



ANNUAL REPORT 2018/19





COUNCIL FOR THE BUILT ENVIRONMENT ANNUAL REPORT 2018/19



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 six councils for the built environment professions - architecture, engineering, landscape architecture, project and construction management, property valuation and quantity surveying - for instilling good conduct within these professions, transforming them and advising the South African government on built environment related issues.

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PART A

GENERAL INFORMATION

1. General Information

REGISTERED NAME:	COUNCIL FOR THE BUILT ENVIRONMENT
PHYSICAL ADDRESS:	Corobay Corner 2nd Floor, Block A 169 Corobay Avenue Menlyn Pretoria
POSTAL ADDRESS:	P O Box 915 Groenkloof 0027
TELEPHONE NUMBER/S:	+27 (0) 12 346 3985 / +27 (0) 87 980 5009
FAX NUMBER:	+27 (0) 12 346 3986
EMAIL:	registrar@cbe.org.za
WEBSITE:	www.cbe.org.za
EXTERNAL AUDITOR:	Auditor-General South Africa
BANKER:	Standard Bank
COMPANY SECRETARY:	Advocate Pieter Fourie
JUDIRISDICTION:	The CBE is a Schedule 3A Public Entity under the Department of Public Works and Infrastructure
ACCOUNTING AUTHORITY:	CBE Council

2. List of Abbreviations/Acronyms/Definitions

Act	The CBE Act 43 of 2000
AGSA	Auditor-General South Africa
APC	Assessment of Professional Competence
APP	Annual Performance Plan
BE	Built Environment
BEP/s	Built Environment Profession/s
CARINBE	Centre for Applied Research and Innovation in the Built Environment
CBE	Council for the Built Environment
CBEP	Councils for the Built Environment Professions
CC	Competition Commission
CDC	Coega Development Corporation
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CHE	Council for Higher Education
COO	Chief Operations Officer
Council	CBE Council
CPD	Continuous Professional Development
CPUT	Cape Peninsula University of Technology
CUT	Central University of Technology
DHET	Department of Higher Education and Training
DoL	Department of Labour
DPWI	Department of Public Works and Infrastructure
DPSA	Department of Public Service and Administration
E-BES	Electronic Built Environment System
EPWP	Expanded Public Works Programme
4IR	Fourth Industrial Revolution
GRAP	Generally Recognised Accounting Practice
H&S	Health and Safety
HDI	Historically Disadvantaged Individual
HR	Human Resources
ICT	Information Communications Technology
IDMS	Infrastructure Delivery Management System
IDoW	Identification of Work
IESBA	International Ethics Standard Board for Accountants
ISA	International Standards on Auditing
IT	Information Technology
King IV™	King IV Report on Corporate Governance for South Africa
KPI	Key Performance Indicator
LIC	Labour-Intensive Construction
Minister	Minister of Public Works and Infrastructure
MoU	Memorandum of Understanding
MTSF	Medium Term Strategic Framework
NDP	National Development Plan
OMA	O.M.A Chartered Accountants Inc.

OT	Occupational Team
PAA	Public Audit Act
PFMA	Public Finance Management Act
PICC	Presidential Infrastructure Co-ordinating Committee
PPC	Parliamentary Portfolio Committee
SACPLAN	South African Council for Planners
SCM	Supply Chain Management
SIPDM	Standards for Infrastructure Procurement and Delivery Management
SIPs	Strategic Infrastructure Projects
SOE	State-Owned Enterprise
UoT	University of Technology
VA	Voluntary Association
WIL	Work Integrated Learning

Definitions

Candidate	A graduate who requires workplace training to enable him/her to register as a fully-fledged BE professional with the council of the profession concerned.
IDoW (Identification of Work)	Work that is ring-fenced, only to be undertaken by suitably qualified and registered professionals within the South African BE categories.
Intern	An undergraduate from a university of technology, who requires workplace training to complete his/her academic qualifications.
Professional	A person registered in terms of an act of a council for a profession; and has met all educational and training requirements set by the council concerned.
Registered Person	A person registered by a council for the professions in the category of professional or candidate or another specified category.

Committees of Council

ARC	Audit and Risk Committee
BEMC	Built Environment Matters Committee
EXCO	Executive Committee
FHLC	Finance, Human Resource and Legal Committee

CBE's APP Programmes

Programme 1	Administration
Programme 2	Skills for Infrastructure Delivery
Programme 3	Built Environment Research, Information and Advisory
Programme 4	Regulation and Oversight of six CBEP
Programme 5	Government Policies and Priorities

Councils for the Built Environment Professions (CBEP)

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



Ms Patricia de Lille (MP)

Minister of Public Works and Infrastructure

3. Foreword by the Minister of Public Works and Infrastructure

I write this foreword for an annual report that reviews a period when my predecessor, Minister Thulas Nxesi, was at the helm of the Public Works sector. The year under review also saw a change in leadership at the Council for the Built Environment (CBE) – the Fifth Term Council began its tenure on 16 January 2019. And in all of this, the CBE has not wavered from its course of sustaining its corporate ethic and focusing on its targets to deliver to the South African public. The CBE's clean audit opinion for three successive years, no mean feat, bears testimony to this.

Even though the CBE has achieved a clean audit, there are still challenges that the CBE and the built environment sector must deal with. Delivering an ambitious infrastructure investment programme is a key enabler of the DPWI's long-term economic plan. This investment will bring jobs and growth to all regions of the Republic of South Africa, essential to rebalance our economy. DPWI and CBE face challenges in supplying a

skilled and productive workforce to deliver these plans. And it's not just more skilled people we need; it's also a different blend of skills. A lack of detail on demand and supply, particularly within provinces, coupled with fragmented approaches to skills planning and high levels of custom-made training, limit the effectiveness and efficiency of labour market mobility. Another issue facing the built environment is the transformation of the professions. There are particular challenges in attracting young people and encouraging diversity in many areas of infrastructure and construction delivery.

In the coming year, the CBE will play a lead role in advising the Government on implementing its strategic priorities relating to infrastructure development. We will continue to develop and analyse policy initiatives. Professionalising the stereotype 'brick and mortar' built environment, ensuring the safety of infrastructure, making the South African built environment relevant to our own geography and globally competent are all beacons that must provide direction to our daily work. Government, the CBE and industry will work with skills bodies to ensure that capability and capacity issues in construction are addressed in a strategic manner. The CBE will monitor demand and supply through a skills portal for the built environment sector. The longer-term visibility of skills demand and supply will help enable Government, the Councils for the Built Environment Professions and infrastructure clients to work with education and training providers to build South Africa's capability, matched to the demands of the investment pipeline.

I am a firm believer in the need for the built environment professions to operate as a cohesive unit —working together to assist Government in meeting its policy priorities. Therefore, it is encouraging to see the CBE incorporating more built environment and allied professions into its fold. As a Department, and Government, we remain committed to affirming the CBE's role in South Africa, Africa and worldwide. Above all, I hope the CBE will lead a built environment that is responsive, valued by society, a trusted adviser and a leader of best practice within the built environment. The Ministry looks forward to continuous engagements with the CBE and industry at large to ensure that public interest is protected in the built environment.

The Department of Public Works and Infrastructure (DPWI) remains committed to supporting the CBE in fulfilling its mandate. Thank you to the Council members and Executive Management team for their courageous leadership and ongoing commitment to advancing the built environment professions. Thank you to the staff for their continued dedication to the organisation.



Ms Patricia de Lille (MP)

Minister of Public Works and Infrastructure

Date: 23 September 2019



Ms Maphefo Mogodi
Council for the Built Environment

4. Foreword by the Chairperson of the Council for the Built Environment

On behalf of the Council, I am pleased to present the 2018/19 Annual Report, which complies with all statutory reporting requirements, particularly section 40(1) of the Public Finance Management Act, 1999 (PFMA), paragraph 18 of the National Treasury Regulations and section 19 of the Council for the Built Environment Act 43 of 2000 (the CBE Act).

High-level overview of performance

Strategic Relationships

The CBE leverages off the strategic relationships it has forged with its stakeholders. The success of the CBE is dependent upon building and strengthening partnerships across sectors, specifically among Government, Voluntary Associations, the six Councils for the Built Environment Professions (CBEP) and the built environment private sector.

The CBE's strategy is built on collaborative and coherent engagements with its stakeholders.

Challenges faced by the Council

The following challenges were present during the financial year:

- vacancies on the Fourth Term Council not filled within the statutory time limit
- governance challenges at the councils for the professions continued to test the relationship between CBE and the CBEP
- the delay in the appointment of the Fifth Term Council

The Fourth Term Council's term of office ended on 31 July 2018, and the first meeting of the Fifth Term Council only took place on the 16 January 2019. The provisions of section 49(2) (b) of the PFMA became applicable, rendering the Chief Executive Officer (CEO) the accounting authority in the absence of an appointed Council.

The year ahead

The CBE is gearing up to develop a new strategy for the five years 2020-2025. The year ahead will hold many changes for the CBE. The new Council must embark on developing the new strategy. During the year, focus will be required in the following areas:

- implementing the 'new' CBE Strategy across the business
- concerted efforts of driving transformation through built environment sector collaboration
- continued cost containment efforts in light of the stagnant baseline

Appreciation

On behalf of the Council and Executive, I would like to express appreciation to the former Minister of Public Works, the Honourable Mr Thulas Nxesi for his unwavering leadership, support and willingness to engage with the CBE Council and Executive Committee. I acknowledge the Public Works Portfolio Committee for their regular and constructive engagements with the CBE. I would also like to thank my fellow Council members for their conscientious attention to council matters and for bringing their diverse expertise to bear on the challenges confronting the organisation.

A stylized handwritten signature in black ink, appearing to read 'Maphefo Mogodi'.

Ms Maphefo Mogodi
Acting Chairperson: Council for the Built Environment
Date: 31 May 2019



Ms Priscilla Mdlalose

Council for the Built Environment

5. Chief Executive Officer's Overview

General performance of the organisation

The overall performance of the CBE against its annual targets for the 2018/19 financial year was 86% - this translated as 18 of 21 targets achieved. A clean audit for 2016/17, 2017/18 and 2018/19 financial year was maintained.

General financial review of the reporting period

The CBE's total revenue generated amounted to R54.669 million. The DPW allocated R50.1 million to the CBE, while funders and levies contributed the remaining funds. The Council also receives a levy income from the CBEP, which contributes R2.158 million for professionals and candidates registered with them. Other sources of funding were the operating income of R1.390 million and interest of R1.021 million.

The CBE utilises the grant allocation to deliver on its planned projects in the annual performance plan (APP), as well as priority projects identified during the year. The budgeted expenditure for the year was R54.369 million. The actual financial performance of the CBE resulted in a deficit of R0.492 million for the year. The detailed financial performance is outlined in the annual financial statements for the 2018/19 financial year in this report.

The actual expenditure incurred for the financial year amounted to R55.161 million (1.5% overspent), against the budgeted expenditure of R54.369 million. The unfavourable variance of R0.492 million arose from the following:

1. ICT infrastructure spending of R0.146 million, funded by approved surplus funds
2. depreciation and amortisation amounting to R1.840 million which was not budgeted for as CBE uses a cash-based budget
3. reduced expenditure due to the vacancies of the Senior Researcher and IT Administrator

National Treasury issued an Instruction Note in May 2017 on the application for surplus funds, stipulating commitments must be deducted from the current year surpluses. This resulted in a surplus of R0.336 million for the financial year under review.

Over-expenditure in Programme 1 resulted in an unfavourable variance of R1.118 million (-3%). The main contributor to the over expenditure was the depreciation and amortisation of R1.840 million which was not budgeted for in a cash-based budget.

Programme 2 yielded an unfavourable variance of R0.112 million (-1%) due to travel for unplanned meetings.

Programme 3 had a favourable variance of R0.248 million (48%). This under-expenditure was due to the vacancies within the Department.

Programme 4 had a favourable variance of R0.188 million (17%) due to an appeal hearing which was withdrawn but budgeted for.

Under expenditure in Programme 5 was mainly due to savings on travel, resulting in a favourable variance of 1%.

Requests for Rollover of Funds

National Treasury approved the CBE's request to retain and utilise the surplus funds of R0.146 million to purchase ICT equipment during the 2018/19 financial year. A request for current year surpluses amounting to R0.336 million will be made to National Treasury.

Supply Chain Management

The organisation, unfortunately, declared irregular expenditure of R0.013 million relating to a contract identified in the previous financial year. Approval was not obtained for a contract extension exceeding the 15% contract extension threshold. Four instances of irregular expenditure amounting to R0.129 million, were incurred from deviations which were approved as a sole source. However, the services were available from other suppliers. Control measures have since been updated, and no new instances have been identified.

Audit Report on Matters from the Previous Year

During the year under review, the CBE's audit findings 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 reviewed and recommended the matrix for approval. The repeat audit issues on performance information remains a concern, and a detailed revision of controls regarding the portfolio of evidence is currently underway.

Outlook/ Plans for the future to address Financial Challenges

The CBE finds itself under severe funding constraints to meet all its desired programmes. Alternative funding mechanisms will be investigated to pool resources to have a bigger impact on smaller projects.

Events after the Reporting Date

No significant events occurred after the reporting date.

Discontinued activities/activities to be discontinued

The CBE did not discontinue any of its activities during the 2018/19 financial year.

Economic Viability

The CBE remains a strong and financially viable organisation as a going concern. A Government Grant and levies from the six CBEP, who depend solely on registration fees from their professionals, sustains the CBE.

Acknowledgement

I would like to express my gratitude to the CBE's Fourth Term Council whose term ended during the year in review. I sincerely welcome the new Fifth Term Council and their collective expertise in the membership.

I wish to acknowledge the CBE's line department, DPW, under the leadership of former Honourable Minister Thulas Nxesi, and the Director-General and his team for their open and willing engagement with the CBE management on issues of joint interest. I want to thank the management team and staff of the CBE for sustaining their focus and dedication to serving the built environment community of South Africa and upholding the values of the CBE.



Ms Priscilla Mdlalose

Chief Executive Officer

Date: 31 May 2019

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 the annual report are consistent with the annual financial statements audited by the Auditor-General.

The annual report is complete, accurate and free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part E) has been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) standards, applicable to the Council for the Built Environment.

The accounting authority is responsible for the preparation of the annual financial statements and for judgements made in this information.

The accounting authority is responsible for establishing, and implementing a system of internal control has been 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 are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report reflects the operations, performance information, human resources information and the financial affairs of the Council for the Built Environment fairly for the financial year ended 31 March 2019.

Yours faithfully



Ms Priscilla Mdlalose

Chief Executive Officer

Date: 31 May 2019



Ms Maphefo Mogodi

Acting Chairperson: CBE Council

Date: 31 May 2019

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 Mandates

The CBE is a Schedule 3A Public Entity as per the PFMA. The CBE is a statutory body that has been in existence since the enactment of the CBE Act in 2000. It is an entity of the National Department of Public Works. The CBE is essentially responsible for regulating the following councils for the built environment professions in South Africa - Architecture, Engineering, Landscape Architecture, Project and Construction Management, Property Valuation and Quantity Surveying.

The objectives of the CBE as per section 3 of the CBE Act are to:

- (a) *promote and protect the interest of the public in the built environment;*
- (a) *promote and maintain a sustainable built environment and natural environment;*
- (a) *promote ongoing human resources development in the built environment;*
- (a) *facilitate participation by the built environment professions in integrated development in the context of national goals;*
- (a) *promote appropriate standards of health, safety and environmental protection within the built environment;*
- (a) *promote sound governance of the built environment professions;*
- (a) *promote liaison in the field of training in the Republic and elsewhere and to promote the standards of such training in the Republic;*
- (a) *serve as a forum where the built environment professions can discuss relevant issues; and*
- (a) *ensure uniform application of norms and guidelines set by the councils for the professions throughout the built environment.*

8.1 Functions, Powers and Duties of the Council (section 4 of the CBE Act)

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 Minister¹ 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 inter-ministerial 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.

9. Other supportive Legislative Guides

The scope of the CBE and councils for the professions in the built environment (BE) value chain is to regulate those Built Environment Professions (BEPs) who conceptualise, design, build, maintain and transfer social and economic infrastructure. The CBE executes its mandate from the CBE Act, while also being mindful of the following legislations, regulations, policies and guidelines to exercise good governance, ethical leadership and corporate citizenship.

Table 1: Other supportive Legislative Guides

Short Title	Purpose
Republic of South Africa Constitution, 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 Profession 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 Professions 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.

Short Title	Purpose
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 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	(1) Maximises the degree to which unclassified geographic information from various sources can be made electronically compatible and accessible; and (2) Promotes the development of interoperable geographic information systems technologies that shall:- (a) allow widespread, low-cost use and sharing of geographic data by National, Provincial, local governments and state entities, and the public; and (b) enable the enhancement of services using geographic data.
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 regularly by National Treasury, and are applicable to all public entities in accordance with their Schedule listing.
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.
King IV™ Report on Corporate Governance for South Africa 2016	Ethical and effective leadership is at the heart of King IV™. The 17 basic principles are universally applicable to all organisations, and all are required to substantiate a claim that good governance is being practised.

10. Accountability Structures

The CBE has accountability structures that direct, manage and hold the organisation accountable. These are based on the CBE Act, the Public Finance Management Amendment Act (PFMA) (Act 29 of 1999), and the National Treasury Reporting Framework. In addition, the CBE subscribes to the requirements of the King IV™ Report on Corporate Governance for South Africa (King IV™). Parliament, through the Parliamentary Portfolio Committee (PPC) on Public Works of the National Assembly, maintains high-level oversight of the entity, while the Executive Authority (the Minister of Public Works and Infrastructure) and the Accounting Authority (the CBE Council) are accountable for the entity.

11. Organisational Structure

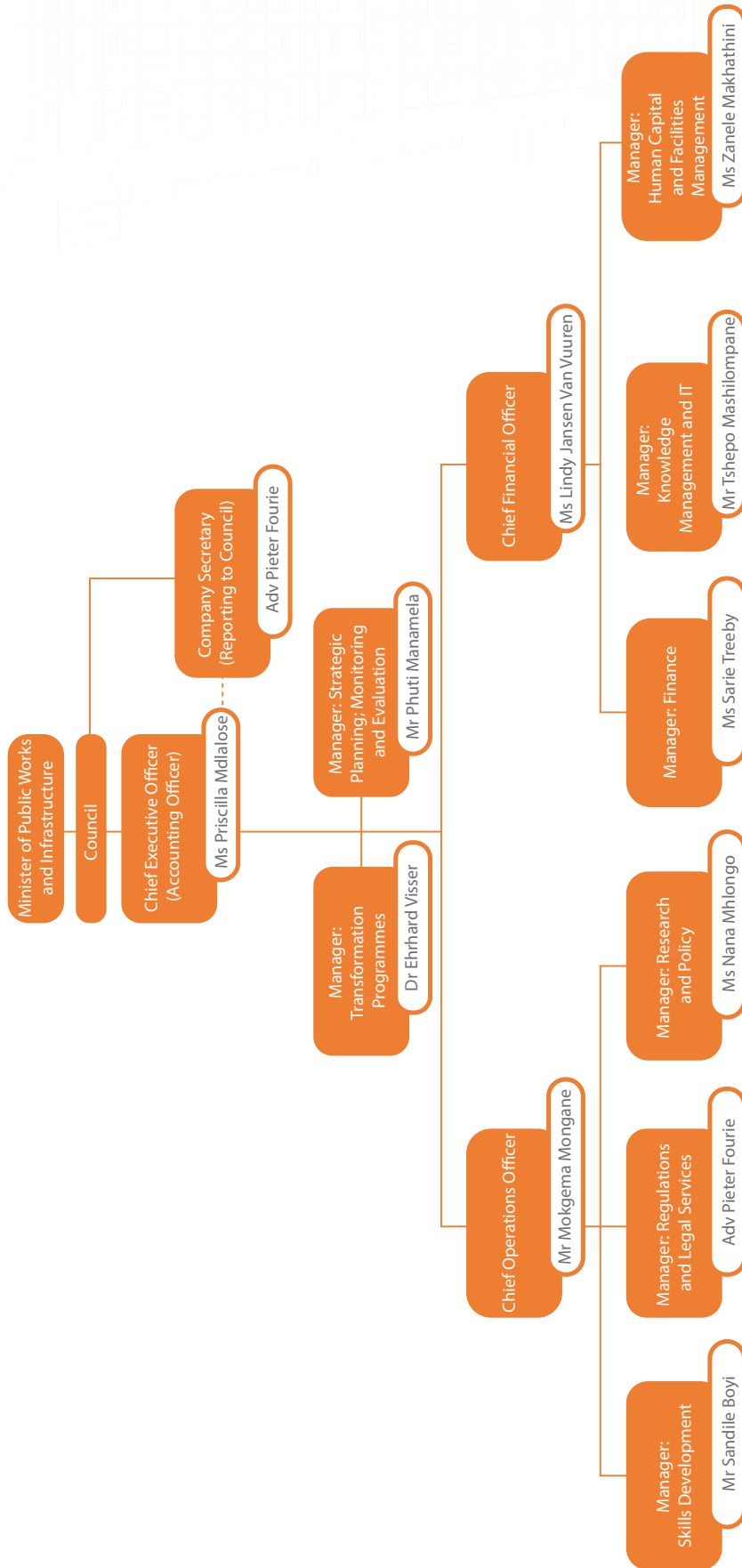


Figure 1: High-Level Organisational Structure

12. Stakeholder Relationships

A stakeholder is an individual, group or entity that can influence an organisation, or is impacted by its operations. The CBE's stakeholder base, by virtue of its profile and mandate, ranges far and wide – from the highest office in the land (Parliament), the Public Works Ministry and Departments, Government Departments, entities and state-owned entities (SOEs), private and non-governmental organizations (NGO) sector, CBEP, industry, academia, voluntary associations (VAs) and the public. Due to its capacity constraints, the CBE cannot reach the length and breadth of South Africa by itself, and so relies heavily on stakeholders as its implementing agents to drive its mandate. Agents who can make an impact through the following rank high on the CBE's stakeholder list:

- reach out to multiple beneficiary levels
- partnerships and collaborations
- positive messaging in mass communication channels
- align with the deliverables of the CBE

The successful interactions with stakeholders are essential for sustainable value creation. CBE strives to understand what is important to those who impact it, as well as to those on whom it has an impact, and to be responsive to their expectations. During the period under review, the CBE undertook the following stakeholder engagements.

Stakeholder Roadshows

Consistent with CBE's commitment in the Declaration of Intent from the Transformation Indaba 2017, Stakeholder Road Shows continued with key stakeholders to optimise resources and harnessing collaborations for transformation related initiatives, while building up for the 2018 Transformation Indaba and beyond.

Table 2: Transformation Stakeholder Roadshows

Stakeholder / Engagement	Date
Western Cape Provincial Transport and Public Works Department	15 May 2018
Mpumalanga Public Works, Roads and Transport	7 June 2018
South African Institute for Building Design	11 May 2018
Southern African Society for Cooperative Education (SASCE) WIL Africa convention	18 - 20 July 2018
SACQSP Mentor Workshop	24 July 2018
Standard Bank	24 July and 16 August 2018
South African Agency for Science and Technology Advancement (SAASTA) National Science	27-28 July 2018
Black Coffee Breakfast held with potential Landscape Architects (Candidates and Mentors)	3 August 2018
Tshwane University of Technology (TUT) Faculty of Engineering and Built Environment Competition shield	8 August 2018
Wilson Bayly Holmes-Ovcon Construction (WBHO)	30 August 2018
Green Building Council of South Africa (GBCSA) Convention	3 - 5 October 2018
National Department of Public Works' (NDPW) Sectoral Transformation Indaba for gender focal points	10 - 12 October 2018
Pretoria Institute of Architects (PIA)	11 October 2018
Mpumalanga Department of Public Works, Roads and Transport	15 January 2019

Transformation Indaba

The CBE's annual Transformation Indaba is a highlight on its calendar. It was held on 7-8 February 2019 at the CSIR ICC to follow up on issues discussed at the first 2017 Indaba, and to interrogate transformation in South Africa around its theme of *"Igniting the possibilities...."* The key principles that emerged from this Indaba were:

- the CBE should lead the transformation agenda in the Built Environment sector of South Africa
- the CBE, as coordinator of the sector, should monitor and evaluate sector-wide transformation initiatives and interventions and report to Government on each stakeholder's contribution
- sector role players contribute resources (financial or humane) for collaborative transformation initiatives and interventions driven by a communal funding mechanism, managed by the CBE

International stakeholder engagement

A delegation from the National Construction Authority (NCA) in Kenya visited the CBE on 28 February 2019. Apart from it being a fact-finding mission on Public-Private-Partnerships (PPP), both parties used the opportunity of exploring areas of commonalities and collaborations. There was a commitment to activate a Built Environment African Forum in the 2019/20 financial year.

Public communication

Career Exhibitions

The CBE attended 13 expos during the 2018/19 financial year, outlined in the accompanying table:

Table 3: Career Exhibitions

NO	DATE	STAKEHOLDER ACTIVITY	DISTRICT / PROVINCE	TARGET AUDIENCE	INFORMATION DISSEMINATED
1	6 April 2018	Exhibition and CBEP Workshop on Professional Registration	Limpopo Province Department of Co-operative Governance, Human Settlements and Traditional Affairs	Employees of the Public Sector	<ul style="list-style-type: none"> Annual Report Annual Performance Plan CBE Information Booklet Built Environment Acts Requirements for Professional Registration
2	15 May 2018	Expo at the DPW Budget Vote Speech	Parliament of South Africa, Western Cape	<ul style="list-style-type: none"> Members of Parliament (MPs) Members of Executive Committees (MECs) Built Environment stakeholders SA Public Media 	<ul style="list-style-type: none"> Annual Report Annual Performance Plan CBE Information Booklet Built Environment Acts Requirements for Professional Registration
3	18 May 2018	Schools Career Expo hosted by Bela-Bela Local Municipality	Bela-Bela, Limpopo	1200 Grade 11-12 Learners	Pamphlet on STEM subjects and pass mark requirements for tertiary study in Built Environment careers.
4	24-26 May 2018	eThekweni Municipality Youth Employability Indaba & Career Expo	Durban, KwaZulu-Natal	<ul style="list-style-type: none"> School Learners Tertiary Students Out-of-school youth General Public Media 	Pamphlet on STEM subjects and pass mark requirements for tertiary study in Built Environment careers.
5	31 May – 1 June 2018	Directorate of Co-operative Education: Mangosuthu University of Technology: BE Faculty Career Expo	Durban, KwaZulu-Natal	BE tertiary students	Requirements for Professional Registration

NO	DATE	STAKEHOLDER ACTIVITY	DISTRICT / PROVINCE	TARGET AUDIENCE	INFORMATION DISSEMINATED
6	8 August 2018	Tshwane University of Technology: Prize giving ceremony for BE schools competition	Soshanguve, Gauteng	Competition participants from 44 high schools	Requirements for Professional Registration
7	15-16 August 2018	Durban University of Technology: World of Work Career Fair	Durban, KwaZulu-Natal	<ul style="list-style-type: none"> BE Faculty tertiary students Public 	Requirements for Professional Registration
8	24 August 2018	DPW Deputy Minister's career expo hosted at Leseding High School	Welkom, Free State	The Deputy Minister of Public Works hosted the event. The MECs of the Free State Department of Education and Public Works, the District Mayor and Councillors, and surrounding school principals attended it. 1200 learners attended from five surrounding high schools attended the career expo.	Pamphlet on STEM subjects and pass mark requirements for tertiary study in Built Environment careers.
9	14 September 2018	Agrément Certificate Ceremony	Pretoria, Gauteng	BE sector role players	<ul style="list-style-type: none"> Pamphlet on Transformation CBE information Booklet
	17 September 2018	UNESCO Engineering Week	Cape Town, Western Cape	Grade 10-12 learners	Pamphlet on STEM subjects and pass mark requirements for tertiary study in Built Environment careers.
10	21-22 September 2018	SABC Career Week	East London, Eastern Cape	Grade 10-12 learners	Pamphlet on STEM subjects and pass mark requirements for tertiary study in Built Environment careers.
11	01 March 2019	Minister of Science and Technology's Imbizo	Rustenberg, North West	Grade 10-12 learners	Pamphlet on STEM subjects and pass mark requirements for tertiary study in Built Environment careers.
12	6-12 March	Scifest Year of the periodic table	Makhanda, Eastern Cape	Grade 10-12 learners	Pamphlet on STEM subjects and pass mark requirements for tertiary study in Built Environment careers.
13	15 March 2019	DPW Minister's Career Fair hosted Joe Slovo Engineering High School,	Khayelitsha, Western Cape	1500 Grade 11-12 learners	Pamphlet on STEM subjects and pass mark requirements for tertiary study in Built Environment careers.

The background features a light gray architectural line drawing of a building facade, showing a grid of windows and structural elements. A large, diagonal graphic overlay in shades of brown and orange cuts across the page from the bottom left towards the top right. The text is positioned in the lower right area, below the main diagonal band.

PART B

PERFORMANCE INFORMATION

1. Auditor-General's Report: Predetermined Objectives

The AGSA, in its capacity of external auditor currently performs the necessary audit procedures on the CBE's 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 this report, with material findings reported under *Predetermined Objectives* in the *Report on other legal and regulatory requirements* section of the auditor's report.

Refer to page 97 of the Auditors Report, published as Part E: Financial Information.

2. Situational Analysis

Service Delivery Environment

The CBE is a Schedule 3A Public Entity as per the PFMA. It is a statutory body in existence since the enactment of the CBE Act. It is an entity of the National Department of Public Works. The CBE is essentially responsible for regulating the following built environment professions in South Africa - Architecture, Engineering, Landscape Architecture, Project and Construction Management, Property Valuation and Quantity Surveying. Professions in the built environment lend valuable support to development initiatives of Government through, among others:

- (a) structured advice on development proposals and policy issues
- (b) mobilising expertise for implementing development projects from the public the and private sectors
- (c) compiling development specifications and standards

The CBE is entrusted with powers and duties to ensure:

- Government has access to the coordinated support of the professions with regard to national development priorities and the regulation of the professions
- coordination of the various professional regulatory systems
- coordination between the professions to support matters of high priority for the country

The CBE's performance is measured against the Key Performance Indicators (KPIs). The overall performance of the CBE against its annual targets for the 2018/19 financial year was 86% (translated as 18 of 21 targets achieved).

The KPI targets not achieved are outlined below.

Target 1.1 the percentage of ICT Governance Policies implemented as per DPSA Corporate Governance Policy Framework, revealed that not all controls of the six ICT Governance Policies had been fully implemented. The controls that were not implemented will be implemented at the end of the second quarter of the new financial year.

Target 1.2: The procurement process in the first quarter delayed the start of the project, as the bid for the required service had to be re-advertised. The late appointment of the Fifth Term Council further delayed the project. During this period, the CEO engaged relevant authorities to ensure that governance matters regarding the award of the bid were not compromised. This delayed the signing of the bid by the CEO. The agile methodology was adopted to expedite the deliverables of the project, whereby key functionalities were identified and prioritised. The CBE completed 70% of the first key functionalities (System User Registration, Profile Update, Application to be registered, and Application Monitoring) for the Public Interface. The functionality for Administration (Application Receipts, Vetting, and Update Status) is on the CBEP Interface. The project will be completed in the second quarter of the 2019/20 financial year.

Target 4.6: Only two of the six CBEP submitted their annual performance plans (APP) to the CBE. The Acts of the six Councils do not require them to submit their APPs; it only compels them to submit their annual reports within six months at the end of each financial year. The non-submission of other CBEP was due to their governance issues. The CBE is addressing this issue via meetings with the Registrars of the six CBEP. The plan is to train their council members to exercise their oversight role in these CBEP. The CBE will highlight the issue in the Registrars and Presidents Forums.

The highlights for the year under review were:

An implementation plan for two categories of high demand BEPs (Architects and Town Planners) was developed. A workshop to train the Occupational Teams (OTs) for the South African Council for the Architectural Profession (SACAP) and the South African Council for Planners (SACPLAN) was held on 19 February 2019.

In the Maths and Science support programme, 74% of the Coega Development Corporation (CDC) learners achieved 50% and above in Mathematics, and 92% for Physical Science.

In workplace training, 52 candidates were placed during the 2018/19 financial year. The final analysis of the progress of the 52 candidates was developed. Four candidates achieved professional registration, and three candidates were invited for Assessment of Professional Competence (APC) interviews with the South African Council for the Quantity Surveying Profession (SACQSP) in May and June 2019.

The CBE exceeded its target by placing 139 students for work-integrated learning (WIL) in the 2018/19 financial year. There was a positive variance of 39. Out of the supported 139, 86 students completed their work integrated learning component of their studies. The final analysis of the progress of the 100 interns placed in WIL was developed.

One consolidated oversight report on accreditation of BE Academic Programmes undertaken by the CBEP, was developed and submitted to the Built Environment Matters Committee (BEMC).

A report on the engagement with four Metropolitan municipalities on the implementation of the CBE Structured Candidacy Framework was developed. All the metropolitans, except eThekweni, indicated they did not have a structured training framework to expose their candidates to experiential training. Therefore, the CBE Structured Candidacy Framework would add value to their candidacy programme.

The Transformation Indaba report was presented to BEMC and the Council, and submitted to DPW's Minister and Members of Executive Councils (MinMec). In line with the CBE 2018/19 APP, the CBE hosted its Annual Transformation Indaba on 7 – 8 February 2019 with its theme building on the discussions and outcomes from the previous Indaba of 2017 and the outcomes from CBE's engagements with key stakeholders during its national Transformation roadshows.

The final research report analysing the impact of the Standards for Infrastructure Procurement and Delivery Management (SIPDM) on attracting and retaining BEPs within DPW was developed.

The final advisory report on Health and Safety regulations within the public sector was submitted to the Department of Labour.

The final advisory report on the BEPs role in the Expanded Public Works Programmes (EPWP) was approved by the Chief Operations Officer (COO) and the CEO.

All appeals were decided within the statutory period of 60 days from lodgement.

A report on the implementation of 50% of the identification of work (IDoW) Action Plan deliverables was developed. Fifty percent of the IDoW Action Plan deliverables were implemented.

A final report on the CBEP's implementation of the King IV™ Corporate Governance Framework, approved by Council on 12 March 2019 upon recommendation of the BEMC, was submitted to DPW on 29 March 2019.

Organisational Environment

The annual review of Human Resources Policies was undertaken. There was, however, a delay in submitting them pending the appointment of the Fifth Term Council committee dealing with human resources matters. At year-end, thirteen out of twenty reviewed policies were revised and submitted for approval.

The senior management position of Skills Development Manager was filled. The senior management position of Company Secretary remains vacant due to it being unfunded; this function is currently undertaken by the Manager for Regulations and Legal Services, who was officially appointed by the Fourth Term Council into this position. The professionally qualified position of Senior Researcher remains vacant due to a couple of failed attempts at filling it. One skilled position is vacant due to termination in January 2019.

The number of employees who left, as a percentage of total employment, was 11.11%. There were three resignations and one dismissal.

Challenges faced by the CBE

The CBE is a small organisation; grievances and misconduct cases, in some instances, take longer than the prescribed timelines when of external chairpersons must be sourced to ensure impartiality. Assistance was sourced externally and from the Executive Authority in some cases.

The term of office of the Fourth Term Council ended on 31 July 2018, and the first meeting of the Fifth Term Council only took place on 16 January 2019. The provisions of section 49(2) (b) of the PFMA became applicable, rendering the CEO the accounting authority in the absence of an appointed Council.

The CBE continuously reviews the organisational environment to identify challenges that may influence its ability to deliver on its mandate.

Policy development and legislative changes

The DPW published its 'Draft BEP Policy, 2014' as Notice 370 of 2014 in the Government Gazette No. 37653 on 23 May 2014. DPW has started the process of amending the CBE Act and the professions Acts of the six CBEP. The CBE engaged with its stakeholders for input and submitted the first draft of proposed revisions to DPW on 06 November 2017.

3. 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 councils for the professions:

Table 4: Strategic outcome-oriented goal 1

Strategic goal 1	Provide support to CBE, thus contributing directly and indirectly to the delivery of all strategic outcome-oriented goals of the CBE.
Goal statement	A capacitated organisation that is able to deliver on its mandate.
Programme name	Programme 1: Administration
Justification	Improving ICT performance and ensuring alignment to Governance processes, as per the Department of Public Service Administration (DPSA) guidelines. Improving the financial performance of the CBE by ensuring compliance with financial frameworks.
Link to national outcome(s)	An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship.
Related strategic objectives	1.1 Capacitate CBE to respond to Government priorities within the BE. 1.2 Ensure good governance and a sound control environment.

