

INVESTIGATING SOCIAL GRANT PAYMENT METHODS FOR OLD AGE GRANT RECIPIENTS IN THE WESTERN CAPE

by
Charles Sydney Dowman

*Thesis presented in partial fulfilment of the requirements for the degree
Masters in Public Administration in the faculty of Management Science
at Stellenbosch University*



Supervisor: Dr B Rabie

Cr tki'2014

DECLARATION

By submitting this thesis electronically, I declare that the entirety of the work contained therein is my own, original work, that I am the sole author thereof (safe to the extent explicitly otherwise stated), that reproduction and publication thereof by Stellenbosch University will not infringe any third party rights and that I have not previously in its entirety or in part submitted it for obtaining any qualification.

Signature

Date

Charles Dowman

Abstract

The research focuses on social assistance within the context of the developmental state. In South Africa, the Social Assistance Act, 2004 (Act No.13 of 2004) makes provision for the administration of social assistance and the payment of social grants. The Act provides for the payment of eight grant types including the payment of the Old Age Grant (OAG). The research focuses on the OAG and the payment methods exercised by OAG beneficiaries. The South African Social Security Agency is established in terms of the South African Social Security Agency Act, 2004 (Act No. 9 of 2004) and the payment of social assistance has been transferred to the Agency.

The literature review revealed that African countries in particular have followed a different path to the rest of the development world with regard to social security. There is a strong reliance on community management involvement of social protection programmes in middle Africa. The South African system is more advanced and is legislated. South Africa's social security system is a system of targeted social grants. It makes access to social security a basic human right, as it is contained in the Bill of Rights. The rise of the developmental state after World War 11 was championed by Japan, in particular, and this rise gave effect to the Asian Miracle. A comparison of different systems in the developing context is undertaken in the study. One of the criteria from the comparison of systems is that developmental decisions should be informed by a country's vision or long-term strategy.

The research is being undertaken at a pinnacle point in the history of South Africa, in particular of the Agency responsible for the administration and payment of these grants. The SASSA introduced the SASSA debit card (Appendix I) in 2012. Beneficiaries can use this card at any store with a point of sale device to make purchases and withdraw money at selected vendors published in the SASSA merchant list on the website of the Agency. The implementation of this decentralised system is however not without disagreement about the ideal path –

questions about the advantages of electronic versus cash payments; and SASSA as 'Paymaster' versus the use of external service providers, is still being debated. This research attempts to assist in this debate through an investigation of alternative methods to disburse social grants, with specific focus on the old age grant recipients.

Opsomming

Die navorsing fokus op maatskaplike ondersteuning in die konteks van die ontwikkeling-gerigte staat. In Suid-Afrika, maak die Wet op Maatskaplike Bystand, 2004 (Wet No.13 van 2004) voorsiening vir die administrasie van maatskaplike bystand en die betaling van maatskaplike toelae. Die wet maak voorsiening vir die betaling van agt soorte toelae, insluitend die betaling van die ouderdomstoelaag . Hierdie navorsing was gerig op die ouderdomstoelaag en die betalingsmetodes wat vir ouderdomstoelaag begunstigdes beskikbaar is. Die Suid-Afrikaanse Maatskaplike Sekerheidsagentskap is in terme van die Suid-Afrikaanse Sosiale Sekerheidswet, 2004 (Wet No. 9 van 2004) ingestel en die betaling van maatskaplike bystand is aan hierdie agentskap oorgedra.

Die literatuurstudie het getoon dat lande, veral in Afrika, 'n ander pad as die res van die ontwikkelende wêreld ten opsigte van maatskaplike sekerheid gevolg het. Daar is 'n groot afhanklikheid van gemeenskapsbestuur betrokkeheid by die ontwikkeling van sosiale programme in middel Afrika. Die Suid-Afrikaanse maatskaplike sekerheidstelsel is meer gevorderd en word deur wetgewing onderbou. Dit maak toegang tot maatskaplike sekerheid 'n menslike reg, deur dit in die Handves van Menseregte te onderskryf. Die bevordering van die ontwikkeling-gerigte staat na die Tweede Wêreld Oorlog is veral deur Japan aangevoer, en die aanneem hiervan het die Asiatiese Wonderwerk bewerkstellig. 'n Vergelyking van die verskillende stelsels in die ontwikkeling konteks word onderneem in die studie. Een van die kriteria met betrekking tot die vergelyking van die verskillende stelsels is dat die ontwikkelingsbesluite ondersteun moet word deur middel van 'n visie of lang termyn strategie.

Die navorsing vind plaas op 'n kritieke tyd in die geskiedenis van Suid-Afrika, veral ten opsigte van die agentskap wat vir die administrasie en uitbetaling van hierdie toelae verantwoordelik is. Die Suid-Afrikaanse Maatskaplike Sekerheidsagentskap het die SASSA debietkaart in 2012 uitgereik. Begunstigdes kan die

kaart by enige winkel met 'n verkooppunttoestel, soos op die lys van uitgesoekte handelaars op SASSA se webtuiste bekendgestel is, gebruik om aankope te doen of geld te onttrek. Die inwerkstelling van die gedesentraliseerde stelsel is ongetwyfeld nie bepalend en gesprekke rondom die ideale stelsel is steeds onderweg – vra rondom die voordele van 'n elektroniese stelsel teenoor 'n kontantstelsel; sowel as vrae om SASSA as die 'betaalmeester' teenoor die gebruik van eksterne diensverskaffers, duur steeds voort. Die navorsing onderneem om hierdie debat te bevorder deur 'n ondersoek na alternatiewe betaal metodes om sosiale toelaes te versprei, met spesifieke fokus op die betaling van die begunstigdes van die ouderdomstoelaag.

Acknowledgements

I hereby express my sincere appreciation and gratitude to the following people, whose contribution on a personal and academic level has inspired me to complete this research:

- My wife, Marianna, who has been my anchor of support throughout my studies; her love, devotion, caring and sacrifices made this research possible;
- My children, Samantha and Cheslin, words can't describe your contribution in our life, make the right choices in life and you will make us proud parents;
- To my parents for being there through life's difficult moments, your humbleness and honesty outweighs any achievement in life, my mother and father-in-law for your support, prayers and kindness, and finally my grandmother who are my rock of ages, you have all inspired me in conducting this type of research as recipients of the OAG;
- To my Uncle John and Aunt Debbie, in particular, for your unwavering support and encouragement throughout my career and studies;
- To my supervisor, Dr Babette Rabie, for her expertise, guidance and support; Riana Moore for her administrative support during the Master's Programme; Professor Martin Kidd for his contribution to the data analysis in Chapter 4; and Hester Honey for editing and proofreading;
- To my colleagues and friends at SASSA, Eerste River;
- To the Western Cape Provincial Parliament for their study assistance programme;
- To the millions of social grant beneficiaries who support their families through the social grant;
- To God be the glory for great things He has done.

TABLE OF CONTENTS

Declaration.....	ii
Abstract	iii
Opsomming.....	v
Acknowledgements.....	vii
Table of Contents.....	viii
List of figures.....	xii
List of table's	xiii
Glossary of terms.....	xiii
List of acronyms and abbreviations.....	xv
CHAPTER ONE: INTRODUCTION AND PROBLEM STATEMENT	1
1.1 Introduction.....	1
1.2 Responsible Agency for the delivery of social assistance	4
1.3 Problem statement	5
1.4 Research question and objectives	6
1.5 Research design and methodology	7
1.6 Chapter outline.....	8
1.7 Summary.....	9
CHAPTER TWO: SOCIAL SECURITY WITHIN THE CONTEXT OF THE DEVELOPMENTAL STATE	10
2.1 Introduction.....	10
2.2 The Developmental State.....	11
2.2.1 History of the development state	11
2.2.2 Comparison with Malaysia.....	12
2.3 The characteristics of a developmental state	13
2.3.1 Strategic capacity.....	14
2.3.2 Organisational and technical capacity	14
2.3.3 South Africa as a developmental state.....	15
2.3.3.1 National Development Plan.....	17
2.3.3.2 Comparison with Leftwich's model	18

2.4.	Social Security, safety nets and social assistance grants	19
2.4.1	Social security	19
2.4.1.1	United Kingdom and Europe	19
2.4.1.2	Asia and Latin America	20
2.4.1.3	Africa	21
2.4.1.4	South Africa.....	22
2.4.1.5	Modern challenges to the Welfare State	22
2.4.2	Social safety nets	23
2.4.3	The payment of grants	24
2.5	Alternative payment methods	25
2.6	Summary	26
CHAPTER THREE: SOCIAL ASSISTANCE IN SOUTH AFRICA		28
3.1	Introduction.....	28
3.2	History of Social Assistance in South Africa	29
3.2.1	The period 1910 to 1935	29
3.2.2	The period 1930 to 1959.....	30
3.2.3	The period 1960 to 1990.....	31
3.2.4	The period 1994 to the present day Constitution.....	32
3.3	Policy changes	33
3.3.1	The Constitution of the Republic of South Africa.....	33
3.3.1.1	Limitations of the right	33
3.3.1.2	Means tested social assistance	34
3.3.2	The White Paper on Social Development.....	34
3.3.3	The Social Assistance Act	36
3.3.4	The Social Security Agency Act.....	37
3.3.5	Transfer of social assistance	37
3.4	The South African Social Security Agency	38
3.4.1	The Vision and mandate of the Agency	39
3.4.2	Types of grants administered by SASSA	39
3.5	Current system for the payment of grants.....	40
3.6	Current problems with social security in South Africa	40

3.7	Alternative solutions explored.....	42
3.8	Summary.....	43
CHAPTER FOUR: SAMPLING, DATA ANALYSIS AND PRESENTATION OF RESULTS		45
4.1	Introduction.....	45
4.2	Sampling design and sampling method.....	45
4.2.1	Data collection methods.....	46
4.2.2	Data analyses and verification.....	46
4.3	Questionnaire results of SASSA beneficiaries.....	47
4.3.1	Age profile of beneficiaries.....	47
4.3.2	Gender profile of beneficiaries.....	48
4.3.3	Population group.....	49
4.3.4	Geographical location.....	50
4.3.5	Type of dwelling.....	51
4.3.6	Type of grant.....	52
4.3.7	Point of collection.....	53
4.3.8	Convenience attributes.....	55
4.3.9	Method of travel.....	56
4.3.10	Distance from place of residence.....	57
4.3.11	Awareness of electronic banking.....	58
4.3.12	Do you have a bank account.....	59
4.3.13	Consideration to open a bank account.....	60
4.3.14	Factors that prevents you from opening a bank account.....	61
4.3.15	Bank charges.....	61
4.3.16	Persuasion.....	62
4.3.17	Service rendered by SASSA.....	63
4.3.18	Location of SASSA's local offices.....	64
4.3.19	Customer experience.....	65
4.3.20	Safety at pay points.....	66
4.4	Findings.....	67
4.5	Summary.....	68

CHAPTER FIVE: MAIN FINDINGS AND RECOMMENDATIONS FOR FURTHER RESEARCH	70
5.1 Introduction.....	70
5.2 Summary of research chapters.....	70
5.2.1 Research background and objectives.....	71
5.2.2 Theoretical framework.....	72
5.2.3 The Policy Environment.....	73
5.2.4 Data gathering, analyses and findings	74
5.3 Recommendations.....	75
5.3.1 Recommendations to SASSA.....	75
5.3.1.1 Utilising previous research studies	76
5.3.1.2 Oversight over the Executive Authority	77
5.3.1.3 SASSA as the Paymaster for the future	78
5.3.2 Which payment system suits OAG.....	79
5.3.3 Reasons for not migrating to electronic payments	80
5.3.3.1 Geographic access	81
5.3.3.2 Affordability	81
5.3.3.3 Product features	81
5.3.3.4. Summary	82
5.4 Conclusions.....	82
5.5 Recommendations for further research.....	83
5.6 Summary.....	83
References.....	85
Appendices	

LIST OF FIGURES

4.3.1	Age profile of beneficiaries	47
4.3.2	Gender profile of beneficiaries	48
4.3.3	Population group.....	49
4.3.4	Geographical location.....	51
4.3.5	Type of dwelling.....	52
4.3.6	Type of grant.....	53
4.3.7	Point of collection.....	54
4.3.8	Convenience attributes.....	55
4.3.9	Method of travel	56
4.3.10	Distance from place of residence.....	57
4.3.11	Awareness of electronic banking.....	58
4.3.12	Do you have a bank account?	59
4.3.13	Consideration to open a bank account	60
4.3.15	Bank charges.....	61
4.3.17	Services rendered by SASSA	63
4.3.18	Location of SASSA local office	64
4.3.19	Customer experience	65
4.3.20	Safety at pay points.....	66

LIST OF TABLES

1.1	Conditions at pay-points	2
2.1	Social grant expenditure as a proportion of GDP	24
2.2	Grants as a proportion of total government expenditure	24
3.1	Amount lost to social security through corruption	38
3.2	People's response to new technology	42

GLOSSARY OF TERMS

The terms used in this research report have the following meanings:

Beneficiary	refers to any person who receives social assistance in terms of sections 6,7,8,9,10,11,12 or 13 of the Social Assistance Act, 2004 (Act No. 13 of 2004)
Care Dependency Grant	refers to a grant paid to a parent or a foster parent in respect of a care dependent child in terms of section 7 of the Social Assistance Act, 2004 (Act No. 13 of 2004)
Child/children	refer to any person under the age of 18 years
Child Support Grant	refers to a grant paid to a primary caregiver of a child who satisfies the criteria in terms of section 6 of the Social Assistance Act, 2004 (Act No. 13 of 2004)
Disability Grant	refers to a grant paid to a disabled person in terms of section 9 of the Social Assistance Act, 2004 (Act No. 13 of 2004)
Foster Child Grant	refers to a grant paid to a foster parent in terms of section 8 of the Social Assistance Act, 2004 (Act No. 13 of 2004)
Foster Child	refers to any child who has been placed in the custody of a foster parent in terms of Chapter 3 or 6 of the Child Care Act, 1983 (Act No. 74 of 1983)
Foster Parent	refers to any person, except a parent of the child concerned, in whose custody a foster child has been placed under Chapter 3 or 6 of the Child Care Act,

1983, or Section 290 of the Criminal Procedures Act, 1977

Grant in Aid	refers to a grant paid to a person who satisfies the criteria in terms of section 12 of the Social Assistance Act of 2004 (Act No. 13 of 2004)
Older person	refers to any person who, according to the Social Assistance Act, 2004 (Act No. 13 of 2004), has attained the prescribed age in accordance with section 10 (a) or (b)
Old Age Grant	refers to a social grant paid to an aged person in terms of section 10 of the Social Assistance Act of 2004 (Act No. 13 of 2004)
Parent	refers to the legal parent of a child defined in the Child Care Grant of 1983(Act No. 74 of 1974)
Social Grant	means “social grant” as defined in section 1 of the Act; as Child Support Grant, Care Dependency Grant, Foster Child Grant, Disability Grant, Older Persons Grant, War veteran’s Grant and Grant-in-Aid
War Veteran Grant	refers to a grant paid to a person who satisfies the criteria in terms of section 11 of the Social Assistance Act of 2004 (Act No. 13 of 2004)

LIST OF ACRONYMS AND ABBREVIATIONS

Access	Alliance for Children's Entitlement
ATM	Automatic teller machines
BRICS	Brazil, Russia, India, China and South Africa
BIG	Basic Income Grant
BOR	Bill of Rights
CSG	Child support grant
CPS	Cash Payment Service
DFID	Department for International Development
DG	Disability grant
DSD	Department of Social Development
G2P	Government to Person
FCG	Foster Care Grant
GHS	General household survey
ICT	Information and Communication Technology
ILO	International Labour Organisation
OAG	Old age grant
SASSA	South African Social Security Agency
SAOPF	South African Older Persons Forum
WVG	War veteran's grant

CHAPTER 1: INTRODUCTION AND PROBLEM STATEMENT

1.1 INTRODUCTION

The primary purpose of government is to govern its people in a manner that ensures development and progress in various sectors, but also for the individual specifically. Within the notion of the developmental state, government takes a more direct interventionist role in steering development to balance economic growth with the welfare of people. A critical part of this is assisting those trapped in poverty, allowing them to escape the vicious cycle of poverty and thereby to participate in the benefits of development and growth.

To give effect to this, the South African government has established the South African Social Security Agency (SASSA) to administer the payment of social assistance in the form of social grants to qualifying individuals who had to satisfy a means test. The payment is done through third party-contractors appointed by the Agency to dispense cash at fixed pay points or by depositing the money directly into the bank account. Social grant recipients are referred to as social grant beneficiaries, and due to the large number of qualifying individuals, especially with the introduction of the Child Support Grant (CSG), it was inevitable that problems would arise at the pay points. The focus of the research resonates with Old Age Grant (OAG) population and therefore the researcher places emphasis on previous research done in this area to highlight the plight of older citizens.

Focus group discussions were conducted (Marais & Eigelaar-Meets 2006) with older persons in different areas in the Western Cape, as requested by the Provincial Department of Social Development. The three areas that were targeted were Mitchell's Plain, Malmesbury and Gugulethu.

Access to services was an important discussion point in the focus group discussions that were held with older persons. The following difficulties with access and with quality of service were identified for grants and pensions:

- waiting in long queues without food, water or toilet facilities;
- dangers of travelling to and from pay-out points;
- machines at pay-outs which are sometimes broken, resulting in no pay-outs for that day;
- higher risks on pay day from victimisation by criminals and money lenders, as well as family members.

The trend is not only a provincial problem but has also become a national problem, as Table 1:1 indicates

A study was conducted by Kay (2008:4) on behalf of the South African Older Persons Forum at 336 pay points in the Free State, Gauteng, Mpumalanga, North West, Northern Cape, Limpopo and the Western Cape in 2008. Grant recipients interviewed at these pay points were generally unhappy about the service they received. The following is a schematic breakdown of the percentage of complaints by recipients in relation to the number of pay points visited during the survey: The percentage in the total column represents the rating out of 100%. It therefore implies that long queues and no shelter, which are both rated at 24%, are the most problematic areas of concern for the beneficiaries

Table 1.1: Conditions at Pay Points

	Free State	Gauteng	Mpumalanga	North West	N/Cape	Limpopo	W/Cape	Total
Bribery	n/a	3%	4%	3%	n/a	n/a	n/a	1%
Cash shortages	n/a	n/a	8%	8%	5%	n/a	n/a	3%

Crime	5%	7%	4%	n/a	3%	10%	7%	5%
Faulty machines	n/a	14%	4%	n/a	3%	2%	22%	4%
Hawkers	10%	12%	8%	8%	1%	2%	7%	7%
Loan sharks	5%	1%	4%	n/a	7%	8%	12%	5%
Long queues	45%	17%	16%	33%	19%	27%	26%	24%
Medical assistance	n/a	3%	4%	3%	1%	2%	n/a	2%
No shelter facilities	20%	17%	12%	29%	32%	43%	4%	24%
No toilet facilities	5%	5%	16%	5%	16%	19%	n/a	11%
Service provider fraud	n/a	1%	8%	3%	5%	6%	n/a	4%
Slow service	5%	1%	n/a	3%	n/a	n/a	n/a	1%
Transportation	5%	14%	12%	3%	3%	2%	22%	6%

According to Porteous (2004:13) effective access has to take into account at least three dimensions: geographic access, affordability and product features. Geographic access describes whether a consumer, and in terms of the research a beneficiary, is near enough to a point of service, which depends more on cost – whether in travel time or expense – than distance alone.

