NATIONAL HOME BUILDERS
NHBRC
REGISTRATION COUNCIL

ANNUAL REPORT

2023/2024

NATIONAL HOME BUILDERS

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ANNUAL REPORT

2023/2024

www.nhbrc.org.za

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PART A

GENERAL INFORMATION

1.1 PUBLIC ENTITY'S GENERAL INFORMATION

Table1: The 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
Telephone number	(011) 317 0000
Email address	thenhbrc@nhbrc.org.za
Website address	www.nhbrc.org.za
External auditor's information – External auditor's name and address	Auditor-General of South Africa 4 Daventry Street Lynnwood Bridge Office Park, Lynnwood Manor, Pretoria, 0081
Banker's information – Name of bank and address of bank	First National Bank – 4 First Place, 3rd floor, BankCity, Johannesburg
Company Secretary	Ms Neo Muhlwa (Acting Company Secretary)

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

The Housing Consumer Protection Bill, awaiting the President's approval, aims to protect housing consumers and continue the National Home Builders Registration Council (NHBRC) as the National Home Building Regulatory Council, among other objectives.

The implementation of the bill will rest squarely with the NHBRC, which means it must be equipped with the necessary skills and systems for this task. Additionally, I have expressed a desire to transform the NHBRC into a centre of excellence for the construction sector. Among its key initiatives should be driving the transition to climate-resilient building methods and technologies, and more broadly, promoting the adoption of innovative alternative building technologies.

Due to climate change, the frequency of natural disasters such as floods, heavy rains and cyclones, particularly in the coastal areas of our country, has significantly increased. This is accompanied by extreme weather conditions that often leave buildings vulnerable to damage. It is within this context that the NHBRC must take the lead in ensuring that, even as we confront the global crisis of climate change, the quality of housing does not deteriorate, thereby reducing risks to people's lives.

In the past financial year, the NHBRC made significant strides in improving the quality of building inspections and formalising the inspection profession in South Africa through the accreditation of building inspectors. This initiative aims to set higher standards and ensure that inspections across the country are conducted with a consistent level of professionalism and technical proficiency. The accreditation process focused on equipping inspectors with the necessary skills and knowledge to meet the NHBRC's requirements, which include technical and geotechnical standards, handling late enrolments, addressing complaints and remedials, and understanding civil and structural aspects as well as Innovative Building Technologies (IBTs). This is an important development that must be deepened and expanded.

Through these efforts, the NHBRC not only contributed to the advancement of the inspection profession but also played a pivotal role in encouraging the next generation of architects to prioritise sustainability and innovation in their designs. However, there are concerns regarding the ethical conduct of inspectors within the NHBRC, and this matter must be addressed urgently to restore confidence in the organisation nationwide.

Additionally, the NHBRC actively participated in the City Centre Sustainable Design Students Housing Competition 2023, which aligns with the organisation's commitment to promoting sustainable human settlements through innovation in the built environment. This competition, open to third-year students from all South African Schools of Architecture, challenges participants to design innovative housing solutions that address city centre renovation, sustainable design and the integration of advanced technologies. It should also be expanded to include young people from diverse backgrounds in all provinces, while establishing a connection between the Eric Molobi Housing Innovation Hub, institutions of higher education and surrounding communities.

During the year under review, the NHBRC achieved 79% of its set targets for 2023/24, which is lower than the performance achieved in the 2022/23 financial year. I am deeply concerned about this decline in performance and expect that mechanisms will be put in place in the 2024/25 financial year to ensure the entity's performance improves.

Let me take this opportunity to express my gratitude to the Council, under the leadership of Chairperson Ms Nomusa Mufamadi, for helping stabilise the entity and ensuring that systems are implemented to further strengthen the organisation. However, much work remains to build an organisation of credible individuals with high ethical standards. The lifestyle audit, which began with inspectors, has highlighted the need to protect the organisation if it is to become a respected regulator within the sector and safeguard housing consumers. I expect to see the results of your efforts in the next financial year.

I would also like to extend my thanks to the executives, led by Chief Executive Officer Mr Songezo Booi, and the rest of the staff for their hard work and dedication.

Mmamoloko Kubayi, MP
Minister for Human Settlements

1.4 FOREWORD BY THE CHAIRPERSON OF COUNCIL

On behalf of the Council of the National Home Builders Registration Council (NHBRC), management and staff, it is my pleasure to present the annual report for the financial year-ended 31 March 2024 to our stakeholders and the public.

I am pleased to report another sound financial performance for the NHBRC this financial year. The home-building sector displayed continued resilience during the year. Maintaining an adequate level of profitability is fundamental to our core purpose of improving the construction quality of newly built homes and protecting homeowners through our warranty fund.

As the NHBRC, we have been entrusted by the Minister of Human Settlements, Ms Mmamoloko Kubayi, and the people of South Africa to ensure that the NHBRC focuses on delivering its mandate. The Council regards the principles of sound corporate governance as imperative in obtaining and maintaining the trust of stakeholders, as well as achieving the overarching objective of performance with integrity.

The economic environment we operate in remains uncertain. We continue to face headwinds such as inflation, interest rates, higher energy costs, which have persisted for some time, affecting consumer confidence, the demand for new homes and the South African economy.

Home builders are also adapting to a more demanding regulatory regime and the challenges presented by the environment we operate in. However, we look to the year ahead with confidence. The NHBRC is a profitable, resilient business with a sound financial plan, and has proven over the decades to play a key role in ensuring the delivery of quality homes. In 2024/25, we will pursue our programme of strategic change, integrating sound environmental, societal and governance practices, while delivering for our registered homebuilders and housing consumer.

The Housing Consumer Protection Bill has been adopted by both houses of Parliament and is awaiting the signature of His Excellency, President Cyril Ramaphosa, to become law. The new bill empowers the entity to address inefficiencies in executing its mandate of protecting housing consumers.

During our tenure, we committed to refocusing the organisation on its core objectives of protecting housing consumers from scrupulous home builders. Our enforcement unit has been hard at work, resulting in an increase in the number of prosecuted home builders.

We are also supporting the Department of Human Settlements in developing a roadmap to net zero for the industry. As part of introducing and promoting the use of innovative building technologies (IBT) within the human settlements sector, a net-zero energy model house has been constructed at our innovation hub and will be launched to the sector towards the end of the year.

As the house-building industry embarks on the journey of constructing homes using IBTs, the entity, through its shareholder department, will hold a consultative Innovative Building Summit towards the end of the year to engage the construction sector on the uptake of IBT, and how these technologies can be utilised to fast-track housing deliver.

I am impressed by the transformational steps we have taken to build capacity in the sector through our training programmes.

In the year ahead, we will conduct an in-depth culture review across the entire organisation. This will give our people, across all levels, the opportunity to work together to define the NHBRC's future culture. This culture will build on our existing strengths while embedding a more dynamic, inclusive and collaborative environment – one that attracts and retains talent, and empowers teams to deliver on our purpose by giving them the appropriate resources, autonomy and accountability.

As we move forward, taking advantage of changes in the digital space, our senior management is fully committed. We have dedicated resources from all parts of the business to oversee the full delivery of our digitalisation programme, which will transform how the NHBRC interfaces with stakeholders. This will ensure that we reinforce the exceptional service our registered customers and homeowners deserve, while continuing to instil a more commercial attitude and strengthen our home warranty provision.

As Council, we have forged ahead with partnerships that seek to position the NHBRC as a centre of excellence within the home-building industry. We are excited to report that we have partnered with the South African Council for the Project and Construction Management Professions (SACPCMP) to professionalise our inspectors, enabling them to carry out their building inspections in a regulated and professional manner.

The term of office for the Council will conclude at the end of November 2024. Under the leadership of this Council, the NHBRC achieved unqualified audit outcomes and improved operational performance over the past three financial years. I would like to thank my fellow Council members for contributing their business expertise and industry knowledge in guiding the entity over the past three years.

In closing, I would like to thank all the staff members at the NHBRC whose drive and commitment have contributed to our strong performance this year. I am confident that we will continue to meet our key financial goals while delivering on our purpose: raising the standards of home-building in South Africa, championing high-quality homes and protecting homeowners.

I want to express my gratitude to our Minister of Human Settlements, Ms Mmamoloko Kubayi, and the National Department of Human Settlements for their support and goodwill during this financial year.

Finally, I would like to thank my Council members for their unwavering support and commitment to ensuring that the Council and its Committees fulfil their mandate and support the NHBRC in executing its mandate.

N. Mufamadi

Ms Nomusa Mufamadi
Chairperson of Council

1.5 CHIEF EXECUTIVE OFFICER'S OVERVIEW

It an absolute honour to present the NHBRC annual report for the 2023/24 financial year. Despite a period of economic uncertainty, the 2023/24 financial year has been a successful one for NHBRC. A further year of solid profits yields a strong financial platform from which to take the organisation forward. The coming year will see us invest in IT transformation, business modernisation and progress our wide-ranging culture review, to ensure that NHBRC is fit for the future.

I am immensely proud of what we have achieved together, delivering for stakeholders while improving the NHBRC's financial stability. We must evolve into a more modern, agile, and responsive organization to continue playing a crucial role in the homebuilding industry. It is our commitment to continue supporting registered homebuilder in raising quality standards and protecting housing consumers.

Organisational Performance

Financially, 2022/23 has been a successful year for NHBRC during which we have delivered another period of stable profit and an improving solvency ratio of our warranty fund against an uncertain and volatile economic backdrop. The impact of climate change is becoming more evident. We also need to modernise and ensure that the business is as efficient as possible to deliver effectively on our purpose. Combined with the current economic challenges, this means that NHBRC requires a strong balance sheet and appropriate levels of revenues. This can only be delivered by us continuing to deliver appropriate profits generated by strong operational performance and maintaining our discipline on expense management

We are working towards becoming a more modern, agile and responsive organisation in order to continue to play an important role in the home-building sector, supporting our registered customers in raising quality and safety standards, and in protecting those who buy and live in newly built homes.

We have made good progress in the year on our path to becoming a more commercial, agile and outward-looking business and we continue to invest in a demanding change programme. Following an in-depth systems and infrastructure review last year, we are in the process of delivering IT, digital and business process transformation.

In looking at our performance in the period under review, new registrations totalled 3,690, and membership renewals reached 14,265. This performance reflects a 4% increase in new registrations and a 1.3% increase in membership renewals compared to the previous year.

For non-subsidy enrolments, the NHBRC enrolled 37,977 new homes before construction commencement, with 1,526 of these submitted as late enrolments. This year marked the lowest number of enrolments in the last decade, primarily due to economic challenges and high unemployment rate. Non-subsidy home enrolments dropped by 27% from the previous year, impacting the organization's revenue.

In the subsidy market, there were 40,635 brownfield enrolments, 88,886 greenfield enrolments, and 35,296 greenfield proj¬ects. Compared to the previous financial year, subsidy home enrolments increased by 69% from 29,247 to 49,521. Project enrolments also grew significantly by 34%, from 26,367 to 35,295. This growth indicates an improvement in the number of homes and projects enrolled by the provincial department of Human Settlements and municipalities.

Training within the Sector

NHBRC is also an established training provider to the home building industry, and this remains an area for investment to help address the capacity and skills shortages that persist across the industry.

To support the industry, we continue to capacitate our homebuilder through training, focusing on empowering women, youth, military veterans, and people with disabilities. The NHBRC trained 2,134 women, 1,879 youth, 201 military veterans, 250 people with disabilities, and 859 technical professionals.

Disciplinary Committee

On enforcing our mandate, during the 2023/24 financial year, 67 homebuilders were suspended for non-compliance with specific provisions of the Act. The Disciplinary Committee adjudicated 325 matters, primarily involving the failure to rectify major structural and workman¬ship-related defects, failure to enrol homes, and code of conduct violations.

Inspection of Homes

Our core mission remains to provide high-quality inspections to protect housing consumers and minimize claims against the Warranty Fund. In the year under review, the NHBRC inspected 32,404 non-subsidy homes and 25,990 subsidy homes.

George Building Collapse

Post the reporting period, the built environment was shaken by the devastating collapse of a building in George on May 6, 2024. This tragic incident claimed lives, and we extend our deepest condolences to the families affected by this heartbreaking event. It is the first of its kind in the history of our entity, and as such, the Council has expressed profound concern.

In response, the Council has been working closely with various stakeholders to understand and uncover the root cause of the collapse. Recognizing the complexity of the incident, which could not be fully determined through internal investigations alone, the Council has commissioned an expert engineering and commercial forensic investigation. This investigation will thoroughly assess issues related to design, workmanship, inspections conducted by the NHBRC, material quality, and the role of other technical professionals involved in the development.

Given the gravity of the situation and the ongoing media coverage, we are also cooperating with external regulatory and professional bodies conducting their own independent investigations. Internally, our focus is on examining NHBRC's processes, particularly in the following areas:

- The registration and accreditation of the home builder.
- The enrolment process for the multi-storey building.
- Inspections conducted on-site.
- The roles of other professionals involved in the project.

Additionally, we are collaborating with law enforcement agencies and provincial investigative teams to ensure that every possible aspect of the development is scrutinized. The appointed forensic firm is expected to deliver its investigation report by September 30, 2024.

Preliminary findings have revealed potential exposure for the NHBRC, linked to the enrolment value paid by the contractor. As our entity's warranty fund becomes effective upon occupation, we will await the outcome of the investigation and take the necessary remedial actions as recommended.

This tragic incident is a solemn reminder of our responsibility to ensure the safety and integrity of the structures we oversee, and we remain committed to learning from it and strengthening our processes going forward.

Warranty Fund Sustainability

The NHBRC is a self-sustaining organization under the Housing Consumers Protection Measures Act of 1998, building reserve funds to honour claims arising during the warranty cover period.

Sustainability Reporting

The NHBRC has seen a growing concern as it relates to homeowners experiencing total loss of their properties due to natural disasters. It has mainly been flooding in various parts of the country that has been associated with erratic and unpredictable weather patterns. The reality of global warming and its consequences has been experienced by various parts of the economy, and housing is not an exception. It is therefore paramount that the NHBRC engage in the environmental, social and governance (ESG) conversation.

The NHBRC is still in the beginning stages of looking at reporting against sustainable development goals, with the intention of gradually moving towards integrated reporting.

Despite our low maturity level in ESG matters, The NHBRC is proud to have completed construction of a green first "zero energy-based" model house, The performance of the house has been monitored as part of research on its environmental impact and it was found that it has reduced levels of CO2 gas emissions.

The NHBRC is also a socially conscious and responsible organisation, and I am proud to announce that we have again supported women in construction with our esteemed women empowerment program in partnership with Gordon Institute of Business Science.

As we journey towards maturing in ESG disclosures, our governance structures are in compliance with king IV report. The social, ethics and transformation committee terms of reference will be expanded to include ESG.

People

Ensuring that we have an environment that develops and retains high-performing and motivated individuals is also central to our future success. It is crucial that our culture facilitates achievement of our strategic ambitions and the delivery of our purpose. To this end, we have undertaken a thorough culture and leadership review and are rolling out a complete culture change programme in the coming year.

We successfully filled vacant Executive Manager positions in Corporate Services, Customer Experience and Market De¬velopment, and Engineering and Technical Services. These appointments were crucial for stabilizing the organization. We continue to fill positions as needed to maintain cost containment, especially given the lower revenue from enrolments, our primary contributor to the warranty fund.

To inculcate a culture of ethical behaviour in the organisation, we have started a process of lifestyle audits which we anticipate to be concluded by the end of October 2024. We have also started process of security vetting of our Executives and Senior management through the State Security Agency, the process has started and will be finalised in the 2024/25 financial year.

Employees' lifestyle audit

A lifestyle audit examines an individual's financial position, comparing declared income against assets to detect any inconsistencies or misconduct. This is part of the NHBRC's efforts to prevent fraud and corruption, reinforcing its risk management and ethical framework. In alignment with the Conflict-of-Interest Policy, all employees are required to submit their financial declarations annually. However, all employees submitted their declaration of interest forms for the year.

In January of 2024, the Minister instructed a lifestyle audit for certain employee categories at the NHBRC. In response, the NHBRC Council adopted the directive and expanded the audit to cover additional employee categories. The audit is being conducted in phases, which started with management-level employees, including those in acting roles.

Outlook

As we look forward, we remain committed to enhancing quality and safety standards in the homebuilding industry and protecting housing consumers.

The outlook for new registrations and home enrolments remains positive. We will continue to put our housing consumers at the heart of all we do and ensure that we offer the best protection we can from the products and services we provide. The performance this year reflects the actions NHBRC has taken to rebuild our financial position to ensure we can continue to deliver on our purpose for many years to come. Some of the difficult decisions we made in recent years are starting to deliver and place us in a strong position to continue to raise the standards of home building in South Africa and protect the housing consumers who live in those houses. Increasing our financial resilience has never been more important than now, given the highly uncertain global and local economic outlook.

To inculcate a culture of ethical behaviour in the organisation, we have started a process of lifestyle audits which we anticipate to be concluded by the end of October 2024. We have also started process of security vetting of our Executives and Senior management through the State Security Agency, the process has started and will be finalised in the 2024/25 financial year.

Appreciation

I express my sincere gratitude to the honourable Minister of Human Settlements, Council, EXCO, and the staff of the NHBRC for their guidance, teamwork, and enthusiasm. Together, we will continue to adapt and thrive in our mission to protecting housing consumers and supporting the homebuilding industry.

Mr Songezo Booi
Chief Executive Officer

EXECUTIVE COMMITTEE

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

Table 2: Executive Committee

 **Mr Songezo Booi**	Chief Executive Officer	• N Diploma Accounting • BCom, BCom (Hons) • CA(SA)
 **Mr Otsile Maseng**	Chief Operations Officer (Contract ended 28 February 2024)	• B Juris • MBA • PDP
 **Ms Tamlyn Bouwer**	Chief Financial Officer (From 5 July 2023) Acting Chief Financial Officer (From 1 April 2023 to 4 July 2023)	• BCompt, BCom (Hons) • CA(SA)
 **Ms Nurse Chavalala**	Acting Executive Manager: Corporate Services (From 1 April to 15 October 2023)	• BA Admin • ELD

Ms Sibongile Ngwenya

Executive Manager: Corporate Services
(From 16 October 2023)

- Postgraduate Diploma: Labour Law
- Postgraduate Diploma: Business Management
- N Diploma: Law
- N Diploma: Human Resource Management
- Management Advancement Program
- Bachelor of Social Sciences Degree

Mr Craig Makapela

Acting Executive Manager: Technical and Engineering
(From 1 April 2023 to 30 June 2023)

Executive Manager: Engineering and Technical Services
(From 1 July 2023)

- BSc Civil Engineering
- BEng (Hons) (Geotech Eng)
- MEng (Systems Engineering Management)
- Pr. Eng, PrCPM

Ms Millicent Kabwe

Executive Manager: Customer Experience and Market Development and Enforcement
(From 1 October 2023)

- MBA
- Postgraduate Diploma in Management Practice
- B-Tech: Journalism
- N Diploma: Journalism

Mr Stefan Janser

Acting Executive Manager: Customer Experience and Market Development

(From 1 April 2023 to 30 September 2023)

- BSc (Incomplete)
- N Diploma Quantity Surveying
- N Diploma Property Development
- N Diploma Datametrics
- BCom
- Certificate in Executive Development Programme
- BA (Hons) (Business Management)
- MBA
- Postgraduate Certificate in Business Research

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 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 E) have been prepared in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) applicable to the entity.

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

The accounting authority is also responsible for establishing and implementing a system of internal control designed to provide reasonable assurance regarding the integrity and reliability of the performance information, 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 2024.

Yours faithfully

Chief Executive Officer
Mr Songezo Booi
Date: 31 August 2024

Chairperson of Council
Ms Nomusa Mufamadi
Date: 31 August 2024

1.7 STRATEGIC OVERVIEW

Our vision

To be a champion of the housing consumer.

Our mission

To protect the housing consumer and regulate the home-building environment.

Our motto

Assuring quality homes.

Our values

The values of the organisation are outlined below:

Table 3: The NHBRC values and their 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.

Housing Consumer Protection Bill

The Housing Consumer Protection Bill, introduced in South Africa, aims to enhance the protection of housing consumers by strengthening the regulatory framework governing the construction industry. A key goal of the bill is to replace the current Housing Consumers Protection Measures Act of 1998, extending the mandate of the NHBRC. It seeks to ensure that all homebuilders are registered with the NHBRC and comply with set standards to safeguard housing consumers from poor workmanship and incomplete projects.

