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"LM1"

BLACKSASH
MAKING HUMAN RIGHTS REAL

RESOLUTION OF A MEETING OF TRUSTEES OF THE BLACK SASH TRUST HELD IN CAPE TOWN ON 27 FEBRUARY 2016

On 27 February 2016 the Trustees of the Black Sash Trust have resolved to authorise the Black Sash to apply to intervene in the matter of Lion of Africa Life Assurance Company Limited vs SASSA and the Minister of Social Development of the Republic of South Africa, in the Constitutional Case No CCT 07/16 as a party to the proceeding or as an amicus curiae.

The Trustees further authorised Lynette Maart to represent the Black Sash in these proceedings and to instruct attorneys to represent the Black Sash in the appropriate manner. Lynette Maart is authorised to sign all Affidavits on behalf of the Black Sash Trust.

SIGNED AT JOHANNESBURG THIS 6TH DAY OF APRIL 2016

Bongi Mkhabela
Chairperson

Trust Registration Number IT 1179/85 · Non-profit Organisation Registration number 066-214 · Public Benefit Organisation Registration number: 930005962
BBBEE (Socio-economic development beneficiary certificate)

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"LM2"

AMENDED

DEED OF TRUST AND DONATION

Entered into by and between:

THE BLACK SASH

(herein represented by Sheena Duncan,
in her capacity as President and Joyce
Harris in her capacity as Vice President

hereinafter referred to as "the Donor")

and

SHEENA DUNCAN

JOYCE HARRIS

AUDREY COLEMAN

ETHEL WALT

and

MARIA MACDIAMID BURTON herein represented by Joyce Harris by notice of a Power of Attorney signed at Cape Town on the 1st Day of June 1985 (hereinafter referred to as the "The Trustees")

WITNESSETH.

WHEREAS the Donor conducts Advice Offices in various centres in the Republic of South Africa at which it provides a para legal service free of charge to people who require advice and assistance.

AND WHEREAS the National Conference of the Donor did on the 16th March 1985 resolve that its National Executive should proceed with the establishment of an Advice Office Trust.

AND WHEREAS this Trust Deed is necessary to give the effect to the said resolution

NOW THEREFORE THESE PRESENT WITNESS

1 1 1 A charitable trust to be called the Advice Office Trust which was founded and established in 1985, is hereby amended and renamed "The Black Sash Trust" its aims and objects extended and is hereafter referred to as "The Trust".

1.2 The Donor hereby donates irrevocably to the Trustees in trust the sum of R250 00 which capital sum, together with accruals or additions thereto shall comprise the Trust Fund and shall be held in trust for the purposes and subject to the conditions hereinafter set out

1.3 The business and affairs of the Trust shall be conducted in such centres in the Republic of South Africa as the Trustees may determine from time to time Contributions will be collected in the Republic of South Africa

1.4 Membership of the Trust shall consist of Trustees

2 The objects of the Trust shall be

2 1 To administer and control the existing Black Sash Advice Offices and other projects at Johannesburg, Cape Town, Durban, Port Elizabeth, Grahamstown, Pietermaritzburg, Pretoria, East London and Knysna and to open, establish and conduct Advice Offices at such other places as the Trustees may from time to time direct,

2.2 To provide free of any charge at these Advice Offices advice and assistance to person who require assistance on problems relating to or connected with the laws of the Republic of South Africa.

2 3 To provide free of charge advice and assistance to persons who have their rights denied by officials such as in the areas of housing, unemployment, insurance, pensions, workmen's compensation, the obtaining of identity documents,

2 4 To provide a free counselling service to persons whose problems cannot be resolved through recourse to the law or those who are in distress or need;

2 5 To assist individuals in enforcing their rights in terms of the law when such rights have been denied them by officials responsible for their administration and to make payment of legal costs incurred thereby;

2.6 To conduct an information and educational service through lectures, workshops and published materials to advise people on their rights under various laws and to conduct research into the laws which affect basic human rights, employment rights, the rights of the poor or unemployed and all matter related to the activities aforesaid,

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2.7 To provide training for religious and community workers in the areas of concern to the Trust;

2.8 To institute and/or join with others in proceedings before the Constitutional Court or any other appropriate forum or commission in any proceedings where, in the opinion of the Trustees, a right contained in the Bill of Rights has been infringed, or an investigation is being conducted into an alleged infringement of any such right;

2.9 Generally to do all such things as are incidental or conclusive to the attainment of the above aims and objects provided that the funds of the Trust shall be expended exclusively in the Republic of South Africa.

3 3.1 The persons described above as "the Trustees" shall be the first Trustees

3.2 There shall not be less than five or more than 12 Trustees, all of whom shall be women and none of whom should be paid members of staff. In the event of the position of Trustee/s falling vacant the remaining Trustees shall invite the Advice Offices and Associates (being volunteers attached to the Advice Office) to nominate the successor/s. The new Trustee/s should be appointed from the persons nominated.

3.3 To ensure that the minimum number of trustees are in office the trustees shall have the power at any time and from time to time to appoint any person nominated as set out in 3.2 as an additional Trustee up to the maximum number as set out above. Any acts done by the Trustees in emergency circumstances when there are less than five Trustees in office shall be valid and binding.

3.4 The Trustees shall appoint one of their members as Chairperson and she shall hold office for a period of one year unless during that time she resigns as Trustee or is voted out of office by a majority of the remaining Trustees. The Chairperson can be reappointed for successive terms of office

3.5 The Trustees shall meet from time to time as they may determine but not less than twice every year. A quorum of Trustees shall be half plus one and all decisions shall be majority decisions. In the event of a deadlock, the Chairperson shall have a casting vote

3.5.1 Minutes of the meeting will be sent to Trustees at least two weeks before the next meeting.

3.6 Meetings may be summoned by the Chairperson, the Secretary or any three Trustees and the meeting may be convened by letter, telegram, telex, telephone, telefax or e-mail

3.7 The office of Trustees shall be vacated -

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3.7.1 If a Trustee resigns office by notice in writing addressed to the Chairperson of the Trust or the other Trustees, or

3.7.2 If a Trustee becomes of unsound mind or insolvent, or is in any other way incapable of managing her own affairs, or is or becomes under any legal disability affecting her legal capacity, or is prohibited by law from acting as Trustee, or would be prohibited by law from being a director of a company; or

3.7.3 If a Trustee does not attend three (3) consecutive meetings of the Trust without consent of the majority of the remaining Trustees or with leave from the Chairperson, or

3.7.4 If two-thirds of the Trustees vote in favour of such removal after notice has been given to such Trustee of her proposed removal and she shall be entitled to make representation in writing or orally to the Trustees before a decision is taken to remove her.

4. The Donor shall have no power to revoke, cancel or annul the Trust or any of the provisions herein contained, but it may at any time hereafter supplement the assets of the Trust. Such assets shall thereupon be deemed to form and become part of the Trust hereby created and shall be held by the Trustees in trust for and subject to the conditions of this Deed of Trust.

5. The Trustees shall be entitled in their complete discretion to sue the whole or such portion of the nett income accruing from the Capital of the Trust or such portion of the Trust Capital itself if the income is insufficient, for the purposes set out in paragraph 2 above, provided that at least 75% of nett income of the Trust shall be expended in achieving its objects within the period of 12 months from the end of the financial year during which it accrues.

6. Should the services of a fund-raiser be made use of for the collection of contributions, the expenses (remuneration and/or commission included) may not exceed 40% of the total turnover of the collection.

7. The Trustees shall deposit all money not invested in terms of paragraph 8 hereunder in a banking or building society account/s to be opened in the name of the Trust. Such account/s shall be operated by the Trustees in such manner as they shall determine.

8. The Trustees shall be entitled and are hereby empowered to invest the assets of the Trust or such portion or portions thereof from time to time in or with any bank, building society or other financial institution as defined in section 1 of the Financial Institutions (Investment of Funds) Act, 1984 or in the acquisition of securities listed

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on a licensed stock exchange as defined in the Stock Exchange control Act, 1985

9. The Trustees shall cause a proper set of books and accounts to be kept relative to the Trust, which books and accounts may be audited annually by an auditor to be appointed by the Trustees, with power to the Trustees to vary such appointment from time to time.

