



KWAZULU-NATAL PROVINCE

HUMAN SETTLEMENTS
REPUBLIC OF SOUTH AFRICA

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REVISED POLICY TO CATER FOR THE LOCATION OF THE DEVELOPMENT SITE

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Annexure A: Bill of quantities for 40 m² top structure.

Annexure B1: Map indicating major centres.

Annexure B2: Map with Major Centres demarcating 20 km radius & Optional Major Centres.

Annexure C: Copy of Variation Calculator questionnaire.

1. INTRODUCTION

The National Department of Human Settlements approved the Policy and Implementation Manual on the Variation of the subsidy amount to cater for extra ordinary development conditions with effect from April 2007.

It specifies the conditions, the precautionary measures and the costs of these measures, except for the location of the development site. The following provision is made for the calculation of the variation based on location factors.

“Location of the development site

- Location of the development site in relation to the distance from (km) the identified major centre in the province. Only sites in excess of 20km from the Major Centre will qualify for this adjustment of the subsidy amount. The major centres for each Province will be identified by the MEC.
- Adjustment of the subsidy amount as percentages (%) for material costs in major centres in the provinces.”

“Verification category

- The delivery of material for a 40 square meter house will be determined by measuring the distance of two trips with a ten-ton truck. The distance will be measured in one direction from the major centre to the development site and multiplied by two. The distance for bigger houses will be calculated in the same manner.
- In order for a project to qualify for the location allowance, the site must be located in excess of 20km (one direction) from the major centre. In such instances the location allowance can be applied for by using the variation calculator.
- The MEC of each Province will determine a percentage with which material costs for housing will be increased (between 1 and 5%) for each major centre.”

2. BACKGROUND

A policy to identify major centres in the KZN Province and to allow for the application of the location allowance based on distance was approved by the MEC in 2009 and reviewed in 2012. Although the guideline has been implemented since its approval, difficulties are consistently experienced in respect of the Implementing Agents not sourcing materials from the major centres where housing projects are located.

The National Variation Policy calculator suggested major centres and their percentage for each province, but it did not limit provinces in their application thereof. Currently the increase in material percentage is not applicable in KwaZulu Natal as it was not considered feasible due to the vastly differing price of materials across the Province.

Since the implementation of this policy guideline in 2009, the delivery cost has continued to escalate due to rising fuel prices and overall inflation. The average cost for a ten-ton truck to make 2 trips (in excess of 20 km) to deliver materials, had been approximately R7.45/kilometre) since 2007. This amount was adjusted annually by the National Department until December 2012 to take into account the escalation of delivery, labour and fuel. This is implemented in line with an overall escalation in terms of the Bureau of Economic Research Building Cost Index (BER-BCI).

A further challenge in the implementation of the locational allowance is that the variation calculator has not been aligned to the subsidy quantum increases since 2012. However, this matter is currently being addressed by the National Department of Human Settlements. The revised policy seeks to address the gaps identified through the years in the effort to enforce the implementation of this policy.

3. POLICY INTENT

The purpose of the policy is:

- 3.1 To re-assess and confirm the identified KZN major centres.
- 3.2 To enforce the Implementation by stakeholders to source materials from the identified major centres.
- 3.3 The major centres must be used to inform the calculation of the locational allowance for projects in excess of 20km from their centers to allow for the application of the location allowance based on distance. The major centres and optional major centres listed must be used to determine the adjustment of the subsidy to allow for additional costs relating to the delivery of materials.

4. GUIDING PRINCIPLES

- 4.1 In line with the Constitution of Republic of South Africa, Act No. 108 of 1996 which recognises everyone's right to access adequate housing and that the state must take reasonable legislative and other measures within its available resources to achieve the progressive realisation of this right. The Department makes every effort to address this need of households through various means.
- 4.2 In line with Housing Act 107 of 1997 which states that all spheres of government must give priority to the needs of the poor and consult meaningfully with individuals and communities affected by housing development.
- 4.3 The Consumer Protection Act 68 of 2008 spells out the rights of Consumer and the responsibilities of the supplier. The Department together with the relevant stakeholders must ensure that the end product is in line with the norms and standards related to this Act.

