

## Memorandum for the Panel of Experts in the SASSA/CPS matter.

1. Speaking at a Cape Town Press Club lunch on Tuesday 13 June 2017, the Auditor General let it be known that the court appointed panel of experts would be meeting for the first time on 14 June 2017 to prepare the first report back to the Constitutional Court (CC) as ordered on 17 March 2017.
2. The purpose of this memorandum, written on behalf of the Quaker Peace Centre, a pro-poor NGO in Mowbray, Cape Town, is to assist the panel with the interpretation of the “no benefit” finding in the judgments in *All Pay 2* and *Black Sash* with particular focus on interest earned during the transactions routinely carried out both during the five year term of the initial invalid contract between SASSA and CPS and in the year-long court determined extension of that invalid contract.
3. It is perhaps helpful and convenient to start by setting out the orders made and the most relevant passages in the judgments in both matters:
4. Firstly, in *AllPay 2* the following order was made:

“1. The Contract for the Payment of Social Grants between the South African Social Security Agency (SASSA) and Cash Paymaster Services (Pty) Ltd (Cash Paymaster) dated 3 February 2012 is declared invalid.

2. This declaration is suspended pending the decision of SASSA to award a new tender after completion of the tender process ordered in paragraph 3 below.
3. SASSA must initiate a new tender process for the payment of social grants within 30 days of this order:
  - 3.1 The request for proposals for the new tender must, in addition to any other requirements that SASSA is entitled to prescribe, contain adequate safeguards to ensure that—
    - (a) if any re-registration process is required, no loss of lawful existing social grants occurs;
    - (b) the payment of lawful existing grants is not interrupted; and
    - (c) personal data obtained in the payment process remains private and may not be

used in any manner for any purpose other than payment of the grants or any other purpose sanctioned by the Minister in terms of section 20(3) and (4) of the Social Assistance Act 13 of 2004.

3.2 The new tender must be for a period of five years.

3.3 A new and independent Bid Evaluation Committee and Bid Adjudication Committee must be appointed to evaluate and adjudicate the new tender process. Their evaluation and adjudication must be made public by filing with the Registrar of this Court a status report on the first Monday of every quarter of the year until completion of the process.

4. If the tender is not awarded, the declaration of invalidity of the contract in paragraph 1 above will

be further suspended until completion of the five-year period for which the contract was initially awarded:

- 4.1 Within 14 days of the decision not to award the tender SASSA must lodge a report with the Registrar of this Court setting out all the relevant information on whether and when it will be ready to assume the duty to pay grants itself.
- 4.2 Within 60 days of the completion of the five-year period for which the contract was initially awarded, Cash Paymaster must file with this Court an audited statement of the expenses incurred, the income received and the net profit earned under the completed contract.
- 4.3 SASSA must within 60 days thereafter obtain an independent audited verification of the

details provided by Cash Paymaster under paragraph 4.2 and file the audited verification with this Court.

5. The applicants must pay SASSA and Cash Paymaster's costs in relation to the application, brought in the main application on the merits, to lead further evidence.

6. There is no further costs order.”

5. The most relevant passage in the judgment in *AllPay 2* is paragraph [67]:

“It is true that any invalidation of the existing contract as a result of the invalid tender should not result in any loss to Cash Paymaster. The converse, however, is also true. It has no right to benefit from an unlawful contract.<sup>1</sup> And any benefit that it may derive should not be beyond public scrutiny. So the solution to this potential difficulty is relatively simple and lies in Cash Paymaster's hands. It can

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provide the financial information to show when the break-even point arrived, or will arrive, and at which point it started making a profit in terms of the unlawful contract. As noted earlier, the disclosure of this information does not require disclosure of information relating to Cash Paymaster's other private commercial interests. But its assumption of public power and functions in the execution of the contract means that, in respect of its gains and losses under that contract, Cash Paymaster ought to be publicly accountable.”

