

FINAL ANNUAL PERFORMANCE PLAN 2014/2015

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31 JANUARY 2014

Quality is our priority

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FOREWARD BY CHAIRPERSON OF COUNCIL

It gives me great pleasure as the Chairperson of the National Home Builders Registration Council to present to our executive authority, the Ministry and the Department of Human Settlements, represented by the Honourable Minister Tokyo Sexwale the Annual Performance Plan for the period 2014/2015. This plan builds on our broader corporate plan for the Medium Term Expenditure Framework for the period 2012-2017.

The Council has so far spend over a year as the accounting authority of the entity and lessons have been learned from the previous performance reports of the entity. Council has now got the best knowledge on the business of the entity and in this regard has been able to identify the gaps in the service delivery mandate entrusted to the entity and refocused its efforts in addressing those gaps to ensure that the entity delivers without fail, on its mandate in terms of the Act. Strategies and plans were developed in the previous financial year and the roll out in terms of the full implementation had started in the current financial year.

The main focus of the Council for the period 2014/15 is the full execution of the mandate of the entity (the protection of the housing consumer and regulating the homebuilding industry) with special focus on the subsidy housing sector which had been brought into the NHBRC net in its entirety by the Minister through the Subsidy Housing Delivery Strategy published in May 2012. The NHBRC has during the period 2012/2013 put strategies and plans in place in response to the Minister strategy in this sector and has targeted 2013/2014 as the year on which delivery in terms of these strategies and plans would start to be rolled out with the aim to have the full swing implementation in the 2014/2015 financial year. The ultimate aim is to have all subsidy houses built within the MTEF period to be enrolled with NHBRC for cover under the warranty fund and sustainability in terms of the quality of the products.

The other critical focus area for 2014/2015 plans for the Council is the support that the NHBRC has to provide for the attainment of technical excellence in the home building industry, by encouraging innovation and facilitating the development and transfer of information, knowledge, best practice and standards relating to the industry. The plans for this focus area emanated from the partnerships that NHBRC had established with other international home warranty schemes through the International Housing and Home Warranty Association (IHHWA) of which NHBRC is a member and deputy chair. The other partners include the International Housing Association to which NHBRC has also subscribed towards the end of 2012/2013 and the National Home Builders' Council (NHBC) in the UK which is the pillar for the birth of the NHBRC.

The lessons learned from our counterparts in this focus area include the conversion of the NHBRC Eric Molobi Innovation Hub in Soshanguve, Pretoria to establish the NHBRC Foundation which would focus on positioning NHBRC as a leading knowledge, technical and housing technology solutions provider through strategic partnerships with other key industry role players. The three main focus areas of the NHBRC Foundation will be on transformational leadership (homebuilder and home inspector training), technical excellence (research and development) and intellectual leadership (development of home building industry standards).

The proposals in relation to the establishment of the NHBRC Foundation will be submitted to the Executive Authority and National Treasury during the current financial year (2013/2014) for the necessary approvals as required under the PFMA, 1999, and the Council looks forward to a positive response from the Executive Authority for the attainment of the goals envisaged in terms of the NHBRC Foundation.

The Council has reviewed and approved management's good work at refining the objectives and sharpening its focus for 2014/2015 to take the entity to another level in the protection of housing consumers. Council is confident that the robust approach followed in the development of this APP will see the entity starting to make a huge difference in the lives of the housing consumers and home builders who will for the first time, start to experience the benefit of being registered with the entity through the work and products of the envisaged NHBRC Foundation.

In pursuance of the NHBRC mandate, I am pleased to assure the Minister that Council remains committed to good corporate governance principles as prescribed under the PFMA, 1999 and complemented by King III Code of Good Practices. Governance structures and frameworks are all in place to ensure proper segregation of duties and delegation of authority between the Council and Management. To this end, the Council will continue to provide oversight and leadership to the entity through its various sub-committees, whilst Management will be left to implement the decisions and operationalize the plans for 2014/2015.

Council is also committed to achieve an appropriate balance between its various industry stakeholder groupings and to build a good relationship of trust through transparency, fairness and accountability in its dealings with each stakeholder. Constant communication with stakeholders will be key in achieving the objectives for 2014/2015, and in this regard the entity will continue to establish and arrange stakeholder engagement platforms to listen and respond to stakeholder issues to ensure improvement on our service offerings to satisfy stakeholder needs.

On behalf of the Council, I commit Management and Council into a compact between the Executive Authority and NHBRC based on this strategic corporate plan for the period 2014/15.

Advocate. B.M Madumise
Chairperson of Council

INTRODUCTION BY THE CHIEF EXECUTIVE OFFICER

The focus of the NHBRC in the 2014/15 period will be to accentuate its regulatory role whilst at the same time enhancing interaction with customers and key stakeholders. Of late, the NHBRC has achieved some notable improvements, the most significant being the strengthening of our compliance, enforcement and quality assurance functions. Our promise was to display more regulatory muscle. As part of this we are in this financial period looking at improvements in our turnaround times and ensuring better visibility and accessibility in the marketplace.

The vacancies in our executive committee, a worry last year for both Council and our community of stakeholders, are being filled. We are working hard to ensure that the organisation is capacitated in key critical areas, that we are a great place to work and that we are valued as the quality assurance partner to Government and the public at large.

Our Enforcement and Compliance division is supporting the process of repealing the Housing Consumers Protection Measures Act (Act No. 95 of 1998). We recognised that the regulation of the industry required better enforcement tools and penalties for non-compliant builders.

Concomitant to the legislative process, we are implementing a new inspection model - the NHBRC has over the years used a hybrid model of insourcing and outsourcing of the inspection function in both in the subsidy and non-subsidy housing market, this approach has now changed. The NHBRC is focussed on building its internal inspection capacity. This was a necessary change to address the challenges in poor planning and coordination with provincial and municipal entities as well as the low levels of registration compliance by builders who work on behalf of government. We are working closely with government to ensure that all projects are enrolled with the NHBRC.

The NHBRC is assisting government in the development of appropriate norms and standards in the provision of services, infrastructure and housing. We have aligned our management advisory services to Department of Human Settlement's housing construction plan: the NHBRC is conducting structural integrity and Geotechnical assessments on behalf of the Department.

Our efforts to build in efficiencies in our operating model would not have been possible without the interaction and input from key stakeholders. We have memorandum of understanding agreements with industry players such as the Council of Geosciences, the Cement and Concrete Institute and the Association of South African Quantity Surveyors. Our aim is to engage and partner with the building professions at each stage of the housing construction, from foundation to completion of the top structure.

Our short to medium-term focus going forward is to ensure the on-going enhancement of our regulatory function, to transform the NHBRC into a viable, modern organisation with sound corporate governance, a culture of risk management and world class processes and systems.

The NHBRC has in recent years experienced tumultuous times, leadership changes and a dip in morale. It is time now for the healing to begin, to turn over a new leaf in a new chapter in the history of the NHBRC. We are on a journey to a viable modern NHBRC. I wish to thank the employees for their contribution. I believe we are well on our way.

OFFICIAL SIGN-OFF

It is hereby certified that this Annual Performance Plan:

- Was developed by the management of the NHBRC under the guidance of Council
- Takes into account all the relevant policies, legislation and other mandates for which NHBRC is responsible
- Accurately reflects the strategic outcome oriented goals and objectives which NHBRC will endeavour to achieve over the period 2014-2015

Courteney Thorp
Chief Financial Officer

Signature

Dr. Awelani Malada
Head Official responsible for Planning

Signature

Mr. Mongezi Mnyani
Accounting Officer

Signature:

Advocate Brenda M. Madumise
Executive Authority

Signature

ANNUAL PERFORMANCE PLAN 2014/2015 – EXECUTIVE SUMMARY

The Annual Performance Plan 2014/2015 is predicated on the empirical performance information in the period 2012/2013 and the budget performance and score card projections for the period 2013/2014 within the context of the NHBRC mandate as defined in the Housing Consumers Protection Measures Act, 1998 (Act No. 95 of 1998).

The primary mandate of the NHBRC as defined in the act is to protect housing consumers by establishing, implementing, regulating quality standards in the home building industry, establishing a warranty fund and providing assistance to housing consumers under circumstances where home builders fail to meet their obligations, building the capacity of home builders and housing consumers with specific emphasis to the historically disadvantaged individuals, representing the interests of housing consumers by providing warranty protection against defects in new homes, regulating the home building industry, providing protection to housing consumers in respect of the failure of home builders to comply with their obligations in terms of the Act, establishing and promoting ethical and technical standards in the home building industry, improving structural quality in the interest of housing consumers and the home building industry, promoting housing consumer rights and providing housing consumer information, communicating with and assisting home builders to register in terms of the Act as well as assisting home builders through training and inspections.

The Annual Performance Plan is also based on the need to accentuate the NHBRC role as a regulator in the home building industry and the Human Settlement Ministerial directives especially, the need to enrol all applications and/or requests of government subsidized projects, the deregistration and registration of home builders in all provinces and municipalities, the legal compliance and enforcement unit to put a system in place to identify defaulting home builders and prevent them from renewing their NHBRC registration unless they have met the terms and conditions of their contracts, the investigation of establishing a record of owners / directors of registered home building companies who have been deregistered who should be prevented from registering a new company, the liability of NHBRC inspectors who certify projects and homes to have progressed and /or completed satisfactorily in accordance with the set norms and standards, ensuring sufficient resources at the NHBRC disposal to manage the enrolment of projects and carry out inspections of and /or in all projects as agreed upon by the Department of Human Settlements and the NHBRC.

The economic pressures that inhibit growth in the non-subsidy sector are a main contributor to stagnation in the homebuilding industry. Much activity is projected in the non-subsidy sector and the gap market as a result of government intervention in this regard. Economic data shows that approximately 41% of housing demand is in the R250, 000-R500, 000.

NHBRC performance in all its Valuable Final Products (VFPs) peaked in the period 2006/7 and 2007/08 due to the boom in the homebuilding industry at that time. Performance since then has dropped and levelled off. Projections in the period going forward indicate a slight growth based primarily on the subsidy sector. Whilst the quantum of projected houses to be built show a slight increase, revenues continue to be strained due to the lower value of houses to be built and the regulated enrolments and registration tariffs prescribed by the Act .

The increased pressure to enforce legal compliance with the Act through inspections and the provision of quality assurance has resulted in the need to increase NHBRC staff compliment in order to meet the rising challenge of poor workmanship in the industry and the increased rate of rectification projects by the Government.

Against this backdrop the 2014/2015 Annual Performance Plan and the period going forward puts an emphasis on ensuring that all houses including rural and People Housing Processes (PHPs) and gap market houses are enrolled, inspected and certified by the NHBRC and that the building of housing projects by the provinces and municipalities meet the required geotechnical requirements and home building standards. The plan also aims at ensuring that all homebuilders are registered and that their capacity to build quality homes is enhanced through training and technical advice. Punitive action will be taken against homebuilders that do not meet national standards through the NHBRC enhanced Legal Compliance and Enforcement unit. A Project Support Unit has been established to track and assist with troubleshooting to ensure that NHBRC projects are completed in time and within budgeted costs

The budget assumptions are therefore predicated on the above factors as well as on the fact that there is a projected recovery in residential homes market in the R250, 000-R500, 000 markets in spite of consistencies in interest rates, borrowing is negatively impacted upon by high levels of indebtedness and the National Credit Act, 2005(Act No. 34 of 2005). Late enrolments are budgeted at 2.5% of total enrolments and the subsidy market assumptions are based on the housing delivery plan of the Human Settlements Department.

The number of staff is based on the optimal performance that will be required to meet the NHBRC challenges and its mandate. The number of inspectors required is predicated on the empirical peak period of housing delivery by the Department of Human Settlements historical performance.

The International Housing Association (IHA) aims to provide a global forum for networking, information sharing, and discussion of common issues and concerns related specifically to housing and the home building sector. The IHA brings together organisations from across the world that are interested in the home building industry to provide a forum for organisations to establish contact and build relationships around the world and exchange policy information on the built environment.

The NHBRC will also be participating in the IHHWC taking place in the year 2014 at Canada, Vancouver. The NHBRC will be presenting a number of papers at the Conference sharing experiences from South Africa.

The Department of Human Settlements has established a Project Support Unit which is aimed at providing technical support .The NHBRC will be working closely with the NDHS PMU because NHBRC has established A Project Support Unit (PSU) which would be able to work directly with the PMU from NDHS. The NHBRC Project Support Unit (PSU) will continue to assist with conducting assessments on houses for the rectification. It was also agreed that 10% of the rectification fund will be top sliced from the existing grant .It should be noted that municipalities are being accredited and they will be offering the same services as the

PHSD (Provincial Human Settlements Departments).Once they are accredited to carry out their functions the NHBRC should be able to communicate and work directly with them.

In its endeavour to promote Intergovernmental relations with other stakeholders like CSIR, SAPOA and CIDB the NHBRC is also forging working relationships with CSIR in order to implement the recommendations of the alternative building technologies. The Intergovernmental relation Unit of the National Department of Human Settlements is also in the process of convening a consultative process with all provinces and the NHBRC on alternative building technologies before a Memorandum Of Understanding is signed with the Department of Science and Technology. The NHBRC would be playing a vital role in linking up with all the important stakeholders because it is important that we are represented so that we could clarify the mandate of the organization and also improve and cement relations with them.

PART A: Strategic overview

VISION

“A world class home builders warranty organization that ensures the delivery of sustainable quality homes”

MISSION

“To protect the housing consumers and regulate the home built environment by promoting innovative home building technologies, setting home building standards and improving the capabilities of home builders”

STRATEGY

- To improve visibility and accessibility in the market while enhancing interaction with our stakeholders.
- To position the NHBRC as a leader in knowledge creation, technical and technological building solutions through strategic partnerships.
- To provide diversified services and products in line with changing building requirements and needs

VALUES

- Customer Service and Technical Excellence
- Learning, growth and caring organisation
- Integrity
- Good Corporate Governance
- Research and Innovation

PAY-OFF LINE

- “Quality is our Priority”

1. Updated situation analysis

The Annual Performance Plan 2014/2015 and beyond is structured taking into consideration the important factors of the current socio political and economic environment operating in South Africa and the human settlements environment in particular. Consideration of the degree to which the organisation can achieve its stated objectives must be informed by these imperatives.

1.1 The NHBRC Performance delivery environment

1.1.1 The Socio-political imperatives

The National Planning Commission Diagnostic report showed that differential migration patterns largely affect national patterns of job creation and job losses. Although rural-urban migration is significant about 78% of migration from rural areas and small towns was to other rural areas and small towns. Consequently, while the growth of large urban centres needs to be managed, planning must also respond to changing patterns of population distribution in rural areas. Informal settlements present a particular challenge. Most job seeking migrants moving to Cities first live in informal settlements, which are an affordable entry to the City. Many migrants cannot break into the urban labour market and find it difficult to move out of shacks into more formal accommodation.

The NHBRC has to align its deliverables to Outcome 8. The Government's Outcome 8 deals with Sustainable Human Settlements and the improved quality of Human Settlements and covers the upgrade of human settlements, delivery of affordable rental units, land acquisition and improved property management.

Outcomes 8 include the provision of 400,000 households in informal Settlements with basic services and tenure; the facilitation of 80,000 rental housing units, the release of 6,250 hectares of state and public land for human Settlements development; the facilitation of access to finance for housing to 600,000 households who fall into the Gap Market.

In this context, the National Development Plan 2030 points out that since 1994, more than 3 million subsidised housing units have been built for poor people and that access to basic services has expanded. A total of 97% of households have access to water and almost 75% have access to sanitation and electricity. Despite these achievements access to adequate housing remains a daily challenge for many South Africans.

Noting the disparities that are occasioned by the legacy of apartheid spatial patterns, the report suggests that the provision of housing and basic services must adopt a new approach. Amongst others, the report suggests that the capital subsidy scheme and the BNG emphasis on affordable inner city housing as part of a broader housing renewal strategy requires renewed efforts to ensure that national, provincial and local government work together in reshaping the built environment to achieve smatter and fairer development. Amongst other suggestions the report proposes that spatial planning must consider the principle of spatial quality where the aesthetic and functional features of housing and the built environment need to be improved to create liveable, vibrant and valued places.

The aforesaid challenges faced by institutions operating in the human settlement environment have specific reference and implications to the contribution of the NHBRC in the human settlement discourse. This means that the institution's regulatory framework and the setting of norms and standards must take into consideration the constraints posed by these socio political imperatives. The NHBRC requires retooling in order to remain relevant with its geotechnical engineering capacities, its leadership in the setting of building standards and norms, innovation with new housing technologies especially greening solutions and meeting the challenges of the ever growing levels of city and rural densification population patterns. To remain relevant in this discourse the NHBRC requires strategies and tactics that will bring it closer to the implementing institutions by enhancing its stakeholder relationships and building strong and strategic partnerships that add value to the human settlement challenges that are faced by Provincial and Local Governments. Increasingly the role of the NHBRC as a regulator and housing consumer protector would have to be preceded by better communication and joint action.

1.2 Economic imperatives

The economy of South Africa remains a challenge given the economic crisis in Europe and South Africa's links to the global markets. The Reserve Bank indicates that medium term economic growth is in the order of 3%. The current GDP of South Africa stands at 3% as against the target of 7%. Forecasts are more upbeat with growth of 6.3% in 2011-2013. The South African economy is expected to grow by just 3.1% in 2011 and by 3.4% in 2012/2013. Fuel prices and commodity items are on the rise. The power of the South African currency has declined in the last quarter. Interest rates remain constant at 9%. South Africa needs to take the following steps to mitigate the risk in the short term i.e. counter cyclical fiscal policy, use the monetary policy to curb inflation. South Africa needs to continue accumulation of foreign reserves in order to manage capital inflows and prevent prolonged security net by putting interventions to protect the most vulnerable, particularly the young who cannot find jobs. We also need to create flexible human settlements that are responsive to changing locations of work (such as available rental stock and good and affordable public transport systems).

According to StatsSA (Statistics South Africa), year on year growth in building plans approved for 2011 to 2012 are at 14%. Mortgage lending growth is currently at 2.4%. It is expected that there will be limited improvement in the period going forward for mortgage lending.

FNB says that the May 2013 house price growth shows further acceleration, but in a weak economic environment. The renewed acceleration in house price growth which resumed early in 2013 after a lull late in 2012, continued in the May version of the FNB House Price Index. The average house price for May showed year on year growth of 5.8% up from April's revised 5.4%. In real terms, as at April FNB has seen very slight year-on-year decline to the tune of 0.4%, with consumer price inflation at 5.86% year-on-year in that month still slightly higher than house price inflation.

ABSA suggests that whilst housing prices are still dropping, buyers are few. Although house prices continue to drop and interest rates on bonds have remained at almost a 40-year low, few South Africans have been able to take advantage of great deals on property. This is largely due to debt problems, bad credit records

and the strain on household finances caused by rising inflation. High levels of indebtedness continue to restrict housing consumer's affordability and ability to borrow.

ABSA's housing review for the first quarter of 2012, based on transactions the bank was involved in, says affordability and access to mortgage finance will remain key to demand. Prices in real terms are set to deflate further through 2013.

The first six months of 2012 levels of activity in respect of planning and construction of new housing in SA continued to show strain compared with corresponding period last year. The number of housing units for which building plans were approved by local government was down by 12%. The first quarter saw a decline of 14% followed by a further decline of 9.3% year on year in second quarter. The category of houses with a >80m² showed a strong improvement of 21% year on year first quarter but contracted by 3.6% year on year on the second quarter. These trends are regarded as an indication of expectations regarding the demand of new housing towards the end of year and into 2013 against the background of prevailing and expected supply conditions in the housing market. The abovementioned trends in residential building activity came against the backdrop of economic developments impacting household finances and consumer confidence.

In the affordable housing segment, there was a marginal increase in prices in the first quarter. But in real terms prices for houses of between 80m² and 140m² dropped 22%; those between 141m² and 220m² dropped 5.7%; and those between 221m² and 400m² dropped 5.1%.

In the luxury housing segment (R3.6-million to R13.4-million), prices dropped in real terms by an average of 2.6%. The average cost of building a house from scratch rose 1% in real terms. By comparison, the price of an existing house would have been 7.9% less.

In spite of the favourable economic climate in South Africa, recovery of the residential building market remains under pressure. An existing home is cheaper to buy than a newly constructed home by 37% (ABSA Property). Bank lending criteria are still restrictive and sensitive to risk appetite as a result of the National Credit Act, 2005 (Act No. 34 of 2005).

The ABSA report found that the North West province experienced the largest growth in nominal prices (not adjusted for inflation), up 15.5%, while the Northern Cape did almost as well at 12.4% up. KwaZulu-Natal and the Eastern Cape saw the greatest declines in nominal house prices, 6.9% and 6.7% down respectively.

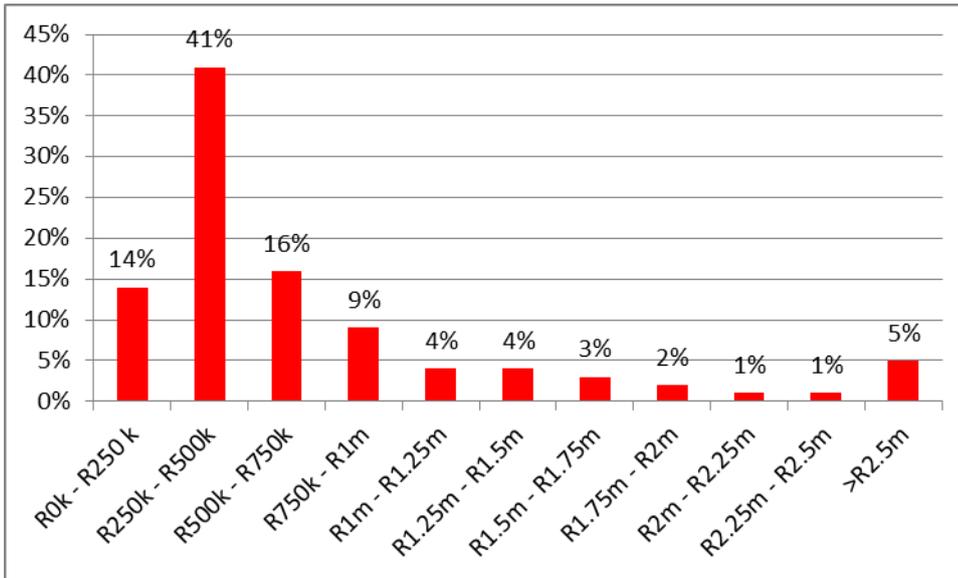
East London experienced the greatest climb in nominal values of any metropolitan region, with 11.2% price growth. Nearby Port Elizabeth saw the greatest drop, 18.5%. Nearly all coastal regions experienced a decline in nominal values.

