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Portfolio Committee on Human
Settlements Cape Town

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ABOUT

Background

The National Home Builders Registration Council (NHBCRC) was established in 1998, in terms of the Housing Consumers Protection Measures Act, 1998 (Act No. 95 of 1998) (as amended), hereafter referred to as the Act, and is mandated to protect the interests of housing consumers and to regulate the homebuilding industry.

What the ACT says

The Housing Consumers Protection Measures Act (Act No 95 of 1998, as amended) specifies a range of objectives to be served by the NHBCRC:

- a. To represent the interests of housing consumers by providing warranty protection against defects in new homes;
- b. To regulate the home building industry;
- c. To provide protection to housing consumers in respect of the failure of home builders to comply with their obligations in terms of this Act;
- d. To establish and to promote ethical and technical standards in the home building industry;
- e. To improve structural quality in the interests of housing consumers and the home building industry;
- f. To promote housing consumer rights and to provide housing consumer information;
- g. To communicate with and to assist home builders to register in terms of this Act;
- h. To assist home builders, through training and inspection, to achieve and to maintain satisfactory technical standards of home building.

Vision

To be a world class homebuilders warranty organisation that ensures the delivery of sustainable quality homes.

Mission

To protect the housing consumer and to regulate the homebuilding environment by promoting innovative homebuilding technologies, setting homebuilding standards and improving the capabilities of homebuilders.

Values

- Customer service excellence
- Good corporate governance
- Research and innovation
- Commitment and moral integrity
- Technical excellence.



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

- 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.

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
- Research and Housing innovation Advisory

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

- 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

ALIGNMENT OF NHBRC – MTSF?

- The Annual Performance Plan 2015-2016 is based on the need to accentuate the NHBRC role as a regulator in the home building industry and the Human Settlement Ministerial directives.
- The NHBRC would be assisting the Department in rolling out the 1,500,000 housing opportunities in the next five years.
- The NHBRC has seen a need to strengthen the inspection mandate through increasing the inspection staff to 199 and ensure maximum representation in all the nine provinces.
- Business Services division has been restructured to ensure maximum synergy within the organization.

ALIGNMENT OF NHBRC – MTSF?

- The Technical section has been combined with the inspectorate section to reduce the span of control and ensure maximum delivery in order to offer maximum protection to the stakeholders
- 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.
- Through the training and development section, the NHBRC aims to enhance the building skills of home builders and will develop relevant course materials to promote excellence in the home building environment.

ALIGNMENT OF NHBRC – MTSF?

- The NHBRC will be establishing a school of inspectors and a school of homebuilders to ensure that competent inspectors and homebuilders are produced in order to improve quality delivery on the ground.
- 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 Project Management Office 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.
- PMO 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

ALIGNMENT OF NHBRC – MTSF?

- The PMO 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 consistent and structured manner.
- NHBRC has established a Centre for Research and Housing Innovation (“The Centre”).
- The purpose of The Centre 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.

ALIGNMENT OF NHBRC – MTSF?

- Promotion of housing consumer rights and responsibilities and disseminate housing consumer information, especially in the subsidy and gap markets.
- Enhance partnership with provincial human settlements departments, municipalities and other key stakeholders.

ALIGNMENT OF NHBRC – MTSF?

- To increase of our visibility and service excellence to customers through our Customer Service Centres.
- Specific emphasis is on direct, one-on-one interaction and relationship building at all levels and in all provincial and local forums.
- NHBRC's payoff line "Assuring Quality Homes" became a living microcosm of the vision and mission of the NHBRC.

Non-Subsidy and Subsidy Valuable Final Products

VFP	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
Registration of Homebuilders	2,885	3,500	3,710	3,933	4,168
Renewals of registrations of Homebuilders	12,195	13,218	13,945	14,712	15,521
Training of Youths, women and people with disabilities and military veterans	2,000	2,000	2,000	2,000	2,000
Training of inspectors	-	400	440	460	500
Training of artisans	-	351	400	400	400

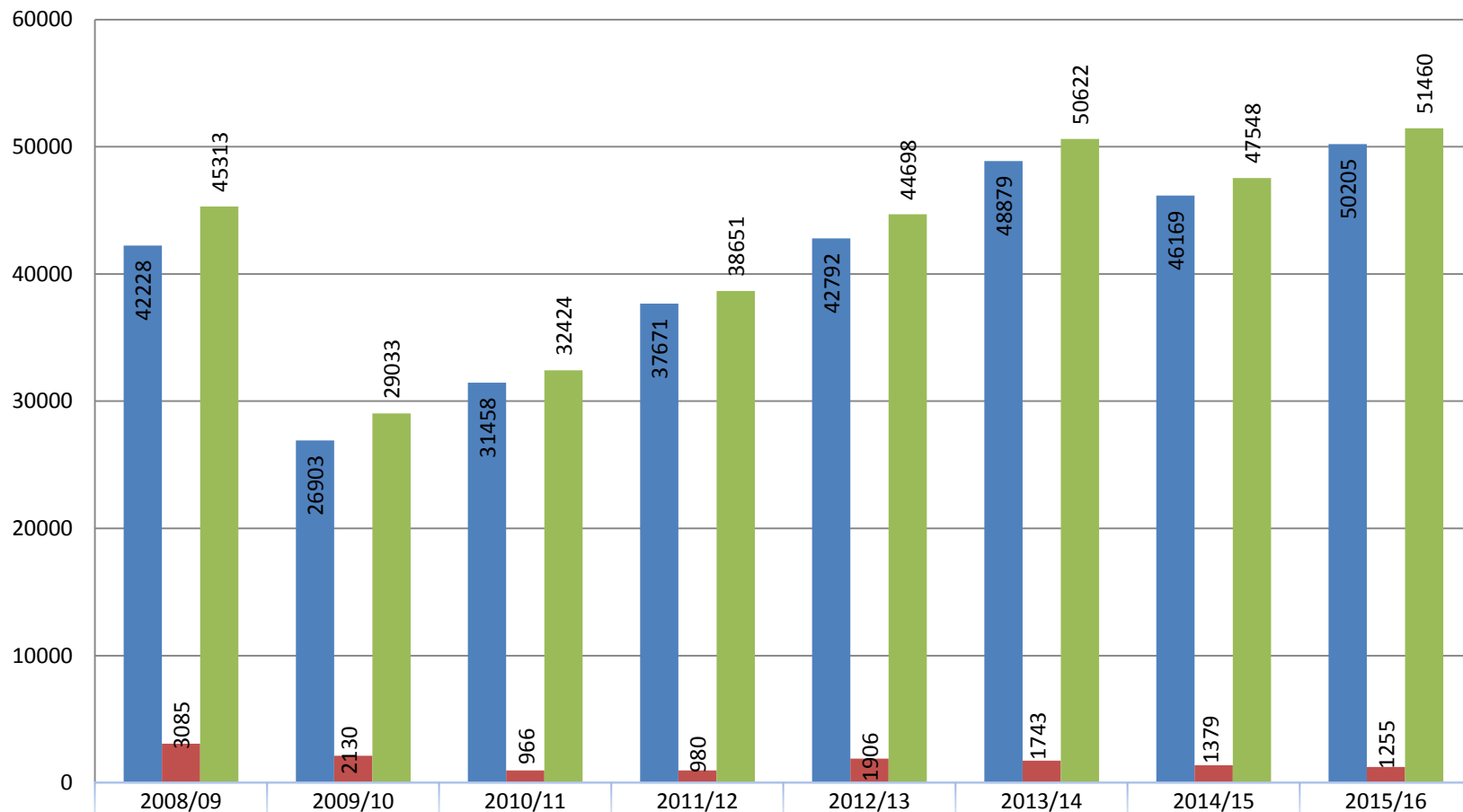
Non-Subsidy Valuable Final Products

VFP	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
Enrolments of Homes	45,963	50,205	52,966	55,879	58,953
Late Enrolments of Homes	2,298	1,255	1,397	1,474	1,562
Number of Inspections for Non-Subsidy Houses	160,377	200,820	212,869	225,641	239,180

