

28 January 2026

Minister Thembi Simelane
Ministry of Human Settlements

Cc:

- Minister Velenkosini Hlabisa, Cooperative Governance and Traditional Affairs
- Minister Dean Macpherson, Public Works and Infrastructure
- Minister Parks Tau, Department of Trade, Industry and Competition
- Minister Enoch Godongwana, Finance
- Minister Siviwe Gwarube, Basic Education
- Dr Duncan Pieterse, Director General, National Treasury
- Mr Albert Mammoga Seabi, Chairperson: Portfolio Committee on Human Settlements
- Mr Mbulelo Tshangana, Director General COGTA
- Cllr Xolani Sotashe, Chairperson: Human Settlement and Urban Agenda Working Group, SALGA
- Mr Bongani Dladla, CEO, Construction Industry Development Board (CIDB)
- Ms Mary Vilikazi, Chairperson, Banking Association South Africa (BASA)
- Ms Bongi Kunene, Managing Director, Banking Association South Africa (BASA)
- MEC Ms Siphokazi Lusithi, Human Settlements, Eastern Cape
- MEC Mr TZ Mokoena, Human Settlements, Free State
- MEC Ms Tasneem Motara, Human Settlements, Gauteng
- MEC Mr Siboniso Duma, Transport and Human Settlements, KwaZulu-Natal
- MEC Mr Basikopo Makamu, Corporate Governance, Human Settlements and Traditional Affairs, Limpopo
- MEC Mr Speedy Mashilo, Human Settlements, Mpumalanga
- MEC Mr Bentley Vass, Cooperative Governance, Human Settlements and Traditional Affairs, North West
- MEC Mr Tertius Simmers, Infrastructure, Western Cape
- Cllr Carl Pophaim, Mayoral Committee Member for Human Settlements, City of Cape Town

Dear Minister Simelane

CALL TO REFORM THE NATIONAL HOME BUILDERS REGISTRATION COUNCIL (NHBR)

We write to you firstly as the Western Cape Property Development Forum (WCPDF), an NPO which represents the broad-based interests of those involved in the full production pipeline within the property development and construction industry in our province. Our listed membership currently stands at 2 931 members, and we also represent the Western Cape nationally on the Construction Alliance of South Africa (CASA). However, equally important, we also write to you on behalf of all those involved in our industry across South Africa.

We hereby call on the Ministry of Human Settlements to address the overall crisis within the National Home Builders Registration Council (NHBRC) as a matter of extreme urgency, towards the solution-driven reform that the NHBRC so desperately needs. This is a matter which can no longer go without resolution; the WCPDF is itself now inundated weekly as members of our industry outline their frustration and disappointment across the broadest functions of the NHBRC.

We also firmly believe the matter goes beyond the Ministry of Human Settlements, hence the ccing of this letter to the Ministers of the Department of Corporate Governance and Traditional Affairs (COGTA); Public Works and Infrastructure; Trade, Industry and Competition (dtic); Finance; and Basic Education; as well as the Director Generals of National Treasury, COGTA, SALGA Human Settlement and Urban Agenda Working Group, the Banking Association of South Africa (BASA), CIDB, and the MECs and Senior representatives of Human Settlements in all Provincial Departments.

As Minister of Human Settlements, you undertook to investigate the dysfunction of the NHBRC, following the findings of your department's report into the George building collapse in 2024. The WCPDF commends you for publicly acknowledging the failure of the NHBRC via this tragic instance, though it seems that little has transpired since April 2025.

The Broader Problem

The NHBRC was originally created to focus on the regular structural defects in government-funded low-cost housing projects. Over time, however, it has expanded its powers and scope to include the regulation, registration, and verification of virtually any structure that could be used for housing – including rental and sectional title developments that remain under private ownership long after any construction-related defects could emerge.

While this expansion would appear laudable in principle, in practice it has created regulatory duplication, unnecessary cost, and administrative dysfunction.