The outlook that is projected by players in the housing market has particular relevance to the operations of the NHBRC going forward. Of particular relevance to the NHBRC is the slow growth in the building of new houses. This has a direct relationship with the extent to which the NHBRC can project its revenues to

remain a sustainable regulator of the housing industry. Reliance will have to be placed on the subsidy market.

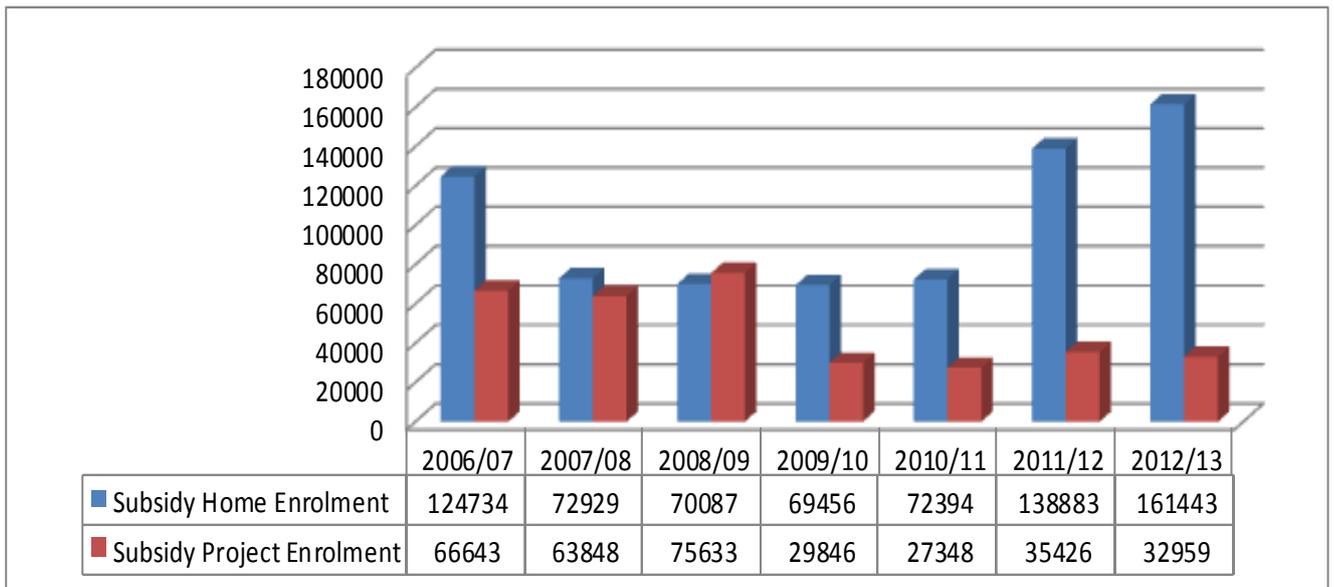
An indicator that more and more, NHBRC activity is concentrated primarily in the subsidy sector is reflected in figure 1 below which shows that almost 41% of housing development is within the R250,000-R500,000 range, 16% within the R500,000—R750,000 range, 14% in the R0-R250,000 range.

Figure 1. Percentage of home enrolment by rand category



This ties in closely with the home enrolment figures in the subsidy market as reflected below.

Figure 2. Number of projects and home enrolment overtime.



1.3 Organizational environment

In order to understand the extent of the work that the NHBRC focuses on, it is important to understand the manner in which the NHBRC has structured itself in order to strategically make the desired impact in achieving its strategic objectives.

1.3.1 The NHBRC outreach

The NHBRC has a footprint in all the nine provincial offices of the Country. The total land mass of the Country is 1,220,823 square kilometres. The population size is 52,000,000 with the most population in Gauteng and Kwazulu-Natal.

Table 1: NHBRC Provincial outreach

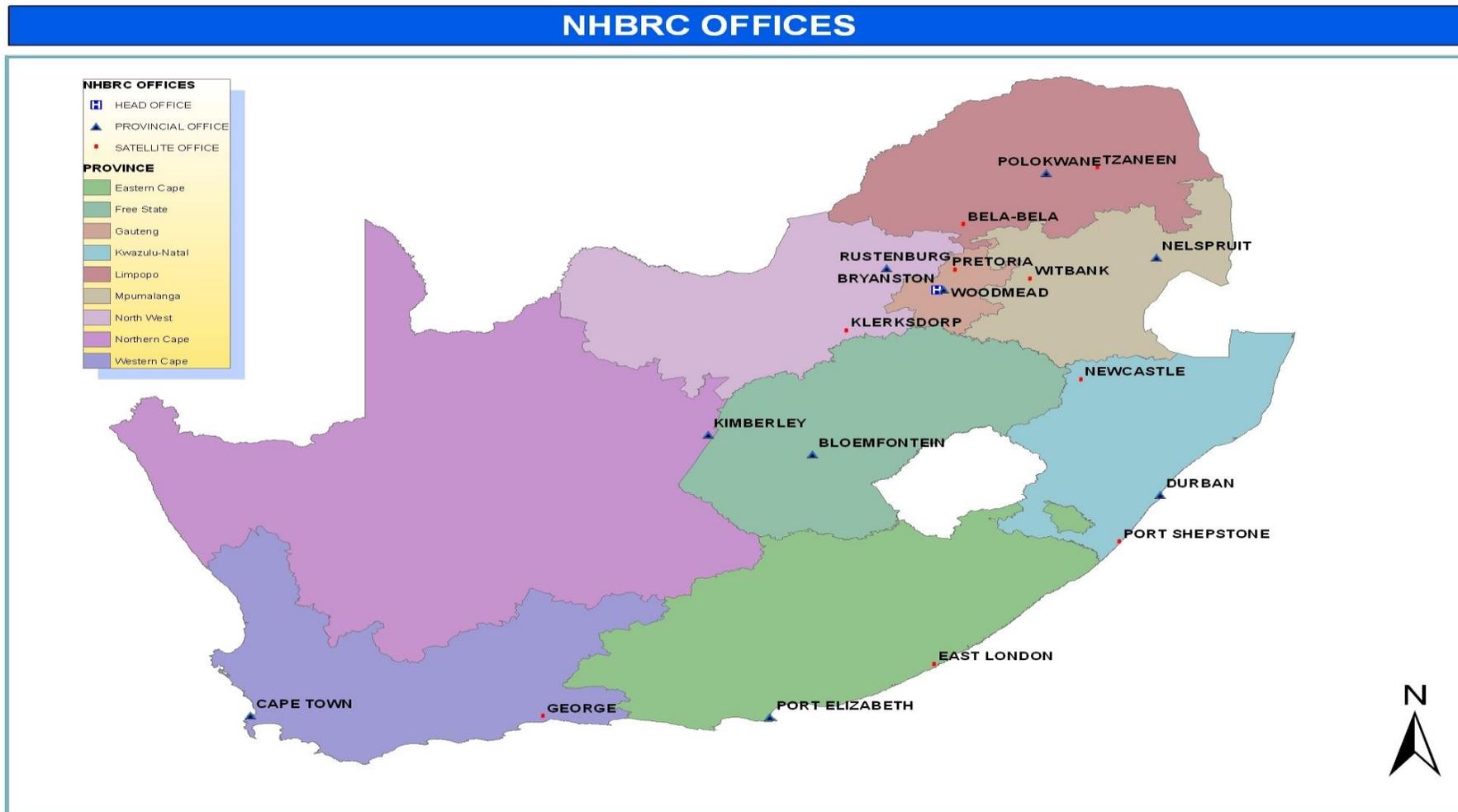
Province	Capital	Largest City	Provincial Area Square Kilometres	Population size
Eastern Cape	Mandela Bay	Port Elizabeth	168,966	6,56m
Kwa-Zulu Natal	Ethekweni	Ethekwini	94,361	10.27m
Western Cape	Cape Town	Cape Town	129,462	5.82m
Free State	Mangaung	Mangaung	129,825	2.74m
Gauteng	Pretoria	Johannesburg	16,548	12.27m
Limpopo	Polokwane	Polokwane	125,755	5.4m
Mpumalanga	Mbombela	Mbombela	76,495	4.04m
North West	Mafikeng	Rustenburg	106,512	3.5m
Northern Cape	Kimberly	Kimberly	372,899	1.15m
Total area and population size			1,220,823	51.75m

Source: Stats in brief 2011, Stats SA.

1.3.2 Service centres

The map below indicates the provincial customer service centres and the satellite offices of the NHBC.

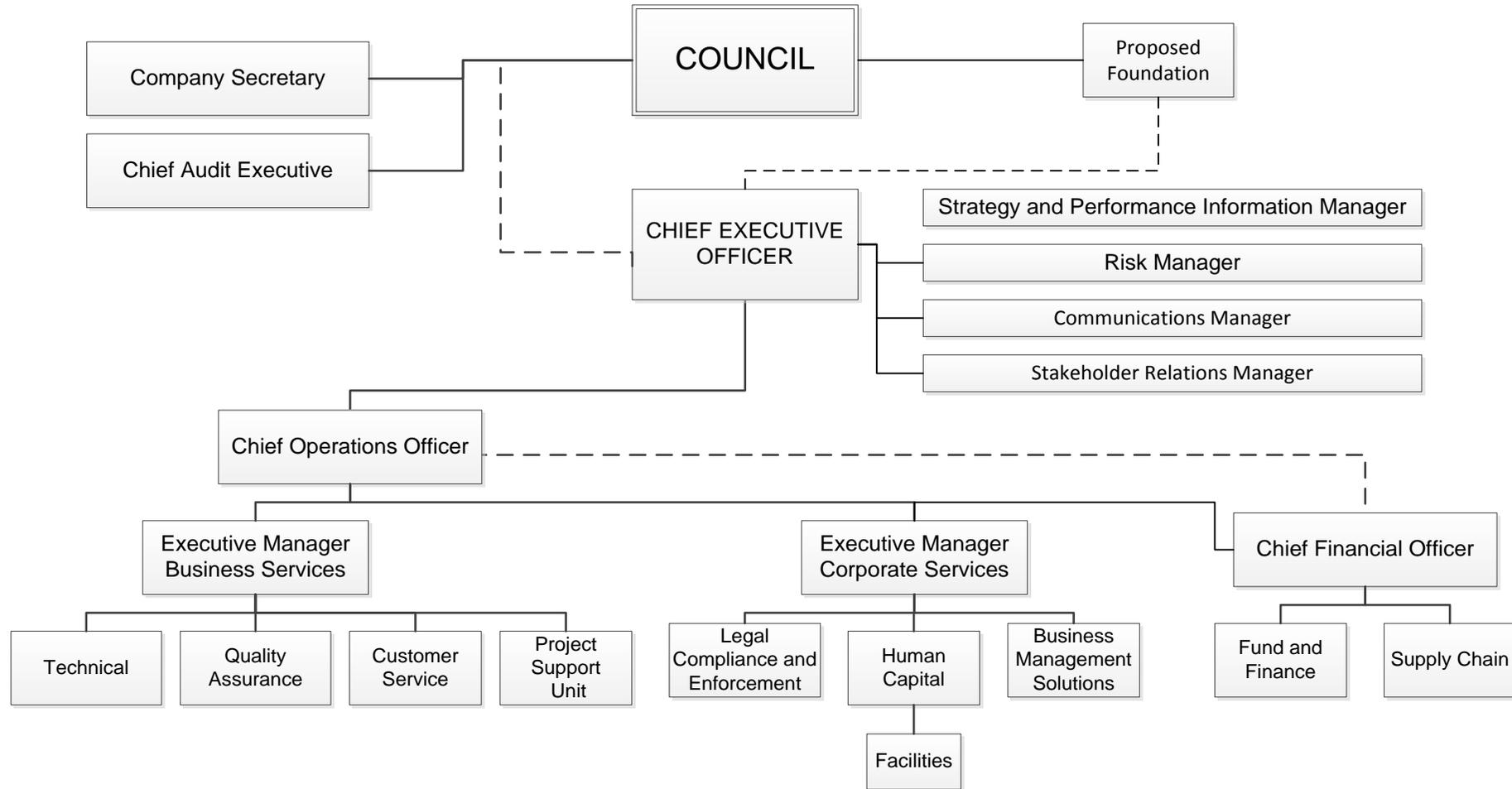
Figure 3. Provincial customer service centres



The NHBC organisational structure

In order to meet its strategic objectives as described in the strategy map the NHBC, has functionally designed itself as reflected in Figure 2 at the high level.

Figure 4. NHBC High Level Organisation Design



2. Revisions to legislative and other mandates

In the period covering the Annual Performance Plan 2014/2015 cognisance must be taken of the revisions that are contemplated and are due for enactment in the legislative environment of the NHBRC.

Since the promulgation of the Housing Consumers Protection Measures Act, 1998 (Act No.95 of 1998), the NHBRC has been experiencing numerous challenges and weaknesses in the current Act that were impeding its effective and efficient implementation.

In many respects, the HCPMA is seen not to be compliant with other legislation such as the Public Finance Management Act, 1999(Act No. 1 of 1999), the Promotion of Access to Information Act, 2000 (Act No. 2 of 2000), the Promotion of Administrative Justice Act, 2000 (Act No.3of 2000), the Consumer Protection Act, 2008 (Act No. 68 of 2008) and the National Regulator for Compulsory Specification Act, 2008 (Act No.5 of 2008).

3. Overview of 2014/2015 and MTEF (Medium term expenditure framework) estimates

3.1 Overview of 2014/2015 and MTEF

Table 2: Expenditure estimates

Expenditure Estimates	Audited outcomes			Adjusted Appropriation	Medium -term expenditure estimate		
	2010/2011	2011/2012	2012/2013	2014/2015	2015/2016	2016/2017	2017/2018
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Programme A: Home Builder Registration							
Home builder registration	4 081	4 937	4 525	4 183	4 392	4 612	4 843
Programme B: Renewal of home builder registration							
Homebuilder renewal of registration	7 266	8 776	8 055	7 317	7 683	8 067	8 470
Programme C: Non-Subsidy Enrolments							
% normal enrolments	243 946	246 382	322 508	414 474	435 197	456 957	479 805
% problematic soil type enrolments							
% Multi storey / rational design enrolments							
Programme D: Late Enrolment of Homes							
Late Enrolment of homes	5 523	602	658	1 181	1 240	1 178	1 119
Programme E: Project and Home Enrolment							
% project enrolment	12 571	43 520	29 337	40 753	42 791	44 930	47 177
% home enrolment	85 552	147 787	245 968	167 041	175 393	184 163	193 371
Programme F: Complaints and Conciliations							
Complaints							
Conciliations							
Remedial work							
Programme G: Project Support Unit							
Conduct Forensic Investigation	18 820	45 952	32 760	31 600	33 180	34 839	36 581
Conduct Geotechnical investigation				7 500	7 875	8 269	8 682
Programme H: Stakeholder relations							
% execution of the revised stakeholder relations strategy	-	2 279	720	8 250	8 663	9 096	9 550

Expenditure Estimates	Audited outcomes			Adjusted Appropriation	Medium -term expenditure estimate		
	2010/2011	2011/2012	2012/2013	2014/2015	2015/2016	2016/2017	2017/2018
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Programme I : Communications							
% execution of reputation management strategy	7 041	16 276	5 630	22 995	24 145	25 352	26 620
Programme J: Legal Compliance and Enforcement							
Suspension of defaulting homebuilders	-	-	2 260	5 500	5 775	6 064	6 367
Prosecution of defaulting homebuilders	-	-	2 216	3 000	3 150	3 038	3 473
Assessment of compliance level	-	-	1 638	2 000	2 100	2 205	2 315
Programme K: Audit Management							
% implementation of the audit plan	-	-	-	1 500	1 575	1 654	1 736
% investigation of the fraud incidents	-	-	-	500	525	551	579
% tracking of the implementation of corrective management plan				500	525	551	579
Programme L: Risk Management							
Risk assessment as per risk plan	1 157	1 385	1 414	2 144	2 251	2 363	2 481
Implementation of OHS	-	-	-	179	188	197	207
Implementation of BCM strategy	-	-	-	179	188	197	207
Implementation of fraud plan	-	-	-	239	251	263	276
Programme M: Business Management Solutions							
% completion of SAP segment 1	-	-	-	28 188	66 498	4 000	-
% completion of SAP segment 2	-	-	-	-	-	-	-
% maintenance of up-time resources to avoid downtime	-	-	-	-	6 051	1 500	1 000
Programme N: Quality Assurance							
Achieve a ratio of 4 for subsidy inspection	57 476	35 908	41 449	50 263	52 777	55 416	58 187
Achieve a ratio of 4 for non-subsidy inspection	-	37 989	10 177	17 304	18 169	19 077	20 031
Programme O: Human Capital Solutions							
% achievement of employee satisfaction	-	-	-	100	105	110	120
% execution of HR re-engineering strategy	-	-	-	3 000	1 500	500	-
Programme P: Homebuilder training and development							
% execution of training strategy							
Training of homebuilders	7 305	5 404	2 288	3 500	3 710	3 933	4 169
Training of Youth	348	-	6 133				

Expenditure Estimates	Audited outcomes			Adjusted Appropriation	Medium -term expenditure estimate		
	2010/2011	2011/2012	2012/2013	2014/2015	2015/2016	2016/2017	2017/2018
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Programme N: Technical Support							
Days taken to resolve structural claims	-	-	-	-	-	-	-
Conduct information sharing session	-	-	-	-	-	-	-
Ensure subsidy projects are enrolled within 15 days	-	-	-	-	-	-	-
Economic classification							
Current payments							
Compensation of employees							
Salaries and wages	156 567	174 434	202 211	454 918	478 997	505 342	533 135
Social contributions	496	497	618	-	-	-	-
Goods and services							
Administrative fees	58 115	22 924	34 938	44 880	11 561	9 639	10 121
Advertising	7 041	18 555	6 350	33 245	32 407	34 028	35 729
Agency and support / outsourced services	67 655	85 166	65 381	80 584	84 613	88 843	93 286
Assets less than R5 000							
Audit costs	1 996	3 253	3 103	3 000	3 150	3 308	3 473
Bank charges	907	1 121	1 222	1 880	1 974	2 073	2 176
Board costs	2 535	3 439	3 307	5 900	6 195	6 505	6 830
Bursaries (employees)	179	331	383	500	525	551	579
Catering: internal activities							
Communication	7 469	9 094	10 056	25 021	26 273	27 586	28 965
Computer services	6 297	7 739	10 985	24 255	25 468	26 741	28 078
Consultants	35 155	23 479	9 472	18 740	18677	17 110	17 966
Contractors	29 510	188 653	245 080	54 794	57 533	60 410	63 431
Entertainment	277	496	900	750	788	827	868
Inventory	661	608	900	1 403	1 473	1 547	1 624
Lease Payments	14 525	18 975	15 782	10 321	10 837	11 378	11 947
Legal fees	4 672	9 675	4 993	10 500	11 025	11 576	12 155
Non-life insurance	1 384	1 414	1 810	2 050	2 153	2 260	2 373
Printing and publication	1 712	1 332	1 357	1 789	1 878	1 972	2 071

Expenditure Estimates	Audited outcomes			Adjusted Appropriation	Medium -term expenditure estimate		
	2010/2011	2011/2012	2012/2013	2014/2015	2015/2016	2016/2017	2017/2018
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Property payments	-	-	-	-	-	-	-
Repairs and maintenance	1 704	2 005	2 520	5 916	6 212	6 522	6 848
Research and development	0	369	656	2 000	2 100	2 205	2 315
Training and staff development	2 889	2 795	4 990	22 290	23 405	24 575	25 803
Travel and subsistence	9 131	11 850	16 021	19 478	20 452	21 475	22 548
Water and electricity	1 278	1 819	3 499	2 250	2 363	2 481	2 605
Venues and facilities	3 288	1 441	1 522	7 461	7 834	8 226	8 637
Other unclassified expenditure	1 737	412	-	3000	3 150	3 308	3 473
Of Which:							
Depreciation and amortization	16 680	15 127	11 808	28 547	54 005	54 939	55 972
Losses from	-	-	-	-	-	-	-
Sale of fixed assets							
Impairments and Adjustments to Fair Value							
Adjustments to Fair value of financial assets							
Impairments to non-financial assets							
Other							
Interest, dividends and rent on land							
Interest	-	-	-				
Dividends							
Rent on land							
Transfers and subsidies							
Provinces							
Employer Grant (SETAs only)							
Discretionary Grant (SETAs only)							
Municipalities							
Departmental agencies and accounts							
Higher education institutions							
Foreign governments and international organizations							

Expenditure Estimates	Audited outcomes			Adjusted Appropriation	Medium -term expenditure estimate		
	2010/2011	2011/2012	2012/2013	2014/2015	2015/2016	2016/2017	2017/2018
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Public corporations and private enterprises (subsidiaries and other transfers)							
Public corporations							
Private enterprises							
Non-profit institutions							
Households							
Social benefits							
Other transfers to households							
Technical reserves (social security funds only)							
Tax payment							
Outside shareholders Interest							
Total Expenditure	433 859	607 004	659 864	865 472	895 046	935 427	983 011
Check							

PART B: Program and sub-program plans

4. Program and sub-program plans

4.1 The NHBRC Strategy map

Based on the NHBRC strategic intent and the NHBRC strategy map presented in Appendix A, the performance levels for the period 2014/2015 are hereunder articulated within the context of the four perspectives of the balanced score card. The four perspectives are: Financial perspective, Customer perspective, internal business processes and Innovation, growth and development perspective.