9.1 The date for the end of the organisation's year is 31 December.

10. In addition to the powers usually enjoyed by the Trustees and without prejudice to the said generality, the Trustees shall have and enjoy the following rights and privileges -

10.1 to call in, recover, collect and if necessary to sue in the name of the Trust for all loans or other moneys belonging to the trust at any time, whether invested by them or otherwise, and to foreclose bonds and, if necessary, to buy securities.

10.2 to purchase or otherwise acquire and hold securities and shares quoted on the stock exchange provided that the Trustees shall not have the power to acquire immoveable property for the purposes of recovering rental income therefrom on a systematic basis nor may they engage in any speculative or trading activities,

10.3 to borrow money for the purpose of the trust and at their discretion to mortgage, pledge or hypothecate any moveable, immovable or other property or rights belonging to the Trust;

10.4 to sign and execute all documents of any nature or kind whatsoever requisite and necessary from time to time in connection with the acquisition or the realisation of the Trust assets and/or carrying out the terms of this Deed of Trust;

10.5 to allow any time of payment of any debt due to the Trust as they may think fit and to compromise, compound or submit to arbitration all claims, debts or things whatsoever belonging or relative thereto.

10.6 to employ and pay out of the Trust any other person or persons to do any act or acts, including the day to day administration of the Trust, for reward although they or any of them could have done such act or acts, provided that such remuneration shall be commensurate with the value of the services actually rendered;

10.7 to lend money to beneficiaries of the Trust on such terms as they shall determine provided that loans must bear interest at not less than the prevailing commercial rates;

10.8 to incur reasonable travelling and other expenses and to reimburse

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themselves for expenses reasonably incurred in the exercise of their duties including attendance at Trustees meetings, provided that the expenses so incurred are commensurate with the services for which such expenses are incurred;

10.9 to hire premises and to equip the same and to hire or purchase vehicles to be used in conjunction with the Trust's activities;

10.10 to engage staff and remunerate them for their services and to insure the staff and the assets of the Trust and to pay the premiums on such policies,

10.11 to contribute towards any pension, provident or medical aid fund providing benefits to the employees of the Trust,

10.12 to insure Trustees for accidental death or injury whilst about their duties as Trustees;

10.13 paid officials of the Trust may serve on the management in an advisory capacity, but will have no voting rights.

10.14 all property must be registered in the name of the Trust

11 11 1 The Trustees shall be entitled to sue and be sued in any Court having competent jurisdiction in respect of any matter arising out of the Trust hereunder created All costs incurred by the Trustees, as well as any other charges, expenses and disbursements incurred by them in or arising out of their administration of the Trust shall be a first charge on the Trust Fund and the income thereof

11.2 The Trustees shall be entitled pursuant to Section 38 of the South African Constitution either alone or in association with other bodies to approach a competent court including the Constitutional Court where in their opinion a right contained in the Bill of Rights has been infringed or to testify before any commission which may be investigating allegations of infringements of rights;

11.3 To act as amicus curiae in appropriate proceedings

12. The Trustees shall not personally be liable for any loss which may be suffered or sustained by the Trust, provided the security or asset in which the Trust Fund were invested was regarded as good and sufficient at the time of the investment, nor shall they be responsible for the actions of any accountants, agents and attorneys appointed by them, provided the same were regarded as reputable at the time of appointment.

13 The Trustees are hereby empowered to solicit and accept and acquire for the

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purpose of the Trust hereby constituted any gifts donations, contributions, bequests or payments from any person, deceased estate, firm or company that may be given, bequeathed or paid to them as an addition or with the intention to add to the Trust hereby constituted and whether any such addition consists of stock, shares, monies, movable or immovable property, and any addition so accepted and acquired shall be deemed to form part of the Trust and shall be administered and dealt with subject to the terms of this Deed of Trust, saving where the donor has made specific direction

Any additions to the Trust so received by the Trustees may be retained by them in the form in which they are received and such retention shall be a sufficient compliance with the power to invest herein contained

Any additions to the Trust may be received from any place or places whether inside or outside the Republic of South Africa provided that monies or the assets from outside the Republic of South Africa shall actually be received in the Republic of South Africa

14 The Trustees shall be entitled to nominate one or more of them, or delegate their authority to any person or persons selected by them, whether such person be a Trustee or not, both for the purpose of management of the Trust and the execution of all documents of any nature relating to the carrying out of the purposes of the trust, including documents in connection with the investment and realisation of the Trust which realisation shall be in whatever manner they may think fit

15 15 1 No member of the Trust shall have a direct or indirect interest in or benefit from any contract which the Trust may conclude with any company

15 2 The affairs of the Trust shall be conducted in such a manner that the Trustees shall not personally benefit therefrom

16. The Trustees herein or from time to time appointed shall not be required to furnish security for the due and faithful administration of the Trust under the Trust Property Control Act, 1934 or any other law and the Master of the Supreme Court, having jurisdiction in connection therewith, is hereby directed to dispense with such security.

17. The Trustees in their discretion and by majority vote shall be entitled to amend any of the conditions of this Deed in such manner as they consider desirable or which may be necessary for the purposes of obtaining registration hereof or exemption from any taxation or to comply with the requirements of any officials for such purposes of effectively conducting the Trust or giving affect to the intention of the Donor.

A copy of any resolution amending the Trust shall be forwarded to the Commissioner of Inland Revenue and the Director: Non Profit Organisations if the

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Trust is exempted from taxes in terms of the Income Tax Act and is in possession of an authority in terms of the Non Profit Organisations' Act 71 of 1997.

18. The Trust may be dissolved by resolution of two-thirds of the Trustees Any such resolution shall provide for the payment and remuneration of a liquidator and the powers of the liquidator and any other provision for winding up. In particular, such resolution shall provide that after payment of and provision for all liabilities of the Trust and of the cost of winding up, the nett remaining funds and assets of the Trust shall be donated to any other organisation/s or fund/s or trust/s of a public character having objects or purposes identical with or similar to those or any of those of the Trust which are themselves exempt from income tax and donations tax and estate duty in terms of the Income Tax Act, and registered in terms of the Non Profit Organisations' Act 71 of 1997, such bodies to be situated within the Republic of South Africa and failing such resolution, then to such body or bodies as may be determined by the Director: Non Profit Organisations if this Trust is registered as a fund-raising organisation in terms of the Non Profit Organisations' Act 71 of 1997

19 The Trustees hereby accept appointment to such office, subject to all the terms and conditions hereinbefore set out

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AMENDED

DEED OF TRUST AND DONATION

between

THE BLACK SASH

and

SHEENA DUNCAN

JOYCE HARRIS

AUDREY COLEMAN

ETHEL WALT

and

MARIA MACDIAMID BURTON

May 1999

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BLACK SASH TRUST

National Office

4th Floor 12 Plein Street 8001 Cape Town Tel: (021) 461-7804 Fax: (021) 461-8004 email: sashct@iafrica.com

9 September 1999

The Master of the Supreme Court
Private Bag X9018 X60
CAPE TOWN
8000
Pretoria

MEESTER VAN DIE HOOGGEREGSHOF PRIVAATSAK
2000 -02- 14
PRETORIA 0001
MASTER OF THE HIGH COURT

MASTER OF THE SUPREME COURT CAPE TOWN
1999 -09- 16
KAAPSTAD
MEESTER VAN DIE HOOGGEREGSHOF

Dear Sir

re: **Amendments to Trust Deed - ref. no. I Trust 1179/85**

The Black Sash Trust is in the process of registering as a Nonprofit Organisation with the Department of Welfare. In order to conform with their requirements, we have had to amend our Trust Deed. These amendment were approved at the Trust Meeting of 29 May 1999

The details are as follows:

To be added

3.5 Minutes of the meeting will be sent to Trustees at least two weeks before the next meeting.

9.1 The dates for the end of the organisation's financial year is 31 December.

To be amended:

17. The second paragraph to read (the change is in bold type):
A copy of any resolution amending the Trust shall be forwarded to the Commissioner of Inland Revenue and the **Director: Non Profit Organisations if the Trust is exempted from taxes in terms of the Income Tax Act and is in possession of an authority in terms of the Non Profit Organisations' Act 71 of 1997.**

18 The third sentence to read (the change is in bold type):
In particular, such resolution shall provide that after payment of and provision for all liabilities of the Trust and of the cost of winding up, the nett remaining funds and assets of the Trust shall be donated to any other organisation/s or fund/s or trust/s of a public character having objects or purposes identical with or similar to those or any of those of the Trust which are themselves exempt from income tax and donations tax and estate duty in terms of the Income Tax Act, **and registered in terms of the Non Profit Organisation's Act 71 of 1997 such bodies to be situated within the Republic of South Africa and failing such resolution, then to such body or bodies as may be determined by the Director: Non Profit Organisations if this Trust is registered as a fundraising organisation in terms of the Non Profit Organisations' Act of 1997.**

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We enclose an amended copy of our Trust Deed reflecting these changes.

