

# The cidb register of contractors

July 2023

# OVERVIEW

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

# Overview of the cidb mandate

# The CIDB

## **CIDB legislative mandate**

### **DEVELOPMENT**

- Provide strategic leadership to construction industry stakeholders to stimulate sustainable growth, reform and improvement of the construction sector
- Promote sustainable growth of the construction industry and the participation of the emerging sector in the industry

### **REGULATION**

- Promote uniform application of procurement policy throughout all spheres of government
- Promote uniform and ethical standards, construction procurement reform, and improved procurement and delivery management – including the Construction Code of Conduct
- Promote the standardisation of the procurement documentation, processes and procedures;

# Scope of the cidb mandate

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

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



Quotation Number:	ERW202002/031		
Description:	SUPPLY AND DELIVERY OF STATIONERY AT HEIDELBERG WCW		
CIDB Requirement	1 GB/EP/EM/ETC.	DTI provision (refer MBD 6.2 form)	
Bid Closing Date:	6 March 2020 12:00PM		
Compulsory Briefing Session:	N/A		
Plant/Site Address:	HEIDELBERG WWCW Maps to sites are on our web site: <a href="http://www.erwat.co.za">www.erwat.co.za</a> (to Heidelberg plant, 385 Farm Boschoek Vaal dam Road, Heidelberg (26°34'58.82" S, 28°18'10.64" E)		
Contact Person	Mpho Mayisa/Mpho Malepe		
Contact Number	016 341 9000	e-mail	@erwat.co.za
Bidders prices must be valid for a period of 30 days from closing		Only firm prices will be accepted	
Non-firm prices	In the case of prices not being firm due to rate of exchange factors, the MBD 3.2 form must be completed and attached to this document.		

# Legislative requirements for register of contractors

## Chapter 3 of the cidb Act

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

- Facilitates public sector procurement and promotes contractor development.

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

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



## Chapter 3 of the cidb Act continue

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

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

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

# What is the Register of Contractors?

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

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

## CID Regulations 30(1)(c):

(1) Any person or organ of state who-

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

# Objectives of the Register of Contractors

## Phase 1(In-place)

The Register of Contractors has been established to:

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

NB: Mandatory for public sector to use it.

# Objectives of the Register of Contractors

## Phase 2(under development)

The Register of Contractors has been established to:

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

# Tender Value Limits & classes construction works



# Classes of Construction Works

**GB = General Building**

**CE = Civil Engineering**

**ME = Mechanical Engineering**

**EB = Electrical Engineering (Building)**

**EP = Electrical Engineering (In)**

**Specialist works (SB to SQ)**

# General Building (GB)

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Construction works that:

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

## Structures as:

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Buildings for domestic, industrial, institutional or commercial occupancies  
Car ports; Refurbish / renovate buildings

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## Services and operations such as:

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Buildings and ancillary works other than those categorised as being:

- (c) civil engineering works;
  - (d) electrical engineering works;
  - (e) mechanical engineering works; or
  - (f) specialist works
-

# School (GB)





# Office building (GB)



# Civil Engineering (CE)

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

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## Structures as:

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

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## Services and operations such as:

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

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# Railways (CE)





# Bridge construction (CE)



# Cooling towers (CE)





# Culvert (CE)



# Culvert cont...





## Dam (CE)



## Grandstand (CE)





## Roads (CE)



# Reservoirs (CE)





## Runways (CE)





## Tunnel (CE)





# Water Treatment and Supply (CE)





# Earthworks (CE)





# Pipelines (CE)





## Pipelines continue (CE)



# Electrical Engineering (EB)

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

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## Structures as:

