

16 March 2023

The Chair of the Portfolio Committee on Social Development

Ms Nonkosi Queenie Mvana

Member of the National Assembly

c/o Secretary of Committee Ms Lindiwe Ntsabo

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c/o Secretary To Chairperson: Ms Thandeka Marubelele

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Dear Madam

RE: PAYMENT OF SOCIAL GRANTS BY POSTBANK

Our correspondence dated 23 November 2023 refers, where we queried the cession of the agreement between the South African Social Security Agency (SASSA) South African Post Office (SAPO) to Postbank (we attach a copy of the correspondence for ease of reference).

We acknowledge that a briefing was made to the Portfolio committee on 15 February 2023 on the cession agreement. We note that the members of the Committee shared our concern about the transition from SAPO to Postbank and the lack of communication on this change. They requested that both Postbank and SASSA provide them with some sort of reassurance that Postbank could deliver services efficiently to SASSA beneficiaries. We share the same concerns and will closely monitor their response to the Committee.

Black Sash queries the implication of the cession agreement. According to SASSA and Postbank, Postbank took over the Master Service Agreement “as is” with no changes in the contract in terms of rights, obligations, related costs and revenue. It now appears that there will be changes to the agreement irrespective of the assurance.

We question the effectiveness of the cession when the provision for oversight and enforcement in the contract documents is currently not being implemented before the cession, which begs the question of oversight with SASSA and Postbank. The oversight of the enforcement of the Master Service Agreement is the responsibility of the National Payment Oversight Committee- where the Committee has the responsibility to have regular meetings and consider reports of each party’s

Trustees: Nolundi Luwaya (Chairperson), Janeen de Klerk, Mieke Krynauw, Tintswalo Maggie Mofokeng, Maleshini Naidoo, Anastasia Peters, Thembisile Sehloho, Matilda Smith. **Patron:** Maria (Mary) Burton. **Executive Director:** Rachel Bukasa

performance of obligations. However, from various requests for information to SASSA submitted by the Centre for Applied Legal Studies (“CALs”), acting on behalf of the Black Sash, under the Promotion of Access to Information Act 2 of 2000 (“PAIA”) between December 2021 and March 2023 it is apparent that that Committee was effectively disbanded at the end of 2019, and replaced with two “high level” committees which have not sat since their establishment.

Fee structure and pricing is deemed to be a material condition to an agreement. We therefore query how the agreement was ceded when there is a process of review of the current terms and conditions of the Master Service Agreement in terms of fees and pricing structure.

SASSA, SAPO and Postbank must also be more transparent on the details and implications of SAPO ceding its responsibilities to Postbank. We request the assistance of the Portfolio Committee for the public to be answered on the following questions:

1. What informed the decision to cede SASSA’s contract with SAPO to the Postbank?
2. Why was no notice of the proposed cession given to the public, and in particular to social grant beneficiaries?
3. Why were beneficiaries not kept updated about the reasons for the delays in payments and how Postbank planned to address the issues?
4. Given the experiences of grant beneficiaries over the last three months, is SASSA and the Minister of Social Development satisfied that Postbank is able to fulfil the functions required of it in terms of this agreement?
5. What measures have SASSA and the Postbank taken to protect grant beneficiaries from the effects of Postbank’s lack of expertise and capacity to fulfil the obligations to administer and pay the grants?
6. What oversight mechanisms are currently in place between DSD, SASSA and Postbank to ensure the efficient payment of social grants?

As the oversight body of the Department of Social Development and SASSA, we would like to urgently request the Portfolio Committee to interrogate the review process to ensure that due process is followed regarding oversight, enforcement accountability of the administration of social grants, the cost implication of the cession agreement. This is particularly necessary in circumstances where the review of the fee structure may lead to an increased cost of services to be paid by SASSA, which may in turn lead to a reduction of payment channels to be cost effective, but then has the adverse effect of limiting access by social grant beneficiaries to payment channels where they must incur costs at their own expense to receive the grant.

Sincerely,

Rachel Bukasa

Rachel Bukasa

Executive Director: Black Sash