1.2 RESPONSIBLE AGENCY FOR THE DELIVERY OF SOCIAL ASSISTANCE

The SASSA acknowledges, in its Strategic Plan for 2012/13-2016/17, that there are problems with the payment of social grants at pay points. The Minister of Social Development states that: The conditions under which beneficiaries receive their grants at some pay-points are far from satisfactory. Security and health risks, as well as the exploitation of beneficiaries by merchants and money lenders, need to be urgently addressed. A large number of pay-points do not meet the norms and standards applicable to humane basic facilities.

The study and the findings by Kay (2008:12) are therefore acknowledged by the Minister of Social Development. The Chief Executive Officer of the Agency in the same report highlighted the problem with the high cost in the payment of grants and said the following:

“The Agency is still to achieve a nationally integrated social assistance system that is cost efficient and effective. Going forward, it makes sense for the Agency to be directly involved in the payment of grants, rather than to outsource this function to payment service providers, as is presently the case.”

Partly to address the adverse conditions at pay points, SASSA embarked on a process of developing a new payment model that would migrate beneficiaries from the current cash system to a new electronic banking system. This is in line with Department for International Development (DFID) guidelines that provides for payment of social welfare/grants by either a Pull system (where grants are paid either in cash at specified pay points) or a Push system (with grants directly deposited into a beneficiary's bank account) (Samson, MacQuene & Van Niekerk, 2004). SASSA currently uses both these options in the disbursement of

social grants. However, given the high costs of personal banking, and low rates of bank access for the poor, in practice, most grants are paid out directly in cash.

Given the apparent advantages of efficiency and security typically associated with the direct deposit grant payment option, this research was prompted by an interest to understand why such a high percentage of grant recipients (52%) are still opting for the cash disbursement option. According to SASSA Annual Performance Plan (APP) for the fiscal years 2012/13-2014/15 “While the Agency encourages beneficiaries to be paid through electronic means, by March 2011, 47.33% of the payments were made through Automated Clearing Bureaus (ACB’s) or banks.” While the electronic option may be off-hand critiqued for the high cost of banking institutions, the adverse conditions of pay points seem to outweigh this consideration. The researcher wish to understand the reasons why beneficiaries will opt for a cash payment option that requires them to queue from 03:00 to receive their grants, only to find out that the machines at some fixed pay points were not working, or that there were not enough money at the dispensing machine. These problems have been published in various newspaper articles (Maponya 2013): “Single mothers, destitute children and the elderly have been compelled to queue overnight for places before the morning”. The research thus questions whether high banking costs and access are the only reasons why beneficiaries choose a cash payment system.

1.3 PROBLEM STATEMENT

A prior focus group study with old-age-grant recipients undertaken by Marais & Eigelaar-Meets (2006) in the Western Cape in Mitchells Plain, Gugulethu, and Malmesbury highlighted the following concerns with regard to social grant disbursements on social pension days:

- long queues without water, shelter or food;
- the risk of travelling to and from pay points;
- and malfunctioning of dispensing machines.

Not only was this a provincial problem, but further reports (Kay 2008:3) revealed that the situation is even worse if the national picture is taken into consideration.

As the responsible agency for the administration and payment of grants, SASSA has acknowledged that there are problems at pay points and that the agency is still to achieve a nationally integrated social assistance system that is cost effective and efficient. This is an enormous task if the total beneficiary profile of 16 million, as at 30 June 2013(Appendix A), is taken into consideration.

Despite the acknowledged problems at social grant pay points, there is limited uptake of the direct deposit grant payment option, especially under the recipients of old age pensioners. An absence of information of the grant recipient's perspective on the alternative payment options renders decision-making on an ideal disbursement method impossible. Therefore, this research proposes to investigate the reasons for beneficiaries' choice of a particular payment option to inform SASSA decisions on the ideal grant payment method.

1.4 RESEARCH QUESTION AND OBJECTIVES

White (2009:3), states that research questions explore the relationship between new questions and existing knowledge and examine the role of various types of literature in generating and developing research questions.

The two research questions that inform this study are 'What are the reasons that prevent recipients of the Old Age Grant in the Cape Metropole area of migrating to the available electronic payment method? Which payment method would best suit old age grant recipients?

The specific objectives of this research are to:

1. Review the literature on the role of the state in delivering social security benefits by comparing the delivery systems of different nations.
2. Review the current system of payments of SASSA and to highlight the advantages, disadvantages and shortcomings thereof.
3. Explore the reasons for beneficiaries' choice of payment method.
4. Determine which payment method would best suits/fit old-age-grant recipients and make recommendations to SASSA.

1.5 RESEARCH DESIGN AND METHODOLOGY

The research design and methodology that were judged to best suit this type of research was derived as follows. An empirical research design was required as it would provide a clear understanding of the real-life problems experienced by beneficiaries as it relates to this study. The research adopts a survey design with a non-probability sample to conduct semi-structured interviews with beneficiaries at the pay point or at banks (ATMs) by means of a developed questionnaire.

Due to the limitations of the research and the time frame for completing the research, the research was confined to the Cape Metropolitan area and only one of the 16 Local Offices of SASSA was used to conduct the research. The Eerste River Local Office was selected as it covers a broad spectrum of beneficiaries from the Overberg/Strand area to Kraaifontein/Wallacedene, with the mid-point being the Eerste River Local-Office. It allowed the researcher to interact with beneficiaries across all population groups and covered all grant types and was expected to enable the researcher to extract the reasons for beneficiaries' particular preferences of payment method. Although the research was focused on the Old Age Grant (OAG) recipients, it was important to include other recipients as part of the study to understand how receiving or not receiving their

grants with other grantees influenced their choice of payment method. Data collected through the semi-structured interviews were analysed with assistance from the statistical department at the University of Stellenbosch.

1.6 CHAPTER OUTLINE

Chapter 1: Introduction and problem statement

This chapter outlines the background and rationale for conducting the study, and articulates the research problem, states the research question and objectives, and explains the research design and methodology.

Chapter 2: Social security within the context of the developmental state

This chapter outlines the literature review undertaken in respect of the research project. It looks at the emergence of South Africa as a developmental state; introduces the social security from an international and national perspective by defining the evolving social security field, and furthermore looks at the rationale for electronic payments as another option for the payment of social grants.

Chapter 3: The South African Social Security Agency

This chapter investigates the mandate of SASSA, and key legislation dealing with social security within the framework of policies and legislation that governs SASSA's work.

Chapter 4: Fieldwork – Data collection, analysis and findings

This chapter describes the research design and methodology in greater detail. A questionnaire was used to test beneficiaries' response to the available payment systems. The data were analysed and a bar chart of each question is discussed

in detail, and a histogram is presented to draw relative comparisons. The main findings related to each questionnaire are presented here.

Chapter 5: Summary, recommendations and conclusion

Chapter 5 summarises the research by reviewing all the chapters, makes recommendations and draw conclusions related to the key findings and recommendations. It also describes the limitations of the research and offers recommendations for further research.

1.7 SUMMARY

This chapter introduced the role of the developmental state in providing for its citizens by balancing economic growth with welfare for its people. To this end the provision of social assistance is an instrument by the developmental state to provide for its citizens. These social assistance payments are disbursed mostly in cash and therefore the research investigates the reason why there a slow migration rate to electronic payment systems. The focus is on old age grant recipients.

One of the research objectives is to undertake a comprehensive literature review and the next chapter will provide the reader with the available literature on the developmental state as well as the evolving social security systems of different nations and to introduce available payment options, problems with these options as well as alternative payment solutions.

CHAPTER 2: SOCIAL SECURITY WITHIN THE CONTEXT OF THE DEVELOPMENT STATE

2.1 INTRODUCTION

Mkandawire (2004:11), with reference to social policy in a developmental context, states that “Social Policy is a highly political process, touching upon power relations, access to resources and ideologies of the role of the state and markets”. She makes reference to the fact the macro-economic policy will always be a balancing act. This chapter acknowledges the research done by Van der Berg (1992) on the issue of the South African Social Safety Net in a development perspective during the transition period that led to the first democratic elections in 1994. He states that no developing nation has yet instituted social security measures that are unknown in the industrialised world.

This chapter draws a comparison with other developing countries, in particular Asia. Rosegrant and Hazell, cited in Von Braun and Lorch (2005), states that Asia, on the threshold of the 21st century, stands, if not at a crossroad, and then at a point of decision. Meeting the challenge must also involve a renewal of governance itself: transparency and responsiveness, and eradication of corruption, are all keys to sustained growth in the next century.

Gumede (2009:6) indicates further that the developmental state should use state policies to great effect, with the state guaranteeing the implementation of social welfare programmes. In this regard, Johnson, Tyson and Zysman (1980:60) indicated that the Japanese government, dominated in the years after World War II by a conservative coalition, used the institutions of a centralised state to create a developmental policy.

This chapter is focused on the developmental state by describing the factors that gave rise to the developmental state. It also analyses the characteristics of the

developmental state; in particular, a comparison is drawn from the success of the Asian miracle, which gave rise to the notion of a developmental state. It looks at the origin and history of social security, and the payment of social grants.

2.2 THE DEVELOPMENTAL STATE

A developmental state needs to be capable, but a capable state does not materialise by decree, nor can it be legislated. It has to be built, brick by brick, institution by institution, and sustained over time. It requires leadership, sound policies, skilled managers and workers, clear lines of accountability, appropriate systems, and consistent and fair application of rules.

2.2.1 History of the development state

Leftwich (2000:156) states that it was only in the last twenty years of the twentieth century that political scientists began to look more closely at the precise conditions for effective developmental action by states and at some of their characteristics. The identification of these characteristics has become crucial for evaluating South Africa as a developmental state.

It was with the publication of Chalmers Johnson's seminal work on East Asian developmental states, and Japan in particular, that the phrase "developmental state" made its formal debut and that a serious attempt was made to conceptualise it. Heywood (2002:96) states that the classic example of a developmental state is Japan. Since 1945, the developmental role of the Japanese has been assumed by the Japanese Ministry of International Trade and Industry, which, together with the bank of Japan, helps shape private investment decisions and steer the economy towards international competitiveness. This view is supported by Edigheji (2010:83), who claims that the classical developmental state is the ideal type derived from East Asian, and more specifically, Japan's, experience between the 1950s and 1980s. He further

states that, if the definition is broadened to include any state that deliberately intervenes to promote development, we could include the Scandinavian countries, as they have also practised a variety of developmentalism.

Johnson, Tyson and Zysman (1989:60) make reference to the three tiers of Japan's developmental strategy. In the first tier, the Japanese government, dominated in the years after World War 2 by a conservative coalition, used the institutions of a centralised state to create a developmental policy. In the second tier, a new paradigm of technology development and market strategy was created. An intense, driven competition for market share was necessary while borrowing technology from abroad. The third tier proposes that a system of domestic development, with its market dynamics created and reinforced by policy, produced particular features of Japan's pattern of international trade.

The spectacular economic performance in East Asia has had a profound influence on economic development and the world economy in the past quarter century. The success story is of great interest, not only to development economists, but also to political leaders and policy makers who are concerned with economic development.

2.2.2 Comparison with Malaysia

As a developmental country, Malaysia presents many similarities with the South African situation, therefore the researcher finds it necessary to expand and elaborate on the Malaysian situation in order to draw a comparison. According to Funston (2001:160), Malaysia stands out for having one of the most complex ethnic mixes in Southern Asia, or, indeed, the world. It has, since independence, achieved a remarkable degree of political stability, along with economic and social progress. Colonial rule lasted less than a century, but its influence was profound. Riots in Malaysia in 1969 prompted a fundamental re-think. The two-

pronged strategy of the new economic policy (NEP), according to Funston, was to eliminate poverty irrespective of race.

Malaysia has a constitutional monarchy with a federal parliamentary system. Government intervention in the Malaysian economy has expanded enormously. The formal state structure is set out in a written constitution (Funston 2001:170). The Constitution sets out the structure of Malaysia's federal system of government, with the separation of powers vested in the executive, legislature and judiciary. According Funston (2001:190), Malaysian leaders frequently assert that Malaysia is a democracy: power rests with the people and elections are held every five years. A two-thirds majority is required to introduce constitutional amendments.

The following paragraphs look specifically at strategic and technical capacity required to build this developmental state.

2.3 THE CHARACTERISTICS OF A DEVELOPMENTAL STATE

The state needs strategic, organisational and technical capacity to play its developmental role. In a review of government and voluntary sector development delivery from 1994, Everett (2001:7) states that it has become something of a truism in many quarters to say that the South African government frequently develops policies that are ambitious and developmentally sound, but cannot be implemented. Some of the reasons include lack of capacity and skills, as well as budgetary problems. We look at the following paragraphs to inform us what is required or meant by strategic, technical and organisational capacity. This will make it possible to derive a reasonable conclusion about whether the criticism is fair or misplaced.

2.3.1 Strategic capacity

Jayasuriya (2005:382) sees the developmental state research programme as based on the understanding that a state has “core” strategic capacities to plan, monitor and enforce key developmental objectives.

This involves a development strategy and programmes based on high growth rates, restructuring of the economy and socio-economic inclusion. As indicated in the National Development Plan (NDP) of South Africa, 2030, a development plan tackles the root causes of poverty and inequality.

The South African plan, according to Consultancy Africa, strives after goals in the manner of a developmental state. However, South Africa falls short on several grounds. Most, notably, the biggest structural and institutional problems in the country relate to the inefficiency of government bureaucracy; an inadequately educated workforce; restrictive labour regulations; corruption; crime; an inadequate supply of infrastructure; and policy instability. Strategic capacity in itself has to do with the ability of the state to harmonise the roles played between business, labour and government, and to act as a facilitator. The question again is whether the state has the political and economic will to push through its developmental objectives. The emergence of good governance is cited in Leftwich (2000:116) when he states that the first appearance of the contemporary notion of good governance came in the 1989 World Bank Report on Africa, which argued that, underlying the litany of Africa’s development problems, is a crisis in good governance. Governance is understood as minimal state intervention in the economy and using markets or quasi markets.

2.3.2 Organisational and technical capacity

The developmental state’s technical capacity is its ability to translate broad objectives into programmes and projects and to ensure their implementation. Economic growth and development need high quality and reliable government

services. Technical capacity also involves the state's capacity to plan and monitor the implementation of its programmes. It has to make effective use of intergovernmental and integrated planning across spheres of government and between different government departments.

The developmental state must also play a much stronger role in establishing clear, measurable and time-bound targets for common programmes, and for monitoring their implementation. The growing strength and prominence of civil society organisations in social and economic affairs have inevitably led to increased calls from governments, donors and other stakeholders for greater accountability and transparency in terms of their management of programmes

2.3.3 SOUTH AFRICA AS A DEVELOPMENTAL STATE

Gumede 2009

“South Africa has set itself the unusual and challenging goal of becoming a developmental state. In principle, this is a unique and noble enterprise: unique in so far as no state has ever self-consciously set out to become a Developmental State; and noble in so far as such a project draws inspiration from the experience of certain countries that achieved ...growth with equity.”

Netshitenzhe (2011) stated that, “Only post-2004 does the notion of a developmental state find elaborate pride of place as an objective of policy in African National Congress (ANC) and government documents.” The South African state can implement its policies much more thoroughly than most other countries, if it has the political will. It also has a highly developed organisational vehicle that can be used for its developmentalist objective, namely the Development Bank of Southern Africa and the Industrial Development Corporation. Gumede (2009:9) makes reference to these institutions and

indicates that the challenge now is to use these developmental finance agencies more innovatively in fashioning a new developmental state that is democratic and non-racial and can deliver a better life for all South Africa's people.

In the opening statement of this chapter, Mkandawire is quoted as indicating that social policy is a highly political process, touching upon power relations. At play is the distribution of resources (welfare) in the form of social assistance as government's chief poverty alleviation measure or policy. The history of social security, in particular social assistance, states that social assistance has had a racial connotation for the advancement of the popular government; in the past it was the National Party and at present it is the ruling African National Congress. The Constitution of the Republic of South Africa, however, guards against discrimination on the basis of gender, race and sex, and therefore any other legislation is subjected to the Constitution.

According to Edigheji (2010:169), there has been a sudden emergence in the highest policy circles in South Africa of the idea that South Africa is to become, even always has been, at least in waiting, a developmental state. Freund and Witt (2010:55), however, are very critical in their analysis of South Africa as a developmental state by first explaining the elements of the East Asian success story that feeds into a developmental state idea. Gumede (2009:7) states that most of the East Asian developmental states may have reached their developmental goals under undemocratic conditions, yet in South Africa, a constitutional democracy, the delivery of the development state will not only have to take place in economic and social spheres, but must also deepen democracy. Mauritius is an example of an African attempt at building a democratic developmental state.

To summarise, one has to include Van der Berg's earlier view that South Africa's Social security system has followed the same pattern as that of most developing countries, and one can similarly draw the conclusion that the developmental state

will follow the same path of being the leader on the African continent. How successful it is, can only be measured against certain outcomes and therefore comparison with Leftwich's model is crucial.

2.3.3.1 National Development Plan

An extract from the NDP states that,

“South Africa needs an economy that is more inclusive, more dynamic and in which the fruits of growth are shared equitably. In 2030, the economy should be close to full employment, equip people with the skills they need, ensure that ownership of production is more diverse and able to grow rapidly, and provide the resources to pay for investment in human and physical capital.”

According to Gumede (2009:10), a long-term development plan is crucial for the identification of the core priorities of a nation. In most of the East Asian development states, even if they were autocratic, the development plans had wider legitimacy among the key stakeholders in society. In Malaysia, the New Economic Policy (NEP), that country's long-term development plan, almost became the official ideology. De Lange (2012) states that the National Development Plan (NDP) of South Africa, is built on six pillars, one that unites all South Africans around a common purpose; an active citizenry; a growing and inclusive economy; the need to improve capabilities; the need for a capable and developmental state; and the final pillar, which deals with the responsibilities of leaders throughout society to work together to solve problems. The six pillars will be analysed in more detail when a comparison is drawn with Leftwich's developmental model on South Africa's claim to be a developmental state.

2.3.3.2 Comparison with Leftwich's proposed developmental model

We can measure South Africa's "aspirations" and or performance of a developmental state by looking at the model towards a developmental state proposed by Leftwich (2000:159).

A model in this sense represents an attempt to extract common general properties from a set of sometimes diverse concrete forms. Leftwich refers to a number of major components of the developmental state model, of which seven (namely, developmental elites; relevant state autonomy; bureaucratic power; weak civil society; economic interests; human rights and legitimacy; and performance) must be present.

In comparison, South Africa has improved on its human rights as outlined in section two of the Constitution; State autonomy is being challenged by social partners; bureaucratic power is on the increase; the civil society remains weak; and the security of future electricity supply has threatened domestic markets as well as foreign direct investment in SA, especially the mineral-energy complex which dominates the SA market, but the low level of confidence of the business sector, according to the BCI, delivers a serious dent to the aspirations of being declared a developmental state.

Netshitenzhe (2011:17), responding to the question whether South Africa is a developmental state, answered: "No not yet. We do have the potential to become one; and critical in this regard is the introduction of national strategic planning." After considering the characteristics of the developmental state, the opinions of various authors and a comparison with the Leftwich model, the researcher is of the opinion that South Africa has both positive and negative features within the state that may cause harm to the aspirations of a developmental state, especially if we have a weak civil society. For this reason the researcher has introduced the

role that civil society can play through the NGO sector to hold the state accountable for the delivery of social services.

