

NATIONAL HOME BUILDERS

**NHBRC**

REGISTRATION COUNCIL

ANNUAL REPORT 2023



ASSURING QUALITY HOMES



**ANNUAL  
REPORT**  
2022/2023

[www.nhbrc.org.za](http://www.nhbrc.org.za)

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**PART A  
GENERAL  
INFORMATION**

# PART A:

## GENERAL INFORMATION

### 1.1 PUBLIC ENTITY'S GENERAL INFORMATION

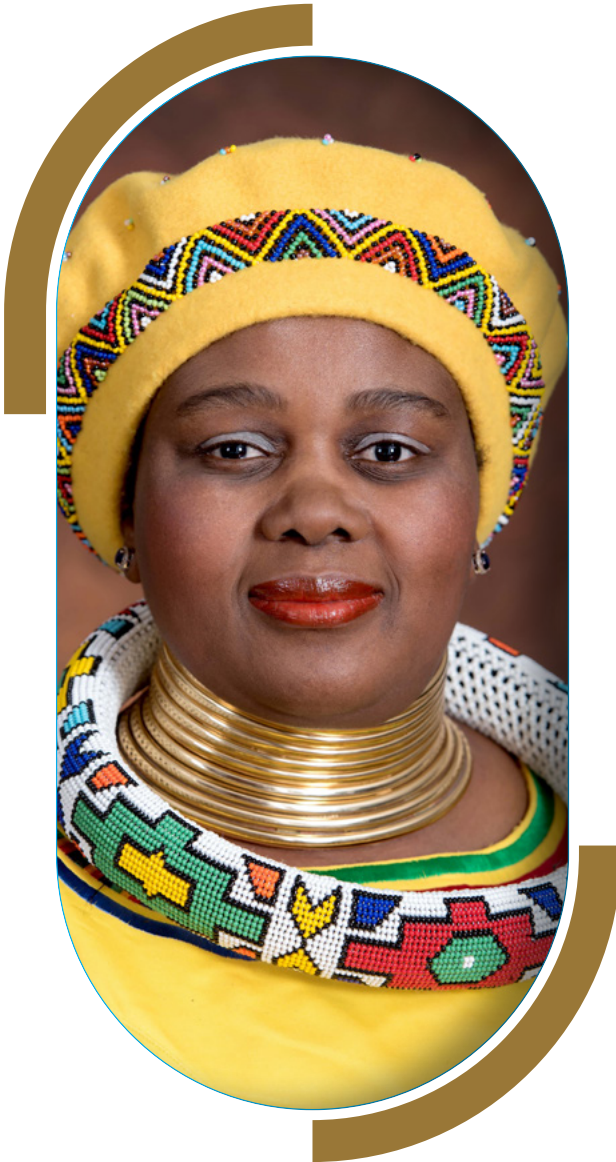
*Table 1: NHBRC General Information*

Registered name of the public entity	NATIONAL HOME BUILDERS REGISTRATION COUNCIL
Registration Numbers	N/A
Registered Office address	27 Leeuwkop Road, Sandton, Sunninghill, Johannesburg, 2157
Postal Address	PO Box 461, Randburg, 2125
Contact telephone numbers	(011) 317 0000
Email address	thenhbrc@nhbrc.org.za
Website address	www.nhbrc.org.za
External Auditors Information – External Auditor's Name and Address	Auditor-General of South Africa 4 Davenry Street Lynnwood Bridge Office Park, Lynnwood Manor, Pretoria, 0081
Bankers Information – Name of Bank and Address of Bank	First National Bank - 4 First Place, 3rd floor BankCity, Johannesburg
Company Secretary	Mr. Andile Yabo



## 1.2 LIST OF ABBREVIATIONS/ACRONYMS

APP	Annual Performance Plan
ARCO	Audit and Risk Committee
BEE	Black Economic Empowerment
CEO	Chief Executive Officer
CPI	Consumer Price Index
ERM	Enterprise Resource Management
EXCO	Executive Committee
FAFC	Fund Advisory and Finance Committee
GDP	Gross Domestic Product
GRAP	Standards of Generally Recognised Accounting Practice
HCREMCO	Human Capital and Remuneration Committee
IA	Internal Audit
IAC	Industry Advisory Committee
MTEF	Medium-term Expenditure Framework
MTSF	Medium-term Strategic Framework
NHBRC	National Home Builders Registration Council
OHS	Occupational Health and Safety
PFMA	Public Finance Management Act
RMSC	Risk Management Steering Committee
SACPCMP	South African Council for the Project and Construction Management Professions
SETC	Social Ethics and Transformation Committee
SHE	Safety, Health and Environment
MP	Member of Parliament



### 1.3 FOREWORD BY THE MINISTER

Beyond providing dignified shelter to the homeowner, modern houses are also required to improve the quality of life of the environment in which they are located. In addition, modern houses must be climate change resilient so that they can withstand the extreme climate conditions that are becoming more common. New Innovative Building Technologies that are environmentally sustainable and easy to deploy have become readily available in the market. This new building paradigm, with a broadened consumer protection framework, will require an adaptive and agile National Home Builders Regulatory Council (NHBRC) to take the lead as a centre of home building excellence.

The emerging paradigm also coincides with the introduction of the Consumer Protection Bill which is currently before parliament. Once adopted and ascended to law, it will empower the NHBRC to deal with current inefficiencies related to inadequate protection of housing consumers, the transformation of the industry, the high risk of litigation, the inadequate enforcement powers, the ineffective alternative dispute resolution mechanism, and the excessive turnaround time of the current enforcement procedures.

Central to consumer protection is the inspectorate, which is a preventative measure. In line with the new bill, the professionalization of building inspectors to respond effectively and carry out their building inspections in a regulated and professional manner, should be implemented as a matter of urgency. I am pleased to learn that the NHBRC has partnered with the South African Council for the Project and Construction Management Professions to support, empower, and develop our inspectors to respond to the new developments in the home-building industry. Not only will this enhance the provision of high-quality inspection of homes to protect the housing consumers, but it will also minimise the claims against the Warranty Fund.

In addition to competence, the inspectors must be people of high ethical standards. These two principles are important in the delivery of human settlements in that those who are tasked to deliver human settlements must have the competence to do so and those who are tasked with inspecting the work must exhibit high ethical standards. Moreover, practitioners in the human settlements sector value chain must exhibit high ethical standards and conduct to successfully protect the public interest. Where there is moral and ethical failure, the NHBRC must be visible and act to take the corrective action so that wayward behavior is discouraged.

It is encouraging that the NHBRC has met all its transformation targets. More importantly, the special focus on developing and empowering women, youth, military veterans and people with disabilities is growing in leaps and bounds. The training programmes, in partnership with institutions of

higher learning to create more skills, are necessary. I therefore welcome the partnership with accredited TVET colleges across the country, through which the NHBRC trained 1 888 women, 1 848 youth, 170 military veterans and 261 people with disabilities. In addition, the NHBRC sponsored 805 artisans enrolled at different institutions of higher learning during the financial year under review, in support of the National Development Plan - which aims to produce 30 000 qualified artisans per year by 2030.

On procurement from designated groups, it is reassuring that the NHBRC met its targets with regards to women and youths. However, it is clear that more efforts are required to empower, train and procure from businesses owned by persons with disabilities. I am confident that this gap will be filled in the new financial year.

Entities of government are important elements in the fulfilment of the electoral mandate which the people of South Africa have entrusted with the government of the day. To discharge this responsibility, the NHBRC must embark on a path to becoming a centre of excellence for the built environment.

Let me thank the Council, led by Chairperson Ms. Nomusa Mufamadi, and welcome the recently appointed Deputy Chairperson, Dr Bongani Ngqulunga. Let me also thank the executives led CEO Mr Songezo Boo and the entire staff for their continued dedication and hard work.



**Mmamoloko Kubayi, MP**

**Minister of Human Settlements**



## 1.4 FOREWORD BY THE CHAIRPERSON OF COUNCIL

It is a great honour and privilege to present the Annual Report of the National Home Builders Registration Council (NHBRC) for the 2022/23 financial year to our stakeholders and the public at large.

As Council, we have continued in our commitment to provide an oversight role as the regulator of the home building industry as set out in the Housing Consumers Protection Measures Act, Act No. 95 of 1998. We remain committed to our core purpose of raising standards in housing construction.

The home building sector has demonstrated remarkable resilience, rebounding from the effects of the COVID-19 pandemic with the volumes in new registrations and enrolments back to the levels we saw in 2019. The squeeze on household incomes brought on by increasing interest rates, high inflation and over indebtedness is exacerbated by energy and commodity price inflation resulting from the war in Ukraine. This may dent consumer confidence and dampen demand, at least for privately funded homes. We, however, remain concerned about the potential impact on registrations, volumes, house price inflation and claims against our warranty fund.

Furthermore, government is constrained by budget cuts to accommodate other important societal needs. These will affect delivery in government-funded homes.

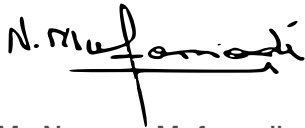
We introduced innovations aimed at increasing consumer awareness. We launched an on-line registrations and renewals platform and we are now moving ahead with digitising all our offerings.

The key to the effective delivery of our mandate was ensuring that the NHBRC is strategically capacitated at Executive Management levels. Council has since ensured that all Executive Management positions are filled. We have also focused our strategy on getting the NHBRC ready for the implementation of the Housing Consumer Protection Bill.

As Council, we have a vision of positioning the NHBRC as a centre of excellence by fostering strategic partnerships that promote skills development in the sector. We have also conducted research on the adoption of green-building technologies in the country. In this financial year, we are pleased to announce that we completed the Net Zero Energy Model House. The house is available for viewing at our innovation hub at the Eric Molobi Innovation Hub.

We are satisfied that with the transformational steps we introduced in the year under review, the NHBRC's future readiness has been enhanced. We are more ready than we have ever been to improve the quality

of service we render to the community. We would like to encourage our stakeholders to read this report with a view to contributing ideas that will help us serve them to their satisfaction. We value the feedback which you, the end-users of our offerings, give us from time to time. The guidance given to us by the Minister of Human Settlements, Honourable Ms Mmamoloko Kubayi, and the Deputy Minister of Human Settlements, Honourable Ms Pamela Tshwete, is immensely appreciated. The Council, as well as the management and staff of the NHBRC, face the tasks that lie ahead with renewed confidence.



**Ms Nomusa Mufamadi**  
**Chairperson of Council**



## 1.5 CHIEF EXECUTIVE OFFICER'S OVERVIEW

It is with great pleasure that I report on the National Home Builders Registration Council's (NHBRC) results for the year ended 31 March 2023. In the past years, we have experienced different challenges because of COVID-19, load shedding and the Russia-Ukraine war. We were impressed by how our employees have navigated such volatile and demanding times successfully. We believe that the most important assets of this company are its human resources and the potential strength that drives the NHBRC to be the organisation it is today. For this reason, R2,4 million was reinvested in training our employees to develop the human element and increase their skills to enhance and improve service offerings.

I am pleased to report that the Honourable Minister of Human Settlements approved the NHBRC's organisational structure during the period under review. Various governance structures are conducting continuous engagements and consultations with the NHBRC to ensure that the fit-for-purpose structure is implemented in line with applicable employment legislations.

### Performance of the Organisation

It has been another challenging year for our registered builders, housing consumers and our people, as we all had to adapt to the continually changing landscape. I am very proud of all that we have achieved together, delivering for the stakeholders whilst improving the NHBRC's financial stability.

In 2022/23, new registrations totalled 3 535, and membership renewal was 14 080. This performance shows a 2% drop in new registrations and membership renewals when compared to 2021/22, when the NHBRC approved 3 595 registrations and 14 395 renewals. Unfortunately, the current economic challenges have forced some of our homebuilders out of business.

For non-subsidy enrolments, the NHBRC enrolled 49 833 homes before the commencement of construction, whereas 1 002 applications for enrolment were received after construction commenced. Although the NHBRC charges additional fees, requires a financial bank guarantee and requires the homebuilder to appear before the Disciplinary Committee for late enrolment, this process poses a risk to the NHBRC as our inspectors cannot conduct inspections from the initial stages of construction. The enrolment of homes increased by 2% from 48 875, and late enrolment decreased by 18% from 1 227 in the previous financial year.

Compared to the previous financial year, there was an 8% decrease in subsidy home enrolments from 31 927 to 29 247. This indicates a decline in the number of homes being enrolled for subsidies. On the other hand, project enrolments increased by 12% from 23 616 in the previous financial year to 26 367 in the year under review. This suggests a growth in the number of projects being enrolled for approval.

These figures indicate a shift in the housing market, with a decrease in the number of subsidy homes being enrolled but an increase in project enrolments, potentially reflecting a greater focus on larger-scale housing developments or initiatives

## Financial Performance

As Management, we were heartened that the NHBRC heeded the National Treasury's call for state entities to tighten their belts in response to the COVID-19 pandemic and to exercise prudence in managing public funds. Cost containment measures, as guided by the measures issued by the National Treasury, were implemented during the reporting period. These measures contributed to extensive cost savings and will be continued.

Notably, the NHBRC's net surplus for the year was R397 million.

*Table 2: Financial performance summary for 2018/19 to 2022/23*

	2018/19	2019/20	2020/21	2021/22	2022/23
Surplus for the year (Rm)	585	137	737	1 284	396
Return on equity	10%	2%	11%	16%	5%
Total assets (Rm)	7 372	7 608	8 382	9 151	9 581
Total reserves (Rm)	5 761	5 896	6 604	7 916	8 313
<b>Total technical liabilities (Rm)</b>	<b>1 476</b>	<b>1 567</b>	<b>1 597</b>	<b>992</b>	<b>1 099</b>

## Supply Chain Management

In ensuring compliance and governance within our Supply Chain Management (SCM), we have developed and implemented a SCM Policy that has been aligned to the requirements stipulated in the National Treasury Regulations and all applicable legislations relating to SCM.

In the current financial year, we concluded and awarded 3 bids. These bids were advertised, evaluated and adjudicated in line with our own SCM processes and National Treasury Regulations.

## Training Within the Sector

To support the industry, we have continued to expand our training capacity with a special focus on developing and empowering women, youth, military veterans and people with disabilities. Through a partnership with accredited TVET colleges across the country, the NHBRC trained 1 888 women, 1 848 youth, 170 military veterans and 261 people with disabilities. In addition, the NHBRC sponsored 805 artisans enrolled at different institutions of higher learning during the financial year under review in support of the National Development Plan, which aims to produce 30 000 qualified artisans per year by 2030.

## Disciplinary Committee

During the 2022/23 financial year, 53 homebuilders were suspended for failing to comply with specific provisions of the Act, and the Disciplinary Committee adjudicated 307 matters. The offences before the Committee are generally in relation to a failure by the homebuilder to rectify major structural defects, failure to rectify workmanship-related defects, failure to enrol homes and code of conduct-related matters.

## Remedial Works

The NHBRC spent a total of R21 million from its warranty fund on rectification works. The current economic conditions have contributed to more homebuilders going out of business, resulting in their inability to fulfil

their obligations to rectify structural defects. As a result, the NHBRC had to utilize a significant amount of money from the warranty fund to cover the costs of remedial works. This highlights the importance of the NHBRC's role in protecting homeowners and ensuring that their homes meet the required standards, particularly in situations where builders are unable to fulfil their responsibilities.

## Recoveries

Recoveries included amounts disbursed from the Warranty Fund for the rectification of defects that arose as a result of the failure of homebuilders to honour their obligations to rectify defects. According to the Housing Consumer Protection Measures Act 95 of 1998, the recovery of monies continued to improve. This resulted from verdicts handed down by the Disciplinary Committee and payment of the penalties by the homebuilders, who abided by the Disciplinary Committee's rulings.

The NHBRC recovered R1,080 million during the 2022/23 financial year, which repressed an increase of 49% compared to R727 thousand that was recovered for the 2021/22 financial year.

## Inspection of Homes

Our core purpose remains to provide high-quality inspection of homes to protect the housing consumers and minimise the claims against the Warranty Fund. For the year under review, the NHBRC inspected 22 077 non-subsidy homes and 19 369 subsidy homes.

## Warranty Fund Sustainability

The NHBRC is a self-sustaining organisation that depends on the provisions of the Housing Consumers Protection Measures Act of 1998 and its ability to build up reserve funds. The main aim of the NHBRC as a warranty scheme is to ensure its ability to honour claims arising from the warranty cover period. The NHBRC's warranty fund, valued on a going concern principle by independent actuaries, was found to be both solvent and in a sound financial position as of 31 March 2023.

## Sustainability Reporting

The NHBRC remains financially stable and can carry out its statutory duties as stipulated in the Housing Consumers Protection Measures Act. The NHBRC is also governed by activities in the construction industry market. The residential building activity is expected to continue to reflect conditions regarding the economy, household finances, consumer confidence and other factors affecting the market for new and existing housing, which will show up in the demand for new housing.

The NHBRC adheres to the Public Finance Management Act 1 of 1999 (PFMA), National Treasury Regulations, and principles related to integrated sustainability reporting as stipulated in the King IV Report when it implemented its strategies and operations in the financial year under review.

## Anti-fraud and Corruption

As the Chief Executive Officer, I am committed to ethical behaviour and respect for corporate governance structures. In this regard, I am very grateful for the support of the Council members in the drive for an anti-fraud and anti-corruption culture within the NHBRC. In line with this and supporting the approved Risk Management Framework, the organisation has established an Anti-Fraud and Corruption Unit, which reports to the Audit and Risk Committee.

The NHBRC has a legal responsibility, in terms of the PFMA, to take appropriate steps to prevent unauthorised, irregular, fruitless and wasteful expenditure, and losses as a result of criminal conduct. Aligned with this responsibility, the NHBRC established an independent whistle-blowing solutions facility, which administered and distributed reports monthly. Based on these reports, fraudulent conduct was investigated by the Forensic Investigations Team, and these reports were presented to the Audit and Risk Committee quarterly.



## People

As we emerge from the most extraordinary two years, the value of our people has never been more evident.

Their determination to keep delivering for our registered customers and our policyholders in the face of business and personal challenges throughout the pandemic is a source of great pride.

Developing and retaining talented, high-performing individuals is key to meeting our strategic ambitions and delivering our purpose. We must have a compelling employee value proposition that positions us as an attractive, enterprising and socially responsible employer that also promotes positive physical and mental health for all colleagues.

We will continue to invest in diversity and inclusion, with clear measures being included in all leaders' and managers' objectives for the coming year.

## Outlook

The declaration of the new Housing Consumer Protection Bill 2021 warrants the professionalisation of building inspectors to respond effectively and carry out their building inspections in a regulated and professional manner. We are excited to report that we have partnered with the South African Council for the Project and Construction Management Professions to support, empower and develop our inspectors to respond to the new developments in the homebuilding industry.

## Conclusion

It is rewarding to have finally implemented a digital solution that enables our homebuilders to register and renew their membership from their place of comfort. For this purpose, our Business Management Solution team is working tirelessly to extend client experience for our housing consumers to lodge complaints on digital platforms.

In introducing and promoting the use of innovative building technologies (IBT) within the human settlements sector, a green zero-energy model house was constructed at our Eric Molobi Housing Innovation Hub in Soshanguve, Pretoria.

2021/2022 has been a demanding but rewarding year, with significant challenges overcome and progress made in taking the business forward. I am grateful to all our people for their commitment and support.

And finally, I would like to thank our Minister, Council and the Department of Human Settlements for their leadership, counsel and the difference they make at NHBRC. I would also like to express my appreciation to our diligent employees for their unwavering commitment in consistently delivering exceptional services to our pivotal stakeholders, including homebuilders and housing consumers.

I look forward to the year ahead with optimism and enthusiasm for the changes we have planned. These will bolster our long-term security whilst delivering real value and great service for our registered customers, policyholders and wider stakeholders.



**Mr Songezo Booi**

**Chief Executive Officer**

## 1.6 STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF THE ACCURACY OF THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed in the annual report is consistent with the annual financial statements to be audited by the Auditor General.

The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part F) have been prepared in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) applicable to the public entity.

The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The accounting authority is responsible for establishing and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2023.

Yours faithfully



**Ms Nomusa Mufamadi**

**Chairperson of Council**

**Date: 31 May 2023**

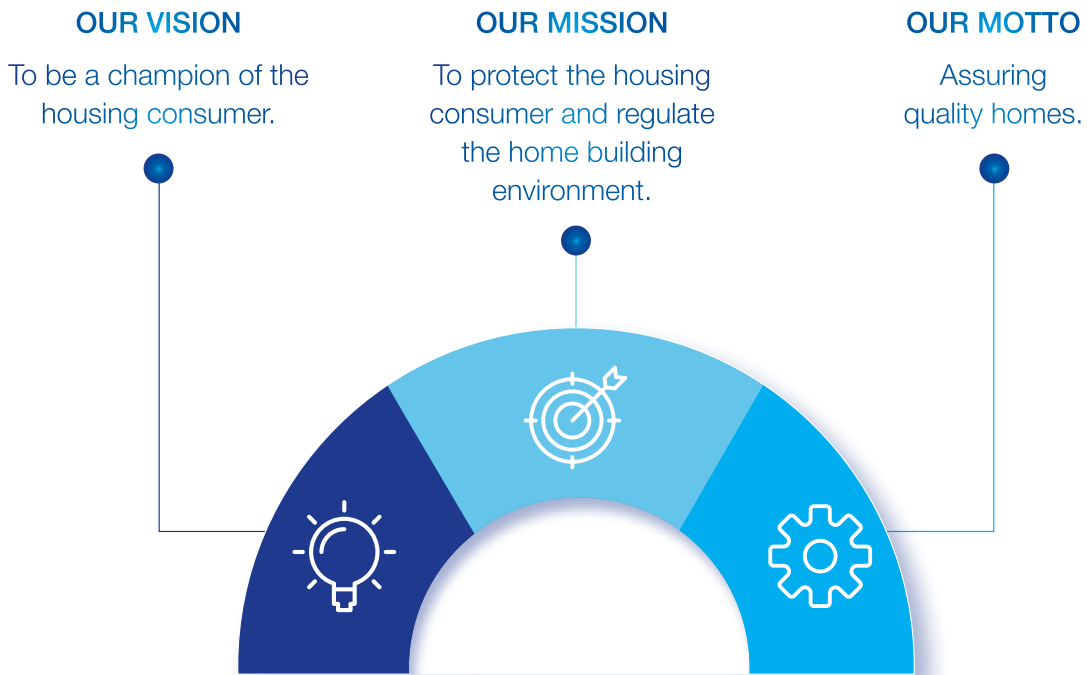


**Mr Songezo Boo**

**Chief Executive Officer**

**Date: 31 May 2023**

## 1.7 STRATEGIC OVERVIEW



## OUR VALUES

The values of the organisation are as follows:

*Table 3: NHBRC values and meaning*

Values	Meaning
Excellence and integrity	To be the best and deliver the best honestly.
Commitment and accessibility	To do work diligently and reach out to our stakeholders.
Transparency and accountability	To be fair and open in delivering our functions responsibly.

## 1.8 LEGISLATIVE AND OTHER MANDATES

The NHBRC was established in 1999 as a council in terms of the Housing Consumers Protection Measures Act of 1998, as amended, to protect the interests of housing consumers and regulate the homebuilding industry. Since its establishment, the NHBRC has delivered valuable services in co-operation with the National Department of Human Settlements (DHS) and key industry players. The NHBRC is a Schedule 3 public entity of the National Department of Human Settlements.

In a nutshell, we believe our role is to assure quality homes in the country through:

- Educating housing consumers and homebuilders on rights and responsibilities within the home construction industry.
- Introducing innovative and environmentally friendly building technologies.
- Providing housing consumers with warranty cover for defined building structural defects.
- Training, assessing, and regulating homebuilders to conform to approved standards.

## 1.9 ORGANISATIONAL STRUCTURE

The organisational arrangements of the NHBRC are reflected in the organogram below:

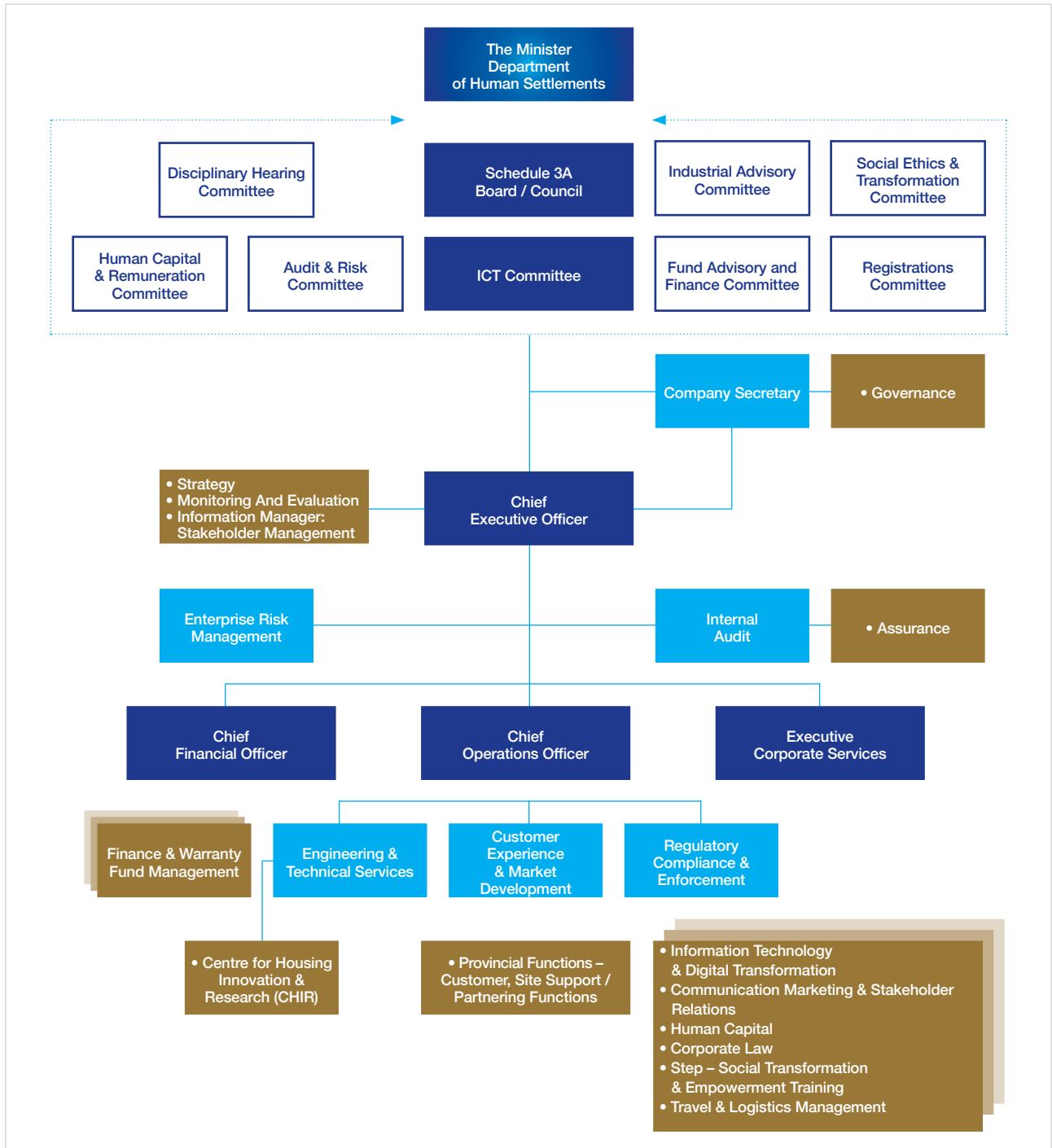


Figure 1: NHBRC organogram

# EXECUTIVE COMMITTEE



**Mr Songezo Booi**  
Chief Executive Officer



**Mr Otsile Maseng**  
Chief Operations Officer



**Ms Tamlyn Boucher**  
Acting Chief Financial Officer



**Ms Nurse Chavalala**  
Acting Executive Manager:  
Corporate Services



**Mr Craig Makapela**  
Acting Executive Manager:  
Technical and Engineering



**Mr Stefan Janser**  
Acting Executive Manager:  
Customer Experience and Market  
Development

# EXECUTIVE COMMITTEE

The NHBRC Executive Committee is a top management committee responsible for strategic and operational matters. The Committee is constituted of all executive managers, with the Chief Executive Officer (CEO) as Chairperson of the Committee.

