



human settlements

Department:
Human Settlements
PROVINCE OF KWAZULU-NATAL

HUMAN SETTLEMENTS POLICY COMMUNIQUÉ

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KZN Human Settlements

Private Bag X54367

DURBAN

4 000

Tel : (031) 336 5363/5366

Fax : (031) 336 5358

Website: www.kznhousing.gov.za

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BROAD BASED BLACK ECONOMIC EMPOWERMENT (BBBEE)

The revised Regulations for Preferential Procurement Policy Framework Act (PPPFA) were approved on 6 June 2011 by the Minister of Finance: Pravin J Gordhan. The revision of the Act brings the PPPFA into full alignment with the Broad Based Black Economic Empowerment (BBBEE) and its Codes of Good Practice. This brings changes to the current tendering procedure to ensure compliance with the new legislation. The new Regulations impact on entities that are involved in the procurement and supply chain functions. All private business that provides services to government must be verified by the accredited verification agencies by the **7th December 2011** in order to be considered for future business. All verified sectors will receive the BBBEE verification certificate as proof of verification. The BBBEE certificate is a verified report on the business's current status as a BBBEE contributor according to the Department of Trade and Industry's (DTI) Codes of Good Practice. Tender points will be allocated based on BBBEE compliance.

REQUIREMENTS

The Act puts emphasis on the following:

- All organs of state, public entities (including municipalities) must be BBBEE compliant
- All private business **that provide services** to government, public entities and municipalities must be BBBEE compliant to be considered for any future business
- All state organs, public entities and municipalities must be verified before the new regulations take effect
- All service providers that depend on government/municipality for business must be verified before the new regulations take effect
- Non- BBBEE compliant service providers will no longer get recognition from all organs of state, public entities and municipalities once the new regulations take effect.
- The new regulations are effective from **7/12/2011**
- All government departments, public entities and municipalities cannot employ services of unverified service providers after the **7/12/2011**
- The old supplier database will cease to exist with effect from **7/12/2011**
- All verified sectors will have certificates as proof of verification

VERIFICATION AGENCIES

The Minister of Trade and Industry determined that with effect from 1 February 2010 only verification certificates issued by South African National Accreditation System (SANAS) accredited verification agencies will be valid. An accredited verification agency will have demonstrated through formal assessments that it is competent to perform verifications.

The SANAS accredited verification agencies can be accessed on the following websites:

www.thedti.gov.za/economic.empowerment

www.sanas.co.za

www.abva.co.za

The above list is updated as and when Verification Agencies are accredited.

=====END=====

GUIDELINES FOR QUALITY MANAGEMENT PLANS ON HOUSING PROJECTS

The Guidelines for Quality Management Plans on Housing Projects was approved by the MEC: Human Settlements for implementation on 13 October 2011. The Department has experienced poor quality of work in a number of housing projects. Due to poor quality there are a large number of projects where rectification (rework) is undertaken. The cost of rectification projects has proven to be expensive and wasteful expenditure. It has also resulted in fewer new projects being approved and as a result the department has assisted fewer beneficiaries.

In 2010 the Department approved the Quality Assurance Framework. The Framework encouraged quality management in housing projects in order to ensure that the quality of houses built (top structures) are not compromised. It also emphasized the need for statutory compliance to ensure quality such as enrolment with NHBRC, building materials must be SABS compliant etc.

Quality on projects should start at the establishment phase, by establishing the correct project brief and scope and it flows through all phases of the project up to project approval and project close out. An important principle of quality is that benefits derived from the quality system must outweigh the cost of establishing and running the system. These benefits will include customer satisfaction. The approach to quality planning will be determined by the quality policy or quality management plan that has been adopted at the beginning of the project. A poorly developed quality plan will compromise the performance on a project.

The ISO 9000 standards relate to the development of quality management systems and are designed to help organizations ensure they meet the needs of customers and other stakeholders. ISO 9001 focuses on the basic requirements that are required for a quality management system which include the following.

- Requirements for the quality management system and documentation;
- Management responsibility, focus, policy, planning and objectives;
- Resource management and allocation;
- Product realization and process management; and
- Measurement, monitoring, analysis and improvement.

POLICY OBJECTIVES

The purpose of this guideline is to:

- assist with the development of a quality management plan for housing projects that will be undertaken;
- ensure that quality is an integral part of every housing project ;
- reduce rework on housing projects;
- ensure compliance with norms and standards: and
- ensure that houses meet the satisfaction of beneficiaries (customers).