6. The footnote to that passage is also instructive:

The dissolution of a contract creates reciprocal obligations seeking to ensure that neither contracting party unduly benefits from what has already been performed under a contract that no longer exists. This is evidenced in cases of rescission or cancellation of a contract where a party claiming restitution must usually tender the return of what she received during the contract's existence or, if return is not possible, explain the reasons for impossibility. See *Extel Industrial (Pty) Ltd and Another v Crown Mills (Pty) Ltd* [1998] ZASCA

67; 1999 (2) SA 719 (SCA) at 731D-732D and Van der Merwe et al above n 14 at 116-8. It also underlies the enrichment claim available to a party in the case of an invalid or illegal contract where the other party seeks to retain benefits from a contract that no longer has legal justification. See Visser above n 15 at 442. These diverse applications of restitutionary principles are not rigid or inflexible. See *Jajbhay v Cassim* 1939 AD 537 at 588 and, in particular, at 544 where the Court held that “public policy should properly take into account the doing of simple justice between man and man.” See further *BK Tooling (Edms) Bpk v Scope Precision Engineering (Edms) Bpk* 1979 (1) SA 391 (A) at 420A-C, 421A and 427.

7. In the *Black Sash* matter the order made was:

1. The Black Sash Trust is granted direct access to bring this application.
2. Freedom Under Law NPC is granted leave to intervene.
3. Corruption Watch NPC (RF) and the South African Post Office SOC Limited are admitted as friends of the Court.
4. It is declared that the South African Social Security Agency (SASSA) and Cash Paymaster Services (Pty) Limited (CPS) are under a constitutional obligation to ensure payment of social grants to grant beneficiaries from

1 April 2017 until an entity other than CPS is able to do so and that a failure to do so will infringe upon grant beneficiaries' rights of access to social assistance under section 27(1)(c) of the Constitution.

5. The declaration of invalidity of the contract is further suspended for the 12-month period from 1 April 2017.

6. SASSA and CPS are directed to ensure payment of social grants to grant beneficiaries from 1 April 2017, for a period of 12 months, on the same terms and conditions as those in the current contract between them that will expire on 31 March 2017, subject to these further conditions:

6.1 The terms and conditions shall:

(a) contain adequate safeguards to ensure that personal data obtained in the payment process remains private and may not be used for any purpose other than payment of the grants or any other purpose sanctioned by the Minister in

terms of section 20(3) and (4) of the Social Assistance Act 13 of 2004; and

(b) preclude anyone from inviting beneficiaries to “opt-in” to the sharing of confidential information for the marketing of goods and services.

6.2 CPS may in writing request National Treasury during the 12 month period to investigate and make a recommendation regarding the price in the contract.

6.3 National Treasury must file a report with this Court within 21 days of receipt of the request setting out its recommendation.

6.4 Within 30 days of the completion of the period of the contract, CPS must file with this Court an audited statement of the expenses incurred, the income received and the net profit earned under the contract.

6.5 SASSA must thereafter obtain an independent audited verification of the details provided by CPS under paragraph 6.4.

6.6 The audit verification must be approved by National Treasury and the audited verification must be filed by SASSA with this Court within 60 days.

6.7 CPS must permit the auditors appointed by SASSA to have unfettered access to its financial information for this purpose.

7. The Minister and SASSA must file reports on affidavit with this Court every three months, commencing on a date three months after the date of this order, setting out how they plan to ensure the payment of social grants after the expiry of the 12-month period, what steps they have taken in that regard, what further steps they will take, and when they will take each future step, so as to ensure that the

payment of all social grants is made when they fall due after the expiry of the 12-month period.

8. The reports filed by the Minister and SASSA as contemplated in paragraph 7 must include, but is not limited to, the applicable time-frames for the various deliverables which form part of the plan, whether the time-frames have been complied with, and if not, why that is the case and what will be done to remedy the situation.

9. If any material change arises in relation to circumstances referred to in a report referred to in paragraphs 7 or 8, the Minister and SASSA are required immediately to report on affidavit to the Court and to explain the reason for and consequences of the change.