Local government, through its building control functions, is already tasked with assessing and approving all building plans under the National Building Regulations (NBR) – legislation focused on the safety and structural integrity of buildings. The NHBRC therefore duplicates municipal responsibilities, adding cost and delay without enhancing protection; costs which ultimately land on the very consumer the NHBRC is mandated to protect.

This duplication raises a fundamental question: has local government become unable to enforce the National Building Regulations effectively, or is the NHBRC's continued existence primarily motivated by the financial and legislative power it generates?

Financial Performance and Accountability Concerns

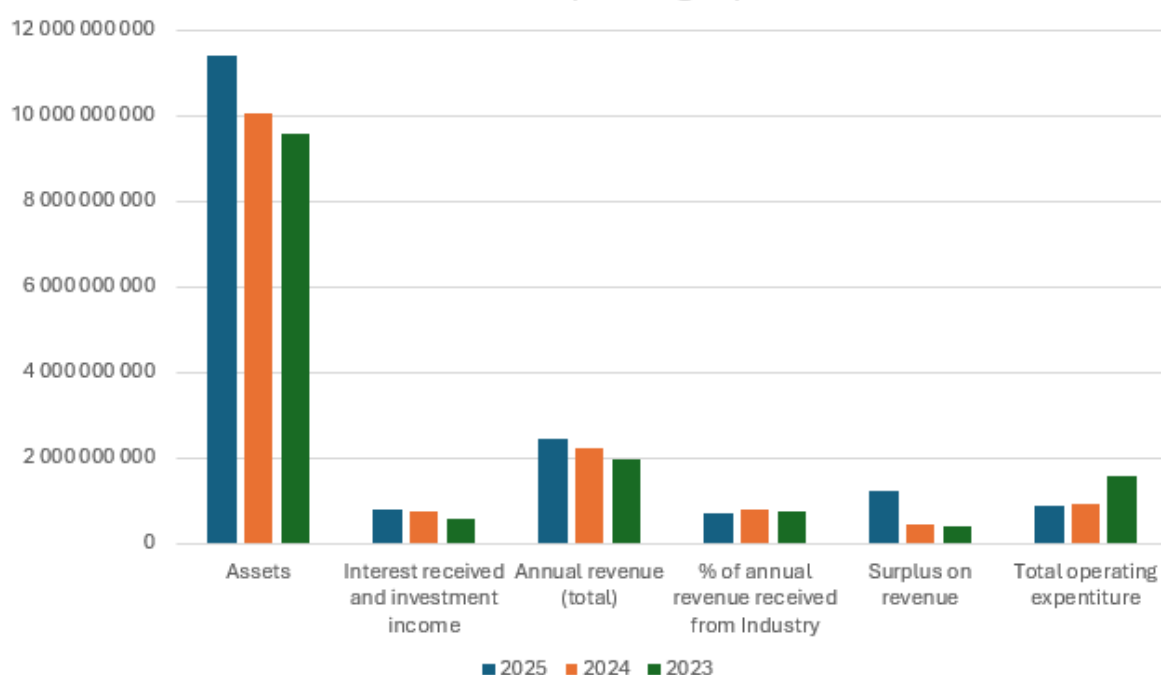
The NHBRC's most recent Annual Report (2024/2025) appears to reveals a financially powerful but operationally questionable institution:

- **Revenue:** R2 426 832 924 generated in 2024/25, adding over R1 229 594 796 surplus to capital reserves which now in turn stand at R11 394 119 548.
- **Investment income:** R777 469 750 earned in interest alone.
- **Industry contributions:** During the course of the 2024/25 financial year, our industry members paid R145 823 622 in member fees, R520 626 866 in insurance premiums and R11 451 840 in technical fees: a total of R677 902 328, amounting to 28% of revenue earned for the year.
- **Insurance claims actually paid out:** R15 781 968 - less than 0.7% of total 2024/25 revenue. This is only slightly higher than the R14 835 197 which the NHBRC paid out in legal fees incurred.

