

SECOND QUARTER PERFORMANCE REPORT OF THE NATIONAL HOME BUILDERS REGISTRATION COUNCIL

1 JULY 2014 TO 30 SEPTEMBER 2014

NATIONAL DEPARTMENT OF HUMAN SETTLEMENTS

Contact	Mr. Mongezi Mnyani
Designation	Chief Executive Officer
Telephone	011-317-0010
Email	mongezim@nhbrc.org.za
Date	30 October 2014
Location	Sunninghill 5 Leeuwkop
Governance Status	Approved by Registration Committee
Recipient	Version to NDHS and National Treasury

Quality is our priority

Website address: www.nhbrc.org.za
Toll free number: 0800 200 842





human settlements

Department:
Human Settlements
REPUBLIC OF SOUTH AFRICA

NATIONAL HOME BUILDERS
NHBRCTM
REGISTRATION COUNCIL

SECOND QUARTER PERFORMANCE REPORT OF THE NHBRC

1 JULY 2014 TO 30 SEPTEMBER 2014

Contact	Dr. Awelani Malada
Designation	Head of Strategy
Tel.	011-317-0071
Email	awelanim@nhbrc.org.za
Date	30 October 2014
Location	Sunninghill, 5 Leeuwkop road

**National Home Builders Regulation Council
5 Leeuwkop, Sunninghill
Johannesburg, South Africa
Tel: +27-11-317-0071**

CONTENTS

EXECUTIVE SUMMARY	5
PART A: PERFORMANCE IN NON-SUBSIDY SECTOR	11
PART B: PERFORMANCE IN THE SUBSIDY SECTOR	41
PART C: GOVERNANCE REPORT	54
PART D: PERFORMANCE INFORMATION	58

LIST OF TABLES

Table A1. Summary of Key Performance Area's	11
Table A2. Registrations of Home Builder	12
Table A3. Table A3: Registration turnaround time – Second Quarter	14
Table A4. Renewals of registered Home Builders – Second Quarter	16
Table A5: Captured Renewals of registration for the Second Quarter of 2014/2015 financial year	16
Table A6: Rejected renewals of registration for the Second Quarter	17
Table A5. Renewals turnaround time – Second Quarter	18
Table A6. Enrolment of homes – Second Quarter	21
Table A7: Captured enrolment of homes for the Second Quarter	22
Table A8: Rejected enrolment of homes for the Second Quarter	22
Table A7. Enrolment turnaround times – Second Quarter	23
Table A8. Enrolment to builder ratio	25
Table A9. Late Enrolments of Homes – Second Quarter	25
Table A10: Captured Late Enrolment – Second Quarter	26
Table A11: Rejected Late Enrolment- Second Quarter	26
Table A10. Late enrolment turnaround time	27
Table A11. Number of complaints received in the Second Quarter	29
Table A12. Number of complaints closed in the Second Quarter	29
Table A13. Number of inspections performed in the Second Quarter	31
Table A14. Table A15: Delayed triangle for non-subsidy homes inspected against enrolled homes and Inspection ratio 31	
Table A14: Comparison of inspections per quarter	32
Table B1. Project enrolment per province: Second Quarter	42
Table B2. Project enrolments per province: Year to Date	42
Table B3. Project enrolment turnaround time – Second Quarter	43
Table B4. Home enrolments per province: Second quarter	46
Table B5. Home enrolments per province: Year to Date	47
Table B6. Home enrolment turnaround time – Second Quarter	47
Table B7. Number of subsidy inspections conducted – Second Quarter	50

LIST OF TABLES

Figure A1.	Comparison of Registration numbers for 2012/2013 and 2013/2014 financial year	14
Figure A2.	Registration Dashboard	15
Figure A3.	Renewals Dashboard.....	19
Figure A4.	Registration performance over the last seven years	20
Figure A5.	Percentage renewals of Home Builders for 2013/2014 financial year	20
Figure A6.	Cumulative average % renewal of homebuilder registration over 7 years	21
Figure A7.	Comparison of number of enrolments per quarter for the two financial years.....	23
Figure A8.	Enrolment Dashboard	24
Figure A9.	Chart for the total number of enrolments for the past 7 years . Error! Bookmark not defined.	
Figure A10.	Late Enrolment Dashboard	28
Figure A11.	Non Subsidy Inspected Stages Dashboard	33
Figure A12.	Suspensions, De-registration and Re-instatement performance per quarter 2013/13 Error! Bookmark not defined.	
Bookmark not defined.		
Figure B1.	Subsidy Enrolment Dashboard	44
Figure B2.	Enrolment Dashboard.....	48
Figure B3.	Subsidy Inspection Stages - Dashboard.....	52

EXECUTIVE SUMMARY

This performance report is divided into 5 parts, viz:

- Part A:- Consolidated performance for Subsidy and Non-Subsidy Sector
- Part B: -Non-Subsidy sector
- Part C:- Subsidy sector
- Part D:- Governance
- Part E:- Performance Information
- Part F:- Financial Statement

PART A: CONSOLIDATED PERFORMANCE FOR SUBSIDY AND NON-SUBSIDY

The performance of the NHBRC in the Subsidy and non-subsidy sector for the second Quarter is summarized as follows:-

Valuable Final Product (VFP)	Second Quarter Performance				Year-to-Date Performance			
	Performance	Target	Variance	% Variance	Performance	Target	Variance	% Variance
Registration of new Home Builders	1,564	867	697	80%	2,730	1,444	1,286	89%
Renewal of registered Home Builders	4,084	3,659	425	12%	7,157	6,098	1,059	17%
Enrolments of new homes	98,356	77,006	21,350	28%	139,653	140,022	-369	-0,26%
*Late enrolments of new homes	537	621	84	14%	807	1,219	412	34%
Inspection of homes	140,741	104,790	35,951	34%	273,040	207,976	65,064	31%
Training of homebuilders	964	300	664	221%	1,606	600	1,006	167%
Training of Youth	469	500	-31	-6%	569	1,000	-431	-43%

Late enrolments are a risk to the warranty fund and it is the intention of Council to reduce the late enrolments to below 5% of total enrolments and NHBRC has achieved 14% in the second quarter.

- The NHBRC has registered a total of 1,564 homebuilders in the second quarter. A total of 1,854 homebuilders were captured in the quarter and a total of 211 homebuilders were rejected for the quarter. The reason why few registrations were issued (1,564) compared to the captured (1,854) ones is due to the homebuilder's failure to pass either technical/construction assessments or according to the National Credit Act as they are not part of the adverse classification of information. The exceeding of targets can be attributed to provinces like Gauteng, Limpopo and Mpumalanga where there was anticipation of tenders from the human settlements department. In the Eastern Cape, the NHBRC provincial office embarked on registration drive across the province where homebuilders were informed about the functions of NHBRC. The increase in performance in

Gauteng province is due to upcoming new townships and increase in development in metros and cities.

- The year to date performance of the consolidated performance for registration of homebuilders is 2,730 homebuilders against a target of 1,444 homebuilders. The year to date performance of registrations of homebuilders was met by 89%.
- The target for the turnaround time for registration of homebuilders is 100%. For the second quarter the NHBRC only achieved a turnaround time of 87%. This is a clear indication that the target was not met for the quarter. The target is to issue/reject registration certificates within the stipulated 5 days. The reason for failure to meet the target was because annual membership fees were not being paid on time by homebuilders. It is also a sign that homebuilders could have had credit judgments against themselves and they also failed or were disqualified for the technical assessment that they undergo in order for them to receive a registration certificate.
- For the second quarter a total 4,084 homebuilders had their registration renewed with NHBRC. A total of 4,333 homebuilders were captured for renewal of registrations for the quarter and a total of 218 homebuilders had their renewal of registrations rejected with NHBRC. Reasons for rejection of renewal of registrations are due to homebuilders failing the technical assessments and those who according to the National Credit Act are included as part of an adverse classification of information. It should be noted that the difference between issued renewals and rejected ones is because applications that were received in the previous quarter. The year to date performance of renewal of registrations of homebuilders has been overachieved by 17%.
- The turnaround time for renewal of registrations was set at 100% and the target was not met because only 73% was achieved for the quarter. There was no province that achieved its target for turnaround time in the quarter.
- For the second quarter a total of consolidated enrolment was 98,356 against a target of 77,006. The performance indicates that the target was achieved by 28%. The performance for year to date was 139,653 consolidated enrolments against a target of 140,022. The performance shows that target for year to date was missed -0.26 %.
- For the second quarter a total of consolidated inspections performed were 140,741 against a target of 104,790. The performance shows that the target was overachieved by 34%. The performance for year to date was 273,040 consolidated inspections performed against a target of 207,976. The performance was exceeded by 31%.
- For the second quarter a total of 964 homebuilders were trained against a target of 300. The performance indicates that the target was exceeded by 221% and this is due to extra measures

which were put in place by management and the fact that most of the training was conducted on homebuilders who should have been trained in the last quarter of the 2013/2014 financial year and were never trained. The performance for year to date was 1,606 against a target of 600. The target was exceeded by 167%.

- For the second quarter a total of 469 youth were trained against a target of 500. The performance shows that the target was missed by 6%. The performance for year to date is 569 against a target of 1,000. The target was missed by 43%. The target for training of youth for the year to date was not met due to the fact that NHBRC management decided to review the training strategy including content and ensure that only accredited service providers are appointed. A process of appointing new panel of service providers per province has been approved and currently underway through supply chain management.
- The targets for resolving complaints, conciliation and remedial work have not been met because of the following reasons. In complaints you find homebuilders not agreeing to the type of defect and in some cases there will be outstanding payments. The housing consumers have high expectation and some of them are very un-cooperative and delayed reports from Engineers are also a cause of concern.

B. Non-Subsidy sector

The performance of the NHBRC in the non-subsidy sector for the second Quarter is summarized as follows:-

Valuable Final Product (VFP)	second Quarter Performance				Year-to-Date Performance			
	Performance	Target	Variance	% Variance	Performance	Target	Variance	% Variance
Enrolments of new homes	14,841	12,410	2,431	20	27,345	24,360	2,985	12
*Late enrolments of new homes	537	621	84	14	802	1,219	417	34
Inspections of homes	88,329	41,698	46,631	112	168,585	81,792	86,793	106

*Late enrolments are a risk to the warranty fund and it is the intention of Council to reduce the late enrolments to below 5% of total enrolments and NHBRC has achieved 14% in the second quarter.

- A total of 14,841 homes were enrolled with NHBRC for the quarter against a target of 12,410 homes. The set target was exceeded by 20%. A total of 16,845 homes were captured for enrolment in the quarter and a total of 1,805 units were rejected for enrolment with the regulator. The reasons for rejection of home enrolment with NHBRC are due to poor geotechnical assessment reports that are received from home builders, undeclared late enrolment, outstanding fee etc. The year to date performance was overachieved by 12%. The statistics show that achievement of target is due to high volumes of enrolment received from City of Tshwane, Ekurhuleni Metropolitan municipality and the City of Johannesburg. In Mpumalanga province they have experienced a boom in the Emalahleni, Steve Tshwete, Bombela and Govan Mbeki municipalities.

- A target of 100% has been set for turnaround times for enrolment of homes and a total of 99% was achieved for enrolment turnaround in the quarter which indicates that the target was not met. It should be noted that there is no correlation between homes captured, issued and rejected because some homes that have been captured in the previous quarter would have been issued (approved) in the current quarter due to delays in submission of the relevant documentation.
- A total of 537 homes were enrolled late with NHBRC. A total of 685 homes were captured for late enrolment for the quarter whereas a total of 121 homes were rejected for late enrolment with NHBRC. The number of late enrolment of homes that were rejected is due to the fact that the requested financial guarantees were not found to be acceptable with the regulator. It should be noted that there is no correlation between homes captured, issued and rejected because some homes that have been captured in the previous quarter would have been issued (approved) in the current quarter due to delays in submission of the relevant documentation. The year to date performance was missed by 34% because home builders are discouraged from enrolling homes late with the regulator.
- A target of 100% has been set for turnaround times for late enrolment of homes and a total of 95% was achieved for late enrolment turnaround in the quarter which shows that the target was met as it is the aim of Council to do fewer late enrolments than what is set in the target. It should be noted that there is no correlation between late enrolment of homes captured, issued and rejected because some homes that have been captured in the previous quarter would have been issued (approved) in the current quarter due to delays in submission of the relevant documentation.
- The NHBRC received a total of 114 complaints for the quarter and all the complaints are related to maintenance, roof leak, structural defects, non-structural defects and some of the complaints are outside the warranty of the NHBRC. A total of 64% of complaints received are related to structural defects. The NHBRC managed to close a total of 110 complaints in the second quarter of the year. The close complaints include those received in the previous quarters but closed in the current quarter. The NHBRC did not receive any complaint that is outside its mandate which could be a sign that homebuilders understand what they should claim for or a sign that we need to reach out to home consumers so that they understand their rights and obligations.
- The NHBRC had set a target of 41,698 for the second quarter in terms of inspection of homes. A performance of 88,329 has been achieved for the non-subsidy sector which shows that the target has been met and exceeded by 112%. Year to date performance has been met and exceeded by 106%. The statistics indicate that of the 88,329 inspections conducted in the quarter, a total of 4,058 of homes were enrolled long before 31 December 2012 and a total of 10,078 homes were enrolled in 2013 year and a total of 18,251 homes were enrolled in the current financial year. A total of 58,000 inspections were left out by outsourced inspectors.

C. Subsidy Sector

The performance of the NHBRC in the Subsidy sector for the second quarter is summarized as follows:-

Valuable Final Product (VFP)	Second Quarter Performance				Year-to-Date Performance			
	Performance	Target	Variance	% Variance	Performance	Target	Variance	% Variance
Subsidy Home Enrolment	11,016	9,945	1,071	11	13,581	19,890	-6,309	-32
Subsidy Project Enrolment	17,482	13,530	3,952	29	19,763	27,060	-7,297	-27
Subsidy Consolidation	53,288	27,591	25,697	93	77,787	55,182	22,605	41
Inspection of homes	52,412	63,092	-10,680	-17	108,377	126,182	-17,805	-14

- The NHBRC's engagement with the Provincial Departments of Human Settlement is expected to begin to bear positive result as we have noted a significant improvement in the submission of projects prior to construction in the previous financial year. The NHBRC has made interventions in almost all the provinces in the previous financial year. In the 2014/2015 financial year provinces like Limpopo and Free State did not project any enrolment under Green field because their projects are mostly rural based and it shows that most of their projects are all brownfield(consolidation) which goes straight to home enrolment. Most provinces enrolled fewer units in Greenfield due to lack of available land to be sued for development.
- A total of eight projects enrolment (empty stands) consisting of 10,482 units were received in the second quarter. A total of 17,482 units were approved in the quarter including those received in the previous quarters against the target of 13,530. The performance indicates that the target was achieved by 29%.
- A target of 100% was set for turnaround times in terms of subsidy project enrolment. The target was missed by 62%. All the provinces that had approved projects did not meet their turnaround times with the exception of the Mpumalanga province.
- A total of fifteen home enrolment (empty stands) consisting of 10,321 units were received in the quarter. A total of 11,016 units were approved for the quarter against the set target of 9,945. The performance indicates that the target was achieved by 11%.
- A turnaround target of 100% was set for home enrolment whereby applications should be approved / rejected within 15 days from date of receipt. The target was missed by 29%. All the provinces did

not meet their target for the quarter in terms of turnaround times except for the Western Cape province.

- Some provincial department of Human Settlement enroll their projects in bulk at the beginning of the quarter. The performance indicates that for the quarter a total of 53,288 consolidation projects were approved against a target of 27,591. The performance shows that the target was achieved by 93%. The year to date performance for consolidation projects was achieved by 41%.
- The NHBRC set a target of 63,090 in terms of inspection of homes in the subsidy sector for the second quarter. The performance shows that a total of 52,412 inspections were done in the quarter. The target for the quarter has been missed by 17%. Year to date performance for the subsidy sector was missed by 14%. The statistics indicate that of the 52,412 inspections conducted in the quarter a total of 9,633 homes were enrolled long before 31 December 2012 and a total of 7,966 homes were enrolled in 2013 year and a total of 5,635 homes were enrolled in the current financial year.

D. Governance

The King Code of Good Practice and Housing Consumers Protection Measure Act, 1998 (Act No. 95 of 1998) as amended, Check list is attached in the document under Section C.

E. Performance Information

The performance information of the organization is attached in the document under Section D.

F. Finance

The financial statements of the organization are attached in the document under Section E.

PART B: PERFORMANCE OF THE NHBRC IN NON-SUBSIDY SECTOR

This part of the report documents the progress and performance of the NHBRC with respect to the non-subsidy sector. The performance is for the Second Quarter (July, August and September) of the financial year 2014/2015 financial year and will focus on the following:

- new registrations and renewals of home builders,
- enrolments and late enrolments of homes,
- complaints and conciliations between home builders and housing consumers,
- inspection of homes,
- suspensions, de-registrations and withdrawals of home builders, and
- remedial work and risk analysis
- training of homebuilders and youth;
- Legal Compliance and Enforcement.

1. Summary of Key Performance Areas

A summary of the Key Performance Areas for the Second Quarter and year to date is presented in Table A1.

Table A1: Summary of Key Performance Area's

Quarter 1	Registrations	Renewals	Enrolments	Late Enrolments	Training of homebuilders	Training of Youth
Performance	1,166	3,073	12,504	270	642	100
Target	577	2,439	11,950	598	300	500
Variance	589	634	554	327	342	-400
Variance (%)	102	26	5	55	114%	-80%
Quarter 2	Registrations	Renewals	Enrolments	Late Enrolments	Training of homebuilders	Training of Youth
Performance	1,564	4,084	14,841	537	964	469
Target	867	3,659	12,410	621	300	500
Variance	697	425	2,431	84	964	-31
Variance (%)	80	12	20	14	221	-6%
Year –to-date	Registrations	Renewals	Enrolments	Late Enrolments	Training of homebuilders	Training of Youth
Performance	2,730	7,157	27,345	808	1,606	569
Target	1,444	6,098	24,360	1 219	600	1,000
Variance	1,286	1,059	2,985	411	1,006	-431
Variance (%)	89	17	12	34	167%	-43%

A Summary of statistical performance is presented in Table A1 above. When the performance of the 2013/2014 financial year is compared with the performance of the 2014/2015 financial year, it is as follows:

- Registrations has increased by 91%,
- Renewals of Registrations have decreased by 18%,
- Enrolment of homes have decreased by 3 %; and
- Late enrolments of homes have decreased by 45%.
- Non-Subsidy inspections have increased by 22%; and
- Subsidy inspections have decreased by 28%.

- Subsidy home enrolments increased by 319%; and
- Subsidy project enrolment decreased by 80%.
- Training of homebuilders decreased by 221%; and
- Training of Youth decreased by 6%.

Detailed performance reviews and analysis for each of the Valuable Final Products (VFPs) are given in the following sections.

1.1. Key Performance Area: Registration of new home builders

1.1.1. Strategic Context:

Section 10(1) of the Housing Consumers Protection Measures Act, 1998 (Act No. 95 of 1998), requires all persons in the business of home building to be registered with NHBRC.

Table A2: Registrations of Home Builders in the Second Quarter

Province	EC	FS	GP	KZN	LP	MP	NC	NW	WC	Total
July	46	16	218	51	34	111	12	102	16	606
August	59	16	148	54	55	150	10	24	19	535
September	68	15	141	46	54	55	11	14	19	423
Performance	173	47	507	151	143	316	33	140	54	1,564
Target	107	41	300	108	72	75	30	51	83	867
Variance	66	6	207	43	71	241	3	89	- 29	697
Variance (%)	62	15	69	40	99	321	10	175	- 35	80

Table A3: Captured Registrations for the Second Quarter

Province	EC	FS	GP	KZN	LP	MP	NC	NW	WC	Total
July	71	30	286	58	29	111	16	110	35	746
August	65	25	161	67	73	176	12	30	20	629
September	79	24	125	60	52	63	13	32	31	479
Total	215	79	572	185	154	350	41	172	86	1,854

It should be noted that the above table shows the number of registrations captured by the NHBRC for the second quarter of the 2014/2015 financial year. The captured table does not have a direct correlation with the issued table because some of the issued registrations could have been captured in the previous quarters of the same financial year.