Table 5: Strategic outcome-oriented goal 2

Strategic goal 2	A transformed BE with appropriate, adequate skills and competencies, responsive to the country's infrastructure delivery, operation and maintenance needs.
Goal statement	A well-functioning BE skills pipeline that is demographically and gender representative, and supports national infrastructure delivery.
Programme name	Programme 2: Skills for Infrastructure Delivery
Justification	Strategic Infrastructure Projects (SIPs) form the core of Government's planned infrastructure delivery programme, and BE skills are at the centre of infrastructure delivery. Transformation and the lack of adequate technical skills are affecting the spending of infrastructure budgets, leading to lower economic growth and the perpetuation of poverty, inequality and unemployment. The Built Environment Professions (BEPs) must reflect appropriate quality and quantity to meet the planned infrastructure delivery, operation and maintenance needs of the country while adhering to transformational targets.
Link to national outcome(s)	This Programme is responding to section 3(c) of the CBE Act to promote ongoing human resource development in the built environment, and translates into the following outcomes: Outcome 1: Quality basic education Outcome 4: Decent employment through inclusive economic growth Outcome 5: Skilled and capable workforce Outcome 6: An efficient, competitive and responsive economic infrastructure network Outcome 14: Transforming society and uniting the country
Related strategic objectives	Projects to support SIPs identified high demand skills professions - Engineers, Quantity Surveyors, Construction and Project Managers, Landscape Architects, Property Valuers, Town Planners, Land and Engineering Surveyors and Geographic Information Systems (GIS) professionals. <ul style="list-style-type: none"> Initiatives to implement the CBE Transformation Model as amended, to increase the representation of previously disadvantaged groups in the BEPs. BE candidates/graduates and interns benefit from quality assured workplace training.

Table 6: Strategic outcome-oriented goal 3

Strategic goal 3	An optimally functioning BE with a responsive and relevant policy and legislative framework, based on informed and researched positions.
Goal statement	Provision of informed and researched advice to Government and all sectors of the economy on BE priority matters identified in the Medium Term Strategic Framework (MTSF), supported by a well-functioning and resourced BE research, knowledge management and information resource.
Programme name	Programme 3: Built Environment Research, Information and Advisory
Justification	Sections 4 a, d, and e of the CBE Act impel the CBE to offer advice to the Minister on BE matters, while the dynamic and changing BE sector requires regulatory intelligence to fine-tune Government's planning and infrastructure investment.
Link to national outcome(s)	Outcome 4: Decent employment through inclusive economic growth Outcome 7: Comprehensive rural development Outcome 8: Sustainable human settlements and improved quality of household life Outcome 9: Responsive, accountable, effective and efficient local government Outcome 10: Protect and enhance our environmental assets and natural resources
Related strategic objectives	Provide informed and researched advice to Government on BE priority matters identified in the 2014-19 MTSF.

Table 7: Strategic outcome-oriented goal 4

Strategic goal 4	BEPs that operate within a regulated policy and legislative framework.
Goal statement	BEPs that provide their services in an ethical and professional manner and are responsive to the country's national goals and needs, while complying with legislative requirements.
Programme name	Programme 4: Regulation and Oversight of six CBEP
Justification	<p>1. The relevant sections of the CBE Act are: section 3(f): <i>promote sound governance of the built environment professions</i> section 4(m): <i>act as an appeal body with regard to matters referred to it in terms of the law regulating the built environment professions</i> section 4(i): <i>advise the councils for the professions on matters of national importance where the needs of State, as communicated to the council through the relevant Minister, require joint and co-ordinated action by the built environment professions</i></p> <p>2. To ensure that the six CBEP respond to DPW's concerns of:</p> <ul style="list-style-type: none"> • Lack of alignment to government policy • Lack of accountability to Government and Parliament through non-compliance with the PFMA • Alignment of the CBEP' Strategic Plans and Annual Performance Plans to those of DPW and CBE, and its contribution to national priorities.
Link to national outcome(s)	<p>1. This Programme is responding to the mandates in sections 20 and 21 of the CBE Act 43 of 2000.</p> <p>2. It is also contributing to the following outcomes of DPW:</p> <p>Outcome 13: Social protection</p> <p>Outcome 10: Protect and enhance our environmental assets and natural resources</p>
Related strategic objectives	<ul style="list-style-type: none"> • To act as an appeal body on matters of law referred to it in terms of legislation regulating the BEPs, and to promote and enhance high standards of professional ethics within the BE • Alignment, by the six CBEP, with the CBE's Corporate Governance Framework • Adoption and implementation, by the six CBEP, of the CBE Monitoring and Evaluation Framework

Table 8: Strategic outcome-oriented goal 5

Strategic goal 5	A built environment that is responsive to the developmental and economic priorities of Government.
Goal statement	A BE that is aligned with environmental, health and safety legislations, and contributes to service delivery, job creation, poverty alleviation and economic development.
Programme name	Programme 5: Government Policies and Priorities
Justification	<ul style="list-style-type: none"> • Curricula and the education of BEPs, embodied in educational programmes, influence their knowledge in infrastructure design and its performance against the goals of health and safety, environmental sustainability and job creation through labour intensive construction. This becomes their contribution to job creation, poverty alleviation and sustainable economic development. • National standards set the conceptualisation and design parameters of infrastructure projects; therefore, it is imperative that they reflect adequate standards and performance criteria towards appropriate outcomes in health and safety, environmental sustainability and job creation through labour-intensive construction, operation and maintenance.

<p>Link to national outcome(s)</p>	<p>This Programme is responding to the following mandates of the Act:</p> <p>section 3(c): <i>promote ongoing human resource development in the built environment</i> section 3(d): <i>facilitate participation by the built environment professions in integrated development in the context of national goals</i> section 3(e): <i>promote appropriate standards of health, safety and environmental protection within the built environment</i> section 4(a): <i>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</i></p> <p>It is contributing to the following outcomes of the DPW:</p> <p>Direct outcomes</p> <p>Outcome 4: decent employment through inclusive growth (Chapter 3 of the NDP) Outcome 6: an efficient, competitive and responsive economic infrastructure network (Chapter 4 of the NDP) Outcome 12 an efficient, effective and development orientated public service (Chapter 13 of the NDP)</p> <p>Indirect outcomes</p> <p>Outcome 2 - A long and healthy life for all (Chapter 10 of the NDP) Outcome 5 – A skilled and capable workforce to support an inclusive growth path (Chapter 9 of the NDP) Outcome 8 - Sustainable human settlements and improved quality of household life (Chapter 8 of the NDP) Outcome 10 - Protect and enhance our environmental assets and natural resources (Chapter 5 of the NDP)</p>
<p>Related strategic objectives</p>	<p>BE academic curricula and Continuous Professional Development (CPD) programmes that embody issues of health and safety in construction, environmental sustainability and job creation through labour intensive construction, as well as the Infrastructure Delivery Management System (IDMS).</p>

4. Performance information by Programme

The CBE implemented its 2018/19 APP through five Programmes. The composition of the Programmes has changed. The Administration component from the former Programme 1 (Government Policies and Priorities) now stands alone in a 'revised' Programme 1. The Government Policies and Priorities component of the former Programme 1 now stands alone in a 'new' Programme 5. Programmes 2, 3 and 4 remain as they were. Therefore, the revised Programmes are:

- Programme 1: Administration
- Programme 2: Skills for Infrastructure Delivery
- Programme 3: Built Environment Research, Information and Advisory
- Programme 4: Regulation and Oversight of six BEPCs
- Programme 5: Government Policies and Priorities

4.1 Programme 1: Administration

The administrative function provides support to the entire CBE, thus contributing directly and indirectly to the delivery of all strategic outcome-oriented goals.

The focus areas are Information Communications Technology (ICT) and financial support services. Information Technology (IT) will continue to develop and deliver systems that are user-friendly and meet the expectations of users. CBE is planning for an unqualified opinion, with no findings (clean audit). A financially unqualified opinion with no findings, commonly known as a clean audit opinion, are unqualified financial statements with no reported audit findings, in respect of either reporting on predetermined objectives or compliance with key legislation. The Programme is underpinned by fair and transparent business practices and the responsibility to drive organisational-level compliance, through a system of policies and legislative frameworks.

To achieve the above, Administration's targets for the year were the following:

4.1.1 A CBE IT Governance Framework, in line with DPSA's Corporate Governance of ICT Policy Framework, fully implemented (100%) by 31 March 2019 – **Not achieved.**

This target aimed to implement the ICT Governance Framework approved priority areas (Policies) as per COBIT 5. These policies include:

- IT Acceptable Use Policy
- IT Security Policy
- IT Social Media Policy
- IT Backup Policy (Service Restoration and Continuity)
- IT Data and Information Management Policy
- IT Disaster Recovery Policy (Business Continuity)

These policies would be configured in the CBE IT environment to meet the objective of good governance.

The annual target was not achieved. The percentage of ICT Governance Policies implemented as per the DPSA Corporate Governance Policy Framework revealed that not all controls of the six ICT Governance Policies had been fully implemented. The controls that were not implemented will be implemented at the end of the second quarter of 2019/20 financial year.

4.1.2 An Electronic – Built Environment (E-BE) System implemented in any three CBEP by 31 March 2019 – **Not achieved.**

The Electronic – Built Environment (E-BE) System enables the CBEP to submit their reports on an online transacting platform. This E-BE System would be centrally located at CBE, accessible to CBE stakeholders, with functionalities that meet their requirements. It addresses the challenges of data reporting experienced by the CBEP. The system was developed as per the System Development Life Cycle. The Business requirement definitions would be drawn up.

The target was not achieved. The procurement process in the first and second quarters delayed the start of the project - the bid for the required service had to be re-advertised. The late appointment of the Fifth Term Council further delayed the project. The CEO, acting Accounting Authority at the time, engaged several authorities to ensure that governance issues in awarding the bid were not compromised. This caused further delays in commencing with the project. The agile methodology was adopted to expedite the deliverables of the project. The CBE has managed to complete 70% of the first key functionalities (System User Registration, Profile Update, Application to be registered, and Application Monitoring) for the Public Interface. The functionality for the Administration (Application Receipts, Vetting, and Update Status) is on the CBEP Interface. The project will be completed in the second quarter of the 2019/20 financial year.

4.1.3 An unqualified audit report on financial statements, with no material findings for the 2017/18 financial year - **Achieved.**

This project aimed to achieve a clean audit strategy through the implementation of sound financial management and internal controls. To achieve this target, the whole organisation needed to co-operate and work together to ensure compliance with policies and National Treasury prescripts.

The target was achieved. The CBE received an unqualified audit report with no material financial findings for the 2017/18 financial year. Finance and supply chain management (SCM) provided training sessions to ensure that staff understand compliance requirements. The internal auditors highlighted areas of compliance in performance information (such as supporting evidence for targets) that would significantly improve CBE's performance audit for the 2017/18 financial year.

Table 9: Programme 1: Strategic objectives, performance indicators, planned targets and actual achievements

Strategic Objective: To ensure that the CBE has the necessary capacity and capability to support Government's development priorities within the BE.				
Strategic objectives	Overall Actual Achievement 2017/18	Overall Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations
To ensure that the CBE has the necessary capacity and capability to support Government's development priorities within the BE.	Three	One	Two targets were not achieved. The procurement process in the first quarter delayed the start of the project as the bid for the required service had to be re-advertised. It was further delayed due to the late appointment of the Fifth Term Council.	The agile methodology was adopted to expedite the deliverables of the project where key functionalities were identified and prioritised. The CBE completed 70% of the first key functionalities (System User Registration, Profile Update, Application to be registered, and Application Monitoring) for the Public Interface. The other functionality is for the Administration (Application Receipts, Vetting, and Update Status) for the CBEP Interface. The project will be completed in the second quarter of 2019/20 financial year.
			The assessment of the implementation revealed that not all controls of the six ICT Governance Policies had been fully implemented.	The controls that were not implemented will be implemented at the end of the second quarter of the 2019/20 financial year.

Table 10: 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.					
Performance Indicator	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations
1.1 Percentage of ICT Governance policies implemented as per DPSA Corporate Governance Policy Framework.	Achieved. IT Governance Framework, in line with DPSA Corporate Governance of ICT Policy Framework, was implemented.	A CBE IT Governance Framework, in line with DPSA's Corporate Governance of ICT Policy Framework, fully implemented (100%) by 31 March 2019.	Not achieved. A CBE IT Governance Framework, in line with DPSA's Corporate Governance of ICT Policy Framework, was not fully implemented (100%) by 31 March 2019.	The implementation assessment revealed that not all controls of the six ICT Governance Policies have been fully implemented.	The controls that were not implemented will be implemented at the end of the second quarter of 2019/20 financial year.
1.2 Implemented Electronic –Built Environment (E-BE) System.	Achieved. ICT Plan implemented.	An Electronic – Built Environment (E-BE) System implemented in any three CBEP by 31 March 2019.	Not achieved. Development and testing were in-progress.	The procurement process in the first quarter delayed the start of the project, as the bid for the required service had to be re-advertised. It was further delayed due to the late appointment of the Fifth Term Council.	The agile methodology was adopted to expedite the deliverables of the project where key functionalities were identified and prioritised. The CBE completed 70% of the first key functionalities (System User Registration, Profile Update, Application to be registered, and Application Monitoring) for the Public Interface. The other functionality is for the Administration (Application Receipts, Vetting, and Update Status) for the CBEP Interface. The project will be completed in the second quarter of 2019/20 financial year.
1.3 Unqualified audit report on financial statements.	Achieved. CBE obtained an unqualified audit report for the 2016/17 financial year.	An unqualified audit report on financial statements, with no material findings for the 2017/18 financial year	Achieved. CBE received a clean audit for 2017/18 financial year.	None	None

Table 11: Programme 1: Linking performance with budget

Programme /activity/ objective	2017/18			2018/19		
	Budget	Actual Expenditure	(Over) / Under Expenditure	Budget	Actual Expenditure	(Over) / Under Expenditure
Performance Indicators	R'000	R'000	R'000	R'000	R'000	R'000
1.1 Percentage of ICT Governance policies implemented as per DPSA Corporate Governance policy framework.	125	125	-	-	-	-
1.2 Implemented Electronic – Built Environment System.	-	-	-	1 214	263	951
1.3 Unqualified audit report on financial statements.	-	-	-	-	-	-

4.2 Programme 2: Skills for Infrastructure Delivery

The strategic objective of Programme 2 is to drive and facilitate Skills Development and Transformation within the BE.

This Programme is responding to the mandate in section 3(c) of the Act: promote ongoing human resource development in the built environment.

Programme 2 contributes to Outcome 5 (a skilled and capable workforce to support an inclusive growth path) through the following initiatives:

- Strategic Infrastructure Projects (SIPs)
- Maths and Science support programmes
- career awareness
- partnering with sister entities, CBEP and private sector organisations
- placing and supporting BE candidates and interns in work places for structured training
- promoting skills development to support the roll out of infrastructure delivery in the country
- introducing the Structured Candidacy Programme in government departments and municipalities

For the 2018/19 APP, Programme 2 had seven annual targets. All targets were achieved. The targets performed as follows:

*4.2.1 A Strategic Infrastructure Projects (SIPs) implementation plan for two categories of high demand professions (Architects and Town Planners), approved by the CEO by 31 March 2019 – **Achieved.***

In the 2013/14 financial year, the CBE was appointed by the Department of Higher Education and Training (DHET) as the convener and coordinator of occupational teams for professionals and associate professionals in the BE to support the technical skills resourcing of the planned and ongoing 18 SIPs. A report, highlighting the scarce skills and designated professions in the BE, was submitted to DHET for final submission to the Presidential Infrastructure Coordinating Commission (PICC).

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 occupational teams, working through the CBEP, determined the number of people with the required occupational skills in the workforce and those unemployed. The occupational teams then determined which occupations were not developing at the requisite rate to meet the demand.

The annual target was achieved. An implementation plan for two categories of high demand BEPs (Architects and Town Planners) was developed. A workshop to train the OTs for SACAP and SACPLAN was held on 19 February 2019. The CBE facilitated the process to ensure that the appointed OTs develop implementation plans for Architects and Town Planners.

*4.2.2 150 Grade 12 learners enrolled in CBE's Maths and Science support programme by 31 March 2019 – **Achieved.***

This project aims to increase the number of disadvantaged learners who can benefit from improved Maths and Science results to afford them opportunities to enter BE careers. The CBE aims to accomplish this through partnerships with credible service providers, capable of delivering improved Maths and Science results in disadvantaged areas.

The CBE collaborated with Coega Development Corporation (CDC) and the Central University of Technology (CUT) to offer Maths and Science classes. CDC was contracted to enrol:

- eighty-five former Grade 12 learners who did not do well in Mathematics and Physical Science to attend classes from Monday to Friday to improve their performance in these subjects. The aim was to assist them in obtaining better grades to further their studies at institutions of higher learning
- sixty-eight current Grade 12 learners and offer them extra classes on Saturdays and winter school holidays

The annual target was achieved. Seventy-four percent of CDC learners achieved 50% and above in Mathematics, and 92% in Physical Science. CUT provided 59 grade 12 results - of the 68 learners, only 27 achieved 50% and above. The CUT pass rate was 40%.

In analysing the results, CDC learners performed well in both Mathematics and Physical Science due to greater contact time from Monday to Friday. CUT learners performed poorly due to the lesser contact time, limited to Saturday classes. Poor attendance contributed to the poor performance.

*4.2.3 50 Candidates/BE graduates placed and assessed in workplace training by 31 March 2019 – **Achieved.***

This project aims to ensure that BE candidates achieve maximum professional development and professional registration in the shortest possible time.

On this programme, the CBE enrolled built environment graduates who are in full-time employment and qualify to register as a candidate with their respective CBEP. Mentors, allocated to candidates, are scheduled to conduct three visits per annum to undertake the following:

- to interpret the outcomes from each of the CBEP to map out a generic training plan for the whole candidacy programme, with time lines
- conduct workplace assessments to establish which CBEP outcomes would be achievable at the workplace and discuss with the employer plans to close the gap for those not achievable
- ensure a structured workplace training plan that conforms to the requirements of the CBEP is in place
- monitor the candidates' progress on the structured workplace training plan up until the final CBEP interview

The annual target was achieved. Fifty-two candidates were placed in workplace training in the 2018/19 financial year. There was a positive variance of two. The CBE continued to provide support to 76 historic candidates from previous financial years. In the 2018/19 financial year, four candidates achieved professional registration, and three were invited for APC interviews with SACQSP in May and June 2019. The sessions focused on candidates' progress, training plans, monthly progress reports and workplace assessments in meeting CBEP requirements.

*4.2.4 100 Interns placed and assessed for work integrated learning by 31 March 2019 – **Achieved.***

The aim of this project is for CBE to collaborate with universities of technology (UoTs) to place students in the industry to complete WIL, a mandatory practical component, to graduate with a National Diploma. The CBE negotiated Memoranda of Understanding (MoU) with UoTs to assess relevant workplaces, place students for a maximum period of 12 months, and monitor and assess the interns during this period. While UoTs identify interns for the programme, the CBE utilises Construction Education Training Authority's (CETA's) qualifying criteria to evaluate them and conduct intern verification. CBE undertakes all the administration regarding the interns' training, including the payment of their monthly stipend.

The mentoring programme supports students in the early stages of their career development. More than a work placement, it is an opportunity for Part 1 final-year and Part 2 students to gain real insight into workplace practice with support from a mentor. The programme is equally popular with mentors as it is with mentees.

The annual target was achieved. The CBE exceeded the target by placing 139 students for work-integrated learning in the 2018/19 financial year. There was a positive variance of 39. Out of the supported 139 students, 86 completed the WIL component of their studies. The CBE has started work on a contract with the Vaal University of Technology and the Cape Peninsula University of Technology (CPUT) to provide similar support for their students.

*4.2.5 One oversight report developed on the accreditation of Academic Programmes undertaken by the CBEP by 31 March 2019 - **Achieved.***

The Act mandates the CBE to ensure uniformity and consistent application of norms and standards in the six CBEP. Section 4(k)(i) of The Act empowers the CBE to ensure consistency in the application of the Policy Framework on accreditation for built environment academic programmes by the CBEP.

The Higher Education Quality Committee (HEQC) framework for the programme accreditation (2004) recognises the responsibilities of statutory councils for professional education, particularly on licences and other professional and work-based requirements.

In 2010, the CBE developed a Policy Framework on Accreditation of the Built Environment Programmes approved by the Minister in 2013. The objectives of the Framework are to:

- ensure that built environment programmes conform to the requirements of the Higher Education Qualification Sub-Framework (HEQSF)
- elucidate the principles that should underpin the accreditation of built environment programmes by professional councils
- define the key minimum criteria for built environment programmes
- give effect to requirement of the CBE Act to ensure consistency in the application of the policy on accreditation within the CBEP

This project exercises oversight on the CBEP to ensure that public and private tertiary institutions adhere to an equitable and fair accreditation process. The CBEP are mandated to conduct accreditation on behalf of the Council on Higher Education (CHE), hence the procedures followed should be consistent and aligned to CHE's 19 Accreditation Criteria.

The annual target was achieved. One consolidated oversight report on accreditation of BE Academic Programmes undertaken by the CBEP, was developed and submitted to BEMC. The accreditation processes for the qualifications offered by the Universities of Johannesburg, Cape Town, KwaZulu-Natal, Free State, CUT and CPUT were transparent, fair, objective, credible and consistent with and followed all the CHE's 19 Accreditation Criteria.

*4.2.6 Four Metropolitan municipalities engaged on the implementation of the CBE Structured Candidacy Framework by 31 March 2019 – **Achieved.***

The CBE developed a Structured Candidacy Framework to ensure that built environment candidates achieve maximum professional development and professional registration in the shortest possible time by:

- CBE facilitating the assessment and accreditation of workplaces by CBEP
- organisations developing generic training plans for the profession in alignment with CBEP' competency profile
- organisations developing a detailed training plan per candidate
- CBE facilitating the training of mentors to undertake a formative assessment of each outcome according to SAQA requirements (NQF registered unit standard 115753 [Conduct outcomes-based assessment])
- fairness, validity, reliability, practicability, etc.
- CBEP recognising the formative assessments by mentors
- CBE accrediting mentors

The annual target was achieved. The CBE engaged with four Metropolitan municipalities on the implementation of the CBE Structured Candidacy Framework by 31 March 2019. None of the Metropolitan municipalities, except eThekwin, has a structured training framework to expose their candidates to experiential training so that the CBE Structured Candidacy Framework would add value to their candidacy programme. These municipalities requested a capacity workshop, with CBEP included, in the 2018/19 financial year.

This would enable the six CBEP to identify further areas of improvement. The workshop will be planned in the new financial year. The following table indicates the engagement schedule with the four Metropolitan municipalities:

Table 12: Metropolitan Municipalities engaged on the CBE Structured Candidacy Framework

Date	Department/Public Entity
19 June 2019	City of Johannesburg Metropolitan Municipality
27 July 2018	City of Ekurhuleni Metropolitan Municipality
19 September 2018	Nelson Mandela Bay Metropolitan Municipality
26 October 2018	eThekweni Metropolitan Municipality

4.2.7 One Annual Transformation Indaba hosted and reported on to DPW by 31 March 2019 – **Achieved.**

The CBE's annual Transformation Indaba provides a national platform to discuss the transformation of the built environment. The intention is for the Transformation Indaba to be an annual event, to serve as a 'past-present future' mirror to:

- gauge the status of Transformation in the South African built environment
- provide a platform for collaboration and sharing of knowledge among academia, the public and private sectors
- interrogate challenges and possible recommendations/solutions from multi-dimensional perspectives
- track the progress and impact of CBE's interventions to the overall transformation in South Africa year-on-year

The annual target was achieved. In line with the CBE 2018/19 APP, the CBE hosted its annual Transformation Indaba on 7 – 8 February 2019 with its theme building on the discussions and outcomes from the previous Transformation Indaba of 2017 and the outcomes from the CBE's engagements with key stakeholders during its national Transformation roadshows. The theme for Indaba 2018/19 was **"Igniting the possibilities..."** with the focus on securing sustainability and the resourcing the BE Skills Pipeline. The Indaba focused on uniting the public sector, private sector and academic perspectives to build collaborative relationships across them. The learning from the Indaba was to acknowledge each other's unique approaches to transforming the South African landscape.

Table 13: Programme 2: Strategic objectives, performance indicators, planned targets and actual achievements

Strategic objective: Drive and facilitate skills development and transformation within the BE.					
Strategic objectives	Overall Actual Achievement 2017/18	Planned Target 2018/19	Overall Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations
Drive and facilitate skills development and transformation within the BE.	Six	Seven	Seven	A positive variance of three was achieved on Maths and Science.	The pupil:teacher ratio allowed for an additional three learners to be enrolled in the programme without extra cost.
				A positive variance of two was achieved on candidates.	The positive variance of two was as a result of responding to a request by the Eastern Cape DPW to provide mentorship to two of their candidates.
				A positive variance of 39 was achieved on interns.	The situation having interns only placed P2 which is for a semester (6 months) long opened up the opportunity of placing other qualifying students for the remaining semester (6 months).

Table 14: Programme 2: Key performance indicators, planned targets and actual achievements

Strategic objective: Drive and facilitate skills development and transformation within the BE					
Performance Indicator	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations
2.1 Number of implementation plans for high demand skills professions categories developed for SIPs.	Achieved. Two categories of high demand professions' implementation plans developed in support of Landscape Architects and Property Valuers professionals for SIPs by 31 March 2018.	A Strategic Infrastructure Projects (SIPs) implementation plan for two categories of high demand BEPs (Architects and Town Planners), approved by the CEO by 31 March 2019.	Achieved. A Strategic Infrastructure Projects (SIPs) implementation plan for two categories of high demand BEPs (Architects and Town Planners), was developed and approved by the CEO by 31 March 2019.	None	None
2.2 Number of learners enrolled in the Maths and Science support programme.	Achieved. 156 Grade 12 learners were enrolled in the Maths and Science support programme.	150 Grade 12 learners enrolled in CBE's Maths and Science support programme by 31 March 2019.	Achieved. 153 Grade 12 learners enrolled in CBE's Maths and Science support programme by 31 March 2019.	A positive variance of three was achieved in the number of learners enrolled in Maths and Science support programme.	The pupil:teacher ratio allowed for three additional learners to be enrolled in the programme without extra cost.
2.3 Number of candidates/ BE graduates placed for workplace training.	Achieved. 50 new Candidates/ BE graduates were placed in workplace training by 31 March 2018.	50 Candidates/BE graduates placed and assessed in workplace training by 31 March 2019.	Achieved. 52 candidates were placed and assessed in workplace training by 31 March 2019.	A positive variance of two was achieved on placing candidates in workplace training.	The positive variance of two was as a result of responding to a request by the Eastern Cape DPW to provide mentorship to two of their candidates.
2.4 Number of interns placed for workplace training.	Achieved. 152 Interns were placed for work integrated learning by 31 March 2018.	100 Interns placed and assessed for work integrated learning by 31 March 2019.	Achieved. 139 Interns placed and assessed for work integrated learning by 31 March 2019.	A positive variance of 39 was achieved on interns.	The situation of having interns only placed during P2, which is for a semester (six months) opened up the opportunity of placing other qualifying students for the remaining semester (six months).
2.5 Number of oversight reports of CBEP Accreditation of BE Academic Programmes.	Achieved. One oversight report on the Accredited Academic Programmes by the CBEP by 31 March 2018.	One oversight report developed on the accreditation of Academic Programmes undertaken by the CBEP by 31 March 2019.	Achieved. One oversight report was developed on the accreditation of Academic Programmes undertaken by the CBEP by 31 March 2019.	None	None

Strategic objective: Drive and facilitate skills development and transformation within the BE

Performance Indicator	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations
2.6 Number of municipal, provincial and national departments and SOEs supported on their BE technical capacity, based on researched initiatives.	Achieved. Nine Provincial Public Works Departments were engaged on the implementation of the CBE Structured Candidacy Framework by 31 March 2018.	Four Metropolitan municipalities engaged on the implementation of the CBE Structured Candidacy Framework by 31 March 2019.	Achieved. Four Metropolitan Municipalities were engaged on the implementation of the CBE Structured Candidacy Framework by 31 March 2019.	None	None
2.7 Number of transformation engagements held with built environment stakeholders.	-	One Annual Transformation Indaba hosted and reported on to DPW by 31 March 2019.	Achieved. One Annual Transformation Indaba hosted and reported on to DPW by 31 March 2019.	None	None

Table 15: Programme 2: Linking performance with budgets

Programme/activity/objective	2017/18			2018/19		
	Budget	Actual Expenditure	(Over) / Under Expenditure	Budget	Actual Expenditure	(Over) / Under Expenditure
Performance Indicator	R'000	R'000	R'000	R'000	R'000	R'000
2.1 Number of implementation plans for high demand skills professions categories developed for SIPs.	180	180	-	6	7	(1)
2.2 Number of learners enrolled in the Maths and Science support programme.	1 536	1 191	345	1 156	1 049	(107)
2.3 Number of candidates/ BE graduates placed for workplace training.	1 234	842	392	2 209	2 220	(11)
2.4 Number of interns placed for workplace training.	3 903	3 300	603	2 702	3 199	(497)
2.5 Number of oversight reports of CBEP Accreditation of BE Academic Programmes.	357	440	(83)	32	46	(14)
2.6 Number of municipal, provincial and national departments and SOEs supported on their BE technical capacity, based on researched initiatives.	5	18	(13)	28	33	5
2.7 Number of transformation engagements held with built environment stakeholders.	-	-	-	1 071	648	423

4.3 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 and the public on BE priority matters identified in the Medium Term Strategic Framework (MTSF). For the 2017/18 APP, Programme 3 had four annual targets, all of which were achieved.

This Programme is responding to the following mandates of the CBE Act:

- section 3(d): *facilitate participation by the built environment professions in integrated development in the context of national goals*
- section 3(e): *promote appropriate standards of health, safety and environmental protection within the built environment*
- section 4(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*

The targets for the year were achieved as follows:

4.3.1 A report on the initiatives to support infrastructure skills within Government by 31 March 2019 – **Achieved.**

This project forms part of the CBE's response to strengthen the technical capacity of the public sector for infrastructure delivery. The focus is on facilitating partnerships to support service delivery. It is linked to the Minister's priorities of capacitating the State. The CBE will support and advise the Minister, based on the engagements with partners and the roll out of the targeted capacity building interventions.

The annual target was achieved. A report on initiatives by Metropolitan Municipalities and other entities of Government on the initiatives to support infrastructure skills was developed. The report covers the initiative to support infrastructure skills within Government, implemented by the Metropolitan Municipalities.

4.3.2 A research report, analysing the impact of the Standards for Infrastructure Procurement and Delivery Management (SIPDM) on attracting and retaining BEPs within DPW by 31 March 2019 - **Achieved.**

In the previous financial year, the CBE collaborated with National Treasury on the implementation of the SIPDM, with keen interest on enforcing registered professionals' involvement in managing the delivery of government infrastructure projects. The focus of the report was the review of processes within the DPW to ensure that technical officials are registered so that their direct involvement in the procurement and delivery of infrastructure is strengthened. The analysis included, amongst others, the realignment of DPW organograms responding to the SIPDM. While developing the report, the CBE provided ongoing advice to both National and Provincial DPW departments on matters relating to building technical skills. The CBE will facilitate further engagements between DPW and the National Treasury as the custodian of the SIPDM.

The main objective of the project was to conduct an impact analysis of the SIPDM on attracting and retaining BEPs within DPW by 31 March 2019. The project objectives were to:

- establish the availability of requisite built environment skills as prescribed by the SIPDM within the selected municipalities
- identify individuals who possess built environment qualifications but have not registered with any of the CBEP
- identify existing processes and legislative frameworks that can be utilised to ensure sustainable technical capacity within DPW

This project forms part of CBE's response to strengthen the technical capacity of both the public and private sector for infrastructure delivery. The DPW was strategically identified, with its mandate to oversee the delivery of infrastructure and asset management within the public sector. The CBE identifies capacity needs and the readiness to implement the SIPDM in DPW's National and Provincial Departments. It goes on to provide continuous support on the technical skills requirement to the DPW, through participation in the various reporting platforms. The CBE participated in an exercise to establish the technical skills baseline information within the DPW to ascertain its readiness to implement the SIPDM. Issues identified during engagements guide National Treasury on the effective implementation of the SIPDM. A critical milestone during the quarter was the agreement with National Treasury to review the current SIPDM, which also considers improvements to the Infrastructure Delivery Management System (IDMS). Importantly, the CBE engaged the CBEP in providing advice to Government on technical skills for infrastructure delivery. The lessons drawn from the engagements highlight necessary interventions in infrastructure delivery across the three tiers of Government.

The annual target was achieved. A research report analysing the impact of the SIPDM on attracting and retaining BEPs within DPW was developed. The COO and CEO approved it.

The research findings revealed that the Public Works sector has a total of 1608 technical personnel. The Public Works sector has 731 candidates, 565 professionals who are registered with the Engineering Council of South Africa (ECSA), SACAP, the South African Council for the Project and Construction Management Professions (SACPCMP), the South African Council for the Property Valuers Profession (SACPVP), SACQSP and SACPLAN. The Public Works sector has 314 unregistered personnel occupying technical positions. The research findings also highlight that the Public Works sector has high vacancy rates and a shortage of skilled BE professionals required to support the sector in its core function. The Public Works sector is also struggling to attract, recruit and retain BE professionals. The research findings identified that career pathing in the Public Works sector is non-existent, structured candidacy programmes are not structured adequately and there is a shortage of mentors.

The research findings also found that National and Provincial departments of Public Works are at different stages of readiness and implementation of the IDMS and SIPDM. Further implementation of the IDMS in the Public Works sector has developed six Infrastructure Programme Management Plans (IPMPs) and Infrastructure Programme Implementation Plans (IPIP). The Public Works sector has also developed and aligned their SCM policies with the SIPDM.

The research findings recommend the Public Works sector develop technical skills prescribed by the SIPDM and the future skills required by the Fourth Industrial Revolution (4IR). Therefore, it is critical for the Public Works sector to adopt the CBE skills Pipeline Strategy to address its technical challenges. Other recommendations are:

- the Public Works sector needs to consider and implement different infrastructure delivery models to build internal technical capacity and collaborate with implementing agents appointed by the sector, professional councils and the CBE to strengthen the retention of the scarce skills within the sector
- the Public Works sector needs to review and align its organograms to support the mandate of Public Works
- it is critical for the Public Works sector to develop and approve the Retention Strategy for the sector to retain built environment professionals in public service
- the Public Works sector needs to develop a shared service model for sharing technical capacity to accelerate infrastructure delivery

The Public Works sector needs to develop structured capacity building programmes to support the IDMS and SIPDM value chain.

*4.3.3. One advisory report on Health and Safety regulations within the public sector, developed and submitted to Department of Labour by 31 March 2019 - **Achieved.***

This project emanates from the Health and Safety Accord and Action Plan signed in 2013 by the Department of Labour (DoL), DPW and labour representatives to promote higher standards of health and safety in the built environment. The CBEP co-signed the Accord as a commitment to promote health and safety in their professional practice. The SACPCMP has the function to register Health and Safety practitioners in the construction sector. As the DoL remains the custodian of regulating construction health and safety, the CBE initiated a formal partnership through a draft MoU. The partnership enabled the CBE to respond to its mandate to promote health and safety, implement determinations from the Accord, and to create awareness on the importance of compliance with health and safety regulations. The Construction Health and Safety Accord is based on the Occupational Health and Safety Act enacted in 1994, which gives workers some rights in health and safety in the workplace. It guides management on setting up safety representatives and safety committees in the workplace.

The objectives of the project were to:

- facilitate engagements between DoL, the CBEP and other relevant stakeholders
- facilitate aspects of health and safety education in the Health and Safety Action Plan
- advise infrastructure departments and municipalities on health and safety matters
- provide advisory reports to the Minister on the implementation of health and safety standards at the DPW National and Provincial Departments

The annual target was achieved. An advisory report on Health and Safety regulations within the public sector was developed and submitted to DoL. The National Department of Public Works was the selected case study for this project.

