

Black Sash submission to the Panel of Experts

Second Report to the Constitutional Court

In the matter of Black Sash Trust v Minister of Social Development and others

Case CCT 48/17

16 November 2017

Introduction

1. The Black Sash welcomes the second report by the Panel of Experts and the opportunity to make verbal and written submission on the second report and the current state of affairs.
2. At our last meeting with the panel of experts on 6 September 2017, we were advised that the most useful submission to the panel would be what is happening on the ground with the social grant payment system. This submission has two purposes. Firstly, the current challenges to bank account structure and recourse mechanisms that should be avoided going forward. Secondly, to advise the panel on the dangers of the Easy Pay Everywhere (EPE) account.
3. The Black Sash makes these submissions in the hope that the Panel of Experts will include these issues in its next reports to the Constitutional Court.
4. Furthermore, we will make our submission on SASSA's third report in January 2018, as we are still considering the content.

Delinking biometric authentication from Proof of Life

5. The Black Sash is relieved that the Technical Committee of the Constitutional Court has advised that there is no justifiable need for South African Social Security Agency (SASSA) to have a biometric system linked to proof of life in order to pay social grants. We welcome the recommendation that SASSA proof of

life biometric system ought to interface with the Home Affairs National Identity System instead. However, in its third report, SASSA continues to insist on the need for biometric proof of life, without stating clearly how it intends to interface with Home Affairs.

Payment Options

6. The Constitutional Court Panel of Experts 2nd report clearly outlines the criteria for the provision of service¹ agreements as contained in the SASSA Act No 9 of 2004. These criteria must be considered concurrently and collectively.

7. Cost appears to be the primary consideration for the selection of the banking service provider(s) (3.2.2. “effective, efficient and economical use of funds”; 3.5.3 “cost-effectiveness affordability and sustainability”; 4.8 low cost accounts”). We submit that costs cannot be the only criteria used to determine the banking services to be received by social grant beneficiaries. Grant beneficiaries ought to receive the full cash value of their grant. Their private confidential data collected for the purposes of paying the grant must be protected. Their vulnerability, due to poverty, must be recognised. Grant beneficiaries must be treated with dignity and respect and must have appropriate and adequate access to consumer protection, administrative justice and recourse. All of the above criteria including those stipulated in the SASSA Act should be considered equally important when weighing up the cost structure of the banking service.

8. We note that grant beneficiaries will benefit from the *existing high-quality, properly regulated NPS infrastructure with significant cost savings (pages 18, 4.7).*

¹According to Section 4(3) of the SASSA Act (as cited on page 11, points 3.2.2)include: (a) The effective, efficient and economical use of funds designated for payment to beneficiaries of social security; (b) The promotion and protection of the human dignity of applicants for and beneficiaries of social security; (c) The protection of confidential information held by the Agency; (d) Honest, impartial, fair and equitable service delivery; (e) Mechanisms to regulate community participation and consultation; and (f)Financial penalties for non-compliance with the provision of the agreement.

8.1 Our individual and collective cases demonstrate that the banking system is stacked against grant beneficiaries, many of whom lack the confidence to navigate the system with no or limited English literacy, no email accounts and no internet access;

8.2 Grant beneficiaries are even more disempowered when their only access to recourse is via a call centre where the system and indifferent staff do not deliver the required services.

8.3 Grant recipients often fail to secure recourse, at considerable cost to them. They are hindered from accessing banking services independently.

8.4 When grant recipients are able to secure support from civil society organisations, they are able to deal directly with companies that fraudulently remove money from their bank account.

8.5 When money disappears from their bank accounts it is unlikely that they will see it again. Very few are refunded for financial losses suffered as there is no insurance on these accounts.

9. The Report suggests that “Banks, including the Postbank, could be requested to offer low cost accounts with standard services to grant beneficiaries, on an incremental cost-recovery basis, as part of their social responsibility investment and to receive Financial Service Charter Credits”.