*Table 4: Executive Committee*

	Name	Position	Qualifications
1	Songezo Boo	Chief Executive Officer	<ul style="list-style-type: none"> <li>N Dip Accounting</li> <li>BCom, BCom (Hons), CA(SA)</li> </ul>
2	Otsile Maseng	Chief Operations Officer	<ul style="list-style-type: none"> <li>B Juris</li> <li>MBA</li> <li>PDP</li> </ul>
3	Tamlyn Boucher	Acting Chief financial Officer	<ul style="list-style-type: none"> <li>BCompt, BCom (Hons), CA(SA)</li> </ul>
4	Nurse Chavalala	Acting Executive Corporate Services	<ul style="list-style-type: none"> <li>BA Admin</li> <li>ELD</li> <li>MBA</li> </ul>
5	Craig Makapela	Acting Executive Manager: Technical and Engineering	<ul style="list-style-type: none"> <li>BSc Civil Engineering</li> <li>BEng (Hons) (Geotech Eng)</li> <li>MEng (Systems Engineering Management)</li> <li>Pr. Eng, PrCPM</li> </ul>
6	Stefan Janser	Acting Executive Manager: Customer Experience and Market Development	<ul style="list-style-type: none"> <li>BSc Incomplete</li> <li>N Dip Quantity Surveying</li> <li>Dip Property Development</li> <li>N Dip Datametrics</li> <li>BCom</li> <li>Certificate in Executive Development Programme</li> <li>BA (Hons) (Business Management)</li> <li>MBA</li> <li>Postgrad Certificate in Business Research</li> </ul>





**PART B  
PERFORMANCE  
INFORMATION**



# PART B: PERFORMANCE INFORMATION

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## 2.1 AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

Refer to the Auditor General's report, Report on the audit of the annual performance report (paragraph 13 to 22) published as Part F of the annual report.

## 2.2 OVERVIEW OF PUBLIC ENTITY'S PERFORMANCE

### Service delivery environment<sup>1</sup>

The more prepared a business is to manage disruption, the less destructive and long-lived the crisis will be for the enterprise. By incorporating lessons learnt and leading global practices and standards, proper resilience planning can help a business withstand disruption and reduce the overall impacts of a crisis. In the long term, building resilience will strengthen a company's ability to respond and adapt across key organisational pillars like operations, technology, workforce, data, and finances.<sup>2</sup>

In 2022, the South African economy was negatively affected by the global fallout from the Ukraine-Russia conflict, experiencing elevated inflation, rising interest rates, and slower economic growth. The economy also experienced a further increase in electricity load shedding.

### Gross domestic product

South Africa's gross domestic product (GDP) increased by 1,6% on a quarter-on-quarter seasonally adjusted basis in the third quarter of 2022, following a 0,7% contraction in the previous quarter. Base effects were partly responsible for the quarterly rise in the GDP growth rate following a poor second-quarter performance caused by the severe flooding in KwaZulu-Natal. The floods disrupted operations at the key export port in Durban.

### Employment in 2022<sup>3</sup>

In 2022, the unemployment rate in South Africa increased by one percentage point since 2021. Therefore, the unemployment rate in South Africa reached a peak in 2022 at 29,81%.

The unemployment rate of a country or region refers to the share of the total workforce that is currently without work but actively searching for employment.

1 PWC Your Business & SA Economy in 2023

2 PWC South African Economic Outlook 2023

3 Statistics SA – March 2023

It does not include economically inactive persons, such as children, retirees, or the long-term unemployed.

### Construction sector

The construction sector in South Africa plays a significant role in the country's economy. It is a major contributor to South Africa's GDP and employs a significant portion of the country's population. The sector is diverse, with a range of activities, including building and civil engineering, infrastructure development, and specialised construction services.

For the purpose of this report, we will limit it to the residential construction sector.

At this time, the residential market has been hit harder, with approvals down 29% year-on-year, while the non-residential sector increased by 14%. This brings the overall annual rate of increase to 2% for 2022, with the residential market ending flat for the year, compared to an 8% increase in the non-residential market.

There is broad consensus that we may be close to the peak of the current rate hike cycle, but weak economic growth, higher inflation, and higher interest rates have softened demand for residential building and, given the slowdown in the pipeline, this will affect the building industry in 2024/25. This year, we may still see some benefit from the strong increase in particularly multi-unit housing developments enrolled in 2021, with many of these larger-scale housing projects breaking ground from 2023.

### Organisational environment

Material matters for the NHBRC

1. Declining revenues.
2. Longer than planned recruitment moratorium had an impact on business operations from the 2020/21 to the 2022/23 financial years.
3. The organisational structure was approved, and the moratorium was uplifted. NHBRC is currently recruiting for vacant senior management posts.

## Key Policy Developments and Legislative Changes

The Housing Consumer Protection Bill was published, adopted by the National Assembly and is currently in the National Council of Provinces, undergoing public participation.

## 2.3 PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

For this Medium-term Strategic Framework (MTSF) period, the NHBRC strategic outcomes are aligned with our three operational programmes, namely, Administration, Regulation, and Consumer Protection.

*Table 5: Alignment of strategic outcomes to programmes*

Programme	Strategic outcomes
Administration	<ul style="list-style-type: none"> <li>• Functional, efficient, and integrated governance</li> <li>• Financially sustainable organisation to promote economic inclusion</li> </ul>
Regulation	<ul style="list-style-type: none"> <li>• Adequate housing and improved living environment</li> <li>• Competent homebuilders and technical professionals</li> </ul>
Consumer Protection	<ul style="list-style-type: none"> <li>• Adequate housing and improved living environment</li> </ul>

The NHBRC impact statement for the MTSF is to ensure consumers and builders are informed of their rights and responsibilities and a compliant industry. In this regard, we structured our budget into three programmes, as explained above.

The first, Administration, was aligned with MTSF Priority 1: Economic transformation and job creation; Priority 2: Education, skills and health; and we intended three outcomes for this programme:

- **Functional, efficient, and integrated government**
  - The NHBRC aims to achieve an unqualified audit opinion with no material finding in the next financial year.
  - In ensuring that issues identified by Auditor-General are addressed, the NHBRC put in place an Internal Audit (IA) Plan, including the action plan to address issues raised.
  - The NHBRC has zero tolerance for fraud and corruption, so all allegations of fraud and corruption identified within the organisation are properly investigated and reported to the Risk and Audit Committee.

- An annual Risk Management Plan is developed to identify, evaluate, and plan for possible risks that may arise within the organisation so that proactive measures are taken to minimise the impact.
- For the sustainability of the organisation, cost-saving measures are implemented to ensure that we achieve at least 10% savings on the budgeted expenditure.
- **Improved accessibility and visibility of NHBRC products and services**
  - For this outcome, we ensure that our housing consumers know their rights and responsibilities. As at the end of the 2023 financial year, we planned for NHBRC to implement its Communication Plan, which includes consumer awareness campaigns across the country to be implemented in its entirety. The Communication Plan for the financial year 2022/23 was 100% implemented.

- **Financially sustainable organisation promoting economic inclusion.**

- For this outcome, we advocate for accelerating economic growth and empowering women, youth, and people with disabilities. For the financial year under review, the NHBRC procured products and services from these designated groups as follows: 40% women-owned businesses, 21% youth-owned businesses, and 1% people-with-disabilities-owned businesses.

The second programme, Regulation, enforces compliance with residential building standards and aligns with MTSF Priority 4: Spatial integration, human settlements and local government, and has two outcomes:

- **Adequate housing and improved living environment**

- For this outcome, we planned to ensure builder registrations and home inspections. We planned to register 58 310 homebuilders and inspect all homes under construction by the end of the 2024 financial year. From the 2019/20 to 2022/23 financial year, we have registered 70 621 builders.
- We aim to suspend all defaulting homebuilders within 10 working days and ensure 80% of prosecutable matters are set down for hearing before the Disciplinary Committee within 120 working days from the date of approval to prosecute.
- With regard to complaints lodged by homeowners against structural or maintenance defects, the target is to resolve all disputes within 90 days.

- **Competent homebuilders and technical professionals**

- We planned to capacitate 32 000 homebuilders and technical professionals in this MTSF. However, we are ahead of the target, as we have trained 34 668 homebuilders and technical professionals during the MTSF.

The last programme, Consumer Protection, also aligned with MTSF Priority 4: Spatial integration, human settlements and local government, has two outcomes:

- **Adequate housing and improved living environment**

- In this outcome, the NHBRC aims to enrol all qualifying homes subsidy and non-subsidy enrolments. Over the past four years, the NHBRC has managed to enrol all housing that are compliant with the enrolment requirements.

- **Greenhouse gas emission reduction**

- The NHBRC's five-year plan is to promote greenhouse gas emission reduction. In the 2022/23 financial year, the NHBRC, through innovative building technology service providers, constructed a Green-First Zero-Energy-based model house. The evaluation and performance monitoring of the constructed home will take place during the 2023/24 and 2024/25 financial years.

## 2.4 INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

During the year under review, the NHBRC's performance was based on three programmes, namely, Administration, Regulation, and Consumer Protection. The NHBRC achieved 89% of the targets under Administration, 86% under Regulation, and 100% under Consumer Protection. The overall performance for 2022/23 shows that 89% of the set targets were achieved, which is slightly below the performance achieved in the 2021/22 financial year.

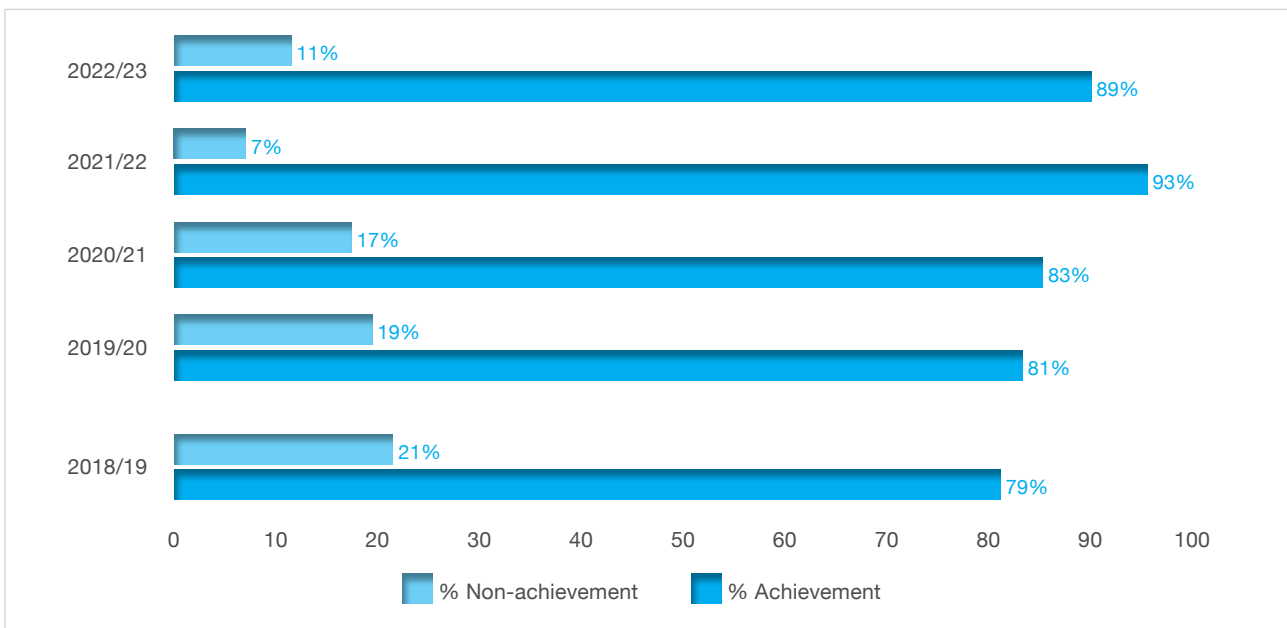


Figure 2: Summary of performance information trends over the last five years

## 2022/23 Annual Performance Information (APP)

### Programme 1: Administration

The purpose of this programme is to provide functional and efficient support services to the organisation by ensuring financial sustainability and improved access and visibility of the NHBRC's products and services.

Table 6: Outcomes, outputs, output indicators, targets, and actual achievements table

Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned annual target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reason for variation
<b>Functional efficient, and integrated government</b>	Unqualified audit opinion with no material findings	Unqualified audit opinion with no material findings	Unqualified audit opinion	Unqualified audit opinion	<b>Unqualified audit opinion with no material findings</b>	Unqualified audit opinion with no material findings	None	
	IA reports	Percentage implementation of the approved IA Plan	85% implementation of the approved IA Plan	94% implementation of the approved IA Plan achieved	<b>100% implementation of the approved IA Plan</b>	100% implementation of the approved IA Plan achieved	0%	
	Anti-fraud and corruption reports	Percentage implementation of the approved Anti-fraud and Corruption Plan	90% implementation of the approved Anti-fraud and Corruption Plan	100% implementation of the approved Anti-fraud and Corruption Plan	<b>100% implementation of the approved Anti-fraud and Corruption Plan</b>	100% implementation of the approved Anti-fraud and Corruption Plan	0%	
	Risk management report	Percentage implementation of the approved Risk Management Plan	90% implementation of the approved Risk Management Plan	96% implementation of the approved Risk Management Plan	<b>100% implementation of the approved Risk Management Plan</b>	100% implementation of the approved Risk Management Plan	0%	
	Operating profit > Budget	Operating profit > Budget	12,6% savings on budgeted expenditure	Not applicable	<b>10% savings on budgeted expenditure</b>	11% savings on budgeted expenditure	1%	Stringent cost-saving measures to ensure the organisation spent within allocated budget.

Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned annual target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reason for variation
Improved accessibility and visibility of NHBRC products and services	Communication Plan	Percentage implementation of Communication Plan	74% implementation of Communication Plan	100% implementation of the Communication Plan achieved	<b>100% implementation of Communication Plan</b>	100% implementation of the Communication Plan achieved	0%	
	Transformation and empowerment of designated groups	Percentage of annual procurement spent – women	Not applicable	Not applicable	<b>40% of annual procurement spent – women.</b>	40% of annual procurement spent – women	0%	
Financially sustainable organisation promoting economic inclusion	Transformation and empowerment of designated groups	Percentage of annual procurement spent – youth	Not applicable	Not applicable	<b>20% of annual procurement spent – youth</b>	21% of annual procurement spent – youth	1%	More requests for quotations sent to youth-owned businesses to ensure response is received.
	Transformation and empowerment of designated groups	Percentage of annual procurement spent – people with disabilities	Not applicable	Not applicable	<b>5% of annual procurement spent – people with disabilities</b>	1% of annual procurement spent – people with disabilities	4%	Insufficient suppliers for people living with disabilities. NHBRC developing own database to focus on this designated group.

### Performance highlights

Our programme 1, Administration. For the current financial year, the NHBRC focused on transforming and empowering designated groups, split into women, youth, and people with disabilities. We are pleased to report that we managed to achieve the targets for women and youth. However, there were limitations in getting qualifying service providers whose companies are owned by people living with disabilities.

### Strategy to overcome areas of underperformance

The NHBRC has introduced a supplier day with a special focus on targeting businesses owned by the designated group, and a database will be created to be used in conjunction with the central supplier database (CSD). The NHBRC will develop and enforce policies that support the inclusion of people with disabilities in line with procurement practices and provide training to procurement staff about disability inclusion.

## Programme 2: Regulation

The purpose of this programme is to ensure the registration of home builders, train home builders, and to regulate and enforce compliance with building standards.

Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned annual target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reason for variation
Improved regulatory compliance	Registered builders	Number of home builders registered	2 802 homebuilders registered	3 595 homebuilders registered	<b>2 920 homebuilders registered</b>	3 535 homebuilders registered	615	The use of digital services for registration has assisted the NHBRC in reaching new entrants to the market. Homebuilders can access our services from anywhere without having to travel to our physical offices.
	Renewed registrations	Number of registrations renewed	13 773 registrations renewed	14 395 registrations renewed	<b>13 910 registrations renewed</b>	14 080 registrations renewed	170	The use of digital services for registration has assisted the NHBRC in reaching new entrants to the market. Homebuilders can access our services from anywhere without having to travel to our physical offices.
	Inspected homes non-subsidy	Percentage of homes inspected – non-subsidy	24 501 homes inspected in the non-subsidy sector	100% of homes inspected – non-subsidy	<b>100% of homes inspected – non-subsidy</b>	100% of homes inspected – non-subsidy	0%	
	Inspected homes subsidy	Percentage of homes inspected – subsidy	23 231 homes inspected in the subsidy sector	100% of homes inspected – subsidy	<b>100% of homes inspected – subsidy</b>	100% of homes inspected – subsidy	0%	
	Percentage of suspensions within 10 working days	Percentage of prosecutable matters suspended within 10 working days	89% of prosecutable matters suspended within 10 working days of receipt of instruction	93% of prosecutable matters suspended within 10 working days of receipt of instruction	<b>100% of prosecutable matters suspended within 10 working days</b>	100% of prosecutable matters suspended within 10 working days	0%	



Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned annual target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reason for variation
Competent home builders and technical professionals	Percentage Disciplinary Committee set down within 30 working days	Percentage of prosecutable matters set down for hearing before the Disciplinary Committee within 30 working days	99% of prosecutable matters set down for hearing before the Disciplinary Committee within 120 working days from the date of approval to prosecute	96% of prosecutable matters set down for hearing before the Disciplinary Committee within 120 working days from date of approval to prosecute	<b>100% of prosecutable matters set down for hearing before the Disciplinary Committee within 30 working days</b>	93% of prosecutable matters set down for hearing before the Disciplinary Committee within 30 working days	7%	There were delays in the appointment of Disciplinary Committee in the first quarter, which affected the turnaround time on prosecutable matters.
	Disputes resolved	Percentage of disputes resolved	99% of disputes resolved within 90 working days	90% of disputes resolved within 90 days	<b>100% of disputes resolved within 90 days</b>	93% of disputes resolved within 90 days	7%	There were disputes that were closed after 90 days which was caused by the delay in completion of rectification by homebuilders. The NHBRC will review its processes to ensure that here homebuilders are rectifying the defects, the turnaround time is not impacted.
	Trained builders	Number of homebuilders trained	2 823 homebuilders trained	2 664 homebuilders trained	<b>2 000 homebuilders trained</b>	2 045 homebuilders trained	45	The NHBRC invite more trainees for each programme to manage dropouts and non-respondents proactively. As a result, we achieved more that targeted.
Competent home builders and technical professionals	Trained youth	Number of youth trained	2 281 youth trained	1 834 youth trained	<b>1 600 youth trained</b>	1 848 youth trained	248	The NHBRC invite more trainees for each programme to proactively manage dropouts and non-respondents proactively. As a result, we achieved more that targeted.
	Trained women	Number of women trained	2 270 women trained	1 546 women trained	<b>1 800 women trained</b>	1 888 women trained	88	The NHBRC invite more trainees for each programme to manage dropouts and non-respondents proactively. As a result, we achieved more that targeted.

Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned annual target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reason for variation
	Trained military veterans	Number of military veterans trained	171 military veterans trained	115 military veterans trained	<b>150 military veterans trained</b>	170 military veterans trained	20	The NHBRC invite more trainees for each programme to proactively manage dropouts and non-respondents proactively. As a result, we achieved more that targeted.
	Trained people with disabilities	Number of people with disabilities trained	314 people with disabilities trained	242 people with disabilities trained	<b>200 people with disabilities trained</b>	261 people with disabilities trained	61	The NHBRC invite more trainees for each programme to manage dropouts and non-respondents proactively. As a result, we achieved more that targeted.
	Trained technical professionals	Number of technical professionals trained	733 technical professionals trained	801 technical professionals trained	<b>700 technical professionals trained</b>	933 technical professionals trained	233	The NHBRC invite more trainees for each programme to manage dropouts and non-respondents proactively. As a result, we achieved more that targeted.
	Trained artisans	Number of artisans trained	600 artisans trained	781 artisans trained	<b>600 artisans trained</b>	806 artisans trained	206	The NHBRC invite more trainees for each programme to manage dropouts and non-respondents proactively. As a result, we achieved more that targeted.

**Strategy to overcome areas of underperformance**

The NHBRC will ensure that a Disciplinary Committee responsible for conducting hearings on prosecutable matters is appointed before the predecessor's term comes to an end. The NHBRC will also provide continuous training and capacitate the Inspectors and Legal staff to improve their ability to gather evidence and build strong cases to avoid delay in prosecutions.

To improve the turnaround on dispute resolution, the NHBRC will ensure that dispute resolution procedures are well-documented, easily accessible and communicated to homeowners, homebuilders and all parties involved. Furthermore, the NHBRC will develop case management system that allow for tracking, monitoring and reporting on the progress of disputes to ensure that the matters are resolved within the set turnaround times.

### Programme 3: Consumer Protection

The purpose of the programme is to improve regulatory compliance and reduce greenhouse gas emissions.

Outcome	Output	Output indicator	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned annual target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reason for variation
Improved regulatory compliance	Compliant enrolments subsidy	Percentage of enrolment applications approved – Subsidy	71% of compliant enrolment applications approved within 15 working days from date of receipt – Subsidy	100% of enrolment applications approved - Subsidy	<b>100% of enrolment applications approved – Subsidy</b>	100% of enrolment applications approved – Subsidy	0%	
	Compliant enrolments subsidy	Percentage of subsidy project enrolment applications approved	N/a	100% subsidy project enrolment applications approved	<b>100% subsidy project enrolment applications approved</b>	100% subsidy project enrolment applications approved	0%	
	Compliant enrolments non-subsidy	Percentage of enrolment applications approved – Non-subsidy	94% of compliant enrolment applications approved within 15 working days from date of receipt – Non-subsidy	100% of enrolment applications approved – Non-subsidy	<b>100% of enrolment applications approved – Non-subsidy</b>	100% of enrolment applications approved – Non-subsidy	0%	
Greenhouse gas emission reduction	Constructed Green First-Zero-Energy model house	Construction of Green First zero energy-based model house	Criteria that meet the Green First-Zero-Energy model house adopted	No contractor appointed to construct the Green First-Zero-Energy model house designs	<b>Construction of Green First-Zero-Energy-based model house</b>	Completed construction Green First-Zero-Energy-based model house	None	

Table 7: Linking performance with budgets

Programme/Activity/Objective	2021/2022			2022/2023		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	288 996	355 109	(66 114)	304 527	235 130	69 397
Regulation	281 003	295 303	(14 301)	321 666	373 688	(52 021)
Protection	191 273	190 424	849	209 386	234 846	(25 460)
<b>Total</b>	<b>761 271</b>	<b>840 837</b>	<b>(79 566)</b>	<b>835 579</b>	<b>843 664</b>	<b>(8 084)</b>

## 2.5 REVENUE COLLECTION

Revenue to fund the operations of the NHBRC is derived from various sources such as fee revenue, insurance premium revenue, and technical revenue.

### Fee revenue

Fee revenue comprises largely of the registration and annual fee payable to NHBRC by home builders and subsidy project enrolments fees. Fee revenue overperformed during the 2022/23 financial year because of the overperformance of subsidy project enrolment fees. Subsidy project enrolment fees are payable by the provincial Departments of Human Settlements for project-related work concerning enrolments.

### Insurance premium revenue

Insurance premium revenue constitutes roughly 95% of the revenue earned by NHBRC and comprises enrolment fees paid for the enrolment of homes in both the non-subsidy and subsidy sectors. During the 2022/23 financial year, the preference for a non-subsidy market contributed to overcollection of revenue for the financial year.

### Technical revenue

Technical revenue largely comprises forensic and geotechnical assessments conducted by the NHBRC, driven by these requests received by the provincial Departments of Human Settlement as and when required. Because of less demand for these services in the current year, the technical revenue remained less than anticipated.

Table 8: Revenue collection before actuarial adjustments

Source of Revenue	2021/2022			2022/2023		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Fee Revenue	63 545	59 213	4 332	54 210	73 011	(18 801)
Insurance Premium Revenue	677 823	1 354 004	(676 181)	769 230	642 484	126 746
Technical Service Revenue	15 000	4 996	10 004	12 000	10 075	1 925
Other Income	3 000	8 861	(5 861)	35 286	23 707	11 579
<b>Total</b>	<b>759 368</b>	<b>1 427 074</b>	<b>(667 706)</b>	<b>870 726</b>	<b>749 277</b>	<b>121 449</b>

## 2.6 CAPITAL INVESTMENT

The NHBRC does not engage in the implementation of infrastructure projects.





**PART C**  
**GOVERNANCE**

# PART C:

## GOVERNANCE

### 3.1 INTRODUCTION

The statutory functions of the NHBRC Council and the Executive Authority are determined in terms of the Housing Consumers Protection Measures Act, the PFMA, and all other applicable legislations. The NHBRC Council is committed to sound governance and ensures that the entity has ethical and effective leadership. Sound corporate governance principles are embedded in the values, culture, processes, and systems of the entity. These are designed in accordance with best practices and incorporate the principles espoused in the King IV report on corporate governance and contained in the governance requirements of the Housing Consumers Protection Measures Act and the PFMA.

### 3.2 PORTFOLIO COMMITTEES

Parliament, through the Portfolio Committee on Human Settlements, exercises its oversight role over service delivery and the performance of the entity by evaluating and interrogating the financial and non-financial performance reported in the quarterly and annual reports. The NHBRC attended three meetings of the Portfolio Committee in the year under review to discuss performance and other NHBRC-related performance matters.

