

NATIONAL ASSEMBLY

FOR WRITTEN REPLY

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1854. Ms E R Wilson (DA) to ask the Minister of Social Development:

- (1) With reference to the announcement by her department regarding the negotiations that have already commenced with an organisation on the matter of a funeral policy for grant recipients and the potential deduction of 10% from grants for the payment thereof, with which service provider have these negotiations been entered into;
- (2) was a request for information issued for potential service; if so, when;
- (3) was a tender for a funeral policy provider advertised; if so, when? **NW2064E**

Reply:

- (1) Regulation 26A to the Social Assistance Act, Act 13 of 2004, makes provision for the direct deduction of funeral policy premiums from a social grant, under certain conditions. These conditions include that the value of the deduction cannot exceed 10% of the value of the grant; deductions are only permissible from adult grants of a permanent nature (that is only from grants for the aged, war veterans or people with disabilities); and that the beneficiary must request this deduction in writing and in person from SASSA. SASSA has in the past not been managing these deductions, which were affected by the payment service provider, Cash Paymaster Services, on behalf of SASSA. With the in-sourcing of the payment function, one of the first areas of work which SASSA is able to bring in-house and manage directly, as intended in legislation, is the management of the direct deductions in terms of Regulation 26A.

In order to do so, SASSA has, after following a procurement process, contracted QLink, the company which is responsible for managing payroll deductions for SASSA as well as government, through National Treasury, for a period of 5 years.

It should be understood that the management of deductions referred to above are for beneficiaries who already have funeral policies, and who have been making use of the direct deduction facility. It is not for a new funeral policy scheme.

- (2) There was not request for information issued for a service, as this is not a new service which is being provided. There was only a submission to the Bid Adjudication Committee to consider a variation in scope of the existing contract SASSA already has with QLink, after having obtained confirmation from QLink that they are both able and willing to provide the required management service.
- (3) Not applicable, since SASSA has not appointed a funeral policy provider. SASSA is not involved in the provision of funeral policies at all. The decision to take a funeral policy lies with the beneficiary, who then approaches SASSA to provide the deduction facility for the premium only, in terms of Section 20 and Regulation 26A of the Act.