



Annual Performance Plan 2014/2015

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Quality is our priority
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Vision and Mission

VISION

- *A world class home builders' warranty organization that ensures the delivery of sustainable quality homes"*

MISSION

- *"To protect the housing consumer and regulate the home building environment by promoting innovative home building technologies, setting home building standards and improving the capabilities of home builders".*

PAY-OFF LINE AND COMMITMENT

- *"Quality is our Priority"*



Strategy

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



Strategic Objectives of NHBRC

- To grow, protect and sustain the NHBRC warranty fund
- To provide innovative quality products and services that will delight the customer
- Strengthen NHBRC operating processes, systems and procedures
- Create a learning environment and build capacities to products and services



Products and Services

- Enrolment of new homes;
- Home builder registration and renewals;
- Home building inspections;
- Forensic engineering investigations;
- Assessment of houses for rectification;
- Home builder training and development;
- Home building dispute resolution;
- Litigation and legal advisory services; and
- Geo-technical and materials engineering.



Governance

Committees of Council are as follows:

- Industry Advisory Committee
- Technical Claims and Advisory Committee
- Audit and Risk Management Committee
- Human Capital and Remuneration Committee
- Registration committee
- Bid Adjudication Committee (Tender Committee)
- Fund Advisory and Finance Committee
- Disciplinary Steering Committee



Objects of Council

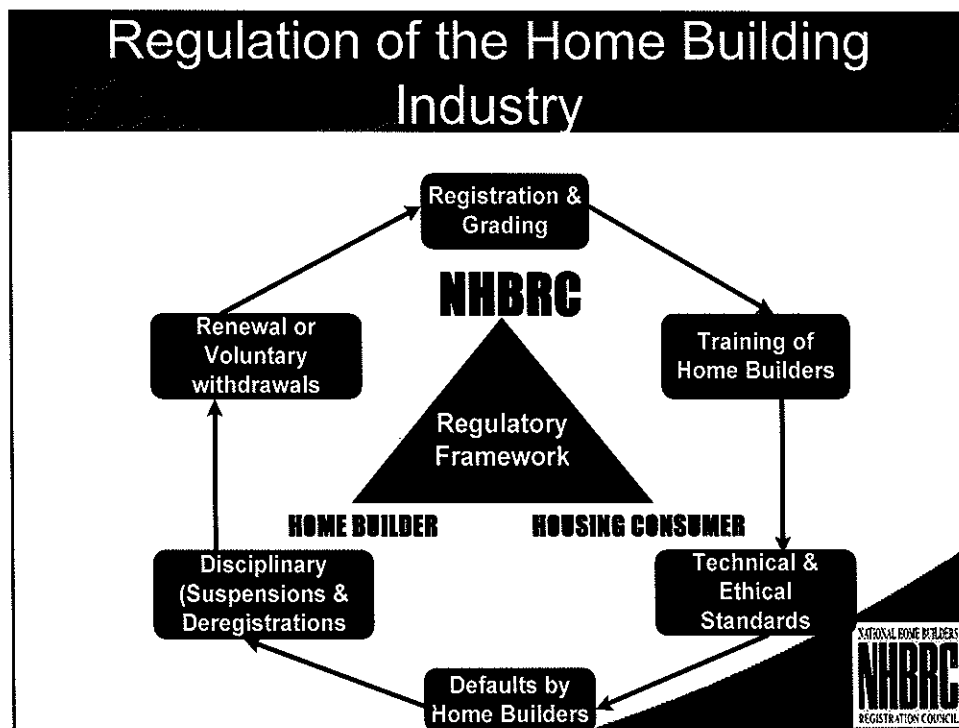
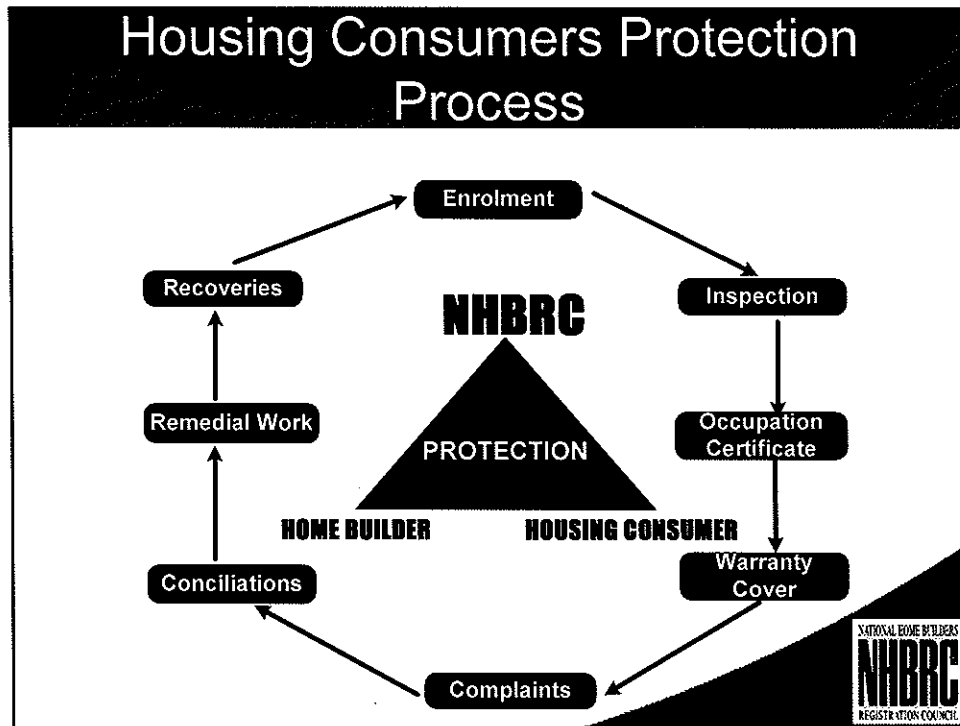
- To represent the interests of housing consumers by providing warranty protection **against defects in new homes**.
- To **regulate the home building industry**.
- To provide protection to housing consumers in respect of the failure of home builders to comply with their obligations in terms of the Act.
- To **establish and promote ethical and technical standards** in the home building industry.

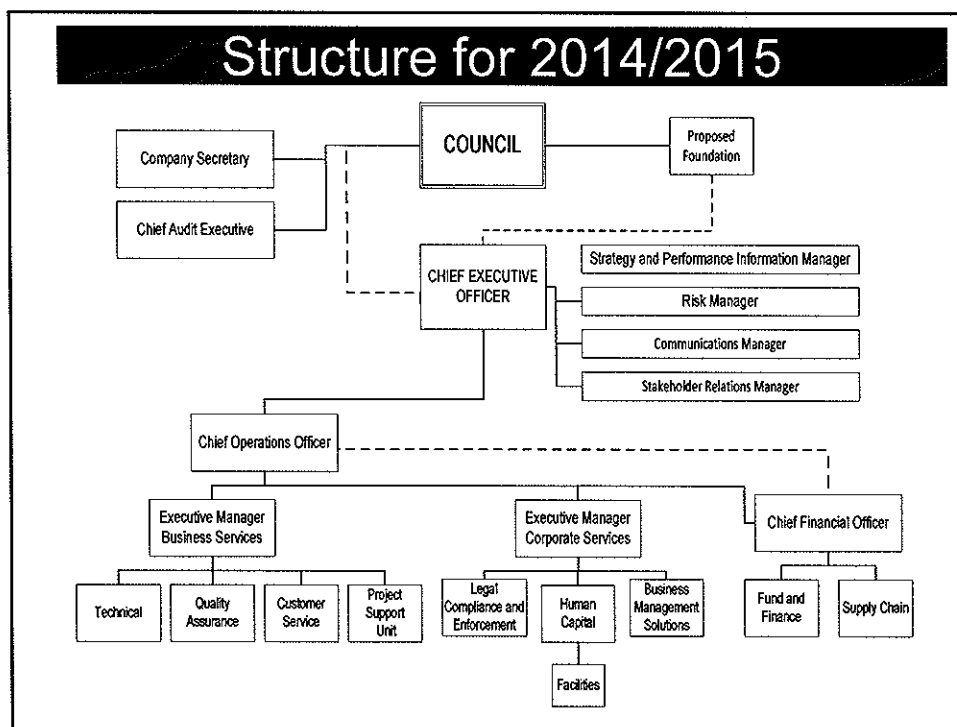


Objects of Council (Cont...)