Subsidy Valuable final products

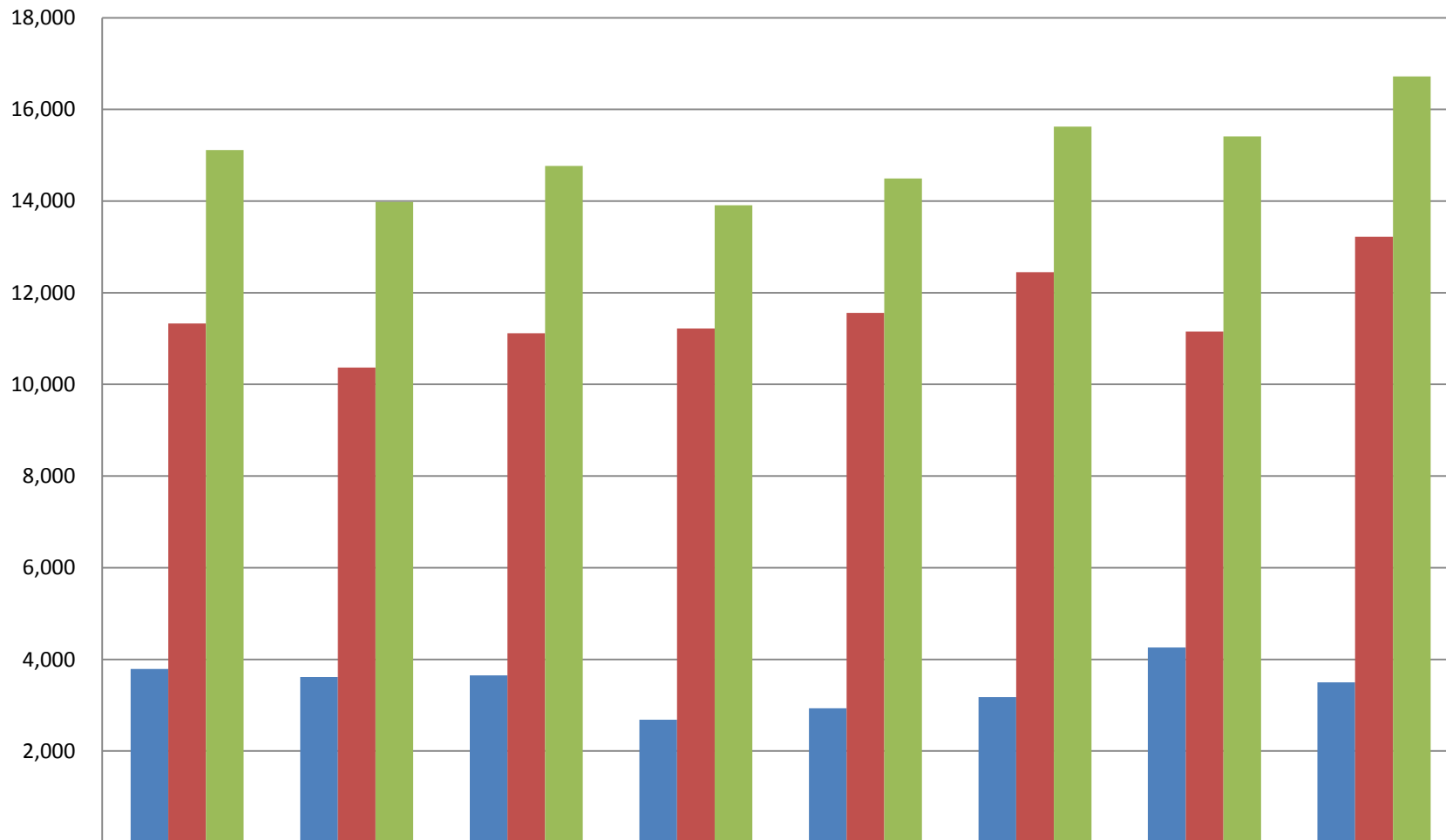
VFP	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
Number of Inspections for Subsidy Houses	21,0300	3852,00	408,312	432,811	458,779
Home Enrolment	33,150	44,45	47,100	49,691	52,424
Project Enrolment	45,100	51,655	54,496	57,493	60,655
Consolidation	91,969	81,707	86,201	90,942	95,944

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



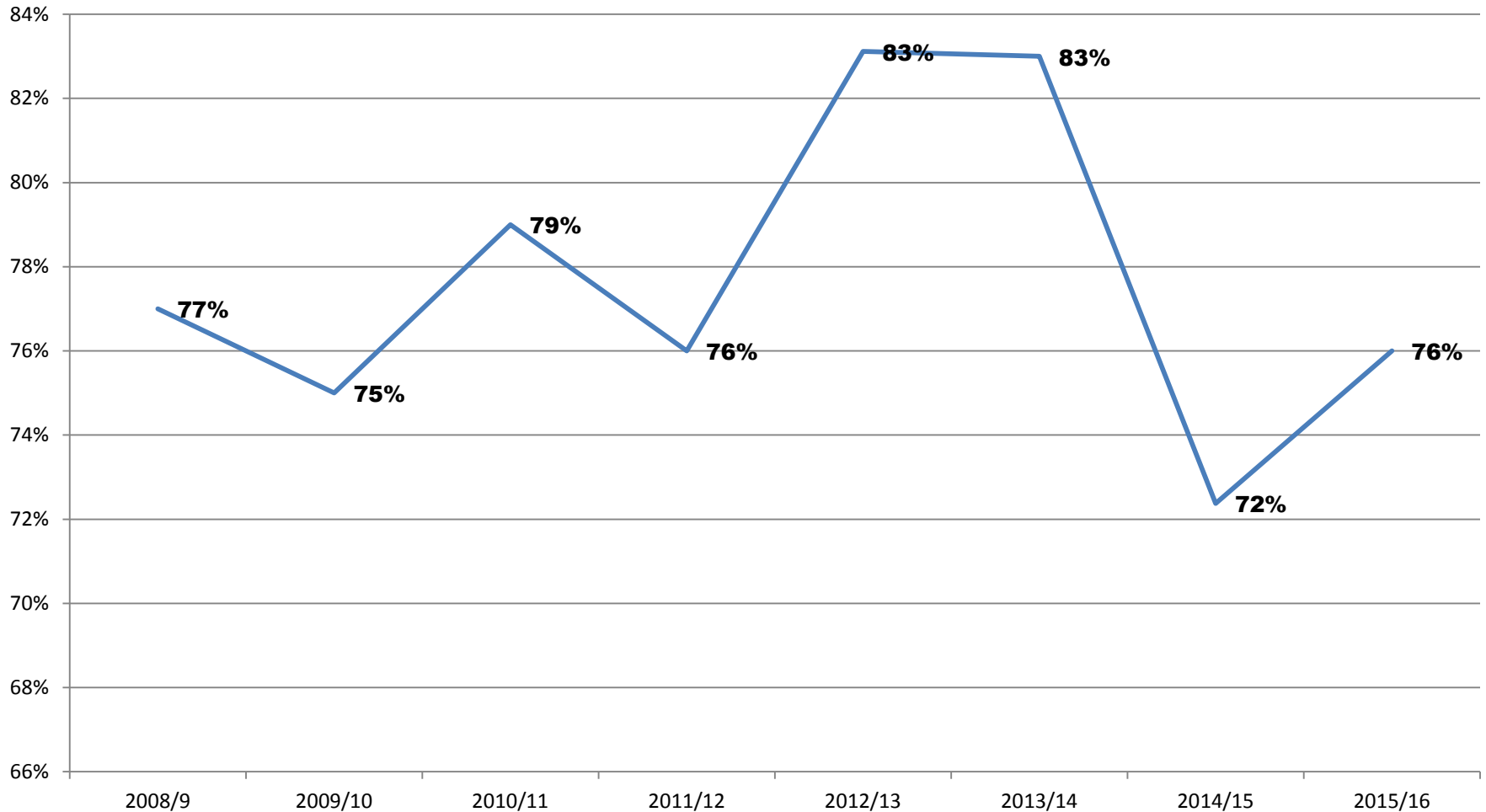
■ Enrolments	42228	26903	31458	37671	42792	48879	46169	50205
■ Late Enrolments	3085	2130	966	980	1906	1743	1379	1255
■ Total	45313	29033	32424	38651	44698	50622	47548	51460

