

**RESOLUTION \_\_ OF 2015**

**DRAFT AGREEMENT ON THE ESTABLISHMENT OF A GOVERNMENT  
EMPLOYEES HOUSING SCHEME (GEHS)**

**1. OBJECTIVES**

- 1.1. To introduce a Government Employees Housing Scheme (GEHS) in terms of clause 4.2 of PSCBC Resolution 4 of 2010, clause 3.3 of PSCBC Resolution 2 of 2011 and of clause 19 of PSCBC Resolution 1 of 2012;
- 1.2. To support, educate and advise employees on housing options and opportunities;
- 1.3. To enhance employees' access to affordable housing;
- 1.4. To promote home ownership and facilitate asset security among employees;
- 1.5. To assist employees to access affordable housing loans and finance;
- 1.6. To assist employees to rent houses with a view to buy and own homes; and
- 1.7. To provide transitional arrangements towards the GEHS.

**2. SCOPE**

- 1.1. This agreement binds the employer; and employees who:
  - 1.1.1. are employed by the State; and
  - 1.1.2. fall within the registered scope of the Council.

**3. NOTING THAT**

- 1.1. Chapter 2, section 26 of the Constitution of the Republic of South Africa, provides that:

- i. Everyone has the right to have access to adequate housing;*
- ii. The State must take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of this right; and*

*iii. No one may be evicted from their home, or have their home demolished, without an order of court made after considering all the relevant circumstances. No legislation may permit arbitrary evictions.*

- 1.2. Since 1994, it has been government's policy objective to facilitate increased private lending for, and investment in, low and medium income housing whilst eliminating geographic discrimination in the origination of housing loans. To this end, the Government's Human Settlements policy provides a solid framework for addressing the affordable housing needs.
- 1.3. Parties in Council concluded a Service Charter (PSCBC Resolution 1 of 2013) which among others, aims to:
  - 1.1.1. Create an enabling environment within the provision of available resources for employees to perform their duties;
  - 1.1.2. Implement conditions of service that fairly reward public servants; and
  - 1.1.3. Improve service delivery programmes.
- 1.4. Parties recognise the need to assist employees in accessing adequate and secure housing in a sustainable and affordable manner.
- 1.5. An estimated 70% of employees who currently receive the housing allowance do not own homes. A further significant number of employees find it extremely difficult to access loans to acquire a house without additional assistance.
- 1.6. Aggregation of the housing demand has the potential to yield enormous socio-economic benefits for all employees.
- 1.7. The level of indebtedness among employees creates a barrier to access housing finance.
- 1.8. The current housing allowance dispensation has not translated into significant improvement in home-ownership among employees.

#### **4. AGREEMENT:**

Parties therefore agree to the following;

#### **4.1. THE GOVERNMENT EMPLOYEES HOUSING SCHEME (GEHS)**

1.1.1. The GEHS is the new employee housing assistance service.

1.1.2. The GEHS shall provide the following services:

1.1.1.1. Enrol, Counsel, Advise, and Educate:

(i) Educate employees on the benefits and advantages of home ownership;

(ii) Advise employees on available housing options; and

(iii) Support and facilitate financial rehabilitation of affected employees

4.1.2.2 Administer the application of the housing allowance;

4.1.2.3 Facilitate and support access to housing finances, including housing subsidies and other housing programmes; and

1.1.1.4. Facilitate availability of housing stock both for rental and to own

4.1.3. The employer is responsible to operate, administer and manage the GEHS with due consideration of labour as a key partner to be represented in the governance thereof

4.1.4. All employees who wish to use services offered through the GEHS shall be required to enrol with the GEHS.

#### **1.2. ACCESS TO AFFORDABLE HOUSING FINANCE**

1.1.1. The employer, through the GEHS, shall contribute to improving access to affordable housing finance by implementing the following initiatives:

- 1.1.1.1. Educating employees on housing finance and facilitating financial rehabilitation for employees with impaired credit records;
- 1.1.1.2. Improving access to housing finance by aggregating demand of employees and negotiating with financial institutions;
- 1.1.1.3. Offering payroll deductions for home-loan repayments to registered financial institutions who participate in the GEHS; and
- 1.1.1.4. Provide transactional support by linking employees to lenders as well as facilitating access to government housing programmes and/or subsidies.

1.1.2. Through interventions referred to above, the employer shall negotiate favourable terms, including interest rates, for employees who acquire housing finance through the GEHS.

### **1.3. FACILITATION AND PROVISION OF HOUSING STOCK SUPPLY**

1.1.1. The employer shall, through the GEHS, facilitate availability of housing stock by implementing the following initiatives:

- 1.1.1.1. Maintaining a comprehensive database of demand for and supply of housing;
- 1.1.1.2. Aggregation of employees' housing demand to inform and match the supply of housing stock to employee housing needs on the basis of available and planned housing units;
- 1.1.1.3. Engage and coordinate with housing supply-side role players to ensure development of housing stock to meet the needs of employees; and
- 1.1.1.4. Undertaking project management and sourcing services for housing developments aimed at accommodating employees.