Table A4: Rejected Registration for the Second Quarter

Province	EC	FS	GP	KZN	LP	MP	NC	NW	WC	Total
July	7	0	11	2	0	0	0	3	5	28
August	41	1	17	33	1	1	0	4	1	99
September	24	0	41	4	1	2	3	2	7	84
Total	72	1	69	39	2	3	3	9	13	211

1.2. Analysis of Performance:

From Table A2 above, only Western Cape Province did not meet their targets and the national target for the quarter was exceeded by 80%. Evaluation of registration is based on:

- Technical assessment of the capabilities of the applicant
- Construction assessment of the capabilities of the applicant, and
- Financial assessment of the capabilities of the applicant.
- A non-refundable registration fee of R657.89 is payable to NHBRC before registration.

Under performance of targets is negatively impacted by applicant's poor credit records and lack of technical skills.

A comparison of registrations in the current and last financial year is presented below. It is evident that new registrations have increased in the current financial year as compared to the same period last year with year on year growth being 91%.

- Number of new registrations in Quarter 2 of 2013/2014 year 818
- Number of new registrations in Quarter 2 of 2014/2015 year 1,564
- Year on year growth 91%

Part of the reason in the increase of new registrations is due to homebuilders meeting the minimum technical and financial requirements as well as the economic activities picking up in the construction industry.

1.3. Analysis of Registration Turnaround Performance:

Key Activities:

- Capture all received applications on the system;
- Raise pro forma invoice on the system
- Apply the non-refundable administration fee

- Conduct credit checks;
- Conduct technical assessments;
- Apply the final payment
- Issue certificates or reject applications

1.3.1. Achievement of target

Table A5 represent the percentage number of registrations issued or rejected within 5 days from date of capture. Turnaround target is not met. The target for the quarter was 100%. An average of 87% was achieved for the second quarter of the 2014/2015 financial year.

Table A5: Registration turnaround time – Second Quarter

Registration	EC	FS	GP	KZN	LP	MP	NC	NW	WC	TOTAL
Complete/issued applications	173	47	507	151	143	316	33	140	54	1,564
% certified within 5 days	121	35	478	110	117	304	32	123	48	1,368
Target %	100	100	100	100	100	100	100	100	100	100
Achieved turnaround %	70	74	94	73	82	96	97	88	89	87

Figure A1. Comparison of Registration numbers for 2013/2014 and 2014/2015 financial year

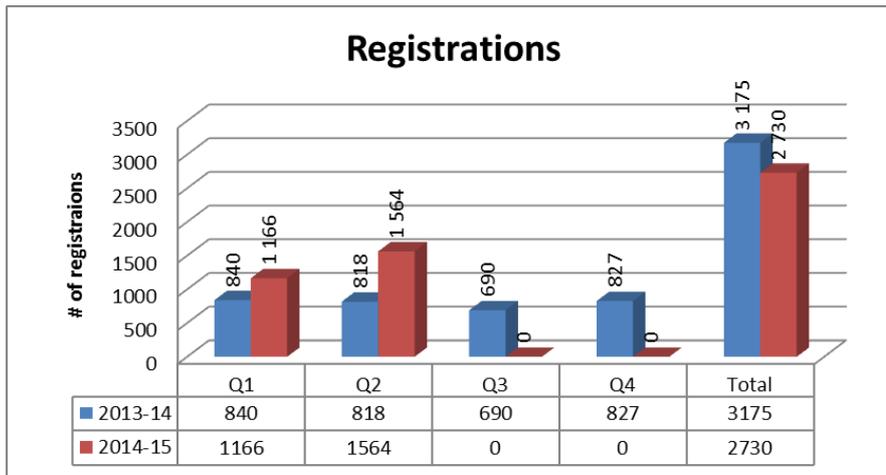


Figure A2. Registration Dashboard

REGISTRATION DASHBOARD

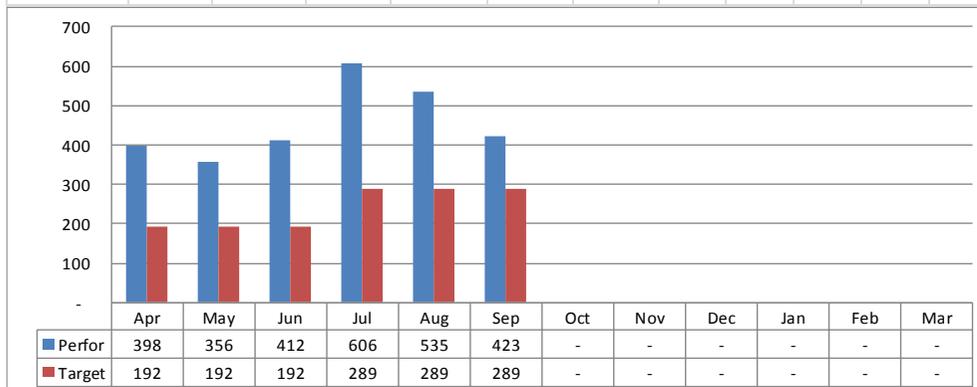
Registrations of Home Builders - Year to Date

Province	Perform.	Target	Var
	Year to Date		
EC	347	178	95%
FS	109	68	60%
GP	834	500	67%
KZN	276	180	53%
LP	348	120	190%
MP	427	125	242%
NC	50	50	0%
NW	218	85	156%
WC	121	138	-12%
TOTAL	2 730	1 444	89%

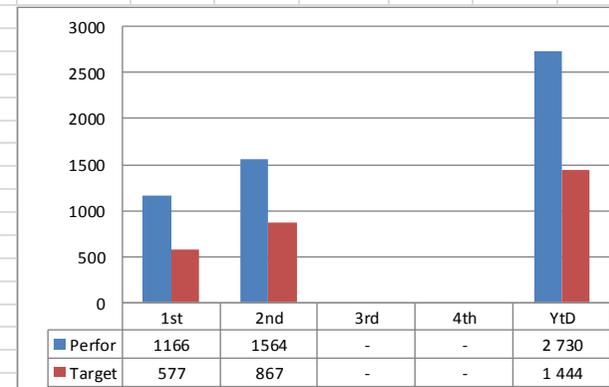
% Contribution per province Year to Date

Province	No. of reg.	% Contr.
	Year to Date	
EC	347	13%
FS	109	4%
GP	834	31%
KZN	276	10%
LP	348	13%
MP	427	16%
NC	50	2%
NW	218	8%
WC	121	4%
TOTAL	2 730	100%

Registrations per month



Registrations per quarter



1.4. Key Performance Area: Renewal of registrations

1.4.1. Strategic Context:

Section 10(1) of the Housing Consumers Protection Measures Act, 1998 (Act No. 95 of 1998), requires all persons in the business of home building to be registered and renew their annual membership with NHBC.

Achievement of target for the statistics

Target met. Table A6 indicates the performance of the organization against the set target. The target for the quarter was 3,659 and 4,084 renewals of registrations were done for the quarter. The table indicates that the target was met by 12%.

Table A6: Renewals of registered Home Builders – Second Quarter

Province	EC	FS	GP	KZN	LP	MP	NC	NW	WC	Total
July	165	66	453	175	112	209	38	149	180	1,547
August	152	65	401	174	148	155	25	62	133	1,315
September	122	63	355	193	146	81	19	62	181	1,222
Performance	439	194	209 ¹	542	406	445	82	273	494	4,084
Target	426	194	080 ¹	417	405	405	69	180	483	3,659
Variance	13	0	129	125	1	40	13	93	11	425
Variance (%)	3	0	12	30	0	10	19	52	2	12

Table A7: Captured Renewals of registration for the Second Quarter of 2014/2015 financial year

Province	EC	FS	GP	KZN	LP	MP	NC	NW	WC	Total
July	192	73	474	183	123	226	46	144	193	1,654
August	154	71	418	185	164	159	28	67	149	1,395
September	134	70	373	209	148	79	19	64	188	1,284
Total	480	214	265 ¹	577	435	464	93	275	530	4,333

It should be noted that the above table shows the number of renewal of registrations captured by the NHBC for the second quarter of the 2014/2015 financial year. The captured table does not have a direct correlation with the issued table because some of the issued renewal of registrations could have been captured in the previous quarters of the same financial year.

Table A8: Rejected renewals of registration for the Second Quarter of 2014/2015 financial year.

Province	EC	FS	GP	KZN	LP	MP	NC	NW	WC	Total
July	8	2	3	1	5		0	1	12	32
August	33	12	3	73	4	3	1	0	6	135
September	9	1	10	1	3	1	4	0	22	51
Total	50	15	16	75	12	4	5	1	40	218

It should be noted that the above table shows the number of registrations renewals rejected by the NHBRC for the second quarter of the 2014/2015 financial year.

1.4.2. Key Activities:

Given the risk associated with the ever-changing financial, contract management and ownership status of home builders, NHBRC constantly reviews the membership in order to evaluate the risk exposure emanating from the changes in status quo. A renewal fee of R526 is payable to NHBRC.

A comparison of renewals in the current financial year and the last financial year is presented below. It is evident that renewals have decreased as compared to the same period last year with year on year increased by 18%.

- Number of renewals in Quarter 2 of 2013/2014 year 3,458
- Number of renewals in Quarter 2 of 2014/2015 year 4,084
- Year on year growth 18%

Additional factors that also usually affect renewals of homebuilders negatively include:

Cancellation of contracts by potential clients and Provincial Departments of Human Settlements (PDHS)

- voluntary withdrawals/deregistration,
- suspension by NHBRC due to non-compliance, and
- Lack of financial capabilities by the applicant and;
- Lack of technical capabilities by the applicants.

1.4.3. Analysis of renewal turnaround

Key Activities:

- Send notifications to all qualifying applicants a month before expiry of registration either by fax, email, sms or letter;
- Capture all received applications on the system;
- Conduct credit checks;
- Conduct technical assessments;

- Raise pro forma invoice on the system ; and
- Issue certificates.

1.4.4 Achievement of target

Target not met. Table A5 below represent the percentage number of renewal of registrations issued or rejected within 5 days from date of capture. The target for the quarter was 100% and 73% was achieved. On average, it takes 6 days to certify a renewals application.

Table A9: Renewals turnaround time – Second Quarter

Renewal	EC	FS	GP	KZN	LP	MP	NC	NW	WC	TOTAL
Complete applications	439	194	1209	542	406	445	82	273	494	4,084
% certified within 5 days	289	125	991	266	337	384	66	190	319	2,967
Target %	100	100	100	100	100	100	100	100	100	100
Achieved turnaround %	66	64	82	49	83	86	80	70	65	73

1.4.5 Reasons for under achievement

Reasons for none achievement of renewal of registration turnaround time can be attributed to the following:

- Late payment of annual membership fee once the renewal application has been assessed – where payment is made from agent bank there is a clearance period of 2 days for the money to reflect on the NHBRC bank account.
- Credit judgments against the registering company or its directors – where there are judgments against the company or director(s), a settlement or arrangement letter from the creditor is required to further assess the registration application. These letters take in the region of 1 week to be produced by creditors.

Figure A3. Renewals Dashboard

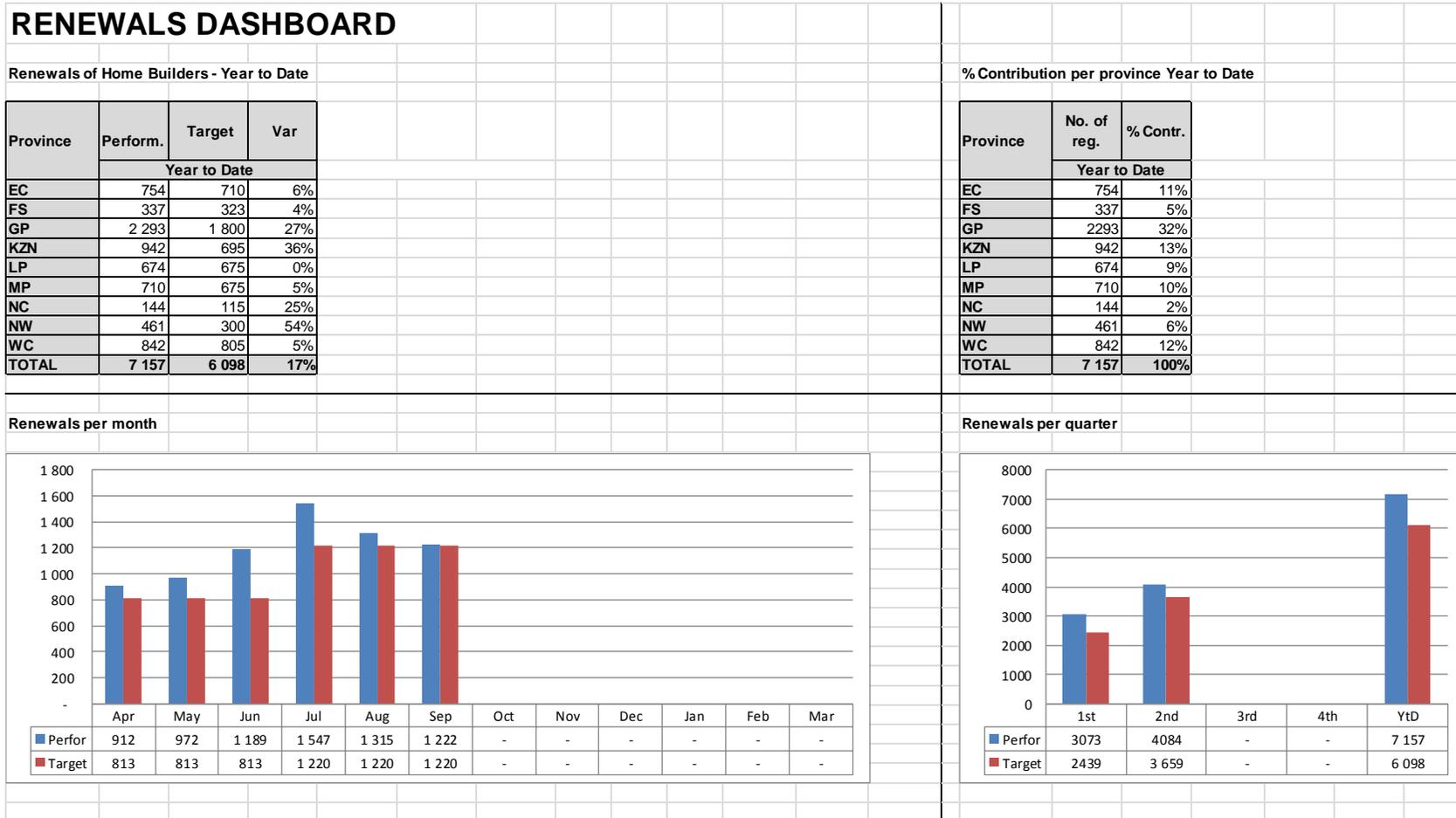


Figure A4. Registration performance over the last seven years

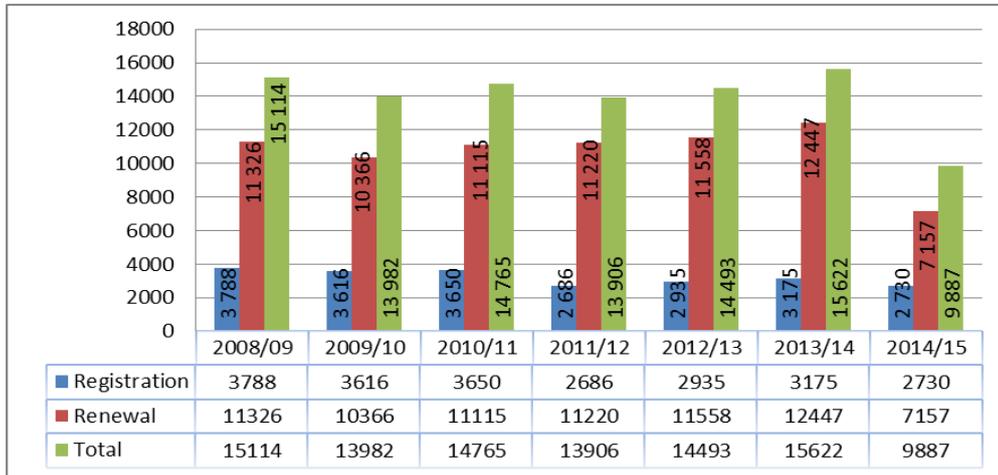


Figure A5. Percentage renewals of Home Builders for 2014/2015 financial year

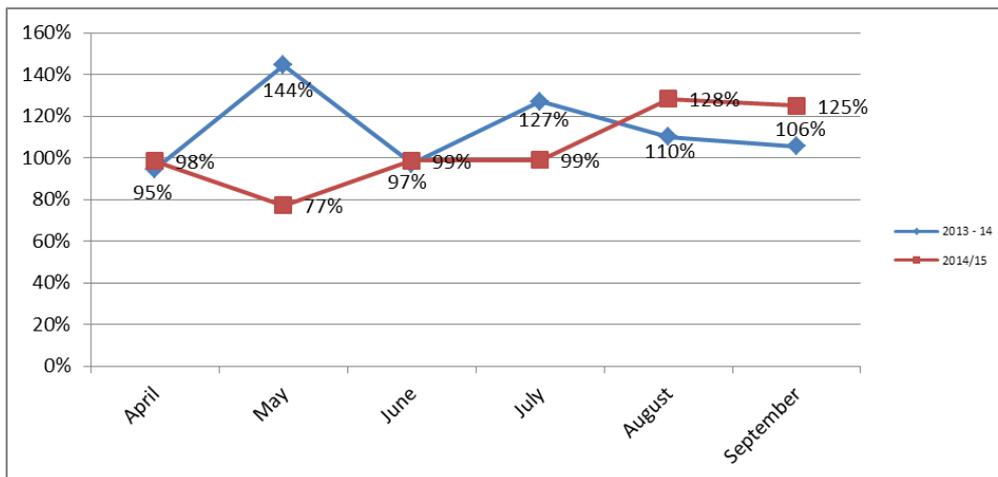
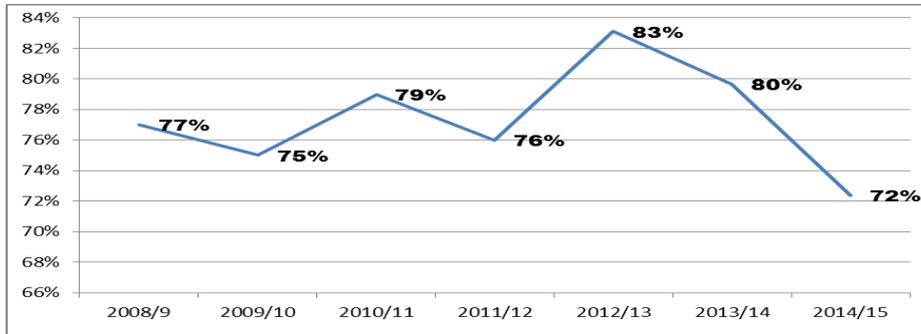


Figure A6. Cumulative average % renewal of homebuilder registration over 7 years



The figure above represents the average annual percentage renewals by home builders. The percentage renewals have been increasing since 2012/2013 and the average renewal over the last three years is 78%.

1.5 Key Performance Area: Enrolment of homes

1.5.1 Strategic Context:

Section 14 of the Housing Consumers Protection Measures Act, 1998 (Act No.95 of 1998) requires that all new homes must be enrolled with the Council fifteen (15) days prior to construction.

1.5.2 Achievement of target

Target met. Table A10 below shows that a total of 14,841 enrolments were issued during the second quarter. A total of four provinces met their targets for the quarter. The provinces that did not meet their target are KZN, FS, LP, NC, and NW. The achievement of the target in four provinces is attributed to tremendous growth due to the introduction of the gap market and increased housing needs in the mining sector.

Table A10: Enrolment of homes – Second Quarter

Province	EC	FS	GP	KZN	LP	MP	NC	NW	WC	Total
July	172	121	4,242	167	143	266	65	152	848	6,176
August	190	86	2,625	191	111	417	141	111	568	4,440
September	177	82	1,927	342	201	484	94	108	810	4,225
Performance	539	289	8,794	700	455	1 167	300	371	2,226	14,841
Target	505	392	6,531	707	513	967	432	594	1,769	12,410
Variance	34	-103	2,263	- 7	- 58	200	-132	- 223	457	2,431
Variance (%)	7	- 26	35	- 1	- 11	21	- 31	- 38	26	20

Table A11: Captured enrolment of homes for the Second Quarter

Province	EC	FS	GP	KZN	LP	MP	NC	NW	WC	Total
July	200	111	3,844	320	142	401	108	148	705	5,979
August	166	57	3,348	237	136	320	114	118	636	5,132
September	181	658	2,876	408	184	447	149	132	699	5,734
Total	547	826	10,068	965	462	1,168	371	398	2,040	16,845

It should be noted that the above table shows the number of enrolments captured by the NHBRC for the second quarter of the 2014/2015 financial year. The captured table does not have a direct correlation with the issued table because some of the issued enrolments could have been captured in the previous quarters of the same financial year.