- To improve structural quality in the interest of housing consumers and the home building industry.
- To promote housing consumer rights and to provide housing consumer information.
- To communicate with and to assist home builders to register in terms of the Act.
- To assist home builders through training and inspections







KEY PROGRAMMES FOR 2014/15

Programmes of the NHBRC

The Administration programme consists of:

- Governance and leadership;
- Well-functioning organization;
- Efficient Information Technology system;
- Satisfied and skilled staff compliment (Human Resources); and
- Internal control (Supply Chain Management, Finance and Audit);



Programme for Regulation

The programme for Regulation consists of :

- Home builders registration;
- Home builders de-registration;
- 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.



Programme for Protection

The programme for protection consists of Subprogramme 1 for Subsidy Sector:

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



Programme for protection

The programme for protection consists of Subprogramme 2 for Non-Subsidy Sector:

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



Key Focus Areas

Council has set itself short to medium plans in order to address a number of short-comings in the execution of the mandate. That is to:-

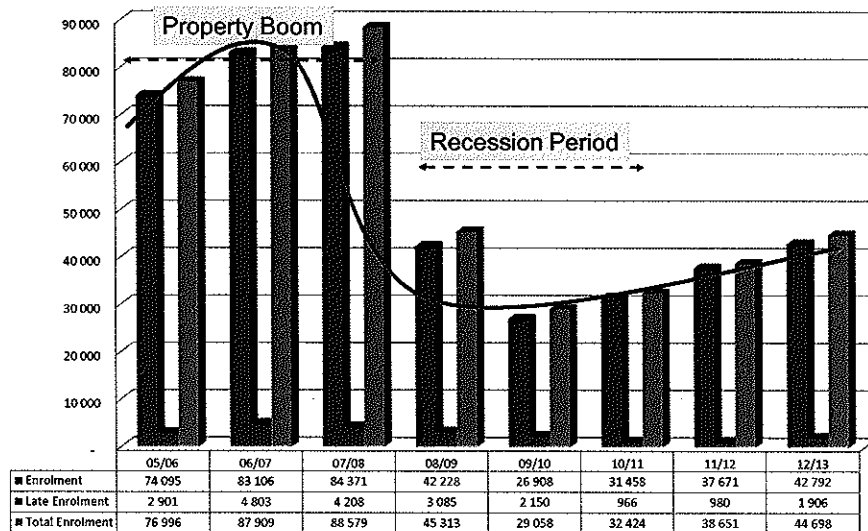
- ✓ Develop and Implement new inspection model
- ✓ Improve turnaround times on registration and home enrolment
- ✓ Provide Technical Support within NHBRC and built environment Sector
- ✓ Enforcement and Compliance with provisions of the Act
- ✓ Develop and implement Education Training and Development Strategy
- ✓ Grow and Sustain the Warranty Fund
- ✓ Establishment of Centre for Research and Innovation



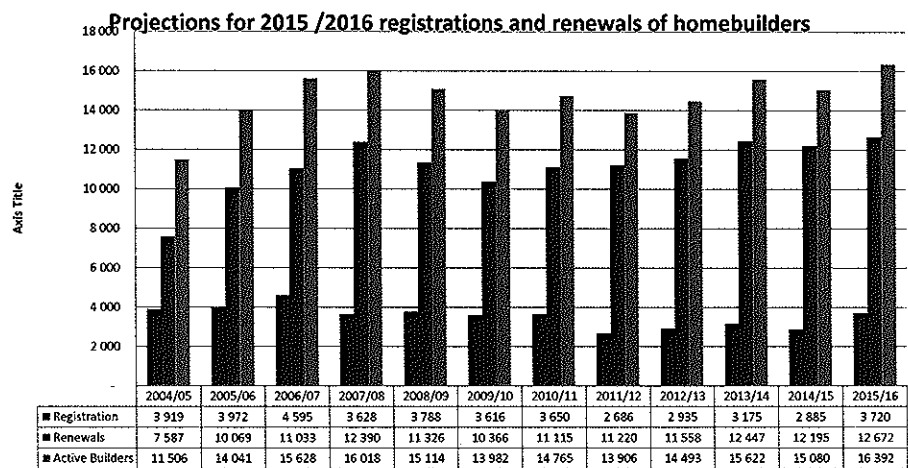
Targets for 2014/2015 year

Valuable Final Products	Target
Registration of homebuilders	2,885
Renewals of registrations of homebuilders	12,195
Enrolment (Non-Subsidy)	45,963
Late enrolment of homes	2,298
Subsidy Home Enrolment	33,150
Subsidy Consolidation	91,969
Subsidy Project Enrolment	45,100
Non-Subsidy Inspections of homes	160,377
Subsidy inspection of homes	210,300
Training of homebuilders	1,200
Training of Youth	2,000

Performance of Mortgaged Houses (New Houses – Enrolled by NHBRC)

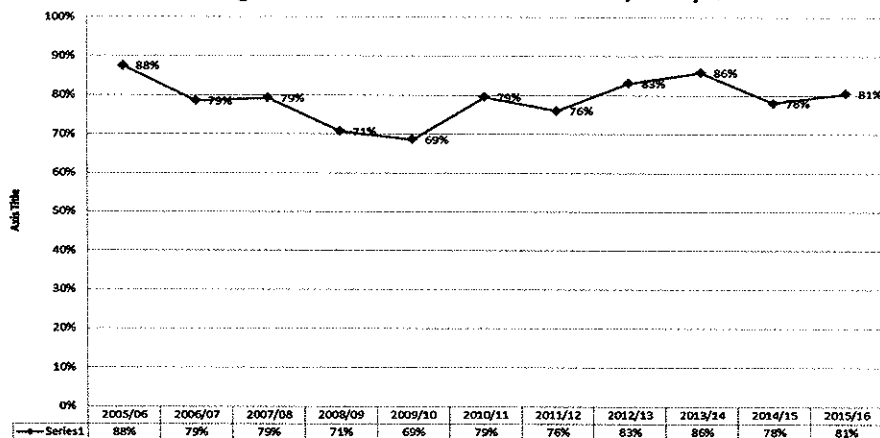


Registration and renewals of homebuilders for 2015/2016



% renewals of homebuilders for 2015/2016

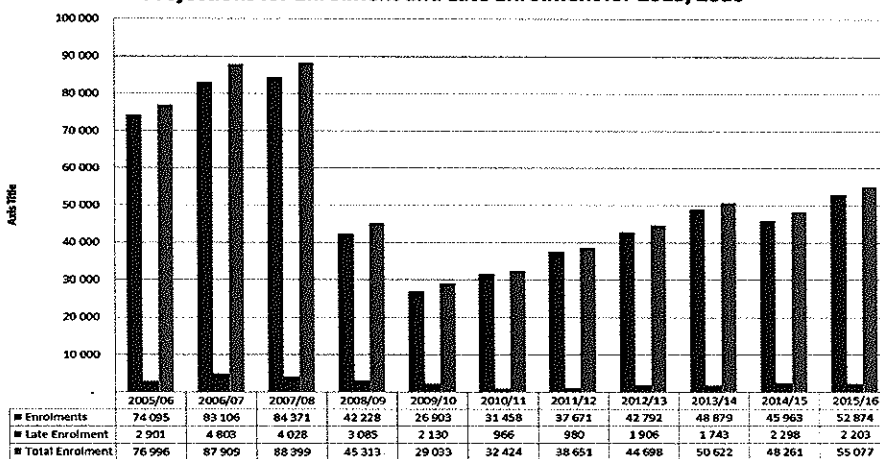
Percentage renewals for homebuilders for 2015/2016 year



