

## South Africa

Exchange rate: US\$1.00 = 13.71 rand.

### Old Age, Disability, and Survivors

#### Regulatory Framework

**First laws:** 1928 (old age), 1936 (blindness), and 1946 (disability).

**Current laws:** 2001 (unemployment insurance) and 2004 (social assistance).

**Type of program:** Social insurance (survivors) and social assistance (old age and disability) system.

#### Coverage

**Social insurance:** Employed persons working more than 24 hours a month, including household and seasonal workers.

Exclusions: Civil servants, trainees, foreigners working under a contract, and persons receiving a work injury or occupational disease benefit from the compensation fund.

**Social assistance:** Needy resident citizens and permanent residents of South Africa, and refugees residing in South Africa.

Exclusions: Persons confined to or cared for in state facilities.

Special system for public-sector employees.

#### Source of Funds

##### Insured person

**Social insurance:** See source of funds under Unemployment.

**Social assistance:** None.

##### Self-employed person

**Social insurance:** See source of funds under Unemployment.

**Social assistance:** None.

##### Employer

**Social insurance:** See source of funds under Unemployment.

**Social assistance:** None.

##### Government

**Social insurance:** See source of funds under Unemployment.

**Social assistance:** The total cost.

### Qualifying Conditions

#### Old-age pension (social assistance, means tested):

Age 60.

Means test: Annual income must be less than 73,800 rand for a single person or 147,600 rand for a couple, and assets must be no more than 1,056,000 rand for a single person or 2,112,000 rand for a couple.

Constant-attendance allowance (grant-in-aid): Paid if the person receiving the old-age grant requires the constant attendance of others to perform daily functions.

Beneficiaries may only receive one social grant at a time.

#### War veteran's grant (social assistance, means tested):

Age 60 or disabled. Must be a veteran of World War II or the Korean War.

Means test: Annual income must be less than 73,800 rand for a single person or 147,600 rand for a couple, and assets must be no more than 1,056,000 rand for a single person or 2,112,000 rand for a couple.

Constant-attendance allowance (grant-in-aid): Paid if the person receiving the war veteran grant requires the constant attendance of others to perform daily functions.

Beneficiaries may only receive one social grant at a time.

#### Disability grant (social assistance, means tested):

Aged 18 to 59 and assessed as temporarily disabled for more than six months.

The disability must be confirmed by a medical assessment.

Means test: Annual income must be less than 73,800 rand for a single person or 147,600 rand for a couple, and assets must be no more than 1,056,000 rand for a single person or 2,112,000 rand for a couple.

Constant-attendance allowance (grant-in-aid): Paid if the person receiving the disability grant requires the constant attendance of others to perform daily functions.

Beneficiaries may only receive one social grant at a time.

#### Survivor benefit (social insurance):

The deceased must have been contributing to the Unemployment Insurance Fund and have accumulated credits at the time of death. One credit (one day of paid leave) is earned for every six completed days of employment, and up to 238 days of paid leave may be accumulated in the four years before application for the survivor benefit. The accumulated credits may be used for sickness, adoption, unemployment, and survivor benefits.

Eligible survivors include a surviving spouse or partner who applies for the benefit within six months of the insured's death. If there is no eligible surviving spouse or partner, or if the spouse or partner does not apply for the benefit within the required timeframe, the benefit is paid to a dependent child younger than age 21 (age 25 if a student).

Survivors may only receive one benefit (survivor, unemployment, or work injury) at a time. Benefits are not paid

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if the deceased was suspended from claiming because of fraud.

### Old-Age Benefits

**Old-age pension (social assistance, means tested):** Up to 1,600 rand a month is paid if aged 60 to 74; 1,620 rand a month if aged 75 or older. The pension is reduced to 25% of the maximum amount if the pensioner resides in a care facility under contract with the state for more than three months.

Constant-attendance allowance (grant-in-aid): 380 rand a month is paid.

**War veteran's grant (social assistance, means tested):** Up to 1,620 rand a month is paid.

Constant-attendance allowance (grant-in-aid): 380 rand a month is paid.

### Permanent Disability Benefits

**Disability grant (social assistance, means tested):** Up to 1,620 rand a month is paid.

Constant-attendance allowance (grant-in-aid): 380 rand a month is paid.

### Survivor Benefits

**Survivor benefits (social insurance):** 38% to 60% of the deceased's daily earnings, depending on the level of earnings, is paid for up to 238 days, minus any credits used for sickness, adoption, and unemployment. Lower-income insured persons receive a higher percentage of their earnings and higher-income receive a lower percentage.

