (R'000)	Amount still to be utilised of restricted and committed funds (R'000)	Reconciled surplus for the Year (R'000)
Accumulated surplus for 2015	13 841	(8 163)	2 204	7 882

##### 25.2 Commitments

At the end of the financial year, the CBE had commitments under non- cancellable agreements with suppliers to the value of R2,154 million (2015: R2,955 million), for the Maths and Science projects and the Master Systems Plan project which have been entered into though work has not commenced. There were no similar commitments at the end of the current financial year.

## NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand thousand

### 26. Operating lease liability

Operating lease payments represent rentals payable by the CBE for its office accommodation. The lease was negotiated for an initial term of three years, with a 10 per cent escalation per annum. The lease was renewed for an additional one year term, ending on 31 July 2015. The lease has since been renegotiated for an additional term of 18 months, ending on 31 January 2017. No contingent rent is payable.

The operating lease expenses are smoothed on a straightline basis over the lease period. Any over- or under payment, as a result of the smoothing, is recognised into the statement of financial position as a liability, until the time that payments in the future reverses the smoothing to zero by the end of the lease period.

#### Operating lease liability

Deferred lease obligation

98

201

#### Operating lease commitment

##### Minimum lease payments due

Payable within one year

3 903

1 339

### 27. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The Executive Authority continues to provide the Grant funding, as indicated in the MTEF over the MTEF period, to fund the ongoing operations of the CBE.

### 28. Events after the reporting date

No significant event took place after the reporting date that would have significant effect on the financial statements.

### 29. Prior period errors

#### Property, plant and equipment

During the current financial year a full asset verification was performed, and it was noted that assets were incorrectly written off in the previous period. Furthermore, some adjustment to assets were incorrectly processed as additional items as these assets were retired from use, and CBE was in the process of disposing of these assets. A correction of this error has been raised in the current year.

During the 2012/13 financial year CBE had a change in accounting estimate, where all assets below R4 000 had to be classified as minor assets and fully depreciated within the year of purchase. This change has been retrospectively applied, as the change in estimate was never applied. A correction of this error has been raised in the current year.

## NOTES TO THE FINANCIAL STATEMENTS

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Figures in Rand thousand

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### 29. Prior period errors (continued)

#### Trade and other receivables from exchange transactions

During the current financial year CBE assessed a rental deposit as no longer being recoverable. Upon investigation it was noted that this rental deposit was due to a lease agreement which had expired in December 2010. As the building was sold and the deposit reached prescription in December 2013, the rental deposit should have been recorded as irrecoverable in the 2013/14 financial year. A correction of this error has been raised in the current year.

#### Intangible assets

During the current financial year it was noted that certain intangible assets were no longer in use and that these assets were identified to be scrapped in the 2014/15 financial year. Further, it was noted that the amortisation calculation was performed incorrectly as some assets were not included in the calculation. A correction of this error has been raised in the current year.

#### Trade and other payables from exchange transactions

During the current financial year, it was noted that some accruals were raised incorrectly, and that the reversal of the accruals for the 2013/14 financial year was not processed. A correction of this error has been raised in the current year.

#### Deferred operating lease liability

During the current financial year, it was noted that the deferred operating lease liability was incorrectly calculated. The previous year's calculation did not take into account the discount given by the landlord on the initial lease payments, due to some construction not being finalised.

Comparative figures have been restated accordingly to adjust for the error.

The correction of the error results in adjustments as follows:



## NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand thousand

### 29. Prior period errors (continued)

#### Statement of Financial Position

	2014/15 (R'000)	2013/14 (R'000)
Decrease in property, plant and equipment	(247)	(318)
Decrease in intangible assets	(16)	-
Decrease in trade and other receivables from exchange transactions	(123)	(123)
Decrease in trade and other payables from exchange transactions	66	-
Decrease in operating lease liability	89	-
Decrease in accumulated surplus	271	-

#### Statement of Financial Performance

Decrease in personnel cost	(4)	-
(Decrease)/Increase in depreciation and amortisation	(58)	318
Decrease in administrative expenses - Advertising	(36)	-
Increase in administrative expenses - Computer expenses	143	-
Decrease in administrative expenses - Council expenses	(11)	-
Decrease in administrative expenses - Premises contractual amounts	(89)	-
Increase in operating expenditure - Travel and accommodation	22	-
Decrease in operating expenditure - Consulting fees	(4)	-
Decrease in operating expenditure - Assets written off	(6)	-
Decrease in operating expenditure - Catering for projects	(3)	-
Increase in operating expenditure - Awareness and publications	6	-
Increase in administrative expenses - Deposit write-off	-	123

#### Cash flow statement

#### Cash (used in) generated from operations (Note)

Depreciation and amortisation	(58)	-
Movements in deferred operating lease liability	89	-
Trade and other receivables from exchange transactions	(4)	-
Trade and other payables from exchange transactions	111	-
	<b>138</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS

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Figures in Rand thousand

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### 30. Budget differences

For the current financial year, the CBE prepared its budget on a cash basis and its financial reports on accrual basis.

Below are reasons for the variance on the CBE's actual performance as compared to the budget for the year ended 31 March 2016:

**30.1 Revenue from non-exchange transactions:** the total grant income was received as budgeted. The variance is due to lesser levies received than was budgeted.

**30.2 Revenue from exchange transactions:** this represents recoveries from employees, who resigned, for certain expenses which is not budgeted and the revenue generated from staff seconded to DPW.

**30.3 Personnel costs:** the variance in personnel costs is due to the payment of a once off performance bonus in the fourth quarter of the financial year, and the monthly salary of a staff member who is seconded to DPW.

**30.4 Administrative expenditure:** the variance is due to expenditure incurred for support provided to the Professional Councils. These funds were utilised from the retained surplus.


**30.5 merSETA Project expenses:** the variance is due to expenditure incurred for the project which was not budgeted for, and separated from the operating expenditure.

**30.6 Operational expenditure:** the variance is mainly attributable to the utilisation of surplus funds relating to the Maths and Science support programme in schools, as well as additional candidates placed in workplace training.

**30.7 Depreciation and amortisation:** the CBE used cash based budgeting which excludes budgeting for depreciation and amortisation.

**30.8 Fixed assets and intangible assets additions:** the fixed assets variance is due to purchases of assets that were required to maintain the CBE IT infrastructure, required to host the additional capacity of the CBE.

**30.9 Budget revision:** the annual budget is compiled at the beginning of the financial year and submitted to Council for approval. A mid-term budget review is performed after the first two quarters of the financial year, based on projections for the remainder of the year, and resources are re-allocated based on the revised budget.



***Coming together is a beginning;  
Keeping together is progress;  
Working together is success.***

***Henry Ford***



Northern Cape  
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C B E

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FOR THE BUILT  
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architecture  
engineering  
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# Science on the Go!



## PART F: SUMMARY OF THE ACTIVITIES OF THE SIX BUILT ENVIRONMENT PROFESSIONAL COUNCILS

## 1. INTRODUCTION

This section outlines a summary of the activities undertaken by the BEPCs for the 2015/16 financial year, submitted to the CBE by the end of March 2016. It analyses their performance against their legislated functions, as collated through the reporting templates developed by the CBE, and submitted by the BEPCs on a quarterly basis.

