



MINISTRY OF FINANCE
REPUBLIC OF SOUTH AFRICA

MEDIA STATEMENT

FINANCE MINISTER EXTENDS CONSULTATION PERIOD ON UIF PROPOSAL BY ONE MONTH

The Minister of Finance has agreed to a one-month extension in the consultation process on the 2015 Budget proposal to reduce the remuneration threshold against which UIF contributions are calculated, following discussions with the labour and business constituencies at NEDLAC.

In the 2015 Budget Speech, the Minister proposed to reduce the remuneration threshold against which contributions to the Unemployment Insurance Fund (UIF) are calculated from the current monthly amount of R14 872 to R1 000, for a period of one year. Benefit payments would remain unchanged.

The Minister's proposal aims to provide much-needed support to the economy, putting about R15 billion back into the pockets of workers and employers. The reduction in the remuneration threshold would draw down on the UIF's accumulated surplus which currently stands at more than R72 billion. The proposal will not materially affect the financial strength of the fund, and is projected only to reduce the rate of surplus accumulation.

NEDLAC consultations on the proposal have been under way since 27 February 2015, following a post-Budget briefing by the Minister of Finance. On 4 March 2015, the Minister also extended an invitation for public comment on the proposal by 20 March 2015. The National Treasury is processing the 44 public comments received, as well as comments received from NEDLAC constituencies.

Government has noted concerns of NEDLAC constituencies on the need to implement the UIF Amendments Bill to extend benefits to workers who contribute towards the Fund, on the broader social security reform process, and on the consultation process as it affects stakeholders.

In light of the ongoing NEDLAC discussions, the implementation of the UIF threshold reduction has been postponed. Final consultations will take place during April, with the new implementation date set for 1 May 2015.





**MINISTRY OF FINANCE
REPUBLIC OF SOUTH AFRICA**

Queries can be addressed to:

- email: uif@treasury.gov.za
- fax: 086 741 8648; or
- hand: c/o the Chief Directorate: Legislation
National Treasury
Old Reserve Bank Building
Room HB-02.03
Church Square
City of Tshwane

Issued on behalf of the Ministry of Finance

Date: 31 March 2015