10. It is declared that SASSA is under a duty to ensure that the payment method it determines:

10.1 contains adequate safeguards to ensure that personal data obtained in the payment process remains private and

may not be used for any purpose other than payment of the grants or any other purpose sanctioned by the Minister in terms of section 20(3) and (4) of the Social Assistance Act; and

10.2 precludes a contracting party from inviting beneficiaries to “opt-in” to the sharing of confidential information for the marketing of goods and services.

11. The parties are, within 14 days from the date of this order, required to submit the names of individuals, with their written consent, suitably qualified for appointment as independent legal practitioners and technical experts for the purposes referred to in paragraph 12 below.

12. The Auditor-General and any other person(s) or institution(s) appointed by the Court after receipt of the names submitted under paragraph 11, shall jointly and until otherwise directed by the Court:

12.1 evaluate the implementation of payment of social grants during the 12-month period;

12.2 evaluate the steps envisaged or taken by SASSA for any competitive bidding process or processes aimed at the appointment by SASSA in terms of section 4(2)(a) of the South African Social Security Agency Act 9 of 2004 of a new contractor or contractors for the payment of social grants;

12.3 evaluate the steps envisaged or taken by SASSA aimed at SASSA itself administering and paying the grants in the future or SASSA itself permitting any part or parts of the administration and payment processes in the future; and

12.4 file reports on affidavit with this Court every three months, commencing on a date three months after the date of this order, or any shorter period as the legal practitioners and experts may deem necessary, setting out the steps they have taken to evaluate the matters referred to in paragraphs

12.1 to 12.3, the results of their evaluations and any recommendations they consider necessary.

13. The Minister is called upon to show cause on affidavit on or before Friday 31 March 2017 why—

13.1 she should not be joined in her personal capacity;  
and

13.2 she should not pay costs of the application from her own pocket.

14. Costs are reserved until conclusion of these proceedings.

8. The passage in the latter judgment that is relevant to this memorandum is at [50] and reads:

“There was much debate during the oral hearing on whether it would be just and equitable to order that those reciprocal obligations should be same as that of the contract that expires on 31 March 2017. I consider that it should be. No party has any claim to profit from the threatened invasion of people’s rights. At the same time no one should usually be expected to be out of pocket for ensuring the continued exercise of those rights. That equilibrium was the premise

of the Court's previous remedial order. It is just and equitable to continue on that basis. Our order below reflects that SASSA and CPS should continue to fulfil their respective constitutional obligations in the payment of social grants for a period of 12 months as an extension of the current contract. To the extent necessary, our earlier declaration of invalidity of that contract will be further extended, as well as the suspension of that declaration of invalidity. In the event that CPS wishes to alter the content of its financial obligations or entitlement, the order makes provision for it to approach National Treasury for its consideration and approval, to be confirmed after a report on the issue to this Court."

9. On any fair conspectus of the orders and the passages set out above, the task of the panel as envisaged in paragraph 12.1 is to ensure that CPS continues to deliver the social grant payments on behalf of SASSA on a "break even" basis during the period of 12 months of the court ordered extension of the invalid contract that expired on 31 March 2017.
10. The use of the words "benefit" and "profit" interchangeably in the two passages quoted above and the explanation in the latter passage of the reasoning behind the former leave no doubt that the accounting that CPS has to perform involves either the disgorging of profits made or collecting a contribution from the fiscus for losses incurred.
11. Speaking at a SCOPA meeting held on the eve of the hearing in *Black Sash* the former Minister of Finance, Pravin Gordhan, raised what he called a "red flag" in relation to the accrual of interest on funds that flow between Treasury, SASSA, CPS/Grindrod Bank and

grant recipients each month. He estimated that on average the funds are with Grindrod Bank, which is a sub-contractor of CPS for the purposes of the administration of social grant payments, 5 days a month. This means that over the five years of the initial invalid contract 300 days of interest on substantial funds has accrued while in the hands of Grindrod Bank. A further 60 days of interest will accrue in the year-long extension of the constitutional obligations of CPS to implement delivery of the social grants to recipients.

