

## ***SASSA Media Release***

To: All News Editors

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# **SASSA Saves Fiscus Around R1 Billion after Appointing Post Office for Grant Distribution**

SASSA managed to save the Fiscus a whopping 1 billion Rands approximately, since the end of the payment contract with Cash Paymaster Services (CPS) in September 2018, SASSA has had to review the payment model utilised. While the contract with CPS proved convenient to beneficiaries, because payments were made at mobile designated points, this payment model also introduced unintended consequences, not the least of which were unauthorised deductions.

To better understand the rationale behind SASSA reducing the number of paypoints, the directions of the Constitutional Court are instructive. On 29 November 2017, the ConCourt directed SASSA and the Minister of Social Development to do the following:

- “Set up a system of direct payments into beneficiary accounts enabling the beneficiaries to access grants through the National Payment System
- With regard to beneficiaries who do not live within five kilometres from an ATM or point of sale device SASSA will evaluate and implement other methods making use of new technologies to facilitate payment”

In revising the model, SASSA took note of the myriad of complaints which had been received from both the beneficiaries and other interest groups, including Black Sash

The new relationship entered into with the South African Post Office (SAPO) sought to bring control of social grant payments under government. The new model provides beneficiaries the option to receive their grants directly into their own personal bank accounts, or through the SASSA card.

In the process some cash paypoints were decommissioned and beneficiaries benefited from

the multiple payment options that were made accessible to them.

It is unfortunate however that the Black Sash study was done without an input from SASSA, which could have clarified some of the misconceptions contained in it. Some beneficiaries use the Grindrod green card to collect their grants and in many instances the report doesn't manage to distinguish between beneficiaries who use the new SASSA card and the green card. Instead a wrong assumption is made that all beneficiaries interviewed use the SASSA card.

The study interviewed only inconvenienced beneficiaries as if there is not a single beneficiary whom the current system of multiple payment channels works for- and this is questionable. One SASSA official is accused of refusing to help a beneficiary to change from a Grindrod green card to a SASSA card. The truth is that SASSA officials would be very happy to do this even if a beneficiary had a commercial loan on the other account.

The report wrongfully concluded that it's almost impossible to access recourse when in fact the SASSA turnaround time is 14 days for resolving complaints on grants. Beneficiaries don't even have to sign affidavits at police stations as incorrectly reported. SASSA offices have affidavit templates which beneficiaries can complete with the help of SASSA officials.

SASSA established a steering committee with SAPO to improve the infrastructure around places where grants are collected and huge progress has been made in this regard.

The SASSA card is a fully fledged debit card which can be used anywhere in the National Payment System. However, taking heed of the previous challenges faced by grant beneficiaries, the card does not allow for any EFT debits or stop orders off the account. This provides greater flexibility and convenience for social grant beneficiaries, while at the same time providing protection from unscrupulous financial service providers.

In partnering with SAPO, the payment infrastructure was expanded by the addition of post offices as points at which social grant beneficiaries can collect their social grants. As a result of this extensive footprint, a strategic decision was taken to close many of the previously designated cash pay points. In doing this, an exercise was done to ensure that there was an access point for social grant beneficiaries to withdraw cash within a 5 – 10 kilometre radius. This access point may be a bank ATM, Point of sale device at a merchant or post office. In those areas where there was no access point, within this radius, the cash pay point was retained. As a result, SASSA and SAPO now service 1 740 cash points throughout the country.

It should also be borne in mind that cash points can only be serviced on a specific day in a month, thus limiting beneficiary convenience. The ability of social grant beneficiaries to make alternative arrangements to access their grants has been demonstrated over the past year. Initially, it was estimated that approximately 900 000 beneficiaries would continue to make use of the cash payment channel. However, the actual numbers of beneficiaries who wait for the mobile payment services at the cash points is only approximately 200 000.

The decision to reduce cash pay points was not taken without consultation with affected social grant beneficiaries and community leaders. Some of the issues which had to be taken into account when reconsidering the role of cash pay points was the cost of servicing such points, especially when there are alternatives for beneficiaries to access their social grants, as well as the security risk at these points. The minimum cost to service a single cash pay point is approximately R40 000 (this without the cost of personnel time and travel costs). Where these points serve only 10 beneficiaries, it can clearly be seen that this is not cost-effective – particularly in the current financial environment, where government is having to ensure that every cent spent is done so in the most cost-effective and efficient way possible.

That some of the post offices are not yet up to the standard required is accepted. SASSA is working very closely with the post office to ensure that basic requirements are met – seating for the elderly, staff who are customer centric, and quick and efficient services. However, this will take time. Reports pointing out shortcomings are therefore welcomed, as they assist us in focusing where improvements are necessary.

SASSA is currently considering viable alternatives to the very costly cash payment process, which is really a relic from the past. Some of these options include capacitating local spaza shops to have point of sale devices, and the ability to transact electronically. Continued education of social grant beneficiaries to assist them to use the debit card as intended, to make purchases, rather than to rely on cash is another way to reduce the risk.

The changes required is a collective responsibility for all interested in the well-being of social grant beneficiaries. To this end, we call upon every organisation and leader in communities to assist government in driving this change – one which will see social grant beneficiaries becoming part of the main stream of society, where they are empowered to make decisions about their own money, are able to transact throughout the month as and when needed and do not feel pressured to have to withdraw all their grant in one sitting and to work only in cash.

**Issued on behalf of SASSA**

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