4.1.1 The Financial perspective

The Financial perspective deals with all financial measures that financially impact on the NHBRC. The strategic objective “to grow, protect and sustain the warranty fund”, is fundamental to the long term sustainability of the entity.

The revenue trend is based on the enrolment of homes where the building activity in the segment of flats and townhouses over the MTEF period has showed some growth with low growth evident in the segment of larger homes. The market for new houses will be affected by trends on the macroeconomic front (economic growth, employment, inflation, interest rates). The state of household finances (income, consumption, savings, debt levels, debt servicing, and credit risk profiles) consumer confidence and property market related factors (investment, sentiment, property running costs, building costs). These factors will be reflected in new-housing demand and supply conditions, market activity, transaction volumes, price levels and the demand for mortgage finance.

The non-subsidy revenue for the budget period 2014/15 compared with the 2013/14 budget is estimated to grow by 4.7%. The subsidy revenue will increase by 20% based on the assumption that all homes will be enrolled in this segment. It is expected that revenue will increase by at least inflation over the MTEF period, based on projected macroeconomic criteria.

In the 2013/14 budget cycle, the NHBRC established a legal and enforcement division so as to ensure compliance with the Housing Consumers Protection Measures Act, 1988 (Act No. 95 of 1998). The increase of the legal budget by 17%, compared to the 2013/14 budget, is primarily for the protection of the housing consumer by improving prosecution turnaround of defaulters, secure criminal convictions and shorten the litigation process.

The continuous process of housing consumer education, marketing and branding of the NHBRC commenced in the 2013/14 year. Budget for the 2014/15 year has been increased by a further 86% with special emphasis on consumer awareness of the NHBRC and that home owners are fully conversant with their rights under the Act.

The continual upgrade of business management systems, by the implementation of the SAP ERP system in the current budget year will revolutionise the customer and stakeholder integration with the NHBRC. This requires a total upgrade of data connectivity which increases operating costs year on year by 47%.

The inspection model, which mitigates the risk to the warranty fund, by inspecting homes under construction, has been revised for the 2014/15 budget. The model seeks to employ NHBRC inspectors and reduce the outsourced inspectorate. This will improve the quality and timing of home inspections by suitably qualified inspectors. The inspection model reduces the outsourced inspectorate expenditure by R148.7 million while increasing payroll cost for an additional 145 inspectors at R85, 3 million compared to the 2013/14 budget. In the 2014/15 budget the reserve for emerging contactors has increased by R30 million and budget for training of youth, woman and military veterans by R 15 million.

Notwithstanding these increases the total increase in operating and fixed costs has increased in line with inflation by 5.1% compared to the 2013/14 budget. The net budgeted surplus for 2014/15 is projected at R 99, 8 million.

The performance levels/targets and strategies for this perspective are summarised in the logical framework matrix marked as appendix B.

4.1.2 The customer perspective

The customer perspective seeks to define the products and services that will be supplied by the organisation and how the organisation will maintain its customer base. Given the review of the NHBRC final valuable products and the organisational values, the strategic objective for this perspective is *“to provide innovative quality products and services that will delight the customer”*.

In this regard our operations are geared at enrolling at least 45,963 housing units in the non-subsidy sector and registering at least 2,885 of new home builders and 12,195 registration renewals. At least 33,150 home enrolments and 45,100 project enrolments will be realised in the subsidy sector. A total of 91,969 units will be realised for the Consolidation project which takes place in the subsidy sector as well.

Operations will achieve all the above mentioned by improving the rate of turnaround times when it comes to servicing the customers. For the 2014/2015 financial year the target is to achieve 100% of certificates issued within a maximum of 5 working days from date of full payment of all applicable fees and successful technical assessment. The target for renewal of registration is to achieve 100% of renewal notifications sent 30 days before date of expiry of registrations and 80% renewal of active homebuilders. NHBRC would like to achieve 100% of certificates issued within 3 working days from date of full payment of applicable fees for normal enrolments. NHBRC will also like to achieve a 100% of certificates issued or application rejected within 15 working days from date of full payment of applicable fees for the problematic soil type enrolments. The NHBRC would also like achieve a 100% certificates issued or application rejected within 21 working days from date of full payment of applicable fees for the multi-storey/rational design enrolments. The NHBRC will also achieve a less than 5% of total enrolments for the 2014/2015 financial year. The NHBRC

will also ensure that 100% of projects approved or application rejected within 15 working days from date of receipt and also ensure that 100% of homes approved or application rejected within 15 working days from date of receipt.

The NHBRC has also realised a gap in the management and support of projects from its side and hence the establishment of the Project Support Unit. Through the Unit the NHBRC will ensure that all projects are enrolled and also enforce the use of project management standards on all the projects within NHBRC. The PSU unit will ensure that it commences forensic investigation within 30 days from date of receipt of appointment letter and that it also commences geotechnical investigation within 45 days from date of receipt of the appointment letter.

The NHBRC will also ensure that 100% execution of the revised stakeholder relations strategy. The Communication section prides itself in the provisioning and protecting the NHBRC brand reputation and a 100% execution of reputation management strategy to deal with all its reputation challenges that are facing the organization.

There was lack of capacity within the Legal Compliance and Enforcement section at provincial level to ensure compliance with HCPMA. The NHBRC has acquired and employed staff to ensure that the section can deliver on its mandate and functions. It was also identified that there is a lack of capacity to investigate matters and gather evidence on behalf of the NHBRC's prosecutors and the South African Police Services and as such the NHBRC was quick to appoint three legal investigators which would mostly focus on the criminal related matters. The section will also ensure that suspension of defaulting homebuilders within 10 days from date of receipt of file and it will also prosecute defaulting homebuilders within 180 days from date of suspension. A 100% assessment of compliance level.

The NHBRC needs to deal with the issue of failure to do recoveries; the cost recovery strategy has been established to ensure the implementation thereof. The section is also convening meetings with relevant members of SAPS in order to get them to co-operate in the enforcement of Section 21 of the Housing Consumers Protection Measures Act, 1998 (Act No.95 of 1998). The NHBRC will commence with the pilot training of SAPS members to commence in the month of July 2013. The NHBRC is also in the process of training all provincial officers, quality assurance and inspectors so that they can monitor all the inconsistencies and non-compliance with the Act and provide continuous advice/support.

The Quality Assurance section has been established and its currently running and delivering on its mandate. The NHBRC is building internal capacity of competent staff (both technical and administrative) in order to meet the needs of housing consumers and the stakeholders. The NHBRC will also need to align its business processes and procedures to the home building environment so as to ensure that we do not stop progress on projects while we enforce compliance in terms of the homebuilding manual and the Act. Some of the Challenges that are faced by the NHBRC are that it should align inspection Building Quality Index in Housing (BQIH) Form and the reporting thereof. The NHBRC must also enrol subsidy homes where projects are partially completed. The NHBRC should be able to quantify the amount of risk on enrolled homes against the warranty fund.

Quality Assurance of the NHBRC will also enhance the customers' peace of mind as it will ensure that all houses that are being built are inspected, including Rural Housing Projects and Peoples Housing Process (PHP) homes.

Through the training and development section, the NHBRC aims at enhancing the building skills of home builders and will to this extent develop relevant course materials to promote excellence in the home building environment. This will also contribute to the improvement of professionals in the built environment as well as increase the level of compliance with building regulations, standards and norms in general.

Similarly, the performance levels/targets and strategies for this perspective are summarised in the logical framework matrix marked as appendix B.

4.1.3 Internal business processes

The internal business processes perspective addresses the institutional processes and systems that make the organisation deliver its final value products in a cost-effective manner. In this context the strategic objective for this perspective is to "*strengthen NHBRC operating processes, systems and procedures*".

Through the NHBRC Technical section at least 9 events will be undertaken in support of the Human Settlements Departments, in all the nine provinces for the 2014/2015 financial year. Structural claims will be evaluated in twenty days. Value adding strategic partnership will be forged with the main industry players and municipalities across the country. The NHBRC will ensure that all the subsidy projects that are enrolled will be subjected to an inspection process.

The Business Management Solutions section is in the process of implementing a new Enterprise Resource Planning (SAP) in order to improve the efficiency and efficacy of the Organization in running its daily business. The SAP project has been split into two phase's i.e. Segment 1 and Segment 2. The BMS section will complete Segment 1 and Segment 2 in the 2014/2015 financial year. The go-live date for the basic functionality is set for the 1st April 2014 and the second part of the SAP implementation project will be implementing additional modules and extra functionality especially exposing the system to the internet. The NHBRC is also in the process of getting a new server infrastructure as the current one is old and needs replacement. The current data infrastructure is also not adequate to accommodate SAP and the voice infrastructure is old and the NHBRC is in the process of upgrading the current infrastructure as well.

The NHBRC is also in the process of locating a suitable business continuity site so that it could accommodate employees in case of a disaster. NHBRC has also identified that there is a high level of low computer literacy amongst employees and as such Human Capital has piloted computer training at three NHBRC offices with a huge success and an option of online internet e-learning is also being considered. The current BMS structure was reviewed and has been approved by REMCO for implementation. The filling of the new structure is very critical as it impacts on the delivery of the new SAP system. The Section will be monitoring operation of the ERP solution so as to ensure that there is zero downtime in the running of the

operations of the NHBRC. The NHBRC was very proactive in the sense that they have been running a Change Management workshop as well to ensure that staff adjusts to the implementation process of ERP. The Project Support Unit has taken off and its main objective is to ensure that all the projects are enrolled and also to enforce project management standards on all projects of the NHBRC. PSU will focus its attention in the identification, monitoring and tracking of all NHBRC projects to ensure that these are completed within the specified timeframes and within budget. The PSU section will focus on the following:

- Assessments of blocked/Incomplete project for enrolment purposes- i.e. enforcing the NHBRC Housing Consumer Protection Measures Act, 1998 (Act No.95 of 1998).
- Assessments of pre- 1994 housing stock for remedial purpose in order to comply with the National Building Regulation and Standards Act, 1997 (Act No. 103 of 1977) for supporting Government in implementing the National Rectification Policy.
- Assessments of Post 1994- 2002 housing stock for remedial purposes in order to comply with the National Building Regulation and Standards Act,1997(Act No. 103 of 1977).
- Strategic geo-technical Investigation and reporting in order to assist PDoHS/Municipalities as a form of key NHBRC strategy intervention on delivery by Government. i.e. enforcing the NHBRC Housing Consumer Protection Measures Act, 1998 (Act No. 95 of 1998).

The benefits that the NHBRC will derive from the Project Support Unit section are as follows: Introduction and implementation of standardized project management methodologies/standards at the NHBRC including: institutionalized project based processes & procedures, Project execution Systems & Technology and Project based Cultures. The PMU section will also ensure the development of Project Management Competencies as another NHBRC competency area to support Government initiatives so that projects are executed through to completion and overall delivery of projects in a consistence and structured manner.

4.1.4 Innovation, learning and growth perspective

The strategic objective of this perspective is *“to create a learning environment and build capabilities that deliver NHBRC value products and services”*. This perspective focuses primarily on the people’s process and the creation of a nurturing environment in the organization.

Through a 100% execution of HR re-engineering strategy, the provision of timely and high quality talent management and other HC solutions to support NHBRC business processes, improving and strengthening the NHBRC human capital skills base as well as reviewing and developing NHBRC performance and business environment enhancing solutions, the NHBRC will ensure that in the period 2014/2015, the following deliverables are achieved:

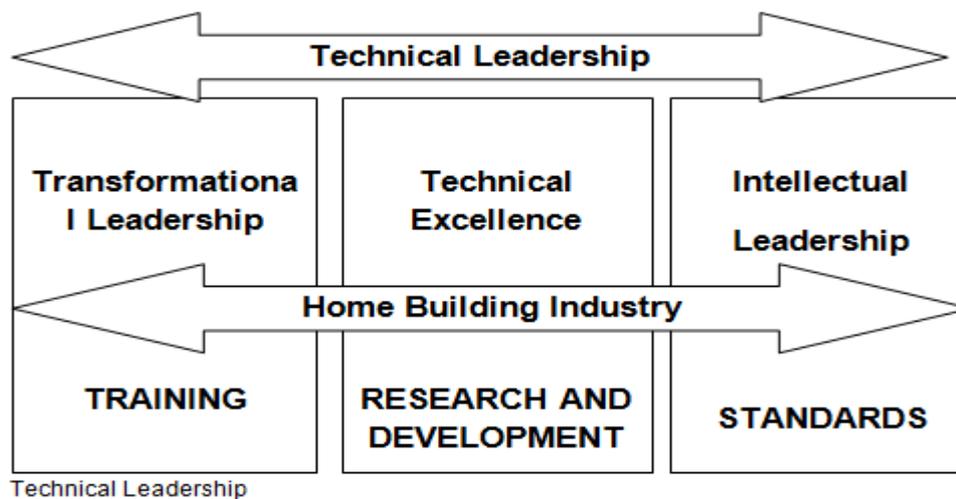
Human Capital will conduct an employee satisfaction survey for the NHBRC. At least 50% of Change management programme for staff will be implemented. A special focus will be paid to ensure that a 25% reduction in employee sick leave days is achieved and 90 days is taken to conclude wage negotiations.

NHBRC intends to establish a Foundation. It is envisaged that the purpose of the NHBRC Foundation is to support the attainment of Technical Excellence in the home building industry, by encouraging innovation and facilitating the development and transfer of information, knowledge, best practice and standards relating to the industry. The Foundation is to be established along the similar lines to other international warranty organisations such as the UK National House Building Council Foundation.

The strategy of the NHBRC Foundation is to:-

- Position NHBRC as a leading knowledge, technical and housing technology solutions provider through strategic partnerships;
- Assist in the business growth of NHBRC through focussed business development, i.e. assist in growing NHBRC's income in a market-driven, financially sustainable, relevant and impactful way;
- Enhance impact on South Africa's Sustainable Human Settlements; and
- Leverage NHBRC's intellectual capital and knowledge resources through harnessing the power of information and communication technology.

Figure 5. Positioning the NHBRC for technical leadership



The figure above presents an overview of the Technical Leadership of the NHBRC foundation.

NHBRC Foundation definition for intellectual, technical and transformational leadership is:-

- **Intellectual leadership** – to be acknowledged by stakeholders as a leader in home building industry, innovation and change in the industry.
- **Technical leadership** – to be acknowledged to support the attainment of Technical Excellence in the home building industry, by encouraging innovation and facilitating the development and transfer of information, knowledge, best practice and raising the standards in the home building industry.
- **Transformational leadership** – the acceptance by industry players, companies and stakeholders as key contributor of industry change through the delivery of relevant services and training for technical and socio-economic change, and making a difference in the lives of South Africans by enhancing service delivery through improved quality control of construction processes.

The table below defines specific actions for each of the focus areas that will position NHBRC Foundation as a leader in each area.

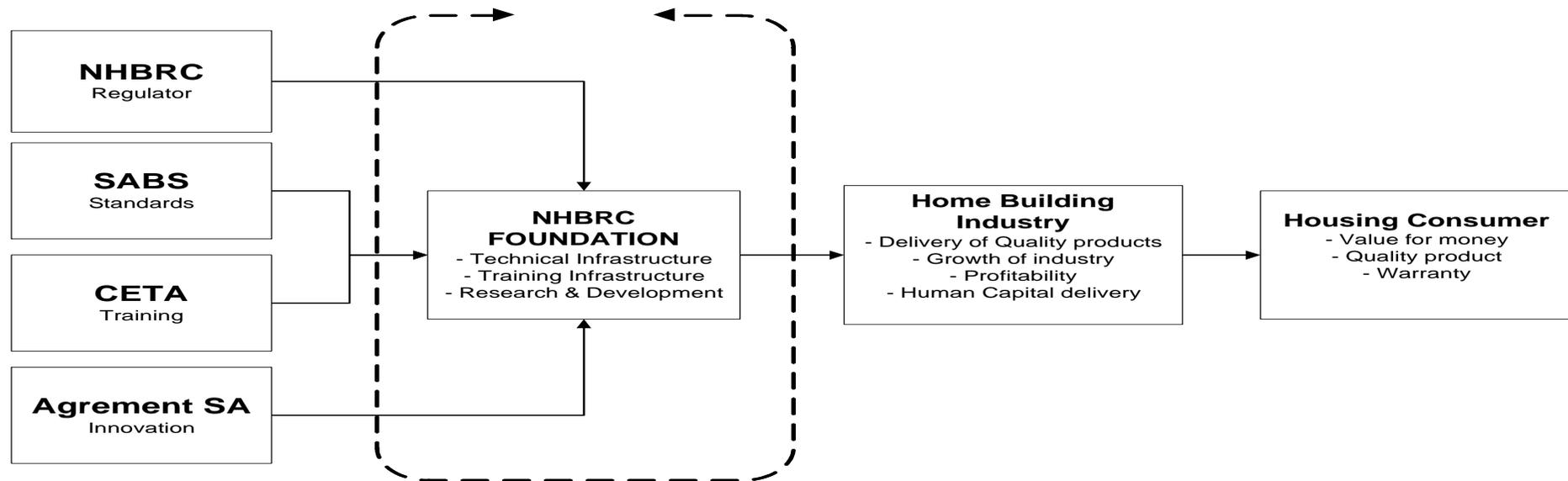
Table 3: Actions for each focus area

Focus Area	Intellectual	Technical	Transformational
Research and Development	Alliance with Agrément SA, CSIR, SABS, Banks, and academic institutions	<ul style="list-style-type: none"> ▪ Production of technical brochures ▪ Knowledge base ▪ Introduction of revised and new standards in the industry ▪ Technical publications in journals and conference proceedings 	<ul style="list-style-type: none"> ▪ Assist system developers in introducing new products in the industry ▪ Quality products in market ▪ Assist in delivery of quality houses
Focus Area	Intellectual	Technical	Transformational
Upliftment of emerging home builders and Quality Assurers through training	Alliance with CETA, ECSA	<ul style="list-style-type: none"> ▪ Production of training materials ▪ Simplified home building manuals ▪ Training of emerging home builders and Quality Assurers (Inspectors) 	<ul style="list-style-type: none"> ▪ Home building performance improvement ▪ Qualified home builders in industry ▪ Certification of Inspections
Standards	Alliance with Agrément SA & SABS	<ul style="list-style-type: none"> ▪ Development of technical requirements ▪ Production of Home Building Manuals ▪ Development of technical guidelines ▪ Training of professionals in the built environment. 	<ul style="list-style-type: none"> ▪ Development of housing policies ▪ Contribution to Sustainable Human Settlements

Growth and Delivery Framework

The figure below presents an overview of the proposed growth environment to increase the relevance of NHBRC Foundation and value for money for the housing consumer.

Figure 6. Growth and Delivery Framework



BENEFITS for establishment of the NHBRC's foundation

The following are some of the envisaged benefits of establishing the NHBRC Foundation:-

- Promotion of quality building materials resulting in potentially reduced risk to the NHBRC warranty fund;
- Promotion of unconventional and/or alternative housing systems, providing a broader range of products and potentially better houses;
- Faster delivery of quality houses, and hence assisting in the reduction of the backlog;
- Development and growth of SMME;
- Long-term sustainability of NHBRC;
- Promote collaboration and partnership with relevant key players in the construction industry;
- Visibility of NHBRC;
- Relevance of NHBRC to Government initiatives; and
- Stimulate economic growth in the home building industry and social development and upliftment.

5. Valuable Final Products

The VFP will be divided into three programmes, viz:

5.1 Programme 1 – Administration

- Governance and leadership;
- Well-functioning organization;
- Efficient IT system;
- Satisfied and skilled staff compliment (HR); and
- Internal control (SCM, Finance and Audit);

5.2 Programme 2 – Regulation

- Home builders registered with NHBRC;
- Home builders de-registered with NHBRC;
- Home builders reinstated;
- Compliance of home builders to set norms and standards;
- Enforcement of home builders to set norms and standards; and
- Trained home builders.

5.3 Programme 3 – Consumer Protection, sub -divided into 2 sub programmes, which are;

5.3.1 Sub programme 1 – Subsidy Sector

- Project enrolment;
- Enrolment of homes;
- Issuing of warranty certificates;
- Stakeholder engagement; and
- Sustained warranty fund.

5.3.2 Sub programme 2 – Non-subsidy sector

- Enrolment of homes;
- Issuing of warranty certificates;
- Stakeholder engagement; and
- Sustained warranty fund.

Programme 1: Administration

Business Management Solutions

- Programme Purpose: The purpose of BMS is the management of computer based information systems and relating infrastructure.
- Strategic Objective annual targets for 2014/2015

Programme performance indicators for annual targets 2014/2015

Program performance indicator	Audited/Actual Performance				Estimated Performance	Medium term targets		
	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018
Percentage completion of SAP segment 1	-	-	-	35% implementation of ERP solution	100% completion of SAP segment 1	100%	100%	100%
Percentage completion of SAP segment 2	-	-	-	None	20% completion of SAP segment 2	20%	20%	20%
Maintenance of up-time	-	-	-	None	95% maintenance of up-time resources to avoid downtime	95%	95%	95%

#NB: The data used for 2013/2014 financial is for the midterm only.