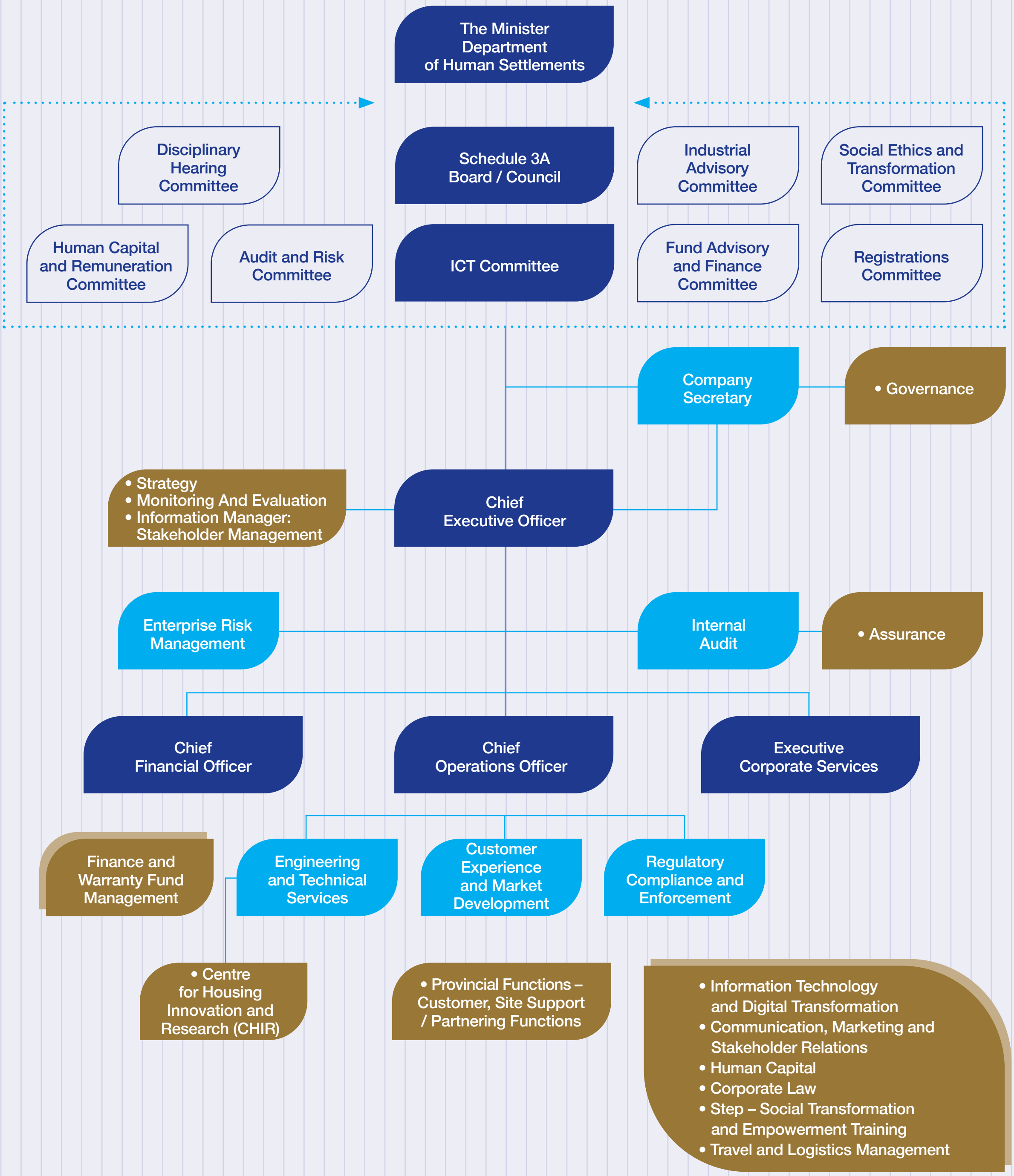
Some of the key elements introduced by the Bill are:

- Warranty cover commencing from construction as opposed to date of occupation
- Extension of roof leak cover from 12 months to 24 months
- Review the extension of the warranty cover
- Increase the maximum penalties to defaulting homebuilder etc

ORGANISATIONAL STRUCTURE

The organisational structure of the NHBRC is reflected in the organogram below:

Figure 1: The NHBRC's organogram



PART B
PERFORMANCE INFORMATION

2.1 AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

Refer to the Auditor General's report on the audit of the annual performance report (paragraph 75 to 80) published as Part F of the annual report.

2.2 OVERVIEW OF THE PUBLIC ENTITY'S PERFORMANCE

Service delivery environment

In the past financial year, the NHBRC made significant strides in enhancing the quality of building inspections and formalising the inspection profession in South Africa through the accreditation of building inspectors. This initiative aimed to set higher standards and ensure that inspections across the country are conducted with a consistent level of professionalism and technical proficiency. The accreditation process focused on equipping inspectors with the necessary skills and knowledge to adhere to NHBRC requirements, which include technical and geotechnical standards, handling late enrolments, addressing complaints and remedials, and understanding civil and structural aspects as well as IBTs.

Through these efforts, the NHBRC not only contributed to the advancement of the inspection profession but also played a pivotal role in encouraging the next generation of architects to prioritise sustainability and innovation in their designs.

Additionally, the NHBRC actively participated in the City Centre Sustainable Design Students Housing Competition 2023, which aligns with the organisation's commitment to promoting sustainable human settlements through innovation in the built environment. This competition, which is open to third-year students from all South African Schools of Architecture, challenges participants to design innovative housing solutions that address city centre renovation, sustainable design and the integration of advanced technologies.

However, external factors such as rising inflation, fluctuating interest rates, and increasing costs of building materials have significantly impacted the housing market. These economic pressures not only affect the affordability of housing but also lead to fewer bond approvals, making it increasingly difficult for consumers to secure financing. As a result, many potential homeowners face challenges in accessing the housing market, which can delay projects and limit options for sustainable living solutions. The NHBRC's efforts to enhance building inspection standards must consider these external challenges to better support the housing sector's growth and accessibility. These economic factors have led to developers and homebuilders delaying the start of projects in anticipation of improved economic conditions and reduced interest rates in the coming financial year.

This cautious approach reflects a broader trend in the industry, where stakeholders are waiting for more favorable conditions before committing to new developments, which will ultimately boast the enrolment of homes.

Organisational environment

During the past financial year, the NHBRC undertook key strategic appointments to ensure the organisation operates with fully functional and experienced resources. The conclusion of employment contracts in several key positions resulted in the organisation relying on acting roles while working towards implementing a 'fit-for-purpose' organisational structure. This temporary arrangement primarily involved middle management stepping up to maintain operational continuity.

To address these gaps and reinforce the organisation's leadership, the NHBRC appointed a Chief Risk Officer whose primary focus is on enhancing the safety and security of NHBRC inspectors. This role is crucial, given the increasing challenges inspectors face on construction sites, including threats from construction mafias and extortion attempts.

The Chief Risk Officer collaborates closely with law enforcement agencies to ensure the protection of NHBRC field workers, thereby safeguarding the integrity of inspection processes.

In addition, the NHBRC appointed a Chief Audit Executive to ensure rigorous compliance with legislative requirements and to strengthen the organisation's governance framework. This role is critical in maintaining transparency, accountability and adherence to statutory obligations, providing assurance that the NHBRC's operations align with regulatory standards.

These appointments are among the key executive roles filled during the year, contributing significantly to the stability and effectiveness of the NHBRC. By bringing in experienced and dedicated professionals, the organisation continues to build a robust leadership team that supports its mission and operational excellence.

Sector performance

The South African residential property market in 2023/24 has experienced both challenges and resilience, with slow growth in house prices due to high interest rates and inflation. By the end of 2023, the market value stood at R6.8 trillion, with 76% of properties valued under R1.2 million, highlighting the dominance of affordable housing. This segment, driven largely by government-subsidised properties, represents a significant portion of the market, particularly for lower-income buyers.

However, rising interest rates impacted transaction volumes, with 20% fewer property transactions in 2023 compared to the previous year. First-time buyers and the low-value housing segment performed relatively well, while high-value properties saw slower growth. Despite these challenges, the Western Cape continues to attract a significant portion of migrating homeowners, with a consistent rise in home sales. Looking ahead to 2024, experts expect a gradual recovery in house price inflation, with projections ranging from 1.84% to 3.57%, depending on economic factors like GDP growth and inflation.

2.3 PROGRESS TOWARDS THE ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

For this Medium-term Strategic Framework (MTSF) period, the NHBRC's strategic outcomes are aligned with three operational programmes, namely, administration, regulation, and consumer protection.

Table 4: Alignment of strategic outcomes to programmes

Programme	Strategic outcomes
Administration	1. Functional, efficient and integrated governance 2. Financially sustainable organisation to promote economic inclusion
Regulation	3. Adequate housing and improved living environment 4. Competent homebuilders and technical professionals
Consumer protection	5. Adequate housing and improved living environment

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

The first programme, administration, is aligned with MTSF Priority 1: Economic transformation and job creation; Priority 2: Education, skills and health. We intend to achieve 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.
  - To ensure that issues identified by the Auditor-General are addressed, the NHBRC implemented an Internal Audit (IA) Plan, which includes an action plan for resolving the identified concerns.
  - The NHBRC has a zero-tolerance policy for fraud and corruption; therefore, all allegations of fraud and corruption within the organisation are thoroughly investigated and reported to the Risk and Audit Committee.
  - An annual Risk Management Plan is developed to identify, evaluate and plan for potential risks that may arise within the organisation, ensuring that proactive measures are taken to minimise their impact.
  - To ensure the sustainability of the organisation, cost-saving measures are implemented to achieve at least 10% savings on budgeted expenditure.

- **Improved accessibility and visibility of NHBRC products and services**
  - To achieve this outcome, we ensure that our housing consumers are aware of their rights and responsibilities. By the end of the 2024 financial year, we planned for the NHBRC to fully implement its Communication Plan, which includes consumer awareness campaigns across the country. The Communication Plan for the financial year 2023/24 was 82% implemented.

- **Financially sustainable organisation promoting economic inclusion.**
  - To achieve this outcome, we advocate for accelerating economic growth and empowering women, youth and people living with disabilities. During the financial year under review, the NHBRC procured products and services from designated groups as follows: 41% from women-owned businesses, 23% from youth-owned businesses, 5% from businesses owned by people living with disabilities and 4% from businesses owned by military veterans.

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 an improved living environment**
  - To achieve this outcome, we aimed 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 2023/24 financial years, we registered a total of 88 576 builders.
  - We aim to suspend all defaulting homebuilders within 10 working days and ensure that 80% of prosecutable matters are scheduled for hearing before the Disciplinary Committee within 120 working days from the date of approval to prosecute.
  - Regarding the complaints lodged by homeowners about structural or maintenance defects, our 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 exceeded this target, having trained 42 361 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 and has two outcomes:

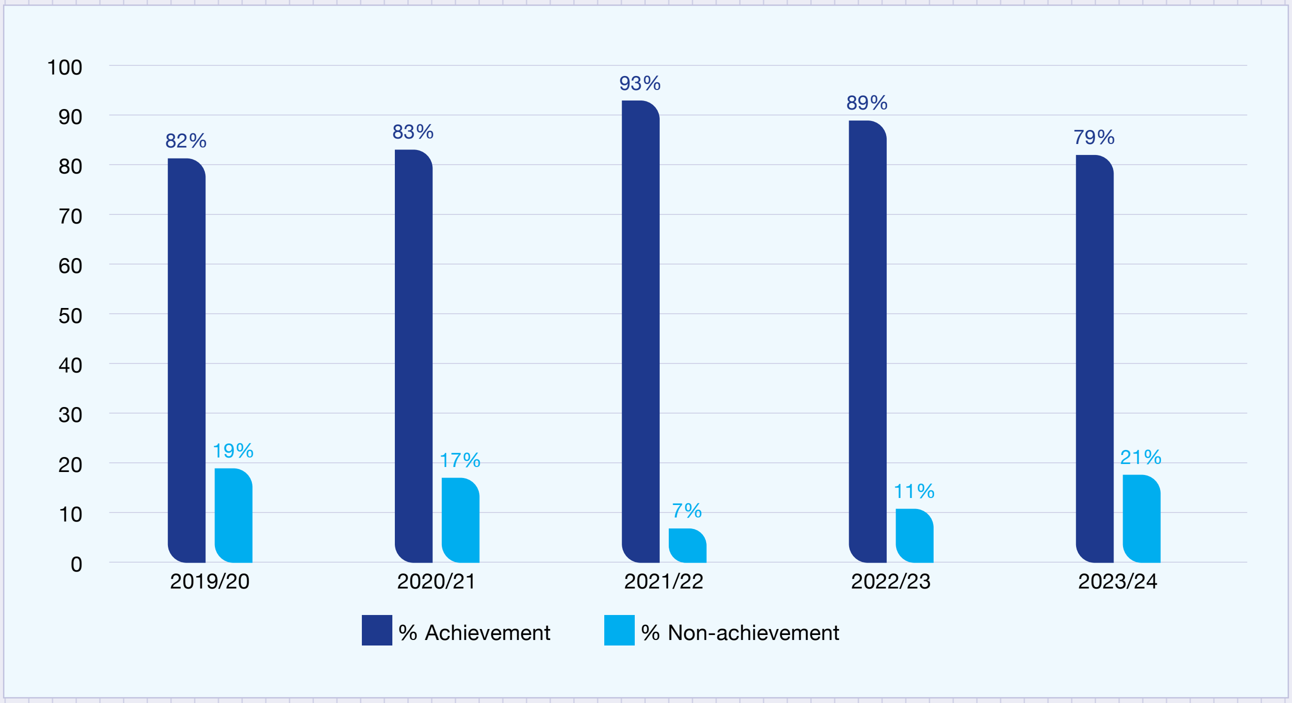
  - In this outcome, the NHBRC aims to enrol all qualifying homes, including both subsidy and non-subsidy enrolments. Over the past four years, the NHBRC has managed to enrol all housing that complies with the enrolment requirements.

- **Greenhouse gas emission reduction**
  - The NHBRC's five-year plan is to promote greenhouse gas emission reduction. The evaluation and performance monitoring of the constructed homes took place during the 2023/24 financial years.

2.4 INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

During the year under review, the NHBRC's performance was based on three key programmes: administration, regulation, and consumer protection. The NHBRC achieved 80% of the targets under administration, 71% under regulation, and 100% under consumer protection. Overall, 79% of the set targets for 2023/24 were achieved, which is slightly below the performance achieved in the 2022/23 financial year.

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



2023/24 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 5: Outcomes, outputs, output indicators, targets and actual achievements table

Outcome	Output	Output indicator	Audited actual performance 2021/22	Audited actual performance 2022/23	Planned annual target 2023/24	Actual achievement 2023/24	Deviation from planned target to actual achievement 2023/24	Reason for variation
Functional efficient and integrated government	Unqualified audit opinion with no material findings	Unqualified audit opinion with no material findings	Unqualified audit opinion	Unqualified audit opinion with no material findings	**Unqualified audit opinion with no material findings**	Unqualified audit opinion with no material findings	None	
	Internal Audit (IA) report	Percentage implementation of the approved Internal Audit Plan	94% implementation of the approved IA Plan achieved	100% implementation of the approved IA Plan achieved	**100% implementation of the approved IA Plan achieved**	100% implementation of the approved IA Plan achieved	0%	
	Anti-fraud and corruption report	Percentage implementation of the approved Anti-fraud and Corruption Plan	100% implementation of the approved Anti-fraud and Corruption Plan achieved	100% implementation of the approved Anti-fraud and Corruption Plan achieved	**100% implementation of the approved Anti-fraud and Corruption Plan achieved**	100% implementation of the approved Anti-fraud and Corruption Plan achieved	0%	
	Risk management report	Percentage implementation of the approved Risk Management Plan	96% implementation of the approved Risk Management Plan	100% implementation of the approved Risk Management Plan	**100% implementation of the approved Risk Management Plan**	100% implementation of the approved Risk Management Plan	0%	
Improved accessibility and visibility of NHBRC products and services	Communication Plan	Percentage implementation of Communication Plan	100% implementation of the Communication Plan achieved	100% implementation of the Communication Plan achieved	**100% implementation of the Communication Plan achieved**	88% implementation of the Communication Plan achieved	12%	Finalisation of office design could not be completed due to office relocations at the end of rental contracts

Outcome	Output	Output indicator	Audited actual performance 2021/22	Audited actual performance 2022/23	Planned annual target 2023/24	Actual achievement 2023/24	Deviation from planned target to actual achievement 2023/24	Reason for variation
Financially sustainable organisation promoting economic inclusion	Transformation and empowerment of designated groups	Percentage of annual procurement spent – women	Not applicable	40% of annual procurement spent – women	**40% of annual procurement spent – women**	41% of annual procurement spent – women	1%	
	Transformation and empowerment of designated groups	Percentage of annual procurement spent – youth	Not applicable	21% of annual procurement spent – youth	**16% of annual procurement spent – youth**	23% of annual procurement spent – youth	7%	Positive responses on competitive bidding and request for quotation from youth-owned suppliers.
	Transformation and empowerment of designated groups	Percentage of annual procurement spent – people living with disabilities	Not applicable	1% of annual procurement spent – people living with disabilities	**5% of annual procurement spent – people living with disabilities**	5% of annual procurement spent – people living with disabilities	0%	
	Transformation and empowerment of designated groups	Not applicable	Not applicable	Not applicable	**5% procurement spent on businesses owned by military veterans**	4% of annual procurement spent – military veterans	1%	Insufficient goods or services available from military veteran-owned businesses to meet the requirements of the NHBRC.
	Operating profit > Budget	Operating profit > Budget	Not applicable	11% savings on budgeted expenditure	**10% savings on budgeted expenditure**	18% savings on budgeted expenditure	8%	Cost-saving measures put in place to ensure the organisation spends within or below the allocated budget.

Performance highlights

Under programme 1, administration, this current financial year, the NHBRC focused on transforming and empowering designated groups, split into women, youth and people living 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 military veterans. 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).

Programme 2: Regulation

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

Outcome	Output	Output indicator	Audited actual performance 2021/22	Audited actual performance 2022/23	Planned annual target 2023/24	Actual achievement 2023/24	Deviation from planned target to actual achievement 2023/24	Reason for variation
Improved regulatory compliance	Registered builders	Number of home builders registered	3 595 homebuilders registered	3 535 homebuilders registered	**3 400 homebuilders registered**	3 690 homebuilders registered	290	The fourth quarter (Q4) had the highest renewals for the year, indicating that the strategies deployed are yielding some results.
	Renewed registrations	Number of registrations renewed	14 395 registrations renewed	14 080 registrations renewed	**15 950 registrations renewed**	14 265 registrations renewed	1 685	The current economic downturn has led to fewer active projects, resulting in builders postponing renewals until they secure work. There is a significant backlog of unpaid invoices exceeding 30 days, indicating affordability challenges for some homebuilders.
	Inspected homes – non-subsidy	Number of homes inspected – non-subsidy	100% of homes inspected – non-subsidy	100% of homes inspected – non-subsidy	**28 000 homes inspected – non subsidy**	32 404 homes inspected – non subsidy	4 404	Close monitoring by the inspectorate section and support from BMS has contributed to reaching and exceeding the target.

Outcome	Output	Output indicator	Audited actual performance 2021/22	Audited actual performance 2022/23	Planned annual target 2023/24	Actual achievement 2023/24	Deviation from planned target to actual achievement 2023/24	Reason for variation
	Inspected homes subsidy	Number of homes inspected - subsidy	100% of homes inspected – subsidy	100% of homes inspected – subsidy	**28 000 homes inspected – subsidy**	25 990 homes inspected – subsidy	2 010	The slow pace of construction in the sector is due to the financial challenges builders are facing and the Provincial Department of Human Settlements. Projects have been halted due to a lack of infrastructure (bulk services), and in Gauteng, construction is blocked by community interference. The Eastern Cape, North West and Free State are focusing on unblocking these stalled projects, with the NHBRC supporting the programme.
	Percentage of suspensions within 10 working days	Percentage of prosecutable matters suspended	93% of prosecutable matters suspended within 10 working days of receipt of instruction	100% of prosecutable matters suspended within 10 working days	**100% of prosecutable matters suspended**	100% of prosecutable matters suspended	0%	
	Percentage of Disciplinary Committee matters set down within 30 working days	Percentage of prosecutable matters set down for hearing	96% of prosecutable matters set down for hearing before the Disciplinary Committee within 120 working days from date of approval to prosecute	93% of prosecutable matters set down for hearing before the Disciplinary Committee within 30 working days	**100% of prosecutable matters set down for hearing**	100% of prosecutable matters set down for hearing	0%	

Outcome	Output	Output indicator	Audited actual performance 2021/22	Audited actual performance 2022/23	Planned annual target 2023/24	Actual achievement 2023/24	Deviation from planned target to actual achievement 2023/24	Reason for variation
	Disputes resolved	Percentage of disputes resolved	90% of disputes resolved within 90 days	93% of disputes resolved within 90 days	**100% of disputes resolved**	99% of disputes resolved	-1	The NHBRC successfully resolved 273 dispute cases; however, three matters could not be concluded within the agreed timeframe of 90 days due to extended investigations.
Competent homebuilders and technical professionals	Trained builders	Number of homebuilders trained	2 664 homebuilders trained	2 045 homebuilders trained	**2 300 homebuilders trained**	2 369 homebuilders trained	69	The annual target for the training of homebuilders was met and resources were allocated to focus on other categories.
	Trained youth	Number of youth trained	1 834 youth trained	1 848 youth trained	**1 800 youth trained**	1 879 youth trained	79	The NHBRC invites more trainees for each programme to manage dropouts and non-respondents proactively. As a result, we achieved more than targeted.
	Trained women	Number of women trained	1 546 women trained	1 888 women trained	**2 000 women trained**	2 134 women trained	134	The NHBRC invites more trainees for each programme to manage dropouts and non-respondents proactively. As a result, we achieved more than targeted.
	Trained military veterans	Number of military veterans trained	115 military veterans trained	170 military veterans trained	**200 military veterans trained**	201 military veterans trained	1	The NHBRC invites more trainees for each programme to manage dropouts and non-respondents proactively. As a result, we achieved more than targeted.

