

Nedlac – Mistra Webinar

Covid-19 Pandemic: Learning the Lessons for the Social Contract & Partnerships:

Partnering for Relief & Income Replacement

02/08/2022



Context – Covid-19 2020

- Record unemployment, poverty & inequality levels.
- Economy already in recession.
- Weakening state capacity.
- Archaic government systems, e.g. UIF.
- Low levels of trust in state & towards establishment.
- Matter of days to prepare for shutdown.
- Difficulties of communicating complicated technical messages to constituencies & public.
- Public fears.
- Uncharted & unprecedented waters.

Unemployment Insurance Fund – Covid-19 TERS

- Real fights to get UIF reinstated & address backlogs.
- Union campaigns to ensure companies applied & resolve disputes & backlogs.
- Business efforts to assist UIF & resolve backlogs.
- Often daily, sometimes multiple daily meetings.
- Strong spirit of social partnership, even when there were very heated moments & strong disagreements.
- All had same objective of saving jobs, companies & cushioning economy.
- Helped 5.5 million private sector workers.
- Challenges of corruption & fraud.

Unemployment Insurance Fund – Covid-19 TERS

- **Tasks going forward:**
 - Address 4 million missing workers, e.g. public servants, musicians & artists, e-platform workers, domestic & farm workers, SMMEs, atypical & self-employed.
 - Need for hybrid model to cover varying types of employment.
 - Need for road map to include public servants.
 - Union campaigns to ensure workers are registered.
 - Employer compliance enforcement by DEL & government.
 - Need to modernize UIF systems to make it easy to register & rapid response payment times.
 - Measures to prevent corruption.
 - Ensure sufficient UIF assets easily available in future emergencies.

Compensation of Injury on Duty Fund

- Much smaller involvement in Covid-19.
- Focused on support for workers infected at work.
- Difficulties of proving workplace infections.
- **Tasks Going Forward:**
 - Modernise CF systems to eradicate backlogs, simple application procedures & ensure workers receive their monies timeously.
 - Hybrid systems to ensure all workers, including atypical are covered.
 - Need to ensure all workplace illnesses etc are covered.
 - Union campaigns to ensure workers are registered.
 - Employer compliance enforcement by DEL & government.

Social Relief Dispensation Grant

- 10 million plus persons received R350 SRD Grant.
- More than R44bn per annum.
- Biggest social relief intervention for unemployed.
- Major source of economic stimulus.
- Real administrative delays, queues & challenges.
- **Tasks Going Forward:**
 - Utilise it as a foundation for a Basic Income Grant.
 - Address massive administration chaos resulting in payment delays & drop in approvals to 5 million persons.
 - Link to skills development & job placement programmes.
 - Raise to food poverty line.

Loan Guarantee Scheme

- R200bn committed by government.
- R18bn approved & dispensed.
- Real challenges of overtly stringent lending criteria & fear of struggling businesses to incur additional debt in uncertain economy.
- Attempts to ease lending criteria middle little difference.
- Real problems in communicating LGS to businesses.
- **Tasks Going Forward:**
 - Ensure Bounce Back Scheme doesn't repeat LGS mistakes (initial indicators are not positive).
 - More creative approach, e.g. grants & equity in exchange for saving & creating jobs.

Tax Relief

- Tax relief provided for initial period to companies.
- Additional tax relief for sectors under additional restrictions, e.g. alcohol excise duties.
- Fast, efficient & immediate relief.
- Helped many companies survive.
- **Tasks Going Forward:**
 - Can tax relief be used in future emergencies?
 - Can tax relief be used to help nurture battling industries & businesses?
 - Can tax incentives be further used to incentivize job creation?
 - Can lower tax rates be used for struggling & emerging SMMEs?

Food Parcels

- 1000s distributed to persons affected by violence in KZN & Gauteng in July 2021.
- Quick relief for the most desperate & destitute.
- Challenges of corruption.
- **Tasks Going Forward:**
 - Ensure comprehensive database of unemployed, indigent & homeless.
 - Rope in civil society, e.g. Churches to help mass distribution.
 - Rapid distribution systems.
 - Measures to prevent corruption.

SASRIA

- 1000s of persons & businesses affected by violence in KZN & Gauteng in July 2021.
- Challenges of communications, especially for the poor & SMMEs.
- **Tasks Going Forward:**
 - Ensure adequately capitalized by state and insurance companies.
 - Need to ensure all persons & businesses are aware of SASRIA & how to apply, in particular in townships & rural areas.
 - Invest in capacity to ensure speedy relief payments.

Consumer Relief

- Commercial bank loan payment relief for 3 months for clients. Well communicated & provided significant relief.
- Insurance companies provided some payment relief for tiny number of clients, upon request. No communications. Real reluctance to engage at Nedlac. Insurance companies made huge savings on accidents & home cover claims & increased monthly premiums by amounts far above CPI.
- **Tasks Going Forward:**
 - Legislate compulsory payment relief & reduced interest rates for financially struggling consumers & SMMEs.
 - Tax on excess profits during emergencies.
 - Build culture of shareholder activism.

Social Partnership

- Unsung success of Covid-19.
- Significant building of partnership between government & social partners.
- Positive foundation for social compact & rebuilding SA.
- Need for social compact(s) to overcome many crises.
- Challenges of government & social partners to enforce, not all businesses or workers are organized, challenges of community representation.
- Need to build trust among partners, but also in society.
- Importance of communications.
- Unsung heroes of government, business, labour & civil society.
- Key role of Nedlac.