Registration and renewals of homebuilders for 2015/2016

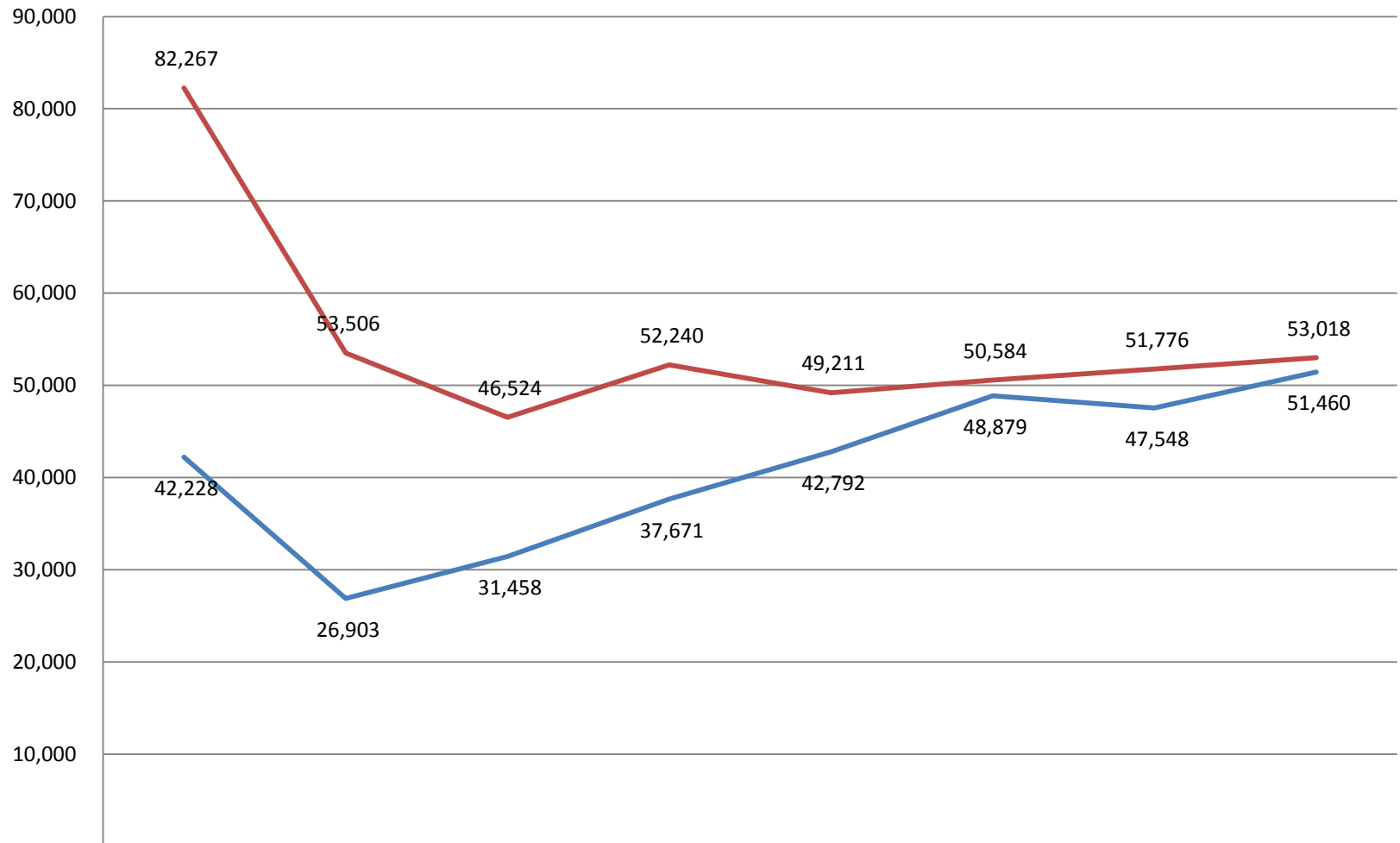


	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Registration	3,788	3,616	3,650	2,686	2,935	3,175	4,257	3,500
Renewal	11,326	10,366	11,115	11,220	11,558	12,447	11,155	13,218
Total	15,114	13,982	14,765	13,906	14,493	15,622	15,412	16,718

% renewals of homebuilders for 2015/2016



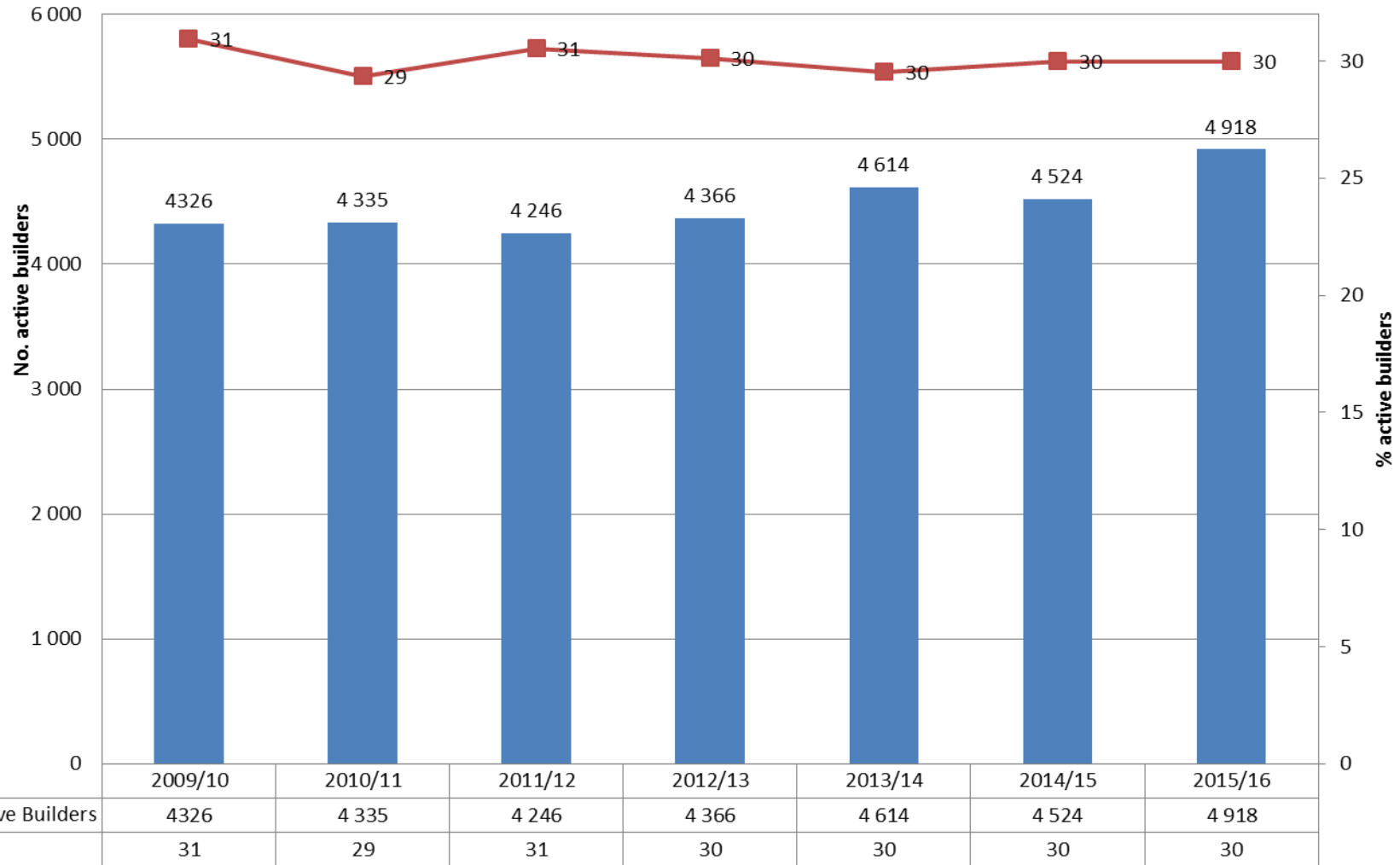
Plans approved vs. homes enrolled



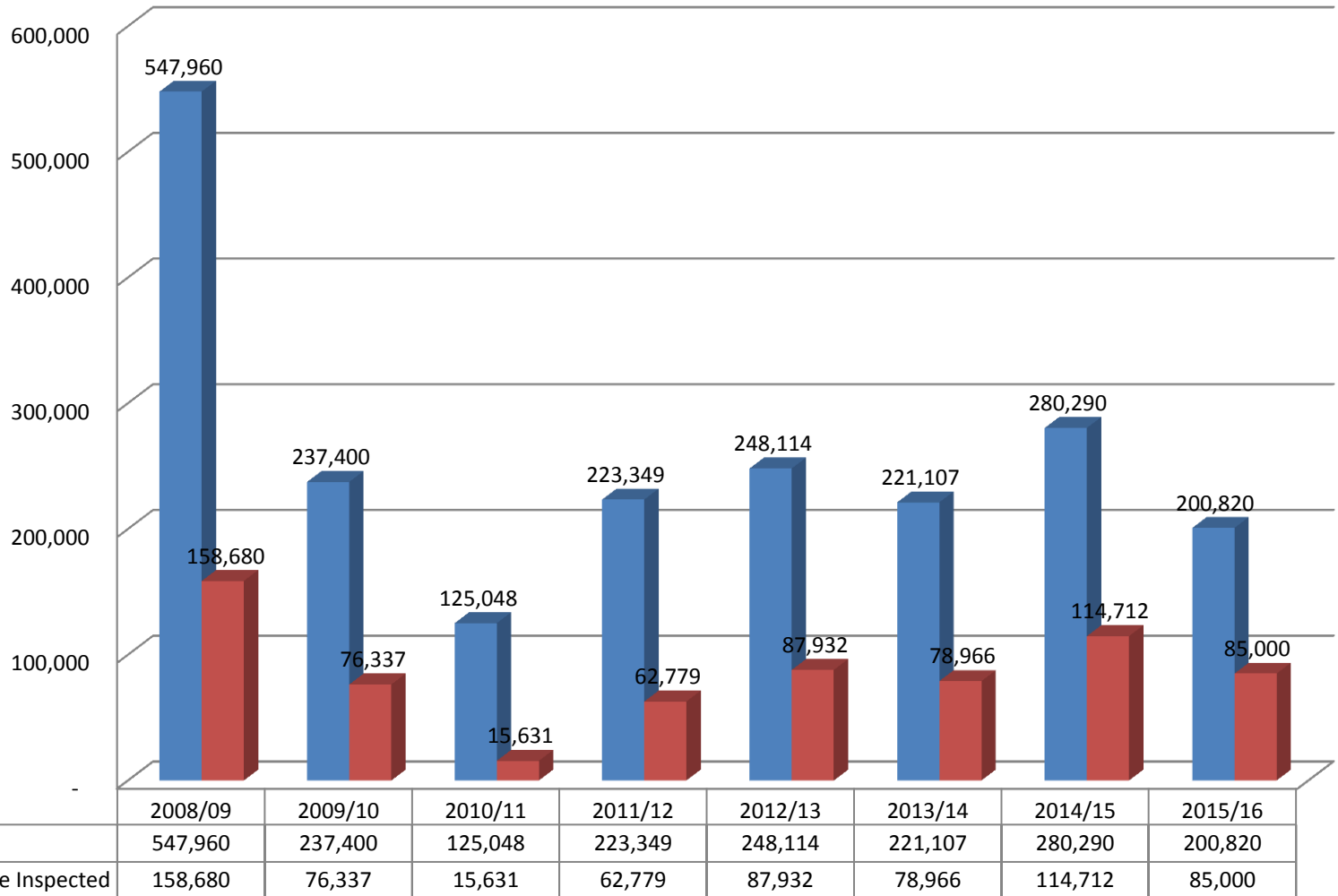
	2008	2009	2010	2011	2012	2013	2014	2015
— Enrolments	42,228	26,903	31,458	37,671	42,792	48,879	47,548	51,460
— Plans Approved	82,267	53,506	46,524	52,240	49,211	50,584	51,776	53,018

