

**TO: ALL CIDB REGISTERED CONSTRUCTION COMPANIES, GOVERNMENT DEPARTMENTS, CONSTRUCTION PROCUREMENT PROJECTS, PUBLIC ENTITIES, CONTRACTOR ASSOCIATIONS & CONSULTANTS**

**ADJUSTMENTS TO THE TENDER VALUE RANGES IN TERMS OF THE CONSTRUCTION INDUSTRY DEVELOPMENT REGULATIONS, 2004 (AS AMENDED) – CLARIFICATION COMMUNIQUE**

## 1. cidb Grading Tender Value Range Adjustments

The Construction Industry Development (CID) Regulations of 2004, as amended, give the Minister of the Department of Public Works and Infrastructure power to determine tender value limits for different cidb grades. A Grade determines the maximum value of contracts that a contractor is considered capable of undertaking.

The Regulations further give the Minister provision to periodically revise cidb tender value limits, in line with inflation. This is to maintain the integrity and market value of construction tender value limits.

After consultation with construction industry stakeholders the Minister has approved revised tender value limits for all cidb grades on the Register of Contractors. The Revised tender value limits came into effect on 07 October 2019.

The requirements to qualify for the new tender value limits have not changed and the old requirements that were applicable before 07 October 2019 remain in force.

The revised tender value limits restore the market value of cidb grades, which was eroded by inflation over a prolonged period in which they were in force. The lapsed tender value limits had been in force since 2009, which was an unreasonably long period to still reflect economic realities.

The table below reflects the new tender value ranges and the applicable requirements to qualify in the different grades.

Grading Designation	New Tender Value Limit (effective 07 October 2019)	Best Annual Turnover	Largest Contract	Available Capital
1	R 500 000	R -	R -	R -
2	R 1 000 000	R -	R 130 000,00	R -
3	R 3 000 000	R 1 000 000	R 450 000,00	R 100 000
4	R 6 000 000	R 2 000 000	R 900 000,00	R 200 000
5	R 10 000 000	R 3 250 000	R 1 500 000,00	R 650 000
6	R 20 000 000	R 6 500 000	R 3 000 000,00	R 1 300 000
7	R 60 000 000	R 20 000 000	R 9 000 000,00	R 4 000 000
8	R 200 000 000	R 65 000 000	R 30 000 000,00	R 13 000 000
9	No Limit	R 200 000 000	R 90 000 000,00	R 40 000 000

## 2. Background

The cidb Register of Contractors is established in terms of the Construction Industry Development Board Act (38 of 2000) and the Construction Industry Development Regulations, 2004 as amended ('the Regulations'). The Register is an integral component of public sector procurement and categorizes contractors based on financial and works capability. It serves as a macro risk management tool for the public sector, provides a framework for contractor development and supports the monitoring thereof.

In terms of the Regulations, a contractor is considered capable of undertaking contracts up to the tender value limit of their registered cidb grading. Due to inflationary impacts it is necessary to periodically adjust the range of tender values.

This communication seeks to clarify the new tender value limits in order to assist both contractors and clients to understand their implications for both grading purposes and for their implementation when calling for tenders.

## 3. Conclusion

The revised tender value limits provide for inflationary impacts and have come into effect on 07 October 2019. There are no adjustments to registration criteria.

Yours Sincerely



**Ebrahim Moola**  
**Acting Chief Executive Officer**  
**Construction Industry Development Board**