The most prominent research findings were:

1. in order to comply with occupational health and safety legislation, DPW developed and implemented the health and safety compliance system, whose objectives are to:
 - ensure effective management of hazard identification and risk assessment
 - comply with occupation health and safety acts and regulations and the national building regulations
2. DPW has employed Occupational Health and Safety Officers and Regional Managers for Occupational Health and Safety to implement the health and safety compliance system. The former undertake pro-active and re-active inspections in state-owned buildings, leased properties and on construction project sites
3. the maintenance of the immovable asset portfolio is significantly under-funded from both a capital and operational expenditure perspective. The Public Works sector has developed the National Infrastructure Management Strategy (NIMS), which recognises major backlogs in public infrastructure maintenance to harness efforts to resuscitate immovable assets from further extinction. However, implementation has not taken off the ground
4. currently, facilities management is a quick fix activity, which is not planned or budgeted. Secondly, legislation governing protection, safety and health is minimally applied, thus posing negative exposure to both user departments and visitors of government facilities. The conditions of government buildings are very poor, and in most cases, does not enable user departments to fulfil their service delivery mandate

Research findings developed the following recommendations:

- the Public Works sector needs to increase the number of pro-active inspections in state-owned buildings, leased properties and on construction project sites
- the Public Works sector needs to increase financial and human resource provisions for health and safety
- it is critical for the Public Works sector to finalise the NIMS review to ensure compliance with occupational and health safety regulations

4.3.4. One advisory report on BEPs role in the Expanded Public Works Programmes (EPWP), submitted to DPW EPWP by 31 March 2019 - Achieved.

The EPWP is one of Government's short-to-medium term programmes aimed at alleviating and reducing unemployment. Opportunities for implementing the EPWP were identified in the infrastructure, environmental, social and economic sectors. In the infrastructure sector, the emphasis is on creating additional work opportunities through the introduction of labour-intensive construction methods. One of CBE's mandate (section 3[d]) is to *facilitate participation by the built environment professions in the integrated development in the context of national goals*. The main objective of the research project was to establish a baseline of EPWP initiatives and to identify the role of BEPs in the EPWP. The Provincial Departments of Public Works in KwaZulu-Natal and Limpopo were selected as case studies for this research project.

The target was achieved. The final advisory report on the BEPs role in the EPWP was developed, and approved by the COO and CEO.

The research findings highlight that Zibambele and Gundo Lashu projects are EPWP projects implemented in KwaZulu-Natal and Limpopo respectively. The success factors of the Zibambele and Gundo Lashu projects are that they had solid political commitment since inception. Strong support and commitment came from both local political leadership and senior management in their respective Provincial Department of Public Works meaning local champions played a critical role in driving the success of these projects. The second feature of these projects is that they were developed with clear targets on how and what needs to be achieved. The goals were developed in terms of physical work outputs and clear guidelines were developed on how the work would be implemented.

The research findings indicate that the consultants (built environment professionals) of the Zibambele and Gundo Lashu projects had clear guidelines of the implementation of labour-intensive methods and contractors were trained in labour-intensive methods. The consultants were given specific training based on the standardised works methods and technology applied. Training on technical standards was a priority through practical on-site relevant work. The implication was that all role-players of the Zibambele and Gundo Lashu projects possessed a full understanding of all work activities, had the required skills, techniques and work methods at full-scale work sites.

The study also found that the Zibambele and Gundo Lashu projects experienced challenges and limitations. Limited funding was identified as a major constraint in terms of maximising employment opportunities for the poorest of the poor, unskilled and the unemployed. Infrastructure plans were not concluded on time due to delays by client Departments. Other key challenges identified by the research findings related to:

- the projects struggled to achieve the envisaged levels of skills development and transfer
- late reporting resulting in a loss of full-time employment
- late commencement of projects
- poor coordination of data between sites and EPWP units
- non-functional EPWP units due to internal challenges and lack of institutional arrangements
- late submission of monthly and quarterly reports

The research findings indicate that the EPWP alone cannot be the solution to address the structural employment and poverty; longer-term strategies such as economic development policies and educational reform need to complement it. Educational reform will improve:

- current labour skills
- policies to promote economic growth (particularly in the entrepreneurial and labour intensive sectors)
- social redistributive policies to ensure sustainable development and efforts

There is a need to develop comprehensive EPWP manuals describing:

- (a) the most common design options appropriate for labour based infrastructure road construction works
- (b) appropriate work methods targeting supervisory staff
- (c) effective management and implementation of routine road maintenance road works

The research findings reveal that further practical and in-depth training is required for single and multi-site operations.

Table 16: Programme 3: Strategic objectives, performance indicators, planned targets and actual achievements

Strategic objective: To provide informed and researched advice to Government on BE priority matters identified in the 2014 MTSF.					
Strategic objectives	Overall Actual Achievement 2017/18	Planned Target 2018/19	Overall Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations
To provide informed and researched advice to Government on BE priority matters identified in the 2014 MTSF.	Three	Four	Achieved. All four targets were achieved.	None	None

Table 17: Programme 3: Key performance indicators, planned targets and actual achievements

Strategic objective: To provide informed and researched advice to Government on BE priority matters identified in the 2014 MTSF.					
Performance Indicator	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations
3.1 Number of reports on initiatives and programmes to support technical capacity within the State.	Achieved. Report on initiatives to support infrastructure skills within Government was developed.	A report on the initiatives to support infrastructure skills within Government by 31 March 2019.	Achieved. A report on the initiatives to support infrastructure skills within Government was developed by 31 March 2019.	None	None

Strategic objective: To provide informed and researched advice to Government on BE priority matters identified in the 2014 MTSE.

Performance Indicator	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations
3.2 Number of research reports to support infrastructure delivery in the public sector (Analysis of the impact of SIPDM).	Achieved. One research report on the state of readiness of municipalities to implement the SIPDM was developed.	A research report analysing the impact of the Standards for Infrastructure Procurement and Delivery Management (SIPDM) on attracting and retaining BEPs within DPW by 31 March 2019.	Achieved. A research report, analysing the impact of the Standards for Infrastructure Procurement and Delivery Management (SIPDM) on attracting and retaining BEPs within DPW was developed by 31 March 2019.	None	None
3.3 Number of Advisory reports on Health and Safety regulations within the public sector.	Achieved. Research report on the analysis of the impact of CBE's Maths and Science support programmes focusing on the built environment was developed.	One advisory report on Health and Safety regulations within the public sector, developed and submitted to the Department of Labour by 31 March 2019.	Achieved. One advisory report on Health and Safety regulations within the public sector, was developed and submitted to the Department of Labour by 31 March 2019.	None	None
3.4 Number of research reports on initiatives to promote labour-intensive construction practices in the BE projects.	-	One advisory report on BEPs role in the Expanded Public Works Programmes (EPWP), developed and submitted to DPW EPWP by 31 March 2019.	Achieved. One advisory report on BEPs role in the Expanded Public Works Programmes (EPWP), was developed and submitted to DPW EPWP by 31 March 2019.	None	None

Table 18: Programme 3: Linking performance with budgets

Programme/ activity/objective	2017/18			2018/19		
	Budget	Actual Expenditure	(Over) / Under Expenditure	Budget	Actual Expenditure	(Over) / Under Expenditure
Performance Indicator	R'000	R'000	R'000	R'000	R'000	R'000
3.1 Number of reports on initiatives and programmes to support technical capacity with the State.	-	-	-	-	-	-
3.2 Number of research reports to support infrastructure delivery in the public sector (Analysis of the impact of SIPDM).	218	174	44	316	196	120
3.3 Number of advisory reports on Health and Safety regulations within the public sector.	-	-	-	48	8	40
3.4 Number of research reports on initiatives to promote labour-intensive construction practices in the BE projects.	-	-	-	156	67	89

4.4 Programme 4: Regulation and Oversight of six CBEP

The objective of Programme 4 is for the CBE to act as an appeal body on referred to it in terms of the law regulating the BEPs, and to promote and enhance high standards of professional ethics within the BE.

This Programme responds to the mandates contained in sections 20 and 21 of the CBE Act.

Programme 4 contributes indirectly to DPW's Outcome 12 (efficient, effective and development-oriented public service). The CBE contributes towards this outcome by facilitating the capacity building of the six CBEP through corporate governance, PFMA compliance and strategic planning.

For the 2018/19 financial year, Programme 4 had six targets. Five of the six targets were achieved. The annual targets performed as follows:

4.4.1 Finalise 100% of appeals within the statutory 60 days of their lodgement by 31 March 2019 – **Achieved.**

Appeals Function

This target aims to protect public interest by acting as an appeal body, and decide on all appeals within 60 days of lodgement, as prescribed in terms of section 21 of the Act. According to section 4(m) of the Act, the CBE is empowered and obliged to hear an appeal lodged by a party, aggrieved by the decision of any of the CBEP (*act as an appeal body with regard to matters referred to it in terms of the law regulating the built environment professions*). An Appeal Committee is appointed on an ad hoc basis in terms of the provisions of section 21 of the Act to decide on the lodged appeal.

The annual target was achieved. In total, ten appeals were received during the financial year. The majority (seven) were against SACPCMP, two were against SACAP and one against the South African Council for the Property Valuers Profession (SACPVP). Six appeals were against refusals of registration applications, whilst the remaining four related to disciplinary investigations and hearings.

4.4.2 Implement 50% of the deliverables of the identification of work (IDoW) Action Plan by 31 March 2019 – **Achieved.**

The CBE is compelled by section 20(2) of the CBE Act to *identify the scope of work for each category of registered persons* - referred to as IDoW. The scoping of the work is determined after consultation with the Competition Commission (CC) and in consultation with the six CBEP.

The objective of IDoW is to enhance the protection and safety of the public and the environment by ensuring that only persons registered in the relevant category of registration (and thus demonstrated the required competence and academic qualifications), perform work in the built environment or take responsibility for work so performed.

The CC rejected applications of behalf of the CBEP to have identification of work exempted from the provisions of the Competition Act (Act 89 of 1998). This decision by the CC obliged the CBE and CBEP to reconsider the manner in which work was initially identified in the submitted exemption applications. A workshop, conducted during the last quarter of the previous financial year between the CBE, CBEP and DPW, produced an IDoW Action Plan, focussing on the CBE's statutory role and the CC's concerns. The CC's concerns were identified in its substantial reasons for rejecting one application, with an assurance that the reasons will be the same for all applications.

The annual target was achieved. Fifty percent of the plan's deliverables were implemented. In addition, the following activities were undertaken:

- the CBE gathered further input from CBEP on the identification of the scope of work for each category of registration by developing a template for completion by the CBEP
- the scope of work identified for the category of registration regulated by SACQSP was submitted to the CC on 01 March 2019 with an invitation to consult in terms of section 20(2) of the CBE Act by 19 March 2019. At the time of compiling this report, the CC did not respond to this invitation to consult
- the CC invited individual CBEP to discussions on the identification of work as well as the publication of guideline professional fees. The CC agreed to include the CBE in these discussions, planned for April 2019
- the CBE updated DPW's Policy Unit on the intended process to finalise the identification of work process, and the planned consultations with the CC. There was consensus to have regular engagements on the progress made with IDoW

*4.4.3 A report on the six CBEP implementation of the King IV Corporate Governance Framework, submitted to Council and DPW by 31 March 2019 - **Achieved.***

The CBE adopted a revised Corporate Governance Framework, based on King IV™ principles that reflects the principles and suggestions on how to comply with them.

The target was achieved. Council approved the final report on the CBEP' implementation of the framework on 12 March 2019, upon recommendation of the BEMC. It was submitted to DPW on 29 March 2019.

The most prominent findings of the monitoring process were:

- a. most CBEP lack a formal governance framework. They practice good governance principles (such as the appointment of committees) but do not have a formal structure in place for the assessment of their compliance
- b. the performance of the Governing Bodies (councils) and committees are not assessed, thus not providing information to inform training and development of members
- c. combined assurance models, giving structure to risk assessment and oversight over the internal and external audit functions, are not in place
- d. the lack of compliance policies and action plans may result in non-adherence to or misinterpretation of enabling legislation

A report on the six CBEP' implementation of the King IV™ Corporate Governance Framework was submitted to Council and DPW by 31 March 2019.

4.4.4 An implementation plan for the six CBEP' alignment of their policies with the Ministerial approved policy framework, developed and approved, by 31 March 2019 - **Achieved.**

One of the CBE's mandates [section 3(i)] is to *ensure the uniform and consistent application of norms and guidelines for the professions throughout the built environment*. The policies underpin 13 concurrent functions. Alignment of these policies between the CBEP, the CBE and DPW is required. An assessment of the alignment of CBEP' policies with the seven Ministerial approved policy frameworks was conducted during the previous financial year to ensure alignment. The implementation plan is to ensure a pro-active approach from CBEP to align their policies to the approved policy frameworks. It will also improve awareness of the importance of uniform and consistent application of policies.

The target was achieved. An implementation plan for the six CBEP' alignment of their policies with the Ministerial approved policy framework was developed and approved by the COO and CEO. The focus during the next financial year will be on the monitoring of the implementation of the plan by the CBEP.

4.4.5 A Regulatory Framework on governance oversight of the CBEP, developed by 31 March 2019 – **Achieved.**

The CBE, impelled by section 3(f) of the CBE Act, must *promote sound governance of the built environment professions*.

The DPW circa 2012 required the six CBEP to develop roadmaps towards compliance with the PFMA as a mechanism to enhance good governance (hereafter referred to as the 2012 Directive). The six CBEP are not listed in the PFMA as entities to comply with it, contradicting the 2012 Directive and the provisions of the PFMA. This contradiction highlighted the need to engage stakeholders from the CBEP, DPW, National Treasury and CBE to resolve the matter. A workshop to resolve the matter, held during the previous financial year, resulted in the following decisions:

- (1) DPW would advise the Minister to formally withdraw the 2012 Directive
- (2) CBE develops a Framework on Good Governance for the CBEP, in lieu of statutory compliance with the PFMA

The annual target was achieved. Council approved the final Regulatory Framework on 12 March 2019, upon recommendation of the BEMC. The underpinning philosophy is that the framework should function as a governance-operating model. The Regulatory Framework contains principles of King IV™, PFMA, Treasury Regulations and other legislation. It is a living document that will evolve to play its major role in enhancing good governance.

4.4.6 The six CBEP' Strategic Plans, APPs and Annual Reports are submitted to DPW by 31 March 2019 – **Not achieved.**

This performance target seeks to ensure that the six CBEP, on their path towards compliance with their professions Acts, are compliant with the statutory requirements of government-wide budgeting and planning/reporting requirements. It means that their strategic plans and annual reports must be compliant with statutory requirements and Government's priorities in the BE.

The annual target was not achieved. The CBE submitted the annual performance plans for ECSA and the SACPCMP for the 2019/20 financial year on 29 March 2019. The remaining four CBEP did not meet the deadline. The reason provided to the CBE for their non-submission was that their respective councils were not able to meet to approve the annual performance plan. It is of note that the professions Acts do not compel the CBEP to submit their annual performance plans to the CBE. However, the professions Acts stipulate the CBEP must submit their annual report within six months from the close of each financial year.

For the 2018/19 reporting cycle, the following chronology of milestones and issues unfolded towards the meeting of the annual target:

All of the six CBEP were provided with National Treasury's Framework for Strategic Plans and Annual Performance Plans and the Framework for Managing Programme Performance Information. The CBE consulted all of the six CBEP on the content of their annual performance plans.

The CBE met the CBEP on the following dates to inform them on the content required for their annual performance plan and agree on the submission date:

SACAP:	05 November 2018
SACPCMP:	06 November 2018
SACLAP:	09 November 2018
SACPVP:	14 November 2018
ECSA:	23 November 2018
SACQSP:	05 December 2018

All of the six CBEP committed to submit their annual performance plans by the last week of March 2019. However, only two submitted their annual performance plans to the CBE. The CBE is addressing this issue via meetings with the Registrars of the CBEP. The matter will be addressed at the Presidents' Forum. The CBE intends to organise training for CBEP council members to assist them to understand their oversight role and to support compliance with the statutory requirements at their institutions.

Table 19: Programme 4: Strategic objectives, planned targets and actual achievements

Strategic 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 built environment.					
Strategic objectives	Overall Actual Achievement 2017/18	Planned Target 2018/19	Overall Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	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	Six	Five targets were achieved, while one was not achieved.	One target was not achieved. Only two out of the six CBEP submitted their Strategic Plans and APPs on time for submission to DPW, rendering the target not to be achieved. The reason provided to the CBE for their non-submission was that their respective councils were not able to meet to approve the annual performance plan.	The CBE is addressing this issue via meetings with the Registrars and Presidents' forums of the six CBEP.

Table 20: Programme 4: Key performance indicators, planned targets and actual achievements

Strategic 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 built environment.

Performance Indicator	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations
4.1 Percentage of submitted appeals against decisions of CBEP finalised within the statutory period of 60 days from lodgement.	Not Achieved. One appeal was not decided within the prescribed period of 60 days due to a protracted SCM process of appointing an appeal committee. The appeal was eventually decided on 10 October 2017.	Finalise 100% of appeals within the statutory 60 days of their lodgement by 31 March 2019.	Achieved. In total, ten appeals were received during the financial year. The majority (seven) were against SACPCMP, two were against SACAP and one against SACPVP. Six appeals were against refusals of registration applications, whilst the remaining four related to disciplinary investigations and hearings.	None	None
4.2 Percentage of the IDoW Action Plan deliverables implemented.	Achieved. The Council resolved to adopt an official CBE position on IDoW, and approved an IDoW action plan. The action plan focuses on exploring different approaches to conclude the IDoW process as allowed by enabling legislation with continued focus on engagement with the CC, and extensive consultation with and updating of stakeholders on the process paramount.	Implement 50% of the deliverables of the identification of work (IDoW) Action Plan by 31 March 2019.	Achieved. 50% of the deliverables of the identification of work (IDoW) Action Plan were implemented by 31 March 2019.	None	None

Strategic 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 built environment.

Performance Indicator	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations
4.3 Corporate Governance Framework implemented.	Achieved. The Framework was assessed by an external service provider and approved by Council on 8 March 2018, following a recommendation by the BEMC.	A report on the six CBEP' implementation of the King IV™ Corporate Governance Framework submitted to Council and DPW by 31 March 2019.	Achieved. A report on the six CBEP' implementation of the King IV™ Corporate Governance Framework was developed and submitted to Council and DPW by 31 March 2019.	None	None
4.4 Implementation plan developed to align the six CBEP with the Ministerial approved BE policy frameworks.	Achieved. The alignment of CBEP' policies with the seven approved policy frameworks was conducted an assessment report prepared and submitted to DPW.	An implementation plan for the six CBEP' alignment of their policies with the Ministerial approved policy framework, developed and approved by COO and CEO by 31 March 2019.	Achieved. An implementation plan for the six CBEP' alignment of their policies with the Ministerial approved policy framework, was developed and approved by COO and CEO by 31 March 2019.	None	None
4.5 Initiatives developed to broaden governance in the CBEP.	Achieved. The CBE focused on the development of the Governance Framework as an outcome of the PFMA workshop. A Good Governance Framework incorporating principles of both King IV™ and the PFMA was developed with the support of an external service provider. This framework will be promoted for use by the CBEP in the next financial year.	A Regulatory Framework on governance oversight of CBEP, developed by 31 March 2019.	Achieved. A Regulatory Framework on governance oversight of CBEP, developed by 31 March 2019.	None	None

Strategic 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 built environment.

Performance Indicator	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations
4.6 Number of Strategic Plans, APPs and Annual Reports of the six CBEP submitted to CBE and DPW.	Not Achieved. Only two CBEP submitted their Strategic Plan and APP. All Annual Reports were submitted.	The six CBEP' Strategic Plans, APPs and Annual Reports are submitted to DPW by 31 March 2019.	Not achieved.	The CBE submitted the annual performance plans for ECSA and the SACPCMP for the 2019/20 financial year on 29 March 2019. The remaining four CBEP have not been able to meet the deadline.	The reason provided to the CBE for their non-submission was that their respective councils were not able to meet to approve the annual performance plan. The CBE is addressing this issue via meetings with the Registrars of the CBEP. The matter will be raised through the Presidents' Forum. CBE intends to organise training for council members of the CBEPs to assist them to understand their oversight role and to support compliance with the statutory requirements by their institutions.

Table 21: Programme 4: Linking performance with budgets

Programme/activity/aobjective	2017/18			2018/19		
	Budget	Actual Expenditure	(Over) / Under Expenditure	Budget	Actual Expenditure	(Over) / Under Expenditure
Performance Indicator	R'000	R'000	R'000	R'000	R'000	R'000
4.1 Percentage of submitted appeals against decisions of CBEP finalised within the statutory period of 60 days from lodgement.	708	489	219	937	780	157
4.2 Percentage of the IDOW Action Plan deliverables implemented.	249	341	(92)	130	136	(6)
4.3 Corporate Governance Framework implemented.	82	82	-	2	1	1

Programme/activity/ aobjective	2017/18			2018/19		
	Budget	Actual Expenditure	(Over) / Under Expenditure	Budget	Actual Expenditure	(Over) / Under Expenditure
Performance Indicator	R'000	R'000	R'000	R'000	R'000	R'000
4.4 Implementation plan developed to align the six CBEP with the Ministerial approved BE policy frameworks.	-	-	-	-	-	-
4.5 Initiatives developed to broaden governance in the CBEP.	1	18	(17)	36	-	36
4.6 Number of Strategic Plans, APPs and Annual Reports of the six CBEP submitted to CBE and DPW.	-	-	-	-	-	-

4.5 Programme 5: Government Policies and Priorities

The strategic objective of Programme 5 is to ensure that BE academic curricula and Continuous Professional Development (CPD) programmes embody issues of health and safety in construction; environmental sustainability; job creation through labour intensive construction and the IDMS. The Programme had one target for the period under review, which was achieved. The targets performed as follows:

*4.5.1 An implementation plan to incorporate health and safety, sustainability, labour intensive construction and the Infrastructure Delivery Management Systems (IDMS) into BE academic curricula, developed by 31 March 2019 – **Achieved.***

This project's focus is to develop an implementation plan for incorporating new knowledge areas on environmental sustainability, construction health and safety, labour intensive techniques, and the IDMS into BE academic curricula.

The specific objectives of the project are to:

- identify the process of the development, approval and incorporation of new courses
- develop an action plan detailing activities for developing and incorporation of the new knowledge areas into BE programmes curricula
- develop a monitoring tool to assess progress achieved on incorporation of knowledge areas by academic institutions

The annual target was achieved. An implementation plan was developed to incorporate health and safety (H&S), sustainability, labour intensive construction and the IDMS into BE academic curricula.

The key study findings were on:

- Teaching H&S in tertiary institutions –
 - BE programmes that incorporated H&S into their curricula were civil engineering, construction management, and quantity surveying
 - other BE programmes - namely, architecture, and urban and regional planning (URP) did not have H&S as a significant component of their curricula, albeit the Act does stipulate that the work of a 'designer' (i.e. architects and urban and regional planners are designers in the BE value chain) must incorporate H&S in the design
 - programmes that teach elements of H&S do so varying from 1st year to the final year of the studies, i.e. some universities teach it from 1st year, and others start at the 2nd year and so on
 - H&S is embedded in various modules

b. Teaching sustainability in tertiary institutions –

- all the sampled institutions taught sustainability and emphasised the importance of sustainability in the BE
- the respondents from the sampled institutions indicated that sustainability is not taught as a stand-alone module but rather it is embedded in modules offered by the various programmes
- Sustainability is taught at the undergraduate level from 1st year to the final year, and at some institutions, it was offered at postgraduate level
- one of the universities sampled currently holds the SARChI chair for 'Sustainable Construction Management and Leadership in the Built Environment' and this entails researching how to make construction sustainable

c. Teaching Labour-Intensive Construction (LIC) in tertiary institutions –

- LIC is not taught in the manner it was conceptualised
- universities have aspects of labour-related modules in the curricula
- at departments of two of the universities interviewed, namely in construction management and civil engineering departments, labour-intensive construction is offered at postgraduate level as research
- almost all the respondents appreciated the significance of LIC. Respondents acknowledged the socio-economic situation in South Africa and the imperative on job creation and skills development from infrastructure development. There was a general reluctance (or lack of knowledge on how) to promote LIC methods, indicating that South Africa wanted to move towards automation, especially in view of the demands from the 4IR if the country is to be internationally competitive in terms of its graduates
- there is a general lack of knowledge of what LIC entails
- while universities are gearing towards the 4IR - as there is increasing interest in technology and automation of the construction industry – there is still the recognition that the human element in the BE industry will persist

d. Teaching IDMS in tertiary institutions –

- all the respondents indicated that it was not necessary to teach IDMS since the BE curricula include project management modules incorporating aspects of IDMS
- the respondents did not see the need for teaching IDMS
- some respondents however suggested in view of government requirements, IDMS is taught as a short course

Table 22: Programme 5: Strategic objectives, performance indicators, planned targets and actual achievements

Strategic objective: BE academic curricula and CPD programmes that embody issues of health and safety in construction, environmental sustainability, job creation through labour intensive construction as well as the IDMS.					
Strategic objectives	Overall Actual Achievement 2017/18	Planned Target 2018/19	Overall Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations
BE academic curricula and CPD programmes that embody issues of health and safety in construction, environmental sustainability, job creation through labour intensive construction as well as the IDMS.	Two	One	Achieved.	None	None

Table 23: Programme 5: Key performance indicators, planned targets and actual achievements

Strategic objective: BE academic curricula and CPD programmes that embody issues of health and safety in construction, environmental sustainability, job creation through labour intensive construction as well as the IDMS.					
Performance Indicator	Actual Achievement 2017/18	Planned Target 2018/19	Actual Achievement 2018/19	Deviation from planned target to Actual Achievement for 2018/19	Comment on deviations
5.1 Number of implementation plans incorporating new knowledge in BE curricula.	Achieved. The implementation incorporating health and safety, sustainability, labour intensive construction and the IDMS into BE academic curricula was developed by CBE together with a team of researchers from CARINBE by 31 March 2018.	An implementation plan to incorporate health and safety, sustainability, labour intensive construction and the Infrastructure Delivery Management System (IDMS) into BE academic curricula, developed by 31 March 2019.	Achieved. An implementation plan to incorporate health and safety, sustainability, labour intensive construction and the Infrastructure Delivery Management System (IDMS) into BE academic curricula, developed by 31 March 2019.	None	None

Table 24: Programme 5: Linking performance with budget

Programme / activity/ objective	2017/18			2018/19		
	Budget	Actual Expenditure	(Over) / Under Expenditure	Budget	Actual Expenditure	(Over) / Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
5.1 Number of implementation plans incorporating new knowledge in BE curricula.	181	181	-	169	167	2

5. Summary of Financial Information

The CBE receives its funding from National Treasury via DPW for its operations. During the reporting period, the CBE met its administrative obligations with the allocated amount of R50.10 million. The CBE's baseline budget allocation covers operational costs and core business projects - which entails the cost of employment, occupational costs (office rental), audit fees, travel and accommodation, bursary scheme, and consulting fees as the main cost drivers. The CBE also receives a levy income from the CBEP, who contributed R2.158 million for professionals and candidates registered with them.

6. Revenue Collection

The table below indicates the sources of revenue:

Table 25: Sources of Revenue

Source of revenue	2018/2019			2017/2018		
	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	50 100	50 100	-	48 568	48 568	-
Levies	2 125	2 158	(33)	2 011	2 120	(109)
Interest	926	1 021	(95)	810	821	(11)
Other operating income	1 218	1 390	(172)	817	926	(109)
Total	54 369	54 669	(300)	52 206	52 435	(229)

Reasons for the (Over) / under collection

6.1 Government Grant from DPW

The grant income from DPW was received as budgeted.

6.2 Levies Received

The levy figures are subject to fluctuation as it solely depends on members' payments. The slight increase is due to an increase in memberships.

6.3 Interest Income

The CBE is currently optimising its revenue. The interest received was due to the delay in certain projects, resulting in cash invested for a longer period.

6.4 Other Operating Income

The major contributor for the amount over collected was proceeds from insurance claims for assets lost.

6.5 Programme Expenditure

Table 26: Expenditure per Programme

Programme	2018/2019			2017/2018		
	Budget	Actual Expenditure	(Over)/ Under Expenditure	Budget	Actual Expenditure	(Over)/ Under Expenditure
Programme 1: Administration	44 754	45 872	(1 118)	42 156	41 884	272
Programme 2: Skills for Infrastructure Delivery	7 822	7 934	(112)	7 888	7 243	645
Programme 3: BE Research, Information and Advisory	519	272	247	601	728	(127)
Programme 4: Regulation and Oversight of six CBEP	1 105	917	188	1 040	930	110
Programme 5: Government Policies and Priorities	169	167	2	521	341	180
Total	54 369	55 162	(793)	52 206	51 126	1 080
Assets (additions)	-	738	(738)	-	1 340	(1 340)
Total including assets (additions)	54 369	55 900	(1 531)	52 206	52 466	(260)

Reasons for (Over) / under expenditure**6.5.1 Administration**

The difference mainly relates to depreciation, not budgeted for in a cash-based budget.

6.5.2 Skills for Infrastructure Delivery

The over expenditure was due to travel for unplanned meetings and invoices for stipends relating to the prior year.

6.5.3 BE Research, Information and Advisory

The under-expenditure in this Programme was mainly due to vacancies in the Department, resulting in less expenditure incurred.

6.5.4 Regulation and Oversight of six CBEP

The under-expenditure was due to an appeal which was withdrawn and savings on appeal committee fees. The nature of the expense does not allow for an accurate budget due to external dependency.

6.5.5 Government Policies and Priorities

There was a saving on travel.

The next table indicates that there were no infrastructure projects during the 2018/19 reporting period and the prior 2017/18 financial years:

Table 27: Infrastructure Projects

Infrastructure projects	2018/19			2017/18		
	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 or backlogs experienced during the period under review.

7. Capital Investment

The CBE did not have any infrastructure projects during the 2018/19 and prior years.



PART C

GOVERNANCE

CBE FIFTH TERM COUNCIL 2018-2022**Ms Maphefo Mogodi****Ms Noninzi Qina****Ms Ulandi Exner****Ms Florence Rabada****Dr Keith Jabobs****Mr Hendrick Ndlovu****Mr Edward Hutamo****Mr Jerry Margolius****Ms Sinenhlanhla Mthembu****Ms Noluthando Molao****Ms Zandile Makhathini****Dr Claire Deacon****Dr Prittish Dala****Ms Inge Vieira****Dr Jenitha Badul****Mr Gert Meyer**

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:

- creating an appropriate, ongoing and dynamic monitoring system of checks and balances
- implementing a system to ensure the CBE complies with its legal and regulatory obligations
- implementing a process to identify and manage risks that threaten the sustainability of the CBE's mandate
- developing practices which make and keep the CBE accountable to its stakeholders

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

2. Portfolio Committee on Public Works

The PPC of the National Assembly processes legislation and conducts oversight on the work of the CBE. During the 2018/19 financial year, the CEO and the Executive Committee had two interactions with the PPC on Public Works, where it exercised oversight on the CBE's planning and performance through the CBE's:

- Annual Report for 2017/18 in October 2018
- APP for 2018/19 in March 2018

3. Executive Authority

The Minister of Public Works (the Minister) is the Executive Authority of the CBE. The table below lists accountability documents submitted to the Accounting Authority during the 2018/19 financial year.

Table 28: Accountability documents submitted to the Minister of Public Works during the 2018/19 financial year

Accountability Report	Date of submission to DPW
Annual Report 2017/18	August 2018
Annual Performance Plan 2019/20	January 2019
Fourth Quarterly Report 2017/18	April 2018
First Quarterly Report 2018/19	July 2018
Second Quarterly Report 2018/19	October 2018
Third Quarterly Report 2018/19	January 2019

4. The CBE Council as the Accounting Authority

The CBE Council is appointed by the Minister of Department of Public Works (the Minister) with the approval of Cabinet in terms of section 6 of the CBE Act. The role of the Council is to exercise oversight in ensuring that the organisation effectively carries out its functions, powers and duties and realises its object, as set out in the CBE Act.

4.1 Council Charter

The Council adopted a Council Charter (the Charter) and reviewed it in November 2014 to combine the existing charter with the Council's terms of reference. The Charter complies with the requirements of the King IV™ Report, with a few exceptions. The Charter explains the role of the Company Secretary; however, it does not provide for the removal of the Company Secretary by the Council. The Charter does not provide for procedures on engaging independent, external professional advice. These omissions will be rectified during the next review of the Charter.

The Charter confirms, inter alia, the Council's duty to:

- give strategic direction based on the CBE's Mandate
- approve the business plans, annual reports and annual financial statements
- ensure that the CBE maintains a programme to effectively communicate with its stakeholders, employees and the public
- be responsible for the governance of risk

The Council adopted a Delegation of Authority Framework and appointed committees to assist with the oversight function of the Council as the governing body. The Council receives reports quarterly from the various committees, including the Audit and Risk Committee.

4.2 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 councils for the professions, 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 function.
- (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 CEO.

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

4.3 Composition of the Council

The Act stipulates that the Council comprises 20 (non-executive) members 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 practiced; taking due cognisance of provincial participation;
- c) Two representatives nominated by each council for the professions; and
- d) Not more than four persons nominated by the public through an open process of public participation.

4.4 CBE's Council term of office

The CBE Act stipulates a formal process for the appointment of members. The Minister appoints the Chairperson, Deputy-Chairperson and members of the Council for a period of four years. A Company Secretary supports the Council and its Committees on governance matters. The Chief Executive Officer (CEO), Chief Operations Officer (COO) and Chief Financial Officer (CFO) attend meetings of Council and its relevant Committees. The CEO and CBE staff are responsible for operational matters.

The Fourth Council's term of office ended on 31 July 2018. Cabinet approved the appointment of the Fifth Term Council on 7 November 2018, effective from 1 November 2018 to 31 October 2022. The CBE Act requires the Minister of Public Works to determine the first meeting of Council. The first meeting of the Fifth Term Council was accordingly determined for 16 January 2019. The Minister conducted an inauguration ceremony at the first Council meeting. There was an induction session for the Council on 17 January 2019.

4.5 Shareholder compact between Accounting Authority and Executive Authority

The Accounting Authority and the Minister of Public Works as Executive Authority entered into the Shareholder Compact to promote good governance and engagement between them.

4.6 Challenges

The following challenges confronted the CBE during the financial year:

- a. vacancies on the Fourth Term Council not filled within the statutory time limit
- b. governance challenges at the councils for the professions continued to test the relationship between CBE and the CBEP
- c. the delay in the appointment of the Fifth Term Council

The term of office of the Fourth Term Council ended on the 31 July 2018, and the first meeting of the Fifth Term Council only took place on 16 January 2019. The provisions of section 49(2) (b) of the PFMA became applicable, rendering the CEO the accounting authority in the absence of an appointed Council.