12. In a press release Grindrod Bank has admitted to earning a “small margin” on the funds in its hands. Obvious a “small margin” on a large sum of money can, over time, amount to a substantial sum. No details of the actual earnings of Grindrod Bank from interest accrued have been made public.
13. It is accordingly one of the first orders of business of the panel to determine whether the implementation of payment of social grants has been continued as before on the basis that a small margin of interest is earned by Grindrod Bank. The interest so earned ought either to accrue to Treasury or to the grant beneficiaries, it cannot, in the light of the orders of court quoted above, be allowed to accrue to Grindrod Bank. Nor should Grindrod Bank be allowed to retain any profit resulting from its collection of the “small margin” to which it has confessed.
14. The matter of the fate of the interest has been taken up by the Quaker Peace Centre, a pro-poor NGO in Cape Town. A letter was written to all relevant parties by attorneys engaged by QPC in the following terms:

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Your reference  
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4 May 2017

Dear Sirs and Madam

**RE: ACCOUNTING FOR THE**

## **INTEREST ON PAYMENTS BY SASSA TO CPS**

1. We act for Quaker Peace Centre (“QPC”), a non-profit organisation based in Mowbray, Cape Town.

2. We have been instructed to address you in the interests of exacting accountability in respect of the payment of certain interest on social grants over the last five years, and for the year ahead or part of it.

3. You will be aware that the contract in terms of which the administration of this constitutional obligation is performed, entered into between SASSA and CPS, has been declared invalid by the Constitutional Court. The invalidity has been suspended and the suspension of invalidity has been extended by the court for a further year or part of it.

4. The effect of the declaration of invalidity is that CPS and its subcontractors have to complete and perform their obligations on a breakeven basis; they can neither profit nor incur a loss from performing their constitutional obligations to ensure that grant recipients are paid timeously the amounts due each month for grant beneficiaries.

5. According to information supplied to SCOPA by the Minister of Finance on 14 March 2017, there is on average a five day delay between the payment of the grants by SASSA via the Treasury to CPS and the payment by CPS via its sub-contractor, Grindrod Bank, to the grant recipients. As the contract is five years old at the end of last month, this means that there are currently 300 days of delay involved.

6. The former Minister of Finance has raised what he called a “red flag” in relation to the question of interest accrued during the 300 days of delay. An accounting in respect of that interest is required in the public

interest and in the interests of grant beneficiaries.

7. The only parties who can benefit from the accrual of interest are either the beneficiaries (in circumstances in which the payment to them is made late) or the state (in circumstances in which the payment by Treasury to CPS is made early). Neither CPS nor Grindrod Bank nor any other sub-contractors of CPS are, given the ruling by the Constitutional Court, entitled to benefit from the accrual of interest during the period of delay between receiving the grants and paying out the grants.

8. Although the QPC does not have insight into the accounting between SASSA and CPS, it is entitled in the public interest to demand, as we hereby do, that an accounting be given forthwith in respect of the interest that has accrued during the 300 days to which the Minister has alluded during his presentation to SCOPA on 14 March, 2017.

9. The entitlement of QPC to so demand is based upon the provisions of section 27(1)(c) of the Bill of Rights read with section 38(d) of the Constitution.

10. This demand is fortified by the order granted in AllPay2 for an accounting and echoed in the accounting order won by the Black Sash on 17 March 2017.

11. The interest component was not an issue before the court in either matter, having been alluded to in public for the first time on the day before the hearing of the Black Sash matter. This does not in any way detract from the need to account in respect of interest that has accrued over the years and which will continue to accrue while CPS remains contracted to SASSA and constitutionally obliged to administer the payment of grants.

12. As the lot of grant recipients could be alleviated considerably by payment of interest that may have accrued to them, an urgent accounting in respect of the interest is indicated. Even if all of the interest that has accrued over the years is due to the state, the fiscus could also do with the refund in these times of belt-tightening and fiscal frugality.