## 2. LEGISLATIVE AND REGULATORY FRAMEWORK OF THE BEPCs

The respective Built Environment Professions Acts empower the BEPCs to perform the following functions as part of their regulatory function:

- a. Establishment of a Standards Generating Body (SGB) and development of competency standards;
- b. Register persons in professional categories who have demonstrated competency against the standards determined by the BEPC for the relevant categories, and have passed any additional examination that may be determined by the BEPC;
- c. Register persons who meet educational requirements in candidate categories;
- d. Prescribe specified categories of registration and register persons in these categories;
- e. Require registered persons to renew registration at intervals and under conditions that the BEPC prescribes;
- f. Recommend to the CBE the type of work which may be performed by persons registered in any of the categories of registration of that profession;
- g. Conduct accreditation visits to any educational institution which has a department, school or faculty of the relevant built environment profession and conditionally or unconditionally grant, refuse or withdraw accreditation to educational institutions and educational programmes;
- h. Evaluate educational qualifications that are not accredited or recognised;
- i. Enter into agreements with any person or body of persons, within or outside the Republic, with regard to any examination or qualification for the purposes of the relevant BEPC Act;
- j. Develop and administer a code of conduct;
- k. Investigate complaints and probable instances of improper conduct against registered persons, charge registered persons with improper conduct and sanction registered persons found guilty accordingly;
- l. Annually determine guideline professional fees and publish those fees in the Government Gazette;
- m. Recognise voluntary associations (VAs);
- n. Advise the Minister, any other Minister or the CBE on any matter relating to its profession;
- o. Take the necessary steps to protect public interest, health and safety, improve standards of professional services, create awareness of the need to protect the environment; and
- p. Encourage and undertake research into matters related to its profession.

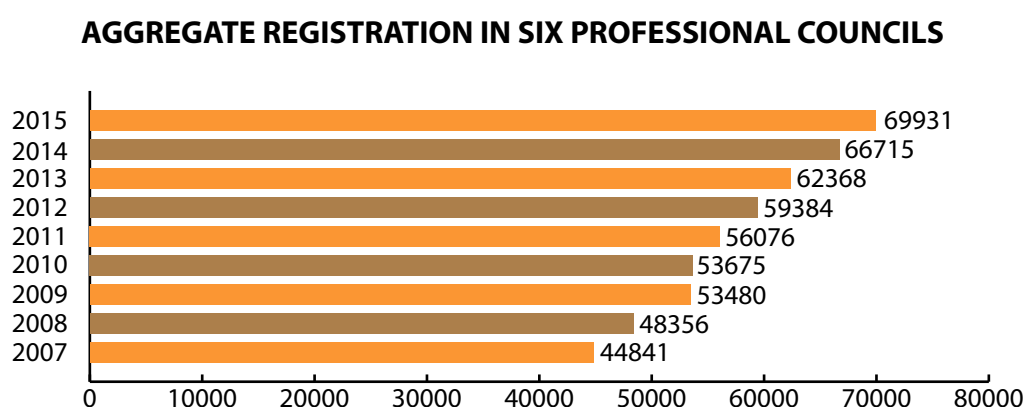
### 3. HUMAN RESOURCE DEVELOPMENT

In terms of the professions Acts, the BEPCs may consider and decide on any application for registration either as a Professional or Candidate, wherein the person applying has demonstrated competency as measured against standards determined by the BEPC, and has passed any additional examinations as determined by the BEPC. Below are registration trends and statistics of the six BEPCs.

#### Aggregate registration trends

The following graph shows that there has been steady growth in the total number of registrations, which climbed by 36% between 2007 and 2015 from 44 841 to 69 931.

**Table 22: Aggregate registrations in the six BEPCs**



The following table analyses the total annual registration per BEPC. It shows that ECSA, or the engineering profession, accounts for the highest number of registrations, contributing to 70% of total registrations, followed by SACAP (architects) at 14,5%, SACQSP (quantity surveyors) at 5,7%, SACPCMP (project and construction managers) at 5,4%, SACPVP (property valuers) at 3,4%, and lastly SACLAP (landscape architects) at 0,3%.

#### TOTAL NUMBER OF REGISTERED CANDIDATES AND PROFESSIONALS

The table below shows the total number of registered candidates and professionals in the six BEPCs from 2007 to 2015. The following table analyses the change in annual registration. It shows that after peaking in 2009, registration numbers in most BEPCs have entered a downward trend. This improved in 2012; however, they still exhibit downward pressure.

**Table 23: Aggregate number of professional and candidate registrations per BEPC**

BEPC	2007	2008	2009	2010	2011	2012	2013	2014	2015
ECSA	26789	28221	33245	34664	38495	41094	43939	46135	49828
SACPCMP	3276	3418	3624	3103	3144	3211	3388	3688	3904
SACLAP	104	144	159	187	198	212	230	238	250
SACQSP	2666	2537	2687	2900	3049	3476	3559	4042	3982
SACPVP	2557	2536	2375	2304	2238	2189	2161	2104	1972
SACAP	9949	11500	11390	10517	8952	9202	9091	10508	9995
<b>TOTAL</b>	<b>44841</b>	<b>48356</b>	<b>53480</b>	<b>53675</b>	<b>56076</b>	<b>59384</b>	<b>62368</b>	<b>66715</b>	<b>69931</b>

Source: Professional Council quarterly reports, 2008/09, 2009/10, 2010/11, 2012/13, 2013/14, 2014/2015, 2015/16

**Table 24: Change in annual registrations (candidates and professionals) per BEPC**

BEPC	2007	2008	2009	2010	2011	2012	2013	2014	2015
ECSA	0	1432	5024	1419	3831	2599	2845	2196	3693
SACPCMP	0	142	206	-521	41	67	177	300	216
SACLAP	0	40	15	28	11	14	18	8	12
SACQSP	0	-129	150	213	149	427	83	483	-60
SACPVP	0	-21	-161	-71	-66	-49	-28	-57	-132
SACAP	0	2051	-110	-873	-1565	250	-111	1417	-513
<b>TOTAL</b>	<b>0</b>	<b>3515</b>	<b>5124</b>	<b>195</b>	<b>2401</b>	<b>3308</b>	<b>2984</b>	<b>4347</b>	<b>3216</b>

Source: Professional Council quarterly reports, 2008/09, 2009/10, 2010/11, 2012/13, 2013/14, 2014/2015, 2015/16

## Demographic transformation of Built Environment Professionals

This section details the demographic transformation of the BEPs, starting with aggregate (professionals and candidates) performance followed by performance at candidate level.

The following tables depict that the demographic representation of BEPs are slowly changing. In March 2016, the total of the registered professional and candidates cohort was made up of 57% White, 32% African, 8% Indian and 3% Coloured.