One of the goals of the development state is to provide social security for its citizens. The developmental state requires the economy to grow in order to provide for these resources. In South Africa the state must make reasonable access to social security available to its citizens in terms of Section 27 of the Constitution of the Republic of South Africa.

2.4 SOCIAL SECURITY, SAFETY NETS AND SOCIAL SECURITY GRANTS

2.4.1 Social Security

Social Security systems were developed in Europe and the rest of the developed world before it was implemented in the developing nations and Africa. The following paragraphs briefly highlight the development of social security in the specific countries. Daly and Rake (2003) commented:

“Guided by an interest in administrative matters and how problems can be solved by specific types of policy response. The literature compartmentalises social policy into particular fields, such as health, education, housing, etc. As a result, the social policy approach lacks an overarching concept of the welfare state.”

2.4.1.1 United Kingdom and Europe

The concept of social security is not new. It originated more than 200 years ago with the inception of the industrial revolution in Europe. The first social security insurance scheme was initiated in Germany in 1881. In the United States and Canada, social security was introduced in the 1930s.

For the urban employed in developing countries, the European model of social security has been applied with great success, leading to what has been called an 'unholy alliance' between work and welfare. In the developing world social security programmes began only in the second half of the twentieth century according to Rajan (2008:139).

2.4.1.2 Asia and Latin America

Van der Berg (1992) states that social safety nets in developing countries did not precede industrialisation and therefore deviates from the European model. In Asia and Latin America, the system of poor relief, or social assistance, came into operation at a time when industrialisation was already under way and pressure on fiscal resources was already great.

Since 1990, new trends in social policies have appeared in Latin America: According to Barrientos and Hulme (2008:181) the provision of grants to targeted poor households on condition that they engage in human capital investment, such as sending children to school. This (sending children to school) has also become one of the prerequisites for the granting of CSG in South Africa, if the child reaches school going age. Woolard (2010) states that, in comparing the social security systems of different nations, it could be important to make reference to the Japanese Social Security System; firstly because Japan was held up as the first of the developmental states that evolved, and, secondly, to find underlying comparisons with SA, if any, regarding how their government addressed the issue of social security. According to Netshitenzhe (2011:8), most of the developmental states have poor social security programmes.

According to Dixon and Scheurell (1995:35), the term "social security" originated in Japan during the making of the present constitution in 1946, immediately after the Second World War. However, the two main components of social security,

namely public assistance and social insurance, were established much earlier. In Japan, the Advisory Council on Social Security, which reported recommendations on social security systems to the Prime Minister in the next year, was appointed in 1949. It was through these post-war reforms that the peoples' right to relief was clearly defined and that the means-tested system (another comparison with the SA system) became the safety net of the total social security system in securing's people's right to maintain a minimum standard of living. Although Aaron and Reischauer (2001:43) support the means tested approach, their concern is levelled against the high cost of administering the means test, adding as much as 10% of the total programme cost.

2.4.1.3 Africa

According to Gough and Wood (2004:229), those in the African population who live on the edge of poverty are desperately seeking security. Many spend their lives moving from one source of livelihood to another. Some will receive temporary assistance from governments, donors and NGO's.

Limitations in capacity to formulate deliver and evaluate transfer programmes are a key constraint in many low-income countries in sub-Saharan Africa. This is why there is such a strong reliance on community management of social protection programmes in middle Africa. Programmes in Malawi, Ethiopia and Zambia rely on community organisations to select beneficiaries, collect and distribute benefits, and review and manage eligibility. Community participation has many advantages, especially as local elites and resources are engaged in poverty reduction. At the same time, community involvement tends to reproduce and/or reinforce social disparities and power relations at the local level (Mansuri and Rao 2004, as cited in Barrientos, Hulme & Hickey 2010).

2.4.1.4 South Africa

Reddy and Sokomani (2008:13) point out that “The first policy mechanism was the 1997 White Paper for Social Welfare, in which developmental aspects of social security were evoked”. This remains the most significant policy discussion paper, and it paved the way for widespread legislative reforms governing the delivery of social assistance.

The social security in South Africa makes provision for a social security system which includes social assistance, which is financed by taxes, as well as social insurance financed by individual contributions (Aaron & Reischauer 2001:31). Although the Japanese system refers to public assistance, the system is similar to the social assistance of South Africa. As in the case in South Africa, the cost of public assistance within the total social security system became enormous in Japan. In South Africa, however, social assistance is a very important contributor to poverty reduction, and therefore very important.

In contrast to social insurance, social grants in South Africa have an extensive reach, with around 14 million South Africans benefiting from social assistance. On average, the value of social assistance transfers grew by 12 percent per year between 2006/07 and 2009/10. There are several reasons for the increases in social assistance. First, the absolute numbers of beneficiaries have increased. Second, it is the result of inflation adjustments to the grant values; adjustments to the means tests threshold; equalisation of the old age grants from 65 years to 60 years; and the extension of the child support grant to eligible children up to the age of 18.

2.4.1.5 Modern challenges to the Welfare State

Lewis and Surender (2004:1) mention that a new politics of the welfare state described as the Third Way has emerged during the past decade. This proposes

that the individual is to be pushed towards self-help and independent, active citizenship, while business and government must contribute to economic and social cohesion. The Third Way discourse was prominent in a relatively small number of countries, most notably the US and UK, but relatively absent in most other countries.

2.4.2 Social safety nets

The World Bank's Social Protection sector defines social safety nets, also called social assistance or social welfare programmes, as "non-contributory transfer programmes, usually targeted to the poor or those vulnerable to poverty and shocks". Such programmes are distinguished from contributory transfer programmes. In the 1980s, there was a shift in the focus of the political debate from the previous interest in expanding and improving the social security safety net, to concerns about the future stability of the social security system.

Padayachee (2006:162) points out that there are five main state-provided grants. All are means tested, paid from general revenue and paid monthly, either in cash or through deposits in banks or the post office. The pensions and grants are intended as a mechanism of redistribution, especially in addressing the racial and spatial patterns of poverty and inequality. According to Hanlon, Barrientos and Hulme (2008), South Africa's grants are not conditional, but applicants have to satisfy a verified means test, as highlighted by Padayachee, The means test for the child support grant is quite complex; that for the pension is less so. Cash delivery is very straightforward. One quarter of the beneficiaries receive their money electronically, the rest collect the cash from shops, banks, and mobile cash machines.

What is government currently spending on the social grant wage? The findings of the South African Institute of Race Relations (SAIRR), survey 2010/11, are presented in Table 2.1 and 2.2:

Table 2.1: Social grant expenditure as a proportion of GDP

Year	Expenditure (Rbn)	% of GDP
2003/04	37	2,9
2004/05	45	3,1
2005/06	51	3,2
2006/07	57	3,3
2007/08	62	3,2
2008/09	71	3,2
2009/10	80	3,5

Source: The Presidency, Development Indicators 2010:28

Table 2.2 Grants as a proportion of total government expenditure

Year	Grants (Rbn)	Government Expenditure (Rbn)	Proportion
2001/02	32	257	12%
2008/09	71	625	11%
2010/11	88	907	10%

Source: National Treasury, Budget Review 2011

2.4.3 The Payment of grants

Pensions and grants may be paid into banks or post office accounts but in rural areas, according to Padayachee (2006:172), they are largely paid monthly in cash at pension pay points. In 1995, the main economic transaction on pension days appeared to be between pensioners and vendors. (This implies that a large proportion of the pension money is either due to the vendor as a result of previous purchase, or the fact that pensioners would purchase food and clothing directly after receiving their money at the pay-point). By 2013 (Appendix G) observation of pension pay-outs in 2001 and since showed how much the event

had grown, and that the whole community had become involved in the pension-day markets. Local people sell goods they have produced or procured locally, including vegetables from household plots and from communal gardens. The introduction of the child support grant (CSG) has also brought changes to pension day markets. With younger women being present, the day has been given a very different feel and flavour.

Porteous(2004:34), makes it clear that, “If banks are to succeed in bringing the unbanked people into the banking system, these new clients must be prepared to trust the positive and negative aspects of these systems.

2.5 ALTERNATIVE PAYMENT METHODS

The Department for International Development (DFID 2009) has established that, when payments are made directly to instruments controlled by recipients, such as debit cards or mobile phones, the opportunities for corruption are reduced.

In a study conducted by the South African Older Persons Forum (SAOPF), cell phones were also identified as offering a useful mechanism for delivering social grants. Although cell phones have not really been tested as a delivery mechanism for the payment of social grants in South Africa, judging by the success rate in other African countries, they offer more potential and have been labelled as a more innovative mechanism than smartcards.

The same study revealed that Net1 in South Africa, where automatic teller machines historically have not been located in rural and low-income areas, has established a network of several thousand merchants equipped with Point of Sale (POS) terminals.

There is an attempt in each country to modernise the payment system and link it to a smarter way (by debit card and making it more efficient and effective and, in

some instances, more economical for beneficiaries). The system implemented in African countries such as Zambia and Ethiopia reaches even the poorest citizens and seems to improve turnaround times in the payment of grants and reduce the travelling and queuing time significantly. This is important because travelling and queuing time have been raised as problematic when payments are done via third party contractors. The DFID (2009:6) found that proof of address is required in more than half of all countries to open a bank account, but it often is difficult for poor people to show such proof. The DFID states that bank accounts need to be affordable, accessible and easy to obtain.

Although South Africa's economy is much more developed than the economies of most other African countries, new cell phone technology to implement this will largely be of great use to social grant recipients in deep rural areas and recipients who are ill or frail, and will also reduce transport costs for grant recipients who have to get to pay points. Because two of South Africa's major cell phone operators are already involved in this type of system elsewhere in Africa, the SAOPF recommends that Government investigates using the cell phone system as an alternative payment method for social grants.

2.6 SUMMARY

The research on the developmental state revealed that South Africa has the ability and the potential to become a developmental state if it can overcome some of its obstacles. Some of the obstacles include providing a steady growth rate over a sustained period of time for the country to create employment, thereby to reduce poverty and inequality, as well as crime, and improve education levels to build a capable state. The reduction of poverty and inequality has been raised in the National Development Plan. A long-term economic development plan is a requirement for any country seriously wishing to be seen as a developmental state. Malaysia has been able to use their NEP successfully to this extent.

In Central Africa, social security has evolved differently to how it has happened in the rest of the developed world. As cited by (Gough and Wood 004:229), in Africa some will receive temporary assistance from governments, donors and NGO'S, while in the development world these rights are of a more permanent nature. South Africa's system is more developed and reaches almost 16 million beneficiaries, with the old age grant and the child support grant being the most widely accessed types of grant. South Africa's system is also captured in legislation, thereby holding the government directly responsible. The South African Government has appointed the South African Social Security Agency (SASSA) as the lead agency for the administration of social security through the South African Social Security Agency Act and the Social Assistance Act.

The next chapter looks at the policy environment and how policy should translate into broad objectives.

CHAPTER 3: SOCIAL ASSISTANCE IN SOUTH AFRICA

3.1 INTRODUCTION

Olivier, Smit and Kalula (2004:199), in discussing social assistance, have stated the following:

“Conceptually social assistance is meant to provide a safety net for those whom support in terms of the rest of the system, including the labour market and the social security system in general, is insufficient. The reality of the South African situation is that social assistance has become the main if not the sole form of economic survival for large numbers of persons and their dependants who are in particular reliant on the grant system.”

This chapter sets out to determine how the baton of social assistance administration and payment has been handled over the years from the 1910 Government to the present-day Constitution, which ultimately has led to the services being championed solely by an Agency. It also seeks to determine whether these changes have in any way improved the conditions under which these grants are disbursed on a month-to-month basis.

The primary objective of the research is to determine the reasons why beneficiaries are not migrating to the electronic payment system. To this effect, the author has objectively tried to provide coverage of all three payment systems by highlighting their advantages and disadvantages.

3.2 HISTORY OF SOCIAL ASSISTANCE IN SOUTH AFRICA

According to Bromberger (as cited in Lekezwa, 2011:72), social assistance has progressed through four phases of development between 1930 and 1980. The period 1930 to 1948 was a period of limited progress towards incorporation and equality; limited in the sense that the government of the day reluctantly incorporated Africans into the system. From 1948 to 1961 there was an era of retrenchment during which the Nationalist government scaled back on the provision of social welfare by the state. There were signs of improvement between 1961 and 1971, and the last phase (from 1972 to 1980) showed a trend towards reincorporation and reduced inequality. The author first examines the period prior to 1930 and then covers the periods that followed in more detail by referring to reviews by other authors on the history of social assistance in South Africa.

3.2.1 *The period 1910 to 1939*

Strydom (2001:18) gives a brief historical overview of the Social Security System from 1910 to the present day Constitution. After the unification of South Africa in 1910, the Union Government developed a social assistance or welfare policy. Reddy and Sokomani (2008) regard “The earliest period following the Union of South Africa in 1910 [as] the toughest and most discriminatory for the ‘non-white’ population”. The Department of Public Health was established in 1919 and the Labour Department in 1924. Lekezwa (2011:70), states that poverty relief was carried out mainly by the churches in the 1920s; however, when it became apparent that there was a serious problem relating to poverty levels in the white community, the Pienaar Commission was appointed to carry out an investigation. The mandate of the Commission was to examine and report on the payment of pensions by the state to needy aged and permanently incapacitated persons who were unable to maintain themselves and for whom no provision existed at the time, and also to report on a system of national insurance as a means of making

provision for the risks of sickness, accidents, premature death, invalidity, old age, unemployment and maternity.

According to Samson *et al.* (2004), “the historical approach to social security in South Africa has been one of meeting the needs of the white minority”. Social security for the elderly began with the Old Age Pension Act, 1928 (Bromberger 1981), which explicitly excluded most black South Africans. In 1937, a disability grant was extended on the same racial basis. In the late 1930s and 1940s, the social security system was extended more broadly, but with racially differentiated benefit levels.

3.2.2 The period 1930 to 1959

In 1933, the Department of Social Welfare was established. The responsibility for providing social assistance was delegated by the Department to the various provinces. Bredenkamp (2001:151) confirms this practice. He states that the then National Department of Welfare received its funding from the national equitable share. As the National Department was only responsible for policy making and monitoring, its share of the welfare budget was less than one percent. Then, individual provinces' shares were allocated between the provinces according to a formula that considered the provinces' demographic and economic profiles.

In 1944, a governmental committee proposed that black employees employed in urban areas should receive the same benefits as the other races. However, this proposal was never implemented as the Nationalist Party that came into power in 1948 subscribed to a policy of apartheid and differentiation between the various races. The Nationalist Government improved the welfare system for whites. However, it increased influx control measures and cut back on wage regulation, health facilities and social welfare for blacks. In 1958, the administration of coloured welfare was transferred to the Department of Coloured Affairs, while the administration of welfare for blacks became the responsibility of the Department

of Bantu Affairs in 1960. This department took on a new role as the main developer of apartheid policy within the state.

3.2.3 *The period 1960 to 1990*

By the 1960s, there was evidence of a shift over time in government's stance over certain redistribution issues, especially social spending concerning Africans. In an era that Bromberger (1982) classifies as "showing signs of a thaw" there was less resistance to expanding social service provision to Africans and it was believed that the changing economic climate might have influenced the policy modifications. The 1960s in South Africa were marked by relatively high growth which averaged about 6% per annum for the decade as whole. Thus, the climate was more favourable for some reform in black expenditure policy and the gap between African and white pensions began to decrease in the mid-1960s, according to Kruger (1992), as cited in Lekezwa (2011:74).

According to Lekezwa (2011:39), the Theron Commission was appointed in 1976 to investigate matters relating to the coloured population. This Commission recommended that the welfare services of government should be administered by one department, a department which would be responsible for the planning and administration of welfare for all racial groups. These recommendations were rejected Pollak, (1981), as cited in Lekezwa, (2011:79). Although the National Party made great strides in closing the gaps in social welfare, it had no intention of integrating South Africa. Part of the reason for achieving equality in pensions was to legitimise the tri-cameral parliament, which was a step further in the segregation process Van der Berg, (1997), as cited in Lekezwa, (2011:79).

It took approximately sixty years for South Africa's welfare system to achieve parity, which happened in 1993; however, in the final years of apartheid, the state accelerated expenditure on other races while letting that of whites decline. Even

though it was marred by the politics of segregation, the social system managed to redistribute income through social welfare.

3.2.4 The period 1994 to the present-day Constitution

Although the introduction of a new democratic political dispensation in 1994 has changed the political face of South Africa irrevocably, the country still bears the scars of the institutional inequalities inflicted on large sectors of the population, at every social level. For decades, access to social security in South Africa was structured along racial, gender and geographical lines (Bromberger, 1982; Reddy & Sokomani, 2008; Strydom *et al.*, 2001). The unequal distribution of social security often had the effect of unjustly benefiting mainly the white population in dealing with the various contingencies of life, at the expense of other groups such as blacks, women, and those living in extreme poverty in remote rural areas (White paper for Social Welfare, 1997).

According to Strydom *et al.* (2001:20), the social security system that the African National Congress inherited when it came into power in 1994 was a fairly complex and expensive system. Social security was regulated through a number of statutes, such as the Social Assistance Act, (Act No. 59 of 1992), the Compensation for Occupational Injuries and Diseases Act, (Act No. 130 of 1993), the Unemployment Insurance Act, (Act No. 30 of 1996) and labour statutes such as the Basic Conditions of Employment Act, (Act No. 3 of 1983).

The new government tackled the restructuring of the social security system in a number of ways. It, for example, introduced a new Constitution that made equality before the law a basic human right. The new Constitution also makes access to social security and to social assistance a basic human right. This fundamental human right is regulated in section 27(1) (c) of the Bill of Rights of the Constitution. The Constitution does not define social security and social assistance. However, section 39 of the Bill of Rights, which regulates the

interpretation of the Bill, specifically provides that a court, tribunal or forum tasked with interpreting the Bill of Rights, must also consider international law to be consistent in the application of the law globally.

3.3 POLICY CHANGES

Social security law is a relatively new field in South Africa. It has its roots in section 27 of the country's new Constitution of 1996, which lists the right to have access to social security and social assistance as a basic human right. Although a social security system existed prior to the introduction of the new Constitution, the various statutes that regulated the system were not treated as a collective body of laws regulating a particular field of the law.

3.3.1 The Constitution of the Republic of South Africa

The Constitution of the Republic of South Africa, Act 108 of 1996, became the supreme law of the Republic. By adopting constitutional supremacy, South Africa broke away from the doctrine of parliamentary sovereignty. The Constitutional entrenchment of social security rights has significantly strengthened the mandate of the state to provide comprehensive social protection. "Social security is a right guaranteed in the constitution under section 27(1) (c) and if they are unable to support themselves... the right to social assistance" (Olivier *et al.*, 2004:58). However, the conditions for qualification for either social security and/ or social assistance still have to be met by each applicant. The government determines the criteria for entitlement to social assistance, which clearly suggests there are no automatic entitlements thereto.

3.3.1.1 *Limitations on the right*

The constitution imposes an obligation on the state to ensure universal access to social security. The State, however, is granted a certain degree of latitude in

relation to three aspects, (namely the progressive realisation of the right, the taking of reasonable measures and the availability of resources). This is confirmed by De Waal, Currie and Erasmus (2001:441) qualifies this statement by referring to the positive dimension of the social-economic right obliging the state to take only those steps within its available resources to achieve the progressive realisation of these rights.

