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TO ALL NATIONAL AND PROVINCIAL DEPARTMENTS AND PROVINCIAL ADMINISTRATIONS


ADJUSTMENT OF THE MAXIMUM AND MINIMUM HOUSING ALLOWANCE WITH EFFECT FROM 1 JANUARY 2007

1. According to PSCBC Resolution 2 of 2004 and the Determination on Housing made by the Minister for the Public Service and Administration, the maximum monthly housing 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 01 January, 01 April, 01 July and 01 October of each year.
2. According to a survey conducted, the weighed average interest rate levied by the five biggest financial institutions as on 01 October 2006 was 11.5%.
3. The maximum housing allowance referred to above is revised according to the approved basis contemplated in par. 3.1.2 of the Determination on Housing. In terms of the revision, the maximum housing allowance that is applicable on 1 January 2007 is R403.00.00 per month. Please refer to the attached table at Annexure A.
4. In terms of the agreement reached in the PSCBC Resolution 2 of 2004 read with the Determination on Housing, the housing allowance introduced on 1 January 2005 is implemented according to the phasing-in process as reflected in the table hereunder:

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1 2005	January	R100
1 2006	January	40% of the maximum housing allowance as applicable on 1 January 2006
1 2007	January	60% of the maximum housing allowance as applicable on 1 January 2007
1 2008	January	80% of the maximum housing allowance as applicable on 1 January 2008
1 2009	January	100% of the maximum housing allowance as applicable on 1 January 2009, to a maximum of R403

5. In view of paragraph 3 and 4 the following will apply:
- a. the minimum housing allowance will increase to R242.00 per month (i.e. 60% x R403) with effect from 1 January 2007. Please refer to the attached table at Annexure B; and
 - b. the rental paid by employees occupying State Housing as required by the employer must, with effect from 1 January 2007, be equal to either the greater of R242.00 housing allowance referred to above or the amount of the rental defined in Part XVI of Annexure B to PSCBC Resolution 3/99.
6. The Minister for the Public Service and Administration has approved that with effect from 01 January 2007, the maximum and the minimum housing allowance be adjusted as shown in the attached Annexures. The Financial Manual will be amended accordingly.
7. Treasury approval has been obtained for the relevant adjustments. Expenditure in respect of the increased allowances must be accommodated within departments' existing MTEF allocation.


 For **DIRECTOR GENERAL**
 DATE: 13/12/2006

ANNEXURE A

ADJUSTMENT OF THE MAXIMUM HOUSING ALLOWANCE

Date effective	Weighed Average Interest Rate	Monthly Maximum Housing Allowance
1 April 2005	11%	R374
1 July 2005	11%	R374
1 October 2005	10.5%	R346
1 January 2006	10.5%	R346
1 April 2006	10.5%	R346
1 July 2006	10.5%	R346
1 October 2006	11%	R374
1 January 2007	11.5%	R403

ANNEXURE B

ADJUSTMENT OF THE MINIMUM HOUSING ALLOWANCE IN TERMS OF THE PHASING-IN PROCESS

Date effective	Percentage of the Maximum Housing Allowance	Monthly Minimum Housing Allowance
1 January 2005	R100	R100.00
1 January 2006	40% of the maximum housing allowance as applicable on 1 January 2006	R139.00
1 January 2007	60% of the maximum housing allowance as applicable on 1 January 2007	R242.00
1 January 2008	80% of the maximum housing allowance as applicable on 1 January 2008	
1 January 2009	100% of the maximum housing allowance as applicable on 1 January 2009, to a maximum of R403	