

## “Transforming the Present - Protecting the Future” Committee of Inquiry into a Comprehensive Social Security System

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### Introduction

The Committee of Inquiry into a Comprehensive Social Security System in South Africa was established in 2001 by the Minister of Social Development to examine the gaps in the current social security system and to make recommendations for the development of a comprehensive system. They examined social protection issues with regard to poverty, health, unemployment, children, retirement, and measures to support people with special needs. Their report was delivered to the Minister and Cabinet in March 2002, and released to the public in May 2002. The Department is seeking comment from the public by the 15<sup>th</sup> June 2002 on the Report's far-reaching recommendations.

### South Africa's Socio-Economic Status and Existing Social Security System

The introductory chapter provides an excellent overview of the socio-economic situation in South Africa, examining inequality, racial imbalances, unemployment, social exclusion and vulnerability. The Report looks in detail at the effect of the apartheid government's policies and the resulting inequality, which has changed little since 1996. The Gini Co-efficient (the measure of inequality) has actually worsened from 1991 to 1996 (from 0.68 to 0.69).

#### The Report provides a brief overview of the existing social security (grant) system, highlighting those without access:

- ◆ Children: 75% of poor children below seven years do not get the Child Support Grant, and no children over seven receive any support. Children without primary caregivers, and those in child-headed households, cannot access the grants. The Committee reports that the CSG has been afflicted with a slow up-take rate, and that the age limit has no real rational basis and is not consistent with the Constitution's definition of a child.
- ◆ The disabled: those persons with chronic illness, but who do not meet the strict medically-based criteria, are excluded.
- ◆ The unemployed: the UIF covers only 5% of the unemployed. Therefore about 5 million unemployed people are without any income support from the system.
- ◆ The poor: approximately 11 million people with incomes below the poverty line are without any social security.
- ◆ Non-citizens: current social assistance mostly excludes non-citizens.

#### The Committee concludes that:

*"Existing levels of poverty have reached unsustainable levels, and left unattended have the potential to reverse democratic gains achieved since 1994. The urgent need to address deepening social exclusion and alienation of those households living in destitution cannot be ignored. A redesigned social security system has to respond to the constitutional, democratic and human development imperatives that provide the framework for transformation".*

### Brief Overview of the Comprehensive Social Protection Package Proposed

#### The Committee proposes the following definition:

*"Comprehensive social protection for South Africa seeks to provide the basic means for all people living in the country to effectively participate and advance in social and economic life, and in turn to*

*contribute to social and economic development".*

The Committee examined a range of social security measures, including private insurances, social insurances and social assistance, and attempts to offer a comprehensive package of 'social protection'. Those that affect children directly are summarised below.

### Basic Income Grant (BIG)

The Committee calls for a Basic Income Grant for all South Africans, but finds that the conditions for the immediate implementation of a BIG do not currently exist. It therefore suggests a phased-in approach, which would allow for the development of appropriate capacity and institutional arrangements to ensure effective implementation. The 'Phased in Approach' (2002 to 2006) proposes the extension of the CSG, by progressively increasing the age limit from 7 to 18 years during this period. From 2006 to 2015 the BIG would be extended to all persons and the means-test will fall away.

The Committee suggests that the BIG would be meant for people not receiving social assistance at present. They do not indicate the amount of the grant, but their calculations were based on R100 per person. The BIG for children would be paid to their caregivers, but no attention is paid to where children do not have adult caregivers. The Committee believes that the most efficient, effective and fairest way forward is to abolish all means tests and to recover the costs through increases in tax.

### Child Support Grant (CSG)

The Committee recommends that the CSG eventually become the BIG by means of the phased-in approach, that supplementary nutrition and childcare support be provided, and that the procedure for accessing the CSG be simplified.

### Foster Care Grant (FCG)

The Committee views the FCG as an important means of support for children in compromised family environments. The recommendations include simplification of access to the FCG, and allowing non-South Africans access to the grant too.

### Orphans and Child-Headed Households

The short-term measures suggested for these vulnerable children include:

- ◆ Extend the CSG to all children 0-18 years
- ◆ Simplify access to the CSG, with child-headed households being assisted by NGOs or CBOs to allow for adult supervision in the application and spending of the grant
- ◆ Provide skills and vocational training for these children

#### Long-term measures include:

- ◆ Initiate projects aimed at integration of these children into society
- ◆ Encourage home-based or community-based care
- ◆ Simplify foster and adoption processes, so that informal caregivers can access the grants
- ◆ Involve CBOs and NGOs in the identification, assessment and care of vulnerable children
- ◆ Set up childcare centres to increase learning opportunities and development of psychological skills.

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### **Children with HIV/Aids**

Again, the Committee calls for the extension of the CSG to all children up to 18 years of age, for free health services for all children, for simplification of the foster process, and for AIDS awareness projects.

### **Care Dependency Grant (CDG)**

The recommendations for the CDG are less specific to children and include:

- ◆ Existing disability benefits should remain until such time as income support measures are universally implemented
- ◆ Definitions and the needs assessment should be amended to take into account the applicant's medical condition, social and environmental factors, and financial situation. The definitions should be broadened to include physical, mental, sensory and intellectual disabilities
- ◆ A sliding scale of benefits to suit the range of presenting needs, which would incorporate cash transfers and other indirect forms of social security
- ◆ Provision should be made for the purchasing of essential assistive devices
- ◆ Public health services to be free to persons with disabilities
- ◆ Individuals would receive a basic income as the first step, and thereafter 'topping up' in cash and in-kind benefits to meet their extra needs
- ◆ Discriminatory elements in the provisioning of grants and insurance should be removed
- ◆ Administrative recommendations include revamping current medical assessment forms, having a multi-disciplinary panel for assessments, developing clear eligibility criteria and guidelines for assessors, establishing an appeal mechanism, and speeding up the processing time for applications
- ◆ Extension of the grant to children with moderate disabilities (but not chronic illnesses) and to those in special schools or day-care centres.

### **Financial Framework**

The Report does not go into detail regarding financing options. However, the cost simulations estimated that an additional 2.3% of the GDP would be required to implement all the Committee's recommendations (p.147).

#### **The Committee concludes that:**

“The reform path (as suggested by the Committee) is affordable when seen from a long-term perspective, as all improvements in the social security system occur broadly within the current macroeconomic constraints... In particular, the implementation of a universal system of social assistance grant in key areas becomes both feasible and affordable”.

### **Conclusion**

The Report covers a wide range of issues and makes far-reaching recommendations that will require a great deal of public support and political will in order to be accepted and implemented. There is therefore a need for civil society to engage with the Department of Social Development and other relevant departments, to discuss and support the recommendations.

*Full document available: [www.socdev.gov.za](http://www.socdev.gov.za). Enquiries: Mbulelo Musi 082-904-3395. Please make written submission by the 15 June 2002 to: [Wels057@welspta.pww.gov.za](mailto:Wels057@welspta.pww.gov.za) or Fax: 012-312-7732.*