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

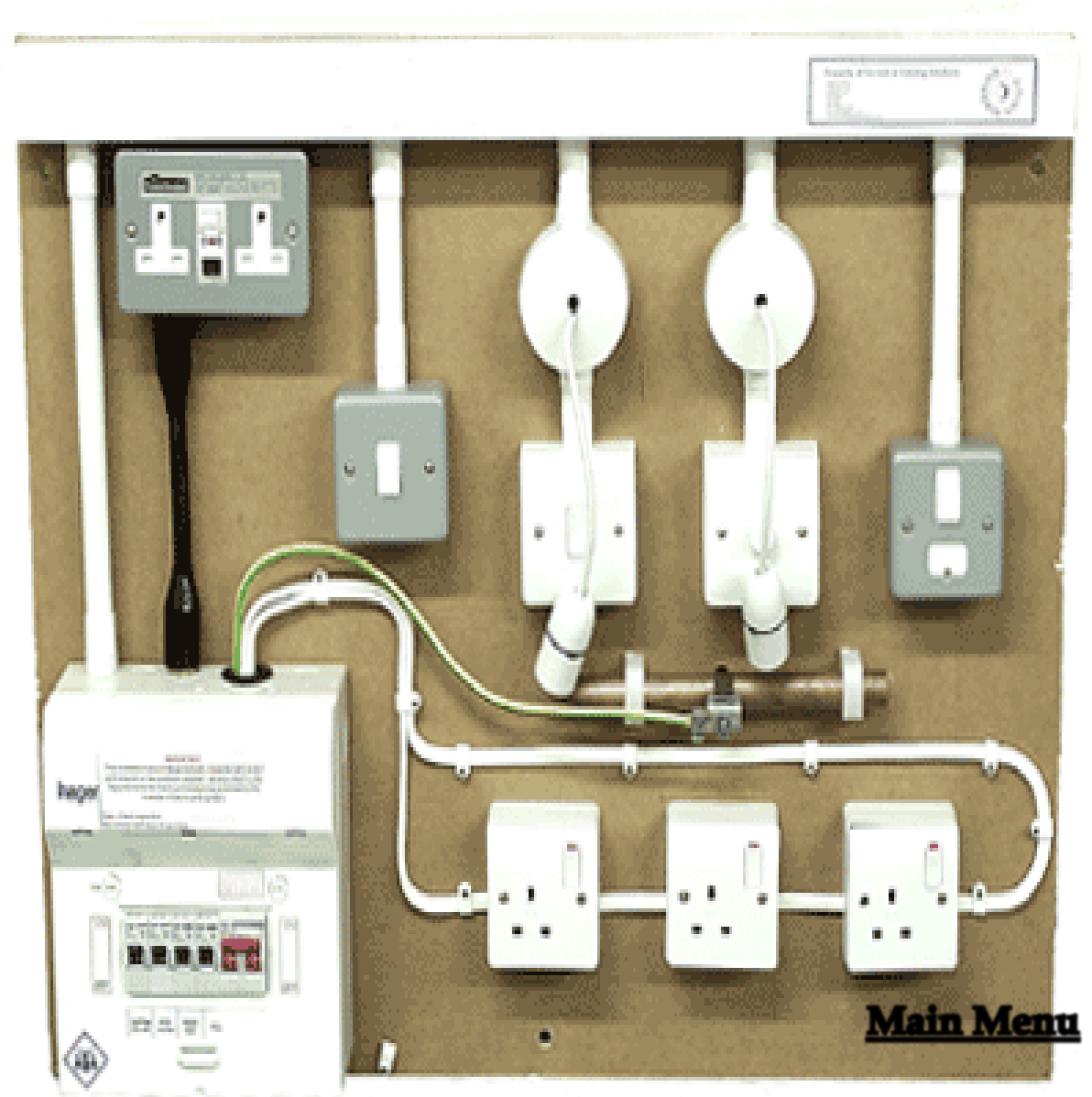
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## Examples:

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

# Electrical Wiring in Building (EB)





# Standby plant and uninterrupted power supply (EB)





# Electrical Engineering (EP)

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

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## Basic work types:

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

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## Examples:

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

# Electrical Engineering Infrastructure (EP)



# Electrical Engineering Infrastructure (EP)



# Mechanical Engineering (ME)

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

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## Basic work types:

gas transmission, pipelines installations, Air-conditioning and mechanical ventilation