### 3.3 EXECUTIVE AUTHORITY

The NHBRC's executive authority vests with the Minister of Human Settlements. This is prescribed by the Housing Consumers Protection Measures Act and the PFMA. The Executive Authority has the power to appoint and dismiss the Council of the NHBRC. The current Council was appointed on 25 November 2021.

The NHBRC submits strategic and annual performance plans to the Minister of Human Settlements.

In this financial year, we did not amend our strategic plan. Our Annual Performance Plan was submitted on 8 March 2022 to the DHS.

### 3.4 THE ACCOUNTING AUTHORITY/THE BOARD

The Council is the Accounting Authority of the NHBRC and is appointed by the Minister of Human Settlements. The Council leads the organisation to achieve its strategic objectives by directing and approving its overall strategy and associated operational activities. It monitors the organisation's performance against the targets outlined in the annual performance plans and ensures that adequate processes are in place for budget planning and allocation to advance the NHBRC's mandate.



## Responsibilities of Council

The statutory functions of the NHBRC's Council are determined in terms of the provisions of the Housing Consumers Measures Act and the PFMA. These include the following:

- To be the Accounting Authority
- To approve the corporate business plan, strategic plan and policies of the NHBRC
- To set performance targets for the organisation

The Council is responsible for, inter alia, the approval of the prepared annual financial statements that accurately reflect the NHBRC's financial position and results at the end of the financial year, which is set at 31 March each year. The Office of the Auditor-General is responsible for auditing the NHBRC's annual financial statements and annual performance plan.

## Board members' remuneration

Council members who are not government officials receive fees for the services they render to the NHBRC in accordance with the relevant tariffs determined by the National Treasury and approved by the Minister of Human Settlements. Members of the Audit and Risk Committee are remunerated in accordance with an agreed tariff set by the NHBRC. Detailed information on fees, emoluments, bonuses, and subsistence and travel claims paid to Council members, Audit and Risk Committee members, and executive members, as required by Treasury Regulation 28.1.1, are included in the notes to the annual financial statements.

## Board members' interests in contracts

None of the Board members were involved in or had any interest in contracts entered into by the NHBRC in the year under review. Council members declare their interests annually.

## Public Finance Management Act

The NHBRC is fully committed to complying with the provisions of the PFMA. The internal and external auditors continue to provide the Council with assurance on the degree of compliance with the PFMA.

## Materiality framework

In accordance with the PFMA and Treasury Regulation 28.1.5, the NHBRC has developed a framework of acceptable levels of materiality and significance. This framework is approved and reviewed annually during the process of submitting our annual performance plans.

## Corporate governance

The Council is responsible for policy-making and control, while the NHBRC's CEO has been delegated the responsibility for the day-to-day execution of the policies and objectives as directed by the Council.

The members of the Council are appointed by the Minister of Human Settlements for representing and advancing the interests of housing consumers, home builders, suppliers of housing goods and services, and associated professionals. They are also appointed based on their expertise regarding structural defects in homes and their prevention and their knowledge of financial management, law, and research and technology development. They represent the interests of the national departments responsible for Housing, Trade and Industry, Finance, and Public Works. Council members are appointed for a maximum of three years and are eligible for reappointment. None of the Council members holds an executive position in the NHBRC. The Council may obtain independent professional advice if deemed necessary.

## Council meeting attendance

In line with good governance principles, as adopted by the King IV Report of Good Corporate Governance, the PFMA, and the Council Charter, the Council is required to hold at least four quarterly meetings in each financial year to exercise proper oversight and accountability in relation to the activities of the NHBRC. Table 9 illustrates the meetings held in the year under review and each member's attendance at those meetings.

# COUNCIL MEMBERS



**Ms Nomusa Mufamadi**  
Chairperson of Council



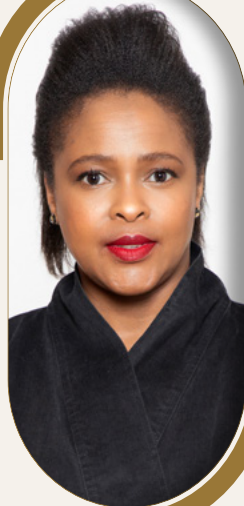
**Mr Francois Beukman**  
Deputy - Chairperson



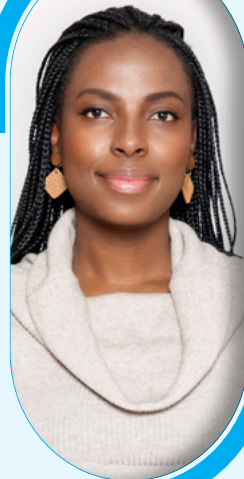
**Ms Nontuthuko Chiluvane**



**Ms Lucia Ncalane-Ngcobo**



**Ms Morwesi Ramonyai  
Tonga**



**Ms Siphindile Memela**



**Ms Kedibone Tsiloane**

# COUNCIL MEMBERS



Mr Kganki Matabane



Ms Renaire Huntley



Ms Mandy Jayakody



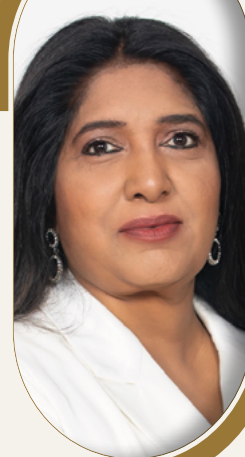
Mr Roy Mnisi



Mr Refilwe Lediga



Ms Zodwa Matiwane



Ms Sasa Subban

Table 9: Composition of the Board

Name and Surname	Designation (In Terms of Public Entity Board Structure)	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Board (List of Entities)	Other Committees or Task Teams	Number of Meetings Attended
Ms Nomusa Mufamadi	Chairperson	November 2021	Current	<ul style="list-style-type: none"> <li>Bachelor of Accounting Science BCompt</li> <li>Diploma Industrial Relations</li> <li>Certificate in Human Resources and Change Management</li> </ul>	<ul style="list-style-type: none"> <li>Finance and Risk Management</li> <li>Auditing</li> <li>Human Resources</li> <li>Industrial Relations</li> <li>Project Management</li> </ul>	<ul style="list-style-type: none"> <li>Road Traffic Management Corporation (RTMC)</li> </ul>	-	10
Mr Francois Beukman	Deputy Chairperson	November 2021	Current	<ul style="list-style-type: none"> <li>Bachelor of Law (LLB)</li> <li>Legal Practise Program</li> <li>B. Proc</li> <li>Master of Arts, Political Science (MA)</li> <li>Bachelor of Arts (BA) (Honours)</li> <li>Bachelor of Arts (BA), Political Science &amp; Public Administration</li> </ul>	<ul style="list-style-type: none"> <li>Law</li> </ul>	-	<ul style="list-style-type: none"> <li>Enforcement Committee Member, Information Regulator of South Africa</li> <li>Enforcement Committee Member, Film and Publication Board</li> <li>Chairperson, ARCO, PANSALB</li> </ul>	11
Ms Nontuthuko Chiluvane	Member	November 2021	Current	<ul style="list-style-type: none"> <li>Bachelor of Science Quantity Surveying</li> <li>Bachelor of Science (Hons) Property Development</li> <li>Diploma Project Management</li> <li>Master of Science. Real Estate</li> </ul>	<ul style="list-style-type: none"> <li>Quantity Surveying</li> <li>Property Development &amp; Management</li> <li>Housing Development &amp; Social Housing</li> <li>Public Sector Management</li> </ul>	-	<ul style="list-style-type: none"> <li>Women's Property Network</li> <li>South African Facilities Management</li> </ul>	10
Ms Nomthandazo Ncalane-Ngcobo	Member	November 2021	Current	<ul style="list-style-type: none"> <li>BSc Property Development</li> <li>BSc Prop Dev (Quantity Surveying) Honours</li> <li>Post Graduate Diploma in General Management</li> </ul>	<ul style="list-style-type: none"> <li>Quantity Surveying</li> <li>Project Management</li> </ul>	-	-	11

Name and Surname	Designation (In Terms of Public Entity Board Structure)	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Board (List of Entities)	Other Committees or Task Teams	Number of Meetings Attended
Ms Morwesi Ramonyai Tonga	Member	November 2021	Current	<ul style="list-style-type: none"> <li>Bachelor of Commerce</li> <li>High Diploma. Computer Auditing</li> <li>Executive MBA</li> <li>International Executive Development Programme</li> <li>Certificate Sustainability Leadership</li> </ul>	<ul style="list-style-type: none"> <li>Audit &amp; Risk</li> <li>ESG (Environment, Sustainability &amp; Governance)</li> <li>Management Consulting</li> <li>Corporate Governance.</li> </ul>	<ul style="list-style-type: none"> <li>Johannesburg Development Agency Board (JDA).</li> </ul>	-	11
Ms Siphindile Memela	Member	November 2021	Current	<ul style="list-style-type: none"> <li>B. Housing Development</li> <li>Advanced Diploma Management &amp; Project Management</li> <li>Post Graduate Diploma Property Development &amp; Project Management</li> </ul>	<ul style="list-style-type: none"> <li>Property Development</li> </ul>	-	-	11
Ms Kedibone Tsiloane	Member	November 2021	Current	<ul style="list-style-type: none"> <li>Bachelor of Commerce: Internal Auditing</li> <li>Bachelor of Commerce (Hon): Internal Auditing</li> <li>Certified Internal Auditor</li> <li>Certification in Control Self-Assessment</li> <li>Post Graduate Diploma Business Administration</li> </ul>	<ul style="list-style-type: none"> <li>Auditing</li> </ul>	-	-	10

Name and Surname	Designation (In Terms of Public Entity Board Structure)	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Board (List of Entities)	Other Committees or Task Teams	Number of Meetings Attended
Mr Kganki Matabane	Member	November 2021	Current	<ul style="list-style-type: none"> <li>Master of Business Leadership</li> <li>Postgraduate Diploma Business Administration</li> <li>Bachelor of Cost and Management Accounting</li> <li>National Diploma Costs and Management Accounting</li> </ul>	<ul style="list-style-type: none"> <li>Costs and Management Accounting</li> </ul>	-	-	9
Ms Renaire Shelly Huntley	Member	November 2021	Current	<ul style="list-style-type: none"> <li>Master of Science: Environmental and Development</li> <li>BSc (Bio/Health Sciences)</li> <li>Certificate: Strategic Business Management</li> <li>Certificate: Research Methods</li> </ul>	<ul style="list-style-type: none"> <li>Strategic Business Management Specialist</li> <li>Multi-Criteria Decision-Making Analyst &amp; Facilitator</li> <li>Environment &amp; Development Scientist</li> </ul>	<ul style="list-style-type: none"> <li>EARTH Centre NPO</li> </ul>	-	10
Ms Mandy Jayakody	Member	November 2021	Current	<ul style="list-style-type: none"> <li>M.Eng (Civil Engineering)</li> <li>Graduate Diploma in Engineering</li> <li>BSc (Industrial Microbiology)</li> <li>Certificate in Impact Investing in Africa</li> </ul>	<ul style="list-style-type: none"> <li>Project Management</li> <li>Innovative Project Financing</li> <li>ESG</li> <li>Sustainability and climate change</li> </ul>	<ul style="list-style-type: none"> <li>Impact Investing South Africa (IISA)</li> </ul>	-	10
Mr Roy Mnisi	Member	August 2018	Current	<ul style="list-style-type: none"> <li>Bachelor of Laws (LLB)</li> <li>Post Grad Certificate in Compliance Management</li> </ul>	<ul style="list-style-type: none"> <li>Legal</li> <li>Compliance</li> </ul>	<ul style="list-style-type: none"> <li>MBSA</li> <li>Department of Health Appeals Committee (Mpumalanga)</li> </ul>	-	8
Mr Refilwe Lediga	Member	November 2021	Current	<ul style="list-style-type: none"> <li>Bachelor of Engineering: Civil engineering</li> <li>Master of Engineering: Civil engineering</li> </ul>	<ul style="list-style-type: none"> <li>Engineer</li> </ul>	-	-	11

Name and Surname	Designation (In Terms of Public Entity Board Structure)	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Board (List of Entities)	Other Committees or Task Teams	Number of Meetings Attended
Ms Sasa Subban	Member	November 2021	Current	<ul style="list-style-type: none"> <li>Bachelor of Administration</li> <li>Diploma in Project Management and Project Leadership</li> </ul>	<ul style="list-style-type: none"> <li>Project Management</li> <li>Infrastructure Planning</li> </ul>	-	-	7
Ms Zodwa Matiwane	Member	November 2021	Current	<ul style="list-style-type: none"> <li>Master of Business Leadership (MBL)</li> <li>Master of Law (LLM)</li> <li>Bachelor of Law (LLB)</li> <li>B Juris Degree</li> <li>Advanced Certificate in Project Management</li> </ul>	<ul style="list-style-type: none"> <li>Legal</li> </ul>	-	-	9

## Governance structures

To comply with these principles, the NHBRC has designed and implemented and continues to design and implement appropriate governance structures across the organisation. The NHBRC acknowledges that, for it to set up an effective governance framework, robust governance structures need to be in place. The term of the Council started in November 2021 and will end in November 2024. The Council have constituted the following Committees of the Council, which were approved with their respective terms of reference in the form of Committee charters. The Council delegates powers to its committees, of which Committee members are specialists in their respective fields and areas of governance. The Council has established seven committees to ensure effective corporate governance within the NHBRC.

## Fund Advisory and Finance Committee

The Fund Advisory and Finance Committee (FAFC) is responsible for advising the Council on the prudent management of its funds. The Committee makes recommendations to the Council regarding the setting of fees, procedures, and policies for approval by the Council, as well as on all matters relating to the management of risk to the Warranty Fund and the administration of its fund or any other Council fund. The Committee regularly reviews management's financial reports before submission to Council for approval, recommends the budget for approval by the Council, and advises the Council on all other financial matters.

*Table 10: Fund Advisory and Finance Committee*

Committee	No. of meetings held	No. of members	Names of members
FAFC	5	5	Mr Kganki Matabane
FAFC			Ms Kedibone Tsiloane
FAFC			Ms Sasa Subban
FAFC			Mr Francois Beukman
FAFC			Ms Siphindile Memela

## Registration Committee

The Registration Committee (REGCOM) is responsible for advising the Council on all matters relating to the registration and renewal of registration, suspension and deregistration of home builders under the Act, monitoring the registration and deregistration of home builders, and for recommending appropriate policies and procedures to Council for approval. The Committee also assesses owner-builder applications received under section 29 of the Act and determines whether home builders qualify for exemption from enrolment of their own homes in terms of the Act.

**Table 11: Registration Committee**

Committee	No. of meetings held	No. of members	Names of members
REGCOM	4	5	Ms Nonthutuko Chiluvane
REGCOM			Ms Nomusa Mufamadi
REGCOM			Ms Zodwa Matiwane
REGCOM			Mr Francois Beukman
REGCOM			Ms Nomthandazo Ncalane-Ngcobo

## Human Capital and Remuneration Committee

The Human Capital and Remuneration Committee (HCREMCO) advises the Council on employees' remuneration policies and makes recommendations to the Council in relation to employees' annual salary adjustments and performance bonus pay-outs. This Committee also maintains a corporate overview of the Council's human capital policies.

**Table 12: Human Capital and Remuneration Committee**

Committee	No. of meetings held	No. of members	Names of members
HCREMCO	10	5	Mr Francois Beukman
HCREMCO			Ms Nomusa Mufamadi
HCREMCO			Mr Kganki Matabane
HCREMCO			Ms Renaire Shelly Huntley
HCREMCO			Ms Morwesi Ramonyai Tonga

## Industry Advisory Committee

The Industry Advisory Committee (IAC) is responsible for advising the Council on all matters relating to the operations of the homebuilding industry, in addition to acting as a communication channel between the industry and the Council. Industry stakeholders are invitee members of this Committee.

**Table 13: Industry Advisory Committee**

Committee	No. of meetings held	No. of members	Names of members
IAC	4	5	Ms Nomthandazo Ncalane-Ngcobo
IAC			Ms Kedibone Tsiloane
IAC			Ms Siphindile Memela
IAC			Mr Refilwe Lediga
IAC			Ms Nonthutuko Chiluvane

## Social Ethics and Transformation Committee

The role of the Social Ethics and Transformation Committee (SETC) is to advocate for ethics throughout the NHBRC's operations by doing the following:

- Determining articulated ethical standards (Code of Ethics) and ensuring that the NHBRC takes steps to adhere to these in all aspects of the business.
- Overseeing the review of material risks relating to the provisions of the Code of Ethics and the management of risks to ensure that such is part of the NHBRC's risk management programme.
- Obtaining independent assurance on the NHBRC's ethics performance annually.
- Providing guidance on reviewing and approving the NHBRC's safety, health, and environment (SHE) policy and strategy.



**Table 14: Social Ethics and Transformation Committee**

Committee	No. of meetings held	No. of members	Names of members
SETC	5	5	Ms Renaire Shelly Huntley
SETC			Mr Roy Mnisi
SETC			Ms Zodwa Matiwane
SETC			Mr Refilwe Lediga
SETC			Ms Mandy Jayakody

### Disciplinary Hearings Committee (ad hoc sittings)

This Committee is responsible for presiding over cases of alleged contraventions of the Housing Consumers Protection Measures Act by home builders and imposing disciplinary sanctions where home builders are found guilty of contravening the Act. The Committee comprises a panel of legally qualified chairpersons and technical assessors who are all independent non-Council members appointed by the Council for the term of office of the Council.

During this financial year, the Council established a panel of independent chairpersons and assessors with the required professional and technical expertise.

**Table 16: Remuneration of Board members**

Name	Remuneration	**Other allowance	Other reimbursements	Total
Ms Nomusa Mufamadi (Chairperson)	R337 839	R8 000		R345 839
Mr Francois Beukman	R546 157	R9 600		R555 757
Mr Kganki Matabane	R256 080	R9 600	R191	R265 871
Ms Nontuthuko Chiluvane	R195 705	R9 600		R205 305
Ms Mandy Jayakody	R210 226	R9 600	R980	R220 806
Mr Refilwe Lediga	R183 712	R9 600		R193 312
Ms Siphindile Memela	R178 226	R9 600		R187 826
Ms Nomthandazo Ncalane-Ngcobo	R198 468	R9 600		R208 068
Ms Kedibone Tsiloane	R168 059	R7 200		R175 259
Mr Roy Mnisi	R125 880	R8 000		R 133 880
Ms Renaire Shelly Huntley	R308 170	R9 600	R259	R318 029
Ms Morwesi Ramonyai Tonga	R 397 329	R 12 000	R92	R409 421
<b>Total</b>	<b>R3 105 850</b>	<b>R112 000</b>	<b>R1 522</b>	<b>R3 219 372</b>

\*\*Other allowance = Cellphone allowance

### Audit and Risk Committee

The function of the Audit and Risk Committee (ARCO) is to assist the Council in discharging its duties relating to the safeguarding of assets, the operation of adequate systems, control processes, and the preparation of financial reports and statements. These tasks are conducted in line with all applicable legal requirements and accounting standards as prescribed in the PFMA. The Committee operates in terms of written terms of reference (the ARCO Charter), which provides clear guidelines with regard to its membership, authority, and responsibilities. The ARCO Charter was reviewed and updated in the year under review.

**Table 15: Audit and Risk Committee**

Committee	No. of meetings held	No. of members	Name of members
ARCO	4	5	Ms Morwesi Ramonyai Tonga
ARCO			Ms Mandy Jayakody
ARCO			Ms Sasa Subban
ARCO			Mr Roy Mnisi
ARCO			*Mr Refilwe Lediga

\*Appointed from 31 January 2023

### 3.5 RISK MANAGEMENT

In terms of section 51(1)(a)(i) of the PFMA, the Accounting Authority of a public entity must ensure that the public entity has and maintains effective, efficient, and transparent systems of financial management, risk management, and internal controls. Further to that, in terms of Treasury Regulation 27.2.1, the Accounting Authority must ensure that risk assessments are conducted regularly to identify the emerging risks of the public entity.

The status of risk management within the NHBRC is as follows:

- The NHBRC has an approved risk management policy and risk management framework that is being implemented within the organisation.
- The NHBRC conducted a risk maturity assessment to determine the effectiveness of its risk management process and strategy and also identifies new risks and reports on emerging risks on an ad hoc basis on its strategic risk register.
- Council established the ARCO that reports to it on the overall system of risk management, especially the mitigation of unacceptable levels of risk. The Board has also established a Risk Management Steering Committee of Exco to oversee all operational risks of the organisation and support the ARCO.
- The ARCO of the NHBRC and the Risk Management Steering Committee advise the organisation on risk management quarterly and independently monitor the effectiveness of the risk management system.
- The NHBRC sees progress in the risk management process in influencing the achievement of strategic objectives for the NHBRC. Two risk management targets form part of the Level 1 performance scorecard of the organisation and are monitored monthly and reported quarterly to Exco and the Council. Both risk management targets were achieved successfully during the 2022/23 financial year.

### 3.6 INTERNAL CONTROLS

The Council oversees the system of internal controls at the NHBRC, whereas the implementation and functioning of the system of internal controls rests with the Executive Management Team. The NHBRC has and continues to set internal controls to manage known and unknown risks. Internal controls are continuously reviewed and tested by internal audits through proactively planned audits.

The ARCO is regularly presented with a formal review of the effectiveness of the NHBRC's internal controls. Reports from management on specific areas, internal audits, external audits, and other independent assurance providers are tabled from time to time.

Coupled with enhanced Council oversight on governance, risk management, and compliance, the NHBRC will be able to implement consequential management in instances where serious governance, risk management, or compliance failure has occurred.

### 3.7 INTERNAL AUDIT AND AUDIT COMMITTEES

The IA Section provides independent assurance of the effectiveness of governance, risk, and control processes while enhancing and protecting organisational value by providing risk-based and objective assurance and insight. The NHBRC has an in-house IA function that utilises external subject matter expertise in key areas that cover, among others, the following:

- Investments
- Financial audits
- IT/Cybersecurity
- Quality housing (engineering)

The annual IA activities are informed and guided by an approved risk-based annual audit plan, the IA Charter and Strategic Corporate Plan. IA has adopted an active audit delivery methodology in its annual audit planning. The audit plans and projects

are assessed quarterly because of the ever-changing risk environment brought about largely by the COVID-19 pandemic and continuous change in the strategic direction of the organisation.

The IA Section completed 32 out of the 32 audit engagements planned for the year under review. This represents a 100% achievement against a 100% target.

The significant governance, risk, and control deficiencies identified from IAs have been reported timeously to ensure speedy management intervention that will enhance the NHBRC control environment, which is critical for effective service by the NHBRC on its mandate.

And through a sustained follow-up process, IA also assists businesses in addressing significant governance, risk, and control findings that emerge from risk management processes, external audit reports (AGSA), and the IA reports. Further, IA effectively implemented the annual audit plan as approved by the ARCO.

### Business assurance enhancement projects

The NHBRC is undergoing significant changes, the largest being the Organisational Review Project and the review of the inspectorate model. The digitisation project is another significant project currently underway. These changes are a response to challenges brought about by the pandemic. They also aim to enhance the technological offering of the organisation.

The abovementioned changes are envisaged to streamline delivery of the organisations’ mandate and modernise service delivery by providing remote access to stakeholders who wish to access the NHBRC’s valuable final products online.

To assist the organisation with the successful implementation of the above, IA has assigned resources where possible to be part of the projects on an advisory basis. The approved annual audit plan also provides some assurance on the aforementioned projects.

Further to the above, the IA Section is driving the implementation of combined assurance within the NHBRC. This ensures the integration of business, risk management, compliance, and IA efforts in identifying, mitigating, and reporting on significant business risks, including business projects.

### Combined assurance project

Combined assurance is currently in the implementation stage. The following major milestones have been reached:

No.	Activity	Progress at the end of 2022/23
1.	Develop and approve Combined Assurance Framework/Plan.	Completed
2.	Establish a Combined Assurance Structure.	Completed
3.	Assess combined assurance providers and draft action plans to close identified gaps.	Completed
4.	Train combined assurance providers.	Completed
5.	Training of first line of defense {Management}.	Completed
6.	Procure combined assurance system.	In progress
7.	Monitoring and reporting.	Continuous

The strong cohesion between business, management, and the assurance teams during the quarter signifies great strides towards the success of combined assurance within the organisation.

The project is co-driven by the IA, Risk Management, and Compliance sections. The end goal is to ensure that there is integrated assurance and reporting and broader assurance coverage, in this way, the Council will be provided with an enhanced desktop view of the organisation’s assurance efforts. During the reporting period, the maturity level is commendable, as six out of seven activities were achieved (i.e., 86% achievement)

### Data analytics

As part of our internal audit operations, we use data analytics to expand on sample selection, thus ensuring a wider audit coverage.

## Audit and Risk Committee

This Committee provided an oversight role over the audit process, the system of internal controls, and compliance with laws and regulations.

The table below provides details on ARCO membership and attendance of scheduled meetings for the year 2022/2023.

*Table 17: Attendance of committees of ARCO meetings*

Name	Qualifications	Executive or Non-executive	If internal, position in the public entity	Date appointed as AC	Date resigned	No. of meetings attended
Ms Morwesi Ramonyai Tonga (Chairperson)	<ul style="list-style-type: none"> <li>Bachelor of Commerce</li> <li>High Diploma. Computer Auditing</li> <li>Executive MBA</li> <li>International Executive Development Programme</li> <li>Certificate Sustainability Leadership</li> </ul>	Non-Executive	Council member	14 January 2022	N/a	7
Ms Mandy Jayakody	<ul style="list-style-type: none"> <li>M.Eng (Civil Engineering)</li> <li>Graduate Diploma in Engineering</li> <li>BSc (Industrial Microbiology)</li> <li>Certificate in Impact Investing in Africa</li> </ul>	Non-Executive	Council member	14 January 2022	N/a	7
Ms Sasa Subban	<ul style="list-style-type: none"> <li>BAdmin</li> <li>Diploma in Project Management and Project Leadership</li> </ul>	Non-Executive	Council member	October 2022	N/a	2
Mr Roy Mnisi	<ul style="list-style-type: none"> <li>Bachelor of Laws (LLB)</li> <li>Postgrad Certificate in Compliance Management</li> </ul>	Non-Executive	Council member	May 2022	N/a	1
Mr Refilwe Lediga	<ul style="list-style-type: none"> <li>BEng (Civil Engineering)</li> <li>MEng (Civil Engineering)</li> </ul>	Non-Executive	Council member	January 2023	N/a	2

## Interaction with the Auditor-General

The ARCO has reviewed the annual financial statements for the 2022/2023 financial year and recommended them for approval by the Council. The Committee has also considered the audit report and audit action plan developed by management to address the findings raised. Significant strides were made to resolve findings and improve the internal control environment.

## Internal audit activity

The ARCO is satisfied that the IA function is operating efficiently and effectively and that the IA Plan has addressed the risks pertinent to the organization during the year under review.

## Appreciation

The Committee sincerely appreciates the Council, Chief Executive Officer, Executive Management team, IA, and the Auditor-General of South Africa.