9.1 What is the attribution of costs between SASSA, the banking industry and the grant recipients?

9.2 Grant beneficiaries have a constitutional right to social security and social assistance. We are concerned that grant recipients, with meagre² social grants, are expected to carry additional bank charges for the payment of their social grant, whether at an ATM, at POS, or withdrawing cash, which most cannot afford. Government (and the banking industry) must not be allowed to

²The 2017/18 monetary value of the Child Support Grant (CSG) is currently R380 and the Old Age Pension and Disability grants are R1600.

pass on the cost of essential banking services to social grant recipients. This should include those who opt for private bank accounts.

9.3 We find it difficult to support the proposal by the Banking Association of South Africa (BASA) that grant beneficiaries open a standard R5 a month bank account at any bank. The implication of the R5 offer means that the cost of paying social grants is passed onto poor grant beneficiaries. SASSA must bear the administration cost of the bank account as beneficiaries must receive the cash value of the grant.

10. What type of bank account and standard services will the banks provide to a vulnerable cohort of grant beneficiaries? Will these bank accounts be held centrally at an industry level by South African Reserve Bank (SARB) and the Payment Association of South Africa (PASA), with written agreements to which all banks subscribe? The offerings by BASA must include a basket of services that is agreed upon upfront, containing some of the elements detailed below.

11. How will social grant beneficiaries know that they are dealing with a bank account aimed at supporting them?

11.1 We recommend that the type of account be negotiated upfront through the SARB (and SASSA), and confirmed in a Terms and Conditions/ Contract for better monitoring and accountability.

11.2 There needs to be an identifier that will be associated with the basket of free services, making it clear to recipients what they are getting.

11.3 We suggest that any new bank account is a free bank account with no administration cost and include the following:

11.3.1 A number of free (to the recipient) transactions per month. This could consist of:

- Three free cash withdrawals at ATM
- Four free POS (card-swipe at retailers) transactions

- Two withdrawals at pay points
- Two free ATM balance enquiries
- One free statement (30-day history).
- One free card, and one replacement card
- No cost to close the account (private banks).

11.3.2 No penalty for using other ATMs

11.3.3 No debit order facility

11.3.4 No USSD platform links to the bank account

11.3.5 No use of confidential data for purposes other than paying social grants, no advertising and no direct marketing of any sort.

11.3.6 Adequate grant beneficiary education of the features, benefits, terms and conditions of the protected account and how to access recourse with ease and independently (see point 17).

12. We recommend that the terms and conditions of the bank account be included in the agreement between SASSA and SAPO and other banks (where appropriate).

13. Defaulters in the banking payments system must face consequences for unethical conduct and the harm they cause grant recipients.

14. Your report claims that 43% of grant beneficiaries already *“has their own bank account at the bank of their choice”* (Page 18, point 4.7 in the Main Report and Page 1, Annexure J). How did the authors arrive at this figure?

14.1 SASSA informed the panel that there are about 400 000 beneficiaries with commercial bank accounts (Page 6, point 10). The affidavit presented by Grindrod Bank in the North Gauteng High Court in the Net1 vs SASSA and the Minister of Social Development matter in October 2016 stated that only 40 000 beneficiaries currently have accounts at banks other than Grindrod Bank. In Annexure “K”, (Page 5: point 8), SASSA claims that there

are over 37 000 beneficiaries with commercial bank accounts. Has there been there been a massive growth in the number of bank accounts held by other banks?

14.2 In their 2017 3rd Quarterly Report, Net1 claims that there are 2.1 million EPE bank accounts. These accounts cannot be treated as grant beneficiaries having *“their own bank account at the bank of their choice”* as we will explain below, and through the case studies presented.

14.3 The rest of the approximately 10.64 million beneficiary bank accounts are registered in the SASSA-branded bank account held by Grindrod Bank. This figure includes beneficiaries who draw cash at paypoints.

14.4 The terms and conditions of the SASSA-branded bank account held at Grindrod Bank were only received by SASSA, with the help of the SARB, in 2016. The SASSA-branded bank account cannot be considered *“their own bank account at the bank of their choice”*, as the beneficiaries were not given a choice, and they did not see the terms and conditions of this account during the re-registration process when the CPS contract commenced.

