**The Budgetary Review and Recommendations Report (BRRR) of the Portfolio Committee on Public Works and Infrastructure for the financial year 2025/26, dated 29 October 2025.**

The Portfolio Committee on Public Works and Infrastructure (the committee, PC PWI) met from 7 to 22 October 2025 to consider and assess the performance of the Department of Public Works and Infrastructure (the department, DPWI), the Property Management Trading Entity (PMTE), and public works entities for the financial year under review (2024/25). The committee considered and adopted this report on 29 October 2024.

The committee reports as follows:

## 1. Introduction

The portfolio committee is part of the mechanisms through which the National Assembly ensures that the executive is accountable to Parliament. The committee is mandated to maintain oversight of the various ways in which the executive exercises its national executive authority. This includes legislation and all activities of the department, its branches, and entities that report to the minister as the executive authority of the DPWI (section 55(2) of the Constitution). The oversight activities of the committee form a chain of interlinked events throughout each year of the five-year term of this administration. These events consist of weekly oversight meetings and, where possible, site visits. It includes engagements throughout the year with institutions that support democracy, such as the Office of the Auditor-General (OAG) and service delivery departments and entities.

The budgetary review and recommendation report (BRRR) is therefore not a stand-alone report based on one event. The report reflects all responses provided by the Minister and the department regarding enquiries and recommendations made by the committee in its budget vote report, quarterly performance reports, and reports from the OAG on audit queries. These responses include all other efforts to ensure that the administration and financial management lead to the most efficient operation of the DPWI and public works entities.

### 1.1. Mandate

The DPWI lacks a comprehensive Act that defines its mandate. It relies on various pieces of Legislation, National Treasury Regulations, White Papers, Cabinet instructions, and historical practices.

#### 1.1.1. Legal framework and policy documents

- Independent Development Trust (registered in 1991 under Deed of Trust No 669/91, operating under Schedule 2 of the PFMA (1999) listed below;
- Public Finance Management Act, No. 1 of 1999;
- The Preferential Public Procurement Act, No. 5 of 2000;
- Construction Industry Development Act, No. 38 of 2000;
- Council for the Built Environment Act, No. 43 of 2000;
- Broad-Based Black Economic Empowerment Act, No. 53 of 2003;
- Government Immovable Asset Management Act, No. 19 of 2007;
- Money Bills Amendment Procedure and Related Matters Act, No. 9 of 2009;
- Infrastructure Development Act, No. 23 of 2014;
- Agrément South Africa Act, No. 11 of 2015.

*White Papers setting out PWI policy:*

Public Works towards the 21st Century (1997); and
Creating an Enabling Environment for Reconstruction Growth and Development in the Construction Industry (1999).

### 1.1.2. Structures/Entities DPWI

Property Management Trading Entity (PMTE)
Infrastructure South Africa
Agrément South Africa (ASA)
Construction Industry Development Board (cidb)
Council for the Built Environment (CBE)
Independent Development Trust

## 1.2. Analytic comments on mandate

The department is not directly involved in service delivery. It is a regulating and coordinating department that provides accommodation and maintenance services to properties on behalf of service delivery departments. It also provides professional services in the built environment, construction, project management, and facilities management to client departments.

It is an important role player in infrastructure projects and assists the local government with integrated spatial development framework planning processes. It plays a standard-setting and regulatory role, assisting client departments that directly provide services to the public. The assessment of resource allocation provides insights to enable citizens to hold government accountable. It opens opportunity for citizens to understand government priorities and advocate for effective policy implementation.

### 1.2.1. Coordinate Public Works Functions

The Constitution, in combination with several other pieces of legislation listed above, provide the legal mandate of the DPWI. In the Constitution, the mandate is outlined in the “Functional Areas of Concurrent National and Provincial Legislative Competence” in Schedule 4, Part A. Schedule 5, Part A, lists the exclusive functional areas of provincial legislative competence, which include provincial public works.

While Schedules 4 and 5, Part B, list local government matters, Section 155(7) provides legislative and executive authority to national and provincial governments to ensure the effective performance by municipalities of all the listed public works powers and functions. The Constitution mandates the DPWI, PMTE, and all its entities to ensure that all functions pertaining to public works and infrastructure are effectively performed by municipalities.

This is reinforced by Section 40(1) of the Constitution, which stipulates that the three spheres of government are distinct yet interdependent, and must exercise all powers and functions in an interrelated manner. The unity provided in section one of the Constitution is that this is one, sovereign, democratic state, implying that where one fails, all three spheres are implicated and accountable.

### 1.2.2. Manage the Government’s Immovable Assets

The Government Immovable Assets Management Act (GIAMA) (2007) provides further details on the department’s mandate and functions as the custodian of the government’s immovable properties.

The DPWI develops and implements construction and professional built environment policies, regulations, and sets standards. The department includes the Property Management and Trading Entity (PMTE), which functions as an internal component that implements the mandated functions of the DPWI. The PMTE operates from eleven regional offices located throughout the nine provinces and major metropolitan regions of the country. It provides construction, maintenance, and property management services to all client departments nationwide. This includes office accommodation, maintenance, and the rendering of professional built environment services relating to the planning, acquisition, management and disposal of immovable assets.

### 1.2.3. Coordinate and Facilitate Large Infrastructure Projects

Since 2019, the DPWI has included the Infrastructure South Africa (ISA), which works with the National Treasury (NT) and the Development Bank of South Africa (DBSA) to coordinate large infrastructure projects through blended finance mechanisms. The Infrastructure Development Act (IDA, 2014) was drafted at a time when the Presidential Infrastructure Coordinating Commission (PICC) coordinated these projects as part of the Infrastructure Investment Office (IIO) in the Presidency. While the IDA is at present part of this department's mandate, it is not properly aligned with the coordination and facilitation of public infrastructure development. The IDA needs to be amended to properly align the coordination and facilitation of public infrastructure development across government.

What is important here is that the oversight mandate of the portfolio committee was extended across the three spheres of government. This includes coordinating and facilitating the functions of PICC meetings funded by the DPWI. It also includes large infrastructure projects that involve national, provincial and municipal departments.

## 2. Alignment of the legal mandate, and planned initiatives as stated in the department's planning documents

This subsection provides an analysis of the effects of incorporating the infrastructure component into the department's mandate, as outlined in the planning documents, and renaming it from the Department of Public Works to the Department of Public Works and Infrastructure (thus from DPW to DPWI).

### 2.1. Infrastructure and Public Works - A Defragmented Spatial Planning and Land Use Management Terrain

This five-year administrative term is aligned with the National Development Plan (NDP) that was adopted as "the guide to our national effort to defeat poverty, unemployment and inequality."[1] It places much emphasis on investing in infrastructure as a catalyst for employment creation and economic growth.

The decentralisation of government into national, provincial, and municipal spheres – and further power fragmentations and contestations within the local government and construction sectors – provides role players a defragmented field within which they must manage infrastructure projects. Since 2011, this problem has been addressed by institutionalising the Presidential Infrastructure Coordinating Commission (PICC) within the Infrastructure Investment Office in the Presidency. This was intended to coordinate large infrastructure projects and the public works function coherently across different spheres of government.