4.7 Meetings of Council

During the 2018/19 financial year, six Council meetings were held; two scheduled meetings, two special meetings, one inauguration meeting, and an induction meeting with the following outcomes:

Approved

- 2017/18 Annual Report
- 2017/18 Annual Financial Statements
- 2018/19 Budget Allocation and Adjustment
- 2018/19 Mid-Term Budget Review
- 2018 Cost of Living Increase
- Appointment of Chairpersons and Members of the Standing Appeal Committee on a rotational basis
- 2018/19 First Quarter Report for submission to DPW on 31 July 2018
- 2019/20 Corporate Meeting Calendar
- 2019/20 APP for submission to DPW
- 2019/20 CBE Shareholder's Compact

The Council took the following decisions by written vote as regulated by the Council Charter:

- Approval of the 2017/2018 Annual Report and Annual Financial Statement
- Approval of Deviation to procure the services of Sage 300 People

Noted

- Chairperson's quarterly reports for EXCO, ARC, FHLC, BEMC; the CEO's Report, Legal Compliance reports, Risk Management Report, Strategic Risk Register, and Social and Ethics Implementation Plan
- Status quo regarding former CEO's unfair dismissal dispute and the SAICE / Minister of PW / ECSA / CBE Court Matter
- 2017/18 Unqualified Audit

Table 29(a): Fourth Term Council (1 August 2014 – 31 July 2018)

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Term of Office Ended	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	31 July 2018	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	21
NF Sithole (Deputy Chairperson)	5(2)(d) Public	1 August 2014	31 July 2018	BCom Hons; CA (SA)	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	3
Dr CA Breed	5(2)(c) SACLAP	1 August 2014	31 July 2018	PhD (Pretoria); MDes (dist) (Mexico); BLArch (Pretoria); PLArch	Landscape Architecture; Lecturer	CityScape Design Lecturer, University of Pretoria ILASA National Executive Committee & President	CBE Council Member BEMC	3
ND Lombard	5(2)(c) SACAP	1 August 2014	31 July 2018	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	8

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Term of Office Ended	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
N Maharaj	5(2)(d) Public	1 August 2014	Resigned 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	0
EG Makongwana	5(2)(c) SACPVP	1 August 2014	31 July 2018	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	5

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Term of Office Ended	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
JL Margolius	5(2)(c) SACPPV	1 August 2014	31 July 2018	Nat Dipl: Property Valuations; Arbitrations; 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 Jonc 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	7
Dr ZT Mathe	5(2)(c) ECSA	1 August 2014	31 July 2018	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	7

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Term of Office Ended	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
D Michell	5(2)(c) SACPCMP	1 August 2014	31 July 2018	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	5
Prof KA Michell	5(2)(c) SACQSP	1 August 2014	31 July 2018	BSc (QS); M. Phil; D. Phil.	Quantity Surveying; Academia		President SACQSP CBE: Council Member FHLC Member	9
C Mtshisa	5(2)(a) Department of Public Works	1 August 2014	31 July 2018	Honours in Labour Relations and Labour Law			CBE: Council Member BEMC Member	1
ZC Mvalo	5(2)(b) Department of Higher Education	1 August 2014	31 July 2018	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	5

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Term of Office Ended	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
A Lee (Sassenberg)	5(2)(c) ECSA	1 August 2014	31 July 2018	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 FHLC Member ARC Member	13
RG Sefotlho	5(2)(d) Public	1 August 2014	31 July 2018	Advanced Management Development Programme NQF Level 6	Journalism; Outcomes-Based Assessment; Public Relations	Thaboiko Trading cc Tand K Enterprise (PTY) Ltd	Member of Disabled People of South Africa-Northern Cape CBE: Council Member BEMC Member	8
AA Steyn	5(2)(c) SACLAP	1 August 2014	Resigned 10 Feb 2016	BSclarch; MLA	Landscape Architecture		SACAP: Council Member FHLC Member	0
S Thubane	5(2)(c) SACAP	1 August 2014	31 July 2018	BAS Diploma in Project Management BSc Hon. Construction Management	Senior Technologist		SACAP: Council Member IDoW Member CBE: EXCO Member BEMC Member	6
MM Tshangela	5(2)(c) Department of Environmental Affairs	1 August 2014	31 July 2018	BSc; MSc: Technology Management	Policy Advisor		CBE: Council Member BEMC Member	4

Table 29(b): Fifth Term Council (1 November 2018 – 31 October 2022)

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
Absalom Mosabeni Molobe (Chairperson)	Section 5(2)(c) Nominated by SACLAP	1 November 2018	-	BSc Landscape Architecture BL Architecture (Honours) ML Architecture			CBE: Chair Council Chair EXCO FHLC Member BEMC Member	22
Keafisha Ernestina Maphefo Mogodi (Deputy Chairperson)	Section 5(2) (b) read with section 6 (3)(b) Representative of state departments	1 November 2018	-				CBE: Deputy Chair Council Deputy Chair EXCO Deputy Chair BEMC FHLC Member	15
Dr Jenitha Badul	Section 5(2)(b) Nominated by Department of Environmental Affairs	1 November 2018	-	BSc Microbiology; Masters of Science; PhD; BA Environment Management			CBE: Council Member BEMC Member	6
Dr Prittish Dala	Section 5(2) (d) Public nominee	1 November 2018	-	PhD Info Tech; Masters Info Tech; BSc Computer Science Honours; Bachelor Info Tech; CISA; CISM; CIPSC; CGEIT; COBIT5; CISSP; CEH; CHF; LA ISO 27001;		Brakpan Bus Company, Council for Built Environment, Freedom Park and Gautrain Management Agency	CBE: Council Member ARC Member	4

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 Claire Helen Deacon	Section 5(2)(c) Nominated by SACPCMP	1 November 2018	-	Dipl Gen Nursing; Cert Occupational Health Nursing; Cert Audiometry Fundamental Management Programme; BTech Occupational Health; BSc.Med (Hons) Biomedical Engineering M Cur Research Capacity Initiative PhD Construction Management			CBE: Council Member BEMC Member	7
Ulandi Exner	Section 5(2) (d) Public nominee	1 November 2018	-	BCom Informatics, CISA, CISSP			CBE: Council Member EXCO Member (Alternate) ARC Member FHLC Member	10
Ngwako Edward Hutamo	Section 5(2)(c) Nominated by SACLAP	1 November 2018	-	BTech Horticulture; Nat Dipl Open space and Recreation Management			CBE: Council Member Deputy Chair FHLC	7
Dr Keith Ivor Jacobs	Section 5(2)(c) Nominated by ECSA	1 November 2018	-	PhD; Master Business Admin; Honours Business Admin; B.Ed; Nat Dipl Technicians			CBE: Council Member EXCO Member Chair FHLC	7
Zandile Yvonne Makhathini	Section 5(2)(b) Nominated by Department of Water Affairs and Sanitation	1 November 2018	-	BProc; MBA; MSc in Construction Project Management			CBE: Council Member Chair BEMC	4

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
Jerry Leigh Margolius	Section 5(2)(c) Nominated by SACPVP	1 November 2018	-	Nat Dipl: Property Valuations; Arbitrations; 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 Jonc 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 FHLC Member	3
Gert Hendrik Meyer	Section 5(2)(c) Nominated by SACQSP	1 November 2018	-	BSc (QS); MSc (Building Management)			CBE: Council Member BEMC Member	4
Hazel Noluthando Molao	Section 5(2)(c) Nominated by SACPCMP	1 November 2018	-	MBA Postgrad Dipl Economics, Property Development and Management BSc (Hons) QS			CBE: Council Member FHLC Member	10

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
Sinenhlanhla Thuleleni Mthembu	Section 5(2) (d) Public nominee	1 November 2018	-	LLB; Corporate Governance; SCM; Labour Law		Director/ Attorney; ARC Jozini Municipality; Chairperson KZN Liquor Authority; Member KZN Gaming and Betting Board; Chairperson Valuation Appeal Board KZN COGTA; Member Bid Appeals Tribunal KZN Prov Treasury; Commissioner Small Claims Court	CBE: Council Member FHLC Member	7
Hendrick Nlovu	Section 5(2)(c) Nominated by SACPVP	1 November 2018	-	Nat Dipl Real Estate, Cert Strategic Management			CBE: Council Member BEMC Member	5
Nonizi Qina	Section 5(2)(c) Nominated by SACQSP	1 November 2018	-	MSc Project Management; BTech Quantity Surveyor;			CBE: Council Member BEMC Member	6
Florence Rabada	Section 5(2)(a) Representative Department of Public Works	1 November 2018	-				CBE: Council Member BEMC Member	7
Inge M Vieira	Section 5(2) (d) Public nominee	1 November 2018	-	CA, BCompt Honours & CTA; BCompt			CBE: Council Member FHLC Member	7

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
Adv Boitumelo Tlhakung	Section 5(2)(c) Nominated by ECSA	1 November 2018	23 November 2018	BA Law; LLB; HDip/Masters Tax Law; HDip Master International Tax Law				0

4.8 Committees of Council – purpose and composition

The CBE Council appointed four standing committees to deal with relevant issues regularly:

- Executive Committee
- Audit and Risk Committee
- Finance, Human Resources and Legal Committee (FHLC)
- Built Environment Matters Committee (BEMC)

Statutory Committees

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

Executive Committee

In terms of the CBE Act, the EXCO may hold meetings as and when necessary, but at least four times per year. The statutory mandate of EXCO (section 13) 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 section 16 of the CBE Act; and
 - f. report at every ordinary meeting of the Council on the activities of the committee;
- g. It is noted that (a) to (f) above are functions allocated to the EXCO by legislation. It must however be noted that Council, as the Accounting Authority, is empowered to consider all relevant steps to ensure good governance and adequate financial control. The need for Council not to involve itself in operational matters dictate that the functions (c) and (d) be performed by the CBE administration, as per the delegation of authority by Council, and overseen by Council supported by the Audit and Risk Committee (ARC);
- h. Oversee Risk Governance with reference to:
- i. The review of performance information as per the quarterly and annual reports prepared by management
 - ii. The review of mitigating measures proposed by management to address identified performance shortfalls and other identified risks, and monitor and assist management in its execution of mitigating measures and/or propose mitigating measures; and
- i. Make recommendations to Council on the above and inform Council of decisions finalised in terms of the Council's delegation.

During the 2018/19 financial year, two scheduled meetings and two special EXCO meetings were held with the following outcomes:

Documents Approved

- 2018/19 Third Quarter Report for submission to DPW on 31 January 2018
- CEO's Quarterly Reviews

Documents Noted

- Quarterly Strategic Risk Register, Risk Management Report, IT Governance Report, Legal Compliance Report, Stakeholder Management Report, and IDoW Progress Report
- AGSA's Management Letter and Audit Report of an unqualified audit with findings

Audit and Risk Committee

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, supply chain management, and the 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-

- a. The CBE has implemented an effective policy framework 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, and summarised integrated information;
- 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 to Council the engagement of an external assurance provider on material sustainability issues;
- 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;
- k. Engage the external auditors to provide assurance on the summarised financial information; and
- l. Ensure that the Risk Register is updated in line with the APP on a bi-annual basis.

The ARC held six scheduled meetings during the 2018/19 financial year with the following outcomes:

Documents Recommended to Council the approval of:

- 2017/18 Annual Financial Statements
- 2017/18 Annual Report
- AGSA Engagement Letter and Audit Strategy for the year ending 31 March 2019

Documents Noted

- Reports provided on a quarterly basis: Quarterly Reports, Finance/Expenditure Report, Procurement Report, Corporate Governance Report, Performance Report, Strategic and Operational Risk Registers, Risk Management Report, IT Governance Report, Legal Compliance Report, AGSA Dashboard Report, Internal Audit Reports and Work Plan
- Six Month Financial Statements and found it auditable
- 2019/20 Annual Performance Plan

Other Committees

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

Finance, Human Resources and Legal Committee

The mandate of the FHLC is as follows:

a. With regard to Finance

- (i) Consider matters of financial strategy and policy (including procurement and SCM), risk management and insurance as they relate to the operation of the CBE, in particular, the optimum use of available and potential financial resources (including internal investment options and their rate of return);
- (ii) Consider and assess 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;
- (iii) Review the annual financial statements of the CBE in conjunction with ARC, and make recommendations to Council;

- (iv) Receive and consider budget proposals from the Executive and recommend the annual operating and capital budgets to Council;
- (v) Monitor compliance with the PFMA in respect of matters relating to the CBE Act;
- (vi) Review the adequacy of the working capital by comparing cash focus against the actual;
- (vii) Receive reports of fraud relating to the CBE;
- (viii) Report on activities of the Committee at every ordinary meeting of the Council;
- (ix) Establish an annual work plan to ensure that all relevant matters of the Committee's roles and responsibilities are covered;
- (x) Receive recommendations from the Bid Specification, Bid Evaluation, and Bid Adjudication Committees (BAC) as prescribed in the SCM policy; and
- (xi) Take resolutions, make recommendations, receive information and consult as required by the DOA.

b. With regard to Human Resources

- (i) Consider and make recommendations on the Human Resources (HR) Strategy to ensure that the CBE is able to attract, retain and develop the best possible talent to support business performance;
- (ii) 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;
- (iii) Ensure compliance with all employment legislation such as the Employment Equity Act, Labour Relations Act and Basic Conditions of Employment Act, etc.;
- (iv) Consider and make recommendations on a formal and transparent procedure for developing a policy on remuneration with particular reference to Senior Management;
- (v) Determine the annual remuneration adjustments for CBE staff; and
- (vi) Creation and abolition of Senior Management positions, appointments, transfers and promotions of Senior Managers; of the CEO's performance appraisal, and implementation of disciplinary action against the CEO.

c. With regard to Legal

- (i) Deal with the BE Policy proposal by DPW relating to the repeal of the CBE Act;
- (ii) Deal with the Identification of Work (IDoW); Appeals; Planning, Monitoring and Evaluation; and other legal compliance matters within the CBEP;
- (iii) Deal with Corporate Governance matters in Council;
- (iv) Receive information on the data base of Appeals Committee members and recommend inclusions on the database to Council; and
- (v) Receive appeal findings and make recommendations to Council on required corrective action identified by Appeal Committees.

d. With regard to Planning, Monitoring and Evaluation Matters

Consider planning, monitoring and evaluation functions of the CBE and make recommendations to Council in pursuance of the Council's mandate and strategic objectives.

e. With regard to Social and Ethical Matters

- (i) To monitor the CBE's activities, having regard to relevant legislation, legal requirements and good practice with specific reference to (2) to (6) below;
- (ii) To promote ethical standards and guidelines for acceptable behaviour amongst all employees;
- (iii) Promotion of good corporate citizenship with reference to:
 - (a) Equality, prevention of unfair discrimination and the eradication of corruption;
 - (b) Promote employee awareness in the detection of fraud and other corrupt activities;
 - (c) Acknowledgement of employee involvement in community projects with due consideration of the CBE's mandate;
 - (d) Contribution to the development of communities where the CBE conducts its activities; and
 - (e) To undertake initiatives to promote greater environmental responsibility by encouraging the use of environmentally friendly technologies.
- (iv) To promote consumer interests within the ambit of the CBE's mandate;
- (v) To enhance the CBE's employment relationship and contribute within its means towards the educational development of its employees;
- (vi) To promote an environment where open communication is expected and protected; and
- (vii) To report to the council on an annual basis on its findings, and more frequently if occasion requires.

During the 2018/19 financial year, six FHLC meetings were held, three of which were special meetings with the following outcomes:

Documents Recommended to Council the approval of

- 2018/19 Departmental Budget Allocation
- 2018/19 Midterm Budget Review
- 2018 Cost of Living Increase
- Quarterly Expenditure and Procurement Reports
- 2019/20 Budget Allocation

Documents Noted

- Standard items – HR Report, Appeal Outcomes, Contract Register, Legal Compliance Report, Annual Financial Statement and Audit Report

Council fulfilled its responsibility for corporate Citizenship in accordance with the Council Charter. The detail of activities undertaken is reflected under 14 below.

Built Environment Matters Committee

The mandate of BEMC is as follows:

- a. Consider progress reports from management on the achievement of the APP targets per Programme, propose remedial action where required to management and follow up on the implementation thereof through the Project Champions;
- b. Project champions are members of the BEMC allocated the role to promote specific APP targets;
- c. Receive reports and information required in terms of the APP on behalf of Council;
- d. Monitor and guide the CBE's Transformation Strategy;
- e. Monitor and guide the CBE's Stakeholder Management Strategy;
- f. Receive and consider information reported by the six councils for built environment professions (CBEP) to the CBE on a quarterly basis, and recommend remedial steps or intervention where required;
- g. Monitor the execution of actions required of the CBE by the CBE EXCO/President's Forum; and
- h. Consider and recommend all CBE policies not considered by the FHLC to Council

During the 2018/19 financial year, four BEMC meetings were held with the following outcomes:

Documents Approved

- 2018/19 21 Project Scopes

Documents Recommended to Council the approval of

- 2018 Transformation Indaba Theme and Project Scope

Documents Noted

- Quarterly Performance Reports
- Pursuing unachieved quarterly and annual targets.
- Project Reports

Table 30(a): Fourth Term Council – Committees Composition and meetings

Council Committee	Number of meetings planned	Number of meetings held	Committee membership	No of members
EXCO	2	2	IM Nkosi (Chairperson) NF Sithole (Deputy-Chairperson) Prof KA Michell Dr ZT Mathe S Thubane (Alternate Member)	5
ARC	5	5	D Coovadia (External Member) P Stock (External Member) F Docrat (External Member) NF Sithole (Council Member) A Lee (Council Member)	5
FHLC	2	4	Prof KA Michell (Chairperson) ND Lombard JL Margolius A Lee IM Nkosi RS Sefotlho ZC Mvalo	7
BEMC	2	3	Dr ZT Mathe Dr CA Breed EG Makongwana D Michell C Mtshisa ZC Mvalo RG Sefotlho S Thubane MM Tshangela	9
COUNCIL	1	3	IM Nkosi (Chairperson) NF Sithole (Deputy Chairperson) Dr CA Breed ND Lombard EG Makongwana JL Margolius Dr ZT Mathe D Michell Prof KA Michell C Mtshisa ZC Mvalo A Lee RG Sefotlho S Thubane MM Tshangela	15

Table 30(b): Fifth Term Council – Committees Composition and meetings

Council Committee	Number of meetings planned	Number of meetings held	Committee membership	No of members
EXCO	1	1	AM Molobe (Chairperson) KEM Mogodi (Deputy-Chairperson) Dr KI Jacobs ZY Makhathini U Exner (Alternate Member)	5
ARC	1	1	D Coovadia (External Member) P Stock (External Member) F Docrat (External Member) Dr P Dala (Council Member) U Exner (Council Member)	5
FHLC	1	1	Dr KI Jacobs (Chairperson) NE Hutamo (Deputy Chair) U Exner JL Margolius HN Molao AM Molobe KEM Mogodi ST Mthembu IM Vieira	9
BEMC	1	1	ZY Makhathini (Chairperson) KEM Mogodi (Deputy Chair) Dr J Badul Dr CH Deacon GH Meyer AM Molobe H Ndlovu N Qina F Rabada	9
COUNCIL	3	3	AM Molobe (Chairperson) KEM Mogodi (Deputy Chair) Dr J Badul Dr P Dala Dr CH Deacon U Exner NE Hutamo ZY Makhathini JL Margolius GH Meyer HN Molao ST Mthembu H Ndlovu N Qina F Rabada IM Vieira	17

4.9 Remuneration of Council members

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

The following members were/are not remunerated, in terms of their public service designation:

Table 31(a): Council non-Remuneration

Fourth Term Council	Fifth Term Council
C Mtshisa	F Rabada
ZC Mvalo	H Ndlovu
MM Tshangela	NE Hutamo
	Dr J Badul
	IM Vieira

Council members receive a claim amount for a day tariff and preparatory time, parking, travel, and toll fees.

Table 31(b): Council Remuneration

Designation	Preparatory Time	Per Hour	Per Day
Chairperson	Council 5 hours EXCO 4 hours	R581	R4,646
Deputy Chairperson	Council 4 hours EXCO 3 hours	R493	R3,943
Chairpersons of Committees	Council 5 hours EXCO 4 hours Committees 4 hours	R581	R4,646
Members of Council / Committees	Council 4 hours Committees 3 hours	R459	R3,669

Table 32(a): Fourth Term Council Remuneration

Name	Remuneration R'000	Other allowance R'000	Other reimbursements R'000	Total R'000
IM Nkosi (Chairperson)	91	-	5	96
NF Sithole (Deputy Chairperson)	24	-	13	37
CA Breed	19	-	-	19
ND Lombard	28	-	1	29
EG Makongwana	25	-	25	50
JL Margolius	28	-	2	30
Dr ZT Mathe	55	-	1	56
D Michell	23	-	1	24
Prof KA Michell	47	-	2	49
C Mtshisa	-	-	-	-
ZC Mvalo	-	-	-	-
A Lee (Sassenberg)	17	-	68	85
RG Sefotlho	37	-	14	51
S Thubane	64	-	1	65
MM Tshangela	-	-	-	-

Name	Remuneration R'000	Other allowance R'000	Other reimbursements R'000	Total R'000
D Coovadia (Audit Committee External Member)	118	-	18	136
F Docrat (Audit Committee External Member)	72	-	4	76
P Stock (Audit Committee External Member)	69	-	1	70

Table 32(b): Fifth Term Council Remuneration

Name	Remuneration R'000	Other allowance R'000	Other reimbursements R'000	Total R'000
AM Molobe (Chairperson)	83	-	6	89
KEM Mogodi (Deputy Chairperson)	56	-	3	59
Dr J Badul	-	-	-	-
Dr P Dala	18	-	1	19
Dr CH Deacon	26	-	-	26
U Exner	35	-	4	39
NE Hutamo	-	-	-	-
Dr KI Jacobs	22	-	-	22
ZY Makhathini	-	-	-	-
JL Margolius	14	-	1	15
GH Meyer	18	-	-	18
HN Molao	34	-	4	38
ST Mthembu	25	-	7	32
H Ndlovu	-	-	-	-
N Qina	23	-	-	23
F Rabada	-	-	-	-
IM Vieira	-	-	-	-

5. Risk Management

Risk management forms a central part of the CBE's strategic management with the task of identifying, assessing, managing and monitoring risks across the organisation. In line with good governance, risk management and planning is an emphasised element for which the Accounting Authority is directly responsible. Risk Management is also a compliance requirement, as per the PFMA. The CBE risk management framework provides common 'risk language', describes the roles and responsibilities of key players in managing enterprise risk, and measures the risk appetite of management.

6. Internal Control Unit

The role of the internal audit function is to improve the CBE's operations. It helps the CBE to accomplish its objectives by embedding a systematic, disciplined approach to evaluate and improve risk management, control, and governance processes. The internal audit function reports to ARC meetings and, if necessary, meets with the ARC Chairperson prior to, and immediately after, each ARC meeting. CBE's internal auditors, O.M.A Chartered Accountants Inc. (OMA) regularly submitted written audit reports to the ARC meetings, based on the approved audit plan.

Based on the approved internal audit plan for the 2018/19 financial year, the following audits were performed during the year under review:

- Governance and Compliance
- Third Quarter Performance Review
- Financial Discipline Review

7. Internal Audit and Audit Committees

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, supply chain management, and the internal audit function. The ARC has a charter that outlines its terms of reference.

8. Internal Audit Function

The role of the internal audit function is to improve the CBE's operations. It helps the CBE to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of the risk management, control, and governance processes. The internal audit function reports to all ARC meetings and, if necessary, meets with the ARC Chairperson prior to, and immediately after, each ARC meeting.

The CBE's internal auditors, OMA, regularly submitted audit reports to the ARC meetings, based on the approved audit plan that covered:

- significant findings and management action plan
- follow-up on previously reported audit findings
- fraud and non-compliance with legislation

Based on the approved internal audit plan, the following audits were performed during the period under review:

- Review of Internal Audit and Audit and Risk Committee Charters
- Unaudited Financial Statements GRAP Compliance Review
- Quarterly Reports – review of performance information against objectives
- Follow up on findings raised by AGSA and Internal Audit
- Financial Discipline Review
- Quality Assurance and Improvement (QAIP)
- Process and Risk Overview
- Verification of Membership and Fees
- Skills Development Programmes
- Supply Chain Management
- Combined Assurance Framework
- Human Capital Management
- IT Governance

Key activities, objectives and function of the Audit and Risk Committee

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-

- 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; and
- b. The disclosure regarding risk is comprehensive, timely, and relevant.
- c. Review the annual financial statements;
- 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 (if necessary) to Council the engagement of an external assurance provider on material sustainability issues;
- g. Recommend the integrated report for approval by Council;

Table 33 discloses relevant information on the ARC members.

Table 33: Disclosure of ARC members

Name	Qualifications	Internal or external	Date appointed	Contract Ended	No. of Meetings attended
D Coovadia	CA (SA)	External member	6 December 2010 (1st Term) 6 December 2014 (2nd Term)	5 March 2019	8
F Docrat	MBA	External member	6 December 2014 (1st Term)	5 March 2019	6
P Stock	CA (SA)	External member	24 November 2017 (1st Term)	5 March 2019	6
NF Sithole		4th Term Council Member	1 August 2014	31 July 2018	0
A Lee		4th Term Council Member	1 August 2014	31 July 2018	3
U Exner		5th Term Council Member	1 November 2018	-	1
Dr P Dala		5th Term Council Member	1 November 2018	-	1

9. Compliance with Laws and Regulations

The organisation uses a priority compliance listing that identifies applicable pieces of priority legislation, regulations and codes of best practice. The Council, during the previous financial year, adopted a Compliance Policy. Quarterly reporting on compliance with legislation and policies and pending litigation is to ARC, FHLC, EXCO and the Council.

Council adheres to an approved Delegation of Authority Framework. *Council declared that it is satisfied that the Delegation of Authority Framework contributes to role clarity and the effective exercise of authority and responsibility.*

10. Fraud and Corruption

The CBE has an all-encompassing policy in the CBE Fraud Prevention Plan. The CBE utilises the service of Whistle Blowers to manage this function. This service provider conducted quarterly workshops with CBE staff to remind and sensitise them to fraud detection and prevention. The office of the CFO circulated a fraud incident report.

11. Minimising Conflict of Interest

A conflict of interest occurs when an individual or an organisation is involved in multiple interests and where there is potential to possibly corrupt the motivation to act in one's or another's interests. Council members are required to declare all their financial, economic and other interests upon appointment. The Council and committee members are required to, at each meeting declare, in writing, any interest in matters on the meeting agenda.

12. Code of Conduct

A Code of Conduct for Council members was adopted. It is reviewable in the next financial year. The CBE adopted a code of ethics, values and business conduct as part of its consolidated human resources policies and procedures. A Code of Conduct binds employees. Alleged transgression of the Code of Conduct is investigated and handled in accordance with an adopted Disciplinary Policy.

13. Health, Safety and Environmental Issues

The Occupational Health and Safety (OHS) Act prescribes specific compliance requirements for specific environments. In compliance with this Act, the CBE has a Health and Safety Committee that met quarterly on workplace-related health and safety issues. This committee also held scheduled and impromptu emergency evacuation drills, and the observation was that the times improved with each exercise.

14. Company Secretary

The Fourth Term Council instituted the Company Secretary function to support Council and its committees. An important component of the function is to advise on compliance reporting to Council and its committees, and to oversee the implementation of the Social and Ethics Action Plan in accordance with the Social and Ethics Policy. Council approved a reviewed Social and Ethics Policy. Council received training on King IV™ Principles and refreshed its commitment to the principles of good governance as embedded in the King IV™ Report.

The Fourth Term Council informally assessed the independence and performance of the Company Secretary, and relied on an external assessment of the functions at the end of its term. The Fifth Term Council declared the need to have the performance and independence of the Company Secretary formally assessed at least once annually against a performance agreement entered into with the Company Secretary.

15. Social Responsibility

The Council delegated the oversight over the CBE's social responsibility to the FHLC. A Social and Ethics Policy has been adopted, implemented and reported on to Council every quarter.

The following are some of the activities undertaken during the reporting period:

- quarterly fraud awareness workshops for CBE staff
- the CBE participated in DPW's Disability Rights Awareness Day 8 June 2018 where the CBE was identified to source information and legislative developments
- the Disability Advisory Council of DPW engaged regularly
- on 18 July 2018, the CBE Staff and BEMC members participated in a 67 Minute programme at the Mamelodi Second Chance Recovery Centre to mark Mandela Day
- CBE attended the 11th Green Building Convention on 3 - 5 October 2018. There is an MoU between the CBE and the Green Building Council South Africa on enhancing a sustainable environment
- a Health and Safety Think Tank was conducted in November 2018

Declaration by the Governing Body

The CBE Council, as the governing body of the CBE, declares it is satisfied that it has fulfilled its responsibilities in accordance with its Charter for the reporting period.

16. Audit and Risk Committee Report

The Audit and Risk Committee (ARC) reports how it has satisfied its responsibilities in terms of section 51 (1)(a)(ii) of the PFMA and Treasury Regulation 27.1.

We are pleased to present our report for the financial year ended 31 March 2019.

Audit and Risk Committee Responsibility

The Audit Committee reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The charter is updated regularly and complies with the principles of good governance and with the requirements of the PFMA. The ARC is accountable to the Board and has an oversight function for:

- Financial management;
- IT governance;
- Risk management and internal audit;
- Compliance with laws, regulations and good ethics;
- Reporting practices; and
- External Audit.

Report on the Activities of the Audit and Risk Committee

During the period under review, the following activities were undertaken and demonstrate the commitment of the ARC to achieve its mandate:

- reviewed quarterly management accounts
- updated the ARC Charter
- considered the risk management process
- considered the Internal Audit plans and reports and made recommendations as appropriate
- monitored progress with the Internal Audit coverage plans as well as management's follow-up on matter requiring attention
- monitored compliance with CBE policies and applicable legislation
- conducted separate informal meetings with management, internal and external audit
- reviewed External Audit plans, reports and management's follow-up of matters requiring attention
- evaluated the Internal Audit Function
- provided guidance to the Council on IT governance issues and alignment to applicable legislation
- conducted self-assessment during the year. Results concluded that the ARC is effective in the execution of its duties. Minor areas of improvement were identified, and action plans were put in place

The table below outlines the ARC meeting attendance:

Table 34: ARC Meeting Attendance

Members	Number of ARC Meetings Attended
Mr D Coovadia (Chairperson) (External member) (Contract Expired 5 March 2019)	6
Ms P Stock (External member)) (Contract Expired 5 March 2019)	6
Mr F Docrat (External member)) (Contract Expired 5 March 2019)	6
Ms N Sithole (CBE 4th Council) (Term of Office Ended 31 July 2018)	1
Ms A Lee (CBE 4th Council) (Term of Office Ended 31 July 2018)	3
Ms U Exner (CBE 5th Council) (Appointed 1 November 2018)	1
Dr P Dala (CBE 5th Council) (Appointed 1 November 2018)	1
Ms P Stock (Chairperson) (External member) (Appointed 11 April 2019)	0
Dr L Konar (External member) (Appointed 11 April 2019)	0
Mr LM Mangquku (External member) (Appointed 11 April 2019)	0

The Effectiveness of Internal Control

The risk management process is in place and CBE's major risks are managed properly. The system of internal control was partially adequate and partially effective for the year under review. Some 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 Continued to improve.

The internal auditors operated objectively and independently. The following internal audit engagements were completed during the year under review:

- Review of Internal Audit and Audit and Risk Committee Charter
- Quarterly Reports – review of performance information against objectives
- Financial Discipline review
- Financial Statements Compliance review
- Verification of Membership and Fees
- Skills Development Programmes
- Review of Annual Performance Plan
- Supply Chain Management review

- IT Governance High Level (DPSA Compliance) review
- Human Capital Management review
- Financial Internal Controls Review

The Internal Audit findings, based on risk assessment in the CBE, revealed certain weaknesses, which were raised with the CBE:

- inconsistent alignment of Project Scopes to the APP to ensure targets were achieved
- risk management improvement for some areas

In-Year Management and Monthly/Quarterly Report

As a public entity, the CBE reports monthly and quarterly to the Executive Authority and National Treasury, as is required by the PFMA. The Audit Committee reports its satisfaction with the content and quality of the quarterly (including monthly) reports, prepared and submitted by the CBE during the year under review, to the Executive Authority.

Evaluation of the Financial Statements and Annual Performance Report

The ARC has:

- reviewed and discussed with the AGSA the audited financial statements to be included in the Annual Integrated Report
- reviewed the AGSA's management letter and management's response thereto
- reviewed adjustments resulting from the audit
- reviewed and discussed the AGSA's report
- reviewed and confirmed the independence of external auditors

Auditor's Report

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 AGSA.

Ms Patricia Stock CA (SA)

Chairperson of the Audit and Risk Committee
Council for the Built Environment

31 May 2019



PART D

HUMAN RESOURCE MANAGEMENT

1. Introduction

Human Resources (HR) is entrusted with capacitating the CBE with adequate and suitably skilled staff capable of carrying out the organisation's legislated mandate. Amongst other HR administration tasks, the department is instrumental in ensuring equitable compensation, compliance with policies, performance management, recruitment and selection, training and development. HR also has an important role in building relationships and maintaining harmony among staff, and managing stakeholder labour organisations.

HR priorities and its impact for the year under review

One of the priorities was consequence management and compliance with policies. Pending labour relations matters resulted in two terminations and one punitive suspension. The Labour Court and Commission for Conciliation, Mediation and Arbitration (CCMA) heard two disputes; both await finality.

There was an improvement in the submission of compliance documentation. A significant improvement was noted in the areas of leave and performance management and development.

Workforce planning framework and key strategies to attract and recruit a skilled and capable workforce

Two positions in the Transformation Programmes aptly reverted to the Skills Development Department, which spearheads the Candidacy/BE graduates and Internship projects.

An attempt at developing a succession plan was unsuccessful since current executive management positions are fixed term contracts. The Accounting Authority is addressing this challenge. The current vacant IT Systems Administrator position is on hold due to considered restructuring in the Knowledge Management and IT Department.

Employee performance management framework

Significant improvement was noted on the application of the performance management and development system. All performance agreements were submitted and recorded by the 30 April 2018 deadline. Quarterly moderation of scores proved to be a successful approach for early detection of non-compliance and providing timeous performance feedback. In the endeavour to make performance management an inclusive process, a Performance Task Team consisting of nominated staff representatives was established. Performance bonuses and pay progressions were paid to deserving employees.

Employee wellness programmes

Employee wellbeing ranks high on the CBE's priorities. The organisation entered into a service level agreement with a service provider offering suitable and better benefits. Quarterly awareness presentations cover topical lifestyle matters.

World Aids Day was commemorated in December 2018. The programme included a motivational video on healthy lifestyle and a presentation by a fitness expert.

The health and safety team was kept busy, ensuring the CBE office is a healthy and safe workplace. The team met quarterly and successfully co-ordinated planned and impromptu emergency evacuation drills.

Policy development

HR Policies were subjected to their annual review. There was, however, a delay in the submission of these due to the delayed appointment of the Fifth Term Council committee tasked with HR matters. At year-end, thirteen out of twenty reviewed policies were revised and submitted for approval.

Highlight achievements

The CBE was successfully registered as a Designated Authority for managers to serve as mentors on the National Research Foundation on-line system, a platform to source suitable interns.

Information Technology interns were sourced through a partnership with the Innovation Hub.

Two interns successfully joined the Skills Development Department to gain exposure in the Structured Candidacy Programme.

A 75% implementation of the training plan was achieved.

Challenges

The CBE is a small organisation; hence, grievances and misconduct cases, in some instances, take longer than the prescribed timelines as external chairpersons must be sourced to ensure impartiality. Assistance was sourced externally and from the Executive Authority in some cases.

Future HR plans / goals

- Nurture the newly implemented internship programme
- Continuous improvement of the performance management and development system
- Maintaining sound labour relations
- Co-ordinate skills development initiatives

2. Human Resources Oversight Statistics**Table 35: Personnel Cost by Programme**

Programme	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp.	No. of employees	Average personnel cost per employee (R'000)
Programme 1: Administration	45 872	16 531	36.04%	31	533
Programme 2: Skills for Infrastructure Delivery	7 934	4 655	58.67%	6	776
Programme 3: BE Research, Information and Advisory	272	2 137	785.66%	4	534
Programme 4: Regulation and Oversight of six BEPCs	917	2 236	243.84%	4	559
Programme 5: Government Policies and Priorities	167	-	-	-	-
TOTAL	55 162	25 559	46.33%	45	568

Table 36: Personnel Cost by Salary Band

Level	Personnel Expenditure (R'000)	Personnel exp. as % of total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top Management	5 327	20.84%	3	1 776
Senior Management	7 161	28.02%	8	895
Professionally qualified	3 493	13.67%	8	437
Skilled	5 206	20.37%	7	744
Semi-skilled	3 598	14.08%	12	300
Unskilled	236	0.92%	2	118
Temporary	538	2.10%	5	108
TOTAL	25 559	100.0%	45	568

Table 37: Performance Rewards

Level	Performance rewards	Personnel Expenditure (R'000)	Performance rewards as a % of total personnel cost
Top Management	-	5 327	0.00%
Senior Management	161	7 161	2.25%
Professionally qualified	96	3 493	2.75%
Skilled	21	5 206	0.40%
Semi-skilled	69	3 598	1.92%
Unskilled	-	236	0.00%
Temporary	-	538	0.00%
TOTAL	347	25 559	1.36%

Table 38: Training Expenditure

Programme	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Average training cost per employee
Programme 1: Administration	16 531	270	1.63%	22	13.00
Programme 2: Skills for Infrastructure Delivery	4 655	87	1.87%	4	18.50
Programme 3: BE Research, Information and Advisory	2 137	-	0.0%	-	-
Programme 4: Regulation and Oversight of six CBEP	2 236	59	2.64%	3	18.67
Programme 5: Government Policies and Priorities	-	-	0.0%	-	-
TOTAL	25 559	416	1.63%	29	14.34

The training expenditure reflected above represents educational assistance, professional membership subscriptions, and various individual and group training courses - ranging from Corporate Governance, Stakeholder Relations Management, Contract Management to Labour Relations and First Aid.