% of active builders for 2015/2016

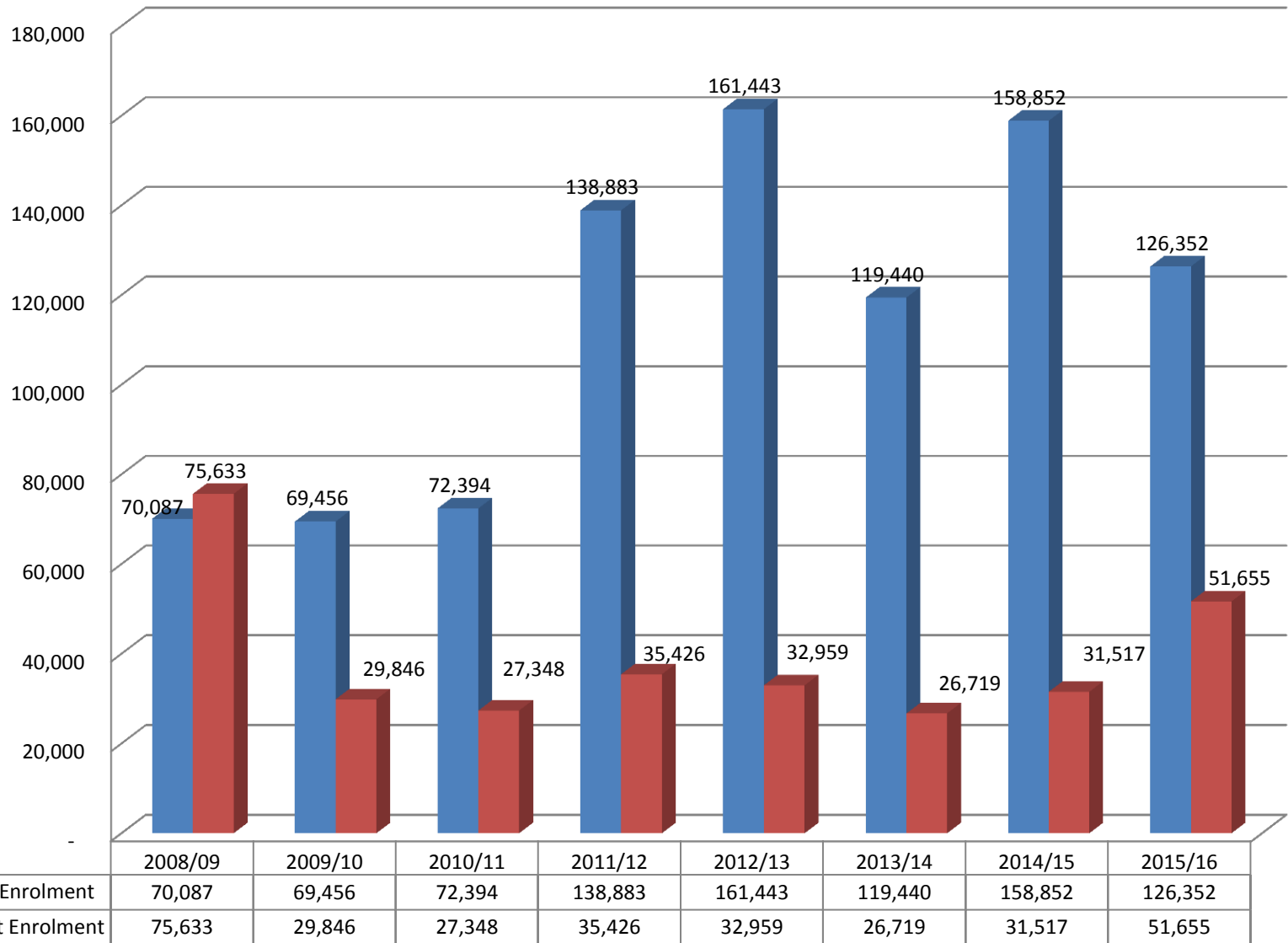
% of active builders



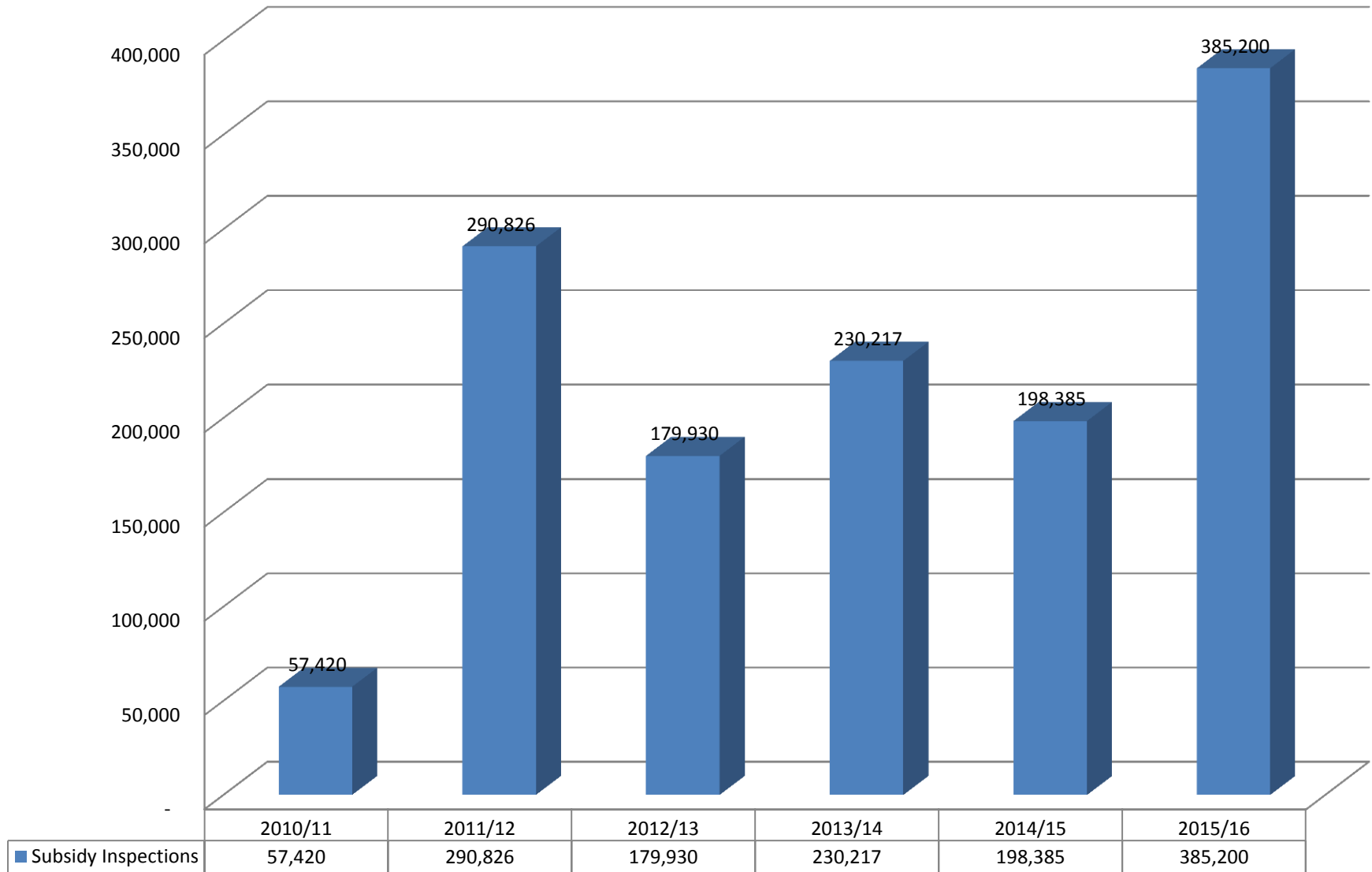
Non-Subsidy Inspections Trends



Subsidy Home Enrolment Trends



Subsidy Inspections Trends



Number of inspectors per province

Region	Senior Home Inspector	Home Inspector	Contract	Total
NHBRC Eastern Cape	6	24	3	33
NHBRC Free State	5	10	0	15
NHBRC Gauteng	10	7	3	20
NHBRC Kwa-Zulu Natal	9	21	6	36
NHBRC Limpopo	11	13	0	24
NHBRC Mpumalanga	7	7	4	18
NHBRC North West	10	17	0	27
NHBRC Northern Cape	3	5	0	8
NHBRC Western Cape	5	10	3	18
Sub Total	66	114	19	199