GUIDELINE FOR A QUALITY MANAGEMENT PLAN

A quality management plan for each project must be submitted together with the application for project approval. The guideline serves to assist applicants and officials in respect of the minimum content requirement.

SCOPE OF PROJECT

The project must be defined in terms of what is the purpose or objective of the project, the contracting strategy and the subsidy programme that will be used to implement the project. It must also include the number of units that will be delivered. It must be indicated which aspects of the project will be implemented through the Expanded Public Works Programme (EPWP). Should any variations to the project be required what will be the process and who will be responsible or mandated to make such decision(s).

BUDGET

The Implementing Agent must ensure that the budget for the project is approved. It must be indicated what can be done within the budget and should there be any budgetary constraints these must be highlighted. There must also be an indication of who will be paid, when they expect to be paid and the documents that will be submitted for the respective claims. Should there be any reasons for variation orders the process to be followed and the roles and responsibilities of the persons involved.

PRODUCT SPECIFICATION

The product that will be delivered must be specified in terms of size, finishes such as fascias boards, tiled roofs etc. and this includes the services that will be delivered with the top structure.

MATERIALS

A bill of quantities of the building materials must be included indicating the quality of materials to be used and when and how sample tests will be undertaken. A procurement plan stating when, how materials will be procured and it must include estimated costs of materials. The procurement plan must be aligned to the project timelines as per the development plan.

PROCEDURES

The quality management procedures that will be used to implement the project must include the following.

- The inspections that will take place and at which stage(s).
- The checklists that will be used to ensure that there is compliance.
- Quality control testing on building materials.
- Quality control testing, reviewing results.
- Tracking of construction deficiencies and ensuring timely corrective measures.
- Quality control report.

ORGANIZATIONAL STRUCTURE

An organizational structure of the company and the resources that will be allocated to the implementation of the project must be included. The organizational structure must clearly indicate the lines for reporting and communication. Included must be details in respect of the following:

- Who is the top management of the company
- The financial capacity of the company
- Credit rating
- CiDB grading
- NHBRC registration/status
- Personal liability cover
- Indemnity insurance applicable to the project
- Brief overview of the implementation strategy
- In the case of a joint venture (JV) who is involved in the partnership and details of the roles and responsibilities of each company in the JV.

RESOURCES

All resources that will be used to implement the project must be outlined i.e. financial, equipment and human resources.

The financial resources will be linked to the project budget.

There must be an inventory of equipment that will be used and it must also be indicated to what extent the equipment will be used and the percentage of work that will be labour intensive.

There must be a detailed organizational structure of the resources that will be used to implement the project. It must include the designation of each person and functions of the respective persons.

TIME-FRAMES

The project must have a development programme which is realistic and achievable. It must include the intervals at which inspections and/or quality control checks will be undertaken.

COMMUNICATION STRATEGY

There must be clear lines of communication which must include the following.

- Roles and responsibilities
- What will be reported and to whom
- Frequency of on-site meetings and standard agenda items
- who will maintain the records of the meetings
- how will the minutes of the meetings be circulated

REPORTING

It must be clearly indicated who will be responsible for the quality audits, what they will be auditing , who will be responsible for ensuring that any deficiencies or shortcoming are corrected and who will be responsible for closing out at the end of each stage.

RISK MANAGEMENT

It is important that there be a risk management plan for any risks that may arise on the project. The potential risks must be identified and a strategy to mitigate the risk must be outlined. It must also include who will be responsible for implementing and monitoring the plan and to whom they will be reporting to on the progress of plan.

The above is an extract of the policy. The **complete policy document & checklist** may be accessed on the Department's website at www.kznhousing.gov.za

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ANNUAL ADJUSTMENT OF THE HOUSING SUBSIDY QUANTUM

The Human Settlements MINMEC has announced an increase in the subsidy quantum 2010/11 financial year. The new housing subsidy amount is with effect from the 3rd November 2011. The detailed cost breakdown is attached in annexures A to F. The final adjustment represents an increase of 5, 6%. The table below illustrates the new subsidy amounts.

NB: The adjusted quantum is being communicated for the purpose of budgeting and is subject to change. Any such changes will be published in a subsequent edition of the Communiqué.

