

## **ADDRESS BY THE MINISTER OF SOCIAL DEVELOPMENT, MS BATHABILE DLAMINI, DURING THE SASSA ANTI-CORRUPTION CONFERENCE, PRETORIA**

Monday, 30 March 2015

Programme Director;  
Mme Hendrietta Bogopane-Zulu, the Deputy Minister of Social Development;  
Chairperson of Portfolio Committee on Social Development, Ms Rosemary Nokuzola Capa;  
The Acting Director General of Social Development, Mr Thokozani Magwaza;  
Ms Virginia Petersen, the CEO of SASSA;  
Dr Vuyelwa Nhlapo, the CEO of the NDA;  
Senior Management of Social Development, SASSA and NDA;  
Representatives of the Audit Committee;  
Representatives of the Auditor-General's office;  
Representatives of the Public Protector's office;  
Representatives of Fraud Steering Committees;  
Members of the Ministerial Advisory Committee present;

Good morning!

Since 2009 our government has taken a strong stance in the fight against fraud and corruption. During his 2009 State of the Nation Address, President Zuma said:

“We have repeatedly stated our commitment to fight corruption in the public service. We will pay particular attention to combating corruption and fraud in procurement and tender processes, application for drivers' licences, social grants, IDs, and theft of police case dockets.”

Taking our cue from this statement of intent, the Social Sector has taken a radical approach to address fraud and corruption within its area of operation. During 2012 we embarked on a process of re-registering grant beneficiaries in order to root out 'ghost' beneficiaries and ensure that grants are paid out only to existing and deserving South Africans.

Through the re-registration process, we eliminated fraud and corruption and created a conducive environment for SASSA to have a solid database of all beneficiaries which enables it to pay the right grant, to the right person, and at the right place.

Today we can confidently say that through the re-registration process and the introduction of the biometric-based payment systems, SASSA has a credible database of beneficiaries, and that fraud in our social security system has been cut down by billions of Rands.

At the end of the re-registration process we had cancelled well over three hundred thousand fraudulent grant payments, including duplicated grants, whilst more than seven hundred thousand child recipients were removed from the system because they could not be presented by their primary care giver during the re-registration process. All these efforts have saved Government billions of rands.

Ladies and gentlemen, it is deeply disturbing that all the fraud and corruption we have uncovered is perpetuated by the people entrusted with the responsibility to serve; our own employees, working with criminal elements. Since 2010 two hundred and sixty one (261) officials have been suspended; fifty three (53) have been dismissed; and five (5) have been convicted for fraud; while twelve (12) officials resigned before disciplinary hearings.

However, it is pleasing to note that our Fraud Prevention Strategy, which we have rigorously employed over the past few years, is having the desired impact. This can be seen in the number of cases recorded year-on-year from the 2013/14 financial to date. Whilst between 1 April 2013 and 31 March 2014, more than three thousand five hundred (3,571) cases were captured on the Fraud Case Management System; at the end of January 2015, only over a thousand (1,072) cases have been captured.

We are pleased that our investigative capacity has improved since the 2012 financial year and we are confident this will assist us make further inroads into fraud and corruption in our social security system. We are grateful to the law enforcement agencies who have partnered with us to uncover fraud and corruption and ensure that legal action is taken against those responsible.

For the financial year 2013/14, a total of thirty (30) fraud cases have been referred to Law Enforcement Agencies, involving eighty four (84) officials, with a combined value of just over fifteen million rand (R15,091,076). Also, for the current financial year 2014/15, a total of eleven (11) fraud cases have been referred to Law Enforcement Agencies, involving ninety (90) SASSA officials and three (3) CPS officials, with a combined value of nearly twenty one million rand (R20, 950, 255.91).

Ladies and gentlemen, what is worrying to us is that most of the people involved with social grant fraud are women. In South Africa, poverty has the face of a women and government has put in place a number of interventions to support poor women because of the belief that when you support a women you support a nation.

Programme Director, money lending and the effects it has on undermining SASSA's mandate cannot be left unchallenged. Our efforts to provide social security cannot look at fraud alone, but must also tackle the challenge posed by money lenders or loan sharks. This practice by unscrupulous business people to lend money to poor people at ridiculously high interest rates works against the developmental objectives of government and perpetuates poverty.

This is a fight we will continue to engage in as government as it talks directly to the erosion of the liberties South Africans have fought so hard for. I must highlight that while we have made progress in pushing back on blatant fraud and corruption, we are also finding ourselves having to deal with a new frontier of exploitation of the most vulnerable members of our society as a result of the entrance of the SASSA payment card into the open loop banking system. The growing national phenomenon of unlawful and immoral debit deductions that we now see is unacceptable. While some of these deductions may be technically legal, they remain immoral as they serve to rob the poor from the resources that we as South Africans provide for them, to meet their basic needs.

The social assistance grants provide poor households with the means to meet their basic needs, especially food, and we cannot allow these solidarity funds to be eroded by unscrupulous business people and a few greedy criminals parading as public service officials who are in cohorts with criminal elements that have only one objective: to enrich themselves.

Programme Director, we have set out among our key objectives for the medium term, the deepening of social assistance and extending the scope for social security aimed at making inroads to the national challenge of poverty and inequality.

Key to achieving this objective is the social security reform programme. Through this programme we aim to alleviate poverty among those households with low or no income as well as prevent those households with income from falling into poverty. The increases in social grants announced by the Minister of Finance, Mr Nhlanhla Nene, during the delivery of the 2015 Budget Speech at the joint sitting of Parliament on February 25 are in line with these objectives.

Our social security reform programme aims to address the important gaps and weaknesses that we have identified in our social security system, and ensure that we provide comprehensive social security for all.

Some of the areas the social security reform programme aims to address are a lack of social assistance coverage for unemployed adults in the age group 19-59; inadequate cover for workers in the informal sector; and a lack of retirement, death and disability cover for millions of formal sector workers and their households.

In addition to these coverage gaps in social assistance and social insurance, we have also found that there are certain institutional reforms that we need to make to promote policy coherence, promote access for those who are unable to access their rightful benefits, and enhance efficiency in the provision of social security benefits.

The reforms will prioritise the introduction of mandatory contributions for retirement, death and disability benefits for workers in formal employment. At present, such contributions are only provided for via voluntary contributions to private insurance companies. Millions of South Africans are excluded from these benefits because the contributions are not legislated by government. As such, we are considering the introduction of a National Social Security Fund that will collect mandatory contributions from workers in order to provide retirement, death and disability benefits based on uniform standards for all.

Government has also identified duplication and fragmentation of benefits among the existing social security funds. This includes double-dipping, where a single beneficiary may claim a disability benefit from the South African Social Security Agency (SASSA), while also claiming from the Compensation Fund or the Road Accident

Fund for the same disability.

The ministries of Social Development, Finance, Labour are working together to finalise these policy proposals. The proposals will be presented in a discussion document for debate with stakeholders and the public so that the country can agree on a unified and comprehensive social security system that meets the needs of all South Africans and permanent residents.

Our continued efforts to fight fraud and corruption are therefore informed by the determination to not see the gains we have made against poverty being reversed. We appeal to our officials, not to allow yourselves to be recruited by fraud syndicates. Some of you are bread-winners and it, therefore, brings no joy to us when families are left destitute when the provider in the family is convicted for fraud. Let us all work together to fight poverty and ensure that no South African child is plunged into poverty because of our actions.

Thank you very much!