NHBRC Inspections

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16 projections	2016/17 projections	2017/18 projections	2018/19 projections
Non-Subsidy inspections	547,960	237,400	125,048	223,349	248,114	221,107	234,444	385,200	408,312	432,811	458,779
Subsidy Inspections	-	-	57,420	290,826	179,930	230,217	210,300	200,820	212,869	225,641	239,180
TOTAL	547,960	237,400	182,468	514,175	428,044	451,324	444,744	586,020	621,181	658,452	679,959
# inspections/# inspectors per annum per inspector							2,280	2,790	2,958	3,135	3,238
# inspections/# inspectors per month per inspector							190	232	246	261	269
# inspections/# inspectors per day per inspector							10	12	12	13	14
# of inspections per hour							2	2	2	2	2

Disciplinary Committee hearings for 2014/2015

Provinces	Suspensions	Total DC hearings	Not guilty Verdict	Warning	Fine Imposed	Registration withdrawn	Matters postponed	Charges withdrawn
WC	57	39	0	3	18	2	9	7
KZN	11	28	0	0	16	2	4	6
GP	12	56	1	22	7	1	7	4
EC	4	16	0	0	15	0	1	0
MP	19	10	1	1	4	2	2	0
LP	79	40	2	1	19	1	10	7
NW	8	25	0	1	14	1	1	2
NC	0	4	0	2	1	0	0	0
FS	3	14	0	2	3	0	2	1
TOTAL	193	232	4	32	97	9	36	27

What is the role of NHBRC Inspector?

- Appointed to conduct risk based inspections
- Appointed to enforce compliance to quality standards and norms
- Appointed to enforce compliance to geological reports, civil, structural and architectural designs
- Ensure that homebuilders comply with homebuilding manual and National building regulations
- Examine building before, during and after construction (BQIH)
- Identify the need and facilitate the training as per NHBRC mandate.
- Investigates complaints of unsafe structures

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 Inspector

- 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 inspector

- On completion of the qualification, Home Building Inspectors need to be recognised as professional inspectors
- NHBRC exploring the possibility of professional registration with Construction Management Professionals.

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.
- Deployed NHBRC Engineers to all Provincial Human Settlements Departments

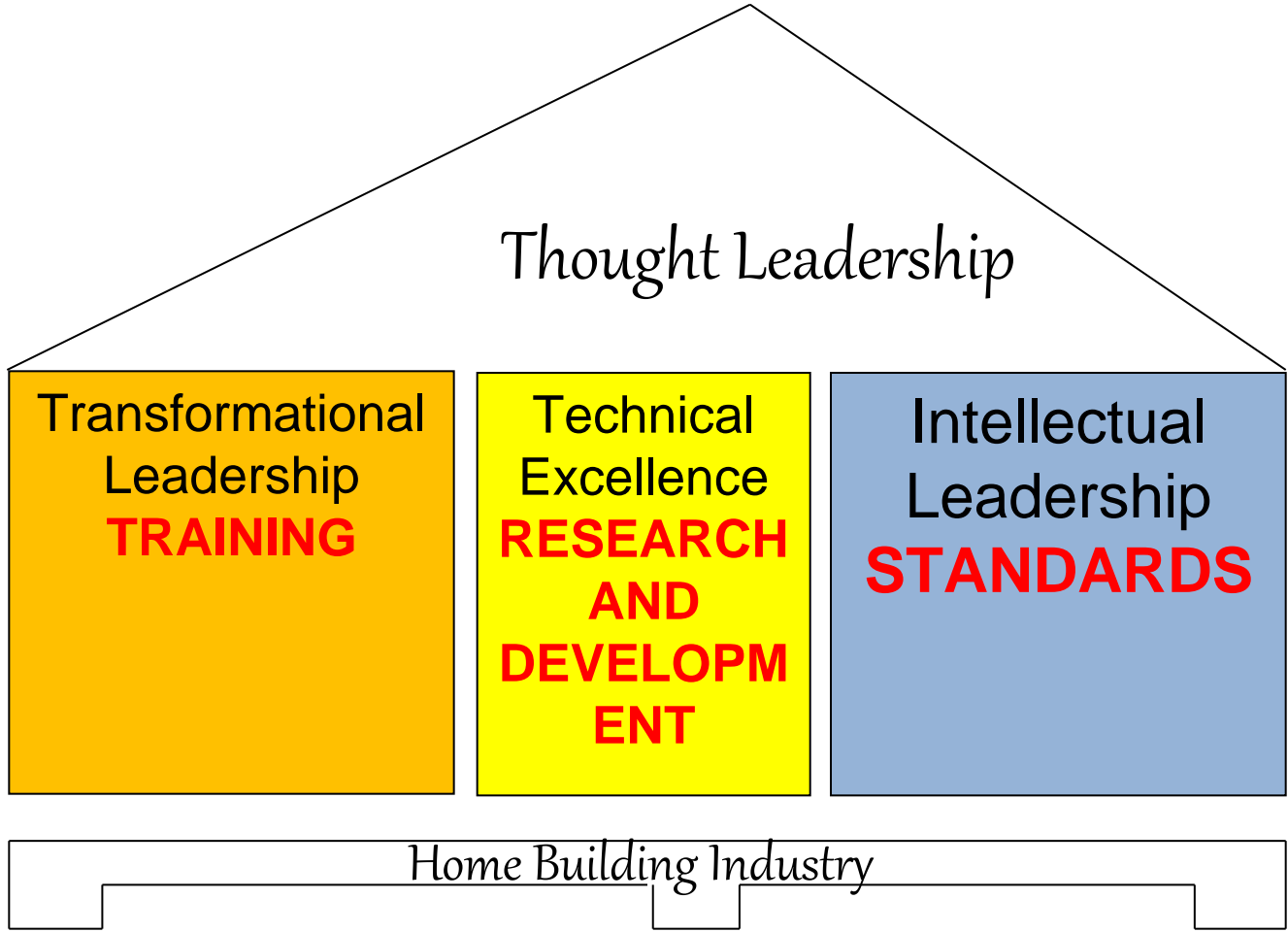
Centre for research and innovation

- 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

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

Key Pillars of the Centre



■ 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

- 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

R and D 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

R and D offerings

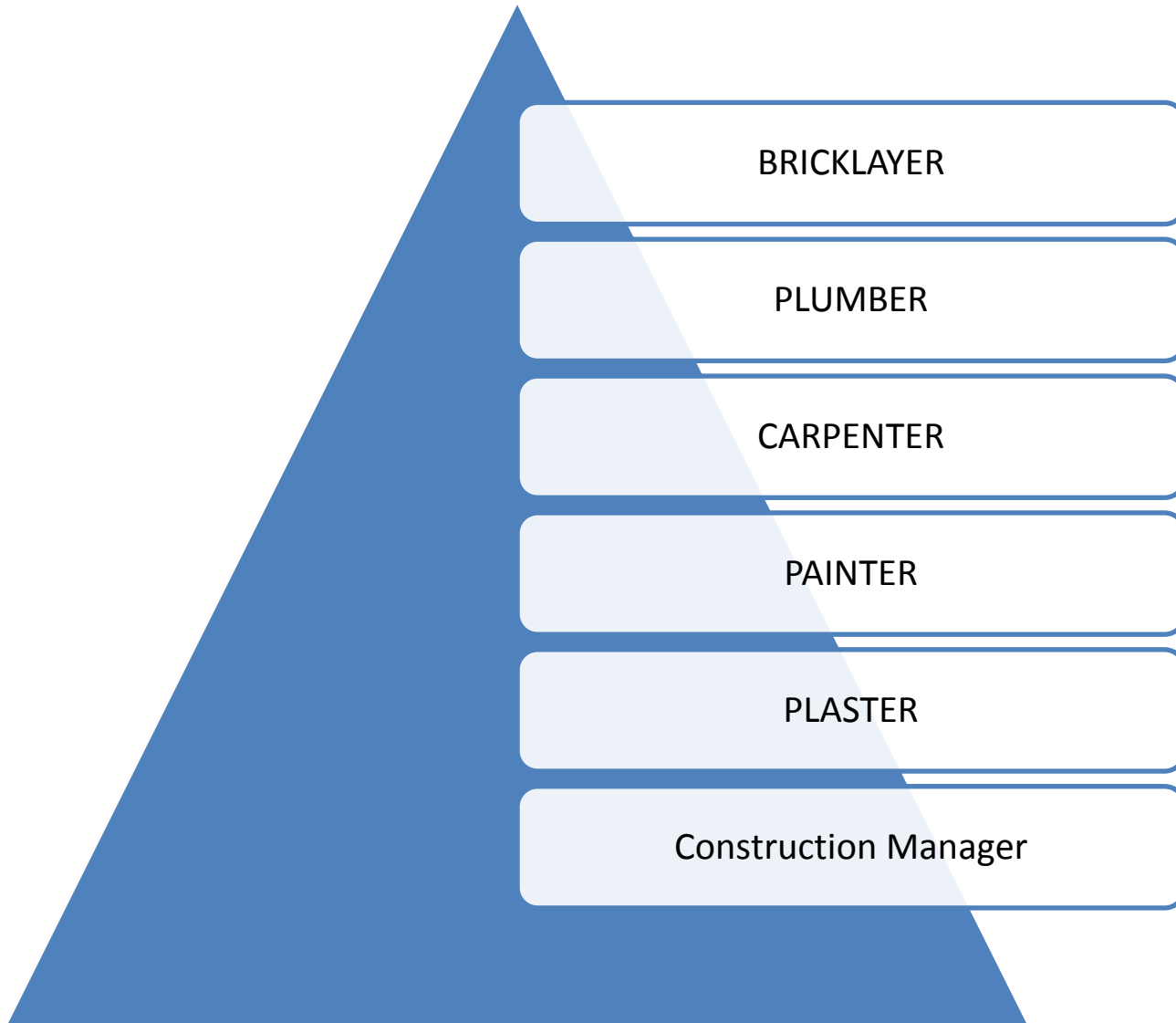
■ Knowledge Management

- 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 NHBRC; and
- Develop and improve mobile inspection solutions