**Table 25: Total number of registered professionals and candidates (2015/16)**

BEPC	African	White	Indian/Asian	Coloured	Total
ECSA	17548	27090	3979	1211	49828
SACAP	1671	6937	737	650	9995
SACLAP	16	227	4	3	250
SACPCMP	1430	2073	237	164	3904
SACPVP	401	1402	72	97	1972
SACQSP	1547	1850	334	251	3982
<b>TOTAL</b>	<b>22613</b>	<b>39579</b>	<b>5363</b>	<b>2736</b>	<b>69931</b>

**Table 26: Percentage change in annual registrations per BEPC**

BEPC	African	White	Indian/Asian	Coloured	Total
ECSA	35	54	8	2	100
SACAP	17	69	7	7	100
SACLAP	6	91	2	1	100
SACPCMP	37	53	6	4	100
SACPVP	20	71	4	5	100
SACQSP	39	46	8	6	100
<b>TOTAL</b>	<b>32</b>	<b>57</b>	<b>8</b>	<b>3</b>	<b>100</b>

## Total number of registered Previously Disadvantaged Individuals (PDIs) from 2011 to 2015

The table below indicates that there has been a marked increase in the number of African, Coloured and Indian registered professionals from 7 710 in March 2012 to 12 278 by March 2016, an increase of 42%. Despite this increase, the registered professionals among PDIs still represent only 43% of the 43 168 registered professionals, as at March 2016.

There has been an increase in the number of PDIs with regard to candidates. The total number of PDI candidates increased from 11 061 in March 2013 to 18 074 by March 2016, an increase of 60%. The PDIs make up 67% of registered candidates against a total number of 26 763. Despite the increase in the number of candidates, the conversion to professionals is still a challenge that requires the attention of the CBE and BEPCs.

**Table 27: Total number of registered PDIs (2011-2016)**

PDIs	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	Percentage increase
<b>Registered professionals</b>	<b>7710</b>	<b>8861</b>	<b>9932</b>	<b>11162</b>	<b>12278</b>	-
<b>Increase in number of registered professionals</b>	-	1151	1071	1230	1116	<b>4568</b>
<b>%</b>		15	12	12	10	59
<b>Registered candidates</b>	<b>11061</b>	<b>12658</b>	<b>14102</b>	<b>15675</b>	<b>18074</b>	-
<b>Increase in number of registered candidates</b>	-	1597	1444	1573	2399	<b>7013</b>
<b>%</b>		15	11	11	15	63

Source: Professional Councils' quarterly report 2015/2016

## PROFESSIONAL REGISTRATION

The table below shows the total number of registered professionals by race, indicating that BEPs are still predominantly White. In March 2016, the total number of registered professional cohort was made up of 72% White, 19% African, 6% Indian and 3% Coloured. Of the 43 168 registered professionals, Africans, Coloureds and Indians account for only 28%.

**Table 28: Number of registered professionals per race (2015/16)**

BEPC	Professionals	African	White	Indian	Coloured
ECSA	29349	5772	21032	1903	642
SACAP	7997	1062	5830	565	540
SACLAP	179	4	172	2	1
SACPCMP	2258	292	1765	127	74
SACPVP	1343	145	1077	63	58
SACQSP	2042	765	1014	174	89
<b>TOTAL</b>	<b>43168</b>	<b>8040</b>	<b>30890</b>	<b>2834</b>	<b>1404</b>

**Table 29: Percentage of registered professionals per race (2015/16)**

BEPC	Professionals	African	White	Indian	Coloured
ECSA	68	20	72	6	2
SACAP	19	13	73	7	37
SACLAP	0.4	2	96	1	1
SACPCMP	5	13	78	6	3
SACPVP	3	11	80	5	4
SACQSP	5	37	50	9	4
<b>TOTAL</b>	<b>100</b>	<b>19</b>	<b>72</b>	<b>6</b>	<b>3</b>



## CANDIDATE REGISTRATION

The tables below indicate that there has been an increase in the number of PDIs at candidacy level. The PDIs make up 65% of registered candidates. Progress in racial transformation is visible in the candidate phase, which is encouraging.

The tables below also reveal that some of the professions are changing significantly. Whites no longer make up the majority of registered candidates, with the exception of the Landscape Architectural profession, which is still sitting at 77% of registered candidates being White. The tables indicate the following:

- a. Architects: 45% PDIs
- b. Property Valuers: 81% PDIs
- c. Quantity Surveyors: 57% PDIs
- d. Engineers: 70% PDIs
- e. Project and Construction Managers: 48% PDIs
- f. Landscape Architects: 23% PDIs

However, the CBE and BEPCs should focus on assisting this pool of candidates to transit into professionals.

**Table 30: Demographic profile of candidates per BEPC (31 March 2016)**

BEPC	Candidate	African	White	Indian	Coloured
ECSA	20479	11776	6058	2076	569
SACAP	1998	608	1107	172	110
SACLAP	71	12	55	2	2
SACPVP	1646	1138	308	110	90
SACPCMP	629	256	325	9	39
SACQSP	1940	782	836	160	162
<b>TOTAL</b>	<b>26763</b>	<b>14573</b>	<b>8689</b>	<b>2529</b>	<b>972</b>

**Table 31: Percentage candidate registration (31 March 2016)**

BEPC	Candidate	African	White	Indian	Coloured
ECSA	77	58	30	10	2
SACAP	7	9	30	6	55
SACLAP	0.3	17	77	3	3
SACPVP	6	69	19	7	5
SACPCMP	2	41	52	1	6
SACQSP	7	40	43	8	8
<b>TOTAL</b>	<b>100</b>	<b>52</b>	<b>35</b>	<b>10</b>	<b>3</b>

The table below shows the total number of registered candidates in the six BEPCs from 2007 to 2015. The next table analyses the change in annual registrations. It shows that after peaking in 2009, registration numbers in most BEPs entered a downward trend. This improved in 2012, but still exhibit downward pressure. While there is a decrease in the numbers at some councils, the overall effect is still a growth, as indicated in the following table.

**Table 32: Annual growth in candidate registration (2008-2015)**

BEPC	2008	2009	2010	2011	2012	2013	2014	2015
ECSA	6753	9064	10751	13361	14781	16244	17422	20479
SACAP	1243	1849	1841	1566	1784	1798	2187	1998
SACPCMP	910	717	791	864	1019	1157	1441	1646
SACQSP	872	941	1101	1248	1522	1662	1949	1940
SACPVP	1300	1085	962	962	798	760	699	629
SACLAP	30	40	56	56	57	63	67	71
<b>TOTAL</b>	<b>11108</b>	<b>13696</b>	<b>15502</b>	<b>18057</b>	<b>19961</b>	<b>21684</b>	<b>23765</b>	<b>26763</b>
<b>Annual % change</b>	<b>0</b>	<b>23</b>	<b>13</b>	<b>16</b>	<b>11</b>	<b>9</b>	<b>10</b>	<b>13</b>

Source: Professional Council quarterly reports, 2008/09, 2009/10, 2010/11, 2012/13, 2013/14, 2014/2015, 2015/16