NATIONAL HOME BUILDERS
NHBRC
REGISTRATION COUNCIL

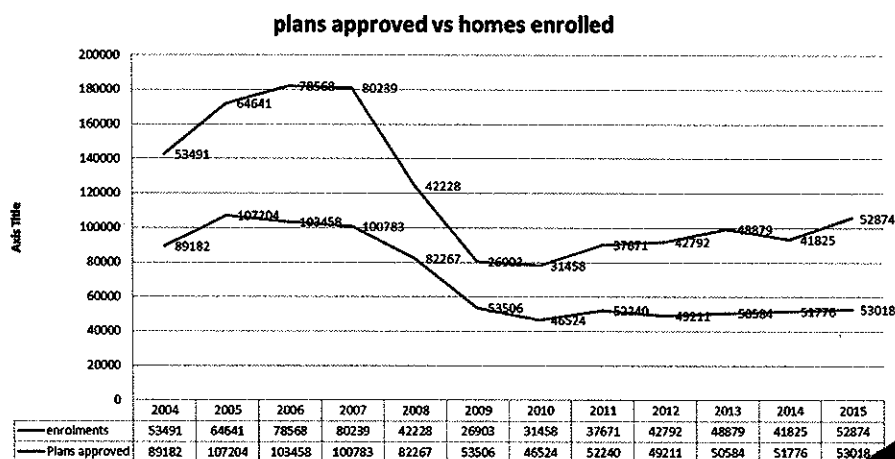
Enrolments and Late Enrolments

Projections for Enrolment and Late Enrolment for 2015/2016



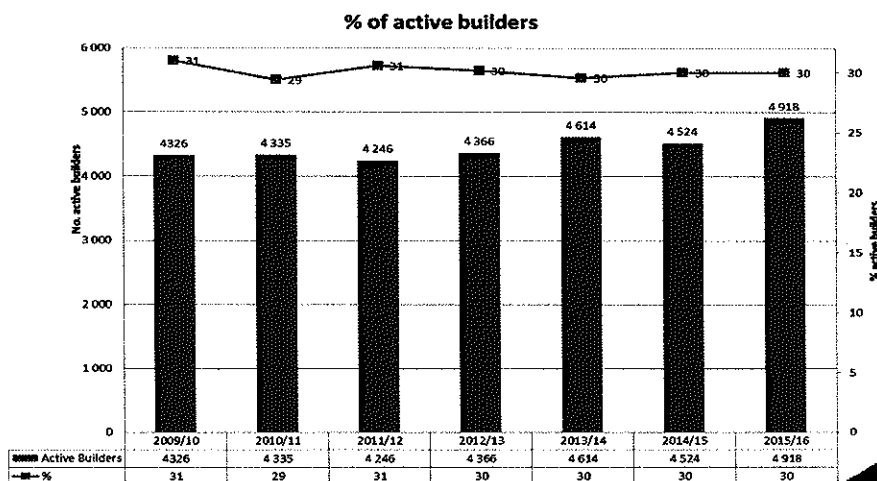
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Plans approved vs. homes enrolled



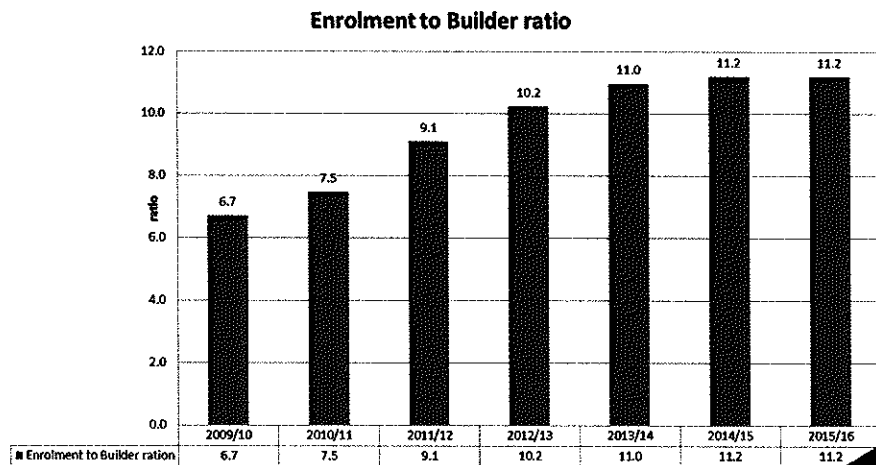
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% of active builders for 2015/2016



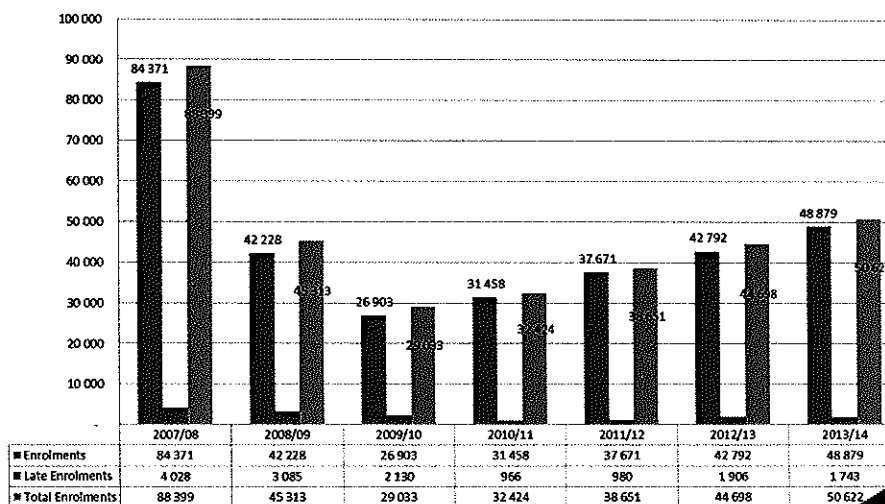
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Enrolment to homebuilder ratio



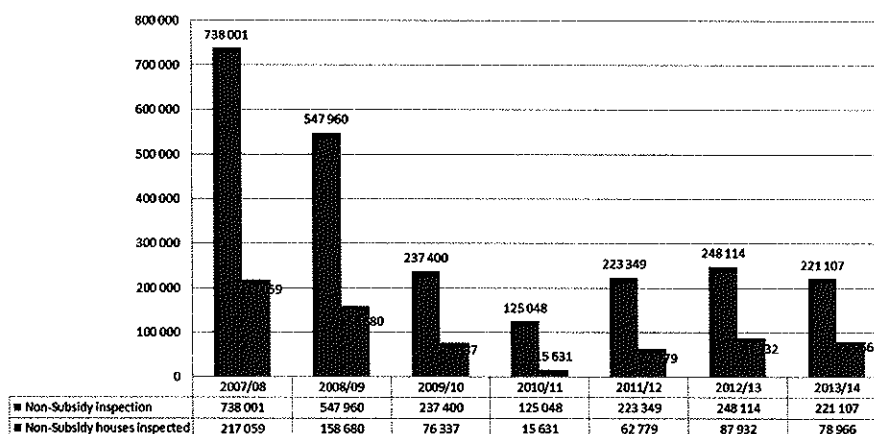
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Non-Subsidy Home Enrolment Trends



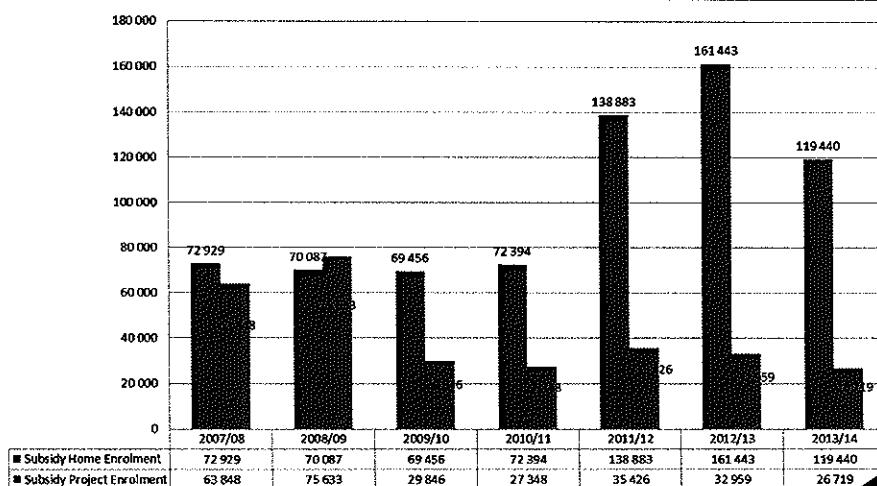
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Non-Subsidy Inspections Trends