Table A12: Rejected enrolment of homes for the Second Quarter

Province	EC	FS	GP	KZN	LP	MP	NC	NW	WC	Total
July	3	0	279	4	7	4	4	1	74	376
August	12	0	458	74	9	5	8	3	42	611
September	9	409	175	20	46	9	4	0	146	818
Total	24	409	912	98	62	18	16	4	262	1,805

It should be noted that the above table shows the number of enrolment of homes rejected by the NHBRC for the second quarter of the 2014/2015 financial year.

1.5.3 Key Activities:

- Assessment of enrolment documentation.
- Where the risk of unsuitable soil (e.g. dolomites) is high, a detailed technical assessment of the submission is performed, in liaison with our strategic partner Council for Geoscience.
- For homes under R500k, the enrolment fee is calculated as 1.3% of the value of the property including land. For houses above R500k, a sliding scale is used to calculate the enrolment fee.

1.5.4 Analysis of Performance:

A comparison of enrolment in the second quarter of current and last financial year is presented below. It is evident that enrolment has increased as compared to the same period last year with year on year growth of 3%.

- Number of home enrolments in Quarter 2 of 2013/2014 year 14,388
- Number of home enrolments in Quarter 2 of 2014/2015 year 14,841
- Year on year growth 3%

Figure A 6: Total number of enrolments for the past seven years

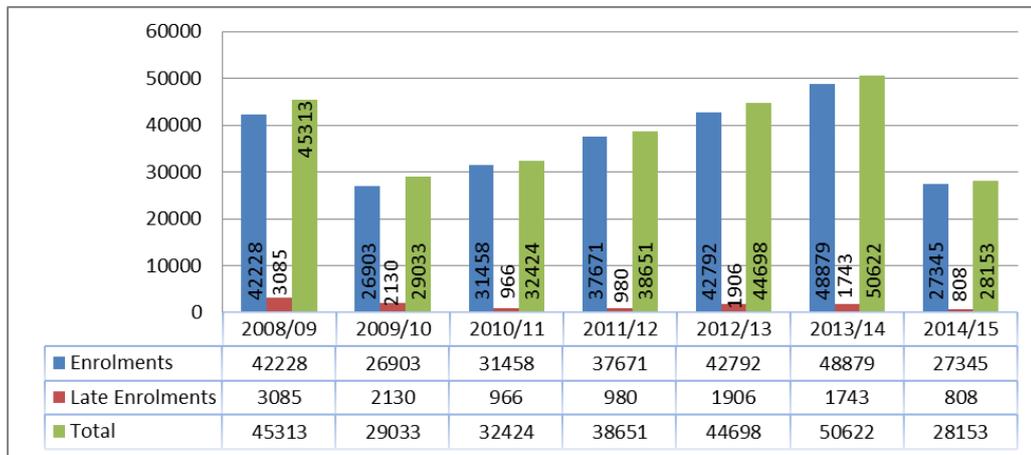


Figure A7. Comparison of number of enrolments per quarter for the two financial years, 2013/14 and 2014/15

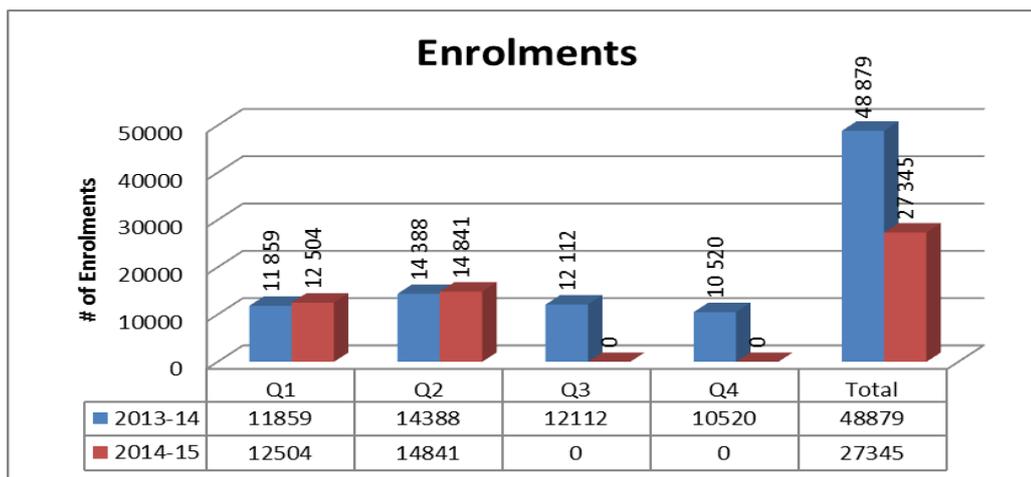


Table A13: Enrolment turnaround times – Second Quarter

Normal Enrolment	EC	FS	GP	KZN	LP	MP	NC	NW	WC	TOTAL
Complete/issued applications	540	263	7,670	607	440	1169	268	320	2125	13,402
% certified within 3 days	539	257	7,607	605	439	1165	268	319	2109	13,308
Achievement turnaround %	100	100	100	100	100	100	100	100	100	100
Achievement %	100	98	99	100	100	100	100	100	99	99

Achievement of target:

Target not met. Table A13 indicates the percentage number of non-subsidy enrolments issue or rejected within 3 days from date of capture. The national target for the quarter was 100% and 99% was met for the second quarter of the 2014/2015 financial year.

Figure A8. Enrolment Dashboard

ENROLMENT DASHBOARD

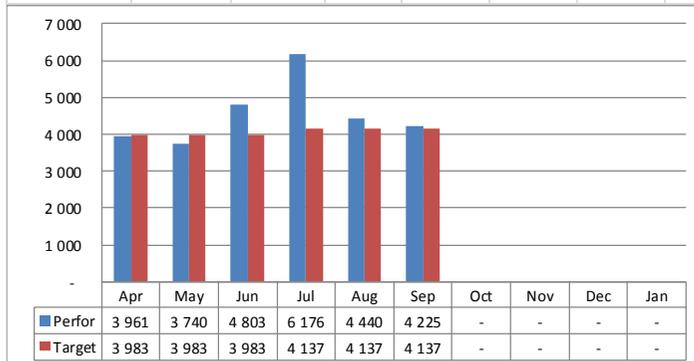
Enrolments of Homes - Year to Date

Province	Perform.	Target	Var
	Year to Date		
EC	1 066	991	8%
FS	632	769	-18%
GP	16 093	12 820	26%
KZN	1 184	1 388	-15%
LP	816	1 007	-19%
MP	2 270	1 899	20%
NC	495	848	-42%
NW	854	1 166	-27%
WC	3 935	3 472	13%
TOTAL	27 345	24 360	12%

% Contribution per province Year to Date

Province	No. of reg.	% Contr.
	Year to Date	
EC	1066	4%
FS	632	2%
GP	16093	59%
KZN	1184	4%
LP	816	3%
MP	2270	8%
NC	495	2%
NW	854	3%
WC	3935	14%
TOTAL	27 345	100%

Enrolments per month



Enrolments per quarter

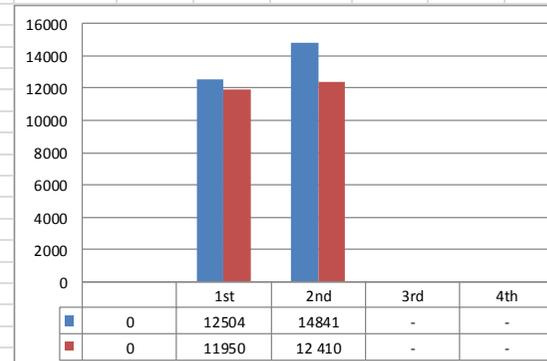
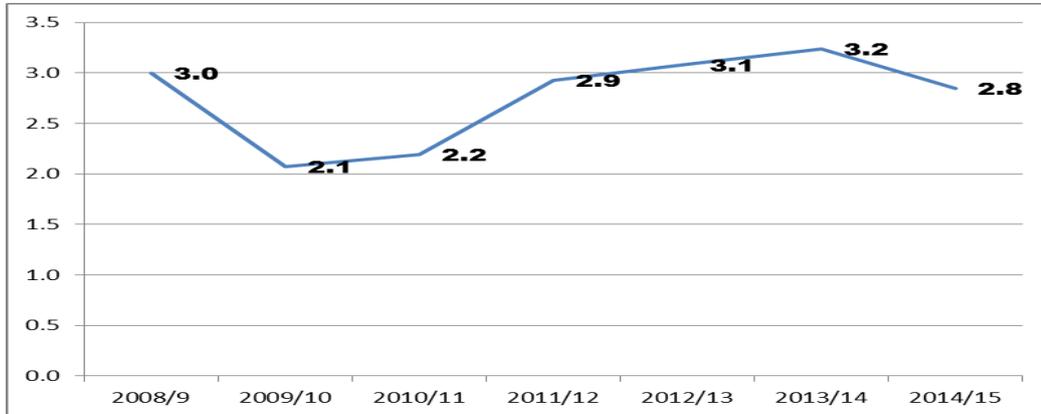


Table A8: Enrolment to builder ratio



1.6 Key Performance Area: Late Enrolments of homes

1.6.1 Strategic Context:

Section 14 of the Housing Consumers Protection Measures Act, 1998 (Act No.95 of 1998) allows houses to be enrolled late with Council, i.e. after construction has commenced.

1.6.2 Achievement of targets for the statistics:

Target met. Table A14 below shows that a total of 537 late enrolments were issued during the second quarter against a target of 621 late enrolments. Six provinces did meet their targets Three provinces failed to meet their target because they did more late enrolments than the set target.

Table A14: Late Enrolments of Homes – Second Quarter

Province	EC	FS	GP	KZN	LP	MP	NC	NW	WC	Total
July	1	233	52	20	2	18	1	7	46	380
August	2	2	5	17	3	4		2	35	70
September	12	1	23	12	4	4	1	2	28	87
										-
Performance	15	236	79	49	10	26	2	11	109	537
Target	25	20	327	35	26	48	22	30	88	621
Variance	10	- 216	248	-14	16	22	20	19	21	84
Variance (%)	40	-1,080	76	- 40	62	46	91	63	24	14

Table A15: Captured Late Enrolment – Second Quarter

Province	EC	FS	GP	KZN	LP	MP	NC	NW	WC	Total
Jul	4	3	45	22	3	1	2	6	77	163
Aug	19	7	67	22	10	5	2	16	23	171
Sep	18	104	39	125	26	5		27	7	351
Total	41	114	151	169	39	11	4	49	107	685

It should be noted that the above table shows the number of late enrolments captured by the NHBRC for the second quarter of the 2014/2015 financial year. The captured table does not have a direct correlation with the issued table because some of the issued enrolments could have been captured in the previous quarters of the same financial year.

Table A16: Rejected Late Enrolment- Second Quarter

Province	EC	FS	GP	KZN	LP	MP	NC	NW	WC	Total
Jul	1	0	5	1	0	0	0	4	51	62
Aug	4	0	4	11	2	1	1	0	1	24
Sep	0	0	6	1	5	20	0	0	3	35
Total	5	0	15	13	7	21	1	4	55	121

It should be noted that the above table shows the number of enrolment of homes rejected by the NHBRC for the second quarter of the 2014/2015 financial year.

1.6.3 Key Activities:

- Inspection of critical stages of construction are missed because of late enrolment;
- A detailed pre-enrolment inspection is therefore conducted;
- Financial Guarantees may be called upon if the risk of enrolment is high; and
- In addition to the enrolment fee, a late enrolment fee and inspection costs are charged.

A comparison of late enrolments certified in the current and last financial year is presented below. It is evident that late enrolment of homes has dropped compared to the same period last year with year on year drop being 45%. The drop may be due to undeclared late enrolments in Gauteng Province, mainly in sectional title developments. The trend is expected to continue due to number of pending applications for late enrolment of homes.

- Number of late enrolments in Quarter 2 of 2013/2014 year 980
- Number of late enrolments in Quarter 2 of 2014/2015 year 537
- Year on year growth (45%)

Table A17: Late enrolment turnaround time

Late Enrolment	EC	FS	GP	KZN	LP	MP	NC	NW	WC	TOTAL
Complete applications	15	236	79	49	10	26	2	11	109	537
% certified within 3 days	14	236	79	26	10	25	2	11	108	511
Target %	100	100	100	100	100	100	100	100	100	100
Achievement %	93	100	100	53	100	96	100	100	99	95

Achievement of target:

Target not met. Figure A17 indicates the percentage number of non-subsidy late enrolment turnaround time that were certified or rejected within 3 days from date of approval. The national target for the quarter was 100% and 95% was achieved for the quarter.

Figure A9. Late Enrolment Dashboard

LATE ENROLMENTS DASHBOARD

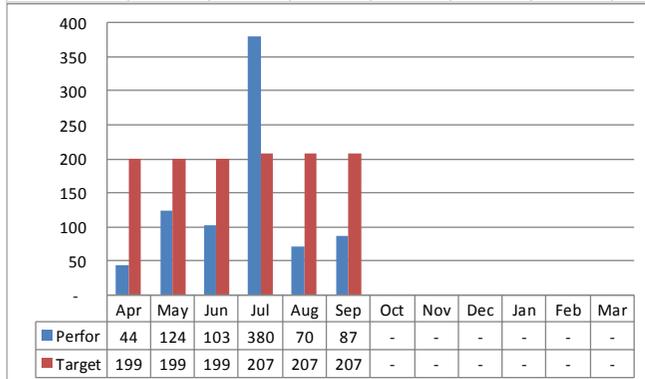
Late Enrolments of Homes - Year to Date

Province	Perform.	Target	Var
	Year to Date		
EC	54	49	-10%
FS	240	39	-515%
GP	139	641	78%
KZN	67	69	3%
LP	29	51	43%
MP	31	95	67%
NC	4	43	91%
NW	23	59	61%
WC	221	173	-28%
TOTAL	808	1 219	34%

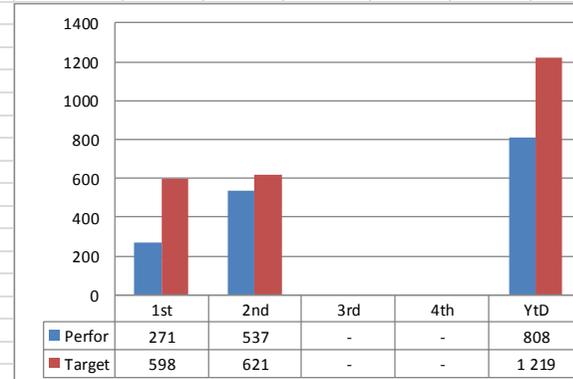
% Contribution per province Year to Date

Province	No. of reg.	% Contr.
	Year to Date	
EC	54	7%
FS	240	30%
GP	139	17%
KZN	67	8%
MP	29	4%
NC	31	4%
LP	4	0%
NW	23	3%
WC	221	27%
TOTAL	808	100%

Late Enrolments per month



Late Enrolments per quarter



1.7 Key Performance Area: Complaints

1.7.1 Strategic Context:

Rule 18 of the Regulation entitles a housing consumer to lodge a complaint where a home builder has failed to respond to legitimate complaints by the housing consumer.

1.7.2 Key Activities

- Day to day complaints during construction are attended to in the form of technical non-compliances issued on site by inspectors. These complaints are not analysed and reported here.
- Complaints are lodged and dealt with through the Provincial Customer Service Centres.

The number of complaints lodged in the second quarter is presented in Table A18. The number of complaints received is 114. Management's target is to resolve a complaint or escalate to conciliation process within 30 days of receipt as agreed upon in the approved Annual performance plan 2014/2015.

Management of the NHBRC has managed to close a total of 110 complaints in the second quarter of the 2014/2015 financial year.

Table A18: Number of complaints received in the Second Quarter

Province	EC	FS	GP	KZN	MP	NC	LP	NW	WC	Total
Maintenance	1	2	12	2		5	1		3	26
Roof leak	1	0	6	1	0	0	0	0	7	15
Structural	2	1	39	9	10	5	3	2	2	73
Non Structural										0
Outside the warranty	0	0	0	0	0	0	0	0	0	0
Total	4	3	57	12	10	10	4	2	12	114

Table A19: Number of complaints closed in the Second Quarter

	EC	FS	GP	KZN	LP	MP	NC	NW	WC	Total
0 > 30	0	0	12	2	1	1	1	0	0	17
31 > 60			23		2	1	0	0	2	28
61 > 90	1	1	9	1	1	2	1	2	3	21
> 91	7	4	16	3	1	3		2	8	44
# of complaints closed	8	5	60	6	5	7	2	4	13	110

The table above contains complaints that are closed in the quarter but includes complaints received in the previous months that were only closed in the current quarter. This are the complaints that requires no further action by the management of NHBRC.

Table A19 (1): Cumulative number of Complaints for 2014/15

Month	Apr	May	Jun	Jul	Aug	Sep	# of Complaints Received	Total Not Yet Resolved
Apr	7	21	30	34	35	35	37	2
May		10	29	42	43	43	49	6
Jun			3	40	43	44	56	12
Jul				7	22	30	50	20
Aug					7	16	23	7
Sep						4	41	37
Total						172	256	84

The A19 (1) above represent the number of complaints received in the current financial and were closed either by being escalated to conciliation stage or where no further action from NHBRC management was required.

The table above is explained as follows:

- A total of 37 complaints were received in the month of April
- A total of 7 out of 37 complaints received in April were resolved in April and a total of 14 complaints out of 37 received in the month of April were resolved in the month of May.
- As at end of September, 35 complaints were resolved and 2 are still outstanding

1.8 Non-Subsidy Inspections

1.8.1 Strategic Context:

Section 5(4) (b) of the Housing Consumers Measures Protection Act, 1998 (Act No.95 of 1998) requires that **all** enrolled homes must be inspected by Council during the construction period.

1.8.2 Key Activities:

- A minimum of 4 inspections are conducted on all enrolled houses;
- A maximum of 8 inspections are conducted on all enrolled houses;
- The number of inspections conducted per house is a function of the size and the complexity of the design of the house; and
- Houses that have been enrolled late may miss foundation inspection which disadvantages Council..

1.8.3 Achievement of Target

Target met. Table A20 indicates that a total of 88,329 inspections were conducted in the second quarter of the financial year against a target of 41,698. The target for the quarter was overachieved by 112% and this can be attributed to the number of home inspectors that the NHBRC has employed in-house in the previous financial year.