In 2019, the Department of Public Works was reconfigured to include an infrastructure component, addressing the defragmentation of public works and infrastructure, as evidenced in various cases of spatial planning between municipalities, provinces, and national government departments. The importance of strengthening coordination of large infrastructure development was signaled in the renaming of the department to the Department of Public Works and Infrastructure (DPWI).

### 3.2. Infrastructure South Africa (ISA) inside DPWI

### 3.2.1. The DPWI is the lead coordinating department in the infrastructure sector

Infrastructure development, as a component, was transferred to the DPWI because it was the lead department for construction, maintenance, accommodation, and social infrastructure facilitation and

[1] Ibid.

project management across the three levels of government. This status as the lead department is stated in the mandated function[2] of the department to:

- Provide policy formulation for, as well as coordination, regulation and oversight of the public works, professional built environment, and construction sector; this makes the national DPWI the coordinator and regulator of the accommodation of government departments that simultaneously play a leading role in the land and infrastructure needs of national departments.
- Enhance intergovernmental relations by coordinating concurrent public works functions as set out in Schedule 4 of the Constitution.
- Lead and direct the implementation of the national Expanded Public Works Programme (EPWP) by national and provincial departments and municipalities.
- Promote growth, job creation and transformation in the construction, property, and professional built environment-related industries. This announcement signalled that the role of the Minister as executive authority[3] (EA) would include functions described in the Infrastructure Development Act (IDA) (23 of 2014). At first reading, this might mean that the infrastructure component would have the public works EA serve on the Presidential Infrastructure Coordinating Commission (PICC) to assist with the coordination and oversight of the fragmented systems of public infrastructure development across national, provincial, and municipal government spheres. If so, it would mean that the following three additional functions were added to the public works mandate:
- The coordinating responsibility for all public infrastructure development in the country.
- The Secretariat function of the PICC.
- The Infrastructure Delivery Management System (IDMS) (a system of processes with gateways to manage portfolio, programme, operations, maintenance, and project management to plan and implement infrastructure assets for public service delivery across the three levels of government). The Strategic Plan (SP) 2020-2025, and the Annual Performance Plans (APP) for the previous financial year 2021/2022 indicated that the DPWI would play a more impactful role "alongside the Infrastructure Investment Office in the Presidency ("IIO"), to structure the country's Infrastructure-led Economic Growth under a single point of entry where the overall National Infrastructure Plan for South Africa is defined and the pipeline of bankable projects are focused within a new methodology."[4]

## 4. Performance per programme and challenges

### Programme 1: Administration

**Performance Indicators:**

- Ethics and Fraud perception rating: Target 20%-40%, achieved 0%.
- Compliance Rate: Target 100%, achieved 74%.
- Percentage Performance Information Level: Target 81%-100%, achieved 43%.
- Percentage Financial Performance Level: Target 100%, achieved 99%.
- Percentage Vacancy Rate: Target 10%, achieved 14%.

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[2] The Constitution (1996), Schedule 4 describes the concurrent mandate of the national department; the Government Immovable Management Act (GIAMA) (no. 19 of 2007) describes its mandated functions as immovable asset manager of national and provincial government.

[3] Public Finance Management Act, (No. 1 of 1999), Chapter 1, under definitions, defines the EA as follows "in relation to a national department, means the Cabinet member who is accountable to Parliament for that department;"

[4] DPWI SP 2020-2025.

- Designated groups in SMS level: Women target 48%, achieved 41.34%; PWD target 3%, achieved 1.11%.
- Approved HR Delegations: Target 1, achieved 1.
- Appointment of Ethics Officer: Target 1, achieved 1.
- Business Process Automation: Target 1, achieved 2.

**Challenges noted:**

- Lack of capacity due to reduced investigating officers.
- Delays in filling positions due to National Treasury cost containment measures.
- Salary disparities with the private sector and stigma affecting PWD representation.

**Programme 2: Inter - Governmental Coordination**

**Performance Indicators:**

- Sector Plan: Target 2025–2030 approved, achieved.
- Reports on BE Professionalisation: Target 4, achieved 4.
- Disputes resolved: Target 20, achieved 12.
- Beneficiaries in skills pipeline: Target 1200, achieved 1266.

**Challenges:**

- Protracted negotiation processes for disputes.
- Some matters require further planning and council approval.

**Programme 3: Expanded Public Works Programme (EPWP)**

**Performance Indicators:**

- Verified work opportunities: Target 1,004,746, achieved 923,718.
- EPWP Phase 5 business plan: Target developed, achieved.
- Validated work opportunities: Target 62,313, achieved 60,423.

**Challenges:**

- Underreporting of work opportunities in the Community Work Programme.
- Implementation of EPWP projects by DPWI needs strengthening.

**Programme 4: Property And Construction Industry Policy and Research**

**Performance Indicators:**

- Public Works Bill: Target revised for submission, not achieved.
- CIDB Act Amendment: Target public participation, achieved.
- Infrastructure Development Act amendments: Target, the Bill submitted to Cabinet, achieved.
- Green hydrogen projects: Target 3, achieved 5.

**Challenges:**

- Legislative delays due to workshops and consultations.
- Analysis of public comments took longer than anticipated.

**Programme 5: Prestige Policy**

**Performance Indicators:**

- Planned state events: Target 8, achieved 23.
- Movable assets provision: Target 100%, achieved 33.3%.
- Turnkey solution for movable assets: Target established, achieved 0%.
- Backup power solutions: Target concept document developed, achieved.

**Challenges:**

- Insufficient funding for projects.
- Market-related prices affected performance.

## 5. Analysis of the budget and annual financial statements

### 5.1. 2024 Spending Summary

| 2024/25 | | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Approved Budget** | **Shifting of Funds** | **Virement** | **Final Budget** | **Actual Expenditure** | **Variance** | **Expenditure as % of final budget** |
| | **R'000** | **R'000** | **R'000** | **R'000** | **R'000** | **R'000** | **%** |
| **Programme** | | | | | | | |
| **1. Administration** | 569 564 | - | (28 300) | 541 264 | 535 062 | 6 202 | 98.9% |
| **2. Intergovernmental Coordination** | 60 870 | - | (4 869) | 56 001 | 49 278 | 6 723 | 88.0% |
| **3. Expanded Public Works Programme** | 2 228 704 | - | (23 910) | 2 204 794 | 2 204 626 | 168 | 100.0% |
| **4. Property And Construction Industry Policy and Research** | 4 676 295 | - | 44 048 | 4 720 343 | 4 694 895 | 25 448 | 99.5% |
| **5. Prestige Policy** | 76 648 | - | 13 031 | 89 679 | 86 548 | 3 131 | 96.5% |
| **TOTAL** | **7 612 081** | **-** | **-** | **7 612 081** | **7 570 409** | **41 672** | **99.5%** |
| | | | | | | | |
| **Departmental receipts** | | | | 17 238 | - | | |
| **Actual amounts per statement of financial performance (Total revenue)** | | | | **7 629 319** | - | | |
| **Actual amounts per statement of financial performance (Total** | | | | | **7 570** | | |

