



## **Economic Digest 24**

**31<sup>st</sup> August 2021**

### **The Green Paper that's creating all the buzz**

The Department of Social Development recently published, for public comment, a Green Paper on Comprehensive Social Security and Retirement Reform. In policy development, a Green Paper is akin to a shopping list that contains a wide range of proposals that may or may not become policies that the government adopts. One of the key proposals is for an additional tax of up to 12% on employers and employees, the money to go to a government-run National Social Security Fund. The Department's Green Paper was met with a wide range of reactions – from outright rejection to cautious support. The following articles provide an insight into what the Green Paper proposes and some of the reaction to it.

#### **Treasury's response**

Ismail Momoniat, who is the Head of Tax and Financial Sector Policy at the National Treasury, described the proposals in the Green Paper as 'aspirational'.

<https://www.youtube.com/watch?v=VtbX9XiEZcM>

#### **Outrage at proposals for compulsory contributions to new social security fund**

Political economy analyst Daniel Silke, economist Dawie Roodt, and the Public Servants Association (PSA) were less than enthusiastic about the proposals. Corruption Watch, on the other hand, welcomed the progressive proposals and trade union Solidarity threatened to fight it in court.

<https://tinyurl.com/ym34aerj>

#### **Cosatu cautiously supports some of the Green Paper proposals**

'Despite shooting down the taxes, the federation said it was of the view that the paper contained some good, workable proposals which it would endorse'.

<https://tinyurl.com/c3m54spc>

## **The ignored Nedlac report**

A report compiled by the National Economic Development and Labour Council (Nedlac) on the proposed national social security fund (NSSF) has set out the multiple risks and problems raised by business in discussions on the reforms, all of which have been ignored.

<https://tinyurl.com/53kda7ac>

A more detailed Business Day article by Linda Ensor and Carol Paton about the ignored red-flags can be found here

<https://tinyurl.com/2jvd4nws>

(Please note that access to this article may require a subscription.)

## **No Cabinet approval**

Paton has also written about the questionable manner in which the Green Paper was released – without first being approved by Cabinet – noting that “it is now going to be difficult to get a productive discussion going in wider society even for a dramatically scaled down proposal.” This is particularly unfortunate given some important ideas in the paper, including “reforming the bankrupt Road Accident Fund and establishing a system in which lower-paid people would retire with more to live off than the state’s old-age pension.”

<https://tinyurl.com/38322kzy>

(Please note that access to this article may require a subscription.)

## **The Green Paper on Comprehensive Social Security and Retirement Reform**

Interested persons and organisations are invited to submit any substantive comments or representations by no later than 10 December 2021. Written submissions can be forwarded to:

The Director-General: Department of Social Development, 134 Pretorius Street, HSRC Building, Pretoria; Private Bag X901, Pretoria 0001. For attention: Mr John Tebeila, Acting Director: Retirement Reform. Email: [GreenPaperCSS@dsd.gov.za](mailto:GreenPaperCSS@dsd.gov.za) Tel: 012 741 6820. A copy of the Green Paper can be found here <https://www.dsd.gov.za/index.php/documents/category/15-green-papers>.

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