### 3.8 COMPLIANCE WITH LAWS AND REGULATIONS

As a public entity, observing laws that govern the NHBRC and its activities form the foundation for good corporate governance and demonstrates stewardship and responsibility to the shareholder and stakeholders. The effectiveness of the NHBRC's system of internal, financial, operational, and other regulatory controls is continuously reported to and assessed by the ARCO.

### 3.9 FRAUD AND CORRUPTION

The NHBRC has an approved fraud prevention policy and internal fraud investigation manual currently being implemented to address incidences or allegations relating to declaration of interest. The NHBRC also has an independent whistle-blowing platform for confidential reporting of all unethical and fraudulent allegations affecting the organisation. Once incidents or allegations of fraud and corruption are identified within the organisation, they are referred to the Forensic Prevention Unit of the organisation for analysis and investigation. The organisation uses certified forensic investigators to investigate the allegations in accordance with the fraud prevention legislation and standards and issue an investigation report that includes findings and recommendations. All forensic investigation reports are made to the ARCO quarterly.

### 3.10 MINIMISING CONFLICT OF INTEREST

The NHBRC or heads of department, by virtue of their responsibility in terms of section 7(3)(b) of the Public Service Act, 994 (Act No. 103 of 1994), must ensure that the conduct of their employees

conform to the basic rules and principles governing public administration and the norms and standards prescribed by the Act.

All permanent and temporary employees are required to declare and disclose any existing or potential conflict of interest annually, and such information is reviewed and approved by management. If a case of potential conflict of interest is identified within the organisation, such matter will be referred to the internal Forensic Prevention Unit for analysis and investigation, and appropriate action will be taken.

### 3.11 CODE OF CONDUCT

The NHBRC has an approved a Code of Conduct Policy that applies to all NHBRC employees, including temporary employees, interns, and independent contractors. The objective of the Code of Conduct Policy is to establish and provide guidelines on the principles, values, standards, and rules of behaviour that guide the decision, procedures, and systems at the NHBRC. The effect of this policy is to protect the NHBRC's assets, including reputation and goodwill.

Employees found to be in contravention of the procedures outlined in the Code of Conduct Policy will be addressed by the human capital section, directly with line managers, with appropriate actions being taken in line with the Disciplinary Policy of the NHBRC.

### 3.12 HEALTH, SAFETY, AND ENVIRONMENT ISSUES

The NHBRC has prioritised the Occupational Health and Safety Act, 1993 (Act No. 85 of 1993), to provide a safe workplace for employees, while staff members must work and comply with the safety directives of the organisation. The SHE Unit has been charged with ensuring that the organisation provides a safe and healthy working environment for its employees, contractors, visitors, and stakeholders by establishing a safety policy, procedures, guidelines, and standards.

This is vital because embedding a workplace health and safety culture within the NHBRC is essential for the well-being of both employers and employees.

The SHE Unit achieved a 100% performance on the approved annual SHE Plan for the 2021/22 financial year. A key part of this performance is completing the development, approval, and implementation of the SHE policy and procedure of the NHBRC. These governance documents are critical to improving the current health and safety culture within the NHBRC while also ensuring that the organisation complies with the applicable provisions of the Occupational Health and Safety Act of 1993.

### 3.13 COMPANY SECRETARY

The Company Secretary has developed systems and processes that enable the NHBRC Council to discharge its functions effectively. His responsibilities include advising the Council on corporate governance and setting the annual working plan for the Council in conjunction with the Chairperson. The Company Secretary also ensures that all Council and Committee charters are in place and monitors compliance with legislation.

### 3.14 SOCIAL RESPONSIBILITY

The NHBRC has partnered with the Gordons Institute of Business Science (GIBS) to create a tailor-made Women Empowerment Programme (WEP). The programme aims to assist and capacitate female entrepreneurs in the built environment with enterprise development training and mentorship support. The WEP intake of 2021/2022 registered 98 women at the commencement of the programme. On 6 December 2022, 92 women graduated at the GIBS campus to close off the completion of the 24-month programme. The programme has seen over 500 women participants aiming at boosting the leadership and business skills of women entrepreneurs in the construction industry.

To contribute to the reduction of youth unemployment in the country, the NHBRC has employed 17 interns and placed them in different departments to gain valuable skills to take advantage of available job opportunities.

## 3.15 AUDIT COMMITTEE REPORT

### Legislative Requirement

The Audit and Risk Committee (ARCO) is established as a statutory committee in terms of section 38(1)(a) (ii) and section 77 of the Public Finance Management Act 1 of 1999 (PFMA), and Treasury Regulations. The committee performs an oversight and advisory role to the National Home Builders Registration Council (NHBRC) and is accountable to the Executive Authority and the public to properly consider and evaluate all matters as per its terms of reference.

The purpose of the committee is to assist the Accounting Authority in fulfilling its oversight responsibilities and the Accounting Officer in fulfilling executive duties regarding: the financial reporting process' management of risk; the system of internal control; the audit process; and the organisation's process for monitoring compliance with laws, regulations, policies and code of conduct. The Committee also has a primary responsibility to the public to form an opinion on the effectiveness of those issues within its ambit and to communicate this in the annual report in terms of the Treasury Regulations.

ARCO herewith presents its report for the financial year ended 31 March 2023, as required by Treasury Regulation 27.1.7 read with section 77 of the PFMA, as amended by Act 29 of 1999.

### Membership and Attendance

The membership of ARCO as of 31 March 2023 comprised of five (5) members of Council and their attendance is reflected in the table below:

*Attendance of committees of Council meetings for year ending 31 March 2023*

Name	Qualifications	Executive or Non-executive	If internal, position in the public entity	Date appointed as AC	No. of meetings attended
Ms Morwesi Ramonyai Tonga (Chairperson)	<ul style="list-style-type: none"> <li>Bachelor of Commerce</li> <li>Higher Diploma in Computer Auditing</li> <li>Executive MBA</li> <li>International Executive Development Programme</li> <li>Certificate in Sustainability Leadership</li> </ul>	Non-Executive	Council member	14 January 2022	7
Ms Mandy Jayakody	<ul style="list-style-type: none"> <li>M.Eng (Civil Engineering)</li> <li>Graduate Diploma in Engineering</li> <li>BSc (Industrial Microbiology)</li> <li>Certificate in Impact Investing in Africa</li> </ul>	Non-Executive	Council member	14 January 2022	7
Ms Sasa Subban	<ul style="list-style-type: none"> <li>BAdmin</li> <li>Diploma in Project Management and Project Leadership</li> </ul>	Non-Executive	Council member	October 2022	2
Mr Roy Mnisi	<ul style="list-style-type: none"> <li>Bachelor of Laws (LLB)</li> <li>Postgrad Certificate in Compliance Management</li> </ul>	Non-Executive	Council member	May 2022	3
Mr Refilwe Lediga	<ul style="list-style-type: none"> <li>BEng (Civil Engineering)</li> <li>MEng (Civil Engineering)</li> </ul>	Non-Executive	Council member	January 2023	2

## Audit Committee's Responsibilities

The Audit and Risk Committee (ARCO) confirms that it has complied with its responsibilities arising from section 38(1); Section 51(1) (a) (ii) of the PFMA and Treasury Regulation 27. ARCO has adopted the terms of reference as its Audit and Risk Committee Charter, regulated its activities in compliance with the Charter, and has discharged all its responsibilities as contained therein.

## Internal Audit

Internal Audit (IA) implemented its approved annual risk-based audit plan for 2022/23 as part of the three-year rolling plan after consultation with executive management and approval by the NHBRC Audit and Risk Committee. Thirty-two (32) audits were approved and planned for in the approved audit plan for the financial year. All 32 audits were completed. No changes to the planned audits were submitted for consideration and approval by the Committee. All audits and other work of the Internal Audit function were conducted in accordance with the International Standards for the Professional Practice of Internal Audit as issued by the Institute of Internal Auditors.

## Auditor General

We have reviewed the implementation plan for audit issues raised in the previous year and based on the interaction with Management and the internal audit reports, the committee is not satisfied that all matters have been adequately addressed and there is room for improvement. 11 findings remained partially resolved as of 30 March 2023. The Audit Committee is not aware of any unresolved issue with respect to the current audit.

ARCO concurs and accepts the conclusion of the Auditor-General on the Annual Financial Statements and Performance information and is of the opinion that the audited Annual Financial Statements and Performance Information should be accepted and read together with the report of the Auditor-General.

## Risk Management

ARCO received and reviewed updates on the NHBRC's risk management practices and internal policies and is of the view that they are effective and adequate to safeguard the NHBRC's resources and promote the achievement of its objectives. ARCO is satisfied with the progress made relating to the risk management processes.

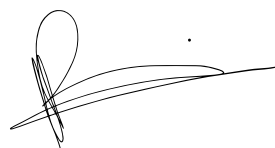
## Effectiveness of Internal Control

Based on internal audit reports that were performed during the 2022/2023 financial period, the overall control environment has improved; however, areas that require improvement were communicated for the attention of Management. The purpose is to ensure that audit findings raised are adequately addressed and to assess if the internal control measures, implemented to prevent these findings from recurring, are effective.

The status of each audit finding (both internal and external audits) in the register were presented quarterly to the ARCO for review. In addition, a Combined Assurance task team was established. The task team provided an additional level of assurance to the committee on the management of identified risks.

## General

We would like to express our appreciation to the Accounting Authority, Chief Executive Officer, Mr. Songezo Boo for his leadership and support, AGSA, the Internal Audit, Risk Management, and the Management team for their commitment and achievement of the unqualified audit opinion.



**Ms Morwesi Ramonyai Tonga**

**Chairperson of the Audit and Risk Committee**

**National Home Builders Registration Council**

**Date: 31 May 2023**







**PART D**  
**HUMAN**  
**RESOURCE**  
**MANAGEMENT**

# PART D:

## HUMAN RESOURCE MANAGEMENT

### 4.1 INTRODUCTION

The Human Capital Management (HCM) business unit highlights the management of employees as crucial in that they are value-adding assets that contribute greatly to the success of the organisation. The NHBRC must have a workforce that positions it as the leader in the housing industry. This is aided by the HC unit's operational capabilities to facilitate talent management by enhancing, retaining, promoting, and recognising the organisation's most valuable asset, which is its human resources, and the provision of competitive remuneration and benefits, as well as the implementation of sound employee relations, wellness, training and development. The overarching goal of the unit is to support the NHBRC strategic goals by creating learning opportunities, empowerment, and rewards, while developing a culture of high performance through the application of policies, processes, and best practices and ensuring the ongoing monitoring and review of all HC statutory compliance and governance.

In ensuring that employee well-being remains a top priority, NHBRC employee wellness is ensured through a comprehensive Employee Assistance Programme, which provides support and conducts regular employee health awareness training, webinars, monthly desktop awareness on health topics, and also helps individual employees overcome particular health-related problems.

### The highlight achievements for 2022/2023

The implementation of the second and third leg of the three-year salary agreement with the bargaining unit was put on hold as the organisation assessed its financials after the impact of COVID-19 pandemic.

The moratorium on recruitment was cancelled, and the Minister of Human Settlements approved the Fit-For-Purpose Macro (High Level) Organisational Structure in July 2022.

The NHBRC management declared that there would be no Section 189 of the Labour Relations Act 66 of 1995. This means that no employees will be retrenched or laid off as a result of implementing this new organisational structure. Therefore, employees are advised that their employment is secured, and no employment contract will be jeopardised by this process.

Success HR Solutions (PTY) Ltd was appointed, effective 1 September 2022, to conduct the job profiling and job evaluation exercise for all the approved positions in the NHBRC's staff establishment according to the newly approved organisational structure.

Executive positions were prioritised to strengthen the strategic leadership capacity of the organisation and the strategic and governance positions will be filled, and others continue to minimise impact in a phased approach.

South Africa faces the challenge of growing unemployment, most notably among women and the youth. To address some of the challenges,

the NHBRC established an internship programme through the Social Transformation Empowerment programme and Human Capital to provide graduates with opportunities to gain practical work experience. The focus was to alleviate some of the high levels of unemployment among young graduates. Therefore, the NHBRC committed to creating internship opportunities to give unemployed youth work experience.

In boosting the staff morale and aligning with the NHBRC policy to reward good performance, employees were paid bonuses for achieving the 2021/2022 targets.

### Institutional governance

Human Capital made several changes and amendments in the policies guiding the organisation. The SOPs in relation to the policy mention below have been updated to keep up to date with gaps identified during implementation as well as to ensure legislative compliance is adhered to. The following policies were revised during the period:

- |  |   |
|--|---|
| 1. Performance Management Policy       | 7. Long Service Award                       |
| 2. Recruitment and Selection Policy    | 8. Substance Abuse Policy                   |
| 3. Acting Allowance Policy             | 9. Succession Planning and Promotion Policy |
| 4. Job Profiling and Evaluation Policy | 10. Harassment Policy                       |
| 5. Secondment Policy                   | 11. Travel Model Policy                     |

6. In keeping with the ever-changing markets, the NHBRC is developing a Hybrid Work Policy

Through the support of the Council, the following policies were approved:

- |  |  |
|--|--|
| 1. Leave Policy  | 7. Training, Development, and Bursary Policy |
| 2. Disciplinary Policy   | 8. Acting Policy                             |
| 3. Injury on Duty  | 9. Job Profiling and Evaluation Policy       |
| 4. Substance Abuse Policy  | 10. Secondment Policy                        |
| 5. Code of Conduct   |  |
| 6. Approval for Management appointment in grade 4 - 6 employment contract status to permanent. |  |

### Challenges

Our main challenge has been the lack of capacity at the Executive and Management level following the expiry of fixed-term contracts. These positions could not be filled because of the moratorium on filling positions and were temporarily filled by acting personnel, resulting in capacity constraints.

The main goal for human capital in the coming year would be to finalise the travel model policy and implement a document management system.

## 4.2 HUMAN RESOURCE OVERSIGHT STATISTICS

Table 18: Personnel cost by sections and business units

Section/Business unit	Total expenditure for the entity (R'000)	Personnel expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee (R'000)
Business Services		R 51 916	8,4%	31	R1 675
Chief Executive Officer		R76 454	12,9%	55	R1 390
Chief Financial Officer		R24 389	4,4%	27	R903
Chief Operations Officer		R28 362	5,2%	20	R1 418
Corporate Services		R40 586	7,4%	37	R1 097
Eastern Cape Regional Office		R40 023	7,0%	46	R870
Free State Regional Office		R23 421	4,3%	28	R836
Gauteng Regional Office		R77 849	13,0%	86	R905
KwaZulu-Natal Regional Office		R51 725	8,0%	56	R924
Limpopo Regional Office		R46 525	8,0%	49	R949
Mpumalanga Regional Office		R28 763	5,0%	32	R899
North West Regional Office		R32 783	5,9%	39	R841
Northern Cape Regional Office		R10 403	1,9%	8	R1 300
Western Cape Regional Office		R47 851	8,7%	54	R886
<b>TOTAL</b>	<b>R556 866</b>	<b>R581 050</b>	<b>100%</b>	<b>568</b>	<b>R14 894</b>

Table 19: Personnel cost by salary band

Level	Personnel expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top management	R7 812	1,34%	2	R3 906
Senior management	R10 333	1,78%	5	R2 067
Professionally qualified	R147 370	25,36%	73	R2 019
Skilled	R324 217	55,80%	276	R1 175
Semi-skilled	R83 123	14,31%	187	R445
Unskilled	R8 196	1,41%	25	R 328
<b>TOTAL</b>	<b>R581 050</b>	<b>100%</b>	<b>568</b>	<b>R9 938</b>

Table 20: Performance rewards

Level	Performance rewards (R'000)	Personnel expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top management	-	R7 812	0%
Senior management	R1 081	R10 333	10%
Professionally qualified	R9 811	R147 370	7%
Skilled	R12 198	R324 217	4%
Semi-skilled	R3 302	R83 123	4%
Unskilled	R667	R8 196	8%
<b>TOTAL</b>	<b>R27 060</b>	<b>R581 050</b>	<b>33%</b>

Table 21: Training costs

Training programme	Personnel expenditure (R'000)	Training expenditure (R'000)	Training expenditure as a % of personnel cost	No. of employees trained	Avg. training cost per employee (R'000)
Digitalisation training	R2 474 260,00	R0	0%	22	R0
Human Resource short course	R2 474 260,00	R14 500,00	0,006%	1	R14 500
GIBS Business & Management Development	R2 474 260,00	R22 999,90	0,009%	1	R22 999,90
HPCSA membership	R2 474 260,00	R1 262,00	0,005%	1	R1 262,00
Quantity Surveying profession membership	R2 474 260,00	R5 104,80	0,002%	1	R5 108,80
ACFE membership	R2 474 260,00	R2 859,62	0,001%	1	R2 859,62
SACAP exam for membership renewal	R2 474 260,00	R2 767,00	0,001%	1	R2 767,00
CCPM annual membership	R2 474 260,00	R3 632,26	0,001%	1	R3 632,26
Certified Information Systems Auditor membership	R2 474 260,00	R2 944,77	0,001%	1	R2 944,77
SABPP membership renewal	R2 474 260,00	R3 260,00	0,001%	1	R3 260,00
Working Relation Building Exercise	R2 474 260,00	R0	0%	15	R0
ITIL V4 Foundation and exam	R2 474 260,00	R9 485,00	0,004%	9	R1 053,88
DataCon Africa 2022	R2 474 260,00	R16 094,00	0,007%	10	R1 609,40
HC Policy roadshows	R2 474 260,00	R0	0%	276	R0
Office 365 information session	R2 474 260,00	R0	0%	435	R0
Ethics and Fraud Awareness Training	R2 474 260,00	R0	0%	128	R0
Technical professional workshop for inspectorate section	R2 474 260,00	R0	0%	199	R0
Company Secretariat practice	R2 474 260,00	R7 035,00	0,003%	1	R7 035,00
ITIL 4 Foundation	R2 474 260,00	R20 585,00	0,008%	1	R20 585,00
Ethics Officer certification	R2 474 260,00	R25 044,00	0,010%	1	R25 044,00
Public governance and management	R2 474 260,00	R8 720,00	0,004%	1	R8 720,00
CIA Learning System instructor	R2 474 260,00	R24 536,40	0,01%	2	R12 268,20

Training programme	Personnel expenditure (R'000)	Training expenditure (R'000)	Training expenditure as a % of personnel cost	No. of employees trained	Avg. training cost per employee (R'000)
Conducting bow ties for risk assessments and control reviews	R2 474 260,00	R6 870,01	0,003%	2	R3 435,01
IRMSA Conference 2022	R2 474 260,00	R30 360,00	0,012%	6	R5 060,00
CIA 1 Learning System instructor-led course	R2 474 260,00	R19 057,80	0,01%	3	R6 352,60
CIA 2 Learning System instructor-led course	R2 474 260,00	R28 229,00	0,011%	3	R9 409,66
Advanced certified fraud examination	R2 474 260,00	R59 800,00	0,024%	1	R59 800,00
15th annual ACFE Conference	R2 474 260,00	R7 500,00	0,003%	1	R7 500,00
SAICE National Award	R2 474 260,00	R5 500,00	0,002%	8	R687,50
Governing Risk for Performance	R2 474 260,00	R 51 512,40	0,061%	26	R5 827,40
CIA 3 Learning System instructor	R2 474 260,00	R36 804,00	0,015%	3	R12 268,00
SACPCMP professional membership for inspectors	R2 474 260,00	R42 160,73	0,02%	148	R284,86
JBCC standard contract in South African construction industry	R2 474 260,00	R114 800,00	0,05%	41	R2 800,00
Stakeholder engagement and communication	R2 474 260,00	R10 348,85	0,004%	1	R10 348,85
2020 IRMSA Risk Appetite and Tolerance	R2 474 260,00	R85 876,80	0,035%	24	R3 578,20
Change management	R2 474 260,00	R137 540,00	0,06%	23	R5 980,00
IRMSA 2022 Futures Thinking workshop	R2 474 260,00	R12 535,00	0,005%	2	R6 267,50
Employment equity for executives and managers	R2 474 260,00	R60 896,00	0,025%	22	R2 768,00
Know your NHBRC   Product knowledge training for head office staff	R2 474 260,00	R0	0%	45	R0
First Aid NQF Level 1	R2 474 260,00	R2 139,00	0,001%	2	R1 069,50
Fire fighting	R2 474 260,00	R3 450,00	0,001%	4	R862,50
H & S 1 Representative	R2 474 260,00	R1 725,00	0,001%	2	R862,50
Insolvency litigation	R2 474 260,00	R30 000,00	0,012%	2	R15 000,00
Customer service excellence	R2 474 260,00	R358 311,25	0,145%	100	R3 583,11
CIMA CSEP programme	R2 474 260,00	R105 498,70	0,043%	1	R105 498,70
Emotional intelligence and personal mastery	R2 474 260,00	R168 912,00	0,07%	38	R4 445,05
SAP process orchestration overview	R2 474 260,00	R35 483,25	0,014%	1	R35 483,25
Shop steward workshop	R2 474 260,00	R103 489,65	0,042%	9	R11 498,85

*Table 22: Employment and vacancies*

Level	2021/2022 No. of employees	2022/2023 Approved posts	2022/2023 No. of employees	2022/2023 Vacancies	% of vacancies
Top management	2	6	2	4	66,67%
Senior management	5	19	5	14	73,68%
Professionally qualified	82	86	73	13	15,12%
Skilled	165	274	276	0	0%
Semi-skilled	307	197	187	9	4,57%
Unskilled	27	28	25	2	7,14%
<b>TOTAL</b>	<b>588</b>	<b>610</b>	<b>568</b>	<b>42</b>	<b>6,89%</b>

Most vacancies have remained unfilled for a minimum of 31 months because of the moratorium. After the Minister of Human Settlements approved the Organisational Structure in July 2022, the Council requested that the recruitment of Executives and Management be prioritised to strengthen the organisation's strategic leadership capacity.

Measures have been taken to attract and retain staff successfully and attract and hire the best candidates by showing how the NHBRC culture and learning programmes connect employees to their deepest professional aspirations. Give employees the opportunities they seek, accelerate their growth, and transform their careers.

*Table 23: Employment changes*

Salary band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top management	2	0	0	2
Senior management	5	0	0	5
Professionally qualified	82	0	10	72
Skilled	165	0	6	159
Semi-skilled	307	0	3	304
Unskilled	27	0	1	26
<b>TOTAL</b>	<b>588</b>	<b>0</b>	<b>20</b>	<b>568</b>

*Table 24: Reasons for staff leaving*

Reason	Number	% of total no. of staff leaving
Death	3	15%
Resignation	10	50%
Dismissal	0	0%
Retirement	1	5%
Ill health	0	0%
Expiry of contract	6	30%
Other	0	0%
<b>TOTAL</b>	<b>20</b>	<b>100%</b>



Reasons for staff turnover are because of the end of contracts and recruitment processes being put on hold because of the moratorium. The NHBRC does not have a high turnover rate, and thus talent retention is one of the critical prerequisites of the organisation to ensure its sustainability. The skills supply for the NHBRC may not be a challenge but rather the organisational fit for technical and support skills.

*Table 25: Labour relations: Misconduct and disciplinary action*

Nature of disciplinary action	Number
Verbal warning	1
Written warning	2
Final written warning	2
Dismissal	0

*Table 26: Equity target and employment equity status – male*

Levels	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	2	2	0	0	0	0	0	0
Senior management	2	2	0	0	0	0	0	1
Professionally qualified	36	40	2	3	2	2	4	4
Skilled	132	71	14	9	2	2	6	5
Semi-skilled	37	104	1	11	1	2	2	5
Unskilled	5	6	0	1	0	0	0	0
<b>TOTAL</b>	<b>214</b>	<b>225</b>	<b>17</b>	<b>24</b>	<b>5</b>	<b>6</b>	<b>12</b>	<b>15</b>

*Table 27: Equity target and employment equity status – female*

Levels	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	0	2	0	1	0	0	0	1
Senior management	2	2	0	1	0	0	1	1
Professional qualified	26	32	2	4	1	1	0	4
Skilled	116	65	2	6	3	4	1	7
Semi-skilled	122	168	13	13	2	2	9	10
Unskilled	19	17	0	1	0	0	1	1
<b>TOTAL</b>	<b>285</b>	<b>286</b>	<b>17</b>	<b>25</b>	<b>6</b>	<b>7</b>	<b>12</b>	<b>24</b>

Table 28: Disabled staff

Levels	Disabled staff			
	Male		Female	
	Current	Target	Current	Target
Top management	0	0	0	0
Senior management	0	0	1	1
Professionally qualified	2	2	1	0
Skilled	4	4	3	3
Semi-skilled	2	2	2	2
Unskilled	0	0	1	1
<b>TOTAL</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>7</b>





**PART E**  
**FEMA**  
**COMPLIANCE**  
**REPORT**

# PART E:

## PFMA COMPLIANCE REPORT

Information on Irregular, Fruitless and Wasteful Expenditure

*Table 29: Irregular expenditure*

<b>Irregular expenditure</b>			
<b>Reconciliation of irregular expenditure</b>			
Description	2022/2023	2021/2022	2020/2021
	R	R	R
Opening balance	712 789 927	712 719 833	711 462 943
Prior Period Errors	-	-	-
As Restated	-	-	-
Add: Irregular expenditure confirmed	-	70 094	1 256 890
Less: Irregular expenditure condoned	-	-	-
Less: Irregular expenditure not condoned and removed	-	-	-
Less: Irregular expenditure recoverable	-	-	-
Less: Irregular expenditure not recovered and written off	-	-	-
<b>Closing balance</b>	<b>712 789 927</b>	<b>712 789 927</b>	<b>712 719 833</b>

<b>Reconciling notes to the annual financial statement disclosure</b>		
Description	2022/2023	2021/2022
	R	R
Irregular expenditure that was under assessment in 2021/2022	-	-
Irregular expenditure that relates to 2021/22 and identified in 2022/23 ( <b>note 23</b> )	-	-
Irregular expenditure for the current year	-	70 094
<b>TOTAL</b>	<b>-</b>	<b>70 094</b>

Detailed irregular expenditure at end of report Appendix B

Table 30: Fruitless, wasteful expenditure

<b>Fruitless, wasteful</b>			
<b>Reconciliation of Fruitless, wasteful</b>			
Description	2022/2023	2021/2022	2020/2021
	R	R	R
Opening balance	22 730 110	22 256 820	21 431 320
Prior Period Errors		-	474 000
As Restated	-	-	21 905 320
Add: Fruitless, wasteful expenditure confirmed		473 290	351 500
Less: Fruitless, wasteful expenditure condoned	-	-	-
Less: Fruitless, wasteful expenditure not condoned and removed	-	-	-
Less: Fruitless, wasteful expenditure recoverable	-	-	-
Less: Fruitless, wasteful expenditure not recovered and written off	-	-	-
<b>Closing balance</b>	<b>22 730 110</b>	<b>22 730 110</b>	<b>22 256 820</b>

<b>Reconciling notes to the annual financial statement disclosure</b>		
Description	2022/2023	2021/2022
	R	R
Fruitless, wasteful expenditure that was under assessment in 2021/2022		-
Fruitless, wasteful expenditure that relates to 2021/22 and identified in 2022/23 (note 23)		371 000
Fruitless, wasteful for the current year	-	102 290
<b>TOTAL</b>	<b>-</b>	<b>473 290</b>

Detailed fruitless, wasteful expenditure at end of report Appendix A





**PART E**  
**FINANCIAL**  
**INFORMATION**



# PART F:

# FINANCIAL INFORMATION

## 5.1 AUDITOR-GENERAL'S REPORT

### REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE NATIONAL HOME BUILDERS REGISTRATION COUNCIL

#### Report on the audit of the financial statements

#### Opinion

1. I have audited the financial statements of the National Home Builders Registration Council set out on pages 81 to 131, which comprise the statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Home Builders Registration Council as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

#### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor general for the audit of the financial statements section of my report.
4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Other matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

## National Treasury Instruction No. 4 of 2022-23: PFMA Compliance and Reporting Framework

### Restatement of corresponding figures

7. On 23 December 2022 National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA, which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes of the annual financial statements, only the current year and prior year figures are disclosed in note 23 to the financial statements. The movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of the National Home Builders Registration Council. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now required to be included as part of other information in the annual report of the auditees. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

### Unaudited supplementary schedule

8. The supplementary information set out on page 132 does not form part of the financial statements and is presented as additional information. I have not audited this schedule and, accordingly, I do not express an opinion on it.