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## Examples:



# Air-conditioning & ventilation (ME)



# Air-conditioning & ventilation (ME)



# Kitchen equipment (ME)





# Heating, ventilation, and air conditioning (ME)



# Conveyor & Materials handling installations (ME)





# Conveyor & Materials handling installations (ME)



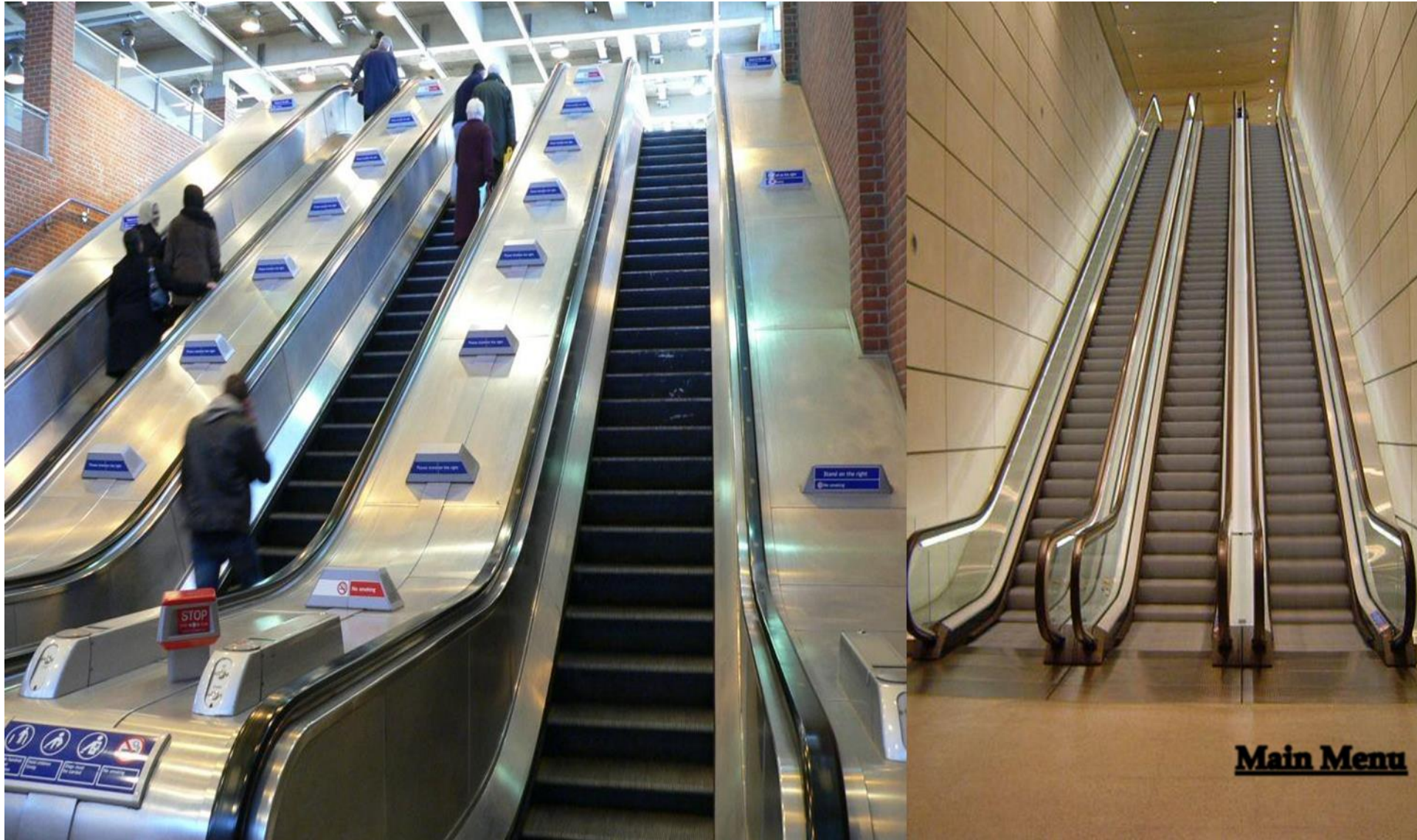


# Cranes and hoists distribution systems (ME)





# Lift installations & escalators (ME)





# Lift installations & escalators (ME)





# Maintenance of lift (ME)



# Classes of Specialist Works

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

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



# Installation of Asphalt (SB)

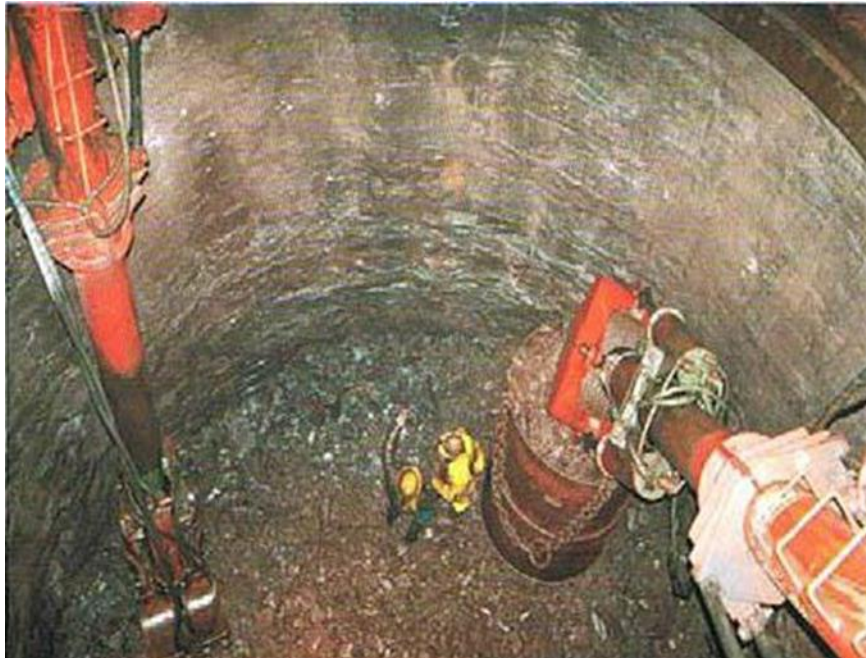




# Removal of Asphalt (SB)



# Excavations & Shaft sinking (SC)





# Demolition of buildings (SE)





# Demolition of buildings and engineering infrastructure and blasting (SE)



# Drencher and sprinkler systems and fire installation(SF)



# Drencher and sprinkler systems and fire installation(SF)





# Landscaping, irrigation and horticultural works (SH)





# Road Markings and signage (SK)





# structural steelwork (SL)



# Timber Building (SM)





# Waterproofing of basements (SN)



# Waterproofing of roofs (SN)





# Waterproofing of walls (SN)



# Plumbing works (SO)





# Plumbing works (SO)



# Concrete palisade fencing (SQ)





# Precast walls or Concrete Fencing (SQ)



[Main Menu](#)

# Precast Concrete Fencing (CE)





# Boundary wall fencing (GB)



## **Tender Notice and Invitation to Tender**

### **AS AND WHEN PUMPING OF SEPTIC TANKS**

Employer Tender Number: AS AND WHEN

SEPTICTANK/06/2018 cidb Reference Number:

