



SASSA/SAPO STATE OF READINESS ON PAYMENT OF SOCIAL GRANTS **STATEMENT**

Programme director

CEO

Senior officials from the different government entities

Members of the media

Ladies and gentlemen

Good morning. It gives me great pleasure to welcome you to this joint briefing by the CEO's of the South African Social Security Agency (SASSA) and the South African Post Office (SAPO). The partnership between these two entities is a true reflection of what can be achieved when government resources are pooled in pursuance of a common objective.

In his 2018 State of the Nation the Address (SONA), the President of the Republic of South Africa, Mr Cyril Ramaphosa declared the year 2018 the Centennial Year of former president Nelson Mandela and Mama Albertina Sisulu. These caring leaders laid a firm foundation for our thriving democracy by fighting for equality, dignity and the alleviation of poverty.

In 1994 when the new dispensation came into power, amongst the many transformational interventions, it introduced a social security programme that sought to restore the dignity of the poor and the vulnerable. This was in line with the values and aspiration fought for by the likes Nelson Mandela, Albertina Sisulu and many more.

We remain committed to providing social assistance through grants to poor and vulnerable South Africans. Our social assistance programme is at the heart of government's poverty alleviation programme and central to restoring the dignity of our people. Through it, we continue to improve the living conditions of poor, vulnerable and underprivileged South Africans. These include unemployed South Africans as well as orphaned and vulnerable children living in child headed households.

Social grants have improved the lives of our people.

Government is providing social assistance to over 17 million poor South Africans through social grants. The majority of the citizens benefitting are children. The child support grant represents two-thirds of the total number of grants administered by Sassa. This grant addresses poverty among children and has grown from 70 000 social grants in 1998 to almost **12 million** in 2018. Social grants bring financial security to many families and is, according to the General Household Survey, the main source of income for many South Africans.

Suspension of the invalidity of CPS Contract

A year ago, the Constitutional Court deliberated on a contract that was deemed invalid and ruled to suspend the invalidity by 12 months ending 31 March 2018. This was to enable South African Social Security Agency (SASSA) time to put in place a valid contract, which will amongst others include the South African Post Office (SAPO).

The former President Zuma tasked the Inter Ministerial Committee on Comprehensive Social Security to oversee the implementation of the Constitution Court order. A number of media and Parliamentary briefings have been held to update the nation in particular beneficiaries. As we approach 31 March we are here to provide South Africans with the progress and confirm the state of readiness to take on this major task.

Government is pleased with the progress made to ensure that it complies with all the directives of the Constitutional Court. The service agreement signed between Sassa and SAPO in December 2017 enabled SAPO to partner with Sassa in the payment of social grants, ushering in a public sector-led and efficient grants payment hybrid model.

We are pleased to announce a significant state of readiness for SAPO to commence payments of social grants and assure South Africans that social grants will be paid from 01 April 2018. The relationship between Sassa and SAPO to ensure the smooth implementation of the public sector-led hybrid grants payment model has evolved positively.

Phasing out of the CPS Contract

In the past, Sassa relied on the services of CPS to pay 10, 7 million beneficiaries through cash payments, direct deposits and electronic payments.

- o SASSA has reactivated the PMG accounts in the SA Reserve Bank environment, and is using this to manage the money for the direct transfers. This means that the money is not paid over to a private contractor in advance, but remains within the government environment until deposited into the social grant beneficiary accounts.
- o Sassa has successfully implemented pilot projects since January 2018 by directly paying beneficiaries who receive grants via commercial banks, including Postbank
- o Sassa has made direct payment to more than 2, 3 million beneficiaries for the month of March 2018 and this number will be increased further in April 2018.
- o The testing for direct payment for beneficiaries receiving payment through the Sassa payment card was done for 100 000 beneficiaries for the March 2018 payment period.
- o In April, a total of 5.7 million beneficiaries transacting through the

Sassa Payment Card will be paid directly by Sassa without the assistance of CPS. In essence, by 01 April 2018, Sassa would have paid approximately 7.7 million of the 10, 7 million beneficiaries directly.

- SASSA also intends depositing money into the cards for those beneficiaries who receive their social grants in cash from pay points. The only support that will be required for these approximately 2,8 million beneficiaries is the distribution of cash at the pay points.
- All the above transfers will be made directly from SASSA's own PMG account, which operated within the SA Reserve Bank environment.
- Sassa has already taken over from CPS the management of the direct funeral policy deductions for in excess of 727 000 beneficiaries. These are deductions made in terms of the Social Assistance Act, and are the only legally allowable deductions made before the social grant is paid into the account of the beneficiary.

