Official reply: 20 July 2016

**NATIONAL ASSEMBLY**

**QUESTION 1377/2016**

**FOR WRITTEN REPLY**

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**1377. Ms E R Wilson (DA) to ask the Minister of Social Development:**

Whether, with reference to regulation 21(1)(a) of the Regulations Relating to the Application for and Payment of Social Assistance and the Requirements or Conditions in Respect of Eligibility for Social Assistance*,* Government Notice R898 published in *Gazette* 31356 on 22 August 2008, as amended, each cash payment services recipient of social grant payments made by the SA Social Security Agency have their own bank account at the Grindrod Bank; if not, (a) why not and (b) is this in contravention of the specified regulations; if so, who opened the bank accounts for the specified grant recipients? NW1525E

**Reply:**

Regulation 21(1)(a) of the Regulations published in 2008 refer to the payment of a social grant into a bank account of the beneficiary or institution where the beneficiary resides, subject to written authorization by the beneficiary. This method of payment was clarified with the amendments to regulation 21 published on 6 May 2016, which now reads :

“**Method of payment of social assistance**

1. The Agency shall pay a social grant –
2. Into a bank account of the beneficiary or institution where the beneficiary resides, provided that
3. The beneficiary of the social grant consents to payment in accordance with sub-regulation 21(1)(a) in writing and has submitted such consent in person to the Agency;
4. Where a beneficiary is unable to submit the consent contemplated in sub paragraph (i) in person, alternative arrangements must be made with the Agency;

 Or

1. By the payment method determined by the Agency.”
2. Each social grant beneficiary has his/her grant paid into a SASSA account, which is an individual special account with Grindrod Bank, set up in compliance with Regulation 21(1)(b) to the Social Assistance Act. These accounts are a vehicle to deliver grants through the payment method determined by the Agency.

Where a beneficiary requires his/her grant to be paid into a personal bank account, then he/she must request this in writing and in person, in compliance with Regulation 21(1)(a). SASSA then makes arrangements for the social grant to be transferred from the special account set up as the payment method for social assistance into the beneficiary’s personal bank account, at no cost to the beneficiary.

The only bank card which SASSA recognizes for the payment of social grants is the SASSA card, which is issued to every beneficiary when his / her grant is approved. It is known that there have been concerted efforts to promote other bank cards and products, which have not been sanctioned by SASSA. IN terms of the amended Regulations to the Social Assistance Act, 2004, transfer of the social grant money from the SASSA account into any other bank account can only be done with the express, written consent of the beneficiary.

It should be noted that the Regulations to the Social Assistance Act, 2004 were amended in May 2016, in an effort to offer increased protection to social grant beneficiaries who were being exposed to the increasingly aggressive marketing tactics of financial service providers. The amendments have not been well received by some in the financial sector, with SASSA having been taken to court for a declaratory order on the interpretation of the amendments.

In addition, the Department of Social Development, supported by SASSA and some civil society organisations have opened a criminal case against both Cash Paymaster Services and Grindrod Bank, for failing to implement the amended regulations. Once the outcome of the civil case is known, then the criminal matter will be actively pursued.

1. The payment method utilized by SASSA is in compliance with the Regulations to the Social Assistance Act, 2004.