Daily earnings are calculated by multiplying the deceased's last monthly earnings by 12 (or last weekly earnings by 52), and then dividing by 365. If the deceased's earnings fluctuated significantly, the calculation is based on the deceased's average monthly earnings for the six months before the date of death.

The maximum monthly earnings used to calculate benefits are 17,712 rand.

The maximum daily benefit is 221.28 rand.

### Administrative Organization

Department of Labor (<http://www.labour.gov.za/>) provides general supervision of the social insurance program.

Unemployment Insurance Fund, managed by a bipartite board, local unemployment benefit committees, and claims officers, administers the social insurance program.

The Department of Social Development provides general supervision of the social assistance program.

South African Social Security Agency (<http://www.sassa.gov.za/>) administers the social assistance program.

## Sickness and Maternity

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### Regulatory Framework

**First laws:** 1966 (unemployment) and 1995 (labor relations).

**Current laws:** 1997 (conditions of employment); 2001 (unemployment insurance); 2002 (contributions); and 2003 (health), implemented in 2004.

**Type of program:** Universal (medical benefits), social insurance (cash sickness, maternity and adoption benefits), employer-liability (cash sickness benefits), and social assistance (medical benefits) system.

### Coverage

**Universal:** Citizens of South Africa.

**Social insurance:** Employed persons working more than 24 hours a month, including household and seasonal workers.

Exclusions: Civil servants, trainees, foreigners working under a contract and persons receiving a work injury or occupational disease benefit from the compensation fund.

**Employer liability:** Employed persons working more than 24 hours a month, including civil servants, trainees, household and seasonal workers, and foreigners working under a contract.

Exclusions: Members of the National Defence Force, the National Intelligence Agency, and the South African Secret Service, and unpaid volunteers.

**Social assistance:** Low-income citizens of South Africa.

### Source of Funds

#### Insured person

*Universal and social assistance:* None.

*Social insurance:* See source of funds under Unemployment.

*Employer liability:* None.

#### Self-employed person

*Universal and social assistance:* None.

*Social insurance:* See source of funds under Unemployment.

*Employer liability:* None.

#### Employer

*Universal and social assistance:* None.

*Social insurance:* See source of funds under Unemployment.

*Employer liability:* The total cost.

**Government**

*Universal and social assistance:* Most of the cost of medical benefits.

*Social insurance:* See source of funds under Unemployment.

*Employer liability:* None.

**Qualifying Conditions**

**Cash sickness benefits (social insurance):** Must be unable to work for at least 14 days and be receiving less than normal wages. Must be contributing to the Unemployment Insurance Fund and have accumulated credits before the illness occurs. One credit (one day of paid leave) is earned for every six completed days of employment. The insured can accumulate up to 238 days of paid leave in the four years before applying for the benefit. The accumulated credits may be used for sickness, adoption, unemployment, and survivor benefits.

Absences from work must be the result of the illness for which the worker is receiving medical treatment.

**Cash sickness benefits (employer liability):** Must have worked for the same employer for at least 26 days.

**Cash maternity benefits (social insurance):** Must be contributing to the Unemployment Insurance Fund and have accumulated credits before the expected date of childbirth. The insured earns one credit (one day of paid leave) for every six completed days of employment. Must apply for the benefit within six months of the child's birth.

**Adoption benefits (social insurance):** The adopted child must be younger than age 2. The insured must leave work to look after that child and must be receiving less than the daily earnings before the beginning of the adoption leave. The insured must be contributing to the Unemployment Insurance Fund and have accumulated credits before the expected date of adoption. One credit (one day of paid leave) is earned for every six completed days of employment. The insured can accumulate up to 238 days of paid leave in the four years before applying for the benefit. The accumulated credits may be used for sickness, adoption, unemployment, and survivor benefits.

Must apply for the benefit within six months after the date of the order for adoption.

**Cash family responsibility leave (employer liability):** Paid for the birth or sickness of a child or the death of a spouse, partner, parent or adoptive parent, grandparent, child, adopted child, grandchild, or sibling. The employee must have worked for the same employer for at least four months with at least four working days a week.