| | | | | | |
|---|---|---|---|---|---|
| expenditure) | | 409 | | | |

**Spending Summary of the Property Management and Trading Entity (PMTE)**

| Programme | 2024/25 | | | |
|---|---|---|---|---|
| | Final allocation | Actual expenditure | Variance | % spent |
| | R'000 | R'000 | R'000 | |
| **Administration** | 971 201 | 1 052 701 | 81 500 | 108% |
| **Real Estate Investment Services (REIS)** | 182 202 | 172 097 | - 10 105 | 94% |
| **Construction Project Management (CPM)** | 3 117 851 | 2 535 290 | - 582 561 | 81% |
| **Real Estate Management Services (REMS)** | 12 100 846 | 12 088 532 | - 12 314 | 100% |
| **Real Estate Information & Registry Services (REIRS)** | 93 907 | 91 295 | - 2 612 | 97% |
| **Facilities Management Services (FMS)** | 3 597 653 | 3 694 379 | 96 726 | 103% |
| **Total** | **20 063 661** | **19 634 295** | **- 429 366** | **98%** |

**Programme 6: Financial Management**

Achievements reported were achieving financial performance at a level achieved of 98 per cent. Challenges were cash flow pressure due to reduced baselines by clients and delays in maintenance and property rates payments. The PMTE reported that it was addressing challenges by implementing debt recovery plans; ensure advance payments from user departments.

**Programme 7: Real Estate Investment Services**

Regarding programme 7, it was reported that 7 custodian asset management plans (CAMPs) were developed (target exceeded).
The challenge identified is that fewer properties were identified for letting and strategic development due to feasibility complexities. The branch proposes to address this by allocating additional resources for feasibility studies and improving client response times.

**Programme 8: Construction Project Management (CPM)**

CPM achieved 77 infrastructure projects completed within budget; 11 built, operate, and transfer (BOT) projects were approved.
The branch reported challenges, including delays in design solutions, project completion, and site handovers, due to funding issues and contractor problems.
It proposed to address these by strengthening procurement processes, improving contractor management, and securing timely funding.

**Programme 9: Real Estate Management Services (REMS)**

The programme reported saving R205.6 million on private leases. It also reported that 78 per cent leases were awarded to BBBEE companies.
The challenge was that they experienced a limited reduction in private leases, and that a low number of state-owned properties were let out.
It wanted to address these challenges by revising the letting processes and implementing new protocols for lease approvals.

**Programme 10: Real Estate Information Registry Services (REIS)**

Reported that it assessed 12 National and Provincial Immovable Asset Registers containing 9,221 immovable assets that were aligned to municipal valuations. It faced the challenge that the verification of immovable assets fell short due to expired contracts; municipal values were unavailable for some assets.
It aimed to address these issues by renewing contracts and enhancing collaboration with municipalities.

**Programme 11: Facilities Management**

**Achievements:** 466 term contracts implemented (target exceeded).
**Challenges:** Low number of condition assessments and critical components assessed due to expired contracts; TFM panel expired.
**Addressing Challenges:** Renew contracts; establish new TFM panel; explore alternative implementation methods.

**The PMTE's general approach to address challenges was through:**

- **Funding:** Secure additional funding through the National Treasury and advance payments from user departments.
- **Capacity Building:** Renew expired contracts and hire additional professionals.
- **Process Improvements:** Streamline procurement, feasibility studies, and reporting mechanisms.
- **Legislative Support:** Expedite legislative workshops and consultations.
- **Collaboration:** Strengthen partnerships with municipalities and user departments.

### 5.2. Committee deliberations

**Finance:** The committee raised a concern regarding the budget shortfalls within the department.

**Corporate Services**: The department reported that it was trying its best to fill vacancies. Officials made reference to the advertisement that was closing on 17 October 2025, for senior management positions within the Head Office and Regional Offices.

**EPWP:** The department had to explain how it was planning to turn the programme around to ensure that employment opportunities are created that assisted with skills transfer given the high vacancy rate. Further, the department also had to give insight into how it was planning to facilitate the quick filling of vacancies so that branch performance can be enhanced.

**Immovable Asset Disposal:** It was reported that the current process of disposal of state-owned vacant land parcels is done as per the Land Disposal Act (No. 48 of 1961). This piece of legislation predates the Constitution prompting Members to inquire whether it could be relied on as being fit for purpose in the current dispensation. This Act states that land parcels would be placed on auction during the disposal process after obtaining approval from the Minister of Public Works and Infrastructure.

**Construction Project Management**: the department reported that due to contractor incapacities it experienced project delays. The committee sharply raised its dissatisfaction with non-payment of contractors on time. The department had previously reported making progress through the "*Rea patella*" programme, however, contractors were still suffering.

## 6. Public Works Entities

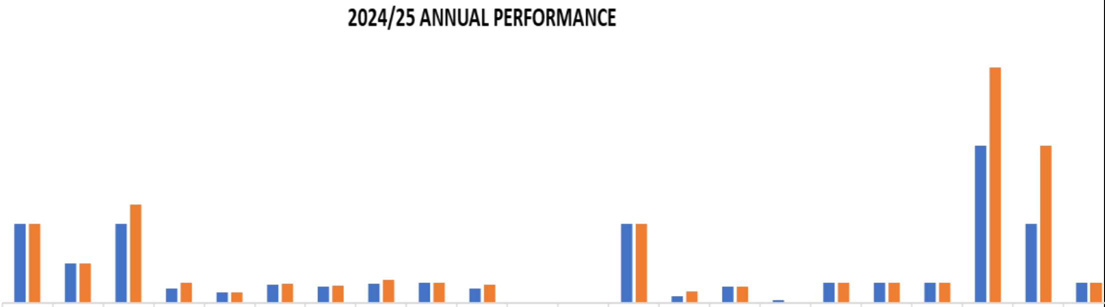
### 6.1. Agrément SA (ASA)

The 2024/25 financial year marked the final year of implementing the ASA's 2020/21 - 2024/25 five-year Strategic Plan. Like many government departments and public entities, ASA faced significant challenges due to the lingering effects of the economic conditions. Resource constraints –financial and human capital posed major obstacles, exacerbated by reduced government grants. The constraints have affected ASA's ability to meet its diverse and competing needs.

The transition from the outgoing board to a newly appointed board impacted the delivery of the mandate, as the new board has been finding its feet in the process while striving to deliver the mandate optimally. Despite these challenges, ASA achieved 81 per cent performance with 22 targets achieved against 27 planned performance targets and obtained an unqualified audit (Clean audit outcome). ASA achieved a clean audit outcome for the first time in its eight (8) years of existence as an independent public entity.

