



**DEPARTMENT OF PUBLIC SERVICE AND ADMINISTRATION  
REPUBLIC OF SOUTH AFRICA**

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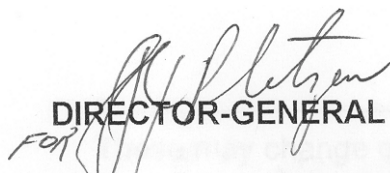
P Mashala  
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E1/2/6/1

20 March 2002

TO ALL DEPARTMENTS AND PROVINCIAL ADMINISTRATIONS

**HOME OWNER ALLOWANCE SCHEME: ADJUSTMENT OF HOME OWNER ALLOWANCE WITH EFFECT FROM 1 APRIL 2002**

1. According to PSCBC Resolution 3/99, the monthly home owner allowance is revised on the first day of each quarter based on the weighed average interest rate levied by the five biggest financial institutions as on 1 January, 1 April, 1 July and 1 October.
2. According to a survey conducted the weighed average interest rate levied by the five biggest financial institutions on 1 January was 13%.
3. Consequently, the Minister for the Public Service and Administration has approved that with effect from 1 April 2002, the monthly home owners allowance be adjusted as shown in the attached Annexure. The Financial Manual will be amended formally.
4. Treasury approval under reference SM 25/30 dated 20 March 2002 has been obtained for the relevant adjustment.

  
DIRECTOR-GENERAL  
FOR

1. HOME OWNER ALLOWANCE (*Resolution 3/99 part IV*)

1.1. Calculation of monthly allowance

The monthly allowance, which can be paid to a person, represents the smallest -

**1.1.1. amount of R481\* (R433\* in the case of a person who owns another previously subsidised home)**

**OR**

**1.1.2. amount calculated according to the following formula:**

$$A \times \frac{B}{100} = \text{said amount (rounded to the nearest higher Rand)}$$

where-

**A** represents the person's recognised loan amount or total of acknowledged loan amounts

**B** the factor 0,6858\* (or 0,6172\* in the case of a person who owns another previously subsidised home)

**OR**

**1.1.3. amount (rounded to the nearest higher Rand) calculated at the rate of 62%\* (or 60%\* in the case of a person who owns another previously subsidised home) of the person's compulsory monthly capital and interest redemption which is paid by stop-order to the mortgagee.**

1.2. The allowance that may be paid in respect of interest on the first/main mortgage before the first instalment is calculated as follows:

$$A \times \frac{B}{30} = \text{allowance on interest}$$

where

**A** represents the monthly allowance that is payable in respect of the person's recognised loan amount; and

**B** represents the actual number of days (maximum 30) in respect of which interest was imposed.

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These may change quarterly on 1 January, 1 April, 1 July and 1 October