14.5 If the SASSA and the EPE bank accounts are excluded from the figures then only 40 000 people *“have their own bank accounts at a bank of their choice”*. This is considerably less than the 43% mentioned in the second Technical Report (7.4).

15. The term “financial inclusion” (page 18, point 4.7) remains elusive. It does not recognise social grant recipients as bearers of rights guaranteed by the South African Constitution. It does not take into account that they are a vulnerable group. From our experience for poor people, “financial inclusion” means sales and marketing of financial products, and the extractive practices of banks, loan

sharks, and funeral companies whose sole motive is profit³. Social grant recipients are saddled with financial products they can ill afford and are pushed further and further into indebtedness.

16. A major risk for a single banking service provider like the South African Post Office (bank) is labour relations contestations that may result in drawn out strikes by officials. The payment of social grants should be declared an essential service and mechanisms must be put in place to ensure that beneficiaries receive the social grant monthly without disruption. We are glad to see that Service Agreement between SAPO and SASSA reference the payment of grants as an essential service.

SASSA branded bank account recourse

17. Working on the Ministerial Task Team, we agreed to work towards and find systematic solutions for SASSA bank account recourse. (see Appendix 1 for extracts from the MTT annual reports)
18. The Black Sash and its strategic and community partners work on the ground by collecting individual and collective cases that give insight into the systemic nature of deductions, and the lack of recourse available. These cases would be taken up by local and regional SASSA offices and at the national level through the Ministerial Task Team⁴. Some of the cases were taken up with the SARB and PASA, funeral and other service providers and the Financial Service Board.

³It is worth noting that not only grant recipients are being currently fleeced by debit order. See [Consumers fret over debit orders](#), Mail & Guardian Business, December 8 to 14 2017. The article states that more than a million debit orders are disputed every month. Grant beneficiaries are particularly vulnerable to the crime described in this article.

⁴ Established by Minister Dlamini in February 2014, the MTT comprised government officials from SASSA and DSD and civil society organisations led by the Black Sash. The MTT was suspended in February 2017.

19. It is not strategic or cost effective for civil society to resolve the queries that can emanate from 10.6 million bank accounts on a monthly basis.
20. SASSA had no system for recourse, and it was not part of the agreement with CPS. Civil society was clear in the MTT that a recourse and dispute resolution mechanism must be developed and rolled out. We pushed SASSA for aggregated deduction data, which we got for the first time in 2015. This data came via CPS, as SASSA does not control the grant payment system. The statistical data reporting remain inadequate. As our cases demonstrate many beneficiaries are given the run around and their complaints are not recorded.
21. The bank account(s) must have an appropriate and effective method of dispute resolution and recourse that is easy to follow, that can be accessed independently by grant beneficiaries with minimal literacy and numeracy levels. A bank account without a debit order facility will already reduce the number of disputes. The recourse mechanism must have a combination of channels for lodging complaints including face-to-face contact in a bank or a SASSA facility. Grant recipients should be refunded if social grant funds were taken from them fraudulently.
22. We recommend that the recourse system, which grant beneficiaries can access independently, form part of the agreements between SASSA and SAPO and the banks.

Easy Pay Everywhere (also known as the green card)

23. CPS is a subsidiary of Net1. Net1's business model includes a "first wave/second wave" approach to expand into new markets. *In the "first wave" an application is identified for which there is a demonstrated and immediate need in a particular territory. The technology is then sold and implemented to fulfill the initial need.*

Once infrastructure has been deployed and a critical mass of customers is achieved, Net1 then focuses on the "second wave" – enabling them to use this infrastructure to provide users with a wide array of financial products and services for which fees are charged.

23.1 The tender awarded to CPS by SASSA in 2012 was the "first wave" of the NET1 business model, with a critical mass of approximately 17 million grant recipients paid through 10.5 million SASSA-branded Grindrod bank accounts.