Table A20: Number of inspections performed in the Second Quarter

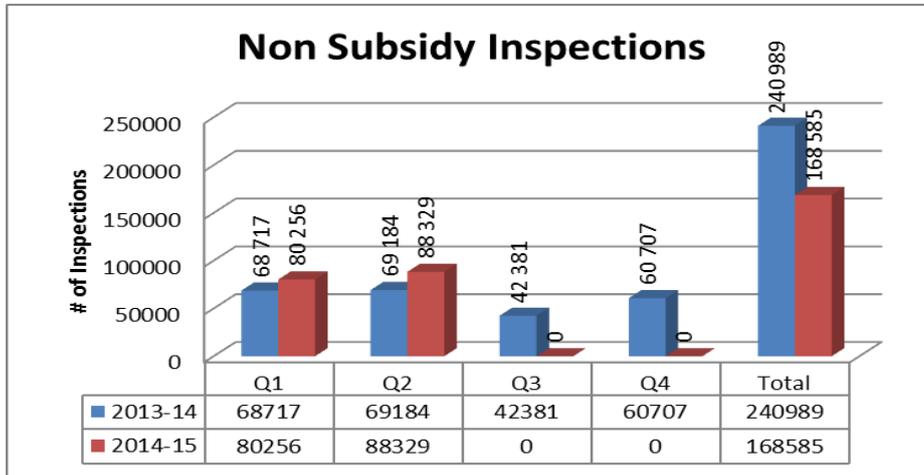
Province	EC	FS	GP	KZN	MP	NC	LP	NW	WC	Total
Jul	604	597	8,581	1,806	1,212	524	1,038	847	8,114	23,323
Aug	1,886	597	12,548	1,631	1,919	1,608	1,317	1,847	5,244	28,597
Sep	3,155	573	11,031	1,514	4,695	2,318	2,177	1,362	9,584	36,409
										-
Performance	5,645	1,767	32,160	4,951	7,826	4,450	4,532	4,056	22,942	88,329
Target	2,097	1,310	22,086	2,228	2,839	1,638	1,638	2,184	5,678	41,698
Variance	3,548	457	10,074	2,723	4,987	2,812	2,894	1,872	17,264	46,631
Variance (%)	169	35	46	122	176	172	177	86	304	112

Table A21: Delayed triangle for non-subsidy homes inspected against enrolled homes and Inspection ratio

Enrolment year	homes inspected in quarter 2									
	EC	FS	GP	KZN	MP	NC	LP	NW	WC	Total
<=31/12/2012	577	195	1,101	227	487	16	428	329	698	4,058
2013	442	163	4,176	943	709	164	463	610	2,408	10,078
2014	660	375	7,863	683	1,655	880	677	907	4,551	18,251
Total number of Houses inspected	1,679	733	13,140	1,853	2,851	1,060	1,568	1,846	7,657	32,387
Total number of inspections	5,645	1,767	32,160	4,951	7,826	4,450	4,532	4,056	22,942	88,329
inspection ratio	3	2	2	3	3	4	3	2	3	3

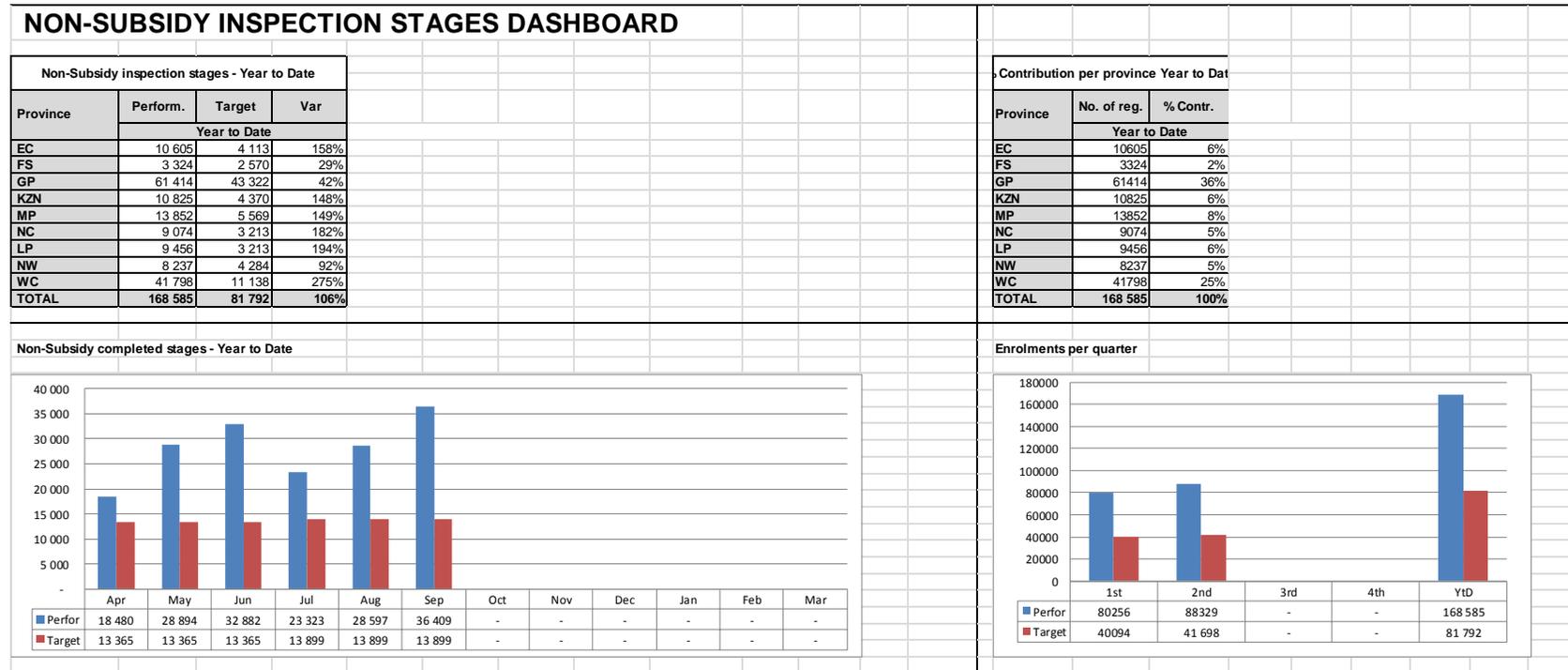
The table above shows the number of houses inspected in the second quarter and the year in which they were enrolled. A total of 4,058 houses inspected in this quarter were enrolled in the 2012 financial year or prior to the financial year. A total of 10,078 houses inspected in this quarter were from houses enrolled in the 2013 year. A total of 18,251 houses inspected in the second quarter were enrolled in the year 2014. The table above shows that the average inspections ratio for the inspections conducted in the subsidy sector is 3 for the second quarter of the 2014/2015 financial year.

Table A14: Comparison of inspections per quarter



The Chart above indicates that inspection of homes in the non-subsidy sector has increased by 22% in the second quarter of the 2014/2015 financial year as compared with the performance in the previous financial year.

Figure A10. Non Subsidy Inspected Stages Dashboard



1.9 Suspensions

1.9.1 Strategic Context

- In terms of section 11(3) of the Act, Council may suspend the registered home builder's registration or refuse to enrol homes for the period that the Council deems necessary to investigate the matter or until the registered home builder has complied with the relevant provisions, condition or obligation in terms of the Act, as the case may be.
- In addition, the Act empowers the NHBRC's Disciplinary Committee, after following due process, to impose withdrawal of registration of a home builder; a fine not exceeding R25 000 or a warning in instances where a home builder has been found guilty of contravening the provisions of the Act.

1.9.2 Key Activities

- review of files to ensure that the enforcement procedural and substantive requirements have been complied with before deciding whether to prosecute a home builder or not;
- sending a 30 days' notice of intention to prosecute a home builder which affords a home builder an opportunity to respond to allegations against him/her;
- issuing summons instructing a home builder to appear before the NHBRC's Disciplinary Committee;
- disciplinary hearing proceedings; and
- Implementing disciplinary committee rulings.

1.9.3 Risk Analysis: Suspensions, De-registrations and Withdrawals

- Home builder is not allowed to be involved in building activities during suspension;
- Suspension without adequate legal grounds may result in a claim for damages against the NHBRC;
- Disciplinary process may result in the home builder's registration status being withdrawn;
- The Disciplinary Committee's decision may be taken on review or appeal;
- Recourse against the home builder becomes difficult to pursue in the event of structural defects manifesting themselves.

1.10 Training of homebuilders

1.10.1 Strategic Context

- The Housing Consumers Protection Measures Act, 1995 (Act No.95 of 1998) states that NHBRC can assist home builders, through training and inspection, to achieve and maintain satisfactory technical standards of home building.

1.10.2 Achievement of target for the statistics

Target met. The NHBRC has trained a total of 964 homebuilder in the second quarter of the 2014/2015 financial year against a set target of 300. The target has been overachieved by 36% for the quarter. The reason for this performance can be attributed to the fact that NHBRC has only focused on key construction courses.

1.10.3 Key Activities

- The NHBRC identifies home builders through its partnerships with provincial departments of human settlements and municipalities
- Learners are trained on site in a number of trades in the home building industry.
- Establish a school of homebuilder training
- Establish a school of inspector training
- Test material that are used in the construction field
- To research houses that are constructed at Eric Molobi and to ensure that they can withstand the conditions
- Promote the use of innovative and alternate building materials
- Ensure that the course that builders are trained are SAQA accredited

1.10.4 Risk Analysis: Training of homebuilders

- Home builder is not allowed to be involved in building activities during suspension;
- Suspension without adequate legal grounds may result in a claim for damages against the NHBRC;
- Disciplinary process may result in the home builder's registration status being withdrawn;
- The Disciplinary Committee's decision may be taken on review or appeal;
- Recourse against the home builder becomes difficult to pursue in the event of structural defects manifesting themselves.

Chart of homebuilder training in the past seven years

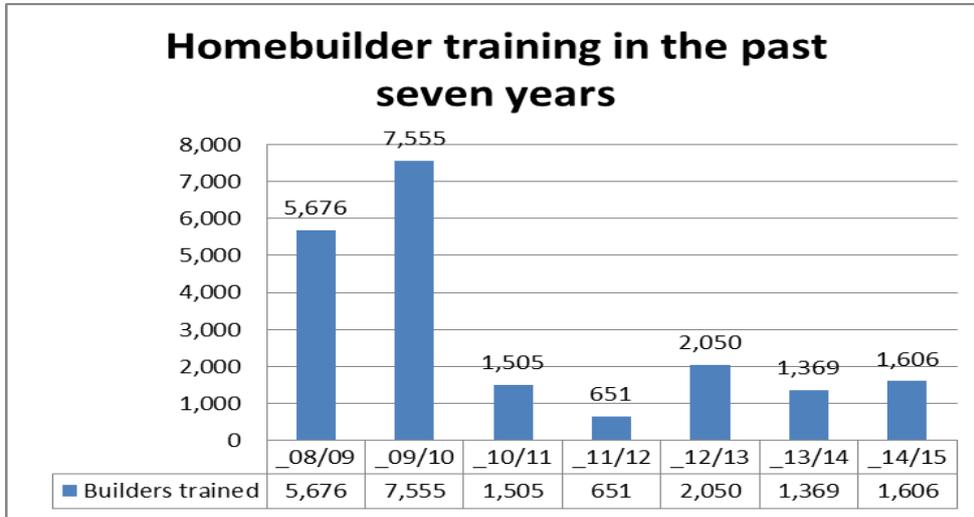
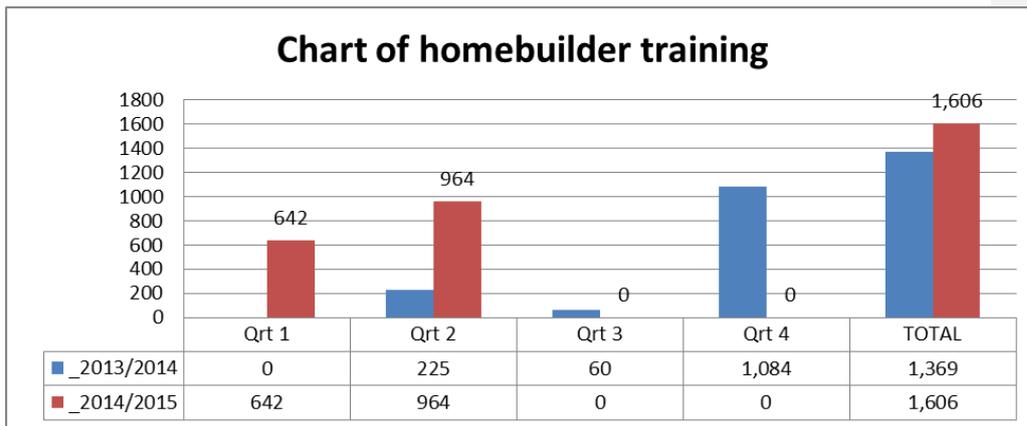


Chart of homebuilder training per quarter



The chart above indicates that homebuilder training in the second quarter of the current financial year has increased by 328% when compared with the performance of the second quarter from the previous financial year.

1.11 Training of Youths

1.11.1 Strategic Context

The Housing Consumers Protection Measures Act, 1995 (Act No.95 of 1998) states that NHBRC can assist home builders, through training and inspection, to achieve and maintain satisfactory technical standards of home building.

1.11.2 Achievement of target for the statistics

Target not met. The NHBRC has trained a total of 469 youth in the second quarter of the 2014/2015 financial year against a set target of 500. The target has been missed by 6% for the quarter. The reason for this performance can be attributed to the fact that NHBRC has only focused on key construction courses. The year to date target was missed by 43%.

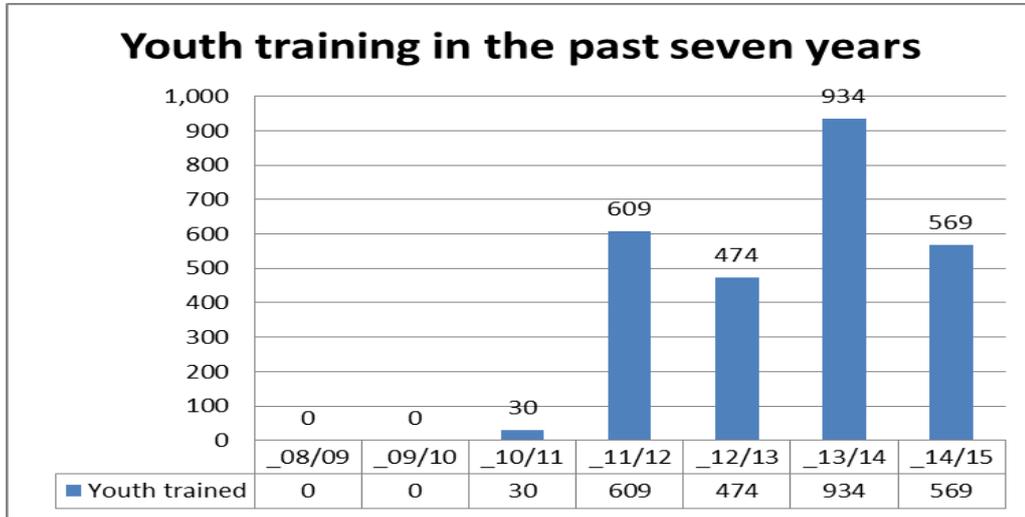
1.11.3 Key Activities

- The NHBRC identifies home builders through its partnerships with provincial departments of human settlements and municipalities
- Learners are trained on site in a number of trades in the home building industry.
- Establish a school of homebuilder training
- Establish a school of inspector training
- Test material that are used in the construction field
- To research houses that are constructed at Eric Molobi and to ensure that they can withstand the conditions
- Promote the use of innovative and alternate building materials
- Ensure that the course that builders are trained are SAQA accredited

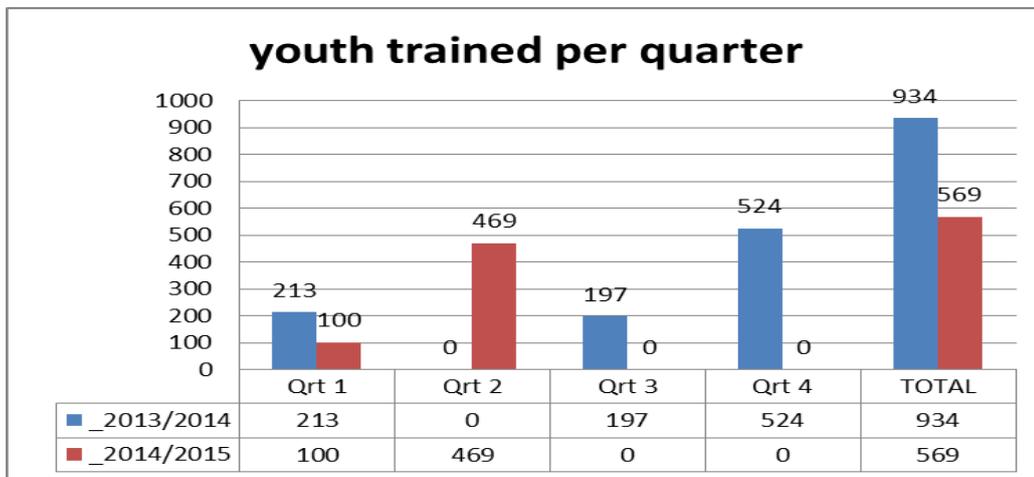
1.11.4 Risk Analysis: **Training of homebuilders**

- Home builder is not allowed to be involved in building activities during suspension;
- Suspension without adequate legal grounds may result in a claim for damages against the NHBRC;
- Disciplinary process may result in the home builder's registration status being withdrawn;
- The Disciplinary Committee's decision may be taken on review or appeal;
- Recourse against the home builder becomes difficult to pursue in the event of structural defects manifesting themselves.

Chart of training of Youth in the past seven years



1.11.5 Chart of youth trained per quarter



The chart above indicates that the performance of youths trained in the second quarter increased by 100% when compared with the performance in the second quarter from the previous financial year.

1.12 Legal Compliance and Enforcement

1.12.1 Strategic context

In terms of section 11 (3) of the Act, Council may suspend a registered home builder's registration or refuse to enrol such home builder's homes for the period that the Council deems necessary to investigate the matter or until the registered home builder has complied with the relevant provisions, condition or obligation in terms of the Act.

1.12.2 Key activities

The disciplinary process entails:

- reviewing files to ensure that the procedural and substantive requirements have been met before deciding whether to prosecute a home builder or not;
- sending a 30 days' notice of intention to prosecute a home builder which affords a home builder an opportunity to respond to allegations against him/her;
- issuing summons instructing a home builder to appear before the NHBRC's Disciplinary Committee;
- attending to disciplinary hearing proceedings; and
- implementing disciplinary committee rulings.

The criminal prosecution process involves:

- establishing and maintaining working relationships with the law enforcement agencies;
- collaborating with the law enforcement agencies in the investigation and prosecution of statutory offences as per section 21 of the Act; and
- training of law enforcement agencies on the relevant provisions of the Act.

1.12.3 Performance

- During the second quarter of the financial year, disciplinary hearings against home builders were held before the Disciplinary Committee (“DC”) in all the Provinces except for Northern Cape Province.
- A total of 90 matters were adjudicated upon by the Committee for the second quarter.
- A total of 58 suspensions were adjudicated by the Committee in the second quarter.
- A total of six warnings were upheld by the Committee
- The offences ranged from failure by the home builder to rectify major structural defects, failure to rectify workmanship related defects, failure to enrol homes, and failure to attend to correspondence from the NHBRC.

Table of Disciplinary Committee Hearings for Second Quarter of 2014/2015

Provinces	Suspensions	Total DC hearings	Not guilty verdict	Warning	Fine imposed	Registration withdrawn	Matters postponed	Charges withdrawn	Verdicts outstanding
WC	11	14	0	2	6	0	3	3	0
KZN	5	13	0	0	5	2	3	3	0
GP	2	1	0	0	1	0	0	0	0
EC	2	5	0	0	5	0	0	0	0
MP	12	10	1	1	4	2	2	0	0
LP	22	30	1	1	13	1	9	5	0
NW	4	13	0	1	6	0	0	0	0
NC	0	0	0	0	0	0	0	0	0
FS	0	4	0	1	2	0	1	0	0
TOTAL	58	90	2	6	43	5	18	11	0

PART C: PERFORMANCE OF THE NHBRC IN THE SUBSIDY SECTOR

This part of the report documents the progress and performance of the NHBRC in the Subsidy sector for the second quarter (July, August and September) of the financial year 2014/2015 and will focus on the following:

- Project enrolment,
- Home enrolment, and
- Risk and quality management

2 Background

In line with the Housing Consumers Protection Measures Act, 1998 (Act No.95 of 1998) and the Housing Code, developers of subsidy projects are required to register and enroll all projects with the NHBRC. The NHBRC uses various risk management tools which include amongst others the geotechnical assessments, inspection of infrastructure services (i.e. roads, water and sewer reticulation, and storm water systems), as well as the structural assessment of both sub- and super- structures.

As of 31st of March 2006, MINMEC approved that subsidy projects will be subjected to a two phase enrolment process in order for the NHBRC to achieve the required risk management before a home enrolment certificate is issued. These phases are: Project enrolment and Home enrolment. The NHBRC has been flexible enough and also allows Consolidation of home projects, where the provincial human settlements department will enroll all projects at once in the beginning of the financial year.

2.1 Project Enrolments Performance

2.1.1 Strategic Context:

Section 14 of the Act requires that **ALL** new homes must be enrolled 15 days prior to construction. This includes houses built using Peoples Housing Process and Rural Projects.

2.1.2 Key Activities:

- NHBRC assesses the submitted projects with particular emphasis on the Phase 1 geotechnical investigation report.
- The objective of the Phase 1 geotechnical site investigation is to perform a detailed risk assessment with more focus on soil classification, ground conditions, suitability of dolomitic land, established subsidy variations, etc.
- On successful assessment, NHBRC will issue a project enrolment certificate.

Table B1 presents the number of projects and units received for the Quarter.