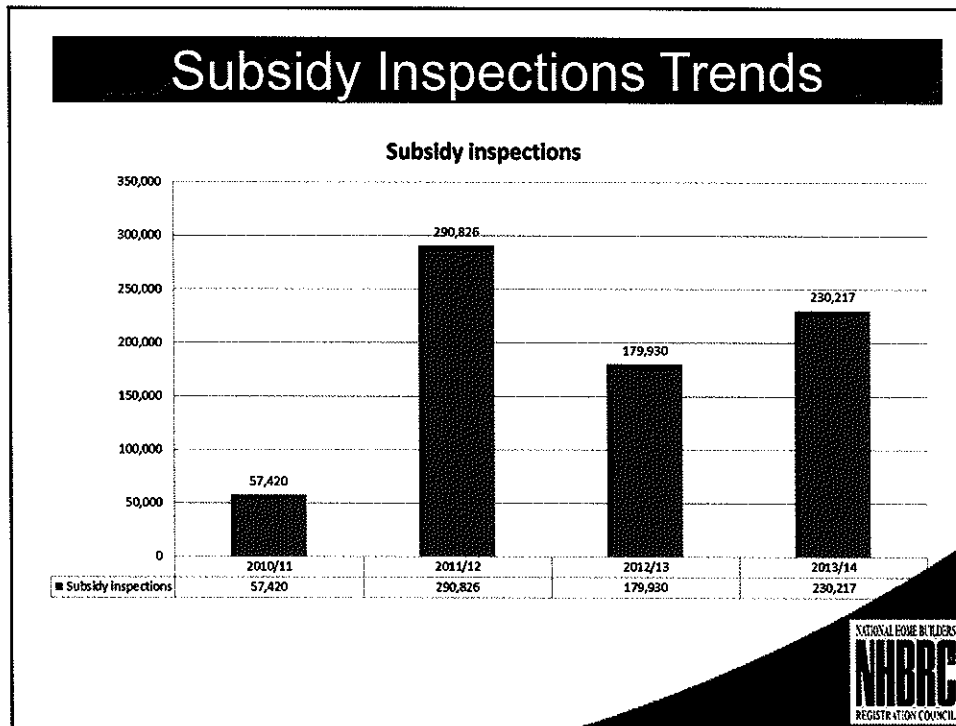


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Subsidy Home Enrolment Trends



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INSPECTORATE AND QUALITY ASSURANCE

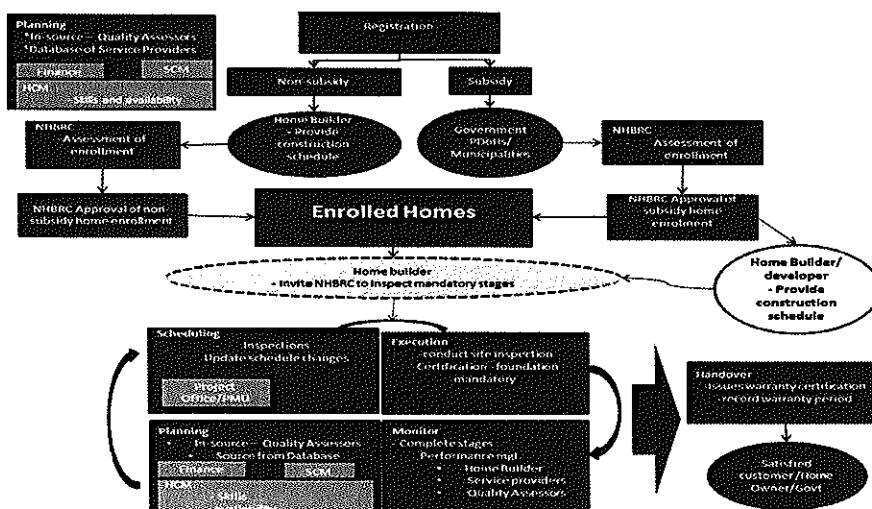
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Why poor Quality in the sector?

- Combination of inappropriate designs, material and methods of construction
- Wrong soil classification
- Awarding of contractors to non-registered and incompetent/unprepared contractors
- Poor/Insufficient contractors conditions, performance indicators and lack of clarity on standards
- Lack of quality control
- Inappropriate registration of contractors who may not have the ability to implement projects
- Insufficient punitive measures against defaulting & Incompetent contractors



Inspection Business Process Model



What is the role of NHBRC Inspector?

- Appointed/Removed by a legislated Act (HCPM Act) to conduct Risk Based Inspections and enforce Compliance to:
 - Quality standards
 - Geological reports,
 - Civil, Structural & Architectural designs & Specification(Codes/Rational designs/conditions)
 - Quality and not building control / or stage of completion is paramount to the NHBRC (Quality in terms of construction is the degree of compliance with stipulation in codes & contracts & technical specification)
- Brings enforcement actions against those who violates the HCPM Act, Home Building Manual or National Building Regulations requirements
- Examine building before, during and after construction (BQIH)
- Identify the need and facilitate the training as per NHBRC mandate
- Investigates complaints of unsafe structures



Number of Inspectors

Provinces	Quality Assurers	Home Inspectors	Total number of Home Inspectors
Eastern Cape	9	20	29
Free State	6	11	17
Gauteng	17	10	27
Kwazulu Natal	15	26	41
Limpopo	11	16	27
Mpumalanga	11	10	21
Northern Cape	03	8	11
North West	11	16	27
Western Cape	08	15	23
TOTAL	91	132	223

REGISTRATION COUNCIL

Training of Inspectors

- The NHBRC seeks to achieve maximum quality by ensuring that both internal and outsourced inspectors have relevant qualifications and expertise within the construction industry.
- The NHBRC has developed an internal training programme to assist graduates, youth, unemployed artisans to ensure that technical standards as set out in the NHBRC Home Building manual is understood and applied in similar way across the country.
- Inspectors appointed through the programme will be mentored by NHBRC experienced inspectors and internal Engineers for a period of 6 months.



Training of Inspectors

- In addition, the NHBRC will provide similar training to its current employed inspectors to ensure that they are equipped with knowledge and are on par with changes within the construction industry.
- The NHBRC aims to create an internal pool of accredited home inspectors that can be utilised within the construction industry and companies appointed to undertake inspections will only be allowed to source from the same pool.
- A formal SAQA accreditation programme has been completed and is currently pending approval.



NHBRC Accredited Course

- NHBRC has been accredited by Construction SETA to offer a course in National Certificate in Construction Contracting (Accredited in October 2013)
- The course has 28 modules at National Qualification Level 4
- Some of the modules offered include:
 - Construction Management
 - Construction Business Finances
 - Quality Principles
- On completion, candidate obtains a certificate endorsed by NHBRC



Home Builder Inspector Qualification

- NHBRC in process of having an accredited Home Building Inspector qualification with Construction SETA
- Qualification targeted at NQF Level 5
- Modules to be covered in the Qualification include:
 - Construction Technology;
 - Construction and Environment Management;
 - Construction Law;
 - Construction Quality Management Systems;
 - Construction Health and Safety;
 - Building Science and pathology;
 - Materials Engineering; etc.
- Anticipate to have accredited course in 2015



Accreditation of Home Building Inspectors

- On completion of the qualification, Home Building Inspectors need to be recognised as professional inspectors
- NHBRC exploring the possibility of professional registration with professional bodies, such as:-
 - Engineering Council of South Africa(ECSA);
 - South African Property Valuers Professions;
 - South African Council for Project and Construction Management Professionals; etc.