We thank you for your assistance and co-operation and look forward to hearing from you.

Yours sincerely

Hillary Morris

HILLARY MORRIS
National Director

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Annexure 4LC

Nomonde Nyembe

From:	Nomonde Nyembe
Sent:	10 March 2016 06:45 PM
To:	'Zulu Sunnyboy'; 'michael.straeuli@webberwentzel.com'
Cc:	Anele Nzimande
Subject:	SASSA and Another v Lion of Africa (CCT 07/16)
Attachments:	BS' Letter to parties re intention for amicus in Lion of Africa 20160310 FINAL.pdf

Dear Mr Zulu and Mr Straeuli

Please find attached hereto correspondence concerning the abovementioned matter.

Kindly confirm receipt hereof.

Kind regards,

Ms Nomonde Nyembe
Attorney Business and Human Rights

Centre For Applied Legal Studies
University of The Witwatersrand

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C +27(0) 76 100 6150

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Our Ref: N Nyembe

10 March 2016

To: Sunnyboy Zulu

Applicants' legal representative

By email: szulu@justice.gov.za

Your ref: 6037/2015/Z76/FN

To: Michael Straeuli

Respondent's attorneys

By email: michael.straeuli@webberwentzel.com

Your ref: 3003878

Dear recipients

South African Social Security Agency and Another v Lion of Africa Assurance Company Limited (CCT 07/2016; NGHC 97973/2015)

1. We act on behalf of the Black Sash Trust ('Black Sash').

2. As you may be aware, we represent Black Sash in another case: *Channel Life and another v South African Social Security Agency and Others* (NGHC, case number 79112/15) ('*Channel Life*'). The applicants in that case are represented by Lion of Africa's attorneys in this case – Webber Wentzel. By consent from all the parties, *Channel Life* has been set down for hearing on Tuesday, 10 May 2016.

3. It has recently come to our attention that an appeal (i.e. *South African Social Security Agency and Another v Lion of Africa* (CCT, case number 07/16) ('*Lion of Africa*'), lodged by the South African Social Security Agency ('SASSA'), in the Constitutional Court against an order made by the North Gauteng High Court, Pretoria, will be heard by the Constitutional Court on Thursday, 26 May 2016.

4. Black Sash has instructed us to seek leave to intervene in *Lion of Africa* before the Constitutional Court, and we are in the process of finalising our letter seeking consent from all the parties in accordance with Rule 10(1) of the Constitutional Court Rules.

5. We have not as yet, however, had sight of the entire record. We are in possession of SASSA and the Minister of Social Development's ('Minister') founding papers and Lion of Africa's answering papers.

6. We appreciate that the practice directives issued by the Constitutional Court require SASSA to file the full appeal record by Thursday, 17 March 2016, and request that the same additionally be made available to us.

7. In the interim, kindly provide us with SASSA and the Minister's replying papers, if any have been prepared and filed.

8. We intend filing correspondence seeking the parties' consent to Black Sash's intervention during the course of next week i.e. the week of 14 March 2016.

Kind regards,

Nomonde Nyembe

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Attorney: Centre for Applied Legal Studies
Telephone: +2711 717 8606
Mobile: +2776 100 6156
Email: Nomonde.Nyembe@wits.ac.za
Fax: +2711 717 1702
Reception: +2711 717 8600

Subject: RE: SASSA and Another v Lion of Africa (CCT 07/16)
Date: Tuesday 29 March 2016 1:15:33 PM South Africa Standard Time
From: Nomonde Nyembe <Nomonde.Nyembe@wits.ac.za>
To: Zulu Sunnyboy <SZulu@justice.gov.za>
CC: Anele Nzimande <anele.nzimande@wits.ac.za>

Dear Mr Zulu

Our conversation a few minutes ago refers; thank you for taking my call. Could you please send us DSD and SASSA's heads in the Lion of Africa matter at the Constitutional Court? I will ask a CA to come to your office tomorrow morning to fetch a copy of the record (which I confirm is 4 volumes of 100 pages each); kindly copy a version of this record for us.

Kind regards,
Nomonde.

From: Zulu Sunnyboy [mailto:SZulu@justice.gov.za]
Sent: 23 March 2016 08:22 AM
To: Nomonde Nyembe <Nomonde.Nyembe@wits.ac.za>
Subject: RE: SASSA and Another v Lion of Africa (CCT 07/16)

Madam

We have filed the record as per directives and our counsel are working on heads of argument that will be served on Thursday the 24 March.

I will request copies for CALS and forwards them as soon as I have received them.

Regards.
S. Zulu

From: Nomonde Nyembe [mailto:Nomonde.Nyembe@wits.ac.za]
Sent: 22 March 2016 05:05 PM
To: Zulu Sunnyboy
Cc: Anele Nzimande
Subject: RE: SASSA and Another v Lion of Africa (CCT 07/16)

Dear Mr Zulu

I hope this email finds you well.

Kindly confirm whether SASSA has filed its record with the Constitutional Court as set out in the Directives of 29 February 2016. Kindly also confirm how (i.e. electronically or in hard copy) you will provide the record to CALS.

If at all possible, kindly indicate if SASSA is in a position to file its written legal submissions by Thursday, 24 March 2016.

Kind regards,
Nomonde.

From: Nomonde Nyembe
Sent: 11 March 2016 08:13
To: Zulu Sunnyboy

Cc: Anele Nzimande
Subject: RE: SASSA and Another v Lion of Africa (CCT 07/16)

Dear Mr Zulu

Noted with thanks.

Kind regards,
Nomonde.

From: Zulu Sunnyboy [SZulu@justice.gov.za]
Sent: 11 March 2016 08:05
To: Nomonde Nyembe
Subject: RE: SASSA and Another v Lion of Africa (CCT 07/16)

Madam

We acknowledge receipt of your letter of the 10th instant and noted contents thereof.

Kindly be advised that we do not have replying papers, we are in the process of compiling a court record and as soon as we have done that we furnish you with a copy thereof.

Regards.
S. Zulu

From: Nomonde Nyembe [mailto:Nomonde.Nyembe@wits.ac.za]
Sent: 10 March 2016 06:45 PM
To: Zulu Sunnyboy; michael.straeuli@webberwentzel.com
Cc: Anele Nzimande
Subject: SASSA and Another v Lion of Africa (CCT 07/16)

Dear Mr Zulu and Mr Straeuli

Please find attached hereto correspondence concerning the abovementioned matter.

Kindly confirm receipt hereof.

Kind regards,

Ms Nomonde Nyembe
Attorney Business and Human Rights
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Our Ref: N Nyembe

1 April 2016

To: Mr Sonnyboy Zulu

Appellants' attorney

By email: szulu@justice.gov.za

Your ref: 6037/2015/Z76/FN

To: Mr Michael Straeuli

Respondent's attorney

By email: michael.staeuli@webberwentzel.com

Your ref: 3003878

Dear Sirs

South African Social Security Agency and Another v Lion of Africa Life Assurance Company Limited (CCT 07/16)

1. We act on behalf of the Black Sash Trust ("Black Sash").

2. Black Sash is a non-governmental organisation established in 1955 that historically worked to eradicate the discriminatory nature and impact of Apartheid.