The 2,8 million social grant beneficiaries who are paid in cash at Sassa pay points on their normal individual payment dates. It is for the actual distribution of cash where SASSA still requires support. It is for this reason that Sassa brought a limited application to the Constitutional Court with the intention of asking the court to suspend the invalidity declaration of its contract with CPS for six months. This would enable cash payments to be made through the CPS infrastructure till September 2018 for approximately 26% of beneficiaries. A tender has already been advertised and a payment contractor for cash payments will be appointed very soon. The further suspension of the invalidity declaration will also ensure that a proper phase in/phase out or hand over process happens between CPS and SAPO. As you know well, this matter is currently before the ConCourt and we will not be in a position to elaborate further on it.

The ruling from the Constitutional court is pending.

Sassa is in the process of appointing a Cash Payments Service provider who will distribute

social

grants using the new Sassa-SAPO card at all pay points across the country. Sassa, through National Treasury and the South African Reserve Bank is also in talks with commercial banks for the establishment of a low-cost account for social grants beneficiaries who receive their money directly into their personal bank accounts.

Sassa is currently engaging 27 accredited cooperative financial institutions that may be used in the future to pay social grants.

The SA Post Office is ready to pay social grants.

SAPO will commence with the phasing in of processes to ensure that the payment of social grants takes place without interruption as from 1 April 2018 as per service agreement between the two entities.

SAPO is ready to open accounts for Sassa grants beneficiaries from 03 April 2018. The testing of the bulk account opening process with a sample of 1,000 existing Sassa beneficiaries' data was seamlessly concluded in February 2018. The special disbursement account has the following features:

- No deductions;
- 3 free cash withdrawals;
- 1 free balance enquiry per month;
- 1 free mini-statement per month;
- Free full statement covering up to a maximum of 3 months on demand
- Free first replacement card

Given the participation of the SAPOs Postbank in the payment system, an increasing number of beneficiaries have also already opened Postbank accounts between January and February 2018, exercising one of the key choice options of the hybrid model. Some of these beneficiaries have already received their March social grants via Postbank.

Sassa and SAPO are starting to phase in a process where, if a

current Sassa pay-point is within 5km of a Post Office branch and the post office branch meets the minimum norms and standards, then the Post Office will take over the cash payments of that pay point.

The integrated payment of social grants will benefit beneficiaries and is user friendly.

The Sassa and SAPO partnership will enable the development of an integrated grant payment system. This will be a significant milestone on the roadmap of in-sourcing the grant payment function in the near future. The integrated payment system will be convenient, easy to use and accessible to all social grant beneficiaries. It will also go a long way towards reducing fraud and corruption associated with the payment of social grants through its integration with Home Affairs National Identification System (HANIS). Sassa and SAPO will continue to hold regular meetings to ensure the smooth transition from 01 April 2018 and beyond. The Public-Public Partnership between Sassa and SAPO presents a model service delivery blueprint for government that is easily replicable in other state service sectors.

All Sassa cards will continue to work until the end of the year.

Beneficiaries using the old Sassa Card may continue to do so until 30 September 2018. We will soon introduce the new Sassa cards via the Post Office and beneficiaries will be informed about the process to be followed. The new card will be progressively introduced over the period from April to 30 September 2018, when it is expected that the current SASSA card will no longer be in circulation at all.

In the meantime, beneficiaries should ignore anybody offering them any alternative card to the Sassa one under the guise that the Sassa Card has changed. For clarity on this matter, beneficiaries may contact Sassa on 0800 60 10 11 or visit the nearest Sassa Office.

Payment options available to Social Grant Beneficiaries

Sassa beneficiaries have three options of receiving their social grants namely, cash

payments at pay points, through merchants/supermarkets, and via personal bank accounts. Beneficiaries are encouraged to choose a payment option that is convenient to them. Those beneficiaries who already receive social grants through the banks are not required to open new accounts. Beneficiaries who prefer their grants paid directly into their bank accounts should complete a Request for Bank Payment form available on www.sassa.gov.za, any SAPO outlet or Sassa office. The completed form should be handed to the nearest Sassa Office.

We wish to express our appreciation to all members of the public who have called in to seek clarity on this process and especially appreciate the efforts of community organizations, labour representatives, faith based structures and a host of other groups who have played a key role in sharing information with beneficiaries or members of their families to smooth this process. Special mention needs to be made of the many staff of Sassa and SAPO who have heeded the call to action to work in a collaborative spirit to ensure that this partnership yields the results so critical to the life of our nation.

Working together we are committed to ensuring that the right social grant is paid to the right person at the right time and place, *njalo*.

ENDS