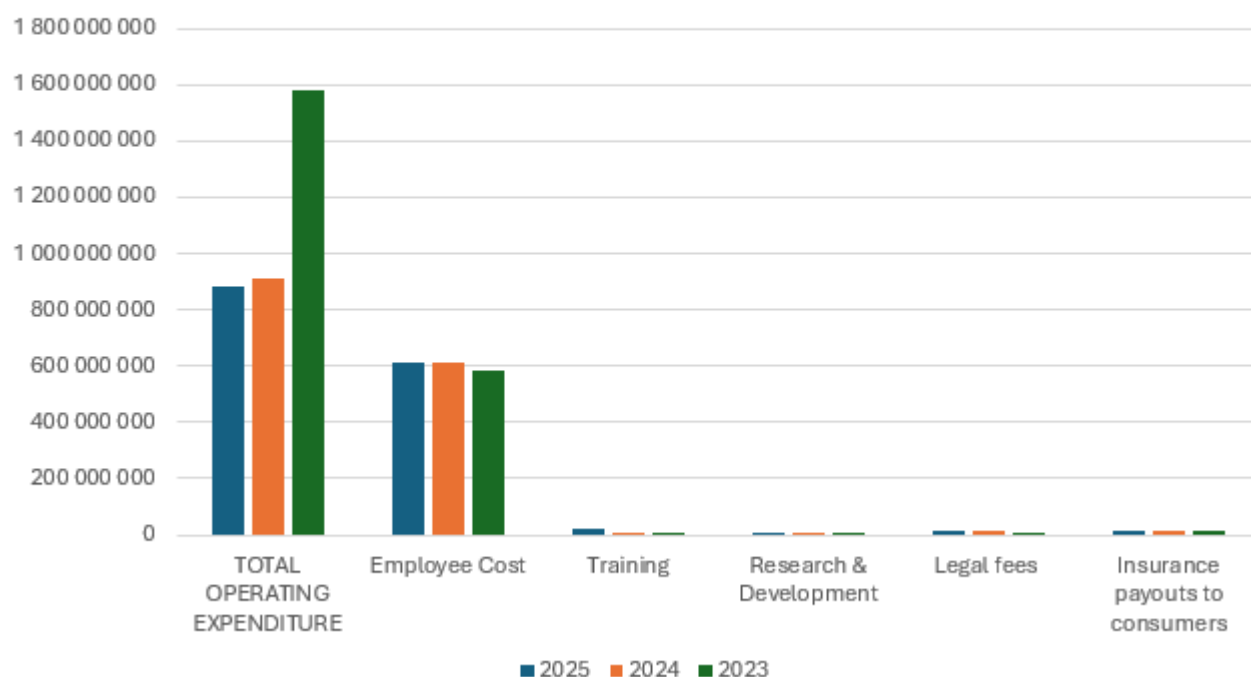
- **Employee costs:** R612 497 753 for 550 employees – which would average over R1 113 632 per employee per year.
- **Research and development:** In the 2025 financial year, research and development appears to amount to only R1 092 613 against revenue (ie 0.05% of the NHBRC’s income being spent in this field); this despite the mandate of the NHBRC to:
 - Conduct and commission research to investigate construction methods, materials and technologies to support innovation and alternative building methods towards safe, cost-effective and sustainable housing construction. (As an aside, we also find it of interest that Human Settlements has now announced that it requires 2% of housing grants from provinces and metropolitan municipalities to be allocated towards innovative building technologies, when the NHBRC itself appears to spend only 0.05% of this on its own mandate.)
 - Improve and update technical standards
 - Undertake research related to consumer protection.
- **Training:** of the total revenue for 2025, only R23 364 412 appears to have been spent on training – a mere 1% of total revenue, this despite the mandate of the NHBRC to:
 - Provide training programmes for emerging contractors, registered builders and technical staff
 - Develop skills and accreditation
 - Support sector-wide transformation through capacity building
 - Train builders and inspectors in the correct application of new, innovative construction methods to ensure quality and safety.
- **Emerging Contractors:** The NHBRC’s Emerging Contractor Reserve which appears to be “targeted at the empowerment of emerging home builders registered with the NHBRC” and which claims to “start and manage their own construction contracting businesses” appears to stand at R606 480 (for the current financial year) with “the remaining reserve to be utilised for future years” standing at a mere R3 058 559.