### 6.1.1. ASA's performance highlights for the 2024/25 financial year

- 93% (13 out of 14) Agrément certificates issued
- 76% (13 out of 17) of Agrément certification projects managed and finalised within agreed timeframes.
- 100% (4 out of 4) market and usage analysis reports produced.
- 100% (60out of 60) inspections and compliance inspections conducted for valid issued certificates.
- 51% (69 out of 135) validity reviews (renewals) conducted for valid issued certificates.
- 100% (5 out of 5) customer satisfaction surveys produced.
- 100% (758 out of 758) invoices amounting to R17m paid within 30 days.
- 117% (R41.9m expenditure spent against a budget of R35.8m.
- 93% (A total of R15.4m spent on B-BBEE compliant suppliers against a budget of R16.6m).
- 55% (R9.2m) of ASA procurement spending was directed to designated groups (Youth: R2.2m, and Women: R6.9 m).
- There are no irregular, fruitless and wasteful expenditure incurred during the reporting period.
- 83% (10 out of 12) training interventions were delivered per the approved training plan and budget.
- 3% (1 out of 33) vacancy rate is achieved.
- One (1) Stakeholder engagement forum conducted
- One (1) Stakeholder engagement forum conducted
- Eight (8) exhibitions attended to enhance ASA visibility
- ICT Governance Framework approved.
- One (1) Annual Training Report and Workplace Skills Plan submitted to the Department of Employment and Labour.
- One (1) Employment Equity Report submitted to the Department of Employment and Labour.




| | No. of market and usage analysis reports | No. of agreements entered with specifiers to promote non-standardised construction related... | No. of positive customer satisfaction surveys. | % of quality and compliance inspections conducted for valid issued certificates. | % of validity reviews (renewals) conducted for valid issued certificates. | % of external audit findings resolved | % of internal audit findings resolved | % expenditure spent against the approved budget. | % of payments made within 30 days. | % of expenditure spent on B-BBEE compliant suppliers. | % of approved budget spent on irregular expenditure. | % of approved budget spent on fruitless and wasteful expenditure | No. of training provided to SMME. | % of procurement spent on designated groups | % of training implemented in line with the approved training plans and budget. | % of vacancy rate. | Submission of the Annual Training Report and Workplace Skills Plan | Submission of the Employment Equity Report | No. of stakeholder engagement forums held | % of advertisements placed on digital platforms (social media and website) | % of exhibitions attended. | ICT Governance Framework compiled and approved. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2024/25 Annual Target | 4 | 2 | 4 | 70% | 50% | 90% | 80% | 97% | 100% | 70% | 0% | 0% | 4 | 30% | 80% | 10% | 1 | 1 | 1 | 8 | 4 | 1 |
| 2024/25 Annual Actual | 4 | 2 | 5 | 100% | 51% | 94% | 88% | 117% | 100% | 93% | 0% | 0% | 4 | 55% | 83% | 3% | 1 | 1 | 1 | 12 | 8 | 1 |

Figure 1: 2024/25 Annual Performance

### 6.1.2. Non – achievement of targets during the 2024/25 financial year

- Implementation of Eco-Label Scheme: achieved 0 against a target of 10.
- Agrément certification projects are managed and finalized within timeframes: achieved 76% (13/17) against a target of 80%.
- Agrément certification projects are managed and finalized within timeframes: achieved 13 against a target of 14.
- To improve the financial sustainability: achieved -49% (R2,3 - R4,6m/R4 ,6m) against a planned target of increasing own revenue by 1%.
- To ensure effective implementation of corporate governance across the board: achieved an unqualified audit opinion with compliance findings against a planned target of a clean audit opinion.

### 6.1.3. ASA's Financial performance analysis

The following tables illustrate the actual financial performance of the entity during the reporting period:

**a) Revenue analysis**

- Grant income received as budgeted. With a R 2million cut on the allocation.
- ASA mainly depends on the allocation for its operations, with 92% of the funds from the grant.
- ASA own generated revenue constitutes 8 % of the total budget.

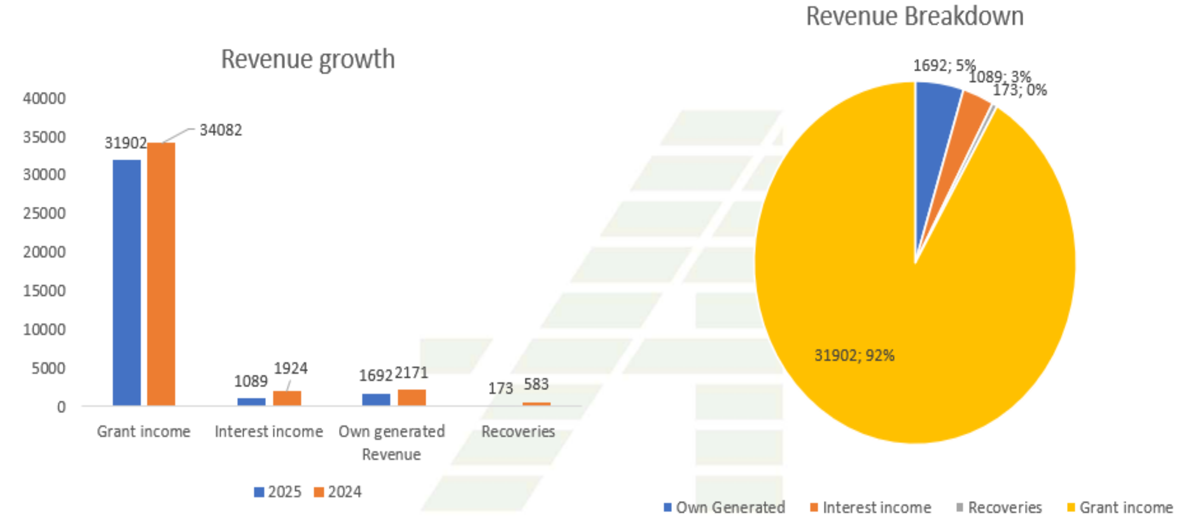



Figure 2: Revenue analysis

### b) Expenditure analysis

- Employee-related costs remain the main cost driver for ASA, accounting for 55 per cent of the total expenses incurred and 65 per cent of the grant allocations.
- Expenditure funded mainly from surplus retention (R11,4m) in the 2023/24 financial period.
- Lease expenditure incurred in relation to the leased property and accounted for in compliance with GRAP (straight-lined).