Quarterly breakdown for 2014/2015

Performance indicator	Reporting period	Annual target	Quarterly targets			
			1 st	2 nd	3 rd	4 th
Percentage completion of SAP Phase 1 for the NHBRC	Quarterly		100 %	100 %	100 %	100 %
	Biannual					
	Annual	100% completion of SAP segment 1				
Percentage completion of SAP Phase 2 for the NHBRC	Quarterly		20 %	20 %	20 %	20 %
	Biannual					
	Annual	20% completion of SAP segment 2				
Percentage maintenance of up-time	Quarterly		95 %	95 %	95 %	95 %
	Biannual					
	Annual	95% maintenance of up-time				

Reconciling performance targets with the budget and MTEF

Expenditure	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018
	R'000							
Percentage completion of SAP Phase 1 for the NHBRC	-	-	-	117 500	117 000	-	-	-
Percentage completion of SAP Phase 2 for the NHBRC	-	-	-	-	-	-	-	-
Percentage maintenance of up-time	-	-	-	-	-	6 051	1 500	1 000

Human Capital Section

- Programme Purpose: The purpose of Human Capital section is the provision of specialist seamless facilities and human capital management
- Strategic Objective annual targets for 2014/2015

Programme performance indicators for annual targets 2014/2015

Program performance indicator	Audited/Actual Performance				Estimated Performance	Medium term targets		
	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018
Percentage achievement of employee satisfaction	-	-	-	None	70% achievement of employee satisfaction	-	-	-
Percentage execution of HR re-engineering strategy	-	-	-	None	100% execution of HR re-engineering strategy	-	-	-

Quarterly breakdown of 2014/2015

Performance indicator	Reporting period	Annual target	Quarterly targets			
			1 st	2 nd	3 rd	4 th
% Percentage achievement of employee satisfaction	Quarterly		70 %	70 %	70 %	70 %
	Biannual					
	Annual	70% achievement of employee satisfaction				
Percentage execution of HR re-engineering strategy	Quarterly		100 %	100 %	100 %	100 %
	Biannual					
	Annual	100% execution of HR re-engineering strategy				

Reconciling performance targets with the budget and MTEF

Expenditure	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018
	R'000							
Percentage achievement of employee satisfaction	-	-	-	-	100	105	110	120
% execution of HR re-engineering strategy	-	-	-	-	3 000	1 500	500	-

Finance

- Programme purpose: To manage the finances of Council

Programme performance indicators for annual targets 2014/2015

Program performance indicator	Audited/Actual Performance				Estimated Performance	Medium term targets		
	2010 / 2011	2011 / 2012	2012 / 2013	2013 / 2014	2014/2015	2015/2016	2016/2017	2017/2018
Percentage of controllable expenditure to exceed revenue.	-	-	Expenditure to income ratio equal or better than budget	None	Controllable expenditure exceeds revenue by 14%	Controllable expenditure exceeds revenue by 14 %	Controllable expenditure exceeds revenue by 14 %	Controllable expenditure exceeds revenue by 14 %
Percentage resolution of audit findings	-	-	-	None	100% resolution of audit findings	100% resolution of audit findings	100% resolution of audit findings	100% resolution of audit findings
Percentage spent on BEE	-	-	-	None	BEE spend >51 %	BEE spend >51 %	BEE spend >51 %	BEE spend >51 %

Quarterly breakdown of 2014/2015

Performance indicator	Reporting period	Annual target	Quarterly targets			
			1 st	2 nd	3 rd	4 th
Percentage of controllable expenditure to exceed revenue.	Quarterly		1.14:1	1.14:1	1.14:1	1.14:1
	Biannual					
	Annual	Controllable expenditure exceeds revenue by 14%				
Percentage resolution of audit findings	Quarterly		100 %	100 %	100 %	100 %
	Biannual					
	Annual	100 % resolution of audit findings				
Percentage spent on BEE	Quarterly		BEE spend > 51 %	BEE spend > 51%	BEE spend > 51%	BEE spend > 51%
	Biannual					
	Annual	BEE spend > 51 %				

Reconciling performance targets with the budget and MTEF

Expenditure	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018
	R'000							
Percentage of controllable expenditure to exceed revenue.	-	-	49%		88%	90%	89%	88%
Percentage resolution of audit findings	7%	5%	5%		5%	5%	5%	5%
Percentage spent on BEE	-	-	--		-	-	-	-

Audit Management

- Programme Purpose: Internal audit is an independent objective assurance and consulting activity designed to add value and improve an organisation operations. It helps organization accomplish its objectives by bringing a systematic; disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
- Strategic Objective annual targets for 2014/2015

Programme performance indicators for annual targets 2014/2015

Program performance indicator	Audited/Actual Performance				Estimated Performance	Medium term targets		
	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018
Percentage implementation of the audit plan	-		4 Quarterly performance reports audited by Internal Audit	63% audits conducted in accordance with audit plan.	90 %implementation of the audit plan	90 % implementation of the audit plan	90 % implementation of the audit plan	90 % implementation of the audit plan
Percentage investigation of the fraud incidents reported	-	-	None	100% investigations and resolution of the fraud incidences from Hotline.	100 % investigation of the fraud incidents reported	100% investigation of the fraud incidents reported	100 % investigation of the fraud incidents reported	100 % investigation of the fraud incidents reported
Percentage tracking of the implementation of corrective management plan	-	-	-	None	100% tracking of the implementation of corrective management plan	100%tracking of the implementation of corrective management plan	100 % tracking of the implementation of corrective management plan	100 % tracking of the implementation of corrective management plan

Quarterly breakdown for 2014/2015

Performance indicator	Reporting period	Annual target	Quarterly targets			
			1 st	2 nd	3 rd	4 th
Percentage implementation of the audit plan	Quarterly		90 %	90 %	90 %	90 %
	Biannual					
	Annual	90 % implementation of the audit plan				
Percentage investigation of the fraud incidents reported	Quarterly		100 %	100 %	100 %	100 %
	Biannual					
	Annual	100 % investigation of the fraud incidents reported				
Percentage tracking of the implementation of corrective management plan	Quarterly		100 %	100 %	100 %	100 %
	Biannual					
	Annual	100 % tracking of the implementation of corrective management plan				

Reconciling performance targets with the budget and MTEF

Expenditure	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018
	R'000							
Percentage implementation of the audit plan	-	-	-	2 500	1 500	1 575	1 654	1 736
Percentage investigation of the fraud incidents reported	-	-	-	-	500	525	551	579
Percentage tracking of the implementation of corrective management plan	-	-	-	-	500	525	551	579

Programme 2: Regulation

Home Builder Registration

- Programme purpose: The purpose of the Home Builder Registration program is to register all home builders in the building industry for compliance with Housing Consumers Protection Measures Act, 1998 (Act No.95 of 1998) as amended.
- Strategic objective annual targets for 2014/2015

Programme performance indicators for annual targets 2014/2015

Program performance indicator	Audited/Actual Performance				Estimated Performance	Medium term targets		
	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018
Percentage of registration of homebuilders	-	-	70% of registrations processed and certified/rejected within 5 days from receipt of applications	Registered a total of 1,658 homebuilders with NHBC.	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	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

Quarterly targets for 2014/15

Performance indicator	Reporting period	Annual target	Quarterly targets			
			1 st	2 nd	3 rd	4 th
Percentage of registration of homebuilders	Quarterly		100 %	100 %	100 %	100 %
	Biannual					
	Annual	100% of certificates issued within a maximum of 5 working days from date of full payment of all applicable fees and successful technical assessment.				

Reconciling performance targets with the budget and MTEF

Expenditure estimates: Home Builder Registration

Expenditure	2010/11	2011/12	2012/13	2013/2014	2014/15	2015/16	2016/17	2017/18
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
100% of certificates issued within a maximum of 5 working days from date of full payment of all applicable fees and successful technical assessment.	4 081	4 937	4 525		4 392	4 612	4 843	4 843

Renewal of Home Builder Registration

- The purpose of renewal of home builder registration is to renew homebuilders in the home building industry for compliance with Housing Consumers Protection Measures Act, 1998 (Act No.95 of 1998)
- Strategic Objective annual targets for 2014/2015

Programme performance indicators for annual targets 2014/2015

Program performance indicator	Audited/Actual Performance				Estimated Performance	Medium term targets		
	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018
Percentage notification of renewals of homebuilder registrations	-	-	70% of renewal of qualifying registered builders applications within 3 days of receiving such applications	A total of 6,680 homebuilders to renew their registration with NHBRC.	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	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
Percentage renewal of active homebuilders			70% renewal of active home-builders	None	80% renewal of active homebuilders	80% renewal of active home-builders	80% renewal of active home-builders	80%renewal of active home-builders

Quarterly targets for 2014/2015

Performance indicator	Reporting period	Annual target	Quarterly targets			
			1 st	2 nd	3 rd	4 th
Percentage notification of renewals of homebuilder registrations	Quarterly		100 %	100 %	100 %	100 %
	Biannual					
	Annual	100% of renewal notifications sent 30days before date of expiry of registrations				
	Quarterly					
	Biannual					
	Annual	80% renewal of active homebuilders	80 %	80 %	80 %	80 %

Reconciling performance targets with the budget and MTEF

Expenditure estimates: Renewal of Home Builder Registration

Expenditure	2010/11	2011/12	2012/13	2013/2014	2014/15	2015/16	2016/17	2017/18
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
100% of renewal notifications sent 30days before date of expiry of registration	7 266	8 776	8 055	6 288	7 317	7 683	8 067	8 470

Quality Assurance

- The purpose of Quality Assurance section is to ensure that all enrolled homes are inspected.
- Strategic Objective annual targets for 2014/2015

Programme performance indicators for annual targets 2014/2015

Program performance indicator	Audited/Actual Performance				Estimated Performance	Medium term targets		
	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018
Achieve a ratio of four for subsidy inspection	-	-	-	A total of 139,283 subsidy inspections undertaken.	Achieve a ratio of 4 inspections for all subsidy houses enrolled and completed	Achieve a ratio of 4 inspections for all subsidy houses enrolled and completed	Achieve a ratio of 4 inspections for all subsidy houses enrolled and completed	Achieve a ratio of 4 inspections for all subsidy houses enrolled and completed
Achieve a ratio of four for non-subsidy inspection	-	-	-	A total of 111,611 non-subsidy inspections undertaken.	Achieve a ratio of 4 inspections for all non-subsidy houses enrolled and completed	Achieve a ratio of 4 inspections for all non-subsidy houses enrolled and completed	Achieve a ratio of 4 inspections for all non-subsidy houses enrolled and completed	Achieve a ratio of 4 inspections for all non-subsidy houses enrolled and completed

Quarterly breakdown for 2014/2015

Quarterly breakdown for 2014/2015

Performance indicator	Reporting period	Annual target	Quarterly targets			
			1 st	2 nd	3 rd	4 th
Achieve a ratio of four for subsidy inspection	Quarterly		A ratio of 4	A ratio of 4	A ratio of 4	A ratio of 4
	Biannual					
	Annual	Achieve a ratio of 4 inspections for all subsidy houses enrolled and completed				
Achieve a ratio of four for non-subsidy inspection	Quarterly		A ratio of 4	A ratio of 4	A ratio of 4	A ratio of 4
	Biannual					
	Annual	Achieve a ratio of 4 inspections for all non-subsidy houses enrolled and completed				

Reconciling performance targets with the budget and MTEF

Expenditure	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018
	R'000	R'000	R'000		R'000	R'000	R'000	R'000
Achieve a ratio of four for subsidy inspection	57 476	35 908	41 449	170 360	50 263	52 777	55 416	58 187
Achieve a ratio of four for non-subsidy inspection	-	37 989	10 177	45 890	17 304	18 169	19 077	20 031

Homebuilder training & development

- The purpose of the Homebuilder training and development program is to enhance the skill levels and capacity of home builders

Programme performance indicators for annual targets 2014/2015

Program performance indicator	Audited/Actual Performance				Estimated Performance	Medium term targets		
	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018
% execution of training strategy	None	None	None	None	100% execution of training strategy	-	-	-
Number of homebuilders trained	Trained 1,505 home builders	Trained 1,218 home builders	Trained 2,250 homebuilders	A total of 225 emerging homebuilders trained.	Train 1,200 homebuilders in critical stages of construction	-	-	-
Number of youth trained	Trained 100 youth	Trained 192 youth	Trained 948 youth	A total of 213 youth trained on construction skills.	Train 2,000 youth in critical stages of construction.	-	-	-

Quarterly breakdown of 2014/2015

Performance indicator	Reporting period	Annual target	Quarterly targets			
			1 st	2 nd	3 rd	4 th
% execution of training strategy	Quarterly		100 %	100 %	100 %	100 %
	Biannual					
	Annual	100% execution of training strategy				
Number of homebuilders trained	Quarterly		300	300	300	300
	Biannual					
	Annual	Train 1,200 homebuilders in critical stages of construction				
Number of youth trained	Quarterly		500	500	500	500
	Biannual					
	Annual	Train 2,000 youth in critical stages of construction.				

Reconciling performance targets with the budget and MTEF

Expenditure	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018
	R'000							
% execution of training strategy	-	-	-	-	2 500	-	-	-
Number of homebuilders trained	7 305	5 404	2 288	3 500	3 500	3 710	3 933	4 169
Number of youth trained	348	-	6 133	-	-	-	-	-

Programme 3: Consumer Protection

Sub programme 1: (Subsidy Sector)

Project and Home Enrolment (Subsidy Sector)

- The purpose of the program is to enrol all homes under construction as stipulated in the Housing Consumers Protection Measures Act, 1998 (Act No.95 of 1998)
- Strategic Objective Annual Targets for 2014/2015

Strategic objective annual targets for 2014/2015

Strategic objective: To grow and protect the NHBRC warranty fund	Audited/Actual Performance				Estimated performance	Medium-term targets		
	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018
% of Project Enrolments	-	-	90% of project enrolments assessed within 15 days of such applications	Subsidy project enrolments of 11,743 units with NHBRC.	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	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
% of Home Enrolment	-	-	90% of home enrolments assessed within 15 days of such applications	Subsidy home enrolments of 55,357 units with NHBRC.	100% 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	100% 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

Quarterly targets for 2014/2015

Performance indicator	Reporting period	Annual target	Quarterly targets			
			1 st	2 nd	3 rd	4 th
% of Project Enrolments	Quarterly		100 %	100 %	100 %	100 %
	Bi-annual					
	Annual	100% of projects approved or application rejected within 15 working days from date of receipt				
% of home enrolments	Quarterly		100 %	100 %	100 %	100 %
	Bi-annual					
	Annual	100% of homes approved or application rejected within 15 working days from date of receipt				

Expenditure estimates: Project and Home Enrolments

Program performance indicator	Audited/Actual Performance				Estimated Performance	Medium term targets		
	2010/11	2011/12	2012/13	2013/2014	2014/15	2015/16	2016/17	2017/18
	R'000	R'000	R'000		R'000	R'000	R'000	R'000
% of Project Enrolments	12 571	43 520	29 337	50 752	40 753	42 791	44 930	47 177
% of home enrolments	85 552	147 787	245 968	140 920	189 507	198 983	208 931	219 378

Late enrolment of homes

- The purpose of late enrolment of homes is to allow homebuilder to engage in the process of late enrolment of homes.
- Strategic Objective annual targets for 2014/2015

Programme performance indicators for annual targets 2014/2015

Program performance indicator	Audited/Actual Performance				Estimated Performance	Medium term targets		
	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018
% of late enrolments certificate issued			5% of home builder late enrolment certificate issued within 3 working days from date of meeting all requirements as	Late enrolments of 1,318 homebuilders with NHBRC.	100% of late enrolment certificate issued within 3 working days from date of providing a guarantee	100% of late enrolment certificate issued within 3 working days from date of providing a guarantee	100% of late enrolment certificate issued within 3 working days from date of providing a guarantee	100% of late enrolment certificate issued within 3 working days from date of providing a guarantee

			per checklist						
Program performance indicator	Audited/Actual Performance				Estimated Performance	Medium term targets			
% of late home enrolments	-	-		None	Less than 5% of total home enrolments				

Quarterly targets for 2014/2015

Performance indicator	Reporting period	Annual target	Quarterly targets			
			1 st	2 nd	3 rd	4 th
% of late enrolments certificate issued	Quarterly		100 %	100 %	100 %	100 %
	Biannual					
	Annual	100% of late enrolment certificate issued within 3 working days from date of providing a guarantee				
% of late home enrolments	Quarterly		<5 %	<5 %	<5 %	<5 %
	Biannual					
	Annual	Less than 5% of total home enrolments				

Expenditure estimates: Late Enrolments

Program performance indicator	Audited/Actual Performance				Estimated Performance	Medium term targets		
	2010/11	2011/12	2012/13	2013/2014	2014/15	2015/16	2016/17	2017/18
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
% of late enrolment by homebuilders	5 523	602	658	512	1 181	1 240	1 178	1 119

Stakeholder Relations Management

- To appropriately position, and protect, the image of the NHBRC whilst at the same time enhancing interaction with stakeholders\
- Strategic Objective annual targets for 2014/2015

Programme performance indicators for annual targets 2014/2015

Program performance indicator	Audited/Actual Performance				Estimated Performance	Medium term targets		
	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018
% execution of the revised stakeholder relations strategy	-	-	-	None	100% execution of the revised stakeholder relations strategy	100% execution of the revised stakeholder relations strategy	100% execution of the revised stakeholder relations strategy	100% execution of the revised stakeholder relations strategy

Program performance indicator	Audited/Actual Performance				Estimated Performance	Medium term targets		
Number of days it takes to Conduct Geotechnical investigation	-	-	-	None	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	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

Quarterly breakdown for 2014/2015

Performance indicator	Reporting period	Annual target	Quarterly targets			
			1 st	2 nd	3 rd	4 th
Number of days it takes to Conduct Forensic Investigation	Quarterly					
	Biannual		30 days	30 days	30 days	30 days
	Annual	Commence forensic investigation within 30 days from date of receipt of appointment letter				
Number of days it takes to Conduct Geotechnical investigation	Quarterly					
	Biannual					
	Annual					
	Annual	Commence Geotechnical Investigation within 45 days from date of receipt of appointment letter.	45 days	45 days	45 days	45 days

Program performance indicator	Audited/Actual Performance				Estimated Performance	Medium term targets		
	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Number of days it takes to Conduct Forensic Investigation	18 820	45 952	32 760	40 500	31 600	33 180	34 839	36 581
Number of days it takes to Conduct Geotechnical investigation				45 000	20 959	7 875	8 269	8 682

Risk Management

- The purpose of risk section is to provide world class risk management services.
- Strategic Objective annual targets for 2014/2015

Programme performance indicators for annual targets 2014/2015

Program performance indicator	Audited/Actual Performance				Estimated Performance	Medium term targets		
	2010/2011	2011/2012	2012/2013	2013/14	2014/2015	2015/2016	2016/2017	2017/2018
% implementation of the approved risk plan	-	-	-	50% resolution of risk identified by category.	90 % implementation of the approved risk plan	90% implementation of approved risk plan	90% implementation of approved risk plan	90% implementation of approved risk plan
% implementation of the OHS plan	-	-	-	None	100% implementation of the OHS plan	100% implementation of the OHS plan	100% implementation of OHS plan	100% implementation of OHS plan
% implementation of BCM strategy	-	-	-	None	100 % implementation of BCM strategy	100 % implementation of BCM strategy	100% implementation of BCM strategy	100% implementation of BCM strategy
% implementation of the Fraud plan	-	-	-	100% prevention and identification of fraud incidents.	100% implementation of the fraud plan	100% implementation of the fraud plan	100% implementation of the fraud plan	100% implementation of the fraud plan

Quarterly breakdown for 2014/2015

Performance indicator	Reporting period	Annual target	Quarterly targets			
			1 st	2 nd	3 rd	4 th
% implementation of the approved risk plan	Quarterly		20 %	50 %	75 %	90 %
	Biannual					
	Annual	Conduct risk assessments as per approved risk plan				
% implementation of the OHS plan	Quarterly		40 %	50 %	80 %	100 %
	Biannual					
	Annual	Implementation of the OHS plan				
% implementation of BCM strategy for the NHBRC	Quarterly		20 %	50 %	75 %	100 %
	Biannual					

	Annual	Implementation of BCM strategy for the NHBRC				
Performance indicator	Reporting period	Annual target	Quarterly targets			
% implementation of the Fraud plan	Quarterly		20 %	50 %	75 %	100 %
	Biannual					
	Annual	Implementation of the Fraud plan				

Reconciling performance targets with the budget and MTEF

Expenditure	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018
	R'000							
	1 157	1 385	1 414	1 897	2 144	2 251	2 363	2 481
% implementation of the OHS plan	-	-	-	-	179	188	197	207
% implementation of BCM strategy for the NHBRC	-	-	-	-	179	188	197	207
% implementation of the Fraud plan	-	-	-	-	239	251	263	276

Sub programme 2: (Non-Subsidy Sector)

Enrolments

- The purpose of the program is to enrol all homes under construction as stipulated in the Act.
- Strategic objective annual targets for 2014/2015

Programme performance indicator for annual targets 2014/2015

Strategic objective: To grow and protect the NHBRC warranty fund	Audited/Actual Performance				Estimated performance	Medium-term targets		
	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018

% of Normal Enrolments	-	-	90% of home enrolments processed and certified/rejected within 24 working hours from date of receipt	Enrol a total of 26,247 non-subsidy homes with NHBRC.	100% of certificates issued within 3 working days from date of full payment of applicable fees	100% of certificates issued within 3 working days from date of full payment of applicable fees	100% of certificates issued within 3 working days from date of full payment of applicable fees	100% of certificates issued within 3 working days from date of full payment of applicable fees
Strategic objective: To grow and protect the NHBRC warranty fund	Audited/Actual Performance				Estimated performance	Medium-term targets		
% of problematic Soil Type Enrolments (Dolomitic, P-type etc.)			-	None	100% of certificates issued or application rejected within 15 working days from date of full payment of applicable fees.	100% of certificates issued or application rejected within 15 working days from date of full payment of applicable fees.	100% of certificates issued or application rejected within 15 working days from date of full payment of applicable fees.	100% of certificates issued or application rejected within 15 working days from date of full payment of applicable fees.
% of multi-storey/Rational design Enrolments				None	100% of certificates issued or application rejected within 21 working days from date of full payment of applicable fees.	100% of certificates issued or application rejected within 21 working days from date of full payment of applicable fees.	100% of certificates issued or application rejected within 21 working days from date of full payment of applicable fees.	100% of certificates issued or application rejected within 21 working days from date of full payment of applicable fees.

Quarterly targets for 2014/2015

Performance indicator	Reporting period	Annual target	Quarterly targets			
			1 st	2 nd	3 rd	4 th
% of Normal Enrolments	Quarterly		100%	100 %	100 %	100 %
	Bi-annual					
	Annual	100 % of certificates issued within 3 working days from date of full payment of applicable fees				
% of problematic Soil Type	Quarterly		100 %	100 %	100 %	100 %

Enrolments (Dolomitic, P-type etc.)	Bi-annual					
	Annual	100 % of certificates issued or application rejected within 15 working days from date of full payment of applicable fees.				
% of multi-storey/Rational design Enrolments	Quarterly			100 %	100 %	100 %
	Bi-annual					
	Annual	100 % of certificates issued or application rejected within 21 working days from date of full payment of applicable fees.				

