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Ref: 17/3/P

## **TO ALL HEADS OF NATIONAL DEPARTMENTS AND PROVINCIAL ADMINISTRATIONS**

### **ADJUSTMENT OF THE HOUSING ALLOWANCE FOR PUBLIC SERVICE EMPLOYEES**

1. The housing allowance as contained in the Public Service Coordinating Bargaining Council (PSCBC) Resolution 7 of 2015 (clause 4.6) provides that, “ the amount of the housing allowance shall be adjusted annually on the basis of the average Consumer Price Index (CPI), for the preceding financial year, with the first adjustment being effective on 1 July 2017. “
2. The average CPI for the period 1 April 2019 to 31 March 2020 is 4.19% as determined by Statistics South Africa.
3. The adjustment gives effect to provisions of PSCBC Resolution 7 of 2015 as indicated hereunder:-
  - 3.1. The housing allowance, for home-owners, is increased from R1 398.35 to R1 456.94 per month effective from 1 July 2020 as per PSCBC Resolution 7 of 2015, clause 4.6.
  - 3.2 Employees who are eligible to receive the housing allowance but do not own a house (tenants with a legal rental agreement) shall continue to receive R900 per month. The difference (R556.94) between the total housing allowance (R1 456.94) and the R900 shall be diverted into and accumulated in the Government Employees Housing Scheme: Individual-Linked Savings Facility (GEHS: ILSF). This is applicable to employees whose appointment date is before 27 May 2015.
  - 3.3 Employees whose appointment date is after 27 May 2015 and eligible to receive the housing allowance but do not own a house (tenant with a legal rental agreement) shall receive the housing allowance of R1 456.94, however the entire amount will be diverted to the GEHS: ILSF.

4. National Treasury approval has been obtained for the implementation of this dispensation.
5. The necessary instruction has been communicated to PERSAL to programmatically adjust the housing allowance.
6. Expenditure resulting from the adjusted housing allowance must be met from current departmental budget allocations.



DIRECTOR-GENERAL

DATE: 24/7/2020