5. ASSESSMENT OF MAJOR CENTRES

In an effort to update the major centres identified in KZN, a research exercise was conducted whereby material suppliers in districts were identified and visited to confirm the ability to supply the required materials.

5.1 CONFIRMATION OF LIST OF MATERIALS

The BOQ required to build a 40 square metre house was used to compile the following list which was used to confirm the ability of material suppliers to supply the required material.

SPECIFICATION OF A 40m ² BNG HOUSE	
FOUNDATION & WALLS	
No	Type of Material
1.	Cement
2.	Concrete sand & stone
3.	Steel Y- bars
4.	Damp proof membrane
5.	Blocks - (M150)
6.	Brick force – (75MM)
7.	Doors- (H-wood) + Hollow Core =Doors + Handles
8.	Frames (H-wood) + Steel Frames
9.	Concrete Lentils
10.	Windows – ND4 (Sans 10400XA)
11.	Hoop irons
12.	Paint
ROOF SHEETING	
No	Type of Material
1.	Timber Battens
2.	Trusses
3.	Purlins
4.	Barge Boards
5.	Fascia Boards
6.	Roof Sheeting
7.	Battens
8.	Concrete tiles
9.	Roof tiles
10.	Timber wall plate

CEILING	
	Type of Material
1.	Insulation Sheet/ Fibre glass
2.	Cromadek sheet
3.	Fibre cement boards/Gypsum
4.	R- value dependent
5.	Batten
ELECTRICITY	
	Type of Material
1.	Plugs
2.	DB – Box
3.	Cables
4.	Light Connection & fittings
GUTTERS	
No	Type of Material
1.	Gutters
2.	Down pipes
3.	Tap
4.	Plinth
5.	2500L Jojo Tank
PLUMBING	
No	Type of Material
1.	Toilet & Cirstein – 1
2.	W/H Basin & accessories
3.	Shower & accessories
4.	15mm Polycop /similar
5.	Associated accessories
6.	110mm PVC-10m
7.	50m PVC
8.	Gully Tees & Bends
9.	External Tap

5.2 METHODOLOGY

The following methodology was used to determine the major centres:

(a) Identify suppliers:

- Identification of the existing and new major suppliers who supply the basic material to construct a house;
- A Desktop study was conducted to verify if the suppliers still exist and have the required materials;

- A Desktop study was conducted to verify if the new suppliers have the required basic materials;
 - Conducted internet research of the details of known and new leading suppliers;
 - Fieldwork was undertaken whereby the major suppliers were consulted to verify that the required materials as the compiled list was stocked/provided
- (b) An analysis of suppliers was done whereby the suppliers are grouped by town and categories identified to indicate how many were within the municipal boundary.
- (c) Municipal areas with 3 suppliers are considered a good option for a major centre as there is likely to be a continued availability should there be an economic downturn.

5.3 FINALISATION OF THE MAJOR CENTRES

The finalization of the major centres took into account the following:

- a) Suppliers that did not have a minimum of 4 or more of the items on the list were considered to not have the capacity to be a recognized supplier.
- b) Irrespective of 4 or more items not available, those suppliers in major centres who did not have the main required material e.g., sand, stone, cement, blocks, corrugated iron roof sheeting and capacity for delivery of material were also not recognized as suppliers.
- c) Each district municipality must have at least one major centre.
- d) The major centre must be accessible with reasonably well-developed road infrastructure within the town.
- e) The pricing for these materials must be in terms of the subsidy quantum and should include cement, sand, stone, blocks, cranked roof sheeting and transport costs based on the bill of quantities.
- f) In districts where hardware supply stores do not have the capacity to provide critical items such as concrete, blocks, roof trusses, and steel, the closest Major Centre or Optional Major Centre which falls out of the jurisdiction of the municipal boundary may be used to source these items.

6. LIST OF HARDWARE SUPPLIERS


The following is the list of 91 hardware supply stores consulted in 10 districts (excluding eThekweni) during 2022/3 research.