3.3.1.2 Means-tested social assistance

Strydom *et al.* (2001:8) describe South Africa's welfare system as an example of the means-tested social assistance model as state assistance in respect of healthcare, old age pensions, disability grants and child grants are all subject to a means test. Mpedi (2008) states that access to social assistance is limited in a number of ways, which includes that the applicant must pass the means test. Bredenkamp (2001) takes the discussion further, stating that the means test is also influenced by political and moral considerations: "Where inequalities are very extreme, and largely the legacy of an unjust political past, there may be additional justification for a means tested social old age pension that effects some redistribution by excluding the relatively well off."

3.3.2 The White Paper on Social Development

The White Paper on Social Development, 1997, starts by describing the effect of the legacy of the apartheid system on society. It therefore reaffirms the history of South Africa, and indicates that policies of the past have resulted in social disintegration and consequent social problems. This is confirmed by the unequal treatment that resulted in widespread poverty, a disregard for human dignity and the establishment of a large class of disenfranchised South Africans forced out to the periphery of social and economic structures (Strydom *et al.*, 2001:223). The exclusion of various groups of people from equal access to social security on the basis of their race and gender was a direct consequence of a political

dispensation which entrenched racial discrimination at all levels of society (Reddy & Sokomani (2008); Standing & Samson (2003); Van der Berg (1992); Mkandawire, (2004).

The White Paper on Social Development acknowledges that South Africa has a fairly developed social security system. Bredenkamp (2001) also states that, for a middle-income country, South Africa's social security system is very well developed. Lekezwa (2011:79) notes:

“South African social assistance has drawn attention for its advanced development for a middle-income country. For a developing country, the social assistance system is considered exceptional, as it has been able to provide social assistance to more than a quarter of the South African population, and is financed by general taxes.”

The restructuring priorities of the White Paper (1997:7) include building consensus about a national social welfare policy framework and creating a single national welfare department.

The review of the White Paper by Lombard (2007:159), (ten years after its inception) highlights that there is now a clear understanding of developmental social services in relation to traditional social welfare and social development. Social welfare is firmly established and reflects a rights-based approach and there is significant evidence that the sector has made a shift to the developmental approach. The review states that the contribution of social grants in addressing poverty cannot be ignored. Results of the study on the social and economic impact of South Africa's social security system (Department of Social Development) provide evidence that the household impact of South Africa's social grants are developmental in nature. This is also confirmed by the Economic Policy Research Institute (EPRI, 2004). What the review has found is that social grants are impacting on the survival of the poor, but the levels of

poverty and inequality have not changed significantly. The review, in short, makes reference to legislative amendments and policy changes that were effected to ensure equal access to welfare resources, including, amongst others, the Social Assistance Amendments Act, (Act No. 45 of 1994).

3.3.3 The Social Assistance Act, 2004 (Act No 13 of 2004)

Mpedi (2008) states that, as a rule, entitlement to social assistance benefits as provided for in the Social Assistance Act, is restricted to citizens and permanent residents. A non-citizen who is a resident in South Africa may claim a benefit under this Act if the country of his or her citizenship concludes an agreement with South Africa making provision for such a claim.

To understand the importance of the provision of social assistance and its impact on poverty reduction, one can look at the argument by Standing and Samson (2003:21): “In the absence of social assistance transfers, 58% of South African households would fall below the subsistence line of R401 per adult equivalent. Households with both children and adults of pensionable age are the most vulnerable.” Therefore protection came in the form of the Act.

The objectives of the Social Assistance Act, (Act No 13 of 2004) are to:

- Provide for the administration of social assistance and payment of social grants;
- make provision for social assistance and to determine the qualification requirements thereof;
- ensure that the minimum norms and standards are prescribed for the delivery of social assistance; and
- Provide for an inspectorate for social assistance.

3.3.4 The Social Security Agency Act, (Act No 9 of 2004)

The South African Social Security Agency Act, Act No. 9 of 2004, makes provision for the establishment of the South African Social Security Agency (SASSA) as an agent for the administration and payment of social assistance; to provide for the prospective administration and payment of social security by the Agency; and the provision of services related thereto.

The Act also describes the reason for the establishment of the Agency, its objectives and the functions. This is discussed in more detail in the section on the Agency. The Act further makes provision for the appointment of a Chief Executive Officer for the Agency, who must be appointed by the Minister of Social Development.

3.3.5 Transfer of social assistance administration to the Agency

Section 24 (a) to (d) of the South African Social Security Agency Act, (Act No 9 of 2004), establishes the Agency as the sole Agent for the payment of social assistance, as contemplated in the Social Assistance Act, (Act No 13 of 2004). The right to social assistance to recipients should not in any way be interrupted, discontinued or decreased. The transfer of the function should not negatively impact on the effective, efficient and economical use of resources at both national and provincial level.

As early as in 2001, Bredenkamp in his research into Income Security, *Falling through the cracks*, made reference to the introduction of a national social security system. He states that “The Committee for the restructuring of Social Security contends that many of the problems facing the welfare sector arise from the current province-based system of grant administration.” This is described to be in crisis by Edmunds, as cited in Bredenkamp (2011:175). He proposes a national delivery system so that all, no matter where they live, would receive the

same treatment. A national system, it was argued, would be easier to co-ordinate and would reduce the potential for double and fraudulent claims.

3.4 THE SOUTH AFRICAN SOCIAL SECURITY AGENCY (SASSA)

According to Reddy and Sokomani (2008:47), the Department of Social Development (DSD) convened an interdepartmental task team to review the South African Social Security System. The severe weaknesses in the management and administration of social grants, coupled with numerous litigations and negative publicity in the press, necessitated this review.

Thus, according to Reddy and Sokomani (2008), the rationale behind the inclusion of SASSA in DSD anti-corruption review rested on the notion that it would lead to the “drastic minimisation of fraud related to social grant administration and payment”.

Table 3.1: Amount lost to social security through corruption

	Estimated corruption losses in rand	Total social security budget	Percentage of total security 'lost' to corruption
1997	R1bn	R14.3 bn	6.99%
2006	R1.4bn	R57bn	2.46%

Source: Mail and Guardian, 1997, as cited in Reddy and Sokomani (2008)

The task team under the leadership of Professor Vivian Taylor, (Standing and Samson 2003:103) identified a number of critical gaps. This resulted in the recommendation that South Africa should investigate a move towards a comprehensive and integrated social security structure. In 2004, two years after the recommendation by the Taylor Commission, President Thabo Mbeki assented to the South African Social Security Act. This was the founding

legislation that provides for the establishment of the SASSA as an agent for the administration and payment of social assistance. Van der Berg (1992) stated that the pattern of development of the South African social security system shows many similarities to that in other developing countries.

3.4.1 The vision and mandate of the Agency

The vision of SASSA is to provide world-class social security services. Its mission is to manage quality social security services in a cost-effective way and use appropriate best practices in good time by formulating and applying policies, programmes and procedures for an effective and efficient social grants administration system; paying the “right grant amount, to the right person at the right time” (SASSA, 2009a), and at the most accessible place that a person may prefer.

The mandate of the Agency is to ensure effective and efficient administration, management and payment of social assistance. The research focused on the payment methodologies of grants and the empirical research that was conducted to see whether the administrative (as established by the agency and its payment methods) and policy environment have created an acceptable level of performance for OAG beneficiaries in particular is discussed in Chapter 4.

3.4.2 Grant types administered by the Agency

The Agency disburses the following grant types: Older Persons Grant; War Veteran Grant; Disability Grant; Grant-in-Aid; Care Dependency Grant; Foster Child Grant and Child Support Grant (SASSA, 2011)

3.5 CURRENT SYSTEM FOR THE PAYMENT OF GRANTS

It is reported in the SASSA Annual Report of 2010/11 that grant payments were still largely cash based. Effective and efficient alternative payment channels were being explored. Joint ventures will be entered into with National Treasury to conduct a detailed analysis in identifying preferred payment options. It would seem from the pronouncement of the CEO of SASSA in the Strategic Plan of 2012/13-2016/17, on a new payment model, that the vision is for the Agency to be the Paymaster in the future, is a culmination of this process.

There are currently only two payment options for beneficiaries. Beneficiaries can receive their monthly grant payment in cash at a fixed pay-point (Community Hall/church) through an arrangement with the Third Party contractor. The second option is to receive the grant payment directly into the bank account of the beneficiary. The third option was introduced in 2012 by SASSA, as the Point of Sale (POS) method. Beneficiaries were issued with a SASSA branded MasterCard (Appendix I) and can use this card to draw money at no cost by participating merchants published on the SASSA website.

3.6 CURRENT PROBLEMS WITH SOCIAL SECURITY IN SOUTH AFRICA

The Minister of Social Development acknowledges in the Strategic Plan of the Agency that there are still many challenges; key among these is the management and administration of grants. She indicates that special attention should be paid to the quality of service delivery and she refers to the term customer-centric approach with reference to service delivery. The document defines this approach as follows: "A Customer-centred approach to service delivery takes the need of customers into consideration by developing user-friendly and high quality products and services."

She indicates further that “SASSA is good at meeting its grant projection targets. However, what needs to be seriously evaluated, are the conditions under which these grants are being disbursed.”

The Minister states in the Strategic Plan of SASSA:

“Reports of pensioners spending the night outside SAS’s offices are numerous and serve to indicate that, in some instances, SASSA officials are insensitive to the needs of the elderly and the poor. A customer-centric approach implies that beneficiaries will be treated with dignity and respect, from the time the beneficiary arrives at the office, until the application process has been completed.”

This confirms what Everett (2011) has said about the fact that it has become somewhat of a truism in many quarters that South Africa frequently develops policies that are ambitious and developmentally sound, but lacks implementation. The reasons he cited include lack of capacity and skills. To build the developmental state South Africa requires, according to Gumede (2009) an efficient bureaucracy. He states that at the core of any developmental state is the state: efficient, well-co-ordinated and staffed with skilled employees.

The views of the Minister reflect what is presented in *the White Paper for the Transformation of the Public Service, 1997*, which refers to the customer yardstick. In many instances, there are no clearly defined standards by which to measure the delivery of services. Individual citizens find that complaining about services often has little effect and can be a daunting and time-consuming process. At the beginning of this chapter, the researcher asks the question whether the baton that was handed over to SASSA has made any considerable improvement in the lives of beneficiaries.

3.7 ALTERNATIVE SOLUTIONS EXPLORED

As stated by the Minister of Social Development, a customer-centred approach to service delivery takes the need of customers into consideration by developing user-friendly and high-quality products and services. The Agency has committed itself to designing social security solutions based on customer needs, both internally and externally.

Alternative payment solutions have been explored in various African countries and these can benefit especially those in rural parts of South Africa. According to Mpedi (2008:25), social grants are more accessible in urban areas than in rural areas, mainly because of a lack of infrastructure for administering these grants in the rural areas. This invariably results in the exclusion and marginalisation of those who do not have the means to travel to urban areas to apply for the grants.

The growth in transaction accounts linked to automatic teller machine cards, which has brought millions of lower-income people into the banking system over the past decade, has been driven by strong forces, largely on the supply side – banks and employers –, rather than by customer demand. Indeed, as Table 3.2 shows, many customers resent being forced to use new technology (Porteous, 2004:29).

Table 3.2: People's responses to new technology

	Elderly (65 and above)	Young (between 18 and 24)	Black	White
Would rather deal face-to-face than with a machine	70.7%	58%	63.7%	61.3%
Avoid banking machines such as ATMs as much as possible	33%	10%	18.9%	14.1%
Prepared to learn to use new technology	45.4%	80.1%	75.5%	82%
% presents the percentage of respondents in each column category agreeing with the statement in each row				

Source:Finscope2003

According to Porteous (2004:37), the problem of access will not be solved by building more bank branches or even by installing more ATMs. The solution may lie elsewhere. Half the population, including 41% of the unbanked people, are ten minutes or less from a grocery store. Since the store already handles cash, the way to create wider access appears to lie in harnessing and extending existing Point of Sale (POS) networks.

Dauids (2011:140), in his study of e-readiness of SASSA beneficiaries found that 33% of OAG beneficiaries prefer to receive their grants in the bank, while 67% prefer cash payment. Fifty six percent of OAG beneficiaries would like to receive notification by short message service (sms), while 44% prefer correspondence through the post. Dauids (2011:140) found that the majority of OAG beneficiaries prefer cash payment which is different from the preference of the CSG and DG beneficiaries. The majority of older persons prefer to approach the SASSA offices when having a query which is slightly more than 75% of DG customers. The researcher will undertake his own empirical research in Chapter four and will provide information whether there is a similar trend, or whether the trend has shifted two years later from 2011 to 2013.

3.8 SUMMARY

This chapter has focused on the policy environment which regulates the payment and administration of social grants. Social security is a right enshrined in the Constitution of the Republic of South Africa which makes provision for the right to access social security. The White Paper on Social development during its review has established social security as rights-based with a developmentalist approach. This has been a shift from the traditional social security methodology. It also reaffirms the importance of social assistance as important for poverty relief in South Africa.

The chapter also introduced the South African Social Security Agency as the lead agency for the delivery and payment of social grants. The grant has an extensive reach and covers seven main grant types. This chapter describes the current system under which the grants are disbursed. In its simplest form, beneficiaries have a choice between receiving their monthly grant payment in cash or via an electronic transfer in their bank account. Alternative measures of paying these grants are explored and it was found that in many African countries, cell phones are used as a means of transferring the benefits.

Now that the literature review and the policy environment have been researched, the focus of the research moves to the empirical review, where the researcher hopes to find a connection between the three and to provide firm recommendations and conclusions to SASSA. The next chapter will deal specifically with the investigation of pay-point access at the three pay-point options highlighted in the previous chapter by conducting face to face interviews with beneficiaries and to present the reader with findings at the end of the chapter.

CHAPTER 4: SAMPLING, DATA ANALYSIS AND PRESENTATION OF RESULTS

4.1 INTRODUCTION

This chapter is devoted to the specific area of sampling and data analysis; it specifies the type of design as well as the particular data collection method that was used in the empirical study, and it provides an overview of the area where the data was collected. The aim is to augment the secondary literature review in Chapters 2 and 3 with primary data, which specifically explore the perceptions of the recipients of the Old Age Grant on alternative payment methods.

4.2 SAMPLING DESIGN AND SAMPLING METHOD

The research makes use of a survey design and adopted an accidental non-probability sampling technique. The researcher selected the Eerste River local office of SASSA to conduct the study. The Eerste River local office was selected as it covers a wide area and services residents from the Strand/Overberg area and Kraaifontein/Wallacedene with the Eerste River/Kuils River area as the mid-point. The payment of social grants does not take place at the local office, but is disbursed either at the pay points, at points of sale, or at a bank in this specific area under the control of the Eerste River local office. The researcher chose a specific date on which a large group of beneficiaries was expected at a specific pay point, point of sale or bank to conduct face-to-face interviews with the beneficiaries.

The researcher approached beneficiaries who were queuing in the line (Appendix F and H) and therefore did not select a specific target group, although it was easy to distinguish between old age grant recipients and child support grant recipients due to the age difference. The Old Age Grant (OAG) recipients, as well as the Child Support Grant (CSG) recipients, were therefore present on the same day. The researcher further made use of a specialist in the area of outbound

services for SASSA to assist with the collection of data at a specific pay point in the Eerste River service area.

4.2.1 Data collection methods

Due to time and resource constraints, the researcher limited the data collection process to 50 semi-structured interviews to collect empirical data at the three payment points. Beneficiaries were selected as they approached the pay points. The semi-structured interviews comprised 20 detailed questions and it took approximately 15 minutes to complete each interview. The list of questions that guided the semi-structured interviews is provided in (Appendix B).

The data collected at the fixed pay point was done by an official from SASSA who had more than 20 years' experience in the field of outbound services related to social assistance and the payment thereof. The interviews were conducted face-to-face with beneficiaries and the questionnaire was administered by the official.

A list of questions was compiled beforehand and took into consideration current payment methods, in order to extract valuable information from beneficiaries regarding their preferred method of payment.

4.2.2 Data analysis and verification

The data collected from the questionnaires were captured in a specific program compiled by the Centre for Statistical Consultation, Department of Statistics at the University of Stellenbosch, by Professor Martin Kidd. The spread-sheets were put in graph form and an explanation of their significance is provided in this chapter.

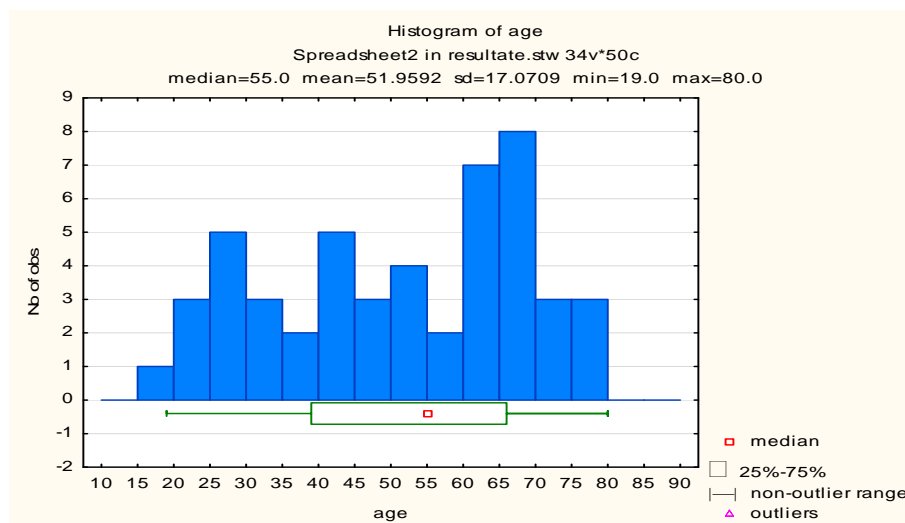
4.3 QUESTIONNAIRE RESULTS OF SASSA BENEFICIARIES

The information is provided in the order of the questions in the semi-structured interview attached as (Appendix B). First, a broad description is provided of the heading as it relates to the question paper, then the question and its purpose are explained. This is followed by the bar chart and a description of the bar chart including preliminary remarks, if any are relevant.

4.3.1 Age profile of beneficiaries

This question was related to the age of the beneficiary and the purpose of the question was to distinguish between the different grant categories. The age would assist the researcher to distinguish between the CSG recipient and the OAG recipient in the respective queues.

Figure 4.1: Age profile of beneficiaries



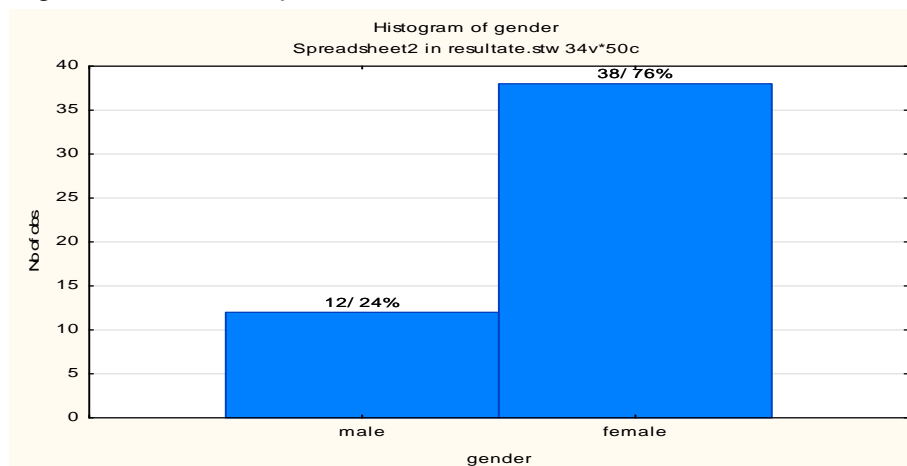
As this thesis focuses specifically on the OAG, it was important to obtain the views of the other grant recipients also, especially those of the child support grant recipients, as this also has an influence on the specific payment choices made by OAG recipients. The question on age is important in the context of the study, as the main purpose revolved around how OAG recipients experience the

conditions under which social grants are disbursed on a month-to-month basis through the various payment methods. With the introduction of the CSG, OAG recipients have indicated that they do not experience the same vibrancy and culture that existed prior to the introduction of the CSG. It was important, however, to do the survey on a date when these grant recipients were together at a pay point or point of sale/bank to experience first-hand the changing conditions and preferences of the various age groups. The figure reveals that a mixture of grant recipients ranging from child support grant to old age grant recipients was present when the questionnaire was completed. The age of 55 was used as the median and the results show that 21 respondents was above the age of 60 and 28 below the age of 60, with one not indicating age. It cannot automatically be concluded that 21 respondents are OAG and 28 are CSG or DG recipients. This could only be determined by a direct question on the type of grant.

