

Temporary Relief Schemes (TERS) for Companies under Distress due to COVID-19

(Illness, Reduced Work Time and Unemployment benefits, retrenchments, short-term layoffs)

1. EASY-AID GUIDE FOR EMPLOYERS FOR UIF BENEFITS

The Minister of Employment and Labour has announced measures that the Department will implement to address the impact of the novel Corona Virus (COVID-19) on Unemployment Insurance Fund (UIF) contributors. The UIF will compensate affected workers through a new “National Disaster Benefit” and its existing Illness, reduced work time and unemployment benefits. **This new “National Disaster Benefit” and any other normal UIF benefit is only applicable to employers that are registered with the UIF and make monthly contributions as required by the Contributions Act of 2002.**

2. NATIONAL DISASTER BENEFIT:

- 2.1. The employer may decide, as a direct result from the current Corona Virus (COVID-19) pandemic to close their business for a period and send employees home. This constitutes a temporary layoff. If the employer cannot pay its employees for this period, the employer can apply for the “National Disaster Benefit” from the UIF.
- 2.2. This benefit will be de-linked from the UIF’s normal benefit structure and therefore the normal rule, that for every 4 days worked the employee accumulates 1 credit day and maximum credit days payable is 365 for every 4 completed years, will not apply.
- 2.3. This benefit will be at a flat rate equal to the minimum wage (R3 500) per employee for the duration of the shutdown or a maximum period of three months, whichever period is the shortest.
- 2.4. If an employee is ill, temporarily laid off or unemployed for longer than three months, the normal UIF benefits as explained below will apply.
- 2.5. **Required Forms and Documents:**
 - 2.5.1. **UI19** and UI2.7 (completed by Employer)
 - 2.5.2. **UI 2.1** (application form)
 - 2.5.3. **UI 2.8** (bank form completed by the bank)
 - 2.5.4. A letter from the Employer confirming company shutdown or that employee’s “temporary layoff is due to the Corona Virus.
 - 2.5.5. Copy of employees’ ID documents.



2.6. It should be noted that:

- 2.6.1. This benefit will be at a flat rate equal to the minimum wage (R3 500) per employee for whichever period is the shortest.
- 2.6.2. An employer or employee cannot apply for the “National Disaster Benefit” and any other UIF benefit simultaneously.

3. REDUCED WORK TIME:

3.1. Where a company shuts down for a certain period or implements Reduced or Short Time.

3.2. Benefits payable is the difference between what the employer pays and normal UIF benefits payable should an employee lose employment.

3.3. What is the Reduced working benefit?

A benefit applicable to most employers who have experienced reduced working hours or closures as a result of COVID-19. As such the reduced working benefit implies that employees will be working shorter hours of work or no work over the Lockdown period.

- 3.3.1. Both the employer and employee must be registered with the Fund.
- 3.3.2. A benefit that shall be in place for three (3) months, unless the Minister terminates it on an earlier date.
- 3.3.3. The initial waiting period for an employee to access benefits will be waived.

3.4. How do I calculate the Reduced Working Benefit?

- 3.4.1. Employees earning up to the minimum rate of pay for their Sector (i.e. the general level is R 3 500.00 p/m) shall receive a benefit of at least R 3 500.00.
- 3.4.2. The maximum salary level for the purpose of calculating benefits for COVID-19 will be capped at R 17 712.00.
- 3.4.3. No employee will be paid less than R 3 500.00.
- 3.4.4. The UIF scale of benefits will be applied on a scale ranging from 60% of remuneration at the lower salary levels up to 38% at R 17 712.00 per month. The current calculator on the UIF site is not updated (2018) and works on a maximum level of R 14 872.00.

3.5. Required Forms & Documents

- 3.5.1. **UI19** and UI2.7 (completed by Employer)
- 3.5.2. **UI 2.1** (application form)
- 3.5.3. **UI 2.8** (bank form completed by the bank)



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3.5.4. A letter from the Employer confirming company shutdown or that the employee's temporary layoff" is due to the Corona Virus.

3.5.5. Copy of employee's ID documents

3.6. It should be noted that:

3.6.1. For every 4 days worked the employee accumulates 1 credit day, and maximum credits days payable is 365 for every four completed years.

3.6.2. Benefits are paid as per prescribed benefits structure from 239 to 365 days.

4. ILLNESS BENEFITS:

4.1. Where an employee has been quarantined for 14 days, the Illness Benefit process will apply.

4.2. A Confirmation Letter from both the employer and employee must be submitted together with the application as proof that both the employer and employee have agreed to the 14 days 'special leave'.

4.3. In this instance the letters will stand in place of the medical certificate as the beneficiary would have self-quarantined without prior consultation with a medical practitioner. Benefits will be paid based on these letters.

4.4. Should an employee be quarantined for more than 14 days, a medical certificate from a medical practitioner must be submitted together with the Continuation Form UI3.

4.5. Required Forms & Documents

4.5.1. **UI19** and UI2.7 (completed by Employer)

4.5.2. **UI 2.2** (application form)

4.5.3. **UI 2.8** (bank form completed by the bank)

4.5.4. Copy of employee's ID documents

5. When does the Lockdown Benefit commence and end? How does this impact the UIF payment?

5.1. Under the current situation, this benefit is in effect from 1 April 2020.

5.2. Should the period for which an employer is closed be less than a month, (i.e.as is defined in the current Lockdown where 5 day workers lose 13 working days) the benefit would be calculated on a pro rata basis at 13 / 21.67.

