



labour

Department:
Labour
REPUBLIC OF SOUTH AFRICA



UNEMPLOYMENT INSURANCE FUND

SAPA CONFERENCE PRESENTATION
JOHANNESBURG 9 SEPT 2010
PRESENTATION BY DEAN PADAYACHEE

PURPOSE OF THE UI ACT

- The purpose of this Act is to establish an unemployment insurance fund to which employers and employees contribute and from which employees or their beneficiaries, as the case may be, are entitled to benefits and in so doing to alleviate the harmful economic and social effects of unemployment.



APPLICATION OF THIS ACT

- THIS ACT IS APPLICABLE TO ALL EMPLOYERS AND EMPLOYEES OTHER THAN:
- EMPLOYEES EMPLOYED FOR LESS THAN 24 HOURS PER MONTH
- EMPLOYEES EMPLOYED IN TERMS OF SECTION 18(2) OF THE SKILLS DEVELOPMENT ACT
- EMPLOYEES EMPLOYED IN THE NATIONAL AND PROVINCIAL SPHERES OF GOVERNMENT
- FOREIGN NATIONALS EMPLOYED ON A CONTRACT AND ARE REQUIRED TO BE EXPATRIATED AFTER TERMINATION OF CONTRACT
- EMPLOYEES EMPLOYED ONLY ON A COMMISSION BASIS



LEGISLATION

- UNEMPLOYMENT INSURANCE CONTRIBUTIONS ACT NO. 4 OF 2002
- ADMINISTERED BY THE SARS COMMISSIONER
- PURPOSE OF THIS ACT IS TO PROVIDE FOR:
 - THE PAYMENT OF CONTRIBUTIONS FOR THE BENEFIT OF THE UIF
 - PROCEDURES FOR THE COLLECTION OF UIF CONTRIBUTIONS



OBLIGATION OF EMPLOYERS

- SECTION 56 OF UI ACT 63
- REGISTER AS EMPLOYER
- DECLARE EMPLOYEES IRRESPECTIVE OF EARNINGS
- PROVIDE NAMES, ID NUMBERS, REMUNERATION AND THE ADDRESS WHERE THE EMPLOYEES ARE EMPLOYED
- SUBMIT CHANGES TO EMPLOYEE RECORDS BY THE 7TH OF THE NEW MONTH
- THE UIC MAY REQUEST ANY ADDITIONAL INFORMATION PERTAINING TO THE EMPLOYER OR EMPLOYEES – 30 DAYS



DATABASE

- Sect 57 requires the UIC to maintain a database of employers and employees.
- Employer registers and details are updated on the database. UIF reference number is allocated to employer.
- Employer declares employees.
- Data is added/updated daily.
- The database has 701 594 commercial employers, 595 942 domestic employers and 6 251 taxi employers on record as at the end of July 2010. The total number of employers is 1 303 787.
- The total number of employees is 7 806 560, made up of 7 157 386 commercial, 643 346 domestic and 5 828 taxi employees.



PAYMENT OF CONTRIBUTIONS

- PAY CONTRIBUTIONS BY THE 7TH OF NEW MONTH
- EMPLOYERS MUST PAY 2% OF EMPLOYEES REMUNERATION
- EMPLOYERS CONTRIBUTE 1% AND MUST DEDUCT 1% FROM EMPLOYEES
- SARS EMPLOYERS MUST PAY TO SARS COMMISSIONER. REGISTERED FOR PAYE AND SKILLS LEVIES.
- ALL OTHER EMPLOYERS MUST PAY CONTRIBUTIONS TO UIC
- CURRENT CEILING IS R12 478



MEANS OF DECLARING

- PAYROLL FILES - SENT ELECTRONICALLY
- MANUAL DECLARATION – UI 19
- U-FILING- REGISTER WITH UIF AND U-FILING DECLARE AND PAY CONTRIBUTIONS



UIF BENEFITS

- UNEMPLOYMENT BENEFITS
- ILLNESS BENEFITS
- MATERNITY BENEFITS
- ADOPTION BENEFITS
- DEPENDANTS BENEFITS



QUALIFYING CONDITIONS

- 6 MONTHS FROM DATE OF TERMINATION
– ADVISED TO APPLY IMMEDIATELY
- EACH BENEFIT TYPE HAS SPECIFIC QUALIFYING CONDITIONS
- BENEFITS PAID ON A SLIDING SCALE BASED ON THE PRINCIPLE THAT THE HIGHER THE REMUNERATION THE LOWER THE %AGE
- SCALE RANGES FROM 38% TO 60%



QUALIFYING CONDITIONS

- MAXIMUM PERIOD OF 238 DAYS
- DEPENDENT ON ACCRUED CREDITS
- CREDITS ACCRUED ON THE BASIS OF 1 DAY FOR EVERY 6 DAYS EMPLOYED AS A CONTRIBUTOR
- CAN RECEIVE A TOP UP IF PAID A PORTION OF REMUNERATION WHILST ON ILLNESS, MATERNITY OR ADOPTION LEAVE



CLAIMS

- Approx 600 000 workers claim annually
- Paid R5.71 billion in last financial year in benefits compared to R3.847 billion of the previous year.
- Support in terms of a Social Plan.



DECLARATION CHALLENGES

Variances in interpretations of definitions and specifications.

ID No's never recorded/updated AND NOT BEING SUBMITTED IN PAYROLL FILES.

Employer Reference/creator numbers.

Technical problems with payrolls.

Employers internal business rules and processes.



SOLUTIONS

Fund has embarked on a data cleansing exercise.

Working closer with SAPA, PAG and SARS.

Investigating new technology to validate source of payroll files.

Investigated possibility of entering agreements with selected employers for automated claims processing



LATEST DEVELOPMENTS

- DEFINITION OF EMPLOYEE AND EMPLOYER
- THEUIF MAY FUND THE TRAINING OF UNEMPLOYED CONTRIBUTORS FOR RE-ENTRY INTO THE LABOUR MARKET
- CREDIT DAY ALLOCATION
- LATE APPLICATIONS BY APPEALS COMMITTEES
- MATERNITY- 8 WEEKS BEFORE EDC



LATEST DEVELOPMENTS

- EMPLOYERS TO DECLARE MONTHLY IRRESPECTIVE OF WHETHER THERE HAVE BEEN CHANGES OR NOT
- INCOME REPLACEMENT RATE IMPROVED
- EXTEND PERIOD BENEFITS PAID FOR
- VIRTUAL OFFICE





THANK YOU !



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