Core Pillars



Homebuilder Training Courses



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



Special Research Projects

- 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
- Agreement SA
- Centre for Scientific and Industrial Research
- Engineering Council of South Africa

Women Empowerment Programme

- Women Empowerment Programme is an NHBRC initiative launched in March 2014 to celebrate 20 years of democracy.
- The programme aims to empower 100 women with existing businesses with entrepreneurial support, so as to assist them to build and grow their enterprises.
- Final candidates were selected by a Panel of senior female managers from the industry organisations such as MBSA, SAWIC, BBCBE, CIDB and NDHS.

Women Empowerment Programme

- Programme comprises of four months academic training on business management skills and enterprise development followed by six-months of mentorship by industry experts.
- First 20 candidates have completed the course and now busy with mentorship programme
- Programme is offered in partnership with the Gordon Institute of Business Science(GIBS), supported by the City Press as a media partner.

FINANCE PART

Budget presentation 2014/2015- 2018/2019



Strategic initiatives in execution

- SAP Implementation
- Unified communications project
- Marketing drive
- Insourcing of inspectorate
- Centre for Innovation and Research
- Construction of new buildings
- Human Capital Revamp
- Forensic engineering works

Guiding principles – Budget formulation

- Five year budget to enable the strategic plan of the NHBRC – **alignment of financial resources with strategic objectives.**
- Five year budget to set the direction in ensuring the financial viability of the NHBRC – **appropriate risk management in cost structure and balance sheet management**
- Actuarial **warranty fund losses to be reduced** over the 5 year planning period
- **Warranty fund assets and related investment activities** to be used to cover **warranty fund liabilities and economic capital requirements**
- Operational requirements to be funded out of revenue generated for period – **aspire for break even position on operating activities**
- Budget to embed a **culture of accountability, efficiency, value and innovation**

Assumptions

Average Consumer Price Index – CPI
 Salary escalation
 Escalation - all other expenses
 Employee numbers
 Accommodation cost per night – Treasury guideline
 Flight

	Budget				
	2015/16	2016/17	2017/18	2018/19	2019/20
Average Consumer Price Index – CPI	5.5	5.5	5.5	5.5	5.5
Salary escalation	7	7	7	7	7
Escalation - all other expenses	5.5	5.5	5.5	5.5	5.5
Employee numbers	714	714	714	714	714
Accommodation cost per night – Treasury guideline	R1,300		Escalated at CPI		
Flight	R4,000		Escalated at CPI		

Five year projected Income Statement

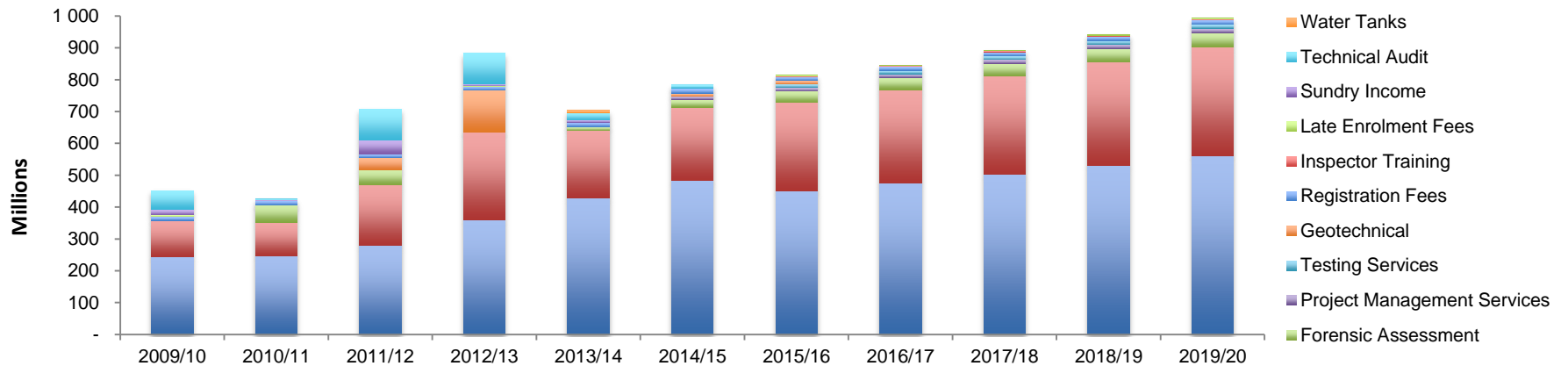
	Actual		FYF	Budget				
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Revenue								
Registration Fees	12,579,811	14,392,618	15,433,592	11,404,668	12,031,925	12,693,681	13,391,833	14,128,384
Enrolment Non Subsidy	360,945,605	428,292,299	484,309,517	452,338,733	477,217,363	503,464,318	531,154,855	560,368,373
Enrolment Subsidy	274,291,883	212,953,638	229,321,687	276,668,334	291,885,093	307,938,773	324,875,405	342,743,552
Other	236,171,642	47,683,974	54,419,488	72,752,050	76 753 413	80 919 236	85 316 960	89 959 200
Total	883,988,941	703,322,529	783,484,283	813,163,785	857 887 793	905 016 007	954 739 054	1 007 199 509
Percentage growth		-20%	9%	4%	4%	6%	6%	6%
Operating expenses								
Operating expenses	295,659,490	89,547,048	37,535,496	53,446,633	56,386,198	59,487,439	62,759,248	66,211,007
General and administration	6,005,298	4,380,287	3,930,159	7,985,320	8,424,513	8,887,861	9,376,693	9,892,411
Council related costs	3,307,114	6,219,385	5,936,925	7,160,000	7,553,800	7,969,259	8,407,568	8,869,984
Permanent staff costs	195,008,551	245,534,932	373,858,702	449,691,082	474,424,091	500,517,416	528,045,874	557,088,397
General costs	78,278,291	100,358,754	151,585,611	171,911,991	183,867,151	191,479,844	202,011,236	213,121,854
Other expenses	48,241,824	50,018,036	57,164,618	97,673,774	102,045,832	105,158,352	110,942,062	117,043,875
Total	626,500,568	496,058,441	630,011,512	787,868,800	832,701,584	873,500,172	921,542,681	972,227,528
Percentage growth		-21%	21%	32%	7%	5%	6%	6%
Profit from operating activities before amortisation and depreciation	257,488,372	207,264,088	153,472,772	25,294,985	25 186 209	31 515 835	33 196 373	34 971 981
Amortisation and Depreciation								
Amortisation	5,632,407	4,099,373	2,008,705	15,952,476	22,599,373	22,599,373	22,599,373	22,599,373
Depreciation	6,175,135	6,029,503	9,143,708	9,214,000	10,884,000	11,817,333	12,750,667	14,217,333
	11,807,542	10,128,876	11,152,413	25,166,476	33,483,373	34,416,707	35,350,040	36,816,707
Profit from operating activities	245,680,830	197,135,211	142,320,359	128,508	-8 297 164	-2 900 872	-2 153 667	-1 844 726
Investment income								
Interest received	199,174,778	218,047,368	236,931,855	275,000,000	284,625,000	296,010,000	309,330,450	324,796,973
Investment expenses	133,484,519	87,419,947	4,588,371	-10,500,000	-11,077,500	-11,686,763	-12,329,534	-13,007,659
Net investment income	332,659,297	305,467,315	241,520,226	264,500,000	273,547,500	284,323,238	297,000,916	311,789,314
Net profit for the period	578,340,127	502,602,526	383,840,585	264,628,508	265 250 336	281 422 366	294 847 249	309 944 588