13. The rights of QPC to litigate for an accounting in respect of the interest accrued remain reserved. We trust that it will not, in the spirit of open, accountable and responsive governance be necessary to so litigate. If any party to whom this letter is addressed disputes the demand for an accounting in respect of the interest accrued, the matter will be taken up with the Constitutional Court and/or its panel of experts in the exercise of its supervisory jurisdiction in the AllPay2 and Black Sash matters.

Yours faithfully

**KNOWLES HUSAIN LINDSAY  
INC**

**TERENCE MAZDORFF**  
(electronically signed )

15. The letter was dispatched as long ago as 4 May 2017. It has not elicited any reply from anyone other than Allan Gray, a shareholder in the holding company of CPS.

16. Pieter Koornhof of Allan Gray provided the following explanation in relation to the interest question:

I have looked at the letter that you sent through entitled "Accounting for the interest payments by SASSA to CPS". I have worked through the points you raise, but based on the information that I have available it does not appear to me that there is something illegal or improper going on here. Grindrod has said in public that the interest that accrues gets paid back to SASSA - <http://www.fin24.com/Tech/Companies/grindrod-bank-breaks-silence-on-social-grants-fiasco-20170315>. I am still awaiting confirmation in writing from the company, but I don't see why they would lie in public about something which is relatively easy to verify.

Secondly, if the interest was accruing to CPS or Net1, it would be showing up in Net1's audited financial statements and SEC filings. Using monthly grant payments of R10.6bn (SASSA's total grant payments per annum divided by 12), an 8% interest rate and a 5 day accrual per month, one can

work out that the interest on the prepayments would amount to R139m per annum. I back tested Net1's interest income in their audited SEC filings that are filed quarterly to see if they were earning excess interest by comparing their recognized interest income to their quarterly cash balances which explicitly exclude the SASSA funds. Based on my calculations the amounts are reasonable and did not appear to include this excess interest. The numbers therefore do not support the hypothesis that the interest accrues to Net1 or CPS, though I guess one can argue that they may be misstating their accounts.

The one point that does concern me is that the interest income is not being shown in SASSA's annual report – I am unsure why this is the case and it is worth following up on.

Have you had any response from Net1 to the letter? And have you tried contacting Grindrod Bank to hear whether they can provide evidence of where the interest goes?

## The efforts of Koornhof raise more questions which have been asked by email as follows:

I agree with you that in normal banking practice there would be no interest liability on Grindrod Bank. However, in this case, because an essentially illegal contract is being performed by court order in the public interest and the interest of vulnerable grant beneficiaries, there is a need to avoid incurring loss or making profit on the deal, as required by the judgments in the litigation that pertains to the matter. Grindrod Bank must just break even on the deal.

It is for this reason that we are taking an interest in the details we have raised with you, most of which centre around the role of Grindrod Bank in the supply chain.

Some of the funds made available to Grindrod Bank are not paid out to beneficiaries, but are returned to SASSA at the end of the pay cycle, which we gather is a month, though it may be longer. If these funds are earning 'a small margin' as Grindrod Bank puts it, that small margin, which may be a large amount given the scale of the grants operations, must go either to SASSA or to the beneficiaries, it cannot, on any proper reading of the judgments in the matter, be retained by Grindrod Bank in terms of normal banking practice for the simple reason that normal banking practice does not apply.

We accordingly feel that Allan Gray, as a shareholder of probity and integrity, should be concerned about the situation, perturbed by the dissembling in the press release from Grindrod Bank and pro-actively alive to the worrying absence of any indication that the interest refunded appears in the annual report of SASSA.

You have been most helpful with our queries and we appreciate the time and effort you have put into them. We would welcome your continued involvement in the matter of sorting out the fate of the interest, all of it, but if you would prefer us to deal directly with Grindrod Bank and CPS, please given us contact details of the individuals best placed to answer the queries we have already sent to you, or pass them on to those concerned with a request that they respond to us.

