



LAP BOOKLET

LABOUR **ACTIVATION** **PROGRAMME**

Re-Intergrating UIF Beneficiaries
into the Labour Market



Give a man a fish, and you feed him for a day.
Teach a man to fish, and you feed him for a lifetime.

Unknown

GLOSSARY	INTERPRETATION
Accounting Officer	Body or person mentioned in section 49 of PFMA
Department	Department of Employment and Labour
LNAC	Labour Activation Programmes National Adjudication Committee
Learner	The term used for participants of training schemes
Long Term Unemployment	Defined as those who have been continuously unemployed for at least one year
Minister	Minister of Employment and Labour
PFMA	Public Finance Management Act, 1999, (Act. No 1 of 1996)
SETA	Sector Education and Training Authority
Skills Development Levies Act	Skills Development Levies Act, 1999, (Act. No 9 of 1996); as amended.
SAC	Single Adjudication Committee
UIF	Unemployment Insurance Fund established in terms of the Unemployment Insurance Act, 2001(Act No. 63 of 2001); as amended
UIF Beneficiary	<p>“Beneficiary” means a natural person:</p> <p>(a) who is or was employed;</p> <p>(b) to whom the Unemployment Insurance Act, in terms of section 3, applies; and</p> <p>(c) who can satisfy the Unemployment Insurance Commissioner that he or she has made contributions for purposes of the Unemployment Insurance Act</p>

1. BACKGROUND AND INTRODUCTION

The Unemployment Insurance Fund (the UIF) is a Schedule 3 public entity of the Department of Employment and Labour, established in terms of the Unemployment Insurance Act, 63 of 2001 (the UI Act) to provide short term relief to unemployed beneficiaries during periods of unemployment, illness, dependence, maternity and adoption. In terms of the UI Act, the UIF is mandated to register all qualifying employers and employees in South Africa and to pay benefits to all qualifying claimants. In terms of the Unemployment Contributions Act, 4 of 2002, both UIF and SARS are mandated to collect monthly contributions from employers and employees.

The UIF is self-funded and its core mandate is to collect contributions from registered employers and pay benefits to employees that have had a reduction or loss of income due to employer initiated process. The UIF pays benefits to a number of beneficiaries based on qualifying conditions. A majority of these people remain unemployed for a long time due to a lack of necessary skills that can enable them to be re-integrated into the labour market.

Therefore the UIF Board, as mandated by Section 48 of the UI Act No.63 of 2001 advised the Minister of Employment and Labour to implement Labour Activation Programmes (LAP) that will ensure that unemployed UIF beneficiaries are re-integrated back into the labour market. The Unemployment Insurance Amendment Act, 10. of 2016 (section 5 a) provides for the funding or retention of contributors in employment and the re-entry of contributors into the labour market.

Therefore, the LAP Chief Directorate was established to increase the Fund's participation in poverty alleviation schemes.



1.1 LAP realises this objective by focusing on the following areas:

- 1.1.1 Partnerships to implement job creation initiatives;
- 1.1.2 Training of the unemployed and underemployed;
- 1.1.3 Temporary Employee-Employer Relief Scheme (TERS) for distressed companies; and
- 1.1.4 Funding Productivity South Africa ("Productivity SA") to implement Business Turnaround and Recovery Programmes.

2. TRAINING OF THE UNEMPLOYED (TOU) / EMPLOYABILITY

The TOU has been repackaged. The repackaging of TOU follows the new mandate of the Department of Employment and Labour (DEL) which focuses on employment creation and retention. Therefore it is mandatory for potential partners to demonstrate that they will be able to put beneficiaries in jobs post the funding from the UIF. To this end, any proposal for funding must be accompanied by a commitment letter from an employer to absorb beneficiaries of LAP.

An entity wishing to be considered for funding must respond to an advert requesting for Job Creation Partnership Proposals. Applications are packaged and submitted to the Labour Activation Programmes' National Adjudication Committee (LNAC) for adjudication. The LNAC makes recommendations for approval by the delegated authority on the basis of the applying entity's commitment to absorb participants in jobs.

2.1 TARGETED BENEFICIARIES

The UIF is an insurance into which qualifying employees contribute. These contributors are the main targets. The programme targets at least 70% UIF contributors and provides for a maximum of 30% non-contributors.

2.2 RECRUITMENT PROCESS

The recruitment of learners is done through the Public Employment Service's (PES) Employment Services of South Africa (ESSA) online system. PES follows its normal placement processes to recruit participants. Should they not find suitable candidates, the partner can recruit from outside ESSA.