5.3. Should the period of Lockdown be extended, the claim could cover up to a maximum of 3 months, subject to 3.2.



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6. What if the Company has already required / offered annual leave to employees?

An employer will be entitled to and may retract this and apply for UIF instead, particularly as the annual leave has not been paid as yet. If this is committed to by employers it may be difficult to retract, but by the same token there have been cases where employees have opted to receive less payment via the UIF and keep their annual leave. It is suggested that employers should discuss/negotiate this with staff on their return. For example, it may be possible to reduce the annual leave required from employees, thereby enabling the employer to claim the top up from the UIF.

7. How does the Employer apply for this Benefit and how does it get paid out to employees?

7.1. Bargaining Councils and **Employers can become Agents for the disbursement of this benefit**, by application. This requires a three-step process of:

- 7.1.1. sending a Letter of Authority to the UIF;
- 7.1.2. thereafter entering into an MOU with the UIF; and
- 7.1.3. submitting the required forms online.

The process of application will follow usual verification processes and employers will be monitored and audited to ensure that monies reach employees.

7.2. The Department will pay employers the benefit directly and expect them to pay employees from these disbursements, unless the employer has already paid the employee. If the employee has already been paid, the employer will retain the monies.

7.3. The UIF encourages employers to pay employees on their usual pay date, as they cannot guarantee a turnaround time, due to the numerous applications filed with the Fund. Should an employer pay their employees in advance of receipt of their UIF payment they will retain the UIF payment.

8. Is the Department's public communication that employers cannot require employees to take leave correct?

No, clause 10 (b) of the Basic Conditions of Employment Act clarifies that if there is no agreement between the employer and employee on the timing of annual leave, the timing may be determined by the employer. However, employers are advised to agree on this with the employee. Considering this, it is understood that the Minister's suggestion is that funds will be made available to assist employers and employees, albeit this may be significantly lower than what an employee is accustomed to.

9. Considerations and recommendations

- 9.1. Apply for the TERS UIF benefit online (www.labour.gov.za) as an employer on behalf of employees, particularly those in lower earning positions. For employees who have contracted illness, apply **online at: www.ufiling.co.za (illness benefits)**.
- 9.2. If you have granted annual leave, consider consulting staff to withdraw/reduce their leave to enable the TERS to pay some of this amount. If the employer is able to keep to their initial payment arrangements with its employees, that is acceptable, but the employer should consider applying for UIF benefits should the Lockdown be extended.
- 9.3. **Communication** with your staff, suppliers and customers is emphasised. The **W&RSETA** can provide briefs that cover a broad range of considerations during Lockdown.

10. HOW TO APPLY FOR THESE BENEFITS:

- 10.1. **Application** forms can be downloaded from the Department of Employment and Labour website: www.labour.gov.za
- 10.2. Employers must complete the UI 19 Form stating the last date of termination and the reason thereof.
- 10.3. The forms can be submitted through the following methods:
- 10.3.1. Online at: www.ufiling.co.za (Illness benefits)
- 10.3.2. E-mail the application to the nearest UIF processing Centre. (Illness/ Reduced Work Time/Death benefits):

Mailbox	Fax to email Number
Germiston.BCP@labour.gov.za	0864397295
Petermari.BCP@labour.gov.za	0864397296
EastLondon.BCP@labour.gov.za	0864397299
Capet.BCP@labour.gov.za	0864397300
George.BCP@labour.gov.za	0864397301
NorthWest.BCP@labour.gov.za	0864397302
Limpopo.BCP@labour.gov.za	0864397303
Mpumalanga.BCP@labour.gov.za	0864397304
Freestate.BCP@labour.gov.za	0864397305



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NorthernCape.BCP@labour.gov.za	0864397309
Johannesburg.BCP@labour.gov.za	0864397294
Pretoria.BCP@labour.gov.za	0864397290

11. RAPID RESPONSE TEAMS:

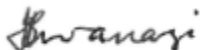
The Rapid Response Teams have been established to assist companies with processing of claims in cases of **retrenchments of more than 50 employees**. The Teams will be deployed to employer premises in each province.

Below is a list of officials to be contacted to make arrangements

PROVINCE	BUSINESS UNIT MANAGER	OFFICE NUMBER
Eastern Cape	Philiswa Madikazi	043 701 3342
Free State	Morgan Ramatsetse	051 505 6362/6200
Gauteng	Dingaan Basimane	011 853 0303
KwaZulu-Natal	Gugu Khomo	031 366 2012
Limpopo	Ronet Landman	015 290 1703
Mpumalanga	Evelyn Mokoena	013 655 8742
Northern Cape	Adv Bulelani Gwabeni	053 838 1554
North West	Selele Qhamakhoane	018 387 8178
Western Cape	Tony Lamati	021 441 8054

12. W&RSETA CONTACT

Mr Sipho Mkhathswa on smkhatshwa@wrseta.org.za ; 081 799 4920/ 012 622 9500



Mr Tom Mkhwanazi
Chief Executive Officer

Date: 8 April 2020