

**Ministry**

**Employment & Labour**

**Republic of South Africa**

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**NATIONAL ASSEMBLY**

**WRITTEN REPLY**

**QUESTION NUMBER: 424 [NW1396E]**

**INTERNAL QUESTION PAPER NO.: 07 of 2019**

**424. Dr M J Cardo (DA) to ask the Minister of Employment and Labour:**

(a) How does his department intend to leverage the resources of the (i) Unemployment Insurance Fund and (ii) Compensation Fund to invest in job-creating initiatives in the current financial year and (b) what portion of the resources will be used for the purposes of job creation? NW1396E

REPLY:

**Unemployment Insurance Fund**

1. *Project Development Partnership(PDP)*

The Department of Employment and Labour through PIC and the UIF launched the Project Development Partnership (PDP) Fund on the 14 December 2018. The Fund is aimed at supporting and creating jobs through creating and funding early-stage businesses. An allocation of R2bn is directed towards the PDP Fund, and this allocation is funded by the UIF. The PDP Fund is specifically directed at performing the following roles:

* Offering funding to create and grow small businesses, therefore creating new companies.
* The PDP Fund would fund companies in sectors such as Agribusiness and Bio- science, Mining and beneficiation, Manufacturing and ICT, social infrastructure, Water and related services, financial services, and Youth innovation.
* President Ramaphosa highlighted the importance of South Africa’s participation in the 4th Industrial Revolution and emphasized the need to move with greater focus and urgency to develop the skills, human capital, institutions and strategies that are required to seize the advantages of this technological change. The PDP Fund echoes the sentiments of our President and will focus on investing in projects which are solving SA socio-economic challenges through investment projects which are aligned to 4th Industrial Revolution.
* The PDP Fund is expected to create and support over 10 000 jobs (direct and indirect), particularly ensuring Future of Work opportunities are utilized

The PDP fund allocation of R2bn will be split into two investment streams. A portion will be invested by PIC directly into early-stage businesses and projects. The other portion of the R2bn allocation will be allocated to black-owned fund managers with an intention to transform the asset management industry in South Africa.

# Progress since the launch:

* 194 applications were received for funding from the PDP fund, 85% have been screened. 73 were received from the public application process
* Request for proposals (RFP) were completed and processed for the appointment of the fund managers, and 5 managers have been shortlisted.
* All 5 fund managers are Black-owned and have excellent pipeline that includes projects that offer key unlocks for the South African economy and align well with employment creation targets

Project Bokamoso, the agricultural high-value land development flagship project, is progressing well and is in the Due-Diligence stage of the investment process. Other direct large-scale projects in pipeline includes:

* + Project Energise – beneficiation/ rural electrification / local manufacturing
	+ Project Hope – High-tech satellite manufacture / agriculture / water
	+ 2 Education / Healthcare project under consideration
	+ 2 Primary agricultural development projects e.g. Macadamia Co-op (Eastern Cape and Limpopo)
	+ 2 manufacturing projects under consideration – both targeted in SEZs for export market
	+ Bonds4Jobs – youth skills development and employment placing
	+ Mining and rehabilitation – high-tech/ low-cost minerals extraction
1. *High Social Impact Portfolio(HSIP)*

The aim of the Fund is a first step to put into effect the newly signed Unemployment Insurance Act as Amended 2017 Section 5(d) which states that: “Financing of the retention of contributors in employment and the re-entry of contributors into the labour market and any other scheme aimed at the vulnerable workers”. The purpose of the HSIP was born out of the above mentioned section and is just but one of the intervention the Department of Employment and Labour has embarked on to pro-actively intervene in the market where it’s possible to do so.

*Purpose*: The HSIP aims to fund interventions in entities in order to ensure job preservation and creation. It will target transactions where the current risk of significant direct job losses is high.

*Social Impact Criteria and Expectations*: Minimum social return of X% of the investment amount based on the value to the UIF of the primary social impacts. The primary social impacts that will be measured are related to the expected jobs saved at the target entity or that can be proven downstream:

* Saving of claim payments;
* Retention of UIF contributions;
* Impact on the Fiscus (e.g. PAYE)

*Investment Criteria*: The investments should contribute to the preservation and creation of sustainable job opportunities in particular for women, youth and other designated persons.

