



UNEMPLOYMENT INSURANCE FUND

**PRESENTATION TO PORTFOLIO COMMITTEE ON
LABOUR**

STRATEGIC AND ANNUAL PERFORMANCE PLAN

2015.03.25



 **labour**
Department:
Labour
REPUBLIC OF SOUTH AFRICA

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MISSION

The Unemployment Insurance Fund strives to contribute to the alleviation of poverty in South Africa by providing effective short term unemployment insurance to all workers who qualify for unemployment and related benefits

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MISSION

The central purpose and role of the Unemployment Insurance Fund is defined as:

- Rendering an effective accessible service to all stakeholders**
- Being a sustainable organisation with sufficient reserves**
- Administering the Fund professionally**

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LEGISLATIVE MANDATES

Unemployment Insurance Act, 2001 as amended

- The Unemployment Insurance Fund (UIF) was established in terms of section 4(1) of the Unemployment Insurance Act, 2001 (Act 63 of 2001) as amended**

- The Act empowers the UIF to register all employers and employees in South Africa**

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LEGISLATIVE MANDATES

Unemployment Insurance Contributions Act, 200

- Section 8 of the Act empowers the SARS Commissioner to collect monthly contributions from both employers and workers who are required to register as employers in terms of the fourth schedule to the Income Tax Act and who are liable for the payment of the skills development levy in terms of the Skills Development Act, 1999 (Act 9 of 1999).**

- Section 9 of the Act empowers the Unemployment Insurance Commissioner to collect contributions from all those employers who are not required to register as employers in terms of the fourth schedule to the Income Tax Act and who are not liable for the payment of the skills development levy in terms of the Skills Development Act, 1999 (Act 9 of 1999).**

- These contributions are utilised to pay benefits and any other expenditure reasonably incurred relating to the application of this Act.**

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KEY UIF ACHIEVEMENTS

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- R4 billion invested in jobs creation to date 51000 jobs have been created and saved.
- 91% of valid claims with complete information approved or rejected within five weeks of application as reflected in the Fund's operational system by December 2014
- 11,999 claims submitted through U-Filing claim's portal by December 2014

Nine initiatives schemes were launched by the Minister in December 2013.

- To date 4535 learners have been recruited.
- Out of 4535 learners, 3000 completed the training.

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UIF STRATEGIC PLAN 2015-2020

Over the five year period, the UIF will pursue five strategic objectives to:

- Improve Financial Management
- Improve Service Delivery
- Improve compliance to the UIF acts.
- Fund poverty alleviation schemes

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Link between Service Delivery Outcomes & Strategic Objectives

Service Delivery Outcomes	DoL Strategic Objectives	UIF Strategic Objectives
Outcome 4: Decent employment through inclusive economic growth	KRA 1: Contribute to decent employment social protection KRA 8: Strengthening Institutional capacity of the Department of Labour.	KRA 4: Fund poverty Alleviation Schemes KRA 2: Improve service delivery
Outcome 12: An efficient, effective and development orientated public service and an empowered and inclusive citizenship. 12.1 Service delivery quality and access	KRA 9: Strengthening the institutional capacity of the Department	KRA 1: Improve Financial Management KRA 2: Improve Service Delivery
Outcome 13: An inclusive and responsive social protection system	KRA 5: Strengthening social protection	KRA 2: Improve service Delivery KRA : 3 Improve Compliance

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PROGRAMME 1: ADMINISTRATION

Purpose: provide management, strategic and administrative support services to the Fund.