3. Black Sash has been involved in the realisation of the human rights of the most vulnerable, with an emphasis on women and children. Over the last few years, Black Sash has

specifically focussed on broadening the beneficiary coverage of the South African social security system and promoting administrative justice, with a focus on the needs of poor people.

4. In furtherance of the rights of the most vulnerable members of society, Black Sash intervened and was admitted as an *amicus curiae* in the matter of *Allpay Consolidated Investment Holdings (Pty) Ltd and Others v Chief Executive Officer of the South African Social Security Agency and Others* (No 2) 2014 (6) BCLR 641 (CC)). In *Allpay*, Black Sash advanced arguments on behalf of social grant beneficiaries in respect of the impact of certain kinds of deductions from social grants which it argued were unlawful, immoral, and in some circumstances fraudulent. It also advanced arguments concerning the timeframes for the award of a new tender by South African Social Security Agency ("SASSA") for the payment of social grants.

5. Black Sash received consent from the parties in the matter of *Channel Life Limited and Another v South African Social Security Agency and Others* (NGHC Case No. 79112/15) concerning SASSA's clean-up process. This matter has been set down for hearing in the North Gauteng High Court, Pretoria on 10 May 2016; Black Sash intends to advance arguments concerning:

   5.1 The current state of social assistance and social grant deductions and the necessity for the "clean-up process";

   5.2 The propensity for exploitative practices concerning deductions for social grants;

   5.3 The exploitative and harmful impact of funeral insurance deductions from child support and foster grants and the lack of proximity of need for funeral deductions from child support grants for funeral cover for children; and

   5.4 The state's constitutional obligation to realise the right to social security including social assistance as well as corporate entities negative obligation to refrain from interfering with the realisation of the right to social security.

6. Black Sash continues to receive requests for assistance from its community and strategic partners concerning unsanctioned and harmful deductions from social grants.

7. Our client is of the view that the present matter raises important issues related to human rights and dignity and the overall realisation of socio-economic rights and social security in particular. We addressed a letter to you on Thursday, 10 March 2016 indicating our client's interest in intervening as *amicus curiae*; that letter and its covering email are attached hereto as **"Annexure A"**.

8. Black Sash received the appeal record and the appellants' written submissions on Wednesday, 30 March 2016. Black Sash seeks to intervene as *amicus curiae* in this case in order to introduce limited evidence and advance legal arguments concerning *inter alia*:

   8.1 Actuarial evidence that the need for funeral insurance from children's grants is limited and deductions of 10 percent or less from children's grants do not yield a significant value at the occasion of the death of the child.

   8.2 Deductions for funeral policies from child support grants are not necessary and in the best interests of the child.

   8.3 Such deductions do not fall within the ambit of the special exception created by section 20(4) of the Social Assistance Act; or at the very least, the Minister and/or SASSA has a discretion as to whether to allow them, and the Minister is entitled to make a general policy as to how that discretion is to be exercised.

   8.4 Legislation should be interpreted in light of international law. Under international law the state has a positive obligation to provide social assistance particularly to children and should have the discretion to make policy decisions to protect social assistance from depletion.

   8.5 Corporate entities, among them financial institutions, have negative obligations in terms of international and domestic law that demand that they not interfere with the state's attempt to realise a human right as set out in the Constitution. A court tasked with considering an interim interdict against the state in its attempt to realise a human right should bear this in mind in making an assessment on whether to grant an interim interdict on a balance of convenience.

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9. We are of the view that the submissions we seek to make are both new and useful to the court.

10. As required by Constitutional Court Rule 10(1) we therefore request consent from all the parties to Black Sash's intervention as *amicus curiae*. We point out that we are required to lodge an application within five days of the lodging of the respondent's written submissions, seeking the leave of the court to be admitted as *amicus curiae*. We shall be grateful for your response before that date.

Yours faithfully,

Nomonde Nyembe

Attorney: Centre for Applied Legal Studies

Telephone: +2711 717 8606

Mobile: +2776 100 6156

Email: Nomonde.Nyembe@wits.ac.za

Fax: +2711 717 1702

Reception: +2711 717 8600

"LH 6"
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Office of the State Attorney Pretoria

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SALU Building
316 Thabo Sehume Street
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(Direct Line): (012) 309 1623
(Secretary): (012) 309 1618
Fax: (General) (012) 309 1649/50

4 APRIL 2016

Enquires: MR S ZULU
Email: @justice.gov.za

My ref: 6073/15/Z76
Your ref:

BY EMAIL: Nomonde.Nyembe@wits.ac.za **TEL: 011 717 8606**
FAX: 011 717 1702

Centre for Applied
Legal Services
Johannesburg

RE: SOUTH AFRICAN SOCIAL SECURITY AGENCY & ANOTHER / LION OF AFRICA LIFE ASSURANCE COMPANY LIMITED (CCT 07/16)

1. We refer to the above matter and in particular your above-mentioned letter dated the. 01st April 2016.

2. Kindly be advised that we have perused your above mentioned letter and confirm that we do not have any objection to black Sash Trust intervening as "*amicus*" in the above matter.

3. In the premises we consent that the first and second Respondents consent that "Black Sash" may intervene as "*amicus*" in the above matter as requested.

4. Trusting that you find the above in order.

Yours faithfully,

MR. S ZULU
FOR: STATE ATTORNEYS (PRETORIA)

"LH7"
451

WEBBER WENTZEL

in alliance with > Linklaters

Attention: Ms Nomonde Nyembe

Centre For Applied Legal Studies
University of the Witwatersrand

By email: Nomonde.Nyembe@wits.ac.za

90 Rivonia Road, Sandton
Johannesburg, 2196

PO Box 61771, Marshalltown
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Your reference	Our reference	Date
N Nyembe	M Straeuli / P Mohanlall 3003878	04 April 2016

Dear Ms Nyembe

South African Social Security Agency & Another / Lion of Africa Life Assurance Company Limited; CC Case No.: 07/16

1. We refer to your letter dated 1 April 2016.

2. Our client does not, at this stage, consent to your client's admission as an *amicus curiae.*

3. Your letter states the evidence your client intends to adduce, and the submissions your client intends to advance, in five terse subparagraphs. These lack particularity, in relation to the substance of your client's proposed evidence and submissions. It is therefore not possible for our client properly to consider its stance towards your client's participation, at this stage. *Prima facie*, however, it appears to our client that:

3.1 The evidence your client intends to adduce (as foreshadowed in paragraphs 8.1 and 8.2 of your letter) does not comply with the requirements of Constitutional Court Rule 10(8) or Rule 31. The proposed evidence therefore constitutes impermissible new evidence to be adduced on appeal. In any event, the evidence appears to be irrelevant to the decision of this matter.

3.2 Insofar as the legal submissions your client intends to advance (as foreshadowed in paragraphs 8.3 to 8.5 of your letter) are relevant to the decision of this matter at all, which our client does not concede, these submissions would constitute a repetition of submissions already made by the applicants. They would therefore not be helpful to the Court.

4. Our client reserves the right to reconsider its position once your client has filed its application referred to in paragraph 10 of your letter.

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5. All our client's rights are reserved.

Yours sincerely

WEBBER WENTZEL
Michael Straeuli
Partner
Direct tel: +27115305488
Direct fax: +27 11 530 6488
Email: michael.straeuli@webberwentzel.com

Electronically remitted without signature

"LH 8"
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Roseanne da Silva and Associates cc

CK97 60678/23

Actuarial Report in respect of the deduction of funeral insurance premiums from children's social security grants.