23.2 The "second wave" began in 2013, when CPS launched the sale of airtime and electricity via its USSD platform, linked to the SASSA bank account. The complaints about unauthorised, fraudulent and unlawful deductions began immediately.

23.3 In April 2015, as per the AllPay 2 Constitutional Court order, SASSA issued new tender specifications for a new and legal service provider. Other specifications included a protected bank account without a debit order facility, and better protection of the personal confidential data of grant beneficiaries. CPS/ Net1 announced that it would not apply for the new SASSA tender.

23.4 In June 2015, the Easy Pay Everywhere (EPE) current account was launched. The EPE card is a product of Grindrod Bank (with Net1 operating as IT specialist) and Moneyline (the credit provider). The EPE account facilitates the sale of Moneyline and Finbond (loans), SmartLife (funeral policies) and Manje Mobile (airtime and electricity).

23.5 As we show below, the EPE is a "parasitic" bank account that feeds off the SASSA bank account also held by Grindrod Bank. Often without proper mandates, Net1 transfers social grant funds between the SASSA and EPE bank accounts with ease. Beneficiaries are told that they must keep their SASSA bank account while transacting with the EPE card. This allows CPS to

benefit from the R16.42 for the SASSA account. Grindrod and Net1 treat the EPE as a private bank account, and charge beneficiaries a R10 service fee each month, and there are service fees for withdrawals (see case studies).

23.6 By June 2016 there were 1.1 million EPE cardholders. Figures released in November 2017 by Net1 claim that the number has gone up to 2.1 million EPE bank cardholders, most of them grant beneficiaries. We want to suggest that there are three critical factors responsible for the rapid growth of the EPE card: 1) the SASSA bank account created by CPS/Net1 facilitates transfers via debit orders to subsidiaries (and those that they allow in); 2) the easy access to biometric and other personal data stored on the chip of the SASSA branded bank account; and 3) Net1's control of the banking platform as the IT service provider of Grindrod Bank. We would like the panel to investigate why the EPE bank account has experienced such phenomenal growth compared to other commercial banks.

23.7 The expiry date of the SASSA-branded card (December 2017) is being used by Net1 staff to pressure grant beneficiaries into opening an EPE account. Grant beneficiaries are told that when the SASSA card expires, the EPE card will be the alternative SASSA payment method. (This issue is a target in SASSA and Inter Ministerial Committee (IMC) Communication strategy – see SASSA's third report to the Constitutional Court.)

24. The EPE bank account has been deeply problematic and requires its own investigation. In our experience:

24.1 Beneficiaries were made to believe that SASSA sell loans, funeral policies, airtime and electricity; and the EPE card is a replacement for the SASSA bank account (also held with Grindrod Bank). Misrepresentations of SASSA are rife. SASSA had difficulty in dispelling this misinformation.

24.2 Beneficiaries are unable to distinguish between SASSA and CPS/Net1 officials.

- CPS/Net1 agents, working at SASSA pay points, also sell Net1 financial products such as Smartlife funeral policies and Moneyline loans in local neighbourhoods, at community halls, from the back of car boots or at people's homes. Some community halls also act as pay points. Some CPS/Net1 agents have claimed to be SASSA officials.
- We also found instances where SASSA officials actively promote and facilitate the transition from the SASSA bank account to the EPE bank account.

24.3 The terms and conditions of the EPE bank account are not made available to beneficiaries, nor are they explained. The paper work, in small print, is in English only.

24.4 The CPS/Net1 agent signing up a grant beneficiary for an EPE bank account has automatic access to the personal and biometric data of the grant beneficiary via the SASSA-branded bank account card chip. An EPE account can be opened and a loan granted almost immediately. Grindrod (or Net1) moves grant monies monthly, from the SASSA account to the EPE account at a cost of R10 per card, plus any other bank charges that have accrued in the account. This is in addition to the R16.44 per grant charged to SASSA, a very lucrative double dipping deal when the technology exists for instantaneous transfer at the click of a button.