Outcome	Output	Output indicator	Audited actual performance 2021/22	Audited actual performance 2022/23	Planned annual target 2023/24	Actual achievement 2023/24	Deviation from planned target to actual achievement 2023/24	Reason for variation
	Trained people living with disabilities	Number of people living with disabilities trained	242 people living with disabilities trained	261 people living with disabilities trained	**250 people living with disabilities trained**	250 people living with disabilities trained	0	
	Trained technical professionals	Number of technical professionals trained	801 technical professionals trained	933 technical professionals trained	**750 technical professionals trained**	859 technical professionals trained	109	Resources were allocated to train technical professionals and a project in collaboration with ITC across two provinces resulted in a high performance output for this category.
	Trained artisans	Number of artisans trained	781 artisans trained	806 artisans trained	**650 artisans trained**	0 artisans trained	650	The finalisation of the memorandum of understanding (MoU) with Tvet colleges took longer than anticipated.

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 2021/22	Audited actual performance 2022/23	Planned annual target 2023/24	Actual achievement 2023/24	Deviation from planned target to actual achievement 2023/24	Reason for variation
Improved regulatory compliance	Compliant enrolments – subsidy	Percentage of enrolment applications approved – subsidy	100% of enrolment applications approved - subsidy	100% of enrolment applications approved – subsidy	**100% of enrolment applications approved – subsidy**	100% of enrolment applications approved – subsidy	0%	
	Compliant enrolments – subsidy	Percentage of subsidy project enrolment applications approved	100% subsidy project enrolment applications approved	100% subsidy project enrolment applications approved	**100% subsidy project enrolment applications approved**	100% subsidy project enrolment applications approved	0%	
	Compliant enrolments – non-subsidy	Percentage of enrolment applications approved – non-subsidy	100% of enrolment applications approved – non-subsidy	100% of enrolment applications approved – non-subsidy	**100% of enrolment applications approved – non-subsidy**	100% of enrolment applications approved – non-subsidy	0%	
Greenhouse gas emission reduction	Evaluation and monitoring of the constructed green first zero-energy model house	Evaluation and monitoring of the constructed green first zero-energy model house	No contractor appointed to construct the green first zero-energy model house designs	Completed construction of the green first zero-energy based model house	**Evaluation and monitoring of the constructed green first zero-energy model house**	Evaluation and monitoring of the constructed green first zero-energy model house	None	

Table 6: Linking performance with budgets

	2022/2023			2023/2024		
Programme/Activity/ Objective	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	304 527	235 130	69 397	333 517	383 597	(50 080)
Regulation	321 666	373 688	(52 021)	349 259	323 798	25 461
Protection	209 386	234 846	(25 460)	251 761	238 984	12 778
Total	**835 579**	**843 664**	**(8 084)**	**934 537**	**946 378**	**(11 841)**

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 registration and annual fees payable to the NHBRC by homebuilders as well as subsidy project enrolments fees. Fee revenue overperformed during the 2023/24 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 the NHBRC, and comprises enrolment fees paid for the enrolment of homes in both the non-subsidy and subsidy sectors. During the 2023/24 financial year, the preference for a non-subsidy market contributed to the overcollection of revenue for the financial year.

Technical revenue

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

Table 7: Revenue collection after actuarial adjustments

	2022/2023			2023/2024		
Source of revenue	**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	54 210	73 011	(18 801)	74 837	97 675	(22 839)
Insurance premium revenue	769 230	644 569	124 661	824 735	638 046	186 690
Technical service revenue	12 000	10 075	1 925	12 000	51 797	(39 797)
Other income	35 286	23 707	11 579	3 500	16 689	(13 189)
Total	**870 726**	**751 362**	**119 365**	**915 072**	**804 208**	**110 865**

2.6 CAPITAL INVESTMENT

The NHBRC is projecting no capital investment for the 2024/25 financial year.

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 outlined 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 entity's performance by evaluating and interrogating the financial and non-financial results 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 sits 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 and will terminate on 24 November 2024.

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 serves as the Accounting Authority of the NHBRC and is appointed by the Minister of Human Settlements. It leads the organisation in achieving its strategic objectives by directing and approving its overall strategy and related operational activities. The Council also monitors the organisation's performance against the targets set out in the annual performance plans and ensures that effective 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.

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 the National Treasury tariffs. 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 policymaking, control and strategic oversight, 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 to represent and advance 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, as well as 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 and the Shareholder Compact, 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.

Table 8: 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	• Bachelor of Accounting Science BCompt • Post Graduate Diploma in Financial Accounting (Honours) • Diploma in Industrial Relations • Certificate in Human Resources and Change Management	• Finance and Risk Management • Auditing • Human Resources • Industrial Relations • Project Management	• Road Traffic Management Corporation (RTMC)	-	9
 Prof. Bongani Ngqulunga	Deputy Chairperson	August 2023	Current	• PhD				6
 Mr Francois Beukman	Deputy Chairperson	November 2021	30 June 2023	• Bachelor of Law (LLB) • Legal Practise Program • B. Proc • Master of Arts, Political Science (MA) • Bachelor of Arts (BA) (Honours) • Bachelor of Arts (BA), Political Science and Public Administration	• Law	-	• Enforcement Committee Member, Information Regulator of South Africa • Enforcement Committee Member, Film and Publication Board • Chairperson, ARCO, PANSALB	1

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 Nontuthuko Chiluvane	Member	November 2021	Current	• Bachelor of Science Quantity Surveying • Bachelor of Science (Hons) Property Development • Diploma Project Management • Master of Science. Real Estate • Certified Director (IoDSA)	• Quantity Surveying • Property Development and Management • Housing Development and Social Housing • Public Sector Management	• Women's Property Network • South African Facilities Management	• Durban University of Technology Advisory Board	8
 Ms Nomthandazo Ncelane-Ngcobo	Member	November 2021	Current	• BSc Property Development • BSc Prop Dev (Quantity Surveying) Honours • Post Graduate Diploma in General Management	• Quantity Surveying • Project Management	-	-	9
 Ms Morwesi Ramonyai-Thonga	Member	November 2021	Current	• Bachelor of Commerce • High Diploma. Computer Auditing • Executive MBA • International Executive Development Programme • Certificate Sustainability Leadership	• Audit and Risk • ESG (Environment, Sustainability and Governance) • Management Consulting • Corporate Governance	• Johannesburg Development Agency Board (JDA)	-	9

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 Siphindile Memela	Member	November 2021	Current	• B. Housing Development • Advanced Diploma Management and Project Management • Post Graduate Diploma Property Development and Project Management • Full status Property Practitioner registered with the PPRA	• Property Development • Real Estate sales and rentals • Facilities management	-	-	10
 Ms Kedibone Tsiloane	Member	November 2021	Current	• Bachelor of Commerce: Internal Auditing • Bachelor of Commerce (Hon): Internal Auditing • Certified Internal Auditor • Certification in Control Self-Assessment • Post Graduate Diploma Business Administration	• Auditing • Business Management	-	-	10
 Mr Kganki Matabane	Member	November 2021	Current	• Master of Business Leadership • Postgraduate Diploma Business Administration • Bachelor of Cost and Management Accounting • National Diploma Cost and Management Accounting	• Cost and Management Accounting	-	-	6

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 Renaire Shelly Huntley	Member	November 2021	Current	• Master of Science: Environmental and Development • BSc Biological Sciences • Certificate: Strategic Business Management • Certificate: Research Methodologies	• Strategic Business Management • Multi-Criteria Decision-Making • Sustainability/ESG • Health, Safety and Environment	EARTH Centre NPO	-	10
 Ms Mandy Jayakody	Member	November 2021	Current	• M.Eng (Civil Engineering) • Graduate Diploma in Engineering • BSc Industrial Microbiology • Certificate in Impact Investing in Africa	• Project Management • Innovative Project Financing • ESG • Sustainability and climate change	Impact Investing South Africa (IISA)	-	10
 Mr Roy Mnisi	Member	November 2021	Current	• Bachelor of Laws (LLB) • Post Grad Certificate in Compliance Management	• Legal • Compliance	• MBSA • JBCC- Board and Chair of Finance and HR Committee • CETA - Board and Chair of Finance and Remuneration Committee	Department of Health Appeals Committee (Mpumalanga)	6

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 Refilwe Lediga	Member	November 2021	Current	• Bachelor of Engineering: Civil Engineering • Master of Engineering: Civil Engineering • Certified Director (IoDSA)	• Engineering	-	-	8
 Ms Sasa Subban	Member	November 2021	Current	• Bachelor of Administration • Diploma in Project Management and Project Leadership	• Project Management • Infrastructure Planning	-	-	1
 Ms Zodwa Matiwane	Member	November 2021	Current	• Master of Business Leadership (MBL) • Master of Law (LLM) • Bachelor of Law (LLB) • B Juris Degree • Advanced Certificate in Project Management	• Legal • Corporate Governance	-	-	7

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 9: Fund Advisory and Finance Committee

Committee	No. of meetings held	No. of members	Names of members
FAFC	6	5	Mr Kganki Matabane
FAFC			Ms Kedibone Tsiloane
FAFC			Ms Sasa Subban
FAFC			Ms Mr Francois Beukman*
FAFC			Ms Siphindile Memela**
FAFC			Ms Renaire Shelly Huntley***

* Mr Francois Beukman resigned in June 2023

** Ms Siphindile Memela reallocated to a different committee

*** Ms Renaire Shelly Huntley was appointed in October 2023

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 homebuilders under the Housing Consumers Protection Measures Act (Act), monitoring the registration and deregistration of homebuilders, and recommending appropriate policies and procedures to Council for approval. The Committee is kept informed of owner-builder applications received under Section 29 of the Act and determines whether homebuilders exempted from enrolling their own homes, in terms of the Act, were granted exemptions in line with the Act.

Table 10: Registration Committee

Committee	No. of meetings held	No. of members	Names of members
REGCOM	5	5	Ms Nonthutuko Chiluvane
REGCOM			Ms Nomusa Mufamadi
REGCOM			Ms Zodwa Matiwane
REGCOM			Mr Francois Beukman*
REGCOM			Ms Nomthandazo Ncelane-Ngcobo
REGCOM			Prof. Bongani Ngqulunga**

* Mr Francois Beukman resigned in June 2023

** Prof. Bongani Ngqulunga was appointed in October 2023

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 11: Human Capital and Remuneration Committee

Committee	No. of meetings held	No. of members	Names of members
HCREMCO	6	5	Mr Francois Beukman*
HCREMCO			Ms Nomusa Mufamadi
HCREMCO			Mr Kganki Matabane
HCREMCO			Ms Renaire Shelly Huntley
HCREMCO			Ms Morwesi Ramonyai Tonga
HCREMCO			Prof. Bongani Ngqulunga**
HCREMCO			Ms Mandy Jayakody**

* Mr Francois Beukman resigned in June 2023

** Prof. Bongani Ngqulunga was appointed in October 2023

** Ms Mandy Jayakody was appointed in October 2023

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 communications channel between the industry and the Council. Industry stakeholders are invitee members of this Committee.

Table 12: 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 primary role of the Social Ethics and Transformation Committee (SETC) is to oversee, review and make recommendations to the Council on matters relating to social, ethics and transformation policies, strategies and practices of the NHBRC. The Committee also advocates for ethics throughout the NHBRC's operations through 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 this 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 13: 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*
SETC			Ms. Siphindile Memela**
SETC			Ms Sasa Subban**

* Mr Refilwe Lediga reallocated to a different committee

* Ms Mandy Jayakody reallocated to a different committee

** Ms Sasa Subban was appointed in October 2023

** Ms Siphindile Memela was appointed in October 2023

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 homebuilders and imposing disciplinary sanctions where homebuilders 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.

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 14: Audit and Risk Committee

Committee	No. of meetings held	No. of members	Names of members
ARCO	10	5	Ms Morwesi Ramonyai Tonga
ARCO			Ms Mandy Jayakody
ARCO			Ms Sasa Subban*
ARCO			Mr Roy Mnisi*
ARCO			Ms Nontuthuko Chiluvane**
ARCO			Mr Refilwe Lediga**
ARCO			Prof. Bongani Ngqulunga**

* Ms Sasa Subban reallocated to a different committee

* Mr Roy Mnisi reallocated to a different committee

** Ms Nontuthuko Chiluvane was appointed in October 2023

** Prof. Bongani Ngqulunga was appointed in October 2023

** Mr Refilwe Lediga was appointed in January 2023

Table 15: Remuneration of Board members

Name	Remuneration	*Other allowance	**Other reimbursements	Total
Ms Nomusa Mufamadi (Chairperson)	R219 216,29	R8 800		R228 016,29
Prof. Bongani Ngqulunga*** (Deputy Chairperson)	R136 574,00	R5 600		R142 174,00
Mr Francois Beukman	R71 458,00	R1 600		R73 058,00
Mr Kganki Matabane	R141 426,00	R8 800		R150 226,00
Ms Nontuthuko Chiluvane	R190 323,00	R9 600		R199 923,00
Ms Mandy Jayakody	R220 905,84	R9 600		R230 505,84
Mr Refilwe Lediga	R149 283,00	R9 600		R158 883,00
Ms Siphindile Memela	R130 950,00	R8 800		R139 750,00
Ms Nomthandazo Ncalane-Ngcobo	R161 802,00	R9 600		R171 402,00
Ms Kedibone Tsiloane	R141 426,00	R8 800		R150 226,00
Mr Roy Mnisi	R57 618,00	R8 000		R65 618,00
Ms Renaire Shelly Huntley	R226 096,92	R9 600		R235 696,92
Ms Morwesi Ramonyai Tonga	R215 318,30	R8 800		R224 118,30
Ms Sasa Subban		R9 600		R9 600,00
Ms Zodwa Matiwane		R9 600		R9 600,00
Total	**R2 081 420,35**	**R126 400,00**		**R2 207 820,35**

* Other allowance = Cellphone allowance

** Other reimbursement = Backpay (Prep fee)

*** Prof. Bongani Ngqulunga was appointed as Council member in August 2023

3.5 RISK MANAGEMENT

Enterprise Risk Management

Enterprise Risk Management

This function is established in compliance with Section 51(1)(a)(i) of the PFMA, which requires the NHBRC to maintain effective, efficient and transparent systems of financial management, risk management and internal controls. It is also in compliance with Treasury Regulations 27.2.1, which requires the accounting authority to conduct risk assessments regularly to identify the emerging risks of the public entity.

Continuous implementation of approved risk management policy and framework.

Continuous identification and reporting on the strategic risks of the NHBRC.

The audit and risk committee (ARCO) oversee the overall ERM system of the NHBRC.

The risk management steering committee continuously monitors the ERM system.

Risk Governance Oversight

Section 51(1)(a)(i) of the PFMA requires that the Accounting Authority (or Council in the case of NHBRC) 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, Treasury Regulation 27.2.1 states that the Accounting Authority must ensure that a risk assessment is conducted regularly to identify emerging risks of the public entity. A risk management strategy, which must include a fraud prevention plan, should direct Internal Audit efforts and priorities, and determine the skills required of managers and staff to enhance controls and manage these risks. The strategy must be clearly communicated to all employees to ensure that the risk management approach is integrated into the language and culture of the public entity.

The Board is the ultimate Chief Risk Officer (CRO) of the NHBRC and is accountable for the NHNBRC's overall governance of risk in line with National Treasury' Public Sector Risk Management Framework. Its primary responsibility is to bring its expertise to assist in embedding risk management and leveraging its benefits to enhance performance, including the facilitation of risk assessment for material risks and the evaluation of the strategy for managing these risks. King IV Principles 11 and 13 state that the governing body should govern risk in a way that supports the organisation in setting and achieving its strategic targets. The Council should govern compliance with applicable laws and adopted non-binding rules, codes and standards in a way that supports the NHBRC's responsibility to be an ethical and good corporate citizen.

The Risk division was established in accordance with the provisions of the Housing Consumers Protection Measures Act, PFMA, Treasury Regulations, King IV Report on Corporate Governance, COSO Risk Management Model, ISO 31000 Risk Management Standards and the Public-Sector Risk Management Framework. In line with the requirements of the Public-Sector Risk Management Framework, the Risk division has an approved Risk Management Plan (RM Plan) in place, which articulates a defined and disciplined approach for implementing, monitoring and maintaining good risk management practices to propel the organisation towards achieving the objectives of the Risk Management Policy Framework.

Within the NHBRC, the division is positioned as a strategic enabler, risk expert adviser and a value-add function intended to assist the NHBRC in achieving its mandate, strategic objectives and satisfying its stakeholders within the prescribed regulatory framework. It is thus empowered, among other functions, to (a) facilitate risk and opportunity identification, risk mitigation, risk reporting and risk monitoring at strategic, operational and project levels; (b) implement the Business Continuity Management (BCM) programme; (c) implement the Fraud Prevention Strategy and the Ethics Programme; (d) provide assurance on policy development; (e) implement a Combined Assurance Model; (f) implement Security Management; and (g) implement the Compliance Management Programme.

The division, headed by the Chief Risk Officer (CRO), reports to the CEO and to the ARCO and SECT for purposes of risk and ethics oversight on various risk categories in the organisation.

Risk Belief at the NHBRC ("risk philosophy")

Risk is inherent in any business, more so in the business of regulating the building of homes and protecting housing consumers through a warranty fund in South Africa. Among other responsibilities, the NHBRC regulates the certification of homebuilders, the enrolment of houses, and the enforcement of homebuilding laws and regulations, including the education of housing consumers.

Risk management is an important element of the organisational strategy and daily operations that impact organisational performance (such as APP targets), financial results and future organisational plans. It is upon this basis that the NHBRC believes that risk management is the responsibility of every employee in the organisation, practiced daily and infused into daily operations, business processes and policies, with a view to converting risks into opportunities, protecting the organisation against unforeseen losses, improving investment returns, and being a reliable and sustainable service delivery agency of government.

Taking business decisions must therefore be informed and underpinned by appropriate rigour and analysis, reducing incidents of fraud and corruption, improving occupational health and safety, minimising instances of irregular, fruitless, and wasteful expenditure, and enhancing the efficient use of resources.

In conclusion, the NHBRC believes that risk management provides a process for proactively identifying risk issues, opportunities and events, which, if not well managed, can adversely impact the achievement of business objectives. By applying the risk management process, the NHBRC is able to proactively manage issues that may affect the achievement of its goals. The risk management process enhances the overall control environment and governance in a more structured manner across all areas of the business.

Risk Maturity

The Risk division 's vision is to propel GEP to be 'risk intelligent / matured' by March 2026. Using a hybrid of ISO 31000 and the Public-Sector Risk Management Framework, a risk maturity self-assessment was undertaken and the results confirmed the NHBRC's risk management practices in the organisation to be at level 3 out of level 5 of the risk maturity scale. As part of instilling and embedding a good risk management culture in the organisation, the gaps and improvements identified in the risk maturity self-assessment will be incorporated into the four (4) year RM Plan (the 2022/2026 RM Plan). In reaching a level 3 risk maturity level, the key achievements over the reporting period include:

a. implementation of the risk appetite framework
b. implementation of the Combined Assurance Framework
c. linking the organisational strategy to the strategic risk profile
d. quantification of materialised, emerged, avoided and
e. conducting a Board strategic risk assessment
f. development of the Ethics Maturity Strategy

In its intention to reach a level 5 risk maturity, the organisation will in future undertake the following activities: coordinated risk management activities across silos (Combined Assurance), risk appetite monitored at divisional level, risk technology implementation and enablement, contingency plans and escalation procedures, risk management training, risk modelling, transversal risk analysis, risk consolidation and quantification, risk consultation, RM /BCM / Ethics / Compliance / Anti-fraud training, improve 'tone at the top', risk discussion is embedded in strategic planning, capital allocation, linkage to performance measures and incentives, industry benchmarking regularly, integrated GRC (IGRC), data analytics, evaluation of ARCO in relation to risk management and risk management effectiveness and a risk culture survey.