Expenditure estimates: Enrolments of homes

Program performance indicator	Audited/Actual Performance				Estimated Performance	Medium term targets		
	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
% of normal Enrolments	243 946	246 382	322 508	395 839	414 474	435 197	456 957	479 805
% of problematic Soil Type Enrolments (Dolomitic, P-type etc.)	0	0	0	0	0	0	0	0
% of multi-storey/Rational design Enrolments	0	0	0	0	0	0	0	0

Communications Management

- To provision and protect the NHBRC brand reputation
- Strategic Objective annual targets for 2014/2015

Programme performance indicators for annual targets 2014/2015

Program performance indicator	Audited/Actual Performance				Estimated Performance	Medium term targets		
	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018
% execution of reputation management strategy	-	-	-	100% handling of NHBRC media queries	100% execution of reputation management strategy			

Quarterly breakdown for 2014/2015

Performance indicator	Reporting period	Annual target	Quarterly targets			
			1 st	2 nd	3 rd	4 th
% execution of reputation	Quarterly		100 %	100 %	100 %	100 %

management strategy	Biannual					
	Annual	100% execution of reputation management strategy				

Expenditure estimates

Program performance indicator	Audited/Actual Performance				Estimated Performance	Medium term targets		
	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
% execution of reputation management strategy	7 041	16 276	5 630	11 600	22 995	24 145	25 352	26 620

Complaints and Conciliations

- The function of complaints and conciliations is to process complaints for the housing consumer with clarity given on homebuilder's legal and ethical obligations in relation to the specific complaints made by the housing consumer. The aim is to have both housing consumer and homebuilder receiving a satisfactory outcome.
- Strategic objective annual targets for 2014/2015

Programme performance indicators for annual targets 2014/2015

Strategic objective: To grow and protect the NHBRC warranty fund	Audited/Actual Performance				Estimated performance	Medium-term targets		
	2010 / 2011	2011 / 2012	2012 / 2013	2013 / 2014	2014/2015	2015/2016	2016/2017	2017/2018
% of complaints investigated and concluded within 30 days from date of capture	-	-		None	100 % of complaints investigated and concluded within 30 days from date of capture	100 % of complaints investigated and concluded within 30 days from date of capture	100% of complaints investigated and concluded within 30 days from date of capture	100 % of complaints investigated and concluded within 30 days from date of capture
% of Conciliations concluded within 30 days from date of escalation				None	100% of conciliations concluded within 30 days from date of escalation	100% of conciliations concluded within 30 days from date of escalation	100% of Conciliations concluded within 30 days from date of escalation	100 % of Conciliations concluded within 30 days from date of escalation
Number of days it takes to				None	Hand over site to	Hand over site to	Hand over site to	Hand over site to

hand over site for remedial Work from date of escalation					remedial works contractor within 30 days from date of escalation	remedial works contractor within 30 days from date of escalation	remedial works contractor within 30 days from date of escalation	remedial works contractor within 30 days from date of escalation
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Quarterly targets for 2014/2015

Performance indicator	Reporting period	Annual target	Quarterly targets			
			1 st	2 nd	3 rd	4 th
% of complaints investigated and concluded within 30 days from date of capture	Quarterly		100 %	100 %	100 %	100 %
	Bi-annual					
	Annual	100% of complaints investigated and concluded within 30 days from date of capture				
% of Conciliations concluded within 30 days from date of escalation	Quarterly		100 %	100 %	100 %	100 %
	Bi-annual					
	Annual	100% of Conciliations concluded within 30 days from date of escalation				
Number of days it takes to hand over site for remedial Work from date of escalation	Quarterly		30 days	30 days	30 days	30 days
	Bi-annual					
	Annual	Hand over site to remedial works contractor within 30 days from date of escalation				

Expenditure estimates: Complaints and Conciliations

Program performance indicator	Audited/Actual Performance				Estimated Performance	Medium term targets		
	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
% of complaints investigated and concluded within 30 days from date of capture	0	0	0	0	0	0	0	0
% of Conciliations concluded within 30 days from date of escalation	0	0	0	0	0	0	0	0
Number of days it takes to hand over site for remedial Work from date of escalation	22 270	15 375	12 559	13 000	13 500	14 175	14 884	15 630

Legal Compliance and Enforcement

- To contribute towards efficient implementation of the NHBRC's mandate by consistently entrenching a culture of compliance with applicable legislative and regulatory framework, ensuring effective enforcement of the Housing Consumers protection Measures Act ("the Act") and providing cutting edge legal advisory services.
- Strategic Objective annual targets for 2014/2015

Programme performance indicators for annual targets 2014/2015

Program performance indicator	Audited/Actual Performance				Estimated Performance	Medium term targets		
	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018
Number of days it takes to Suspend defaulting homebuilders from date of receipt of file	-	-	-	None	Suspension of defaulting homebuilders within 10 days from date of receipt of file.	Suspension of defaulting homebuilders within 10 days from date of receipt of file.	Suspension of defaulting homebuilders within 10 days from date of receipt of file.	Suspension of defaulting homebuilders within 10 days from date of receipt of file.
Number of days it takes to prosecute defaulting homebuilders				94% of prosecution of homebuilders violating of homebuilding standards and norms.	Prosecute defaulting home builders within 180 days from date of suspension	Prosecute defaulting home builders within 180 days from date of suspension	Prosecute defaulting home builders within 180 days from date of suspension	Prosecute defaulting home builders within 180 days from date of suspension
% assessment of compliance level				None	100% assessment of compliance level	100%assessment of compliance level	100% assessment of compliance level	100%assessment of compliance level

Quarterly breakdown for 2014/2015

Performance indicator	Reporting period	Annual target	Quarterly targets			
			1 st	2 nd	3 rd	4 th
Number of days it takes to Suspend defaulting homebuilders from date of receipt of file	Quarterly		10 days	10 days	10 days	10 days
	Biannual					
	Annual	Suspension of defaulting homebuilders within 10 days from date of receipt of file.				
Number of days it takes to prosecute defaulting homebuilders	Quarterly		180 days	180 days	180 days	180 days
	Biannual					
	Annual	Prosecute defaulting home builders within 180 days				

		from date of suspension				
% assessment of compliance level	Quarterly		100 %	100 %	100 %	100 %
	Biannual					
	Annual	100% assessment of compliance level				

Reconciling performance targets with the budget and MTEF

Expenditure	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018
	R'000							
Number of days it takes to Suspend defaulting homebuilders from date of receipt of file	-	-	2 260	2 200	3 000	3 150	3 038	3 473
Number of days it takes to prosecute defaulting homebuilders	-	-	2 216	3 000	3 000	3 150	3 038	3 473
% assessment of compliance level	-	-	1 638	2 000	2 000	2 100	2 205	2 315

Technical Support

- The purpose of the technical section is to ensure that technical risk requirements are optimally complied with as outlined in the Housing Consumers Protection Measures Act, 1998(Act No.95 of 1998) and also to provide technical and advisory support to other NHBRC sections.

Programme performance indicators for annual targets 2014/2015

Program performance indicator	Audited/Actual Performance				Estimated Performance	Medium term targets		
	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018
Number of days taken to evaluate structural claims	-	-	-	None	20 days taken to evaluate structural claims	20 days taken to evaluate structural claims	20 days taken to evaluate structural claims	20 days taken to evaluate structural claims
Number of training sessions conducted in provinces	-	-	-	None	Conduct training sessions in all the nine provinces.	Conduct training sessions in all the nine	Conduct training sessions in all	Conduct training sessions in all the nine provinces.

						provinces.	the nine provinces.	
Number of days it takes to ensure that subsidy projects are enrolled timeously.	-	-	-	None	Ensure that subsidy projects are enrolled timeously within 15 working days	Ensure that subsidy projects are enrolled timeously within 15 working days	Ensure that subsidy projects are enrolled timeously within 15 working days	Ensure that subsidy projects are enrolled timeously within 15 working days

Quarterly breakdown of 2014/2015

Performance indicator	Reporting period	Annual target	Quarterly targets			
			1 st	2 nd	3 rd	4 th
Number of days taken to evaluate structural claims	Quarterly		20 days taken to evaluate structural claims			
	Biannual					
	Annual	20 days taken to evaluate structural claims				
Number of training sessions conducted in provinces	Quarterly					
	Biannual					
	Annual	Conduct nine training session in all the nine provinces	Conduct two training sessions per quarter	Conduct two training sessions per quarter	Conduct two training sessions per quarter	Conduct three training sessions per quarter
Number of days it takes to ensure that subsidy projects are enrolled timeously.	Quarterly		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	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
	Biannual					
	Annual	Ensure that subsidy and non-subsidy projects are enrolled timeously within 15 working days				

Reconciling performance targets with the budget and MTEF

Expenditure	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018
	R'000							

Number of days taken to evaluate structural claims	-	-	-	-	-	-	-	-
Number of training sessions conducted in provinces	-	-	-	-	-	-	-	-
Number of days it takes to ensure that subsidy projects are enrolled timeously.	-	-	-	-	-	-	-	-

NHBRC Foundation

Programme purpose: To promote technical, transformational and intellectual leadership in the home building industry

Programme performance indicators for annual targets 2014/2015

Program performance indicator	Audited/Actual Performance				Estimated Performance	Medium term targets		
	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018
% review & Publish the Home Building Manual	-	-	Draft Home Building Manual Completed	100%review and publications of homebuilding manuals.	Home Building Manual Published		Review of Home Building Manual Guideline	
Review & revise the Research Agenda	-	-	Approved Research Agenda	None	Revised Research Agenda for 2014/15	Revised Research Agenda for 2015/16	Revised Research Agenda for 2016/17	Revised Research Agenda for 2017/18
Number of projects using Innovative Building	-	-		None	4	8	10	12
Certification of inspectors by ECSA	-	-	Draft feasibility studies	None	Inspector certification by ECSA	N/A	N/A	N/A
Number of Technical Publications (Research) developed	-	-	2	4 knowledge management technical publications produced based on research.	8	10	12	12

Quarterly breakdown of 2014/2015

Performance indicator	Reporting period	Annual target	Quarterly targets			
			1 st	2 nd	3 rd	4 th
% review & Publish the Home Building Manual	Quarterly		Consolidated public comments report	Technical Requirements Gazetted	Home Building Manual Published	Guideline to Home Building Manual Published
	Biannual					
	Annual					
Performance indicator	Reporting period	Annual target	Quarterly targets			
Review & revise the Research Agenda	Quarterly		Research Agenda approved by TAC	N/A	N/A	N/A
	Biannual					
	Annual					
Number of projects using Innovative Building	Quarterly		1	1	1	1
	Biannual					
	Annual					
Certification of inspectors by ECSA	Quarterly		Feasibility Report	Report tabled at ECSA	Approval / Rejection by ECSA (Timeframe depends on ECSA schedule)	
	Biannual					
	Annual					
Number of Technical Publications (Research) developed	Quarterly		2	2	2	2
	Biannual					
	Annual					

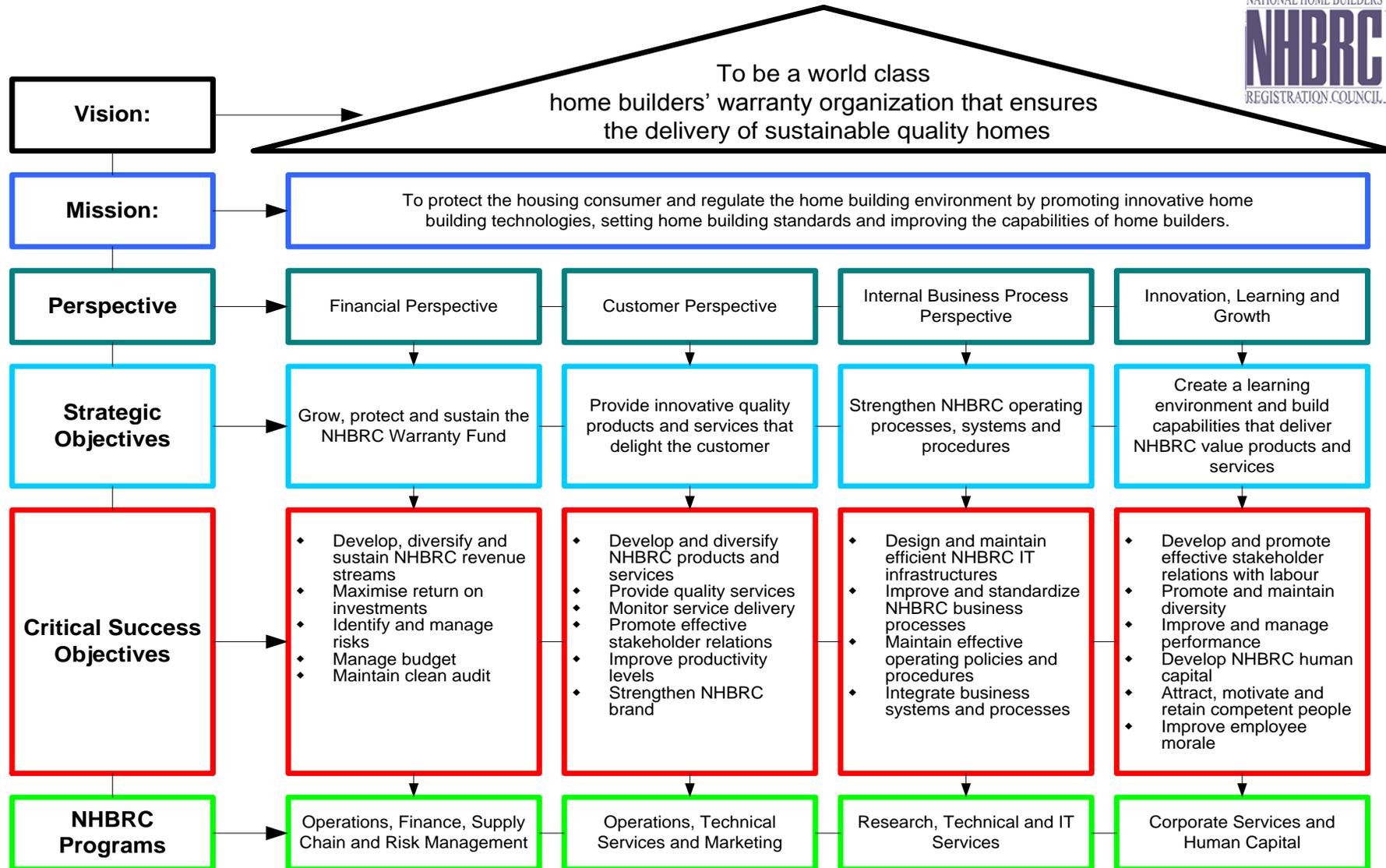
Reconciling performance targets with the budget and MTEF

Expenditure	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018
	R'000							
Research & Development	-	-	-	500	R2,000	R3,000	R4,000	R5,000

PART C: Links to other plans

6. Links to the long-term infrastructure and other capital plans

No.	Project name	Program me	Municipality	Output	Outcome			Main appropriation	Adjusted appropriation	Medium Term Estimates		
					2009/10	2010/11	2011/12	2012/2013	2013/14	2014/15	2015/16	2016/17
					R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
1.	Capital expenditure											
	Maintenance & repairs											
	Rehabilitation, renovations and refurbishments											
2.	Office refurbishment											



NHBRC VALUES STATEMENT

VALUE	MEANING
Customer Service & Technical Excellence	We will at all times use our technical competence and skills to provide the best service to our customers in a timely and responsive manner.
Learning, growth and Caring Organisation	We will promote continuous learning and growth of our staff for the benefit of improved service delivery
Integrity	We will at all times act with integrity, honesty and consideration of our customers and our stakeholder
Good Corporate Governance	We will at all times exercise the duty of skill & care , loyalty and act in the best interest of the organisation in all of our transactions as well as act in a manner that promotes transparency
Research and Innovation	We will at all times use our innovative ability to come with new products and services.

APPENDIX B: NHBRC INTERVENTION MATRIX

INTERVENTION MATRIX	NARRATIVE SUMMARY	INDICATORS	MEANS OF VERIFICATION	STRATEGIC DRIVERS
Overall/ Development Objective	To contribute to the human Settlements and housing delivery process by protecting the housing consumer and regulating the home building environment			The SA Government is committed to eradicating poverty and building the asset base of the poorest of the poor and the delivery of quality housing.
Specific Objective / Purpose Statement	To grow and protect the Warranty Fund and deliver on the services and products of the NHBRC.	<ul style="list-style-type: none"> - Rand value of NHBRC warranty fund - Rand value of home enrolment revenues - Rand value of revenues from home builders registered - Rand value of technical and quality services rendered - Number of home enrolments - Number of home builders registered - Number of home builders trained and developed - % annual return on investment income - % cost to income ratio - % of Supply Chain BEE spend 	<ul style="list-style-type: none"> - NHBRC annual reports - NHBRC Annual Financial Statement 	<ul style="list-style-type: none"> - The Housing Consumers Protection Measures Act, 1995(Act No.95 of 1998) legislates the protection of housing consumers - The National Building Regulation and Standards Act - (Act no. 103 of 1977) prescribes building standards - The policy and legislative framework of the country. Framework legislates for the NHBRC to protect the housing consumer and to set house building standards

INTERVENTION MATRIX	OBJECTIVES	NARRATIVE SUMMARY	INDICATORS	MEANS OF VERIFICATION	STRATEGIC DRIVERS
Key Result Area 1	Grow, protect and sustain the NHBRC warranty fund.	Warranty Fund & Revenue generation	<ul style="list-style-type: none"> - % resolution of audit findings - % of controllable expenditure exceeds revenue by 14%. - % spent on BEE >51% 	<ul style="list-style-type: none"> - Annual Financial Statements - Investor reports - Age analysis report 	<ul style="list-style-type: none"> - Operations services is customer centric in delivering NHBRC value products - NHBRC Council has an approved and sound investment policy - Operations systems and procedures are in place and functioning at optimal levels
Key Result Area 2	Provide innovative quality products and services that will delight the customer	Business Services (Technical, Quality Assurance ,Project Support Unit and Customer Services)	<ul style="list-style-type: none"> - % of certificates issued within a maximum of 5 working days from date of full payment of all applicable fees and successful technical assessment. - % of renewal notifications sent 30 days before date of expiry of registrations - % renewal of active homebuilders - % of certificates issued within 3 working days from date of full payment of applicable fees - % of certificates issued or application rejected within 15 working days from date of full payment of applicable fees. - % of certificates issued or application rejected within 21 working days from date of full payment of applicable fees. - % of late enrolment certificate issued within 3 working days from date of providing a guarantee - Less than 5% of total home enrolments - % of projects approved or application rejected within 15 working days from date of receipt - % of homes approved or application rejected within 15 working days from date of receipt 	<ul style="list-style-type: none"> - Annual Financial Statements - NHBRC consumer Education materials - Participant attendance registers - NHBRC stakeholder meeting reports 	<ul style="list-style-type: none"> - Home builders are willing and able to register with the NHBRC - Municipalities and provinces will fund and enrol subsidy project and home enrolments - Building plans have been or will be approved by municipalities to enable the construction of homes

INTERVENTION MATRIX	OBJECTIVES	NARRATIVE SUMMARY	INDICATORS	MEANS OF VERIFICATION	STRATEGIC DRIVERS
		Quality Assurance	<ul style="list-style-type: none"> - Achieve a ratio of four inspections for all subsidy and non-subsidy houses enrolled and completed. 	<ul style="list-style-type: none"> - Compliance reports and register - PDA inspection reports - Quarterly reports - Partnership agreements 	<ul style="list-style-type: none"> - The National Building Regulation and Standards Act (Act no. 103 of 1977) prescribes the development and monitoring of building standards
		Project Support Unit	<ul style="list-style-type: none"> - Number of days it takes to conduct forensic investigations - Number of days it takes to conduct geotechnical investigations 	<ul style="list-style-type: none"> - Report on the number of units assessed. 	<ul style="list-style-type: none"> - The National Building Regulation and Standards Act (Act no. 103 of 1977) prescribes the development and monitoring of building standards
Key Result Area 3	To provide innovative quality products and services that will delight the customer	Home builder training & Development	<ul style="list-style-type: none"> - % execution of training strategy - Number of home builders trained is 1,200 in critical stages of construction - Number of youth trained is 2,000 in critical stages of construction 	<ul style="list-style-type: none"> - CETA accreditation certificate - Participant attendance registers - Home builders training curriculum 	<ul style="list-style-type: none"> - The Housing Consumer Protection Measures Act, 1998(Act No.95 of 1998) legislates the protection of housing consumers and prescribes the training of home builders - NHBRC has the required technical skills to conduct the training - Emerging home builders are willing and able to be trained
Key Result Area 4	Strengthen NHBRC operating processes, systems and procedures	Corporate Services (Legal and Enforcement, Stakeholder relations, Human Capital and Business Management Solutions)	<ul style="list-style-type: none"> - The number of days it takes to suspend defaulting homebuilders from date of receipt of file is within 10 days - The number of days it takes to prosecute defaulting home builders is 180 days - % assessment of compliance level 		<ul style="list-style-type: none"> - The National Building Regulation and Standards Act - (Act no. 103 of 1977) prescribes the development and monitoring of building standards - NHBRC has a critical mass of IT, home building & Technical skills - Industry players are willing and able to partner with the NHBRC in the housing delivery value chain
Key Results Area 5	To provide innovative quality products and services that will delight the customer	Legal Compliance and Enforcement		<ul style="list-style-type: none"> - Legal reports - Siebel reports - Disciplinary committee minutes - Court interdicts - Settlements agreements - Attendance list - Draft amendments - Gazetted regulations 	<ul style="list-style-type: none"> - The Housing Consumer Protection Measures Act, 1998(Act No.95 of 1998) legislates the protection of housing consumers and prescribes disciplinary procedures against defaulting home builders - NHBRC is imbued with the relevant legal skills