* - includes accounting profits on investments

2015/16 Budget - quarterly breakdown

	QUARTER 1 2015/16	QUARTER 2 2015/16	QUARTER 3 2015/16	QUARTER 4 2015/16	GRAND TOTAL 2015/16
Revenue					
Registration Fees	2 280 934	3 421 400	2 965 214	2 737 120	11 404 668
Enrolment Non Subsidy	117 608 071	122 131 458	108 561 296	104 037 909	452 338 733
Enrolment Subsidy	83 000 500	83 000 500	55 333 667	55 333 667	276 668 334
Other	18 915 533	19 643 054	17 460 492	16 732 972	72 752 050
Total	221 805 037	228 196 412	184 320 668	178 841 667	813 163 785
Operating expenses					
Operating expenses	13 587 327	14 584 990	12 930 125	12 344 192	53 446 633
General and administration	1 996 330	1 996 330	1 996 330	1 996 330	7 985 320
Council related costs	1 790 000	1 790 000	1 790 000	1 790 000	7 160 000
Permanent staff costs	112 422 770	112 422 770	112 422 770	112 422 770	449 691 082
General costs	42 977 998	42 977 998	42 977 998	42 977 998	171 911 991
Other expenses	24 418 444	24 418 444	24 418 444	24 418 444	97 673 774
Total	197 192 868	198 190 532	196 535 666	195 949 734	787 868 800
Profit from operating activities before amortisation and depreciation	24 612 169	30 005 880	-12 214 998	-17 108 067	25 294 985
Amortisation and Depreciation					
Amortisation	3 988 119	3 988 119	3 988 119	3 988 119	15 952 476
Depreciation	2 303 500	2 303 500	2 303 500	2 303 500	9 214 000
	6 291 619	6 291 619	6 291 619	6 291 619	25 166 476
Profit from operating activities	18 320 550	23 714 261	-18 506 617	-23 399 686	128 508
Investment income					
Interest received	68 750 000	68 750 000	68 750 000	68 750 000	275 000 000
Investment expenses	-2 625 000	-2 625 000	-2 625 000	-2 625 000	-10 500 000
Net investment income	66 125 000	66 125 000	66 125 000	66 125 000	264 500 000
Net profit for the period	84 445 550	89 839 261	47 618 383	42 725 314	264 628 508

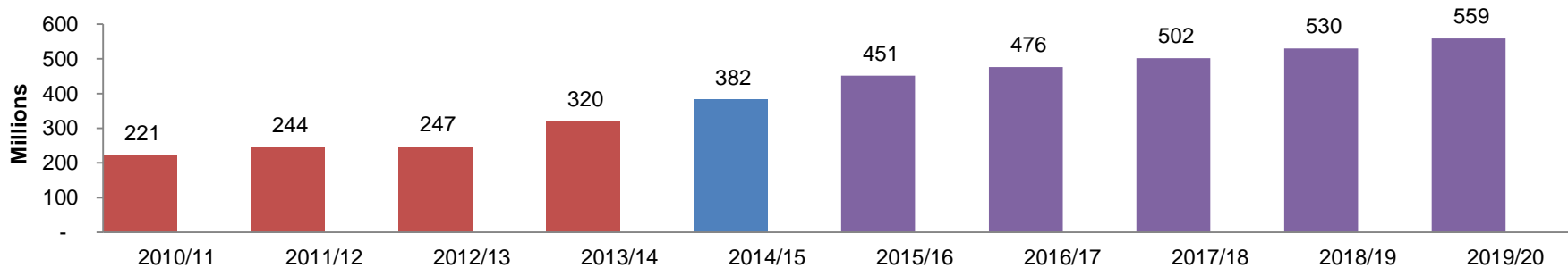
Revenue



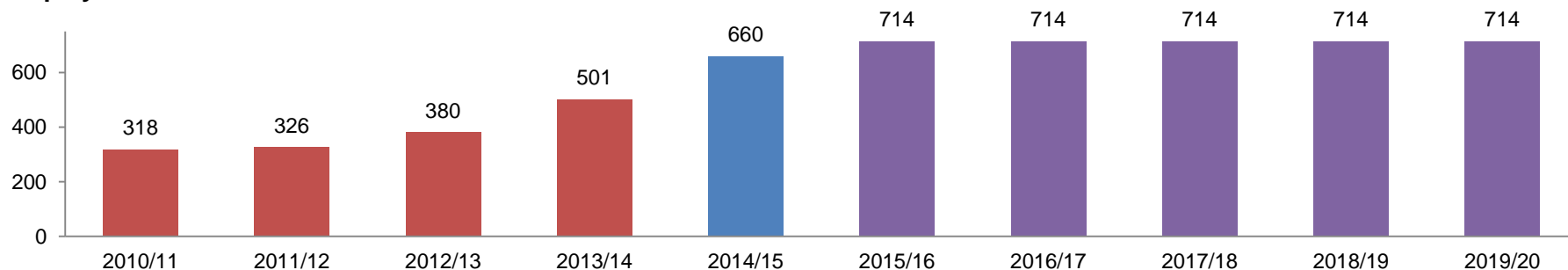
Description	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14	FYF 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
Non Subsidy Enrolment Fees	243,946,282	246,381,769	279,024,444	360,945,605	428,292,299	484,309,517	452,338,733	477,217,363	503,464,318	531,154,855	560,368,373
Subsidy enrolment fees	114,436,656	105,295,032	191,306,798	274,291,883	212,953,638	229,321,687	276,668,334	291,885,093	307,938,773	324,875,405	342,743,552
Forensic Assessment		55,160,040	45,951,954	-	11,028,852	24,077,400	35,000,000	36,925,000	38,955,875	41,098,448	43,358,863
Project Management Services	-	-	-	-	-	10,460,987	12,000,000	12,660,000	13,356,300	14,090,897	14,865,896
Testing Services	-	-	-	-	-	-	10,000,000	10,550,000	11,130,250	11,742,414	12,388,247
Geotechnical	-	-	39,143,388	132,038,580	-	8,909,130	12,000,000	12,660,000	13,356,300	14,090,897	14,865,896
Registration Fees	11,487,745	14,084,684	11,931,761	12,579,811	14,392,618	15,433,592	11,404,668	12,031,925	12,693,681	13,391,833	14,128,384
Inspector Training							3,250,000	3,428,750	3,617,331	3,816,284	4,026,180
Late Enrolment Fees	5,522,756	602,351	212,606	657,626	44,075	784,699	502,050	529,663	503,180	478,021	454,120
Sundry Income	17,156,326	903,689	41,980,039	6,277,447	6,795,620	1,463,760	-	-	-	-	-
Technical Audit	59,660,993	3,411,805	99,019,283	97,197,987	23,973,782	8,723,512	-	-	-	-	-
Water Tanks	-	-	-	-	5,841,645	-	-	-	-	-	-
	452,210,758	425,839,370	708,570,273	883,988,941	703,322,529	783,484,283	813,163,785	857,887,793	905,016,007	954,739,054	1,007,199,509
Year on Year increase		-6%	66%	25%	-20%	11%	4%	4%	5%	5%	5%

Employee benefit costs

Employee Benefit Costs

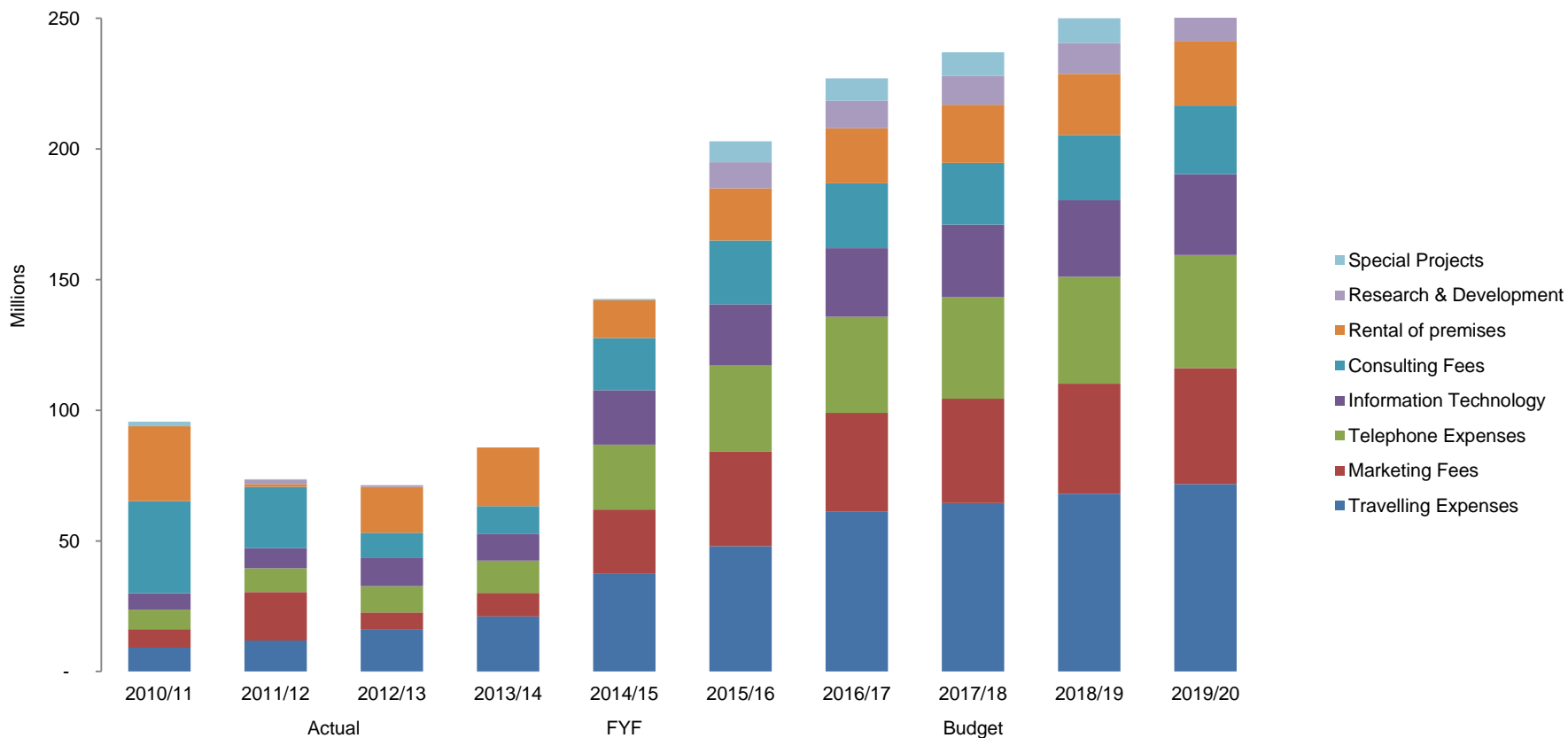


Employee numbers



Operating costs (excluding employee benefits)

