**2500. Mr M Bagraim (DA) to ask the Minister of Labour:**

(1) What is the current balance of funds available in the Unemployment Insurance Fund;

(2) what are the (a) projected monthly (i) contributions towards and (ii) claims against the Fund in the period from 1 September 2017 to 31 August 2018 and (b) details of the appropriate underlying assumptions for each projection, including the (i) expected unemployment rate and (ii) economic growth assumption where appropriate? NW2757E

RESPONSE:

1. R110 Billion Portfolio
2. (a)(i) R1,577,304
3. R801,126

(b)(i)The assumption is based on the Fund’s annual actuarial valuation report as at 31 March 2017. Additional allowance for unemployment claims were made due to higher expected future unemployment rates. As per the quarterly labour force survey of 2017 Q1, unemployment increased by 1.2% over most recent quarter (from 26.5% to 27.7%). It is expected that this trend will persist for another 4 quarters so that the total increase in unemployment benefits is likely to be around 5%. As unemployment represent 80% of the total benefits paid by the Fund, we expect a 4% increase in benefit payments overall.

(ii) The estimation in (a) above is based on the Monetary Policy Committee’s economic growth forecast made on 25 May 2017 that growth of 1% is expected for 2017 after which it is expected to increase to 1.5% in 2018. It was also assumed that total salaries on which contributions are based will increase at inflation plus the economic growth forecast as set out above.