NO	DISTRICT	CENTRE	HARDWARE SUPPLIERS RESPONDED	REQUIRED MATERIAL AVAILABLE	TOTAL NUMBER OF SUPPLIERS
1.	Amajuba	Newcastle	PHW Express	Yes	
			Newcastle Build It	Yes	
			Sunshine Build It	Yes	
	TOTAL PER DISTRICT				3
2.	eThekweni	Bluff			
		Durban central	Various well known Hardware suppliers Existing		
		Kwamashu			
		Isipingo			
		Pinetown			
		Umlazi			
3.	Harry Gwala	Ixopo	Tricircle Hardware	Yes	
			Build it	Yes	2
		Kokstad	Build Mart	Yes	
			Sisonke Hardware	Yes	2
	Eastern Cape	Matatiela	Whittles Build (Pty) LTD	Yes	1
	TOTAL PER DISTRICT				5
4.	iLembe	Mandeni	Build it	Yes	
			Border Distributors & Hardware	Yes	
			Jabula Hardware	Yes	3
		KwaDukuza	Simunye Hardware	No	
			Cash Build	No	
			Protea Hardware Supplies	Yes	
			Jabula Hardware	Yes	
			Build it	Yes	
			Stanger Wholesale Hardware	Yes	6
	TOTAL PER DISTRICT				9

NO	DISTRICT	CENTRE	HARDWARE SUPPLIERS RESPONDED	REQUIRED MATERIAL AVAILABLE	TOTAL NUMBER OF SUPPLIERS
5.	uGu	Port Shepstone	Sunray Mica	No	
			Hafeeza Investments	No	
			Amos Hardware	Yes	
			The Seed House	Yes	4
		Umzinto	Tricircle Hardware	Yes	
			Berlims Hardware	Yes	2
TOTAL PER DISTRICT					6
6.	uMgungundlovu	Pietermaritzburg	Just Build	No	
			Msunduzi Build it	Yes	2
		Howick	Midmar Tile & Hardware	Yes	1
			TOTAL PER DISTRICT		
7.	uMkhanyakude	Ingwavuma	MKH Hardware	No	
			Build it	Yes	2
			Mtubatuba	Boxer Build	No
		Build Rite		No	
		Buco Mtubatuba		Yes	
		Build It		Yes	
		Jozini	Mtuba Hardware	Yes	5
			Boxer Build Jozini	No	
			Tiger Hardware & Tiles	No	
			Cashbuild	Yes	3
			TOTAL PER DISTRICT		
8.	uMzinyathi	Dundee	Docrats hardware cc	Yes	
			JKD Building Supplies	Yes	
			Right Price Hardware	Yes	
			Dundee Rank Hardware	Yes	4
		Nqutu	Supa Roof	No	
			Zain Hardware	Yes	
			Cash Build	Yes	
			Build it	Yes	4
		Tugela Ferry	Jabulani Build & Tiles	Yes	

NO	DISTRICT	CENTRE	HARDWARE SUPPLIERS RESPONDED	REQUIRED MATERIAL AVAILABLE	TOTAL NUMBER OF SUPPLIERS	
			Build it	Yes		
			Cash Build	Yes	3	
		Greytown	Ndaii Hardware	No		
			Build it	Yes		
			Aheer's Building Suppliers	Yes	3	
TOTAL PER DISTRICT					14	
	uThukela	Ladysmith	Cash Build	Yes		
			Ladysmith Hardware	Yes		
			Ladysmith Boxer Hardware	Yes		
			Buildware Ladysmith	Yes	4	
		Estcourt	HMS Hardware	Yes		
			Build it	Yes		
			Macksons Hardware	Yes	3	
		Bergville	Cash Build	No		
			Berg Hardware	Yes		
			Macksons Hardware	Yes	3	
TOTAL PER DISTRICT					10	
10.		King Cetshwayo	Richards Bay	BBS MICA	No	
	Builders Warehouse			Yes		
	Thembankosi Equipment & Hardware			Yes	3	
	Empangeni		Umfolozzi Hardware	Yes		
			Zululand Build it	Yes	2	
	Eshowe		Build Up Hardware	No		
			Buildrite	No		
			Sonera Hardware	No		
			Cashbuild	Yes		
			BBS Eshowe cc	Yes		
	Melmoth		Build it	Yes	6	
			Soner Hardware	Yes		