Table 39: Employment and Vacancies per Programme

Programme/activity/ objective	2017/18	2018/19 Approved Posts	2018/19	2018/19 Vacancies	% of vacancies
	No. of Employees		No. of Employees		
Programme 1: Administration	25	26	24	2	7.7%
Programme 2: Skills for Infrastructure Delivery	5	6	6	-	0.0%
Programme 3: BE Research, Information and Advisory	3	4	3	1	25.0%
Programme 4: Regulation and Oversight of six CBEP	3	3	3	-	0.0%
Programme 5: Government Policies and Priorities	-	-	-	-	0.0%
TOTAL	36	39	36	3	7.7%

Table 40: Employment and Vacancies per Level

Level	2017/18	2018/19 Approved Posts	2018/19	2018/19 Vacancies	% of vacancies
	No. of Employees		No. of Employees		
Top Management	3	3	3	-	0.0%
Senior Management	7	9	8	1	11.1%
Professional qualified	5	6	5	1	16.7%
Skilled	8	8	7	1	12.5%
Semi-skilled	11	11	11	-	0.0%
Unskilled	2	2	2	-	00%
TOTAL	36	39	36	3	7.7%

One funded Skills Development Manager senior management position was filled. The Regulations and Legal Services Manager performs the role of Company Secretary (at a senior level) on a permanent basis. One professionally qualified position of Senior Researcher remains vacant after failed attempts at filling it. One skilled position is vacant due to termination in January 2019.

Employment changes

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

- two temporary replacements were contracted to fill in the Finance and Office of the CFO
- the IT Systems Administrator position became vacant due to termination
- the Policy Analyst and Secretary to the CFO positions became vacant due to resignations
- the following vacancies were filled:
 - o Manager: Skills Development
 - o Policy Analyst
 - o Strategic Planning, Monitoring and Evaluation Officer
 - o Secretary to the CFO

Table 41: Employment Changes

Level	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	3	-	-	3
Senior Management	7	1	-	8
Professionally qualified	5	3	1	7
Skilled	8	1	3	6
Semi-skilled	11	2	3	10
Unskilled	2	-	-	2
Total	36	7	7	36

Table 42: Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	-	0.0%
Resignation	3	75.0%
Dismissal	1	25.0%
Retirement	-	0.0%
Ill health	-	0.0%
Expiry of contract	-	0.0%
Promotion	-	0.0%
Total	4	100,0%

Table 43: Labour Relations: Misconduct and Disciplinary Action

Nature of Disciplinary Action	Number
Verbal Warning	-
Written Warning	-
Final Written warning	1
Suspension	1
Dismissal	1

Table 44: Equity Target and Employment Equity Status

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	1	0	0	0	0	0	0
Senior Management	3	2	0	1	0	1	2	1
Professionally Qualified	3	3	0	0	0	0	0	0
Skilled	2	3	0	0	0	0	0	1
Semi-skilled	1	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
TOTAL	10(83.3)	9(80.9)	0 (0.0)	1(8.7)	0(0.0)	1(2.6)	2 (16.7)	2(7.8)

Levels	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	2	0	0	0	0	1	0
Senior Management	2	3	0	0	0	1	1	0
Professional qualified	3	3	0	1	2	0	0	0
Skilled	3	2	0	0	0	0	1	1
Semi-skilled	6	8	1	1	0	0	1	1
Unskilled	2	2	0	0	0	0	0	0
TOTAL	17(70.8)	20(80.9)	1(4.2)	2(8.9)	2(8.3)	1(2.4)	4 (16.7)	2(7.9)

Levels	Persons (staff) with Disabilities			
	Male		Female	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	0	0	0	0
Professional qualified	0	0	0	0
Skilled	0	0	0	0
Semi-skilled	0	0	0	0
Unskilled	0	0	0	0
TOTAL	0	0	0	0

There were no major variances. The CBE will endeavor to correct current variances.



PART E

FINANCIAL INFORMATION

1. Report of the External Auditor**Report of the Auditor-General to Parliament on the Council for the Built Environment****Report on the audit of the financial statements****Opinion**

1. I have audited the financial statements of the Council for the Built Environment set out on pages 102 to 149, which comprise the statement of financial position as at 31 March 2019, the statement of financial performance, the statement of changes in net assets, the cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. 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 2019, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Financial Management Act of South Africa, 1999 (Act no. 1 of 1999) (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the public entity in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' [Code of ethics for professional accountants], parts 1 and 3 of the International Ethics Standards Board for Accountants' [International code of ethics for professional accountants (including International Independence Standards) (IESBA codes)] and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

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

Restatement of corresponding figures

7. As disclosed in note 31 to the financial statements, the corresponding figures for 31 March 2018 were restated as a result of errors in the financial statements of the public entity at, and for the year ended, 31 March 2019.

Responsibilities of the accounting authority for the financial statements

8. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the 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.
9. In preparing the financial statements, the accounting authority is responsible for assessing the Council for the Built Environment's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

10. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

12. In accordance with the Public Audit Act of South Africa, 2004 (Act no. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
13. My procedures address the reported performance information, which must be based on the approved performance planning documents of the public entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the public entity for the year ended 31 March 2019:

Programmes	Pages in the annual performance report
Programme 2 – Skills for Infrastructure Delivery	37 – 43
Programme 3 – Built Environment Research, Information and Advisory	43 – 49
Programme 5 – Government Policies and Priorities	56 – 58

15. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
16. I did not raise any material findings on the usefulness and reliability of the reported performance information for these programmes:
- Programme 2 – Skills for Infrastructure Delivery
 - Programme 3 – Built Environment Research, Information and Advisory
 - Programme 5 – Government Policies and Priorities

Other matter

17. I draw attention to the matter below.

Achievement of planned targets

18. Refer to the annual performance report on pages 27 to 58 for information on the achievement of planned targets for the year and explanations provided for the overachievement of a number of targets.

Report on the audit of compliance with legislation

Introduction and scope

19. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the public entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
20. I did not raise material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

Other information

21. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
22. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
23. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
24. If based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

25. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal control.

Auditor General

Pretoria

31 July 2019



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected programmes and on the public entity's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit 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 public entity's internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority
 - conclude on the appropriateness of the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council for the Built Environment's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease continuing as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

Financial statements for the year ended 31 March 2019

Accounting Authority's Responsibilities and Approval

The CBE Council is required by the Public Finance Management Act (Act 1 of 1999) (PFMA) 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 were 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 including any interpretations, guidelines and directives issued by the Accounting Standards Board. The annual financial statements fairly present the entity's financial position, financial performance and cash flows.

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

The CBE Council acknowledges that it is ultimately responsible for the system of internal financial control established by the CBE, and places 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 defalcation.

The CBE Council has reviewed the CBE's cash flow forecast for the year to 31 March 2020 and, in light of this review and the current financial position, it is satisfied that the CBE has, or has access to, adequate resources to continue its operational existence for the foreseeable future.

The CBE is wholly dependent on the Department of Public Works for its continued funding of operations. The financial statements are prepared on the basis that the entity is a going concern and that the Department of Public Works has neither the intention nor the need to liquidate or curtail materially the scale of the CBE.

The external auditors are responsible for independently auditing and reporting on the CBE's financial statements. The financial statements have been examined by the CBE's external auditors and their report is presented on page 97.

The financial statements set out on pages 102 to 149, which have been prepared on the going concern basis, were approved by the accounting authority on 31 July 2019 and were signed on its behalf by:



Ms Maphefo Mogodi

Acting Chairperson: Council for the Built Environment
31 May 2019

Financial statements for the year ended 31 March 2019

Statement of Financial Position as at 31 March 2019

	Note(s)	2019 R'000	2018 Restated* R'000
Assets			
Current Assets			
Cash and cash equivalents	3	9 491	9 141
Other financial assets	4	1	2
Receivables from exchange transactions	5	552	691
Receivables from non-exchange transactions	6	279	460
		10 323	10 294
Non-Current Assets			
Property, plant and equipment	7	5 525	6 831
Intangible assets	8	586	192
Other financial assets	4	94	91
		6 205	7 114
Total Assets		16 528	17 408
Liabilities			
Current Liabilities			
Payables from exchange transactions	9	3 826	4 291
Other financial liabilities	10	560	560
Finance lease obligation	11	85	28
Deferred operating lease liability	12	1 557	1 030
Provisions	13	506	296
		6 534	6 205
Non-Current Liabilities			
Other financial liabilities	10	1 119	1 679
Finance lease obligation	11	-	157
		1 119	1 836
Total Liabilities		7 653	8 041
Net Assets			
Accumulated surplus		8 875	9 367
		8 875	9 367

* See Note 31

Financial statements for the year ended 31 March 2019

Statement of Financial Performance

	Note(s)	2019 R'000	2018 Restated* R'000
Revenue			
Revenue from exchange transactions			
CETA funding		1 218	551
Debt impairment reversal		-	94
Other income		172	281
Interest income		1 021	821
Total revenue from exchange transactions		2 411	1 747
Revenue from non-exchange transactions			
Transfer revenue			
Government grants and subsidies		50 100	48 568
Levies		2 158	2 120
Total revenue from non-exchange transactions		52 258	50 688
Total revenue	14	54 669	52 435
Expenditure			
Employee related costs	15	(29 245)	(25 651)
Depreciation and amortisation		(1 840)	(1 762)
Finance costs	16	(38)	(18)
Debt impairment		(29)	-
Administrative expenses	17	(13 706)	(14 134)
Operational expenses		(10 303)	(10 038)
Total expenditure	18	(55 161)	(51 603)
Surplus/(deficit) for the year		(492)	832

The accounting policies on pages 107 to 123 and the notes on pages 124 to 149 form an integral part of the financial statements

* See Note 31

Financial statements for the year ended 31 March 2019

Statement of Changes in Net Assets

Opening balance as previously reported

Adjustments

Correction of errors

Balance at 01 April 2017 as restated*

Changes in net assets

Restated surplus for the year

Total changes

Restated* Balance at 01 April 2018

Changes in net assets

Deficit for the year

Total changes

Balance at 31 March 2019

Accumulated surplus R'000	Total net assets R'000
7 072	7 072
1 463	1 463
8 535	8 535
832	832
832	832
9 367	9 367
(492)	(492)
(492)	(492)
8 875	8 875

* See Note 31

Financial statements for the year ended 31 March 2019

Cash Flow Statement

	Note(s)	2019 R'000	2018 Restated* R'000
Cash flows from operating activities			
Receipts			
Grants		50 100	48 568
Interest received		1 002	821
Cash receipts from customers		3 556	1 978
Other cash items	19	250	109
		54 908	51 476
Payments			
Employees		(17 124)	(15 788)
Suppliers		(36 555)	(34 417)
Finance costs		(38)	(18)
		(53 717)	(50 223)
Net cash flows from operating activities	20	1 191	1 253
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(325)	(1,116)
Proceeds from sale of property, plant and equipment	7	27	-
Purchase of other intangible assets	8	(413)	(163)
Repayment of financial asset		8	11
Net cash flows from investing activities		(703)	(1,268)
Cash flows from financing activities			
Finance lease payments		(138)	(45)
Net increase/(decrease) in cash and cash equivalents		350	(60)
Cash and cash equivalents at the beginning of the year		9 141	9 201
Cash and cash equivalents at the end of the year	3	9 491	9 141

* See Note 31

Financial statements for the year ended 31 March 2019

Statement of Comparison of Budget and Actual Amounts Budget on cash basis

	Approved budget R'000	Adjustments R'000	Final Budget R'000	Actual amounts on comparable basis R'000	Difference between final budget and actual R'000	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
CETA funding*	-	-	-	1 218	1 218	29
Other income*	-	1 218	1 218	251	(967)	29
Interest income	1 502	(576)	926	1 002	76	29
Total revenue from exchange transactions	1 502	642	2 144	2 471	327	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants and subsidies	50 100	-	50 100	50 100	-	29
Levies	2 125	-	2 125	2 337	212	29
Total revenue from non-exchange transactions	52 225	-	52 225	52 437	212	
Total revenue	53 727	642	54 369	54 908	539	
Expenditure						
Employee related costs	(26 745)	(2 782)	(29 527)	(29 240)	287	29
Administrative expenses	(13 847)	(166)	(14 013)	(13 975)	38	29
Operational expenses	(13 135)	2 306	(10 829)	(10 502)	327	29
Total expenditure	(53 727)	(642)	(54 369)	(53 717)	652	
Actual Amount on Comparable Basis as presented in the Budget and Actual Comparative Statement	-	-	-	1 191	1 191	
Statement of Financial Position						
Assets						
Non-Current Assets						
Property, plant and equipment	-	-	-	325	325	29
Intangible assets	-	-	-	413	413	29
	-	-	-	738	738	
Total Assets	-	-	-	738	738	

* CETA funding was included as other income in the final budget.

Accounting Policies

1. Presentation of Financial Statements

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Public Finance Management Act (Act 1 of 1999) (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 the South African Rand currency.

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 the entity.

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 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

1.4 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

Trade receivables

The entity assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, management makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Impairment testing

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Provisions

Provisions were raised and management determines an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 13 - Provisions.

Effective interest rate

The entity used the prime interest rate to discount future cash flows.

Allowance for doubtful debts

On debtors, an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtor's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Intangible assets

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

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 value of all other assets are estimated.

1.5 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
- 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, its 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.

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.

Accounting Policies

1.5 Property, plant and equipment (continued)

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.

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

Item	Depreciation method	Average useful life
Leasehold improvements	Straight line	4-5 years
Furniture and fixtures	Straight line	12-20 years
Office equipment	Straight line	10-20 years
IT equipment	Straight line	6-15 years
Leased office equipment	Straight line	2 years
Signage	Straight line	5 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

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.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The entity assesses at each reporting date whether there is any indication that the entity's expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

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.

Accounting Policies

1.6 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
- 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.

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.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

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	Depreciation method	Average useful life
Computer software	Straight line	1-5 years

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

Accounting Policies

1.7 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 uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

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.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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.

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 the entity.

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

1.7 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.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

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 counterparty 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.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition or
- are held for trading.

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

Accounting Policies

1.7 Financial instruments (continued)

- » 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.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Impairment and uncollectibility of financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Accounting Policies

1.7 Financial instruments (continued)

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

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, to another party, all of the risks and rewards of ownership of the financial asset or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
 - » derecognise the asset
 - » recognise separately any rights and obligations created or retained in the transfer.

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).

Accounting Policies

1.7 Financial instruments (continued)

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.

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.

1.8 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 buildings 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.

1.9 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

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.

Accounting Policies

1.9 Impairment of non-cash-generating assets (continued)

A cash-generating unit is the smallest identifiable group of assets managed with the 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.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

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:

- the period of time over which an asset is expected to be used by the entity or
- 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 entity 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 entity 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.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Accounting Policies

1.9 Impairment of non-cash-generating assets (continued)

Reversal of an impairment loss

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.10 Employee benefits

Employee benefits are all forms of consideration given by an entity 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.

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 an entity's actions where, by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity 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

Accounting Policies

1.10 Employee benefits (continued)

- 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
- 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. If the amount already paid exceeds the undiscounted amount of the benefits, the entity 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
- 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 entity 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 average of the last three month basic salary is used to calculate the expected cost.

The entity recognises the expected cost of bonus, incentive and performance related payments when the entity 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.

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 an entity pays fixed contributions into a separate entity (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 entity during a reporting period, the entity 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, an entity 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
- 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.

Accounting Policies

1.11 Provisions and contingencies

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
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected 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 expenditure expected 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.

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 entity 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 expenditure for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 22.

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.

Accounting Policies

1.11 Provisions and contingencies (continued)

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
- 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.

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 the 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 the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets
- 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.

1.12 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 entity receives 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

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

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

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.13 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

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.

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.

Accounting Policies

1.13 Revenue from non-exchange transactions (continued)

Measurement

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

Levies

Levies are recognised as revenue when:

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

Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity
- the amount of the revenue can be measured reliably
- to the extent that there has been compliance with any restrictions associated with the grant.

The entity assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier.

When government remit grants on a re-imbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that other restrictions have been complied with.

1.14 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the finance lease obligation.

Borrowing costs are recognised as an expense in the period in which they are incurred.

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 and wasteful expenditure means expenditure which was made in vain and could 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. 1 of 2018/2019 which was issued in terms of sections 76(2)(e) and 76(4)(a) of the PFMA requires the following (effective from 1 December 2018):

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

Irregular expenditure 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 leadsheet. 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 irregular expenditure leadsheet and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure incurred and identified during the current financial year, which was not condoned by the National Treasury or the relevant authority, must be recorded appropriately in the irregular expenditure leadsheet. 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 checklist and leadsheet 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 leadsheet.

1.18 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 01/04/2018 to 31/03/2019.

The financial statements and the budget are not on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

Accounting Policies

1.19 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

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.

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which are reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its financial statements.

1.20 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date)
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

Notes to the Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 17 (as amended 2016): Property, Plant and Equipment	01 April 2018	The impact of the new standard is not material.
• GRAP 21 (as amended 2016): Impairment of non- cash-generating assets	01 April 2018	The impact of the new standard is not material.
• GRAP 26 (as amended 2016): Impairment of cash-generating assets	01 April 2018	The impact of the new standard is not material.

2.2 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 2019 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 20: Related parties	01 April 2019	Unlikely there will be a material impact.
• GRAP 108: Statutory Receivables	01 April 2019	Unlikely there will be a material impact.

2.3 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2019 or later periods but are not relevant to its operations:

Standard/ Interpretation:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue	01 April 2020	Unlikely there will be a material impact.
• Guideline: Guideline on the Application of Materiality to Financial Statements	01 April 2020	Not expected to impact results but may result in additional disclosure.
• GRAP 104 (revised): Financial Instruments	01 April 2020	Unlikely there will be a material impact.

Notes to the Financial Statements

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand

Bank balances

Short-term deposits

Other cash and cash equivalents

	2019 R'000	2018 R'000
	5	15
	6 100	5 484
	1 335	1 678
	2 051	1 964
	9 491	9 141

A bank guarantee has been issued to the value of R1.863 million in favour of Emira Property Fund. The guarantee will expire on 30 June 2022.

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+ (ZAF) Fitch Rating

	9 491	9 141
--	--------------	--------------

4. Other financial assets

At amortised cost

DK Pitse

The receivable is payable in monthly instalments of R1 000. Interest is payable at the prime lending rate at inception of the agreement.

	95	93
	94	91
	1	2

Non-current assets

At amortised cost

Current assets

At amortised cost

Financial assets at amortised cost

Financial assets at amortised cost past due but not impaired

Financial assets which are less than three months past due are not considered to be impaired. At 31 March 2019, R 94 874 (2018: R -) was past due but not impaired. The terms of the receivable is in the process of being renegotiated.

The ageing of amounts past due but not impaired is as follows:

Three months past due

	95	-
--	----	---

Notes to the Financial Statements

2019
R'0002018
R'000

4. Other financial assets (continued)

Allowance account for credit losses

Reconciliation of changes in allowance account of financial assets - 2018

	Opening balance	Reversals	Closing balance
Other financial assets	(94)	94	-
Receivables from exchange and non-exchange transactions			

Included in other financial assets are the following:

Receivables from exchange transactions	95	93
--	----	----

5. Receivables from exchange transactions

Trade debtors	9	183
Prepaid expenses	543	508
	552	691

Trade and other receivables past due but not impaired

Trade and other receivables which are less than three months past due are not considered to be impaired. At 31 March 2019, R - (2018: R 29 188) was past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

Three months past due	-	29
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Trade and other receivables impaired

As of 31 March 2019, trade and other receivables of R 42 650 (2018: R 13 463) were impaired and provided for.

The amount of the provision was R 29 188 as of 31 March 2019 (2018: R 13 463).

The ageing of these loans are as follows:

Over six months	43	13
Reconciliation of provision for impairment of trade and other receivables		
Opening balance	(13)	(13)
Provision for impairment	(29)	-
Amounts written off as uncollectible	13	-
	(29)	(13)

The creation and release of provision for impaired receivables is included in expenditure. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

Notes to the Financial Statements

6. Receivables from non-exchange transactions

Levies
Other receivables from non-exchange revenue

	2019 R'000	2018 R'000
Levies	278	458
Other receivables from non-exchange revenue	1	2
	279	460

Receivables from non-exchange transactions pledged as security

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

Receivables from non-exchange transactions impaired

As of 31 March 2019, other receivables from non-exchange transactions of R 2 685 (2018: R 2 685) were impaired and provided for. During the current year it was noted that the other receivables from non-exchange transactions was incorrectly stated as R 3 871. This figure has been retrospectively restated. Refer to note 31

The amount of the provision was R - as of 31 March 2019 (2018: R 2 685).

The ageing of these loans are as follows:

Over six months

Over six months	3	3
-----------------	---	---

Reconciliation of provision for impairment of receivables from non-exchange transactions

Opening balance
Amounts written off as uncollectible

Opening balance	(3)	(3)
Amounts written off as uncollectible	3	-
	-	(3)

The creation and release of provision for impaired receivables have been included in expenditure. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

Financial statements for the year ended 31 March 2019

Notes to the Financial Statements
Figures in Rand thousand
7. Property, plant and equipment

	2019			2018		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Leasehold improvements	3 160	(1 251)	1 909	3 131	(620)	2 511
Furniture and fixtures	2 190	(896)	1 294	2 178	(727)	1 451
Office equipment	1 215	(720)	495	1 213	(609)	604
IT equipment	3 701	(2 013)	1 688	3 477	(1 461)	2 016
Leased office equipment	212	(142)	70	212	(35)	177
Signage	103	(34)	69	87	(15)	72
Total	10 581	(5 056)	5 525	10 298	(3 467)	6 831

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Disposals	Depreciation	Total
Leasehold improvements	2 511	29	-	(631)	1 909
Furniture and fixtures	1 451	13	-	(170)	1 294
Office equipment	604	2	-	(111)	495
IT equipment	2 016	266	(27)	(567)	1 688
Leased office equipment	177	-	-	(107)	70
Signage	72	15	-	(18)	69
	6 831	325	(27)	(1 604)	5 525

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Depreciation	Total
Leasehold property	3 062	68	-	(619)	2 511
Furniture and fixtures	1 650	2	(6)	(195)	1 451
Office equipment	599	134	(4)	(125)	604
IT equipment	1 612	878	-	(474)	2 016
Leased office equipment	-	212	-	(35)	177
Signage	40	46	-	(14)	72
	6 963	1 340	(10)	(1 462)	6 831

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.

The entity has contractual commitments for the acquisition of property, plant and equipment. Refer to note 21

Assets subject to finance lease (Net carrying amount)

Leased office equipment	70	177
-------------------------	----	-----

Notes to the Financial Statements

2019
R'0002018
R'000

8. Intangible assets

	2019			2018		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1 851	(1 265)	586	1 443	(1 251)	192

Reconciliation of intangible assets - 2019

	Opening balance	Additions	Work in progress	Disposals	Amortisation	Total
Computer software	192	449	212	(31)	(236)	586

Reconciliation of intangible assets - 2018

	Opening balance	Additions	Amortisation	Total
Computer software	330	162	(300)	192

Pledged as security

None of the CBE's intangible assets have 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.

The entity has contractual commitments for the acquisition of intangible assets. Refer to note 21

9. Payables from exchange transactions

Trade payables	120	546
Leave expense	775	790
Accrued bonus	198	212
Accrued expenses	2 733	2 743
	3 826	4 291

Notes to the Financial Statements

10. Other financial liabilities

Designated at fair value

Deferred tenant installation

CBE obtained a leased premises which was occupied from 31 March 2017. The landlord provided the CBE with a tenant installation for a period of five years and the cost will be amortised over the lease term.

Non-current liabilities

Designated at fair value

Current liabilities

Designated at fair value

	2019 R'000	2018 R'000
Deferred tenant installation	1 679	2 239
Non-current liabilities	1 119	1 679
Current liabilities	560	560

11. Finance lease obligation

Minimum lease payments due

- within one year
- in second to fifth year inclusive

less: future finance charges

Present value of minimum lease payments

Present value of minimum lease payments due

- within one year
- in second to fifth year inclusive

Non-current liabilities

Current liabilities

Minimum lease payments due		
- within one year	92	138
- in second to fifth year inclusive	-	92
less: future finance charges	92	230
	(7)	(45)
Present value of minimum lease payments	85	185
Present value of minimum lease payments due		
- within one year	85	100
- in second to fifth year inclusive	-	85
	85	185
Non-current liabilities	-	157
Current liabilities	85	28
	85	185

It is entity policy to lease certain office equipment under finance leases.

The average lease term was two years and the average effective borrowing rate was 29% (2018: 29%).

Interest rates are fixed at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The entity's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer to note 7.

Notes to the Financial Statements

12. Operating lease liability

Current liabilities

2019
R'0002018
R'000

(1 557)

(1 030)

Operating lease payments represent rentals payable by the CBE for its office accommodation. The lease is for a five year term, with an 8.5% escalation per annum. No contingent rent is payable.

The operating lease expenses are smoother on a straight line basis over the lease term. Any over- or under payment, as a result of the smoothing is recognised in 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.

13. Provisions

Reconciliation of provisions - 2019

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Provision for bonus payment	296	506	(419)	123	506

Reconciliation of provisions - 2018

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Provision for bonus payment	259	296	(120)	(139)	296

During the current year, the CBE raised a provision for bonus payment in relation to performance bonus for the performance period April 2018 to March 2019. The provision for bonus payment is prepared on the basis of prior year's actual performance. During the 2017/18 financial year 3% of the basic salary was paid due to the entity's good performance in achieving set targets. The entity has also achieved an above average performance in the current financial year and as such the 3% is management's best estimation. Management is of the view that the amount will be adequate to cover the performance bonus of the organisation for the 2018/19 financial year.

Financial statements for the year ended 31 March 2019

Notes to the Financial Statements

14. Revenue

CETA funding
Debt impairment reversal
Other income
Interest income
Government grants and subsidies
Levies

2019 R'000	2018 R'000
1 218	551
-	94
172	281
1 021	821
50 100	48 568
2 158	2 120
54 669	52 435

The amount included in revenue arising from exchanges of goods or services are as follows:

CETA funding
Debt impairment reversal
Other income
Interest income

1 218	551
-	94
172	281
1 021	821
2 411	1 747

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue

Transfer revenue

Government grants and subsidies
Levies

50 100	48 568
2 158	2 120
52 258	50 688

15. Employee related costs

Basic
Bonus
Defined contribution plans
Leave pay provision charge
Medical aid - company contributions
PAYE
Staff training
Staff welfare
UIF

17 343	15 145
211	48
2 993	2 889
(15)	131
1 173	926
6 918	5 865
445	394
47	131
130	122
29 245	25 651

Notes to the Financial Statements

Financial statements for the year ended 31 March 2019

15. Employee related costs (continued)**Remuneration of Chief Financial Officer (L Jansen Van Vuuren)**

	2019 R'000	2018 R'000
Annual Remuneration	1 012	-
Contributions to UIF, Medical and Pension Funds	4	-
Housing allowance	4	-
Subsistence and travel	318	-
Telephone allowance	9	-
	1 347	-

Included in personnel cost above is the CFO's remuneration, as itemised under Remuneration of the Chief Financial Officer. L Jansen Van Vuuren was appointed on 1 April 2018 for a three year contract period, which will terminate on 31 March 2021.

Remuneration of former Chief Financial Officer (C Changfoot)

Annual Remuneration	-	1 083
Contributions to UIF, Medical and Pension Funds	-	168
Subsistence and travel	-	40
Telephone allowance	-	6
	-	1 297

Included in personnel cost above is the former CFO's remuneration, as itemised under Remuneration of the Chief Financial Officer. C Changfoot was appointed on 16 March 2015 for a three year contract period, which ended on 15 March 2018.

Remuneration of Chief Operations Officer (M Mongane)

Annual Remuneration	1 153	95
Contributions to UIF, Medical and Pension Funds	152	10
Housing allowance	4	-
Subsistence and travel	63	-
Telephone allowance	9	1
	1 381	106

Included in personnel cost above is the COO's remuneration, as itemised under Remuneration of the Chief Operations Officer. M Mongane was appointed on 1 March 2018 for a three year contract period which will expire on 28 February 2021.

Notes to the Financial Statements

2019 R'000	2018 R'000
---------------	---------------

15. Employee related costs (continued)

Remuneration of former Chief Operations Officer (P Mdlalose)

Acting allowance	-	61
Annual Remuneration	-	523
Contributions to UIF, Medical and Pension Funds	-	102
Subsistence and travel	-	12
Telephone allowance	-	2
	-	700

Included in personnel cost above is the former COO's remuneration, as itemised under Remuneration of the Chief Operations Officer. P Mdlalose was appointed on 16 February 2015, and was appointed as the Acting Chief Executive Officer from 1 November 2015 to 30 September 2017, when she was appointed as the CEO.

Remuneration of the former Acting Chief Operations Officer (Adv P Fourie)

Acting allowance	-	65
Annual Remuneration	-	922
Contributions to UIF, Medical and Pension Funds	-	101
Subsistence and travel	-	9
	-	1 097

Included in personnel cost above is the former Acting COO's remuneration, as itemised under Remuneration of the Acting Chief Operations Officer. Adv P Fourie was appointed as the Acting Chief Operations Officer from 1 November 2016 to 28 February 2018.

Remuneration of Chief Executive Officer (P Mdlalose)

Annual Remuneration	1 343	600
Contributions to UIF, Medical and Pension Funds	276	130
Subsistence and travel	4	-
Telephone allowance	29	11
	9	5
	1 661	746

Included in personnel cost above is the CEO's remuneration, as itemised under Remuneration of the Chief Executive Officer. P Mdlalose was appointed on 1 October 2017 for a five year contract which will terminate on 30 September 2022.

Notes to the Financial Statements

Financial statements for the year ended 31 March 2019

16. Depreciation and amortisation

Depreciation of property, plant and equipment
Amortisation of intangible assets

	2019 R'000	2018 R'000
Depreciation of property, plant and equipment	1 604	1 462
Amortisation of intangible assets	236	300
	1 840	1 762

17. Administrative expenses

Auditors remuneration
Internal audit fees
Advertising
Telephone and fax
Computer expenses
Council expenses *
Other expenses
Catering
Loss on sale of property, plant and equipment
Building costs and consumables
Printing and stationery
Insurance
Bank charges
Premises - Contractual amounts
Travel and accommodation
Utilities
Relocation expenses
Consulting and professional fees
Legal fees
Courier and postage
Awareness and publication

Auditors remuneration	1 479	1 328
Internal audit fees	593	601
Advertising	95	168
Telephone and fax	106	240
Computer expenses	1 377	831
Council expenses *	1 254	1 317
Other expenses	59	48
Catering	63	64
Loss on sale of property, plant and equipment	58	10
Building costs and consumables	123	66
Printing and stationery	78	43
Insurance	260	256
Bank charges	52	48
Premises - Contractual amounts	5 849	5 849
Travel and accommodation	432	668
Utilities	881	751
Relocation expenses	-	38
Consulting and professional fees	737	1 387
Legal fees	51	149
Courier and postage	7	21
Awareness and publication	152	251
	13 706	14 134

* Included in administrative fees above is the Council, Council sub-committees and Audit committee members remuneration.

During the current financial year the Fourth term Council's term ended on 31 July 2018. Cabinet approved the appointment of the Fifth Term Council on 7 November 2018, effective from 1 November 2018 to 31 October 2022. The CBE Act requires the Minister of Public Works to determine the first meeting of Council. The first meeting of the Fifth Term Council was accordingly determined for the 16 January 2019. The Minister conducted an inauguration ceremony on the occasion of the first Council meeting. An induction session was conducted on 17 January 2019. The term of the independent audit and risk committee also ended on 5 March 2019.

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

- M Mothipe, former audit committee member, resigned on 7 August 2017.

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

- P Stock, Audit committee member, was appointed on 24 November 2017.

Notes to the Financial Statements

Financial statements for the year ended 31 March 2019

Figures in Rand thousand

Fourth Term Council Members/ Audit Committee Members	Number of Meetings attended	Claim for attendance (R'000)	Subsistence and travel (R'000)	Total claim (R'000) 2018/19	Total claim (R'000) 2017/18
IM Nkosi (Chairperson)	21	91	5	96	166
NF Sithole (Deputy Chairperson)	3	24	13	37	140
Dr CA Breed	3	19	-	19	18
ND Lombard	8	28	1	29	54
EG Makongwana	5	25	25	50	90
JL Margolius	7	28	2	30	32
Dr ZT Mathe	7	55	1	56	96
D Michell	5	23	1	24	52
Prof KA Michell	9	47	2	49	71
C Mtshisa	1	-	-	-	-
ZC Mvalo	5	-	-	-	-
A Lee (Sassenberg)	13	17	68	85	178
RG Sefotlho	8	37	14	51	106
S Thubane	6	64	1	65	47
MM Tshangela	4	-	-	-	-
D Coovadia (Audit Committee Member)	8	118	18	136	91
M Mothipe (Audit Committee Member) **	-	-	-	-	34
F Docrat (Audit Committee Member)	6	72	4	76	130
P Stock (Audit Committee Member)***	6	69	1	70	12
	125	717	156	873	1 317

Notes to the Financial Statements

Financial statements for the year ended 31 March 2019

Figures in Rand thousand

Fifth Term Council Members/ Audit Committee Members	Number of Meetings attended	Claim for attendance (R'000)	Subsistence and travel (R'000)	Total claim (R'000) 2018/19	Total claim (R'000) 2017/18
AM Molobe (Chairperson)	22	83	6	89	-
M Mogodi (Deputy Chairperson)	15	56	3	59	-
Dr J Badul	6	-	-	-	-
Dr P Dala	4	18	1	19	-
Dr C Deacon	7	26	-	26	-
U Exner	10	35	4	39	-
NE Hutamo	7	-	-	-	-
Dr KI Jacobs	7	22	-	22	-
ZY Makhathini	4	-	-	-	-
JL Margolius	3	14	1	15	-
GH Meyer	4	18	-	18	-
HN Molao	10	34	4	38	-
ST Mthembu	7	25	7	32	-
H Ndlovu	5	-	1	1	-
Q Noninzi	6	23	-	23	-
F Rabada	7	-	-	-	-
IM Vieira	7	-	-	-	-
	131	354	27	381	-

18. Operational expenses

Travel - local	1 980	1 528
Travel - overseas	-	34
Consulting and professional fees	1 415	2 519
Support to the Councils for the Built Environment Professions	200	186
Courier and postage	11	6
Appeal committee fees	737	486
Bursary scheme	5 189	4 318
Catering for projects	76	62
Awareness and publications	165	255
Events and workshops	530	644
	10 303	10 038

Notes to the Financial Statements

Financial statements for the year ended 31 March 2019

19. Other cash receipts

Re-imbursement of staff cost
Insurance claims
Sundry receipts

2019 R'000	2018 R'000
-	93
27	14
223	2
250	109

20. Cash generated from operations

(Deficit) surplus

Adjustments for:

Depreciation and amortisation
Loss on sale of assets and liabilities
Interest income
Finance costs
Debt impairment
Movements in operating lease assets and accruals
Movements in provisions
Impairment reversal

Changes in working capital:

Receivables from exchange transactions
Other receivables from non-exchange transactions
Payables from exchange transactions
Other financial liabilities

(492)	832
1 840	1 762
31	7
(10)	(10)
38	18
29	-
527	1 030
210	37
-	(94)
110	(154)
181	(182)
(713)	(1 433)
(560)	(560)
1 191	1 253

Notes to the Financial Statements

21. Commitments

Authorised capital expenditure**Approved and contracted**

- Laptops
- Printer rental
- Knowledge management platform and unemployment database
- Electronic Built Environment System
- Proofreading programme

Total capital commitments

Approved and contracted

Authorised operational expenditure**Approved and contracted**

- Maths and Science support programme
- Website revamp
- Internal audit fees
- Annual Report printing
- Disaster recovery
- IT Support services
- IT Security
- Web hosting
- Organisational review
- Investigation
- IT seminar

Total operational commitments

Approved and contracted

Total commitments**Total commitments**

Authorised capital expenditure

Authorised operational expenditure

	2019 R'000	2018 R'000
	97	-
	81	220
	329	-
	740	-
	63	-
	1 310	220
	1 310	-
	768	664
	69	385
	723	1 338
	38	189
	-	503
	-	105
	201	293
	-	151
	-	75
	304	-
	40	-
	2 143	3 703
	2 143	3 703
	1 310	220
	2 143	3 703
	3 453	3 923

At the end of the financial year, the CBE had commitments under non-cancellable agreements with suppliers. This committed expenditure relates to various projects which have been entered into, though work has not been fully completed. There were no similar commitments at the end of the current financial year.

