

REPORT ON THE UNEMPLOYMENT INSURANCE FUND.

In September 1982 an Ad Hoc Committee consisting of advice offices in and around the Pretoria-Witwatersrand-Vereeniging areas, got together to look at the

Unemployment Insurance Fund and the abuse of the Fund and it is from the findings and recommendations of this Committee, that I would like to briefly report.

According to official figures, approximately 650,000 black people are presently out of work. This figure does not include figures of unemployment in the independent homelands which are major areas of unemployment. Independent homelands include Transkei, Ciskei, Bophuthatswana and Venda. According to the Labour Reporter of The Rand Daily Mail and Mr. Charles Simkins of University of Cape Town, this figure is completely unrealistic.

Whilst official and unofficial sources do not agree on the number of people currently unemployed, official, business and academic sources have all expressed their concern that the numbers of unemployed will continue to grow at an alarming rate.

The Chief Economist of Barclays Bank, Dr. Johan Cloete, last year stated that South Africa is now faced with the highest unemployment rate since World War 2. In the current recession, retrenchment is fast becoming a daily threat to South Africa and thousands of workers are finding themselves on the street without hope of re-employment. The economic downturn is forcing companies to lay off workers or introduce shorter working weeks. There is presently little possibility of those unemployed being able to obtain other jobs, or of finding alternative financial assistance during their period of unemployment, apart from drawing benefits from the Unemployment Insurance Fund. Given the crisis of unemployment in South Africa, we are extremely concerned about the present inadequacies of the Unemployment Insurance Fund, as a result of which the Fund does not provide adequate benefits for workers. Inadequate though the Fund is for those who are covered, it must be pointed out that certain categories of workers such as domestic workers, farm labourers and seasonal workers are excluded from the Fund. We are extremely concerned about the present administration of the Fund, as our experience suggests that the administration of the Fund is far from satisfactory.

Examination of the Department of Manpower reports on the Fund for 1983 reveals that 152,978 applications were made for unemployment benefits. Using the official figure of 650,000 unemployed black people, the percentage of people who applied for benefits is only approximately 23 1/2%. The money in the Unemployment Fund in 1981 stood at R251.1 million and in 1983 at R247 million. It is interesting to note that the Fund has hardly been affected by the recession. When viewed against this background, the reasons why such a small percentage of unemployed people are claiming unemployment benefits, need to be critically examined.

On the basis of our experience of working with the problems of unemployed people, we would like to suggest that the main reason why workers are not claiming Unemployment benefits is that the majority of unorganised workers are ignorant of the Fund. In other words, workers are not claiming Unemployment benefits because they are simply unaware of the existence of the Fund, or because they do not know how to go about applying for benefits. This ignorance applies particularly to those workers who are in small towns and the rural areas.

We would further like to suggest that many workers either do not claim benefits because of the numerous problems which they know other workers have experienced, or they themselves have experienced on previous occasions, including the fact that their application for benefits could have been unjustifiably turned down.

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Most of the problems originates both with the employer and with the handling of the Fund by officials of the Department of Manpower. The present administration of the Fund gives great cause for alarm. We have conducted surveys in the following areas and the results of the survey point to the following problems :-

PROBLEMS WITH EMPLOYERS.

1. First not giving workers their Unemployment Insurance Fund Cards on leaving the firms employ ;
2. Firms who had not applied for unemployment Insurance Fund Cards by the time the worker left the persons employ ;
3. Firms who refused to assist the worker to obtain an Unemployment Insurance Fund Card ;
4. Employers who refused to sign forms necessary for applying for maternity benefits or for Sick Benefits, or for the application of death benefits ;
5. Firms who did not explain to their employees how to obtain Unemployment Insurance Fund benefits ;
6. Firms who deducted money for workers who are not covered by the Fund ;
7. Firms who filled in cards incorrectly by either not signing, putting wrong dates and wrong reasons, or wrong wages.
8. Employers who did not deduct money when they should have ;
9. Employers refusing to assist workers who have had money deducted illegally, to claim refunds for their money.
10. Workers not being able to get benefits because of employers delay in getting the workers Unemployment Insurance Fund cards.

PROBLEMS WITH THE DEPARTMENT.