NO	DISTRICT	CENTRE	HARDWARE SUPPLIERS RESPONDED	REQUIRED MATERIAL AVAILABLE	TOTAL NUMBER OF SUPPLIERS
			KZN Hardware	Yes	3
		Nkandla	Build it	Yes	1
	TOTAL PER DISTRICT				15
11.	Zululand	Paul Pietersburg	Builders City	Yes	1
		Nongoma	Magic Hardware	No	
			KZN Hardware	No	
			Build Up Hardware	No	
			Jabulani Hardware	No	
			Cashbuild	Yes	5
		Pongola	Build it	Yes	1
		Vryheid	Build it	Yes	
			Magic Hardware	Yes	
			Cash Build	Yes	
			Ekhayaletu Hardware	Yes	4
		Ulundi	Supa Trade Build it	Yes	
			Boxer Superstores	Yes	
			Buco Ulundi	Yes	
			Cashbuild Ulundi	Yes	
	KZN Hardware		Yes	5	
	TOTAL PER DISTRICT				16
GRAND TOTAL					91

 Insufficient capacity to supply materials

6.1 SUMMARY FINDINGS

The Policy, Research and Product Development Unit consulted suppliers in 10 districts. The following is confirmed out of the research conducted:

NO	DISTRICT	FINDINGS	NO. OF RECOGNISED SUPPLIERS
1.	Amajuba	Three (3) hardwares supply stores were consulted. All 3 had the required materials and are recognized suppliers.	3
2.	eThekwini	Research was not undertaken at eThekwini district since it has always been considered as having capacity with well-known suppliers.	
3.	Harry Gwala	Five (5) hardware suppliers stores were consulted. All Five (5) had sufficient capacity and are recognized suppliers. One (1) out of 5 hardware supplier was a cross border situated in Matatiele.	5
4.	iLembe	Nine (9) hardware supply stores were consulted. Two (2) out of 9 had insufficient capacity to supply materials.	7
5.	uGu	Six (6) hardware supply stores were consulted. Two (2) out of 6 had insufficient capacity to supply materials.	4
6.	uMgungundlovu	Three (3) hardware supply stores were consulted. One (1) out of 3 had insufficient capacity to supply materials.	2
7.	uMkhanyakude	Ten (10) hardware supply stores were consulted. Five (5) out of 10 had insufficient capacity to supply materials.	5
8.	uMzinyathi	Fourteen (14) hardware supply stores were consulted. Two (2) out of 14 had insufficient capacity to supply materials.	10
9.	uThukela	Ten (10) hardware supply stores were consulted. One (1) out of 10 had insufficient capacity to supply materials.	9
10.	King Cetshwayo	Fifteen hardware supply stores were consulted. Four (4) out of 15 had insufficient capacity to supply materials.	11
11.	Zululand	Sixteen hardware supply stores were consulted. Eleven (11) out of 16 had the required materials and are recognized suppliers.	11
TOTAL NO. OF RECOGNISED SUPPLIERS (EXCLUDING ETHEKWINI)			69

6.2 REVISED MAJOR CENTRES

The following major centres have been identified based on research conducted and consultation with implementers in 2022/23 as having recognized suppliers.

DISTRICT	MAJOR CENTRE	OPTIONAL MAJOR CENTRE
Amajuba	Newcastle	
uGu	Port Shepstone	
uMgungundlovu	Pietermaritzburg, Howick	
Harry Gwala (Sisonke)	Ixopo, Kokstad	Port Shepstone, Howick, Pietermaritzburg
Eastern Cape	Matatiele (cross border supplier for Harry Gwala)	
uMkhanyakude	Mtubatuba, Jozini	Richardsbay, Mkhuze* Hluhluwe*
iLembe	Mandeni, Stanger (KwaDukuza)	Durban*
uThukela	Ladysmith, Estcourt, Bergville	
uMzinyathi	Dundee, Nqutu, Tugela Ferry, Greytown	Pietermaritzburg
King Cetshwayo	Richardsbay, Empangeni, Eshowe, Melmoth, Nkandla	
Zululand	Paulpietersburg, Nongoma, Pongola, Vryheid, Ulundi	Hluhluwe*
Mpumalanga	Piet Retief* (cross border supplier for Zululand)	
eThekweni Metro	Amanzimtoti, Ballito, Bluff, Durban central, Kwamashu, Isipingo, Pinetown, Umlazi	

1. * These were identified as new major centres based on a consultation meeting with the implementers held in 2023.