**Table 33: Change in annual registration per BEPC**

BEPC	2007	2008	2009	2010	2011	2012	2013	2014	2015
ECSA	0	6753	2311	1687	2610	1420	1463	1178	3057
SACAP	0	1243	606	-8	-275	182	14	389	-189
SACPCMP	0	910	-193	74	73	155	138	284	205
SACQSP	0	872	69	160	147	274	140	287	-9
SACPVP	0	1300	-215	-123	0	-164	-38	-61	-70
SACLAP	0	30	10	16	0	1	6	4	4
<b>TOTAL</b>	<b>0</b>	<b>11108</b>	<b>2588</b>	<b>1806</b>	<b>2537</b>	<b>1922</b>	<b>1723</b>	<b>2081</b>	<b>2998</b>

Source: Professional Council quarterly reports, 2008/09, 2009/10, 2010/11, 2012/13, 2013/14, 2014/2015, 2015/16

## GENDER REPRESENTATION WITHIN THE PROFESSIONS

The table below illustrates the gender profile of professionals. Equity discrepancies are still prevalent within the BE, due to the poor representation of women. The BEPs are male dominated. Out of 69 931 registered candidates and professionals, women number a mere 10 686. The table below indicates that the overall percentage of men in the BE is 85%, while women only make up 15%.

**Table 34: Aggregate female registration (2009 – 2015)**

	2009	2010	2011	2012	2013	2014	2015
Female	6 256	6256	7097	8100	8891	10028	10 686
Total registration	44841	48356	56076	59384	62368	66715	69931
% of total registration	13	13	13	14	14	15	15

## Registration Challenges:

- a Non-compliant applications received for registration. Typically, in these instances, the applicants do not respond to correspondence regarding their non-compliant applications.
- b Some BEPCs currently have a backlog in the processing of applications. This unusually high volume of applications received by BEPCs can be attributed to awareness programmes taking place and effect. The BEPCs are doing everything within their available resources to process and finalise applications received, including new processes to improve and make on-line registration more accessible.

## RECOGNITION OF PRIOR LEARNING (RPL)

RPL is an alternative registration route for BEPs who do not have acceptable formal qualifications recognised for their professional status. RPL is based on the demonstration of competence, accumulated from experience and knowledge.

The table below shows the number of RPL applications received by the BEPCs, which were 58 in total. SACAP drafted a RPL policy, which was submitted to its Voluntary Associations (VAs) for input.

**Table 35: RPL applications**

BEPC	RPL applications received
ECSA	21
SACPCMP	23
SACLAP	8
SACQSP	6
SACPVP	0
<b>TOTAL</b>	<b>58</b>

Source: Professional Councils' quarterly reports, fourth quarter 2015/2016

## CONTINUOUS PROFESSIONAL DEVELOPMENT (CPD)

The professions Acts impose a duty on a registered person to apply for the renewal of his/her registration with the council "at least three months prior to the prescribed expiry date of his/her registration." The Acts confer the power on the BEPCs to determine conditions for renewal of registration. The Acts empower BEPCs to determine conditions relating to continuing education and training. The discretion provided for in the Acts to make use of CPD as a mechanism to determine the renewal of registration, gives BEPCs the opportunity to comply with both the renewal of registration and CPD requirements.

The purpose of the CPD is to ensure that BEPs knowledge and competencies are continuously developed, to keep abreast of new developments in their respective fields.

Another purpose is to assist BEPs to maintain and acquire new and updated levels of knowledge, skills and ethical attitudes that will be of measurable benefit in professional practice, and to enhance and promote professional integrity. The beneficiary will ultimately be the client. All registered professionals are required to complete a series of accredited continuing education activities each year. CPD also ensures that the skills of professionals:

- Develop and expand the expertise of members as markets and conditions change;
- Ensure the relevance and enhance the role and reputation of the professions, both in South Africa and within the international BE community; and
- Harness the expertise of members to inform public debate.

Table 36 below indicates the percentage of professionals complying with CPD requirements. This is 70% - 80%. SACPCMP reported that their current policy framework is under review, to ensure inclusion of all registration categories in terms of CPD activities. The amendments, inclusive of Construction Health and Safety (CHS), are also to ensure that the policy is user friendly for registered professionals to comply.

**Table 36: Percentage of registered professionals who comply with CPD requirements**

BEPC	% of Registered Professionals that comply with CPD requirements
ECSA	70
SACQSP	91
SACAP	70
SACPVP	88
SACPCMP	40
SACLAP	94

Source: Professional Councils quarterly reports, fourth quarter 2015/2016

The following challenges were reported by the BEPCs for the period under review:

- Registered persons not adhering to deadlines and/or compliance with CPD requirements, resulting in a high number of voluntary de-registrations of retired persons, non-practicing individuals and persons who are no longer residing in RSA;
- Modernization of the CPD verification system into an ICT based user-friendly system. As most BEPC systems are still manual, the result is a high administrative burden;
- Funding issues such as the cost of courses, which also impact on out-of-office time for BEPs;
- Accessibility of CPD venues and locations;
- Dual registration of BEPs with different CPD requirements;
- Practicing persons' refusal to adhere to the CPD policy. This category of persons is a major concern. Until the IDoW is promulgated, it is very difficult to prosecute these persons, as they merely stop calling themselves professionals, but continue to offer professional services; and
- The issues of resourcing and funding for small BEPCs, such as SACLAP. Each CPD submission requires an assessment by a registered professional, a resource that must be remunerated.

## ACCREDITATION

In terms of Section 13 of the professions Acts, BEPCs are empowered to, subject to Section 5 and 7 of the Higher Education Act, 1997 (Act 101 of 1997), conduct accreditation visits to any educational institution which has a department, school or faculty of that professional council. These visits are to be conducted once during its term of office. If the BEPC does not conduct an accreditation visit within that term of office, it must:

- Notify the Minister accordingly and provide reasons for its failure to do so;
- Conditionally or unconditionally grant, refuse, and withdraw accreditation regarding all educational institutions and their educational programmes.

With regard to accreditation, Section 4 (p) impels the CBE to promote coordination between the CHE and the BEPCs on accreditation of educational institutions.

## Objectives of Accreditation

The objectives of accreditation are the following:

- a. To establish whether a programme meets the educational requirements toward registration in a particular category;
- b. To establish whether the graduates of a programme are ready to enter employment, and are equipped to continue learning throughout their careers;
- c. To establish the international comparability of programmes;
- d. To assure the public of the quality of the programme;
- e. To evaluate and, subsequently, maintain the quality and standard of BEPCs programmes offered at public South African higher education providers; and
- f. To encourage improvement and innovation in education, in response to national and global needs.

In line with its legislative mandate of setting minimum standards in education and training, and through their strategic objectives of upholding and maintaining the standard of education and training, the BEPCs conduct an evaluation of the teaching programmes offered at the Universities and Universities of Technology.

The following table shows a slight increase in the number of programmes accredited by BEPCs. However, the issue of non-accreditation of programmes at educational institutions needs to be addressed.