4.3.2 Gender profile of beneficiaries

This question related to gender and the aim of the question was to determine how gender affects payment options.

Figure 4.2: Gender profile of beneficiaries



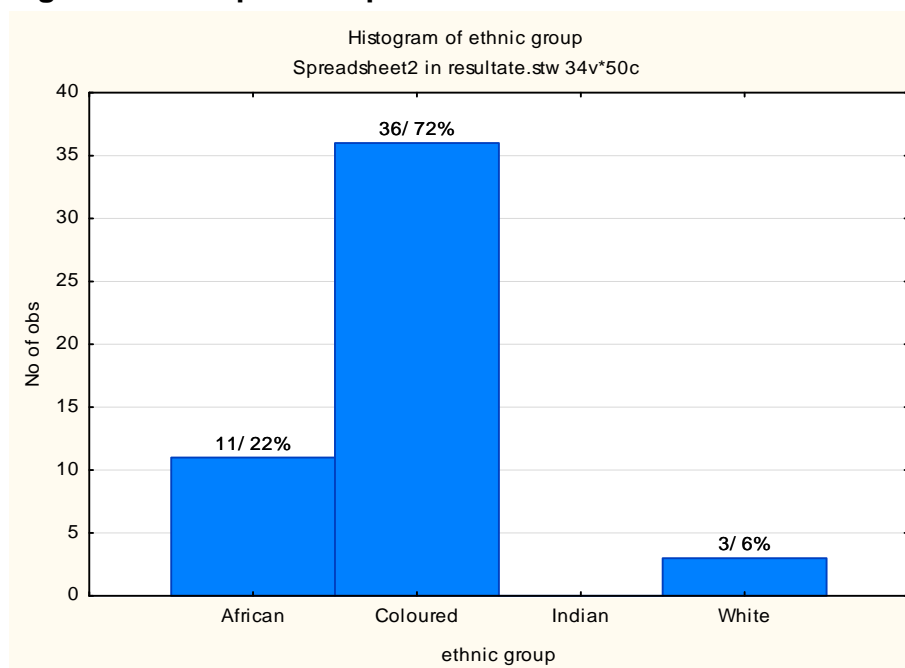
The question on gender was important because it distinguished between households where females are the main recipient and where males are the main

recipient and how they provide for the extended family. In the specific study, it was found that 76% of the respondents were female while the balance of 24% was male.

4.3.3. Population group

The question about population group was posed because SASSA provides grants to all race groups and provides monthly statistical reports on the distribution of grants across provinces, according to grant type, age and ethnicity. The purpose of this question was to see whether there are differences between the different race groups when a decision must be made about the different payment options.

Figure 4.3: Population profile



The issue of ethnicity was highlighted to distinguish between the uses of the different payment methods amongst specific population groups. The provincial demographics of the Western Cape are very different to those of the national picture or profile of South Africa, where, according to the South African survey

2010/11, it was found that the national distribution in 2011, was made up as follows: 79.5% of the population was African, 9% White, 9% Coloured and 2,5% Indian. According to the same survey, Africans in the Western Cape, represented 30, 4% of the province, while 16, 6% of the population comprised Whites, the Coloured population stood at 52, 1% and 1% were Indian.

Of the 50 respondents interviewed, 36, or 72% of the respondents interviewed were coloured; 11, or 22%, were African; and only three, or 6%, were white. It is worthwhile noting that these figures do not compare with the national or provincial profile. In terms of the study, the researcher aimed to get a representative sample of the population, but due to time constraints and the relatively large sample of social grant beneficiaries, this was not possible.

4.3.4 Geographical location

The question asked about geographical location reflects the location of beneficiaries from the different payment points. This will also help with the determination of the distance that beneficiaries have to travel when exercising the different payment options. SASSA has undertaken three accessibility studies since 2004 and the aim was to establish the ideal places where pay points should be established. The data is therefore useful and can be used by SASSA in the Western Cape.

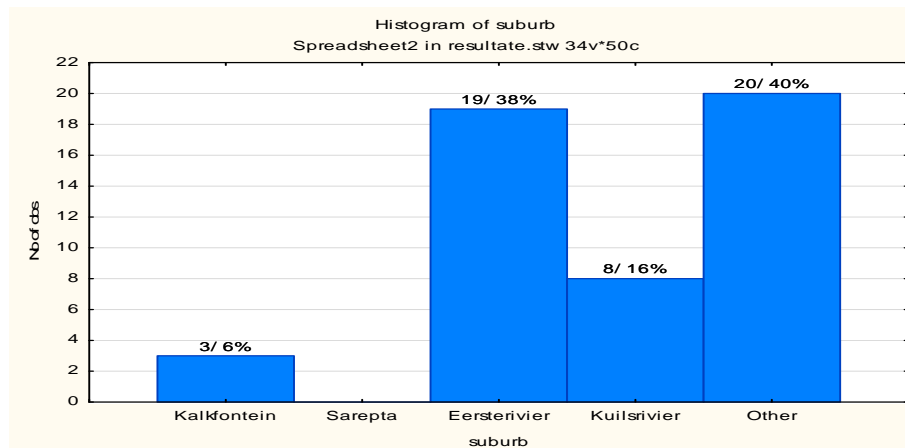
Figure 4.4: Geographical location

Figure 4.4 indicates that about 40% of the grant recipients had to travel to access their social grant payments as they fell within the groups not residing in the area. Thirty-eight percent of the respondents resided in the area where the study was conducted, this indicates that there is a need to move pay points or banks closer to where the beneficiaries reside. Sixteen percent of the beneficiaries resided in the Kuils River area.

4.3.5 Type of dwelling

This question related to the type of dwelling that social grant beneficiaries reside in and the purpose of the question was for information purposes, namely to see whether there was any relationship between the type of residence and the type of grant received.

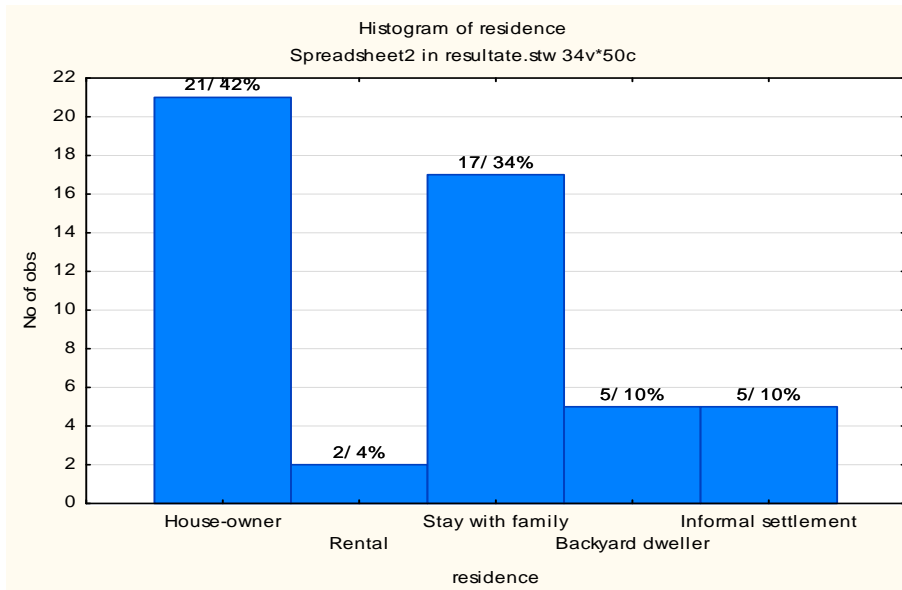
Figure 4.5: Type of dwelling

Figure 4.5 indicates that 21 or 42% of respondents are home-owners and the next biggest group, namely 17 or 34% of the respondents, reside with family. The graph also indicates that there is an equal representation of respondents staying as backyard dwellers and those living in informal settlements. Only 2 or 4% of the respondents makes use of rental housing. At this stage of the questionnaire the data presented is for statistical purposes and only when other information is used to draw a distinction will the reader benefit by this information, for example regarding the relationship between the type of dwelling and the type of grant and/or payment option.

4.3.6 Type of Grant

This question related to the type of grant and, although the research is primarily aimed at the OAG recipients, the views of the other grant types were also important in the overall study.

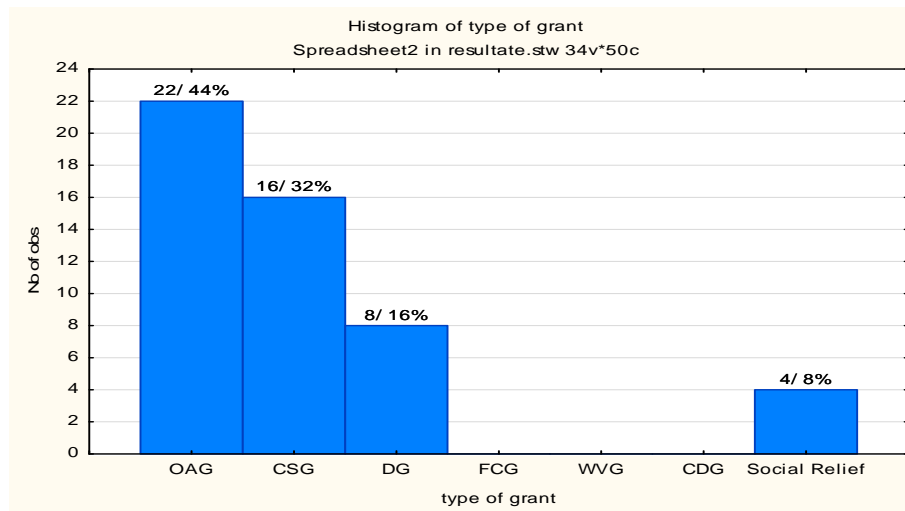
Figure 4.6: Type of Grant

Figure 4.6 indicates that 22, or 44% of the respondents interviewed, receive the OAG, while 16, or 32% of the respondents, receive the CSG. Since the study was conducted on one specific day at the pay point and one specific day at the point of sale it reveals that both OAG and CSG recipients are together on payment dates. The graph also indicates that eight, or 16% of the respondents, receive a disability grant. While conducting the interviews at the point of sale at the convenience store, the researcher personally experienced the conditions under which the grants are disbursed and saw two persons collapse in the queue while waiting to be served. Four of the 50 respondents interviewed were queuing for the social relief of distress which was issued at the fixed pay point.

4.3.7 Point of collection of social grant

This question related to the point of collection and also asked the beneficiary about a preferred method point of pay. The aim of the question was to determine whether there was any preference regarding the type of grant and the point of collection.

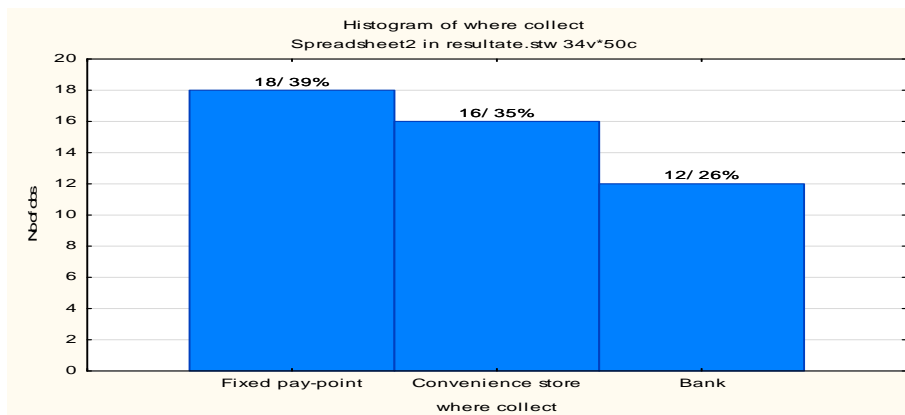
Figure 4.7: Point of collection

Figure 4.7 indicates that 18 of the respondents in this study were interviewed at the fixed pay points, 16 at a convenience store, and 12 at a bank. The remaining four were social relief of distress beneficiaries whose grants are normally collected at the fixed pay point. The OAG beneficiaries interviewed at the fixed pay-points were satisfied with the service they received at the fixed pay-points and would like to continue to receive their OAG at this point. OAG beneficiaries interviewed at the convenience store (POS) indicated dissatisfaction with the service as there were no services for the aged while queuing, for example no chairs, water and lack of security. The only reason why some of them were at the POS was as a result of the 01st of the month being over the weekend and the fact that the fixed pay-point was closed over weekends. The CSG showed a preference towards the ACB payment as it was quick and easy to travel to.

4.3.8 Convenience attributes

The question asked what the convenience attributes of the specific payment point were and the aim of the question was to determine what attracted beneficiaries to the specific method of payment.

Figure 4.8: Convenience attributes

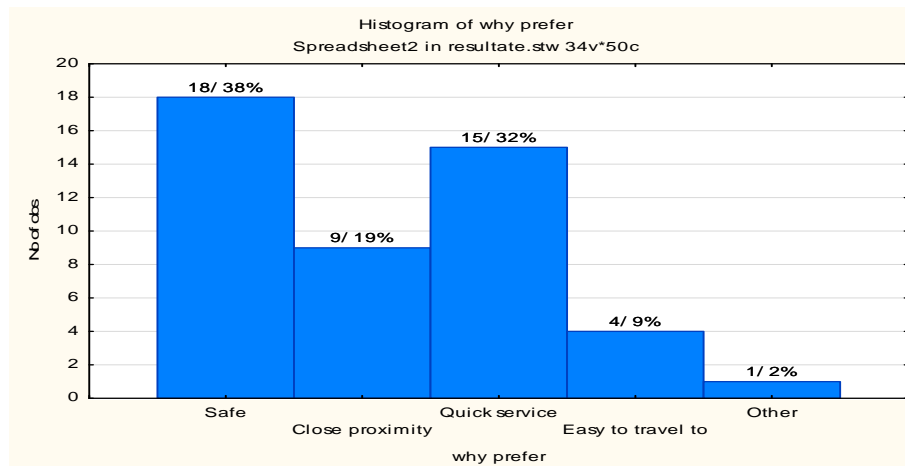


Figure 4.8 reveals reasons why beneficiaries prefer one method of payment above another when deciding on a pay point. Safety (38%) is the single most important aspect for beneficiaries, followed by quick service at (32%). It would seem that beneficiaries are prepared to travel (9%) if they feel safe and the service is quick. Nineteen percent of the beneficiaries were satisfied if the payment method was in close proximity to their primary residence.

4.3.9 Method of travel

The question related to the beneficiaries' method of travel to the three payment options and the aim was to establish the relationship between the three methods of payment and the mode of transport selected by beneficiaries.

Figure 4.9: Method of Transport

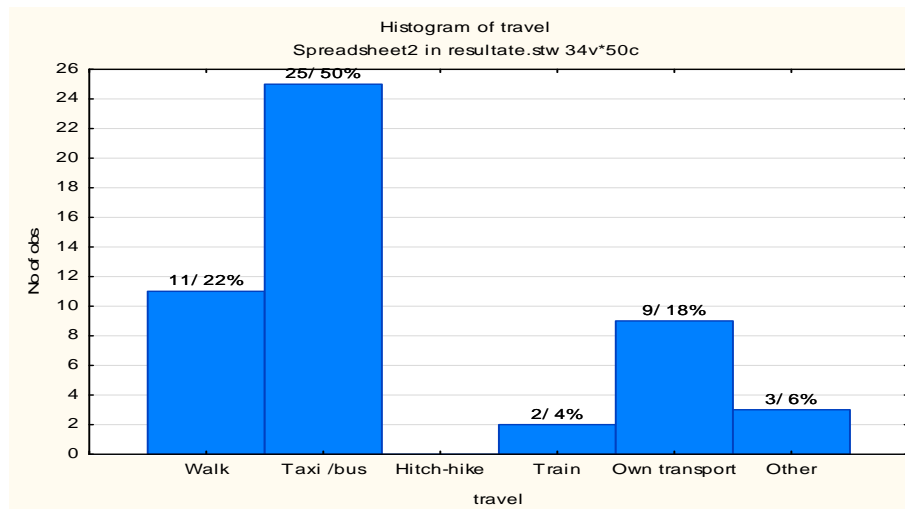


Figure 4.9 is important as it was highlighted in the SASSA Strategic Plan that, as beneficiaries have to travel long distances and pay for this service, location of pay points and banks was an important factor. SASSA has undertaken accessibility studies previously. The figure shows that 50% of the respondents indicated that they make use of a taxi to travel to the pay point/point of sale, while 18% used own transport. Only 22% were within walking distance from the pay point/bank or point of sale. Eighteen percent of the respondents made use of own transport and it was established through the questionnaire that only OAG beneficiaries made use of this mode of travel. Six percent indicated that they made use of other transport not listed and only 4% made use of the train service. It could therefore be concluded that the taxi is the preferred mode of transport among beneficiaries using all three payment methods as it is quick, cheaper and brings beneficiaries almost to the doorstep at their preferred point of payment.

4.3.10 Distance from place of residence

The question was related to the distance between the beneficiary's home and the preferred point of payment and the reason for this question was to see whether this was within the national norms and standards as prescribed by SASSA in terms of their accessibility studies.

Figure 4.10: Distance from place of residence to pay-point

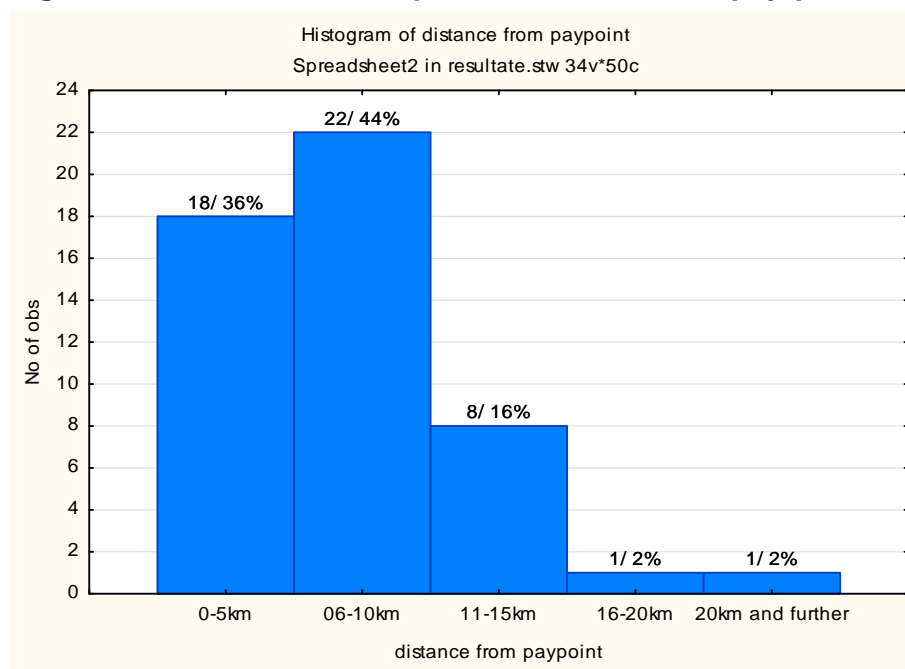


Figure 4.10 indicates the distance from the pay point/bank or point of sale and revealed that 44% of respondents live between six to ten kilometres from the pay point/bank or point of sale. If the 36% who live less than 5km from the pay point/bank or point of sale is added, it means that 80% of beneficiaries live in close proximity of the pay-point/bank or point of sale. The balance of 20% must be investigated to determine why they have to travel so far. Sixteen percent of the beneficiaries lived between 11 and 15km away and the remaining 4% of the beneficiaries live further than 16kilometres from where they receive the grant.

