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ISEBE IeMfundo IeNtshona Koloni

CIRCULAR 0174/00

TO:

ALL CHIEF DIRECTORS, DIRECTORS, HEADS OF SUBDIRECTORATES AND DIVISIONS AT HEAD OFFICE, AREA AND CIRCUIT MANAGERS, SUBJECT ADVISORS, HEAD OF EDUCATIONAL INSTITUTIONS AND SUPERVISORY PERSONNEL

HOME OWNERS ALLOWANCE AND STATE GUARANTEES: ALL EMPLOYEES (EDUCATORS AND PUBLIC SERVANTS)

1. PAYMENT OF HOME OWNERS ALLOWANCE: RENTAL OF HOMES

Recent investigations into the payment of housing allowances to employees of the WCED showed a disturbing trend, namely that some employees who receive a home owners allowance are renting their properties in full or partially to other persons.

The investigations also showed that there are employees who occupy official quarters and also receive home owners allowances on their private dwellings, without them or their dependants occupying their private dwellings. Employees who are letting their dwellings while still receiving home owners allowances purposefully neglect to inform the WCED. This results in massive overpayments which will have to be recovered from their salaries, inclusive of interest.

This type of action is regarded as an extremely serious offence and can lead to employees being charged with fraud and/or misconduct and/or being excluded from the home owners allowance benefits. It must be made clear to employees who receive home owners allowance that the WCED will not hesitate to take strong action against any employee who is found guilty of this malpractice.

It also happens that in cases where a married couple are both in the employ of the state that both apply for the payment of a home owners allowance for the same dwelling (and bond). In cases such as these both spouses may not receive a full home owners allowance. Those who do, expose themselves to charges of fraud/misconduct.

An application for a home owners allowance is accompanied by an undertaking of the employee to inform the WCED of any change in his or her circumstances that will affect the payment of such an allowance. The letting of the property and the receipt of a double home owners allowance as described above is thus contrary to the employee's agreement with the WCED as well as contrary to the objectives and conditions of the payment of a home owners allowance.

It has been decided that ALL employees in receipt of a home owners allowance, should submit a certificate annually before or on 31 March wherein confirmation is given that he or she and his or her dependants have or have not been occupying the property for the past year. They will also have to confirm that they did not receive a double home owners allowance. Neglecting to submit the certificate will lead to the immediate withdrawal of the home owners allowance without prior notification. The WCED will annually furnish certificates to heads of institutions and offices for completion by the employees.

2. PRESCRIPTIONS FOR THE GRANTING OF HOME OWNERS ALLOWANCES

- 2.1. Employees, who have acquired a property by means of the state guarantee, should immediately apply for a home owners allowance.
- 2.2. In order to qualify for participation in the scheme, an employee should own a dwelling which is registered in either the employee's name or in both such an employee's and his or her spouse's name.
- 2.3. Application for a home owners allowance should include the following documentation:
 - (a) Registration letter concerning the bond;
 - (b) A copy of the Deed of Sale;
 - (c) A copy of the Deed of Transfer;
 - (d) Written confirmation from the employer of the spouse of the WCED-employee that the spouse is not in receipt a home owners allowance/subsidy.
- 2.4. Where the application for a home owners allowance and/or the adjustment of the allowance is submitted late it holds adverse financial implications for the WCED. Thus employees are requested to submit their applications for a home owners allowance within 30 days of the date of registration of their bond. The retrospective payment of home owners allowances to employees who do not submit their applications promptly, will not be considered unless the employee applied to the WCED within the prescribed 30 days for extension of the submission of the application documents and unless such application has been approved.


NOTE

The position of employees residing in rural areas has not yet been clarified. (See circular 7/2/3 dated 21 July 1999). As soon as finality has been reached, they will be informed accordingly.

3. STATE GUARANTEES

The following guidelines are applicable:

- 3.1 Employees who have contributed to the pension fund for one year and are permanently employed qualify for participation in the scheme.
 - 3.2 Employees utilising home owners allowances or state guarantees should submit proof from their financial institutions regarding the existence of state guarantee debt upon leaving the service to the WCED.
 - 3.3 The following scale is applicable when the financial institution grants a loan higher than that for which the employee qualifies:
 - 3.3.1 The guarantee amount remains 20% where the financial institution grants a loan of up to 110% of the maximum loan amount as stated in the letter of intent.
 - 3.3.2 If the financial institution grants a loan in excess of 110% and up to 125% of the maximum loan amount as stated in the letter of intent, the employee's guaranteed amount will be reduced to 50% of the maximum guaranteed amount.
 - 3.3.3 No guarantee will be issued if the financial institution grants a loan in excess of 125% of the maximum loan amount for which the employee qualifies.
 - 3.4 No confirmation will be given to employees regarding the access bond facility where a state guarantee is still in force.
 - 3.5 No state guarantee will be issued to employees who already own a property.
4. Please bring the contents of this circular to the attention of all employees (educators and public servants) which they must sign and date.


HEAD: EDUCATION
DATE: 2000-11-29