Top Eight Operating Costs (excluding employee benefits, technical services and depreciation) over time



Capital expenditure

Asset		Rands
1	Computer equipment	7,000,000
2	SAP implementation	91,500,000
3	Office furniture	3,460,000
4	Motor vehicles	10,000,000
5	Office equipment	11,040,000
6	Land and building	67,000,000
	Total	190,000,000

Programme 1: Administration

Section\Finance	2015/2016 financial year		MTSF period	
	Revenue (income)	Expenditure	Revenue (income)	Expenditure
Business Management Solution	None	67,859,065	None	296,957,648
Human Capital	None	29,895,772	None	149,478,859
Facilities Management	None	22,637,769	None	106,314,242
Finance	None	17,334,767	None	86,673,833
Audit Management	None	12,789,492	None	63,947,462
TOTAL FOR PROGRAMME		150,516,865		703,372,044

Programme 2 : Regulation

	2015/2016 year		MTSF period	
	Revenue (Income)	Expenditure	Revenue (income)	Expenditure
Registration of home builders	4,612,000	Expenditure included in staff cost	26,033,102	Expenditure included in staff cost
Renewal of home builders registration	7,683,000	Expenditure included in staff cost	44,460,004	Expenditure included in staff cost
Inspection (Subsidy + Non-Subsidy)	None	170,557,129	None	852,785,643
Legal, Compliance + Enforcement	None	30,166,480	None	150,832,400
TOTAL FOR PROGRAMME	12,295,000	200,723,609	70,493,106	1,003,618,043

Programme 3: Consumer Protection (Sub Programme 1 Subsidy Sector)

	2015/2016 year		MTSF period	
	Revenue (Income)	Expenditure	Revenue (Income)	Expenditure
Project Enrolment units	42,791,000	Expenditure included in staff cost	346,916,800	Expenditure included in staff cost
Home Enrolment units	37,149,216	Expenditure included in staff cost	220,927,260	Expenditure included in staff cost
Consolidation	182,209,445	Expenditure included in staff cost	1,140,452,498	Expenditure included in staff cost
Late Enrolment of homes	502,050	Expenditure included in staff cost	3,696,222	Expenditure included in staff cost
Stakeholder Relations Management	None	11,874,435	None	59,372,177
Risk section	None	14,902,091	None	74,510,456
TOTAL FOR PROGRAMME	262,651,711	26,776,526	1,711,992,780	133,882,633

Programme 3: Consumer Protection (sub programme 2) Non-Subsidy

	2015/2016 year		MTSF period	
	Revenue (Income)	Expenditure	Revenue (Income)	Expenditure
Enrolments	414,474,000	Expenditure included in staff cost	2,830,987,641	Expenditure included in staff cost
Communications Management	None	36,147,377	None	180,736,885
Centre for research and innovation	10,000,000 Testing services	70,000,000	68,422,664 Testing services	350,000,000
Education and training	3,250,000 Inspector training to the sector	3,500,000	20,612,366 Inspector training to the sector	17,500,000
TOTAL FOR PROGRAMME	427,724,000	109,647,377	2,920,022,671	548,236,885

Five year projected Balance Sheet

	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
	R	R	R	R	R
ASSETS					
Non-current assets	5 538 238 138	5 874 396 526	6 214 220 292	6 576 241 897	6 964 115 463
Property, plant and equipment	180 779 130	177 895 129	174 077 795	169 327 128	167 109 794
Intangible Asset	170 122 452	147 523 078	124 923 704	102 324 332	79 724 957
Investments	5 187 336 557	5 548 978 319	5 915 218 792	6 304 590 439	6 717 280 712
Current assets	138 714 396	137 196 977	139 584 708	139 938 283	141 092 863
Inventories	207 808	222 354	237 917	254 571	272 378
Accounts receivables	29 324 242	27 915 992	31 013 074	31 987 096	33 051 275
Cash and cash equivalents	109 182 345	109 058 631	108 333 717	107 696 616	107 769 210
	<u>5 676 952 533</u>	<u>6 011 593 503</u>	<u>6 353 804 999</u>	<u>6 716 180 181</u>	<u>7 105 208 325</u>
EQUITY AND LIABILITIES					
Reserves	4 189 387 488	4 441 977 823	4 710 043 890	4 990 800 241	5 285 878 934
Accumulated Surplus	4 145 967 661	4 405 942 996	4 681 800 238	4 970 776 279	5 274 526 744
Emerging contractor Reserves	43 419 827	36 034 827	28 243 652	20 023 962	11 352 190
Current liabilities	196 475 510	207 516 220	206 746 180	209 329 189	219 895 850
Accounts payable	191 628 776	202 468 682	201 698 641	204 281 651	214 848 312
Provisions	4 846 734	5 047 539	5 047 539	5 047 539	5 047 539
Technical liabilities	1 291 089 534	1 362 099 459	1 437 014 929	1 516 050 750	1 599 433 541
Provision for outstanding claims	42 091 514	44 406 548	46 848 908	49 425 598	52 144 006
Provision for unearned premium	603 266 452	636 446 107	671 450 643	708 380 428	747 341 352
Provision for unexpired risk	645 731 568	681 246 804	718 715 378	758 244 724	799 948 184
	<u>5 676 952 533</u>	<u>6 011 593 503</u>	<u>6 353 804 999</u>	<u>6 716 180 181</u>	<u>7 105 208 325</u>

Five year projected Cash Flow Statement

	2014/2015	2015/2016	2016/2017	2016/2017	2017/2018	2018/2019
	R	R	R	R	R	R
Cash generated from operations	(24 267 164)	76 001 533	(52 048 561)	(55 724 402)	(59 091 248)	(159 980 793)
Interest Paid	-	-	-	-	-	-
Interest Received	211 570 000	275 000 000	284 625 000	296 010 000	309 330 450	324 796 973
Cash flow from operating activities	187 302 836	351 001 533	232 576 439	240 285 599	250 239 202	164 816 179
Investing activities						
Additions to property, plant and equipment	-	(98 500 000)	(8 000 000)	(8 000 000)	(8 000 000)	(12 000 000)
Additions to intangible asset	(50 000 000)	(91 500 000)	-	-	-	-
Withdrawals/(Additions) to investments	-	400 000 000	-	-	-	-
Purchase of financial assets	(1 110 311 364)	(1 267 808 596)	(986 667 187)	(1 046 222 267)	(1 092 101 917)	(1 137 754 947)
Proceeds on sale of financial assets	973 008 527	705 855 825	761 967 034	813 211 754	849 225 614	985 011 361
Cash flow from investing activities	(187 302 837)	(351 952 771)	(232 700 154)	(241 010 514)	(250 876 303)	(164 743 586)
Cash flow from financing activities						
Decrease in long term liability	-	-	-	-	-	-
Net decrease in cash and cash equivalents	(0)	(951 238)	(123 714)	(724 914)	(637 101)	72 594
Cash and cash equivalents at beginning of year	110 133 584	110 133 584	109 182 345	109 058 631	108 333 717	107 696 616
Cash and cash equivalents at the end of the year	110 133 584	109 182 345	109 058 631	108 333 717	107 696 616	107 769 210

Challenges within the built environment

- 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.
- Builders using unapproved building plans by local authorities.

Conclusion

- The main focus for MTSF is the full execution of the mandate of NHBRC.
- Support the Ministers Goal of delivering 1.5m housing opportunities
- Continue to ensure that all homes built in South Africa are enrolled with NHBRC to qualify for cover under the warranty fund and ensure that quality of the products.
- Provide technical excellence within the home building industry and constant communication with all stakeholders.

Conclusion

- Capacitate the NHBRC focusing in key critical areas to ensure quality and deal with poor workmanship.
- Improve on our turn-around times and ensure visibility.
- Improve planning and coordination with provincial and local authorities to ensure that all projects are enrolled with NHBRC.
- Providing necessary contribution and development of human settlements and housing delivery process by protecting housing consumers and regulating the home building environment.



THANK YOU!