**Medical benefits (primary care, universal):** There is no minimum qualifying period.

**Medical benefits (hospitalization, social assistance):** Eligible persons include unemployment and social

assistance beneficiaries (including old-age grant, child support grant, war veteran's grant, care dependency grant, disability grant, foster child grant and social relief of distress) and persons with mental disorders discharged from hospitals for the mentally ill and still in need of care.

Annual income for an individual must be lower than 72,000 rand; for households, lower than 100,000 rand.

**Sickness and Maternity Benefits**

**Sickness benefit (social insurance):** 38% to 60% of the insured's daily earnings, depending on the insured's level of earnings, is paid from the 14th day of leave for up to 238 days, minus any credits used for adoption, unemployment, and survivor benefits. Lower-income insured persons receive a higher percentage of their earnings, and higher-income insured persons receive a lower percentage.

Daily earnings are calculated by multiplying the insured's last monthly earnings by 12 (or last weekly earnings by 52), and then dividing by 365. If the insured's earnings fluctuate significantly, the calculation is based on the insured's average monthly earnings in the last six months.

The maximum monthly earnings used to calculate benefits are 17,712 rand.

The maximum daily benefit is 221.28 rand.

**Sickness benefit (employer liability):** 100% of the employee's daily earnings is paid. In the first six months of employment with an employer, the employee accrues one day of paid sick leave for each 26 days of paid work. Thereafter, during one leave cycle (36 months with the same employer), an employee can accrue up to 30 days of paid leave.

**Maternity benefit (social insurance):** 38% to 60% of the insured's daily earnings, depending on the insured's level of earnings, is paid for a total of 17.32 weeks (six weeks in the event of a miscarriage during the third trimester or a still-born child). Lower-income insured persons receive a higher percentage of their earnings and higher-income receive a lower percentage.

The benefit may be paid from four weeks before the expected date of childbirth or earlier if advised by a health professional. Workers may not go back to work within six weeks after the birth unless cleared by a health professional.

Daily earnings are calculated by multiplying the insured's last monthly earnings by 12 (or last weekly earnings by 52), and then dividing by 365. If the insured's earnings fluctuate significantly, the calculation is based on the insured's average monthly earnings in the last six months.

The maximum monthly earnings used to calculate benefits are 17,712 rand.

The maximum daily benefit is 221.28 rand.

**Adoption benefit (social insurance):** 38% to 60% of insured's daily earnings, depending on the insured's level of earnings, is paid for up to 238 days, minus any credits used for adoption, unemployment, and survivor benefits. Lower-income insured persons receive a higher percentage of their earnings, and higher-income insured persons receive a lower percentage.

Daily earnings are calculated by multiplying the insured's monthly earnings by 12 (or last weekly earnings by 52), and then dividing by 365. If the insured's earnings fluctuate significantly, the calculation is based on the insured's average monthly earnings in the last six months.

Must apply for the benefit within six months after the date of the order for adoption.

The maximum monthly earnings used to calculate benefits are 17,712 rand.

The maximum daily benefit is 221.28 rand.

**Family responsibility leave (employer liability):** 100% of the employee's daily earnings is paid for three days each year.

### **Workers' Medical Benefits**

**Medical benefits (primary care, universal):** The Government pays directly for medical services provided by primary health care facilities.

**Medical benefits (hospitalization, social assistance):** All social assistance and unemployment beneficiaries receive fully subsidized medical care at provincial hospitals. Benefits include hospitalization and medicine.

Partial subsidies for persons with an annual income lower than 72,000 rand and household income lower than 100,000 rand.

### **Dependents' Medical Benefits**

Medical benefits for dependents are the same as those for the insured.

### **Administrative Organization**

Department of Labour (<http://www.labour.gov.za/>) provides general supervision.

Unemployment Insurance Fund, managed by a bipartite board, local unemployment benefit committees, and claims officers, administers cash benefits.

Department of Health (<http://www.doh.gov.za/>) administers provincial hospitals.

### **Work Injury**

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#### **Regulatory Framework**

**First law:** 1914.

**Current law:** 1993 (work injury and occupational disease).

**Type of program:** Employer-liability system through a public carrier (compensation fund).

### **Coverage**

Employed persons, including contract workers, casual employees, and certain military personnel.

Exclusions: Household workers, self-employed persons, volunteers, and certain military personnel.