Table B1. Project enrolment per province: Second Quarter

Province	EC	FS	GP	KZN	LP	MP	NC	NW	WC	Total
Total Number of Projects Captured	1	0	1	4	-	1	0	0	1	8
Total number of Units Captured	1137	0	3676	5150	-	300	0	0	219	10,482
Total Number of Projects Approved	1	1	1	5	-	4	0	0	14	26
Total number of Units approved	1137	500	3676	7693	-	1865	0	0	2611	17,482
Total Number of Projects Pending	0	-500	0	-2543	-	-1565	0	0	-2392	-7000
Total Number of Projects Rejected	0	0	0	0	-	0	0	0	0	0
Targets Units	3000	-	2670	2550	-	1,500	360	600	2,850	13,530
Variance #	-1863	500	1,006	5,143	-	365	360	-600	-239	3,952
Variance %	-62	0	38	202	-	24	-100	-100	-8	29

2.2 Analysis of Performance:

The table above shows that eight projects were enrolled during the second quarter. These eight projects comprised of 10,482 units and a total of 17,482 units were approved. All projects were enrolled within the turnaround time of 15 days. The NHBRC has engaged the Provincial Human Settlements Departments on the matter. The Project Management office (PMO) has been contracted to assist the provinces with geotechnical investigation.

Table B2. Project enrolments per province: Year to Date

Province	EC	FS	GP	KZN	LP	MP	NC	NW	WC	Total
Total Number of Projects Captured	1	1	1	5	-	1	-	1	5	15
Total number of Units Captured	1,137	60	3,676	5,875	-	300	-	1,500	667	13,215
Total Number of Projects Approved	1	1	1	5	-	4	-	1	17	30
Total number of Units approved	1,137	500	3,676	7,693	-	1,865	-	1,500	2,840	19,211
Total Number of Projects Pending	0	-440	0	-1,818	-	-1,565	-	-	-2,173	-5,996
Total Number of Projects Rejected	0				-	-				-
Targets Units	6,000	-	5,340	5,100	-	3,000	720	1,200	5,700	27,060
Variance #	-4,863	500	-1,664	2,593	-	-1,135	-720	300	-2,860	-7,849
Variance %	-81	-	-31	51	-	-38	-	25	-50	-29

2.2.1 Analysis of subsidy project enrolments turnaround time performance:

Key Activities:

- Capture application forms on the system
- Perform engineering assessment
- Issue assessment report
- If approved, raise an invoice, & inform the applicant of the approval accompanied by the invoice.
- If rejected send rejection letter to applicant

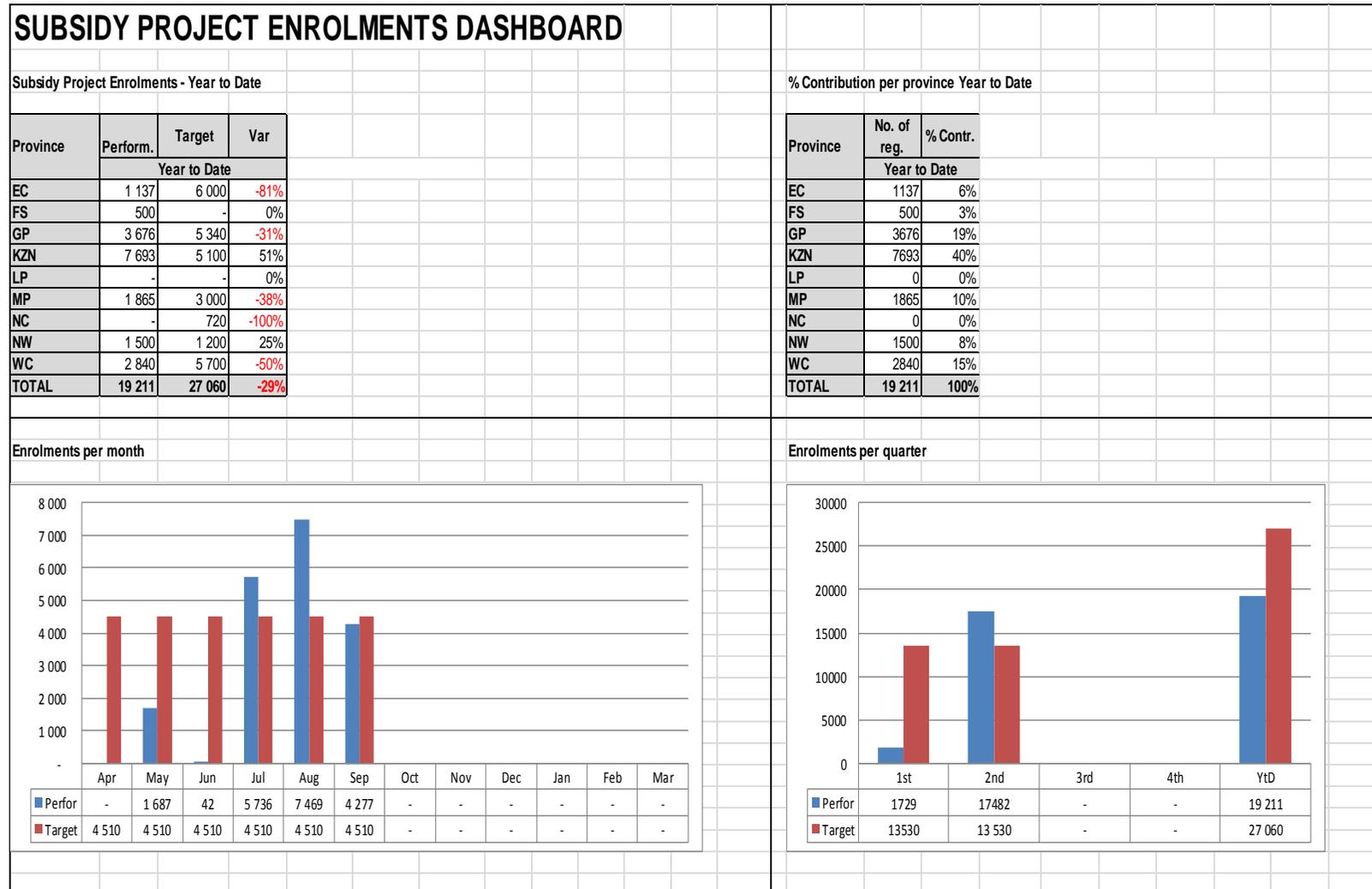
2.2.2 Achievement of target

Target not met. Table B3 shows the percentage number of subsidy project enrolments issued or rejected within 15 days from date of being captured. The target for the quarter was 100% and was not achieved because an average of 62% was achieved for the quarter.

Table B3. Project enrolment turnaround time – Second Quarter

Subsidy Project Enrolments	EC	FS	GP	KZN	LP	MP	NC	NW	WC	TOTAL
# of enrolments certified/rejected within 15 days	1	1	1	5	0	4	0	0	14	26
% of enrolments certified/rejected within 15 days	0	0	0	0	0	4	0	0	12	16
Target %	100	100	100	100	100	100	100	100	100	100
Achievement %	0	0	0	0	0	100	0	0	86	62

Figure B1. Subsidy Enrolment Dashboard



2.3 Home Enrolments Performance

2.3.1 Strategic Context:

Section 14 of the Housing Consumers Protection Measures Act, 1998 (Act No.95 of 1998) requires that all new homes must be enrolled 15 days prior to construction.

2.3.2 Key Activities:

- Prior to the construction of homes, the developer or home builder prepares comprehensive designs based on each erf soil class designation certified by a competent person for the different typologies in accordance with the provisions of the NHBRC home building manuals;
- The home builder then prepares and submits a home enrolment report to NHBRC;
- The report includes a second phase geotechnical site investigation report, township layout plan, house drawings and specifications, rational designs (if applicable) and certification by a competent person including any other relevant documentation; and
- On completion of construction of a unit, a Final Unit Inspection Report is issued, after which a home enrolment warranty certificate is issued.

The table below presents the number of home enrolments and corresponding units per province.

Table B4. Home enrolments per province: Second quarter

Province	EC	FS	GP	KZN	LP	MP	NC	NW	WC	Total
Total Number of Projects Captured	2	1	1	2	0	3	0	0	6	15
Total number of Units Captured	3,637	600	1,832	1,925	0	1,476	0	0	851	10,321
Total Number of Projects Approved	2	1	1	3	0	3	0	0	6	16
Total Number of Units Approved	3,637	600	1,832	2,620	0	1,476	0	0	851	11,016
Total Number of Units Pending	0	0	0	-695	0	0	0	0	0	-695
Total Number of Units Rejected	0	0	0	0	0	0	0	0	0	0
Targets Units	1,500	-	1800	1,500	0	1,500	360	1,485	1,800	9,945
Variance #	2,137	600	32	1,120	0	-24	-360	-1,485	-949	1071
Variance %	142	0	2	75	0	-2	-100	-100	-53	11

2.3.3 Analysis of Performance:

Fifteen (15) projects were captured for home enrolment totaling 10,321 units. A total number of 11,016 units were approved for the quarter. The target was achieved by 11%.

Table B5. Home enrolments per province: Year to Date

Province	EC	FS	GP	KZN	LP	MP	NC	NW	WC	Total
Total Number of Projects Captured	2	1	1	3	-	3	-	1	7	18
Total number of Units Captured	3,637	600	1,832	2,840	-	1,476	-	1,500	858	12,743
Total Number of Projects Approved	2	1	1	3	-	3	-	1	13	24
Total Number of Units Approved	3,637	600	1,832	2,620	-	1,476	-	1,500	1,916	13,581
Total Number of Units Pending	-	-	-	220	-	-	-	-	-1,058	-838
Total Number of Units Rejected	-	-	-	-	-	-	-	-	-	-
Targets Units	3,000	-	3,600	3,000	-	3,000	720	2,970	3,600	19,890
Variance #	637	600	-1,768	-380	-	-1,524	-360	-1,470	-1,684	-6,309
Variance %	21	0	-49	-13	-	-51	-50	-49	-47	-32

Table B6. Home enrolment turnaround time – Second Quarter

Subsidy Home Enrolments	EC	FS	GP	KZN	LP	MP	NC	NW	WC	TOTAL
# of enrolments certified/rejected within 15 days	28	81	10	18	2	18	8	15	8	188
# of Enrolments received	23	0	4	5	0	5	3	6	8	54
Target %	100	100	100	100	100	100	100	100	100	100
% of enrolments certified/rejected within 15 days	82	0	40	28	0	28	38	40	100	29

Analysis of subsidy home enrolments turnaround time performance:

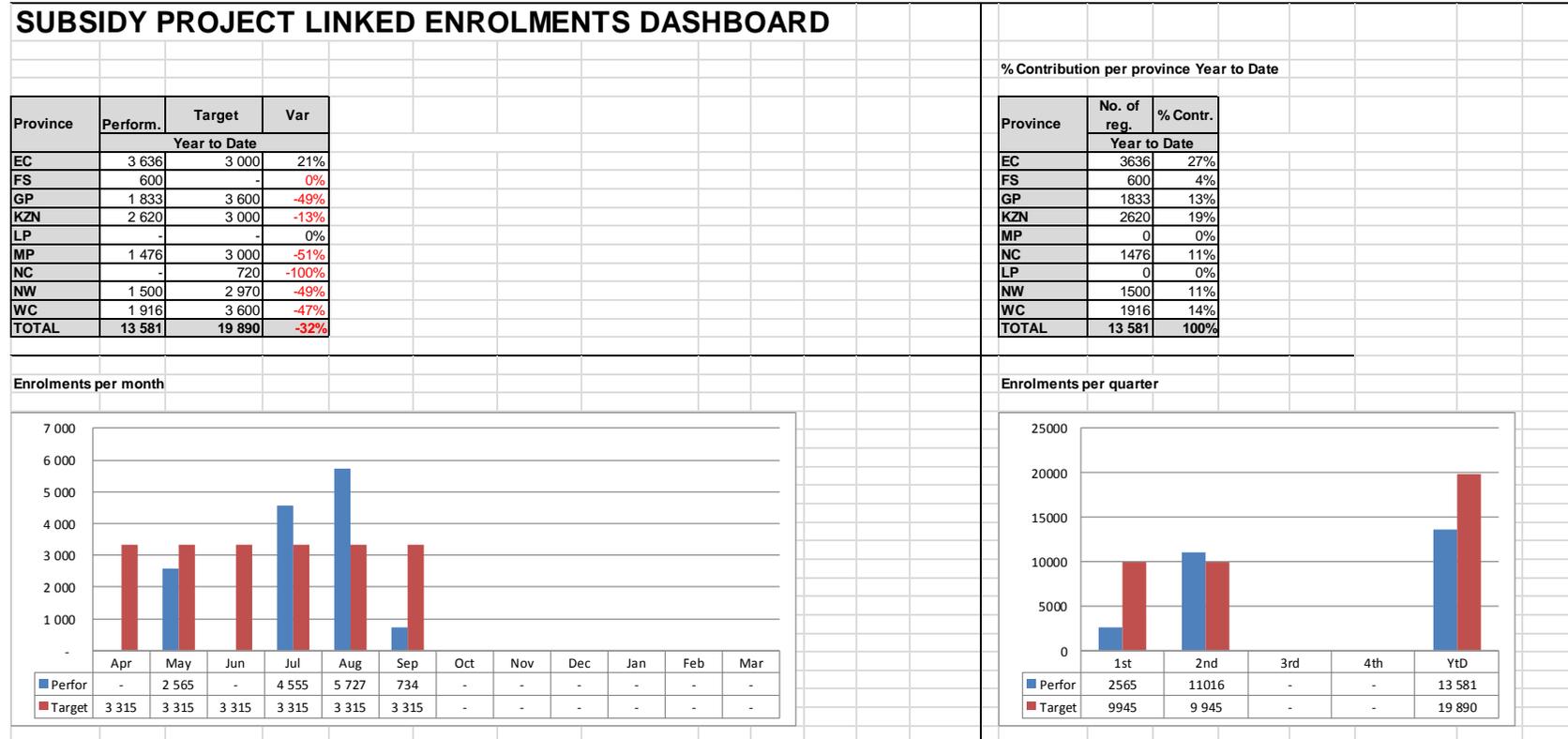
2.3.4 Key Activities:

- Capture application forms on the system
- Perform engineering assessment
- Issue assessment report
- If approved, raise an invoice, & inform the applicant of the approval accompanied by the invoice.
- If rejected send rejection letter to applicant

2.3.5 Achievement of target

Target not met. Table B6 shows the percentage number of subsidy home enrolments issued or rejected within 15 days from date of being captured. The target for the quarter was 100% and was not achieved because an average of 29% was achieved.

Figure B2. Enrolment Dashboard



2.4 Subsidy Home Enrolment (Consolidation)

2.4.1 Strategic Context:

Section 14 of the Act requires that all new homes must be enrolled 15 days prior to construction.

2.4.2 Key Activities:

- Prior to the construction of homes, the developer or home builder prepares comprehensive designs based on each erf soil class designation certified by a competent person for the different typologies in accordance with the provisions of the NHBRC home building manuals;
- The home builder then prepares and submits a home enrolment report to NHBRC;
- The report includes a second phase geotechnical site investigation report, township layout plan, house drawings and specifications, rational designs (if applicable) and certification by a competent person including any other relevant documentation; and
- On completion of construction of a unit, a Final Unit Inspection Report is issued, after which a home enrolment warranty certificate is issued.

The table below presents the number of home enrolments and corresponding units per province.

Table B5. Consolidation Home enrolments per province: Second quarter

Province	EC	FS	GP	KZN	LP	MP	NC	NW	WC	Total
Total Number of Projects Captured	23	74	9	14	21	6	8	15	2	172
Total number of Units Captured	14,830	15,830	4,123	7,306	582	555	868	3,984	364	47,992
Total Number of Projects Approved	25	80	9	15	2	15	8	15	2	171
Total Number of Units Approved	16,150	16,963	4,123	7,672	153	508	994	3,984	364	50,911
Total Number of Units Pending	-1,320	-1,583	627	-366	429	47	-126	0	0	-2,919
Total Number of Units Rejected	0	0	0	0	0	0	0	0	0	0
Targets Units	7,500	1,800	4,800	6,000	3,726	-	450	1,515	1,800	27,591
Variance #	8,650	15,163	-677	1,672	-3,573	508	544	2,469	-1,436	23,320
Variance %	115	842	-14	28	-96	0	121	163	-80	85

2.14.3 Analysis of Performance:

One hundred and seventy two (172) projects were captured for consolidation of home enrolment totalling 50,911 units which were approved.. The target for consolidated home units was achieved by 85%.

2.5 Subsidy Inspection

2.5.1 The NHBRC has also embarked on a strategy that all enrolled units funded by the state should be inspected. This is done to mitigate the risk so that possible future rectification by the Government is avoided. All enrolled homes in the subsidy sector qualify of a maximum of 4 inspections per unit. Table B7 presents the number of houses inspected and inspections conducted in the subsidy sector in the second quarter and year to date.

The NHBRC has also embarked on a strategy through the Technical Section to train all the inspectors who are operating in the market. The section will be conducting nine workshops across all the provinces to empower inspectors on how to carry out their duties with diligence. The NHBRC has approved an inspection model that will enforce co-ordination across all the spheres of government and private sector in that the NHBRC will request a delivery schedule from all the implementers so that inspection will be easy to co-ordinate. The inspection model has been presented to both Mintop and the Technical MinMec of the National Department of Human Settlements. The strategy also enforces that inspectors should work hand in hand with the enforcement officers so that all the loopholes are closed and nothing falls between the cracks.

Table B7. Number of subsidy inspections conducted – Second Quarter.

Province	EC	FS	GP	KZN	MP	NC	LP	NW	WC	Total
July	2,981	124	1,225	6,044	1,563	126	122	848	3,342	16,375
August	2,074	484	1,763	5,763	2,727	276	126	664	3,511	17,388
September	539	719	894	3,432	6,529	2683	101	1529	2,223	18,649
Performance	5,594	1,327	3,882	15,239	10,819	3,085	349	3,041	9,076	52,412
Target	21,496	450	15,634	11,364	851	4,025	4,481	4,307	484	63,092
Variance	- 15,902	877	-11,752	3,875	9,968	- 940	-4,132	- 1,266	8,592	- 10,680
Variance (%)	- 74	195	- 75	34	1 171	- 23	- 92	- 29	1,775	- 17

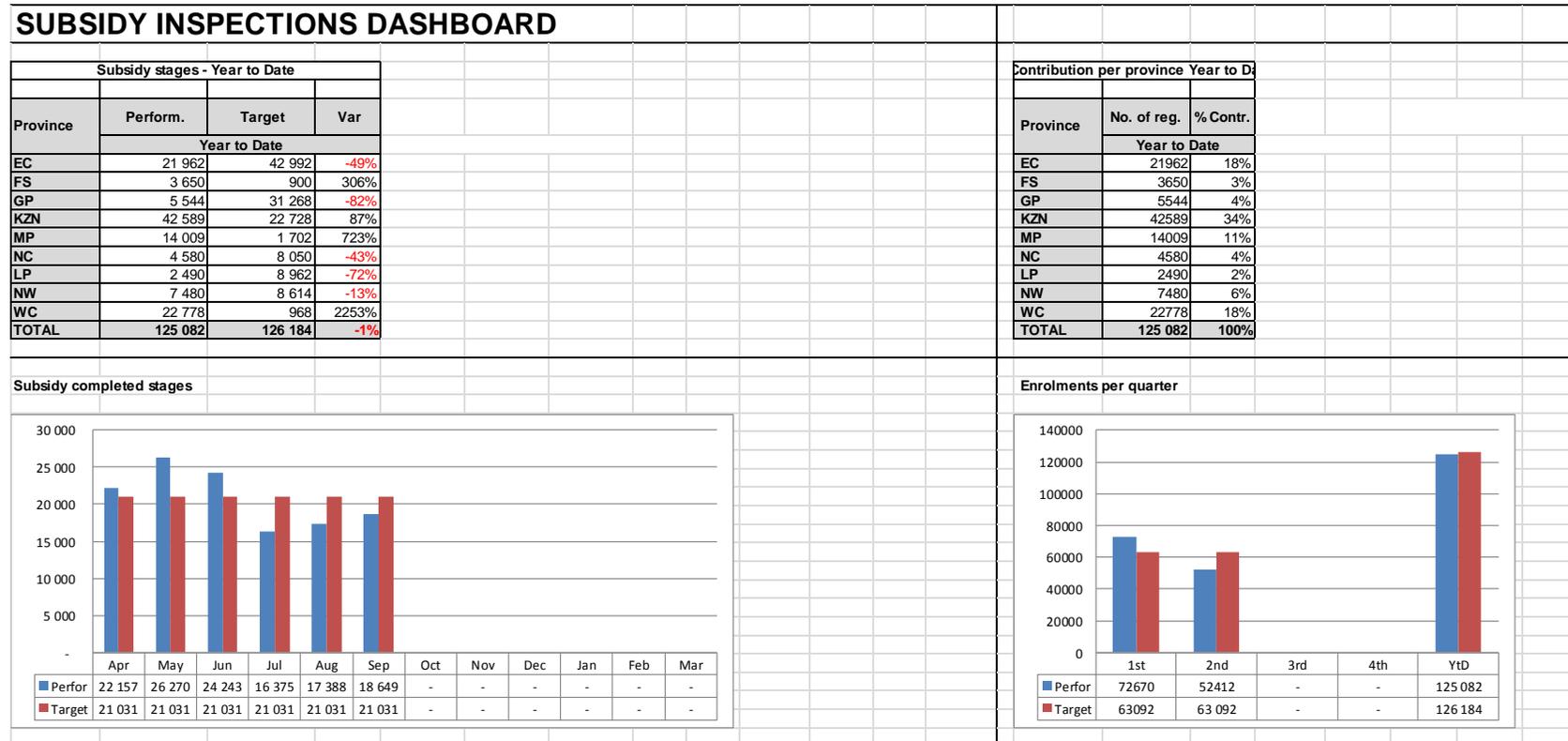
The total number of inspection stages conducted for the second quarter in the subsidy sector is 52,412 against a target of 63,092.