Notes to the Financial Statements

21. Commitments (continued)

Operating leases - as lessee (expense)

Minimum lease payments due

- within one year
- in second to fifth year inclusive

	2019 R'000	2018 R'000
	6 376	5 887
	14 408	20 836
	20 784	26 723

Operating lease payments represent rentals payable by the entity for its office accommodation. The CBE's previous lease agreement expired during the 2016/17 financial year. The CBE entered into a new lease agreement for a term of five years at an escalation of 8.5 percent. No contingent rent is payable.

22. Contingent liability

Litigation is in the process against the entity relating to a dispute with two former employees, the matter has been referred for arbitration. The entity is likely to settle the matter at a cost of R75 000. The entity's lawyers and management consider the likelihood of the action against the entity being successful as likely, and the case should be resolved within the next two years.

In terms of section 53(3) of the PFMA, the CBE has to obtain approval from National Treasury to retain accumulated surplus funds at year-end. The budget for the 2018/19 financial year was under-utilised by R0.336 million. Of the R8.875 million in accumulated funds to date, R6.111 million represents the book value of the assets capitalised, which will be realised over time through the use of the assets.

National Treasury

	336	146
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The CBE entered into a lease agreement. As part of the terms and conditions of the lease, a bank guarantee, to the value of R1.863 million, was issued in favour of the landlord. The funds are held in an investment account.

23. Related parties

Relationships

Council members

Executive Authority

External audit and risk committee members

Councils for the Built Environment Professions (CBEP)

Refer to Accounting Authority's report

National Department of Public Works (DPW)

Coovadia D

Docrat F

Stock P

South African Council for the Architectural Profession (SACAP)

Engineering Council of South Africa (ECSA)

South African Council for the Quantity Surveying Profession (SACQSP)

South African Council for the Project and Construction Management Professions (SACPCMP)

South African Council for the Property Valuers Profession (SACPVP)

South African Council for the Landscape Architectural Profession (SACLAP)

Notes to the Financial Statements

23. Related parties (continued)

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 the CBEP 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 CBEPs.

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 their immediate families or any organisation in which they have significant influence.

Related party balances**Amounts included in Trade receivable regarding related parties**

SACAP	38	58
ECSA	77	271
SACQSP	5	1
SACPCMP	93	51
SACPVP	63	77
SACLAP	4	-
DPW	29	29

Related party transactions**Grant received**

DPW	50 100	48 568
-----	--------	--------

Levies received

SACAP	406	401
ECSA	1 169	1 250
SACQSP	138	130
SACPCMP	371	261
SACPVP	63	68
SACLAP	12	10

Council support payments

SACPCMP	-	186
SACLAP	200	-

Other operating income

DPW	-	75
-----	---	----

CBE shares its office accommodation with SACLAP. SACLAP does not pay for this service. The estimated saving on SACLAP's administrative budget amounted to R124 827 (2018: R59 761).

Financial statements for the year ended 31 March 2019

Notes to the Financial Statements

2019
R'0002018
R'000

23. Related parties (continued)

The CBE also entered into memoranda of understanding with SACLAP, SACPVP, SACAP and Agrément for shared ICT services. The estimated savings are:

Shared ICT services

SACLAP

9

40

SACPVP

39

15

Agrément SA

5

-

SACAP

4

-

57

55

Key management information

Class

Description

Number

Non-executive board members

Council Members

15

(Refer to Accounting Authority's report and note 20)

Audit committee (Refer to note 20)

External audit committee members 3

Executive management (Refer to note 16)

Senior Management 3

24. Risk management

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.

Liquidity risk

The entity 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 entity does not consider having any significant exposure to liquidity risk, as its current assets exceed its current liabilities.

At 31 March 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables from exchange transactions	3 826	-	-	-
Other financial liabilities	560	1 119	-	-
Finance lease obligation	85	-	-	-

At 31 March 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables from exchange transactions	4 291	-	-	-
Other financial liabilities	560	1 119	560	-
Finance lease obligation	28	157	-	-

Notes to the Financial Statements**2019**
R'000**2018**
R'000**24. Risk management (continued)****Credit risk**

The financial assets that potentially subject the entity to the risk of non-performance by counter-parties, and thereby subject the entity 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.

The entity 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 entity's revenue transactions. The entity does not have any significant exposure to any individual customer or counter-party. Accordingly, the entity does not consider having any significant concentration of credit risk, which had not been adequately provided for.

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

	2019	2018
Financial instrument		
Receivables - unrated	831	1 151
Cash and cash equivalents at fair value	9 491	9 141
Other financial assets	95	93

Market 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.

25. 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.

26. Events after the reporting date

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

It must be noted that a case was lodged by a former employee at the CCMA. The matter has since been referred to arbitration and the outcome of the arbitration is currently unknown. The arbitration was set for 29 May 2019 and has been postponed to July 2019. The event is assessed as having no impact on the annual financial statements.

Notes to the Financial Statements

27. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure as previously reported
 Correction of errors
 Restated opening balance
 Add: Fruitless and wasteful expenditure - current year

	2019 R'000	2018 Restated* R'000
	-	45
	-	(45)
	-	-
	5	-
	5	-

During the 2015/16 financial year, software to the value of R45 000 for the development of a database system that already existed, was procured. During the 2018/19 financial year it was discovered that the fruitless and wasteful expenditure was reported as both fruitless and wasteful as well as irregular. As non-compliance to SCM Regulations take precedence, this amount is therefore not considered to be fruitless and wasteful. The error was corrected retrospectively. Please refer to Note 31.

During the 2018/19 financial year it was discovered that a watercooler went missing during the office move. No action was taken to resolve the matter and the CBE incurred charges. The investigation has been finalised.

28. Irregular expenditure

Opening balance
 Add: Irregular Expenditure - current year
 Add: Irregular Expenditure identified in current year relating to prior year

	8 767	8 611
	142	114
	-	42
	8 909	8 767

Details of irregular expenditure – current year

Non-compliance with contract management	Contract extension beyond 15% without obtaining National Treasury approval	13
Non-compliance with procurement process	Sole source deviations approved when goods or services could be procured from other service providers	129
		142

During the 2014/15 financial year, irregular expenditure incurred to the value of R468 585 was raised due to the issue of non-compliance with the competitive bidding threshold in the supply chain management section. The CBE Council and Management has laid criminal charges against the former responsible supply chain management official.

Irregular expenditure incurred to the value of R8 909 425 was due to non-compliance with the prescripts of Supply Chain Management Regulations. Irregular expenditure to the value of R8 909 425 is currently being investigated. CBE attended a meeting with National Treasury to discuss the condonation process, and will request condonation subject to the finalisation of the investigation.

In the 2017/18 financial year one contract was identified as being irregular due to non-compliance with the prescripts of Supply Chain Management Regulations. The irregular expenditure incurred to the amount of R12 714 during the current financial year relates to the continuation of the contract. Further to the above four sole source deviations amounting to R129 398 were approved, while the services were available from other service providers, which resulted in the awards being irregular.

* See Note 31

Notes to the Financial Statements

Figures in Rand thousand

29. 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 the reasons for the variance on the CBE's actual performance as compared to the budget for the year ended 31 March 2019.

29.1 CETA Funding

The final budget for CETA funding of R1 218 000 was included in other income. The CBE entered into a partnership during the year for bursaries paid to students and stipends.

29.2 Other income

Other income comprises various ad hoc income items. The final CETA funding budget of R1 218 000 was included in the other income final budget. The revenue generated related to proceeds from insurance claims and other recoveries.

29.3 Interest income

Interest is earned on surplus cash invested. Draw downs are done on a monthly basis based on the cash flow forecasts. More funds were invested due to savings.

29.4 Revenue from non-exchange transactions

The total grant income was received as budgeted. The variance is due to more levies received than what was budgeted.

29.5 Employee related costs

The variance in personnel costs is mainly due to some vacant positions.

29.6 Administrative expenses

The variance relates to cost saving strategies which were implemented by the entity.

29.7 Operational expenditure

The variance is mainly attributable to savings on the Transformation Indaba.

29.8 Property, plant and equipment and intangible asset additions

The fixed asset variance is due to the purchases of assets of IT infrastructure, funded by surplus funds and other assets purchased has been budgeted for as expenditure.

29.9 Budget revision

The annual budget is compiled at the beginning of the financial year and submitted to Council for approval. During August 2018 budget was re-allocated from savings on the Administration Programme for the purchase of ICT equipment. 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.

Notes to the Financial Statements

Figures in Rand thousand

30. Change in estimate

30.1 Property, plant and equipment

Depreciation: Furniture and fixtures

The useful life of certain furniture and fixtures was estimated in 2016 to be between 10 to 18 years. In the current period management have revised their estimate to 12 to 20 years. The effect of this revision has decreased the depreciation charges for the current periods by R 25 239

Depreciation: Furniture and fixtures

- According to initial estimated useful life	R194 868
- According to revised useful life	R169 629
- Reduced depreciation provided	R25 239

Depreciation: Office Equipment

The useful life of certain office equipment was estimated in 2016 to be between 8 to 15 years. In the current period management have revised their estimate to 10 to 20 years. The effect of this revision has decreased the depreciation charges for the current periods by R 25 161

Depreciation: Office Equipment

- According to initial estimated useful life	R136 552
- According to revised useful life	R111 392
- Reduced depreciation provided	R25 161

Notes to the Financial Statements
Figures in Rand thousand**31. Prior period errors****Property, plant and equipment**

During the current year interim audit it was noted that assets are not accounted for in terms of GRAP 17 as minor assets are not written off over the useful life of the asset but rather in the year of purchase. The correction of this error has been retrospectively adjusted.

Trade and other payables from exchange transactions

In the current financial year, it was noted that certain expenditure was not accrued for during the prior year, although the expenditure was incurred at the end of the financial year. The correction of this error has been retrospectively adjusted.

The provident fund expenditure relating to the prior year was incorrectly adjusted during the finalisation of the audit. The correction of this error has been retrospectively adjusted.

Receivables from non exchange transactions

In the current financial year, it was noted that a receivable from exchange transaction was incorrectly classified as a receivable from non-exchange. It was also noted that the provision for impairment of receivables was incorrectly disclosed as a lesser amount was provided. The correction of this error has been retrospectively adjusted.

Lease - contractual amounts

In the current financial year, it was noted that the prepayment of the April 2017 lease expense was not accounted for as a prepayment which results in the comparative lease - contractual amounts expenditure line item to be understated. The correction of this error has been retrospectively adjusted.

Fruitless and wasteful expenditure

During the current financial year, it was noted that fruitless and wasteful expenditure relating to a IT system was also reported as irregular expenditure. As non-compliance to the SCM Regulations takes precedence this matter must only be reported as irregular expenditure and therefore cannot be reported as both irregular and fruitless and wasteful. The correction of this error has been retrospectively adjusted.

The correction of the error(s) results in adjustments as follows:

Notes to the Financial Statements
Figures in Rand thousand

31. Prior period errors (continued)

Statement of financial position

	2017/18 R'000	2016/17 R'000
Property, plant and equipment - Furniture and fixtures - cost	705	964
Property, plant and equipment - Minor furniture and fixtures - cost	(705)	(964)
Property, plant and equipment - Office equipment - cost	201	196
Property, plant and equipment - Minor office equipment - cost	(201)	(196)
Property, plant and equipment - IT equipment - cost	69	37
Property, plant and equipment - Minor IT equipment - cost	(69)	(37)
Property, plant and equipment - Signage - cost	45	13
Property, plant and equipment - Minor signage - cost	(45)	(13)
Property, plant and equipment - Furniture and fixtures - Accumulated depreciation	(114)	(269)
Property, plant and equipment - Minor furniture and fixtures - Accumulated depreciation	704	963
Property, plant and equipment - Office equipment - Accumulated depreciation	4	53
Property, plant and equipment - Minor office equipment - Accumulated depreciation	199	196
Property, plant and equipment - IT equipment - Accumulated depreciation	76	64
Property, plant and equipment - Minor IT equipment - Accumulated depreciation	59	37
Property, plant and equipment - Signage - Accumulated depreciation	(7)	1
Property, plant and equipment - Minor signage - Accumulated depreciation	45	13
Payables from exchange transaction - accrued expenses	(224)	-
Payables from exchange transaction - trade payables	226	-
Receivables from exchange - Trade debtors	29	-
Receivables from non-exchange - Levies	(29)	-
Receivables from exchange - Prepayments	18	448
Retained income	(1 462)	-

Statement of Financial Performance

	2017/18 R'000	2016/17 R'000
Employee related costs - PAYE	44	-
Employee related costs- Defined contribution plans	(226)	-
Administrative expenditure - Telephone and fax	62	-
Administrative expenditure - Premises - Contractual amount	448	(448)
Administrative expenditure - Depreciation - Property plant and equipment	48	(1 015)
Administrative expenditure - Internal audit fees	118	-
Administrative expenditure - Utilities	(18)	-

Notes to the Financial Statements
Figures in Rand thousand

31. Prior period errors (continued)

Disclosure items

Cash flow from operating activities

Depreciation and amortisation
 Changes in working capital - Payables from non-exchange
 Changes in working capital - Receivables from exchange

(48)	-
2	-
431	-
385	-

Fruitless and wasteful expenditure (Note)

Fruitless and wasteful expenditure - Opening balance

(45)	(45)
-------------	-------------

Receivables from non-exchange transactions

Receivables from non-exchange transactions impaired
 Reconciliation of provision for impairment of receivables from non-exchange transactions

(1)	-
1	-
-	-

The background features a light gray wireframe of a modern building with a grid-like facade. Overlaid on this are several broad, diagonal stripes in shades of brown and orange, creating a sense of depth and architectural structure.

PART F

COUNCILS FOR THE BUILT
ENVIRONMENT PROFESSIONS

1. Introduction

This section outlines the activities undertaken by the Councils for the Built Environment Professions (CBEP) for the 2018/19 financial year, submitted to the CBE at the end of March 2019. It analyses their performance against their legislated functions, collated through the reporting templates developed by the CBE, and submitted by the CBEP on a quarterly basis.

Built Environment Professionals play a critical role in planning, developing, building and maintaining public infrastructure. Whether it is water treatment facilities, bridges and roads, public transit, utilities and the electricity grid, built environment professions play a part in all aspects of public infrastructure. Ultimately, the six CBEP use their expertise, experience and knowledge to help create a safer, more sustainable, and prosperous future for South Africa.

While work of engineers, architects, project and construction management, quantity surveying, landscape architects and property valuers are largely taken place in the background, its impact and importance is visible all around us.

Built Environment Professionals have the knowledge to plan, design, assess, supervise, build, and maintain South Africa's infrastructure. They are involved from the design concept, through to implementation and construction, ongoing operation, property valuation, landscaping and maintenance, to decommissioning. Together, their work serves to plan and develop the best infrastructure for the South African public. Overall, Built Environment Professionals' know-how can help Government, municipalities and infrastructure owners prioritise and assess projects and programmes to maintain the high standard of infrastructure in South Africa, and ultimately protect the safety, health and economic prosperity of all South Africans.

2. Legislative and Regulatory Framework of the Built Environment Professions

The respective built environment professions Acts empower the CBEP to perform the following functions as part of their regulatory function of the Built Environment Professions (BEPs):

- 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 council for the profession for the relevant categories and have passed any additional examination that may be determined by the council for the profession;*
- 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 CBEP prescribe;*
- 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 built environment professions 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, and create awareness of the need to protect the environment; and*
- p) *Encourage and undertake research into matters related to its profession.*

The objective of these regulatory arrangements is to protect the public by ensuring a high standard of service and professional behaviour by providing:

- entry to the professions by trained persons
- a mechanism for establishing and enforcing standards of training and practice
- an avenue for consumers to address complaints against practitioners

3. Human Resource Development

3.1 Registration

This function aims to monitor the extent to which the CBEP are transforming to reflect the South African population through:

- analysing the demographics of individuals currently registered with the CBEP
- assessing the demographics of candidates and professionals of the CBEP who will hopefully take up the profession
- identifying potential bottle necks and recommending ways to improve accessibility of these professions to all who reside in the country

REGISTERED PROFESSIONALS

Overall percentage of Registered Candidates and Professionals in the six CBEP

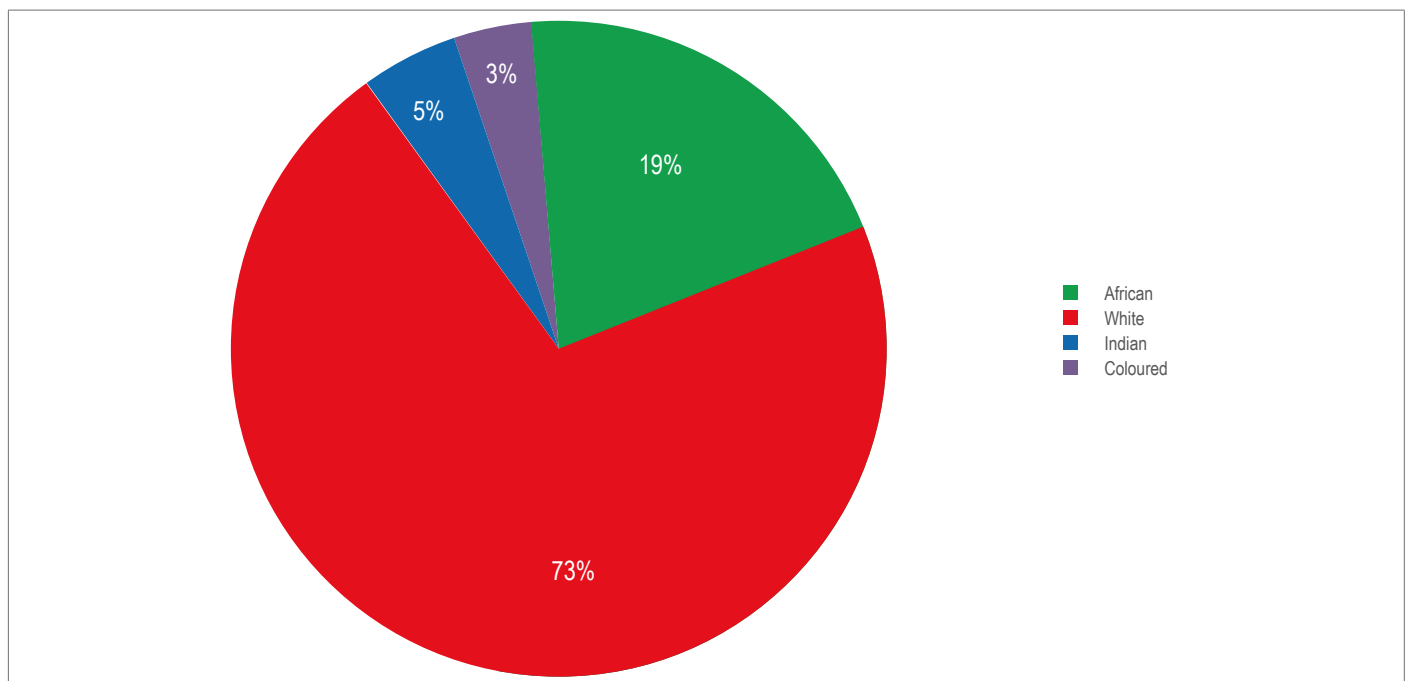


Figure 2: CBEP 2018/19 Race profile (Source: CBEP Fourth Quarter Report 2018/19)

Figure 2 demonstrates that by the end of the 2018/19 financial year, the white population group is the most prominent race in the BEPs, accounting for more than 70% of registered persons across the six professions. The African population group is a distant second, accounting for only 19% of BEPs followed by the Indian and coloured population groups, which account for 5% and 3% of the BEPs respectively. The BEPs can better understand and, therefore, protect public interest, if they are representative of the demographics of the South African public.

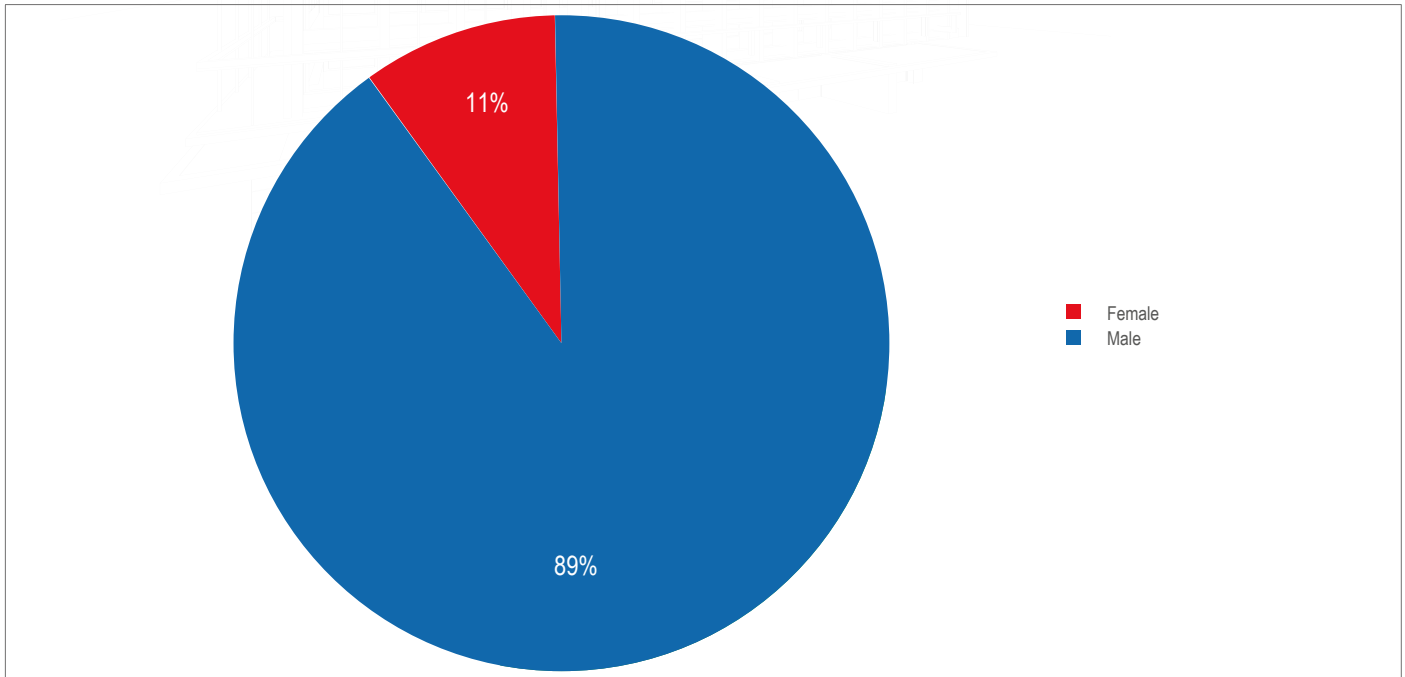
Gender Profile of the six CBEP

Figure 3: CBEP 2018/19 Gender profile (Source: CBEP Fourth Quarter Report 2018/19)

Figure 3 further illustrates that the CBEP membership is male dominated. By the end of the 2018/19 financial year, 89% of the individuals registered with the CBEP were male. Women make up more than half of the South Africa's population; however, they are significantly under represented in the built environment professions - only 11% of registered persons are women. This demonstrates the need to implement further mechanisms to offer females the correct assistance and support to ensure their representation in the BEPs improves significantly. Enhancing the participation and leadership of women in the technically skilled workforce will generate a greater positive impact on our knowledge-based, technological and highly competitive global economy.

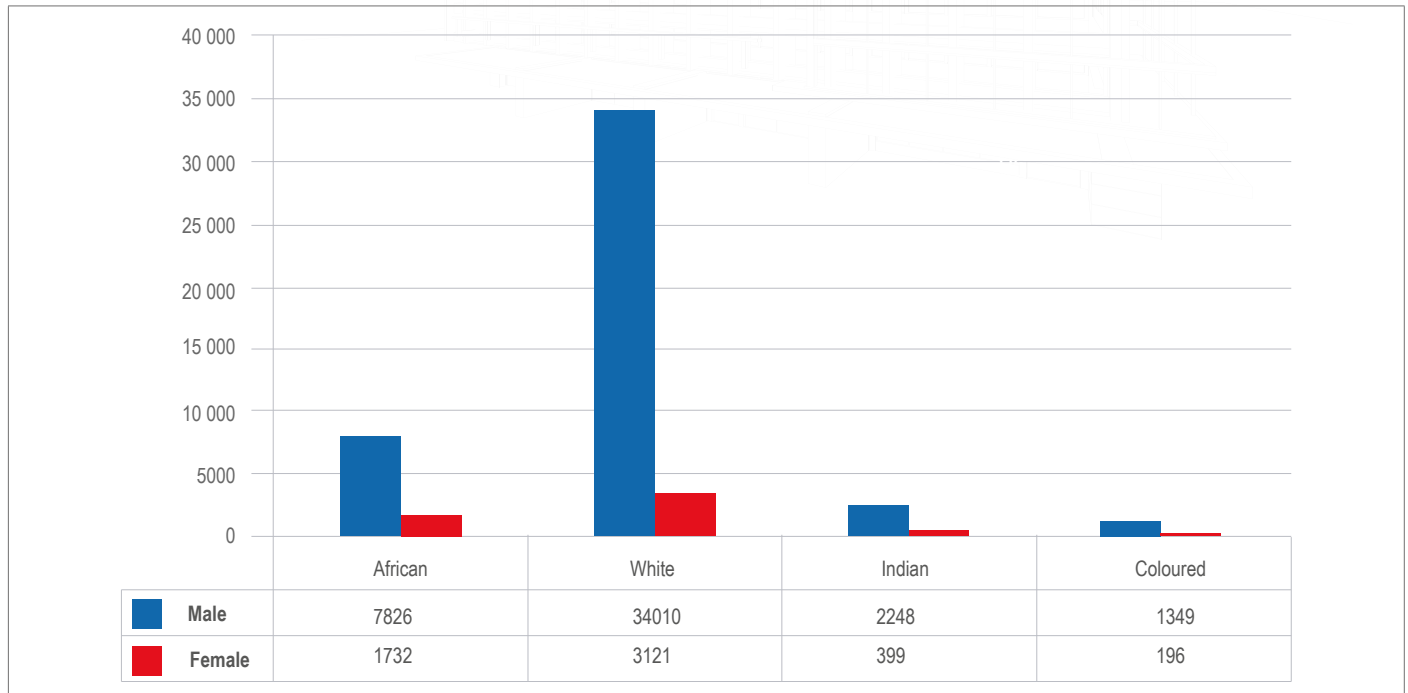
Number of Registered Professionals by Gender

Figure 4: CBEP 2018/19 Gender and Race profile (Source: CBEP Fourth Quarter Report 2018/19)

Figure 4 compares the number of professionals registered with the CBEP according to their gender and race. It is evident that white males comprise the bulk of the registered professionals accounting for 34 010, followed by African males at 7 826 and white females at 3 121. Indian and coloured women are the least prominent groups in the CBEP membership.

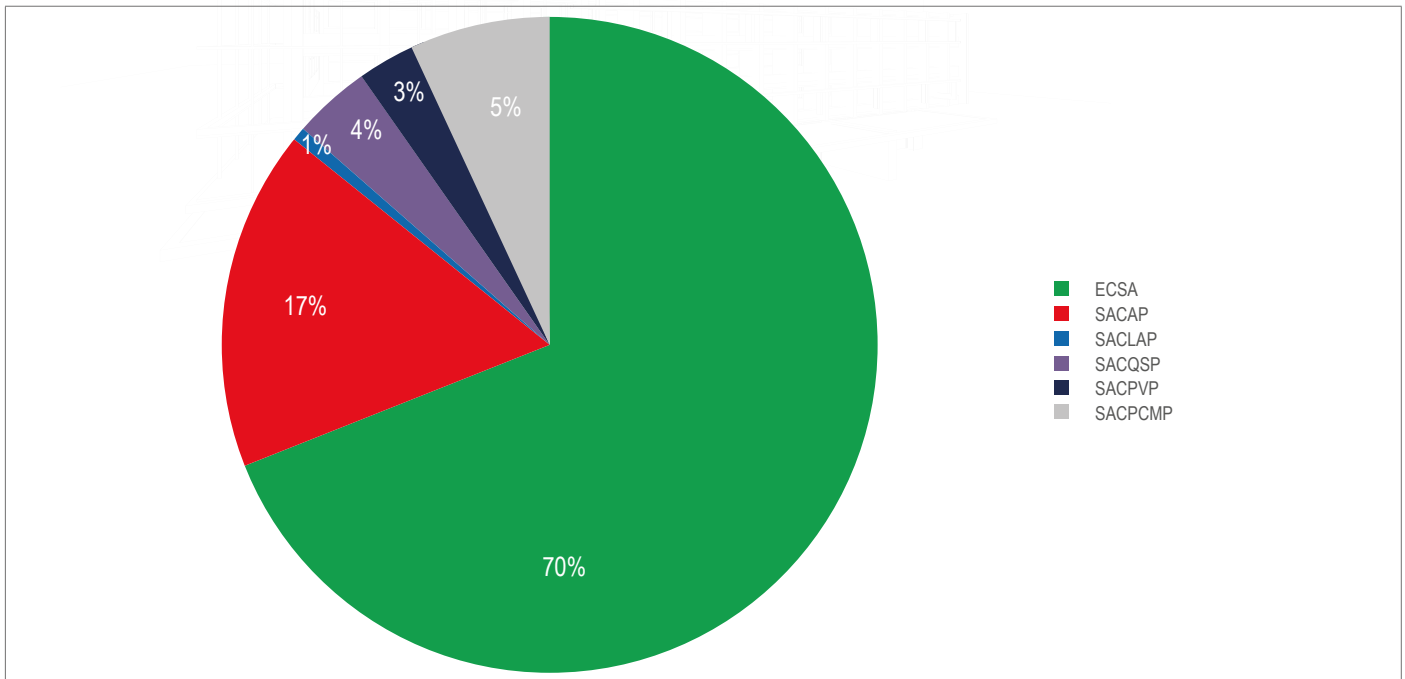


Figure 5: CBEP 2018/19 composition (Source: CBEP Fourth Quarter Report 2018/19)

Figure 5 demonstrates the percentage distribution of professionals across the six CBEP by the end of the 2018/19 financial year:

- Engineering Council of South Africa (ECSA) - 70%
- South African Council for Architectural Profession (SACAP) - 17%
- South African Council for the Project and Construction Management Professions (SACPCMP) - 5%
- The remaining three CBEP - South African Council for Landscape Architecture (SACLAP), South African Council for Quantity Surveying Profession (SACQSP) and the South African Council for Property Valuers Profession (SACPVP) - combined, made up less than 10% of registered professionals in the CBEP

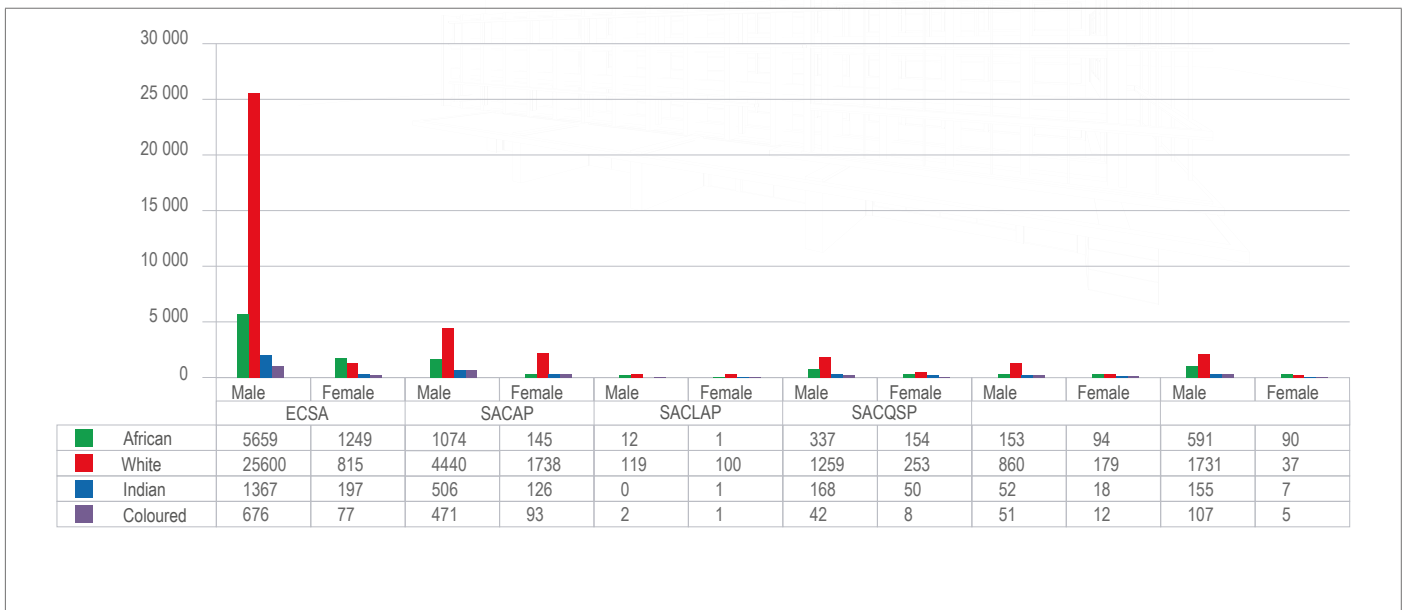


Figure 6: CBEP 2018/19 Comparison per Gender, Race and Profession (Source: CBEP Fourth Quarter Report 2018/19)

Figure 6 compares the demographic composition of each of the six professions by gender and race as at the end of the 2018/19 financial year. At ECSA, white males made up the bulk of registered professionals, followed by African males. These statistics mirror the demographic contained in Figure 4 and emphasise ECSA's dominance in the CBEP, from a purely demographic perspective. Therefore, any significant change in the demographic composition of registered professionals in the CBEP should, by default, reflect a change in the demographic makeup of ECSA.

Figure 6 demonstrates that there is an opportunity to improve performance regarding registration in the other CBEP. As noted, the contribution of SACLAP, SACQSP and SACPVP to the number of registered professions in the BE is relatively low compared to those of ECSA and SACAP, presenting an opportunity to not only increase the number of registered professionals in those fields but to do so in a manner that promotes representativity and equality.

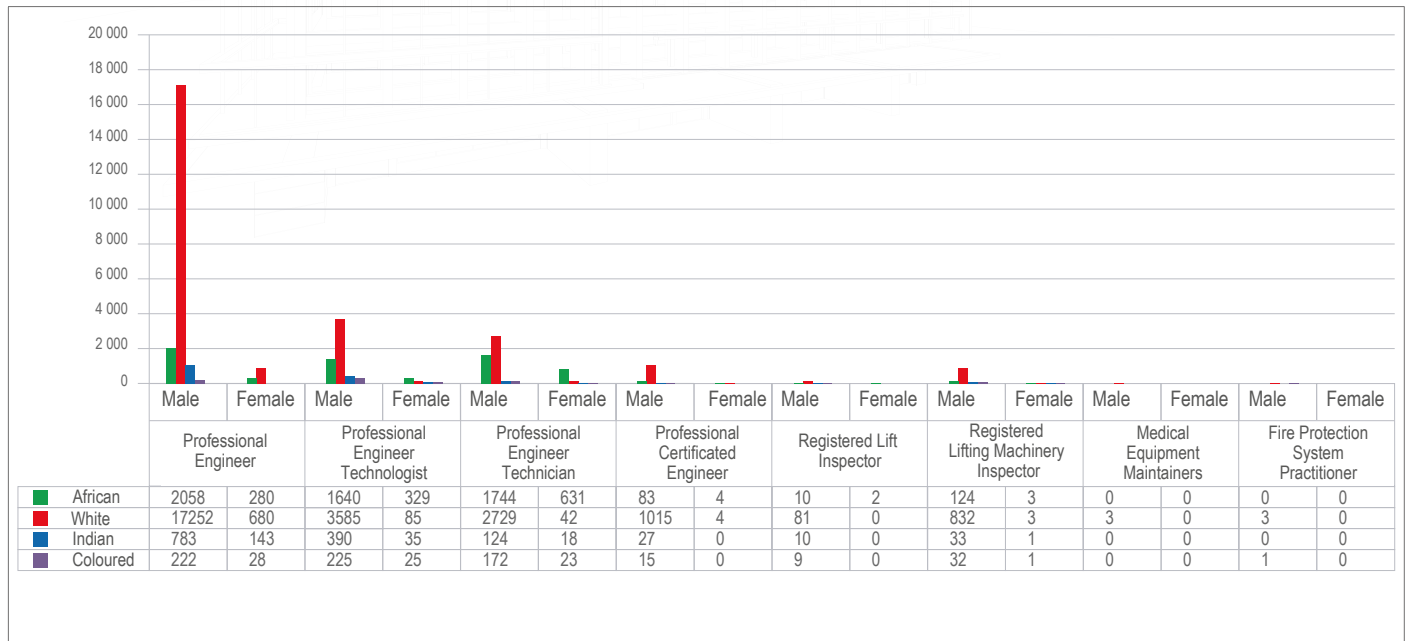
Number of Registered Professionals by Council and Registration Category

Figure 7: ECSA 2018/19 Professionals per Gender, Race and Discipline (Source: ECSA Fourth Quarter Report 2018/19)

Figure 7 compares the number of registered engineers across the categories of race, gender and disciplines recognised by ECSA as at the end of the 2018/19 financial year. It is evident that white males account for the largest number of registered professionals across disciplines recognised by ECSA. All South Africans should have equal opportunity into engineering; however, accessibility and feasibility are not the same for all demographics - largely due to systemic barriers that disproportionately impact underrepresented groups. This inequality in access to engineering careers by other demographic groups in the country could lie in factors such as the Apartheid legacy. Nonetheless, it highlights the need for intervention to develop a more representative workforce in the engineering space.