4.3.11 Awareness of electronic banking

The question was related to the beneficiaries' knowledge of electronic banking/transfer methods as this relates to social grant payments. The reason for this question was to determine why they did not make use of such a service if it was available, by means of follow-up questions numbers 12- 16.

Figure 4.11: Awareness of electronic banking

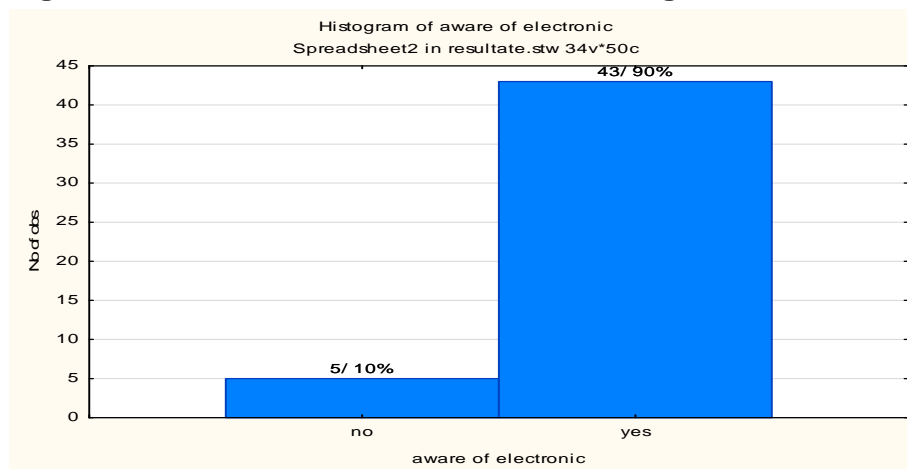


Figure 4.11 reveals that 90% of respondents knew that they could receive their grants electronically. This is a good indication of the knowledge of SASSA customers and compares well with the study undertaken by Davids (2011). However, knowledge of the electronic transfer method does not seem to be a deciding factor in beneficiaries' choice to move to the electronic transfer option, as the data show that, according to the percentage of persons who take up this method, it is less preferred than the new point of sale method for payment.

4.3.12 Do you have a bank account?

The question was related to whether the beneficiaries, specifically those at the fixed pay point and point of sale, had a bank account, and the purpose of the question was to establish the number of beneficiaries across the payment methods and grant types with or without a bank-account. This and the reason behind it are discussed in question 13.

Figure 4.12: Number of beneficiaries with a bank account

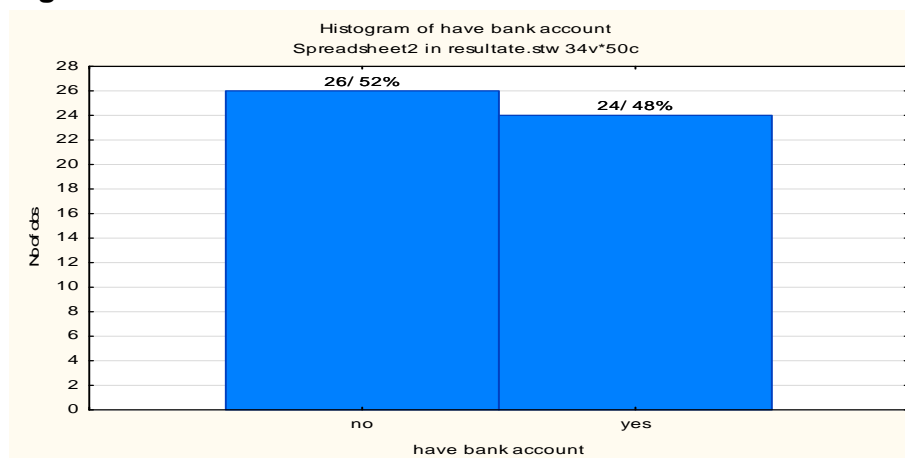


Figure 12: There seems to be a direct correlation between the number of beneficiaries who have a bank account and the electronic payment method. Fifty-two percent of beneficiaries have indicated that they do not have a bank account. This is in line with what Porteous has indicated when he stated that, if a bank wanted to gain these new clients, they would have to make it more attractive for them. This is a concern not only for SASSA but also for SA in general. Access to a bank account empowers people to transact and brings them into the mainstream economy. It is a concern if this is not happening as can be depicted from (Annexure C).

4.3.13 Consideration to open a bank account

The question was related to whether a beneficiary, who indicated “no” for question 12, above, would consider opening a bank account. The purpose of this question was to establish willingness on the side of the beneficiaries before asking the direct reason in question 14.

Figure 4.13: Considering opening a bank account

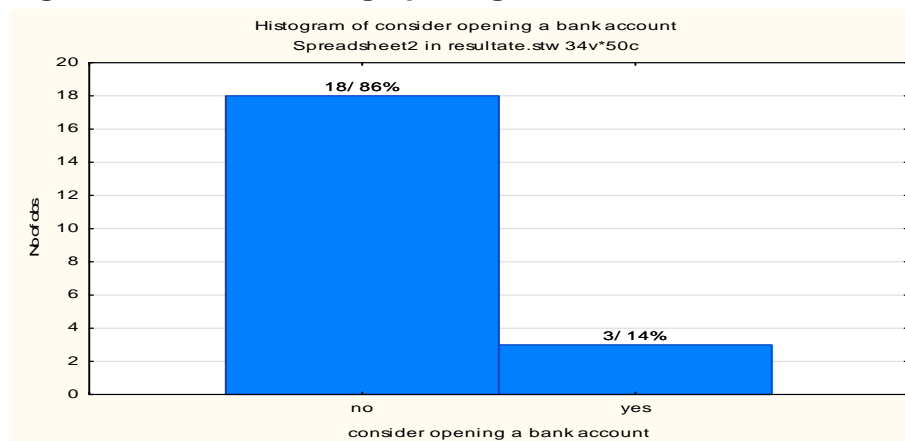


Figure 4.13 reveals that 18 of the 50 respondents, who answered this question, indicated that they were not willing to open a bank account. Only three of the 50 who do not have a bank account indicated that they are prepared to open a bank account. More should be done by SASSA and banks to convince more beneficiaries to open a bank account; this can also be an initiative for the government of the day to ensure that more beneficiaries can access banking facilities, thereby bringing them into the main-stream economy.

4.3.14 Factors that prevent you from opening a bank account

This question was related to the factors that would prevent beneficiaries from opening a bank account, and the purpose of the question was to determine if there was any synergy between the different grant types.

No graph is presented for this question, as the researcher presented the beneficiaries with a list of choices which included: I do not have a bank account; bank fees; difficulty in using the bank card; banks are too far; the social opportunity at the pay-point and any other reason. Beneficiaries interviewed have overwhelmingly indicated bank fees as the major reason for not opening a bank account.

4.3.15 Bank charges

This question was related to beneficiaries' knowledge of bank fees related to social grant withdrawals at ATMs and the reason for the question was to determine why beneficiaries would still prefer the cash payment method if reduced or no banking fees were charged for social grant beneficiaries, especially for the OAG.

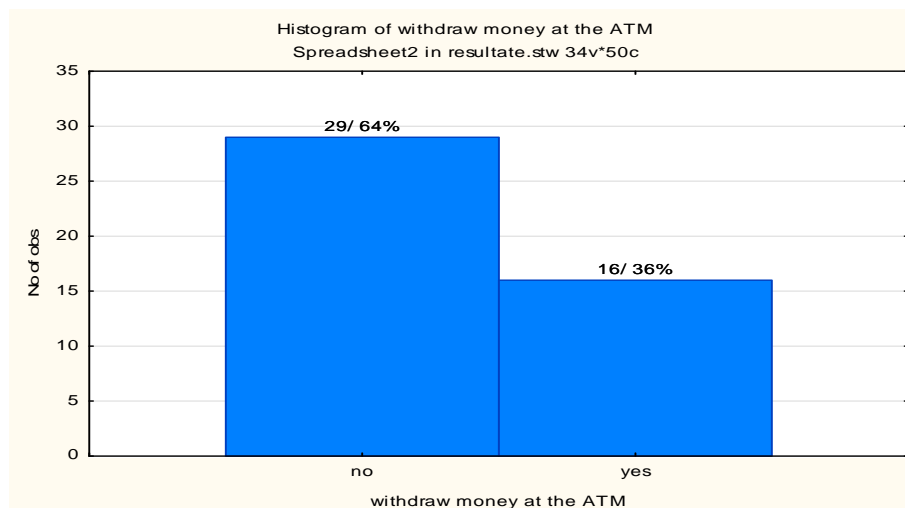


Figure 4.15: Knowledge of payment of bank fees for social grants at an ATM

Figure 4.15 indicates that 64% of the respondents were not aware of the promotion of no bank fees, for example for the first two transactions for a social grant recipient. This occurred especially at a time when new products were introduced by the major banks to make banking more accessible for social grant recipients. The high bank charges, on the other hand, were some of the reasons given by respondents for why they did not have a bank account, and why they preferred the pay-point method. The point of sale method was introduced from the start as a no-fee transaction for beneficiaries. The figure further indicates that 36% of the remaining beneficiaries indicated awareness of the no bank fees related to social grant withdrawals at ATMs.

4.3.16 What would persuade you to receive your grant in a bank account?

This was an open-ended question and the beneficiaries could answer as they wished. The results are presented in terms of the specific grant type: Of the 22 OAG beneficiaries that participated in the research a total of 12 beneficiaries indicated that nothing would persuade them to receive their social grant electronically, seven previous bank customers that are now receiving their social grant at a point of sale indicated that they would return to the bank system if SASSA could pay it directly into their bank account. The method introduced in 2012 with the new SASSA card requires that social grant beneficiaries who want their money deposited directly into their bank account should phone a toll-free number on the 26th of each month to confirm this arrangement. The remaining three indicated that they are happy with the bank because they can only take out what they need. The second biggest category interviewed, namely the CSG beneficiaries responded as follow: of the 16 CSG beneficiaries, six have indicated that they are happy with receiving their social grant through the bank

while the remaining 10 had different views, ranging from, installation of security cameras at banks; too problematic to arrange payment via bank account; not comfortable to withdraw money at banks; no need for a bank account; only three have indicated positively by stating that they can draw money any time at an ATM. The eight DG beneficiaries interviewed responses ranged from not feeling comfortable at banks to the DG they receive are too little to put into a bank account. In summary most of the beneficiaries responded to the reasons why they would not use a bank account instead of what would persuade them to open a bank account.

4.3.17 Services rendered by SASSA

This question was related to the beneficiaries' knowledge of SASSA and in particular of the type of service SASSA offers to beneficiaries. The purpose of the question was to test whether beneficiaries knew what to do and who to approach if they experienced problems with the payments of their grants.

Figure 4.17: Types of services rendered by SASSA

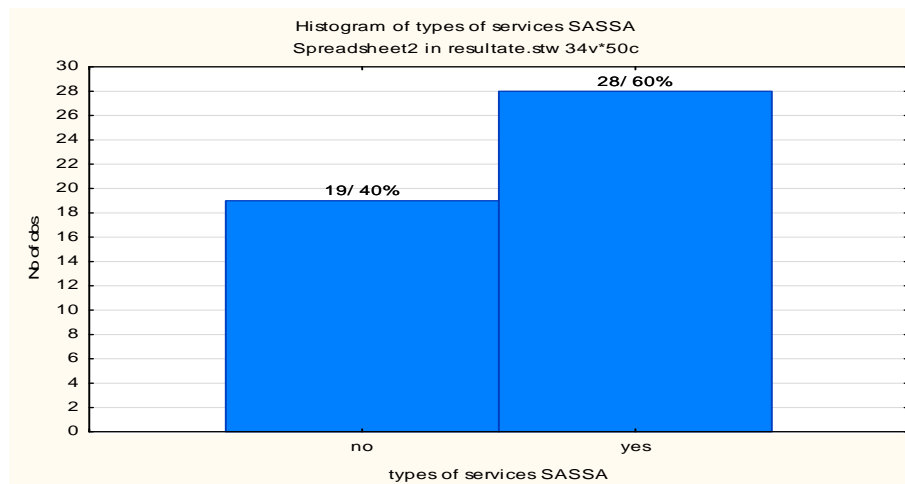


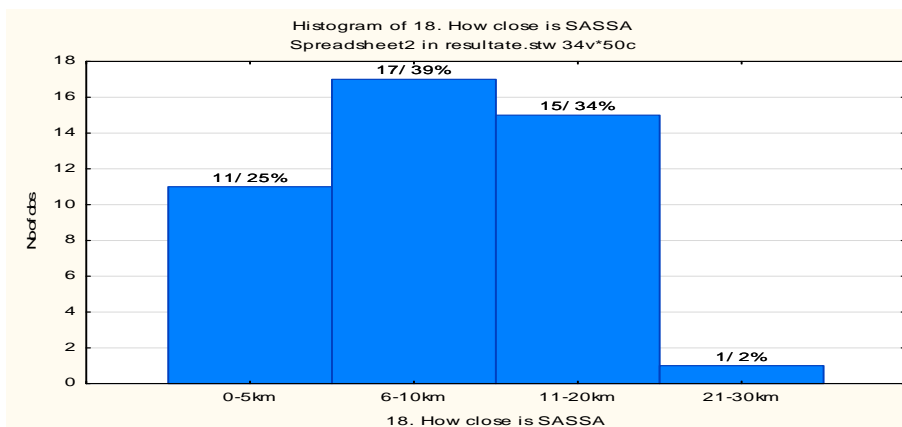
Figure 4.17 shows that 60% of the respondents had a basic understanding of what type of services are rendered by SASSA. The balance of 40% had no idea what SASSA does, except for knowing the time when they applied for a social

grant. Some of the beneficiaries applied for their social grant before the establishment of SASSA and therefore only know about the Social Development Department. SASSA therefore has to use the opportunity to make beneficiaries more aware of the Agency and the new SASSA branded debit card.

4.3.18 Location of SASSA's local office

The question was related to the distance of the SASSA local office from the beneficiaries' primary residence and the purpose of the question was to see how accessible a SASSA Local Office was to beneficiaries for resolving problems that could not have been attended to at a service or payment point.

Figure 4.18: Location of SASSA's Local Office



This figure is important as it analyses proximity in relation to services rendered by the Agency. It is important for beneficiaries firstly to know where the Local Office is, should they have enquiries or experience problems with their grant payment (e.g. a grant that lapses because the Agency requires life certification). Many temporary disability grant beneficiaries, as well as persons who require social relief of distress, need to travel to the Local Office more frequently than, for example, the OAG and CSG beneficiaries. The figure shows that 25% of the respondents live within a 5-kilometer radius of the Local Office, 39% live six to ten 10kilometres further and 34% live further than 10kilometres from the Local Office. It must be noted that the fixed pay point and service point is not as close

as the Local Office to the beneficiary and therefore more than 75% of the respondents live further than 5 km from the Local Office.

4.3.19 Customer experience

This question was asked as a follow-up question to questions 17 and 18 and the purpose was to measure the levels of customer satisfaction the beneficiary experienced when interacting with or visiting a SASSA Local Office.

Figure 4.19: Customer experience of beneficiary at SASSA

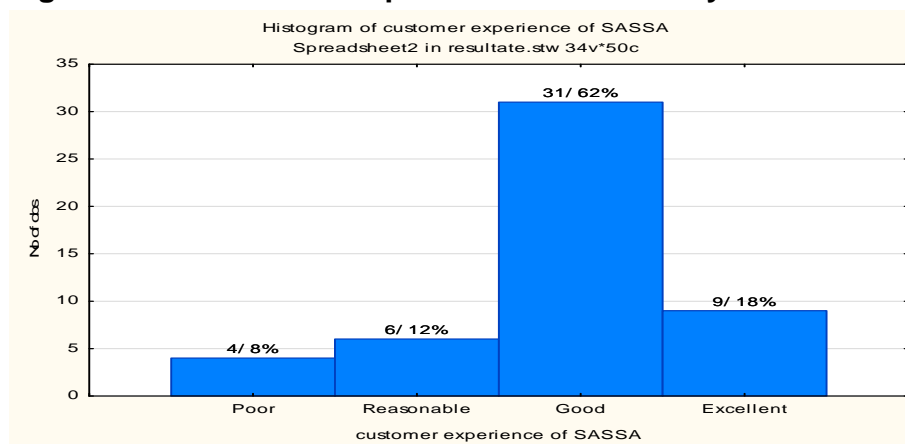


Figure 4.19 shows that 62% of the respondents were satisfied with the service rendered by the Agency, with 18% describing their interaction as excellent; 12% reporting a reasonable experience; and 8% indicating poor service delivery. The researcher, however, found during the face-to-face interview with the beneficiaries that their customer experiences related to the fixed pay point, the point of sale or the bank and not necessarily to SASSA offices or the Local Office.

4.3.20 Safety at the payment points

This question related to the levels of safety that the beneficiary experienced at a payment point and therefore a rating scale was used to test the beneficiaries' perception of level of safety at the payment point. A rating scale of 1 to 3 was used, according to which 1 indicated safe; 2 was neutral; and 3 indicated unsafe.

Figure 4.20: Safety at the pay point

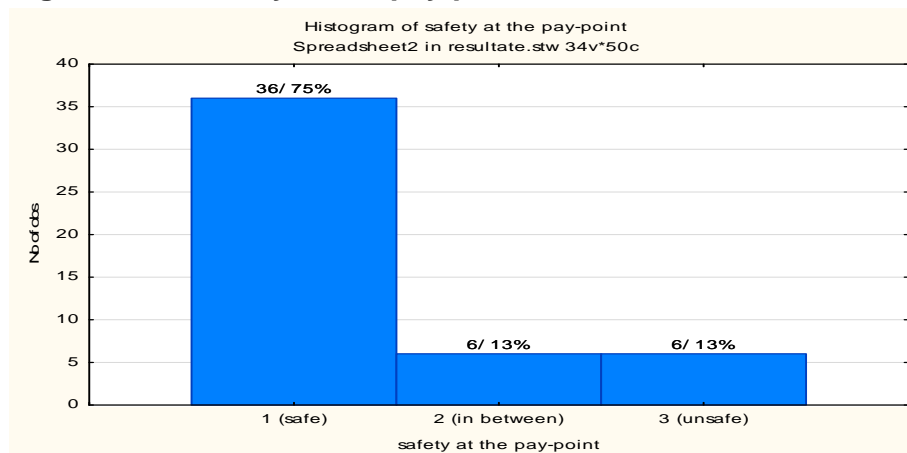


Figure 4.20 shows that 75% of respondents feel safe at the pay points, especially at the fixed pay points where armoured security personnel are present on every payment day. It would, however, be more important to see how beneficiaries rate the safety at the different payment options, for example the bank / point of sale and fixed pay point. During the face-to-face interview at the point of sale, beneficiaries indicated that they feel safer at the fixed pay point. They indicated that the reason for being at the point of sale was that the fixed pay point was closed because it was Saturday and they could not wait until Monday to collect their grant money. Thirteen percent of the respondents rated safety as in between and a further 13% rated the payment points unsafe.