Table A15: Delayed triangle for Subsidy homes inspected against enrolled homes and Inspection ratio

Enrolment year	homes inspected in quarter 2									Total
	EC	FS	GP	KZN	MP	NC	LP	NW	WC	
<=31/12/2012	1,403	137	1117	4,979	0	550	62	705	680	9,633
2013	953	240	584	2,225	469	248	78	734	2,435	7,966
2014	473	293	402	262	3,346	257	33	431	138	5,635
Total number of Houses inspected	2,829	670	2,103	7,466	3,815	1,055	173	1,870	3,253	23,234
Total number of inspections	5,594	1,327	3,882	15,239	10,819	3,085	349	3,041	9,076	52,412
inspection ratio	2	2	2	2	3	3	2	2	3	2

The table above shows the number of houses inspected in the second quarter and the year in which they were enrolled. A total of 9,633 houses inspected in this quarter were enrolled in the 2012 financial year or prior to the financial year. A total of 7,966 houses inspected in this quarter were from houses enrolled in the 2013 year. A total of 5,635 houses inspected in the second quarter were enrolled in the year 2014. The table above shows that the average inspections ratio for the inspections conducted in the subsidy sector is 2 for the second quarter of the 2014/2015 financial year.

Figure B3. Subsidy Inspection Stages - Dashboard



5.1.1 Conclusion

Challenges in terms of enrolment of projects are being addressed, and a close liaison with the Developers (Provincial Department of Human Settlements and municipalities) has been established. This has resulted in improvement of quality of submission. This approach will be maintained and an overall improvement of enrolments is envisaged going forward. It is expected that the targeted number of home enrolments will be achieved by the end of the year.

**PART D: GOVERNANCE REPORT OF THE NATIONAL HOME BUILDERS
REGISTRATION COUNCIL**

3 Against King Code of Good Practice and Housing Consumers Protection Measures Act, 1998

2.1	BOARD AND DIRECTORS		
2.1.1	Board Composition and Functions		
	How many...		
	members are in the Board?	12	
	vacancies are available in the Board?	3	
	executive directors do you have in the Board?	0	
	non-executive directors do you have in the Board?	12	
	Independent non-executive directors do you have in the Board?	10	
	Does the Board have a Corporate Code of Conduct in place?	Yes	
	Does the Board ensure that the Company complies with all relevant laws, regulations and codes of business practice?	Yes	
	Is the Charter setting out Board's responsibilities in place?	Yes	
2.1.2	Directors		
	Is there an established Orientation Programme?	Yes	
	Are there update briefings on new laws, regulations and changing risks?	Yes	
	Is the appraisal and evaluation of performance of Chairperson and Chief executive officer and Directors taking place?	Yes	
2.1.3	Board meetings		
	Number of Board meetings held in this quarter	1	
	Quorum formed	Yes	
	Number of attendees per meeting (fill in squares as per number of meetings)	11	
	Is the Board pack submitted to the Department?	Yes	
2.1.4	Company Secretary		
	Is there a Board/Company Secretary?	Yes	
	Is she/he empowered to properly fulfil his/her duties?	Yes	
2.2	COMPULSORY BOARD COMMITTEES		
2.2.1	Human Capital and Remuneration Committee		
	Is the committee established?	Yes	
	Is it chaired by an Independent non-executive director?	Yes	
	Are Terms of Reference available?	Yes	
	Does this committee play an integral part in the succession planning, particularly of the CEO	Yes	
	Meetings		
	Number of committee members	5	
	Number of Committee Meetings held	1	
	Number of attendees per meeting (fill in squares as per no. of meetings)	3	
	All meetings reported back to the full Board	Yes	
2.2.2	Risk Management Committee (Merged with Audit Committee)		
	Is the committee established?	N/A	
	Are Terms of Reference available?	N/A	
	Is the Risk Plan developed?	N/A	

	Meetings	N/A	
	Number of committee members		
	Number of Committee Meetings held		
	Number of attendees (fill in squares as per no. of meetings)		
	All meetings reported back to the full Board		
2.2.3	Audit and Risk Management Committee		
2.2.3.1	Composition		
	Is the committee established?	Yes	
	Is it chaired by Independent non-executive director?	Yes	
	Are Terms of Reference available?	Yes	
	Does the chairperson of the Board attend Audit Committee meetings by invitations only?	Yes	
2.2.3.2	Meetings		
	Number of committee members	6	
	Number of Committee Meetings held	1	
	Number of attendees (fill in squares as per no. of meetings)	4	
	All meetings reported back to the full Board	Yes	
2.4	OTHER BOARD COMMITTEES		
2.4.1	Composition:		
	Name of the Committee: Registration Committee		
	How many members constitute the committee?	6	
	How many executive members?	0	
	How many non-executive members?	6	
	Terms of Reference available	Yes	
	Meetings		
	Number of Committee Meetings held	1	
	Number of attendees (fill in squares as per no. of meetings)	4	
	All meetings reported back to the full Board	Yes	
2.4.2	Composition:		
	Name of the Committee: Bid Adjudication Committee		
	How many members constitute the committee?	4	
	How many executive members?	0	
	How many non-executive members?	4	
	Terms of Reference available	Yes	
	Meetings		
	Number of Committee Meetings held	1	
	Number of attendees (fill in squares as per no. of meetings)	4	
	All meetings reported back to the full Board		
2.4.3	Composition:		
	Name of the Committee : Fund Advisory & Finance Committee		
	How many members constitute the committee?	5	
	How many executive members?	0	
	How many non-executive members?	5	
	Terms of Reference available	Yes	
	Meetings		
	Number of Committee Meetings held	1	
	Number of attendees (fill in squares as per no. of meetings)	2	
	All meetings reported back to the full Board	Yes	
2.4.4	Composition:		
	Name of the Committee: Research and Housing		

	Innovation Advisory Committee		
	How many members constitute the committee?	5	
	How many executive members?	0	
	How many non-executive members?	5	
	Terms of Reference available	Yes	
	Meetings		
	Number of Committee Meetings held	1	
	Number of attendees (fill in squares as per no. of meetings)	5	
	All meetings reported back to the full Board	Yes	
2.4.5	Composition:		
	Name of the Committee Technical Advisory & Claims Committee		
	How many members constitute the committee?	4	
	How many executive members?	0	
	How many non-executive members?	4	
	Terms of Reference available	Yes	
	Meetings		
	Number of Committee Meetings held	1	
	Number of attendees (fill in squares as per no. of meetings)	4	
	All meetings reported back to the full Board	Yes	
2.4.6	Composition:		
	Name of the Committee :Disciplinary Steering Committee	Discontinued	
	How many members constitute the committee?	N/A	
	How many executive members?	N/A	
	How many non-executive members?	N/A	
	Terms of Reference available	N/A	
	Meetings	N/A	
	Number of Committee Meetings held		
	Number of attendees (fill in squares as per no. of meetings)		
	All meetings reported back to the full Board		
2.4.7	Composition:		
	Name of the Committee: Industry Advisory Committee		
	How many members constitute the committee?	5	
	How many executive members?	0	
	How many non-executive members?	5	
	Terms of Reference available	Yes	
	Meetings		
	Number of Committee Meetings held	1	
	Number of attendees (fill in squares as per no. of meetings)	2	
	All meetings reported back to the full Board	Yes	
	Prescribed procedures for the registration of home builders	Yes	
	Prescribed enrolment fees in respect of homes or categories of homes and other fees.	Yes	
	Prescribed procedures for enrolment and cancellation of enrolment	Yes	
	Prescribed procedures for the consideration of applications for assistance by housing consumers from its fund	Yes	
	Prescribed procedures for resolution of disputes by conciliation or arbitration and provided for the payment	Yes	

	and refunded deposits or fees for such conciliation or arbitration		
	Prescribed procedures to be complied with by housing consumers, relating to the lodgement of complaints with the Council	Yes	
	Code of Conduct for Home Builders gazetted	Yes	
	Recommended terms to be included and excluded from agreements between home builders and housing consumers in respect of the construction or sale of homes	Yes	

PART E: PERFORMANCE INFORMATION OF THE NATIONAL HOME BUILDERS REGISTRATION COUNCIL

PERFORMANCE INFORMATION FOR 2014/2015 FINANCIAL YEAR

1. ADMINISTRATION PROGRAMME

KPA	KPA BUDGET	KPI NO.	KPI	KEY ACTIVITY	YEARLY TARGET	SECOND QUARTER TARGET	TARGET MET OR NOT MET	ACTUAL ACHIEVEMENT	REASON FOR VARIATION
1.Business Management Solutions		1.1	Completion of SAP project	Manage SAP project	100% completion of SAP segment 1 project	100% completion of SAP segment 1	Target not met	Incomplete SAP Segment 1	There a total change in overall project. KPI under review
		1.2	Completion of SAP project	Manage SAP project	20% completion of SAP segment 2 project	20% completion of SAP segment 2	Target not met	Incomplete SAP Segment 2	There a total change in overall project. KPI under review
		1.3	Maintenance of up-time	Avoid downtime	95% maintenance of up-time resources to avoid downtime	95% maintenance of up-time resources to avoid downtime	Target not met	0% maintenance of up time resources to avoid downtime.	The system is failing to support monitoring of maintenance.
2.Human Capital		2.1	% achievement of employee satisfaction	Conduct satisfaction survey	70% achievement of employee satisfaction	70% achievement of employee satisfaction	Target not met	0% achievement of employee satisfaction.	Survey for Management has been conducted in September 2014.
		2.2	% execution of HR re-engineering strategy	Implement approved strategy	100% execution of HR re-engineering strategy	100% execution of HR re-engineering strategy	Target not Met	A total of 36% of HR re-engineering strategy was done.	Significant Progress is being made as per attached report
3.Finance		3.1	% controllable expenditure to exceed revenue by 14%	Manage revenue	% controllable expenditure to exceed revenue by 14%	% controllable expenditure to exceed revenue by 14%	Target met	% of controllable expenditure has exceeded revenue by 40%.	Due to good planning on part of management.

Comment [MM1]: Enter achievement and reasons

		3.2	% resolution of audit findings	Resolve audit queries	100% resolution of audit findings	100% resolution of audit findings	Target met	100% resolution of audit findings.	IA manages the tracking register and management implements the controls agreed on
		3.3	% spent on BEE	Monitor spending patterns	BEE spend > 51%	BEE spend > 51%	Target not met	BEE spent was less than 51%.	
4.Audit Management		4.1	% implementation of audit plan	Implement approved audit plan	90% implementation of audit plan	90% implementation of audit plan	Target not met	A total of 42% (4 of the 11) of audits have been completed in the quarter.	Delays in procuring services for audits that required specialised skills (Payroll and PDA). For the Provincial audits, we needed to allow Management time to implement action plans as these 2 provinces were recently visited (Q4 of 2013/2014)
		4.2	% investigation of fraud incidents reported	Investigate fraud incidents	100% investigations of fraud incidents reported	100% investigations of fraud incidents reported	Target met	100% Investigations completed and reported to management	All investigations were responded to within the 30 day window period.
		4.3	% tracking of the implementation	Track corrective	100% tracking of the	100% tracking of the	Target met	100% of all findings tracked and reported.	Ensure compliance with

			of corrective management plan	management plan	implementation of corrective management plan	implementation of corrective management plan			legislation.
--	--	--	-------------------------------	-----------------	--	--	--	--	--------------

2. REGULATION PROGRAMME

KPA	KPA BUDGET	KPI NO.	KPI	KEY ACTIVITY	YEARLY TARGET	SECOND QUARTER TARGET	Target met or target not met	Actual Achievement	Reason for Variation
2.1Registration		2.1.1	% of certificates issued within a maximum of 5 working days from date of full payment of all applicable fees and successful technical assessment	Register homebuilders	100% of certificates issued within a maximum of 5 working days from date of full payment of all applicable fees and successful technical assessment	100% of certificates issued within a maximum of 5 working days from date of full payment of all applicable fees and successful technical assessment	Target not met	A total of 87% of certificates were issued within a maximum of 5 working days from date of full payment of all applicable fees and successful technical assessment 1368 certified within 5 days/1564 total issued	Applications declined due to poor credit judgements and technical incompetence.
2.2Renewal of homebuilder registration		2.2.1	% of renewal notifications sent 30 days before date of expiry of registrations	Renew homebuilder registration	100% of renewal notifications sent 30 days before date of expiry of registrations	100% of renewal notifications sent 30 days before date of expiry of registrations	Target not met	No renewal notifications were sent 30 days before date of expiry.	The NHBC had no system in place to support the KPA.
2.3Quality		2.3.1	Achieve a ratio of 4	Attain an	Achieve a ratio of	Achieve a ratio	Target not met	A ratio of 2	The completion

Assurance			for subsidy inspections	inspection ratio of 4	4 for subsidy inspections	of 4 for subsidy inspections		was achieved in the quarter.	of construction units overlaps to different quarters. Few houses are started and completed within the same reporting period
		2.3.2	Achieve a ratio of 4 for non- subsidy inspections	Attain an inspection ratio of 4	Achieve a ratio of 4 for non- subsidy inspections	Achieve a ratio of 4 for non- subsidy inspections	Target not met	A ratio of 2 was achieved in the quarter.	The completion of construction units overlaps to different quarters. Few houses are started and completed within the same reporting period
2.4Homebuilder training		2.4.1	% execution of training strategy	Execute the approved strategy	100% execution of training strategy	100% execution of training strategy	Target met	100 % execution of the training strategy.	Due to close monitoring of the targets by the section.
		2.4.2	Number of homebuilders trained	Train homebuilders	Train 1,200 homebuilders in critical stages of construction	Train 300 homebuilders in critical stages of construction	Target met	A total of 964 homebuilders were trained.	Most of the builders were from rollouts in the previous quarters.
		2.4.3	Number of youth trained	Train youths	Train 2,000 youth in critical stages of construction	Train 500 youths in critical stages of construction	Target not met	A total of 469 youths were trained.	

3. PROTECTION PROGRAMME

3.1 SUB-PROGRAMME 1: SUBSIDY SECTOR

KPA	KPA BUDGET	KPI NO.	KPI	KEY ACTIVITY	YEARLY TARGET	SECOND QUARTER TARGET	Target met or target not met	Actual Achievement	Reason for variation
3.1Project enrolment		3.1.1	% of projects approved or application rejected within 15 working days from date of receipt	Enrol projects	100% of projects approved or application rejected within 15 working days from date of receipt.	100% of projects approved or application rejected within 15 working days from date of receipt.	Target not met	A total of 62% of projects approved or application rejected within 15 working days from date of receipt. 16 projects (SPE) certified within 15 days/26 l projects approved	Poor geotechnical reports and turnaround times from Department.
3.2Home Enrolment		3.1.2	% of homes approved or application rejected within 15 working days from date of receipt	Enrol projects	% of homes approved or application rejected within 15 working days from date of receipt	100% of homes approved or application rejected within 15 working days from date of receipt	Target not met	A total of 29% of homes approved or application rejected within 15 working days from date of receipt 54 projects (SHE) certified within 15 days/ 188 total approved	Poor geotechnical reports and turnaround times from Department.
3.3Late		3.3.	% of late	Issue	100% of late	100% of late	Target not met	A total of 95% of	System failure in

Enrolment		1	enrolment certificates issued within 3 working days from date of providing a guarantee	certificate	enrolment certificates issued within 3 working days from date of providing a guarantee	enrolment certificates issued within 3 working days from date of providing a guarantee		late enrolment certificates issued within 3 working days from date of providing a guarantee 511 certified within 3 days/537 total certified	the Western Cape and lack of Enrolment Certificates.
		3.3.2	% of late home enrolments	Late enrolment of homes	Less than 5% of total home enrolments	Less than 5% of total home enrolments	Target met	A total of 3.5% late enrolment of homes was achieved. 537 late enrolments/15378 late plus normal enrolments	Pro-active visibility of our inspectors.
3.4Stakeholder relations management		3.4.1	% execution of the revised stakeholder management	Implement stakeholder relations management document	100% execution of the revised stakeholder management	100% execution of the revised stakeholder management	Target not met	A total of 75% of execution of the revised stakeholder management Partial preparations for Perception survey done, but it was not conducted in August as planned. Golf Day held on 30 September as planned. Strategic event of Women Empowerment	Human resource capacity a limited ability to deliver on all activities.

