

SASSA: ARE THE POOR THE FOOLS?

By Ms Zohra Dawood: Director, Centre for Unity in Diversity

For the poorest South Africans, 1 April 2017 may indeed be April Fool's Day as they return empty-handed from SASSA collection points, when the contract of Cash Paymaster Services (CPS), distributors of social grants on behalf of SASSA, comes to an end on 31 March.

For more than 16 million beneficiaries, the next few weeks remain uncertain and deeply worrying. For people dependent on the Child Support Grant (R350 pm), the Grant for Older Persons (R1510 pm), the Disability Grant (R1510 pm), the Grant-in-aid (R350 pm), the Care Dependency Grant (R1510 pm), the War Veteran's Grant (R1530 pm), the Foster Care Grant (R890 pm) and the Social Relief of Distress Grant, the unmitigated mess created by the incompetence and leaderless SASSA may be a case of life or death. Government's R10 billion a month spend on the poorest of the poor is in serious jeopardy.

Looming large in this probable 1 April mess is the hand of the Minister of Social Development, Bathabile Dlamini, whose interest in maintaining the profitable role of the incumbent, Cash Paymaster Services, subsidiary of NET1, has been much-publicised.

In its 2014 judgment, the Constitutional Court, while acknowledging that SASSA had seriously compromised the tender process in the award of one of the most lucrative government contracts, nevertheless and very graciously accepted that the poorest South Africans not suffer the consequences and that CPS continue distribution of grants. The Court ruled that the Agency had two years to correct its irregular tender process, with updates to the Court on progress.

Two years are almost up and the Minister, SASSA and the Department of Social Development are no closer to having taken the ruling of the Constitutional Court to heart. The flouting of a judicial order does not bode well but perhaps is not completely surprising in the current political climate.

Equally concerning too, is the arrogance displayed by the Minister and officials of SASSA in numerous appearances (or non-appearances in the case of the Minister) before the Social Development Portfolio Committee in Parliament. On 1 February 2017, the Minister was unable to attend due to her participation in a cabinet lekgotla. On a previous occasion, the Minister found herself in Addis Ababa bidding farewell to former AU Chair Dlamini-Zuma. Democratic Alliance member of the Portfolio Committee, Ms D Wilson, summed up the sentiments of members who, "cannot accept the apology of the Minister because the meeting agenda borders on a national disaster. Party politics cannot take preference over South African affairs".

Where to next?

SASSA representatives and the Special Advisor to the Minister provided an update to the Portfolio Committee on planned proposals, all crafted on the premise that "SASSA will be



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paying beneficiaries as normal”. The presentation, while detailed, is clearly unworkable in the timeframe available.

In sum, the representatives outlined the following progress on meeting the Constitutional Court ruling: despite re-advertising the tender, none of the three bids received were accepted for being, “non-responsive about mandatory administrative functionality”, the precise meaning and implications of which are not fathomable, nor were explained. A detailed cover story in the *Financial Mail*, “Welfare Disaster: 17 million lives on the line”, provides a more nuanced analysis of the wheeling and dealing that is at the heart of the non-award of a new contract and the nefarious grip that CPS and its mothership have on millions of grant recipients.

Options considered

SASSA representatives and the Minister’s special advisor proffered short, medium and long term options and timeframes to the Committee. Top of the list was predictably the maintenance of the status quo with CPS, notwithstanding the fact that this option violates the 2014 ruling of the Constitutional Court and hence an unlawful and illegal contract could be extended.

Other ideas on the table include procuring the services of current banks, the use of the Post Office, with its wide-reaching physical infrastructure, and a mixed modality between continued use of CPS and use of banking infrastructure. The matter of the unbanked was flagged too.

A medium-term solution includes SASSA and the South African Reserve Bank joining forces to “Establish special accounts as a mechanism to pay banked beneficiaries”. While the proposal is lean on detail and robust on timeframes, albeit unrealistic, it begs the question of whether SASSA has the human capacity and administrative systems in place to assume the regulatory functions of a bank and/or qualify for special exemptions as a payment hub.

A long-term plan espoused was that of preparing the ground for SASSA to assume the functions of grant management and distribution in-house, with the requisite legal and regulatory qualifications being met by 2019.

The above notwithstanding, a key question is that of whether the Constitutional Court will extend an illegal contract? Can Treasury, as a bastion of integrity and accountability, accede to the request of a wholly discredited Minister and incompetent SASSA leadership to “negotiate with CPS with a gun to our head”, in the words of Craig McKune of amaBhungane, Centre for Investigative Journalism.

AmaBhungane’s very comprehensive investigation into the SASSA saga has unearthed information that severely implicates the Minister of Social Development, who attempted to use her position to “bigfoot SASSA with a last-minute plan to boost the role of private contractors - particularly that of the controversial incumbent CPS”. The article furthermore



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states that “Dlamini’s plan contradicted an ‘open architecture’ alternative that SASSA, Treasury, the Department of Social Development and the South African Reserve Bank had fleshed out”.

Recent press coverage, including a lead story in *Business Day* (9 February 2017), quotes Serge Belamant, CEO of Net1, as “being in the dark” about the future, post 31 March. Perhaps with the cards stacked in its favour, Mr Belamant can cheekily ask journalists to explain why SASSA needs to go to the Constitutional Court? Why not a new contract, he asks?

The SASSA saga has focused the searchlight on several issues outlined above, but perhaps none as worrisome as the impact of corruption, cronyism, inefficiency and maladministration on the poorest of the poor, for whom social welfare remains a vital lifeline.

The decision of the Constitutional Court is still being awaited and while it has acted as custodian for the poor in this matter, its next move might be viewed as being between the devil and the deep blue sea.

The SASSA matter again highlights the imperative to strive for accountable, efficient and transparent institutions. At its optimal level, these values foster a conducive environment that promotes harmony, goodwill and, vitally, a deep appreciation for the core elements of our constitutional democracy.

The FW de Klerk Foundation, together with many concerned citizens and institutions, is alarmed at the inaction by the Minister and SASSA to give effect to the order of the Constitutional Court and reserves the right to seek legal redress on the expiration of the court order on 31 March 2017.