Strategic Objective 1: Improve financial management

OUTPUT	KEY PERFORMANCE INDICATORS	Target 2015/16	Target 2016/17	Target 2017/18	Target 2018/19	Target 2019/20
Sound financial management	Percentage return on investment	8% Return on investments by March 2016	9% Return on investments by March 2017	9% Return on investments by March 2018	10% Return on investments by March 2019	10% Return on investments by March 2020
	Administrative expenditure (excluding capex) as a percentage of revenue	Administrative expenditure ≤ 15% by March 2016	Administrative expenditure ≤ 15% by March 2017	Administrative expenditure ≤ 15% by March 2018	Administrative expenditure ≤ 15% by March 2019	Administrative expenditure ≤ 15% by March 2020
Social responsible investment	Percentage of total mandated Social Responsible Investment committed	80% of the total mandated Social Responsible Investment committed by March 2016. (total investments as at beginning of financial year)	80% of the total mandated Social Responsible Investment committed by March 2017. (total investments as at beginning of financial year)	80% of the total mandated Social Responsible Investment committed by March 2018. (total investments as at beginning of financial year)	80% of the total mandated Social Responsible Investment committed by March 2019. (total investments as at beginning of financial year)	80% of the total mandated Social Responsible Investment committed by March 2020. (total investments as at beginning of financial year)

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Programme 2: Business operations

Purpose: To collect contributions and pay benefits.

Strategic Objective 2: Improve Service Delivery

OUTPUT	KEY PERFORMANCE INDICATORS	Target 2015/16	Target 2016/17	Target 2017/18	Target 2018/19	Target 2019/20
Improved Client Service	Percentage of valid claims with complete information approved or rejected.	90% of valid claims with complete information approved or rejected within five weeks of application as reflected in the Fund's operational system by March 2016	90% of valid claims with complete information approved or rejected within 14 days of application as reflected in the Fund's operational system by March 2017	90% of valid claims with complete information approved or rejected within 7 days of applications as reflected in the Fund's operational system by March 2018	95% of valid claims with complete information approved or rejected within 7 days of applications as reflected in the Fund's operational system by March 2019	95% of valid claims with complete information approved or rejected within 5 days of applications as reflected in the Fund's operational system by March 2020
Technology to improve service delivery implemented	Number of claims submitted through U-Filing claims portal.	15 000 claims submitted through U-Filing claims portal by March 2016.	20 000 claims submitted through U-Filing claims portal by March 2017.	30 000 claims submitted through U-Filing claims portal by March 2018.	40 000 claims submitted through U-Filing claims portal by March 2019.	40 000 claims submitted through U-Filing claims portal by March 2020.

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Programme 2: Business operations

Purpose: To collect contributions and pay benefits.

Strategic Objective 3: Improve compliance to the Unemployment Insurance Acts

OUTPUT	KEY PERFORMANCE INDICATORS	Target 2015/16	Target 2016/17	Target 2017/18	Target 2018/19	Target 2019/20
Improved compliance	Percentage increase in the number of newly registered employers	4% increase in the number of new employer registration by March 2016	6% increase in the number of new employer registration by March 2017	8% increase in the number of new employer registration by March 2018	8% increase in the number of new employer registration by March 2019	8% increase in the number of new employer registration by March 2020
	Percentage increase in revenue	6% Increase in revenue as compared to prior year by March 2016	6% Increase in revenue as compared to prior year by March 2017	6% Increase in revenue as compared to prior year by March 2018	6% Increase in revenue as compared to prior year by March 2019	6% Increase in revenue as compared to prior year by March 2020

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Programme 2: Business operations

Purpose: To collect contributions and pay benefits.

Strategic Objective 3: Improve compliance to the Unemployment Insurance Acts

OUTPUT	KEY PERFORMANCE INDICATORS	Target 2015/16	Target 2016/17	Target 2017/18	Target 2018/19	Target 2019/20
Improved compliance	Percentage of Overpayment balance collected (Opening Balance plus new overpayments noted less write offs and cancellations).	Collected 20% of outstanding overpayment's balance by March 2016	Collected 30% of outstanding overpayments balance by March 2017	Collected 30% of outstanding overpayments balance by March 2018	Collected 35% of outstanding overpayments balance by March 2019	Collected 35% of outstanding overpayments balance by March 2020
	Percentage increase on the usage of U-Filing system	20% Increase in employers using U-filing to declare and pay contributions as compared to prior year by March 2016	30% Increase in employers using U-filing to declare and pay contributions as compared to prior year by March 2017	30% Increase in employers using U-filing to declare and pay contributions as compared to prior year by March 2018	30% Increase in employers using U-filing to declare and pay contributions as compared to prior year by March 2019	30% Increase in employers using U-filing to declare and pay contributions as compared to prior year by March 2020