### Responsibilities of the accounting authority for the financial statements

9. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the PFMA; and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
10. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

### Responsibilities of the auditor-general for the audit of the financial statements

11. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
12. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

## Report on the audit of the annual performance report

13. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected programmes presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

14. I selected the following programmes presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected programmes that measures the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Programme	Page numbers	Purpose
<b>Regulation</b>	31 - 33	To ensure the registration of home builders, train home builders, and to regulate and enforce compliance with building standards.
<b>Consumer protection</b>	34	To improve regulatory compliance and reduce greenhouse gas emissions.

15. I evaluated the reported performance information for the selected programmes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.

16. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
- the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there are adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

17. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.

18. I did not identify any material findings on the reported performance information for the selected programmes.

### Other matters

19. I draw attention to the matters below.

## Achievement of planned targets

20. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and underachievements
21. The public entity plays a key role in delivering services to South Africans. The annual performance report includes the following service delivery achievements against planned targets

Key service delivery indicators not achieved	Planned target	Reported achievement
<b>Programme 2: Regulation</b>		
Targets achieved: 86% (12/14) Budget spent: 116%		
Percentage of prosecutable matters set down for hearing before the Disciplinary Committee within 30 working days	100% of prosecutable matters set down for hearing before the Disciplinary Committee within 30 working days	93% of prosecutable matters set down for hearing before the Disciplinary Committee within 30 working days
Percentage of disputes resolved	100% of disputes resolved within 90 days	93% of disputes resolved within 90 days
<b>Programme 3: Consumer Protection</b>		
Targets achieved: 100% (4/4) Budget spent: 112%		

Reasons for the underachievement of targets are included in the annual performance report on page 32.

## Material misstatements

22. I identified a material misstatement in the annual performance report submitted for auditing. This material misstatement was in the reported performance information of Consumer protection. Management subsequently corrected the misstatement and I did not include any material findings in this report.

## Report on compliance with legislation

23. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.
24. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
25. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
26. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

## Consequence management

27. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure as required by section 51(1)(e)(iii) of the PFMA. This was due to proper and complete records that were not maintained as evidence to support the investigations into irregular expenditure.
28. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred fruitless and wasteful expenditure as required by section 51(1)(e)(iii) of the PFMA. This was due to proper and complete records that were not maintained as evidence to support the investigations into fruitless and wasteful expenditure.

## Other information in the annual report

29. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.
30. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
31. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
32. The other information I obtained prior to the date of this auditor's report are general information, performance information, governance, human resource management and PFMA compliance report, and the foreword by the Minister, foreword by the Chairperson of Council and audit committee report are expected to be made available to us after 31 July 2023.
33. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact.
34. When I do receive and read the foreword by Ministers, foreword by the Chairperson of the Council and audit committee report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

## Internal control deficiencies

35. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
36. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation included in this report.

37. Inadequate oversight by leadership to ensure compliance and related consequence management resulting in material non-compliance.
38. Management did not implement adequate record keeping to ensure proper and complete records of the irregular and fruitless and wasteful expenditure investigations and subsequent actions that have been taken are maintained and easily accessible which resulted in material non-compliance on consequence management.

Auditor-General

Pretoria

31 July 2023



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## ANNEXURE TO THE AUDITOR'S REPORT

The annexure includes the following:

- the auditor-general's responsibility for the audit
- the selected legislative requirements for compliance testing.

### Auditor-general's responsibility for the audit

#### Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the public entity's compliance with selected requirements in key legislation.

#### Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

#### Communication with those charged with governance

I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

## Compliance with legislation - selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act No.1 of 1999 (PFMA)	Section 51(1)(a)(iv); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); 55(1)(c)(i); 56(1); 56(2); 57(b);
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Treasury Regulation 8.2.1; 8.2.2; 16A 3.1; 16A 3.2; 16A3.2(a); 16A6.1; 16A6.2(a) & (b); 16A6.2(e);16A 6.3(a); 16A 6.3(a)(i);16A6.3(b); 16A6.3(c); 16A6.3(d); 16A6.3(e); 16A6.4; 16A6.5;16A 6.6; TR 16A.7.1; 16A.7.3; 16A.7.6; 16A.7.7; 16A 8.2(1);16A 8.2(2); 16A 8.3; 16A 8.3(d); 16A8.4; 16A9.1 16A9;16A9.1(b)(ii); 16A9.1(c); 16A 9.1(d); 16A9.1(e); 16A9.1(f);16A9.2; 16A 9.2(a)(ii); TR 16A 9.2(a)(iii); 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1; 31.1.2(c); 31.2.1; 31.3.3; 33.1.1; 33.1.3
Prevention and Combating of Corrupt Activities Act No.12 of 2004 (PRECCA)	Section 34(1)
Construction Industry Development Board Act No.38 of 2000 (CIDB)	Section 18(1)
Construction Industry Development Board Regulations	Regulation 17; 25(1); 25 (5) & 25(7A)
Preferential Procurement Policy Framework Act (PPPFA)	Section 1(i); 2.1(a); 2.1(b); 2.1(f)
Preferential Procurement Regulations of 2017 (PPR 2017)	Paragraph 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; 7.6; 7.8; 8.2; 8.5; 9.1; 9.2; 10.1; 10.2;11.1; 11.2; 12.1 and 12.2
Preferential Procurement Regulations of 2022 (PPR 2022)	Paragraph 3.1; 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
PFMA SCM Instruction no. 09 of 2022/2023	Paragraph 3.1; 3.3 (b); 3.3 (c); 3.3 (e); 3.6
National Treasury Instruction No.1 of 2015/16	Paragraph 3.1; 4.1; 4.2
NT SCM Instruction Note 03 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4; 4.4 (a); 4.4 (c)-(d); 4.6; 5.4; 7.2; 7.6
NT SCM Instruction 4A of 2016/17	Paragraph 6
NT SCM Instruction Note 03 2019/20	Par 5.5.1(vi); Paragraph 5.5.1(x);
NT SCM Instruction Note 11 2020/21	Paragraph 3.1; 3.4 (a) and (b); 3.9; 6.1;6.2;6.7
NT SCM Instruction note 2 of 2021/22	Paragraph 3.2.1; 3.2.2; 3.2.4(a) and (b); 3.3.1; 3.2.2; 4.1
PFMA SCM Instruction 04 of 2022/23	Paragraph 4(1); 4(2); 4(4)
Practice Note 5 of 2009/10	Paragraph 3.3
PFMA SCM instruction 08 of 2022/23	Paragraph 3.2; 4.3.2; 4.3.3
Competition Act	Section 4(1)(b)(ii)
NT instruction note 4 of 2015/16	Paragraph 3.4
Second amendment of NTI 05 of 2020/21	Paragraph 4.8; 4.9; 5.1; 5.3
Erratum NTI 5 of 202/21	Paragraph 1
Erratum NTI 5 of 202/21	Paragraph 2
Practice note 7 of 2009/10	Paragraph 4.1.2
Practice note 11 of 2008/9	Paragraph 3.1; 3.1 (b)
NT instruction note 1 of 2021/22	Paragraph 4.1



## 5.2 STATEMENT OF RESPONSIBILITY

### NATIONAL HOME BUILDERS REGISTRATION COUNCIL STATEMENT OF RESPONSIBILITY

*for the year ended 31 March 2023*

The Council, which is the Accounting Authority of the National Home Builders Registration Council (NHBRC), is responsible for the preparation, integrity and fair presentation of the annual financial statements of the NHBRC.

The annual financial statements for the year ended 31 March 2023 presented on pages 81 to 131 have been prepared in accordance with effective Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

They are based on appropriate accounting policies which have been consistently applied and which are supported by reasonable and prudent judgements and estimates. The going concern basis has been adopted in preparing the annual financial statements. The Council has no reason to believe that the NHBRC will not be a going concern in the foreseeable future based on forecasts and available cash resources.

The Council is also responsible for the NHBRC's system of internal controls. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the annual financial statements and to adequately safeguard, verify and maintain accountability of assets. These controls are monitored throughout the NHBRC by management and employees, in an attempt to address the segregation of authority and duties with available resources. The Council continues to design and implement processes to monitor internal controls, to identify material breakdowns and implement timely corrective action.

The Council, and NHBRC management, treat corporate governance matters seriously, and whenever any instances of non compliance to regulations are uncovered or reported, appropriate disciplinary measures in terms of policy and legislation are instituted.

The annual financial statements were approved by the Council on 31 July 2023 for submission to the Auditor General and are signed on its behalf:



**Ms Nomusa Mufamadi**  
Chairperson of Council



**Mr Songezo Booi**  
Chief Executive Officer

## 5.3 ANNUAL FINANCIAL STATEMENTS

### NATIONAL HOME BUILDERS REGISTRATION COUNCIL STATEMENT OF FINANCIAL POSITION

as at 31 March 2023

	Notes	2023 R	Restated 2022 R
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2	88 423 551	82 435 895
Intangible assets	3	14 956 460	30 785 223
Investments	4	4 617 559 886	4 469 198 012
Other receivables	6	2 245 962	306 660
		<u>4 723 185 859</u>	<u>4 582 725 790</u>
<b>Current assets</b>			
Investments	4,25	4 180 044 114	3 849 527 515
Inventories	5	6 608 474	7 838 978
Trade and other receivables	6	43 509 068	36 523 832
Cash and cash equivalents	7,25	627 295 132	675 252 609
		<u>4 857 456 787</u>	<u>4 569 142 934</u>
<b>TOTAL ASSETS</b>		<b>9 580 642 646</b>	<b>9 151 868 724</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Provision for outstanding claims	9	14 287 115	21 357 342
Provision for unearned premium	9	726 160 653	579 432 501
Deposits for Guarantees	11	27 132 612	37 112 375
		<u>767 580 379</u>	<u>637 902 218</u>
<b>Current liabilities</b>			
Trade and other payables	10	122 525 516	188 516 671
Deposits for Guarantees	11	18 766 876	17 186 781
Provision for outstanding claims	9	11 911 492	10 135 532
Provision for unearned premium	9	346 982 464	381 464 182
		<u>500 186 348</u>	<u>597 303 166</u>
<b>Total Liabilities</b>		<b>1 267 766 727</b>	<b>1 235 205 384</b>
<b>Net Assets</b>			
Accumulated surplus		8 312 875 919	7 916 663 340
Emerging contractor reserve	8	3 665 039	3 665 039
<b>Total Net Assets and Liabilities</b>		<b>9 580 642 646</b>	<b>9 151 868 723</b>

## NATIONAL HOME BUILDERS REGISTRATION COUNCIL

### STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2023

Revenue	Notes	2023 R	2022 R
<b>Revenue from exchange transactions</b>			
Insurance premium revenue	12	644 569 077	1 354 003 995
Fee revenue	13	73 011 192	59 212 811
Technical services revenue	14	10 074 900	4 996 300
Other revenue	15	19 520 509	4 895 575
Interest received and investment income	16	571 143 233	422 994 455
Realised gain on financial assets	4	49 306 586	159 808 110
Unrealised gain on financial assets	4	606 746 623	363 419 475
<b>Total revenue from exchange transactions</b>		<b>1 974 372 119</b>	<b>2 369 330 721</b>
<b>Revenue from non-exchange transactions</b>			
Other Income	15	4 186 000	3 965 296
<b>Total revenue</b>		<b>1 978 558 120</b>	<b>2 373 296 017</b>
<b>Expenditure</b>			
Insurance claims and loss adjustment expenses	17	(15 777 257)	(9 618 531)
Accreditation, builders manual and certificate cost	30.2	(1 296 794)	(1 722 708)
Technical services expenditure	30.3	(15 292 045)	(4 061 070)
Depreciation and amortisation	30.4	(23 205 164)	(22 225 697)
Employee cost	30.5	(581 050 131)	(556 865 891)
Repairs and maintenance	30.6	(2 462 909)	(2 048 562)
Administration expenses	30.8	(204 581 245)	(231 304 504)
Asset management service fees	4	(13 650 117)	(12 990 391)
Realised loss on financial assets	4	(95 691 352)	(48 739 459)
Unrealised loss on financial assets	4	(629 338 526)	(199 641 651)
<b>Total expenditure</b>		<b>(1 582 345 541)</b>	<b>(1 089 218 465)</b>
<b>Surplus for the year</b>		<b>396 212 579</b>	<b>1 284 077 552</b>

## NATIONAL HOME BUILDERS REGISTRATION COUNCIL

### STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2023

	Accumulated surplus	Emerging contractor reserve	Total
	R	R	R
<b>Balance at 31 March 2021</b>	<b>6 628 920 749</b>	<b>3 665 039</b>	<b>6 632 585 787</b>
Surplus for the year ended 31 March 2022	1 284 077 552		1 284 077 552
<b>Balance at 31 March 2022</b>	<b>7 912 998 301</b>	<b>3 665 039</b>	<b>7 916 663 340</b>
Surplus for the year ended 31 March 2023	396 212 579	-	396 212 579
<b>Balance at 31 March 2023</b>	<b>8 309 210 880</b>	<b>3 665 039</b>	<b>8 312 875 919</b>

### CASH FLOW STATEMENT

for the year ended 31 March 2023

	Notes	2023 R	Restated 2022 R
<b>Cash flows from operating activities</b>			
<b>Receipt</b>			
		<b>876 661 528</b>	<b>857 217 531</b>
Cash receipts from customers		833 697 065	829 567 981
Interest received	16	42 964 463	27 649 550
<b>Payment</b>			
		<b>(876 910 188)</b>	<b>(725 175 819)</b>
Cash paid to suppliers and employees		(855 838 665)	(715 929 700)
Claims paid	17	(21 071 523)	(9 246 119)
<i>Net cash (outflow)/inflow from operating activities</i>	20.1	<b>(248 660)</b>	<b>132 041 712</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	(13 554 131)	(1 750 645)
Purchase of intangible assets	3	(86 855)	(5 354 256)
Purchase of additions investment	4	(1 460 000 000)	(1 365 824 889)
Withdrawal of investment	4	1 425 932 169	1 363 222 081
<i>Net cash (out)/inflow from investing activities</i>		<b>(47 708 817)</b>	<b>(9 707 709)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		(47 957 477)	122 334 003
<b>Cash and cash equivalents at beginning of year</b>	7,25	675 252 609	552 918 606
<b>Cash and cash equivalents at the end of the year</b>	20.3, 25	<b>627 295 132</b>	<b>675 252 609</b>

## NATIONAL HOME BUILDERS REGISTRATION COUNCIL

### STATEMENT OF COMPARISON OF BUDGET AND ACTUAL INFORMATION

for the year ended 31 March 2023

Description	Notes	2023 Actual	2023 Budget	Difference: Actual and Budget	2022 Actual	2022 Budget
<b>Revenue</b>	<b>1</b>					
<b>Insurance premium revenue</b>						
Fee revenue	1.1	73 011 192	54 209 912	18 801 280	59 212 811	63 545 031
Non-subsidy enrolments	1.2	669 102 234	629 230 294	39 871 940	641 588 531	552 477 697
Actuarial Adjustments	1.3	(112 246 433)	-	(112 246 433)	604 949 953	-
Subsidy enrolments	1.4	87 713 277	140 000 000	(52 286 723)	107 465 511	125 345 459
Technical service revenue	1.5	10 074 900	12 000 000	(1 925 100)	4 996 300	15 000 000
Other revenue	1.6	19 520 509	3 000 000	16 520 509	4 895 575	3 000 000
Other Income	1.6	4 186 000	-	4 186 000	3 965 296	-
Interest received and investment income	3	571 143 233	451 203 036	119 940 197	422 994 455	436 789 000
Unrealised gain on financial assets	3	49 306 586	27 214 131	22 092 455	159 808 110	-
Realised gain on financial assets	3	606 746 623	27 214 130	579 532 493	363 419 475	52 689 507
<b>Total revenue</b>		<b>1 978 558 120</b>	<b>1 344 071 502</b>	<b>634 486 618</b>	<b>2 373 296 017</b>	<b>1 248 846 693</b>
<b>Expenses</b>	<b>2</b>					
Insurance claims and loss adjustment expenses		(15 777 257)	-	(15 777 257)	(9 618 531)	-
Accreditation, builders manual and certificate cost		(1 296 794)	(2 435 466)	1 138 672	(1 722 708)	(1 502 940)
Technical services expenditure	2.1	(15 292 045)	(9 600 000)	(5 692 045)	(4 061 070)	(8 800 000)
Depreciation and amortisation		(23 205 164)	(22 933 034)	(272 130)	(22 225 697)	(22 200 420)
Council costs and Non Council	2.2	(8 735 113)	(6 775 409)	(1 959 704)	(2 623 926)	(4 710 038)
Employee cost	2.3	(581 050 131)	(550 283 898)	(30 766 233)	(556 865 891)	(502 690 509)
Asset management services		(13 650 117)	(12 767 880)	(882 237)	(12 990 391)	(12 360 000)
Repairs and maintenance		(2 462 909)	(2 442 794)	(20 115)	(2 048 562)	(2 764 563)
Administration expenses	2.4	(195 846 132)	(228 738 252)	32 892 120	(228 680 578)	(206 242 878)
Unrealised loss on financial assets		(629 338 526)	-	-	(199 641 651)	-
Realised loss on financial assets	3	(95 691 352)	-	(95 691 352)	(48 739 459)	-
<b>Total expenditure</b>		<b>(1 582 345 541)</b>	<b>(835 976 733)</b>	<b>(117 030 281)</b>	<b>(1 089 218 465)</b>	<b>(761 271 348)</b>
<b>Surplus for the period</b>		<b>396 212 579</b>	<b>508 094 769</b>	<b>405 209 904</b>	<b>1 284 077 552</b>	<b>487 575 345</b>

## NATIONAL HOME BUILDERS REGISTRATION COUNCIL

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

#### Notes

##### 1. Revenue

###### 1.1 Fee income

Fee income includes registration fees, renewal fees and project enrollment. The positive variance is mostly due to higher project enrollments in the current year than planned from Provincial Human Settlement Departments.

###### 1.2 Non subsidy enrollments

The increase of R39m is due to a higher number of enrollments in the current year than planned.

###### 1.3 Change in unearned premium and unexpired risk

The Actuarial adjustments are not budgeted for as they are based on the actuarial valuation conducted post year end.

###### 1.4 Subsidy enrollments

Subsidy home enrollment revenue decreased compared to budget, this is mainly due to the lower enrollment numbers from provincial Human Settlement Departments.

###### 1.5 Technical revenue

Not all projects were initiated in the current year therefore there is a slight decrease compared to budget.

###### 1.6 Other revenue

Other revenue is due to an increase in sundry income which is adhoc in nature.

##### 2. Expenditure

###### 2.1 Technical service expenditure

This expenditure is in relation to technical service revenue and also relates to work performed in relation to the KZN flood.

###### 2.2 Council costs

The Council cost increased due to more Special Council meetings in the financial year than was planned in the Corporate Calendar.

###### 2.3 Employee Costs

The increased expenditure in permanent staff cost is due to a change in Grade for Inspectors which led to a higher salary than budgeted for and other amendments approved in line with relevant Delegation of Authority.

###### 2.4 General and administration expenses

General and administration expenditure were stringently managed by the organisation.

##### 3. Income from investments

Increase in interest received and investment income is due to higher interest rates during the year. Realised gain/loss and unrealised gain/loss is as a result of investment market performance during the current year.

## NATIONAL HOME BUILDERS REGISTRATION COUNCIL

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

#### 1. Significant Accounting Policies

The principal accounting policies applied in the preparation of these audited annual financial statements are set out below.

##### 1.1 Basis Of Preparations

The audited annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These audited annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

These accounting policies are consistent with the previous period.

##### 1.2 Presentation Currency

These audited annual financial statements are presented in South African Rand, which is the functional currency of the entity.

##### 1.3 Going Concern Assumption

These audited annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

##### 1.4 Materiality

Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

##### 1.5 Significant Judgements and Sources of Estimation Uncertainty

In preparing the audited annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the audited annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the audited annual financial statements. Significant judgements include:

## NATIONAL HOME BUILDERS REGISTRATION COUNCIL

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating Notes.

Trade receivables / Held to maturity investments and/or loans and receivables.

The entity assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the provincial entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio.

#### 1.6 Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in (Note 1,13)

#### 1.7 Property, Plant and Equipment

Property, plant, and equipment are tangible non – current assets that are held for use in the production or supply of goods or services, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non – exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non – monetary asset or monetary assets, or a combination of monetary and non – monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.



## NATIONAL HOME BUILDERS REGISTRATION COUNCIL

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. The useful lives of items of property, plant and equipment have been assessed as follows:

Items	Depreciation Method	Average Useful Life
Computer equipment	Straight line	12 years
Office furniture	Straight line	30 years
Office Equipment	Straight line	20 years
Motor vehicles	Straight line	13 years
Buildings	Straight line	20 years
Minor Assets	Straight line	1 year

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset except for minor assets have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the Notes to the financial statements (See Note 30).

The entity discloses relevant information relating to assets under construction or development, in the Notes to the financial statements (See Note 2).

#### Minor Assets

Minor assets are those assets which have a value of R5000 or less but for which management deems important enough to keep on the fixed assets register for safeguarding. These items are depreciated in the year of acquisition and depreciation is therefore not renewed annually.

## NATIONAL HOME BUILDERS REGISTRATION COUNCIL NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

### 1.8 Intangible Assets

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non – exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Items	Depreciation Method	Average Useful Life
Computer software	Straight line	8 years

## NATIONAL HOME BUILDERS REGISTRATION COUNCIL

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

The entity discloses relevant information relating to assets under construction or development, in the Notes to the financial statements (See Note 3).

#### 1.9 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectible.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non – financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (See the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

## NATIONAL HOME BUILDERS REGISTRATION COUNCIL

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

A financial asset is:

- cash;
- a residual interest of another entity; or
- A contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

## NATIONAL HOME BUILDERS REGISTRATION COUNCIL

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

Financial instruments at amortised cost are non – derivative financial assets or non – derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies;
- combined instruments that are designated at fair value;
- instruments held for trading.
  - It is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
- Non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition;
- Financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

#### Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the Notes thereto:

Class	Category
Other financial assets	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalent	Financial asset measured at fair value
Payables from exchange transactions	Financial liability measured at amortised cost
Payables from non-exchange transactions	Financial liability measured at amortised cost

#### Initial Recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument. The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities.

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

## NATIONAL HOME BUILDERS REGISTRATION COUNCIL

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

Subsequent measurement of financial assets and financial liabilities.

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.
- All financial assets measured at amortised cost, or cost, are subject to an impairment review

#### Fair Value Measurement Considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e., without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g., a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

#### 1.10 Prepayments

Prepayments are payments that the entity has made at the reporting date for economic benefits or service potential to be received in future periods. Prepayments are made in accordance with contracts between the entity and third parties.

The entity recognises as an asset the extent to which payments made exceed the value of economic benefits or service potential received.

The entity measures prepayments at the fair value of the consideration paid, to the extent that it exceeds the value of goods or services received. As the entity receives the related goods or services, it shall reduce the carrying number of prepayments made by the fair value of those goods or services received. Any related asset or expense will be recognised in accordance with the applicable GRAP standard.

## NATIONAL HOME BUILDERS REGISTRATION COUNCIL

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

#### 1.11 Leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Operating lease payments are recognised as an expense on a straight line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

#### 1.12 Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less which are available on demand.

#### 1.13 Impairment Of Cash Generating Assets

Cash generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash generating unit is the higher its fair value less costs to sell and its value in use.

## NATIONAL HOME BUILDERS REGISTRATION COUNCIL

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

Useful life is either:

- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

Judgements made by management in applying the criteria to designate assets as cash generating assets or non – cash generating assets, are as follows:

- Whether assets are acquired to earn a commercial return.
- Whether assets are acquired to deliver services for which the entity is mandated other than those, which generate an economic return.

#### 1.14 Provisions and Contingencies

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.



## NATIONAL HOME BUILDERS REGISTRATION COUNCIL

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

A present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets and contingent liabilities are not recognised.

A contingent liability is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non – occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in Note 26.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The entity recognises a provision for financial guarantees when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

#### 1.15 Revenue from Exchange Transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates. Revenue arising from registration, renewal, late enrolment, non-subsidy enrolments, and subsidy home enrolments are recognised on receipt of cash payment.

## NATIONAL HOME BUILDERS REGISTRATION COUNCIL

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

#### Rendering of Services

When the outcome of the transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

#### 1.16 Interest and Dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

Interest is recognised using the effective interest rate method for financial instruments. Interest levied on transactions arising from exchange or non – exchange transactions is classified based on the nature of the underlying transaction.

Dividends or similar distributions are recognised, in surplus or deficit, when the entity's right to receive payment has been established.

#### 1.17 Revenue from Non – Exchange Transactions

Non – exchange transactions are transactions that are not exchange transactions. In a non – exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange or gives value to another entity without directly receiving approximately equal value in exchange.

## NATIONAL HOME BUILDERS REGISTRATION COUNCIL

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates. Revenue arising from DC fine and legal recoveries are recognised on the cash basis.

Revenue from a non – exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non – exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

#### 1.18 Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the entity.

#### 1.19 Insurance Technical Result

In accordance with the earnings curve, Initial expenses are earned uniformly. The unearned premium provision includes an allowance for the future release of profits.

In estimating the cost of notified but not paid insurance claims, the Council has regard to the insurance claim circumstances as reported. Basic chain ladder techniques are applied to project outstanding remedial work payments for each complaint period. The difference between the ultimate claims and the claims paid to date produced a result which includes both the “Incurred but Not Reported” and “Notified Outstanding Claims” provisions.