INTERVENTION MATRIX	OBJECTIVES	NARRATIVE SUMMARY	INDICATORS	MEANS OF VERIFICATION	STRATEGIC DRIVERS
Key Result Area 6	To provide innovative quality products and services that will delight the customer	Stakeholder	100% execution of the revised stakeholder relations strategy	Stakeholder perception survey reports	<ul style="list-style-type: none"> - The Housing Consumers Protection Measures Act,1998(Act No.95 of 1998) requires continuous process of housing consumer education - Marketing and branding resources are in place
Key result Area 7	To provide innovative quality products and services that will delight the customer	Human capital	<ul style="list-style-type: none"> - % achievement of employee satisfaction - % execution of HR re-engineering strategy 	Perception survey results Change Management report Report on sick leave from BI report	<ul style="list-style-type: none"> - The Housing Consumers Protection Measures Act,1998(Act No.95 of 1998) requires a continuous process of housing consumer education - Marketing and branding resources are in place
Key result Area 8	To provide innovative quality products and services that will delight the customer	Business management Solutions	100% completion of SAP Phase 1 % completion of SAP Phase 2 % monitoring of IT resources to avoid downtime	BI reports	<ul style="list-style-type: none"> - The Housing Consumers Protection Measures Act,1998(Act No.95 of 1998) requires a continuous process of housing consumer education - Marketing and branding resources are in place
Key result Area 9	To provide innovative quality products and services that will delight the customer	Communications	100% execution of reputation management strategy	Reputation management survey	<ul style="list-style-type: none"> - The Housing Consumers Protection Measures Act,1998(Act No.95 of 1998) requires a continuous process of housing consumer education - Marketing and branding resources are in place

STRATEGIES AND ACTIVITIES TO ACHIEVE RESULT AREAS		
KEY RESULT AREA	INTERVENTION	MAIN ACTIVITIES TO ACHIEVE RESULT AREAS
Key result area 1	Revenue generation	<ul style="list-style-type: none"> - Review and revise NHBRC product pricing model - Diversify NHBRC product and service offerings - Develop NHBRC sustainability model - Reduce operational costs - Improve customer service levels - Diversify incentives and monitor investment advisors - Reduce debtors collection days - Market and brand NHBRC - Implement the risk based insurance strategy - Controllable expenditure exceeds revenue by 11%(1.11:1) - Actual ROI> Consumer Price Index - BEE spend > 51%

Key result area 2	Business services (Technical Services, Quality Assurance, customer Services ,training and development and PSU)	<ul style="list-style-type: none"> - Improve operations quality service levels - Diversify and improve NHBRC product and service offerings - Market NHBRC brand - Build the capacity of NHBRC service centres - Expand housing consumer education initiatives - Research and respond to NHBRC stakeholder needs and issues - Monitor customer satisfaction levels - Develop and design best practice home builder training materials - Identify and recruit trainees - Conduct NHBRC homebuilder training - Monitor and track NHBRC graduate development - Facilitate the provision of business opportunities for NHBRC graduates - Develop NHBRC quality assurance plan - Institute quality assurance plan - Monitor quality assurance output
Key result area 3	Corporate Services (Legal and Enforcement, Stakeholder relations, Human Capital and Business Management Services)	<ul style="list-style-type: none"> - Develop fit for purpose world class IT and technical solutions - Improve technical quality services - Research and identify new and value add NHBRC products and services - Acquire, embed and support NHBRC IT and technology systems and business processes - Enter into strategic and value adding industry partnership - Develop NHBRC standards and brand - Publish NHBRC solutions to assist with quality home building standards - Implement revised Act - Improve legal service delivery capacity - Review and develop NHBRC Human Capital strategy - Provide timely and high quality talent management and other HR solutions to support NHBRC business processes - Improve and strengthen NHBRC human resources skills base - Review and develop NHBRC performance and business environment enhancing solutions - Develop NHBRC marketing and branding strategy and specification - Develop and tender specification for a marketing and branding agency - Implement marketing strategy - Monitor brand value as a function of the marketing and branding strategy

7. Finance

NATIONAL HOME BUILDERS REGISTRATION COUNCIL					
REVISED BUDGETED STATEMENT OF FINANCIAL PERFORMANCE					
FOR THE YEAR ENDING 31 MARCH 2015					
	2012 - 2013	2013 - 2014	2014 - 2015	2015 - 2016	2016 - 2017
Description	Actual	Budget	Budget	Budget	Budget
Revenue	845,550,857	727,625,111	760,253,227	798,265,888	838,055,151
Registration Fees	12,579,811	10,601,750	11,500,250	12,075,263	12,679,026
Reg - Administration	2,111,160	2,231,250	2,163,750	2,271,938	2,385,534
Reg - Annual	1,473,638	1,785,000	1,731,000	1,817,550	1,908,428
Reg - Annual Renewals	8,054,917	6,288,000	7,317,000	7,682,850	8,066,993
Document Sales	512,332	-	-	-	-
Reg - Builders Manual	427,764	297,500	288,500	302,925	318,071
Non Subsidy Enrolment Fees	322,507,521	395,838,682	414,473,638	435,197,320	456,957,186
Cluster Cash	-	-	-	-	-
Cluster PA003	34,010,401	57,625,089	43,287,738	45,452,125	47,724,731
Speculative	176,006,358	196,015,853	209,706,230	220,191,542	231,201,119
Cluster Sectional Title	150,928,846	142,197,740	161,479,670	169,553,654	178,031,336
Change in unearned premium provision	-38,438,084	-	-	-	-
Subsidy enrolment fees	274,291,883	191,672,426	230,260,620	241,773,651	253,862,334
Home Enrolment (0.75%)	245,968,738	128,475,270	22,466,252	23,589,565	24,769,043
Project Enrolment (1%)	28,323,145	50,751,960	40,753,262	42,790,925	44,930,471
Consolidation (2.1%)	-	12,445,196	167,041,106	175,393,161	184,162,819
Builder Grading	-	-	-	-	-
Sundry Income	6,254,950	-	-	-	-
Late Enrolment Fees	657,626	512,253	1,181,259	1,240,322	1,178,306
Technical Audit	97,197,987	69,000,000	-	-	-
Other Income	22,498	-	-	-	-
Technical Services	132,038,580	60,000,000	102,837,460	107,979,333	113,378,300
Revenue	845,550,857	727,625,111	760,253,227	798,265,888	838,055,151
Operation Expenses	304,543,835	317,455,770	135,046,407	141,798,727	148,888,664
Inspection Fees - Non Subsidy	41,449,420	45,890,106	50,263,968	52,777,166	55,416,025
Inspection Fees - Subsidy	10,176,663	170,359,652	17,303,684	18,168,868	19,077,312
Accreditation Fees	2,150,731	2,691,000	3,016,000	3,166,800	3,325,140
Direct Cost of Builders Manuals	430,518	578,435	562,632	590,764	620,302
IFRS4 (Claims against fund)	8,884,344	-	-	-	-
Direct Cost of Certificates	469,452	1,186,576	840,523	882,549	926,677
Technical Services	240,982,706	96,750,000	63,059,600	66,212,580	69,523,209
General & Administration	17,812,840	30,292,945	18,380,598	39,079,800	40,175,096
Amortization	5,632,407	15,502,066	3,078,667	16,584,381	16,584,381
Depreciation	6,175,135	11,964,821	12,216,932	19,256,169	20,189,502
Motor Vehicle Expenses	236,075	280,874	230,000	241,500	253,575
Office Equipment Expenses	5,776,037	2,425,684	2,545,000	2,672,250	2,805,863
Office Furniture Expenses	-79,092	119,500	-	-	-
Generator/ UPS Expenses	72,278	-	310,000	325,500	341,775
	2012 - 2013	2013 - 2014	2014 - 2015	2015 - 2016	2016 - 2017
Description	Actual	Budget	Budget	Budget	Budget
Payroll Costs	3,307,114	4,661,574	6,400,000	6,720,000	7,056,000
Council Remuneration	2,136,284	3,370,910	3,700,000	3,885,000	4,079,250
Non Council Costs	1,128,716	1,290,664	2,700,000	2,835,000	2,976,750
CAC Costs	42,113	-	-	-	-

NATIONAL HOME BUILDERS REGISTRATION COUNCIL						
BUDGETED STATEMENT OF FINANCIAL POSITION						
AS AT 31 MARCH 2015						
		2012/13	2013/2014	2014/2015	2015/2016	2016/2017
	Notes	R	R	R	R	R
BASE						
ASSETS						
Non-current assets						
Property, plant and equipment	1	4,051,125,311	4,313,951,755	4,404,315,614	4,501,177,281	4,595,248,111
Intangible Asset	2	36,118,588	142,084,786	207,627,451	196,371,282	184,181,780
Investments	3	40,577,524	92,083,812	193,005,719	176,421,338	159,836,955
		3,974,429,198	4,079,783,157	4,003,682,445	4,128,384,662	4,251,229,376
Current assets						
Inventories		178,892,074	61,257,425	55,433,722	53,618,527	55,689,109
Accounts receivables	4	243,848	260,919	279,187	298,729	319,638
Cash and cash equivalents	5	44,141,278	30,862,922	25,972,191	24,261,167	27,035,754
		134,506,947	30,133,584	29,182,345	29,058,631	28,333,717
		4,230,017,385	4,375,209,180	4,459,749,336	4,554,795,808	4,650,937,219
EQUITY AND LIABILITIES						
Reserves						
Accumulated Surplus		3,085,981,211	3,194,953,828	3,272,013,748	3,367,681,964	3,469,261,521
Emerging contractor Reserves		3,056,951,719	3,165,924,336	3,242,984,256	3,338,652,472	3,440,232,028
		29,029,492	29,029,492	29,029,492	29,029,492	29,029,492
Current liabilities						
Accounts payable	6	132,623,052	168,842,230	176,322,465	175,700,721	170,262,576
Provisions	7	128,085,320	163,929,033	171,409,269	170,582,734	165,144,589
		4,537,732	4,913,195	4,913,195	5,117,987	5,117,987
Technical liabilities						
Provision for outstanding claims		1,011,413,122	1,011,413,122	1,011,413,122	1,011,413,122	1,011,413,122
Provision for unearned premium		48,084,703	48,084,703	48,084,703	48,084,703	48,084,703
Provision for unexpired risk		400,004,015	400,004,015	400,004,015	400,004,015	400,004,015
		563,324,404	563,324,404	563,324,404	563,324,404	563,324,404
		4,230,017,385	4,375,209,180	4,459,749,336	4,554,795,808	4,650,937,219

NATIONAL HOME BUILDERS REGISTRATION COUNCIL			
BUDGETED STATEMENT OF CHANGES IN NET ASSETS			
FOR THE YEAR ENDING 31 MARCH 2015			
	Accumulated Surplus	Emerging Contractor Reserve	Total
	R	R	R
Balance at 2012/2013	3,056,951,719	29,029,492	3,085,981,211
Net surplus for the period	108,972,617		108,972,617
Utilised	-	-	
Balance at 2013/2014	3,165,924,336	29,029,492	3,194,953,827
Utilised			
Net surplus for the period	77,059,920		77,059,920
Transfer to reserve	(30,000,000)	30,000,000	-
Utilised	30,000,000	(30,000,000)	-
Balance at 2014/2015	3,242,984,256	29,029,492	3,272,013,748
Net surplus for the period	95,668,216		95,668,216
Transfer to reserve			-
Utilised	-	-	-
Balance at 2015/2016	3,338,652,472	29,029,492	3,367,681,964
Net surplus for the period	101,579,557		101,579,557
Transfer to reserve			-
Utilised	-	-	-
Balance at 2016/2017	3,440,232,028	29,029,492	3,469,261,521

**NATIONAL HOME BUILDERS REGISTRATION COUNCIL
BUDGETED CASH FLOW STATEMENT 2015
FOR THE YEAR ENDING 31 MARCH**

	Note	2012/2013 R	2013/2014 R	2014/2015 R	2015/2016 R	2016/2017 R
Cash generated from operations	8	80,117,404	(21,808,672)	(96,668,582)	(75,888,719)	(86,355,377)
Interest Paid		(8,470)	-	-	-	-
Interest Received		199,174,778	204,709,232	211,570,000	218,974,950	227,733,948
Cash flow from operating activities		<u>279,283,713</u>	<u>182,900,561</u>	<u>114,901,418</u>	<u>143,086,231</u>	<u>141,378,572</u>
Investing activities						
Additions to property, plant and equipment		(5,703,333)	(119,440,000)	(83,865,500)	(8,000,000)	(8,000,000)
Additions to intangible asset		(34,837,169)	(48,506,287)	(117,506,287)	-	-
Withdrawals/(Additions) to investments		(50,000,000)	-90,000,000	-277,670,712	-83,772,733	-93,864,234
Purchase of financial assets		(1,915,098,732)	(1,985,148,854)	(1,886,423,904)	(1,936,423,904)	(1,986,423,904)
Proceeds on sale of financial assets		1,830,370,174	1,955,821,218	2,247,349,413	1,887,251,026	1,946,184,650
Cash flow from investing activities		<u>(175,269,060)</u>	<u>(287,273,924)</u>	<u>(118,116,990)</u>	<u>(140,945,611)</u>	<u>(142,103,488)</u>
Cash flow from financing activities						
Decrease in long term liability		(12,558,677)	-	-	-	-
Net decrease in cash and cash equivalents		<u>91,455,975</u>	<u>(104,373,363)</u>	<u>(3,215,573)</u>	<u>2,140,620</u>	<u>(724,915)</u>
Cash and cash equivalents at beginning of year		<u>43,050,972</u>	<u>134,506,947</u>	<u>30,133,584</u>	<u>26,918,012</u>	<u>29,058,631</u>
Cash and cash equivalents at the end of the year		<u><u>134,506,948</u></u>	<u><u>30,133,584</u></u>	<u><u>26,918,012</u></u>	<u><u>29,058,631</u></u>	<u><u>28,333,717</u></u>

**NATIONAL HOME BUILDERS REGISTRATION COUNCIL
NOTES TO THE BUDGETED FINANCIAL STATEMENTS
FOR THE YEAR ENDING 31 MARCH 2015**

1 Property, plant and equipment					
	Computer equipment	Office furniture and equipment	Motor vehicles	Land and Buildings	Total
	R	R	R	R	R
Balance at 2014/2014					
Opening net carrying amount	6,382,241	8,534,617	371,881	20,829,849	36,118,588
Cost	19,133,783	18,879,559	893,395	26,959,740	65,866,478
Accumulated depreciation	(12,751,542)	(10,344,942)	(521,514)	(6,129,891)	(29,747,889)
Additions	3,795,000	15,745,000	9,900,000	90,000,000	119,440,000
Depreciation	(2,938,357)	(2,960,247)	(1,104,010)	(6,471,188)	(13,473,802)
Closing net carrying amount	7,238,884	21,319,369	9,167,871	104,358,661	142,084,786
Cost	22,928,783	34,624,559	10,793,395	116,959,740	185,306,478
Accumulated depreciation	(15,689,899)	(13,305,189)	(1,625,524)	(12,601,079)	(43,221,691)
Balance at 2014/2015					
Opening net carrying amount	7,238,884	21,319,369	9,167,871	104,358,661	142,084,787
Cost	22,928,783	34,624,559	10,793,395	116,959,740	185,306,478
Accumulated depreciation	(15,689,899)	(13,305,189)	(1,625,524)	(12,601,079)	(43,221,691)
Additions	3,500,000	6,945,500	300,000	73,120,000	83,865,500
Depreciation	(3,638,357)	(3,423,280)	(1,134,010)	(10,127,188)	(18,322,835)
Closing net carrying amount	7,100,527	24,841,589	8,333,862	167,351,473	207,627,451
Cost	26,428,783	41,570,059	11,093,395	190,079,740	269,171,978
Accumulated depreciation	(19,328,257)	(16,728,469)	(2,759,534)	(22,728,267)	(41,838,526)
Balance at 2015/2016					
Opening net carrying amount	7,100,527	24,841,589	8,333,862	167,351,473	207,627,450
Cost	26,428,783	41,570,059	11,093,395	190,079,740	269,171,978
Accumulated depreciation	(19,328,257)	(16,728,469)	(2,759,534)	(22,728,267)	(61,544,526)
Additions	3,000,000	5,000,000	-	-	8,000,000
Depreciation	(4,238,357)	(3,756,613)	(1,134,010)	(10,127,188)	(19,256,169)
Closing net carrying amount	5,862,169	26,084,976	7,199,852	157,224,285	196,371,282
Cost	29,428,783	46,570,058	11,093,395	190,079,740	277,171,977
Accumulated depreciation	(23,566,614)	(20,485,082)	(3,893,544)	(32,855,456)	(80,800,695)
Balance at 2016/2017					
Opening net carrying amount	5,862,169	26,084,976	7,199,852	157,224,285	196,371,283
Cost	29,428,783	46,570,058	11,093,395	190,079,740	277,171,977
Accumulated depreciation	(23,566,614)	(20,485,082)	(3,893,544)	(32,855,456)	(80,800,695)
Additions	3,000,000	5,000,000	-	-	8,000,000
Depreciation	(4,838,357)	(4,089,947)	(1,134,010)	(10,127,188)	(20,189,502)
Closing net carrying amount	4,023,812	26,995,029	6,065,842	147,097,096	184,181,780
Cost	32,428,783	51,570,058	11,093,395	190,079,740	285,171,977
Accumulated depreciation	(28,404,971)	(24,575,029)	(5,027,553)	(42,982,644)	(100,990,197)

NATIONAL HOME BUILDERS REGISTRATION COUNCIL		
NOTES TO THE BUDGETED FINANCIAL STATEMENTS		
FOR THE YEAR ENDING 31 MARCH 2015		
2	Intangible Asset	
	Software development costs	Total
	R	R
Balance at 2013/2014		
Opening net carrying amount	40,577,524	40,577,524
Cost	91,769,007	91,769,007
Accumulated Amortisation	(51,191,483)	(51,191,483)
Additions	48,506,287	48,506,287
Amortisation	3,000,000	3,000,000
Closing net carrying amount	92,083,812	92,083,812
Cost	140,275,294	140,275,294
Accumulated Amortisation	(48,191,483)	(48,191,484)
Balance at 2014/2015		
Opening net carrying amount	92,083,812	92,083,812
Cost	140,275,294	140,275,294
Accumulated Amortisation	(48,191,483)	(48,191,483)
Additions	117,506,287	117,506,287
Amortisation	(16,584,381)	(16,584,381)
Closing net carrying amount	193,005,718	193,005,719
Cost	257,781,582	257,781,582
Accumulated Amortisation	(64,775,864)	(31,607,101)
Balance at 2015/2016		
Opening net carrying amount	193,005,718	193,005,719
Cost	257,781,582	257,781,582
Accumulated Amortisation	(64,775,864)	(64,775,865)
Additions	-	-
Amortisation	(16,584,381)	(16,584,381)
Closing net carrying amount	176,421,337	176,421,338
Cost	257,781,582	257,781,583
Accumulated Amortisation	(81,360,245)	(81,360,245)
Balance at 2016/2017		
Opening net carrying amount	176,421,337	176,421,338
Cost	257,781,582	257,781,583
Accumulated Amortisation	(81,360,245)	(81,360,245)
Additions	-	-
Amortisation	(16,584,381)	(16,584,381)
Closing net carrying amount	159,836,955	159,836,955
Cost	257,781,582	257,781,583
Accumulated Amortisation	(97,944,626)	(97,944,626)

NATIONAL HOME BUILDERS REGISTRATION COUNCIL					
NOTES TO THE BUDGETED FINANCIAL STATEMENTS (continued)					
FOR THE YEAR ENDING 31 MARCH 2015					
	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017
	Base	R	R	R	R
3	Investment in securities				
Available-for-sale investments					
Opening balance	3,693,648,973	3,974,429,198	4,079,783,157	4,003,682,445	4,128,384,662
Interest during the year	197,837,635	204,709,232	211,570,000	218,974,950	227,733,948
Administration fee	(9,607,586)	(9,355,274)	(10,000,000)	(10,500,000)	(11,025,000)
Fair value net gains/ (loss)	143,092,105	-	-	-	-
(Withdrawal) / Additions	(50,541,929)	(90,000,000)	(277,670,712)	(83,772,733)	(93,864,234)
	3,974,429,198	4,079,783,157	4,003,682,445	4,128,384,662	4,251,229,376
4	Accounts receivable				
Trade debtors	42,481,768	23,630,847	18,925,530	17,545,133	20,865,397
Provision for bad debts	(15,167,727)	(1,181,542)	(946,277)	(877,257)	(1,043,270)
Sundry debtors	16,827,237	8,413,619	7,992,938	7,593,291	7,213,626
	44,141,278	30,862,922	25,972,191	24,261,167	27,035,754
5	Cash and cash equivalents				
Bank	134,479,210	30,103,584	29,152,345	29,028,631	28,303,717
Short-term bank deposits	27,737	30,000	30,000	30,000	30,000
	134,506,947	30,133,584	29,182,345	29,058,631	28,333,717
6	Accounts payable				
Accounts payable	43,340,411	79,667,571	72,100,490	63,306,671	49,237,565
Leave Accrual	11,778,530	18,591,721	27,728,761	29,253,843	30,862,804
Sundry creditors	72,966,379	65,669,741	71,580,018	78,022,220	85,044,219
	128,085,320	163,929,033	171,409,269	170,582,734	165,144,589
7	Provision				
Legal disputes	3,037,732	3,219,996	3,413,195	3,617,987	3,617,987
Other	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
	4,537,732	4,719,996	4,913,195	5,117,987	5,117,987
8	Reconciliation of surplus to cash generated from operations				
Surplus for the period	531,017,701	108,972,617	77,059,920	95,668,216	101,579,557
Adjust for non cash items:					
Depreciation of property, plant and equipment	6,175,135	11,964,821	12,216,932	19,256,169	20,189,502
Armotisation of Intangible Asset	5,632,407	15,502,066	3,078,667	16,584,381	16,584,381
Net surplus on disposal of property plant and equipment	121,982	-	-	-	-
Administration fee	9,607,586	9,355,274	10,000,000	10,500,000	11,025,000
Fair value gain on financial instruments	(143,092,105)	-	-	-	-
Movement in provisions	(8,830,382)	(11,999,215)	193,200	212,520	233,772
Movement in technical provision	34,763,751	-	-	-	-
Interest paid	8,470	-	-	-	-
Interest received	(199,183,248)	(204,709,232)	(211,570,000)	(218,974,950)	(227,733,948)
Operating income before working capital changes	236,221,297	(70,913,670)	(109,021,282)	(76,753,665)	(78,121,737)
(Increase) / Decrease in inventory	150,682	(17,071)	(18,267)	(19,542)	(20,909)
(Increase) / Decrease in accounts receivable	23,977,467	13,278,356	4,890,732	1,711,023	(2,774,587)
Increase / (Decrease) in accounts payable	(180,232,042)	35,843,713	7,480,236	(826,536)	(5,438,145)
	80,117,404	(21,808,672)	(96,668,582)	(75,888,719)	(86,355,377)

