



## Revamping social security

**T**he need to revamp South Africa's social security system is undisputed amongst Nedlac's four constituencies.

Labour points to the fact that the RDP called for a 'national social welfare delivery system which ensures the greatest coverage in terms of benefits to the poorest through a restructured, integrated social welfare delivery system at national, provincial and local government levels'. (RDP, 1991)

Government acknowledges that in terms of the new Constitution, access to social security is a right. Business also backs the concept of social security, and believes it is the duty of government to provide social security, including social assistance and social insurance. Community has challenged government to speedily implement 'the intended formulation of a more comprehensive social security and welfare safety net' (submission to the Jobs Summit, June 1998)

### Nedlac task team

One of the agreements at the Jobs Summit in October last year, was that parties committed themselves to achieving the implementation of an effective comprehensive social security system. It would be aimed especially at those living in poverty and the unemployed.

The social partners recognised that

there is a strong link between labour market policy and social security. They therefore agreed to establish a joint Labour Market and Development Chamber task team to implement the Jobs Summit resolution.

### Review

The first part of the agreement on social security states that there should be a review of the existing system. There is widespread acknowledgement that this system is neither comprehensive nor integrated.

Government, under the leadership of Minister of Welfare, Geraldine Fraser-Moleketi, has already initiated such a review process.

An inter-departmental task team, including the departments of health, labour, welfare, transport, justice, defence, energy and finance is close to completing a review of both social assistance (grants such as disability, maintenance, war veterans) and social insurance (for example, unemployment insurance, workman's compensation).

The Department of Welfare's Fezile Makhiwane told Nedlac that the task team was also looking at social health proposals and the issue of a basic income grant. The basic income grant had been proposed by Labour and captured in the Jobs Summit agreement.

The government task team is not

looking at retirement funds, as a review of this nature has already been done by the Department of Finance

## Principles and objectives

All the constituencies have done a fair amount of work around the issue of social security over the past five years. Government published documents such as the White Paper for Social Welfare and the White Paper on an Integrated National Disability Strategy in 1997. Labour has published a submission on the White Paper for Social Welfare. The September Commission looked closely at the issue of a social wage.

Labour's representative on the Nedlac task team, Ravi Naidoo, spelled out five key objectives that labour would like to see accomplished through a revamp of social security.

The first objective is maximum coverage. Naidoo says that the Unemployment Fund currently covers only 5% to 10% of workers and that this should be extended to cover all workers. A second objective would be to restructure the social insurance institutions to:

- reduce duplication and create economies of scale;
- ensure that as many people as possible are covered;
- promote equity.

Labour's third objective is to ensure that there is an improvement in public sector service delivery. It wants a commitment to move away from private provision of social security (such as employers providing transport, housing).

Lastly, Naidoo argues that the implementation of a social security system should at the same time promote structural reform of the economy, such as promoting access to productive assets and social investment.

Business fully supports the idea of social security but is concerned about affordability.

Barry Shipman, business' representative on the task team, said that business had identified five important principles for a social security system. It should:

- be affordable,
- be sustainable from a delivery point of view;
- operate on the basis of solidarity among participants,
- have careful funding and fiscal control,
- be managed on a senior level, with Parliament possibly having overall control.

## Process

Government has undertaken to submit its review to the Nedlac task team by mid-April. In the meantime, the constituencies will submit broad principles and primary objectives and hold discussions in an attempt to reach a common understanding at a conceptual level.

Once the task team has studied the government's review, Nedlac will be able to identify any gaps or areas for further study. The task team will also begin to formulate proposals.

Government's task team is required to provide a report, containing both the review and proposals for an enhanced social security system, to the Minister of Welfare by July, for mandating at Cabinet level.

By interacting with the government during the process of finalising the review and proposals, the Nedlac constituencies will be able to make an impact at an earlier stage instead of merely waiting for the report to be tabled in July. This will hopefully speed up the implementation of this very significant Jobs Summit agreement.



