

# Department of Labour to use billion-rand surplus to extend UIF benefits

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Sweeping changes to the Unemployment Insurance Act will mean that contributors who lose their jobs can draw benefits for up to a year instead of for eight months.



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The Department of Labour plans to use part of the R133.3 billion surplus in the Unemployment Insurance Fund (UIF) to expand the scope and reach of benefits, through amendments to the Act which are due to come into effect soon.

Makhosonke Buthelezi, UIF Director of Communication and Marketing, told *GroundUp* that the benefit changes would have meant that an extra R7 billion would have been paid out between January 2017 and April 2018. The UIF paid R8.47 billion in benefits in the 2016-2017 year.

The extra benefits will be paid out from the surplus in the fund. There will not be any increases in contributions by employers or employees. Employees contribute 1% of their salary to the fund. The employer must match that amount and then transfer the money to the fund.

Buthelezi said major changes included:

- Unemployed workers who contributed to the fund will have up to a year to submit claims instead of six months;
- Workers can earn one day of benefit pay for every four days worked. This means those who worked for four years will have a full year of benefits instead of the current eight months. This reflects the government's estimate of the average time it takes for someone to find a job;
- Public servants will be included in the UIF for the first time. The Department of Labour is working with the Department of Public Service and Administration to finalise specific conditions and discuss the budget implications;
- Learners completing learnerships, or vocational education and training programmes, will also be included; and
- Women on maternity leave who paid into the UIF for 13 weeks or more will now receive a flat rate of 66% of their salary (up to the [maximum benefit](#) of R17,712 per month), instead of 38% to 60%. (At present, women earning lower salaries receive a higher percentage.) They will be entitled to benefits for between 17 and 32 weeks, depending on the number of days worked. This includes women who had miscarriages or a stillborn child in the third trimester. Maternity benefits will not affect the payments of unemployment benefits.

The amendment Act was passed in January 2017 but has not yet come into effect.

Buthelezi said that the Department's systems were now "98%" ready for the changes.

Matthew Park, parliamentary coordinator for the Congress of South African Trade Unions (COSATU), sees the amendments as a step in the right direction for workers' rights, but says there are still gaps which need to be addressed in future.

"Once this goes into effect we're going to look at the long-term unemployed, the unfair dismissals and resignations," Park said. "You can only engage with these issues once policy takes shape."

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