### **Source of Funds**

**Insured person:** None.

**Self-employed person:** Not applicable.

**Employer:** The total cost (pays insurance premiums which vary, depending on the industry and reported accident rate).

**Government:** None; contributes as an employer for government employees.

### **Qualifying Conditions**

**Work injury benefits:** There is no minimum qualifying period. The insured must report the accident within 12 months.

**Occupational disease benefits:** Paid if the insured is diagnosed with an occupational disease as defined by law.

### **Temporary Disability Benefits**

If the insured is assessed with a total (100%) disability, 75% of the insured's last monthly earnings is paid for up to 12 months; may be extended for up to 24 months (longer in special cases) after further assessment of the disability. The benefit is paid after a three-day waiting period.

The minimum monthly earnings used to calculate benefits are 4,708 rand.

The maximum monthly earnings used to calculate benefits are 33,625 rand.

The minimum monthly benefit is 3,531 rand.

The maximum benefit is 6,004.52 rand a week or 25,219.00 rand a month.

**Partial disability:** A percentage of the insured's last monthly earnings as determined by the Compensation Commissioner's Office is paid for up to 12 months; may be extended for up to 24 months after further assessment of the disability.

The partial disability benefit may be paid periodically or as a lump sum of up to 107,007 rand.

### **Permanent Disability Benefits**

**Permanent disability pension:** If the insured is assessed with a total (100%) disability, up to 75% of the insured's last monthly earnings is paid.

The minimum monthly earnings used to calculate the permanent disability pension are 4,708 rand.

The maximum monthly earnings used to calculate the permanent disability pension are 33,625 rand.

The minimum monthly permanent disability pension is 3,531 rand.

The maximum monthly permanent disability pension is 25,219 rand.

**Partial disability:** If the assessed degree of disability is 31% to 99%, a percentage of the full pension is paid according to the assessed degree of disability.

The minimum monthly earnings used to calculate the partial disability pension are 4,708 rand.

The maximum monthly earnings used to calculate the partial disability pension are 33,625 rand.

For an assessed degree of disability of up to 30%, a lump sum of up to 15 times the insured's last monthly earnings is paid.

The minimum lump-sum partial disability pension (based on a 30% disability) is 70,613 rand.

The maximum lump-sum partial disability pension (based on a 30% disability) is 282,470 rand.

### **Workers' Medical Benefits**

Benefits include medical, surgical, and hospital care, rehabilitation, and appliances. Benefits are provided for up to two years; may be extended in special cases.

The compensation fund reimburses the cost of transporting an injured employee to a hospital, a doctor's office, or to his or her residence.

### **Survivor Benefits**

#### **Survivor pension**

**Spouse's pension:** 40% of the permanent total disability pension the deceased received or was entitled to receive is paid to a widow(er) plus a lump sum of two months of the permanent total disability pension the deceased received or was entitled to receive.

The pension continues upon remarriage.

The minimum monthly spouse's pension is 1,412 rand.

The maximum monthly spouse's pension is 10,088 rand.

**Orphan's pension:** 20% of the permanent total disability pension the deceased received or was entitled to receive is paid for each unmarried orphan younger than age 18 (extended for students; no age limit if disabled).

The maximum monthly orphan's pension is 5,044 rand.

**Other dependent's pension:** If there is no widow(er) or orphan, up to 40% of the permanent total disability pension the deceased received or was entitled to receive is paid to survivors who were fully dependent on the deceased ; if

there is no widow(er), orphan, or fully dependent survivor, up to 145,302 rand is paid as a lump sum to survivors who were partially dependent on the deceased, according to the assessed level of dependence.

Eligible survivors include a parent, grandparent, sibling, half-sibling, or grandchild of the deceased.

The maximum combined survivor benefit is 100% of the permanent total disability pension the deceased received or was entitled to receive.

**Funeral grant:** A lump sum of up to 18,251 rand is paid.

### **Administrative Organization**

Department of Labour (<http://www.labour.gov.za/>) provides general supervision.

Compensation Commissioner administers the program, including claims decisions and the management of funds from which benefits are paid.

Employers must normally insure against liability with a public compensation fund but in certain instances may insure with an employer's mutual association licensed by the Minister of Labour.

### **Unemployment**

#### **Regulatory Framework**

**First law:** 1966 (unemployment).

**Current laws:** 2001 (unemployment insurance) and 2002 (contributions).

**Type of program:** Social insurance system.

#### **Coverage**

Employed persons working more than 24 hours a month, including household and seasonal workers.

Exclusions: Self-employed persons, trainees, foreigners working on a contract, and persons receiving a work injury or occupational disease benefit from the compensation fund.

Special system for civil servants.