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Programme 3: Labour Activation Programmes						
Purpose: To provide active labour market programmes						
Strategic Objective 4: Fund Poverty Alleviation Schemes						
OUTPUT	KEY PERFORMANCE INDICATORS	Target 2015/16	Target 2016/17	Target 2017/18	Target 2018/19	Target 2019/20
Initiatives aimed at alleviating the harmful effects of unemployment funded.	Number of aspiring entrepreneurs developed.	600 aspiring entrepreneurs developed by March 2016	600 aspiring entrepreneurs developed by March 2017	600 aspiring entrepreneurs developed by March 2018	600 aspiring entrepreneurs developed by March 2019	600 aspiring entrepreneurs developed by March 2020
	Number of UI beneficiaries trained/ in training	6 000 beneficiaries trained / in training by March 2016	7 000 beneficiaries trained / in training by March 2017	8 000 beneficiaries trained / in training by March 2018	9 000 beneficiaries trained/ in training by March 2019	9 000 beneficiaries trained/ in training by March 2020
Social plan funded.	Number of distressed companies assisted.	100 distressed companies assisted by March 2016	100 distressed companies assisted by March 2017	100 distressed companies assisted by March 2018	100 distressed companies assisted by March 2019	100 distressed companies assisted by March 2020
Labour Activation Fund established	Labour Activation Fund established.	Labour activation fund established by March 2016	N/A	N/A	N/A	N/A

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Programme 3: Labour Activation Programmes						
Purpose: To provide active labour market programmes						
Strategic Objective 4: Fund Poverty Alleviation Schemes						
OUTPUT	KEY PERFORMANCE INDICATORS	Target 2015/16	Target 2016/17	Target 2017/18	Target 2018/19	Target 2019/20
Labour activation programme strategy implemented.	Labour Activation Programme strategy developed and implemented.	Labour Activation programmes strategy implemented by March 2016	Labour Activation strategy reviewed by March 2017	N/A	N/A	
Strategic alliances formed with educational institutions.	Number of service level agreements signed with educational institutions.	20 service level agreements signed with educational institutions by March 2016	50 service level agreements signed with educational institutions by March 2017	N/A	N/A	N/A

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UIF ANNUAL PERFORMANCE PLAN 2015-16

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Improved Client Service	Percentage of valid claims with complete information approved or rejected.	90% of valid claims with complete information approved or rejected within five weeks of applications by March 2016	90% of claims with complete information approved or rejected within five weeks of application as reflected in the Fund's operational system by June 2015	90% of valid claims with complete information approved or rejected within five weeks of application as reflected in the Fund's operational system by September 2015	90% of valid claims with complete information approved or rejected within five weeks of application as reflected in the Fund's operational system by December 2015	90% of valid claims with complete information approved or rejected within five weeks of application as reflected in the Fund's operational system by March 2016
Technology to improve service delivery implemented	Number of claims submitted through U-Filing claims portal.	15,000 claims submitted through U-Filing claims portal by March 2016.	3,750 claims submitted through U-Filing claim's portal by June 2015	7,500 claims submitted through U-Filing claim's portal by September 2015	11,250 claims submitted through U-Filing claim's portal by December 2015	15,000 claims submitted through U-Filing claim's portal by March 2016

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Purpose: To collect contributions and pay benefits.						
Strategic Objective 3: Improve compliance to the Unemployment Insurance Acts						
OUTPUT	KEY PERFORMANCE INDICATORS	ANNUAL TARGET	Q1	Q2	Q3	Q4
Improved Client Service	Percentage of valid claims with complete information approved or rejected.	90% of valid claims with complete information approved or rejected within five weeks of applications by March 2016	90% of claims with complete information approved or rejected within five weeks of application as reflected in the Fund's operational system by June 2015	90% of valid claims with complete information approved or rejected within five weeks of application as reflected in the Fund's operational system by September 2015	90% of valid claims with complete information approved or rejected within five weeks of application as reflected in the Fund's operational system by December 2015	90% of valid claims with complete information approved or rejected within five weeks of application as reflected in the Fund's operational system by March 2016
Technology to improve service delivery implemented	Number of claims submitted through U-Filing claims portal.	15 000 claims submitted through U-Filing claims portal by March 2016.	3 750 claims submitted through U-Filing claim's portal by June 2015	7 500 claims submitted through U-Filing claim's portal by September 2015	11 250 claims submitted through U-Filing claim's portal by December 2015	15 000 claims submitted through U-Filing claim's portal by March 2016

