



National Economic  
Development and  
Labour Council

## BRIEFING NOTE: NEDLAC 30 YEAR OF DEMOCRACY PROJECT

*Nedlac social partners reflecting on 30 years of democracy and planning for the future*

**Theme: Labour market, social protection and the just transition**

**Sub-theme: Social protection**

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Welcome to the discussion on social protection, which will cover:

- Unemployment Insurance and Compensation Funds;
- Statutory and private pensions;
- Social grants; and
- Protection for workers as part of a just climate transition and digitalisation.

This briefing note will assist you in your discussion by:

- Highlighting key issues<sup>1</sup>
- Setting out questions for you to consider.

You are free to add additional issues and questions to your discussion.

### A. Key issues and changes over 30 years of democracy

#### 1. Variables and driving forces

*The Indlulamithi project has identified the following variables and driving forces to consider when planning for future scenarios:*

- 60% of children in SA live in households below the upper-bound poverty line.
- If parents are amongst the poorest quintile, their children have a 90% chance of being 'stuck in poverty,' i.e. remaining in that quintile of wealth all their lives
- 41% of households are currently female-headed. The number of single parents and female-headed households will increase.
- There are essential questions to be asked about the social disconnectedness of working-age men, many of whom are unemployed and do not benefit from social grants.
- Current social welfare regimes will continue to alleviate poverty marginally.

*The Presidential Climate Commission indicate that:*

- Significant jobs will be lost in the mining, energy, transport and agricultural sectors as a result of climate change mitigation and adaption
- The overall investment to complete the energy transition is estimated to be R2.6 trillion or 2.5% of GDP.

The International Labour Organisation ( ILO) *indicate that:*

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<sup>1</sup> These issues have been sourced from the DPME 30 year review, Indlulamithi driving forces scenarios and AfDG dialogues held in 2022/23



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- The availability of climate change-related cash transfers for affected groups can help offset losses during transition periods as countries phase out unsustainable practices in favour of new, greener alternatives.

## 2. Achievements and changes

- **Social grant beneficiaries** grew from 2.9 million in 1994 to 16.1 million in 2012/13 and 18.6 million in 2021/22. The Social Relief of Distress Grant increased the reach of social grants to 27.6 million beneficiaries (NDP:30, Summary:35).
- Expenditure on the **old age grant** doubled from R40 billion in 2012/13 to R84 billion in 2021/22 (NDP:30).
- The **child support grant** comprises the most significant proportion (70%) of total grant beneficiaries, with 82,6% of eligible children receiving it in 2021. The low uptake of children under one year of age is a concern as research indicates that early receipt is crucial for the development of children (NDP: 31)
- During the 2008 global financial crisis and the COVID-19 pandemic, the government **expanded the UIF coverage and benefits**, spending over R65 million on the COVID-19 Temporary Employee/Employer Relief Scheme (TERS).
- Unemployment and Compensation fund benefits have been extended to **vulnerable workers**, including farm workers, domestic workers, taxi drivers and seasonal workers. (Summary:36). Improvements have been made to maternity benefits and the eligibility period to apply for UI benefits (Review: 164).

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### B. Questions to be addressed

- a) What are the **achievements and lessons in respect of social protection**? Consider inter alia:
  - The **role of social security**, including whether it exists to protect all members of society from the worst impacts of extreme poverty or provide support to qualifying recipients (and their dependents) to transition to self-sufficient income generating activities;
  - Progress in achieving a **comprehensive social security system**, which includes the coverage of atypical/ informal workers and
  - The effectiveness of the **UI, CC and private pension sector**.
- b) How can existing social protection **compliance and delivery mechanisms**, including the Road Accident Fund, UIF, SASSA, and CC and other vulnerable constituencies be sharpened? (Review:218) Should new mechanisms be set up to support workers displaced by the just transition or digitalisation, or should existing mechanisms be strengthened and adapted? Should social protection be concentrated in a single agency?
- c) How can the **role of social partners** be strengthened in terms of participation in the shaping and governance of social protection institutions, including the UIF, CC, pension funds and the Road Accident Fund?