The 2010/2011 subsidy amounts with effect from 3 November 2011			
Subsidy Programme	Internal municipal engineering services: B Grade	Top Structure Funding: 40 sqm	Total product price excluding raw land cost
Project Linked (IRDP) Subsidies			
R0 – R3 500	R23 403.00	R58 825.00	R82,228.00
Consolidation Subsidies			
R0 – R3 500	None	R57 980.00	R57,980.00
Institutional Subsidies: Raw land cost and additional capital contribution by housing institution			
R0 – R3 500	R23 403.00	R57 980.00	R81,383.00
Individual Subsidies: Raw land cost, services and top structure			
R0 – R3 500		R88 228	R88,228.00
Rural Subsidies			
R0 – R3 500	R23 403.00	R57 980.00	R81,383.00
People's Housing Process			
R0 – R3 500	R23 403.00	R58 825.00	R82,228.00
Farm Resident Subsidies			
R0 – R3 500	*R23 403.00	R57 710.00	R81 113.00

*Indicative amount please refer to note at the bottom of the Services sheet

====END====

AGED AND DISABLED

The Housing Subsidy System shows a diminishing number of applicants who are aged and disabled. This is noted with concern in view of the fact that aged and disabled persons should be given priority on housing lists in order for them to easily access housing assistance.

The Provincial Department's housing policy for the Aged and Disabled was approved on the 20th October 2010. This policy provides and promotes:

- a framework for the cooperation between the key stakeholders in the housing industry, regarding participation and involvement of the aged and disabled
- the provision of skills training and empowerment programmes for sustainability and improvement of the quality of lives of the aged and disabled
- practical and suitable housing accommodation for the aged and disabled in terms of access to basic services and reasonable adaptations to their physical environment.
- that the disabled get preferential treatment in the procurement processes to close the economic gap that exists in our societies.

It is in the interest of the Department to see a future increase in the number of applications for the above category to ensure that they are assisted to access adequate housing, skills training and to also benefit from the Departments economic empowerment programmes. It is therefore emphasized that the needs of the aged and disabled should be prioritized in the allocation of units.

The above detailed policy may be accessed on the Department's website at www.kznhousing.gov.za

=====END=====

CALCULATION OF PROFESSIONAL FEES/ STAGE 1

The calculation of Professional Fees or Stage 1 amount should be determined as follows and may be adjusted to suit project specific needs, provided that the total amount for the stage/tranche is not exceeded i.e. R3 833.88 for the current subsidy quantum applicable with effect from 3 November 2011. Certain items reflected in the Indirect Cost: Professional Fees, as reflected in the detailed cost breakdown are to be moved to the second stage/tranche relating to services construction (in the case where services funding is used) and/or house construction (in the case where no services funding is being used). These activities are:

- Safety Inspector (DoL)
- Environmental Control Officer
- Site Supervisor: Clerk of Works-civil infrastructure
- Project Management (50%)
- Civil Engineer: Services (80%)

These items have been excluded as these are more likely to occur during stage/tranche 2 activities. The amount of 50% for project management is used as a **guideline amount**, and is derived from the recommended maximum to be paid by the developer to the contractor in terms of the revised Chapter 3 of the former Housing Code. The rationale behind this is that a vast amount of project management work is typically carried out in the planning and design phase of a project. The amount may be spread out across the three stages/tranches but it is suggested that the maximum amount allocated in the first stage/tranche should not exceed 50%. This is to ensure the availability of funds for work relating to other stages/tranches and to provide an incentive for the efficient completion for work throughout the project cycle.

Likewise, 80% for civil engineering services is derived from the recommended maximum to be paid by the developer to the contractor in terms of the revised Chapter 3 of the former Housing Code, as it is estimated that 20% for the design of infrastructure should be sufficient for the design component, leaving 80% for the actual supervision and construction of engineering services.