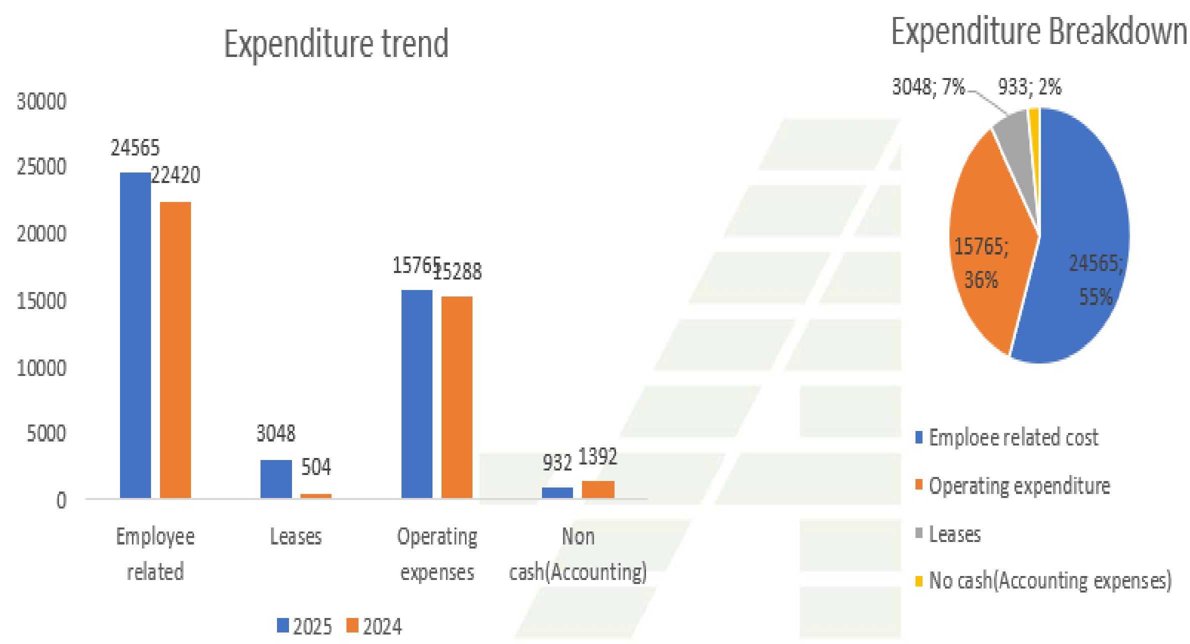



Figure 3: Expenditure analysis

### c) Financial position analysis

- 43% (2024:63%) of the total assets are cash and cash equivalents, showing the entity's high reliance on cash resources for its operations.

- ASA operations require increased investment in Property, plant, and equipment to enhance service delivery.

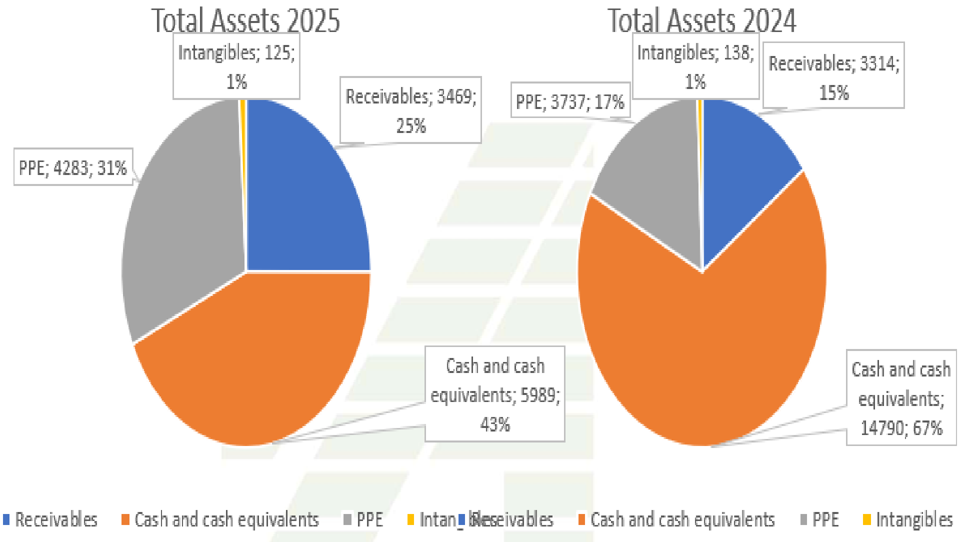



Figure 4: Financial position analysis

**d) Comparison: Budget vs Actuals**

1. R1million (25%) Less than the budgeted revenue from exchange transactions was realised due to

- Less than expected finalised product assessment in the year.
- Reduced cash balance from which to earn interest due to spending much more in line with the allocation.

2. R31,9m(100 %) Grant income was received as budgeted.
3. R2,3m(4.8%) Lower than budgeted expenditure was incurred due to:

- The employee cost budget was underspent because of vacancies. As of year-end, most of the vacancies were filled. The recruitment processes for the remaining vacant positions are currently underway.
- Goods and services procured in the financial period not yet delivered as at year end.

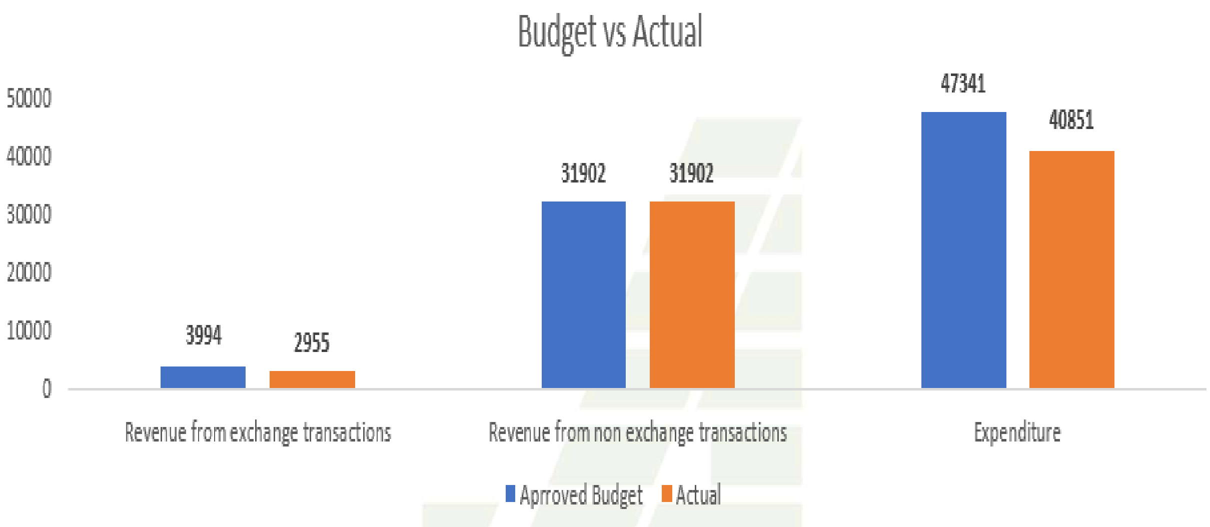



Figure 5: Comparison (Budget vs Actual)

### 6.1.4. Committee deliberations

The Committee lauded the entity for improving its performance from around 34 per cent in previous years to 81 per cent. It further emphasised the importance of marketing and visibility of Agrément SA, which would lead to better delivery of services to South African citizens through collaborations with relevant departments.

The challenge with revenue generation may require amending the entity's Public Finance Management Act (PFMA) schedule that currently limits the use of budget surpluses. The committee highlighted the possibility of government infrastructure departments (such as human settlements and water and sanitation) acting as demand creators for innovative, environmentally friendly products.