National Home Builders Registration Council								
CONSOLIDATED CAPITAL BUDGET								
	25000							
2014-2015								
PER STAFF	15,000	10,000		15,000	300,000	10,000		
Depreciation Rates								
	20.00%	20.00%	16.67%	6.70%	10.00%	10.00%	5.00%	
	2014 - 2015							
	Computer Equipment	Desk Top	Software	Office Furniture	Motor Vehicles	Office Equipment	Building	Budget 2014/15
CEO	15,000	30,000	-	-	300,000	-	-	345,000
COO	-	15,000	-	-	-	-	-	15,000
Internal Audit	90,000	-	400,000	-	-	-	-	490,000
Marketing	105,000	-	-	-	-	-	-	105,000
Strategic Planning	45,000	-	-	45,000	-	-	-	90,000
Risk Management	105,000	-	-	-	-	-	-	105,000
Secretariat	60,000	-	-	-	-	-	-	60,000
Exec. Director Financial	15,000	-	-	-	-	-	-	15,000
Finance	60,000	60,000	-	-	-	-	-	120,000
Supply Chain	90,000	-	-	-	-	-	-	90,000
Facilities	-	15,000	-	-	-	-	27,300,000	27,315,000
Coastal Finance	45,000	-	-	-	-	-	-	45,000
Inland Finance	75,000	-	-	-	-	-	-	75,000
Executive Manager Business Services EXEC	30,000	-	-	-	-	-	-	30,000
Training	60,000	-	-	75,000	-	-	3,500,000	3,635,000
IT / BMS	575,000	-	-	-	-	6,000,000	-	6,575,000
IT : Additional posts	345,000	-	-	150,000	-	-	-	495,000
SAP Project	-	-	117,000,000	-	-	-	-	117,000,000
Project Management Unit	180,000	-	500,000	-	-	-	-	680,000
Technical	15,000	-	-	-	-	-	-	15,000
Research and Development	30,000	-	-	-	-	-	-	30,000
Eric Molobi Testing	60,000	-	-	-	-	20,000	2,000,000	2,080,000
KZN - Forensic Engineering Assessment Service	-	-	-	-	-	-	-	-
KZN -Water Tanks	-	-	-	-	-	-	-	-
EC - Forensic Engineering Assessment Service	-	-	-	-	-	-	-	-
Exec Dir Corporate Services	-	-	-	-	-	-	-	-
Human Capital	75,000	-	-	-	-	-	-	75,000
Legal Services	75,000	-	1,000,000	-	-	-	-	1,075,000
Enforcement and Compliance	120,000	-	-	-	-	-	-	120,000
Customer Service Manager	15,000	-	-	-	-	-	-	15,000
Coastal Region	-	-	-	-	-	-	-	-
Inland Region	-	-	-	-	-	-	-	-
Quality Assurance Inspectorate	30,000	-	-	15,000	-	-	-	45,000
Total Central Office	2,315,000	120,000	118,900,000	285,000	300,000	6,020,000	32,800,000	160,740,000
Quality Assurance	2014 - 2015							
Quality Assurance EC	315,000	-	-	-	-	-	-	315,000
Quality Assurance FS	210,000	-	-	-	-	-	-	210,000
Quality Assurance GP	555,000	-	-	-	-	-	-	555,000
Quality Assurance KZN	375,000	-	-	-	-	-	-	375,000
Quality Assurance MP	315,000	-	-	-	-	-	-	315,000
Quality Assurance NC	180,000	-	-	-	-	-	-	180,000
Quality Assurance Limp	345,000	-	-	-	-	-	-	345,000
Quality Assurance NW	315,000	-	-	-	-	-	-	315,000
Quality Assurance WC	390,000	-	-	-	-	-	-	390,000
Total Quality Assurance	3,000,000	-	-	-	-	-	-	3,000,000

Provinces	2014 - 2015							
Eastern Cape	30,000	45,000	-	30,000	-	-	-	105,000
Free State	30,000	15,000	-	15,000	-	5,000	-	65,000
Gauteng	90,000	105,000	-	-	-	-	-	195,000
KwaZulu Natal	30,000	75,000	-	105,000	-	-	40,000,000	40,210,000
Mpumalanga	15,000	45,000	-	60,000	-	-	-	120,000
Northern Cape	-	30,000	-	15,000	-	5,000	-	50,000
Limpopo	30,000	30,000	-	15,000	-	10,000	320,000	405,000
North West	-	30,000	-	110,000	-	10,000	-	150,000
Western Cape	60,000	180,000	-	45,000	-	-	-	285,000
Total Provinces	285,000	555,000	-	395,000	-	30,000	40,320,000	41,585,000
Satellites	2014 - 2015							
Eastern Cape - E. London	-	15,000	-	15,000	-	-	-	30,000
Free State - Bethlehem	15,000	15,000	-	-	-	5,000	-	35,000
Gaut-Tshwane	15,000	45,000	-	15,000	-	-	-	75,000
KZN-New Castle	-	15,000	-	15,000	-	-	-	30,000
KZN-Portshepstone	-	15,000	-	15,000	-	-	-	30,000
Limpopo-Tzaneen	-	-	-	-	-	-	-	-
Limpopo-Bela Bela	-	15,000	-	-	-	-	-	15,000
Mpumalanga-Witbank	30,000	-	-	30,000	-	-	-	60,000
North West-Klerksdorp	-	30,000	-	49,500	-	3,000	-	82,500
North West-Mafikeng	-	-	-	50,000	-	3,000	-	53,000
Western Cape - George	-	15,000	-	15,000	-	-	-	30,000
Total Satellites	60,000	165,000	-	204,500	-	11,000	-	440,500
Grand Total	2,660,000	840,000	118,900,000	884,500	300,000	6,061,000	73,120,000	202,765,500

NATIONAL HOME BUILDERS REGISTRATION COUNCIL			
BUDGETED STATEMENT OF FINANCIAL PERFORMANCE			
FOR THE YEAR ENDING 31 MARCH			
		2013-2014	2014-2015
Code	Description	Budget	Budget
3000	Revenue	727,625,111	760,253,228
3400	Registration Fees	10,601,750	11,500,250
3411	Reg - Administration	2,231,250	2,163,750
3412	Reg - Annual	1,785,000	1,731,000
3413	Reg - Annual Renewals	6,288,000	7,317,000
3416	Reg - Builders Manual	297,500	288,500
3100	Enrolment Fees	395,838,682	414,473,639
3110	Cluster Cash	-	-
3120	Cluster PA003	57,625,089	43,287,738
3130	Plot & Plan	-	-
3140	Sectional Title	-	-
3150	Speculative	196,015,853	209,706,230
3160	Cluster Sectional Title	142,197,740	161,479,670
3100	Subsidy Enrolment Fees	191,672,426	230,260,620
3170	Home Enrolment (0.75%)	128,475,270	22,466,252
3180	Project Enrolment (1%)	50,751,960	40,753,262
	Consolidation (2.1%)	12,445,196	167,041,106
3200	Builder Grading		-
3419	Sundry Income	-	-
3420	Late Enrolment Fees	512,253	1,181,259
3421	Technical Services - Forensic Assessment	69,000,000	65,087,460
3600	Other Income	-	-
3426	Testing Services	60,000,000	37,750,000
3400	Revenue	727,625,111	760,253,228
4100	Operation Expenses	317,455,770	135,046,407
4111	Inspection Fees - Non Subsidy	45,890,106	50,263,968
	Inspection Fees - Subsidy	170,359,652	17,303,684
4112	Accreditation Fees	2,691,000	3,016,000
4120	Direct Cost of Builders Manuals	578,435	562,632
	IFRS4 (Claims against fund)	-	-
4130	Direct Cost of Certificates	1,186,576	840,523
4140	Technical Services	96,750,000	63,059,600
4200	General & Administration	26,309,541	18,880,598
4210	Amortization	15,502,066	3,078,667
4220	Depreciation	7,981,418	12,216,932
4240	Motor Vehicle Expenses	280,874	230,000
4250	Office Equipment Expenses	2,425,684	3,045,000
4260	Office Furniture Expenses	119,500	-
4270	Generator/ UPS Expenses	-	310,000
4300	Payroll Costs	4,161,574	6,400,000
4310	Council Remuneration	2,870,910	3,700,000
4320	Non Council Costs	1,290,664	2,700,000
4330	CAC Costs	-	-
4400	Permanent Staff Costs	287,914,304	458,195,724
4411	Permanent Staff : Salary	257,014,803	396,125,157
4413	Permanent Staff : Incentive Bonus	12,794,479	30,102,031
4430	Staff Costs - Allowances	17,467,988	30,810,506
4440	Other Employment Costs	637,033	1,158,031

4500	General Costs	85,488,355	188,161,141
4510	Insurance Paid	1,710,524	2,050,000
4520	Information Technology	16,500,000	24,755,000
4530	Legal Fees	8,950,000	11,050,000
4540	Marketing Fees	15,900,000	33,245,000
4550	Telephone Expenses	20,529,018	29,659,825
4560	Travelling Expenses	9,034,253	22,542,110
4570	Training	5,170,148	7,831,957
4573	Training for Emerging	-	30,000,000
4576	Training - Ministerial Projects	-	10,000,000
4577	Training - Chairperson Projects	-	5,000,000
4580	Audit Fees	2,000,000	3,000,000
4590	Staff Costs	5,694,412	9,027,249
4610	Other Expenses	70,287,149	88,079,436
4611	Bank Charges	1,210,000	1,400,000
4612	Bad Debts Written Off		
4613	PE - Cleaning	1,646,486	1,623,000
4614	Conferences and Seminars	2,750,000	7,867,000
4615	Consulting Fees	15,463,934	29,890,000
4616	Courier & Freight	1,302,200	1,545,600
4618	PE - Electricity & Water	1,806,560	2,250,000
4619	Entertainment Expenses	443,000	963,000
4621	Flowers & Gifts	110,480	215,318
4622	Management Fee	9,355,274	10,000,000
4623	PE - Rates & Taxes	413,306	320,000
4624	PE - Rent of Premises	23,801,841	10,493,625
4625	PE - Repair & Maintenance	252,920	790,800
4626	Postage	462,430	372,400
4627	Printing	826,290	1,881,500
4628	Research & Development	500,000	4,100,000
4629	PE - Security	3,635,057	3,628,846
4630	Special Projects	2,000,000	3,000,000
4631	PE - Plant Expenses	289,100	409,700
4632	Stationery	1,506,800	864,500
4633	Subscriptions	873,470	1,203,300
4635	PE - Office Refurbishment	1,638,000	1,720,000
4638	Other Costs - Rental of Premises		2,548,847
4639	Off-site Archiving		512,000
4640	Speed point Charges		480,000
4000	EXPENSES	791,616,692	894,763,307
	SURPLUS BEFORE INTEREST	-63,991,581	-134,510,080
8000	Interest Received	204,709,232	211,570,000
8100	Interest Received	204,709,232	211,570,000
9999	Surplus/ (Deficit)	140,717,651	77,059,920

Registrations - Performance Targets: 2014/15

Category	GP	KZN	EC	WC	LP	NC	FS	NW	MP	Total 2014/15
Quarter 1	200	72	71	55	48	20	27	34	50	577
Quarter 2	300	108	107	83	72	30	41	51	75	866
Quarter 3	260	94	92	72	62	26	35	44	65	750
Quarter 4	240	86	85	66	58	24	32	41	60	692
Total	1,000	360	355	275	240	100	135	170	250	2,885
	1,000	360	355	275	240	100	135	170	250	

Renewals - Performance Targets: 2014/15

Category	GP	KZN	EC	WC	LP	NC	FS	NW	MP	Total 2014/15
Quarter 1	720	278	284	322	270	46	129	120	270	2,439
Quarter 2	1,080	417	426	483	405	69	194	180	405	3,659
Quarter 3	936	362	369	418	351	60	168	156	351	3,171
Quarter 4	864	334	341	386	324	55	155	144	324	2,927
Total	3,600	1,391	1,420	1,609	1,350	230	645	600	1,350	12,195
	3600	1,391	1,420	1,609	1,350	230	645	600	1,350	

Non-subsidy enrolment of homes - performance targets: 2014/2015

Category	GP	KZN	EC	WC	LP	NC	FS	NW	MP	Total 2014/15
Quarter 1	6,289	681	486	1,703	494	416	377	572	932	11,950
Quarter 2	6,531	707	505	1,769	513	432	392	594	967	12,410
Quarter 3	5,806	629	449	1,572	456	384	348	528	860	11,031
Quarter 4	5,564	603	430	1,507	437	368	334	506	824	10,571
Total	24,190	2,620	1,870	6,550	1,900	1,600	1,450	2,200	3,583	45,963

Late enrolment of homes - performance targets: 2014/2015

Category	GP	KZN	EC	WC	LP	NC	FS	NW	MP	Total 2014/15
Quarter 1	314	34	24	85	25	21	19	29	47	598
Quarter 2	327	35	25	88	26	22	20	30	48	621
Quarter 3	290	31	22	79	23	19	17	26	43	552
Quarter 4	278	30	22	75	22	18	17	25	41	529
Total	1,210	131	94	328	95	80	73	110	179	2,298

Subsidy Home enrolment - performance targets: 2014/2015

Category	GP	KZN	EC	WC	LP	NC	FS	NW	MP	Total 2014/15
Quarter 1	1,800	1,500	1,500	1,800	-	360	-	1,485	1,500	9,945
Quarter 2	1,800	1,500	1,500	1,800	-	360	-	1,485	1,500	9,945
Quarter 3	1,200	1,000	1,000	1,200	-	240	-	990	1,000	6,630
Quarter 4	1,200	1,000	1,000	1,200	-	240	-	990	1,000	6,630
Total	6,000	5,000	5,000	6,000	-	1,200	-	4,950	5,000	33,150

Subsidy Consolidation - performance targets: 2014/2015

Category	GP	KZN	EC	WC	LP	NC	FS	NW	MP	Total 2014/15
Quarter 1	4,800	6,000	7,500	1,800	3,726	450	1,800	1,515	-	27,591
Quarter 2	4,800	6,000	7,500	1,800	3,726	450	1,800	1,515	-	27,591
Quarter 3	3,200	4,000	5,000	1,200	2,484	300	1,200	1,010	-	18,394
Quarter 4	3,200	4,000	5,000	1,200	2,484	300	1,200	1,010	-	18,394
Total	16,000	20,000	25,000	6,000	12,419	1,500	6,000	5,050	-	91,969

Subsidy Project enrolment - performance targets: 2014/2015

Category	GP	KZN	EC	WC	LP	NC	FS	NW	MP	Total 2014/15
Quarter 1	2,670	2,550	3,000	2,850	-	360	-	600	1,500	13,530
Quarter 2	2,670	2,550	3,000	2,850	-	360	-	600	1,500	13,530
Quarter 3	1,780	1,700	2,000	1,900	-	240	-	400	1,000	9,020
Quarter 4	1,780	1,700	2,000	1,900	-	240	-	400	1,000	9,020
Total	8,900	8,500	10,000	9,500	-	1,200	-	2,000	5,000	45,100

Inspection Non-subsidy enrolment of homes - performance targets: 2014/2015

Category	GP	KZN	EC	WC	LP	NC	FS	NW	MP	Total 2014/15
Quarter 1	21,236	2,142	2,016	5,460	1,575	1,575	1,260	2,100	2,730	40,094
Quarter 2	22,086	2,228	2,097	5,678	1,638	1,638	1,310	2,184	2,839	41,698
Quarter 3	16,989	1,714	1,613	4,368	1,260	1,260	1,008	1,680	2,184	32,075
Quarter 4	24,634	2,485	2,339	6,334	1,827	1,827	1,462	2,436	3,167	46,509
Total	84,945	8,568	8,064	21,840	6,300	6,300	5,040	8,400	10,920	160,377

Inspection Subsidy Home enrolment - performance targets: 2014/2015

Category	GP	KZN	EC	WC	LP	NC	FS	NW	MP	Total 2014/15
Quarter 1	15,634	11,364	21,496	484	4,481	4,025	450	4,307	851	63,090
Quarter 2	15,634	11,364	21,496	484	4,481	4,025	450	4,307	851	63,090
Quarter 3	10,422	7,576	14,331	322	2,987	2,683	300	2,871	568	42,060
Quarter 4	10,422	7,576	14,331	322	2,987	2,683	300	2,871	568	42,060
Total	52,112	37,879	71,653	1,612	14,935	13,416	1,500	14,355	2,838	210,300

NON FINANCIAL INFO - VFP					
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total 2014/15
Registrations	577	866	750	692	2,885
Renewals	2,439	3,659	3,171	2,927	12,195
Non Subsidy Enrolments	11,950	12,410	11,031	10,571	45,963
Subsidy Home Enrolments	9,945	9,945	6,630	6,630	33,150
Subsidy Project Enrolments	13,530	13,530	9,020	9,020	45,100
Consolidations	27,591	27,591	18,394	18,394	91,969
Late Enrolments	597	620	552	529	2,298
Inspections - Non Subsidy	49,717	52,924	32,075	25,660	160,377
Inspections - Subsidy	56,781	63,090	37,854	52,575	210,300
RAND VALUE					
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total 2014/15
Registrations	837	1,255	1,088	1,004	4,183
Renewals	1,463	2,195	1,902	1,756	7,317
Non Subsidy Enrolments	107,763	111,908	99,474	95,329	414,474
Subsidy Home Enrolments	6,740	6,740	4,493	4,493	22,466
Subsidy Project Enrolments	12,226	12,226	8,151	8,151	40,753
Consolidations	50,112	49,391	33,408	33,408	166,320
Late Enrolments	307	319	284	272	1,181
Inspections - Non Subsidy	15,582	16,587	10,053	8,042	50,264
Inspections - Subsidy	4,672	5,191	3,115	4,326	17,304

**NATIONAL HOME BUILDERS REGISTRATION COUNCIL
 QUARTERLY BUDGETED STATEMENT OF FINANCIAL PERFORMANCE
 2014-2015**

Code	Description	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4	GRAND TOTAL
		2014-2015	2014-2015	2014-2015	2014-2015	2014-2015
		Budget	Budget	Budget	Budget	Budget
3000	Revenue	206,186,249	212,521,198	173,480,355	168,065,426	760,253,228
3400	Registration Fees	2,300,050	3,450,075	2,990,065	2,760,060	11,500,250
3411	Reg - Administration	432,750	649,125	562,575	519,300	2,163,750
3412	Reg - Annual	346,200	519,300	450,060	415,440	1,731,000
3416	Reg - Builders Manual	1,463,400	2,195,100	1,902,420	1,756,080	7,317,000
3413	Reg - Annual Renewals	57,700	86,550	75,010	69,240	288,500
3100	Enrolment - Non Subsidy	107,763,146	111,907,882	99,473,673	95,328,937	414,473,639
3120	Cluster PA003	11,254,812	11,687,689	10,389,057	9,956,180	43,287,738
3150	Speculative	54,523,620	56,620,682	50,329,495	48,232,433	209,706,230
3160	Cluster Sectional Title	41,984,714	43,599,511	38,755,121	37,140,324	161,479,670
3100	Enrolment - Subsidy	69,078,186	69,078,186	46,052,124	46,052,124	230,260,620
3170	Home Enrolment (0.75%)	6,739,876	6,739,876	4,493,250	4,493,250	22,466,252
3180	Project Enrolment (1%) Consolidation (2.1%)	12,225,979	12,225,979	8,150,652	8,150,652	40,753,262
		50,112,332	50,112,332	33,408,221	33,408,221	167,041,106
3419	Sundry Income	-	-	-	-	-
3420	Late Enrolment Fees	307,127	318,940	283,502	271,689	1,181,259
3421	Technical Audit	16,922,740	17,573,614	15,620,990	14,970,116	65,087,460
3423	Inspection Penalty	-	-	-	-	-
3600	Other Income	-	-	-	-	-
3426	Technical Services - Remedial	9,815,000	10,192,500	9,060,000	8,682,500	37,750,000
3000	Revenue	206,186,249	212,521,198	173,480,355	168,065,426	760,253,228
4100	Operation Expenses	37,533,152	40,130,053	29,450,741	27,932,461	135,046,407
4111	Inspection Fees - Non Subsidy	15,581,830	16,587,110	10,052,794	8,042,235	50,263,968
	Inspection Fees - Subsidy	4,671,995	5,191,105	3,114,663	4,325,921	17,303,684
4112	Accreditation Fees	603,200	904,800	784,160	723,840	3,016,000
4113	Outstanding Claims	-	-	-	-	-
4120	Direct Cost of Builders Manuals	112,526	168,790	146,284	135,032	562,632
4130	Direct Cost of Certificates	168,105	252,157	218,536	201,726	840,523
4140	Technical Services	16,395,496	17,026,092	15,134,304	14,503,708	63,059,600
4200	General & Administration	4,720,150	4,720,150	4,720,150	4,720,150	18,880,598
4210	Amortization	769,667	769,667	769,667	769,667	3,078,667
4220	Depreciation	3,054,233	3,054,233	3,054,233	3,054,233	12,216,932
4240	Motor Vehicle Expenses	57,500	57,500	57,500	57,500	230,000
4250	Office Equipment Expenses	761,250	761,250	761,250	761,250	3,045,000
4260	Office Furniture Expenses	-	-	-	-	-
4270	Generator/ UPS Expenses	77,500	77,500	77,500	77,500	310,000
4300	Payroll Costs	1,600,000	1,600,000	1,600,000	1,600,000	6,400,000
4310	Council Remuneration	925,000	925,000	925,000	925,000	3,700,000
4320	Non Council Costs	675,000	675,000	675,000	675,000	2,700,000
4330	CAC Costs	-	-	-	-	-
4400	Permanent Staff Costs	114,548,931	114,548,931	114,548,931	114,548,931	458,195,724
4411	Permanent Staff : Salary	99,031,289	99,031,289	99,031,289	99,031,289	396,125,157
4413	Permanent Staff : Incentive Bonus	7,525,508	7,525,508	7,525,508	7,525,508	30,102,031
4430	Staff Costs - Allowances	7,702,626	7,702,626	7,702,626	7,702,626	30,810,506
4440	Other Employment Costs	289,508	289,508	289,508	289,508	1,158,031

