Official reply:

**NATIONAL ASSEMBLY**

**FOR WRITTEN REPLY**

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**1453. Mr T Z Hadebe (DA) to ask the Minister of Social Development:**

What is the annual cost of implementing the means test for old age pensions? NW1595E

**Reply:**

SASSA has not conducted a formal study into the cost of applying the means test. However, research conducted by the Economic Research Policy Institute (EPRI) in 2011, when working with UNICEF on a paper regarding the Universalisation of the Child Support Grant, noted “The means test does impose administrative and time costs on SASSA employees and beneficiaries, but more significant costs occur during the monitoring of the grant.” The same will hold true for the older persons grant.

In an internal exercise conducted by SASSA in 2013, the direct average cost of completing an application for a social grant (excluding the disability related costs, where the direct costs are much higher, as the cost of the medical assessment must be factored in) was R89,73. This is largely driven by the amount of time it takes to complete an application, and does not factor in costs incurred by the beneficiary. This amount will require review, given the increase in staff costs since this time.

Based on trends over the past financial years, an average of approximately 200 000 new applications for grants for older persons are processed. If a unit cost of R89,73 per application is taken into account, then the cost for administering these applications is R17 946 000. While this total cost cannot be attributed to the cost of administering the means test, it does contribute a large portion of the costs.