

MEMORANDUM OF AGREEMENT

between

UNEMPLOYMENT INSURANCE FUND

and

EMPLOYER

Purpose

1. The purpose of this Memorandum of Agreement (MOA) is to give effect to the Covid-19 Temporary Employer-Employee Relief Scheme established in the Minister of Employment and Labour's Directive of 25 March 2020 issued in terms of Regulation 10(8) of the Regulations issued by the Minister of Cooperative Governance and Traditional Affairs in terms of the Disaster Management Act, 2002 on 18 March 2020, as amended, in order to –
 - 1.1 expedite the payment of benefits to contributors who lose income due to the Covid-19 pandemic;
 - 1.2 alleviate the economic impact of the loss of employment and closure of businesses due to the Covid-19 pandemic;
 - 1.3 allow for electronic applications for benefits in order to minimise the spread of Covid-19 and set out the application procedure for benefits.
2. The MOA records the terms and conditions for the implementation of the Scheme by the Unemployment Insurance Fund and any employer who submits a claim under the Scheme.

Interpretation

3. In this MOA:
 - 3.1 The head notes to the clauses in this Agreement are for reference purposes only and shall not affect the interpretation of any part hereof;
 - 3.2 Unless inconsistent with the context, any gender includes the other genders; a natural person includes an artificial person and vice versa; the singular shall include the plural and vice versa;
 - 3.3 When any number of days are prescribed by the Agreement, same shall be reckoned exclusively of the first and inclusively of the last Business Day, save that if the last day does not fall on a Business Day, the last day shall be the next succeeding Business Day;
 - 3.4 In the event of any provisions contained in the Agreement being declared invalid or unenforceable by a Court of law, the validity and

enforcement of the remaining provisions contained herein shall not, in any way, be affected or impaired thereby;

- 3.5 All provisions of these terms and conditions are, notwithstanding the manner in which they have been grouped together or linked grammatically, severable from each other;
- 3.6 Any provision of these terms and conditions which is or becomes unenforceable in any jurisdiction, whether due to voidness, invalidity, illegality, unlawfulness or for any reason whatever, shall, in such jurisdiction only and only to the extent that it is so unenforceable, be treated as *pro non scripto* and the remaining provisions of these terms and conditions shall remain in full force and effect;
- 3.7 In the event of conflict between Annexures in this Agreement, the MOA read with **Annexure A** shall prevail;
- 3.8 Unless inconsistent with the context, the words and expressions set forth below shall bear the following meanings:

“Act”	means the Unemployment Insurance Act, 2001;
“Agreement”	means this Memorandum of Agreement between the UIF and the Employer and any Annexures and schedules thereto;
“Covid-19 Temporary Relief Scheme Benefits”	means the benefits provided by the scheme established to compensate employees who have lost or will lose income due to Covid-19;
“Covid-19 TERS”	means the COVID-19 Temporary Employee-Employer Relief Scheme;
“Employer”	means any employer who has accepted the terms and conditions set out in this MOA and who submits a claim as contemplated in clause 8;

“MOA”	means this MOA;
"Parties"	means the UIF and the Employer;
“PFMA”	means the Public Finance Management Act, 1999 (Act No. 1 of 1999) as amended;
“temporary closure”	means a complete or partial temporary closure of business operations due to Covid-19 pandemic for the period in the Direction called Covid-19 TERS;
“UIF”	means the Unemployment Insurance Fund established in terms of section 4(1) Unemployment Insurance Act, 2001 as amended.

Period and scope

4. The MOA commences on the date of confirmation of acceptance by the UIF of the Employer’s application in terms of Covid-19 TERS and remains in force for three months unless extended by mutual agreement.
5. The benefits contemplated in this MOA are to be paid only to those employees who–
 - 5.1. suffer or will suffer a loss of income as a result of the temporary closure by the employer of its business operations; and
 - 5.2. were in employment prior to the commencement of the national lock-down on 27 March 2020.