24.5 Those who seek recourse or try to close their accounts at a Net1 office are told that recourse is managed centrally via a call centre in Sandton. When recourse for disputed deductions is attempted, it takes much airtime to connect to a call centre operator, who may speak only English. The Black Sash has assisted beneficiaries who want to close their EPE accounts, and even with Black Sash airtime and Black Sash transport, the process of closing the account can take months.

- 24.6 It is common for the call centre operator to explain that it is not the right time of the month to close an account. After the 15th of the month, beneficiaries are told to call again on the 1st of the next month.
- 24.7 They are told that an affidavit, commissioned by the police, is required to close the account. The affidavit must then be faxed to the Net1 offices in Sandton, and it may get lost along the way. You may have to fax it several times. Net1 reserves the right to conduct further investigations.
- 24.8 Grant beneficiaries find it extremely difficult to get a bank statement to check payments into and transfers from their EPE bank accounts. Beneficiaries are asked to produce an email address if they want a bank statement. In most cases, beneficiaries do not have email addresses. When a bank statement is eventually provided, it is for one month only, so that it is impossible to trace the history of the disputed deductions.
- 24.9 The terms and conditions of the EPE make reference to EPE branches where accounts can be closed. This is a misrepresentation as there are no walk-in EPE branches where a beneficiary can close her account. In desperation, some beneficiaries visit a Net1 office in an attempt to obtain a statement or close their bank account. This often involves travelling long distances, as there are only 144 Net1 offices in the country⁵. For rural grant beneficiaries this is particularly onerous and costly. A grant recipient living in Ceres, for example, would have to make a round trip of 200 km to Worcester.
- 24.10 Armed guards at the Net1 offices confront beneficiaries and only allow those with SASSA or EPE cards onto the premises – Black Sash personnel, relatives and friends have been prevented from assisting those who are

⁵In comparison, in 2015, Capitec, a commercial bank that employs both biometric and pin authentication, had 800 retail branches nationally, and 3410 own or partnership ATMs servicing 6.2 million customers.

seeking redress at these offices. This is particularly egregious when it is clear that the elderly and the illiterate are being targeted.

24.11 Before the Black Sash and its partners put a stop to this practice, it was contained in the terms and conditions that grant beneficiaries were being charged R50 to close their accounts.

24.12 EPE card accounts are opened at private residences (beneficiaries may be charged an “entry fee” of R15) and in vehicles parked at pay points by agents who are earning commission on each aggressively marketed EPE card.

25. Loans can only legally be made under the National Credit Act after an “affordability test” is performed to see if the borrower is able to pay the loan back. The Act states that it “promotes a fair and transparent credit market; aims to protect consumers and their rights in the credit market and importantly, regulates all credit providers, debt counsellors, and credit bureaus.”

25.1 Many EPE cardholders claim that an affordability test was never applied to them. (This may be because sales agents were able to view this information on the SASSA card chip when the EPE account was opened). This is an issue for the National Credit Regulator to follow up.

25.2 Social grants are means tested and available only to the poor and vulnerable. The social grant must not be used as collateral for loans and to service debt. The Department of Trade and Industry (DTI), the DSD, the National Credit Regulator must close the legislative gap that enables this predatory behaviour.

26. EPE cardholders are often obliged to take out a Smartlife funeral policy, and buy airtime and electricity if they want a Moneyline loan. Sales agents imply that buying Net1 subsidiary financial products is a pre-condition of the loan. A SASSA beneficiary may end up with an EPE bank account, a Smartlife funeral policy and

airtime and airtime deductions without a loan, with all the additional costs they can barely afford. The consequences for the cycle of indebtedness are very clear; grants are being used to service debt, rather than to meet basic needs.