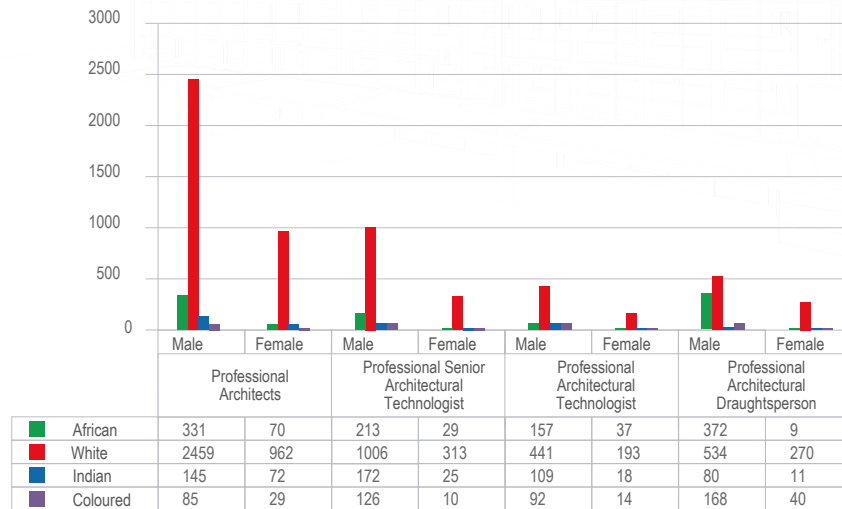


Figure 8: SACAP 2018/19 Professionals per Gender, Race and Discipline (Source: SACAP Fourth Quarter Report 2018/19)

Figure 8 compares SACAP's number of registered professionals by race, gender and across disciplines. SACAP's registered architects are largely whites - males make up the bulk of registered professions followed by females. Although the other demographic groups are present and accounted for, their numbers are marginal and do not significantly reflect the South African population.

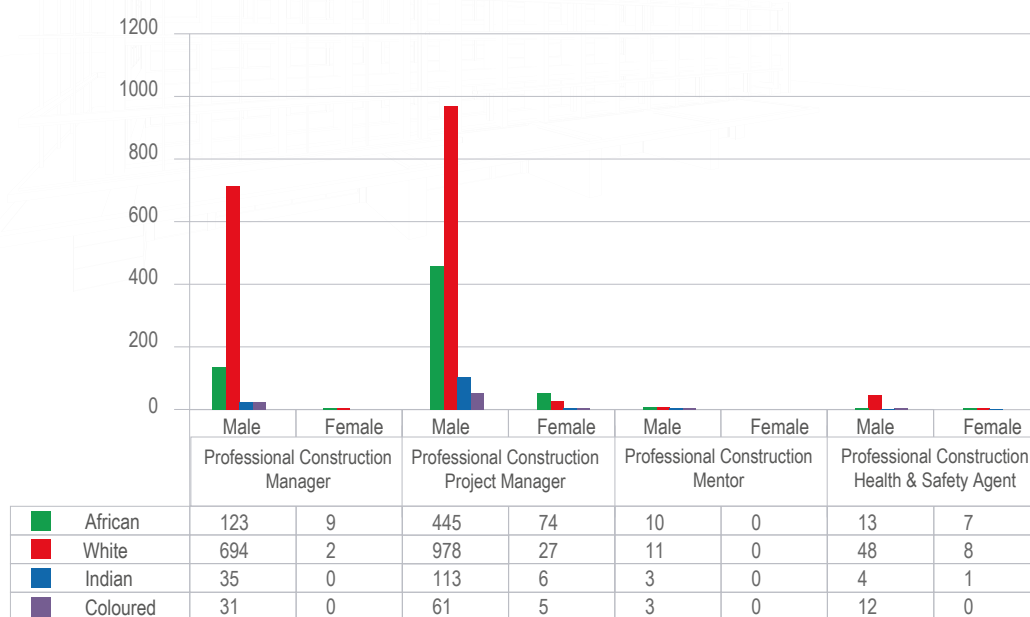


Figure 9: SACPCMP 2018/19 Professionals per Gender, Race and Discipline (Source: SACPCMP Fourth Quarter Report 2018/19)

Figure 9 compares the SACPCMP's number of registered professionals by gender, race and discipline by the end of the 2018/19 financial year. White males are the most dominant group across all of the disciplines recognised by the SACPCMP; even more unsettling was the under-representation of women across the disciplines. Figure 9 reveals this profession as a white male dominated space. It also illustrates that registered professionals are concentrated in the Professional Construction Manager and Professional Construction Project Manager disciplines, whilst the Professional Construction Mentor and Professional Construction Health and Safety Agents disciplines remain well below these.

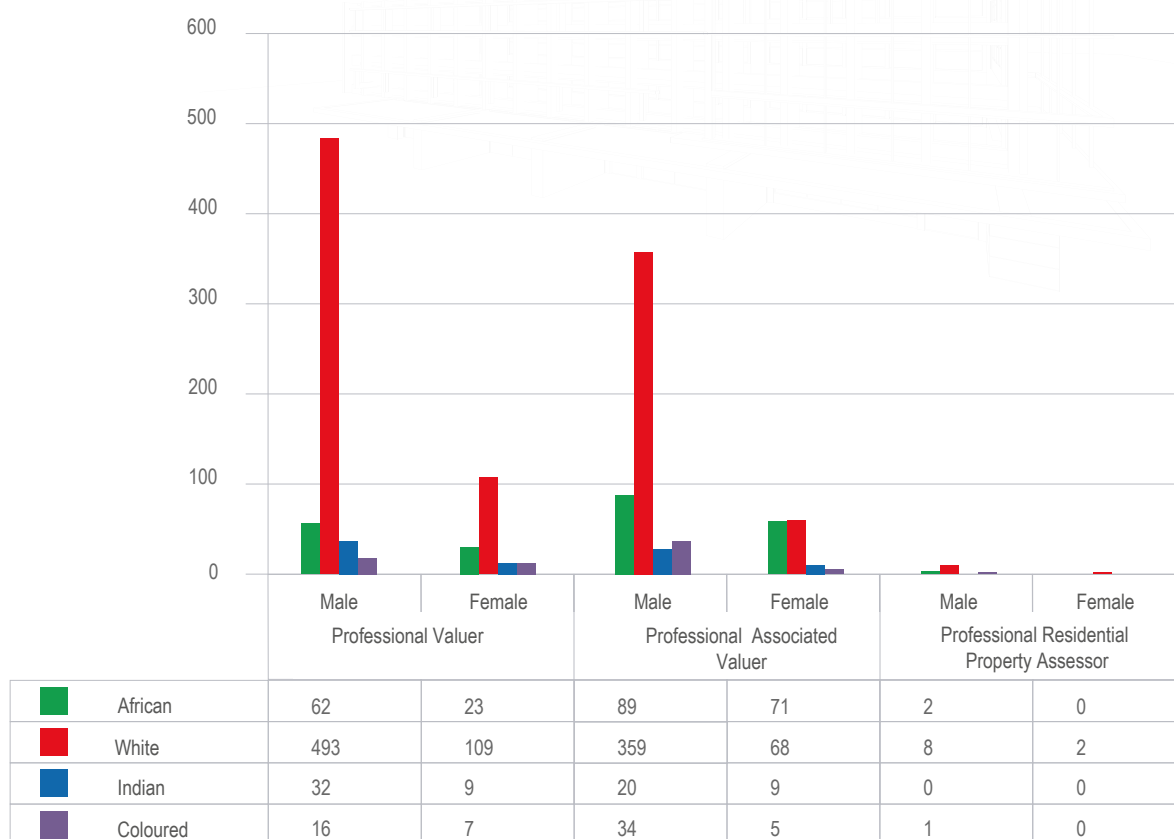


Figure 10: SACPVP 2018/19 Professionals per Gender, Race and Discipline (Source: SACPVP Fourth Quarter Report 2018/19)

Figure 10 compares the SACPVP's number of registered professionals across gender, race and discipline by the end of the 2018/19 financial year. It is evident that white males account for the largest group of registered individuals across the three disciplines, followed by white females - alluding to white dominance in this profession. Single Residential Property Assessor has the least number of registered professionals, whilst Professional Valuer had the most number of registered individuals of the three disciplines. It is noted that in the category of Professional Associated Valuer, there are more female Africans than whites.

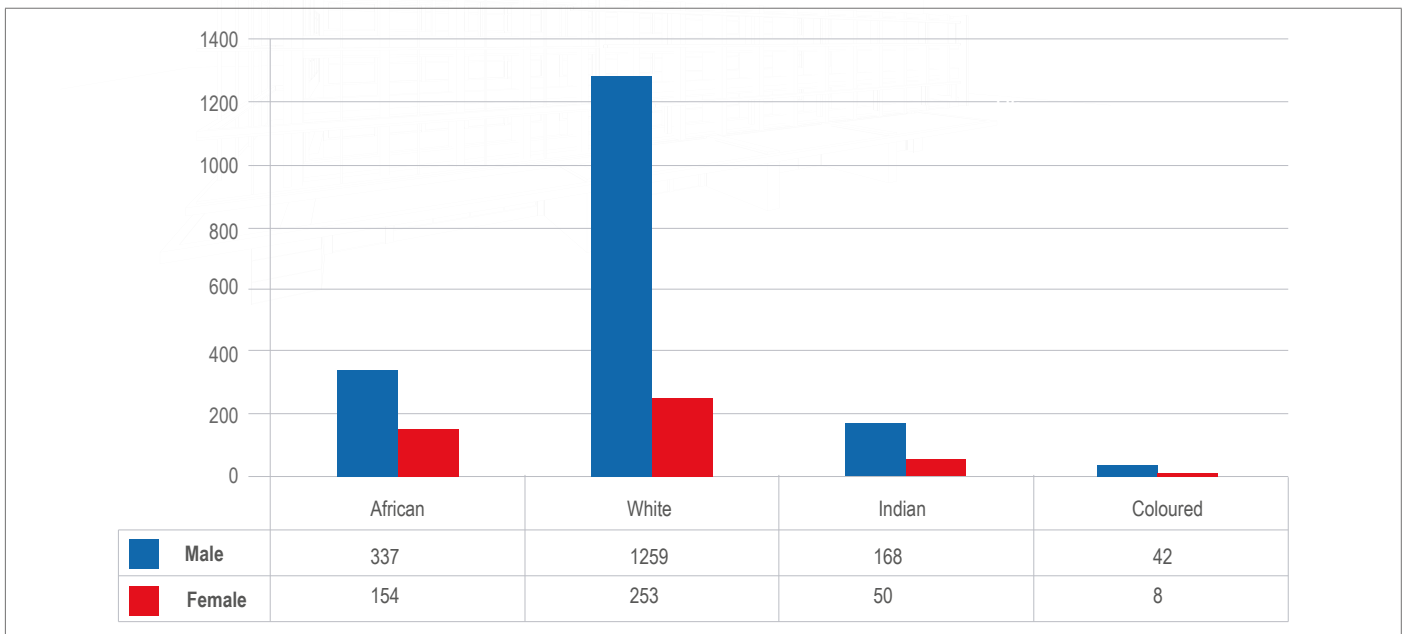


Figure 11: SACQSP 2018/19 Professionals per Gender and Race (Source: SACQSP Fourth Quarter Report 2018/19)

Figure 11 shows SACQSP's number of registered professionals by race and gender. White males make up 1 259 registered professionals, followed by African males at 337 and white females at 253. As with most of the BE professions, the numbers of the Indian and coloured population groups indicate underrepresentation in this profession.

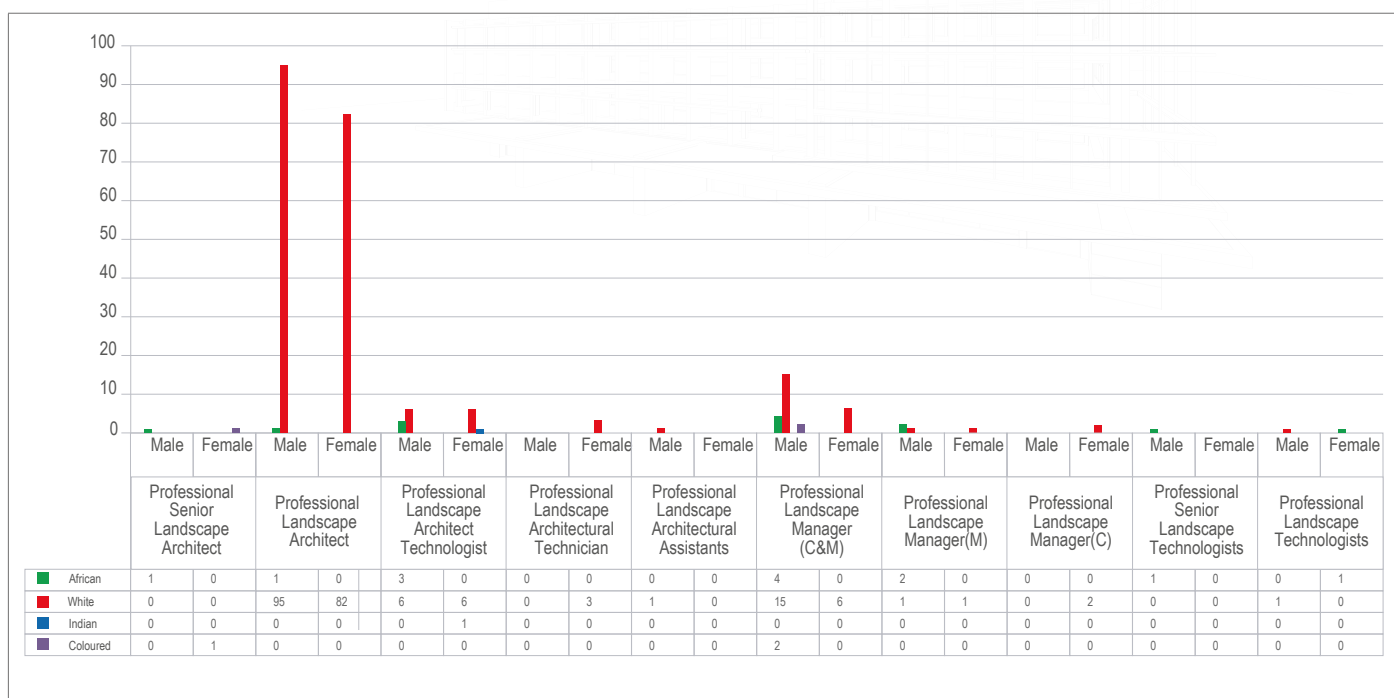


Figure 12: SACLAP 2018/19 Professionals per Gender, Race and Discipline (Source: SACLAP Fourth Quarter Report 2018/19)

Figure 12 compares SACLAP's registered professionals per gender, race and discipline by the end of the 2018/19 financial year. Whites dominated the number of registered professionals with 95 males and 82 females as registered Professional Landscape Architects. The other disciplines had comparatively lower numbers, with an average of three registered individuals per discipline.

From the data and analysis above, it is evident that white male professionals make up the majority of individuals in the six CBEP. African males were the second most prominent demographic group in the CBEP space. The coloured and Indian population groups, regardless of gender, were in the minority overall and regarding registration with specific professional bodies.

REGISTERED CANDIDATES

This section analyses the demographic composition (race and gender) of registered candidates per registration category in the CBEP, and highlights areas of improvement for transformational change.

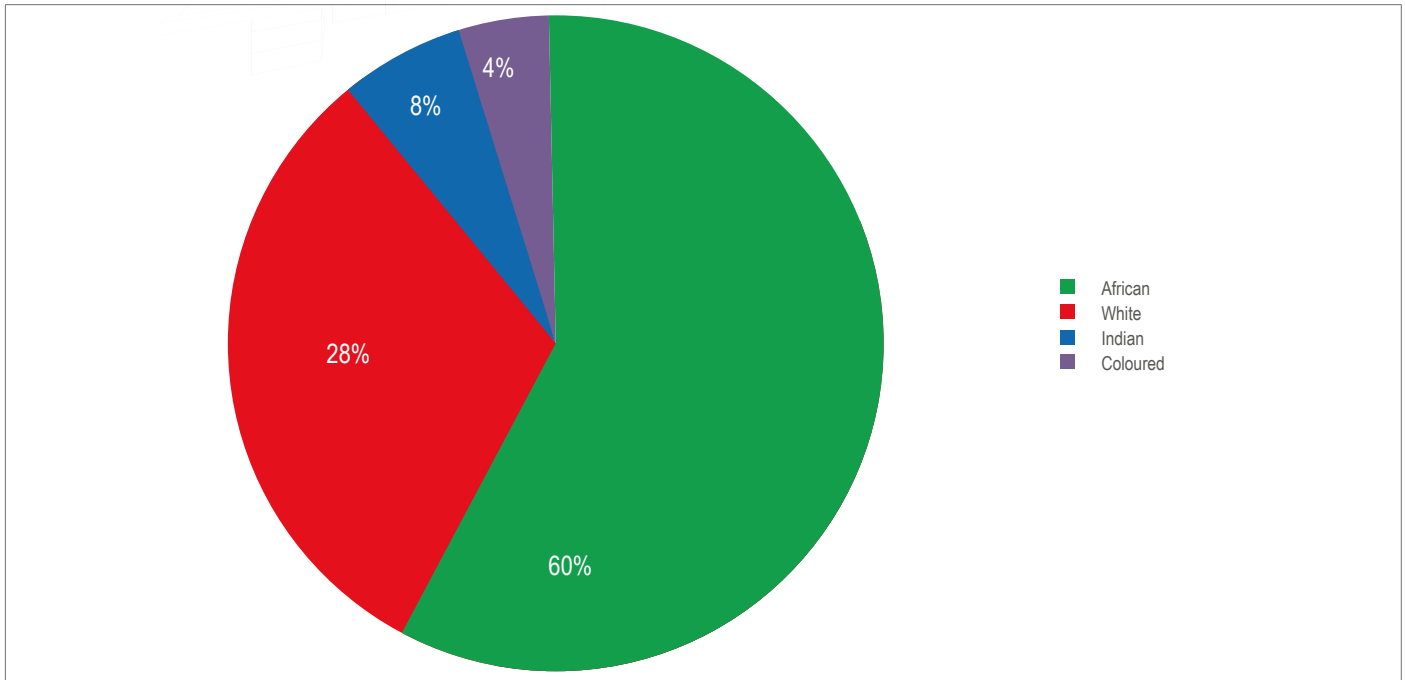
Percentage of Registered Candidates by Race

Figure 13: CBEP 2018/19 Candidates Race profile (Source: CBEP Fourth Quarter Report 2018/19)

Figure 13 represents the demographic composition of candidates in the six CBEP by the end of the 2018/19 financial year. Sixty percent of candidates in the CBEP were African, whites accounted for 28%, whilst Indians and coloureds combined accounted for 12% of CBEP candidates. The 60% of African candidates demonstrates efforts towards transformation, compared to the 19% of registered professionals across the six CBEP. There are also indications of improvement in access to CBEP by both coloured and Indian population groups - from a combined representation of 8% of registered professionals to 12% of candidates. If the current crop of candidates all convert to registered professionals, the demographic composition of the CBEP will become more representative of the South African population.

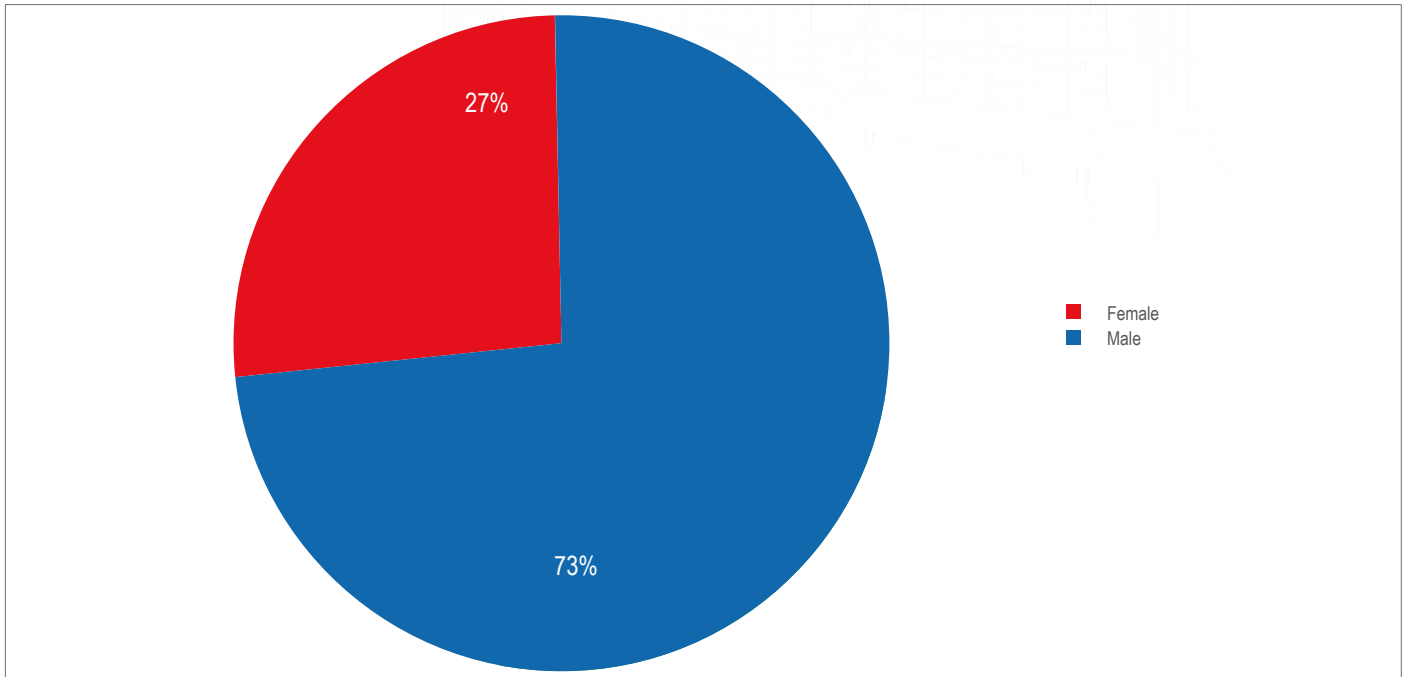
Percentage of Registered Candidates by Gender

Figure 14: CBEP 2018/19 Candidates Gender profile (Source: CBEP Fourth Quarter Reports 2018/19)

Figure 14 shows the demographic composition of the CBEP candidates by gender at the end of the 2018/19 financial year. Males dominated, accounting for nearly three quarters of all candidates. Females only accounted for 27% of CBEP candidates. Although there is slight improvement of access for females from the 11% of registered professionals, there is room for improvement to increase this statistic and make it more representative of South African society.

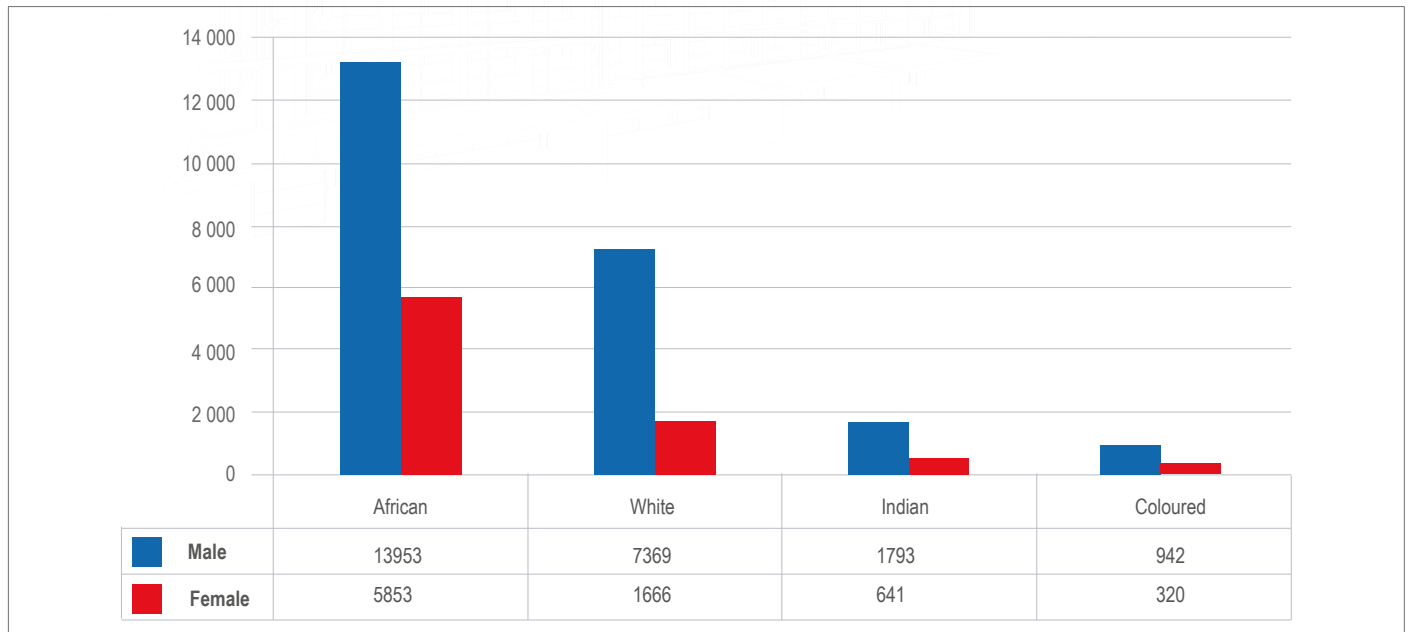
Number of Registered Candidates by Race and Gender

Figure 15: CBEP 2018/19 Candidates profile per Gender and Race (Source: CBEP Fourth Quarter Report 2018/19)

Figure 15 compares the numbers of CBEP candidates by race and gender, by the end of 2018/19 financial year. The bulk of CBEP candidates were African male, followed by white males and African females. As illustrated by the two graphs, there is noticeable improvement when comparing registered professionals versus candidates in terms of race, though not as much on gender.

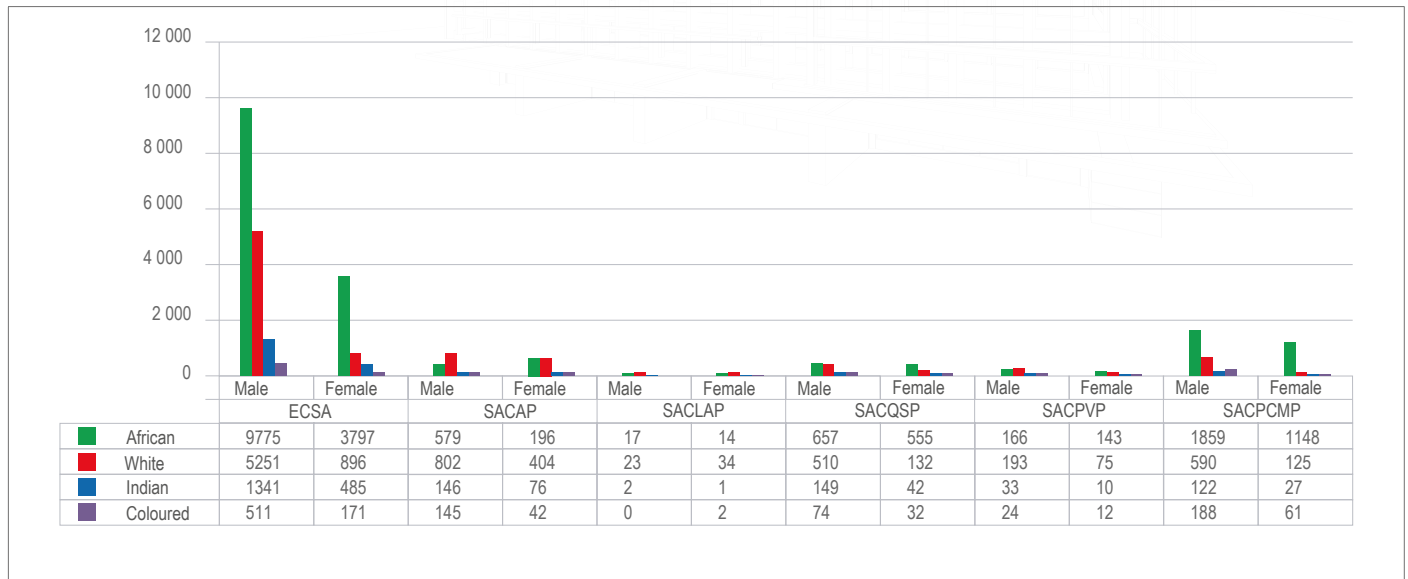
Registered Candidates per Race, Gender and Profession

Figure 16: CBEP 2018/19 Candidates profile per Gender, Race and Profession (Source: CBEP Fourth Quarter Report 2018/19)

Figure 16 compares the number of candidates per profession by race and gender by the end of the 2018/19 financial year. At ECSA, African males dominated at almost 10 000, followed by white males at 5 200 and African females 3 797. These statistics demonstrate improved access to ECSA careers by African people, whilst there has been less dramatic improvement on race and gender demographics in the other CBEP. It is noteworthy that white male candidates were the most dominant group at SACAP (802), not a good indicator for transformation in an industry, which has been dominated by white males.

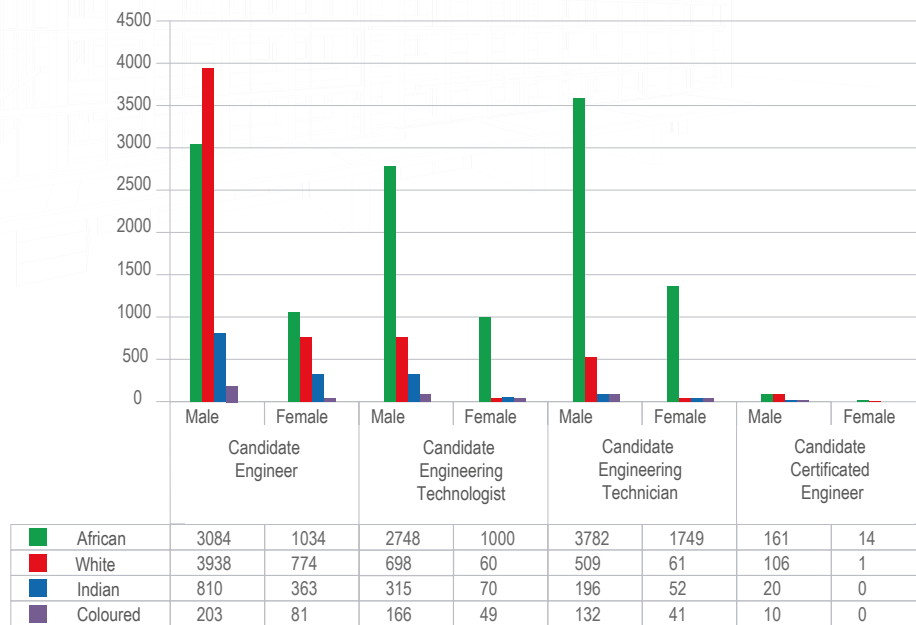


Figure 17: ECSA 2018/19 Candidates profile per Gender, Race and Discipline (Source: ECSA Fourth Quarter Report 2018/19)

This graph depicts the number of candidates at ECSA by race, gender and skills type by the end of the 2018/19 financial year. Comparisons with the number of ECSA registered professionals in the same period indicate that there will be a change in the demographic composition of ECSA's professionals. The graph demonstrates that white males dominate the Candidate Engineer category, whilst African males dominate the Technologist and Technician fields. The inference from this statistic is that white male candidates are more likely to occupy a senior role in the ECSA landscape, whilst the African male will occupy the Technologist and Technician roles. The low numbers of female candidates across the board is alarming; more interventions are needed not only to transform candidates holistically, but also to be cognisant of the disparities between genders in this field.

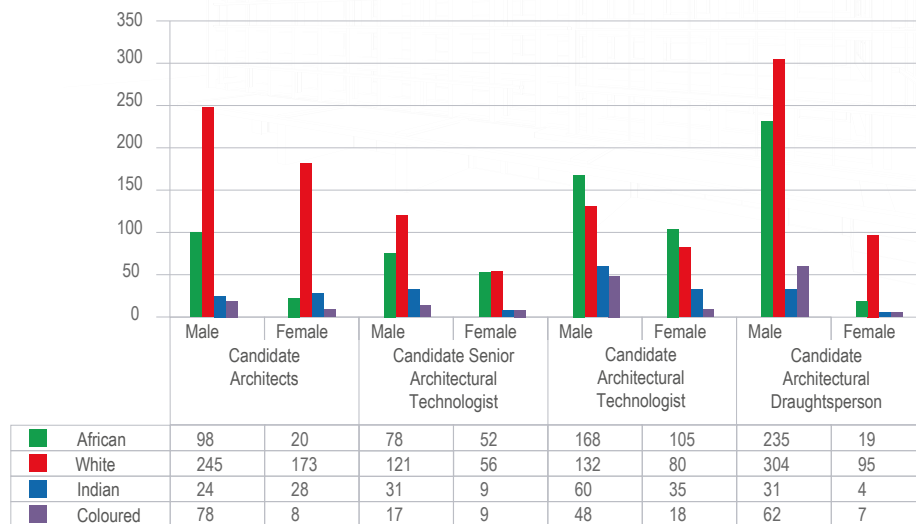


Figure 18: SACAP 2018/19 Candidates profile per Gender, Race and Discipline (Source: SACAP Fourth Quarter Report 2018/19)

Figure 18 shows the number of candidates in the Architectural field by race, gender and category by the end of the 2018/19 financial year. White male candidates are the most prominent group in three of the four categories. African male candidates follow, with white females close behind. Comparisons with the number of registered professionals in the same period indicate that SACAP's demographic profile will remain as is. This highlights a huge need to include females in this male dominated industry, especially of the African population group, to strive towards a more equitable Architectural landscape.