1. Introduction

I have been retained by the Wits Centre for Applied Legal Studies to provide an actuarial report relating to the deduction of funeral insurance premiums from children's social security grants. I operate as an independent consulting actuary, I am also an adjunct professor in the School of Statistics and Actuarial Science and I am president of the Actuarial Society of South Africa for the period 2016/7. I have prepared this report on a pro bono basis.

2. Data provided

I have been provided with the following information:

- Affidavits by representatives of the Lion of Africa Insurance Company and the South African Social Security Agency in the case of South African Social Security Agency and another v Lion of Africa Life Assurance Co Ltd, which I understand is currently pending in the Constitutional Court;
- Supporting documentation and reports to the above;
- Policy documents of the Lion of Africa Insurance Company

3. Background

3.1 I understand that Lion of Africa Life Assurance Company Limited underwrites funeral policies administered by Emerald Life cc. The affidavit makes reference to 20 000 policies with total monthly premiums of R1.7m (which translates to an average premium of R85 per policy per month). The affidavit refers to a range of premiums (from R30 to R180 per month).

3.2 For the purposes of this report "Children's grants" include (with amounts for 2016):

- Child support grant (R350 per month)[1]
- Care dependency grant (R1500 per month)
- Foster child grant (R890 per month)

The latest fact sheet (2016) on social grants issued by the South African Social Security Agency (SASSA) indicates the count of recipients per grant type as:

- Child support grant: 11 953 773
- Care dependency grant: 130 519
- Foster child grant: 454 330

The Child support grant is thus the most prevalent. The weighted average children's grant based on the information above is: R381.54 per month.

3.3 The policy document of the Lion of Africa Assurance Company indicates that the following funeral plans are available:

Plan	Plan A	Plan B	Plan C	Plan D	Plan E	Plan F
Cover (14-21)	R2 250	R7 500	R10 000	R12 500	R15 000	R20 000
Cover (6-13)	R1500	R5 000	R7 500	R7 500	R10 000	R15 000
Cover (<5)	R750	R2 500	R3 750	R5 000	R 5000	R7 500
Waiting period (natural)	6	6	6	6	6	6

[1] http://www.gov.za/services/child-care-social-benefits/child-support-grant

Waiting period (suicide)	24	24	24	24	24	24
Monthly Premium	R30	R64	R96	R136	R152	R180

Premiums are paid monthly in advance and cover is provided on a month to month basis (per Lion of Africa's founding affidavit). This means that there is no cover if the premium is not paid.

Waiting periods apply (except to accidents) initially and on reinstatement (30 day grace period). This means that cover for non-accidental death is only valid after the payment of premiums for 6 continuous months.

A death certificate must be provided in support of any claim.

3.4 Per the website of the South African Government[2] the requirements to receive a Child Support Grant include:

- The child and carer must reside in South Africa
- The child must be under the age of 18
- It can take up to 3 months for approval
- Documentation including birth certificate must be provided on application

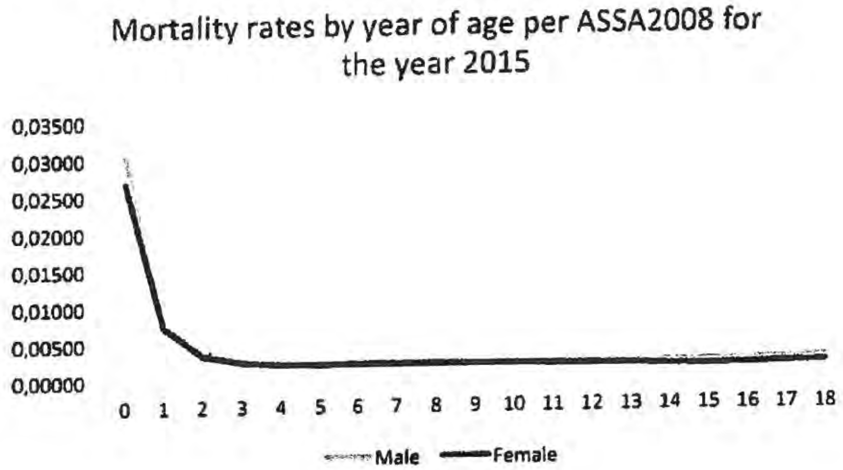
3.5 This report deals with the insured benefit being payable on the death of the child in respect of whom the children's grant is paid. I have not considered cover on the life of the carer as the minor child would not have an insurable interest in the life of the adult carer and thus deductions from children's grants could not be used for the purposes of such cover.

4. Calculation

4.1 In order to assess the likely claims arising under the funeral insurance policy in 3.3 above, I have referred to the following:

[2] http://www.gov.za/services/child-care-social-benefits/child-support-grant#Standard

- Child mortality rates derived from the ASSA2008 demographic projection model[3] which are shown graphically below:



4.2 On this basis there are expected to be 71 791 deaths amongst 19.4m children up the age of 18 in the South African population. This is an annual average mortality rate of 0.370%. If infant deaths are excluded, this reduces to 42 397 deaths among 18.4m South African children which is an annual mortality rate of 0.231%.

4.3 I have confirmed this with an independent source being the report of "Mortality and causes of death in South Africa, 2013" published by Statistics South Africa. This provides the number of deaths by age, sex and year of death for 2012 to 2013 (page 71) as follows:

Age group	2012	2013
0	27 055	25 993
1-4	10 556	9 101
5-9	4 869	3 382
10-14	4 143	3 261
15-19	7 525	7 066
Total	54 148	48 803

3 http://www.actuarialsociety.org.za/Societyactivities/CommitteeActivities/DemographyEpidemiologyCommittee/Models.aspx

4.4 The Statistics South Africa report indicates fewer deaths than the ASSA2008 model (noting that the ages covered do not correspond exactly) which may be due to under-reporting (especially with respect to infant mortality) and the ASSA2008 model not providing adequately for improvements in child mortality in South Africa. This means that using the ASSA2008 model is more likely to overstate (than to understate) the number of deaths.

4.5 Further, deaths would have to be reported and notified to the insurer in order for a claim to be made. Claim notification rates (per eligible claim) tend to be lower amongst lower income groups due to awareness of cover and means to make a claim.

4.6 The weighted average grant was noted to be R381.54 in paragraph 3.4 above. Referring to the requirement of Regulation 26A of the Social Assistance Act that no more than 10% of the grant may be used for the premium, I have referred to Plan A of the Lion of Africa Insurance Company.

4.7 I have also noted that the process for application for a grant combined with the 6 month waiting period means that there is unlikely to be significant coverage for children under the age of 1.

4.8 With reference to the age distribution of children per the ASSA2008 model, I have determined that for the 20 000 policies referred to in the documentation, the expected number of deaths is 46.2 (0.231%) per year if infants are excluded and increases to 74 (0.370%) using the mortality rate weighted up by infant mortality.

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4.9 Referring to the sums covered under Plan A, the benefits paid and premiums received would be as follows:

Mortality rate	0.231%	0.370%
Policies	20,000	20,000
Premium per policy per month	R 30	R 30
Premiums for the year	R 7,200,000	R 7,200,000
Number of claims	46.1	74.0
Claim amounts for the year	R 63,257	R 82,604
Average claim per death	R 1,371	R 1,117
Claim as % of premium	0.9%	0.9%

Note:

- the average claim per death is lower under the scenario including infant mortality as the benefit is much lower for children under 5 years (R750 on Plan A).
- in both cases, the claims paid come to less than 1% of premiums. This means that 99% of the amount deducted from the children's grants goes towards the administration expenses and profits of the insurance company.
- This would reduce further if the effect of lower claim notification rates and death reporting rates for low income groups is included.

4.10 On the basis of the above analysis, it appears that less than 1% of the premiums paid to Lion of Africa Assurance are required to pay claims in respect of children who have died. This means that only R17 000 of the R1.7m premium received per month would be applied to the payment of claims with the balance of R1 683 000 going towards administrative expenses and profit of Lion of Africa Assurance.

4.11 It is my conclusion that the policy does not offer value to the policyholders. Over the lifetime (17 years) of a grant recipient, the total premium paid (R6 120) is far in excess of any benefit payment they could expect to receive. During this period less than 4% of covered children are expected to die and only a subset of these would make a claim due to their means and awareness of cover.