100047091

PRASA CRES JOHANNESBURG INVITES TENDERS FOR AS AND WHEN PUMPING OF SEPTIC TANKS

It is estimated that tenderers should have a cidb contractor

grading of 2GB. Preferences are offered to tenderers who

have a CIDB grading of 2GB or higher

Only tenderers who have a CIDB grading of 2GB or higher are

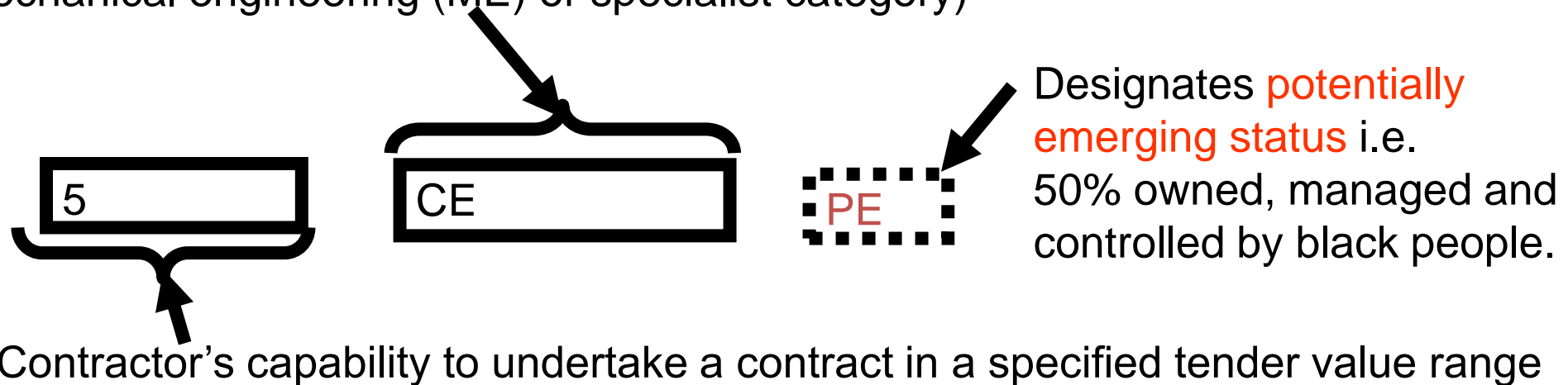
eligible to submit tenders.



# Contractor Grading Designations

# CIDB Contractor grading designations

Two letters depicting the **class of construction works** (general building (GB), civil engineering (CE), electrical engineering (**buildings (EB) and infrastructure (EP)**), mechanical engineering (ME) or specialist category)



- A contractor's grading comprises three characters which reflect a registered contractor's capability to perform a contract of a given tender value range (first character) in a class of construction works (second and third character).
- A contractor is considered capable of undertaking contracts within the range of tender values of the contractor grading designation, in which the contractor is registered.
- Contractor grading designation is a point in time measure of a contractor's financial and works capability to undertake a contract of a given tender value range for a particular class of works.



# Grade 1 contractors - entry level

## Entry requirements:

- Application form
- certified copy of id of principal(s), CSD Number, Active Bank Account, Active Email Account
- Share certificate
- Certificate of registration issued by the Electrical Contracting Board of South Africa if EB
- payment of R450
- All Grade 1 application are done online except for EB class: Link - <https://online.cidb.org.za/#/>
- The EB class of works can be submitted via email: Gauteng email address is [cidbgp@cidb.org.za](mailto:cidbgp@cidb.org.za)

## NB

- “over-the-counter” registrations possible with grade 1
- registration valid for three years
- only grade 2 to 9 contractors pay an administration fee and an annual renewal fee
- must confirm their particulars annually

## Online

- 3-year Grade 1 registration renewals
- Annual renewal for contractors in all grades; and
- Change of particulars for contractors in all grades
- All Grade 1 application are now done online except for EB class ( Email- [cidbgp@cidb.org.za](mailto:cidbgp@cidb.org.za))

# Determining Financial & Works Capability – current

DESIGNATION	FINANCIAL & WORKS REQUIREMENTS
Grade 2	have completed a contract with the value of not less than R130 000
Grade 3	have completed a contract with the value of not less than R450 000 and either have best turnover not less than R1000,000 or have available capital not less than R100 000
Grade 4	have completed a contract with the value of not less than R 900 000 and either have best turnover not less than R 2 000 000 or have available capital not less than R200 000.
Grade 5 & higher	have works and financial capability not less than that tabulated in Table Di, for the contractor grading designation applied for.