As a comparison of just some of the above figures as per our understanding, we note the following two graphs:

NHBRC 2023-2025 | Assets, interest received and annual revenue vs total operating expenditure



Total Operating Expenditure in relation to employee cost, training, research & development, legal fees and insurance payouts to consumers



These figures raise critical questions about value for money, financial transparency, and accountability. The NHBRC's growing reserves - and in particular its limited claims payments - reflect a self-sustaining bureaucracy rather than a functioning consumer protection mechanism.

Questions for Government

The WCPDF urges the Department of Human Settlements to investigate the NHBRC's purpose and performance in the context of broader housing delivery and governance challenges. Specifically, in line with the following:

1. **Duplication of mandates:** Is government intentionally “double-dipping” by charging for both the municipal building plan process (under the National Building Regulations) and NHBRC enrolment for the same project? This should also be of great concern to both COGTA and SALGA.
2. **Banking sector enforcement:** Why do South African banks continue to require NHBRC enrolment, effectively legitimising underperformance and imposing costs on developers and consumers alike? The question should lie equally with National Treasury in respect to banking regulations.
3. **Consumer costs:** Are consumers aware of the limited insurance payments that are made each year? And that NHBRC fees are passed directly into the end price of homes, reducing affordability and fuelling inflation in the housing sector?
4. **Original insurance intent:** Why has the NHBRC not fulfilled its founding mandate - to facilitate private sector insurance of new housing - rather than operating a government-owned insurance monopoly? We call on the dtic to question this in terms of its Competitions Commission mandate.
5. **Skills and research duplication:** Given the existence of other entities with similar mandates - such as the Council for the Built Environment (CBE), Construction Education and Training Authority (CETA), and the CSIR - why does the NHBRC continue to justify its training and research function with no visible meaningful outcomes? Likewise, why does it not partner with industry bodies such as the Master Builders Association of South Africa (MBASA) to understand where the skills shortages are in the industry, and utilise these funds where they are needed most to improve the quality of the workmanship, hence assist in improving standards in the industry?

Again, these questions reflect an urgent need for clarity, accountability, and reform. The tragedy of the George building collapse, in which 34 workers died and 28 were injured, illustrates the devastating consequences of fragmented oversight and unaccountable regulation. Despite its massive reserves, it remains unclear whether the NHBRC has provided any financial redress to the affected families.

Systemic Inefficiencies and Impacts

The property development and construction industry has long (and collectively) identified systemic issues in the NHBRC's administrative and technical operations that undermine delivery timelines, increase project costs, and erode confidence in the regulator's ability to fulfil its mandate.

1. **Registration and Enrolment Delays:** Builder registration and home-enrolment processes are slow, unpredictable, and inconsistently handled. Frequent breakdown of online systems forces developers into manual workarounds, creating delays that affect project commencement and cashflow.
2. **Bureaucratic Dysfunction:** Exams and registration are described as incompetently managed, trivial and poorly administrated with a lack of accountability on performance management.
3. **Poor Communication and Responsiveness:** Emails and calls often go unanswered, and developers struggle to obtain clear, authoritative guidance on administrative requirements. Instructions vary across regions and officials, resulting in uncertainty and rework.
4. **Inconsistent Interpretation of Regulations:** Different NHBRC branches (and even individual inspectors) apply technical and administrative requirements inconsistently. This unpredictability creates project risk and undermines compliance planning.