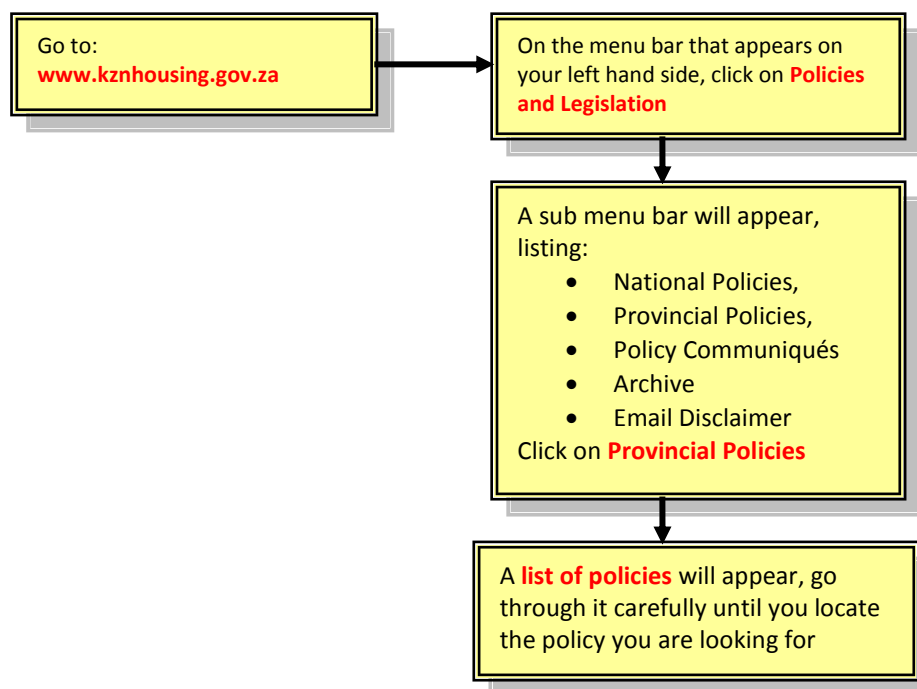
*For more details on how to determine the applicable stage/tranche amounts, please refer to the **Guideline for the Adjustment of the Progress Payment Milestones and Tranches** on the Department's website at www.kznhousing.gov.za*

=====END=====

HOW TO ACCESS POLICY DOCUMENTS ON THE DEPARTMENT'S WEBSITE

The following article published in Policy Communiqué 2/2010 is being re-communicated in an effort to help address the problem still being experienced by stakeholders trying to access policy documents on the Department's website.

Firstly, the Department's website address is www.kznhousing.gov.za . This website can be accessed by Human Settlement officials without internet access by simply clicking on the "internet explorer" icon which will display the Department's "intranet" site. On the extreme right side of the screen under the menu "quick links", click on "**Policies & Legislation**" or alternately type in the above website address in the address bar. When you access the page, go to the **menu bar** on the left hand side and click on "**policies and legislation**", a sub menu bar will appear parallel to the main menu, giving an option to choose between **National, Provincial policies, Policy Communiqués, Archives, and Email Disclaimer**, click on the relevant item you looking for i.e. "**Provincial policies**" if you require a Provincial policy document, etc. This will reveal the applicable list of the item selected. You will then have to go through the list carefully and locate the particular document you are looking for (This is illustrated in the diagram below).



Project Application Packs and Beneficiary Application Forms may also be accessed through the site by going to the main menu on the left side of the screen and click on "**Forms**" which will take you to a list of forms available. Click on "**Project Application Packs**" and this will take you to the different project application packs and beneficiary application forms available.

=====END=====

Annexure A

Detailed cost breakdown of a 40sqm subsidised house effective from 3 November 2011		
Constuction cost and subsidy amount of a 40 sqm house	Earthworks (provisional)	R 834.31
	Concrete, Formwork and Reinforcement	R 4,531.44
	Brickwork	R 15,034.01
	Roof structure	R 3,945.36
	Windows	R 1,466.72
	Doors and Frames	R 1,750.16
	Finishing and Paintwork	R 2,336.29
	Electrical	R 1,162.08
	Plumbing and Toilet	R 6,977.10
	Material	R 38,037.48
	Labour	R 10,277.38
	Sub Total	R 48,314.86
	P & G	R 5,246.36
	Overheads	R 2,212.65
	Transfer costs	R 844.80
	Beneficiary Administration	R 270.28
	Profit	R 1,936.07
Total	R 58,825.03	
Total Cost (Rounded Off)	R 58,825.00	