# Determining Financial & Works Capability – current

Determining Financial Capability				
Grade	Upper limit of tender value range.	Best Annual Turnover (R)	Largest Contract (R)	Available Capital (R)
1	R 500 000	0	0	0
2	R 1 000 000	0	R 130 000	0
3	R 3 000 000	R 1 000 000	R 450 000	R 100 000
4	R 6 000 000	R 2 000 000	R 900 000	R 200 000
5	R 10 000 000	R 3 250 000	R 1 500 000	R 650 000
6	R 20 000 000	R 6 500 000	R 3 000 000	R 1 300 000
7	R 60 000 000	R 20 000 000	R 9 000 000	R 4 000 000
8	R 200 000 000	R 65 000 000	R 30 000 000	R 13 000 000
9	No limit	R 200 000 000	R 90 000 000	R 40 000 000

# Registration Process: Grades 2-9

## Registration Process

### GRADES 2-9 (New Applications and upgrades from Grade 1)

#### Requirements

- Application form (2-9)
- Company Registration Document ( CK, COR 14.3, CM 29)
- Originally certified Share Certificates of Directors/ Shareholders
- Originally certified Id copies of Directors
- Tax Clearance pin status document
- Fees applicable

#### Track Record

Appointment, Completion, payment certificate, subcontractor agreement, JV agreement, bank statements for project payment

12 Months bank statements or Vat Returns

Financial Statements ( Audited/ Registered Accountant)



# Registration Process: Grades 2-9

## Upgrades between Higher grades(Via email)

Application form and applicable payment plus

- Track Record and Financial Statements

### **TRACK RECORD**

- Appointment Letter
- Subcontractor Agreement
- JV agreement
- Completion Certificate
- Payment Certificate/ Bank Statements (project payment)
- 12 Months bank statements or Vat returns and Statement of Account

### **FINANCIAL STATEMENTS**

- Financial Statements for 2 years
- CC – Registered Accounting Officer
- PTY – Certified Auditor

# Potentially emerging enterprises



## Potentially emerging contractors

The Regulations require the Board to identify whether a contractor can be classified as Potentially emerging enterprise by-

- (a) identifying the principals who are previously disadvantaged persons;
- (b) establishing whether the principals who are previously disadvantaged persons own at least fifty per cent of the enterprise;
- (c) establishing whether the principals who are previously disadvantaged persons possess and exercise-
  - (i) the authority to manage the assets and daily operations of the enterprise; and
  - (ii) appropriate managerial and financial authority in determining the policies and directing the operations of the enterprise.

## Potentially emerging contractors

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

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

The PE status may be applied using the following procurement models:

## 1. Direct Targeting Model

- In the direct targeting model, **a contractual relationship exists** between the client and the contractors to be developed within the Contractor Development Programme (CDP). The client provides (or outsources) the development support to the contractors.
- The process for contractors to enter the programme must be through open competition. Contractors that wish to enter the programme must be registered with the cidb on the Register of Contractors and are evaluated based on a demonstration of a minimum level of contracting and financial capacity.
- The client provides (or outsources) the development support to the contractors.



## Direct Targeting Model (continue)

- This model must be aligned to the NCDP Framework and Practice Note #29.
- Where a CDP exists, clients may apply the requirements of **Regulation 5 to restrict tendering to those contractors registered within the CDP**. The CDP being promoted must be stated in the tender advert notice.

Regulations 5: Targeted development programmes

*“From the register of contractors, a client may **identify potentially emerging contractors within particular contractor grading designations** for the purpose of development programmes that target the improvement and progress of contractors.”*

- It is imperative that the client issues a policy statement to reflect their intention and commitment to the targeted development of emerging contractors

## Client Policy Statement: NCDP-compliant CDP:

Clients should update their Supply Chain Management (SCM) Policy (or \ develop a separate policy) to state the CDP specifically for the development of PE status contractors.