Strategic Risk Profile

For the reporting period, the Board and EXCO undertook an annual Board risk assessment to identify risks and opportunities from the 2015/2019 organisational strategy and annual performance targets for 2019/2020 financial year (in addition, the risks and opportunities for 2021/2025 strategy have also been identified), and seven strategic risk exposures were identified, relating to:

a. Legal and enforcement
b. Fraud and corruption, including organised crime
c. Non-enrolments of homes in the subsidy and non-subsidy sectors
d. Financial sustainability of the warranty fund
e. ICT Security (cyber-crime and information management system)
f. Promulgation and the execution of the new Housing Consumer Protection Bill
g. Human capital

Relevant risk mitigations were developed, monitored and reported to ARCO for independent oversight purposes, including risk-related APP targets.

Whilst various critical mitigations were implemented during the year, the overall strategic risk profile remains high. This is resultant from outstanding management action plans that expose the NHBRC. Some of these risks will be prioritised in the upcoming year.

3.6 INTERNAL CONTROLS

Figure 3: NHBRC Internal Control Framework

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 and continuous change in the strategic direction of the organisation.

The IA Section completed 45 audit engagements inclusive of planned and ad hoc requests 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's 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 review of the inspectorate model. The digitisation project is another significant project currently underway with phase 1 (i.e. registration and renewals) fully implemented. These changes are a response to challenges brought about by the pandemic and a need to render efficient services to NHBRC customers and stakeholders. They also aim to enhance the technological offering of the organisation.

The abovementioned enhancements are expected to streamline the 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 2023/24
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	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 overall assessment by the combined assurance team revealed that the level of effort to address risks identified is partially good. The areas identified as high risk are issues where there is full awareness and understanding of these risks, and measures are being implemented to address them. The Committee will continue to monitor progress of these activities, both through meetings with management and ongoing reviews.

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.

3.8 COMPLIANCE WITH LAWS AND REGULATIONS

King IV Principles 2, 11, 13 state that "the Council should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the NHBRC's responsibility of being an ethical and good corporate citizen. As such, the work of the Compliance Function is independently and functionally reported to ARCO.

In the pursuit of improving the compliance culture as part of risk management practices, combined assurance framework and the fraud prevention and ethics policy frameworks, the Compliance function within the Risk division is mandated to conducted its activities in line with the Compliance Management Policy Framework aligned to the Generally Accepted Compliance Framework.

During the period under review, the compliance management plan was developed and executed – and the compliance levels, to a greater extent, need improvement.

Due to a need for improved compliance culture and maturity, the compliance maturity roadmap has been developed for implementation going-forward. Amongst others, filing of statutory returns with the regulatory bodies, resourcing the Function, legislative risk analysis, compliance monitoring and audit, compliance reporting of breaches will be prioritised.

3.9 FRAUD AND CORRUPTION

Under the auspices of the Risk Division and guided, amongst others, by the PFMA, the King Code on Corporate Governance, the Protected Disclosures Act and the Combating of Corrupt Activities Act – the fraud prevention and ethics policy frameworks are in existence and adhered to, except in instances reported in the assurance reports and reported to the ARCO and SECT, including the shareholder.

The policy framework in place constitutes of the Fraud Prevention Policy, Staff Ethics Policy, Code of Conduct, Risk Management Policy, Compliance Management Policy, the Delegation of Authority Framework and the fraud prevention plan.

The plan gives a practical effect to the fraud prevention and ethics policy frameworks by emphasising and rolling-out the key principles and elements of fraud prevention, fraud detection, fraud investigation and fraud resolution, including the zero-tolerance statement and whistleblowing mechanisms – thus stressing the matters of ethics, accountability and consequence management.

During the period under review, the fraud prevention plan was developed and executed – and the fraud prevention initiatives, fraud investigation turnaround times and fraud resolution / consequence management, to a greater extent, need improvement.

Additionally, the NHBRC has a whistleblowing facility that is available to all internal and external stakeholders, including employees and external clients, to confidentially report matters of fraud, corruption and unethical behaviour.

With a view of improving our fraud control environment, the NHBRC developed the Board Ethics Policy and Politically Exposed Persons Policy as well as the four-year fraud management roadmap.

3.10 MINIMISING CONFLICT OF INTEREST

The NHBRC is determined to discharge its legislative mandate in an ethical organisational climate. To this end, the Ethics Function within the Risk Division has been established to raise ethical standards in the NHBRC through the implementation of an Ethics Management Programme and Conflict of Interest Policy .

At the core of the Ethics Management Framework, Ethics Maturity Strategy and Conflict of Interest Policy is to emphasis the following:

a. to provide exemplary standards of conduct expected of all officials in the course of the NHBRC business;
b. to manage conflicts of interest, particularly in selection, recruitment and supply chain, inspections management processes, in the conduct of everyday NHBRC business; and
c. to create an organisational culture for the conduct of NHBRC business based on the ethical philosophy of the organisation.

The code of conduct, fraud prevention policy and staff ethics policy were adhered to, except in instances where such is recorded in the assurance reports and reported to the ARCO and SECT.

If a case of potential conflict of interest is identified within the organisation, such matter will be referred to the Risk Division for analysis and investigation, and appropriate action will be taken in accordance with the disciplinary policy and procedure.

3.11 CODE OF CONDUCT

The NHBRC has an approved Code of Conduct that is applicable to all NHBRC employees, including temporary employees, interns and independent contractors. The objective of the Code of Conduct 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. Awareness sessions were implemented where all employees were educated about the provisions of the Code of Conduct, which set standards for ethical and lawful conduct. The aim of the awareness sessions is to constantly encourage employees to adhere to the provisions of the Code of Conduct, thus protecting the NHBRC's assets, including its reputation and goodwill.

Employees found to be in contravention of the standards outlined in the Code of Conduct, are addressed by the Human Capital section, directly with line managers, with appropriate actions 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 in compliance with the safety directives of the organisation.

The Occupational Health and Safety (OHS) Section, within the Risk Division, is responsible for ensuring that the organisation provides a safe and healthy working environment for its employees, contractors, visitors and stakeholders by establishing safety policies, procedures, guidelines and standards. The annual plan was executed, and exceptions were reported to ARCO and SECT.

Moving forward, the priority is to measure compliance with the Occupational Health and Safety Act, Act 85 of 1993, as amended, and to align the OHS implementation plans and audits with ISO 45001 standards and other best practices.

3.13 COMPANY SECRETARY

The Company Secretary has developed systems and processes that enable the NHBRC Council to discharge its functions effectively. Their 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 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 aims to capacitate 100 women over a 24-month period, during which the NHBRC has seen over 500 women participants, focusing on boosting the leadership and business skills of women entrepreneurs in the construction industry. In a bid to enhance the programme, there was no intake for 2022/2023; however, we look forward to the intake for 2024/2025 over the said period.

To contribute to the reduction of youth unemployment in the country, the NHBRC has employed 50 interns and placed them in different departments to gain valuable skills and 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 PFMA and Treasury Regulations. The Committee performs an oversight and advisory role to the 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 their executive duties regarding: the financial reporting process the management of risk; the system of internal control; the audit process and the organisation's process for monitoring compliance with laws, regulations, policies and codes 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 communicate this in the annual report in terms of the Treasury Regulations.

ARCO herewith presents its report for the financial year ended 31 March 2024, as required by Treasury Regulation 27.1.7 read with Section 77 of the Public Finance Management Act, 1999 (Act No. 1 of 1999, as amended by Act No. 29 of 1999).

Membership and attendance

The membership of ARCO as of 31 March 2024 comprised of five (5) members of Council and their attendance is reflected in the table below:

Table 16: Attendance of Committees of Council meetings for year ending 31 March 2024

Name	Qualifications	Executive or non-executive	Date appointed	Date of resignation	No. of meetings attended
Ms Morwesi Ramonyai Thonga (Chairperson)	• Bachelor of Commerce • High Diploma. Computer Auditing • Executive MBA • International Executive Development Programme • Certificate Sustainability Leadership	Non-Executive	14 January 2022	N/A	11 of 11
**Prof. Bongani Ngqulunga (Deputy Chairperson)	• PhD	Non-Executive	October 2023	April 2024	4 of 11
Ms Mandy Jayakody	• M.Eng (Civil Engineering) • Graduate Diploma in Engineering • BSc Hons (Industrial Microbiology) • Certificate in Impact Investing in Africa	Non-Executive	14 January 2022	N/A	11 of 11
*Ms Sasa Subban	• BAdmin • Diploma in Project Management and Project Leadership	Non-Executive	October 2022	October 2023	1 of 11
*Mr Roy Mnisi	• Bachelor of Laws (LLB) • Postgrad Certificate in Compliance Management	Non-Executive	May 2022	October 2023	4 of 11
Mr Refilwe Lediga	• BEng (Civil Engineering) • MEng (Civil Engineering)	Non-Executive	January 2023	N/A	10 of 11
**Ms Nontuthuko Chiluvane	• BSc Quantity Surveying • BSc (Hon) Property Development (Quantity Surveying) • Diploma-Project Management • MSc Real Estate • Certified Director (IoDSA	Non-Executive	October 2023	N/A	6 of 11

* Member reallocated to a different committee

** Member appointed during the year

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) Committee is guided by the strategic risk profile, provided by the Risk Management unit, key audit focus areas and management inputs in the formulation of its three-year strategic and annual plans. Internal Audit (IA) implemented its approved annual risk-based audit plan for 2023/24 as part of its three-year rolling plan, after consulting with executive management and approval by the NHBRC Audit and Risk Committee. Twenty-eight (28) audits were planned for and approved for the financial year. Throughout the year, the Internal Audit (IA) has reported the performance of NHBRC against the approved plan. All 28 audits were completed and in addition to risk-based audits, several ad hoc (i.e. advisory) audits were conducted and reported to the Committee. Changes to the planned audits were submitted for consideration and approved by the Committee in January 2024.

The Committee has been made aware of the Global Internal Audit (GIA) standards, which were published on 9 January 2024, with an effective implementation date of 9 January 2025. The Committee will continue to monitor progress to ensure full implementation of the GIA by January 2025.

Evaluation of NHBRC financial statements and annual perfomance information

The Committee has evaluated the annual financial statements (AFS) and the annual performance information for the year ended 31 March 2024 and duly recommended them for the Council approval on 30 May 2024, prior to being submitted to the Auditor General of South Africa (AGSA) for audit. Subsequently the were no material misstatements reported in the AFS. The material non-compliances on performance information were reviewed when the management report of the AGSA was discussed with the Audit and Risk Committee. The Audit and Risk Committee has discussed the external audit outcomes on the annual performance plan (APP) to be included in the annual report with the AGSA and the Accounting Authority.

Risk management

Management is responsible for the establishment and maintenance of an effective system of governance, risk management, the prevention and the detection of fraud and implementation of effective internal controls. The Chief Risk Officer is responsible for facilitating the process of identifying, reviewing, managing and monitoring risks. Through these processes, the NHBRC's top seven (7) strategic risk profile is developed and operational risk registers are compiled with mitigation strategies. These are implemented and monitored on a quarterly basis. While various critical mitigations were implemented during the year, the overall strategic risk profile remains high. This is results from outstanding management action plans that expose the NHBRC. The committee will continue to monitor the implementation of identified mitigation measures.

A Risk Management Committee (RMC) was appointed comprising of two (2) external members and members of executive management. The RMC is a structure responsible for the adoption, implementation and oversight of risk management policies, systems and processes. Risk Management maturity level have been assessed and reported as matured.

Effectiveness of internal control

Based on internal audit reports that were performed during the 2023/2024 financial period, the overall control environment has made significant progress, however areas that require improvement were communicated for the attention of management and Council. During the reporting period, the committee reported and made recommendations to the Accounting Authority. The purpose is to ensure that audit findings, risk and compliance matters are adequately addressed, and 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 audit) in the register was presented quarterly to the committee for review. In addition, a Combined Assurance task team has been established, the task team provided an additional level of assurance to the committee on management of identified risks.

Quality of the in-year management reporting on legal and regulatory provision

Significant strides were made in ensuring compliance with laws and regulations. This was done by continuously implementing preventative, investigative and corrective internal control measures to address and report cases of non-compliance and deviations from the NHBRC normal processes and procedures.

In ensuring that consequence management on previously reported irregular expenditure and fruitless and wasteful expenditure of R710 million is enforced, management presented a strategy to attend to the consequence management in two (2) phases. Phase 1 consisted of R370 million (i.e. irregular expenditure due to non-compliance), and phase 2 will consist of the remainder of transactions to the value of R340 million.

The outcomes of the (a) liability in law test on the R370 million, (b) assurance report by the Internal Audit and (c) legal opinion on the time lapse effect on employees no longer in the employ of NHBRC were submitted to the committee for consideration and approval. The audit and risk committee resolved to recommend to Council the approval for removal of R188.5 million (51%) of R370 million in the population of R710 million.

There was no statutory status report during the year. Management has made commitment to formalise reporting in the upcoming year. The committee will monitor this going forward.

Auditor general

Auditor General is a standing invitee in all audit and risk committee meetings. During the year, the committee has met with Auditor general to consider the audit strategy, the audit fees and the audit team. 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. 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.

Conclusion

The Audit and Risk Committee notes that while several vacancies have been filled, the committee remains concerned with vacancy rates in critical positions of Chief Operating Officer (COO), Chief Information Officer (CIO) and vacancies within Risk Management department.

We would like to express our appreciation to the Accounting Authority, Chief Executive Officer, Mr. Songezo Booi, 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 Thonga
Chairperson of ARCO
Date: 31 August 2024

PART D

HUMAN RESOURCE MANAGEMENT

4.1 INTRODUCTION

The Human Capital Management (HCM) business unit plays a pivotal role in driving organisational success by managing the most valuable asset of our company - our people. In an increasingly competitive and dynamic market, the ability to attract, retain and develop top talent is critical. The HCM unit is dedicated to creating a supportive and enriching work environment that fosters growth, innovation, and excellence.

Over the past year, our HCM initiatives have focused on enhancing employee engagement, optimising talent acquisition, and implementing robust learning and development programmes. We have leveraged advanced analytics and cutting-edge technologies (Power BI) to streamline Human Capital (HC) processes, ensuring that our workforce remains agile and responsive to the evolving business landscape.

Our commitment to diversity, equity and inclusion has been at the forefront of our strategy, recognising that a diverse workforce drives creativity and better decision-making. Through targeted recruitment efforts and inclusive policies, we have made significant strides in building a workplace that values and respects individual differences.

In this annual report, we highlight the key achievements and milestones of the HCM business unit, showcasing our strategic initiatives and their impact on the overall performance of the company.

Human Capital priorities for the year under review and their impact

a. Support with the re-design of the Organisational Structure implementation
b. Supporting the NHBRC's strategic goals through creating learning opportunities, empowerment, flexibility, support and rewards
c. To ensure the effective implementation of the skills competency assessment programme to support the development of a skills and training plan
d. Review all HC policies and procedures, and ensure that they are user-friendly, legally compliant, reflect best practice and satisfy current and future operational needs
e. To implement the NHBRC's Performance Management System (PMS)
f. Implementation of employee wellness initiatives and providing employee wellness support through ICAS
g. Ongoing implementation and support of all recruitment and selection requirements based on the prioritised recruitment plan
h. Ensure the ongoing management of HR governance and compliance (i.e. leave management, personnel and HC information management, Employment Equity, etc)
i. Ensure sound employee relations and support the organisation with all labour relation matters (such as grievances, disciplinary matters, and/or team interventions and consultation aligned to policy)
j. Change of Management Employment Contract to permanent, excluding legislated positions

Workforce planning and key strategies to attract and recruit a skilled and capable workforce

The staff are the embodiment of the NHBRC, and with a balanced and focused team, success for the Council becomes inevitable. Therefore, the NHBRC prioritises effective recruitment and selection criteria to ensure that the right people are placed in the right positions.

Human Capital Training and Development

The NHBRC has been building its own capacity and filling key strategic positions since inception. Training and development are the key components of the NHBRCs' employee value proposition. The Training, Development and Bursary policy was reviewed to ensure the effective development of employees. We have awarded 115 bursaries to our staff during the 2023/2024 financial year.

A Training Plan was approved for the 2023/24 financial year and the total number of 466 employees attended training in line with IDP's.

Employee Performance Management Framework

The objectives of the NHBRC's Performance Management System is to:

- Assist the NHBRC in meeting its organisational strategy
- Instil and sustain a culture of performance delivery and outputs
- Achieve sustainable service delivery
- Ensure that every employee knows what is expected in terms of their delivery
- Manage and remedy poor performance; and enable employees to develop their abilities, increase job satisfaction and achieve their full potential for the mutual benefit of both NHBRC employees and the NHBRC

Managing performance is integral to the process of developing people, up-skilling and providing learning opportunities through the process of planning, coaching and reviewing performance. Performance management aims to align individual and organisational goals.

The NHBRC uses a balanced scorecard approach as a basis for managing performance. This is to ensure that alignment is achieved in terms of the vision, mission and strategy across the whole organisation and the performance behaviours of all employees. Outputs are cascaded from the top down as a direct interpretation of the NHBRC's strategic plan, the Annual Performance Plan, operational plans, job profiles and the goals that are to be achieved.

Internship management

In line with the national effort to broaden skills development as prescribed in the SDA, the NHBRC has a successful internship programme which assists young South Africans to contribute to the advancement of the organisation. The NHBRC internship programme had a total of 50 interns as of 31 March 2024.

Employee wellness

The wellbeing of employees and the creation of a safe and healthy workplace is important for the NHBRC. The NHBRC uses the services of its wellness provider, Independent Counselling and Advisory Services (ICAS), a reputable organisation with a national footprint. ICAS offers counselling, trauma debriefing, emotional support, health support, financial planning support, bereavement and legal support for employees and their dependents. The mental health and wellness of employees continue to face challenges, and providing empathetic support for issues that interfere with workplace functioning is a key component of the wellness programme. Employees are encouraged to consult the service provider on any matters affecting their wellbeing. Additionally, monthly 'desk drops' are sent to employees, providing awareness on various topics to help improve overall mental and physical wellbeing.

Policy Development

The Human Capital business unit continuously updates its policies to ensure alignment with the current Labour legislation and to accommodate the ever-evolving NHBRC's operations.

In the year under review, 2023/2024 HC made the following policy developments, which have been approved by Council:

- Long Service Award Policy
- Harassment Policy
- Organisational Design Policy
- Substance Abuse Policy
- Acting Policy
- Job Profiling and Evaluation Policy
- Secondment Policy
- Recruitment and Selection Policy

Employee Relations

The conclusion of the 2023/2024 salary negotiations took some time, but the parties reached an amicable agreement where the protection of the more vulnerable employees against current economic conditions were prioritised. In this regard, annual salary increases for 2023/2024 were implemented on a sliding scale. The negotiations were concluded with the employer and labour union namely, the National Education, Health and Allied Workers Union (NEHAWU).

Highlighted achievements for 2023/2024

South Africa faces the challenge of growing unemployment, most notably among women and the youth. To address some of the challenges, the NHBRC has successfully implemented an internship programme through the Social Transformation Empowerment programme and Human Capital provided 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. A total of 50 interns were approved for the Internship Programme for the 2023/2024 financial year.

The NHBRC aspires to have a truly diverse workforce, which is representative of the economically active population (EAP) of South Africa at all levels of the organisation. In line with the Transformational Dimensions as per the approved Social Transformation goals, the NHBRC has increased the number of women in management positions through its commitment. In this regard, the target for women representation in executive management has increased from 50% to 60%, exceeded the target.