#### **Source of Funds**

**Insured person:** 1% of covered earnings.

The maximum earnings used to calculate contributions are 17,712 rand a month or 212,539 rand a year.

The insured person's contributions also finance survivors, cash sickness, adoption, and cash maternity benefits.

**Self-employed person:** Not applicable.

**Employer:** 1% of covered payroll.

The maximum earnings used to calculate contributions are 17,712 rand a month or 212,539 rand a year.

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The employer's contributions also finance survivors, cash sickness, adoption, and cash maternity benefits.

**Government:** None.

### Qualifying Conditions

**Unemployment benefit:** Must be contributing to the Unemployment Insurance Fund and have accumulated credits before becoming unemployed. One credit (one day of paid leave) is earned for every six completed days of employment. The insured can accumulate up to 238 days of paid leave in the four years before applying for the benefit. The accumulated credits may be used for sickness, adoption, unemployment, and survivor benefits.

Must be capable of and available for work and register with and report to the public employment exchange, unless unemployment is the result of illness or pregnancy. Unemployment must be the result of termination of the insured's contract, the ending of a fixed term contract, the dismissal of the insured (except for disciplinary reasons), insolvency of the employer or the death of the employer for a household worker. Must be unable to find work within 14 days of becoming unemployed. Must apply for benefits within six months of first becoming unemployed; the Commissioner may accept an application if the 6-month time limit has expired, if just cause is shown.

### Unemployment Benefits

**Unemployment benefit:** 38% to 60% of insured's daily earnings, depending on the insured's level of earnings, is paid from the 14th day of unemployment for up to 238 days minus any credits used for sickness, adoption, and survivor benefits. Lower-income insured persons receive a higher percentage of their earnings, and higher-income insured persons receive a lower percentage.

Daily earnings are calculated by multiplying the insured's last monthly earnings by 12 (or last weekly earnings by 52), and then dividing by 365. If the insured's earnings fluctuate significantly, the calculation is based on the insured's average monthly earnings in the last six months.

The maximum monthly earnings used to calculate benefits are 17,712 rand.

The maximum daily benefit is 221.28 rand.

### Administrative Organization

Department of Labour (<http://www.labour.gov.za/>) provides general supervision.

Unemployment Insurance Fund, managed by a bipartite board, local unemployment benefit committees, and claims officers, administers the program.

## Family Allowances

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### Regulatory Framework

**Current law:** 2004 (social assistance).

**Type of program:** Universal (foster child grant) and social assistance (child support grant, care dependency grant, and social relief of distress) system.

### Coverage

Low-income resident citizens and permanent residents of South Africa, and refugees residing in South Africa.

Exclusions: Persons confined to or cared for in state facilities.

### Source of Funds

**Insured person:** None.

**Self-employed person:** None.

**Employer:** None.

**Government:** The total cost.

### Qualifying Conditions

**Foster child grant (universal):** Paid to a person caring for a foster child aged 18 or younger (aged 21 if a student). There must be a court order indicating the foster care status of the child.

Foster parents may receive more than one social grant at a time.

**Child support grant (means tested):** Paid to the primary caregiver of a child aged 18 or younger for up to six biologically non-related children (no limit for biologically related children). The primary caregiver must be aged 16 or older.

Means test: Annual income must be less than 45,600 rand for a single person; 91,200 rand for a couple.

Beneficiaries may only receive one social grant at a time.

**Care dependency grant (means tested):** Paid to a parent, foster parent, or primary caregiver of a child aged 18 or younger who requires permanent care or support services as the result of a severe mental or physical disability. The child must be cared for at home and the disability confirmed by a medical assessment.

Means test: Annual income must be less than 192,000 rand for a single person; 384,000 rand for a couple. The foster child grant is not considered income in the means test.

Beneficiaries may only receive one social grant at a time; a foster parent may receive more than one social grant at a time.

**Social relief of distress (means tested):** Temporary assistance is paid to certain vulnerable individuals or households.

**Family Allowance Benefits**

**Foster child grant:** 920 rand a month is paid for each eligible child.

**Child support grant (means tested):** 380 rand a month is paid for each eligible child.

**Care dependency grant (means tested):** 1,600 rand a month is paid for each eligible child.

**Social relief of distress:** Paid monthly in cash or kind for up to three months; may be extended for three months.

**Administrative Organization**

South African Social Security Agency (<http://www.sassa.gov.za/>) administers the program.