The wording in the policy can be reflected as follows:

- I. The {insert name of client} undertakes to support the development of emerging contractors in the construction industry through the use of the Potentially Emerging (PE) policy instrument developed by the cidb.
- II. The {insert name of client} undertakes to establish and resource a Contractor Development Programme in line with the cidb Guidelines for Establishing Contractor Development Programmes.
- III. The {insert name of client} undertakes to allocate projects to the Contractor Development Programme, within which the PE status can be applied.

## 2. Indirect Targeting Model

A client may specify the intention to develop contractors through the application of a Targeted Development Programme (TDP) through **an open procurement process**.

The risk to the client must be adequately managed while balancing the intention to:

- Improve the grading status of the contractor; and/or
- Support the improved performance and quality of work of the contractor.

It has become a common practice for clients to advertise tenders for PE status contractors without having a TDP in place.

Clients are cautioned that the application of the PE status on the tender notice and invitation to tender **in the absence of a TDP** is regarded as **transgression** of the CID Regulations.



# Client Policy Statement: Generic TDP

Clients update their Supply Chain Management (SCM) Policy (or develop a separate policy) to state the TDP specifically for the development of PE status contractors.

The wording in the policy can be reflected as follows:

- I. The {insert name of client} undertakes to support the development of emerging contractors in the construction industry through the use of the Potentially Emerging (PE) policy instrument developed by the cidb.
- II. The {insert name of client} will provide developmental support to a PE status contractor that is awarded a contract through an open competitive procurement process, but such developmental support shall not be a prerequisite for the contractor to complete the project and shall not influence the eligibility or functionality assessment in the award of the tender.
- III. Such developmental support shall be determined by a needs analysis.

## Tender Notice and Invitation to Tender (PE status)

**4.5.7** ‘It is estimated that tenderers should have a cidb contractor grading of ... or higher. ... potentially emerging enterprises who satisfy criteria stated in the Tender Data may submit tender offers.’

This means that the PE status contractor and the non-PE status contractor will be evaluated on the **same criteria** stated in the tender data.

During the evaluation process, contractors must meet the eligibility criteria and thereafter be evaluated on functionality criteria.

Those contractors that meet the functionality threshold may then be further evaluated on the price and preference model. The contractor that scores the highest points may be awarded the tender.

**It is imperative that when the clients advertise for PE, there is support in place**

Support conditions, not limited to those listed below, may be specified in the signed contract, on agreement between the client and PE status contractor:

- technical training;
- management training;
- professional construction mentorship;
- third party construction management support;
- shorter payment cycles;
- reduced (or no) guarantees.



## Can the client award to PE if the tender was not advertised as PE?

- The client cannot award the tender to Potentially Emerging (PE) Enterprise unless
- it was planned and advertised for and that is satisfied that such a contractor has the potential to develop and qualify to be registered in that higher grade;

*The client must indicate the intention to award a project to a PE contractor in the tender advert in order to invoke the rules of the PE status on tender award.*

# Who should register

# Who should register?

## Who must register:

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

## Who must not register (Exemptions):

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

## *CID Regs Table 9*

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



# Joint Venture Calculator

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


# Joint Venture Calculator



Browser address bar: <https://registers.cidb.org.za/PublicContractors/JVGradingDesigna>

Browser tabs: CIDB - Home, Results, cidb Home, Index

File Edit View Favorites Tools Help



Construction Industry Development Board

Home

### Grading Calculator

Contractor Name/s and Status Print

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

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

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

Advertised Class of Work: GB - General Building Works

Calculated Grade: 5GB

Date Calculated: 2021/07/27

Close

<sup>1</sup>References: [Table 1](#) , [Table 2](#) and [Table 3](#).

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[Website technical enquires contact](#)

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

# Exemptions conti....

## Who must not register (Exemptions):

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

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



# THANK YOU

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