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TO THE HEADS OF ALL NATIONAL/PROVINCIAL DEPARTMENTS AND ADMINISTRATIONS

ADJUSTMENT OF THE MINIMUM HOUSING ALLOWANCE AND OTHER CHALLENGES WITH THE IMPLEMENTATION OF THE NEW HOUSING ALLOWANCE SCHEME

- 1 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:

1 January 2005	R100
1 January 2006	40% of the maximum housing allowance as applicable on 1 January 2006
1 January 2007	60% of the maximum housing allowance as applicable on 1 January 2007
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

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Staatsdiens en Administrasie • Ditirelo tsa Puso le Tsamaiso • Ditshebeliso tsa Mmuso le Tsamaiso • uMnyango wemiSebenzi kaHulumeni nokuPhata

Muhasho wa Tshumelo ya Muvhuso na Vhulanguli • Kgoro ya Ditirelo tša Mmušo le Taolo • Ndzawulo ya Vutirhela-Mfummo na Vulawuri

LITiko leTebasebenti baHulumende nekuPhatsa • ISebe leNkonzo kaRhulumente noLawulo • UmNyango wemiSebenzi kaRhumende nokuPhata

2. 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 2006 is R346.00 per month. Please refer to the attached table at Annexure A. Consequently, -
 - 2.1 the minimum housing allowance referred to in the table above is increased to R139.00 per month (i.e. 40% x R346) with effect from 1 January 2006. Please refer to the attached table at Annexure B; and
 - 2.2 the rental paid by employees who are compelled to occupy State Housing must, with effect from 1 January 2006, be equal to either the greater of R139.00 housing allowance referred to above or the amount of the rental defined in Part XVI of Annexure B to PSCBC Resolution 3/99.
3. As you are aware, an employee who applies for the housing allowance is required in terms of the Determination on Housing to produce the following documentary proof upon application:
 - 3.1.1 If an employee owns a home, a title deed, a ghost deed report or an original tax invoice from a financial institution must be provided.
 - 3.1.2 If an employee resides in State or traditional land, a "permission to occupy" certificate must be provided.
 - 3.1.3 If an employee has purchased a home through an instalment sale agreement, an instalment sale agreement must be provided.
 - 3.1.4 If an employee rents a home, a rental agreement must be provided.
4. It transpired during the implementation of the new housing allowance that the required documentary proof mentioned above does not always cover all circumstances related to housing and accommodation. As a result, the housing allowance system potentially excludes some of the genuine home owners or tenants. Since it is not the intention to exclude these employees from receiving the allowance, the Minister for the Public Service and Administration has made a determination that -
 - 4.1 a marriage certificate indicating that a marriage is in community of property or if no such indication, a marriage certificate plus an affidavit declaring that the employee is married in community of property could be accepted for purposes of the payment of the housing allowance. This implies that -
 - 4.1.1 if the property is registered in the name of the other spouse and not the spouse (employee) who applies for a housing allowance, the employee may, if married in community of property, submit a title deed which is in the name of the other spouse together with a marriage certificate indicating that his/her marriage is in community of property, or if no such indication, a marriage certificate plus an

affidavit declaring that his/her marriage is in community of property;

4.1.2 if a “permission to occupy” certificate is in the name of the other spouse and not in the name of the spouse (employee) who applies for a housing allowance, the employee may, if married in community of property, submit a “permission to occupy” certificate which is in the name of the other spouse together with a marriage certificate indicating that his/her marriage is in community of property or if no such indication, a marriage certificate plus an affidavit declaring that his/her marriage is in community of property;

4.1.3 If the rental agreement is in the name of the other spouse and not in the name of the spouse (employee) who applies for a housing allowance, the employee may, if married in community of property, submit the rental agreement which is in the name of the other spouse together with a marriage certificate indicating that his/her marriage is in community of property or if no such indication, a marriage certificate plus an affidavit declaring that his/her marriage is in community of property;

4.2 a formal letter from a municipality indicating ownership status be recognised for purposes of the housing allowance.

5. It also transpired that there is an inconsistency between clause 7.1.3 of PSCBC Resolution 2 of 2004 and par. 2.1.1 of Part 2 of the Determination on Housing with regard to participation in the Housing Allowance Scheme by part-time employees who are appointed on a permanent basis. According to clause 7.1.3 of the Resolution, all permanent employees qualify for the housing allowance whereas par 2.1.1 of the Determination on Housing excludes them from receiving the allowance. In order to rectify this inconsistency, the Minister for the Public Service and Administration has made a determination to amend par. 2.1.1 of the Determination on Housing to read as follows:

“An employee appointed on a permanent basis or on fixed-term contract may receive a housing allowance if s/he meets the requirements regulating the payment of the said allowance”.

6 Furthermore, an employee in terms of par. 8.3.1 of the Determination on Housing starts to receive his/her housing allowance in his/her pay day in the month that he/she has submitted his/her signed application with the correct documentary proof. However, this arrangement is not applicable during the period 1 January 2005 until 31 December 2005. In other words the employee could during the above-mentioned period receive the housing allowance in the first month in which he/she fully qualifies for the allowance, irrespective of the date on which he/she submits the application and the required documentary proof. Recognising that departments are still struggling to cope with the backlog of applications, the Minister for the Public Service and Administration has extended the above-mentioned deadline to **30 June 2006**.

7. Since the Determination on Housing will be amended in due course, this circular must be read and applied with the said Determination.

For
DIRECTOR-GENERAL


ANNEXURE A

REVISION OF THE MAXIMUM HOUSING ALLOWANCE

Date effective	Weighed Average Interest Rate	Monthly Maximum Housing Allowance
1 July 2004	11.5%	R403
1 October 2004	11.5%	R403
1 January 2005	11%	R374
1 April 2005	11%	R374
1 July 2005	11%	R374
1 October 2005	10.5%	R346
1 January 2006	10.5%	R346

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	
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	