4.4 FINDINGS

The beneficiaries' participation and responses to the questionnaire provided clarity concerning beneficiaries' choice of a particular payment system and reason for not using the other options available. The three payment options are discussed in detail under section 5.3.2 and therefore only the results of the questionnaire are discussed here. The results no means reflect a representative sample of the total SASSA beneficiary population and are therefore only applicable to the specific area.

Of the 50 questionnaires completed, 22 represented OAG beneficiaries, 16 represented CSG beneficiaries, eight DG beneficiaries and four came for SRD (social relief of distress) (see Figure 4.6).

With regard to the payment points, 18 participants across the beneficiary profile were tested at the fixed pay point, 16 were tested at the new point of sale, and 12 were tested at a bank. The remaining four attending for SRD were not considered as this is a once-off grant allocation for special purposes (Figure 4.7).

Figure 4.8 revealed that safety was an important criterion (38%), followed by quick service (32%). Close proximity (19%) was also an important factor, as well as easy to travel (9%)

Figure 4.11, which is very important in terms of the research, presents the finding that 43, or 90% of the beneficiaries, are aware of electronic banking; only five participants (10%) indicated that they were not aware of electronic banking.

Figure 4.12 presenting the number of beneficiaries with a bank account, shows a different picture. A total of 26 beneficiaries (or 52%) interviewed did not have a bank account, compared to 24 (or 48%) who did have a bank account. Eighteen

participants indicated that they had no intention to open a bank account (Figure 4.13).

Factors that prevent beneficiaries from opening a bank account related to bank fees; they were not aware of the promotion of no bank fees for grant recipients at certain banks. If people do not have a bank account or are unwilling to open a bank account, it is impossible to migrate them to the electronic payment system. The challenge lies somewhere else, training even short message services (sms) as an effective communication aid (Davids, 2011) to beneficiaries on regular updates could improve the relationship between SASSA and its beneficiaries if bottlenecks are experience at certain pay-points

4.5 SUMMARY

The empirical review is at the heart of the research as it connects the researcher with the beneficiary at the point where the service is rendered. It provides a clear perspective on the extent and magnitude of a problem. It unlocks the policy on social assistance and allows the researcher to measure the effectiveness of the policy in the real world through the questionnaire. Problems identified in Chapter One were still prevalent at the fixed pay points and point of sale. There is confusion as the beneficiary cannot distinguish between the Agency and the service provider who renders this service on behalf of the Agency when a problem arises at the pay-points. SASSA, however, has introduced the new SASSA debit card, which promotes SASSA; the beneficiary now carries this card with him or her.

The researcher has found that one of the main reasons why beneficiaries do not migrate to the electronic payment system results from the lack of knowledge about banking products and because of not having a bank account, a feature that Porteous has described as necessary for access. If (Appendix) C on banking is taken into consideration there is a clear indication that, amongst the African

population in particular, the already low growth in persons with bank accounts for the period 2007-2010 is also slow. The problem with beneficiaries not migrating to the electronic system is therefore not only a SASSA problem, but a government problem in that there should be policies that allow social grant beneficiaries, in particular, to access banking products.

CHAPTER 5: SUMMARY, RECOMMENDATIONS AND CONCLUSION

5.1 INTRODUCTION

This chapter presents a summary of the previous chapters; makes recommendations and draws relevant conclusions from the recommendations and also make recommendations for further research in the area of social grant payments.

5.2 SUMMARY OF RESEARCH CHAPTERS

One needs to consider the historic imbalance of the country that existed prior to 1994 and the effect this had on the population, with African people in particular not having access to employment and education opportunities...

- Social security systems exist in all countries. In Africa there is a reliance on aid and donor funding to support the social security system, while social assistance programmes are financed through taxes and are legislated in the rest of the countries that were investigated.
- Concerns have been raised in all countries about the future stability /maintenance of the growing social security/assistance budget in a time of economic decline.
- The means test has been abolished in the United Kingdom for OAG; in South Africa there are attempts to remove the means test for OAG recipients, but this has not materialised yet.

- There has been a move towards a rights-based approach for the delivery of social assistance.

The thesis focussed on the social assistance part of social security, the delivery and payment of social grants were transferred from the National Department of Social Development to SASSA.

5.2.1 RESEARCH BACKGROUND AND OBJECTIVES

Chapter one introduced the real-life problem, which gave rise to the research idea and subsequent research question. This real-life problem relates to the fact that grant beneficiaries opted to use the cash payment system more than the electronic payment system. This trend happened despite the fact that banks or ATM's are in close proximity to where the fixed pay-points are, especially in the Cape Metropolitan area.

Poor infrastructure and safety concerns existed at the fixed pay-points and were highlighted through early research studies (Kay 2006) at regional level and at a provincial level, and many similarities with regards to problems were found at both levels. SASSA was briefly introduced, as the agency responsible for the administration and payment of grants. The agency indicated that it was busy with a new payment model that would migrate beneficiaries from the current cash payment system to an electronic payment system. A third option/dimension was introduced in 2012, with beneficiaries being issued with a SASSA branded Master debit-card. This allowed beneficiaries with the option of utilising this card at any merchant with a POS device to withdraw and transact.

The research design and methodology to analyse these payment methods are discussed and the best or most appropriate system for OAG beneficiaries to be tested through the empirical research, to be conducted by means of a questionnaire was proposed.

5.2.2 THEORETICAL FRAMEWORK

Chapter two describes the role of the developmental state, in providing social assistance to those who meet the qualifications in terms of the means test, and how social security systems have evolved in different nation's states. The social security system consists of various strands with social insurance and social assistance forming the main strands of social security. The literature revealed that there is no single definition for the term social security and different nations have different contingencies to deal with in respect of social security.

Three main regions were investigated in the literature review: Africa; Asia and the United Kingdom and a comparison were done across the regions. The comparison relates to the application of the means test, budgeting and the rights-based approach followed in different countries. The literature review found that a social security system exists in almost all countries, whether developed or developmental or developing. The form or provision of social security, however, differs from country to country. OAG, in particular, are found to be the contingency that was firstly introduced in all countries, and later research found that ageing, in particular, will have an impact on the future sustainability of the system. South Africa's social security system is advanced compared to the rest of the African continent. The number of social grant beneficiaries stood at 16 051 701 on the 30th of June 2013 (Appendix A).

In Japan, the two main components of social security are public assistance and social insurance. As in South Africa, Japan's public assistance programme is financed by the state through the fiscus. It was through the post-war reforms that people's right to relief was clearly defined and that the means-tested system became the safety net of the total security system.

5.2.3 THE POLICY ENVIRONMENT

The policy environment departed with a brief history of the effect of colonialism and the legacy of apartheid, on the Social Security system in South Africa. Social security for the elderly began with the passing of the Old Age Pension Act of 1928. Soon after, in 1933, The Department of Social Welfare was established. The responsibility for providing social assistance was delegated by the Department to the various provinces. According to Brombeger as cited in Lekezwa (2011:72), social assistance progressed through four phases of development between 1930 and 1980. It took approximately sixty years for South Africa's welfare system to achieve parity, which happened in 1993. Reddy and Sokomani (2008) pointed out that a strategy to deal with the past had to occur in tandem with future plans for a smooth transition. For social assistance this meant that rights issues and policy and administrative reforms were necessary.

The Constitution of the Republic of South Africa, Act 108 of 1996, became the supreme law of the country. Social security is a right guaranteed in the constitution under section 27, and if they are unable to support themselves...the right to social assistance. A task team under the leadership of Professor Vivian Taylor in 2002 identified a number of critical gaps. This resulted in the recommendation that South Africa should investigate a move towards a comprehensive and integrated social security system. This recommendation paved the way for the enactment of the following two acts: The Social Assistance Act, 2004 (Act No. 13 of 2004) and the South African Social Security Agency Act 2004, (Act No 9 of 2004). The South African Social Security Agency Act 2004, (Act No. 9 OF 2004) made provision for the establishment of an Agency to deal with the administration and payment of social assistance. SASSA was established in 2006, and immediately indicate that the agency was busy with the design of a new payment model, that would migrate beneficiaries from the current cash based system of grant payments to an electronic model. The three payment options were introduced and the positive and negative consequences of

each system were discussed. Problems with the current payment system were identified and alternative payment solutions were explored.

5.2.4 DATA GATHERING, ANALYSIS AND FINDINGS

In Chapter four the researcher presents the findings from the questionnaire that was developed for use in the natural field setting. The questionnaire was tested at the three payment option points for beneficiaries, (Cash at a fixed pay-point; Electronic at a bank and at a Merchant store linked to SASSA that deals with the POS method). The questionnaire was designed to gather information on the biographical and geographical data of beneficiaries. It investigated the beneficiaries' knowledge of SASSA and the service offered by SASSA, as well as general knowledge of basic banking and the available products. From the outset of the research only two payment options was available, cash or electronic, with a third dimension added in 2012 with the introduction of the POS method. It was important to collect data from the POS method as well as almost all beneficiaries of SASSA that was re-registered were issued with a new SASSA Master-card.

Data was collected from beneficiaries that were residing in the Kuilsriver/Blue Down area, as this provided an opportunity to gather information from all population groups, and the different grant types. Although the research focussed on the OAG recipients, the researcher also interviewed beneficiaries from the CSG and DG categories, as the theoretical research indicated that the pension day market 'flavour' was changed with the introduction of the CSG benefits. OAG beneficiaries now had to queue in one line with a younger generation of CSG recipients. No beneficiaries from rural areas were tested and therefore the researcher cannot comment on the best system for OAG beneficiaries in rural areas. The research found that safety and security at all three payment points was important for beneficiaries. Bank fees associated with the electronic payment system was a deterrent for beneficiaries to move to electronic banking. According to Appendix C, the banking status of South African adults indicates a

slow progress of African persons in particular with the opening of bank accounts from the period 2007 to 2010 and stood at 57% of the total African population. This indicates that almost half of the adult population does not have a bank account. This factor contributed to the slow migration process and could have been a reason for SASSA to spearhead the new POS method. This method was also tested during the face to face interviews with beneficiaries. The benefit of this system are three-fold, firstly the grant money is available on the 01st of each month, whether the 01st is on a Saturday or Sunday; secondly beneficiaries can draw money from a wider network of merchants registered on the SASSA website without paying any cost for this transaction and thirdly they can do other business with the SASSA debit card on the same day as they draw their social grant money, like purchasing electricity, air-time, paying for accounts. There are also challenges like overcrowding and lack of basic facilities at the bigger POS merchants.

5.3 RECOMMENDATIONS

The aim of the study was fourfold: firstly to do a comprehensive literature review on social security, this was done in Chapter two; secondly, to review the current systems of payment available in South Africa, this was covered in Chapter three and Chapter 4. The third objective is to make recommendations to SASSA, and the fourth objective; which payment option suits OAG beneficiaries and what prevents OAG beneficiaries from migrating to electronic payments will now be discussed.

5.3.1 Recommendations to SASSA

Before making any recommendation to SASSA, the first point of departure, would be to remove the terminology or reference to social grant recipients as beneficiaries and to refer to them as social grant customers. This would be in line with the Minister of Social Development's view, discussed in chapter three, of the

customer centric approach. It would require a structural realignment and adjustment, as well as a change management process within SASSA from the CEO, to the front-line staff who deal with coal-face business of service delivery to the citizens of South Africa.

It would remove the stigma of OAG and other beneficiaries as recipients of hand-outs by the state. The customer centric approach would and should remove all barriers that make access to social security a basic human right. The human rights principle should be enshrined in the Vision and Mission statements of the Agency and should be displayed not only at the Regional and District Offices, but should be displayed at all participating vendors (POS) and Fixed Pay-points.

The literature review on the developmental state makes reference to strategic and technical capacity. It speaks about a capable state. At a policy level SASSA is making all the right “noises” increasing access to social security to millions of South Africans who desperately deserve it, eradicating corruption by having all SASSA beneficiaries re-registered, but underneath this technocratic surface (Mkandawire 2010) there are the poor and vulnerable households that the state, private sector and the NGO’s have to respond to.

5.3.1.1 Utilising research studies (findings) related to SASSA services

SASSA was established in 2006, and therefore there are not much widely published research articles or dissertations related to the payment of grants. In this research, the author has quoted recent dissertations published by Lekezwa (2011) and Davids (2011) both from the University of Stellenbosch. Both have done research on SASSA, and where Lekezwa has examined the household impact of social grants on the economy, Davids has done a study on the e-readiness of the SASSA regional offices in the Western Cape. This is closely linked to the researcher’s own study in the Cape Metropolitan area on the payment option of social grants to OAG customers. Davids (2011) have also

done face to face interviews with SASSA beneficiaries and have found that OAG customers prefer cash payment method, a large percentage prefer sms messages as notification and would rather approach a SASSA office to have their problems attended to, while the remaining balance would write to SASSA.

The conclusion drawn by Davids (2011) indicates that SASSA has a sustainable ICT infrastructure in place which provides excellent opportunities for electronic service delivery to its customers. The author's recommendation to SASSA is to use this medium to communicate to its customers. Nothing can be more frustrating to queue in a line for several hours and then to be turned away without any communication on the reasons why. What needs to happen is to have a central database of all SASSA customers' cell phone numbers in order to communicate via short sms messages. With the re-registration process in 2012 all this data should now be in the possession of SASSA. SASSA has also appointed a single service provider in 2012 to handle all the third party payments on its behalf. If the appointed service provider can inform SASSA timeously of any problems experienced at fixed pay-points or point of sales, SASSA can communicate this information to its more than sixteen million customers instantly by utilising the central database.

5.3.1.2 Oversight over the Executive Authority

One of the Constitutional imperatives is to hold the executive accountable and to ensure public participation in the law making process. One of the methods to hold the executive accountable is to analyse the targets in the Annual Performance Plans and results thereof in the Annual Reports of Departments. SASSA have published all their reports on the SASSA website and they should continue to do this. However this information should not remain on the website alone, but SASSA should translate this information in ordinary understandable reading material for their 16 million grant customers, taking into consideration the special needs of its customers. SASSA should allow for more public participation

in its law making process. The Means Test and the Basic Income Grant for example should be debated at all levels of society. SASSA should inform its customer profile that although social security is a right enshrined in the Constitution; the constitution also speaks about the general realisation of these rights. One of this is the available resources in the form of having enough money by the state to pay for social assistance.

5.3.1.3 SASSA as the Paymaster for the future

The research has extensively covered all three payments options and has found that problems do exist at all three payments options and therefore require a definite and serious assessment. Padyachee (2006:175), indicate that a social assistance programme of this size and nature require on-going assessment and if left unchecked could have serious and disastrous implications.

SASSA need to ask the customer, if they follow the customer centric approach proposed, what the needs of the customer receiving this service are. This would require a more detailed research with a representative sample of the total beneficiary customer profile if we want to change the landscape of the payment of grants. The problem cannot be resolved by government alone and would require private sector involvement.

In order for SASSA to be the Paymaster of the future the researcher recommends the following:

- Empowering their workforce

A recent article published by Dlamini (2013) makes reference to the end of uncivil service; whereby a New State School would be unveiled by the end of the year. The Minister of Public Service said that the contributions made by the two older institutions were not sufficient to meet the challenges of building a developmental

state as envisaged in the National Development Plan. Attendance will be compulsory for all civil servants. In future public servants will require certification by the school to be considered for promotion.

- Coverage for OAG and DG only;

SASSA should be the Paymaster for only two grant types, namely the OAG and DG, as these two groups are mostly affected by modern technology. CSG customers are a younger generation and require a model that suits their specific needs. The recently introduced point of sale method should be continued with but more vendors should be added to make this service accessible to all.

OAG customers and DG customers require more personal attention and acknowledgement and therefore the SASSA Paymaster approach should receive more favourable comment from these customers. It is not clear where these Paymaster offices should be located, but it is recommended that the 16 local offices of SASSA in the Western Cape which has the necessary infrastructure at local level be utilised for this purpose.

5.3.2 Which payment system/method suits OAG customers?

The conclusion based on the results presented in this research found that OAG customers prefer the cash payment method (Davids 2011) and the researchers own findings presented in Chapter Four. This implies that the fixed payment method offered by third party contractors are utilised more by OAG recipients. The market flavour at the fixed pay-point and the interaction with other older persons resonates with this type of payment system. Although some have to travel to this point, it takes place in a familiar environment, e.g. Community Hall or Church where the cash payment takes place. There are adequate seating arrangements with water and sanitation facilities, at least in the Cape Metropole areas. Security is also provided by the third party contractor. Future OAG

beneficiaries may take a different course, but the current group still prefer the cash payment method. Despite the other problems at fixed pay-points, the OAG is still most comfortable with this traditional method of cash payment.

The research was conducted in the metropolitan area of the City of Cape Town where both ATMs and fixed pay points are in abundance and in close proximity to each other. The researcher acknowledges that there are problems with banking infrastructure in rural areas and therefore can understand the need for fixed pay points in those areas, even for the recipients of other SASSA grants.

South Africa have a complex society and DFID have indicated that if a singular payment solution does not present the option, both systems should be adopted.

5.3.3 Reasons for not migrating to electronic payments

Social security for the elderly began with the introduction of the old age pension in 1928, which explicitly excluded most black South Africans. Chapter three gave a broad overview of the history of social security in South Africa and described in detail the historic imbalances that persisted during the four phases as described by Bromberger as cited in Lekezwa (2011:72). Appendix C provides a national picture of the current status of adults with bank accounts amongst different race groups. The historic imbalances, which left a large majority of black South Africans out of the mainstream economic activities of the country, have contributed significantly to the regress of the take up rate of electronic payment methods by OAG beneficiaries.

The Constitution of the Republic of South Africa, 2006 makes reference in section 27 of the Constitution, that the state must make reasonable access to social security for its citizens a basic human right. Porteous 2004 describes access further by making reference to three dimensions which need to be present for access, namely geographic access, affordability and product features.

The researcher will look at the three dimensions and make recommendations in this regard:

5.3.3.1 Geographic access

SASSA has undertaken accessibility studies to improve the location of its pay-points and service points, closer to its beneficiary profile. Although this has reduced the time that beneficiaries have to travel to pay points and ATM's, beneficiaries as found in the empirical research, still has to travel to pay points and ATM's at an expense to the beneficiary, making use of different transport modes to reach the pay points.

Cash payments however takes place in community halls and churches which is closer to where beneficiaries stay and therefore this is in some instances a better option than travelling to a bank or ATM which is located elsewhere. The beneficiaries also feel safer at the cash pay-point as it is protected by armoured security guards in the Cape Metropole area when cash payments are done.