The Committee raised its concern regarding the ASA leasing a head office from the private sector. They pointed out that as a public works entity the DPWI, as the state's immovable asset manager, could address the entity's need for its own testing facilities and office accommodation. This should reduce cost to address the entity's reported challenge with revenue generation.

### 6.2. Council for the Built Environment (CBE)

The CBE achieved 100 per cent of its targets per programme and received an unqualified audit opinion (Clean audit).
The entity achieved 100 per cent Compliance with payment of valid invoices within 30 days. There was zero unauthorised expenditure and zero irregular expenditure incurred in the reporting period.

#### 6.2.1. CBE programme performance (2024/25)

Programme 1: Administration – achieved 4 against a target of 4 (100%).
Programme 2: Empowerment and Economic Development - achieved 3 against a target of 3 (100%).
Programme 3: Professional Skills and Capacity Development - achieved 5 against a target of 5 (100%).
Programme 4: Research and Knowledge Management - achieved 4 against a target of 3 (100%).
Programme 5: Public Protection, Policy and Legislation - achieved 3 against a target of 3 (100%).

#### 6.2.2. CBE financial performance highlights (2024/25)

- The CBE activities are funded mainly from grant allocation from DPWI as the Executive Authority.
- The grant budget for the financial year 2023/24 was initially approved at R51.205 million, adjusted to R55.505 million.
- A special partnership allocation to the value of R5.047 million was received from DPWI for the implementation of the Infrastructure Audit Capacitation programme.
- During the period under review, the CBE utilised prior years approved surplus funds, which resulted in increased expenditure and deficit of R4.756 million.
- The CBE did not have any surplus funds to be surrendered to the National Treasury at the end of 2024/25 financial year.

#### 6.2.3. Programme expenditure

| PROGRAMMES | 2024/25 | | | | 2023/24 | |
|---|---|---|---|---|---|---|
| | Final Budget R'000 | Actual Expenditure R'000 | Variance R'000 | % Expenditure | Final Budget R'000 | Actual Expenditure R'000 |
| **Administration** | 57 219 | 63 206 | (5 987) | 110% | 57 219 | 59 736 |
| **Empowerment and Economic Development** | 4 172 | 2 551 | 1 621 | 61% | 4 172 | 910 |
| **Professional Skills** | 865 | 1 337 | (472) | 155% | 865 | 1 314 |

| | | | | | | |
|---|---|---|---|---|---|---|
| **and Capacity Development** | | | | | | |
| **Research and Knowledge Management** | 856 | 252 | 604 | 29% | 856 | 188 |
| **Public Protection, Policy and Legislation** | 2 261 | 2 397 | (136) | 106% | 2 261 | 6 499 |
| **Total** | **65 373** | **69 743** | **(4 370)** | **107%** | **65 373** | **68 647** |

#### 6.2.4. Outlook and forward strategy

- **Strengthen Financial Sustainability.**

Finalise the amendment of Regulation 915 to enable appropriate levy collection. Our Plan B involves optimizing cost-sharing partnerships and further operational efficiencies.

- **Building a Capable and Ethical State & Professions**.

Scale up the implementation of the Professionalisation Strategy, Structured Candidacy and Infrastructure Audit Training Programme by targeting the placement and training of **50+ graduates** in municipal and national departments.

- **Enhance Research and Policy Influence:**

Formalise the implementation of Academic-Government Partnership Framework.

- **Advance Public Protection & Public Safety**:

- Advocate for a review of the CBE Act to strengthen our regulatory oversight and curb construction incidents (George).
- Launch a national public awareness campaign on the importance of using registered professionals.

#### 6.2.5. Comparative audit outcomes (Professional Councils)

| Council | Audit opinion | Key financial highlight | Governance notes |
|---|---|---|---|
| SACAP | Unqualified | Deficit – R1,8m | Strong internal controls |
| SACLAP | Unqualified | Revenue shortfall (34%) – R1,15m | Severe strain, staff unpaid |
| ECSA | Unqualified (with findings) | Operating deficit – R18,9m | Material findings on process |
| SACPMP | Unqualified | Surplus – R24,6m | No significant deficiencies |
| SACQSP | Unqualified | Net profit – R3,22m | Robust financial position |

**Definitions:**

i. SACAP: South African Council for Architectural Profession
ii. SACLAP: South African Council for the Landscape Architectural Profession
iii. ECSA: Engineering Council of South Africa
iv. SACPMP: South African Council for Project and Construction Management Professions
v. SACQSP: South African Council for Quantity Surveying Professions

#### 6.2.6. Committee deliberations

The entity plays a key role in achieving the state capacity building outcome of the National Development Plan. Amongst others, the entity established a functional logbook to track capacity development and placement of built environment professionals throughout the three spheres of government. The CBE demonstrated strong performance by achieving all planned targets and addressing AGSA recommendations, securing a clean audit. However, strategic risks, such as SACLAP's financial crisis and inconsistent implementation of identity of works (IdoW) frameworks, remain critical challenges. The entity has outlined action plans to address these risks.

The Committee needs to oversee their effectiveness in addressing the matter during the coming year. Financially, the CBE experienced a deficit due to increased expenditure, but it maintained compliance and governance standards. Continued focus on financial sustainability, transformation, and regulatory oversight is essential for the future stability of the built environment sector.

The Committee noted that the entity achieved its intended performance indicators and achieved a clean audit opinion from the Auditor-General. The CBE highlighted that professional liability cover for built environment professionals in government is not in place, leading to them being penalised for professional errors. This disincentivises the uptake of much-needed BPEs in municipalities, provincial governments, and infrastructure- and construction-focused departments.

### 6.3. Construction Industry Development Board (CIDB)

- There were 16 targets for the 2024/25 Financial year, 14 out of 16 targets were achieved, which represents 87.5 per cent achievement.
- A percentage B.U.I.L.D funds spent on development was the target that was not achieved. A percentage of B.U.I.L.D funds were spent on development finance.
- There were delays in signing of MOA with Small Enterprise Development Finance Agency (SEDFA).
- Contractors were no shows for APL assessments.
- There were delays in finalisation of procurement for contractors' trainings.
- The overall audit outcome of the CIDB is an Unqualified audit opinion with findings.

#### 6.3.1. CIDB programme performance (2024/25)

- Programme 1: Administration
  - achieved 83 per cent against a target of 80 per cent of audit issues resolved. Achieved 100 per cent of invoices paid within 30 days and achieved 98.15 per cent against a target of 98 per cent on system uptime.

- Programme 2: Research and Development
  - achieved 2 against a target of 2 on the number of research studies conducted.

- Programme 3: Construction Industry Regulation
  - achieved 99.47 per cent against a target of 9per cent on a percentage of contravention notices against detected non-compliance on CIDB prescripts issued within 30 days. Achieved 99.96 per cent against a target of 98 per cent on a percentage of grades 1-9 contractors registered within 21 working days for compliant applications.

- Programme 4: Construction Industry Performance
  - achieved 4 against a target of 4 industry monitoring reports and achieved 1 against a target if 1 transformation status report.