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Programme 2: Business operations						
Purpose: To collect contributions and pay benefits.						
Strategic Objective 3: Improve compliance to the Unemployment Insurance Acts						
OUTPUT	KEY PERFORMANCE INDICATORS	ANNUAL TARGET	Q1	Q2	Q3	Q4
Improved compliance	Percentage increase in the number of newly registered employers	4% increase in the number of new employer registration by March 2016	1% increase in the number of new employer registrations by June 2015.	2% increase in the number of new employer registrations by September 2015.	3% increase in the number of new employer registrations by December 2015	4% increase in number of new employer registrations as compared to previous year by March 2016
	Percentage increase in revenue	6% increase in revenue as compared to prior year by March 2016	1.5% increase revenue as compared to previous year by June 2015	3% increase in revenue as compared to previous year by September 2015	4.5% increase in revenue as compared to previous year by December 2015	6% increase in revenue as compared to previous year by March 2016

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Programme 2: Business operations

Purpose: To collect contributions and pay benefits.

Strategic Objective 3: Improve compliance to the Unemployment Insurance Acts

OUTPUT	KEY PERFORMANCE INDICATORS	ANNUAL TARGET	Q1	Q2	Q3	Q4
Improved compliance	Percentage of Overpayment balance collected (Opening Balance plus new overpayments noted less write offs and cancellations).	Collect 20% of outstanding overpayments balance by March 2016	Collect 5% of outstanding overpayments balance by June 2015	Collect 10% of outstanding overpayments balance by September 2015	Collect 15% of outstanding overpayments balance by December 2015	Collect 20% of outstanding overpayments balance by March 2016
	Percentage increase on the usage of U-Filing system	20% Increase in employers using U-filing to declare and pay contributions as compared to prior year by March 2016	5% increase in Employers using U-Filing to declare and pay contributions as compared to prior year by June 2015	10% increase in Employers using U-Filing to declare and pay contributions as compared to prior year by September 2015	15% increase in Employers using U-Filing to declare and pay contributions as compared to prior year by December 2015	20% increase in Employers using U-Filing to declare and pay contributions as compared to prior year by March 2016

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Programme 3: Labour Activation Programmes

Purpose: To provide active labour market programmes

Strategic Objective 4: Fund Poverty Alleviation Schemes

OUTPUT	KEY PERFORMANCE INDICATORS	ANNUAL TARGET	Q1	Q2	Q3	Q4
Initiatives aimed at alleviating the harmful effects of unemployment funded	The number of aspiring entrepreneurs developed	600 aspiring entrepreneurs developed by March 2016	N/A	N/A	N/A	600 aspiring entrepreneurs developed by March 2016
	The number of UI beneficiaries trained/ in training	6 000 beneficiaries trained/ in training by March 2016	N/A	N/A	N/A	6 000 beneficiaries trained/ in training by March 2016
Social plan funded	Number of distressed companies assisted.	100 distressed companies assisted by March 2016	N/A	N/A	N/A	100 distressed companies assisted by March 2016
Labour Activation Fund established	Labour activation Fund established by March 2016	Labour activation Fund established by March 2016	N/A	N/A	N/A	Labour Activation Fund established by March 2016

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Programme 3: Labour Activation Programmes

Purpose: To provide active labour market programmes

Strategic Objective 4: Fund Poverty Alleviation Schemes

OUTPUT	KEY PERFORMANCE INDICATORS	ANNUAL TARGET	Q1	Q2	Q3	Q4
Labour activation programme strategy implemented.	Labour activation programme strategy developed and implemented.	Labour activation programmes strategy implemented by March 2016	N/A	N/A	N/A	Labour activation programmes strategy implemented by March 2016
Strategic alliances formed with educational institutions.	Number of service level agreements signed with educational institutions.	20 service level agreements signed with educational institutions by March 2016	N/A	N/A	N/A	20 service level agreements signed with educational institutions by March 2016