Employer warranty

6. The Employer warrants that –
 - 6.1. the temporary closure of its business operations is a direct result of the Covid-19 pandemic;

- 6.2. it will immediately inform the UIF on the recommencement of its business operations that were subject to temporary closure;
 - 6.3. it is registered with the UIF;
 - 6.4. it is not registered with a bargaining council that has entered into a MOA with the UIF.
7. The Employer undertakes to use the Covid-19 benefit exclusively and solely for the purpose of paying approved benefits to its employees, subject to clause 12 and the further terms of this agreement.

Calculation of benefits

8. The Employer must submit a claim to the UIF on behalf of its employees for benefits under the Directive by submitting the information and documents in **Annexure A**.
9. The Employer may, if it has the means to do so, submit a calculation of the amount of benefits to be paid to employees for the expected period of the temporary closure of its business.
10. The UIF and, if applicable, the employer contemplated in clause 9 must calculate the benefit that employees are entitled to in respect of the period of temporary closure in accordance with the formula stated in the Directive namely –
 - 10.1 38%-60% in terms of the income replacement sliding scale contained in the Act; or
 - 10.2 if the employee's benefit determined in terms of the income replacement sliding scale falls below R3 500, the employee must be paid a benefit equal to that amount;
 - 10.3 the employee's remuneration up to a maximum of R17 712,00 per month is taken into account in determining the benefit.
11. The UIF must deposit the funds into the employer's business bank account and at the same time must either submit a spread sheet detailing the amount of the benefits to be paid to each employee listed in the spread sheet or confirm the employer's calculations referred to in clause 9.

Payment of benefits

12. The Employer must pay its employees their benefits within 2 days of receipt of funds from the UIF in accordance with the spread sheet or confirmation contemplated in clause 11 unless it has already paid part or all of the benefits in accordance with the spread sheet or confirmation, in which case the Employer may –
 - 12.1. recover the amounts so paid from the funds deposited in terms of clause 11; and
 - 12.2. pay the balance, if any, to the employees.
13. The Employer must submit proof of payment to the UIF within 5 days of the receipt of funds from the UIF in terms of clause 11.
14. The employer must return any unutilized funds, including interest, to the UIF within 10 days of the recommencement of its business operations, or the termination of this agreement, whichever is the earlier.

Special provisions in respect of employers that employ less than 10 employees

15. An employer that employs less than 10 employees must submit the information and documentation listed in **Annexure A** including details of the individual bank accounts of its employees.
16. The UIF must pay the benefits directly into the employee bank accounts provided by the employer in terms of clause 15.
17. Clauses 11 to 14 accordingly do not apply to a business contemplated in clause 15.

Employer accounting obligations

18. The Employer must at all times ensure that its accounting records in respect of this MOA, whether electronic or manual, are –
 - 18.1. kept and maintained safely, and are at all times capable of being retrieved in a readable and printable form;
 - 18.2. accessible to a person authorised by the UIF.

- 18.3. kept separately from accounting records relating to its business, so that they are capable of being identified on a stand-alone basis.
19. The Employer must keep a proper audit trail of funds received and benefits paid to employees
20. No cash withdrawals may be made nor cheques drawn from the funds received from the UIF in terms of this MOA.
21. The Employer must retain its accounting records, files and documents relating to implementation of this MOA for at least five years from the date of the last entry recorded in each accounting or financial or other record.

UIF obligations

22. On verification of the supporting documents and calculation of benefits contemplated in clauses 8 and 9 submitted in terms of those clauses, the UIF must deposit the following benefit funds into the employer's business account within 10 business days of the submission of the documents and information contemplated in **Annexure A**–
 - 22.1. the first of which is for the period of temporary closure in the 30 days commencing from the date of the lockdown;
 - 22.2. the second of which is for any period of temporary closure during following 30 days;
 - 22.3. the third of which is for any period of temporary closure during the balance of the MOA.

UIF auditing powers

23. The UIF may at any time, at its expense and sole discretion, appoint an auditor or a suitably qualified investigator to audit or investigate suspected-
 - 23.1. breach of this Agreement; and
 - 23.2. corruption or fraud related to the implementation of this Agreement.
24. The Employer must -

- 24.1. allow UIF employees or an auditor or investigator so appointed, timeous unrestricted access to any records as UIF employees or the auditor or investigator may deem necessary to examine, for the purposes of discharging their duties; and
- 24.2. without delay, furnish UIF employees or the auditor or investigator with any authority which may be required to enable them to obtain such information as they may reasonably require for such purpose.