1. Application for benefits being unjustifiably turned down.
2. Workers who have experienced unjustifiably long delays in getting benefits.
3. Workers not receiving benefits for the correct period as determined by the length of time they have contributed to the Fund ;
4. Workers not receiving the correct amount of money and receiving different and odd amounts of money ;
5. The Clerks in the Department telling workers that they are not entitled to benefits when they are and that only the Department will help them get other jobs, or that the Fund is exhausted ;
6. The Officials of the Department refusing to advise workers as how to apply for the various benefits.
7. The Officials of the Department refusing to assist workers who are experiencing problems with their Application for benefits.

RECOMMENDATIONS AS SEEN BY THE AD HOC COMMITTEE.

1. A better, more efficient administration of the Unemployment Insurance Fund.

- (a) There should be an urgent investigation into the administration of the Unemployment Insurance Fund ;
- (b) There should be Officers who speak African languages in all the big Claims Offices - to help the workers ;
- (c) A right to appeal against any penalty imposed by the clerks for dismissal by employers, for reasons which are alleged to be insubordination or the like. A period of 3 months grace should be allowed for the lodging of appeals :
- (d) Workers should be told for how long and how much money they will get from the Fund once they are dismissed or leave the job ;
- (e) If a worker misses a signing day for a good reason, he should not be made to start signing from the beginning again ;
- (f) Workers in rural areas must be paid once a month and in the cities every two weeks.

2. Workers should receive more money for a longer period.

- (a) Workers should get one week's money for every 4 weeks they have contributed to the Unemployment Insurance Fund for Unemployment, death, maternity and illness. (At present the worker only gets one week's money for every six weeks) ;
- (b) Workers must get unemployment, illness and death benefits of at least 60% of their last wage for one year. (At present it is 45% for 6 months) ;
- (c) Workers should get up to 34 weeks Maternity benefits and must be allowed to apply for benefits for a longer time. The present period is only for 26 weeks.
- (d) Unemployed workers over the age of 50 should get all the benefits owed to them for as long as they cannot find work ;
- (e) Workers should be able to choose whether they want their benefits paid in cash or by cheque.

3. Workers should not have to wait for longer than one week for their Unemployment Money.

- (a) Even if workers do not have their blue Unemployment Insurance Fund Cards, they must be able to get their money. The employer must fill out a form when they leave the job.

4. The Government and employers should contribute more money to the Unemployment Insurance Fund.

- (a) The Government should contribute the same amount of money as the employees. This means, if all the workers give R50 million, then the Government must give R50 million. At present, the Government only contributes R7 million.

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(b) The employers should contribute the same amount as their workers. This means that if a worker gives R1 to the Fund, the employer should do likewise. At present, the employer contributes less than the employee.

5. Employers should be prosecuted if they do not comply with the Law regarding the filling out and issuing of all the necessary forms and cards.

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(a) Employers must ensure that they apply for the necessary cards from the Department of Manpower ;

(b) Reasons for dismissal should not be reflected on the Unemployment Card, but should be filled in on a separate form.

6. Workers should be able to decide where they want to collect their Unemployment money.

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(a) There should be more Claims Offices ;

(b) Workers in the rural areas should not have to travel more than 25 kms for their money ;

(c) If for any reason the worker cannot collect his own money, he should be able to authorise someone to collect it for him ;

7. There should be a single Unemployment Fund for all workers in South Africa.

(a) There should be an end to all separate homeland Unemployment Funds ;

(b) All workers including domestic workers should belong to the Unemployment Insurance Fund.

8. Workers who have exhausted their Unemployment benefits and people who have never worked because they cannot find work should get some money

(a) We suggest that at least 33- 45% of the lowest legal wage in their area should be paid to these people. This should be paid out by the Government.

9. The money workers have contributed to the Unemployment Fund should be used to help the Unemployed.

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(a) The Government should give full reports to the public about the decisions, meetings and investments made by the Committee ;

(b) The Government must spend more money on training courses for the unemployed.

10. More Worker Control over the Unemployment Insurance Fund.

(a) The Committee which controls the Unemployment Insurance Fund does not represent the majority who contribute to the Unemployment Insurance Fund. The Minister in control of Manpower should call a meeting of all contributor representatives to discuss who should sit on the Committee.

One abiding conclusion is of the inadequacy of the Unemployment Insurance Fund, when compared with the provisions for unemployed people in countries such as England and Belgium.

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