TECHNICAL SUPPORT TO PROVINCES AND MUNICIPALITIES



Technical Support

- Provides technical support to all NHBRC Provincial offices regarding:
 - Assessments of enrolments on dolomites & Problematic sites
 - Evaluation of structural claims
 - Preparation of remedial works specifications and Bill of Quantities
 - Monitoring & certification of remedial works conducted in provinces



Technical Support

- Assessment of late enrolment applications
- Assessment of all subsidy enrolments
- Reviewing engineering designs for multi-storey buildings
- Alignment of all Technical policies to new South African National Standards (SANS)
- To ensure technical risk requirements are optimally complied with as outlined in the Housing Consumer Protection Measures Act, 1998(Act No.95 of 1998); Home Building Manuals and NHBRC risk register



Technical Support

- Provides assistance to the Inspectorate section by reviewing rational designs/ assessments from Competent Persons in cases where technical non-compliances have been issued and Competent Persons are defending their Builders/ Developers.
- Promotes technical standards through information sharing sessions with Provincial Departments of Human Settlements & Municipalities
- Provides technical and advisory support on all matters related to structural integrity, durability & serviceability of homes to Housing Consumers and Home Builders.
- Continuously develop Technical staff members so that they remain abreast of changing construction industry norms and standards



Technical Support

In order to align to the National Department of Human Settlements' delivery plan, the NHBRC is implementing the following strategies:

- Developer workshops – Comprehensive workshops between the NHBRC, provincial Departments of Human Settlements and municipalities are held to share information regarding the NHBRC's technical requirements and the process for enrolling PHP and rural projects.
- 'On-site' assessments – Project submissions continuously assessed for enrolment at provincial departments' premises by NHBRC professionals to ensure immediate feedback and guidance regarding compliance.



Technical Support

In order to align to the National Department of Human Settlements' delivery plan, the NHBRC is implementing the following strategies:

- Decentralisation of services – the NHBRC has decentralised most of its services, including geotechnical assessments, in order to ensure a more effective service to its clients and stakeholders.
- Currently implementing the NHBRC action response to the Ministers' strategy action against defaulting contractors of government subsidised housing projects. **(Copy attached)**



Remedial works done by NHBRC

Section 17 of the Act requires the NHBRC to rectify any structural defects where a home builder has failed to do so.

- The NHBRC has conducted remedial works on a total of 95 homes for the 2013/14 Financial Year

REMEDIAL STAGES	NUMBER OF UNITS RECTIFIED PER STAGE
Foundations	6
Substructure	19
Super-structure	48
Roof	3
Drainage	1
Settlement	18
Total Houses	95

REGISTRATION COUNCIL

ENFORCEMENT AND COMPLIANCE WITH THE ACT



Enforcement and Compliance in the industry

Established a fully fledged unit to ensure that:

There is an efficient and effective execution of the NHBC's legislative mandate by ensuring compliance with the applicable legislative framework, enforcement of the Act and provision of cutting edge legal advisory services.

Key Focus Areas

- To ensure compliance with applicable legislative and regulatory framework;
- To ensure enforcement with the Act through prosecution of defaulters;
- To implement an efficient contract management system;
- To ensure prudent litigation management system (including interdicts and recoveries); and
- To provide cutting edge legal advisory services.



Enforcement and Compliance in the industry

Enforcement of the Act through NHBRC's disciplinary process and criminal prosecution

The disciplinary process entails:

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



Disciplinary Committee Hearings for 2013/2014

Provinces	Suspensions	Total DC hearings	Not guilty verdict	Warning	Fine imposed	Registration withdrawn	Matters postponed	Matters settled out of DC	Verdicts outstanding
WC	78	82	5	14	22	6	17	18	0
KZN	15	28	1	2	17	3	4	1	0
GP	23	50	1	21	15	5	2	6	0
EC	14	54	1	7	37	5	0	4	0
MP	5	9	0	2	4	0	3	0	0
LP	36	32	1	3	14	7	7	0	0
NW	8	27	0	8	12	1	4	2	0
NC	4	11	0	7	2	1	0	0	0
FS	19	35	0	2	16	2	15	2	0
TOTAL	202	328	9	66	139	29	52	33	0

REGISTRATION COUNCIL

Enforcement and Compliance in the industry

- The table above indicates a growth of 85% for suspensions of homebuilders from 2012/2013 to 2013/2014 financial year. The total disciplinary hearings grew by 225% from 2012/2013 to 2013/2014 financial year.
- The warnings imposed and fine imposed by the NHBRC grew by 220% and 331% respectively from the 2012/2013 to 2013/2014 financial year.
- Registrations withdrawn and matters imposed grew by 12% and 1% respectively from 2012/2013 to 2013/2014 financial year.
- There was increase of 83% on the matters settled by disciplinary committee from 2012/2013 to 2013/2014 financial year. The verdicts outstanding declined by 100% from 2012/2013 to 2013/2014 financial year.



Enforcement and Compliance in the industry

- Council's decision to increase the Section's capacity by appointing investigators and provincial legal officers to provide legal and investigation support to both prosecutors and provincial staff has borne fruits not only in respect of the above disciplinary hearing increases, but also in the enforcement of the Code of Conduct for Home Builders as well as the investigation and prosecution of criminal matters in terms of section 21 of the Act;
- During this period, a total of 41 code of conduct related matters were received either from the general public or the NHBRC's hotline.
- A total of 13 of these matters were closed either as a result of the parties reaching an amicable solution or the complainant deciding not to proceed with the matter.



Enforcement and Compliance in the industry

- 6 were adjudicated upon at the DC hearings and 22 are still either under investigation or undergoing DC processes.
- About 60 cases were instituted in various Police Stations by investigators in terms of section 21 of the Act across the country.
- Only 3 matters were finalised wherein the home builders paid fines as admission of guilt for failure to carrying on the business of a home builder without having registered as such in terms of section 10 of the Act.



BACKGROUND

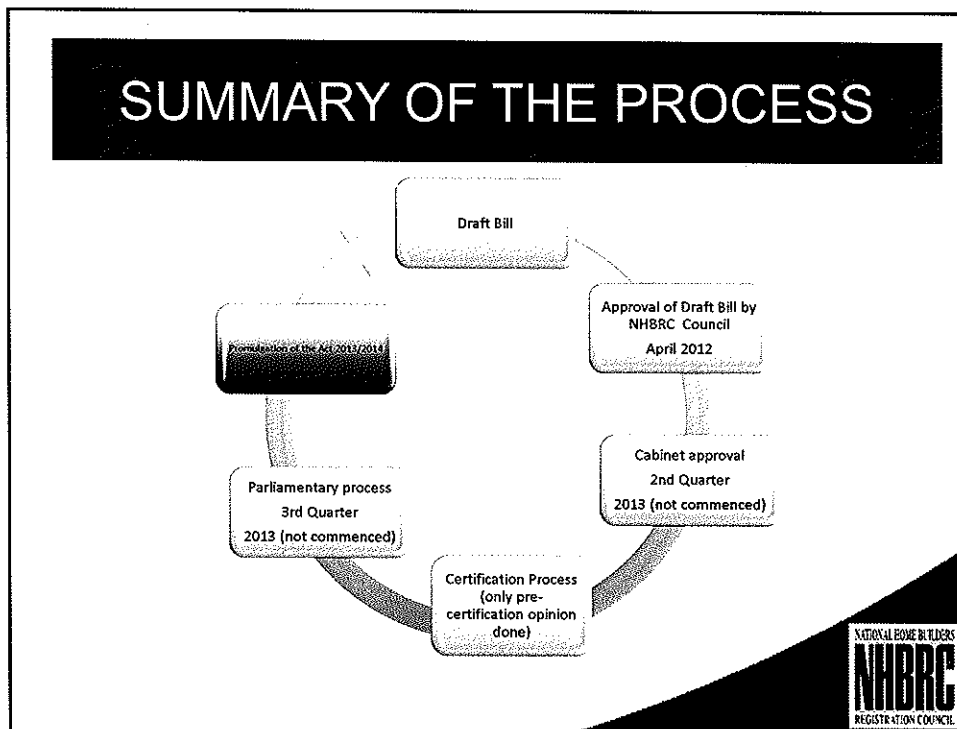
- During 2010, the NHBRC made a decision to amend the Act, including its Rules and Regulations, after experiencing several challenges relating to its effective implementation;
- The primary objectives of the amendments were to:
 - strengthen the regulatory efficacy;
 - provide more protection to housing consumers; and
 - introduce effective enforcement tools/methods and appropriate penalties/sanctions to encourage compliance with the Act.
- After the necessary consultations with the National Department of Human Settlements (NDoHS), the Bill was drafted and presented to Council for approval on 31st August 2011.
- The Council resolved that the Act should be repealed as opposed to amendments given the extensive nature of the clauses requiring attention.