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5. Opinion

5.1 The Code of Professional Conduct of the Actuarial Society of South Africa[4] (of which I am president for the period 2016/7) requires members of the profession to act in the public interest. It is on this basis that I have prepared this report. I do not consider the provision of these funeral cover policies by for-profit insurance companies to recipients of children's grants to be in the interest of the recipients of children's grants. I further consider that there is considerable market conduct risk associated with allowing such premiums to be deducted prior to the payment of grants (intended for the cover of basic needs for children) to the intended recipients.

5.2 The Financial Advisory and Intermediary Services Act (also referred to as FAIS) is referenced in Regulation 26A of the Social Assistance Act. One of the key objectives of the FAIS Act is to regulate market conduct in the financial services industry and thereby protect the financial interests of clients. The FAIS Act includes the requirement that insurance products are appropriate to the client's financial needs and risk profile.[5]

5.3 In this case, the primary interest of the recipients is nutrition (food), shelter, clothing and education. My understanding of the FAIS Act would be that the insurer would need to be satisfied (and demonstrate) that these needs have been met before it can be argued that such a policy can be afforded.

5.4 Further, the insurer would need to demonstrate that the policy offers value in terms of the likely benefit recovery relative to premiums paid. No information on claim payments has been provided but the analysis I have conducted indicates that claim payments are unlikely to exceed 1% of premiums.

[4] http://www.actuarialsociety.org.za/About/Membership/Professionalconduct.aspx

[5] Botha M et al. (2016) *The South African Financial Planning Handbook, 2016*. LexisNexis.

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6. Remedies

6.1 I have noted above that I consider the funeral policy offered by the Lion of Africa Assurance company to be of poor value and that it is inappropriate for such a policy to be sold to recipients of children's grants.

6.2 It is therefore not in the interests of the recipients of children's grants for the policies as set out above to be permitted under Regulation 26A of the Social Assistance Act.

6.3 The policy benefits would need to be increased by at least a factor of 50 times in order for the policy to offer value. Alternatively, the premium would need to be significantly reduced. Further, affordability would need to be demonstrated relative to primary needs being met (food, shelter, clothing, education).

6.4 I recommend that consideration is given to providing benefits for children's burial costs via a trust or mutual fund basis to address ethical concerns. I would be happy to participate in the development of such provision should it be required.

Please note that the results presented in this report are dependent on the information provided and are sensitive to variations in the assumptions noted.

Signed

Roseanne Murphy da Silva
BScHons FIA CFP® FASSA
Independent Consulting Actuary
4 April 2016

Limitation: This report should be considered in its entirety as parts taken in isolation may be misleading. Any recipient is expressly cautioned that this report should not be considered as appropriate for any purpose other than that stated.

"LM9"

IN THE CONSTITUTIONAL COURT OF SOUTH AFRICA

CASE NUMBER: CCT 07/16

In the application for admission as amicus curiae of:

THE BLACK SASH TRUST	Applicant for Admission as Amicus Curiae

In the matter between:

SOUTH AFRICAN SOCIAL SECURITY AGENCY	First Applicant
MINISTER OF SOCIAL DEVELOPMENT OF THE REPUBLIC OF SOUTH AFRICA	Second Applicant

and

LION OF AFRICA LIFE ASSURANCE COMPANY LIMITED	Respondent

CONFIRMATORY AFFIDAVIT

S-S

I, the undersigned,

ROSEANNE MURPHY DA SILVA

state under oath that:

1. I am an independent consulting actuary and adjunct professor in the School of Statistics and Actuarial Science at the University of the Witwatersrand situated at the School of Statistics and Actuarial Science, Second Floor, Maths and Science Building, West Campus, University of the Witwatersrand, 1 Jan Smuts Avenue, Braamfontein.

2. The facts contained herein are, to the best of my knowledge, true and correct and unless otherwise stated or indicated by the context are within my personal knowledge.

3. I have a BSc Honours in Mathematical Statistics and Actuarial Science and I am a Fellow of the Actuarial Society of South Africa. I am a consulting actuary with over twenty years of experience in the South African health care and employee benefits field. I graduated from the University of the Witwatersrand in 1993 and qualified as an actuary in 1996. I have been practicing as an independent consulting actuary since 1997, and my clients include medical schemes, retirement funds and industry bodies such as the Association for Savings and Investments, South Africa. I am the president of the Actuarial Society of South Africa for the period 2016/2017.

4. A copy of my curriculum vitae, is annexed as **"RdS 1"**.

5. I have been approached by the legal representatives of the applicant for admission as *amicus curiae*, to provide a report in respect of the deduction of funeral insurance premiums from children's social security grants.

6. I have read the affidavits in this matter by representatives of the Lion of Africa Insurance Company and the South African Social Security Agency. I have also read the supporting documentation including the policy documents of the Lion of Africa Insurance Company.

7. I have further read the affidavit attested to by Lynette Maart of the Black Sash seeking leave to intervene as an *amicus curiae*, and I confirm the contents thereof in so far as they relate to me.

8. The report I have prepared is annexed as **"LM 8"** to the Black Sash's affidavit.

9. The report considers the likelihood of a claim arising under a funeral insurance policy in respect of a child, having regard to child mortality rates. It then considers the premiums set out in the Lion of Africa policy document, both in absolute terms and in relation to the payments made for child support grants, care dependency grants, and foster child grants.

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10. In the report I conclude that funeral policies for children do not offer value to the policyholders:

10.1. Less than 4% of children will pass away at some time during the period when the child support grant is payable. The "risk" is therefore limited in the extreme.

10.2. The total premium paid during this period is far in excess of any benefit the policyholder can expect to receive.

10.3. The probability is that claims paid come to less than 1% of premiums. This means that 99% of the amount deducted from the children's grants goes towards the administration expenses and profits of the insurance company.

Signed and dated at Pailways Stops on 7 April 2016.

ROSEANNE MURPHY DA SILVA

S.S

The Deponent has acknowledged that she knows and understands the contents of this affidavit, which was signed and sworn to or solemnly affirmed before me at Parkview SAPS on this the 07th day of April 2016, the regulations contained in Government Notice No. R1258 of 21 July 1972, as amended, and Government Notice No. R1648 of 19 August 1977, as amended, having been complied with.

SOUTH AFRICAN POLICE SERVICES
STATION COMMANDER
2016 -04- 07
CLIENT SERVICE CENTRE
PARKVIEW
SOUTH AFRICAN POLICE SERVICES

COMMISSIONER OF OATHS

SAPS Parkview No 71 Dundale Ave
Parkview

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"RdS 1"

CURRICULUM VITAE: Professor Roseanne da Silva
BScHons FIA CFP® FASSA

Independent Consulting Actuary and Adjunct Professor in the School of Statistics and Actuarial Science at the University of the Witwatersrand, Johannesburg

Roseanne is a consulting actuary with over 20 years of experience in the South African health care and employee benefits field. She graduated from Wits in 1993 and qualified as an actuary in 1995. She has made numerous presentations at conferences and professional events on topics including managed care, HIV impacts on medical schemes and retirement funds, medical scheme solvency, making healthcare accessible to the poor and cost indexation. She presented the Actuarial Society input on the Medical Schemes Act to the Portfolio Committee on Health in Parliament in September 1998. She has prepared a report on the impact of HIV on the financial services sector for National Treasury in 2002 and an update in 2006. In 2007 and 2009 she made presentations to the International Actuarial Association Health Section on topics including the indexation of prices for medical services, expanding access to health insurance to the poor and the impact of fitness activities on healthcare claims costs.

She has been practising as an independent consulting actuary since 1997. Her clients include medical schemes, retirement funds and industry bodies such as ASISA. She is an approved retirement fund valuator and acts as valuator to over 30 South African retirement funds. She co-ordinates the actuarial science honours programme at the University of the Witwatersrand and supervises research in healthcare. She was convenor of the healthcare committee of the Actuarial Society of South Africa from 2001 to 2003. She has served on the healthcare and research committees of the Actuarial Society and she is convenor of the Actuarial Society's NHI Task Team. Her current areas of practice are healthcare, employee benefits and AIDS consulting.