								Programme hosted on 29 August as per plan Sponsorship target achieved through sponsorship of MBSA Congress of 21 – 23 September 2014.	
3.5Project Support Unit		3.5.1	Number of days it takes to conduct forensic investigation	Conduct forensic investigation	Commence forensic investigation within 30 days from date of receipt of appointment letter	Commence forensic investigation within 30 days from date of receipt of appointment letter	Target not met	Only 3 out of 8 project or 38% met the turnaround time. Information, like Layout plans, Engineering DWNGS, enabling the units to begin with execution not made available	Panel Submission to BAC on 20 October 2014. If BAC approve, situation is expected to improve.
		3.5.2	Number of days it takes to conduct geotechnical investigation	Conduct geotechnical investigation	Commence geotechnical investigation within 45 days from date of receipt of appointment letter	Commence geotechnical investigation within 45 days from date of receipt of appointment letter	Target not met	Slow Procurement of professional service providers'	Panel Submission to BAC on 20 October 2014. If BAC approve, situation is expected to improve.
3.6Risk Management		3.6.1	% implementation of approved risk plan	Implement approved risk plan	90% implementation of approved risk plan	90% implementation of approved risk plan	Target not met	A total of 70% of the plan achieved	Security policies and procedures not reviewed. Risk Tolerance/ appetite in draft
		3.6.2	% implementation	Implement OHS	100% implementation	100% implementation of	Target not met	A total of 85% of the OHS plan was	SHE Appointments not completed.

			of OHS plan	plan	of OHS plan	OHS plan		achieved	Training of management postponed
		3.6.3	% implementation of BCM strategy	Implement BCM strategy	100% implementation of BCM strategy	100% implementation of BCM strategy	Target not met	A total of 10% of the BCM Plan achieved.	BIA's and BCP's not stated.
		3.6.4	% implementation of the fraud plan	Implement fraud plan	100% implementation of the fraud plan	100% implementation of the fraud plan	Target not met	A total of 85% of the Fraud Plan achieved	

Comment [MM2]: Enter reason

3.2 SUB-PROGRAMME 2: NON-SUBSIDY SECTOR

KPA	KPA BUDGET	KPI NO.	KPI	KEY ACTIVITY	YEARLY TARGET	SECOND QUARTER TARGET	Target met or target not met	Actual Achievement	Reason for variation
3.2 Normal Enrolments		3.2.1	% of certificates issued within 3 working from date of full payment of applicable fees	Issue warranty certificates	100% of certificates issued within 3 working from date of full payment of applicable fees	100% of certificates issued within 3 working from date of full payment of applicable fees	Target not met	A total of 99% of certificates issued within 3 working from date of full payment of applicable fees 13308 certified within 3 days/13402 certified	System failure in the Western Cape and lack of Enrolment Certificates
3.3 Problematic soil type enrolments		3.3.1	% of certificates issued within 15 working from date of full payment of applicable fees	Issue warranty certificates	100% of certificates issued within 15 working from date of full payment of applicable fees	100% of certificates issued within 15 working from date of full payment of applicable fees	Target not met	A total of 99% of certificates issued within 15 working from date of full payment of applicable fees 1030 certified within 15 days/1036 total	Most dolomites are in Gauteng and sectional title developments. Certificates printed were assessed in the previous quarter

								certified	
3.4 Multistorey/rational design enrolments		3.4.1	% of certificates issued within 21 working from date of full payment of applicable fees	Issue warranty certificates	100% of certificates issued within 21 working from date of full payment of applicable fees	100% of certificates issued within 21 working from date of full payment of applicable fees	Target not met	0% of certificates issued within 21 working from date of full payment of applicable fees	
3.5 Communications		3.5.1	% execution of reputation management strategy	Implement reputation management strategy	% execution of reputation management strategy	100% execution of reputation management strategy	Target not met	A total of 64% of execution of reputation management strategy was done in the quarter. 9 out of 14 activities achieved.	Some activities involving staff members could not be undertaken due to wage negotiations. Consumer campaign and PR are in progress.
KPA	KPA BUDGET	KPI NO.	KPI	KEY ACTIVITY	YEARLY TARGET	SECOND QUARTER TARGET	TARGET MET OR TARGET NOT MET	ACHIEVEMENT	REASON FOR VARIATION
3.6 Complaints and Conciliations		3.6.1	% complaints investigated and concluded within 30 days from date of capture	Investigate complaints	100% complaints investigated and concluded within 30 days from date of capture	100% complaints investigated and concluded within 30 days from date of capture	Target not met	A total of 74% of complaints investigated and concluded within 30 days from date of capture. A total of 86 closed within 30days/ 117 total closed	Pending disputes between housing consumers and home builders impact on our turnaround times.
		3.6.2	% of conciliations concluded within 30 days from date of escalation	Handle conciliations matter	100% of conciliations concluded within 30 days from date of escalation	100% of conciliations concluded within 30 days from date of escalation	Target not met	A total of 26% of conciliations concluded within 30 days from date of escalation. A total of 21 conciliation cases	Supply Chain challenges in securing the remedial works contractor.

								closed within 30 days/82 total closed	
		3.6.3	Number of days it takes to hand over site for remedial work from date of escalation	Conduct remedial works	Hand over site to remedial works contractor within 30 days from date of escalation	Hand over site to remedial works contractor within 30 days from date of escalation	Target not met	No Hand over of site to remedial works contractor within 30 days from date of escalation was done in the quarter.	Pending disputes between housing consumers and home builders impact on our turnaround times. Supply Chain challenges in securing the remedial works contractor.
KPA	KPA BUDGET	KPI NO.	KPI	KEY ACTIVITY	YEARLY TARGET	SECOND QUARTER TARGET			
3.7 Legal Compliance and Enforcement		3.7.1	Number of days to suspend homebuilders	Suspension of defaulting homebuilders	Suspension of defaulting homebuilders within 10 days from date of receipt	Suspension of defaulting homebuilders within 10 days from date of receipt	Target Met	A total of 67% of defaulting home builders suspended	Continuous improvement by the team to meet turnaround times
		3.7.2	Number of days it takes to prosecute defaulting homebuilders	Prosecute defaulting homebuilders	Prosecute defaulting homebuilders within 180 days from date of suspension	Prosecute defaulting homebuilders within 180 days from date of suspension	Target Met	98% of defaulting home builders prosecuted	The Team take measures to meet the turnaround times as per the approved Balance Score Card
		3.7.3	% of compliance assessment	Assess compliance level of NHBRC	100% assessment of compliance level	100% assessment of compliance level	Target not met	50% achieved. Compliance Policy recommended for approval by EXCO	Regulatory Framework and Plan awaiting consultations with the Risk Committee

KPA	KPA BUDGET	KPI NO.	KPI	KEY ACTIVITY	YEARLY TARGET	SECOND QUARTER TARGET		I	Chairperson prior to submission to Policy Steercom.
3.8 Technical Support		3.8.1	Number of days it takes to evaluate structural claims	Evaluate structural claims	20 days taken to evaluate structural claims	20 days taken to evaluate structural claims	Target not met	It takes more than 20 days to evaluate structural claims. A total of 70% of evaluating structural claims was achieved	Insufficient number of engineers in the Technical section
		3.8.2	Number of training sessions conducted in provinces	Conduct training sessions	Conduct nine training sessions in provinces	Conduct two training sessions per quarter in provinces	Target not met	No training sessions were conducted in the provinces.	Insufficient number of Technical personnel to execute the function.
		3.8.3	Number of days it takes to ensure that subsidy projects are enrolled timeously	Enrol subsidy projects	Ensure that subsidy and non-subsidy projects are enrolled timeously within 15 working days	Ensure that subsidy and non-subsidy projects are enrolled timeously within 15 working days	Target not met	A total of 62% was achieved in ensuring that subsidy and non-subsidy projects are enrolled timeously within 15 working days 16 projects (SPE) certified within 15 days/26 I projects approved 29% 54 projects (SHE) certified within 15 days/ 188 total	Poor geo-technical reports and turnaround times from National Department of Human Settlements.

KPA	KPA BUDGET	KPI NO.	KPI	KEY ACTIVITY	YEARLY TARGET	SECOND QUARTER TARGET		approved	
3.9Foundation		3.9.1	% review and publish the home building manual	Review home building manual	% review and publish the home building manual	Consolidated public comments report	Target not met	Home Building Manual complete	Manual awaiting final approval by Council before publishing
		3.9.2	Review and revise the research agenda	Review research agenda	Review and revise the research agenda	Research agenda approved by TAC	Target met	Approved Agenda research	Research Agenda approved by new committee and TAC
		3.9.3	Number of projects using innovative building	Use innovative building technologies	4 projects using innovative building	1 project using innovative building	Target Met	1 innovation house built	House completed as per request by Dept of Human Settlements
		3.9.4	Certification of inspectors by ECSA	Certification of home inspectors	Certification of inspectors by ECSA	Feasibility report	Target not met	Certification of inspectors by ECSA was not done for the quarter.	Strategy changed to have inspection accreditation by SAQA/SACPCMP. Discussions in process
		3.9.5	Number of technical publications(research) developed	Publish technical papers	8 knowledge management technical publications produced based on research	2 knowledge management technical publications produced based on research	Target met	2 knowledge management technical publications produced based on research	Publications produced as per requirement of the conference

**PART F: FINANCIAL STATEMENTS OF THE NATIONAL HOME BUILDERS
REGISTRATION COUNCIL**

NATIONAL HOME BUILDERS REGISTRATION COUNCIL

STATEMENT OF FINANCIAL PERFORMANCE

for the year to date period ended 30 September 2014

		Quarter 1	Quarter 2	Sept 2014 Year To Date	Sept 2013 Year To Date	March 2014
	Notes	R	R	R	R	R
Insurance premium revenue	2.1	157 811 217	259 791 394	417 602 611	295 544 133	339 061 175
Fees revenue	2.2	4 532 059	14 271 927	18 803 986	13 524 776	30 951 854
Technical services revenue	2.3	962 939	8 776 055	9 738 994	7 258 250	42 214 463
Investment Income	5	59 842 881	62 818 996	122 661 877	97 957 693	202 857 272
Interest received	5	2 174 129	1 906 803	4 080 932	2 126 707	6 255 651
Dividend Income	6	2 066 722	2 953 180	5 019 902	4 285 918	8 934 445
Realised profit /(loss) on sale of available- for-sale investments	7	44 001 765	(30 517 596)	13 484 169	33 210 959	97 185 568
Other operating income	2.4	369 758	340 396	710 154	236 175	5 425 437
Net income		271 761 471	320 341 155	592 102 626	454 144 609	732 885 864
Insurance claims and loss adjustment expenses	16	-	-	-	-	2 273 540
Inspections and Operating expenses		(217 960)	1 103 278	885 318	43 776 973	62 978 766
Technical services expenditure		(1 150 445)	3 881 310	2 730 865	10 538 272	26 652 774
Council / Non council Costs		1 076 384	1 660 542	2 736 925	2 631 046	6 219 385
Permanent Staff Costs		65 815 590	74 677 515	140 493 105	108 061 803	245 534 932
Asset management services		1 915 271	1 980 528	3 895 798	4 971 972	9 766 735
General and other administrative expenses		47 953 601	51 658 302	99 611 903	78 163 262	164 884 840
Expenses		115 392 441	134 961 474	250 353 915	248 143 329	518 310 972
Results from operating activities		156 369 029	185 379 682	341 748 711	206 001 280	214 574 892
Finance costs	4	535	615 321	615 856	-	-
Net surplus for the year		156 368 494	184 764 361	341 132 855	206 001 280	214 574 892

Non-current assets		2 787 987 649	2 006 654 007	2 580 426 256
Property, plant and equipment	8	107 608 383	35 820 869	98 259 299
Intangible assets	9	56 538 261	52 772 863	57 007 633
Investments	10	2 623 841 004	1 918 060 274	2 425 159 324
Current assets		2 295 158 369	2 409 044 213	2 180 348 812
Investments	10	1 858 300 250	2 186 571 732	1 844 480 030
Investment in CPD	10	157 070 505	-	152 525 702
Inventories	11	145 107	175 808	181 503
Accounts receivables	12	53 950 302	39 455 198	35 678 126
Cash and cash equivalents	13	225 692 205	182 841 476	147 483 450
		5 083 146 017	4 415 698 220	4 760 775 068
EQUITY AND LIABILITIES				
Reserves		3 635 831 910	3 289 907 558	3 294 699 059
Accumulated surplus		3 585 412 082	3 260 878 065	3 274 279 232
Emerging Contractor		50 419 828	29 029 492	20 419 827
Current liabilities		399 676 500	305 462 066	418 438 402
Trade and other payables	14	158 561 285	115 213 470	171 891 207
Provisions	15	3 095 266	2 898 902	3 095 266
Provision for outstanding claims	16	6 515 754	14 206 091	11 947 734
Provision for unearned premium	16	231 504 195	173 143 604	231 504 195
Technical actuarial liabilities		1 047 637 607	820 328 597	1 047 637 607
Provision for outstanding claims	16	30 143 782	30 143 782	30 143 782
Provision for unearned premium	16	371 762 257	226 860 411	371 762 257
Provision for unexpired risk	16	645 731 568	563 324 404	645 731 568
		5 083 146 017	4 415 698 220	4 760 775 068

NATIONAL HOME BUILDERS REGISTRATION COUNCIL

STATEMENT OF CHANGES IN NET ASSETS

for the year to date period ended 30 September 2014

	Accumulated Surplus	Emerging contractor reserves	Total
	R	R	R
Balance at 1 April 2014	3 274 279 227	20 419 828	3 294 699 055
Transfer to EHBR	(30 000 000)	30 000 000	-
Net surplus for the period	341 132 855	-	341 132 855
Balance at 30 September 2014	<u>3 585 412 082</u>	<u>50 419 828</u>	<u>3 635 831 910</u>

for the year to date period ended 30 September 2014

	Notes	Sept 2014 R	Mar 2014 R
Operating activities			
Cash received from customers		427 873 415	412 283 151
Cash paid to suppliers and employees		<u>(264 807 926)</u>	<u>(159 625 173)</u>
Cash generated from operations	17	163 065 489	252 657 978
Interest Paid		(615 856)	-
Interest Received		<u>4 080 932</u>	<u>6 255 651</u>
Cash flow from operating activities		166 530 565	258 913 629
Investing activities			
Purchase of property, plant and equipment		(15 689 967)	(68 122 400)
Purchase of intangible assets		-	(20 529 482)
Proceeds on disposal of property, plant and equipment	18	(33 694)	-
Purchase of financial assets		<u>(105 147 853)</u>	<u>(324 000 000)</u>
Proceeds on sale of financial asset		<u>37 981 685</u>	<u>174 981 484</u>
Cash flow from investing activities		(82 889 829)	(237 670 398)
Cash flows from financing activities			
Claims paid		<u>(5 431 981)</u>	<u>(8 266 727)</u>
<i>Net cash outflow from financing activities</i>		<u>(5 431 981)</u>	<u>(8 266 727)</u>
Net decrease in cash and cash equivalents		78 208 754	12 976 504
Cash and cash equivalents at beginning of year		147 483 451	134 506 947
Cash and cash equivalents at the end of the period		<u>225 692 205</u>	<u>147 483 451</u>

Late enrolments	229 508	302 160
Registration fees	2 048 450	1 291 174
Subsidy project enrolments fees	9 121 734	5 650 680
Registration builder manual fees	314 915	273 484
Documents sales	569 277	518 488
	18 803 986	13 524 776
2.3 Technical services revenue		
Technical Services	9 738 994	7 258 250
2.4 Other operating income	710 154	236 175
3 Surplus from operations		
Surplus from operations has been arrived at after taking into account the following:		
Auditors' remuneration		
- Audit fees	2 261 965	1 411 306
Depreciation		
- Computer equipment	1 447 720	1 338 964
- Office furniture and equipment	882 627	1 009 330
- Buildings	635 492	635 492
- Motor vehicles	69 404	57 161
	3 035 242	3 040 947
Amortisation		
- Intangible assets	469 371	2 833 502
Surplus/ (Deficit) on disposal of assets		
- Property, plant and equipment	(56 726)	(13 320)

NATIONAL HOME BUILDERS REGISTRATION COUNCIL

NOTES TO THE MANAGEMENT ACCOUNTS (continued)

for the year to date period ended 30 September 2014

	Sept 2014 R	Sept 2013 R				
4 Finance cost						
Interest paid	<u>615 856</u>	<u>-</u>				
5 Income from investments						
Interest from available for sale investments	122 661 877	97 957 693				
Interest from loans and receivables (cash and cash equivalents)	<u>4 080 932</u>	<u>2 126 707</u>				
	<u>126 742 809</u>	<u>100 084 400</u>				
6 Dividend Income						
Dividend Income	<u>5 019 902</u>	<u>4 285 918</u>				
7 Net realised gains on financial assets						
Realised (loss)/ gain on financial assets - available for sale	<u>13 484 169</u>	<u>33 210 959</u>				
8 Property, plant and equipment						
	Computer equipment	Office furniture and equipment	Motor vehicles	Land	Buildings	Total
as at 30 September 2014	R	R	R	R	R	R
Opening net carrying amount	7 052 223	11 755 677	496 047	17 751 947	61 203 409	98 259 303
Cost	19 183 079	22 722 652	1 136 897	17 751 947	68 600 811	129 395 386
Accumulated depreciation	(12 130 856)	(10 966 975)	(640 850)	-	(7 397 402)	(31 136 083)
Additions	2 365 118	7 268 855	-	-	6 055 994	15 689 967
Disposals	(99 125)	(25 828)	-	-	-	(124 953)
Depreciation disposal	34 998	24 753	-	-	-	59 751
Depreciation	(1 447 720)	(882 627)	(69 404)	-	(635 492)	(3 035 242)
Closing net carrying amount	7 274 099	15 300 460	426 642	17 751 947	66 855 235	107 608 383
Cost	20 779 918	27 098 007	1 136 897	17 751 947	74 888 129	141 654 898
Accumulated depreciation	(13 505 820)	(11 797 547)	(710 255)	-	(8 032 894)	(34 046 515)
31 March 2014						
Opening net carrying amount	6 382 240	8 865 486	371 881	1 453 947	19 375 902	36 449 456
Cost	19 133 786	19 214 432	893 395	1 453 947	25 505 793	66 201 353
Accumulated depreciation	(12 751 546)	(10 348 946)	(521 514)	-	(6 129 891)	(29 751 898)
Additions	3 644 152	4 837 030	244 197	16 298 000	43 095 017	68 118 396
Disposals	(3 594 859)	(1 328 810)	(695)	-	-	(2 464 580)
Depreciation disposal	3 330 712	1 313 911	695	-	-	2 369 834
Depreciation	(2 710 022)	(1 931 939)	(120 031)	-	(1 267 511)	(1 533 464)
Closing net carrying amount	7 052 223	11 755 677	496 047	17 751 947	61 203 409	98 259 303
Cost	19 183 079	22 722 652	1 136 897	17 751 947	68 600 811	129 395 386
Accumulated depreciation	(12 130 856)	(10 966 975)	(640 850)	-	(7 397 402)	(31 136 083)

NATIONAL HOME BUILDERS REGISTRATION COUNCIL

NOTES TO THE MANAGEMENT ACCOUNTS *(continued)*

for the year to date period ended 30 September 2014

9 Intangible assets

	Computer software R	Total R
as at 30 September 2014		
Opening net carrying amount	57 007 633	57 007 633
Cost	115 057 279	115 057 279
Accumulated amortisation	(58 049 646)	(58 049 646)
Additions	-	-
Amortisation charge	(469 371)	(469 371)
Closing net carrying amount	56 538 261	56 538 261
Cost	115 057 279	115 057 279
Accumulated depreciation	(58 519 018)	(58 519 018)
31 March 2014		
Opening net carrying amount	40 577 525	40 577 525
Cost	94 601 588	94 601 588
Accumulated depreciation	(54 024 063)	(54 024 063)
Additions	349 852	349 852
Disposals	(73 790)	(73 790)
Amortisation disposal	73 790	73 790
Amortisation charge	(4 099 373)	(4 099 373)
Work In Progress (SAP)	20 179 629	-
Closing net carrying amount	57 007 633	57 007 633
Cost	115 057 279	115 057 279
Accumulated depreciation	(58 049 646)	(58 049 646)
	0	
9.1 Work in progress (SAP)		
Opening balance	55 016 798	-
Additions	-	34 837 169
	<u>55 016 798</u>	<u>34 837 169</u>

NATIONAL HOME BUILDERS REGISTRATION COUNCIL

NOTES TO THE MANAGEMENT ACCOUNTS *(continued)*

for the year to date period ended 30 September 2014

		Sept 2014 R	Sept 2013 R
10	Investment in securities		
	Available-for-sale investments		
	Opening balance	4 422 165 056	3 827 805 857
	Disposals during the year	(38 673 969)	(720 714 963)
	Proceeds on disposal	37 981 685	867 338 304
	Additions / (Withdrawals)	80 003 752	(3 000)
	Interest	122 661 877	97 957 693
	Dividend Income	5 019 902	4 285 918
	Administration fee	(3 430 714)	(5 248 763)
	Fair value Adjustment	13 484 169	33 210 959
	Surplus/ (deficit) on sale of financial instrument	-	-
	Closing balance	<u>4 639 211 759</u>	<u>4 104 632 006</u>
	Trading investment		
	Market value	<u>4 639 211 759</u>	<u>4 104 632 006</u>
	Included in available-for-sale investments are the following:		
	Cash investments	1 858 300 250	2 186 571 732
	Investment in CPD	157 070 505	-
	Bonds:		
	- Short Term < 7 years	1 281 336 461	174 522 255
	- Medium Term 7 to 12 years	118 697 579	105 570 105
	- Long Term > 12 years	444 650 376	656 597 431
	- Inflation linked bonds / Equity and Derivatives	779 156 588	981 370 483
		<u>4 639 211 759</u>	<u>4 104 632 006</u>
	Split as follows:		
	Current	1 858 300 250	2 186 571 732
	CPD (Current)	157 070 505	-
	Non-current	2 623 841 004	1 918 060 274
		<u>4 639 211 759</u>	<u>4 104 632 006</u>
11	Inventories		
	Consumable stores	<u>145 107</u>	<u>175 808</u>
12	Trade and other Receivables		
	Net trade receivables	<u>34 259 464</u>	21 351 284
	- Trade receivables	47 687 410	36 519 011
	- Less provision for doubtful debt	(13 427 946)	(15 167 727)
	Other receivables:		
	- Deposits	954 495	876 085
	Prepayments (AL INDIGO)	7 030 032	10 078 631
	- Staff Advances and Recoveries	67 539	(75 509)
	- Sundry debtors	11 638 771	7 224 706
		<u>53 950 302</u>	<u>39 455 198</u>

NATIONAL HOME BUILDERS REGISTRATION COUNCIL

NOTES TO THE MANAGEMENT ACCOUNTS *(continued)*

for the year to date period ended 30 September 2014

		Sept 2014	Sept 2013
		R	R
13	Cash and cash equivalents		
	Bank	225 633 769	182 807 039
	Short-term bank deposits	58 436	34 436
		<u>225 692 205</u>	<u>182 841 476</u>
14	Trade payables		
	Trade payables and accrued expenses	26 362 897	26 202 536
	Operating lease accrual	879 025	1 153 334
	Income received in advance (Unapplied Cash)	20 113 554	19 136 681
	Leave Accrual	15 344 317	11 446 052
	Unidentified receipts (Unknown Deposits)	4 313 598	6 491 381
	Other payables	15 801	17 946
	Retentions	15 038 742	18 560 885
	Income received in advance (Projects)	76 493 351	32 204 656
	- Rectification (KZN)	15 334 158	
	- Rectification (Eastern Cape)	61 159 193	
		<u>158 561 285</u>	<u>115 213 470</u>
15	Provision		
	Legal disputes	<u>3 095 266</u>	<u>2 898 902</u>
	Opening balance	<u>3 095 266</u>	<u>3 037 734</u>
	Raised during the year	-	-
	Utilised during the year	-	(138 832)

The provision is for legal disputes in progress at the end of the period.