Detailed cost breakdown of a serviced stand with effect from 3 November 2011		
Cost of a serviced stand	Indirect Cost	
	Professional fees	
	Safety Inspector (DoL)	R 72.08
	Environmental Control Officer	R 57.66
	Pre-planning Studies	R 385.62
	Project Management	R 791.00
	Geotechnical Evaluation	R 94.94
	Contour Survey	R 63.29
	Land Surveying and Site Pegging	R 316.40
	Land Survey examination fee	R 98.09
	Town Planning	R 427.11
	Civil Engineer : Services	R 949.19
	Site Supervision : Clerk of Works - Civil	R 240.45
	Social Facilitation	R 316.41
	Legal Fees	R 21.66
	Sub Total : Indirect Cost	R 3,833.88
	Direct Cost	
	Water Reticulation (including meter)	R 4,872.50
	Sanitation Reticulation	R 5,663.46
	Roads	R 3,638.53
	Storm Water	R 5,267.97
	Street Lighting	R 126.54
	Sub Total Direct Cost	R 19,569.00
	Total Cost of a Serviced Stand:	
	Sub Total : Indirect Cost	R 3,833.88
	Sub Total : Direct Cost	R 19,569.00
Total :	R 23,402.88	
Total Cost (Rounded Off)	R 23,403.00	
<p>In respect of the Farm Residents Housing Assistance Programme these amounts must be used as a guide. The amount of R23 403,00 is the maximum amount. The actual subsidy amount will be calculated by the MEC and the amount will always be less than the full services amount as services such as street lighting, storm water and full water borne sanitation will not be provided. There will also be savings in the indirect cost.</p>		

Annexure C

Informal settlement upgrading programme: Effective from 3 November 2011	
Phase 1	Amount
Survey, registration, participation, facilitation, dispute resolution etc	3% of project cost
Geotechnical investigation	R 97.08
Land acquisition	R 2,764.29
Pre-Planning	R 832.98
Interim engineering services	R 3,132.87
	R 0.00
Phases 2 and 3	R 0.00
Detailed town planning	R 436.84
land surveying and pegging	R 323.59
Contour survey	R 64.72
Land survey examination fee	R 100.31
Civil engineer's fee	R 970.76
Site supervision fees	R 245.90
Permanent engineering services provision	R 20,013.77
Project management	8% of total cost
Relocation grants	
Transportations and loading costs for people and household effects	R 414.65
Social service support including support for the registration of social benefits, school registration and other welfare support	R 313.29
	R 0.00
Relocation food support to households	R 516.01
Maximum cost per household	R 1,243.94

The 2010/2011 subsidy quantum with effect from 3 November 2011 housing subsidy for current commitments approved before 1 April 2007 in terms of the National Norms and Standards for 30sqm houses and blocked projects

	Item Description	Amount
1. The Serviced Stand Cost	Indirect Costs:	
	Professional Fees:	
	Beneficiary Administration	270.28
	Safety Inspector (DoL)	72.08
	Environmental Control Officer	57.66
	Pre-planning studies	385.62
	Project management	791.00
	Geo-technical Investigation	94.94
	Contour Survey	63.29
	Land surveying and site pegging	316.40
	Land survey examination fee	98.09
	Town Planning	427.11
	Civil Engineer: Services	949.19
	Site supervision: Clerk of Works- civils	240.45
	Social facilitation	316.41
	Legal Fees- Agreement	21.66
	Sub Total: Indirect Costs	4,104.16
	Direct Cost:	
	Water reticulation (incl. Meter)	4,872.50
	Sanitation reticulation	5,663.46
	Roads	3,638.53
	Storm Water	5,267.97
	Street lighting	126.54
	Sub Total: Direct Cost	19,569.00
Total cost of a serviced stand:		
Sub Total: Indirect Costs	4,104.16	
Sub Total: Direct Cost	19,569.00	
Total	23,673.16	
Total cost (rounded off)	23,673.00	
2. Construction cost of 30m2 House	Earthworks (provisional)	2,013.65
	Concrete, Formwork and Reinforcement	2,710.10
	Brickwork	7,172.65
	Roofstructure	5,779.14
	Windows	2,449.99
	Doors and frames	1,614.06
	Finishing and Paintwork	1,010.36
	Plumbing and Toilet	1,514.02
	Material	24,263.96
	Labour	5,968.93
	Sub Total	30,232.89
	P&G	1,209.33
	Overheads	1,360.47
	Profit	1,058.16
	Total	33,860.85
	Total cost (rounded off)	33,861.00
Grand Total	57,534.00	