#### Insurance Premiums Written

Insurance premiums are defined as an enrollment fee in terms of Section 14 of the Housing Consumers Protection Measures Act. Insurance premiums written relate to business generated during the year, together with any differences between booked insurance premiums for prior years. They include the insurance premiums for the whole of the period of risk covered by the warranty regardless of whether or not these are wholly due for payment in the accounting period.

Insurance premiums written comprise the total insurance premiums payable by the insured to which the insurer is contractually entitled to and are shown net of insurance premium refunds. Insurance premiums written exclude value added taxation.

## NATIONAL HOME BUILDERS REGISTRATION COUNCIL

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

#### Insurance Claims Incurred

Insurance claims incurred, comprise insurance claims and related expenses paid in the year and changes in the outstanding claims provision, including provisions for insurance claims incurred but not reported and related expenses, together with any other adjustments to insurance claims from previous years. Insurance claims are typically reported relatively quickly after the insurance claims event and are therefore subject to significantly less uncertainty than future insurance claims events.

Insurance claims outstanding represent the cost of settling all insurance claims arising from events that have occurred up to the balance sheet date, including the provision for insurance claims incurred but not reported, less any amounts paid in respect of those insurance claims.

#### Unearned Insurance Premiums

In terms of the Housing Consumers Protection Measures Act (Act no. 95 of 1998), the Council shall provide warranty cover to housing consumers for a maximum period of five years from the date of occupation. Insurance premiums are earned over the period of the policy commensurate with the expected incidence of risk. In reaching its assessment of the pattern of risk the Council makes reference to past insurance claims experience. Unearned insurance premiums represent the proportion of insurance premiums written that is held to cover expenses, claims and profits attributable for future years of warranty cover.

In determining the unearned premium provision, initial expenses are deducted from the enrolment fee. The remaining portion of the enrolment fee is assumed to be earned over the life of the policy in accordance with the earning curve. Initial expenses are earned uniformly. The unearned premium provision includes an allowance for the future release of profits.

#### Liability Adequacy Test

An independent actuarial service company tests the solvency of the warranty fund annually. The assessment is to confirm the solvency of the organisation and its ability to meet its future obligations. The results of the actuarial valuation indicated that the NHBRC, including both subsidy and non – subsidy houses, is solvent and can fund its liabilities on a going concern basis

#### 1.20 Comparative Figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

#### 1.21 Budget Information

Entity are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget covers the fiscal period from 2022/04/01 to 2023/03/31.

## NATIONAL HOME BUILDERS REGISTRATION COUNCIL

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

The audited annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

#### 1.22 Related Parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the entity.

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its audited annual financial statements.

#### 1.23 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non – exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

## NATIONAL HOME BUILDERS REGISTRATION COUNCIL

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the entity incurs to acquire the asset on the reporting date.

The cost of inventories is assigned using the first in, first out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

Estimated net realisable value is the estimated selling price in the ordinary course of business, less any costs to be incurred in distribution.

#### Investment income

Investment income is recognised on a time proportion basis using the effective interest method.

#### 1.24 Tax

No provision has been made for South African Normal Tax as the Council has been granted exemption in term of Section 10 (1) (cA)(i) of the Income Tax Act No 58 of 1962.

#### 1.25 Value Added Tax

No provision has been made for Value Added Taxation as the Council was deregistered as a vat vendor on 01 April 2011 in terms of the Revenue Laws Amendment Acts Nos. 45 of 2003 and 32 of 2004, which came into operation on 01 April 2005.

#### 1.26 Fruitless and Wasteful Expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

#### 1.27 Employee Benefits

##### Short Term Employee Benefits

The cost of short term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non - monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non – accumulating absences, when the absence occurs.

## NATIONAL HOME BUILDERS REGISTRATION COUNCIL

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

#### 1.28 Irregular Expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including

- a. This Act; or
- b. The State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- c. Any provincial legislation providing for procurement procedures in that provincial government..
- d. Irregular expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required except for updating the Annual report.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required apart from updating non- compliance on the Annual report.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register, and the disclosure on non- compliance on the Annual report must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury, or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law.

Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant non- compliance on the Annual report. The irregular expenditure register must also be updated accordingly.

If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the Note to the financial statements and updated accordingly in the irregular expenditure register.

## NATIONAL HOME BUILDERS REGISTRATION COUNCIL

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

#### 1.29 Events After Reporting Date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non – adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non adjusting events, where non – disclosure could influence the economic decisions of users taken on the basis of the financial statements.

## 2 New Standards and Interpretations

### 2.1 Standards and interpretations issued, but not yet effective.

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2023 or later periods:

#### **GRAP 1 Presentation of financial statements**

Going concern

When preparing financial statements, management shall make an assessment of an entity's ability to continue as a going concern. Financial statements shall be prepared on a going concern basis unless there is an intention to liquidate the entity or to cease operating, or if there is no realistic alternative but to do so. When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, those uncertainties shall be disclosed. When the financial statements are not prepared on a going concern basis, that fact shall be disclosed, together with the basis on which the financial statements are prepared and the reason why the entity is not regarded as a going concern.

In assessing whether the going concern assumption is appropriate, an entity shall disclose, in the notes to the financial statements, significant judgements and assumptions made as part of management's assessment of whether the going concern assumption is appropriate.

134B Paragraph .27 requires disclosure of material uncertainties related to events or conditions that may cast significant doubt upon an entity's ability to continue as a going concern. Where one or more uncertainties exist that may cast doubt on the entity's ability to continue as a going concern, the entity shall disclose the following in the notes to the financial statements:

- a. the fact that there is one or more uncertainties related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern;
- b. information about the principal events or conditions that give rise to these uncertainties;



## NATIONAL HOME BUILDERS REGISTRATION COUNCIL

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

- c. the possible effects that the events or conditions resulting in uncertainties may have on current and future reporting periods; and
- d. information about management's plans to address the events or conditions that resulted in uncertainties, and their actions to mitigate the effect of the events or conditions

#### **IFRS Insurance contract 17**

At the date of authorization of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective. Except for the adoption of IFRS 17 and the Council do not expect that the adoption of the Standards listed below will have a material impact on the financial statements of the entity in future periods, except where indicated.

The entity will adopt International Financial Reporting Standard (IFRS) 17 Insurance Contracts. This change is driven by regulatory requirements and aims to improve the accounting and reporting of insurance contracts and financial instruments, enhancing transparency and comparability.

As of the reporting date, limited work has been performed to determine the specific transition method for the adoption of IFRS 17. The selection of the transition method, whether retrospective application or modified retrospective application, is yet to be determined and will be disclosed in subsequent financial statements once finalized.

The impact of adopting IFRS 17 on the Entity's financial statements is currently being evaluated. Management anticipates that the change in accounting policy will have a significant effect on the recognition, measurement, and presentation of insurance contracts and financial instruments compared to the previous accounting framework. The entity is in the process of assessing the specific areas of impact, and the magnitude of the effect will be disclosed in future financial statements once the assessment is completed.

The transition to IFRS 17 may involve the exercise of significant judgments and estimates. These judgments and estimates will be made during the transition process to ensure the appropriate application of IFRS principles. The key judgments and estimates made, including the basis for these judgments and their potential impact on the financial statements, will be disclosed in future financial statements.

Given that no work has been conducted as of the reporting date, no restatements or adjustments to comparative financial information for prior periods have been made in relation to the adoption of IFRS 17.

The entity will develop and implement the necessary plans, including training programs and system enhancements, to ensure a smooth and successful transition to IFRS 17. Any material changes in accounting policies resulting from the adoption of IFRS 17 will be communicated and disclosed in subsequent financial statements.

The Entity will continue to assess and monitor the progress of the transition to IFRS 17, including any additional considerations that may arise during the implementation process. Further updates and disclosures will be provided in subsequent financial statements as the transition progresses.

## NATIONAL HOME BUILDERS REGISTRATION COUNCIL NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

### 2.2 Standards and interpretations not effective or relevant

The following standards and interpretations have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2023 or later periods but are not relevant to its operation

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 104: Financial instrument	01 April 2025	Impact is currently being assessed
GRAP 25: Employee Benefits	01 April 2023	Unlikely there will be a material impact
GRAP 107: Mergers	Not set	Unlikely there will be a material impact

## NATIONAL HOME BUILDERS REGISTRATION COUNCIL

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2023

#### 2. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment	Office furniture and equipment	Motor vehicles	Land	Buildings	Total
	R	R	R	R	R	R
<b>Year ended 31 March 2023</b>						
Opening net book amount	14 655 477	10 250 189	850 598	17 751 947	38 927 683	82 435 894
Additions	8 479 589	25 440	-	-	5 049 101	13 554 131
Disposals	(2 177 354)	(233 050)	(232 104)	-	-	(2 642 508)
Depreciation on disposal	1 980 876	210 670	174 034	-	-	2 365 580
Depreciation charge	(2 393 379)	(924 146)	(107 272)	-	(3 864 748)	(7 289 546)
Closing net book amount	<b>20 545 209</b>	<b>9 329 102</b>	<b>685 256</b>	<b>17 751 947</b>	<b>40 112 036</b>	<b>88 423 551</b>
<b>At 31 March 2023</b>						
Cost	32 608 060	26 304 068	1 333 135	17 751 947	80 756 883	158 754 093
Accumulated depreciation	(12 062 850)	(16 974 966)	(647 880)	-	(40 644 846)	(70 330 542)
Net book amount	<b>20 545 209</b>	<b>9 329 102</b>	<b>685 256</b>	<b>17 751 947</b>	<b>40 112 036</b>	<b>88 423 551</b>
<b>Year ended 31 March 2022</b>						
Opening net book amount	16 608 182	9 991 457	963 309	17 751 947	42 713 071	88 027 966
Additions	608 210	1 142 435	-	-	-	1 750 645
Disposals	(1 552 856)	(315 714)	-	-	-	(1 868 570)
Depreciation on disposal	1 141 567	291 521	-	-	-	1 433 087
Depreciation charge	(2 149 625)	(859 509)	(112 711)	-	(3 785 388)	(6 907 233)
Closing net book amount	<b>14 655 477</b>	<b>10 250 189</b>	<b>850 598</b>	<b>17 751 947</b>	<b>38 927 683</b>	<b>82 435 895</b>
<b>At 31 March 2022</b>						
Cost	26 305 824	26 511 678	1 565 239	17 751 947	75 707 782	147 842 470
Accumulated depreciation	(11 650 347)	(16 261 489)	(714 641)	-	(36 780 098)	(65 406 575)
Net book amount	<b>14 655 477</b>	<b>10 250 189</b>	<b>850 598</b>	<b>17 751 947</b>	<b>38 927 683</b>	<b>82 435 895</b>

#### Land

Land comprises of ERF's 1085 & 1086 situated in Leeuwkop road Sunninghill, and Soshanguve A Township, Registration Division JR, Province of Gauteng; under General Plan No A9923/1996 and held by Certificate of Registered Title No. T4866/1997. The register of land is available at the Council's premises.

#### Buildings

Buildings comprise of Head Office located in Leeuwkop Road, Sunninghill, show houses, a training centre and a conference centre at the Eric Molobi Housing Innovation Hub. The Hub was established towards the end of 2005 at Thorntree View, Soshanguve A, in the Tshwane Metropolitan Municipality in Gauteng.

#### Useful lives

The residual values and estimated useful lives are reflected under 1.7 Significant judgements and sources of estimation uncertainty policies.

## NATIONAL HOME BUILDERS REGISTRATION COUNCIL

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2023

#### 3. INTANGIBLE ASSETS

	Computer software	Total
	R	R
<b>Year ended 31 March 2023</b>		
Opening net book amount	30 785 223	30 785 223
Additions	86 855	86 855
Amortisation charge	(15 915 618)	(15 915 618)
Closing net book amount	<b>14 956 460</b>	<b>14 956 460</b>
<b>At 31 March 2023</b>		
Cost	127 609 699	127 609 699
Accumulated amortisation	(112 653 239)	(112 653 239)
Net book amount	<b>14 956 460</b>	<b>14 956 460</b>
<b>Year ended 31 March 2022</b>		
Opening net book amount	40 744 794	40 744 794
Additions	5 354 256	5 354 256
Disposals	4 637	4 637
Amortisation charge	(15 318 464)	(15 318 464)
Closing net book amount	<b>30 785 223</b>	<b>30 785 223</b>
<b>At 31 March 2022</b>		
Cost	127 522 843	127 522 843
Accumulated amortisation	(96 737 620)	(96 737 620)
Net book amount	<b>30 785 223</b>	<b>30 785 223</b>

Intangible assets comprises of computer software namely SAP, Digital services and other minor software.

The amortisation has been assessed as reasonable. The recurring amortisation for SAP is less than one(1) years and digital service is eight(8) years respectively. Amortisation on SAP will be reviewed during 2024 period.

## NATIONAL HOME BUILDERS REGISTRATION COUNCIL

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2023

2023	Restated 2022
R	R

#### 4. INVESTMENTS

Investments represent investments in cash, listed bonds, securities and equities, which generate interest and dividend income as well as investment gains/losses.

*Investments carried at fair value comprise the following:*

Money Market investments	3 448 598 012	2 994 466 108
Cash Accounts *	214 366 624	368 190 784
CPD Money Market	517 079 478	486 870 623
Listed bond securities and equity		
- Short-term < 7 years	1 344 316 413	1 553 171 713
- Medium-term 7 to 12 years	319 638 633	261 962 023
- Long-term > 12 years	1 551 316 450	1 337 837 456
<b>(Note 25)</b>	<b>7 395 315 610</b>	<b>7 002 498 707</b>
Derivative financial instruments at fair value	1 402 288 390	1 316 226 820
	<b>8 797 604 000</b>	<b>8 318 725 527</b>
<b>Split between non-current and current</b>		
Non-Current portion	4 617 559 886	4 469 198 012
Current portion	4 180 044 114	3 849 527 515
Total	<b>(Note 25) 8 797 604 000</b>	<b>8 318 725 527</b>

None of these financial assets are either past due or impaired

\* Call accounts relate to the cash component within the bonds, equity and money market at year end.

#### *Reconciliation of opening and closing balance*

Opening balance	8 318 725 527	7 355 461 673
Cash Accounts prior year *	-	304 222 913
Capital additions	1 460 000 000	1 365 824 889
Withdrawal	(1 425 932 169)	(1 363 222 081)
Interest accrued	498 699 923	371 815 358
Dividend income	29 478 847	23 529 547
Transaction Costs	(741 342)	(762 856)
Asset management service fees	(13 650 117)	(12 990 391)
Unrealised profit on financial assets	606 746 623	363 419 475
Unrealised loss on financial assets	(629 338 526)	(199 641 651)
Realised profit on financial assets	49 306 586	159 808 110
Realised loss on financial assets	(95 691 352)	(48 739 459)
<b>(Note 25)</b>	<b>8 797 604 000</b>	<b>8 318 725 527</b>

## NATIONAL HOME BUILDERS REGISTRATION COUNCIL

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2023

#### 4. INVESTMENTS (CONTINUED)

##### 4.1 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates.

Financial Assets at Fair Value (Bonds, Money Market, Equities and Structured Products)

	2023 R	Restated 2022 R
<b>Issuer Local Credit Rating</b>		
AAA	2 461 793 250	2 134 147 094
AA+	370 081 931	664 425 339
AA	836 259 994	1 453 060 289
AA-	1 597 551 116	26 317 682
A+	109 835 690	195 326 903
A	1 132 027 558	5 081 793
A-	26 355 961	44 171 932
B	-	14 983 803
NR	206 265 108	-
F1+	-	1 275 742 543
	<b>6 740 170 608</b>	<b>5 813 257 378</b>
<b>Equity Exposure</b>	2 057 433 392	2 505 468 150
	<b>8 797 604 000</b>	<b>8 318 725 528</b>

The NHBRC has exposure to various issuers of debt instruments in South African Rands. To assess credit risk exposure, local currency ratings of the issuer are used. For clarity purposes the ratings are presented in this manner to enhance understanding of the user, in the current year ratings have all been converted to long term ratings for better understanding and consistency. As these ratings contain an element of judgement from the rating agency this may be regarded as a change in estimate.

## NATIONAL HOME BUILDERS REGISTRATION COUNCIL

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2023

#### 4.2 Fair value hierarchy for financial assets measured at fair value.

##### Fair value measurement at end of the year using:

	Fair value measurement at end of the year using:		
	R	Level 1 R	Level 2 R
<b>2023</b>			
Financial assets at fair value through profit or loss			
Equities	648 527 698	648 527 698	-
Bonds	2 566 743 798	2 566 743 798	-
Money market instruments	3 965 677 490	-	3 965 677 490
Call Accounts	214 366 624		214 366 624
Other investment (Structured Products)	1 402 288 390	1 402 288 390	-
	<b>8 797 604 000</b>	<b>4 617 559 886</b>	<b>4 180 044 114</b>

##### Fair value measurement at end of the year using:

	Fair value measurement at end of the year using:		
	R	Level 1 R	Level 2 R
<b>2022</b>			
Financial assets at fair value through profit or loss			
Equities	633 304 570	633 304 570	-
Bonds	2 519 666 622	2 519 666 622	-
Money market instruments	3 481 336 731	-	3 481 336 731
Call Accounts	368 190 784		368 190 784
Other investment (Structured Products)	1 316 226 820	1 316 226 820	-
	<b>8 318 725 528</b>	<b>4 469 198 013</b>	<b>3 849 527 515</b>

The fair value assets are classified using a fair value hierarchy that reflects the significance of the input used in determining the measurements.

The fair value hierarchy has the following levels:

**Level 1** - These are assets measured using quoted prices in an active market.

**Level 2** - These are assets measured using inputs other than quoted prices included within level 1, that are either directly or indirectly observable.

**Level 3** - These are assets measured using inputs that are not based on observable market data. The scheme does not have any assets falling under level 3.

The table below details the valuation techniques and observable inputs for assets falling under level 2:

Asset Description	Valuation Techniques	Observable Input
Debt securities	Discount cash flow method	Nominal & real bond yield curves
Money market instruments	Discount cash flow method	Swap curve
Other investments	Black scholes	Risk free rate from swap curve, market price of underlying asset

## NATIONAL HOME BUILDERS REGISTRATION COUNCIL

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2023

#### 5. INVENTORIES

Builders manuals at cost

	2023	2022
	R	R
Builders manuals at cost	6 608 474	7 838 978

#### 6. TRADE AND OTHER RECEIVABLES

##### Net trade receivables

- Trade receivables
- Less provision for impairment

Other receivables:

- Rental deposits
- Sundry debtors

	5 888 946	3 758 119
- Trade receivables	36 586 051	44 516 625
- Less provision for impairment	(30 697 105)	(40 758 506)
Other receivables:		
- Rental deposits	2 840 024	2 783 678
- Sundry debtors	37 026 060	30 288 695
	<b>45 755 030</b>	<b>36 830 492</b>

The fair values of trade and other receivables are as follows:

Trade receivables  
Rental deposits

Trade receivables	36 586 051	44 516 625
Rental deposits	2 840 024	2 783 678
	<b>39 426 075</b>	<b>47 300 303</b>

Movements on the provision for impairment of trade receivables is as follows:

At 1 April 2022

Decrease / (Increase) in provision

At 31 March 2023

At 1 April 2022	(40 758 506)	(39 570 498)
Decrease / (Increase) in provision	10 061 400	(1 188 008)
At 31 March 2023	<b>(30 697 105)</b>	<b>(40 758 506)</b>

In determining the recoverability of trade receivables, the NHBRC considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is high due to the customer base being Provincial Departments of Human Settlement.

##### 6.1 Rental deposits

Split between non-current and current

Non-Current portion

Current portion

Non-Current portion	2 245 962	306 660
Current portion	594 062	2 477 018
	<b>2 840 024</b>	<b>2 783 678</b>

##### 6.2 Trade and other receivables

Split between non-current and current

Non-Current portion

Current portion

Non-Current portion	2 245 962	306 660
Current portion	43 509 068	36 523 832
	<b>45 755 030</b>	<b>36 830 492</b>

##### 6.3 Credit quality of financial Assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates.



## NATIONAL HOME BUILDERS REGISTRATION COUNCIL

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2023

	2023 R	Restated 2022 R
<b>7. CASH AND CASH EQUIVALENTS</b>		
Cash balances	627 117 412	675 108 515
Short-term bank deposits	177 720	144 094
	<b>(Note 25) 627 295 132</b>	<b>675 252 609</b>

FNB uses the credit rating of FirstRand Bank Ltd which has a credit rating of BB.

### 8. EMERGING CONTRACTOR RESERVE

The reserve was established to assist home builders, through training and inspection, to achieve and to maintain satisfactory technical standards of home building in terms of Section 3(h) of the Housing Consumers Protection Measures Act (Act no. 95 of 1998). The emerging contractor reserve has been established, with Ministerial approval, to develop programmes targeted at the empowerment of emerging home builders registered with the NHBRC, which will enable learners to be able to start and manage their own construction contracting businesses. The Council utilised R0 (2022: R0) for home builder training in the current financial year. The remaining reserve to be utilised for future years is R3 665 039 (2022:R3 665 039).

### 9. TECHNICAL ACTUARIAL LIABILITIES

	Outstanding claims R	Unearned premium R	Unexpired risk R	Total R
<b>Balance at 31 March 2021</b>	<b>31 120 462</b>	<b>1 038 400 550</b>	<b>527 446 086</b>	<b>1 596 967 098</b>
Increase during the year (note 30)	9 618 531	-	-	9 618 531
Utilised during the year (note 17)	(9 246 119)	-	-	(9 246 119)
(Decrease) during the year (note 17)		(77 503 867)	(527 446 086)	(604 949 953)
<b>Balance at 31 March 2022</b>	<b>31 492 874</b>	<b>960 896 683</b>	<b>-</b>	<b>992 389 557</b>
Increase during the year (note 31)	15 777 256	-	-	15 777 256
Utilised during the year (note 17)	(21 071 523)	-	-	(21 071 523)
Increase /(decrease) during the year (note 17)		112 246 433	-	112 246 433
<b>Balance at 31 March 2023</b>	<b>26 198 607</b>	<b>1 073 143 116</b>	<b>-</b>	<b>1 099 341 723</b>
<b>Balance at 31 March 2022</b>				
Current	10 135 532	381 464 182	-	391 599 714
Non-current	21 357 342	579 432 501	-	600 789 843
	<b>31 492 874</b>	<b>960 896 683</b>	<b>-</b>	<b>992 389 557</b>
<b>Balance at 31 March 2023</b>				
Current	11 911 492	346 982 464	-	358 893 956
Non-current	14 287 115	726 160 653	-	740 447 767
	<b>26 198 607</b>	<b>1 073 143 116</b>	<b>-</b>	<b>1 099 341 723</b>

## NATIONAL HOME BUILDERS REGISTRATION COUNCIL

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2023

## 9. TECHNICAL ACTUARIAL LIABILITIES (CONTINUED)

### 9.1 Basis and methodology of valuation

Best practice actuarial techniques were applied to value the insurance liabilities of the NHBRC on a going concern basis, using best estimate assumptions. The valuation followed as best as it could the Advisory Practice Note 401 ("APN401") of the actuarial society to prepare required disclosures as required by IFRS4.

The Unearned Premium Provision ("UPP") has been estimated using the enrollment fee earnings curve, having deducted initial expenses which are assumed to be earned uniformly over the quarters of construction, assuming expenses are incurred at the beginning of each quarter. The unearned portion of initial expenses is included in the UPP.

The OCP is a provision required with respect to complaints that will result in remedial work claims, but still under conciliation or not fully settled. The Inflation Adjusted Bornhuetter Ferguson Method ("BF Method") is deemed the most appropriate method for the estimation of the reserve for of remedial work claims. The technique is most useful when actual reported losses for a complaint period are not a good indicator of future IBNR losses for the same complaint period, as is often the case when there is a low frequency of loss or incomplete data. It is determined at a 75% sufficiency level, as was the case in the last two financial years.

The methodology is consistent with that used in the previous financial year end actuarial solvency assessment.

### 9.2 Assumptions

The expected inflation rates and discount rates are determined from the zero-yield curves. Additionally, historical inflation for remedial claims is in line with published CPI inflation, but only from 31 March 2019. The historical assumed inflations to 31 March 2019 are maintained, which were based on estimates from building cost inflation. The summary of the economic assumptions is set out in the below table.

Key assumption	2023		2022	
	Non-subsidy	Subsidy	Non-subsidy	Subsidy
Discount rate	7,10%	8,90%	4,00%	8,30%
General price inflation	3,80%	5,10%	2,70%	5,70%
Future building cost inflation	3,80%	5,10%	2,70%	5,70%
Historical building cost inflation	7,10%	5,90%	5,90%	4.1%
Ultimate complaint rate	1,00%	1,00%	1,00%	1,00%
Remedial work rate	10,00%	10,00%	10,00%	10,00%
Average claim cost	R 282 624	R 54 714	R 264 008	R 54 714
Initial expense ratio	41%	-76%	58%	-103%
BF method loss ratio	2.25%	2.25%	2.25%	2.25%
BF method tail factor	2.5%	2.5%	2.5%	2.5%
Spread of risk period	Emergence of complaints from FY 2008		Emergence of complaints from FY 2006	

## NATIONAL HOME BUILDERS REGISTRATION COUNCIL

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2023

#### 9. TECHNICAL ACTUARIAL LIABILITIES (CONTINUED)

##### 9.3 Sensitivity analysis

The UPP significantly covers projected claims and expenses and is not sensitive to assumptions relating to ultimate complaint rate, remedial claim rate, average remedial claim amount, allocated expenses as well as discount rates. It is however sensitive to the initial expense assumption as well as the complaints development curve.

#### 10. TRADE AND OTHER PAYABLES

	2023 R	2022 R
Trade payables and accrued expenses	41 133 000	125 339 033
Operating lease accrual	1 192 574	2 072 710
Income received in advance	4 121 535	6 071 188
Leave accrual	34 234 989	28 124 894
Cash received in advance	40 474 901	25 540 327
Retentions	1 368 518	1 368 518
	<b>122 525 516</b>	<b>188 516 671</b>

The NHBRC has financial risk management policies to ensure that all payables are paid within the credit time frame. Due to the short-term nature of the payables, management believes that the carrying amount approximates the fair value.

#### 11. DEPOSITS FOR GUARANTEES

Deposits for Guarantees split between non-current and current

Non-Current portion	27 132 612	37 112 375
Current portion	18 766 876	17 186 781
	<b>45 899 488</b>	<b>54 299 156</b>

**NATIONAL HOME BUILDERS REGISTRATION COUNCIL****NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**

for the year ended 31 March 2023

	2023 R	2022 R
<b>12. INSURANCE PREMIUM REVENUE</b>		
Non- Subsidy Enrolments	669 102 234	641 588 531
Subsidy Enrolments	87 713 277	107 465 511
Change in unearned premium provision (see note 9)	(112 246 433)	77 503 867
Change in unexpired risk provision (see note 9)	-	527 446 086
	<b>644 569 077</b>	<b>1 354 003 995</b>

The unearned premium provision is the portion of received enrolments that is held to meet future complaints and conciliation expenses, over heads and remedial work claims for unexpired years of cover.