Implementation of the approved Fit-For-Purpose Macro (High Level) Organisational Structure

- Successful appointment of Executive and Senior management positions were prioritised to strengthen the strategic leadership capacity of the organisation and governance positions were filled whilst other vacancies continued to minimize impact in a phased approach. Human Capital recruitment section focused mainly on the continuous recruitment drive to capacitate the various business units within the NHBRC
- Completion of the job profiling and grading exercise project for all the approved positions in the NHBRC's staff establishment according to the newly approved organisational structure
- Reviewing HR policies and procedures and ensuring that they are user-friendly, legally compliant, reflect best practice and satisfy current and future operational needs
- Successful completion of the annual cost of living increases

- HC coordinated 12 internal training interventions and 56 external training interventions were completed
- Compliance with reporting to the Department of Labour on Employment Equity data
- Ensure continuous employee wellness services are provided to all staff through the appointment of an employee wellness service provider, ICAS
- Facilitated various grievance procedures and completed five disciplinary procedures

Challenges faced

HC faced the following challenges in the year under review, which it mitigated through the implementation of controls:

- Organisational stability negatively impacted staff morale and performance.
- The automated performance management system experienced technical and user issues, which hindered its effective implementation. This had a negative effect on the completion of performance contracts and performance reviews as required by policy.

Measures to mitigate the above challenges

Challenge	Mitigation
Organisational stability	Addressed through the appointment of the executive leadership
The automated performance management system had technical issues and was not effectively implemented. This negatively impacts the completion of performance contracts and performance reviews by policy timelines.	Progressively resolving the automated system challenge by integrating the performance management functions.

Key focus areas for the 2024/25 financial year

This section of the report outlines the current and upcoming projects that HC is working on:

- Develop and implement a talent management strategy, retention and succession planning, and a pay progression strategy.
- Fast-track the appointment of a service provider to assist the NHBRC with moderating the job evaluation outcomes recently conducted.
- Finalise and implement the job evaluation results pending approval by the Council.
- Embark on an Employee Engagement Survey to measure engagement drivers and identify areas for improvement.
- Revise the NHBRC's Remuneration and Rewards Policy during 2024/25 to ensure that incentives are linked to organisational and individual performance.
- Embark on a process to revise the Performance Management Policy and implement the corporate balanced scorecard during 2024/25 for effective performance measurement.
- Adequately capacitate staff on the newly approved organisational structure with suitable talent.
- Finalise the review process of HC policies.
- Appoint a reputable training and development service provider to provide executive coaching for EXCO members.
- Appoint the services of a reputable service provider to conduct a skills audit for the NHBRC workforce.
- Conduct a work-study exercise in the new financial year to systematically identify factors affecting operational efficiency to achieve the best utilisation of human and financial resources.
- Build and enhance the relationship between NHBRC employees and managers.
- Implement employee wellness initiatives focusing on opportunities for physical, mental and financial health while encouraging work-life balance.

4.2 HUMAN RESOURCE OVERSIGHT STATISTICS

Table 17: 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	48 176	54 926	9.2%	28	1 962
Chief Executive Officer	96 353	40 989	6.9%	56	732
Chief Financial Officer	41 294	41 868	7.0%	24	1 744
Chief Operations Officer	32 691	21 600	3.6%	19	1 137
Corporate Services	55 059	76 903	12.9%	32	2 403
Eastern Cape Regional Office	79 147	40 932	6.9%	46	890
Free State Regional Office	46 456	23 772	4.0%	27	880
Gauteng Regional Office	144 529	81 502	13.7%	84	970
Kwazulu-Natal Regional Office	98 073	49 995	8.4%	57	877
Limpopo Regional Office	80 868	43 509	7.3%	47	926
Mpumalanga Regional Office	55 059	29 346	4.9%	32	917
North West Regional Office	65 382	7 605	1.3%	38	200
Northern Cape Regional Office	10 324	33 984	5.7%	6	5 664
Western Cape Regional Office	92 912	48 713	8.2%	54	902
TOTAL	**946 322**	**595 644**	**100%**	**550**	**20 205**

Table 18: 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	15 790	3%	6	2 632
Senior management	7 774	1%	5	1 555
Professional qualified	111 432	19%	68	1 639
Skilled	176 998	30%	151	1 172
Semi-skilled	276 732	46%	296	935
Unskilled	6 918	1%	25	277
TOTAL	**595 644**	**100%**	**550**	**8 209**

Table 19: Performance rewards

Level	Performance rewards (R'000)	Personnel expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top management	76 292	12 939	0,06
Senior management	-	12 024	-
Professional qualified	-	10 373	-
Skilled	-	31 263	-
Semi-skilled	-	13 321	-
Unskilled	-	68 356	-
TOTAL	**76 292**	**148 276**	**0,06**

Table 20: Training costs

Training programme	Personnel expenditure	Training expenditure	Training expenditure as a % of personnel cost	No. of employees trained	Avg. training cost per employee
Induction Training (Internal Training)	2 211 555	0	0%	24	0
HC Roadshows and Values Training (Internal Training)	2 211 555	0	0%	52	0
Employment Equity Training	2 211 555	52 592	2.38%	19	2 768
PrBInsp Membership Renewal	2 211 555	9 993	0.45%	8	1 249
WCPDF Membership Renewal	2 211 555	1 450	0.07%	1	1 450
Royal Institute of Chartered Surveyors Membership Renewal	2 211 555	5 104	0.23%	1	5 104
Institute of People Management (IPM) Membership Renewal	2 211 555	14 274	0.65%	7	2 039
ETD Membership Renewal	2 211 555	1 287	0.06%	1	1 287
SABPP Membership Renewal	2 211 555	1 150	0.01%	1	1 150
SAFMA Accreditation Membership Fees	2 211 555	6 368	0.29%	2	3 184
SAFMA Accreditations Membership fees	2 211 555	990	0.04%	1	990
CIPS Registration	2 211 555	55 035	2.49%	1	55 035
Employment Equity Training	2 211 555	95 939	4.34%	27	3 553
Inspector Workshop (Internal Training)	2 211 555	0	0.00%	35	0
Ethics Fraud and Compliance Awareness Training (Internal Training)	2 211 555	0	0%	56	0
Contract Management Training (Internal Training)	2 211 555	0	0%	22	0
Facilitator Training	2 211 555	13 998	0.63%	7	2 000
Emotional Intelligence Training	2 211 555	48 199	2.18%	88	548
SLP in Compliance Management	2 211 555	19 590	0.89%	1	19 590
Governance Professional Course	2 211 555	60 025	2.71%	1	60 025

Training programme	Personnel expenditure	Training expenditure	Training expenditure as a % of personnel cost	No. of employees trained	Avg. training cost per employee
PIA Challenge Exam	2 211 555	17 354	0.78%	1	17 354
Customer Care Training	2 211 555	17 894	0.81%	47	381
Fleet Management Training	2 211 555	11 130	0.50%	1	11 130
Risk Awareness Workshop (Internal Training)	2 211 555	0	0%	45	0
Conducting bow ties for risk assessments and control reviews	2 211 555	6 870	0.31%	2	3 435
IRMSA Conference 2022	2 211 555	30 360	1.37%	6	5 060
CIA 1 Learning System instructor-led course	2 211 555	19 057	0.86%	3	6 352
CIA 2 Learning System instructor-led course	2 211 555	28 229	1.28%	3	9 410
Advanced certified fraud examination	2 211 555	59 800	2.70%	1	59 800
15th Annual ACFE Conference	2 211 555	7 500	0.34%	1	7 500
SAICE National Award	2 211 555	5 500	0.25%	8	688
Governing Risk for Performance	2 211 555	51 512	2.33%	26	1 981
CIA 3 Learning System instructor	2 211 555	36 804	1.66%	3	12 268
SACPCMP Professional Membership for Inspectors	2 211 555	42 160	1.91%	148	285
JBCC standard contract in the South African construction industry	2 211 555	11 480	0.52%	41	280
Stakeholder engagement and communication	2 211 555	10 348	0.47%	1	10 348
2020 IRMSA Risk Appetite and Tolerance	2 211 555	85 876	3.88%	24	3 578
Change Management	2 211 555	13 754	0.62%	23	598
IRMSA 2022 Futures Thinking workshop	2 211 555	12 535	0.57%	2	6 268
Employment Equity for Executives and Managers	2 211 555	60 896	2.75%	22	2 768
Know your NHBRC | Product knowledge (Internal Training)	2 211 555	0	0%	45	0
First Aid NQF Level 1	2 211 555	2 139	0.10%	2	1 070
Fire fighting	2 211 555	3 450	0.16%	4	863
H & S 1 Representative	2 211 555	1 725	0.08%	2	863
Insolvency litigation	2 211 555	30 000	1.36%	2	15 000
Customer service excellence	2 211 555	35 831	1.62%	100	358
CIMA CSEP programme	2 211 555	10 549	0.48%	1	10 549
Emotional intelligence and personal mastery	2 211 555	16 891	0.76%	38	445
SAP process orchestration overview	2 211 555	35 483	1.60%	1	35 483
Shop steward workshop	2 211 555	10 348	0.47%	9	1 150
TOTAL	**2 211 555**	**1 061 469**	**48.00%**	**967**	**1 098**

Table 21: Employment and vacancies

Level	2022/2023 No. of employees	2023/2024 Approved posts	2023/2024 No. of employees	2023/2024 Vacancies	% of vacancies
Top management	2	6	5	1	16.67%
Senior management	5	19	5	6	47.37%
Professionally qualified	73	86	68	23	26.74%
Skilled	276	274	151	15	5.47%
Semi-skilled	187	197	296	11	5.58%
Unskilled	25	28	25	4	14.29%
TOTAL	**568**	**610**	**550**	**60**	**100%**

The past year has marked a significant turnaround in our efforts to strengthen the strategic leadership capacity of our organisation. Following the Minister of Human Settlements' approval of the Organisational Structure in July 2022, we have made considerable progress in addressing the long-standing vacancy issues that persisted due to the moratorium.

With a clear mandate from the Council to prioritise the recruitment of executives and management, we have successfully filled executive positions that had remained unoccupied for months. Our focused recruitment drive has been instrumental in attracting and securing top-tier candidates who are aligned with our strategic vision and values.

To further enhance our talent retention strategy, we have taken steps to convert a substantial number of contract managerial positions to permanent contracts. This move not only underscores our commitment to providing job security and stability but also reinforces our dedication to fostering a culture of continuous growth and development.

Table 22: Employment changes

Salary band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top management	2	4	1	5
Senior management	5	5	5	5
Professionally qualified	72	1	5	68
Skilled	159	0	8	151
Semi-skilled	304	0	8	296
Unskilled	26	0	1	25
TOTAL	**568**	**10**	**28**	**550**

Table 23: Reasons for staff leaving

Reason	Total number of staff	Number	% of total no. of staff leaving
Death		3	0,55%
Resignation		7	1,27%
Dismissal		2	0,36%
Retirement		2	0,36%
Ill health		8	1,45%
Expiry of contract		6	1,09%
Other		0	0
TOTAL	**550**	**28**	**5.09%**

The turnover rate has increased as compared to the financial year 2022/2023 because of medical boarding due to ill health. However, the NHBRC generally maintains a low turnover rate. Therefore, talent retention remains a critical priority for ensuring the organisation's sustainability. The NHBRC has an adequate skills supply, and the challenge of finding the right organisational fit for technical and support roles has significantly improved.

Table 24: Labour relations: misconduct and disciplinary action

Nature of disciplinary action	Number
Verbal warning	0
Written warning	2
Final written warning	1
Pre-cautionary suspension	1
Suspension as a sanction	1
Dismissal due to misconduct	2
Dismissal due to illness incapacity	9

Though we note some improvements on consequence management and employee relations, the position requires tremendous strength in terms of capacity. During the third and fourth quarter of 2024, we witnessed a hike in terms of internal disputes and referrals to the CCMA.

Table 25: 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	3	2	0	0	0	0	0	1
Professionally qualified	35	40	2	3	1	2	3	4
Skilled	133	71	14	9	2	2	6	5
Semi-skilled	32	104	1	11	1	2	1	5
Unskilled	5	6	0	1	0	0	0	0
TOTAL	**210**	**225**	**17**	**24**	**4**	**6**	**10**	**15**

Table 26: Equity target and employment equity status – female

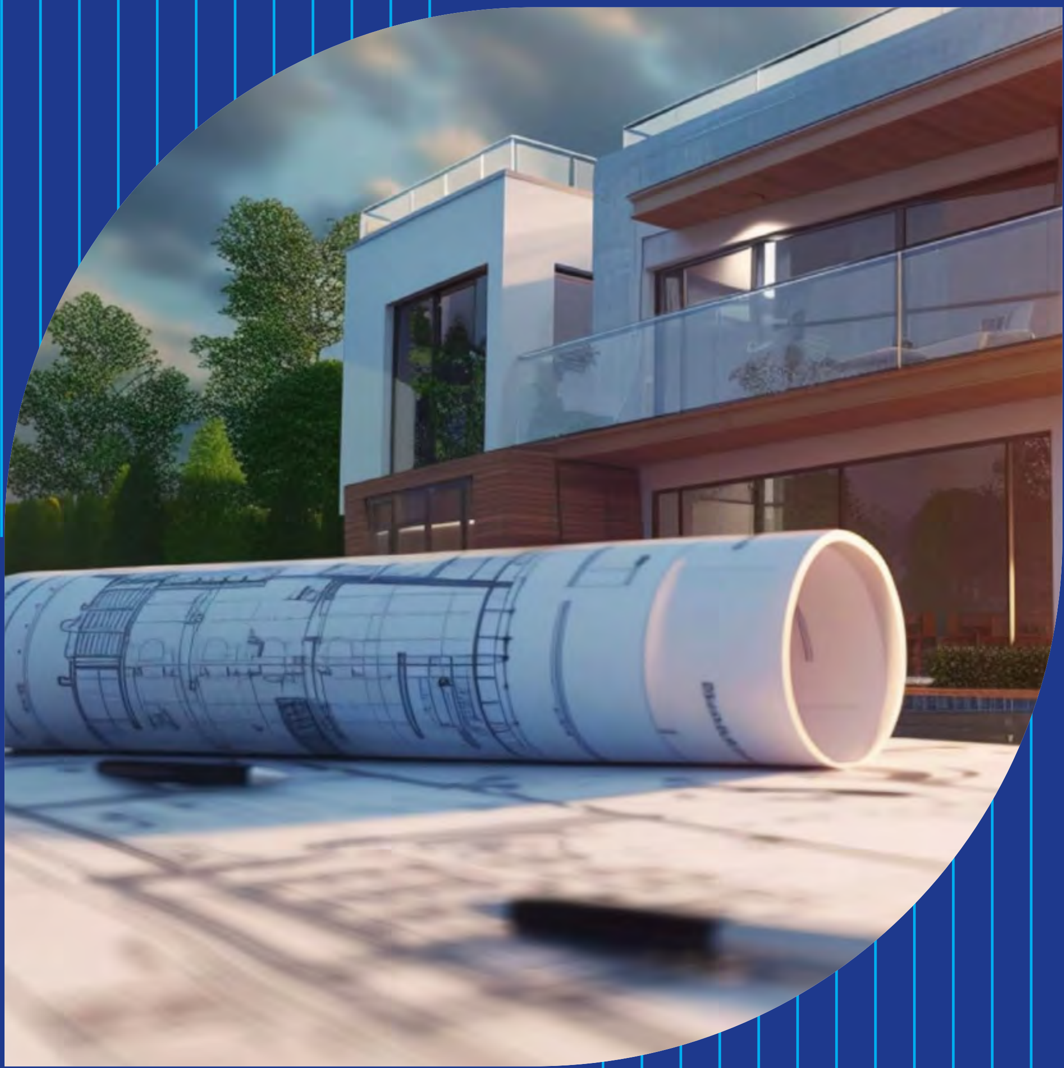
Levels	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	2	2	0	1	0	0	1	1
Senior management	2	2	0	1	0	0	0	1
Professional qualified	24	32	0	4	1	1	0	4
Skilled	114	65	2	6	3	4	1	7
Semi-skilled	118	168	13	13	2	2	7	10
Unskilled	18	17	0	1	0	0	1	1
TOTAL	**278**	**286**	**15**	**26**	**6**	**7**	**10**	**24**

Table 27: Staff living with disabilities

Levels	Staff living with disabilities			
	Male		Female	
	Current	Target	Current	Target
Top management	0	0	0	0
Senior management	0	0	1	1
Professionally qualified	1	2	0	0
Skilled	2	4	0	3
Semi-skilled	2	2	2	2
Unskilled	0	0	0	1
TOTAL	**5**	**8**	**3**	**7**

Table 28: Organisational Change Management

Action Items	Actual Date	Target Date
Staff Awareness Sessions/workshops on the HCP Bill of 2021	Q1, Q2 and Q3	31 March 2024
Secondment of dedicated resources to the Digital Services Project in all 9 provinces	Q1 and Q2	31 March 2024
Implementation of the Change Management Plan on the Digital Services Project – Phase 1 (Registrations and Renewals)	Q1 and Q2	30 September 2023
Implementation of Communication, Change Management and Training Plan for the new Integrated Service Desk Tool	Q4	31 March 2024
Implementation of the Communication and Change Management Plan for the Data Management Project	Q3 and Q4	31 March 2024



PART E

PFMA COMPLIANCE REPORT

Irregular expenditure

Reconciliation of irregular expenditure

Description	2023/2024	2022/2023	2021/2022
	R	R	R
Opening balance	712 789 927	712 789 927	712 719 833
Prior period errors	-	-	-
As restated	-	-	-
Add: irregular expenditure confirmed	-	-	70 094
Less: irregular expenditure condoned	-	-	-
Less: irregular expenditure not condoned and removed	(188 593 767)	-	-
Less: irregular expenditure recoverable	-	-	-
Less: irregular expenditure not recovered and written off	-	-	-
Closing balance	**524 196 160**	**712 789 927**	**712 789 927**

During 2023, the NHBRC commenced with the process of the removal of irregular expenditure incured in prior financial years as it was not condoned by National Treasury. As a result of this process, which was largely concluded by 31 March 2024, R188.5 million of the irregular expenditure from prior years was approved for removal by the Accounting Authority in April 2024. The process is continuing in 2024.

More information is contained in Appendix B.

Reconciling notes to the annual financial statement disclosure

Description	2023/2024	2022/2023	2021/2022
	R	R	R
Irregular expenditure that was under assessment	-	-	-
Irregular expenditure that relates to 2022/23 and identified in 2023/24 **(note 23)**	-	-	-
Irregular expenditure for the current year	-	-	70 094
TOTAL	**-**	**-**	**70 094**

Detailed irregular expenditure listing at end of report Appendix B

Fruitless, wasteful expenditure

Reconciliation of fruitless, wasteful expenditure

Description	2023/2024	2022/2023	2021/2022
	R	R	R
Opening balance	22 730 110	22 730 110	22 256 820
Prior period errors	-	-	-
As restated	-	-	-
Add: Fruitless, wasteful expenditure confirmed		-	473 290
Less: Fruitless, wasteful expenditure condoned	-	-	-
Less: Fruitless, wasteful expenditure not condoned and removed	-	-	-
Less: Fruitless, wasteful expenditure recoverable	(102 290)	-	-
Less: Fruitless, wasteful expenditure not recovered and written off	-	-	-
Closing balance	**22 627 820**	**22 730 110**	**22 730 110**

Reconciling notes to the annual financial statement disclosure

Description	2023/2024	2022/2023	2021/2022
	R	R	R
Fruitless, wasteful expenditure that was under assessment	-	-	-
Fruitless, wasteful expenditure that relates to 2022/23 and identified in 2023/24 **(note 23)**	-	-	371 000
Fruitless, wasteful expenditure for the current year	-	-	102 290
TOTAL	-	-	473 290

Detailed fruitless, wasteful expenditure at end of report Appendix C

Supply Chain Management

Information required on procurement by other means, variations and expansions on contracts is detailed in Appendix E.

*Note Appencix A and C is not applicable to the entity.

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 126, which comprise the statement of financial position as at 31 March 2024, 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 of 31 March 2024 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.

Unaudited supplementary schedule

7. 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

8. 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.
9. 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

10. 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.

11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 76, forms part of our auditor's report.

Report on the audit of the annual performance report

12. 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.

13. I selected the following programmes presented in the annual performance report for the year ended 31 March 2024 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
Programme 2: Regulation	28 - 31	To ensure the registration of home builders, train home builders, and to regulate and enforce compliance with building standards.
Programme 3: Consumer Protection	32	To improve regulatory compliance and reduce greenhouse gas emissions.

14. 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
    - all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included
    - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so 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 those 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 and is comparable and understandable.
    - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

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

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

Other matters

18. I draw attention to the matters below.

Achievement of planned targets

19. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or underachievement.

20. The table that follows provides information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages 26 to 31.

Programme 2: Regulation

Targets achieved: (10/14) 71%

Budget spent: 100%

Key service delivery indicator not achieved	Planned target	Reported achievement
Number of registrations renewed	15 950 registrations renewed	14 265 registrations renewed
Number of homes inspected subsidy	28 000 of homes inspected subsidy	25 990 homes inspected subsidy
Number of artisans trained	650 artisans trained	0 artisans trained
Percentage of disputes resolved	100%	99%

Material misstatements

21. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for Programme 2: Regulation and Programme 3: Consumer Protection. Management subsequently corrected all the misstatements, and I did not include any material findings in this report.

