Business and labour slam Ters 'U-turn'

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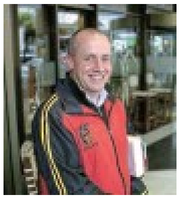
Business and labour have accused the Unemployment Insurance Fund (UIF) of backtracking in talks over extending Temporary Employer/Employee Relief Scheme (Ters) wage protection to cover the current lockdown.



This comes little more than a week after what was initially described as positive discussions to restart the scheme to provide a softer landing for workers affected by the extended level 3 lockdown restrictions.

The return to level 3 at the end of December has left the hospitality and alcohol sectors reeling. The restrictions, which were extended last week, threaten to wipe out many small businesses, while big retailers are bracing to lose billions of rand. There has nevertheless been no announcement of relief for businesses or workers hit by the regulations.

Last week Heineken SA, which owns brands such as Windhoek and Amstel, became the first major company to announce job cuts due to the third alcohol ban. The decision came days after SAB, a unit of AB InBev, the world's largest brewer, said it had cancelled R2.5bn in planned investment.

Bottle manufacturer Consol, which has the alcohol industry as one of its biggest clients, said it is spending R8m a day on production despite a collapse in demand and is doing everything not to retrench workers.

President Cyril Ramaphosa has previously said SA lacks the money to provide the kind of relief packages paid out in the first wave of the virus, especially now that the country has to pay for Covid-19 vaccines. But in his political overview to the ANC's biannual lekgotla at the weekend, he said given that parts of the economy will take longer to return to full operation than others, the meeting needed to discuss whether there was a need to provide some relief to companies and employees in distressed sectors of the economy, and whether the country has the fiscal space to do this.

The government and its social partners have been meeting regularly at Nedlac and have discussed extending Ters, which was introduced in 2020 when the country went into a hard lockdown and is paid by the UIF. Two weeks ago the partners were still optimistic about the negotiations and a decision was expected to be reached soon. However, things appear to have changed, with the UIF now adamant it cannot afford to extend the benefit.

It is clearly recommended in an actuarial report discussed at Nedlac that Ters not be extended. It says the UIF Act provides for those employees affected by the current lockdown level through the short-work time benefit, among others.

Employees whose hours of work had been reduced or had to stay at home due to work stoppages could thus apply for this benefit and it would be paid subject to their available credits.
However, business and labour believe immediate relief must be provided and that there are sufficient funds in the UIF to pay Ters, which would cost R2bn-R3bn a month.
Business for SA's Rob Legh
said that for a few weeks from mid-December positive moves were being made in developing a revised directive to reactivate the Ters benefit for a defined group of employees that would have included a cap on the level of claims. Business and labour had aligned on this.
However, "in the last week or so, the UIF have done a U-turn and now propose that persons adversely affected just claim ordinary benefits" under the UIF Act, he said.
Cosatu's Matthew Parks said the labour federation will now go directly to Ramaphosa to discuss the matter. "We don't agree with them on the actuarial report; we think they are being overly conservative," he said.
Legh said the UIF's counterproposal is unworkable and the fund has done nothing to cost it or to articulate clearly how it would work and how applications should be made and processed.
The UIF denies that it has backtracked. "The negotiations are still ongoing and parties are looking at proposals on the table," a spokesperson said.
The fund had budgeted R40bn for the Ters benefit, the spokesperson said, an amount that had been exceeded by R16bn, and it had paid R13bn in ordinary benefits, which was expected to increase due to ongoing retrenchments.
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