**13. FEE REVENUE**

Annual registration fees	476 719	7 466 918
Annual renewal fees	11 269 713	5 047 409
Registration fees	2 950 475	2 828 599
Builder manual fees	1 331 062	1 237 425
Subsidy project enrolments fees	56 338 510	41 836 462
Late enrolment fees	345 119	357 638
Document sales	299 593	438 361
	<b>73 011 192</b>	<b>59 212 811</b>

**14. TECHNICAL SERVICES REVENUE**

Forensic engineering, Geotechnical and rectification work	10 074 900	4 996 300
	<b>10 074 900</b>	<b>4 996 300</b>

**15. OTHER REVENUE**

The amount included in the revenue arising from exchange of service are as follows:

Sundry Income	19 520 509	4 895 575
	<b>19 520 509</b>	<b>4 895 575</b>

The amount included in the revenue arising from non-exchange of service are as follows:

**Other Income**

Disciplinary hearing fines	4 080 500	3 877 410
Legal Recoveries	105 500	87 886
	<b>4 186 000</b>	<b>3 965 296</b>
	<b>23 706 509</b>	<b>8 860 870</b>

## NATIONAL HOME BUILDERS REGISTRATION COUNCIL NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2023

	2023 R	2022 R
<b>16. INVESTMENT INCOME</b>		
Investment income earned on financial assets, analysed by category of asset, is as follows:		
Interest received from investments	498 699 923	371 815 358
Dividend income	29 478 847	23 529 547
Interest received (cash and cash equivalents)	42 964 463	27 649 550
	<b>571 143 233</b>	<b>422 994 455</b>

### 17. INSURANCE CLAIMS AND LOSS ADJUSTMENT EXPENSES

Current year warranty claims (see note 9)	(21 071 523)	(9 246 119,00)
(Decrease)/increase in the outstanding claims provision	36 848 780	18 864 650
	<b>15 777 257</b>	<b>9 618 531</b>

### 18. RESULTS FROM OPERATING ACTIVITIES

Results from operating activities is arrived at after taking into account the following:

Auditor's remuneration	9 552 468	8 464 350
Depreciation	7 289 546	6 907 233
Computer equipment	2 393 379	2 149 625
Office furniture and equipment	924 146	859 509
Motor vehicles	107 272	112 711
Buildings	3 864 748	3 785 388
Amortisation of intangible assets	15 915 618	15 318 464
Net loss on property, plant and Equipment	276 929	430 846
Rentals in respect of operating leases*	17 573 902	17 831 280

\*The council leases various offices under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payments are as follows:	27 262 798	38 504 206
Not later than 1 year	15 550 949	17 421 251
Later than 2 years and not later than 5 years	11 711 849	21 082 955
Employee costs	581 050 131	556 865 891
- Permanent staff costs	578 907 657	552 327 398
- Temporary staff cost	2 142 474	4 538 493
Executive management and Council remuneration	19 450 727	17 023 162
Executive Managers		
- For managerial services (Note 21.1)	16 231 355	14 801 732
Non-executive Council remuneration		
- For services as members of Council (Note 21.2 - 3)	3 219 372	2 221 430

**NATIONAL HOME BUILDERS REGISTRATION COUNCIL****NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**

for the year ended 31 March 2023

	2023 R	Restated 2022 R
<b>19. FINANCE COSTS</b>		
Interest paid - late payments	-	-

**20. NOTES TO THE CASH FLOW STATEMENT****20.1 Reconciliation of net cash flows from operating activities to surplus/(deficit)**

Surplus for the year	396 212 579	1 284 077 552
<b>Adjustments for:</b>		
Depreciation	7 289 546	6 907 233
Amortisation	15 915 618	15 318 464
Transaction costs on investments	741 342	762 856
Administration fee	13 650 117	12 990 391
Write off of property, plant and Equipment.	276 929	430 846
Realised loss on financial instruments	95 691 352	48 739 459
Realised profit on financial instruments	(49 306 586)	(159 808 110)
Unrealised loss on financial instruments	629 338 526	199 641 651
Unrealised profit on financial instruments	(606 746 623)	(363 419 475)
Technical liabilities	112 246 433	(604 949 953)
Dividend received	(29 478 847)	(23 529 547)
Sundry income	(10 928 265)	(5 904 709)
Other non Cash item	(2 268 350)	(99 372)
Interest received	(498 699 923)	(371 815 358)
<b>Operating income before working capital changes</b>	<b>73 933 848</b>	<b>39 341 929</b>
Decrease in inventories	1 230 505	1 705 006
Increase /(Decrease) in trade and other receivables	(8 924 538)	5 465 024
Decrease /(Increase) in trade and other payables	(65 991 155)	85 529 753
<b>Net cash inflow from operating activities</b>	<b>248 660</b>	<b>132 041 712</b>

**20.2 Cash and cash equivalents**

Cash and cash equivalents consist of cash balances and short term bank deposits. Cash and cash equivalents included in the cash flow statement comprise the following amounts:

Cash on hand and balances with banks	627 295 132	675 252 609
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## NATIONAL HOME BUILDERS REGISTRATION COUNCIL

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2023

Fees	Cell phone Allowance	Subsistence and travel	Total 2023	Total 2022
R	R	R	R	R

## 21. REMUNERATION

### 21.1 Total cost - Non-executive council members

Ms Nomusa Mufamadi (Chairperson)	337 839	8 000	-	345 839	49 231
Mr Francois Beukman (Deputy Chairperson)	546 157	9 600	-	555 757	88 970
Mr Kganki Matabane	256 080	9 600	191	265 871	45 081
Ms Nontuthuko Chiluvane	195 705	9 600	-	205 305	37 224
Ms Mandy Jayakody	210 226	9 600	980	220 806	33 828
Mr Refilwe Lediga	183 712	9 600	-	193 312	36 447
Ms Siphindile Memela	178 226	9 600	-	187 826	33 828
Ms Nomthandazo Ncalane-Ngcobo	198 468	9 600	-	208 068	39 843
Ms Kedibone Tsiloane	168 059	7 200	-	175 259	33 828
Mr Roy Mnisi	125 880	8 000	-	133 880	63 218
Ms Renaire Shelly Huntley	308 170	9 600	259	318 029	53 885
Ms Morwesi Ramonyai Tonga	397 329	12 000	92	409 421	-
Mr Mphedziseni Radzilani	-	-	-	-	839 642
Ms Julieka Bayat (Chairperson)	-	-	-	-	224 887
Mr Mziwonke Jacobs	-	-	-	-	131 266
Ms Bongwiwe Duba	-	-	-	-	164 737
Mr Unathi Hoyana	-	-	-	-	131 000
Mr Choeu Makabate	-	-	-	-	143 296
Ms Nthabiseng Tsenase	-	-	-	-	60 818
Mr Goolam Manack	-	-	-	-	10 400
	<b>3 105 850</b>	<b>112 000</b>	<b>1 522</b>	<b>3 219 372</b>	<b>2 221 430</b>

## NATIONAL HOME BUILDERS REGISTRATION COUNCIL

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2023

#### 21. REMUNERATION (CONTINUED)

Salaries	Cell phone Allowance	Subsistence and travel and Acting Allowance	2023	2022
R	R	R	R	R

#### 21.2 Total cost - Executive management

S Booi (Chief Executive Officer)	3 869 843	30 000	-	3 899 843	3 474 287
O Maseng (Chief Operating Officer)	3 339 811	30 000	-	3 369 811	3 116 435
T Bouwer (Acting Chief Financial Officer)	1 771 235	18 000	355 406	2 144 641	1 973 947
N Chavalala (Acting Executive Manager Corporate Services)	1 932 256	18 000	387 716	2 337 972	2 154 277
C Makapela (Acting Executive Manager Business Service)	1 932 256	21 600	395 618	2 349 475	2 163 058
S Janser (Acting Executive Manager Customer experience and Marketing Development) <sup>1</sup>	490 587	6 000	36 658	533 245	-
A Yabo (Acting Executive Manager Legal Service)	1 055 250	10 500	209 949	1 275 699	1 225 629
K Khan (Acting Executive Manager Legal Service)	-	-	-	-	502 641
	<b>14 391 237</b>	<b>134 100</b>	<b>1 385 348</b>	<b>15 910 685</b>	<b>14 610 274</b>

<sup>1</sup> Acting Appointment from 12 December 2022.

#### 21.3 Bonuses

Executive Management	2023	2022
	R	R
S Booi (Chief Executive Officer)	-	34 879
T Bouwer (Acting Chief Financial Officer)	63 101	31 876
N Chavalala (Acting Executive Manager Corporate Services)	67 680	34 123
C Makapela (Acting Executive Manager Business Service)	66 774	29 141
A Yabo (Acting Executive Manager Legal Service)	64 512	31 615
S Janser (Acting Executive Manager Customer experience and Marketing Development)	58 603	-
K Khan (Acting Executive Manager Legal Service)	-	29 824
	<b>320 670</b>	<b>191 458</b>



## NATIONAL HOME BUILDERS REGISTRATION COUNCIL

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2023

## 22. RELATED PARTIES

### 22.1 Relationships:

Shareholder Department of Human Settlements (DHS)

The NHBRC was established by the National Department of Human Settlement in terms of housing consumers protection measures Act no 95 of 1998

Member of Key Management

- Mr S Booie
- Mr O Maseng
- Mr C Makapela
- Ms T Bouwer
- Ms N Chavalala
- Mr S Janser

Non-executive Council

- Ms Nomusa Mufamadi (Chairperson)
- Mr Francois Beukman (Deputy Chairperson)
- Mr Kganki Matabane
- Ms Nontuthuko Chiluvane
- Ms Mandy Jayakody
- Mr Refilwe Lediga
- Ms Siphindile Memela
- Ms Nomthandazo Ncalane-Ngcobo
- Ms Kedibone Tsiloane
- Mr Roy Mnisi
- Ms Renaire Shelly Huntley
- Ms Morwesi Ramonyai Tonga
- Ms Sasa Subban
- Ms Zodwa Matiwane

### 22.2 Transactions with other related parties

No transactions, balances and commitments existed between the National Home Builders Registration Council and Department of Human Settlement in the current year.

The detail of the remuneration of the member of key management and Non-executive council is included in the note 21 to the financial statements.

## NATIONAL HOME BUILDERS REGISTRATION COUNCIL

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2023

23. IRREGULAR EXPENDITURE AND FRUITLESS, WASTEFUL EXPENDITURE	2023 R	Restated 2022 R
Description	Amount	Amount
Irregular Expenditure	-	70 094
Fruitless and wasteful expenditure	-	473 290
<b>Closing balance</b>	-	<b>543 384</b>

#### 23.1 Amounts of material losses through criminal conduct

Incident	Action taken	Amount	Amount
Branding Signage	Investigation completed waiting for DC hearing outcome which is underway. Legal proceeding instituted	-	371 000

#### 23.2 Criminal or disciplinary steps taken as a result of losses, irregular and fruitless and wasteful expenditure

Incident	Action taken	Amount	Amount
Fleet Rental car accident	Investigation completed waiting for DC hearing outcome which is underway	-	102 290
Kaelo <sup>1</sup>	Investigation completed to be submitted for condonation	-	70 094

- [1] Goods & services with a transaction value of between R10 000 to R 500 000 were procured without three quotations (NT 16 A.6.1, Practice Note 8 of 2007/08 par 3.3)

## NATIONAL HOME BUILDERS REGISTRATION COUNCIL

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2023

## 24. FINANCIAL INSTRUMENTS

### 24.1 Categories of financial instruments and maturity profile

	0-1 Year R	>1 Year R	Total R
<b>2023</b>			
<b>FINANCIAL ASSETS</b>			
<b>Loans and receivables</b>			
Trade and other receivables	45 755 030	-	45 755 030
Cash and cash equivalents	627 295 132	-	627 295 132
<b>Financial assets at fair value</b>			
Investments	4 180 044 114	3 215 271 496	7 395 315 610
Derivative Financial Instruments	-	1 402 288 390	1 402 288 390
<b>Total financial assets</b>	<b>4 853 094 276</b>	<b>4 617 559 886</b>	<b>9 470 654 162</b>
<b>FINANCIAL LIABILITIES</b>			
<b>Financial liabilities at amortised cost</b>			
Trade and other payables	85 729 435	-	85 729 435
Deposits for Guarantees	18 766 876	27 132 612	45 899 488
<b>2022</b>			
<b>FINANCIAL ASSETS</b>			
<b>Loans and receivables</b>			
Trade and other receivables	36 830 492	-	36 830 492
Cash and cash equivalents (Note 25)	675 252 609	-	675 252 609
<b>Financial assets at fair value</b>			
Investments (Note 25)	3 849 527 515	3 152 971 192	7 002 498 707
Derivative Financial Instruments	-	1 316 226 820	1 316 226 820
<b>Total financial assets</b>	<b>4 561 610 616</b>	<b>4 469 198 012</b>	<b>9 030 808 628</b>
<b>FINANCIAL LIABILITIES</b>			
<b>Financial liabilities at amortised cost</b>			
Trade and other payables	156 950 548	-	156 950 548
Deposits for Guarantees	17 186 781	37 112 375	54 299 156

## NATIONAL HOME BUILDERS REGISTRATION COUNCIL

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2023

#### 24. FINANCIAL INSTRUMENTS (CONTINUED)

##### 24.2 Categories of financial instruments

31 March 2023	R Loans and Receivables	R Derivative Financial Instruments	R Fair value Investments	R Total
Derivative Financial Instruments	-	1 402 288 390	-	1 402 288 390
Fair value financial assets	-	-	7 395 315 610	7 395 315 610
Trade and other receivables	45 755 030	-	-	45 755 030
Cash and cash equivalents	627 295 132	-	-	627 295 132
<b>Total</b>	<b>673 050 162</b>	<b>1 402 288 390</b>	<b>7 395 315 610</b>	<b>9 470 654 162</b>

31 March 2022	R Loans and Receivables	R Derivative Financial Instruments	R Fair value Investments	R Total
Derivative Financial Instruments	-	1 316 226 819	-	1 316 226 819
Fair value financial assets	-	-	7 002 498 707	7 002 498 707
Trade and other receivables	36 830 492	-	-	36 830 492
Cash and cash equivalents (Note 25)	675 252 610	-	-	675 252 610
<b>Total</b>	<b>712 083 102</b>	<b>1 316 226 819</b>	<b>7 002 498 707</b>	<b>9 030 808 629</b>

31 March 2023	R Financial liabilities at amortised cost	R Total
Lease Liabilities	1 192 574	1 192 574
Trade and other payables	121 332 942	121 332 942
<b>Total</b>	<b>122 525 516</b>	<b>122 525 516</b>

31 March 2022	R Financial liabilities at amortised cost	R Total
Lease Liabilities	2 072 710	2 072 710
Trade and other payables	186 443 961	186 443 961
<b>Total</b>	<b>188 516 671</b>	<b>188 516 671</b>

##### 24.3 Liquidity risk

Liquidity risk is the risk that the NHBRC will not be able to meet its financial obligations as they fall due.

The NHBRC manages liquidity risk by maintaining adequate reserves, and banking facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Refer to note 24.10 for the maturity profile of financial instruments.

The amounts disclosed in table below are contractual undiscounted cash flows:

At 31 March 2023	Less than 3 months	Between 3 months and 1 year	Total
Operating Lease Liability	298 144	894 431	1 192 574
Trade and other payables	41 133 000	80 199 942	121 332 942
	<b>41 431 143</b>	<b>81 094 373</b>	<b>122 525 516</b>
At 31 March 2022			
Operating Lease Liability	518 178	1 554 532	2 072 710
Trade and other payables	125 339 033	61 104 928	186 443 961
	<b>125 857 211</b>	<b>62 659 459</b>	<b>188 516 671</b>

## NATIONAL HOME BUILDERS REGISTRATION COUNCIL

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2023

#### 24. FINANCIAL INSTRUMENTS (CONTINUED)

##### 24.4 Fair value of financial instruments

The NHBRC considers that the carrying amounts of trade and other receivables, cash and cash equivalents and trade and other payables approximates their fair values due to the short term nature of these assets and liabilities.

The fair values of financial assets represent the market value of quoted instruments and other traded instruments. For non-listed investments and other non-traded financial assets fair value is calculated using discounted cash flows with market assumptions, unless the carrying amount is considered to approximate fair value. For non-listed investments and other non-traded financial assets fair value is calculated using discounted cash flows with market assumptions, unless the carrying amount is considered to approximate fair value.

The fair values of financial liabilities carried at amortised cost is calculated based on the present value of the future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

##### 24.5 Foreign currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The NHBRC does not undertake transactions in foreign currencies and is thus not unduly exposed to foreign currency risk.

##### 24.6 Capital risk

The NHBRC manages its capital to ensure that the NHBRC will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The NHBRC's overall strategy for managing capital risk remains unchanged in 2022/ 2023 financial year.

##### 24.7 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the NHBRC. Financial assets, which potentially subject the NHBRC to concentrations of credit risk, consists principally of cash and cash equivalents and trade and other receivables.

The NHBRC's cash and cash equivalents are placed with high credit quality financial institutions. Refer to note 6 for further information on the NHBRC's exposure to credit risk with regards to trade and other receivables.

If there is no independent rating, credit quality of the Customer is assessed taking into account the customer's financial position, past experience and other factors

There has been no significant change during the financial year, or since the end of the financial year, to the NHBRC's exposure to credit risk, the approach to the measurement or the objectives, policies and processes for managing this risk. The NHBRC does not grant credit limits to the National Department of Human Settlements and does not expect any losses from non-performance by the Human Settlement Department.

## NATIONAL HOME BUILDERS REGISTRATION COUNCIL

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2023

#### 24. FINANCIAL INSTRUMENTS (CONTINUED)

##### 24.8 Management risk

The underwriting risk of the NHBRC is governed by the Housing Consumers Protection Measures Act (Act no. 95 of 1998) and the risk of defaulting home builders.

The premiums on the non-subsidy sector are based on the selling price of the home to be constructed, and applied on a sliding scale limited to a maximum premium of R 34 000 and a maximum claim of R 500 000 per home.

The premiums for the subsidy sector are based on 0,75% and 2.01% for consolidated subsidy projects.

The risk to the NHBRC and housing consumers is managed primarily through the assessment and registration of home builders who have the appropriate financial, technical, construction and management capacity for their specific business.

Within the insurance process, concentration of risks may arise in the subsidy market where a particular event or series of events could impact the NHBRC's technical liabilities. Such concentrations may arise from a single contract or through a number of related contracts in concentrated housing developments.

The NHBRC is invested predominantly in fixed interest investments and is exposed to interest rate risk. The investment strategy has moved closer, in the past 3 financial years, to the target of a return in excess of inflation as the NHBRC has inflation linked liabilities. Although the liabilities of the NHBRC are within five years, over 20% of assets are invested in fixed interest assets maturing beyond five years.

Both non subsidy sector enrolment fee are expected to be sufficient.

Utilisation	Enrolment Fee Adequacy					
	All Houses		Non-Subsidy		Subsidy	
	Amount	%	Amount	%	Amount	%
Fixed Expenses	(3 030)	(35,1)	(4 711)	(35,1)	(124)	(3,7)
Enrolment & Inspections	(4 878)	(45,0)	(6 045)	(45,0)	(2 862)	(84,5)
Complaints conciliations	(724)	(8,4)	(1 129)	(8,4)	(25)	(0,7)
Remedial claims	(292)	(3,0)	(404)	(3,0)	(97)	(2,9)
<i>average</i>	(184)		(255)		(61)	
<i>99.5% variation margin</i>	(107)		(149)		(36)	
Total Expenses & Claims	(8 924)	(91,5)	(12 290)	(91,5)	(3 108)	(91,8)
Average fee per enrolment	9 751	100,0	13 436	100,0	3 385	100,0
<b>Surplus / Deficit</b>	<b>827</b>	<b>8,5%</b>	<b>1 146</b>	<b>8,5%</b>	<b>(277)</b>	<b>8,2%</b>

## NATIONAL HOME BUILDERS REGISTRATION COUNCIL

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2023

#### 24. FINANCIAL INSTRUMENTS (CONTINUED)

##### 24.9 Insurance risk

The primary insurance activity carried out by the NHBRC assumes that the risk to the warranty fund relates to the warranty cover as defined in the Act as amended. The insurance premiums are received in advance as a “home enrolment fee” and a portion of the insurance premium is invested in terms of the NHBRC investment policy to cover future rectification of homes paid out under the warranty scheme.

The risks to the warranty fund are defined in section 3 of the Act “Objects of Council” which states:

The Council shall:

- represent the interests of housing consumers by providing a warranty protection against defects in new homes;
- regulate the home building industry;
- provide protection to housing consumers in respect of the failure of the home builders to comply with their obligations in terms of the Act;
- establish and promote ethical and technical standards in the home building industry;
- improve structural quality in the interests of housing consumers and the home building industry;
- promote housing consumer rights and provide housing consumer information;
- assist home builders, through training and inspection, to achieve and to maintain satisfactory technical standards of home building; and
- achieve the stated objects in the subsidy housing sector.

There is no risk categorisation in determining the enrolment fees charged. The enrolment fee structure is promulgated in the regulations to the Act. Enrolment fees are charged on the selling price of the home (including land value) so that equal value homes yield equal enrolment fees. The subsidy and non subsidy markets each have their own enrolment fee structure. The NHBRC is exposed to the uncertainty surrounding the timing and severity of claims under the warranty contract. The NHBRC also has exposure to market risk through its insurance and investment activities.

The NHBRC uses several methods to assess and monitor insurance risk exposures for the protection of housing consumers. A home builder can only be registered if he has the appropriate financial, technical, construction and management capacity for the specific business carried on by the home builder in order to protect housing consumers and the Council from being exposed to unacceptable risks. The Council may withdraw the registration of a home builder where the home builder has been found guilty by the disciplinary committee as prescribed in the Act. The insurance risk is further mitigated by the inspection of houses under construction, interdicts issued against home builders who do not comply with the provisions of the Act and in cases of a late enrolments, a financial guarantee is required from the home builder, calculated on a risk model which takes the stage of completion of the house at enrolment date into account. The financial guarantee is held for the full five year warranty period.

Risk to the warranty fund is further controlled by the inspection of homes during the construction phase, and rectifications are enforced when construction of the home does not comply with the provisions of the Act.

The NHBRC is an insurer of last resort, as claims, are only paid where a home builder fails to perform the necessary remedial work, due to liquidation or unavailability. The maximum claim per home is limited to the insured value up to a maximum claimable amount of R 500 000 per home.

The NHBRC has an internal audit function which regularly reviews the degree of compliance with Council procedures.

## NATIONAL HOME BUILDERS REGISTRATION COUNCIL

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2023

#### 24. FINANCIAL INSTRUMENTS (CONTINUED)

##### 24.9 Insurance risk (continued)

###### Underwriting strategy

The registration of all home builders is prescribed in terms of section 10 of the Act. The NHBRC is obliged to register and insure all new homes constructed. The NHBRC may on the recommendation of the Council, on application made to it, in exceptional circumstances, exempt a person or home from any provision of the Act.

###### Reinsurance strategy

The NHBRC does not reinsure any portion of the risk it underwrites due to the current low claim rate experienced. Reinsurance of the exposure to losses has been identified as a medium term strategic objective.

###### Terms and conditions of Insurance contracts

The terms and conditions of insurance contracts that have a material effect on the amount, timing and uncertainty of future cash flows arising from insurance contracts are set out below:

The NHBRC's main business is highly specialised, and covers the rectification of:

- major structural defects in a home caused by non-compliance with the NHBRC technical requirements within a period of five years from the occupation date;
- non-compliance with or deviation from the terms, plans and specification or the agreement of any deficiency related to design, workmanship or material notified to the home builder by the housing consumer within three months from the occupation date; and
- repair roof leaks attributable to workmanship, design or materials occurring and notified to the home builder by the housing consumer within 12 months of the occupation date.

The event giving rise to a claim occurs with the insolvency, liquidation and protracted default of the home builder. The claim will be notified to the NHBRC in terms of the specific regulations to the Act. The business of the NHBRC can be classified as short to long term as the NHBRC may only be notified of a claim up to five years after occupation of the home in the instance of structural defects.

###### Concentration of insurance risk

Insurance risk by geographical area

Gauteng and Western Cape make up 76.9% of exposure with 54% and 22.9% respectively.

Insurance risk by developer

The risk per developer is ranked by units of exposure (enrolments after March 2017). Liquidation of the 15 largest developers constitute R413 billion of sum insured (comparison of 301 970 home enrolments) which could potentially increase claims against the warranty fund.



## NATIONAL HOME BUILDERS REGISTRATION COUNCIL NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2023

### 24. FINANCIAL INSTRUMENTS (CONTINUED)

#### 24.10 Interest rate and price risk

##### Interest rate risk

Interest rate risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. All cash surpluses are invested with investment fund managers in terms of the investment policy. The exposure to interest rate risk is determined by the maturity profile of investments (see note 4).

##### Price risk

Price risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices other than those arising from interest rate risk or foreign currency risk. The NHBRC is exposed to equity price risk as it holds equity securities classified as at fair value. However, due to the investments in equities being immaterial, the exposure to equity risk is limited.