EMERGENCY ASSISTANCE PROGRAMME: 2010/2011 grant amounts with effect from 3 November 2011		
TEMPORARY ASSISTANCE	ITEM	AMOUNT
1. Basic Municipal Engineering Services in respect of temporary assistance on a shared basis (Inc. VAT)	a) Indirect Costs:	
	Beneficiary Administration	276.43
	Safety inspector (DoL)	73.72
	Environmental Control Officer	58.98
	Pre-planning studies	394.37
	Project Management [1]	78.68
	Geo-technical Investigation (if applicable) [2]	22.13
	Contour Survey [3]	14.73
	Land surveying and site pegging [4]	73.78
	Land survey (Surveyor General) examination fee [5]	22.87
	Town Planning – (i) Layout	40.90
	(ii) Township establishment	58.68
	Environmental Impact Assessment	26.23
	Civil Engineer: Services design & Site supervision:	120.62
	Social facilitation	52.45
	Legal Fees (If applicable) (rental agreements) [6]	5.24
	Mediation & Conflict Resolution [7]	41.95
	Sub-Total: Indirect Costs per stand	1,361.76
	b) Direct Cost:	
	Water reticulation on shared basis	1,058.13
	Sanitation on shared basis	989.13
	Roads (Main access)	782.10
	Storm Water	276.04
	Sub-Total: Direct Cost	3,105.40
	Total cost of a serviced stand: (portion of an ordinary stand shared between 5 units)	
	a) Sub-Total: Indirect Costs	1,361.76
	b) Sub-Total: Direct Cost	3,105.40
TOTAL STAND COST:	4,467.16	
TOTAL STAND COST (portion of an ordinary stand shared between 5 units) (rounded off)	4,467.00	
2. Construction Cost of 30m ² temporary shelter (Inc. VAT).	Roof sheeting / covering	5,571.33
	Side Cladding / Wall Cladding	9,175.88
	Columns and anchor bolts	5,440.21
	Column footings: Concrete bases for structure posts	1,308.87
	Rafters	2,523.43
	Purlins	3,275.62
	Door & Window posts and frames	2,194.49
	Side rails to support side cladding	2,686.75
	Flashings	786.70
	Door	2,024.27
	Window	1,957.56
	Flooring: Concrete	6,555.85
	Thermal improvement under roof	2,360.11
	Sub-Total:	45,861.07
	TOTAL SHELTER COST	45,861.00
	GRAND TOTAL PER GRANT	50,328.00
	REPAIR OF DAMAGED FORMAL PERMANENT HOUSING (EXCL. VAT)	
Existing services	Repair of services to National Norms and Standards	23,672.33
Existing houses	Repair of existing formal structure according to National Norms and Standards	33,861.61
GRAND TOTAL PER GRANT		57,533.94

For explanatory notes, please turn the page over.

[Notes]

- [1]** If the Municipality cannot manage the project.
- [2]** Only if site is to be used for temporary settlement with a permanent housing solution, or for scoping study.
- [3]** Only if site is to be used for temporary settlement with a a permanent housing solution, or where the topography necessitate for services planning purposes.
- [4]** Site pegging only for site to be used for temporary settlement with a permanent solution or permanent temporary area
- [5]** As in 4 above.
- [6]** When applicable.
- [7]** When applicable.

Annexure F

National Housing Programme: Social and Economic Amennities Grant quantum 2010/2011 grant amounts with effect from 3 November 2011	
Type of facility	Cost per facility (Incl VAT)
Medical care facility	R 286,789.79
Ablution facility if required	R 267,670.47
Subtotal:	R 554,460.26
14% project planning and project management	R 77,624.44
Subtotal:	R 632,084.69
Community hall (520m ²) inclusive of day care centre and ablution facility	R 1,139,192.77
14% project planning and project management	R 159,486.99
Subtotal:	R 1,298,679.76
Community park or playground	R 595,382.31
Ablution facility if required	R 267,670.47
Subtotal:	R 863,052.78
14% project planning and project management	R 120,827.39
Subtotal:	R 983,880.17
Taxi rank	R 678,190.76
Ablution facility if required	R 267,670.47
Subtotal:	R 945,861.23
14% project planning and project management	R 132,420.57
Subtotal:	R 1,078,281.81
Sports facilities	
Grassed field (110mx65m)	R 974,309.61
Combi Court (30mx15m)	R 179,243.62
Ablution facility if required	R 267,670.47
Subtotal:	R 1,421,223.69
14% project planning and project management	R 198,971.32
Subtotal:	R 1,620,195.01
Small business facilities	R 614,920.91
Ablution facility if required	R 267,670.47
Subtotal:	R 882,591.38
14% project planning and project management	R 123,562.79
Subtotal:	R 1,006,154.17
Subtotal excl. planning and project management fees	R 5,806,382.11
Total project planning and project management fees	R 812,893.50
Grand Total	R 6,619,275.60