Roseanne's consulting work has included work in other African countries such as Namibia, Botswana, Lesotho and Zimbabwe. She also worked on the feasibility study for the Government Employees' Medical Scheme in South Africa which lead to its establishment. Her role as convenor of the Actuarial Society's NHI Task Team has required her to engage with the National Treasury and Department of Health on health reform issues and engage in research on international experience with social health insurance schemes. She has also been extensively involved in the regulatory development in South Africa including work on the task teams for the regulations of the Medical Schemes Act and Insurance Laws Amendment Act.

In November 2013 Roseanne was appointed President-Elect of the Actuarial Society of South Africa for 2014-5 and will be President for 2016-7. The represents ASSA on the International Actuarial Association under the sections for Social Security, Health and Education.

Qualifications:

BSc Hons : Mathematical Statistics and Actuarial Science (Wits)
Fellow of the Institute of Actuaries
Certified Financial Planner (Pensions and Health)
Fellow of the Actuarial Society of South Africa

- Practising certificate: Health care
- Practising certificate: Retirement funds

Approved Pension Fund Valuator (registered with the Financial Services Board)

Publications:

Jurisich SC, da Silva R. Managed Care and South Africa. Transactions of the Actuarial Society of South Africa 1996 Vol XI Part II:560-597

da Silva R, Wayburne L, The effects of HIV/AIDS on medical schemes in South Africa. South African Actuarial Journal 2006 Vol 8:35-91

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da Silva, R. (2008). The Impact of Wellness Activities on Hospital Claims Experience. In *Joint Colloquium of the IACA, PPSS and IAAHS May 2008.*

Lambert EV, da Silva R, Fatti L, et al. Fitness-related activities and medical claims related to hospital admissions - South Africa, 2006. CDC Preventing Chronic Disease Journal 2009 Volume 6 No 4:A120.

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DOI: 10.1093/heapro/dat064

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SOUTH AFRICAN POLICE SERVICES
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2016 -04- 07
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"LH 10"

The South African **Child Support Grant** Impact Assessment

Evidence from a survey of children, adolescents and their households

social development

Department:
Social Development
REPUBLIC OF SOUTH AFRICA

sassa

unicef

unite for children

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The South African Child Support Grant Impact Assessment:
Evidence from a survey of children, adolescents and their households
May 2012

This study was commissioned and funded by the Department of Social Development (DSD), the South African Social Security Agency (SASSA) and the United Nations Children's Fund (UNICEF) South Africa. The study was carried out by the Economic Policy Research Institute (EPRI) in partnership with the International Food Policy Research Institute (IFPRI), as part of a larger project partnership including the Institute for Development Studies (IDS), Oxford Policy Management (OPM), Reform Development Consulting (RDC) and Take Note Trading (TNT). This research project is part of a multi-year integrated qualitative and quantitative impact assessment commissioned by the Department of Social Development, the South African Social Security Agency and UNICEF South Africa.

Acknowledgements

- *Study Team*: Dr. Carolyn Heinrich (Economic Policy Research Institute (EPRI) and University of Texas at Austin), Dr. John Hoddinott (International Food Policy Research Institute), Dr. Michael Samson (EPRI), Mr. Kenneth Mac Quene (EPRI), Ms. Ingrid van Niekerk (EPRI), Mr. Bryant Renaud (EPRI).
- Gratitude to the adult and child respondents for their inputs and contributions.
- The valuable contribution of the following is also acknowledged: Selwyn Jehoma, Thilde Stevens, Maureen Motepe, Thabani Buthelezi and Dibolelo Ababio from the Department of Social Development; Eric Musekene, Alice Odhiambo and Rudzani Takalani, from SASSA; George Laryea-Adjei from UNICEF; Nkechi Obisie-Nmehielle (IOM); Dugan Fraser (Action Plus); Benjamin Davis (FAO); Ashu Handa (University of North Carolina); Jan Vorster (University of Stellenbosch); Linda Richter, Vuyiswa Mathambo and Lucia Knight (HSRC); Patrick Chiroro (IRI).

Suggested citation:

DSD, SASSA and UNICEF. 2012. *The South African Child Support Grant Impact Assessment: Evidence from a survey of children, adolescents and their households*. Pretoria: UNICEF South Africa

Obtainable free of charge from:

UNICEF, DSD and SASSA

Website: http://www.unicef.org/southafrica; http://www.dsd.gov.za and http://www.sassa.gov.za

Readers are also referred to the complementary research report called "Child Support Grant Evaluation 2010: Qualitative Research Report" (Stephen Devereux [IDS], Michelle Adato [IFPRI], Rachel Sabates-Wheeler [IDS], Jesse McConnell [RDC], Elisabeth Becker [IFPRI]) dated June 2011, which presents the qualitative component of the evaluation.

Cover photograph: © UNICEF/Pirozzi

Layout: Handmade Communications (viv@handmadecom.co.za)

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The South African **Child Support Grant** Impact Assessment

Evidence from a survey of children, adolescents and their households

EXECUTIVE SUMMARY

OVERVIEW AND RESEARCH QUESTIONS

The Child Support Grant (CSG) is an important instrument of social protection in South Africa, reaching over 10 million South African children each month. This report presents the findings of a research team's analysis of a specially designed survey fielded in rural and urban areas of five South African provinces, supporting the rigorous impact assessment of how access to the CSG affects key aspects of child and adolescent well-being.

The South African Child Support Grant (CSG) was first introduced in 1998. Over the past 14 years, South Africa's social grant programme has evolved into one of the most comprehensive social protection systems in the developing world. Expansions to the Child Support Grant's criteria for eligibility over this same period include an increase in the age limit from seven to eighteen years old, and adjustments to the income threshold to take inflation into account and improve equity.

RESEARCH DESIGN, QUESTIONNAIRES AND DATA

Three questionnaires were designed to gather information on children, adolescents and their households. Households with participating adolescents were given the CSG Adolescent Questionnaire and the CSG Household Questionnaire, while homes with participating young children were given the CSG Young Child Questionnaire and the CSG Household Questionnaire. In addition, adolescents completed a confidential, self-administered survey about their receipt of the CSG, school and work participation, and their engagement in risky behaviours. The sampling process took place in two stages. First, a random sample of locations, defined as the catchment areas for specific paypoints, was drawn from SASSA's administrative database. These locations were sampled from each of five provinces: Eastern Cape, Gauteng, KwaZulu-Natal, Limpopo and Western Cape. Second, children were randomly selected from the identified paypoints in order to identify a group of 10-year-olds who enrolled in the CSG programme shortly after birth, compared to a group enrolled later – at age four or older. Adolescents were selected around the age cut-off for eligibility in 2010, including those receiving and not receiving the CSG. The research team compared the results of the survey to other national household surveys, including the 2008 National Income Dynamics Survey (NIDS) and the 2010 General Household Survey (GHS), and found the sample largely representative of the corresponding national populations.

IMPACT EVALUATION METHODOLOGY

The methodology of this evaluation aims to measure causal programme impacts as the difference between observed outcomes for the beneficiaries and what would have been the outcomes if this group had not received the Child Support Grant or received it later versus earlier. The evaluation strategy controls for factors that might lead to an erroneous attribution of causality, including individual and household traits such as poverty status, exposure to shocks, demographic characteristics and other variables. The evaluation employs non-experimental approaches rather than a randomised experiment because there is no practical or legal scope for randomly allocating grants in South Africa, and the single cross-sectional survey together with the sample variability in terms of timing and receipt of grants appropriately supports and strengthens the evaluation approaches adopted for this study. The main method adopted for this study matches and compares households receiving the 'treatment' (such as the Child Support Grant from shortly after the child's birth) with a comparison group of households with similar observable characteristics that influence their probability of application for or receipt of the Child Support Grant. The study employs extensions of this approach to assess the impact of the duration of Child Support Grant receipt on outcomes of interest.