27. There is no banking infrastructure to service EPE grant beneficiaries. There are only four Grindrod Bank branches nationally. There 144 Net1 Offices, some of them cash depots. There is no EPE banking infrastructure to deal with and remedy complaints. Grant beneficiaries are not treated as customers who deserve respect and dignity.
28. The EPE card is, by design, almost impossibly difficult for beneficiaries to close without significant help. The EPE is marketed as bank account for life. It is worth noting that the ethical conduct at all banks, including Grindrod Bank, is overseen by the SARB.
29. SASSA's plans to use EPE bank accounts to pilot test direct payments by SASSA into commercial bank accounts (Annexure "K", page 5: point 9, page 6: point 10) is incomprehensible. When, in March 2015, the Constitutional Court gave SASSA a timeframe to reissue the 2012 contract. In April, SASSA issued the new tender specifications, which included a ring-fenced bank account and the protection of confidential data. In May, CPS/Net1 declined to tender. The EPE bank account was launched in June 2015. A national grant payment system over which SASSA has very little control has placed both grant beneficiaries and taxpayers in an invidious position. We cannot help but wonder if SASSA's stated intention to transfer beneficiaries to commercial bank accounts, including the EPE bank account, (already up and running), is a golden handshake for Net1? Our recommendations are:

- 29.1 There should be no automatic transfer of grant beneficiaries to the EPE bank account at re-registration. Grant beneficiaries must be given the choice to opt out of the EPE account.
- 29.2 Close all grant beneficiary EPE bank accounts, as they facilitate the enrichment of the Net1 network of companies on state funds meant for social assistance.
- 29.3 The EPE account has allowed unscrupulous and unethical loan sharks into the banking system. It has contributed to large-scale indebtedness amongst grant beneficiaries, and has negatively impacted on the human dignity of grant beneficiaries.

Conclusion

30. We have tried to show, from our experience, how the Net1 network of companies uses the EPE card to fleece grant beneficiaries. However, **any bank account that allows monthly debit orders to be deducted from social grants** is likely to attract unscrupulous financial services businesses that parasitically feed off “the fortune at the bottom of the pyramid”, undermining the attempts made by the state to address poverty. The bank accounts of grant beneficiaries must be ring fenced and protected from both legitimate debit orders and fraudulent deductions. **Child grants and temporary grants need particular protection.**
31. Grant beneficiaries should not be sent from pillar to post to get recourse and obtain services. SASSA should have full control of the grant payment system and protect the private confidential information of grant beneficiaries. SASSA should be the first port of call for all grant beneficiaries.

APPENDIX1: MTT REPORTS ON RECOURSE

Extract from the 1st MTT Report: Recourse (2014):

1. The current recourse system and processes (administrative justice) is highly ineffective. It places CPS in almost full control - enabling it to administer debit deductions through the bank accounts, and then allowing it to act as arbitrator when deductions are queried. Often grant recipients, particularly in the rural areas, fund the recourse system because they pay the travelling costs to a SASSA office, or pay airtime costs due to the ineffectiveness of CPS's 'toll free' numbers, in an effort to have their queries addressed.
2. The problem of unlawful and immoral debit deductions is systemic, with serious impact on individual recipients and poor households. Most often grant beneficiaries are blamed, by both SASSA and CPS officials, for these systemic unlawful or immoral debit deductions. This problem cannot be solved by focusing on individual behavioural change, as was the case when SASSA placed adverts on national television and in the newspapers to educate individual recipients about protecting their cards and pin, to stem the tide of unlawful deductions. These systemic defects require urgent and long-term institutional interventions.
3. A **SASSA owned and controlled recourse system** is needed to deal with complaints and unlawful debit deductions.
 - 3.1 Timeframe: end of July 2014; Develop and implement a rollout plan for the recourse system.
 - 3.2 Timeframe: End October 2014
4. CPS, NET1, Grindrod Bank and SASSA should take full responsibility for exposing social grant recipients to financial risk and repay the deducted amounts in full, with interest and bank charges, from when the contract came into effect in 2012.