- Programme 5: Procurement and Development
  - achieved 100% performance on a number of construction industry transformation procurement guidelines developed and number of construction industry development guidelines developed. Achieved 46.6% against a target of 100% percentage of B.U.I.L.D funds spent on development.

- Programme 6: Provincial Offices

- achieved 100% performance on construction industry development interventions and number of transformation intervention implementation reports provided. Achieved 169 against a target of 120 number of client departments capacitated on IDMS.

### 6.3.2. CIDB financial performance (2024/25)

## Construction Industry Development Board

Annual Financial Statements for the year ended 31 March 2025

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2025

| Figures in Rand | Notes | 2025 | 2024 |
|---|---|---|---|
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | 3 | 103 844 788 | 101 942 433 |
| Intangible assets | 4 | 33 915 201 | 37 176 871 |
| | | **137 759 989** | **139 119 304** |
| **CURRENT ASSETS** | | | |
| Receivables from exchange transactions | 5 | 1 519 270 | 355 042 |
| Receivables from non-exchange transactions | 6 | 447 844 145 | 271 357 854 |
| Prepayments | | 11 171 198 | 4 420 848 |
| Cash and cash equivalents | 7 | 290 405 270 | 288 079 002 |
| | | **750 939 883** | **564 212 746** |
| **Total Assets** | | **888 699 872** | **703 332 050** |
| **LIABILITIES** | | | |
| **CURRENT LIABILITIES** | | | |
| Finance lease obligation | 8 | - | 70 805 |
| Income received in advance | 9 | 108 496 940 | 105 598 268 |
| Provisions | 10 | 44 338 058 | 11 687 945 |
| Payables from exchange transactions | 11 | 12 432 032 | 19 175 825 |
| | | **165 267 030** | **136 532 843** |
| **Total Liabilities** | | **165 267 030** | **136 532 843** |
| **Net Assets** | | **723 432 842** | **566 799 207** |
| Accumulated surplus | | 723 432 842 | 566 799 207 |
| **Total Net Assets** | | **723 432 842** | **566 799 207** |

**Construction Industry Development Board**
Annual Financial Statements for the year ended 31 March 2025

## STATEMENT OF FINANCIAL PERFORMANCE

| Figures in Rand | Notes | 2025 | 2024 |
|---|---|---|---|
| **Revenue** | | | |
| **Revenue from exchange transactions** | | | |
| Assessment fees | 12 | 56 751 882 | 54 071 400 |
| Other income | | 1 533 545 | 1 744 348 |
| Finance income | 13 | 24 470 887 | 14 065 663 |
| Gain on disposal of assets and liabilities | | - | 26 393 |
| **Total revenue from exchange transactions** | | **82 756 314** | **69 907 804** |
| **Revenue from non-exchange transactions** | | | |
| Government grants and subsidies | 15 | 75 183 000 | 80 320 000 |
| B.U.I.L.D fees | 16 | 185 678 981 | 176 456 831 |
| Contractor fines | | 100 000 | 150 000 |
| Annual fees | 12 | 102 802 396 | 89 754 263 |
| Service in Kind | 12 | 1 624 992 | 1 615 331 |
| **Total revenue from non-exchange transactions** | | **365 389 369** | **348 296 425** |
| **Total revenue** | | **448 145 683** | **418 204 229** |
| **Expenditure** | | | |
| Employee related costs | 17 | (140 885 883) | (131 177 349) |
| Members' emoluments | 27 | (6 719 808) | (6 707 406) |
| Depreciation and amortisation | 18 | (6 315 089) | (5 798 784) |
| Finance costs | 19 | (155) | (2 938) |
| Bad debt written off | | (143 688) | (6 165) |
| Gain or loss on disposal of assets and liabilities | | (511 977) | - |
| Gain or loss on exchange differences | | (353 620) | - |
| Surrender of surpluses - relating to current year | 14 | (31 758 750) | - |
| Operational expenses | 20 | (104 823 076) | (99 094 097) |
| **Total expenditure** | | **(291 512 046)** | **(242 786 739)** |
| **Surplus for the year** | | **156 633 637** | **175 417 490** |

### 6.3.3. Committee deliberations

The CIDB's financial statements were found to be compliant. However, the AG made material findings related to financial statements submitted for auditing, which contained misstatements in the related parties' disclosure and the statement of comparison of budgets and actual amounts.

Despite this, the entity was performing reasonably well and had made significant strides in developing capacity in the construction sector. A challenge was reported related to it approaching the Small Enterprise Development and Financing Agency (SEDFA) to manage the BUILD fees. The BUILD programme is integral to the entity's efforts to regulate the construction sector. However, in 2024/25, only 46.61per cent of BUILD funds were spent on development interventions, and 0% on development finance. It missed its performance target of spending 100% of BUILD fees for this year. This stems from delays in signing the Memorandum of Agreement (MOA) with SEDFA. This delay has impacted the allocation and utilisation of BUILD funds for development finance.

Members urged the entity to expand on whether its performance had an impact on the sector. The entity highlighted one event that showed that its performance and financial management record had a positive effect on the construction sector. The *National Construction Summit on Crime-Free Construction Sites* was held on *19 November 2024* at the Durban International Convention Centre. It was a collaborative effort by the Department of Public Works and Infrastructure (DPWI), the South African Police Service (SAPS), and the Construction Industry Development Board (CIDB) to address growing concerns about site-based extortion, intimidation, and criminal disruptions in the construction sector.

### 6.4. Independent Development Trust (IDT)

- **Reconfiguration of the IDT**

The experts appointed by the Presidential State-Owned Enterprises Council ( to assess the state of the IDT as part of the reconfiguration process) continued with the consultation and assessment process during the reporting period. The process is set to be concluded in the next financial year. Once concluded, it will determine the best legal shape and form of the IDT.

- **Business Generation**

The total value programme portfolio (grew by 0,3 year on year, rising from R 9 050 billion in the previous financial year to R 9 080 billion at the end of the 2024/25. During the reporting period, new business generated amounted to R 3 467 billion, while the confirmed programme portfolio totalled R 5 613 billion.

#### 6.4.1. IDT programme performance (2024/25)

The entity received a Qualified Audit Opinion. The basis of qualified opinion was:

- Irregular expenditure;
- Management Fees and Other Income;
- Cash Disbursement, and
- Programme Assets, Expenditure & Liabilities.

For the past four years since 2021, the entity received a qualified audit opinion. A year prior that, the IDT received a disclaimer audit opinion. One of the major setbacks within the IDT as reported, is non-payment of management fees by client departments.

#### 6.4.2. IDT financial performance (2024/25)

According to the statement of financial performance, the IDT reported a deficit of R33m.