Any candidate who meets the requirement specified in the profile, which is also reflected in the PES opportunity form can be recruited bearing in mind the requirement for at least 70/30 percentage split.

2.3 PAYABLE STIPEND

The rates at which stipends are paid are as follows:

Learners who participate in TOU are paid a stipend to cover basic expenses such as transport.

Skills Programmes / programmes of less than 1 year = R 1 050 per month.

Learnerships / 1 - 2 year programmes = R 2 000 per month.

Apprenticeships / 3 year programmes = R 2 555 per month.

2.4 QUALIFYING CRITERIA

The affected employees must register as work-seekers at their nearest Labour Centres or online at <https://essa.labour.gov.za> because the process requires that participants be sourced from ESSA.

2.5 INTERNAL PROCESSES

2.5.1 Requests for proposals are advertised on the Department's website and in the media.

2.5.2 The adjudication committee process is based on an established criterion.

2.5.3 Due diligence is conducted and the Committee makes recommendations to the UIC or the Director-General according to the financial delegations.

2.5.4 A funding agreement is drafted by LAP in concert with Legal Services.

2.5.5 A funding agreement is signed by the Director-General or the UIC as per the financial delegations.



2.6 EXTERNAL PROCESSES

- 2.6.1 Upon approval by the DG, the approved partner can start the recruitment of learners.
- 2.6.2 The UIF confirms the list of potential recruits on the Fund's contributions system.
- 2.6.3 Partner submits tranche claim.
- 2.6.4 Claim is checked for completeness and submitted to UIF Supply Chain Management (SCM).
- 2.6.5 UIF SCM generates a Purchase Order.
- 2.6.6 Claim file is submitted to Finance for payment.
- 2.6.7 Partner starts with project implementation
- 2.6.8 Monitoring of projects is conducted.
- 2.6.9 Close-out report.

3. Temporary Employer/Employee Relief Scheme (TERS)

Under TERS, the UIF funds 75% of an employee's basic salary up to the ceiling amount of a maximum of 12 months. A condition to benefitting from TERS is that the distressed company must conclude an agreement with its own workers undertaking that no retrenchment will occur and that the company will pay all social security contributions for its workers. Lastly, compliance with all the legislative framework is required.

3.1 TARGETED BENEFICIARIES

The Scheme is intended to provide support to distressed companies that seek to retain their employees.

3.2 QUALIFYING CRITERIA

Under the Scheme, a company qualifies when it is registered with the UIF, has declared the employees they wish to place on the scheme. It should be noted that the Commission for Conciliation, Mediation and Arbitration (CCMA) has a qualifying criteria that determines the eligibility of the company to be recommended for assistance.

A condition to benefiting from TERS is that the distressed company must conclude an agreement with its workers undertaking that no retrenchments will occur and that the company will pay all social security contributions for its workers.

3.3 PROCESSES

- 3.3.1 The Single Adjudication Committee (SAC)/CCMA submits the company's employee list to LAP.
- 3.3.2 LAP sends the employee list to the UIF Compliance Unit for the verification of contributor status.
- 3.3.3 LAP calculates the amount of TERS allowances to be presented to the SAC.
- 3.3.4 The SAC adjudicates and issues a recommendation ruling.
- 3.3.5 A submission is submitted to the Director-General for approval.
- 3.3.6 Memorandum of Agreement is concluded with the company.
- 3.3.7 The UIF processes tranche claims from the company.
- 3.3.8 After a tranche payment, LAP conducts monitoring on the company which includes assessing whether the company has paid its workers the TERS allowances from monies paid by the UIF.



4. BUSINESS TURNAROUND AND RECOVERY PROGRAMME

Productivity SA is established in terms of section 31 of the Employment Services Act as a juristic person and an entity of the Department.

In terms of section 32 of the Employment Services Act, Productivity SA is mandated to enhance the productive capacity and operational efficiency of enterprises throughout the business life-cycle in order to contribute to amongst others, job preservation or minimizing retrenchment of workers.

The UIF provides funding to Productivity SA to implement Business Turnaround and Recovery Programme (BT&R).

4.1 TARGETTED BENEFICIARIES

The BT&R programme is aimed at assisting organisations/companies in distress including those that are receiving assistance through TERS.

4.2 PROPOSED OFFERING

Productivity SA provides non-financial assistance to distressed organisations in order to increase productivity, profitability, as well as to save and retain existing jobs. Therefore, any organisation or company wishing to participate in the programme must approach Productivity SA which can be reached on:

<https://productivitysa.co.za> or TEL: (011) 848 5300

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Department:
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REPUBLIC OF SOUTH AFRICA

