



**PARLIAMENT**  
OF THE REPUBLIC OF SOUTH AFRICA

**National Assembly**  
**Member of Parliament**

PO Box 15, Cape Town, 8000, Republic of South Africa

30 May 2017

Mr MKN Gigaba  
Minister of Finance  
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Dear Minister Gigaba,

**Office of the Chief Procurement Officer Investigation into: Cash Paymaster Services' R1.1 billion profit from the contract to distribute Social Grants**

I am writing to you in order to address a deeply concerning issue that has recently come to my attention.

Cash Paymaster Services has today, in compliance with the Constitutional Court's order, filed an audited statement of their expenditure, income and profit in relation to the contract for the distribution of social grants, and the audited pre-tax profit surpasses R1 billion.

We therefore believe that the Office of the Chief Procurement Officer should, without delay, open an investigation into the contract and determine whether CPS misled government at the time of contracting, or SASSA and the Department of Social Development agreed to this unacceptable profit margin.

The DA believes that not only is such extraordinary profiteering from public money an insult to poor South Africans, it also may contradict the Constitutional Court order from 2014 which banned CPS from making any further profits from the invalid contract.

Furthermore, whilst the statement of profit filed with the Constitutional Court discloses a pre-tax profit of R1.1 billion from the social grant distribution part of its work, it fails to disclose the profit it has made from other incidental services it has provided such as the sale of pre-paid services, funeral cover and life insurance.

All in all CPS has been allowed to profit to the most extraordinary levels, directly from the safety net provided to the poorest and most vulnerable South Africans. It is a profit-driven

company, but its contract was never valid and its work was only allowed to continue because of the sheer recklessness of Minister Bathabile Dlamini's department and SASSA.

Whether CPS has violated the Constitutional Court's 2014 order preventing it from profiting will be up to the Court to decide. But we believe that the Chief Procurement Officer must investigate the terms under which this contract was concluded that allowed for such obscene profits to be made.

We expect that the Chief Procurement Officer will unearth the truth. If CPS misled government, every cent it has milked from South Africa must be recovered. Alternatively, if the Social Development Department and SASSA allowed for this daylight-robbery, albeit under an invalid contract, Minister Dlamini will have a R1 billion question to account to Parliament for.

Regards,

**(Unsigned as submitted electronically)**

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