ACCESS TO THE CHILD SUPPORT GRANT

Receipt of the CSG varies over different age groups. Take-up rates peak for children seven to 10 years in age, while infants

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have relatively low take-up rates. Furthermore, youth in newly-eligible age groups have relatively low take-up rates. This finding helps explain why adolescents are relatively less likely to receive the CSG when compared to younger children. Receipt of the CSG is correlated with multiple household re-applications as well as household knowledge of the CSG from formal sources. Generally, relatively poorer and/or less educated households are more likely to have received the CSG. In Limpopo, however, adolescents who first began receiving the CSG between age 10 and 13 years have significantly lower odds of continuing to receive a CSG at age 15 or older, an unexpected result which is a subject of future research.

THE IMPACT OF THE CHILD SUPPORT GRANT ON OUTCOMES IN EARLY LIFE

Early life receipt of the CSG (in the first two years of life) increases the likelihood that a child's growth is monitored[1] and improves height-for-age scores for children whose mothers have more than eight grades of schooling.[2] Since children's cognitive development depends on receiving appropriate nutrition in the first few years of life, this result provides important evidence of the Child Support Grant's role as an investment in human capabilities – a critical determinant of multi-dimensional poverty reduction. This also suggests that a mother's education complements the Child Support Grant in strengthening important impacts.

IMPACT OF THE CHILD SUPPORT GRANT ON SCHOOLING AND COGNITIVE SKILLS OF CHILDREN

Analysis of grade attainment, scores on mathematical ability tests and scores on reading and vocabulary tests provides evidence of the impact of the Child Support Grant on schooling outcomes of children who were 10 years old at the time of the survey. Children who were enrolled in the CSG at birth completed significantly more grades of schooling than children who were enrolled at age six, and achieved higher scores on a math test.[3] Impacts for girls were particularly significant, with early receipt of the CSG increasing girls' grade attainment by a quarter of a grade compared to those receiving the grant only at age 6. The impact largely resulted from early receipt of the CSG reducing delays in girls entering school by 27 per cent, with girls enrolling early obtaining higher scores on math and reading tests. For children whose mothers have less than eight grades of schooling, the impacts were even greater. Early enrolment in the CSG raises grade attainment by 10.2 per cent (0.38 grades). The CSG appears to play a compensatory role for children with less educated mothers, narrowing the schooling gap between children whose mothers have less education and those who have more. In these ways the Child Support Grant promotes human capital development, improves gender outcomes and helps to reduce the historical legacy of inequality.

THE IMPACT OF THE CHILD SUPPORT GRANT ON CHILDREN'S HEALTH

Analysis of current illness- and health-related expenditures provides evidence of the impact of the Child Support Grant on child health. Early enrolment in the CSG reduced the likelihood of illness (as measured by a 15 day period prior to the survey), with the effect particularly strong for boys. Boys enrolled at birth had a 21 per cent likelihood of being ill, compared to a 30 per cent likelihood for boys enrolled later.[4] Children enrolled at birth whose mothers have eight or more grades of schooling have a significantly lower likelihood of being ill relative to otherwise comparable children enrolled at age 6,[5] again suggesting that a mother's education further complements the Child Support Grant in strengthening other important impacts, and that these positive impacts are fairly persistent.[6]

1. The improvement is 7.7 percentage points, statistically significant at the 10 per cent level.
2. The improvement in the height-for-age z-score is 0.19 standard deviations, a large impact significant at the five per cent level.
3. The mean increase in grades of schooling was 0.14, and the increase in the mean math test score was 6.0 per cent.
4. This result was significant at the 10% level.
5. The improvement in this indicator was 8.5 percentage points.
6. At least from birth to age 10, the age threshold used for this part of the study.

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THE IMPACT OF THE CHILD SUPPORT GRANT ON TIME ALLOCATION AND LABOUR SUPPLY OF CHILDREN

Analysis of the time allocation and labour supply of 10-year-old children provides evidence of the Child Support Grant's impact on the amount of time spent studying, doing chores or working outside the household. The study finds few 10-year-old children working for pay outside the household. The timing of CSG enrolment has no statistically significant impact on time spent studying or doing housework. However, for children in households with no electricity, early enrolment in the CSG increases the amount of time spent studying, but the magnitude of this impact is small.

VARIATION IN RECEIPT OF THE CHILD SUPPORT GRANT AMONG ADOLESCENTS

A significant pattern identified in the survey data played an important role in the evaluation of impacts of the Child Support Grant on adolescents. Adolescents who first started receiving the Child Support Grant at an early age (four years or younger), or more recently at age 14 years or older, are significantly more likely to be in households that are currently receiving the CSG for the adolescent (at the time of the survey). On the other hand, a comparatively low proportion of adolescents who first began receiving the CSG between the ages of 10 and 13 are in households currently receiving the grant for them, particularly in the province of Limpopo, which has one of the highest poverty rates in South Africa. This study finds that important predictors of successful Child Support Grant receipt by an adolescent's caregiver include (1) application for the grant by the adolescent's biological mother, (2) the mother of the adolescent being the head of the household, (3) adolescent awareness of the availability of the CSG programme, (4) lower educational attainment for the household head, (5) persistent re-application for the CSG in the face of initial rejection.

THE IMPACT OF THE CHILD SUPPORT GRANT ON SCHOOLING OUTCOMES OF ADOLESCENTS

Analysis of adolescent absences from school provides evidence of the impact of the Child Support Grant on schooling outcomes for adolescents. Receipt of the CSG by the household reduces adolescent absences from school, particularly for male adolescents, even when the household does not receive the grant specifically for the adolescent.

THE IMPACT OF THE CHILD SUPPORT GRANT ON WORK INSIDE AND OUTSIDE THE HOME

The households in the sample reported fairly similar responses about the degree to which adolescents worked inside the home. However, adolescents and their caregivers reported very different patterns of work outside the home: the household respondents indicated that only two per cent of the sampled adolescents work outside the home, while 18.5 per cent of 1,355 adolescents who answered this question indicated that they worked outside the home. Early receipt of the Child Support Grant (in the first seven years of life) reduces the likelihood that they will grow up into adolescents who will work outside the home (as reported in the adolescent survey). Additionally, there appears to be a particularly important impact in terms of reduced work outside of the home for females who received the grant in early childhood.

THE IMPACT OF THE CHILD SUPPORT GRANT ON ADOLESCENT RISKY BEHAVIOURS

Analysis of adolescent risky behaviours provides evidence of the Child Support Grant's impact in significantly reducing six main risky behaviours – sexual activity, pregnancy, alcohol use, drug use, criminal activity and gang membership. The evidence documents statistically significant associations between receipt of the Child Support Grant in adolescence and:

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(1) reduced sexual activity and a fewer number of sexual partners, particularly when the adolescent also received the grant in early childhood;

(2) reduced pregnancy, again particularly when the adolescent also received the grant in early childhood;

(3) reduced alcohol and drug use, particularly for females, and with the effect strengthened by early childhood receipt of the CSG.

CONCLUSIONS

The results of this study identify the positive developmental impact of the Child Support Grant in promoting nutritional, educational and health outcomes. Early receipt significantly strengthens a number of these important impacts, providing an investment in people that reduces multiple dimension indicators of poverty, promotes better gender outcomes and reduces inequality. The study also finds that adolescents receiving the Child Support Grant are more likely to have some positive educational outcomes, are somewhat less likely to experience child labour, and are significantly less likely to engage in behaviours that put their health and well-being at serious risk. These results convey several key messages:

(1) The Child Support Grant generates positive developmental impact that multiplies its benefits in terms of directly reducing poverty and vulnerability;

(2) Early enrolment in the Child Support Grant programme substantially strengthens impacts. Promoting continuous access to the CSG for eligible children through adolescence would help to maximise the potential benefits of the grant.

(3) Receipt of the grant by adolescents generates a range of positive impacts, not least of which is the reduction in risky behaviours, which in the context of high HIV prevalence, generates a particularly protective impact.