### **1.4. TRANSITIONAL ARRANGEMENTS**

- 1.4.1. The housing allowance continues to be paid to eligible employees;
- 1.4.2. Employees shall enrol with the GEHS with effect from 01 April 2015; and

- 1.4.3. The employer shall bring the GEHS and its service programmes into operation incrementally with effect from 01 April 2015.
- 4.4.4 **Joint working towards Inclusive Governance:** The trade union parties to the PSCBC shall establish a Labour Committee to meet with the employer in a consultative forum to contribute to the design of the GEHS governance architecture.
- 4.4.5 **Enabling Partnerships to support the implementation of GEHS:** The employer shall foster structured partnerships with spheres of government, public development agencies, development finance institutions as well as private entities to gear-up efforts and investments therein to advance the objectives of the scheme.

#### **4.5. STATE FINANCING OF EMPLOYEE HOUSING**

- 4.5.1. With effect from **01 July 2015**, the current housing allowance shall be applied as set out below.
- 4.5.2. The amount of the housing allowance paid to eligible employees shall be **R1 100, 00** (one thousand and one hundred rands) per month.
- 4.5.3. The amount of the housing allowance shall be adjusted annually on the basis of the average Consumer Price Index (CPI) for the preceding year with effect from 01 July 2018
- 4.5.4. All public service employees who are on total-cost-to-employer packages shall not be eligible to receive the housing allowance, save for all other provisions and services of GEHS
- 4.5.5. **Married employees who are both employed in the public service:**  
Eligible employees shall each be entitled to receive the housing allowance irrespective of their marital status.
- 4.5.6. **Post Retirement Assistance:** employees who retire from public service may continue to access the advisory and support services of the GEHS provided they are enrolled with the GEHS.
- 4.5.7. **New employees** entering the public service after date of signature of this agreement and a become eligible to receive the housing allowance:

- 4.5.7.1. shall only be paid the housing allowance if they own a house and/or are repaying a home-loan for a house in which they live.
- 4.5.7.2. shall have the full housing allowance diverted and accumulated into the individual-linked saving facility if they do not own a house.
- 4.5.8. Individual-linked saving facility:**
  - 4.5.8.1. Employees who are eligible to receive the housing allowance but do not own a house shall have R500 of the housing allowance diverted into and accumulated in an individual-linked savings facility.
  - 4.5.8.2. Employees may elect to have the full housing allowance diverted into and accumulated in an individual-linked saving facility.
- 1.1.1.3. Accumulated savings shall only be accessed for the purpose of acquiring home-ownership, building and improving a home.
- 4.5.8.4. Accumulated savings shall be held in an interest-bearing facility for a maximum period of ten (10) years. At the end of the ten year period the savings shall be withdrawn by the GEHS and used for suitable housing related purposes to the benefit of the employee based on individual circumstances.
- 1.1.1.4. Should an employee's employment in the public service be terminated, the following provisions shall apply:
  - 1.1.1.1.1. **In the event of retirement or medical boarding** – the employee shall receive the full value of the accumulated savings;
  - 1.1.1.1.2. **In the event of the death of the employee** - the full value of accumulated savings shall be paid to the nominated beneficiaries of the deceased employee or estate; and
  - 1.1.1.1.3. **In the event of resignation and dismissal** – the employee shall be entitled to receive **half** the value of accumulated savings.
- 1.1.9. **Employees in rural areas:** Employees residing on communal land with valid permission to occupy shall be deemed to be home-owners.
- 1.1.10. **Payroll deductions for GEHS-recognized home-loan repayments:**

Employees who access GEHS recognized home-loans from GEHS recognized lenders shall have the repayment of such home-loans effected by the employer through a mandatory priority payroll deduction in favour of the lender from their salary prior to salary being paid to the employees.

**1.6. ANNUAL ADJUSTMENT OF THE HOUSING ALLOWANCE**

Annually, the basis of adjustment of the housing allowance shall be the average Consumer Price Index (CPI) for the preceding financial year. Such adjustments shall be implemented on 01 July of each year.

**5. INTERPRETATION AND APPLICATION**

- 1.1. In the event of any conflict between the provisions of this Agreement and any other agreement of the Council, the provisions of this Agreement shall take precedence.
- 1.2. No amendments to this Agreement shall be of force unless reduced to writing and agreed upon at the Council as a resolution of the Council.

**6. DISPUTE RESOLUTION**

If there is a dispute about the interpretation or application of this agreement any party may refer the matter to the Council for resolution in terms of the dispute resolution procedure of the Council.

**7. IMPLEMENTATION OF AGREEMENT**

- 7.1 The date of implementation of the scheme shall be 01 April 2015.
- 7.2 The Council will monitor the implementation of this agreement.

**THIS DONE AND SIGNED AT \_\_\_\_\_ ON THIS \_\_\_\_\_ DAY  
OF \_\_\_\_\_ 2015.**

**ON BEHALF OF THE EMPLOYER**

Name	Signature	Date
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State as Employer			
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**ON BEHALF OF TRADE UNION PARTIES**

<b>Trade Union</b>	<b>Name</b>	<b>Signature</b>	<b>Date</b>
DENOSA			
HOSPERSA/NUPSAW/NATU			
NAPTOSA			
NEHAWU			
POPCRU			
PSA			
SADTU			
SAPU			