

## SassaGate: As fixing grants chaos has slowed to a crawl, Serge Belamant suggests the scandal is ‘a plot to oust government’

- Marianne Thamm



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Former US-listed CPS/Net1 CEO, Serge Belamant, whose company earned R1.1-billion profit in five years disbursing social grants in South Africa, has blamed the Sassa scandal which unravelled in the Constitutional Court in March 2017 on “political infighting”. Belamant declared the crisis a plot to “destabilise” the country’s pension payout system and oust the ruling party. He also, shockingly, suggests that some members of the ANC have “bought into” CPS. Meanwhile,

a panel of experts appointed by the ConCourt has yet to report back on progress made or detailed accounts of profits and/or interest earned by the US-listed company. By MARIANNE THAMM.

With only seven months to go before the current year-long extended tender with [CPS](#) (a subsidiary of the US-listed [Net1](#)) to distribute social grants to 17-million South Africans is set to expire in March 2018, it appears as if the Department of Social Security and South African Social Security Agency (Sassa) appear to be heading for another crisis.

In the meantime, former CPS CEO, the now handsomely retired Serge Belamant, earlier this week provided a [long and startling interview](#) to the online publication BizNews in which he suggested that the entire SassaGate scandal, which dramatically played out in the Constitutional Court in March, was simply due to “political infighting”.

Said Belamant:

“I’m still sometimes processing what actually happened and there’s no doubt that we know a political game has been played. You had the Zuma camp. You had the non-Zuma camp. Whoever the camp is (and I’m not into politics by the way), I apologise for that, but it’s not the greatest. However, I do know that there are multiple camps and we’re sitting, supporting government, by definition – the existing government – the government that is in power because they are the ones that we are providing the service on behalf of. By definition, if someone is attacking government, the best way to do it, if they can’t do it directly, is that you do it through people like ourselves. If you could destabilise the pension and welfare system in South Africa... if you could stop people from being paid, it would be the best

political arm that you could possibly have because immediately it would be seen as ‘government needs to go’.”

So staggering in its ignorance is the statement (and much of the interview for that matter) that current Net1 chair Chris Seabrooke hit back almost immediately, alerting BizNews:

“We have noted with disappointment the recent uninformed and unauthorised interview on Net1 given by Serge Belamant notwithstanding that he is still under contract to us until the end of October and precluded from giving such interviews. He has apologised to us in writing and undertaken not to comment publicly on Net1 again. We regard the matter as closed.”

With regard to the current CPS/Sassa contract and deductions from grant recipient accounts which the Pretoria High Court [ruled in May this year](#) were in fact not illegal, Belamant had this to say:

“You know what’s strange, three or four months later after the big thing what does Net1 do today? They do exactly the same thing as they did a year ago. They still give loans, they still give insurance, they still do airtime and electricity. What’s changed? We still put out accounts for beneficiaries. We still pay pensions, so what has changed? Nothing, but where’s the noise? It’s gone.”  
(The full interview can be accessed [here.](#))

In May this year, three years late and three months after the most recent ConCourt ruling extending the CPS contract, the firm’s auditors, KPMG (hello hello), submitted a simple one-page statement declaring that CPS had made R1.1-billion in pre-tax profit from the five-year tender with the South African government. The

submission of the audit was in compliance with a 2014 ConCourt order for CPS to produce a statement of its profits.

The KPMG report revealed that Sassa had received an income of R8.9-billion, minus operational costs of R7-billion and a separate administrative cost of R889-million, which left a balance of R1,091,666,503. An amount of R386-million in tax was paid.

KMPG's statement was extremely thin on detail and came with the caveat:

“The directors have interpreted the words ‘under the contract’ as relating directly to the Sassa contract and therefore income and expenses incidental to, but not arising from, the contract have been excluded from the statement.”