Report on compliance with legislation

22. 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.

23. 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.

24. 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.

25. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Consequence management

26. 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.

27. 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

28. 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.

29. 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.
30. 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.
31. 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 2024.
32. 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.
33. 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

34. 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.
35. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
36. Inadequate oversight by leadership to ensure compliance and related consequence management resulting in material non-compliance.
37. 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 2024

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 [consolidated and separate] 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 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 1 of 1999	Section 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); Section 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); Section 55(1)(c)(i); 56(1); 57(b)
Treasury Regulations, 2005	Regulation 8.2.1; 8.2.2; 16A3.2; 16A3.2(a); Regulation 16A6.1; 16A6.2(a); 16A6.2(b); Regulation 16A6.3(a); 16A6.3(a); 16A6.3(b); Regulation 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; Regulation 16A6.6; 16A.7.1; 16A.7.3; 16A.7.6; Regulation 16A.7.7; 16A8.3; 16A8.4; 16A9.1(b)(ii); Regulation 16A 9.1(d); 16A9.1(e); 16A9.1(f); Regulation 16A9.2; 16A9.2(a)(ii); 30.1.1; 30.1.3(a); Regulation 30.1.3(b); 30.1.3(d); 30.2.1; 31.2.1; Regulation 33.1.1; 33.1.3
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A)
Second amendment National Treasury Instruction No. 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 202/21	Paragraph 2
National Treasury instruction No 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
National Instruction No. 1 of 2021/22	Paragraph 4.1
National Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2(b); 4.3; 4.4; 4.4(a); 4.17; 7.2; Paragraph 7.6
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
Practice Note 11 of 2008/9	Paragraph 2.1; 3.1 (b)
Practice Note 5 of 2009/10	Paragraph 3.3
Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; Regulation 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; 7.6; 7.8; Regulation 8.2; 8.5; 9.1; 9.2; 10.1; 10.2; 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

5.2 ANNUAL FINANCIAL STATEMENTS

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 audited annual financial statements for the year ended 31 March 2024 presented on pages 82 to 126 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 2024 for submission to the Auditor General and are signed on its behalf:

N. Mufamadi

Ms Nomusa Mufamadi
Chairperson of Council

Mr Songezo Booi
Chief Executive Officer

NATIONAL HOME BUILDERS REGISTRATION COUNCIL
STATEMENT OF FINANCIAL POSITION
as at 31 March 2024

	Notes	2024 R	2023 R
ASSETS			
Non-current assets			
Property, plant and equipment	2	87 737 650	88 423 551
Intangible assets	3	26 436 712	14 956 460
Investments	4	4 833 029 839	4 617 559 886
Trade and other receivables from exchange transactions	6	87 996	2 245 962
		4 947 292 197	4 723 185 859
Current assets			
Investments	4	4 625 516 089	4 180 044 114
Inventories	5	5 028 719	6 608 474
Trade and other receivables from exchange transactions	6	84 134 563	43 509 068
Cash and cash equivalents	7	408 358 320	627 295 132
		5 123 037 691	4 857 456 787
Total Assets		**10 070 329 889**	**9 580 642 646**
LIABILITIES			
Non-current liabilities			
Provision for outstanding claims	9	18 840 860	14 287 115
Provision for unearned premium	9	728 455 842	726 160 653
Deposits for Guarantees	11	20 112 952	27 132 612
		767 409 654	767 580 379
Current liabilities			
Trade and other payables from exchange transactions	10	133 261 786	122 525 516
Deposits for Guarantees	11	26 510 027	18 766 876
Provision for outstanding claims	9	12 441 358	11 911 492
Provision for unearned premium	9	368 601 945	346 982 464
		540 815 116	500 186 348
Total Liabilities		**1 308 224 770**	**1 267 766 727**
Net Assets		8 762 105 119	8 312 875 919
Accumulated surplus		8 759 046 560	8 309 210 880
Emerging contractor reserve	8	3 058 559	3 665 039
Total Net Assets and Liabilities		**10 070 329 889**	**9 580 642 646**

NATIONAL HOME BUILDERS REGISTRATION COUNCIL

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2024

Revenue	Notes	2024 R	2023 R
Revenue from exchange transactions			
Insurance premium revenue	12	638 045 517	644 569 077
Fee revenue	13	97 675 498	73 011 192
Technical services revenue	14	51 797 400	10 074 900
Other revenue	15	2 570 784	19 520 509
Interest received and investment income	16	731 732 513	571 143 233
Realised gain on financial assets	4	29 669 414	49 306 586
Unrealised gain on financial assets	4	646 253 148	606 746 623
Total revenue from exchange transactions		**2 197 744 274**	**1 974 372 120**
Revenue from non-exchange transactions			
Other Income	15	14 118 509	4 186 000
Total revenue		**2 211 862 783**	**1 978 558 120**
Expenditure			
Insurance claims and loss adjustment expenses	17	(17 699 974)	(15 777 257)
Accreditation, builders manual and certificate cost	28.2	(2 135 035)	(1 296 794)
Technical services expenditure	28.3	(48 531 854)	(15 292 045)
Depreciation and amortisation	28.4	3 646 554	(23 205 164)
Employee cost	28.5	(595 633 607)	(581 050 131)
Repairs and maintenance	28.6	(3 919 093)	(2 462 909)
Administration expenses	28.8	(282 049 366)	(204 581 245)
Asset management service fees	4	(14 607 942)	(13 650 117)
Realised loss on financial assets	4	(78 486 253)	(95 691 352)
Unrealised loss on financial assets	4	(723 217 013)	(629 338 526)
Total expenditure		**(1 762 633 584)**	**(1 582 345 541)**
Surplus for the year		**449 229 200**	**396 212 579**

NATIONAL HOME BUILDERS REGISTRATION COUNCIL

STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2024

	Accumulated surplus R	Emerging contractor reserve R	Total R
Balance at 31 March 2022	**7 912 998 301**	**3 665 039**	**7 916 663 340**
Surplus for the year ended 31 March 2023	396 212 579		396 212 579
Balance at 31 March 2023	**8 309 210 880**	**3 665 039**	**8 312 875 919**
Surplus for the year ended 31 March 2024	449 229 200	-	449 229 200
Reserve utilised	606 480	(606 480)	-
Balance at 31 March 2024	**8 759 046 560**	**3 058 559**	**8 762 105 119**

CASH FLOW STATEMENT

for the year ended 31 March 2024

	Notes	2024 R	2023 R
Cash flows from operating activities			
Receipt		**778 851 392**	**876 661 528**
Cash receipts from customers		732 998 417	833 697 065
Interest received	16	45 852 975	42 964 463
Payment		**(874 040 265)**	**(876 910 188)**
Cash paid to suppliers		(265 790 294)	(855 838 665)
Cash paid to employees		(595 633 607)	(855 838 665)
Claims paid	*17*	(12 616 363)	(21 071 523)
Net cash (outflow) from operating activities	19.1	**(95 188 873)**	**(248 660)**
Cash flows from investing activities			
Purchase of property, plant and equipment	*2*	(7 547 939)	(13 554 131)
Purchase of intangible assets	*3*	-	(86 855)
Purchase of additions investment	*4*	(226 200 015)	(1 460 000 000)
Withdrawal of investment	*4*	110 000 015	1 425 932 169
Net cash (out)/inflow from investing activities		**(123 747 939)**	**(47 708 817)**
Net increase/(decrease) in cash and cash equivalents		(218 936 812)	(47 957 477)
Cash and cash equivalents at beginning of year	*7*	627 295 132	675 252 609
Cash and cash equivalents at the end of the year	7	**408 358 320**	**627 295 132**

NATIONAL HOME BUILDERS REGISTRATION COUNCIL
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL INFORMATION
for the year ended 31 March 2024

Description	Notes	2024 Actual	2024 Budget	Difference: Actual and Budget	2022 Actual	2022 Budget
Revenue	1					
Insurance premium revenue						
Fee revenue	1.1	97 675 498	74 836 883	22 838 615	73 011 192	54 209 912
Non-subsidy enrolments	1.2	522 884 822	685 411 907	(162 527 085)	669 102 234	629 230 294
Actuarial Adjustments	1.3	(23 914 671)	-	(23 914 671)	(112 246 433)	-
Subsidy enrolments		139 075 366	139 323 560	(248 194)	87 713 277	140 000 000
Technical service revenue	1.4	51 797 400	12 000 000	39 797 400	10 074 900	12 000 000
Other revenue	1.5	16 689 293	3 500 000	(16 810 707)	19 520 509	3 000 000
Interest received and investment income	3	731 732 513	475 000 000	286 732 513	571 143 233	451 203 036
Unrealised gain on financial assets	3	29 669 414	30 500 000	(830 586)	49 306 586	27 214 131
Realised gain on financial assets	3	646 253 148	30 500 000	615 753 148	606 746 623	27 214 130
Total revenue		**2 211 862 783**	**1 451 072 350**	**760 790 433**	**1 978 558 120**	**1 344 071 502**
Expenses	2					
Insurance claims and loss adjustment expenses	2.1	(17 699 974)	-	(17 699 974)	(15 777 257)	-
Accreditation, builders manual and certificate cost	2.2	(2 135 035)	(1 330 953)	(804 082)	(1 296 794)	(2 435 466)
Technical services expenditure	2.3	(48 531 854)	(9 600 000)	(38 931 854)	(15 292 045)	(9 600 000)
Depreciation and amortisation	2.4	3 646 554	(22 298 876)	25 945 430	(23 205 164)	(22 933 034)
Council costs and Non Council	2.5	(9 076 183)	(7 529 665)	850 713	(8 735 113)	(6 775 409)
Employee cost	2.6	(595 633 607)	(622 504 134)	26 870 527	(581 050 131)	(550 283 898)
Administration expenses	2.7	(272 973 184)	(256 648 782)	(16 324 402)	(13 650 117)	(12 767 880)
Repairs and maintenance	2.8	(3 919 093)	(2 956 000)	(963 093)	(2 462 909)	(2 442 794)
Asset management services	3	(14 607 942)	(13 000 000)	(1 607 942)	(195 846 132)	(228 738 252)
Unrealised loss on financial assets	3	(723 217 013)	-	-	(629 338 526)	-
Realised loss on financial assets	3	(78 486 253)	-	(78 486 253)	(95 691 352)	-
Total expenditure		**(1 762 633 584)**	**(935 868 410)**	**(101 150 930)**	**(1 582 345 541)**	**(835 976 733)**
Surplus for the period		**449 229 200**	**515 203 940**	**635 724 832**	**396 212 579**	**508 094 769**

Notes

1. Revenue

1.1 Fee income

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

1.2 Non subsidy enrollments

Lower number of enrolments and at lower enrolment fees than budgeted for due to the economic climate.

1.3 Actuarial adjustments

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

1.4 Technical revenue

During budgeting phase there was lower expectation of these services required based on the requests from prior years. In particular, the North West Provincial Human Settlement Department required these services more than planned during budget phase due to their requirements.

1.5 Other revenue

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

2. Expenditure

2.1 Insurance claims and loss adjustment expenses

This expenditure is related to actuarial adjustment to expenses and is not budgeted for as the actuarial valuation is conducted post year end.

2.2 Accreditation,builders manual and certificate cost

The cost of inventory was higher in the current year due to higher printing cost of the manuals. More Manuals were required to support the initiatives around increasing Home Builder Registration.

2.3 Technical service expenditure

This expenditure is in relation to technical service revenue as the services are specialised and outsourced by NHBRC.

2.4 Depreciation and amortisation

The change in useful life of intangible assets impacted on the expense for the year.

2.5 Council costs and Non Council

The increase is due higher non council costs for DCs and related travel In the budget this is a separate line item and hence is presented on this schedule separately to the Administration expenses disclosed on the Statement of financial performance.

2.6 Employee Costs

The decreased expenditure in permanent staff cost is due mainly to the vacancies in the organisation. While the budget for acting allowance and temporary staff (due to unfilled vacancies) was exceeded the total expenditure was still below budget overall. Annual increases for Executives and Senior Management were lower than budgeted for which also contributed to the lower expense.

2.7 Administration expenses

Administration expenditure were slightly higher due to increased travel and telephone expenditure by the organisation. Council and Non Council costs are disclosed separately as per 2.5 above.

2.8 Repairs and maintenance

The increased expenditure on repairs and maintenances relates to additional expenditure on repair to air conditioners and the generator at Head office.

3. Income from investments

Increase in interest received and investment income is due to higher interest rates during the year. Our portfolio is predominantly money market based. Realised gain/loss and unrealised gain/loss is as a result of investment market performance during the current year. Asset management service is also link to investment performance.

1. Significant Accounting Polices

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 financial statement 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:

- 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.
- Useful lives of PPE and intangibles
- Provisions in determined an estimate based on the information available
- Contingent liabilities/assets
- Actuarial assumptions

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.

Property, plant and equipment is carried at cost less accumulated depreciation. 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 26).

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 deprecated in the year of acquisition and deprecation is therefore not renewed annually.

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.

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.

- In the current period a change in estimate was done relating in negative balance of amortisation.

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	10 years

The entity discloses relevant information relating to assets under construction or development where applicable 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:

a. 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').
b. 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.
c. 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.

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.

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.

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.

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.

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.

1.11.1 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.

1.12 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.

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.

1.13 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 is a 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.

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; or

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in (Note 23-24).

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.

1.14 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 and when certificate is printed.

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.

1.15 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.

1.16 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.

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.

1.17 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.

1.18 Insurance Technical Result

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 enrolment 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.

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.

1.19 Comparative Figures

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

1.20 Budget Information

Entity is 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 2023/04/01 to 2024/03/31.

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

1.21 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.

1.22 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.

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.

1.23 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.

1.24 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.

1.25 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).

1.26 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 with the exception of updating the Note to the financial statements.

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 the Note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure Note to the financial statements 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 Note to the financial statements. 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.

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.

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 because of past performance.

1.27 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 which has been determined to be applicable to private sector only, and is likely to be applicable for the periods beginning on or after 01 April 2026 or later periods:

IFRS Insurance contract 17

As of the reporting date, some 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.

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.

Accordingly for the 2023/24 financial year and in accordance with the GRAP Accounting Framework the entity has applied IRFS4.

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 2025 or later periods.

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 1: Presentation on Financial Statements	01-Apr-25	Likely there will be a material impact
GRAP 103: Heritage assets	To be determined (Not yet effective for 31 March, 30 June and 31 Dec 2024 year-ends)	Unlikely there will be a material impact
GRAP 104: Financial instruments	01-Apr-25	Likely there will be a material impact
GRAP 105: Transfer of Functions Between Entities Under Common Control	To be determined (Not yet effective for 31 March, 30 June and 31 Dec 2024 year-ends)	Unlikely there will be a material impact
GRAP 106: Transfer of Functions Between Entities Not Under Common Control	To be determined (Not yet effective for 31 March, 30 June and 31 Dec 2024 year-ends)	Unlikely there will be a material impact
GRAP 107: Mergers	To be determined (Not yet effective for 31 March, 30 June and 31 Dec 2024 year-ends)	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 2024

2. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment	Office furniture and equipment	Motor vehicles	Land	Buildings	Total
	R	R	R	R	R	R
Year ended 31 March 2024						
Opening net book amount	20 545 209	9 329 102	685 256	17 751 947	40 112 036	88 423 551
Additions	2 627 719	2 471 472	1 508 802	-	939 946	7 547 939
Disposals	(728 137)	(696 416)	-	-	-	(1 424 554)
Depreciation on disposal	341 416	682 996	-	-	-	1 024 412
Depreciation charge	(2 625 903)	(968 392)	(154 563)	-	(4 084 840)	(7 833 698)
Closing net book amount	**20 160 303**	**10 818 762**	**2 039 495**	**17 751 947**	**36 967 142**	**87 737 650**
At 31 March 2024						
Cost	34 507 641	28 079 124	2 841 937	17 751 947	81 696 829	164 877 478
Accumulated depreciation	(14 347 338)	(17 260 362)	(802 442)	-	(44 729 686)	(77 139 828)
Net book amount	**20 160 303**	**10 818 762**	**2 039 495**	**17 751 947**	**36 967 143**	**87 737 650**
Year ended 31 March 2023						
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	**20 545 209**	**9 329 102**	**685 256**	**17 751 947**	**40 112 036**	**88 423 551**
At 31 March 2023						
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	**20 545 209**	**9 329 102**	**685 256**	**17 751 947**	**40 112 036**	**88 423 551**

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 1.5 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 2024

3. INTANGIBLE ASSETS

	Computer software	Total
	R	R
Year ended 31 March 2024		
Opening net book amount	14 956 460	14 956 460
Amortisation charge (note 18)	11 480 252	11 480 252
Closing net book amount	**26 436 712**	**26 436 712**
At 31 March 2024		
Cost	127 609 699	127 609 699
Accumulated amortisation	(101 172 987)	(101 172 987)
Net book amount	**26 436 712**	**26 436 712**
Year ended 31 March 2023		
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	**14 956 460**	**14 956 460**
At 31 March 2023		
Cost	127 609 699	127 609 699
Accumulated amortisation	(112 653 239)	(112 653 239)
Net book amount	**14 956 460**	**14 956 460**

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

The change in estimate from 8 to 10 years is based on an assessment done in the current period.

NATIONAL HOME BUILDERS REGISTRATION COUNCIL

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2024

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:

	2024 R	2023 R
Money Market investments	3 619 785 591	3 448 598 012
Cash Accounts *	444 648 558	214 366 624
CPD Money Market	561 081 940	517 079 478
Listed bond securities and equity		
- Short-term < 7 years	1 223 886 976	1 344 316 413
- Medium-term 7 to 12 years	446 241 390	319 638 633
- Long-term > 12 years	1 559 140 129	1 551 316 450
	7 854 784 584	**7 395 315 610**
Derivative financial instruments at fair value	1 603 761 344	1 402 288 390
	9 458 545 928	**8 797 604 000**

Split between non-current and current

	2024 R	2023 R
Non-Current portion	4 833 029 839	4 617 559 886
Current portion	4 625 516 089	4 180 044 114
Total	**9 458 545 928**	**8 797 604 000**

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

	2024 R	2023 R
Opening balance	8 797 604 000	8 318 725 527
Capital additions	226 200 015	1 460 000 000
Withdrawal	(110 000 015)	(1 425 932 169)
Interest accrued	658 813 159	498 699 923
Dividend income	27 066 379	29 478 847
Transaction Costs	(748 964)	(741 342)
Asset management service fees	(14 607 942)	(13 650 117)
Unrealised profit on financial assets	646 253 148	606 746 623
Unrealised loss on financial assets	(723 217 013)	(629 338 526)
Realised profit on financial assets	29 669 414	49 306 586
Realised loss on financial assets	(78 486 253)	(95 691 352)
	9 458 545 928	**8 797 604 000**

NATIONAL HOME BUILDERS REGISTRATION COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2024

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)

	2024 R	2023 R
Issuer Local Credit Rating		
AAA	2 539 015 204	2 461 793 250
AA+	133 252 078	370 081 931
AA	927 038 942	836 259 994
AA-	1 792 344 961	1 597 551 116
A+	156 806 390	109 835 690
A	1 248 537 544	1 132 027 558
A-	7 812 262	26 355 961
BBB	13 563 078	-
NR	386 116 247	206 265 108
F1+	-	-
	7 204 486 706	**6 740 170 608**
Equity Exposure	2 254 059 222	2 057 433 392
	9 458 545 928	**8 797 604 000**

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. The ratings have all been converted to long term ratings for better understanding and consistency.

