



## **UIF Covid-19 TERS benefit disbursements update and guarantee of sustainability of funds**

**26 May 2020**

On 16 April 2020 the Unemployment Insurance Fund (UIF) paid the first batch of Covid-19 Temporary Employer/Employee Relief Scheme (TERS) benefits to employers on behalf of workers.

The Covid-19 TERS benefits were necessitated by the global breakout of the Coronavirus, resulting in the shutting down of economies due to the introduction of stringent nationwide lockdown measures in a bid to contain the spread of the virus.

The UIF experienced a remarkable spike in the number of applications resulting from loss of income and employment due to trading restrictions. Juxtaposed with the need to continually honour its obligation regarding ordinary monthly benefits, the UIF found itself under tremendous pressure to meet the two competing interests as this had placed both capacity and financial burden on the Fund.

Up to date, the UIF has paid in excess of 15 billion rand to beneficiaries, marking a historic first in terms of a lump sum paid out by the Fund within five weeks.

The Minister of Employment and Labour Thulas Nxesi, has commended the urgency and seriousness with which the Department and the UIF in particular, have responded to the enormous challenge presented by the Covid-19 pandemic breakout.

"When confronted with a challenge of this magnitude, you either swim or sink. This has been the ultimate test of leadership for almost everyone, whether you are leading an organisation or you are simply expected to contribute towards the flattening of the curve in your personal capacity; we were all called to show up without prior notice. Despite several challenges the UIF continues to experience in executing its mandate to the public, I believe it has risen to the task under extremely difficult circumstances. The noting of achievements is of course not to deny the existence of challenges", says Minister Nxesi.

The money paid out to beneficiaries thus far had a direct impact on 3 million workers, ensuring that livelihoods are protected against the devastating effects of Covid-19. The TERS benefit is one of many social protection schemes introduced by government in direct response to the economic effects of the pandemic.

"While the easing of the nationwide lockdown regulations to alert level 3 would see the economy gradually reopening, the negative impact of Covid-19 would continue to be with us for a foreseeable future. We expect an increase in labour-related disputes due to retrenchments and

termination of employment as employers try to stay afloat. This would undoubtedly place further strain on our ability to meet our social security obligations to the public", Minister Nxesi continued.

The department's delegation will on Thursday be attending a meeting at NEDLAC where social partners will look at the UIF's technical and financial capacity to continue to pay out TERS benefits in the long run. He says the department needs to guarantee the sustainability of funds beyond June 2020. Social partners will also look at other issues relating to their mandates and how they can collectively respond to the various challenges within the context of the move to alert level 3.

In this regard, Minister Nxesi says the department expects social partners to pledge their commitment and support for return to work strategies that place the safety and welfare of workers above any other interest. He says the department will implore the partners to work with government in resolving the current and anticipated challenges, including post Covid-19 related difficulties.

"We encourage employers to consult broadly when it comes to major decisions with an impact on job security such as intentions to lay-off workers. Retrenchments must be the last resort out of all the available remedies to the challenges we face. We also expect employers to fully cooperate with labour inspectors who continue to enforce workplace regulations to protect the welfare of workers. We go to NEDLAC trusting that we will collectively explore opportunities available to all of us as partners to resolve the multiple and immense challenges presented by the pandemic", concludes Minister Nxesi.

Covid-19 TERS applications for May will open at midnight tonight.

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*"Wash your hands frequently and for at least 20 seconds"*

*-ENDS-*

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