5.3.3.2 Affordability

One of the reasons why beneficiaries have indicated that they are not prepared to migrate to electronic payment methods, during the empirical research was the high bank costs when withdrawing pension money. Some beneficiaries have indicated that they do not have bank accounts and are not interested to open bank accounts. This compares to the findings in Appendix C,

5.3.3.3 Product features

SASSA was instrumental in the design of a new SASSA branded debit card, at no cost to the beneficiary. A Re-registration process took place during the period 2012/13 whereby all beneficiaries was biometrically registered and issued with

the new card. The new card allows beneficiaries to transact with any vendor with a Point of Sale Device. The list of vendors is published on the SASSA website.

This system, also now referred to as the third payment system, by the researcher, allows beneficiaries to withdraw their OAG benefits over a weekend if the payment date is on the 01st or 2nd of the month.

5.3.3.4 Summary

SASSA which rolled-out the new debit card must now take a firm decision over the future sustainability of the cash-payment system operated at Community Halls and churches in the Cape Metropole. The introduction of the new SASSA debit card has changed the landscape of the payments of grants in South Africa forever. SASSA should seriously consider being the Paymaster of the future, as the next phase in the improvement of the conditions under which these grants are disbursed.

5.4 CONCLUSIONS

In all three payment systems reviewed there are one major problem that cuts across all three systems, namely the queuing of beneficiaries. This queuing leads to other problems: namely overcrowding, security, access to water and sanitation, medical services, seating arrangements. The payment system that can address these problems most effectively would become the preferred system of choice by social grant customers.

SASSA itself has moved away from its original intention to migrate social grant customers from a cash payment system to an electronic payment system (ACB/banks) as stated with its inception. SASSA has in a way undermined the rights of the beneficiaries (customers) to exercise their choice in respect of which payment method they prefer and have implemented the point of sale method.

With the re-registration process all SASSA beneficiaries was provided with a SASSA debit card. The previous direct bank customers now have to phone a customer helpdesk line by the 26th of each month if they want their social grant money paid directly into their bank account. Previously this was not required. The low percentage of people with bank accounts (Appendix C) may have been a consideration by SASSA when they opted for the new point of sale method. In the customer- centric approach the final decision should be with the customer and not with the Agency and the researcher believes that there will be enough consultation with all relevant stakeholders before SASSA opts to be the Paymaster of the future.

5.5 RECOMMENDATION FOR FURTHER RESEARCH

Due to time constraints the researcher could not focus extensively on the outcome of the new POS method and would recommend that further research be conducted in this area specifically related to:

- The capacity of POS-merchants to deal with the high influx of beneficiaries;
- The exploitation of the new SASSA debit card by stores (Appendix D/E),
- SASSA as the Paymaster of the future.

5.6 SUMMARY

This chapter has augmented the literature review, the policy environment and empirical research to provide the reader with an objective view of the role of the developmental state in ensuring that they respond to the global requirements of implementing “modern technology” in the provision of social assistance while still maintaining access to a conservative beneficiary profile.

In South Africa, for now the right based philosophy (Lombard 2008:160), will still remain firmly intact, but the third way has emerged during the last decade. A future where the individual is to be pushed towards self-help and independence, active citizenship, while business and government and society must contribute to economic and social cohesion (Lewis and Surrender 2004:3).

REFERENCE LIST

- Aaron, H.J. & Reischauer, R.D. (2001). *Countdown to reform: The great social security debate*. New York: The Century Foundation Press.
- Altmeyer, A.J. (1966). *The formative years of Social Security*. University of Wisconsin Press.
- Andreasson, S. (2010). *Africa's development impasse, rethinking the political economy of transformation*. London & New York: ZED.
- Barrientos, A. & Hulme, D. (2008). *Social protection for the poor and the poorest: Concept, policies and politics*. Manchester: Palgrave MacMillan.
- Bredenkamp, C. (2001). Falling through the cracks: Income security and the South African social security system. Unpublished Master's Thesis, University of Stellenbosch.
- Daly, M. & Rake, K. (2003). *Gender and the Welfare State*. Cambridge UK: Polity Press.
- Davids, I., Theron, F. & Kealeboga, J.M. (2005). *Participatory development in South Africa*. Cape Town: Van Schaik.
- De Waal, J., Currie, I. & Erasmus, G. (2001). *The Bill of Rights handbook*. 4th ed., Lawyers for Human Rights: Juta.
- Dixon, J. & Scheurell, R. (1995). *Social security programs: A cross-cultural comparative perspective*. London: Greenwood Press.
- Economic Policy Research Institute (EPRI). (2004) Final Report, The Social and Economic Impact of South Africa's Social Security System.
- Edigheji, O. (2010). *Constructing a democratic developmental state in South Africa*. HSRC Press, Cape Town.
- Everett, D. (2001). Development Update, A review of government and voluntary sector development delivery from 1994. *Quarterly journal of the South African National NGO Coalition and Interfund*, 3(4).
- Freund, B. & Witt, H. (2010). *Development dilemmas in Post-Apartheid South Africa*. Scottsville, University of KwaZulu-Natal Press

- Funston, J. (Ed.). (2001). *Government and Politics in Southeast Asia*. London: Zed.
- Glennester, H. & Hills, J. (1998). *The State of Welfare, The economics of social spending*. (2nd ed.). Oxford, UK: Oxford Press, UK
- Gumede, W. (2009). *Delivering the democratic developmental state in South Africa*. DBSA.
- Haarmann, C. (2000). Social assistance in South Africa: Its potential impact on poverty. Doctoral dissertation. University of the Western Cape, Bellville.
- Hanlon, J., Barrientos, A. & Hulme, D. (2010). *Just give money to the poor. The development revolution from the global south*. Sterling, VA: Kumarian.
- Heywood, A. (2002). *Politics*. Basingstoke: Palgrave Macmillan.
- Jayasuriya, K. (2005). Beyond institutional fetishism: From the developmental to the regulatory state. *New Political Economy*, 10(3):381-7.
- Johnson, C., Tyson, L. & Zysman, J. (1980). *Politics and productivity: How Japan's development strategy works*. New York: Harper Business.
- Kay, R. (2006). Submission to the Commission of Enquiry to the Social Assistance Benefit Payment System, SAOPF, International Federation on Ageing (IFA).
- Keely, A.M. & Nicholson, C.R. (1973). *Social pensions in South Africa*. Natal Witness (Pty) (Ltd).
- Kemp, A.P. & Overbye, E. (eds.).(2004). Pensions: Challenges and reforms, In *International studies on social security* (Vol. 6, pp. 3-20) Ashgate, England.
- Leftwich, A. (2000), *States of development: On the primacy of politics in development*. UK: Polity Press.
- Lekezwa, B. (2011). The Impact of Social Grants as Anti-Poverty Policy Instruments in South Africa. M.Com. Dissertation. University of Stellenbosch
- Lewis, J. & Surender, R. (2004). *Welfare State Change, Towards a Third Way?* Oxford, Oxford University Press
- Lombard, A. (2008). The implementation of the White Paper for Social Welfare: A ten-year review. *The Social Work Practitioner- Researcher*, 20(2).

- Marais, S. & Eigelaar-Meets, I. (2006). *The social wellbeing of older persons in the Western Cape*. DSD.
- Marindo, R., Groenewald, C. & Gaisie, S. (eds.). (2008). *The state of the population in the Western Cape Province*. Cape Town: HSRC Press.
- Mkandawire, T. (2004). *Social Policy in a development context*. United Nations Research Institute for Social Development. Hampshire Palgrave, Macmillan.
- Mpedi, L.G. (2008). *Pertinent social security issues in South Africa*. Community Law Centre, University of the Western Cape, Bellville, South Africa.
- National Development Plan 2030, Our Future Make it Work. (2012). National Planning Commission, Department the Presidency, RSA.
- Netshitenzhe, J. (2011). *A developmental state: South Africa's developmental capacity*. University of Cape Town, Summer School, Mistra.
- Olivier, M.P., Smith, N., Kalula, E.R. & Mhone, G.C.Z. (2004). *Introduction to Social Security*. Durban: Lexis Nexis Butterworths.
- Padayachee, V. (2006), *Development decade? Economic and social change in South Africa, 1994-2004*. Cape Town: HSRC Press.
- Porteous, D. & Hazelhurst, E. (2004). *Banking on change, democratising finance in South Africa 1994-2004 and beyond*. Cape Town: ABC Press.
- Prince, N. (2013). Cape Pension Nightmare. *Cape Argus*, March 6.
- Rajan, S.I. (ed.). (2008). *Social security for the elderly: Experiences from South Asia*. New Delhi: Routledge.
- Reddy, T. & Sokomani, A. (2008). *Corruption and social grants in South Africa*, Institute for Security Studies, ISS Monograph 154.
- Republic of South Africa. Department of the Presidency. (2012). *National Development Plan*. Pretoria: Government Printers.
- Samson, M., MacQuene, K. & Van Niekerk, I. (2004). *The social and economic impact of South Africa's social security system*. Cape Town: Economic Policy Research Institute.
- Samson, M., MacQuene, K. & Van Niekerk, I. (2006). *Social Grants South Africa, Policy Brief 1*. DFID.

SASSA. (2011). *Statistical report on social grants. Report No. 38* (31st Jan 2011). Department: Monitoring and Evaluation.

SASSA, Annual Report 2010/11.

SASSA, Strategic Plan for the fiscal years, 2012/13-2016/17

SASSA, Annual Performance Plan for the fiscal years, 2012/13-2014/15

Snyman, I. (1988). *Life cycle crises and social security, trends until the years 2000- 2020*. HSRC.

South African Institute of Race Relations (SAIRR). 2011.

South Africa (Republic). 2004. *South African Social Security Agency Act, no. 9, 2004*, Pretoria: Government Printer.

South Africa (Republic). 2004. *Social Assistance Act, no. 13, 2004*. Pretoria: Government Printer.

South Africa (Republic). 2006. *Older Persons Act, no. 13, 2006*. Pretoria: Government Printer. Cape town:

Standing, G. & Samson, M. (2003). *A Basic income grant for South Africa*. UCT Press.

Steuerle, C.E. & Bakija, J.M. (1994). *Retooling Social Security*. Washington, DC: Urban Institute.

Strydom, E.M.L. (ed.), Le Roux P.A.K, Landman, A.A, Christiaans, M.A, Dupper, O.C, Myburgh, P, Barker, F.S, Garbers, C.J, Basson, A,C 2001. *Essential Social Security Law*. 2nd ed. Cape Town: Juta.

Statistical report on social grants. Report no 38 of 2011, Department of Monitoring and Evaluation of SASSA.

South African Survey, 2010/2011, South African Institute of Race Relations.

Steele, M. (2006). *Report on incentive structures of social assistance grants in South Africa*, Geospace Intl.

The Department of Social Development. (2006). *Guidelines for applying the means test*.

- Van der Berg, S., Coetzer, G.J. & Kinghorn, J. (1992). *Social Safety Nets, Working document on the post-apartheid economy No 5*. The Stellenbosch Economic Project.
- Walker, R. (2005). *Social security and welfare, concepts and comparisons*, UK: Open University Press.
- Welman, C., Kruger, S. & Mitchell, D. (2005). *Research Methodology*. 3rd ed. Cape Town: Oxford University Press.
- White, J. (1994). *The government and politics of Japan*. University of Tokyo Press.
- White, P. (2009). *Developing research questions, a guide for social scientists*, London: Palgrave Macmillan.

APPENDIX A: statistical summary of social grants in South Africa

Fact sheet: Issue no 6 of 2013 – 30 June 2013

A statistical summary of social grants in South Africa

The fact sheet provides a statistical summary of social grants in the 9 regions (provinces) of South Africa which are: Eastern Cape (EC), Free State (FS), Gauteng (GP), KwaZulu-Natal (KZN), Limpopo (LP), Mpumalanga (MP), North West (NW), Northern Cape (NC) and Western Cape (WC) as at 30 June 2013. Social grants refer to Old Age grant (OAG), War Veteran's grant (WVG), Disability grant (DG), Grant in Aid (GIA), Child Support grant (CSG), Foster Child grant (FCG) and Care Dependency grant (CDG).

Table 1: Total number of social grants by grant type and region as at 30 June 2013

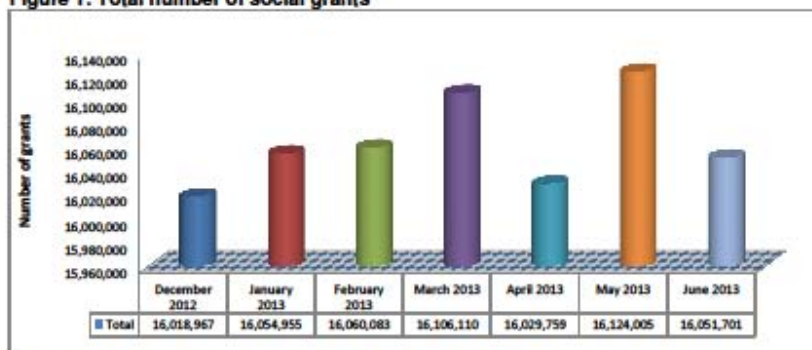
Region	Grant type							Total
	OAG	WVG	DG	GIA	CDG	FCG	CSG	
EC	508,290	72	182,512	7,369	18,256	121,293	1,834,805	2,672,597
FS	173,742	8	86,717	1,258	5,956	43,442	638,321	949,444
GP	430,007	133	120,859	1,427	15,215	60,674	1,589,083	2,217,198
KZN	588,411	83	299,882	26,545	32,998	140,060	2,716,880	3,804,859
LP	396,824	41	87,457	11,148	11,645	61,356	1,585,001	2,153,472
MP	227,120	23	77,861	2,463	8,428	37,030	1,044,654	1,397,579
NW	219,313	19	84,735	4,207	8,252	43,750	749,966	1,110,242
NC	75,454	17	49,520	4,123	4,451	14,982	278,675	427,222
WC	262,218	151	147,223	7,732	10,466	29,110	862,188	1,319,088
Total	2,881,379	547	1,136,566	66,272	115,667	551,697	11,299,573	16,051,701

Source: SOCPEN system

NB: The total includes grant in aid

Table 1 shows the status quo of social grants as at 30 June 2013.

Figure 1: Total number of social grants



Source: SOCPEN system

NB: The totals include grant in aid

Figure 1 shows the trend of social grants from December 2012 to June 2013.

Enquiries may be directed to:

Pathamavathy Naicker: General Manager - Monitoring and Evaluation, Branch: Strategy and Business Development
 Tel : (+27-12) 400 2584, Email: PatNa@sassa.gov.za, www.sassa.gov.za
 SASSA House, 501 Prodlinsa Building Corner of Beatrix and Pretorius Str Arcadia, Pretoria 0083, South Africa

APPENDIX B: Questionnaire, Preferred method of social grant payment

Section A

Biographical and geographical information

1. How old are you?

18+		35+		60+	
-----	--	-----	--	-----	--

2. Gender

Male		Female	
------	--	--------	--

3. Ethnic group (for statistical purposes)

African		Coloured		Indian		White		Other	
---------	--	----------	--	--------	--	-------	--	-------	--

4. (a) In which suburb of Blue Downs do you reside?

Kalkfontein		Sarepta		Eersterivier		Kuilsrivier		Other	
-------------	--	---------	--	--------------	--	-------------	--	-------	--

(b) If outside Blue Downs, why do you collect your social grant payment here?

Reason:

5. (a) Tell me about your type of residence

House-owner		Rental		Stay with family		Backyard dweller		Informal settlement		Other	
-------------	--	--------	--	------------------	--	------------------	--	---------------------	--	-------	--

Section B

You and your grant

6. What type of grant do you receive?

OAG		CSG		DG		FCG		WVG		CDG		Social Relief	
-----	--	-----	--	----	--	-----	--	-----	--	-----	--	---------------	--

7. (a) Where do you collect your social grant?

Fixed pay-point		Convenience store		Bank		Post office	
-----------------	--	-------------------	--	------	--	-------------	--

(b) Where would you prefer to receive your social grant?

(c) Why, if different from (a) above?

8. Why do you prefer this payment option?

Convenient for other business		Safe		Close proximity		Quick service		Easy to travel to		Other	
-------------------------------	--	------	--	-----------------	--	---------------	--	-------------------	--	-------	--

9. How do you travel to this pay-point?

Walk		Taxi /bus		Hitch-hike		Train		Own transport		Other	
------	--	-----------	--	------------	--	-------	--	---------------	--	-------	--

10. How far is the pay point from your place of residence?

0-5km		06-10km		11-15km		16-20km		20km and further	
-------	--	---------	--	---------	--	---------	--	------------------	--

Section C

Your knowledge about transferring your social grant into a bank account

11. Are you aware that you can receive your monthly social grant electronically?

Yes		No		Reason:
-----	--	----	--	---------

12. Do you currently have a bank account?

Yes		No		Reason:
-----	--	----	--	---------

13. If no, would you consider opening a bank account, or using your existing bank account to receive your social grant?

Yes		No	
-----	--	----	--

14. What deters (prevents) you from using a bank account to receive the grant?

I do not have a bank account	
Bank fees	
Difficulty in using the bankcard	

Banks are too far	
The social opportunity at the pay point	
Other	

15. Are you aware that you can withdraw money at the ATM without paying bank charges, e.g. limited to two transactions per beneficiary per month (different options provided by banks)?

Yes		No	
-----	--	----	--

16. What would persuade you to receive your grant through a bank account (electronically)?

Reason:

Section D

Your knowledge about the South African Social Security Agency (SASSA)

17. Do you know what types of services SASSA offers and what the mandate of the Agency is?

Yes		No	
-----	--	----	--

18. How close is a SASSA Local office to your place of residence?

0-5km		6-10km		11-20km		21-30km		Further	
-------	--	--------	--	---------	--	---------	--	---------	--

19. What have your customer experience been at a local SASSA office or service point where you have applied for your grant, or where you have received payment?

(a)	Very poor		Poor		Reasonable		Good		Excellent	
(b)	Describe		Describe		Describe		Describe		Describe	

20. How would you rate the safety at the pay point on a sliding scale of 1-3 (where 1 is safe and 3 is unsafe) and what would your recommendations be to improve this, if any?

1 (safe)		2 (in between)		3 (unsafe)	
Recommendations:					

APPENDIX C: BANKING

Banking status of South African Adults* 2007-2010 (Actual numbers)

Year	Currently banked	Previously banked	Never banked	Unbanked	Total adults
2007	19 040 835	3 032 070	9 516 534	12 584 604	31 589 440
2008	20 051 264	2 391 530	9 541 347	11 932 876	31 984 140
2009	19 609 384	2 925 631	10 242 125	13 167 756	32 777 140
2010	20 959 077	1 416 865	11 065 952	12 482 817	33 441 893
2007-2010	+10.1%	-53.3%	+16.3%	-0.5%	+5.9%

Source: South African survey 2010/2011, p. 687

*adults are defined as persons over the age of 16

Proportion of each race with bank accounts, 2007-2010

Race	2007	2008	2009	2010
African	56%	57%	54%	57%
Coloured	54%	61%	61%	68%
Indian	75%	84%	81%	85%
White	95%	94%	92%	91%

Source: South African survey 2010/2011, p. 687

APPENDIX D: PROMOTION OF SASSA DEBIT CARD – AT ZEBRO'S



APPENDIX E: PROMOTION OF SASSA DEBIT CARD AT HUNGRY LION



APPENDIX F: QUEUE AT A PAY POINT



APPENDIX G - VENDORS AT A PAY POINT



APPENDIX H: BENEFICIARIES QUEUING OUTSIDE NOOIENSFONTEIN ROAD, KUILSRIVER



APPENDIX I: NEW SASSA DEBIT CARD