The programmes have been colour-coded to denote the following accreditation status:

**Red** – Full Accreditation

**Orange** – Not Accredited

**Blue** – Partial Accreditation

**Black** – Accreditation status not determined as information was not provided

**Table 37: List of institutions with built environment programmes and their accreditation status**

INSTITUTION	SACQSP	SACPVP	SACPCMP	SACLAP	SACAP	ECSA
University of Cape Town	Bachelor of Quantity Surveying  Bachelor of Science (BSc) (Hons) in Quantity Surveying	BSc in Property Studies  BSc (Hons) in Property Studies  MSc in Property Studies  Postgraduate Diploma in Property Studies	BSc (Hons) in Construction Management  National Diploma: Building  Bachelor of Technology: Construction Management	Master of Landscape Architecture (MLArch)	Bachelor of Architectural Studies (BAS)  BAS (3 years undergraduate) BAS (Hons) (1 year postgraduate) M Arch (Prof) (Final 1 year postgraduate)	Bachelor of Engineering in -Civil -Chemical -Electrical -Mechanical -Electrical -Electro-mechanical -Mechatronic -Electrical and Computer N/A
University of the Free State	Bachelor of Quantity Surveying  BSc (Hons) in Quantity Surveying	Master of Land and Property Development (MPROP Property Valuation)	BSc in Construction Management  Quantity Surveying, Construction and Project Management (QCP) Certificate; Bachelor of Science: (Hons) Construction Management; Masters of Land and Property Management (MLPM)	N/A	Bachelor of Architectural Studies BAS (1 <sup>st</sup> 3 yrs)  BAS BAS (Hons) M Arch (Masters) M Arch Prof (Professional)	N/A

INSTITUTION	SACQSP	SACPVP	SACPCMP	SACLAP	SACAP	ECSA
University of KwaZulu-Natal	<p>Bachelor of Quantity Surveying</p> <p>BSc (Hons) in Quantity Surveying</p> <p>Accreditation was withdrawn in 2014, as it had not taken on any new students since 2012. Negotiations are currently underway, since 2014, to re-instate the program.</p>	N/A	BSc (Hons) in Construction Management	N/A	BAS (3 years undergraduate) M Arch (Prof)	<p>BSc (Eng)</p> <p>-Electrical</p> <p>-Agricultural</p> <p>-Chemical</p> <p>-Electronic</p> <p>-Civil</p> <p>-Mechanical</p> <p>-Computer Engineering</p>
University of Pretoria	<p>Bachelor of Quantity Surveying</p> <p>BSc (Hons) in Quantity Surveying</p>	<p>MSc in Real Estate Property Valuation</p> <p>BCom and B Com (Hons)</p>	<p>BSc (Hons) in Construction Management</p> <p>Bachelor of Science: Construction Studies</p> <p>Masters of Science (Project Management)</p>	<p>BSc</p> <p>Landscape Architecture</p> <p>BL (Hons)</p> <p>ML (Prof)</p>	<p>BSc in Architecture</p> <p>M. Arch Prof</p> <p>BSc (Hons) in Architecture</p>	<p>B. Eng</p> <p>- Civil</p> <p>- Mechanical</p> <p>-Industrial</p> <p>- Mining</p> <p>- Chemical</p> <p>- Electrical</p> <p>- Metallurgical</p> <p>- Electronic</p> <p>- Computer Engineering</p>

INSTITUTION	SACQSP	SACPVP	SACPCMP	SACLAP	SACAP	ECSA
University of the Witwatersrand	<p><b>Bachelor of Quantity Surveying</b></p> <p><b>BSc (Hons) in Quantity Surveying</b></p>	<p><b>BSc (4 years) in Property Studies</b> (programme is still to be accredited as it has been re-curriculated)</p>	<p><b>BSc (Hons) in Construction Management;</b></p> <p><b>Bachelor of Science: Construction Studies;</b></p> <p><b>Bachelor of Science: (Hons) Construction Management</b></p>	N/A	<p><b>BAS</b></p> <p><b>BAS (Hons)</b></p> <p><b>M Arch (Prof)</b></p>	<p><b>Bachelor of Engineering in</b></p> <ul style="list-style-type: none"> <li>-Civil</li> <li>-Chemical</li> <li>-Electrical</li> <li>-Mechanical</li> <li>-Industrial</li> <li>-Aeronautical</li> <li>-Mining</li> <li>- Metallurgical and Materials</li> <li>- Environmental Engineering Option</li> <li>- Electrical Engineering – Information Option</li> </ul>



INSTITUTION	SACQSP	SACPVP	SACPCMP	SACLAP	SACAP	ECSA
Nelson Mandela Metropolitan University	Bachelor of Quantity Surveying  BSc (Hons) in Quantity Surveying	MSc in Built Environment Facilities Management  MSc in Built Environment Property Economics and Valuation	BSc (Hons) in Construction Management  BTech, BSc, Hons, Masters in Construction Studies  Postgraduate Diploma in Construction Management  BSc in Construction Economics  BSc in Construction Economics and Computer Science  MSc in Built Environment Project Management  MSc in Built Environment Construction Management  DTech in Construction Management  PhD in Construction Management	N/A	N Dip (National Diploma - Architectural Technology) B Tech (Architectural Technology) M Tech (Architectural Technology) BAS M Arch (Prof)	B.Eng Mechatronics

INSTITUTION	SACQSP	SACPVP	SACPCMP	SACLAP	SACAP	ECSA
University of Johannesburg	BTech in Quantity Surveying  ND: Building	ND in Real Estate Property Valuation (discontinued)  BCom and BCom (Hons)	BTech. MTech in Construction Management  National Diploma: Building;  Bachelor of Technology: Construction Management	N/A	National Diploma – Architectural Technology (part 1) B. Tech – Architectural Technology – Applied Design (part 1) M. Tech (Thesis based)	BTech in Engineering - Civil - Mechanical - Electrical and Electronic - Electrical and Electronic with Endorsement Information Technology
Walter Sisulu University of Technology	ND in Building	N/A	National Diploma: Building	N/A	N/A	BTech and ND in Engineering -Civil -Mechanical -Electrical, Electronic and Computer Chemical
Stellenbosch University	N/A	N/A	N/A	N/A	N/A	B. Eng -Chemical -Civil -Electrical and Electronic -Electrical and Electronics with Computer Science -Industrial -Mechatronic -Mechanical

INSTITUTION	SACQSP	SACPVP	SACPCMP	SACLAP	SACAP	ECSA
North West University (Potchefstroom)	N/A	N/A	N/A	N/A	N/A	BEng -Chemical -Chemical with specialisation in Minerals Engineering -Electrical & Electronic -Computer & Electronic Engineering -Mechanical
UNISA	N/A	ND in Real Estate Property Valuation (programme discontinued in 2011)	N/A	ND in Landscape Technology (New programme structure and course content relating to the new registration categories)	N/A	BTech and ND in Engineering -Civil (environmental) -Chemical -Electrical -Industrial -Information Technology -Mechanical -Mining
Cape Peninsula University of Technology	Bachelor of Technology in Quantity Surveying	ND in Real Estate (Property Valuation)	BTech in Construction Management MTech in Construction Management National Diploma: Building	ND and BTech in Landscape Technology (The programme is being restructured)	B Tech (Bachelor of Architectural Technology) N Dip (Architectural Technology)	BTech and ND in Engineering -Civil -Chemical -Computer Systems -Industrial -Electrical -Mechanical