# *Nedlac's work programme for 1999*

**A** major priority for Nedlac for 1999, is implementing agreements that have been reached. Other priorities include the role that Nedlac can play in the integration of southern Africa and the consolidation of Nedlac structures and processes

## **Chamber work programmes**

### *Trade and Industry chamber*

One of the chamber's priorities for 1999 is the free trade agreement with SADC. The chamber is addressing one of the Jobs Summit agreements by looking at strengthening customs and excise in order to tackle customs and VAT fraud. It will also embark on a review of tariff policy (also one of the agreements reached at the Jobs Summit) and look into South Africa's involvement in multilateral trade institutions, such as the World Trade Organisation

The Workplace Challenge Project and the research being conducted under the Fund for Research on Industrial Development, Growth and Equity (FRIDGE) are also important trade and Industry chamber projects. The chamber has approved studies on a tourism collaborative initiative and a review of the tax holiday scheme. Research briefs are also being developed for a domestic competitiveness report, a report on standards, quality, accreditation and metrology and a report on trade and the environment

### *Finance and monetary policy chamber*

The finance and monetary policy chamber has not met since late last year, as it has been without a labour convenor, and business and government have expressed their reluctance to convene meetings without one. However, a meeting is being convened at the appropriate level to develop a work programme that enjoys the support of the parties. A policy session is being arranged with the Minister of Finance.

### *The development chamber*

The development chamber has identified four main clusters of work to tackle in 1999. Each cluster of work will be assigned to a task team. One task team will deal with local government issues and the Masakhane campaign.

The White Paper on Local Government and the Municipal Systems Bill are two of the local government issues on the programme. The Masakhane work will include preparation for the Masakhane presidential and local council awards and preparation for a proposed summit at the end of 1999. The second task team will deal with health, land reform and social security. The Jobs Summit agreement on social security will form the basis of the work on this issue. A joint committee with delegates from the labour market chamber and the development chamber has held three meetings so far. The third task team will deal with poverty and disability issues, whilst the fourth will deal with housing

and infrastructure delivery. The chamber's work on housing was taken forward in the Jobs Summit and has resulted in a presidential lead project on housing. This is progressing well.

On infrastructure, the chamber has appointed an agency to conduct a major survey of infrastructure delivery in the country. There will be a three-phase report back to the chamber reference group, with the final report in June 1999.

#### *Labour market chamber*

The bulk of labour market chamber work in the first part of 1999 will be in developing positions for submission to the SADC employment and labour sector. At a meeting in early April, South Africa made a tripartite input on:

- a draft code of good practice on the safe use of chemicals in SADC;
- a draft declaration of productivity in SADC;

- a draft social charter on fundamental rights in SADC.

The labour market chamber has a number of ongoing issues to deal with, such as demarcation applications, and ILO conventions. The amendment of section 154 of the LRA, which deals with the tenure of Labour Court judges, has also been put on the agenda.

#### **Non chamber-specific issues**

Nedlac has earned prominence and respect through its successful interventions in applications for socio-economic protests made in terms of section 77 of the LRA. Issues currently on the agenda as a result of section 77 notices being tabled are:

- the conditions of the criminal courts and the demands placed on public prosecutors,
- the transformation of the tertiary education system and related matters.



### **Recent demarcation applications**

Demarcation determines which companies are grouped together in an industry or sector for bargaining purposes. The LRA gives Nedlac the task of considering applications to register new councils or to change the scope of existing ones.

The standing committee on demarcation recently considered the following applications. Their recommendations were supported by the executive council of the 5th March.

- Application for the variation of scope of the Bargaining Council for the Furniture Manufacturing Industry of the Eastern Cape. The application was supported by the standing committee and the labour market chamber provided that reference was made to the agreements concluded between the building industry and furniture manufacturing industry in 1986. The agreements provide for the interpretation of the sectors and areas of the industries.

- The application for the registration of the amalgamating Bargaining Council for the Meat Trade, Gauteng, was supported.
- The application for the variation of scope of the Building Industry Bargaining Council (Cape of Good Hope) was supported.
- The application for the registration of a National Bargaining Council for the Chemical Industry was supported except with respect to the exclusion of the wholesale patents and pharmaceuticals sector, on which agreement was not concluded.

The standing committee has considered the following applications, which still have to be ratified.

- Hairdressing and Cosmetology Services Bargaining Council (semi-national)
- Jewellery and Precious Metal Industry Bargaining Council (Cape)
- Liquor, Catering and Accommodation Trades (South Coast Natal) Bargaining Council