or at least used to underpin systems in the United Kingdom (UK), the Scandinavian countries and Germany, are perhaps most remarkable by their absence. The proposed extension of coverage is likely to be seen by many of them for what it is – a tax, not an insurance premium. The Committee does not have a principled objection to the levying of such a tax. From projections that have been examined, it would appear however, that the additional funds so generated will still not be sufficient to keep the fund afloat in times of crisis.

6.2.3 Active labour market and job creation policies

In the absence of the preconditions for a tight integration of labour market and social security policy there is a need, in the medium term, for an inter-departmental body to co-ordinate the many active labour market policies and job-creation initiatives. Since the linking of social and economic policy goals are central to its work, representation of the Social Sector Cluster, and in particular the Department of Social Development on this body is essential.

The Committee supports initiatives presently being developed by the Department of Labour to address youth unemployment through the creation of several hundred thousand public sector "learnership" opportunities, especially in the provision of essential social services of a para-professional nature.

In the Committee, however, the argument was made that these are not enough. There is a growing number of young and relatively healthy adults who cannot find jobs. It is far from clear that the needs of these unemployed are met by cash grants or current active labour market/ job creation policies only. The unemployed need jobs that allow them to participate in society, to contribute financially to their families and to increase their self-worth.

The urgent social imperative is for more jobs, and the argument is clear: structural unemployment requires changes to structures, and structures will not change unless they are explicitly addressed at government level. For example, the Committee received a submission that more labour intensive methods could lead to over 300 000 additional jobs in the construction industry alone. This submission, from experienced civil engineers, argued that these labour intensive methods would not lead to additional costs or compromise of quality. but did require that government and industry undergo a change of mindset.

The change need apply not only to introducing more labour intensive methods, but also to extending formal sector employment in government, the private sector, and civil sector.

6.2.4 Public work programmes

The Committee endorses the proposal that as many jobs as possible be created through such programmes but cautions that public work programmes, by their very nature, do not offer long term viable employment opportunities for the unskilled structurally unemployed. Noting the high praise that South Africa's community-based public work programme has attracted, and the success of certain special projects such as "Working for Water"', the Committee devoted considerable energy to the investigation of public work programmes.

They have the widely recognised advantage of being self-targeting – attracting only those so desperate for work (income) that any wage above the opportunity cost of coming out to work would be accepted. It cannot be ascertained, however, how many people fall into this category.

Working out what wage would bring them out in the "appropriate" numbers (whatever one understands that to mean), is also tricky. Almost two-thirds of domestic workers, and slightly less than half of informal sector workers earned between R1-500 per month. What their mean earnings were is anybody's guess. Suppose that some significant proportion of workers in this income class received only R200 per month (and there is abundant evidence that such low wages are paid). A public work programme that offered R300 per month, especially if offered for the foreseeable future should attract all of those being paid less than R300, give or take whatever differences there were in opportunity costs. The public work programme would therefore begin to address the poverty problem as well. Given this complication (the intention of the programme is to address the problem of unemployment), it really becomes impossible to say how many jobs would have to be provided.

It is probable that most of the 2,6 million jobless people located in workerless households in 1999 where total household expenditure was less than R800 per month, would accept the low wages to be earned in public work programmes. It is not known how many such people there are in comparable households at present – since the numbers of unemployed have risen, their number could well have risen.

If R300 per month were offered to 2,6 million people, the wage cost of the public work programme would be R9,4 billion per annum. Raising the wage to R400 per month would push this to R12,5 billion. Such programmes are expensive to initiate and to run. Estimating the management and materials costs for a project as ambitious as that being discussed (it is one thing to design a scheme employing a few thousand - it another matter altogether to do the same with a few million) takes the estimates even further into the realm of speculation. If these costs were between 50 and 100 per cent of the wage cost, the total cost could lie between R14-25 billion annually.

Although large, it could be argued that this is not an outrageous price to pay for a well-targeted scheme. To counter the charge that each "benefit" is delivered at very high cost (guessed at above as possibly being between 50 and 100 per cent of the "benefit") one could point out that society benefits in two ways – useful work is done, and welfare dependency is not created.

It should be noted that the other 4 million unemployed are assumed by this approach to be able, one way or another, to take care of themselves. The 2,6 million catered for here will not diminish in number until such time as economic growth can rescue them. In other words, the public work programme will have to be sustained for many years. The sheer magnitude of such a task – finding projects to tackle and the necessary managers to run such projects – is daunting. The question of the efficiency of such expenditure relative, say, to a universal grant whose net cost would be roughly the same, must be asked.

Certainly, public work programmes are worth implementing. Although some of the projects that have been tackled have earned high praise, too little has been done to date. This, in itself, however, is probably an indication of how difficult it is to organise such things. An assessment of the potential of these programmes must find that while they can do quite a bit to relieve poverty, they cannot be introduced on a scale large enough to do much more than dent the surface of South Africa's unemployment problem.

6.2.5 Informal social security

Despite the important role played by the formal social security system (for example, social grants), it is clear that the formal social insurance system excludes and marginalises many of the poor who work informally or who have to rely on informal (that is, family-/kinship-/community-based) social security mechanisms. The reasons for this state of affairs relate to:

- the formal employment bias and categorical approach of the present social security system
- the urban bias of the present system
- the restricted family concept underlying much of the formal system
- the limited concept of work which, as a rule, does not encapsulate the productive and reproductive work in which women are involved, thereby marginalising women in poor and traditional communities.

It also has to be noted that the grant system available under social assistance, despite the important role that it plays on an individual and household level, is mainly restricted to old and disabled persons and in respect of children under the age of seven.

It is important not to impose a social security system that will be detrimental to traditional support mechanisms. Transformation of the present social security framework should, therefore, aim at supporting and strengthening existing informal social security with the view to enhancing solidarity.

In the first instance this requires considering ways to integrate currently excluded groups into formal schemes. This includes embarking on pilot schemes aimed at supporting informal social security mechanisms; removing unnecessary legal restrictions in relation to access to schemes; devising tailor-made schemes to cater for these excluded and marginalised categories and groups; introducing complusory membership of private or public social schemes; and campaigns to promote private insurance and savings.

Further, there is a need to consider broader interventions and programmes that bolster the overall ability of communities and informal systems to cope with and manage increased levels of risk and hardship.

6.2.6 Institutional arrangements

These recommendations must be seen within the broader recommendations made later in this report on Institutional Arrangements. An independent Poverty, Social Exclusion and Social Protection Studies Unit should form a component of the proposed Social Protection Commission (SPC) (See chapter 13). This unit would take a lead in seeing that all useful information (such as that generated by Statistics SA) is extracted from the raw data and their policy implications assessed for appropriate action.

Consideration should also be given to the collection of data and information on the success or otherwise of all job creation policies of Government and of skills training. Without this information and policy tools to evaluate the impact of Government's job creation and human resource development strategy, it will be extremely difficult to determine efficiency and equity gains and impediments to social security.

There are numerous non-profit organisations (NPOs) and non-governmental organisations (NGOs) engaged in the skills training and "empowerment" field. It is far from clear that the benefits of their activities outweigh the costs. The role and place of these institutions must be clarified.

6.2.7 Policy evaluation

Institutional capacity to undertake policy evaluation on an ongoing basis has to be developed. In terms of available statistics, the OHS with appropriate modifications by Statistics South Africa is essential. The LFS does not provide all the data required to monitor, evaluate and make informed recommendations. It is not clear that the primary information required to evaluate policy can be obtained from the LFS. The five yearly population censuses are too far apart for evaluation purposes. These issues should be referred to the National Statistics Council.