INSTITUTION	SACQSP	SACPVP	SACPCMP	SACLAP	SACAP	ECSA
Central University of Technology	BTech Quantity Surveying  Received Candidate accreditation for 12 months, subject to outstanding issues to be resolved	N/A	National Diploma Building	N/A	N/A	BTech and ND in Engineering  -Chemical -Civil -Electrical -Industrial -Mechanical -Mechatronics -Operations Management -Quality -Transportation & Water
Durban University of Technology	N/A	N/A	National Diploma: Building  Bachelor of Technology: Construction Management	ND in Landscape Technology (Programme terminated in 2011)	NDip (National Diploma - Architectural Technology) B Tech (Bachelor of Architectural Technology)	ND in Engineering -Computer Systems -Electronic -Chemical -Civil -Electrical -Mechanical
Mangosuthu University of Technology	ND: Building NDip in Surveying	N/A	National Diploma: Building	N/A	N/A	BTech and ND in Engineering -Civil -Electrical -Mechanical -Chemical

INSTITUTION	SACQSP	SACPVP	SACPCMP	SACLAP	SACAP	ECSA
Tshwane University of Technology	<b>Bachelor of Technology in Quantity Surveying</b>	<b>Building Science</b>	<b>National Diploma: Building</b>  <b>Bachelor of Technology: Construction Management</b>	<b>ND in Landscape Technology</b>  <b>BTech in Landscape Technology ( New programme structure and course content)</b>	<b>B Tech (Architecture Professional) (Part 1)</b> <b>M Tech (Architecture Professional) ( Part 2)</b> <b>B Tech (Architectural Technology) (Part 1)</b>	<b>BTech and ND in Engineering</b> <b>-Chemical and Metallurgical</b> <b>-Civil</b> <b>-Electrical</b> <b>-Industrial</b> <b>-Mechanical</b> <b>-Mechatronics</b> <b>-Operations Management</b> <b>-Quality</b> <b>- Computer Systems</b>
Vaal University of Technology	N/A	N/A	N/A	N/A	N/A	<b>BTech and ND in Engineering</b> <b>-Chemical</b> <b>-Electrical</b> <b>-Civil</b> <b>-Industrial</b> <b>-Mechanical</b> <b>-Computer Systems</b> <b>-Metallurgical</b>
Centurion Academy						<b>ND: Engineering: Electronic</b>
Inscape					<b>Architectural Technology NQF 5</b>	

The following challenges, regarding accreditation, were reported for the year under review:

- a. Some BEPCs cite a lack of suitably experienced persons to undertake accreditation visits to the tertiary education institutions; and
- b. Cost of accreditation to Higher Education Institutions.

## **AGREEMENTS AND PARTNERSHIPS**

In terms of Section 13 (e) of the professions Act of 2000, the BEPCs may establish mechanisms for registered persons to gain recognition for their qualifications and professional status in other countries. Section 13(h) states that professional councils may enter into an agreement with any person or body of persons, within or outside the Republic, with regard to the recognition of any examination or qualification for the purpose of this Act.

### **SACAP**

SACAP is currently party to the Commonwealth Association of Architects international agreement, a MoA of mutual recognition of accredited architectural qualifications.

### **SACPVP**

SACPVP is party to the International Valuation Standards Council agreement, which sets international valuation standards.

### **ECSA**

ECSA is party to the following international agreements:

- a. Washington Accord;
- b. Sydney Accord;
- c. Dublin Accord;
- d. International Professional Engineers Agreement (IPEA), formerly known as the Engineering Mobility Forum; and the
- e. International Engineering Technologist Agreement (IETA), formerly known as the Engineering Technologist Mobility Forum.

### **SACPCMP**

Nationally, SACPCMP is pursuing a MoU with the National Home Builders Registration Council (NHBRC).

### **SACLAP**

SACLAP does not have any agreements in place at this time. However, negotiations were opened with the International Federation for Landscape Architects (IFLA).

### **SACQSP**

SACQSP continues to be party to the RICS/SACQSP Mutual Recognition of Mutual Competence Agreement.

The table below indicates agreements signed by BEPCs during the 2015/16 financial year.

**Table 38: International accords and organisations that govern BE qualifications**

BEPC	Partnerships and Agreements
<b>SACPVP</b>	<ul style="list-style-type: none"> <li>• International Valuation Standards Council</li> <li>• Member of African Real Estate Society</li> </ul>
<b>ECSA</b>	<ul style="list-style-type: none"> <li>• Washington Accord</li> <li>• Sydney Accord</li> <li>• Dublin Accord</li> <li>• Engineers Mobility Forum</li> <li>• Engineering Technologists Mobility Forum</li> <li>• Mutual Exemption Agreement with the Institution of Civil Engineers (ICE) (UK)</li> <li>• Mutual Exemption Agreement with Engineers Ireland</li> <li>• African Engineering Organisations (FAEO)</li> </ul>
<b>SACPCMP</b>	<ul style="list-style-type: none"> <li>• MoU with the National Home Builders Council (NHBRC)</li> </ul>
<b>SACLAP</b>	<ul style="list-style-type: none"> <li>• Opened negotiations with International Federation for Landscape Architects (IFLA)</li> </ul>
<b>SACQSP</b>	<ul style="list-style-type: none"> <li>• RICS/SACQSP Mutual Recognition of Mutual Competence Agreement</li> </ul>
<b>SACAP</b>	<ul style="list-style-type: none"> <li>• Commonwealth Association of Architects</li> </ul>

Source: Professional Councils' Quarterly Reports, 2015/2016

## PROTECTING PUBLIC INTEREST

Sections 3 (a) and (c) of the CBE Act impel it to **(a)** promote and protect the interests of the public in the built environment, and **(e)** promote appropriate standards of health, safety and environmental protection within the built environment.

### Health, Safety and Environment

Section 3 **(e)** of the CBE Act impels it to promote appropriate standards of health, safety and environmental protection within the built environment. The CBE Act does not, however specify policy instruments for the achievement of appropriate standards of health and safety and environmental protection, as these lie with other Government line functions such as the DoL's Construction Regulations and the Department of Environmental Affairs and of Trade and Industry (SABS and NRCS). This limits the role of the CBE to a facilitative one. However, a direct role for the CBE is found in influencing the knowledge base of BEPs through the curricula of the BE and CPD programmes to incorporate substantive health and safety and environmental sustainability knowledge to increase their competence in these areas. Another important policy instrument is the disciplinary procedures of the various BEPCs Acts, which empower them to prosecute instances of malfeasance concerning health and safety and environmental sustainability malpractice.

During the year under review, ECSA and SACPCMP reported the following:

ECSA reported two cases of health and safety incidents:

- A brick gable wall collapsed in Booysens, Johannesburg where there were no injuries; and
- A stand collapsed at the Esselen Park Stadium in Worcester, Western Cape where 20 people were injured.

SACPCMP presented at 49 public and private organisations to raise national awareness on the requirement for CHS Professionals and Practitioners to meet the DoL implementation deadline. In addition, SACPCMP advertised in industry publications and distributed brochures, both in hard copy and digital format to relevant stakeholders.