PROGRESS OF THE BILL TO DATE		
ACTIVITIES	TIME FRAME	STATUS
Research and internal consultations by Council	2010	Complete
Production of the "Current State Description and Analysis Report: 2011"	2011	Complete
Announcement of the Bill in the National Assembly by the Minister during the Department's Budget Vote: 2011/2012	April 2011	Complete
Consultations with external industry stakeholders by Council	November 2011	Complete
Approval of the Bill by Council	April 2012	Complete
Submission of the Bill by Council to the Minister (Bill endorsed by the new Council on 30 October 2012)	May 2012	Complete



PROGRESS OF THE BILL TO DATE		
ACTIVITIES	TIME FRAME	STATUS
Tabling of the Bill to the Department's various for a for consultation purposes: EMT, Technical MINMEC, MINTOP, and the Human Settlements Policy Forum (Task Team) by the Department's Legislative Drafting Directorate. NEDLAC was also consulted	July – November 2012	Bill to be resubmitted to Technical MINMEC and MINTOP. Awaiting date from National Department.
Certification process: Office of the State Law Adviser	August – October 2012	Pre-certification opinion received in September 2012. Relevant inputs incorporated in the Bill and submitted to NDoHS.
Tabling of the Bill to MINMEC	October/November 2012	Item postponed to 1 st quarter of 2013
Regulatory Impact Assessment	June 2013	Complete
Submission of Bill to Cabinet	2 nd Quarter: 2013	Not yet commenced
Submission of Bill to Parliament	3 rd Quarter: 2013	Not yet commenced
Proclamation of the Bill by the President	?	



ESTABLISHMENT OF CENTRE FOR RESEARCH AND HOUSING INNOVATION

**NATIONAL HOME BUILDERS
NHBC
REGISTRATION COUNCIL**

Why the Centre for Research and Housing Innovation

- Research and development
- Promote Innovative Building Technology and Alternative Building Technology
- Conduct testing of materials
- Conduct research and innovation
- Conduct Geographical Information Systems services
- Conduct actuarial services
- Conduct statistical modeling
- Training of inspectors and homebuilders
- Offer architectural services



Centre for Research and Housing Innovation

The strategies of the Centre are:

- Position NHBRC as a leading knowledge, technical and housing technology solutions provider
- Business growth through focused business development, i.e. growing NHBRC's income in a market-driven, financially sustainable, relevant and impactful way.
- Enhance the impact on South Africa's sustainable human settlements.
- Leverage NHBRC's intellectual capital and knowledge resources through harnessing the power of information and communication technology

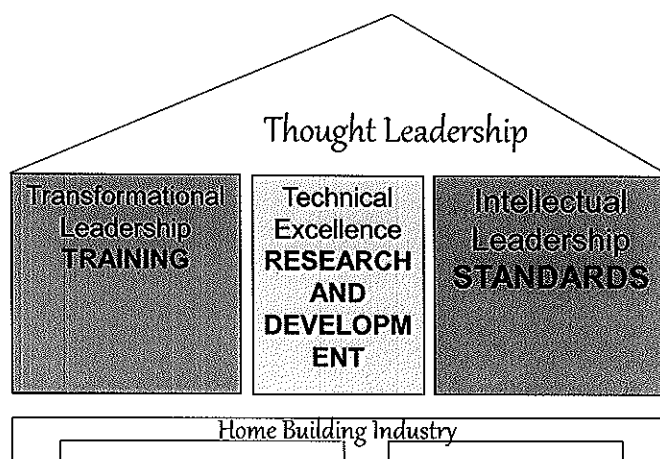


Repeal of Act

- NHBRC is in the process of repealing Housing Consumers Protection Measures Act, 1998 (Act No. 95 of 1998).



Key Pillars of the Centre



Programme Offerings Research & Development Section

■ **Innovative Building Technology**

- Development and monitoring of an Energy Efficiency Star Rating System for New Residential Houses in collaboration with other key stakeholders;
- Promoting the use of Innovative Building Technologies in housing development, through strategic partnership; and
- Promoting the innovation in sanitation technologies



Materials & Geotechnical Engineering Research Group

- Research support for the compliance of materials and fittings with acceptable building standards; and
- Research on **building physics** with a focus on building performance including:-
 - thermal and energy profiling,
 - Acoustical performance and
 - Fire safety;
- Modelling and simulation of Home Building systems;
- Development of Performance assessment kits



Research & Development Offerings

■ Technical Standards & Quality Management

- Review the Home Building Manual and the Guide;
- Developing simplified technical publications;
- Developing a number of other technical guidelines to be used for Quality Assurers & Engineering;
- Research and introduce other technical standards in the industry; and
- Promote Technical Standards
- Participate in industry standards committees



Research & Development Offerings

■ Knowledge Management

- Perform statistical modelling;
- Analyse the performance of the home building industry (Construction economics);
- Assist in Financial Modelling and Actuarial Evaluation;
- Research and Development of the Geographic Information Systems(GIS) for the NHBC; and
- Develop and improve mobile inspection solutions



Develop school of inspectors

- Developing content management;
- Training of internal and external inspectors;
- Training & Certification of NHBRC engineers and Technical staff;
- Technical training of NHBRC staff in liaison with Human Capital; and
- Certification of inspectors by relevant authorities



School of homebuilder training

- Developing content management for Home Builders;
- Training of Home Builders;
- Monitoring effectiveness of training; and
- Certification of Home Builders.



Eric Molobi Housing Innovation Hub

Establishment of the following:-

- School of Inspectors
- School of Home Builders
- Materials & Geotechnical Engineering Research Group



