

## **Social Development Minister Bathabile Dlamini responds to North Gauteng High Court Ruling**

Thursday, 30 August 2012

Programme Director: Ms Lumka Oliphant

Deputy Minister of Social Development: Mrs Maria Ntuli

CEO of SASSA: Ms Virginia Petersen

Special advisor: Mr Zane Dangor

Senior Managers of the Department present

Members of the media

Good morning

Given the judgement yesterday by the North Gauteng High Court, I felt it was the most appropriate step to come before you this morning to address South Africans, especially the recipients of our social grants, on the impact of the judgement delivered.

Judge Matojane delivered a short yet important judgement which is the cornerstone of how South African Social Security Agency (SASSA) is to continue doing its business, of grants delivery, for the next five years.

This year, SASSA introduced a new biometric system which compelled beneficiaries to undergo a life verification process. The system was introduced to deliver an improved payment experience for beneficiaries, to reduce costs and curb the vulnerability of the system to fraud and corruption.

SASSA identified weaknesses in the methodology of payment which resulted in, among other deficiencies, duplicated payments, payments to persons who were not eligible beneficiaries and other fraudulent conduct which had an adverse impact on the budget allocated by Parliament, for social grants to persons who qualified.

As the result of the deficiencies in the system, SASSA continued to receive adverse and

qualified audit opinions from the office of the Audit-General.

One of the mandates of the CEO appointed last year was to vigorously address the shortcomings of the grants application processes. And the means to ensure an improved beneficiary experience was to provide an auto-mated biometric payment solution to reduce inconsistent reviews and a tedious life certification process.

Ladies and gentlemen,

SASSA went to tender on 15 April 2011. Twenty one companies presented the bids for the tender. It was awarded on 17 January 2012 to Cash Paymaster Service (PTY) Ltd.

The process was challenged by the unsuccessful companies who submitted applications to the High Court for review and setting aside of the award.

The court ruled that there were irregularities in the Supply Chain Management processes which led to the tender award being declared "illegal and invalid".

Ladies and gentlemen,

The court acknowledged that those irregularities did not warrant the continued provision of the payment of social grants to be aborted or disrupted.

We agree with the court that the continued service to the citizen is of paramount importance.

Going forth SASSA will factor the prudent feedback observed on the integrity of SASSA's procurement processes in order to correct and strengthen its processes.

I stand before you confident in our quest to achieve even greater levels of service delivery improvement as evidenced since March 2012 when the new system was introduced.

We have seen Thirteen Thousand Nine Hundred and Eleven (13 911) grants voluntarily cancelled which translates into a further saving of taxpayers' money; the initial saving when the award was made was eight hundred million rand.

We now have the automated intelligence to track where grants are being paid out and have discovered that 482 beneficiaries are receiving their social grants outside the borders of South

Africa.

Officials of SASSA have been arrested and under different phases of the judicial process.

This and duplicated biometrics on the SASSA payroll is currently under investigation to track patterns of potential fraud.

We have also detected beneficiaries who are not registered on the Home Affairs Population Register.

Whilst the above achievements have a direct bearing on government's performance and savings, our greatest achievement is the ability to preserve the dignity of our people - our more than ten million beneficiaries in receipt of 16 million grants.

I am happy to report that no longer do we hear the sad stories of our older persons having to wait for their pay day before being able to visit their children and relatives in other provinces.

The flexibility that the SASSA card brings, allows them to exercise the when and the where they choose to draw their pension.

Another concern that we are responding to, is the issue of illegal deductions by micro-lenders commonly known as loan sharks (o' mashonisa) and unregistered funeral schemes.

SASSA has been working closely with the Financial Services Board, the National Credit Regulator, Crime intelligence, Treasury and the South African Reserve Bank on issues of the illegal micro-lenders of which approximately ten arrests were made, hundreds of bank cards, old pension cards and IDs have been seized.

This morning, we want to reassure all our 10,6 million beneficiaries that the 16 million social grants will be paid without disruption - it is business as usual.

I want to give special thanks to the officials who to the senior officials of the department and its agencies who worked tirelessly under trying circumstances to make sure that we achieve our mandate.

We remain steadfast in our commitment to continue paying: The right social grant, to the right

person, at the right time and place njalo!

I thank you!

**Issued by the Ministry of Social Development**

**For enquiries contact: Lumka Oliphant, Cell: 083 484 8067**