## INVESTIGATIONS INTO CHARGES OF IMPROPER CONDUCT AND DISCIPLINARY CASES

In terms of Section 28(1) of the Professional Councils Acts of 2000 (Section 29 in the instance of SACPVP), the relevant BEPC must refer any matter brought against a registered person to an investigating committee contemplated in Section 17 if-

- (a) the council has reasonable grounds to suspect that a registered person has committed an act which may render him or her guilty of improper conduct; or
- (b) a complaint, charge or allegation of improper conduct has been brought against a registered person by any person.

Similarly, Section 30(1) of the Professional Councils Acts of 2000 impels the BEPCs to appoint a disciplinary tribunal to hear a charge of improper conduct.

### Complaints received by BEPCs

Complaints of improper conduct lodged against registered persons, or incidents regarding BEPC-related activities that may indicate improper conduct by registered persons are investigated. During the reporting period, the BEPCs received complaints, which are detailed below.

SACAP received 121 complaints, the nature of which were listed as:

- a. Performing architectural design work while a registration is cancelled;
- b. Failure to perform architectural design work for a client within a reasonable time;
- c. Failure to adequately communicate with the client regarding architectural design work undertaken;
- d. Failure to set out terms of appointment in writing, prior to undertaking architectural design work; and
- e. Failure to carry out professional work with due skill and competence.

SACPVP reported that its nine complaints received were:

- a. Four complaints of improper conduct against registered persons; and
- b. Five reported matters relate to mediation where parties failed to agree on assessed value, leading to both submitting their dispute to SACPVP for mediation.

ECSA reported that 34 complaints were received during this reporting period. Most investigations were on competency/design errors.

SACPCMP reported that three complaints were received, the nature of which related to:

- a. One complaint, by two registered Pr CPMs working in the same company, of failure to discharge duties to the client by acting with integrity and sincerity; and
- b. Two complaints of improper conduct by a duly registered Pr CHSA.

SACQSP reported that 29 complaints were received during the reporting period. The complaints received were:

Breach of the SACQSP Code of Conduct regarding:

- a. Candidate working for own account (3);
- b. Candidate work not being supervised (5);
- c. No PrQS in the branch office (3);



- d. Poor quality of work (3);
- e. Mentor not signing workplace skills records (1); and
- f. Soliciting a bribe (1).

Contravention of Act 49 / 2000 - Clause 18(2):

- a. Misrepresenting themselves as a registered QS (3); and
- b. Performing the work of PrQS without being registered (10).

SACLAP reported that no complaints were received during the reporting period.

The table below indicates that a total of 218 complaints were received during the 2015/16 financial year.

**Table 39: Total number of complaints received (2008-2015)**

BEPC	2008	2009	2010	2011	2012	2013	2014	2015
SACPVP	23	14	19	14	5	31	15	9
SACQSP	19	11	19	19	14	29	42	29
ECSA	79	13	57	51	35	58	40	34
SACAP	136	120	62	86	61	91	112	121
SACPCMP	0	0	10	2	5	2	4	3
SACLAP	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>257</b>	<b>158</b>	<b>167</b>	<b>172</b>	<b>120</b>	<b>211</b>	<b>213</b>	<b>196</b>

## Challenges

The following challenges were identified with the management of the complaints and disciplinary process:

- a. Due to lack of in-house legal expertise, external legal advice is often sought in the consideration of complaints. The backlog of previous cases are currently being addressed by employing additional resources; and
- b. The high cost of conducting investigations and disciplinary hearings.

## SUSTAINABLE AND INTEGRATED DEVELOPMENT

### IDENTIFICATION OF WORK (IDoW)

The IDoW function is regulated by Section 26 of the professions Acts and Section 20 of the Council for the Built Environment Act, 2000 ( Act No. 43 of 2000, the CBE Act).

The CBE filed exemption applications to the Competition Commission (CC) in terms of Schedule 1, Part A, read with Part B of the Competition Act for all six Built Environment Professions (BEPs). The applications were based on the premise that the IDoW is:

- (1) necessary to maintain professional standards or the orderly function of the profession. The applications cited public health and safety risks, financial risks and information asymmetry between persons offering built environment professional services and final consumers; and
- (2) provided for in the legislative framework of the Built Environment. In particular, the CBE relies on section 20 of the CBE Act, enjoining the CBE to identify the scope of work for every category of registered persons in consultation with the BEPCs and after consultation with the CC.

In January 2016 the CC announced that, after consideration, it rejected all five exemption applications submitted. SACAP elected to withdraw its application, and to replace it at a later stage with a re-worked version.

In refusing to grant the exemptions, the CC concluded that the IDoW for the aforementioned BEPCs, in its current form, is likely to harm competition in the following ways:

1. Restriction of competition between registered and unregistered persons. The CC found that once the IDoW is implemented, unregistered persons will not be allowed to undertake work or offer services reserved for the persons registered with their respective BEPC. This exclusionary act will exist regardless of the academic qualifications, practical experience and skills acquired by the unregistered persons;
2. Restriction of competition between persons registered in different professional councils within the CBE. The IDoW identifies work reserved for persons registered with each member council of the CBE. To the extent that persons registered with other professional councils wish to compete with each other, they will only do so within the parameters of the MoU to be concluded between those professional councils;
3. Restriction of competition between persons registered with the CBE and persons registered with other professional councils outside the built environment. Upon the implementation of IDoW, persons outside the built environment, but competent to undertake work reserved for persons within the CBE, will be prohibited from undertaking such work unless they register with respective BEPC.
4. Restriction of competition between persons registered with the CBE, but in different registration categories. The IDoW creates different categories of registration and allocates work to those categories accordingly. The CC found that once the IDoW is implemented, persons registered within specified categories of registration will not be allowed to undertake work outside their category of registration, even if they are competent to undertake such work.

The CC concluded that the restrictions imposed by the IDoW will reduce the number of persons operating in the relevant market. The reduction in the number of persons is likely to increase the selling price and reduce the quantity of the service supplied in the market.

The CC also concluded that the restrictions imposed by the IDoW have some element of market allocation in contravention of section 4(1)(b)(ii) of the Competition Act.

## **PROFESSIONAL FEES**

In terms of section 4(k) (v) of the CBE Act, the CBE must ensure the BEPCs apply policy and principles consistently in determining the fees that registered persons are charged, and in accordance with any legislation relating to the promotion of competition.

In terms of the professions Acts BEPCs were, after a process of consultation, required to formulate recommendations with regard to the principles referred to in section 4(k) (v) of the CBE Act 2000.

The professions Acts 2000 requires that BEPCs annually, after consultation, determine guideline professional fees and publish those fees in the Gazette.

The CC opined that the publication of guideline professional fees is in conflict with competition law, and requires exemption applications by each BEPC. The BEPCs submitted the required applications to the CC. While some BEPCs continue to publish their guideline fees, as required by their Acts, pending the outcome of their applications to the CC, others awaited the decision of the CC. During January 2016, the CC decided that the publication of guideline fees by BEPCs is anti-competitive and rejected all the exemption applications.

