

MEDIA STATEMENT

Unemployment Insurance Fund (UIF) Operations in State of Dysfunction

JOHANNESBURG, 04 OCTOBER 2023 – Business Unity South Africa (BUSUA) is gravely concerned about the systemic dysfunction at the Unemployment Insurance Fund (UIF) that is putting the livelihoods of workers at risk. The ineptitude of the UIF to fulfil its promises has led to workplace disruption and had a negative impact on the employer-employee relationship. Of major concern is the fact that calls for the authorities to intervene have gone unheeded.

BUSUA has been engaging the government, together with labour, at Nedlac to try and resolve serious systemic dysfunction and alleged corruption in the administration of the UIF office. These engagements have been going on for the last three years and no progress has been made due to the inability or unwillingness of the UIF Commissioner to address the systemic issues. BUSUA has also written to the Minister of Employment and Labour several times, but we have not received any positive responses.

The systemic issues at the UIF office have been publicly revealed recently by news that questionable investments have put at risk billions of rands that should be allocated to workers in distress. This, especially at a time when poor economic conditions due to load-shedding, escalating inflation, and diminishing consumer demand, are likely to lead to employees being placed on short-time or potentially even laid off. For impacted individuals, the safety net afforded by the UIF benefits scheme is not guaranteed.

The systemic dysfunction has also resulted in lengthy delays in application processes, including via online systems, receiving incorrect information, or constant changes in requirements. Payments, when finally processed, are typically received long after the period of lost earnings, providing little financial support when needed most.

Special schemes, including C19 TERS, Workers Affected by Unrest (WABU), and others designed to support affected individuals, whilst positive in their intention, remain to a significant extent ineffective as hundreds of thousands of applications remain unresolved.

Recent media reports highlighting the depth of corruption that has taken place within the UIF are of major concern. We have consistently urged that the systems be modernised to identify and limit corrupt practices, including within the ranks of the UIF. Central to this is the implementation of effective ICT systems that contain risk mitigation measures whilst enabling simple, efficient, and timeous service delivery to enable workers to access funds when they are in periods of unemployment or on reduced earnings (maternity), and not many months later, if at all.

It is clear the current management within the UIF is unwilling or unable to execute their mandate and has embarked on ill-considered systems, such as the eCompliance platform, which have failed and introduced risk in the business landscape, both for companies seeking assurance about the compliance of their providers and for the protection of workers. Failure to address the systemic issues, including alleged corruption, will result in increased frustration

amongst employers and employees, and in greater financial losses that could impact the sustainability of the fund.

BUSA supports the call by other Business organisations and Organised Labour to have the UIF put under immediate administration. We remain committed, as we have been over the past three years, to providing support, advice, and expertise to drive a clear modernisation programme that addresses the changing needs of the new world of work and ensures efficient, cost-effective, and timely service delivery to beneficiaries. The resolution of the systemic issues in the UIF architecture is of critical importance to workers and employers alike. Business stands together with those seeking an urgent resolution to the problems in the UIF system and calls on the minister to act with speed.

ENDS

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