It became necessary to address Grindrod Bank and CPS with a series of questions, initially posed to Allan Gray, but thereafter passed on to CPS and Grindrod Bank, that remain unanswered:

Thank you for the two emails received on 24 May, 2017. [ these emails were from Pieter Koornhof at Allan Gray] As the query on interest relates to the flow of funds in the SASSA/CPS deal, and as Grindrod Bank is a sub-contractor to CPS, it is necessary to consider carefully Grindrod Bank's statement about the fate of the funds involved in getting the funding for social grants from National Treasury to grant beneficiaries via SASSA, CPS and Grindrod Bank.

For ease of reference, this explanation is how Grindrod Bank put it in their press release:

*"The flow of funds*

1. ...We accept that this bank [Nedbank, we assume] manages its liquidity in a similar way to other banks and in doing so, could make a small margin.[profit, with less circumlocution]
2. SASSA then pays this over to the account held in trust for SASSA at Nedbank. Any interest earned in this account is paid back to SASSA.
3. CPS then transfers funds over to Grindrod Bank in tranches to cover the anticipated demand when the pay cycle opens, leaving as much as possible in the Nedbank account for the benefit of SASSA. We receive the funds several hours before being required to ensure no service interruption due to up-stream risks. This process is managed in the same way that other banks manage their short-term liquidity.
4. Transfers to the individual beneficiary accounts occur when they present themselves at a pay point, ATM machine, retail outlet etc. As the cash is typically withdrawn or spent immediately, we have no control over how much is retained in the Grindrod Bank accounts. As with traditional retail current accounts, there is no interest paid on what is essentially a transient deposit.
5. At the end of the pay cycle any funds that are not transferred into individual beneficiaries' accounts (i.e. they have not demonstrated "proof of life" via a PIN or biometric identification) are paid back each month to SASSA. **Grindrod Bank does not retain any idle cash at SASSA's expense."**

Quite apart from the repeated vague and ambiguous use of the word "this" in the press release quoted above, the version set out raises more questions than it gives answers. We have numbered the paragraphs of the press release to facilitate its interrogation in this email. As we have under consideration the interest that accrues on payments of R11 billion per month, one would have hoped for a little more detail and candour. In order to achieve these two desirable outcomes, a few questions are indicated:

1. Does Grindrod Bank accept that it is a sub-contractor to CPS and accordingly cannot have greater contractual rights than CPS has under its invalid tender accepted by SASSA?
2. Does Grindrod Bank accept that it is bound by the findings of the Constitutional Court involving the SASSA/CPS tender in the cases brought by All Pay and the Black Sash?
3. In particular, does Grindrod Bank acknowledge that it is not entitled to benefit from its involvement in the execution of grant payments in terms of the illegal and invalid contract between SASSA and CPS and has to work on a "break even" basis given that constitutional obligations are being performed at the behest of the Constitutional Court under a contract it has found to be invalid?
4. Does Grindrod Bank accept that any profit on its dealings with SASSA grants amounts to a "benefit" in the sense intended in the judgments of the Constitutional Court?
5. If not, why not?
6. Does Grindrod Bank agree that it is, in the light of the reasoning of the Constitutional Court, not open to it to "*manage[s] its liquidity in a similar way to other banks and in doing so,[it] could make a small margin*" ? (the italics are quoted from the Grindrod Bank press release set out above, paragraph 1).
7. In whose name is the Nedbank trust account on behalf of SASSA referred to in paragraph 2 of the press statement?
8. By whom is the interest referred to in the said paragraph 2 paid back to SASSA?
9. As it appears from the press release that a great deal of funding lies idle at Grindrod Bank during each "pay cycle" [a term used in paragraph 5 but not defined in the press release, but presumably a month] pending it either being returned to SASSA or paid to beneficiaries, exactly what "liquidity management" is in place at Grindrod Bank?
10. Does Grindrod Bank make any margin on the money left with it during each "payment cycle"?
11. If not, why not?