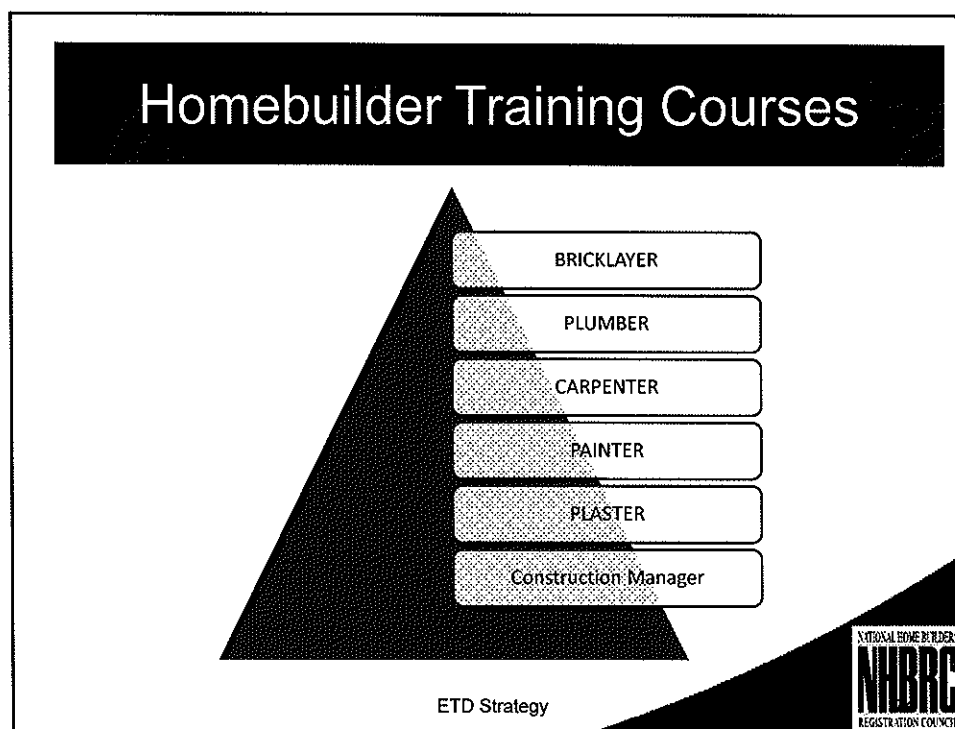
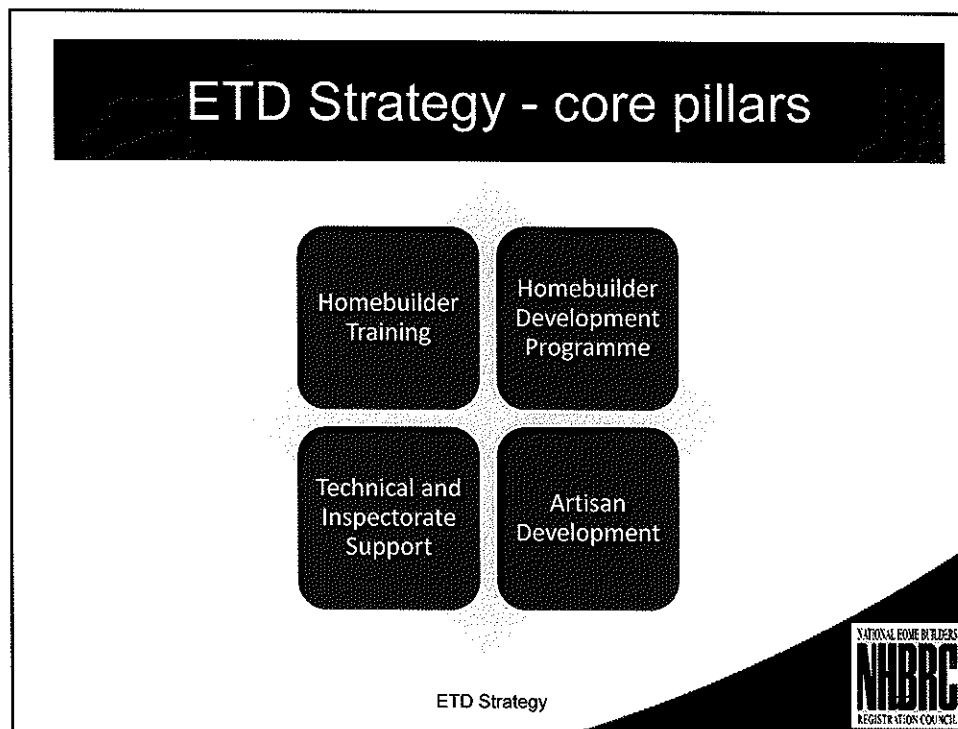
Education training and development strategy

Approved by EXCO
March 17, 2014

Setting tone for
2015/16 and
further

ETD Strategy





Homebuilder Development Programme

- The services offered through incubation are both business and technical in nature.
 - Business Support
 - Business Development
 - Compliance
 - Technical Support
 - Tender Phase Support
 - Construction Phase Support
 - Technical Training Programme



ETD Strategy



Technical and Inspectorate Support



ETD Strategy



Projects to be carried forward

- Development of a Star Rating System for Energy Efficiency of Houses – Phase 1 New Houses
- Conceptualise, develop and manage an integrated Sustainable Human Settlements using Innovative Building Technology
- Research innovative sanitation technologies
- Performance assessment of Innovative Building Technology – As Built
- Develop technical requirements for rational designs – Innovative Building Technology



Key Strategic Partners of the Centre

- South African Bureau of Standards
- Council for Geoscience
- Green Building Council of SA
- Swiss Agent for Development Corporation
- Agrement SA
- Centre for Scientific and Industrial Research



CHALLENGES AND PROPOSED SOLUTIONS



Challenges within Subsidy Housing sector

- Departments/Municipalities failing to adhere to construction schedule
- Departments/Municipalities appointing homebuilders who are not registered with NHBRC
- Departments/Municipalities building homes when home enrolments is not in place
- Challenges with continuous leadership changes at provincial level
- Projects that are stalled with no indication and when they are revived NHBRC not informed so that we can continue with inspections
- Provinces continuing with construction during the week when inspectors are not available to inspect



Challenges within Subsidy Housing sector

- Geotechnical Investigations is underfunded by Government
- Projects in rural areas are sparsely populated
- In rural areas the economy of scale does not attract well experienced Geotechnical Engineers
- Situation is worse when we deal with areas underlying by dolomitic soil type
- Lack of experienced Geotechnical Engineers by NHBRC



Key challenges within the industry

- Utilisation of unskilled labour on projects.
- Late enrolment of projects and construction schedule not adhered to.
- Technical non-compliances not attended to or rectified timeously.
- Usage of substandard material to construct homes.
- Complaints lodged by housing consumers not resolved within legally prescribed period.



Key challenges within the industry

- In 2012/13 financial year the NHBRC has adjudicated 103 cases against home builders
- In 2013/14 financial year the NHBRC has adjudicated 328 cases.
- These range from failure by homebuilder to:-
 - Rectify major structural defects
 - Failure to rectify workmanship related defects
 - Failure to enrol homes and
 - Failure to attend to correspondence from NHBRC



BUDGET FOR 2014/15



BUDGET 2014/2015

- General Assumptions
- Enrolment Fee Calculator
- Total Revenue Subsidy and Non-Subsidy
- Summarised Income Statement
- Budget Programs
- Capital Expenditure
- Investments.



REVENUE NON SUBSIDY



GENERAL ASSUMPTIONS

- Medium term economic growth is forecast at just above 2%, slightly improved from previous years 1.9% (SARB)
- Medium term inflation forecast will breach 6% upper end target range limit of reserve bank target band 6%, and reach 6.6% in the final quarter before declining in 2nd quarter of 2015 (SARB)
- Interest rates are forecast to increase during the course of the year in an attempt to contain inflation (Investec)
- Year on year growth in building plans approved for 2012 to 2013 national 17.2% and coastal 18.7%, major contributor is KZN followed by WC (Statistics SA)
- Mortgage lending growth currently at 2.6% expected limited improvement (NCR)
- Nominal house price growth recovering but subdued at 2% (ABSA)



Market Trends Analysis SA

- An increasing demand within the property market for well located land and housing due to population explosion.
- The Gross Domestic Product growth rate which determines the economic performance of the Country is at 3% which is below the national target of 7%.
- The inflation rate is according to the Reserve Bank around 6%, which has a direct impact upon construction materials.
- The Bureau for Economic Research(BER) has reported that the building costs are increasing at an alarming rate.



Revenue Assumptions - Non Subsidy

Registration Fees	R 658 to R 750 (Excl.) per builder	
Annual Fee	R 526 to R 600 (Excl.) per builder	
Manuals	R 87 to R 100 (Excl.) per set	
Enrolment Fee Structure (Excl. Vat)		
Fee Scale	Selling Price (R)	Applicable Enrolment Fee (R)
A	0 to 500 000.	1.3%
B	500 001 to 1,0 million	A + 1.0% of difference
C	1,0 million to 2,0 million	B + 0.75% of difference
D	2,0 million to 5,0 million	C + 0.5% of difference
E	5,0 million +	Maximum of R 34,000