2. The Optional Major Centres may only be used to source **concrete, blocks, roof trusses and steel**.

6.2.1 Some areas where there are 2 major suppliers have been included to ensure a more equitable geographic spread (especially in larger district municipalities), and to ensure that there would be at least one major centre per district.

6.2.2 Cross border suppliers were evaluated and may be used to source materials by the Harry Gwala and Zululand Districts.

6.2.3 Optional major centres have been identified and may be used to source critical items namely, concrete, blocks, roof trusses and steel.

6.2.4 Projects falling within the 20km radius of the above Major Centres may not qualify for the locational allowance however they may be considered based on the following:

- Where critical items such as concrete, blocks, roof trusses and steel cannot be sourced from suppliers within 20km radius, the **CLOSEST** Optional Major Centre may be used to source these items.
- Written confirmation must be provided from the suppliers within the 20km radius of the major centre that the material cannot be supplied by them as and when required. In addition, a brief motivation from the district manager must be provided verifying the non-availability of these materials in order to qualify for the locational allowance.

7. LOCATION ALLOWANCE CALCULATION

Based on the research findings the following should be noted;

- 7.1 Quotations received in 2022 from the same suppliers in 4 districts reflect vastly differing costs on the same materials quoted.
- 7.2 In the research undertaken in 2009, the price difference in material was similarly found to be differing in the province. It was thus determined that the option to calculate the percentage on material costs for the locational allowance was not feasible. In view thereof, the province retains the position to not utilise the option of the percentage of material costs.
- 7.3 The determination of a variation based on a distance to be travelled for delivery of materials would still be a more practical approach as it can be measured and controlled more effectively.

The distance to be determined as follows:

- 7.4 The 20km inclusive distance of the development site from a major centre as defined in the national housing variation manual, will be a radius of 20km from the city/town hall (or nearest Police Station in the case of a suburb).
- 7.5 The distance beyond the 20km radius, must be measured in one direction along a road from the major supplier to the development site that can accommodate a 10-ton truck. The reason for this is that the electronic calculator, already contains a factor that multiplies the distance by 2 to account for the return trip.

This factor was derived as follows:

Ten (10) companies were phoned at random in to establish the cost per kilometre for a ten-ton truck to make 2 trips (in excess of 20 km) to deliver materials, in one direction. The average cost was then determined (at the time of finalising the calculator in 2007 it was approximately R7.45/kilometre).

The calculator can thus be summarised as:

- 7.6 Map areas with a 20km-metre radius (**Annexure B1 and B2** can be used as a guide).
- 7.7 Application for the locational allowance (material delivery costs) to be considered only for areas outside the periphery (thus the white areas on the map of Annexure B2).
- 7.8 The kilometer distance to be measured from the location of the site office to the closest major centre supplier (or where applicable, nearest municipality or suburb boundary).
- 7.9 This can be done by using electronic means such as “Google Maps” or GIS.

7.10 Where critical items such as concrete, blocks, roof trusses and steel cannot be sourced from suppliers within the 20km radius, the **CLOSEST** Optional Major Centre may be used to source these items. The distance must be measured from the development site office to the supplier in the Optional Major Centre.

8. HOW TO CLAIM FOR THE LOCATION ALLOWANCE

8.1 The National Department of Human Settlements 2012 Variation Manual calculator will be used to calculate the location allowance.

8.2 The distance measured from the development site as outlined in paragraph **7.8** and **7.10** must be captured under section 12 (location adjustment) of the calculator questionnaire (**Annexure C**).

8.3 The calculation sheet will automatically calculate the allowance based on the information captured on the calculator questionnaire.

8.4 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.

8.5 The Implementing Agent must submit a map showing the distance of the development site from the major centre. This should be verified by the Region by using electronic means such as “Google Maps”, or GIS.

9. MONITORING AND EVALUATION

The Policy, Research and Product Development Directorate will undertake a policy review after 3 years or when the need arises, and the Project Management district offices will administer the implementation of the policy.