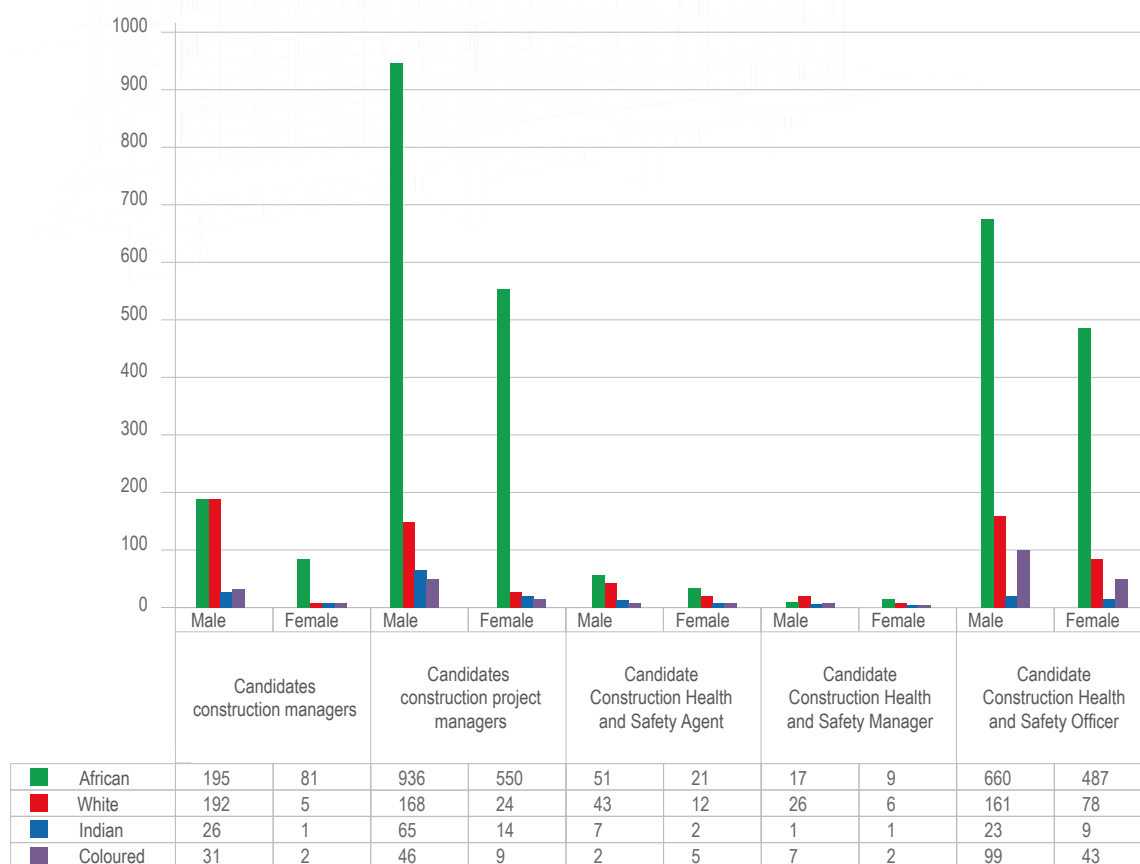


Figure 19: SACPCMP 2018/19 Candidates profile per Gender, Race and Discipline (Source: SACPCMP Fourth Quarter Report: 2018/19)

Figure 19 compares SACPCMP candidates across gender, race and discipline by the end of the 2018/19 financial year. African males accounted for the largest number of SACPCMP candidates, followed by white males. Representation of female candidates in the SACPCMP remained non-existent in all but one discipline (Candidate Construction Health and Safety Officer). Comparisons with registered professions in the same period indicate the participation of Africans will improve in most of the disciplines, resulting in a more demographically transformed SACPCMP.

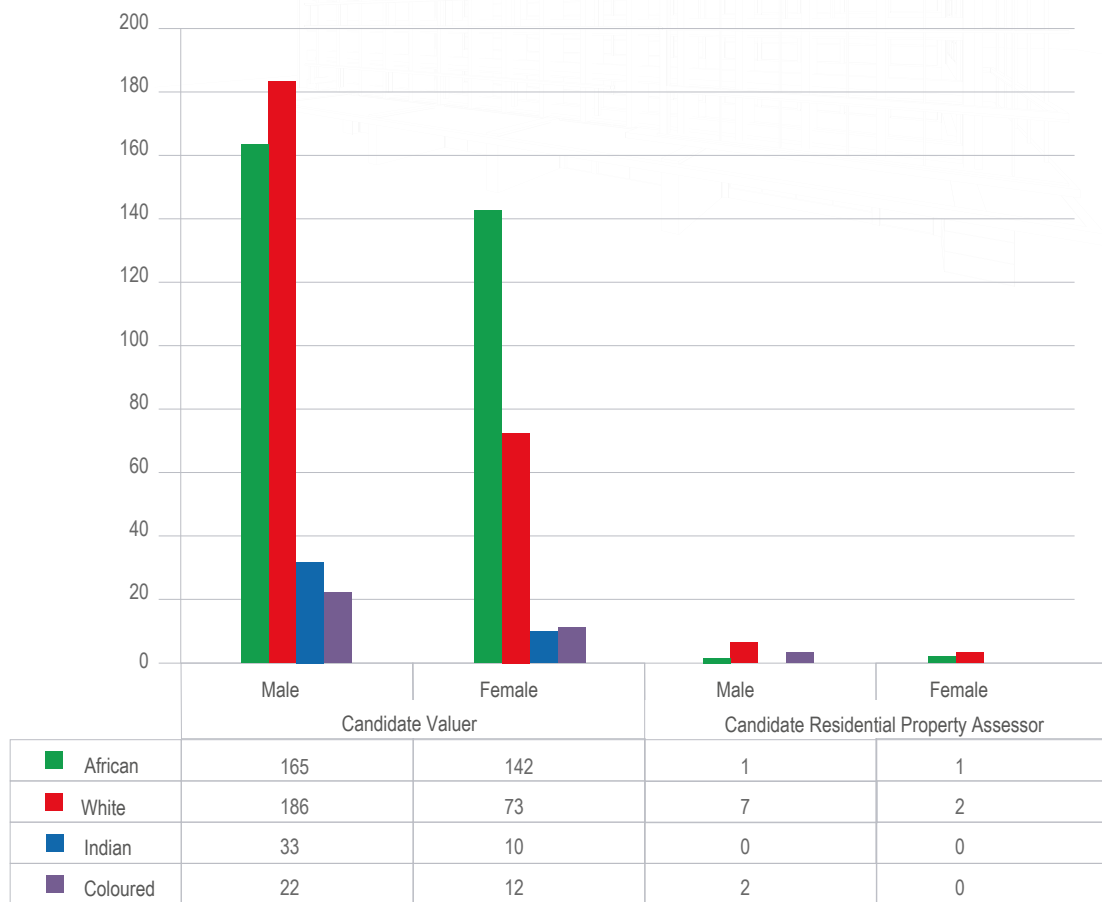


Figure 20: SACPVP 2018/19 Candidates profile per Gender, Race and Discipline (Source: SACPVP Fourth Quarter Report 2018/19)

Figure 20 compares the number of SACPVP candidates by gender, race and discipline by the end of the 2018/19 financial year. White males accounted for largest share of SACPVP, followed by African males and females. Despite the large inclusion of females into the SACPVP candidate programmes, there is room for improvement towards a more inclusive sector. Compared with the number of registered SACPVP professionals, there is a notable improvement in the representation of the African population group, particularly in the “Valuer” discipline, which, hopefully, will lead to a more equitable and demographically transformed SACPVP.

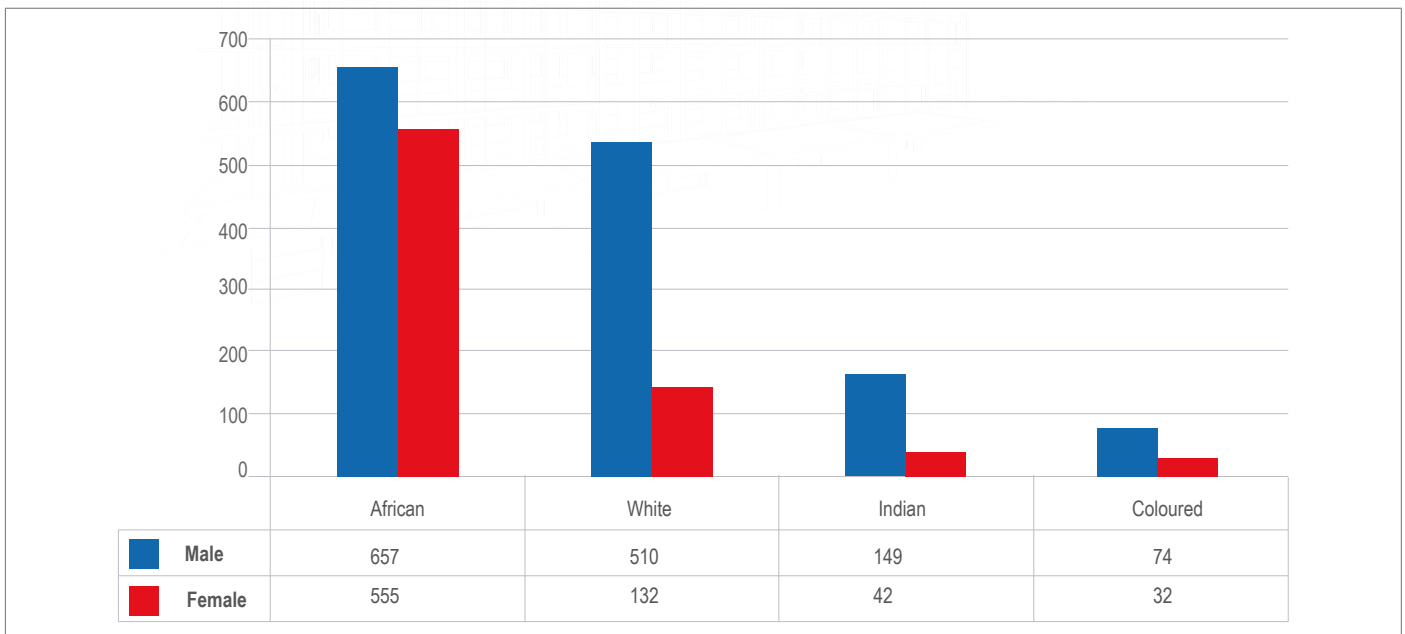


Figure 21: SACQSP 2018/19 Candidates profile per Gender and Race (Source: SACQSP Fourth Quarter Report 2018/19)

Figure 21 compares the number of SACQSP candidates by gender and race by the end of the 2018/19 financial year. Males accounted for most of the SACQSP candidates, and the number of African candidates drastically improved. This highlights the need to improve female access to SACQSP candidate opportunities to ensure a more demographically transformed profile.

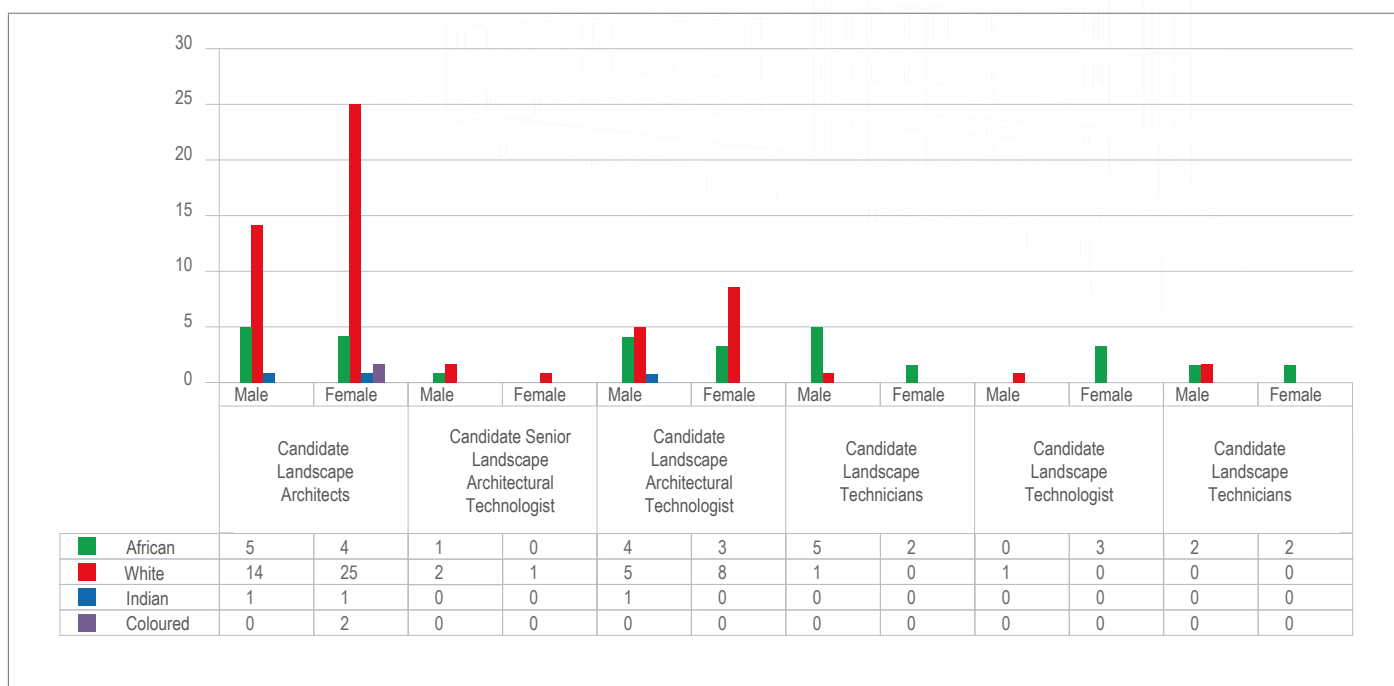


Figure 22: SACLAP 2018/19 Candidates profile per Gender, Race and Discipline (Source: SACLAP Fourth Quarter Report 2018/19)

Figure 22 compares the gender, race and disciplines of SACLAP candidates by the end of the 2018/19 financial year. As has been the trend across SACLAP registered professionals, the white population group accounted for the largest share of candidates by the end of 2018/19; however, a standout feature is that white females accounted for the largest group of candidates followed by white males. The overall number of registered candidates by the end of 2018/19 highlight two salient points:

1. the CBEP' demographic composition was more transformed when compared with registered individuals in the CBEP space. However, it is important to note there are some professions where there is no distinguished difference in the demographic composition of registered professionals and candidates - such institutions remain largely white male dominated
2. is the pace at which the CBEP are transforming acceptable or is there a need to develop interventions to accelerate transformation?

3.2 Accreditation

Section 13 of the six built environment professions Acts of 2000, subject to sections 5 and 7 of the Higher Education Act, 1997 (Act 101 of 1997), empowers the CBEP to conduct accreditation visits to any educational institution which has a department, school or faculty of that profession. These visits must be conducted once during its Council's term of office. If the council for the profession does not conduct an accreditation visit within its term of office, it must notify the Minister accordingly and provide reasons for its failure to do so. The council may conditionally or unconditionally grant, refuse, and withdraw accreditation regarding all educational institutions and their educational programmes.

Section 4(p) of the CBE Act impels the CBE to *promote coordination between the Council on Higher Education and the councils for the professions in relation to the accreditation of educational institutions.*

Accreditation of education programmes is an important element for quality assurance and maintaining professional standards against national and international standards. Completion of an accredited course of study is generally a key criterion for registration with the CBEP.

Objectives of Accreditation

The objectives of accreditation, as per the six built environment professions Acts, are to:

- establish whether a programme meets the educational requirements toward registration in a particular category
- establish whether the graduates of a programme are ready to enter employment, and are equipped to continue learning throughout their careers
- establish the international comparability of programmes
- assure the public of the quality of the programme
- evaluate and, subsequently, maintain the quality and standard of CBEP programmes offered at public South African higher education providers
- 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 CBEP evaluate the teaching programmes offered at universities and UoTs.

During the reporting period, the following accreditation activities were reported by the CBEP:

ECSA

Table 45: ECSA's accreditation visits

Institution	Type of Visit	Date
University of KwaZulu-Natal	Final Accreditation Visit	08 - 09 February 2019
University of KwaZulu- Natal	Regular Accreditation Visit	14 - 15 March 2019
University of South Africa	Regular Accreditation Visit	19 - 20 March 2019

SACAP

Accreditation visits for the current term of office Council were undertaken in 2014 and 2017. Visits will next resume between 2019 and 2021.

SACLAP

No accreditation visits were conducted in the previous financial year.

SACPVP

Accreditation visits for the current term of office Council were undertaken in 2014 and 2017. Visits will next resume between 2019 and 2021.

SACPCMP

The Programme Accreditation Policy has been reviewed to incorporate new amendments and lessons learnt from the first accreditation cycle, in preparation of the second accreditation cycle.

The Programme Accreditation Committee approved the amendments at their 31st sitting on 27 February 2018. Council, at its meeting of 16 March 2018, approved the amended Programme Accreditation Policy Committee to be gazetted for public comment.

SACQSP

Accreditation visits were conducted to these two outstanding institutions in 2018:

- University of KwaZulu-Natal: 28 September 2018
- University of Cape Town: 09 October 2018

The outcome of these accreditation visits is still awaiting ratification from Council.

The challenge is that UoTs are struggling to meet the minimum requirement regarding certain criteria in the accreditation policy. A workshop was held on cross mapping for criterion 1, and a one-year extension granted to conditionally accredited institutions to devise a plan to overcome the shortcomings.

Table 46 shows a slight increase in the number of programmes accredited by the CBEP. However, the issue of non-accreditation programmes at educational institutions needs to be addressed.

The programmes are colour-coded to denote the following accreditation status:

Red	Full Accreditation
Orange	Not Accredited
Blue	Provisional Accreditation
Black	Accreditation status not determined as information was not provided

Table 46: Institutions with BE 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 Bachelor of Science: Construction Studies	Master of Landscape Architecture (MLArch) BLA Hons (1year) MLA (1 year)	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 -Electro-mechanical -Mechatronic -Electrical and Computer
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 Bachelor of Science: (Hons) Construction Management; Masters of Land and Property Management (MLPM)	N/A	Bachelor of Architectural Studies BAS (1st 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	Bachelor of Quantity Surveying BSc (Hons) in Quantity Surveying Accreditation was withdrawn in 2014, as it had not taken on any new students since 2012. Negotiations are underway, since 2014, to re-instate the programme.	N/A	N/A	N/A	BAS (3 years undergraduate) M Arch (Prof)	BSc (Eng) -Electrical -Agricultural -Chemical -Electronic -Civil -Mechanical -Computer Engineering
University of Pretoria	Bachelor of Quantity Surveying BSc (Hons) in Quantity Surveying	MSc in Real Estate Property Valuation BCom and B Com (Hons)	BSc (Hons) in Construction Management Bachelor of Science: Construction Studies Masters of Science (Project Management)	BSc Landscape Architecture BL (Hons) ML (Prof)	BSc in Architecture M. Arch Prof BSc (Hons) in Architecture	BEng -Civil -Mechanical -Industrial - Mining -Chemical -Electrical -Metallurgical -Electronic -Computer Engineering

INSTITUTION	SACQSP	SACPVP	SACPCMP	SACLAP	SACAP	ECSA
University of the Witwatersrand	Bachelor of Quantity Surveying BSc (Hons) in Quantity Surveying	BSc (4 years) in Property Studies MSc in Property Studies Postgraduate Diploma in Property Studies	BSc (Hons) in Construction Management; Bachelor of Science: Construction Studies; Master of Science: Building in Construction Project Management	N/A	BAS BAS (Hons) M Arch (Prof)	Bachelor of Engineering in -Civil -Chemical -Electrical -Mechanical -Industrial -Aeronautical -Mining -Metallurgical and Materials -Electrical Engineering-Information Option

INSTITUTION	SACQSP	SACPVP	SACPCMP	SACLAP	SACAP	ECSA
Nelson Mandela Metropolitan University	Bachelor of Quantity Surveying BSc (Hons) in Quantity Surveying	N/A	National Diploma: Building BSc (Hons) in Construction Management BSc in Construction Studies MSc in Built Environment, Construction Management Specialisation MSc in Built Environment, Project Management Specialisation MSc in Built Environment, Construction Health and Safety Management Specialisation	N/A	N Dip (National Diploma - Architectural Technology) B Tech (Architectural Technology) M Tech (Architectural Technology) BAS M Arch (Prof)	B.Eng Mechatronics
University of Johannesburg	BTech in Quantity Surveying ND: Building	ND in Real Estate Property Valuation (discontinued) BCom and BCom (Hons)	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

INSTITUTION	SACQSP	SACPVP	SACPCMP	SACLAP	SACAP	ECSA
Walter Sisulu University of Technology	ND in Building	N/A	(Withdrawn)	N/A	N/A	BTech and ND in Engineering -Civil -Mechanical -Electrical, Electronic and Computer Chemical National Diploma: Engineering Civil (Butter Worth campus) National Diploma: Engineering Civil (College Street Campus)
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
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

INSTITUTION	SACQSP	SACPVP	SACPCMP	SACLAP	SACAP	ECSA
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) It is anticipated that the programmes will be accredited in April 2019	N/A	BTech and ND in Engineering -Civil (Environmental, Structural, Transportation, Urban, Water) -Chemical -Electrical -Industrial -Information Technology -Mechanical -Mining
Cape Peninsula University of Technology	Bachelor of Technology in Quantity Surveying	ND in Real Estate (Property Valuation)	B BTech in Construction Management National Diploma: Building	ND and BTech in Landscape Technology Diploma in Landscape Architecture (NQF 6) Advanced Diploma in Landscape Construction Management (NQF 7)	B Tech (Bachelor of Architectural Technology) N Dip (Architectural Technology)	BTech and ND in Engineering -Civil -Chemical -Computer Systems -Industrial -Electrical -Mechanical -Mechatronics
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 (Transportation, Water, Urban) -Electrical -Industrial -Mechanical -Mechatronics

INSTITUTION	SACQSP	SACPVP	SACPCMP	SACLAP	SACAP	ECSA
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)	BTech and ND in Engineering -Computer Systems -Electronic -Chemical -Civil -Electrical -Mechanical
Mangosuthu University of Technology	ND: Building NDip in Surveying	N/A	(withdrawn)	N/A	N/A	BTech and ND in Engineering -Civil -Electrical -Mechanical -Chemical
Tshwane University of Technology	Bachelor of Technology in Quantity Surveying	Building Science	National Diploma: Building Bachelor of Technology: Construction Management	ND in Landscape Technology BTech in Landscape Technology(New programme structure and course content) It is anticipated that this programme will be accredited in April 2019.	B Tech (Architecture Professional) (Part 1) M Tech (Architecture Professional) (Part 2) B Tech (Architectural Technology) (Part 1)	BTech and ND in Engineering -Chemical and Metallurgical -Civil -Electrical -Industrial -Mechanical -Mechatronics -Computer Systems

INSTITUTION	SACQSP	SACPVP	SACPCMP	SACLAP	SACAP	ECSA
Vaal University of Technology	N/A	N/A	N/A	N/A	N/A	BTech and ND in Engineering -Chemical -Electrical -Civil -Industrial -Mechanical -Computer Systems -Metallurgical
Inscape					Architectural Technology NQF 5	

The following challenges, regarding accreditation, were reported for the year under review:

- some CBEP cite a lack of suitably experienced persons to undertake accreditation visits to the tertiary education institutions
- cost of accreditation to higher education institutions

Both the CHE and the Council of the SACQSP have a research requirement for the national diploma. To evade this requirement, UoTs have opted to restructure their qualifications and phase out the national diploma. The result of this manoeuvre is that South Africa will have two educational institutions, located on the coast, able to host the national diploma; a move that will significantly impact on transformation.

The SACQSP Council will be required to re-look at the route to registration taking into consideration the new qualifications.

3.3 Recognition of Prior Learning

Recognition of Prior Learning (RPL) considers practising individuals in the professions who do not have a formal qualification, which will nevertheless enable them to be recognised as either professionals or candidate professionals under the statutory-determined professional designations. Their recognition is based on a demonstration of competence against learning outcomes required for a National Qualifications Framework (NQF)-aligned qualification. Applications received by the CBEP for RPL are summarised below:

ECSA

ECSA received 21 applications. Of these, 20 were registered, while one was not eligible.

SACPCMP

At the end of the 2018/19 financial year 23 applications were received:

registered	3
Portfolio of Evidence (PoE) under review	3
information outstanding in PoE	2
RPL fee paid; however, a considerable number of PoEs are outstanding	15

SACAP

The SACAP RPL process does not facilitate initial registration, but allows for the progression of professionals from one registration category to the next. The process takes place in two phases. To date a number of applicants have gone through Phase 1, and are awaiting admission to Phase 2.

SACPVP

Three applications were received. Two were registered, while one was not eligible.

SACLAP

All 14 of the applications received were eligible and registered.

SACQSP

No applications for RPL were received in the year under review.

The reasons for the rejection of applications were listed as follows:

- i. inadequate employer support
- ii. difficulty in securing mentors - access to competent mentors was cited as a barrier, resulting in the lack of a structured in-service training programme
- iii. applicants' lack of clarity on the knowledge areas to be covered
- iv. clarity on the required competencies for registration
- v. incomplete reporting and supporting documentation on experience
- vi. compiling the PoE is onerous and highly demanding

3.4 Continuous Professional Development

The purpose of Continuous Professional Development (CPD) is to ensure that BEPs' knowledge and competencies are continuously developed, and to keep abreast of new developments in their respective fields.

Another purpose is to assist BEPs 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 client will ultimately be the beneficiary.

The built environment professions Acts impose a duty on a registered person to apply for the renewal of his/her registration with the council for the profession "at least three months prior to the prescribed expiry date of his/her registration" [section 22(1)]. The Acts empower the CBEP to determine conditions for the renewal of registration, and 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 the CBEP the opportunity to comply with both the renewal of registration and CPD requirements.

It is the responsibility of all professionals to keep up to date with changes and new developments in the professional body of knowledge through participation in formal and informal CPD. All registered professionals are required to complete a series of accredited continuing education activities each year. CPD ensures that:

- skills of professionals meet the highest standards
- expertise of members develop and expand as markets and conditions change
- the role and reputation of the professions are relevant and enhanced - both in South Africa and in the international BE community
- expertise of members is harnessed to inform public debate

Table 47: Percentage of registered professionals who comply with CPD requirements

CBEP	Percentage of registered professionals who comply with CPD requirements
ECSA	47.08
SACQSP	100
SACAP	31.43
SACPVP	81
SACPCMP	51%
SACLAP	N/A

Source: CBEP Fourth Quarter Report 2018/19

CPD challenges

- most registered persons do not make a submission on a yearly basis; instead they wait till the end of the five-year cycle. In addition, most do not comply with the requirements of Category A of the CPD requirements
- despite repeated reminders to comply with CPD requirements, registered persons not adhere. This has the potential of resulting in a high number of deregistrations

4. Agreements and Partnerships

In terms of section 13(e) of the built environment professions Act of 2000, the CBEP may *establish mechanisms for registered persons to gain recognition for their qualifications and professional status in other countries*. Section 13(h) states that councils for the professions 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*.

Arrangements for agreements and partnerships should be consistent with the following principles:

- international movement of professionals is in the interests of increasing trade, investment and knowledge flows between the council for the profession and its trading partners
- needs of the South African community are served according to the highest professional standards
- assessment processes ensure applicants meet standards consistent with the standards applying to local applicants

The CBEP Fourth Quarter Report 2018/19 outlined the following regarding agreements:

SACAP

Accreditation protocols were aligned with international standards and norms.

SACPVP

No new agreements were concluded.

ECSA

ECSA is party to the following international agreements:

- Washington Accord (WA): a mutual recognition of educational qualifications for the education of engineers
- Sydney Accord (SA): a mutual recognition of educational qualifications for the education of engineering technologists
- Dublin Accord (DA): a mutual recognition of educational qualifications for the education of engineering technicians
- International Professional Engineers Agreement (IPEA): for the engineers
- International Engineering Technologists Agreement (IETA): for the technologists
- Agreement of International Engineering Technicians (AIET): for the technicians

Locally, ECSA signed agreements with the following entities:

- Managed Integrity Evaluation (MIE): This agreement is to establish an online platform to access information for the purpose of education qualification of applicants on the ECSACRM system
- East London Industrial Development Zone (ELIDZ): This agreements addresses the scarce and/or critical skills shortage in the region by ensuring that training is appropriate and at the correct level

SACPCMP

Council is keen to enter into two reciprocal international agreements that would lead to the recognition of the registered professions status; however, such arrangements require involvement/consent of other state entities.

SACLAP

There were negotiations with the International Federation for Landscape Architects (IFLA) and World Urban Parks Association (WUPA).

SACQSP

SACQSP Continued to be party to the Royal Institution of Chartered Surveyors (RICS)/SACQSP Mutual Recognition of Mutual Competence Agreement.

5. Protecting Public Interest

Sections 3(a) and (e) of the CBE Act impel it to:

(a) promote and protect the interests of the public in the built environment

(e) promote appropriate standards of health, safety and environmental protection within the built environment

5.1 Improper Conduct and Disciplinary Cases

In terms of section 28(1) of the built environment professions Acts of 2000 (section 29 in the instance of SACPVP), the relevant council for the profession 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 built environment professions Acts of 2000 impels the CBEP to appoint a disciplinary tribunal to hear a charge of improper conduct.

To ensure the protection of consumers of professional services, the CBEP have established complaints and disciplinary systems to maintain the quality of services to consumers and address unprofessional conduct by professionals.

Reasons for the disciplinary measures

The CBEP may take disciplinary action against any registered person who is thought to be in violation of any of the six built environment professions Acts or who is thought to pose a danger to the public. Most complaints fall into the categories of “professional misconduct” or “unprofessional conduct”, and unsafe practice or illegal or unethical behaviour.

The nature of complaints/disciplinary cases related to:

- improper conduct
- failure of registered persons to perform professional services within reasonable time
- professionals undertaking professional work while their registrations were suspended
- competency/design errors
- non-compliance with the Code of Conduct
- rendering service as a professional, even when not registered

Duration of disciplinary matters

Most of the cases took longer than 90 days to a year to complete. The challenges with this turn-a-round time were the following:

- high cost of investigations and conducting disciplinary cases
- lack of legal resources within the CBEP, who are then forced to source this expertise externally

General penalties

The decisions by the CBEP to take disciplinary action determines a professional's ability to practice or hold oneself out as a registered person. Specific actions that constitute penalties vary among the CBEP. The matter may be closed without sanction, or disciplinary action may be taken. If the matter is not closed without sanctions, punitive measures can take a number of forms and may be imposed in combination. Examples include:

- *Reprimand or censure*—reprimand and censure are similar in that they are official records indicating that a licensee has been disciplined. They may, in themselves, not compromise one's ability to practice but may be imposed along with other penalties
- *Citation*—the CBEP of the registered person imposes a fine or order of abatement in lieu of making a formal accusation
- *Cease and desist order*—an order to stop a particular activity or else face further penalty
- *Warning*—this can be accompanied by stipulations or specific requirements
- Mandated continuing education
- Fine or civil penalty
- *Remediation*—an attempt to correct practice and promote safety; it may define terms for the license to be reinstated in good standing
- Referral to an alternative-to-discipline program
- *Probation*—during which the registered person may/may not be permitted to practice. If permitted to practice during the period of probation, it is with terms and conditions or restrictions
- *Suspension*—a period of time in which a registered person may not practice or hold him/herself out
- *Interventions*

Complaints received by the CBEP

Complaints of improper conduct lodged against registered persons, or incidents regarding CBEP-related activities that may indicate improper conduct by registered persons are investigated. The following are the complaints received by the six CBEP, according to the CBEP Fourth Quarter Report 2018/19:

SACPVP

Twenty-nine complaints of improper conduct were received. Their status is:

completed	7
in progress	21
withdrawn	1

SACAP

Twenty-five complaints were received relating to:

- failure to perform work for a client within reasonable time
- failure to adequately communicate with the client regarding architectural work undertaken
- failure to set out terms of appointment in writing prior to undertaking architectural work
- failure to display prescribed abbreviation on letterhead
- registered persons practicing while on suspension
- forging a signature of another professional
- changing the scope of work, budget or professional fees without the consent of the client

SACPCMP

Four complaints were received. One was completed, while three are in progress:

improper conduct by registered PrCHSA	3
improper conduct by a registered CCHSA	1

ECSA

Eighteen complaints were received during the reporting period, most of which related to competency/design errors:

completed	7
in progress	11

SACQSP

Seven complaints were received as follows. Two were completed and four were in progress.

breach of the SACQSP Code of Conduct	2
candidate working for own account	4
performing the work of PrQS but not registered	1

Challenges

One of the challenges that CBEP continuously face is the inability to finalise the disciplinary cases within the stipulated time. The finalisation of disciplinary cases is mostly dependent upon the respondents' response, which, more often than not, is delayed when they seek legal representation.

5.2 Built Environment Health and Safety

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 DoL's Construction Regulations, 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 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.

ECSA

ECSA reported the following health and safety incidents for the 2018/19 financial year:

- Hoërskool Driehoek in Vanderbijlpark, walkway collapse - three school learners killed and multiple injured
- wall collapse, Isipingo Beach, KwaZulu-Natal – three people killed
- roof Collapse, Rhema Church, Gauteng - no injuries
- OR Tambo Bridge, Gauteng - no injuries

There were no incidents reported by other five CBEP.

6. Sustainable and Integrated Development**6.1 Identification of Work**

The CBE is compelled by section 20(2) of the CBE Act to identify the scope of work for each category of registered persons - referred to as IDoW. The scoping of the work is determined after consultation with the Competition Commission (CC) and in consultation with the six CBEP.

The objective of the IDoW is to enhance the protection and safety of the public and the environment by ensuring that only persons registered in the relevant category of registration (and thus demonstrated the required competence and academic qualifications), perform work in the built environment or take responsibility for work so performed.

The CC rejected applications of behalf of the CBEP to have identification of work exempted from the provisions of the Competition Act (Act 89 of 1998). This decision by the CC obliged the CBE and CBEP to reconsider the manner in which work was initially identified in the submitted exemption applications. A workshop, conducted during the last quarter of the previous financial year between the CBE, CBEP and DPW, produced an IDoW Action Plan, focussing on the CBE's statutory role and the CC's concerns. The CC's concerns were identified in its substantial reasons for rejecting one application, with an assurance that the reasons will be the same for all applications.

The CBE was involved in the following activities in order to resolve the IDoW:

- gathered further input from the CBEP on the identification of the scope of work for each category of registration by developing a template
- submitted the scope of work identified for the category of registration regulated by SACQSP to the CC on 01 March 2019, with an invitation to consult in terms of section 20(2) of the CBE Act by 19 March 2019. At the time of compiling this report, the CC did not respond to this invitation to consult
- the CC invited individual CBEP to discussions on the IDoW and publication of guideline professional fees. The CC agreed to include the CBE in these discussions, planned for April 2019
- updated DPW's Policy Unit on the intended process to finalise the identification of work process, and the planned consultations with the CC. There was consensus to have regular engagements on the progress made with the IDoW

6.2 Professional Fees

Section 4(k)(v) of the CBE Act, empowers it to *ensure the consistent application of policy by the councils for the professions with regards to 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.*

In terms of section 34(1) of the built environment professions Acts of 2000, *"The Council must, in consultation with the voluntary associations, representatives of service providers and clients in the public and private sector, formulate recommendations with regard to the principles referred to in section 4(k) (v) of the Council for the Built Environment Act, 2000."*

Section 34(2) of the built environment professions Act 2000 provides that *"The council must annually after consultation with the voluntary associations, representatives of service providers and clients in the public and private sector, determine guideline professional fees and publish those fees in the Gazette."*

At the beginning of 2013, the CBEP resolved not to publish professional fees, acting on the CC's advice that this was deemed anti-competitive behavior. On this basis, an exemption application was submitted to the CC, which was rejected. This is expected to be the basis of an appeal headed by the CBE on behalf of the CBEP.

6.3 Voluntary Associations

In South Africa, a Voluntary Association (VA) is any association that has been recognised as such by the CBEP. An association is broadly defined to include an institute, institution, association, society or federation established by 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 council for the profession on VAs.

VAs are an important constituent of the BE professional milieu as a repository of profession-specific technical knowledge. They are 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:

- provide a pool of practitioners to serve on professional councils' committees
- play the role of competency assessment (assessors) in the registration process
- provide a pool of mentors for candidate professionals
- serve as members of evaluation committees for programme accreditation at higher education institutions which offer BE qualifications

Table 48: Number of VAs recognised by the CBEP

CBEP	Number of VAs recognised	Number of VAs not recognised
ECSA	47	0
SACAP	12	0
SACLAP	2	4
SACPCMP	13	4
SACPVP	3	0
SACQSP	1	1

Source: CBEP Fourth Quarter Report 2018/19







COUNCIL FOR THE BUILT ENVIRONMENT

Address: Corobay Corner,
2nd Floor, 169 Corobay Avenue
Menlyn, Pretoria, 0027

Tel: +27 (0) 12 346 3985

VOIP: +27 (0) 87 980 5009

Email: info@cbe.org.za / registrar@cbe.org.za

Website: www.cbe.org.za

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