5. **Inspectorate:** The Minister should move swiftly to set in motion a process to establish the Inspectorate as envisaged in the Social Assistance Act of 2004. Timeframe: September 2014

Extract from the 2rd MTT Report: Recourse, Beneficiary Payment Dispute Resolution Mechanism (2015):

6. At least two meetings in February and June 2015 (with implementation tasks in between) were dedicated to the conceptual framework of the Beneficiary Payment Dispute Resolution Mechanism (also referred to as the Recourse System). The document went through various iterations. Civil society organisations continually provided feedback from beneficiaries' lived experiences of the system through its grassroots monitoring activities. It was essential that the Mechanism is aligned to the recommendations accepted by Minister Dlamini in September 2014 for a SASSA owned and controlled recourse mechanism, with beneficiary claims back-dated to 2012.
7. While the Beneficiary Payment Dispute Resolution Mechanism has been signed off on paper in August 2015, implementation thereof is still wanting – with ongoing and preventable hardship experienced by many beneficiaries. In August 2015, the pilot training of SASSA officials commenced in the Western Cape, with civil Society in attendance. This training has been rolled out to other provinces.
8. SASSA agreed to a Toll Free number which would accommodate both land lines and cellphone. The toll free number is still not free to beneficiaries using cell phones. Those without landlines, particularly those living in rural areas, continue to carry the financial burden of the recourse system. There is still confusion about the respective roles of SASSA and CPS officials in the recourse system, with the latter still very dominant. Civil Society is of the view that CPS and partners authorise payments from the SASSA branded bank accounts including funeral deductions without the necessary control and oversight and in violation of the legislation and regulations. SASSA holds a different view. The EFT debits are authorised in line with banking laws and SASSA has

therefore been unable to find any contravention of the banking laws, which is why it was not possible to stop the transactions.

9. Civil society members presented cases of grant beneficiaries that are being sent from pillar to post between players in the current ineffective recourse system. These persons include SASSA officials, CPS staff, the police and other statutory entities in their often fruitless attempts to secure recourse. This problem was further compounded by the fact that SASSA officials often did not have uniforms and were not clearly distinguished from CPS staff. SASSA has been working to address the uniform problem.
10. An advantage of the new Beneficiary Payment Dispute Resolution Mechanism is that SASSA officials are able to log disputed and reported debit deductions complaints and will hopefully be able to provide figures independently from CPS. SASSA still relies heavily on CPS to provide the figures, reinforcing the perception that we still have a way to go in terms of the SASSA owned and controlled recourse system.
11. Civil Society organisations are of the view that while baby steps are taken to put in place a recourse mechanism we are far from a SASSA owned and control recourse system, a 'one stop shop' vision where beneficiaries are treated with dignity and enjoy administrative justice. See the Case Study of Mr. Bani. For SASSA, as long as the existing CPS contract is in place, there will be dependence on CPS. SASSA will only be fully in control when a new payment dispensation is in place.

Extract from the 3rd MTT Report: Recourse (2016):

12. While the *Beneficiary Payment Dispute Resolution Mechanism* has been signed off on paper in August 2015, implementation thereof is still wanting – with ongoing and preventable hardship experienced by many beneficiaries. SASSA presented a shortened version of the new *Beneficiary Payment Dispute Resolution Mechanism* which civil society has distributed to its networks.

13. SASSA indicated that further training has been rolled out to all provinces. However beneficiaries are still sent from pillar to post as demonstrated in our case studies.
14. SASSA agreed to a Toll Free number that would accommodate both landlines and cell phone numbers. The toll free number is still not free to beneficiaries using cell phones. Those without landlines, particularly those living in rural areas, continue to carry the financial burden of the recourse system. We are yet to see the implementation of the Toll Free number.
15. The introduction of a national uniform for SASSA officials has gone some way towards addressing the confusion about the respective roles of SASSA and CPS officials in the recourse system. However there are still issues of blurred responsibility between SASSA and CPS and misrepresentation by CPS/Net1 that have to be addressed.
16. Unauthorised and fraudulent deductions are still coming off the SASSA-branded bank account of grant beneficiaries, as the cases of Mr Bani, Mrs Fish and others demonstrate. The journey via the recourse route is slow and long without any indication that monies stolen will be repaid. This is criminal. SASSA Commissioners of Oath are only available at main service points and not at all satellite offices which means that some poor grant beneficiaries are expected to pay the cost to and from police stations to obtain an affidavit.
17. Civil society noticed that the CPS officials at SASSA Paarl Office are able to block debit deductions/transactions from the SASSA branded bank account with immediate effect. SASSA to investigate and ensure roll out this best practise countrywide.
18. SASSA still relies heavily on CPS to provide the figures, reinforcing the perception that we still have a way to go in terms of the SASSA-owned and controlled recourse system. For SASSA, as long as the existing CPS contract is in place, there will be dependence on CPS for statistics. It would seem as if SASSA would only be fully in control when a new grant payment dispensation is in place.