NATIONAL HOME BUILDERS REGISTRATION COUNCIL

NOTES TO THE MANAGEMENT ACCOUNTS (continued)
for the year to date period ended 30 September 2014

	Sept 2014 R	Sept 2013 R
16 Technical actuarial liabilities		
Provision for outstanding claims	36 659 536	44 349 873
Opening balance	42 091 517	48 084 705
Provision during the period	-	-
Expenses against provision	(5 431 981)	(3 734 832)
Split as follows:		
Current	6 515 754	14 206 091
Non-current	30 143 782	30 143 782
	<u>36 659 536</u>	<u>44 349 873</u>
Provision for unearned premium	603 266 452	400 004 015
Opening balance	400 004 015	400 004 015
Provision during the period	203 262 437	-
Split as follows:		
Current	231 504 195	173 143 604
Non-current	371 762 257	226 860 411
	<u>603 266 452</u>	<u>400 004 015</u>
Provision for unexpired risk	645 731 568	563 324 404
Opening balance	563 324 404	563 324 404
Provision increase or (decrease) during the period	82 407 164	-
Split as follows:		
Non-current	645 731 568	563 324 404
	<u>645 731 568</u>	<u>563 324 404</u>
	<u>1 285 657 556</u>	<u>1 007 678 292</u>
17 Reconciliation of surplus to cash generated from operations		
Surplus for the period	341 132 855	206 001 280
Adjust for non cash items:		
Depreciation of property, plant and equipment	3 035 242	3 040 947
Amortisation of intangible assets	469 371	2 833 502
Profit on disposal/sale of assets	56 726	13 320
Surplus on sale of financial assets	(13 484 169)	(33 210 959)
Increase / (decrease) in provisions	-	(1 638 833)
Change in Technical provisions	(5 431 980)	(3 734 832)
Adjust for cash items:		
Interest paid	615 856	-
Interest received	(131 762 711)	(104 370 318)
Operating income before working capital changes	194 631 190	68 934 107
Decrease/(increase) in inventory	36 397	68 040
(Increase)/ Decrease in accounts receivable	(18 272 176)	4 743 846
Increase/(Decrease) in accounts payable	(13 329 922)	(15 335 412)
	<u>163 065 489</u>	<u>58 410 580</u>
18 Proceeds on disposal of property, plant and equipment		
Net book value	23 032	13 320
Surplus / (Deficit) on sale of property, plant and equipment	(56 726)	(13 320)
	<u>(33 694)</u>	<u>-</u>

NATIONAL HOME BUILDERS REGISTRATION COUNCIL

NOTES TO THE MANAGEMENT ACCOUNTS (continued)
for the year to date period ended 30 September 2014

	Sept 2014 R	Sept 2013 R
19 Related Parties		
Transactions with the Department of Human Settlements	97 734 426	82 056 933
Subsidy Project Enrolment Fee	9 121 734	5 650 680
Insurance Premium Revenue/ Subsidy Home Enrolments	88 535 292	76 406 253
Technical Services Revenue	77 400	-

The NHBRC provides Services to the Various Provincial Departments of Human Settlements, the following Departments have been categorised as related parties: KwaZulu Natal Department of Human Settlements, Eastern Cape Department of Human Settlements, Western Cape Department of Human Settlements, Gauteng Department of Human Settlements, Limpopo Department of Local Government and Housing, Mpumalanga Department of Human Settlements, Northwest Department of Human Settlements, Free State Department of Human Settlements and Northern Cape Department of Human Settlements

Balances with the Department of Human Settlements

Trade Receivables	47 687 410	36 519 011
Income received in Advance	76 493 351	32 204 656
	<u>124 180 762</u>	<u>68 723 666</u>

Income received in advance relates to the KwaZulu Natal Department of Human Settlements and the Eastern Cape Department of Human Settlements

The NHBRC provides a warranty for both non-subsidy and government subsidised homes. The fee payable by the Government in the subsidy market comprises 1% project enrolment fee, 0.75% home enrolment fee and 2.01% for consolidated projects. The subsidy income is funded by national government through the DoHS.

NATIONAL HOME BUILDERS REGISTRATION COUNCIL

NOTES TO THE MANAGEMENT ACCOUNTS *(continued)*
for the year to date period ended 30 September 2014

	Sept 2014 R	Mar 2014 R
20. Irregular expenditure		
20.1 Reconciliation of Wasteful Expenditure		
Opening balance	317 053	272 053
Add: Irregular expenditure relating to prior year	-	-
Add: Irregular expenditure relating to current year	615 856	45 000
Less: Amounts condoned	-	-
Irregular expenditure awaiting condonation	<u>932 909</u>	<u>317 053</u>

Analysis of awaiting condonation per age classification

Current year	615 856	45 000
Prior year	317 053	272 053
Total	<u>932 909</u>	<u>317 053</u>

20.2 Details of irregular expenditure - current year

Incident	Action taken	2014 R Amount
Interest paid to Suppliers	None	615 856

* Interest paid to SARS

NATIONAL HOME BUILDERS REGISTRATION COUNCIL

NOTES TO THE MANAGEMENT ACCOUNTS (continued)
for the year to date period ended 30 September 2014

	Sept 2014 R	Mar 2014 R
21. Irregular expenditure		
21.1 Reconciliation of Irregular expenditure		
Opening balance	613 010 338	508 500 258
Add: Irregular expenditure relating to prior year	18 550 644	91 807 540
Add: Irregular expenditure relating to current year	4 633 664	12 702 540
Less: Amounts condoned	-	-
Irregular expenditure awaiting condonation	636 194 646	613 010 338

Analysis of awaiting condonation per age classification

Current year	4 633 664	12 702 540
Prior year	631 560 982	600 307 798
Total	636 194 646	613 010 338

The additional irregular expenditure from prior year relates to transaction with a value from R 5 000 to R 500 000 which should have been procured by means of a three quotation system.

21.2 Details of irregular expenditure - current year

Incident	Action taken	2014
		R
Extension to non-subsidy inspectorate	Condoned by Council	950 654
Appointment of the ERP Provider	None due to the resignation of the SCM Specialist. However the SCM Division has been restructured and a SCM Manager has been employed. Written to National Treasury to be granted condonement for this expenditure	4 213 221
Appointment of Security service provider	The contracts with the service providers have expired. A process has been undertaken to appoint new service providers through a bidding process	1 510 742
Appointment of a Training Service Provider	None due to the resignation of the SCM Specialist. However the SCM Division has been restructured and a SCM Manager has been employed. Written to National Treasury to be granted condonement for this expenditure	503 948
Service provider for cleaning services	No action was taken by Management, however there has been developments with the acquisition of the new building, the NHBRC will be going out on tender for the cleaning services.	856 566
Travel Management Services	Submitted to Bid Adjudication Committee for condonement	4 447 912
IT Related Services	Services discontinued, SCM process to be followed	185 752
Rectification and Forensics appointments	Action taken against responsible person and matter reported to National Treasury	1 114 546
Furniture and Fittings for then new building	Report on the appointment of BBR was submitted to the Bid Adjudication Committee for recommendation to Council for approval.	9 400 966
		23 184 308

NATIONAL HOME BUILDERS REGISTRATION COUNCIL

NOTES TO THE MANAGEMENT ACCOUNTS (continued)
for the year to date period ended 30 September 2014

22 Contingent Liabilities

There are outstanding claims pending in the courts in relation to disputes between the NHBRC and service providers amounting to R 31 212 606 , the outcome of which is unknown.

23 Reconciliation of budget surplus with the surplus in the statement of financial performance

Actual 2013/14	Description	Actual 2014/15	Approved Budget 2014/15	Actual vs Approved Budget
Revenue				
7 053 447	Registration fees	8 883 467	5 750 125	3 133 342
518 488	Document sales	569 277	-	569 277
219 440 039	Non-subsidy enrolments	289 736 414	220 297 096	69 439 319
82 056 933	Subsidy enrolments	137 217 438	138 156 372	(938 934)
7 494 424	Technical and other revenue	10 449 148	51 418 730	(40 969 582)
137 581 277	Interest Received	145 246 881	105 785 000	39 461 881
454 144 609	Total Revenue	592 102 626	521 407 323	70 695 303
Expenses				
54 315 245	Operating Expenditure	3 616 183	75 771 417	72 155 234
7 811 665	General and Administration	5 892 273	9 190 299	3 298 026
2 631 046	Council /Non Council Costs	2 736 925	3 200 000	463 075
108 061 803	Permanent Staff Costs	140 493 105	229 097 862	88 604 757
41 092 708	General Costs	72 247 518	79 330 730	7 083 213
34 230 861	Other Expenses	25 983 767	44 039 719	18 055 952
248 143 329	Total Expenses	250 969 771	440 630 027	189 660 256
206 001 280	Surplus / (Deficit) for the period	341 132 855	80 777 295	260 355 559

NATIONAL HOME BUILDERS REGISTRATION COUNCIL

NOTES TO THE MANAGEMENT ACCOUNTS (continued)
for the year to date period ended 30 September 2014

24 Contractual Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

At 31 March 2014 the NHBRC had the following commitments:

Operational Expenditure

Approved and contracted

Ousourced contracts for Inspectorate Agencies		
Ousourced contract for Actuarial Services	400 481	929 481
Ousourced contracts for Security Services	-	5 350 808
Ousourced contract for Testing Machines for Eric Molobi	-	27 400
Ousourced contract for Information Technology Services	-	146 561
<i>Ousourced Contract for Media Services</i>	12 976 572	412 674
Ousourced contract for the review of the Home Building Manual	-	2 106 891
	<u>13 377 053</u>	<u>8 973 815</u>

Capital Expenditure

Approved and contracted

<u>76 000 000</u>	<u>-</u>
-------------------	----------

Implementation of an intergrated Enterprise Requirements Planning Business Solution. The SLA with the previous implemter was terminated

NATIONAL HOME BUILDERS REGISTRATION COUNCIL							
MANAGEMENT ACCOUNTS							
for the year to date period ended 30 September 2014							
Consolidated		2014-2015				2013-14	
Code	Description	Actual	Budget	Variance	% Var	Last Year	Year on Year % Var
3000	REVENUE	446 855 745	415 622 323	31 233 423	8%	316 563 332	41%
3400	Fees revenue	18 803 986	30 828 149	(12 024 163)	-39%	13 524 776	39%
3411	Reg - Administration	2 048 450	1 081 875	966 575	89%	1 291 174	59%
3412	Reg - Annual	1 430 085	865 500	564 585	65%	826 849	73%
3414	Document Sales	569 277	-	569 277	100%	518 488	10%
3416	Reg - Builders Manual	314 915	144 250	170 665	118%	273 484	15%
3413	Reg - Annual Renewals	5 090 016	3 658 500	1 431 516	39%	4 661 941	9%
3420	Late Enrolment Fees	229 508	626 067	(396 559)	-63%	302 160	-24%
3180	Project Enrolment (1%)	9 121 734	24 451 957	(15 330 223)	-63%	5 650 680	61%
	Insurance premium revenue	417 602 611	333 375 443	84 227 167	25%	295 544 133	41%
3100	Enrolment Fees - Non-subsidy	289 506 907	219 671 029	69 835 878	32%	219 137 879	32%
3120	Cluster PA003	3 442 500	22 942 501	(19 500 001)	-85%	17 365 399	-80%
3150	Speculative	162 596 171	111 144 302	51 451 868	46%	113 351 031	43%
3160	Cluster S/T	123 468 236	85 584 225	37 884 011	44%	88 421 450	40%
3319	Change in Unearned Premium	-	-	-	#DIV/0!	-	#DIV/0!
3320	Change in Unexpired Risk	-	-	-	#DIV/0!	-	#DIV/0!
3100	Enrolment Fees - Subsidy	128 095 704	113 704 415	14 391 289	13%	76 406 253	68%
3170	Home Enrolment (0.75%)	88 535 292	13 479 751	75 055 541	557%	76 406 253	16%
3321	Consolidation	39 560 412	100 224 663	(60 664 251)	-61%	-	#DIV/0!
	Other Revenue	710 154	-	710 154	#DIV/0!	236 175	201%
3419	Sundry Income	407 477	-	407 477	-100%	(277 453)	-247%
3430	Legal DC Penalty	359 403	-	359 403	100%	526 948	100%
3600	Profit/(loss) on sale of assets	(56 726)	-	(56 726)	-100%	(13 320)	326%
	Technical Services Revenue	9 738 994	51 418 730	(41 679 736)	-81%	7 258 250	34%
3421	EC Forensic Assessments	8 723 512	-	8 723 512	#DIV/0!	6 939 550	26%
3423	Inspection Penalty	-	-	-	-100%	-	#DIV/0!
3424	Sponsorships	(137 824)	-	(137 824)	100%	318 700	-143%
3425	Geo Tech Assessments	365 400	8 543 730	(8 178 330)	-96%	-	-
3426	KZN Forensic Assessments	77 400	24 000 000	(23 922 600)	-100%	-	#DIV/0!
3427	Water Tanks	-	-	-	#DIV/0!	-	100%
3431	Inspector Training	-	1 625 000	(1 625 000)	-100%	-	-
3432	Structural Assessment	710 987	9 750 000	(9 039 013)	-93%	-	-
3433	Testing Services	(481)	7 500 000	(7 500 481)	-100%	-	-

3400	REVENUE	446 855 745	415 622 323	31 233 423	8%	316 563 332	41%
4100	Operation Expenses	3 616 183	75 771 417	72 155 234	95%	54 315 245	-93%
4111	Inspection Fees	(194 194)	42 032 039	42 226 233	100%	42 103 071	-100%
4112	Accreditation Fees	923 848	1 508 000	584 152	39%	1 526 304	-39%
4113	Outstanding Claims	-	-	-	0%	-	#DIV/0!
4120	Direct Cost of Builders Manuals	155 664	281 316	125 652	45%	147 598	5%
4130	Direct Cost of Certificates	-	420 262	420 262	100%	-	#DIV/0!
4140	Technical Services	2 730 865	31 529 800	28 798 935	91%	10 538 272	-74%
4200	General & Administration	5 892 273	9 190 299	3 298 026	36%	7 811 665	-25%
4210	Amortization	469 371	1 539 333	1 069 962	70%	2 833 502	-83%
4220	Depreciation	3 035 242	6 108 466	3 073 223	50%	3 040 947	0%
4240	Motor Vehicle Expenses	101 996	115 000	13 004	11%	123 981	-18%
4250	Office Equipment Expenses	2 112 687	1 272 500	(840 187)	-66%	1 635 299	29%
4260	Office Furniture Expenses	151 188	-	(151 188)	#DIV/0!	24 111	527%
4270	Generator Expenses	21 789	155 000	133 211	86%	153 826	0%
4300	Council / Non council Costs	2 736 925	3 200 000	463 075	14%	2 631 046	4%
4310	Council Remuneration	1 496 146	1 850 000	353 854	19%	1 508 196	-1%
4320	Non Council Costs	1 240 779	1 350 000	109 221	8%	1 122 851	11%
4330	Council Advisory Costs	-	-	-	#DIV/0!	-	#DIV/0!
4400	Permanent Staff Costs	140 493 105	229 097 862	88 604 757	39%	108 061 803	30%
4410	Permanent Staff Remuneration	134 251 926	213 113 594	78 861 668	37%	100 952 731	33%
4430	Staff Costs - Allowances	6 180 986	15 405 253	9 224 267	60%	7 063 348	-12%
4440	Other Employment Costs	60 193	579 015	518 822	90%	45 724	32%
4500	General Costs	72 247 518	79 330 730	7 083 213	9%	41 092 708	76%
4510	Insurance Paid	722 629	1 025 000	302 371	29%	496 499	46%
4520	Information Technology	8 390 917	12 377 500	3 986 584	32%	6 249 790	34%
4530	Legal Fees	1 412 676	5 525 000	4 112 324	74%	1 494 343	-5%
4540	Marketing Fees	8 041 186	16 622 500	8 581 314	52%	3 896 776	106%
4550	Telephone Expenses	9 156 780	14 829 913	5 673 132	38%	5 741 433	59%
4560	Travelling Expenses	25 862 946	11 521 215	(14 341 732)	-124%	9 444 115	174%
4570	Training	4 451 921	11 415 979	6 964 057	61%	2 531 741	76%
4573	Training for Emerging	1 554 821	-	(1 554 821)	#DIV/0!	2 392 325	-35%
4580	Audit Fees	2 261 965	1 500 000	(761 965)	-51%	1 411 306	60%
4590	Staff Costs	10 391 676	4 513 624	(5 878 052)	-130%	7 434 380	40%
4610	Other Expenses	25 983 767	44 039 719	18 055 952	41%	34 230 861	-24%
4611	Bank Charges	571 618	700 000	128 382	18%	583 249	-2%
4612	Bad Debts Written Off	-	-	-	0%	-	#DIV/0!
4613	PE - Cleaning	733 239	811 500	78 261	10%	538 320	36%
4614	Conferences and Seminars	2 293 521	3 933 500	1 639 979	42%	1 770 180	30%
4615	Consulting Fees	5 046 775	14 945 000	9 898 225	66%	8 892 479	-43%
4616	Courier & Freight	143 726	772 500	629 073	81%	333 178	-57%
4618	PE - Electricity & Water	364 820	1 125 000	760 180	68%	147 336	148%
4619	Entertainment Expenses	52 211	481 500	429 289	89%	560 701	-91%
4620	Fines and Penalties	-	-	-	-100%	-	100%
4621	Flowers & Gifts	14 820	107 659	92 839	86%	10 058	47%
4622	Management Fee	3 895 798	5 000 000	1 104 202	22%	4 971 972	-22%
4623	PE - Rates & Taxes	415 537	160 000	(255 537)	-160%	779 928	-47%
4624	PE - Rent of Premises	5 862 295	5 246 813	(615 482)	-12%	9 207 441	-36%
4625	PE - Repair & Maintenance	519 923	395 400	(124 523)	-31%	298 622	74%
4626	Postage	150 411	186 200	35 789	19%	75 955	98%
4627	Printing	656 001	940 750	284 749	30%	506 987	29%
4628	Research & Development	-	2 050 000	2 050 000	100%	(433)	100%
4629	PE - Security	1 512 419	1 814 423	302 004	17%	1 547 914	-2%
4630	Special Projects	240	1 500 000	1 499 760	100%	-	#DIV/0!
4631	PE - Plant Expenses	99 242	204 850	105 608	52%	105 537	-6%
4632	Stationery	662 866	432 250	(230 616)	-53%	595 323	11%
4633	Subscriptions	278 321	601 650	323 329	54%	251 750	11%
4634	VAT & Minor Adjustments	2 863	-	(2 863)	-100%	1 705	68%
4635	PE - Office Refurbishment	17 310	860 000	842 690	98%	9 250	87%
4638	Other Costs - Rental of Premise	1 243 238	1 274 424	31 185	2%	2 566 627	100%
4639	Off-site Archiving	65 679	256 000	190 321	74%	109 837	100%
4640	Speed point Charges	765 035	240 000	(525 035)	-219%	366 962	
4710	Finance Costs	615 856	-	(615 856)	0%	-	#DIV/0!
4000	EXPENSES	250 969 771	440 630 027	189 660 256	43%	248 143 329	1%
3521	Net Surplus/ (Deficit) before interest	195 885 974	(25 007 705)	220 893 679	-883%	68 420 003	-186%
3500	Interest Received	145 246 881	105 785 000	39 461 881	37%	137 581 277	6%
3500	Interest Received	126 742 809	105 785 000	20 957 809	20%	100 084 400	27%
3515	Dividend Income	5 019 902	-	5 019 902	100%	4 285 918	100%
3521	Realized Gain/ (loss)	13 484 169	-	13 484 169	-100%	33 210 959	-59%
9999	Surplus/ (Deficit)	341 132 855	80 777 295	260 355 559	322%	206 001 280	66%