



KWAZULU-NATAL PROVINCE

HUMAN SETTLEMENTS
REPUBLIC OF SOUTH AFRICA

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POLICY, RESEARCH & PRODUCT DEVELOPMENT

ENHANCEMENTS TO THE REVISED MATERIAL SUPPLY POLICY (The following is an extract of the approved submission)

The MEC for Human Settlements and Public Works approved the Enhancements to the Revised Material Supply Policy on 5 June 2022. These Enhancements must be read in conjunction with the 2021 Revised Material Supply Policy. The effective date for the implementation of the Enhancements to the Revised Material Supply Policy is 05 June 2022.

1. BACKGROUND

The Revised Material Supply Policy currently in place is intended for specific scenarios where the need exists for material to be supplied to qualifying beneficiaries but may only be used as an option of last resort. However, the recent floods in the province have required an immediate response by the Department to the disaster whereby the material supply option is being used.

The enhancement of the current policy seeks to address the gaps identified by the office of the Auditor General by providing a **Standard Operating Procedures** (SOP) for material supply in respect of formal and informal structures. Furthermore, the policy seeks to align the catalogue of materials for informal and formal structures to the current maximum allowable cost of material supply as well as to the current adjustment of the housing subsidy quantum for the year 2022/23 respectively.

2. ENHANCEMENT TO THE POLICY

2.1 A meeting was held between the Policy, Research & Product Development Directorate and implementers in the Department on 17 May 2022 to consult and clarify aspects of the required enhancements to the revised material supply policy and the relevant supporting documents required. The consultation revealed that the monitoring and certification of the use of the materials for the construction and successful completion of informal structures would be a challenge in view of there being no approved policy, standard or norm in terms of which such structures are built as they are informal. Further discussions were held on the draft documents with the Chief Financial Officer and the Director of Finance on 24 May 2022 whereby consensus was reached on the content of the document.

- 2.2 In an effort to establish an auditable process in terms of which the Department will undertake the supply of material to beneficiaries when required, a Standard Operating Procedure has been compiled to map the process that will be adopted to ensure that the following areas of concern are adequately addressed:
- a) The process of identifying beneficiaries: affected beneficiaries of different disaster situations will be identified through the Municipality, Office of the MEC, War-rooms and other reliable or recognized social media sources. **Details or a list of the affected beneficiary/ies** is required to be submitted to the Department.
 - b) The method used to identify the actual goods/materials needed will be determined through a physical verification, by the Department's works inspectors, of the personal details and place of residence of the affected beneficiary/ies against the details/list provided. An assessment is conducted by the inspector of the affected structure/house and a **Damage Assessment Report** is completed with photographic proof thereof.
 - c) The determination of whether the structure requires to be repaired or rebuilt will be based on the assessment undertaken by the Department's Works Inspector. A list of the required materials will be compiled by the inspector. The list of materials to be supplied and cost limit will be informed by **the Catalogue of Material** for informal and formal structures and must not exceed the prescribed quantities.
 - d) The confirmation of the delivery and receipt of the materials to the respective beneficiaries will be undertaken by the Department's Project Management officials. The beneficiary will receive materials on delivery and sign an **Acknowledgement of Receipt of Material form**.

3. FINANCIAL IMPLICATIONS

- 3.1 The current maximum allowable cost of materials for informal structures in terms of the catalogue of materials is **R13 019.17 including VAT** based on the current cost determined by the municipalities in May 2022. The cost is within the current Revised Material Supply Policy which is at R13045.60 including VAT (R11 344 x 15%).
- 3.2 The cost of material supply for a formal structure that requires to be rebuilt or reconstructed is limited to the current prevailing Emergency Housing Assistance subsidy quantum of **R140 085.00** for 2022/23 for repair or replacement of houses. Any future escalation in the costs must be aligned to the Bureau of Economic Research Building Cost Index (BER-BCI) and must not exceed the prevailing subsidy quantum for repair/reconstruction as approved by the National Minister for the Emergency Assistance Programme.
- 3.3 Delivery costs for the materials must be determined based on the current Policy to cater for the Location of the Development Site. Should there be no suppliers within the 20km radius, proof thereof must be provided and the Variation calculator must be used to determine the delivery cost payable.