Revenue – Non Subsidy - History & Budget

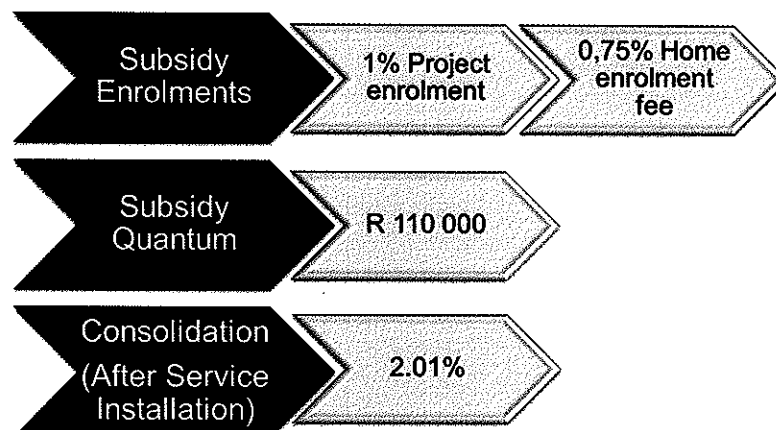
	2014 - 2015	2013 - 2014
Description	Budget	Budget
Revenue	760 253 228	727 625 111
Registration Fees	11 500 250	10 601 750
Reg - Administration	2 163 750	2 231 250
Reg - Annual	1 731 000	1 785 000
Reg - Annual Renewals	7 317 000	6 288 000
Reg - Builder Manuals	288 500	297 500
Enrolment Non Subsidy	414 473 639	395 838 682
Cluster PA003	43 287 738	57 625 089
Speculative	209 706 230	196 015 853
Cluster Sectional Title	161 479 670	142 197 740



REVENUE-SUBSIDY



SUBSIDY ASSUMPTIONS

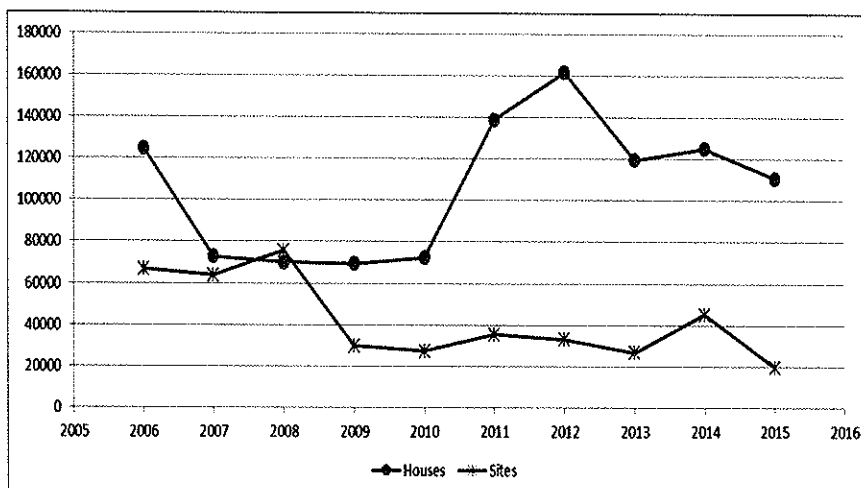


Subsidy Budget

	2014 - 2015	2013 - 2014
Description	Budget	Budget
Enrolment Subsidy	230 260 620	191 672 426
Home Enrolment (0.75%)	22 466 252	128 475 270
Project Enrolment (1%)	40 753 262	50 751 960
Consolidation (2.1%)	167 041 106	12 445 196



Subsidy Enrolment (Trend)



Other Revenue and Technical Revenue

	2014 - 2015	2013 - 2014
Description	Budget	Budget
	104 018 719	129 512 253
Late Enrolment Fees	1 181 259	512 253
Technical Services	-	69 000 000
Technical Services - Geotechnical	17 087 460	-
Technical Services - Forensic Asse	48 000 000	60 000 000
Inspector Training	3 250 000	-
Project Management Services	19 500 000	-
Testing Services	15 000 000	-



Summarised Income statement

	2014 - 2015	2013 - 2014
Description	Budget	Budget
Revenue	760 253 228	727 625 111
Operation Expenses	135 046 407	317 455 770
General & Administration	18 380 598	30 292 945
Payroll Costs	6 400 000	4 661 574
Permanent Staff Costs	458 195 724	297 233 599
General Costs	188 661 141	95 458 934
Other Expenses	88 079 436	78 258 905
Expenses	894 763 307	823 361 726
Surplus / (Deficit) before interest	(134 510 079)	(95 736 614)
Net Interest	211 570 000	204 709 232
Surplus / (Deficit)	77 059 921	108 972 618



Budget Structure 2014/15

- Program 1 - Administration
- Program 2 - Regulation
- Program 3 - Consumer Protection – Subsidy and Non-subsidy



Program 1- Administration

	Revenue Budget 2014/15	Expenditure Budget 2014/15
Business Management Solutions		
Completion of SAP implementation	-	117 000 000
Human Capital		
HR Re-engineering strategy	-	3 000 000
Finance		
Interest earned on investments	211 570 000	
Audit Management		
Implementation of the audit plan	-	1 500 000
Investigation on fraud incidents	-	500 000
Implementation of corrective measures	-	500 000



Program 2 - Regulation

	Revenue Budget 2014/15	Expenditure Budget 2014/15
Registrations and Renewals of Builders		
Home builder registration	4 392 000	3 016 000
Renewal of Home Builder registration	7 317 000	-
Quality Assurance		
Subsidy Inspection	-	17 303 684
Non-subsidy inspection	-	50 263 968
Home Builder Training and Development		
Home Builder Training	-	27 500 000
Training of youth	-	2 500 000



Program 3 - Consumer Protection Subsidy

	Revenue Budget 2014/15	Expenditure Budget 2014/15
Subsidy Sector		
Project and Home Enrolment		
Project Enrolment	40 753 262	-
Home Enrolment	189 507 358	-
Stakeholder Relations		
Stakeholders relations strategy	-	8 250 000
Project Support Unit		
Subsidy Forensic Investigations	60 000 000	31 600 000
Geotechnical Investigations	30 000 000	20 959 000
Risk Management		
Risk Management Strategy	-	2 140 000



Program 3 - Consumer Protection Non-Subsidy

	Revenue Budget 2014/15	Expenditure Budget 2014/15
Non-Subsidy		
<i>Non subsidy enrolments</i>	414 473 638	-
Communications Management		
<i>Communications management strategy</i>	-	22 995 000
Complaints and conciliations		
<i>Remedial works</i>	-	13 500 000



Capital Expenditure

Asset Class	Budget	Comment
Computer Equipment	2 660 000	Replacements and new positions
Desk Top	840 000	Replacements and new positions
Software	118 900 000	SAP Phase 1 and 2
Office Furniture	884 500	Replacements and new positions
Motor Vehicles	300 000	Vehicle for CEO's office
Office Equipment	6 061 000	BMS
Land and building	73 120 000	New office in KZN and service points
202 765 500		



Current Investment Strategy

Portfolio's	Asset Managers
Bonds	Cadiz Asset Management Prescient Investment Management
Equities	Investec Asset Management Kagiso Asset Management
Money Market	Argon Asset Management Investec Asset Management Prescient Investment Management Taguanta Asset Managers
Structured Products	Mazi Capital Pan African Asset Management
SA Reserve Bank	Corporation for Public Deposits



National Treasury Proposal

Portfolio's

Government Bonds

Corporation for Public Deposits

** Returns from CPD below Cpi*

** Strategy does not take into account
the Liability Profile of the NHBC*



Investments

Investment Managers	Rand	Weight	Rand
Money Market	2,210,143,084	50%	2,302,510,216
Argon Asset Management	374,646,559	87%	457,211,954
Investec Asset Management – Money Market	651,240,174	15%	654,525,301
Prescient Investment Management – Money Market	591,412,102	13%	594,884,724
Taqaenia Asset Managers	592,844,250	13%	595,886,236
Local Bonds	1,001,393,603	22%	1,012,433,542
Cadiz Asset Management	506,356,310	11%	510,739,129
Prescient Investment Management – Bond	495,037,293	11%	501,694,413
Current Accounts	153,242,572	3%	153,986,827
CPD Account	153,242,572	3%	153,986,827
Local Equity	484,001,474	11%	486,689,124
Investec Asset Management – Equity	203,765,169	5%	199,633,636
Kagiso Asset Management	280,216,304	6%	287,055,285
Structured Products	608,186,329	14%	614,069,833
Mazi Capital	306,786,760	7%	311,700,956
Pan African Asset Management	299,399,569	7%	302,368,876
NHBRC Portfolio	4,558,967,062	100%	4,669,183,123

THE END
THANK YOU