## **The BEPCs have raised *inter alia* the following challenge as a consequence of the CC decision:**

It is creating an environment where the overall quality of services may deteriorate because the fees received will be inadequate to cover the cost of holistic built environment professional services that are deemed essential.

### **VOLUNTARY ASSOCIATIONS (VAs)**

In South Africa, VAs cover any association that has been recognised as such by the BEPCs. An association is broadly defined to include an institute, institution, association, society or federation established by the BE practitioners to promote their collective professional and/or business interests. Their initial and continuing recognition is dependent on their adherence to the policy prescripts of the associated BEPC on VAs.

VAs are an important constituent of the BE professional milieu as a repository of profession-specific technical knowledge. They are also highly involved in CPD activities and the development of qualifications. Their recognition is important and should be encouraged since they play the following critical roles, apart from the aforementioned CPD and qualification development roles:

- Provide a pool of practitioners to serve on professional council's committees;
- Play the role of competency assessment (assessors) in the registration process;
- Provide a pool of mentors for candidate professionals; and
- Serve as members of evaluation committees for programme accreditation at Higher Education Institutions that offer BE qualifications.

### **ECSA**

ECSA recognises 48 VAs and its Voluntary Associations Framework is being reviewed. The reviewed Voluntary Associations Framework will facilitate a much closer and effective relationship, which will benefit both ECSA and the VAs, in a reciprocal manner.

### **SACPVP**

SACPVP recognises three VAs.

### **SACPCMP**

SACPCMP reported that 11 VAs are recognised.

### **SACQSP**

SACQSP recognises one VA.

### **SACLAP**

SACLAP recognises one VA.

### **SACAP**

SACAP recognises 12 VAs.

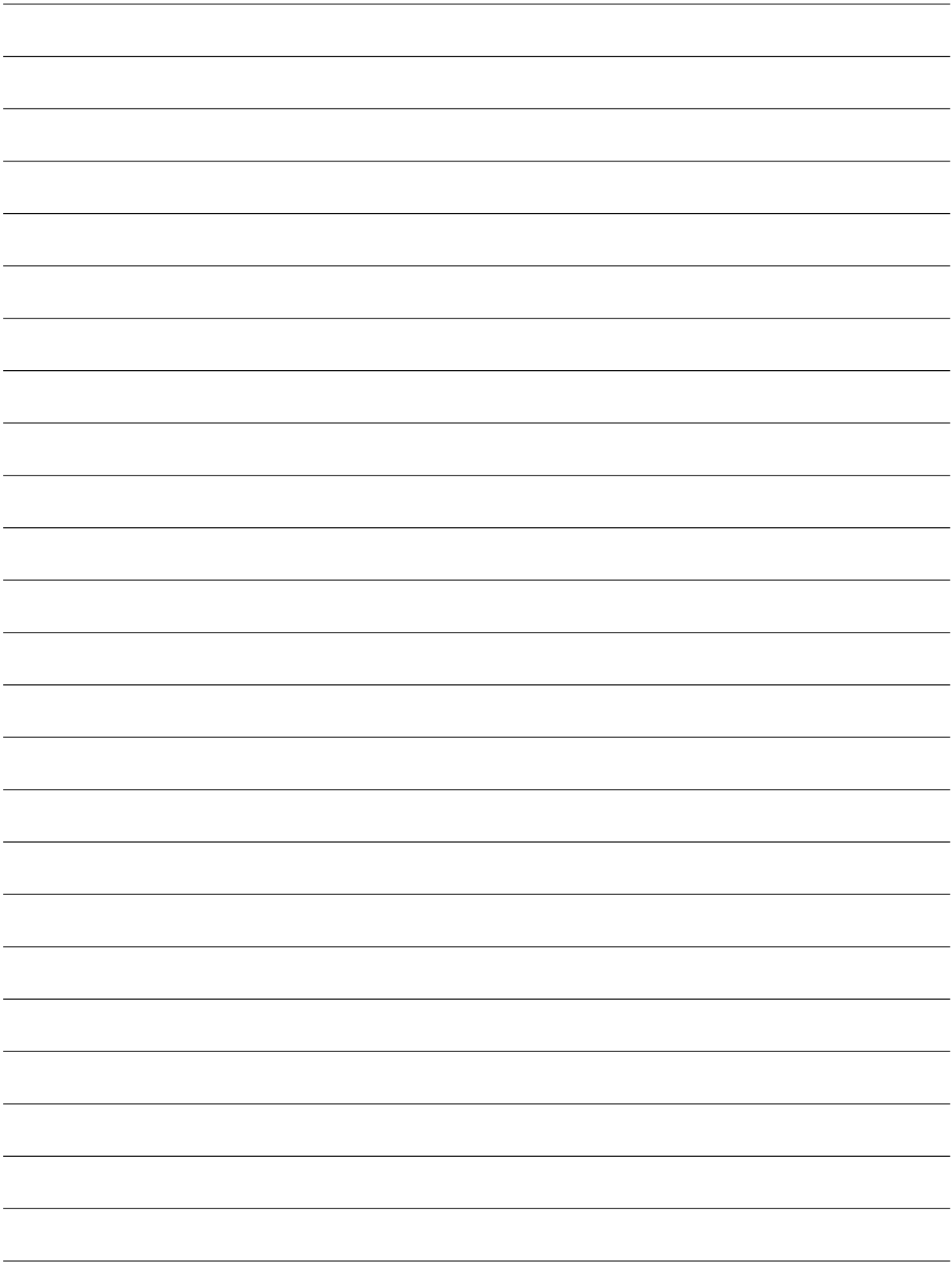
**Table 40: Number of VAs recognised by BEPCs**

BEPC	Total number of recognised VAs							Total number of recognised VAs
	2009	2010	2011	2012	2013	2014	2015	
<b>SACPVP</b>	3	4	4	3	3	3	3	3
<b>SACQSP</b>	0	1	0	1	3	0	1	1
<b>ECSA</b>	39	42	42	44	45	48	48	48
<b>SACAP</b>	11	11	11	12	12	10	12	12
<b>SACPCMP</b>	10	10	10	10	10	10	11	11
<b>SACLAP</b>	0	1	1	1	1	1	1	1
<b>TOTAL</b>	<b>63</b>	<b>69</b>	<b>68</b>	<b>71</b>	<b>74</b>	<b>72</b>	<b>76</b>	<b>76</b>

## CONCLUSION

The CBE notes the progress made by BEPCs in fulfilling their mandate and the role that BEPs continue to play in South Africa's development. An improvement in the area of candidate registrations is noted. Whilst this progress is commendable, the BEPCs have experienced challenges in a number of areas such as Disciplinary and Appeals cases and CPD. Many of these challenges are attributed to the lack of human capacity and financial constraints. The CBE is also aware of challenges in increasing the numbers of registered BE professionals and ensuring achievement of Transformation objectives.

The CBE will continue to work with the BEPCs, DPW and relevant stakeholders to improve policy and regulatory instruments aimed at ensuring that the BEPCs respond adequately to the developmental needs of the country.



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