Communication

25. The UIF shall be entitled to develop public relations material relating to the Covid-19 Temporary Relief Scheme Benefits, which public relations materials may include press statements, media reports, and or information relating to the Covid-19 Temporary Relief Scheme Benefits.

Confidentiality of information

26. The Parties shall keep confidential and shall not disclose to any third Party (other than for the purposes of performing services under this Agreement) any of the Confidential Information disclosed to either Party during the discussions or negotiations or implementation of this Agreement or at any time thereafter.
27. The provisions of clause 26 above shall not apply to any Confidential Information which –
 - 27.1. is or hereafter becomes part of the public domain;
 - 27.2. can be shown to have been lawfully in the possession of the other Party prior the signing of the Agreement and is not subject to any existing Agreement between the Parties;
 - 27.3. is acquired by the other Party independently from a third Party, who lawfully acquired such information without restriction, or information which is acquired or developed by a Party independently of the other Party in circumstances which do not amount to a provision of clause 27.1 and 27.2 above; or
 - 27.4. is disclosed or released by the Receiving Party/Recipient to satisfy an order of Court or otherwise comply with the provisions

of any law or regulation in force at the time.

Good faith

28. The Parties must display good faith in their dealings with each other.

Dispute resolution

29. Should any dispute pertaining to this Agreement or performance thereunder arise at any time between the Parties, the duly authorized senior officials of each Party shall meet within 5 (five) days, or such period as the Parties may agree, from the date on which the dispute was notified in writing by one Party to the other, to attempt to resolve the dispute amicably.

30. If the dispute is not resolved at the meeting contemplated in clause 29, or extended meeting as the Parties may agree to in writing, or such meetings mentioned in this clause 30 does not take place, then either Party may refer the **dispute** to the Arbitration Foundation of South Africa (“AFSA”) to be determined by arbitration in terms of the rules of AFSA, such arbitration shall be held in Pretoria.

31. **AFSA** will be responsible for the appointment of an arbitrator and, where the Parties agree, more than one arbitrator may be appointed.

32. The arbitration will include the right of appeal provided for by the rules of AFSA.

33. Notwithstanding the institution and commencement of arbitration proceedings, either Party may nonetheless approach a court of law for relief of an urgent nature in circumstances in which such relief cannot be given or cannot urgently be given by the arbitrator.

34. In making an award, the arbitrator appointed will also, in his discretion, make a decision with regard to the costs of the arbitration, including any value-added tax, charges and disbursements, and fees of a like nature incurred by the successful Party in successfully enforcing or defending any of the provisions of this Agreement or any claim hereunder, and shall be for the account of the unsuccessful Party. In so doing, the arbitrator shall be entitled to appoint a taxation consultant and/or a taxing master to determine the amount of the fees.

Breach and termination

35. On the basis of a report of the persons contemplated in clause 22, the UIF may –
 - 35.1. remedy any failure to comply with the MOA;
 - 35.2. require the Employer to repay all or part of the funding if the Employer is in breach of this MOA;
 - 35.3. suspend or withhold any payment in terms of the MOA;
 - 35.4. terminate the MOA;
 - 35.5. institute legal proceedings to –
 - 35.5.1. recover any amounts owing to the UIF contemplated in clause 14; and
 - 35.5.2. recover any damages flowing from the breach of the MOA or the submission of any document or form in terms of the MOA that is incorrect, incomplete, false or misleading.

No variation

36. No amendment or variation of the MOA is of any force unless it is in writing and signed by the Parties to the MOA.

Limitation of liability

37. The Parties agree that, in the event of a breach of any of the provisions of this Agreement, the defaulting Party shall only be liable to the other Party for all losses which constitute direct and/or general damages.
38. Subject to clause 37, the Parties agree that, in the event of a breach of any of the provisions of this Agreement, the defaulting Party shall not be liable to the other Party for any losses, which constitute indirect, special and/or consequential damages.
39. Notwithstanding anything to the contrary set forth in clause 37 above or this Agreement in general, the Parties agree that they shall be liable to each other for-

- 39.1. all losses which arise out of their corrupt activity or fraud; and
 - 39.2. all losses which arise out of dishonesty or gross negligence regardless of whether such losses arise out of contract or delict.
40. Notwithstanding anything to the contrary contained in this Agreement, the Employer's maximum liability for any claims, howsoever arising or connected to this Agreement, will be limited to the extent of damage suffered by UIF in terms of this Agreement.

