

Member briefing: 17 June 2020

Business for South Africa

UIF TERS



Audio Webcast Agenda

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About Business for SA

Alan Fine



- **Business for South Africa was set up in to supports the decisive action taken by President Cyril Ramaphosa and the government to help mitigate the health, labour market and economic impacts of the coronavirus on South Africa**
- **As organised business, we are actively collaborating with government to use business resources and capacity to support public sector initiatives**
- **We have mobilised volunteer resources from across South African business bodies and organisations, member companies large and small, professional services firms as well as communication specialists, to form focused working groups that are driving a coordinated and proactive programme**
- **Our primary goal is to update the country's business community and other stakeholders on progress made across the various working groups, challenges faced, calls to action, business resources to assist in these profoundly challenging times, and links to other important information from government and other role-players**








High-level overview

Robert Legh









- **COVID TERS Scheme designed among social partners to provide some income protection to employees impacted by the lockdown**
- **Applies for months of April, May and June and pays a benefit of between R3 500 and R6 700 per month**
- **Overall, for April, the scheme was extremely successful paying approximately R18.2 billion to approximately 3.5 million employees on claims made by 305 000 employers (11.9 million people are registered for UI)**
- **There are still a significant number of unresolved claims outstanding for April. As at 15 June, per the UI an amount of R3.2 billion is still unpaid in respect of 725 000 employees**

Received application status

	 No. employers	 No. employees
 Opening balance	459 624	5 684 325
 Errors in applications	10 276	1 301 186
 Actual balance	449 348	4 383 139
 Total valid applications processed	449 348	4 383 139
 Closing balance	0	0







*As at 15 June 2020

Valid applications








	 No. employers	 No. employees	 Amount
 Valid applications	449 348	4 383 139	R25 397 674 605.49
 Employees found on system (paid)	321 110	3 639 657	R22 109 124 076.97
 Employees not found on the system (not paid)	128 238	743 482	R 3 288 550 528.52

- **Originally R40 billion was made available from surpluses in the UI Fund. Claims are likely to exceed that but UI Fund has confirmed that claims for May and June will be met**
- **Claims for May have proved to be very problematic, compared to April. The system opened late and there have been persistent problems in securing payments out of the system.
So far, as at 15 June, R3.2 billion has been paid in respect of 782 000 employees**
- **No provision has been made for the payment of benefits beyond the end of June: a challenge for industries which are still closed and for employees over 60 or with co-morbidities**
- **There have been very significant technical issues for employers in dealing with the UI Fund in lodging claims, dealing with queries and extracting payments**

Summary of payments

 Month	 No. employers	 No. employees	 Amount
 Total April	321 110	3 639 657	R 18 768 679 522.89
 Total May	83 026	1 050 294	R 4 343 672 365.21

Summary

	 No. employers	 No. employees	 Amount
 Total employees not declared	29 137	139 059	R 572 367 644.09
 Employees paid directly	9 945	137 422	R 609 339 608.31
 Domestic workers paid	16 976	34 775	R 126 879 755.80
 Foreign nationals paid	28 509	114 059	R 534 530 553.60

Challenges faced by business

Natalie Singer



- **Business is concerned about the delay in accessing the system in May (applications could only be made from 27 May – the system was inaccessible for the entire month)**
- **Employers and employees are frustrated over the ability to submit claims seamlessly**
- **There have been significant delays in receiving COVID TERS payments for May, as well as claims which are still outstanding for April**
- **Worries over the UI system’s ability to handle the number of claims that have flooded through**
- **There are also questions over the funding and liquidity in the UI Fund**
- **Concern that standard UIF claims, such as unemployment and maternity benefits, have fallen by the wayside**

- **It seems that the delays are resulting from real problems with the overall system.**
Examples include:
 - Employers not able to claim on behalf of their employees for May because no claim was made in April
 - Employees not being picked up on the system and employers referred to the U Filing system to lodge employee details = proving impossible to load (system does not accept the data)
 - Employees who received benefits in April, being rejected in May
 - Challenges uploading CSV files for May (not an issue in April) = employers manually upload data (not feasible where there are hundreds or thousands of employees)
 - Payment of foreign employees remains a major problem
 - Still a considerable number of claims outstanding from April.
- **Reports of employees threatening strike/industrial action because they have not received the benefits**
- **A backlog in the payment of ordinary benefits: payments on termination of seasonal work, maternity benefits and the like**
- **What happens after June in relation to:**
 - Employees who are still unable to work at that time (tourism/ hospitality industries)
 - Employees over 60 and those employees with co-morbidities

Way forward

Robert Legh



- **What about June?**
- **Is the benefit likely to be extended beyond June?**
- **What should employers be doing now to prepare for life beyond UIF TERS?**
- **Working on the assumption that TERS won't be extended; what are the options? What other UIF benefits are available? Is there any other relief available to business?**

Questions & Answers



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