4500	General Costs	46,290,285	47,790,285	47,790,285	46,290,285	188,161,142
4510	Insurance Paid	512,500	512,500	512,500	512,500	2,050,000
4520	Information Technology	6,188,750	6,188,750	6,188,750	6,188,750	24,755,000
4530	Legal Fees	2,762,500	2,762,500	2,762,500	2,762,500	11,050,000
4540	Marketing Fees	8,311,250	8,311,250	8,311,250	8,311,250	33,245,000
4550	Telephone Expenses	7,414,956	7,414,956	7,414,956	7,414,956	29,659,825
4560	Travelling Expenses	5,635,528	5,635,528	5,635,528	5,635,528	22,542,110
4570	Training	1,957,989	1,957,989	1,957,989	1,957,989	7,831,957
4573	Training for Emerging	7,500,000	7,500,000	7,500,000	7,500,000	30,000,000
4576	Training - Ministerial Projects	2,500,000	2,500,000	2,500,000	2,500,000	10,000,000
4577	Training - Chairperson Projects	1,250,000	1,250,000	1,250,000	1,250,000	5,000,000
4580	Audit Fees	-	1,500,000	1,500,000	-	3,000,000
4590	Staff Costs	2,256,812	2,256,812	2,256,812	2,256,812	9,027,249
4610	Other Expenses	22,019,859	22,019,859	22,019,859	22,019,859	88,079,436
4611	Bank Charges	350,000	350,000	350,000	350,000	1,400,000
4613	PE - Cleaning	405,750	405,750	405,750	405,750	1,623,000
4614	Conferences and Seminars	1,966,750	1,966,750	1,966,750	1,966,750	7,867,000
4615	Consulting Fees	7,472,500	7,472,500	7,472,500	7,472,500	29,890,000
4616	Courier & Freight	386,400	386,400	386,400	386,400	1,545,600
4618	PE - Electricity & Water	562,500	562,500	562,500	562,500	2,250,000
4619	Entertainment Expenses	240,750	240,750	240,750	240,750	963,000
4621	Flowers & Gifts	53,830	53,830	53,830	53,830	215,318
4622	Management Fee	2,500,000	2,500,000	2,500,000	2,500,000	10,000,000
4623	PE - Rates & Taxes	80,000	80,000	80,000	80,000	320,000
4624	PE - Rent of Premises	2,623,406	2,623,406	2,623,406	2,623,406	10,493,625
4625	PE - Repair & Maintenance	197,700	197,700	197,700	197,700	790,800
4626	Postage	93,100	93,100	93,100	93,100	372,400
4627	Printing	470,375	470,375	470,375	470,375	1,881,500
4628	Research & Development	1,025,000	1,025,000	1,025,000	1,025,000	4,100,000
4629	PE - Security	907,211	907,211	907,211	907,211	3,628,846
4630	Special Projects	750,000	750,000	750,000	750,000	3,000,000
4631	PE - Plant Expenses	102,425	102,425	102,425	102,425	409,700
4632	Stationery	216,125	216,125	216,125	216,125	864,500
4633	Subscriptions	300,825	300,825	300,825	300,825	1,203,300
4635	PE - Office Refurbishment	430,000	430,000	430,000	430,000	1,720,000
4638	Other Costs - Rental of Premises	637,212	637,212	637,212	637,212	2,548,847
4639	Off-site Archiving	128,000	128,000	128,000	128,000	512,000
4640	Speed point Charges	120,000	120,000	120,000	120,000	480,000
4000	Expenses	226,712,377	230,809,278	220,129,966	217,111,686	894,763,307
	Surplus/ (Deficit) before interest	-20,526,128	-18,288,081	-46,649,611	-49,046,260	-134,510,080
8000	Net Interest	52,892,500	52,892,500	52,892,500	52,892,500	211,570,000
8100	Interest Received	52,892,500	52,892,500	52,892,500	52,892,500	211,570,000
9999	Surplus/ (Deficit)	32,366,372	34,604,419	6,242,889	3,846,240	77,059,920

7.1 Materiality Framework

7.1.1 Introduction

- The Materiality Framework is a component of the National Home Builders Registration Council, financial and risk processes. The purpose of the framework is to continuously determine the level of quantitative and qualitative risks that the NHBRC is prepared to tolerate.
- The document documentation to give guidance to “best practice” of executive functions.

7.1.2 Objectives

- The Materiality framework is issued to assist and guide management in determining the size and nature of items, which would significantly impact decisions made by the users of its financial statements.

7.1.3 Scope

- The NHBRC is established in accordance with the provisions of the Housing Consumers Protection Measures Act, 1998 (Act No. 95 of 1998), as amended.
- the NHBRC is a public entity which is self-funding. The regulation of financial management to ensure that all revenue, expenditure, assets and liabilities are managed efficiently and effectively by complying with the Public Finance Management Act (Act No. 1 of 1999 as amended) (PFMA).
- Treasury Regulation 28.3.1 of the Public Financial Management Act 1999, (the Act) defines Materiality and Significance framework as:

“For purposes of material (sections 50(1), 55(2) and 66(1) of the PFMA) and significant (section 54(2) of PFMA), the accounting authority must develop and agree a framework of acceptable levels of materiality and significance with the relevant executive authority in consultation with the external auditors”.

7.1.4 Policy Statement

7.1.5 Materiality refers to levels of tolerance by the National Home Builders Registration Council (NHBRC) regarding the omission or inclusion of quantitative and non-quantitative information. The framework of materiality provides a mechanism of enhancing the internal controls by providing a continuously changing and controllable guide to Organisational functions in making appropriate judgment of the tolerable error.

7.1.6 Definitions

- NHBRC National Home Builders Registration Council
- HCPMA Housing Consumer Protection Measures Act 1998 (Act No. 95 of 1998)
- PFMA Public Finance Management Act (Act No. 1 of 1999)
- TR Treasury Regulations
- DoA Delegation of Authority

7.1.7 Material and significant

- There are many instances where legislation refers to material amounts or material differences and the same terminology will be found in the format of the financial statements as well as in this guide.
- Information is material if its omission or misstatement could influence the economic decisions of users taken on the basis of financial statements. Materiality depends on the size of the item or error judged in the particular circumstances of its omission or misstatement. Thus materiality provides a threshold or cut-off point rather than being a primary qualitative characteristic which information must have if it is to be useful. (ISA 320) The materiality as determined by the auditors will differ from that determined by the NHBRC. There is no single rule to describe what is material and what is not material in all instances. All cases of theft, fraud or corruption must be regarded as being material regardless of the amount involved (TR 28 (3)).

7.1.8 Quantitative materiality framework

- The NHBRC is governed by an approved Delegation of Authority (“DoA”) which deals with difference levels of authorisation and approvals for management and executive management in which to function.
- On an annual basis the financial statements are subject to statutory audit. The external auditors set materiality levels in the planning phase of the external annual audit. The basis of materiality, set by the external auditors, is presently based on total revenue.

Basis	Minimum & Maximum percentages
Gross Revenue	2.0%

- The NHBRC, materiality levels have been determined on the materiality definition and the materiality guide per ISA 320. The levels of material loss in each category of the financial statement areas for the NHBRC are defined as follows:

Basis	Minimum & Maximum percentages
Gross Expenditure	0.25% - 1%
Gross Revenue	0.25% - 1%
Net Surplus	2.0% - 5%
Fixed Assets	1.0% - 2%
Interest / Investments	0.25% - 1%
Current Assets	1.0% - 5%

- The materiality levels are reviewed annually to determine the level of quantitative level to be applied to management accounting variance explanations, in conjunction with the authorized Delegation of Authority limits.

7.1.9 Qualitative materiality framework

- Materiality is not merely related to the size of the entity and the elements of its financial statements. Misstatements that are large either individually or in the aggregate may affect the user of the financial statements judgment. Misstatements may also be material on qualitative grounds.
- The NHBRC materiality profile is detailed in Annexure “A”.

7.1.10 Governance and compliance framework

- Section 50 (1) – Fiduciary Duty of Accounting Authority

Requirements	Framework
(a) exercise the duty of outmost care to ensure reasonable protection of assets and records of the public entity.	<p>The NHBRC has implemented the following controls:</p> <ul style="list-style-type: none"> - Asset Register; - Retention of all records for a period of 5 years. - Delegation of Authority Matrix. - Financial policies and procedures. - Procurement Policy and procedures. - Human capital policies and procedures. - Internal audit and Audit Committee.
(b) act with fidelity, honesty, integrity, and in the best interests of the public entity in managing the financial affairs of the public entity;	<p>The NHBRC has implemented the following controls:</p> <ul style="list-style-type: none"> - Code of Conduct ; - Disciplinary Code and Procedures; - Recruitment procedures to ensure recruitment of appropriate staff; - Confidentiality and Non-Disclosure Agreement with key staff; - Human capital policies and procedures. <p>The Council has established the following 8 committees to ensure effective corporate governance:</p> <ul style="list-style-type: none"> ▪ Fund Advisory and Finance ▪ Registration ▪ Audit and Risk ▪ Technical and Claims Advisory ▪ Disciplinary ▪ Human Capital & Remuneration ▪ Industry Advisory ▪ Bid Adjudication
(c) on request, disclose to the executive authority responsible for that public entity or the legislature to which the public entity is accountable, all material facts, including those reasonable discoverable, which in any way may influence the decisions or actions of the executive authority or that legislature; and	<p>The NHBRC considers “material” to be all matters which are within the public interest. Such material matters which will be reported include:</p> <ul style="list-style-type: none"> - Material change in the nature of the business. - Material change in the strategic direction of the NHBRC. - Changes that materially affect the mandate of the NHBRC in terms of the HCPMA.
(d) seek, within the sphere of influence of that accounting authority, to prevent any prejudice to the financial interests of the state.	<p>The NHBRC complies with all legislative requirements:-</p> <ul style="list-style-type: none"> - Public Finance Management Act, Treasury Regulations & the Housing Consumer Protection Measures Act. - Approved Delegation of Authority.

7.1.11 Section 55 (2): Annual Report and Financial Statements

- In terms of this section the annual report and financial statements referred to on Section 55 (1) (d) of the PFMA must-

Requirements	Framework
<p>(a) Fairly present the state of affairs of the public entity, its business, its financial results, its performance against predetermined objectives and its financial position as at the end of the year concerned.</p>	<p>The NHBRC has implemented the following controls:</p> <ul style="list-style-type: none"> - Specific Targets are set each year by the NHBRC Council. <p>The Council reports quarterly and annually on all material variances from budget and target to the executive authority to ensure full disclosure on:</p> <p>(i) Financial</p> <ul style="list-style-type: none"> ▪ Quarterly Management financial variance reports (Actual, Budget, Prior year). ▪ Annual financial statements. <p>(ii) Valuable-final-products</p> <ul style="list-style-type: none"> ▪ Registrations ▪ Renewals ▪ Enrolment of homes ▪ Late enrolment of homes ▪ Inspections of homes ▪ Complaints of housing consumers ▪ Conciliations ▪ Remedial works undertaken by the home builder ▪ Remedial works undertaken by the NHBRC ▪ Suspensions of home builders ▪ Withdrawal/ de-registration <ul style="list-style-type: none"> - Performance Monitoring System to monitor the achievement of the targets. - Performance Incentive system to reward the achievement of set targets; - An Internal Audit, Risk and Finance and fund functions reporting to the Audit and Risk and Finance and Fund Committees. - The Committees evaluate the achievement of the targets and to provide assurance that all significant risks are adequately addressed; - Risk Compliance function ensures risks are identified, monitored and managed. - Internal audit is risk based.
<p>(b) include particulars of –</p> <p>(i) any material loss through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year;</p> <p>(ii) any criminal or disciplinary steps taken as a consequence of such losses or irregular expenditure or fruitless and wasteful expenditure;</p> <p>(iii) any losses recovered or written off;</p> <p>(iv) any financial assistance received from the state and commitments made by</p>	<p>The NHBRC Council considers any act of theft by any employee as a dismissible offence.</p> <p>The NHBRC Council has taken the position that any criminal act is to be pursued via the courts where such action is cost effective.</p> <p>All losses to be written off shall be subject to approval in terms of the Delegation of Authority and all amounts written off must be approved by the Fund Advisory and Finance Committee and Council.</p>

Requirements	Framework
the state on its behalf; and (v) any other matters that may be prescribed; and (vi) Include the financial statements of any subsidiaries.	The NHBRC will endeavour to recover any loss sustained by the entity. The NHBRC does not receive any assistance from the state and the state does not make commitments on behalf of the NHBRC. There are no other matters prescribed Disclosure of all matters affecting the NHBRC is done in terms of GRAP, GAAP and IFRS statements. - The NHBRC does not have any subsidiaries.

7.1.12 Section 55 (2) – Notification in terms of the act

- In terms of section 51 (2) – notification in terms of the act, the Council of the NHBRC is required to notify the Executive Authority and treasury should it, in its capacity, as the Accounting Authority, not be able to confirm that:
 - Processes to prevent and detect all fruitless and wasteful expenditure as contemplated in the Act are in place;
 - Any fruitless and wasteful expenditure have been undertaken; and
 - The disclosures required in the annual report in terms of fruitless and wasteful expenditure have been made.
- The Council on an annual basis confirms that the entity’s systems of internal control are designed to prevent unauthorised expenditure.
- Through the accountability framework of line management and through the Risk and Audit Committee processes:
 - Internal control weaknesses identified by management. All recommendations made by the internal and the external auditors are followed up to ensure that the underlying systems are improved;
 - Any criminal conduct identified is subject to the appropriate procedures and sanctions.

7.1.13 Fruitless and Wasteful Expenditure

- The NHBRC, for the purposes of this framework, defines fruitless and wasteful expenditure as:
 - Expenditure which was made in vain and would have been avoided had reasonable care been exercised, and
 - Failed to achieve its anticipated benefits.
- In determining if an amount is classified as Fruitless and Wasteful expenditure the NHBRC reviews financial performance by:-
 - The monitoring of financial and investment risk on a monthly basis, reportable to Committees of Council and Council at each quarter end.
 - Any amount considered being fruitless and wasteful expenditure is reported in the notes to the monthly, quarterly and annual financial statements.

- Internal control processes are implemented to address any amounts identified as Fruitless and Wasteful Expenditure.

7.1.14 Irregular Expenditure

- Expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with any applicable legislation, including-
 - (a) the Public Finance Management Act or
 - (b) the State Tender Board Act (Act No 86 of 1968), or any regulation made in terms of the Act or
 - (c) any provincial legislation providing for procurement procedures in that provincial government.
- Section 54 (2) – Information to be Submitted by Accounting Authority
- In terms of section 54(2) of the Act the NHBRC is required to seek the approval of the Executive Authority before engaging in the activities listed below:

Requirement	Framework
a) Establishment or participation in the establishment of a company.	Note 1
b) Participation in a significant partnership, Trust, incorporated Joint venture or similar management.	Note 1
c) Acquisition or disposal of a significant shareholding in a company.	Note 1
d) Acquisition or disposal of a significant business activity.	Note 1
e) Commencement of cessation of a significant business activity.	Note 1
f) Significant change in the nature or extent of its interest in a significant partnership, Trust, unincorporated joint venture or similar arrangement.	Note 1

Note

- The Housing Consumer Protection Measures Act 1998 (Act No. 95 of 1998), does not delegate any of these powers to the NHBRC Council. Decision can only be made by the Executive Authority.
- In terms of Section 54(3) the NHBRC may assume that approval has been given if it receives no response from the executive authority on a submission in terms of subsection (2) within 30 days or within a longer period as may be agreed to between itself and the executive authority.

7.2 Section 54 (3) – Information to be Submitted by Accounting Authority

- The NHBRC in terms of this section may assume that approval has been given it receives on response for the executive authority on a submission in terms of subsection (2) within 30 days or within a longer period as may be agreed to between itself and the executive authority.

7.3 Section 66 (1) Restrictions on borrowing, guarantees and other Commitments

- In terms of section 66(1) and institution to which the Public Finance Management Act applies may not borrow money or issue a guarantee, indemnity, or enter into any transaction that binds or may bind that institution or the Revenue Fund to any future financial commitment, unless such borrowing, guarantee, indemnity, security or other transaction:

Requirements	Framework
(a) is authorized by the Act; and	The NHBRC does not have any external borrowings. The NHBRC is sufficiently funded and conducts an annual actuarial valuation to assess the solvency of the NHBRC warranty fund.
(b) in the case of public entities, is also authorized by other legislation not in conflict with this Act;	To be approved by the Council in terms of the Housing Consumer Protection Measures Act 1998 (Act No. 95 of 1998), read in conjunction with the Public Finance Management Act.

7.3.1 Section 86 (2) Non Compliance Implications

- In terms of section 86(2) of the Act, an accounting authority is guilty of an offence and liable on conviction to a fine, or to imprisonment for a period not exceeding five years, if that accounting authority wilfully or in a gross negligent way fails to comply with the provision of this section.

Figure 7. Annexure "A"

Basis	Minimum & Maximum percentages	Maximum	
Gross Expenditure	0.25%	1%	0.625
Gross Revenue	0.25%	1%	
Net Income	2.50%	5%	3.75
Fixed Assets	2%	5%	
Financial Support Loans)	1%	2%	
Total Assets	0.50%	2%	

Gross Expenditure	0.25% - 1%
Gross Revenue	0.25% - 1%
Net Income	2.5% - 5%
Fixed Assets	2% - 5%
Financial Support Loans)	1% - 2%
Total Assets	0.5% - 2%

Materiality basis	Significance to AFS appreciation	Minimum%	Average %	Maximum %
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Gross Revenue	Medium	0.25%	0.63%	1.0%
Gross Expenditure	Medium	0.25%	0.63%	1.0%
Net Surplus	Medium	2.50%	3.75%	5.0%
Interest	Medium	0.25%	0.63%	1.0%
Investments	Low	0.25%	0.63%	1.0%
Fixed Assets	Low	2.00%	3.50%	5.0%
Current assets	Medium	0.50%	1.25%	2.00%

Rand amounts	Material Amounts				
Budget 2014/2015	Minimum%	Average %	Maximum %	NHBRC % Annual Rand	NHBRC % Quarter Rand

760 253 227	1 900 633	4 751 583	7 602 532	4 751 583	1 187 895.67
894 763 307	2 236 908	5 592 271	8 947 633	5 592 271	1 398 067.67
77 059 920	1 926 498	2 889 747	3 852 996	2 889 747	722 436.75
211 570 000	528 925	1 322 313	2 115 700	1 322 313	330 578.13
4 071 608 591	10 179 021	25 447 554	40 716 086	10 179 021	2 544 755.37
400 633 170	8 012 663	14 022 161	20 031 658	20 031 658	5 007 914.62
55 433 722	277 169	692 922	1 108 674	692 922	173 230.38

Average		3 580 260	7 816 936	12 053 611	6 494 216	1 623 554
Materiality per line	Line item materiality @				6 494	1 624
Audit Materiality - based on revenue					15 205 065	
Materiality						
Statement of financial performance		R 103 236	R 218 409	R 333 582	R 8 605 685	2 151 421
Statement of financial position		R 38 574	R 85 099	R 131 623	R 3 593 569	898 392

7.4 Monthly materiality

7.4.1 The approved budget, at a Divisional and Sectional level includes Revenue, Operation expenses and General and Administration expenses. In order to comply with the General responsibilities of accounting authorities (Section 51 and Section 52 of the Public Finance Management Act, Act 1 of 1999, as amended), the review of actual expenditure compared to budget is governed under the NHBRC's Balanced Scorecard.

7.4.2 Due to the small values budgeted in certain object accounts, variances which are within 10% of budget or R20 000 whichever is the higher need not be commented on in the quarterly variance reports.

7.4.3 All Executive and Managers must comply with the following strategic objective as follows

KPI	KRI Indicators	Means of verification	Baseline	Targets	Qrt 1	Qrt 2	Qrt 3	Qrt 4
To implement optimal governance, delivery and resource management.	Ensure sound financial management	% deviation from budget on operating expenditure.	Quarterly variance reports.	Within 10% or R20 000	100% Compliance	100% Compliance	100% Compliance	100% Compliance

7.5 Procedure

7.5.1 All Executives and managers review their sectional and divisional variance reports on a monthly and quarterly basis. The explanations are submitted to the Fund Advisory and Finance Committee for monitoring. The Management Accountant consolidates the variances at an Entity level.

7.6 Compliance

7.6.1 "All employees and affected persons must comply with this policy. Failure to comply with this policy may result in disciplinary action.

7.6.2 It is the responsibility of the Policy Owner to –

- (a) have this policy approved and implemented; and
- (b) monitor and report on compliance with this Policy."

7.7 Communication of the policy

7.7.1 “Once approved, the Policy owner shall communicate to the organisation that Council has approved the Policy.

The Policy owner will as a minimum have an announcement made that the policy has been approved, by means of an email message, via approved communications channels within the NHBRC.

Furthermore, to ensure the effective communication of the policy, the Policy owner shall have the policy implemented within the NHBRC.”

7.8 Review and continual improvement

7.8.1 “The Policy owner shall ensure that –

- a) the content of this policy is reviewed at least once within every year after its approval date.
- b) this policy is promptly reviewed and amended whenever circumstances require same.

7.9 Related documents

7.9.1 Housing Consumers Protection Measures Act, 1998 (Act No. 95 of 1998), as amended.

7.9.2 Public Finance Management Act (Act No. 1 of 1999)

7.9.3 Treasury Regulations

7.9.4 Delegation of Authority “(DoA)”