##### Sensitivity analysis

	31-Mar-2023					
	Carrying Amount at 31 March 2023	Rand amount exposed to risk	Interest rate risk			
			Reasonable Possible change			
			Rate Increase	Rand amount	Rate Decrease	Rand amount
<b>Financial Assets</b>						
Money Market Investments	3 448 598 012	3 448 598 012	1%	34 485 980	-1%	(34 485 980)
Call Accounts	214 366 624	214 366 624	1%	2 143 666		(2 143 666)
CPD Money Market	517 079 478	517 079 478				
<i>Listed bond securities</i>						
- Short-term < 7 years	1 344 316 413	1 344 316 413	1%	13 443 164	-1%	(13 443 164)
- Medium-term 7 to 12 years	319 638 633	319 638 633	1%	3 196 386	-1%	(3 196 386)
- Long-term > 12 years	1 551 316 450	1 551 316 450	1%	15 513 165	-1%	(15 513 165)
Derivative Financial Instruments	1 402 288 390	1 402 288 390	1%	14 022 884	-1%	(14 022 884)
<b>Impact of financial assets on:</b>						
Statement of changes in net assets						
Statement of financial performance				68 782 361		(68 782 361)
Impact on financial position	<b>8 797 604 000</b>	<b>8 797 604 000</b>		<b>151 587 607</b>		<b>(151 587 607)</b>

	31-Mar-2022					
	Carrying Amount at 31 March 2022	Rand amount exposed to risk	Interest rate risk			
			Reasonable Possible change			
			Rate Increase	Rand amount	Rate Decrease	Rand amount
<b>Financial Assets</b>						
Money Market Investments	2 994 466 108	2 994 466 108	1%	29 944 661	-1%	(29 944 661)
Call Accounts	368 190 784	368 190 784	1%	3 681 908		(3 681 908)
CPD Money Market	486 870 623	486 870 623				
<i>Listed bond securities</i>						
- Short-term < 7 years	1 553 171 713	1 553 171 713	1%	15 531 717	-1%	(15 531 717)
- Medium-term 7 to 12 years	261 962 023	261 962 023	1%	2 619 620	-1%	(2 619 620)
- Long-term > 12 years	1 337 837 456	1 337 837 456	1%	13 378 375	-1%	(13 378 375)
Derivative Financial Instruments	1 316 226 820	1 316 226 820	1%	13 162 268	-1%	(13 162 268)
<b>Impact of financial assets on:</b>						
Statement of changes in net assets						
Statement of financial performance				65 156 281		(65 156 281)
Impact on financial position	<b>8 318 725 527</b>	<b>8 318 725 527</b>		<b>143 474 830</b>		<b>(143 474 830)</b>

## NATIONAL HOME BUILDERS REGISTRATION COUNCIL

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2023

#### 25. ERRORS AND RECLASSIFICATIONS

##### 25.1 Errors and reclassifications

The Call accounts have been reclassified from Cash and Cash equivalents to Investments in conformance with GRAP 2. The impact on the Statement of Financial Position and Cash Flow Statement with reference to the detailed notes are shown below.

	Previously reported balance	Restatement	Restated balance
<b>Statement of Financial Position</b>			
	<b>4 524 780 123</b>	-	<b>4 524 780 123</b>
Current Assets Investment (Note 4)	3 481 336 730	368 190 785	3 849 527 515
Cash and cash equivalents (Note 7)	1 043 443 392	(368 190 785)	675 252 609
<b>Cash flow statement</b>			
	<b>1 900 584 911</b>	<b>(672 413 698)</b>	<b>1 228 171 214</b>
Cash and Cash equivalents at the beginning of the year	857 141 519	(304 222 913)	552 918 606
Cash and Cash equivalents at the end of the year	1 043 443 392	(368 190 785)	675 252 609
<b>Financial Instruments (note 24.1)</b>			
<b>Financial Assets</b>			
Investment (Note 4)	6 634 307 923	368 190 785	7 002 498 708
Cash and cash equivalents (Note 7)	1 043 443 392	(368 190 785)	675 252 609

In addition to the disclosure relating to Cash and Cash equivalents and Investments, the Financial Instruments note as above has been updated.

#### 26. CONTINGENT LIABILITIES

	2023	2022
	R	R
Claims for damages and cost	429 002 681	351 946 960
Contractual Payments	12 070 016	12 070 016
Liability of the Warranty Fund	5 135 068	5 135 068
	<b>446 207 765</b>	<b>369 152 044</b>

There are outstanding claims pending in the Courts in relation to disputes between the NHBRC and other parties the outcome of which is unknown. The pending outstanding claims relate to various third parties for example, housing consumers, home builders or service providers, and a variety of legal claims.

## NATIONAL HOME BUILDERS REGISTRATION COUNCIL

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2023

#### 27. CONTINGENT ASSETS

In accordance with Section 14A of the Housing Consumers Protection Measures Act (Act 95 of 1998) the Council may require a financial guarantee in cases where homes are late enrolled. The NHBRC receives these financial guarantees in the form of paper, these paper guarantees are issued by financial institutions registered with the FSB. These are required to mitigate against possible claims on the NHBRC's warranty fund. At the reporting date the amount of the possible contingent asset cannot be quantified as it is impractical to do so due to the nature of the possible claims being unknown.

In addition, there are Disciplinary Committee fines amounting to R4 080 500 that may be due to NHBRC, pending the outcome of suspended matters at year end.

In accordance with Section 8 of the Housing Consumers Protection Act (Act 95 of 1998) a home builder may make a phased payment of the enrolment fee by paying twenty percent of the enrolment fee upon submission of the enrolment form and a bank guarantee for the remaining eighty percent of the development. This can be called upon by the Council on beginning of construction of the sectional title development or six months from the date of payment of the remaining enrolment, whichever is earlier. At reporting date the amount of the possible contingent asset is R7 386 782.

#### 28. POST REPORTING DATE EVENTS

During the month of April 2023 the Company secretary was placed on suspension pending the outcome of a disciplinary process.

The 2021/22 performance bonus of R76 293 for the CEO was approved in April 2023 after the finalization of the performance agreement.

#### 29. BROAD-BASED BLACK ECONOMIC EMPOWERMENT

BEE spend %

2023	2022
0,00%	75,33%

In the 2023 financial year NHBRC no longer reports on total BEE spend. As per the Annual Performance Plan, Procurement Spend is allocated to Women, Youth and People Living with Disabilities

#### 30. DETAILED EXPENDITURE

##### 30.1 Insurance claims and loss adjustment expenses

2023 R	2022 R
15 777 257	9 618 531

##### 30.2 Accreditation,builders manual and certificate cost

- Direct costs of builder manuals

<b>1 296 794</b>	<b>1 722 708</b>
1 296 794	1 722 708

##### 30.3 Technical services expenditure

- Forensic investigations and geotechnical service

<b>15 292 045</b>	<b>4 061 070</b>
15 292 045	4 061 070

**NATIONAL HOME BUILDERS REGISTRATION COUNCIL**
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**

for the year ended 31 March 2023

<b>30 DETAILED EXPENDITURE (CONTINUED)</b>	<b>2023</b>	<b>2022</b>
	<b>R</b>	<b>R</b>
<b>30.4 Depreciation and amortisation</b>	<b>23 205 164</b>	<b>22 225 697</b>
- Amortisation	15 915 618	15 318 464
- Depreciation	7 289 546	6 907 233
<b>30.5 Employee cost</b>	<b>581 050 131</b>	<b>556 865 891</b>
- Salaries and wages	429 171 291	451 526 645
- Performance Bonus	27 059 650	14 804 395
- Travel Allowance	2 579 775	4 685 088
- Car Allowance	21 683 200	-
- Medical aid	26 803 432	26 932 529
- Provident fund and disability	50 004 731	43 028 346
- Other staff costs: Allowance	21 605 579	11 350 395
- Temporary staff	2 142 474	4 538 493
<b>30.6 Repairs and maintenance</b>	<b>2 462 909</b>	<b>2 048 562</b>
- Property, plant and Equipment	2 461 296	2 047 132
- Vehicles	1 613	1 430
<b>30.7 Administration expenses</b>	<b>204 581 245</b>	<b>231 304 504</b>
- Audit fees	9 552 468	8 464 350
- Bad debts	-	1 188 008
- Bank charges	1 902 135	1 925 870
- Cleaning costs	2 318 582	1 453 316
- Conferences and seminars	1 925 688	777 168
- Consulting fees	16 311 092	14 512 602
- Courier and freight	393 766	382 639
- Information technology costs	55 935 025	35 082 844
- Insurance paid	1 323 867	1 294 411
- Legal fees	10 944 027	10 972 383
- Marketing fees	8 645 450	16 785 713
- Motor vehicle expenses	275 965	249 168
- Premises	17 573 902	17 831 280
- Office equipment and furniture expenses	1 014 967	7 744 947
- Other expenses	1 714 642	3 052 979
- Other rentals costs	3 148 923	2 722 764
- Council	3 905 724	2 623 926
- Disciplinary committee costs	4 829 390	4 892 558
- Research & Development	1 025 525	3 797 915
- Security	5 155 411	6 089 425
- General office costs (Uniform, Grocery)	3 206 529	4 820 079
- Stationery	1 410 193	1 281 195
- Telephone expenditure	14 521 388	12 937 532
- Training	4 564 930	27 937 167
- Travelling expenditure	25 445 222	36 643 122
- Water and electricity	7 536 435	5 841 145
<b>Total Expenditure before interest paid</b>	<b>843 665 546</b>	<b>827 846 964</b>

## NATIONAL HOME BUILDERS REGISTRATION COUNCIL

### SUPPLEMENTARY SCHEDULE

for the year ended 31 March 2023

#### 31. INCOME STATEMENT

	Notes	2023 R	2022 R
Insurance premium revenue	12	644 569 077	1 354 003 995
Fee revenue	13	73 011 192	59 212 811
Technical services revenue	14	10 074 900	4 996 300
Other revenue	15	23 706 509	8 860 870
<b>Total revenue</b>		<b>751 361 678</b>	<b>1 427 073 977</b>
Insurance claims and loss adjustment expenses	17	(15 777 257)	(9 618 531)
Accreditation, builders manual and certificate cost	30.2	(1 296 794)	(1 722 708)
Technical services expenditure	30.3	(15 292 045)	(4 061 070)
Depreciation and amortisation	30.4	(23 205 164)	(22 225 697)
Employee cost	30.5	(581 050 131)	(556 865 891)
Repairs and maintenance	30.6	(2 462 909)	(2 048 562)
Administration expenses	30.7	(204 581 245)	(231 304 504)
<b>Total expenditure</b>		<b>(843 665 546)</b>	<b>(827 846 964)</b>
<b>Loss/surplus from operating activities</b>	19	<b>(92 303 868)</b>	<b>599 227 013</b>
<b>Net Investment income</b>		<b>488 516 447</b>	<b>684 850 539</b>
Interest received and investment income	17	571 143 233	422 994 455
Realised gain on financial assets	4	(46 384 766)	111 068 651
Unrealised gain on financial assets	4	(22 591 903)	163 777 824
Asset management service fees	4	(13 650 117)	(12 990 391)
<b>Net surplus before finance costs</b>	18	<b>396 212 579</b>	<b>1 284 077 552</b>
<b>Surplus for the year</b>		<b>396 212 579</b>	<b>1 284 077 552</b>

**PFMA COMPLIANCE AND REPORTING FRAMEWORK**

<b>APPENDIX A FRUITLESS AND WASTEFUL EXPENDITURE REGISTER</b>		<b>Total Amount</b>							
Total amount of fruitless and wasteful expenditure		22 730 109,00							
Total amount of fruitless and wasteful expenditure		0							
Total Loss Recovered		0							
Total Loss written off		0							
<b>Report number and date</b>	<b>Date Incurred</b>	<b>Date Identified</b>	<b>Date reported to the accounting officer/ authority</b>	<b>Amount of fruitless and wasteful expenditure</b>	<b>Status (Under assessment, determination, investigation)</b>	<b>Amount of losses recovered</b>	<b>Amount of losses written off</b>	<b>Fruitless and wasteful expenditure due to criminal conduct</b>	<b>Steps taken to prevent fruitless and wasteful expenditure</b>
AFS 31 March 2014	31-Mar-14	31-Mar-14	31-Mar-14	45 000,00	Investigation complete	0	0	No	
AFS 31 March 2016	31-Mar-16	31-Mar-16	31-Mar-16	31 596,00	Investigation complete	0	0	No	Amendment to SCM policy
AFS 31 March 2013	31-Mar-13	31-Mar-13	31-Mar-13	262 753,00	Investigation complete	0	0	No	
AFS 31 March 2015	31-Mar-15	31-Mar-15	31-Mar-15	779 941,00	Investigation complete	0	0	No	Monthly reconciliation
AFS 31 March 2015	31-Mar-15	31-Mar-15	31-Mar-15	4 369 938,00	Investigation complete		0	No	
AFS 31 March 2016	31-Mar-16	31-Mar-16	31-Mar-16	30 690,00	Investigation complete	0	0	No	Monthly reconciliation
AFS 31 March 2017	31-Mar-17	31-Mar-17	31-Mar-17	5 700,00	Investigation complete	0	0	No	
AFS 31 March 2018	31-Mar-18	31-Mar-18	31-Mar-18	4 390,00	Investigation complete	0	0	No	HR Policies Amended
AFS 31 March 2018	31-Mar-18	31-Mar-18	31-Mar-18	95 000,00	Investigation complete	0	0	No	
AFS 31 March 2018	31-Mar-18	31-Mar-18	31-Mar-18	4 957 161,00	Investigation complete	0	0	No	Disciplinary Policy and HR policies amended
AFS 31 March 2018	31-Mar-18	31-Mar-18	31-Mar-18	9 597 538,00	Investigation complete	0	0	No	

Report number and date	Date Incurred	Date Identified	Date reported to the accounting officer/ authority	Amount of fruitless and wasteful expenditure	Status (Under assessment, determination, investigation)	Amount of losses recovered	Amount of losses written off	Fruitless and wasteful expenditure due to criminal conduct	Steps taken to prevent fruitless and wasteful expenditure
AFS 31 March 2017	31-Mar-17	31-Mar-17	31-Mar-17	1 542,00	Investigation complete	0	0	No	Payments Made within 30 days
AFS 31 March 2018	31-Mar-18	31-Mar-18	31-Mar-18	10 248,00	Investigation complete	0	0	No	Payments Made within 30 days
AFS 31 March 2019	31-Mar-19	31-Mar-19	31-Mar-19	1 179 180,00	Investigation complete	0	0	No	Payments Made within 30 days
AFS 31 March 2011	31-Mar-11	31-Mar-11	31-Mar-11	255,00	Investigation complete	0	0	No	Payments Made within 30 days
AFS 31 March 2012	31-Mar-12	31-Mar-12	31-Mar-12	575,00	Investigation complete	0	0	No	Payments Made within 30 days
AFS 31 March 2013	31-Mar-13	31-Mar-13	31-Mar-13	8 470,00	Investigation complete	0	0	No	Payments Made within 30 days
AFS 31 March 2017	31-Mar-17	31-Mar-17	31-Mar-17	13 359,00	Investigation complete	0	0	No	Payments Made within 30 days
AFS 31 March 2018	31-Mar-18	31-Mar-18	31-Mar-18	1 730,00	Investigation complete	0	0	No	Payments Made within 30 days
AFS 31 March 2019	31-Mar-19	31-Mar-19	31-Mar-19	31 289,00	Investigation complete	0	0	No	Payments Made within 30 days
AFS 31 March 2020	31-Mar-20	31-Mar-20	31-Mar-20	4 964,00	Investigation complete	0	0	No	Payments Made within 30 days
AFS 31 March 2020	Feb-20	May-22	Oct-22	474 000,00	Investigation complete	0	0	No	Amendment to SCM policy
AFS 31 March 2021	31-Mar-21	May-22	31-Mar-21	102 290,00	Investigation complete	0	0	No	

Report number and date	Date Incurred	Date Identified	Date reported to the accounting officer/ authority	Amount of fruitless and wasteful expenditure	Status (Under assessment, determination, investigation)	Amount of losses recovered	Amount of losses written off	Fruitless and wasteful expenditure due to criminal conduct	Steps taken to prevent fruitless and wasteful expenditure
AFS 31 March 2021	May-21	May-22	Oct-22	371 000,00	Investigation complete	0	0	No	Amendment to SCM policy
AFS 31 March 2020	Dec-20	May-22	Oct-22	351 500,00	Investigation complete	0	0	No	Amendment to SCM policy
				<b>22 730 109,00</b>					



APPENDIX B IRREGULAR EXPENDITURE REGISTER	
Total amount of Irregular Expenditure	712 719 833
Total amount of irregular expenditure	-
Total irregular expenditure condoned	-
Total irregular expenditure removed	-
Total losses recovered	-
Total losses written off	-

Report number and date	Date Incurred	Date Identified	Date reported to the accounting officer/ authority	Amount of Irregular Expenditure	Status (Under assessment, Investigation)	Amount of losses recovered	Amount of losses written off	Irregular Expenditure due to fraudulent, corrupt or other criminal conduct reported to SAPS	Consequence Management	Irregular Expenditure condoned by the relevant authority	Irregular Expenditure removed by the accounting officer/authorit	Steps taken to prevent irregular expenditure
61067576/36168847	31-Mar-12	31-Mar-12	20-Jun-17	110 727 795	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-12	31-Mar-12	20-Jun-17	29 380 970	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-12	31-Mar-12	20-Jun-17	10 283 370	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-12	31-Mar-12	20-Jun-17	5 411 627	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-12	31-Mar-12	20-Jun-17	6 031 824	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-12	31-Mar-12	20-Jun-17	1 300 000	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-12	31-Mar-12	20-Jun-17	290 258 045	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
AR 2013/2014	31-Mar-12	31-Mar-14	31-Mar-14	20 250	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC

Report number and date	Date Incurred	Date Identified	Date reported to the accounting officer/ authority	Amount of Irregular Expenditure reported to	Status (Under assessment, Investigation)	Amount of losses recovered	Amount of losses written off	Irregular Expenditure due to fraudulent, corrupt or other criminal conduct reported to SAPS	Consequence Management	Irregular Expenditure condoned by the relevant authority	Irregular Expenditure removed by the accounting officer/authorit	Steps taken to prevent irregular expenditure
AR 2013/2014	31-Mar-12	31-Mar-14	31-Mar-14	30 024	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
AR 2013/2014	31-Mar-12	31-Mar-14	31-Mar-14	39 542	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
AR 2013/2014	31-Mar-12	31-Mar-14	31-Mar-14	60 212	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
AR 2013/2014	31-Mar-12	31-Mar-14	31-Mar-14	64 535	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
AR 2013/2014	31-Mar-12	31-Mar-14	31-Mar-14	72 500	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
AR 2013/2014	31-Mar-12	31-Mar-14	31-Mar-14	90 000	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
AR 2013/2014	31-Mar-12	31-Mar-14	31-Mar-14	134 510	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
AR 2013/2014	31-Mar-12	31-Mar-14	31-Mar-14	247 200	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
AR 2013/2014	31-Mar-12	31-Mar-14	31-Mar-14	1 929 416	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
AR 2013/2014	31-Mar-12	31-Mar-14	31-Mar-14	7 800 000	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
AR 2013/2014	31-Mar-12	31-Mar-14	31-Mar-14	20 019 136	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC

Report number and date	Date Incurred	Date Identified	Date reported to the accounting officer/ authority	Amount of Irregular Expenditure reported to	Status (Under assessment, Investigation)	Amount of losses recovered	Amount of losses written off	Irregular Expenditure due to fraudulent, corrupt or other criminal conduct reported to SAPS	Consequence Management	Irregular Expenditure condoned by the relevant authority	Irregular Expenditure removed by the accounting officer/authorit	Steps taken to prevent irregular expenditure
61067576/36168847	31-Mar-13	31-Mar-13	20-Jun-17	6 873 711	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-13	31-Mar-13	20-Jun-17	15 242 653	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-13	31-Mar-13	20-Jun-17	9 271 582	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-13	31-Mar-13	20-Jun-17	2 006 462	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-13	31-Mar-13	20-Jun-17	558 065	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-13	31-Mar-13	20-Jun-17	1 311 886	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-13	31-Mar-13	20-Jun-17	4 794 034	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-13	31-Mar-13	20-Jun-17	3 017 234	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-13	31-Mar-13	20-Jun-17	847 424	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-13	31-Mar-13	20-Jun-17	2 646 354	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-13	31-Mar-13	20-Jun-17	76 045 192	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-13	31-Mar-13	20-Jun-17	487 998	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC

Report number and date	Date Incurred	Date Identified	Date reported to the accounting officer/ authority	Amount of Irregular Expenditure reported to SAPS	Status (Under assessment, Investigation)	Amount of losses recovered	Amount of losses written off	Irregular Expenditure due to fraudulent, corrupt or other criminal conduct reported to SAPS	Consequence Management	Irregular Expenditure condoned by the relevant authority	Irregular Expenditure removed by the accounting officer/authorit	Steps taken to prevent irregular expenditure
61067576/36168847	31-Mar-13	31-Mar-13	20-Jun-17	99 500	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-14	31-Mar-14	20-Jun-17	739 796	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-14	31-Mar-14	20-Jun-17	1 028 100	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-14	31-Mar-14	20-Jun-17	886 324	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-14	31-Mar-14	20-Jun-17	600 210	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-14	31-Mar-14	20-Jun-17	505 251	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-14	31-Mar-14	20-Jun-17	27 162 769	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-14	31-Mar-14	20-Jun-17	12 482 458	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-14	31-Mar-14	20-Jun-17	25 487 401	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-14	31-Mar-14	20-Jun-17	151 058	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-14	31-Mar-14	20-Jun-17	268 627	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-14	31-Mar-14	20-Jun-17	310 765	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC

Report number and date	Date Incurred	Date Identified	Date reported to the accounting officer/ authority	Amount of Irregular Expenditure reported to	Status (Under assessment, Investigation)	Amount of losses recovered	Amount of losses written off	Irregular Expenditure due to fraudulent, corrupt or other criminal conduct reported to SAPS	Consequence Management	Irregular Expenditure condoned by the relevant authority	Irregular Expenditure removed by the accounting officer/authorit	Steps taken to prevent irregular expenditure
61067576/36168847	31-Mar-14	31-Mar-14	20-Jun-17	6 800	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-14	31-Mar-14	20-Jun-17	3 840	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-14	31-Mar-14	20-Jun-17	3 020	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-14	31-Mar-14	20-Jun-17	214 252	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-14	31-Mar-14	20-Jun-17	123 120	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-15	31-Mar-15	20-Jun-17	1 108 840	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-15	31-Mar-15	20-Jun-17	1 632 648	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-15	31-Mar-15	20-Jun-17	1 060 084	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-15	31-Mar-15	20-Jun-17	846 838	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-15	31-Mar-15	20-Jun-17	579 832	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-15	31-Mar-15	20-Jun-17	2 526 241	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-15	31-Mar-15	20-Jun-17	3 011 321	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC

Report number and date	Date Incurred	Date Identified	Date reported to the accounting officer/ authority	Amount of Irregular Expenditure reported to	Status (Under assessment, Investigation)	Amount of losses recovered	Amount of losses written off	Irregular Expenditure due to fraudulent, corrupt or other criminal conduct reported to SAPS	Consequence Management	Irregular Expenditure condoned by the relevant authority	Irregular Expenditure removed by the accounting officer/authorit	Steps taken to prevent irregular expenditure
61067576/36168847	31-Mar-16	31-Mar-16	20-Jun-17	1 579 966	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-16	31-Mar-16	20-Jun-17	1 634 895	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-16	31-Mar-16	20-Jun-17	591 239	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-16	31-Mar-16	20-Jun-17	1 524 637	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-16	31-Mar-16	20-Jun-17	955 041	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-16	31-Mar-16	20-Jun-17	2 545 078	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-16	31-Mar-16	20-Jun-17	1 693 518	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-16	31-Mar-16	20-Jun-17	500 530	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-16	31-Mar-16	20-Jun-17	23 393	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-16	31-Mar-16	20-Jun-17	31 528	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-16	31-Mar-16	20-Jun-17	152 640	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-16	31-Mar-16	20-Jun-17	88 963	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC

Report number and date	Date Incurred	Date Identified	Date reported to the accounting officer/ authority	Amount of Irregular Expenditure	Status (Under assessment, Investigation)	Amount of losses recovered	Amount of losses written off	Irregular Expenditure due to fraudulent, corrupt or other criminal conduct reported to SAPS	Consequence Management	Irregular Expenditure condoned by the relevant authority	Irregular Expenditure removed by the accounting officer/authorit	Steps taken to prevent irregular expenditure
61067576/36168847	31-Mar-16	31-Mar-16	20-Jun-17	368 000	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-16	31-Mar-16	20-Jun-17	951 049	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-16	31-Mar-16	20-Jun-17	270 414	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-17	31-Mar-17	20-Jun-17	53 251	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-17	31-Mar-17	20-Jun-17	1 046 387	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-17	31-Mar-17	20-Jun-17	109 212	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-17	31-Mar-17	20-Jun-17	357 392	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-17	31-Mar-17	20-Jun-17	321 663	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-17	31-Mar-17	20-Jun-17	392 256	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-17	31-Mar-17	20-Jun-17	1 127 772	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-17	31-Mar-17	20-Jun-17	463 643	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
Not Applicable	31-Mar-18	31-Mar-18	30-Jul-18	1 152 921	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC

Report number and date	Date Incurred	Date Identified	Date reported to the accounting officer/ authority	Amount of Irregular Expenditure	Status (Under assessment, Investigation)	Amount of losses recovered	Amount of losses written off	Irregular Expenditure due to fraudulent, corrupt or other criminal conduct reported to SAPS	Consequence Management	Irregular Expenditure condoned by the relevant authority	Irregular Expenditure removed by the accounting officer/authorit	Steps taken to prevent irregular expenditure
Not Applicable	31-Mar-18	31-Mar-18	30-Jul-18	118 765	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
Not Applicable	31-Mar-18	31-Mar-18	30-Jul-18	152 871	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
Not Applicable	31-Mar-18	31-Mar-18	30-Jul-18	563 281	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
Not Applicable	31-Mar-18	31-Mar-18	30-Jul-18	345 828	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
Not Applicable	31-Mar-18	31-Mar-18	30-Jul-18	519 051	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
Not Applicable	31-Mar-18	31-Mar-18	30-Jul-18	435 308	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
Not Applicable	31-Mar-18	31-Mar-18	30-Jul-18	613 383	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
Not Applicable	31-Mar-18	31-Mar-18	30-Jul-18	311 779	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
Not Applicable	31-Mar-18	31-Mar-18	30-Jul-18	320 191	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
Not Applicable	31-Mar-18	31-Mar-18	30-Jul-18	188 784	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
Not Applicable	31-Mar-19	31-Mar-19	30-Jul-19	347 700	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
Not Applicable	31-Mar-19	31-Mar-19	30-Jul-19	54 606	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC



Report number and date	Date Incurred	Date Identified	Date reported to the accounting officer/ authority	Amount of Irregular Expenditure reported to SAPS	Status (Under assessment, Investigation)	Amount of losses recovered	Amount of losses written off	Irregular Expenditure due to fraudulent, corrupt or other criminal conduct reported to SAPS	Consequence Management	Irregular Expenditure condoned by the relevant authority	Irregular Expenditure removed by the accounting officer/authorit	Steps taken to prevent irregular expenditure
Not Applicable	31-Mar-19	31-Mar-19	30-Jul-19	325 548	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
Not Applicable	31-Mar-19	31-Mar-19	30-Jul-19	1 600	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
Not Applicable	31-Mar-19	31-Mar-19	30-Jul-19	9 750	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
Not Applicable	31-Mar-19	31-Mar-19	30-Jul-19	1 600	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
Not Applicable	31-Mar-19	31-Mar-19	30-Jul-19	12 600	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
Not Applicable	31-Mar-20	31-Mar-20	31-Mar-20	461 150	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
Not Applicable	31-Mar-20	31-Mar-20	31-Mar-20	401 158	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
Not Applicable	30-Apr-20	31-Mar-20	31-Aug-20	499 956	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
Not Applicable	31-Mar-20	31-Mar-20	31-Aug-20	7 000	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
Not Applicable	30-Jul-20	31-Mar-20	31-Aug-20	1 249 890	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	None	None	Employee no longer in the employ of NHBRC
				<b>7 12 719 833</b>								







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