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THE SOUTH AFRICAN SOCIAL SECURITY AGENCY (SASSA) 2014 - 2015 ANNUAL PERFORMANCE PLAN, STRATEGIC PLAN (2014/15 - 2018/19) AND THE BUDGET VOTE

Introduction

The South African Social Security Agency (hereafter referred to as the SASSA or the Agency) is a Schedule 3A Public Entity that was established in April 2006. The objectives of SASSA are to act as the sole agent that will ensure the efficient and effective management, administration and payment of social assistance and to eventually serve as institution to manage broader social security benefits.

The Portfolio Committee on Social Development having considered and deliberated on the Annual Performance Plan (APP), Strategic Plan and the Budget Vote of SASSA on 2 July 2014 wishes to report as follows:

The South African Social Security Agency (SASSA) 2014/2015 Annual Performance Plan

The Committee was briefed on the APP of SASSA and the following was presented:

Background

The presentation gave an overview of the rationale for the establishment of SASSA, its human resource capacity, foot print and a summary of its achievements. It was reported that the organizational structure of SASSA provides for 18,000 staff members at different levels. The number of funded posts, including Extended Public Works Programmes (EPWPs) was 10 888. The filled posts stood at 9 699. The majority of the staff (70%) perform the grant administration function (application to approval), excluding the actual payment of grants. The full structure will be gradually implemented as the Agency takes over the payment of social grants from the current service provider. The Agency has received unqualified audit opinions from 2011 - 2013.

The Agency reported that it had achieved the following achievements between 2011/12 – 2013/14 financial years: the finalisation of the payment tender and migration to the new payment system, improvement of the local offices, implementation of a standardised four step process, re-registration of 20.7 million beneficiaries, capacity building of staff, linking of social grants recipients to cooperatives and the incorporation of the Integrated Community Registration Outreach Programme (ICROP) into the Mikondzo programme.

The number of social grants beneficiaries as at March 2014 was 15. 9 million. This constitutes 30.8% of the total population of the country. Between 2012/13 and 2013/14 financial years the growth rate of the number of grants benefits decreased by 1.08% due to the decreasing growth in the Disability Grant, the Foster Care Grant and the Child Support Grant. The decrease was as a result of efficiencies in grant administration and cancellations brought about by the re-registration process.

Priority areas for 2014/15 - 2018/19

Reduce income poverty by providing income support to eligible beneficiaries

The Agency will expand enrolment and payment of social assistance to eligible older persons, people with disabilities and children. It will improve the take-up rates of 0-1 year old and 16 – 18 years old Child Support Grant (CSG) beneficiaries. It will also improve the take up rates of the Foster Care Grants (FCG) and conduct reviews of the grant in collaboration with the Department of Social Development. By the end of 2014/15 it plans to increase the number of grants in payment from 15 932 473 to 16 052 000.

It will further improve the management of Social Relief of Distress (SRD) by ensuring that qualifying beneficiaries are not disadvantaged. It will process 150 000 SRD applications per annum over the next three years. Priority will be given largely to the following areas:

- children suffering from mal-nutrition;
- assisting families where the breadwinner died or is unemployed;
- assisting in disaster situations; and
- individuals awaiting grants.

The CSG uptake rates will be increased up to 70% to address the current stagnant uptake rates of infants.

Improve service delivery

SASSA will improve its service delivery by acquiring and maintaining infrastructure in areas that are strategically located to serve the beneficiaries better. Most importantly it will improve turn around time and quality in the processing of applications. The turn around time will be progressively reduced to an average of 10 days by 2016.

• Improve internal efficiency

To further fight fraud and corruption among its officials, the Agency will develop and implement biometric for staff. As part of automating its business operations, the Agency will develop an in-house system for management of beneficiaries biometrics information. It will improve its payment systems by developing a data factory - an in-house payment control and reconciliation capability.

Preparations for the new payment model would be done in phases, as follows:

- Phase 1 (2012 -2014): Centralisation and improvement of integrity of the data which included collection of biometric data. This had been achieved through the reregistration process. In addition, SASSA introduced beneficiaries to an electronic banking environment.
- Phase 2 (2014 2015): Taking over on-going enrolment process, that is, the biometric enrolment of all new grant beneficiaries.
- Phase 3 (2014 2015): DATA Factory Developing SASSA's in-house capability to manage enrolments, payments and reconciliations.

These phases will run parallel to the new tender process.

Institutionalise the social grants payment system within SASSA

A Ministerial Advisory Committee was appointed to provide advise the Minister on the future payment options for SASSA. The plan was for SASSA to take total responsibility for the payment of social grants in 2017. However, the Constitutional Court instructed SASSA to issue a tender for five years. The Agency is in the process of implementing the tender. The payment tender would cost R10 billion.

Other initiatives to be addressed by SASSA

For 2014/15 SASSA will embark on an intensive effort to recruit people with disabilities. It will also explore measures to build SASSA's Future Workforce by establishing partnerships with universities and the universities of technology and giving bursaries for training and education in the field of social security.

Financial plan for 2014/15

The Agency was allocated a budget of R6, 7 billion. The bulk (60%) of this budget was allocated to Goods and Services. This is because the strategic and spending focus of SASSA is on the administration and payment of social grants. Thirty nine percent (39%) of the budget was allocated to Compensation of Employees.

Challenges

The Constitutional Court ruled the payment tender to Cash Paymaster Services (CPS) invalid. It further ruled that SASSA needs to take remedial processes to correct the public procurement principles of transparency, empowerment, empowerment and competitiveness that it had found had not been correctly followed. SASSA has therefore a challenge to implement this ruling and develop a new payment tender.

SASSA provides support to the areas affected by natural disasters. It therefore has a challenge to put in place systems and registries to co-ordinate its intervention programmes.

The Agency is faced with the impact of the unlawful deductions from the beneficiaries grant payments. SASSA indicated that this is the unintended consequence of the electronic payment process. Its investigation revealed that some of the deductions are repayments for the beneficiaries existing loans. In other instances deductions are made by companies who sell their products through telemarketing. SASSA explained that it is difficult for it to intervene because these companies had been granted trading licenses by the Department of Trade and Industry. The Minister of Social Development set a task team to deal with matter and advise her on possible solutions. It is envisaged that the task team's report will be completed by the end of July 2014 and it will be submitted to the Minister.

Deliberations and concerns

The Committee raised a concern over the cash handling fees charged by the banks on the grant payments. SASSA reported that it was in discussions with the Reserve Bank to find ways to address this. The Committee also raised a concern over the long queues at the

pay points. This is a challenge that SASSA does not seem to be able to eliminate. SASSA reported that interventions to reduce long queues are an ongoing process.

The Committee welcomed the task team set by the Minister to investigate and advise her on the new Payment Model for SASSA. The Committee will be closely following progress in this matter. It also welcomed the task team set to investigate and advise the Minister on the ways to address the issue of deductions from the social grants.

Recommendations

The Committee made the following recommendations:

- The Minister of Social Development should ensure that measures to eliminate cash handling fees charged by the banks on the social grants payments are prioritized and finalized within this medium term period. This process has been under discussion for some time.
- SASSA should continue raising awareness of its beneficiaries on the nature and the impact of the deductions (either from existing loans or telemarketing) from their social grants. This should be over and above the interventions that the task team will advise the Minister to implement.