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MTEF 2015 BUDGET OVERVIEW

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MTEF 2015 BUDGET OVERVIEW

	Approved Revised 2014/2015	2015/2016	2016/2017	2017/2018	Growth
	R'000	R'000	R'000	R'000	2014/15 - 2015/16
Administrative	1,905,732	2,019,531	1,930,326	2,041,442	5.9%
Goods & Services	756,524	838,607	864,148	906,462	10.8%
Employee Cost	934,608	998,604	1,066,178	1,134,980	6.8%
Capital Expenditure	214,600	182,320	-	-	-15.0%
Revenue	25,625,559	28,032,500	30,632,428	33,404,478	9.39%
Contributions	16,420,469	17,722,687	19,065,867	20,428,371	7.9%
Other Income	257,773	275,454	317,316	360,916	6.8%
Investment Revenue	8,947,317	10,034,359	11,249,245	12,615,191	12.15%
Benefits	7,528,169	7,949,322	8,650,223	9,373,254	5.5%
Benefit Expenditure	7,528,169	7,949,322	8,650,223	9,373,254	5.5%

**MTEF 2015 BUDGET OVERVIEW
BENEFIT EXPENDITURE PER BENEFIT TYPE**

Benefit Expenditure	Approved Revised 2014/2015	2015/2016	2016/2017	2017/2018	Growth
	R'000	R'000	R'000	R'000	2014/15 - 2015/16
Benefits	7,528,169	7,949,322	8,650,223	9,373,254	5.5%
Unemployment	5,868,929	6,197,258	6,743,677	7,307,349	5.5%
Illness	313,441	330,976	360,159	390,263	5.5%
Maternity	948,604	1,001,672	1,089,990	1,181,098	5.5%
Adoption	989	1,044	1,136	1,231	5.5%
Dependents	396,207	418,372	455,260	493,313	5.5%

MTEF 2015 BUDGET OVERVIEW

Technical Reserves	Approved Revised 2014/2015	2015/2016	2016/2017	2017/2018	Growth
	R'000	R'000	R'000	R'000	2014/15 - 2015/16
Technical Reserves	2,015,371	2,060,824	2,069,924	2,099,679	2.2%
Labour Activations Programmes (LAP)	Approved Revised 2014/2015	2015/2016	2016/2017	2017/2018	Growth
	R'000	R'000	R'000	R'000	2014/15 - 2015/16
Training Lay-off Schemes and Social Plan Funding	550,000	695,000	731,836	772,087	26.3%
Training of the unemployed	150,000	189,530	199,572	210,548	26.3%
Unemployment alleviation schemes	400,000	505,470	532,264	561,539	26.3%

Impact of the Ceiling Reduction as proposed in Budget Speech 2015

	Prior to UI Bill Benefit Improvements		Post UI Bill Benefit Improvements	
	Original Budget R'000	Revised Budget R'000	Original Budget R'000	Revised Budget R'000
Contributions	17,722,678	1,166,400	17,722,678	1,166,400
Other Income	26,213	26,213	26,213	26,213
Interest from debtors	107,288	64,373	107,288	64,373
Penalties from debtors	142,043	85,226	142,043	85,226
Investment Income	10,034,359	3,344,786	10,034,359	3,344,786
Total Income	28,032,590	4,686,998	28,032,590	4,686,998
Reserves	2,060,824	2,060,824	3,440,893	3,440,893
Benefit Payments	7,949,322	7,949,322	8,691,728	8,691,728
LAP	695,000	198,262	695,000	198,262
Operating Surplus/(Deficit)	17,327,444	(5,521,410)	15,204,969	(7,643,885)
Employee Cost	998,604	998,604	998,604	998,604
Admin Expenditure	1,020,926	1,020,926	1,020,926	1,020,926
Net Surplus/(Deficit)	15,307,914	(7,540,940)	13,185,539	(9,663,415)