Progress to Date

* HSIP was only launched in February 2019
* The Department through UIF set aside R3 billion for the portfolio
* R1.2 billion was invested in Edcon acquiring a stake of 19% and in the process saving about 140 000 direct and indirect jobs. This investment also avoided stores; farms; and other stores downstream from closing.
* Overtime staff ownership will be worked into the formula of investment
1. *Training Layoff Scheme and now Temporary Employee/Employer Relief Scheme(TERS)*

The Department of Employment and Labour has swiftly implemented the job summit resolution on reviewing the Training Layoff Scheme process to ensure speedy intervention for the companies in distress. The intention of the review was in line with the newly reviewed UIF Act which emphasise the need to fund the retention of contributors in employment.

In the line with the Job Summit resolution the following has been implemented:

* The numerous decision making platforms have been reduced to one committee centralised at the CCMA which enables speedy decision making.
* As a result of the centralisation of the committee the following successes has been registered:
1. The committee has met 22 times since October 2018
2. 30 companies considered
3. 27 companies recommended and approved
4. Those 3 companies that have not been recommended have been advised to address compliance issues
5. A total of 2 929 jobs preserved
6. Just over R52 millions spent to date to preserve the jobs

**Compensation Fund**

1. **Rehabilitation and Return to Work**

The Compensation Fund introduced a Rehabilitation and Orthotics unit in 2018 with the aim of implementing a Rehabilitation and Return to Work programme for the injured workers. Injured workers who are assessed to be permanently disabled would usually leave the labour market thus contributing to the unemployment rate. The Rehabilitation unit introduced at the Compensation fund focuses on three forms of rehabilitation, the traditional clinical rehabilitation we have always provided injured workers with and the newly introduced social and vocational rehabilitation.

Vocational Rehabilitation is aimed at assisting the injured workers with reskilling for reintegration back into the labour market. Through the Vocational Rehabilitation Programme, the Compensation Fund seeks to remove barriers to accessing or returning to employment or other useful occupation by providing developmental opportunities to maximise performance, employability or participation in the country’s economy.ositiveegan in 2017on coperates ls that ensure employability t and also focus on development in rural areas pertainign le with The Programmes objectives are

* To support tertiary students who require financial assistance and are pursuing a tertiary degree
* To encourage the participation of previously employed persons who suffered occupational injuries or diseases resulting in a disability by providing training and development initiatives to enable them to be reintegrated back to work or become self-sustainable;
* To build a talent pipeline of a pool of capable candidates who are readily available for the labour market;
* To leverage on opportunity creation initiatives to assist unemployed workers who suffered occupational injuries resulting in a disability and Persons with Disabilities to achieve economic self-sufficiency; and Vocational Rehabilitation comprises of various sub programmes. In order to enable a successful Return to work programme for injured workers that now have a disability, the Fund has a Vocational Rehabilitation Bursary Scheme aimed at assisting the injured beneficiaries to acquire skill(s) that will enable them to be returned to work post the injury. Injured workers are among the most vulnerable in society and tend to be mostly blue collared workers with no matric or tertiary qualifications.

As a pilot, we are currently funding upper limb amputees enrolled for electrician and welding course, tertiary degrees and on entrepreneurship programmes.

In addition to promoting the employability of persons living with disability as a result of occupational injuries, the Compensation Fund currently runs a tertiary bursary programme which began in 2017 that is aligned to some of the scarce skills identified in South Africa. The bursary programme is an intensive programme which entails an online support programme and on site mentoring coaches at universities which monitor not only the academic performance of the student but also addresses social issues considering that some of our students are from rural areas in South Africa.

As at the beginning of 2019, this programme has 327 students pursuing a tertiary degree at various universities in the following fields:

* Nursing
* Medical Orthotics and Prosthetics
* Occupational Therapy
* Information Communications Technology
* Physiotherapy
* Accounting Science
* Actuarial Science and Financial Mathematics
* Medicine and Surgery

The Rehabilitation and Return to work programme will require participation of both the public and private sectors to be successful. As part of the Social Rehabilitation programmes we will be embarking on initiatives that are aimed at promoting social entrepreneurship for those who have been reskilled and successfully rehabilitated. We will outline the details of these programmes in the near future.

1. **Socially Responsible Investments**

The Compensation Fund has set aside 10% of its investment portfolio for investment in unlisted investments with job creation potential. These investments are made across various sectors of the economy.