Full agreement

41. This Agreement constitutes the entire Agreement, and no other Agreement, provision, document or determination shall form part of this Agreement unless such other Agreement, provision, document or determination is in writing and has been signed by both Parties.

Indulgence

42. No waiver on the part of either party of any rights arising from a breach of any provision of this Agreement will constitute a waiver of rights in respect of any subsequent breach of the same or any other provision.

Cession and assignment

43. The Employer will not be entitled to cede, assign or sub-contract all or any of its rights or obligations under this Agreement without the written consent of the UIF.
44. The UIF shall be entitled to cede and assign all of its rights and obligations, or any portion thereof under this Agreement to any other organ of the State, subject only to the rights and obligations of the Employer being honoured, either by UIF providing a written undertaking to the Employer to honour its obligations, or the rights and obligations of UIF being honoured by any successor in title or assignee of UIF, without written consent of Employer.

Legal costs

45. Each Party will pay its own costs and expenses incurred by it in connection with the negotiation and execution of this Agreement.

Notices

46. The Parties choose the following addresses for the purposes of serving any notice of payment of any sum, serving of any legal process or for any other notice arising from this Agreement.

UNEMPLOYMENT INSURANCE FUND

Street Address:

ABSA TOWERS
230 Lilian Ngoyi Street
PRETORIA
0001

Postal address:

The UIF
PRETORIA
0052

For the Attention of: Ms Judith Kumbi Chief Director: Operations
Email: judith.kumbi@labour.gov.za

EMPLOYER

The physical and email addresses provided by the employer for this purpose in the claim documents referred to in **Annexure A**.

47. Each Party will be entitled from time to time by written notice to the other Party to change to any other address within the Republic of South Africa, provided that one of the addresses shall always be a physical address at which the service of legal processes can be effected;
48. Any notice which-
- 48.1. is delivered by hand at the addressee's physical address shall be deemed to have been received by the addressee at the time of delivery; or
 - 48.2. is posted by prepaid registered post from an address within the Republic of South Africa to the addressee at its physical address shall be deemed, until the contrary is proved by the addressee, to have been received by the addressee on the seventh day after

the date of posting; and

- 48.3. if transmitted by telefax to the addressee at its physical address, shall be deemed to have been received by the addressee on the date of transmission or, if the transmission is made outside of normal business hours, on the first business day following after the date of transmission.

SIGNED at _____ on this the _____ day of _____ 20__.

For and on behalf of

UNEMPLOYMENT INSURANCE FUND

Signatory:

Capacity:

Who warrants his authority hereto

SIGNED at _____ on this the _____ day of _____ 20__.

For and on behalf of

EMPLOYER

Signatory:

Capacity:

Who warrants his authority hereto

ANNEXURE A
INFORMATION AND DOCUMENTS

- Documents and information to be provided to receive first instalment –
 - Letter of authority on the business letterhead granting authority to individual lodging claim on behalf of employer
 - Acceptance of the terms and conditions contained in the MOA
 - The relevant template duly completed including-
 - Details of employer
 - Period of closure
 - List of employees and their dates of employment and ID numbers
 - Remuneration received by employees
 - Proof of remuneration to employees in terms of pay-roll/ bank-statements for previous 3 months¹
 - Confirmation of employer bank account in form of certified latest bank account
- Information to be provided for second and further instalment
 - The relevant template must be updated
 - Period of further closure specified (up to maximum of one month)
 - Details of employees no longer in employment
 - Bank statements confirming previous payments
 - Payroll reconciling payments to employees to amount paid by UIF

¹ In terms of 13(2) of the UIF Act, if the remuneration of an employee fluctuates significantly, benefit calculations must be based on the average remuneration over last six months.