- Management fees Increased to R316 million from R289 million in prior year. The increase was due to stage billing.
- General expenses increase to R139 million (R12 audit fees, R17 million legal costs, R19 million IT costs, R28 million travel costs) from R136 million in the previous financial period.
- Other income increased to R50 million from R3 million last year, due to the treatment.
- Commitments increased to R23 million compared to R10 million. The increase was due to new rental agreements.
- Employee costs increased R248 million from R190 million in the previous year. This was as a result of filling in critical positions and the COLA adjustment to salaries.
- Government grants and subsidies decreased to R0 from R81m in the previous year.
- As at 31 March 2025 the IDT had obligations to service providers to the value of R 2 569 billion and consequently had receivables of the same amount from client Departments to honour the liability This represents a 12 per cent increase compared to the 2023 24 programme assets and liabilities of R 2 302 billion.
- Programme expenditure spent on Social Infrastructure and Social Development. Programmes by 31 March 2025 is R 3 982 billion (R 4 428 billion including management fees) against an annual target of R 9 041 billion.

#### 6.4.3. Support for the IDT's sustainability

- ✓ Consistent project pipeline

DPWI should commit to a consistent, long-term pipeline of social infrastructure projects for the IDT, including maintenance and refurbishment projects, which are critical for the DPWI's mandate. This would allow the IDT to engage in proper long – term planning and resource allocation.

- ✓ Reng-fencing of funds

Establish a mechanism to ring fence project funds for IDT managed projects within the DPWI budget. This would prevent budget deferrals and project cancellations and ensure that funds are transferred to the IDT in a timely manner.

- ✓ Proactive fund transfer

Implement a policy for prompt and proactive fund transfers to the IDT based on agreed upon project milestones. This will ensure contractors are paid on time and prevent project disruptions.

- ✓ Strengthened oversight and accountability

Enhance the collaboration and oversight mechanisms between DPWI and IDT at all levels to address project issues, funding challenges, and governance concerns proactively. This includes regular, scheduled meetings and a consolidated information system for project management.

- ✓ Reconfiguration of the IDT

Finalize the reconfiguration of the IDT as a Schedule 3B public entity to provide a more stable and sustainable institutional form, as has been under consideration by the department.

### 6.4.4. Committee deliberations

The committee noted an overview of the entity's annual performance and highlighted the challenges that the entity had faced during the reporting period.

It was reported that the IDT received a qualified audit, which is an improvement from a disclaimer that was last received in the previous audit cycle, which the committee raised major concerns about.

The IDT had to explain if there was any plan to collect management fees from client departments.

The IDT reported that the entity had engaged the national organisation of people with disabilities to ensure that there is representation in terms of representation when it comes to tenders.

The Committee welcomed the lifestyle audit and lifestyle policy that was approved by the Board based on the recent events in the entity.

The Minister indicated that there was correspondence sent to the National Treasury, to reject a received proposal to close the IDT down.

The Committee raised its concern regarding non-payment of fees to the IDT by client departments and committed to assist the entity through its oversight role, in recouping the outstanding amounts from big offenders.

## 7. **Recommendations**

The Committee noted matters including those from previous financial years, continue to dilute effectiveness and efficiencies of the department and its entities. It recommends that the Minister ensures that the department and its entities provide reports on the following matters and reports on them by March 2026:

1. A report by the Director-General on implementing the Parliamentary Village Board Act (No. 96 of 1998) and ensure that the newly established Parliamentary Villages Management Board

gives financial reporting and governance urgent attention as it has a negative impact on matters such as living conditions, electricity supply, back-up generators, water purification plants, safety, and security of Members of Parliament and sessional staff.

2. Progress report on vacancies across the DPWI Head Office and the eleven PMTE regional offices. It should further cover the strategy to draw and retain well-qualified, experienced property specialists and construction management professionals in the department and regional offices. It should further provide information on whether the DPWI as lead coordinating department of infrastructure have a strategic plan to address the on-going challenge to appoint critical skills in the property, construction and built environment professional sector.

3. A report on high vacancies and underspending in specifically key programmes such as Construction Project Management, Facilities Management Services and Asset Registry Services.

4. Progress report from the accounting officers (DG and Head of the PMTE) on responses from National Treasury and the Accounting Officers of client departments to deal with the outstanding balance regarding outstanding debt to the DPWI/PMTE so that details of disputes and other constraining matters can be identified and dealt with. Furthermore, engagement with National Treasury with user charges to national departments.

5. A report on the strategy to ensure the appointment of designated groups, including people with disabilities, as the annual report showed regression in achieving transformation targets.

6. A report on progress with all SIU investigations, including the SAGE investigation.

7. CBE to report on the operationalisation of the Knowledge Hub, appointment of its management and researchers, and the plan to collaborate with research institutions to enhance capacity and capability within the built environment professional context.

8. To provide an update report on the work to reconfigure the IDT into a social infrastructure development and property maintenance agency that serves the objectives of the National Development Plan. This should include the planned collaboration with the Government Technical Advisory Centre (GTAC) to ensure effectiveness and efficiency of the IDT.

9. Progress report from the PMTE Facilities and Construction Project Management team including the lead officials and project manager(s) on investigations into all the allegations related to construction project mismanagement that might lead to Fruitless and Wasteful expenditure. The report lists projects, their geographical positions, client departments, scope of works, bills of quantities, main and sub-contracting companies, include allegations that electrical work was done on the first floor which had to be re-done in a follow-up refurbishment project of the same first floor.

10. Reports to the Committee regarding plans to ensure that the IDT is fully capacitated during the 2025/26 financial year. The IDT should be utilised as the preferred Government entity for construction of infrastructure projects to ensure construction costs containment. The entity must be restructured to ensure greater financial control, and it needs to complete this process to achieve an unqualified audit in this financial year. Further improvements are required to ensure that supply chain management conforms to the PFMA, and a capital transfer needs to occur from the department to the entity for its operational costs.

11. A report on the top offenders, client departments who owe the department and the IDT management fees. The report should include timeframes so that the committee can be empowered to play its oversight role and hold such departments to account.

12. A report on IDT incomplete projects, abandoned projects and litigations.

13. A report on employee retention within the IDT and plans to service creditors to reduce debt owed to other state-owned institutions.

14. Quarterly progress reports on the Public Works Bill, and the amendment of the legislation of the CIDB and the CBE to respectively transform the construction and professional built environment sector to improve the transformation of the construction industry; strengthen the processing of the funds collected for development and progression of contractors on the Register of Projects; and enforce compliance with the Construction Industry Regulations. Furthermore, liaises with the Department of Land Reform and Rural Development on reviewing the Land Disposal Act (No. 48 of 1961) to ensure it is properly aligned with the Constitution of 1996 and meet government developmental objectives.

15. A report on regression and material irregulates as reported by the AG, pertaining to the department and the CIDB. The report must be submitted before the end of the fourth Parliamentary term of 2025.

16. A report on the Telkom Towers forensic report within the fourth Parliamentary term of 2025, the building must be in usage.

17. A report on the EPWP challenges and proposals as well as implementation of turnaround measures for creation of more employment opportunities and a quarterly update in this regard.

18. Ensures that all entities that report to DPWI gets accommodated in a state – owned building instead of utilizing a leased property, which is currently the case.

19. To provide a report on the lease agreement investigations.

20. The Department and its entities provide a comprehensive analysis of its balance sheet reflecting detailed income statement and liabilities.

**Report to be considered.**