12. If so, how much is the margin so made in each of the sixty months of the duration of the initial contract?
13. How is the margin accounted for by Grindrod Bank?
14. To whom is the accounting given?
15. Does the accounting recognise that on “pay day” in the “pay cycle” the funding is due to the grant beneficiaries, not SASSA?
16. How does Grindrod account to beneficiaries in respect of funds available which are not withdrawn on “pay day” in particular as regards the accrual of interest on the funds?
17. How does Grindrod account to beneficiaries in respect of interest on funds which are not available to them on “pay day” but only become available after “pay day” in any given “pay cycle”?
18. When Grindrod says that the process referred to in paragraph 3 of the press release is “*managed in the same way that other banks manage their short-term liquidity*” is it referring to the bank (in this case Grindrod Bank) itself making a margin as set out in paragraph 1 of the press release?
19. If so, how is the margin accounted for, given the “no benefit” requirement of the Constitutional Court?
20. If not, what is being referred to in the phrase quoted in paragraph 18 above?
21. When the “transient deposits” referred to in paragraph 4 of the press release are made later than due date in the “pay cycle”, are beneficiaries credited with interest in respect of the late payment?
22. If so, at what rate of interest are they so credited given the decision in *Basson and others v Hanna* [2017] 1 All SA 669 (SCA)?
23. If not, why not?
24. How is Grindrod Bank able to determine how to receive the funds “several hours before” they are required, as set out in paragraph 3 of the press release?
25. To what “upstream risks” does Grindrod Bank refer in the said paragraph?
26. When Grindrod Bank says it does not retain any “idle cash” [presumably funds] at SASSA’s expense, does it mean that all interest earned on promptly refunded monies is transferred to SASSA?
27. If all interest earned is not refunded, why not?
28. If so, at what rate is interest so earned and paid over to SASSA and on the basis of what law or rule or agreement is the rate of interest fixed?
29. Is Grindrod Bank able to explain why the refunds it (or CPS) makes to SASSA do not seem to appear in the annual report of SASSA?
30. Why are refunds made at provincial level instead of at national level?
31. Does Grindrod Bank know what the Auditor General’s report (pages 68 to 69 paragraphs 20 and 21 in the latest 2015/16 SASSA report) refers to in relation to investigations?
32. Was Grindrod Bank in any way involved in the said investigations?
33. If Grindrod Bank is of the view that the SASSA annual report does reflect the interest repaid by it or CPS, it is invited to draw attention to the place or places in the report where the interest is reflected.

We will be able to give the matter further attention when the answers to the questions are to hand, in the meantime we are taking up the SASSA annual reports with the Auditor General’s office.

Yours in accountability,

Paul Hoffman SC

17. After Allan Gray declined further involvement in the quest for explanations regarding the interest question the email above was sent to CPS and Grindrod Bank with a request for answers to the questions raised in it. There has been no response to the request for information

regarding the fate of the interest accrued from either CPS or Grindrod Bank.

18. As it is the function of the panel to evaluate the implementation of the payment of social grants, and as it is likely that Grindrod Bank has continued to act in the way it has acted in the past, as set out in its press release referred to above, it is now the task of the panel to ascertain the fate of the interest accruals and to ensure that the interest is dealt with in a manner that is consistent with the requirements of the CC and in line with the orders it has made.
19. As regards the independent audited verification of the accounting already provided by CPS in terms of paragraph 4.2 of the first court order set out above, it is respectfully requested that the fate of the interest should be interrogated in that verification process as the accounting given so far by CPS does not refer explicitly to the accrual of interest on the large amounts that pass through the social grants administration each month.
20. CPS ought to be required to disgorge profits already made immediately and to adjust its operations and those of Grindrod Bank in the delivery of social grant payments so as to break even. The last thing the panel wants is to find, after the expiry of the year-long extension, that CPS fritters away its profits and is unable to repay them at the end of the accounting period. The monetary decisions around the retirement and consultancy packages for Mr Belamont of CPS sound a loud warning bell. Proper evaluation of the profit situation and the mechanisms for immediately disgorging profits made are part of the mandate of the panel.

21. If any further information or elucidation is required QPC will seek to oblige within the limits of its knowledge and capacity.

Paul Hoffman SC  
Accountability Now  
14 June 2017.

22.