5. **Excessive Documentation Requirements:** Developers are frequently asked to resubmit documents already provided, and requirements sometimes go beyond what is legally stipulated. Changes to required documentation often occur without prior communication.
6. **Inefficient Inspection Scheduling:** Inspections are difficult to schedule, are often late or prematurely assigned, and cancellations by inspectors disrupt construction sequencing. Developers have limited recourse when such delays occur.
7. **Outdated and Unreliable Digital Systems:** The NHBRC's online portal is prone to system failures, login issues, and data loss. The lack of integration with municipal systems forces duplication of work and repeated submissions.
8. **Fee Structure Not Linked to Service Delivery:** Developers perceive enrolment fees, penalties, and late fees to be rigidly applied without transparency or clear value, particularly when administrative performance is poor.
9. **Burden on Emerging Contractors and Micro Developers:** Complex administrative processes disproportionately affect emerging contractors and micro developers, causing delays to joint-venture projects and forcing late changes in main-contractor appointments and registering of units built by micro developers.
10. **Lack of Accountability and Dispute Resolution:** There appears to be no effective mechanism for escalating administrative delays or challenging inconsistent decisions. Appeals are too slow to be meaningful during active construction.
11. **Misalignment with Modern Development Models:** NHBRC processes do not align well with multi-storey, sectional title, or phased developments, requiring inefficient workarounds that add administrative complexity.

Collectively, these issues point to the need for urgent administrative and systems reform to ensure the NHBRC can support – and not hinder, as it currently does - the delivery of housing and economic development.

Towards Reform: Principles and Proposals

The WCPDF and its industry partners do not call for deregulation of the NHBRC, but rather for efficient, non-duplicative regulation that genuinely protects consumers while supporting housing affordability and industry growth. The following are proposals are suggested for reform.

1. **Reassessing the NHBRC's financial model**
 - The commissioning of an independent actuarial review of the NHBRC's reserves and claims performance. In the interim, the suspension or reduction of the levy pending that review (as permitted under the NHBRC Act).
 - Thereafter, introducing a sliding scale or risk-based or project-based fee structure reflective of a project size, type and developer risk profile, rather than a fixed levy.
 - Opening the market to private insurers to introduce competition and consumer choice, fostering competition.
2. **Streamlining regulatory functions**
 - The realignment of mandates between the NHBRC, COGTA, DTIC and other related entities to eliminate duplication.
 - The confining of the NHBRC role to consumer protection and warranty administration only, leaving quality enforcement to existing municipal and professional systems.

3. Restoring accountability and service standards

- Establish transparent service-level agreements with measurable performance metrics (eg: approval turnaround times).
- Publish annual performance and financial audits in a more accessible and detailed format.

4. Reinvesting in skills development

- Redirect a portion of NHBRC reserves towards industry-led training initiatives in partnership with organisations such as the Construction SETA and Master Builders Associations.
- Revive or support sector capacity programmes similar to those formerly and effectively driven by the Building Industries Federation of South Africa (BIFSA).

5. Truly enabling innovation and affordability

- Redirect NHBRC reserves or re-allocate a substantial budget from annual income towards research and development to genuinely enable the development of innovative, cost-effective, scalable construction methods and housing solutions aligned with national housing policy goals.

A Collaborative Path Forward

The WCPDF proposes that the Minister of Human Settlements, working with COGTA, SALGA, Public Works and Infrastructure, DTIC, National Treasury, Basic Education and CIDB, establish a joint task team to review the NHBRC's financial model, mandate, and alignment with national housing objectives.

It is recommended that this review:

- 1. Include representation from recognised industry bodies such as CASA, WCPDF, SAFCEC, MBASA, and SAPOA.**
- 2. Invite input from financial institutions, insurers, and consumer representatives.**
- 3. Recommend immediate interim measures - such as levy reduction or suspension - to alleviate current project costs.**
- 4. Propose a long-term restructuring framework that restores efficiency, trust and accountability.**

Conclusion

The NHBRC was established with the noble intention of ensuring quality and protecting homeowners. Yet, in its current form, it has evolved into what appears to be a duplicative, costly, and inefficient bureaucracy that serves neither the consumer nor the construction industry effectively. The WCPDF therefore calls upon government to initiate a comprehensive, transparent review to reform the NHBRC's role and relevance.

Reform is not about removing oversight, but rather about ensuring that regulation genuinely supports the delivery of safe, affordable housing and the sustainability of South Africa's construction industry. We will be calling on all our associate industry organisations throughout South Africa to support this call for reform.

Sincerely



DEON VAN ZYL

Chairperson: Western Cape Property Development Forum