19. While baby steps have been taken to put in place a recourse mechanism, we are far from a SASSA owned and control recourse system, a 'one stop shop' vision where beneficiaries are treated with dignity and enjoy administrative justice.

20. The number of disputes lodged in the period from January to December 2016 total 105 756. Of these, the largest number relate to disputes over airtime (46 344); while the combination of pre-paid electricity and airtime follows closely with 41 567. The table below indicates the different disputes registered:

Type	Jan	Feb	March	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Tot
Funeral Insurance	46	59	60	46	51	42	64	195	163	197	133	130	1 186
EFT (loans, HP and others)	59	34	85	69	85	63	68	39	73	86	210	65	936
Electricity	1 850	1 728	1 679	2 041	2 106	250	89	204	382	54	85	10	10 478
Airtime	5 637	6 900	4 578	8 389	6 759	3 408	2 294	2 143	2 159	1 636	1 314	1 127	46 344
ATM	423	322	332	562	242	416	558	387	442	390	754	417	5 245
Airtime& electricity	0	12 466	7 001	4 477	7 813	2 072	1 690	1 115	1 532	1 776	1 118	507	41 567
Total logged	8 015	21 509	13 735	15 584	17 056	6 251	4 763	4 083	4 751	4 139	3 614	2 256	105 756
Outstanding affidavits (Manje)	2 450	4 078	6 689	11 504	13 636	730	3 236	2 801	3 129	2 412	1 579	1 246	53 489
Refunds (Manje)	0	1 732	1 189	1 362	1 502	4 629	207	177	458	0	0	0	11 256
Non-refunds (manje)	0	60	105	91	866	521	690	621	486	547	132	183	4 302
Pending investigation Manje	0	0	0	0	0	0	0	0	0	507	806	215	1 528
Pending investigations (Other)	5 565	15 639	5 752	2 627	1 052	371	630	484	678	673	1 097	612	35 180

21. Information available on refunds made is covered for the period from May to September 2016 only. During this period a total of R1 216 197 was refunded for amounts successfully disputed. As can be seen from the above table, no refunds have been made for October, November or December. Net1 instituted a new process whereby every dispute is now further investigated by dedicated staff within their employ, to confirm whether approval was actually given for the deduction, despite

the affidavits submitted. This has slowed down the pace of refunds, although the deduction is still stopped on the request of the beneficiary.

22. We noticed in the presentation to the MTT in July 2016 a sudden drop in the figures for May and June 2016. No explanation was offered. Civil society disputed the low figures above, generated by CPS and as presented by SASSA, as an inaccurate picture of unauthorised, fraudulent and unlawful deductions because:

22.1 Not all complaints are registered. Many beneficiaries are blocked from lodging complaints, for example call centre phones are not answered and calls are dropped

22.2 Beneficiaries are sent from pillar to post with no recourse to administrative justice. They make many trips with the correct documents at their own expense.

22.3 Furthermore, CPS is constantly adding new elements to the recourse system, confusing everyone and creating bottlenecks in the system.

22.4 There are many beneficiaries who have give up on lodging complaints because the system is not user friendly and is stacked against them in the favour of the service providers and the bank, e.g. extra investigations by CPS and Net1 on complaints lodged, telephone calls that are dropped or not responded to.

22.5 There are many cases (see case studies) where the deductions from grant beneficiaries were not refunded.

23. An effective dispute resolution and recourse mechanism, must be an integral part of the new grants payment system. Leaving this unspecified opens grant beneficiaries to abuse.