NATIONAL HOME BUILDERS REGISTRATION COUNCIL

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2024

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

	Fair value measurement at end of the year using:		
		Level 1	Level 2
2024	R	R	R
Financial assets at fair value through profit or loss			
Equities	643 057 012	643 057 012	-
Bonds	2 586 211 484	2 586 211 484	-
Money market instruments	4 180 867 531	-	4 180 867 531
Call Accounts	444 648 558		444 648 558
Other investment (Structured Products)	1 603 761 344	1 603 761 344	-
	9 458 545 928	**4 833 029 839**	**4 625 516 089**

	Fair value measurement at end of the year using:		
		Level 1	Level 2
2023	R	R	R
Financial assets at fair value through profit or loss			
Equities	648 527 697	648 527 697	-
Bonds	2 566 743 798	2 566 743 798	-
Money market instruments	3 965 677 491	-	3 965 677 491
Call Accounts	214 366 624		214 366 624
Other investment (Structured Products)	1 402 288 390	1 402 288 390	-
	8 797 604 000	**4 617 559 886**	**4 180 044 114**

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 2024

	2024 R	2023 R
5. INVENTORIES		
Builders manuals at cost	5 028 719	6 608 474
6. TRADE AND OTHER RECEIVABLES		
Net trade receivables	48 274 634	5 888 946
- Trade receivables	127 995 206	36 586 051
- Less provision for impairment	(79 720 574)	(30 697 105)
Other receivables:		
- Rental deposits	2 872 627	2 840 024
- Sundry debtors (Prepayment, DC fines debtors and others)	33 075 297	37 026 060
	84 222 559	**45 755 030**
The fair values of trade and other receivables are as follows:		
Trade receivables	127 995 208	36 586 051
Rental deposits	2 872 627	2 840 024
	130 867 835	**39 426 075**
Movements on the provision for impairment of trade receivables is as follows:		
At 1 April 2023	(30 697 105)	(39 570 498)
Decrease /(Increase) in provision	(49 023 468)	8 873 393
At 31 March 2024	**(79 720 574)**	**(30 697 105)**

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

	2024	2023
Split between non-current and current		
Non-Current portion	87 996	2 245 962
Current portion	2 784 631	594 062
	2 872 627	**2 840 024**

6.2 Trade and other receivables

	2024	2023
Split between non-current and current		
Non-Current portion	87 996	2 245 962
Current portion	84 134 563	43 509 068
	84 222 559	**45 755 030**

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 2024

7. CASH AND CASH EQUIVALENTS

	2024 R	2023 R
Cash balances	408 159 704	627 117 412
Short-term bank deposits	198 616	177 720
	408 358 320	**627 295 132**

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 R606 480 (2023: R0) for home builder training in the current financial year. The remaining reserve to be utilised for future years is R3 058 559 (2023:R3 665 039).

9. TECHNICAL ACTUARIAL LIABILITIES

	Outstanding claims R	Unexpired risk R	Total R
Balance at 31 March 2022	**31 492 874**	**960 896 683**	**992 389 557**
Increase during the year (note 26)	15 777 256	-	15 777 256
Utilised during the year (note 17)	(21 071 523)	-	(21 071 523)
Increase during the year		112 246 433	112 246 433
Balance at 31 March 2023	**26 198 607**	**1 073 143 116**	**1 099 341 723**
Increase during the year (note 26)	17 699 974	-	17 699 974
Utilised during the year (note 17)	(12 616 363)	-	(12 616 363)
Increase during the year		23 914 671	23 914 671
Balance at 31 March 2024	**31 282 218**	**1 097 057 787**	**1 128 340 005**
Balance at 31 March 2023			
Current	11 911 492	346 982 464	358 893 955
Non-current	14 287 115	726 160 653	740 447 768
	26 198 607	**1 073 143 116**	**1 099 341 723**
Balance at 31 March 2024			
Current	12 441 358	368 601 945	381 043 303
Non-current	18 840 860	728 455 842	747 296 702
	31 282 218	**1 097 057 787**	**1 128 340 005**

NATIONAL HOME BUILDERS REGISTRATION COUNCIL

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2024

9. TECHNICAL ACTUARIAL LIABILITIES (CONTINUED)

9.1 Basis and methodology of valuation

There has not been a change in the method for the calculation of provisions from the solvency assessment. The following NHBRC (policyholder) liabilities or provisions are calculated:

a. Unearned Premium Provision ("UPP")

b. Outstanding Claims Provision ("OCP")

The method adopted for the for Incurred But Not Reported ("IBNR") claims provision inherently includes the Incurred But Not Enough Reported ("IBNER"). The IBNER relates to those complaints that have resulted in remedial claims but have not been fully settled.

A best estimate basis (set of assumptions) is used in the determination of the liability in terms of IFRS4 and general best practice in the South African short-term industry. The OCP provision is held at a 75% level of sufficiency, as was the case in the last two financial years.

The UPP is the portion of received enrolments that is held to meet future complaint and conciliation expenses and remedial work claims for unexpired years of cover. In determining the UPP, earned and unearned initial expenses are deducted from the enrolment fee. The remaining portion of the enrolment fee, if positive, is assumed to be earned over the five years of the warranty cover in accordance with the earnings curve. Initial expenses 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

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 yield curves from the trading of government bonds. 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 of building cost inflation. The summary of the economic assumptions is set out in the below table. 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	2024		2023	
	Non-subsidy	Subsidy	Non-subsidy	Subsidy
Discount rate	8.80%	12.80%	7.10%	8.90%
General price inflation	4.40%	7.70%	3.80%	5.10%
Future building cost inflation	4.40%	7.70%	3.80%	5.10%
Historical building cost inflation	5.30%	5.30%	7.10%	5.90%
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	R289 579	R54 714	R282 624	R54 714
Initial expense ratio	52%	73%	41%	-76%
BF method loss ratio	1.75%	1.75%	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 2008	

NATIONAL HOME BUILDERS REGISTRATION COUNCIL

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2024

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

	2024 R	2023 R
Trade payables and accrued expenses	51 393 758	41 132 998
Operating lease accrual	419 173	1 192 574
Income received in advance	2 189 139	4 121 535
Leave accrual	33 706 414	34 234 989
Cash received in advance	44 184 784	40 474 901
Retentions	1 368 518	1 368 518
	133 261 786	**122 525 515**

The NHBRC has financial risk management policies to ensure that all payables are paid within the credit time frame.

11. DEPOSITS FOR GUARANTEES

Deposits for Guarantees split between non-current and current

Non-Current portion	20 112 952	27 132 612
Current portion	26 510 027	18 766 877
	46 622 979	**45 899 488**

NATIONAL HOME BUILDERS REGISTRATION COUNCIL

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2024

	2024 R	2023 R
12. INSURANCE PREMIUM REVENUE		
Non- Subsidy Enrolments	522 884 822	669 102 234
Subsidy Enrolments	139 075 366	87 713 277
Change in unearned premium provision (see note 9)	(23 914 671)	(112 246 433)
Change in unexpired risk provision (see note 9)	-	-
	638 045 517	**644 569 077**

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

13. FEE REVENUE

	2024 R	2023 R
Annual registration fees	1 971 025	476 719
Annual renewal fees	10 480 554	11 269 713
Registration fees	2 939 691	2 950 475
Builder manual fees	1 479 021	1 331 062
Subsidy project enrolment fees	80 032 653	56 338 510
Late enrolment fees	395 590	345 119
Document sales	376 964	299 593
	97 675 498	**73 011 192**

14. TECHNICAL SERVICES REVENUE

	2024 R	2023 R
Forensic engineering, Geotechnical and rectification work	51 797 400	10 074 900
	51 797 400	**10 074 900**

15. OTHER REVENUE

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

	2024 R	2023 R
Sundry Income	2 570 784	19 520 509
	2 570 784	**19 520 509**

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

	2024 R	2023 R
Other Income		
Disciplinary hearing fines	3 989 799	4 080 500
Legal Recoveries	60 315	105 500
Other Income (Disability recovery and Ceta)	10 068 395	-
	14 118 509	**4 186 000**
	16 689 293	**23 706 509**

NATIONAL HOME BUILDERS REGISTRATION COUNCIL

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2024

16. INVESTMENT INCOME

	Notes	2024 R	2023 R

Investment income earned on financial assets, analysed by category of asset, is as follows:

	Notes	2024 R	2023 R
Interest received from investments		658 813 159	498 699 923
Dividend income		27 066 379	29 478 847
Interest received (cash and cash equivalents)		45 852 975	42 964 463
	4	**731 732 513**	**571 143 233**

17. INSURANCE CLAIMS AND LOSS ADJUSTMENT EXPENSES

	Notes	2024 R	2023 R
Current year warranty claims (see note 9)		(12 616 363)	(21 071 523)
Increase in the outstanding claims provision	9	30 316 337	36 848 780
		17 699 974	**15 777 257**

18. RESULTS FROM OPERATING ACTIVITIES

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

	Notes	2024 R	2023 R
Auditor's remuneration	26.7	8 681 318	9 552 468
Depreciation	2	7 833 698	7 289 546
Computer equipment		2 625 903	2 393 379
Office furniture and equipment		968 392	924 146
Motor vehicles		154 563	107 272
Buildings		4 084 840	3 864 748
Amortisation of intangible assets	3	(11 480 252)	15 915 618
Net loss on property, plant and Equipment	2	400 142	276 929
Rentals in respect of operating leases-premises*	26.7	17 954 038	17 573 902

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

	Notes	2024 R	2023 R
The future minimum lease payments are as follows:		11 711 849	27 262 799
Not later than 1 year		7 529 732	15 550 949
Later than 2 years and not later than 5 years		4 182 117	11 711 849
Employee costs	26.5	595 633 607	581 050 131
- Permanent staff costs		588 487 815	578 907 657
- Temporary staff cost		7 145 793	2 142 474
Executive management and Council remuneration	20	20 455 299	19 450 727
Executive Managers			
- For managerial services		18 231 479	16 231 355
Non-executive Council remuneration			
- For services as members of Council		2 223 820	3 219 372

NATIONAL HOME BUILDERS REGISTRATION COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2024

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

		2024 R	2023 R
Surplus for the year		449 229 200	396 212 579
Adjustments for:			
Depreciation	2	7 833 698	7 289 546
Write off of property,plant and Equipment	2	400 142	276 929
Amortisation	3	(11 480 252)	15 915 618
Transaction costs on investments	4	748 964	741 342
Administration fee	4	14 607 942	13 650 117
Realised loss on financial instruments	4	78 486 253	95 691 352
Realised gain on financial instruments	4	(29 669 414)	(49 306 586)
Unrealised loss on financial instruments	4	723 217 013	629 338 526
Unrealised gain on financial instruments	4	(646 253 148)	(606 746 623)
Dividend received	4	(27 066 379)	(29 478 847)
Interest received from investment	4	(658 813 159)	(498 699 923)
Movement in provision	9	28 998 282	112 246 433
Sundry income		-	(10 928 265)
Other non Cash item		-	(2 268 350)
Operating income before working capital changes		(69 760 861)	73 933 849
Decrease in inventories	5	1 579 754	1 230 505
Increase /(Decrease) in trade and other receivables	6	(38 467 529)	(8 924 538)
Increase /(Decrease) in trade and other payables	10	11 459 761	(65 991 155)
Net cash outflow from operating activities		**(95 188 873)**	**248 660**

NATIONAL HOME BUILDERS REGISTRATION COUNCIL

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2024

20. REMUNERATION

20.1 Total cost - Non-executive council members

	Fees R	Cell phone Allowance R	Total 2023 R	Total 2022 R
Ms Nomusa Mufamadi (Chairperson)	219 216	8,800	228,016	345,839
Mr Francois Beukman(Deputy Chairperson) [1]	71 458	1,600	73,058	555,757
Mr Kganki Matabane	160 449	9,600	170,049	265,871
Ms Nontuthuko Chiluvane	190 323	9,600	199,923	205,305
Ms Mandy Jayakody	220 906	9,600	230,506	220,806
Mr Refilwe Lediga	149 283	9,600	158,883	193,312
Ms Siphindile Memela	130 950	8,800	139,750	187,826
Ms Nomthandazo Ncalane-Ngcobo	161 802	9,600	171,402	208,068
Ms Kedibone Tsiloane	141 426	8,800	150,226	175,259
Mr Roy Mnisi	57 618	8,000	65,618	133,880
Ms Renaire Shelly Huntley	226 097	9,600	235,697	318,029
Ms Morwesi Ramonyai Thonga	215 318	8,800	224,118	409,421
Ms Sasa Subban	-	19,200	15,200	-
Ms Zodwa Matiwane	-	19,200	19,200	-
Prof. Bongani Ngqulunga (Deputy Chairperson) [2]	136 574	5,600	142,174	-
	2 081 420	**142 400**	**2 223 820**	**3 219 372**

[1] Resigned 30 June 2023

[2] Appointed 03 August 2023

NATIONAL HOME BUILDERS REGISTRATION COUNCIL

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2024

20. REMUNERATION (CONTINUED)

20.2 Total cost - Executive management

	Salaries R	Cell phone Allowance R	Subsistence and travel and Acting Allowance R	2024 R	2023 R
S Booi (Chief Executive Officer)	4 155 201	30 000	30 000	4 215 201	3 899 843
O Maseng (Chief Operating Officer)[1]	3 342 194	27 500	180 637	3 550 331	3 369 811
T Bouwer (Chief Financial Officer)[2]	2 235 283	26 000	277 258	2 538 541	2 144 641
S Ngwenya (Executive Manager Corporate Services)[3]	1 172 933	-	-	1 172 933	-
C Makapela (Executive Manager Engineering & Technical Service)[4]	2 331 505	27 900	261 800	2 621 205	2 349 475
M Kabwe (Executive Manager Customer experience and marketing development)[5]	1 670 888	20 000	792	1 691 680	-
N Chavalala (Acting Executive Manager Corporate Services)[6]	1 170 402	10 500	318 171	1 499 073	2 337 972
S Janser (Acting Executive Manager Customer experience and marketing development)[1]	593 123	7 500	265 598	866 221	533 245
A Yabo (Acting Executive Manager Legal Service)	-	-	-	-	1 275 699
	16 671 530	**149 400**	**1 334 256**	**18 155 186**	**15 910 685**

[1] Contract ended 29 February 2024.
[2] Appointment from 05 July 2023.
[3] Appointment from 16 October 2023.
[4] Appointment from 01 July 2023.
[5] Appointment from 01 August 2023.
[6] Contract ended 30 November 2023.

20.3 Bonuses

Executive Management	2024 R	2023 R
S Booi (Chief Executive Officer)	76 293	-
T Bouwer (Chief Financial Officer)	-	63 101
N Chavalala (Acting Executive Manager Corporate Services)	-	67 680
C Makapela (Executive Manager Engineering & Technical Service)	-	66 774
A Yabo (Acting Executive Manager Legal Service)	-	64 512
S Janser (Acting Executive Manager Customer experience and Marketing Development)	-	58 603
	76 293	**320 670**

NATIONAL HOME BUILDERS REGISTRATION COUNCIL

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2024

21. RELATED PARTIES

21.1 Relationships:

Shareholder	Department of Human Settlements (DHS)

The NHBRC was establish by the National Department of Human Settlement in term of housing consumers protection measures Act no 95 of 1998.

Member of Key Management	Mr S Booi
	Mr C Makapela
	Ms T Bouwer
	Ms M Kabwe
	Ms S Ngwenya
Non-executive Council	
	Ms Nomusa Mufamadi (Chairperson)
	Prof. Bongani Ngqulunga (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 Thonga
	Ms Sasa Subban
	Ms Zodwa Matiwane

21.2 Transactions with other related parties

No transactions, balances and commitments existed between the National Home Builders Registration Council and Deparment 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 20 to the financial statements.

NATIONAL HOME BUILDERS REGISTRATION COUNCIL

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2024

22. FINANCIAL INSTRUMENTS

22.1 Categories of financial instruments and maturity profile

	Notes	0-1 Year R	>1 Year R	Total R
2024				
FINANCIAL ASSETS				
Loans and receivables				
Trade and other receivables	10	84 222 559	-	45 755 030
Cash and cash equivalents	7	408 358 320	-	627 295 132
Financial assets at fair value				
Investments	4	4 625 516 089	3 229 268 495	7 854 784 584
Derivative Financial Instruments	4	-	1 603 761 344	1 603 761 344
Total financial assets		**5 118 096 968**	**4 833 029 839**	**9 942 007 506**
FINANCIAL LIABILITIES				
Financial liabilities at amortised cost				
Trade and other payables	10	97 767 681	-	97 767 681
Deposits for Guarantees	11	26 510 027	20 112 952	46 622 979
		124 277 707	**20 112 952**	**144 390 659**
2023				
FINANCIAL ASSETS				
Loans and receivables				
Trade and other receivables	10	45 755 030	-	45 755 030
Cash and cash equivalents	7	627 295 132	-	627 295 132
Financial assets at fair value				
Investments	4	4 180 044 114	3 215 271 496	7 395 315 610
Derivative Financial Instruments	4	-	1 402 288 390	1 402 288 390
Total financial assets		**4 853 094 276**	**4 617 559 886**	**9 470 654 162**
FINANCIAL LIABILITIES				
Financial liabilities at amortised cost				
Trade and other payables	10	85 729 433	-	85 729 433
Deposits for Guarantees	11	18 766 877	27 132 612	45 899 488
		104 496 310	**27 132 612**	**131 628 921**

NATIONAL HOME BUILDERS REGISTRATION COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2024

22. FINANCIAL INSTRUMENTS (CONTINUED)
22.2 Categories of financial instruments

31 March 2024	R Loans and Receivables	R Derivative Financial Instruments	R Fair value Investments	R Total
Derivative Financial Instruments	-	1 603 761 344	-	1 603 761 344
Fair value financial assets	-	-	7 854 784 584	7 854 784 584
Trade and other receivables	84 222 559	-	-	84 222 559
Cash and cash equivalents	408 358 320	-	-	408 358 320
Total	**492 580 879**	**1 603 761 344**	**7 854 784 584**	**9 951 126 807**

31 March 2023	Loans and Receivables	Derivative Financial Instruments	Fair value Investments	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	627 295 133	-	-	627 295 133
Total	**673 050 163**	**1 402 288 390**	**7 395 315 610**	**9 470 654 162**

31 March 2024	R Financial liabilities at amortised cost	R Total
Lease Liabilities	419 173	419 173
Trade and other payables	132 842 613	132 842 613
Total	**132 261 786**	**133 261 786**

31 March 2023	R Financial liabilities at amortised cost	R Total
Lease Liabilities	1 192 574	1 192 574
Trade and other payables	121 332 941	121 332 941
Total	**122 525 515**	**122 525 515**

22.3 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 22.10 for the maturity profile of financial instruments.
The amounts disclosed in table below are contractual undiscounted cash flows:

At 31 March 2024	Less than 3 months	Between 3 months and 1 year	Total
Operating Lease Liability	104 793	314 380	419 173
Trade and other payables	51 393 758	81 448 855	132 842 613
	51 498 551	**81 763 235**	**133 261 786**
At 31 March 2023			
Operating Lease Liability	298 144	894 431	1 192 574
Trade and other payables	41 132 998	80 199 943	121 332 942
	41 431 143	**81 094 373**	**122 525 516**

NATIONAL HOME BUILDERS REGISTRATION COUNCIL

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2024

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.4 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.

22.5 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.

22.6 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 2023/ 2024 financial year.

22.7 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 2024

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.8 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 R34 000 and a maximum claim of R500 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 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.

22.9 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 enrolment fees charged by the NHBRC for the next financial year are expected to be sufficient on aggregate, even if the number of homes enrolled fall to 75% of the homes enrolled in the current year.

Enrolment Fee Adequacy						
Utilisation	All Houses		Non-Subsidy		Subsidy	
	Amount	%	Amount	%	Amount	%
Fixed Expenses	(1 217)	(14,1)	(2 035)	(14,3)	(472)	(14,1)
Enrolment & Inspections	(4 843)	(56,7)	(7 472)	(52,4)	(2 454)	(73,3)
Complaints conciliations	(115)	(1,3)	(241)	(1,7)	-	-
Remedial claims	(250)	(2,90)	(417)	(2,9)	3 349	100,0
average	(161)		(269)		(63)	
99.5% variation margin	(88)		(147)		(35)	
Total Expenses & Claims	(6 425)	75,2	(10 165)	(71,2)	(3 024)	(90,3)
Average fee per enrolment	8 549	100,0	14 268	100,0	3 349	100,0
Surplus / Deficit	**2 124**	**24,8**	**4 103**	**28,8**	**325**	**9,7**

NATIONAL HOME BUILDERS REGISTRATION COUNCIL

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2024

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.9 Insurance risk

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 R500 000 per home.

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

NATIONAL HOME BUILDERS REGISTRATION COUNCIL

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2024

22. FINANCIAL INSTRUMENTS (CONTINUED)

22.9 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 76.7% 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 282 383 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 2024

22. FINANCIAL INSTRUMENTS (CONTINUED)
22.10 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-2024					
	Carrying Amount at 31 March 2024	Interest rate risk				
		Rand amount exposed to risk	Reasonable Possible change			
			Rate Increase	Rand amount	Rate Decrease	Rand amount
Financial Assets						
Money Market Investments	3 619 785 591	3 619 785 591	1%	36 197 856	-1%	(36 197 856)
Call Accounts	444 648 558	444 648 558	1%	4 446 486		(4 446 486)
CPD Money Market	561 081 940	561 081 940				
Listed bond securities						
- Short-term < 7 years	1 223 886 976	1 223 886 976	1%	12 238 870	-1%	(12 238 870)
- Medium-term 7 to 12 years	446 241 390	446 241 390	1%	4 462 414	-1%	(4 462 414)
- Long-term > 12 years	1 559 140 129	1 559 140 129	1%	15 591 401	-1%	(15 591 401)
	-					-
Derivative Financial Instruments	1 603 761 344	1 603 761 344	1%	16 037 613	-1%	(16 037 613)
Impact of financial assets on:						
Statement of changes in net assets						
Statement of financial performance				72 937 026		(72 937 026)
Impact on financial position	**9 458 545 928**	**9 458 545 928**		**161 911 666**		**(161 911 666)**

	31-Mar-2023					
	Carrying Amount at 31 March 2023	Interest rate risk				
		Rand amount exposed to risk	Reasonable Possible change			
			Rate Increase	Rand amount	Rate Decrease	Rand amount
Financial Assets						
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				
Listed bond securities						
- 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)
Impact of financial assets on:						
Statement of changes in net assets						
Statement of financial performance				68 782 361		(68 782 361)
Impact on financial position	**8 797 604 000**	**8 797 604 000**		**151 587 607**		**(151 587 607)**

NATIONAL HOME BUILDERS REGISTRATION COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2024

23. CONTINGENT LIABILITIES

	2024 R	2023 R
Claims for damages and cost	428 822 206	429 002 681
Contractual Payments	4 910 041	12 070 016
Liability of the Warranty Fund	3 884 564	5 135 068
	437 616 812	**446 207 765**

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. A process is underway post 31 March 2024 to negotiate possible settlement agreements. During May 2024 a settlement agreement for R75 000 was concluded for one of the cases.

24. 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 warranry 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 unkwown.

In addition, there are Disciplinary Committee fines amounting to R9 114 250 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 R5 062 889.

25. POST REPORTING DATE EVENTS

No material facts or circumstances have arisen after the reporting date which affects the financial position of the NHBRC as reflected in the annual financial statements.

26. DETAILED EXPENDITURE

		2024 R	2023 R
26.1	**Insurance claims and loss adjustment expenses**	17 699 974	15 777 257
26.2	**Accreditation,builders manual and certificate cost**	**2 135 035**	**1 296 794**
	- Accreditation fees	19 069	21 055
	- Direct costs of builder manuals	2 115 967	1 275 739
26.3	**Technical services expenditure**	**48 531 854**	**15 292 045**
	- Forensic investigations and geotechnical services	48 531 854	15 292 045

NATIONAL HOME BUILDERS REGISTRATION COUNCIL

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2024

		2024 R	2023 R
26	**DETAILED EXPENDITURE (CONTINUED)**		
26.4	**Depreciation and amortisation**	**(3 646 554)**	**23 205 164**
	- Amortisation	(11 480 252)	15 915 618
	- Depreciation	7 833 698	7 289 546
26.5	**Employee cost**	**595 633 607**	**581 050 131**
	- Salaries and wages	462 473 744	429 171 291
	- Performance Bonus	-	27 059 650
	- Travel Allowance	4 250 196	2 579 775
	- Car Allowance	19 738 400	21 683 200
	- Medical aid	29 342 042	26 803 432
	- Provident fund and disability	53 433 605	50 004 731
	- Cellphone Allowance	4 251 200	-
	- Other staff costs: Allowance	14 998 629	21 605 579
	- Temporary staff	7 145 793	2 142 474
26.6	**Repairs and maintenance**	**3 919 093**	**2 462 909**
	- Property, plant and Equipment	3 911 997	2 461 296
	- Vehicles	7 096	1 613
26.7	**Administration expenses**	**282 049 366**	**204 581 245**
	- Audit fees	8 681 318	9 552 468
	- Bad debts	49 023 468	-
	- Bank charges	3 588 238	1 902 135
	- Cleaning costs	1 737 057	2 318 582
	- Conferences and seminars	1 657 764	1 925 688
	- Consulting fees	14 204 004	16 311 092
	- Courier and freight	333 700	393 766
	- Information technology costs	58 468 525	55 935 025
	- Insurance paid	2 270 989	1 323 867
	- Legal fees	16 271 424	10 944 027
	- Marketing fees	5 462 217	8 645 450
	- Motor vehicle expenses	286 745	275 965
	- Premises	17 954 038	17 573 902
	- Office equipment and furniture expenses	5 636 132	1 014 967
	- Other expenses	2 227 008	1 714 642
	- Other rentals costs	3 340 734	3 148 923
	- Council	2 808 202	3 905 724
	- Disciplinary committee costs	6 267 981	4 829 390
	- Research & Development	200 999	1 025 525
	- Security	6 751 037	5 155 411
	- General office costs (Uniform, Grocery)	4 215 195	3 206 529
	- Stationery	1 443 985	1 410 193
	- Telephone expenditure	19 762 932	14 521 388
	- Training	9 962 699	4 564 930
	- Travelling expenditure	31 199 703	25 445 222
	- Water and electricity	8 293 272	7 536 435
	Total Expenditure before interest paid	**946 322 375**	**843 665 546**

NATIONAL HOME BUILDERS REGISTRATION COUNCIL

SUPPLEMENTARY SCHEDULE

for the year ended 31 March 2024

27. INCOME STATEMENT

	Notes	2024 R	2023 R
Insurance premium revenue	12	638 045 517	644 569 077
Fee revenue	13	97 675 498	73 011 192
Technical services revenue	14	51 797 400	10 074 900
Other revenue	15	16 689 293	23 706 509
Total revenue		**804 207 708**	**751 361 678**
Insurance claims and loss adjustment expenses	17	(17 699 974)	(15 777 257)
Accreditation, builders manual and certificate cost	26.2	(2 135 035)	(1 296 794)
Technical services expenditure	26.3	(48 531 854)	(15 292 045)
Depreciation and amortisation	26.4	3 646 554	(23 205 164)
Employee cost	26.5	(595 633 607)	(581 050 131)
Repairs and maintenance	26.6	(3 919 093)	(2 462 909)
Administration expenses	26.7	(282 049 366)	(204 581 245)
Total expenditure		**(946 322 375)**	**(843 665 546)**
Deficit from operating activities	18	**(142 114 667)**	**(92 303 868)**
Net Investment income		**591 343 867**	**488 516 447**
Interest received and investment income	17	731 732 513	571 143 233
Realised gain on financial assets	4	(48 816 839)	(46 384 766)
Unrealised gain on financial assets	4	(76 963 865)	(22 591 903)
Asset management service fees	4	(14 607 942)	(13 650 117)
Surplus for the year		**449 229 200**	**396 212 579**

APPENDIX A
FRUITLESS AND WASTEFUL EXPENDITURE REGISTER

Total amount of fruitless and wasteful expenditure	Total Amount
Total amount of fruitless and wasteful expenditure	22 627 819.00
Total Loss Recovered	102 290.00
Total Loss written off	0

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 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 reconcilliation
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 reconcilliation
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	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
				22,627,819.00					

APPENDIX B
IRREGULAR EXPENDITURE REGISTER

Total amount of Irregular Expenditure	524,126,066
Total amount of irregular expenditure	-
Total irregular expenditure condoned	-
Total irregular expenditure removed	188,593,767
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 assesment, 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	Steps taken to prevent irregular expenditure
61067576/36168847	31-Mar-12	31-Mar-12	20-Jun-17	110,727,795.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-12	31-Mar-12	20-Jun-17	10,283,370.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-12	31-Mar-12	20-Jun-17	5,411,627.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-12	31-Mar-12	20-Jun-17	6,031,824.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-12	31-Mar-12	20-Jun-17	1,300,000.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-12	31-Mar-12	20-Jun-17	290,258,045.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
AR 2013/2014	31-Mar-12	31-Mar-14	31-Mar-14	20,250.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
AR 2013/2014	31-Mar-12	31-Mar-14	31-Mar-14	30,024.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
AR 2013/2014	31-Mar-12	31-Mar-14	31-Mar-14	39,542.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
AR 2013/2014	31-Mar-12	31-Mar-14	31-Mar-14	60,212.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
AR 2013/2014	31-Mar-12	31-Mar-14	31-Mar-14	64,535.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	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 assesment, 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	Steps taken to prevent irregular expenditure
AR 2013/2014	31-Mar-12	31-Mar-14	31-Mar-14	72,500.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
AR 2013/2014	31-Mar-12	31-Mar-14	31-Mar-14	90,000.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
AR 2013/2014	31-Mar-12	31-Mar-14	31-Mar-14	134,510.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
AR 2013/2014	31-Mar-12	31-Mar-14	31-Mar-14	247,200.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
AR 2013/2014	31-Mar-12	31-Mar-14	31-Mar-14	1,929,416.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
AR 2013/2014	31-Mar-12	31-Mar-14	31-Mar-14	7,800,000.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
AR 2013/2014	31-Mar-12	31-Mar-14	31-Mar-14	20,019,136.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-13	31-Mar-13	20-Jun-17	6,873,711.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-13	31-Mar-13	20-Jun-17	9,271,582.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-13	31-Mar-13	20-Jun-17	558,065.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-13	31-Mar-13	20-Jun-17	1,311,886.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-13	31-Mar-13	20-Jun-17	847,424.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-13	31-Mar-13	20-Jun-17	2,646,354.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-13	31-Mar-13	20-Jun-17	487,998.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	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 assesment, 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	Steps taken to prevent irregular expenditure
61067576/36168847	31-Mar-13	31-Mar-13	20-Jun-17	99,500.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-14	31-Mar-14	20-Jun-17	739,796.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-14	31-Mar-14	20-Jun-17	1,028,100.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-14	31-Mar-14	20-Jun-17	886,324.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-14	31-Mar-14	20-Jun-17	600,210.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-14	31-Mar-14	20-Jun-17	25,487,401.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-14	31-Mar-14	20-Jun-17	151,058.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-14	31-Mar-14	20-Jun-17	268,627.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-14	31-Mar-14	20-Jun-17	310,765.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-14	31-Mar-14	20-Jun-17	6,800.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-14	31-Mar-14	20-Jun-17	3,840.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-14	31-Mar-14	20-Jun-17	3,020.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-14	31-Mar-14	20-Jun-17	214,252.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-14	31-Mar-14	20-Jun-17	123,120.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	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 assesment, 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	Steps taken to prevent irregular expenditure
61067576/36168847	31-Mar-15	31-Mar-15	20-Jun-17	1,060,084.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-15	31-Mar-15	20-Jun-17	579,832.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-16	31-Mar-16	20-Jun-17	1,693,518.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-16	31-Mar-16	20-Jun-17	500,530.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-16	31-Mar-16	20-Jun-17	23,393.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-16	31-Mar-16	20-Jun-17	31,528.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-16	31-Mar-16	20-Jun-17	152,640.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-16	31-Mar-16	20-Jun-17	88,963.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-16	31-Mar-16	20-Jun-17	368,000.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-16	31-Mar-16	20-Jun-17	951,049.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-16	31-Mar-16	20-Jun-17	270,414.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-17	31-Mar-17	20-Jun-17	53,251.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-17	31-Mar-17	20-Jun-17	1,046,387.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-17	31-Mar-17	20-Jun-17	109,212.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	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 assesment, 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	Steps taken to prevent irregular expenditure
61067576/36168847	31-Mar-17	31-Mar-17	20-Jun-17	357,392.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-17	31-Mar-17	20-Jun-17	321,663.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-17	31-Mar-17	20-Jun-17	392,256.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-17	31-Mar-17	20-Jun-17	1,127,772.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
61067576/36168847	31-Mar-17	31-Mar-17	20-Jun-17	463,643.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
Not Applicable	31-Mar-18	31-Mar-18	30-Jul-18	1,152,921.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
Not Applicable	31-Mar-18	31-Mar-18	30-Jul-18	118,765.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
Not Applicable	31-Mar-18	31-Mar-18	30-Jul-18	152,871.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
Not Applicable	31-Mar-18	31-Mar-18	30-Jul-18	563,281.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
Not Applicable	31-Mar-18	31-Mar-18	30-Jul-18	345,828.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
Not Applicable	31-Mar-18	31-Mar-18	30-Jul-18	519,051.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
Not Applicable	31-Mar-18	31-Mar-18	30-Jul-18	435,308.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
Not Applicable	31-Mar-18	31-Mar-18	30-Jul-18	613,383.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
Not Applicable	31-Mar-18	31-Mar-18	30-Jul-18	311,779.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	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 assesment, 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	Steps taken to prevent irregular expenditure
Not Applicable	31-Mar-18	31-Mar-18	30-Jul-18	320,191.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
Not Applicable	31-Mar-18	31-Mar-18	30-Jul-18	188,784.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
Not Applicable	31-Mar-19	31-Mar-19	30-Jul-19	347,700.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
Not Applicable	31-Mar-19	31-Mar-19	30-Jul-19	54,606.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
Not Applicable	31-Mar-19	31-Mar-19	30-Jul-19	325,548.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
Not Applicable	31-Mar-19	31-Mar-19	30-Jul-19	1,600.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
Not Applicable	31-Mar-19	31-Mar-19	30-Jul-19	9,750.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
Not Applicable	31-Mar-19	31-Mar-19	30-Jul-19	1,600.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
Not Applicable	31-Mar-19	31-Mar-19	30-Jul-19	12,600.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
Not Applicable	31-Mar-20	31-Mar-20	31-Mar-20	461,150.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
Not Applicable	31-Mar-20	31-Mar-20	31-Mar-20	401,158.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
Not Applicable	30-Apr-20	31-Mar-20	31-Aug-20	499,956.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
Not Applicable	31-Mar-20	31-Mar-20	31-Aug-20	7,000.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
Not Applicable	30-Jul-20	31-Mar-20	31-Aug-20	1,249,890.00	Investigation finalised	None	None	None	Employee no longer in the employ of NHBRC	Employee no longer in the employ of NHBRC
				524,126,066.00						

APPENDIX C

REPORTING OF PROCUREMENT BY OTHER MEANS, VARIATIONS AND EXPANSIONS OF CONTRACTS

REPORTING OF PROCUREMENT BY OTHER MEANS

No	Project Description	Name of Supplier	Contract Number	Reason for the procurement by other means	Value of contract
1	Conference	IPM	N/A	Impractical / Impossible to follow normal procurement process	R78,980.00
2	Exam	Institute of internal auditor	N/A	Impractical / Impossible to follow normal procurement process	R17,354.80
3	Impact and implementation plan for the HPC Bill	Nexis Forensic Services (Pty) Ltd	N/A	Continuation of Service	R914,940.00
4	IRMSA Annual Conference 2023	The Institute of Risk Management	N/A	Impractical impossible	R50,920.00
5	Repair of Air Conditioner for Server Room - Rustenburg	C & M Pty Ltd.	N/A	Emergency procurement	R3,427.00
6	Gift Vouchers	Woolworths	N/A	Impractical to follow procurement process	R261 390.00
7	Training	Masterstart	N/A	Impractical impossible	R22,425.00
8	Training	Law Society of South Africa	N/A	Impractical impossible	R19,100.00
9	Diagnosis and repair work of Cube Press Machine	SPS Caliberation	N/A	Impractical impossible	R4,588.50
10	Provide proprietary technology and methology	University of Stellenbosch 's Centre for Geographical Analysis (CGA)	N/A	MOU	R68,400.00
11	Outlook and trends in residential buildings	University of Stellenbosch Bereau for Economic Research (BER)	N/A	MOU	R463,370.41
12	Training	University of the Witwatersrand	N/A	Impractical impossible	R18,572.50
13	Participate in the Golf Day	Master Builders Association Western Cape (MBAWC)	N/A	Impractical impossible	R8,340.00
14	Training	ADVANTAGE TRAINING	N/A	Impractical impossible	R31,222.50
15	Shop Steward Conference	Intelligence Transfer Centre	N/A	Impractical impossible	R114,988.50
16	Diagnosis and repair work of Cube Press Machine	SPS Caliberation	N/A	Impractical impossible	R4,588.50
17	Practical Legal Training Programme for Employee 1	Law Society of South Africa	N/A	Impractical impossible	R19,100.00
18	Practical Legal Training Programme for Employee 2	Law Society of South Africa	N/A	Impractical impossible	R15,635.00
19	39th African Corporate Governance Conference	Advantage Training	N/A	Impractical impossible	R31,222.50
20	Licences and subscriptions excluding Azure for a period of three years	Microsoft Ireland	N/A	Sole Supplier	$1951163,13
21	Azure for one year	Microsoft Ireland	N/A	Sole Supplier	$528 000
22	Branding and exhibition opportunity at North West Business expo 2024	The North West Business Expo	N/A	Impractical impossible	R24,300.00
23	MBAWC Membership directory	Master Builder	N/A	Impractical impossible	R5,200.00
24	Randshow	Dodan Exhibition	N/A	Impractical impossible	R38,727.40
25	Instrumentation for diagnosis, repair and maintenance work on Specimen Grinding Machine	Moisson Intrumentation	N/A	Impractical impossible	R11,309.10
26	39th African Corporate Governance Conference	Advantage Training	N/A	Impractical impossible	R31,222.50

REPORTING OF EXPANSIONS AND VARIATIONS OF CONTRACTS

No	Project Description	Name of Supplier	Contract Number	Reason for expansion or variation of contract	Original contract value	Value of contract expansion or variation of contract	Value of previous contract expansion or variation of contract
1	INCLUSION OF RE-FUELING AND MAINTENANCE OF A GENERATOR IN THE KIMBERLEY OFFICE	Thomas Family Trust/Prop West	N/A	Impractical / Impossible to follow normal procurement process	R4,917,557.70	R291,285.00	N/A
2	Kimberly Office Lease	Prop West Investments (Pty) Ltd	N/A	Office Accommodation required for business continuity	R4,917,557.70	R643,425.00	N/A
3	Bloemfontein Office Lease	Zuikerkop Property Investments (Pty)Ltd	N/A	Office Accommodation required for business continuity	R6,993,544.83	R860,572.07	N/A
4	Tshwane Office Lease	Mowana Properties (Pty) Ltd	N/A	Office Accommodation required for business continuity	R9,998,634.22	R1,201,739.12	N/A
5	REQUEST FOR EXTENSION OF CONTRACT OF THE ACCREDITATION OF THE NHBRC CONSTRUCTION MATERIALS TESTING LABORATORY AND ITS TESTING METHODS (GEOTECHNICAL AND CIVIL) FOR A PERIOD OF THREE (03) YEARS (EXTENSION)	SGS Matrolab	N/A	Extension of time due to delays	R975,821.00	R0.00	N/A
6	INCLUSION OF RE-FUELING AND MAINTENANCE OF A GENERATOR IN THE KIMBERLEY OFFICE	Thomas Family Trust/Prop West	N/A	Impractical / Impossible to follow normal procurement process	R4,917,557.70	R291,285.00	N/A
8	Extension for six-month period for Polokwane Office	Eli Struck	N/A	Tender advertised and administratively non-responsive	R11,491,991.40	R1,444,731.66	N/A
9	Extension for six-month period for Witbank Office	De Bruyn	N/A	Tender advertised and administratively non-responsive	R7,435,404.01	R419,892.25	N/A
10	Filling and converting the existing fishpond into planter bed at NHBRC Head Office.	FSG Landscaping Services Pty (Ltd)	N/A	Health and Safety of Employees	R 541 626.67.	R 9 472.84	N/A
16	PANEL OF ATTORNEYS FOR A PERIOD OF FOUR (4) MONTHS	Panel of Attorneys	02/2019	Finalisation of procurement process as high volumes of bids were received.	Rate based	R1,500,000.00	N/A
20	Bloemfontein Office Lease	Zuikerkop Property Investments (Pty)Ltd	N/A	Office Accommodation required for business continuity	R6,993,544.83	R860,572.07	N/A
22	PANEL OF ATTORNEYS FOR A PERIOD OF FOUR (4) MONTHS	Panel of Attorneys	02/2019	Finalisation of procurement process as high volumes of bids were received.	Rate based	R1,500,000.00	N/A
23	Employee Wellness Programme	ICAS	N/A	Impracticable or impossible	R3 359 340.82	R0.00	N/A
24	NHBRC Rustenburg Office extension for period of three months	New Heights 480 (Pty)Ltd	N/A	Tender advertised and administratively non-responsive	R1,939,783.66	R258,056.04	N/A
25	NHBRC Klerksdorp Office extension for period of three months	SUREGO INVESTMENTS	N/A	Tender advertised and administratively non-responsive	R769,943.40	R108,501.00	N/A
27	NHBRC East London Office extension for period of two months	INVESTPRO	N/A	Provision of three months for moving offices	R1,694,127.32	R181,468.46	R24,000.00

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