In June this year the Quaker Peace Centre prepared a memorandum to assist the court-appointed panel of experts who have been tasked with overseeing Sassa's transition from using CPS to making grant payments in-house, to interpret the 2014 “no benefit” judgment made by the ConCourt. Advocate Paul Hoffman of Accountability Now wrote to the panel:

“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.”

*Daily Maverick* has learnt that the 14 June deadline set by the ConCourt for a panel of experts to report back on progress has not been met. This is because the panel was only appointed on 6 June, leaving it little time. It convened its inaugural meeting on 14 June and it is now expected that the panel will meet on 15 September and submit their report to the court by 18 September.

What should feature in the report is an analysis of Grindrod Bank's public admission that it receives a "small margin" of the rather hefty amounts that move through its systems as administrator of the Sassa/CPS contract over the last five years.

CPS, in the meantime, has accounted to Sassa only for interest on amounts passing between it and Nedbank – its own banker – but not Grindrod. There are concerns that a proper account must be made of these profits or interest earned in fulfilment of the role given to the panel by the ConCourt.

In his interview with BizNews Belamant views the issue of profit quite differently:

"Suddenly, this thing happens and the first thing they started to do was to complain about the fact that 'how can Net1 even make a profit'. We would be quite happy as a shareholder if they continue to actually provide the service with no profit. Now, it's nice to have investors of this type, but on whose behalf were they talking? Were they talking on behalf of Allan Gray (a 16% shareholder) or were they talking about the shareholders in Net1 (most of which are American companies and many are hedge funds). I can assure you that they are only interested in profits. They aren't interested in anything else. They made a big hoo-haa about Net1 and somehow,

we were wondering why they were doing this. Were they doing it because they really believed that what we were doing was wrong? We had been doing it for 10 years before that. Alternatively, was there pressure on them?”

On Tuesday South African Post Office (SAPO) and Sassa were set to report back to Scopa on progress with regard to SAPO’s preparedness or capacity to form part of the “in-house” payment of social grants.

Former Sassa CEO Thokozani Magwaza was fired by Minister of Social Development Bathabile Dlamini in July shortly after finalising an agreement with SAPO CEO Mark Barnes. Magwaza had only been in the job for 12 months. The termination of his contract came in the slipstream of Magwaza’s cancelling on 29 June of “workstreams” which cost R47-million and which were set up by Minister Dlamini in 2013 and which reported directly to her.

Current Acting CEO Pearl Bhengu on Tuesday told Scopa that Sassa’s deadlines had been stalled by two weeks as the agency had been instructed by an inter-ministerial task team to conduct a due diligence assessment on SAPO before finalising the agreement. This would be done by the CSIR which would begin work this week.

Barnes, who had travelled to Cape Town and who was ready to present to Scopa, had to delay the presentation of his plan for SAPO to work with Sassa. He told committee members that he had submitted a detailed plan to Sassa on 7 August.

Committee members expressed their displeasure at the continued delays that appeared to be deliberate.

The IFP's Mkhuleko Hlengwa told Sassa officials that they seemed, once again, to be expending energy on finding alternatives to the post office. This would, he said, "create an environment for South Africans to accept, by hook or by crook, CPS coming through the back window".

The DA's David Ross explained the predicament faced by the committee, saying, "We urge departments to do the work themselves, but once we reach this level of incompetence, it's clear we need some help."

Scopa chair Themba Godi asked Sassa officials to furnish the committee with all documents pertaining to the agreement with SAPO and tossed in an added extra that the committee would be paying the Sassa offices an oversight visit on 14 September.

In all of this the error returns to the original sin of Sassa and the Department of Social Development's involvement with Belamant when he was still CEO of CPS. An amaBhungane investigation revealed that [Belamant had used a "thinly veiled" black front to win the R10-billion contract](#). Belamant later dumped these BEE partners to later sign on and pay Brian Mosehla R83-million in cash. Mosehla, amaBhungane found, is close to Minister Dlamini who is the political head of Sassa.

In that regard she still has to answer for her role in the SassaGate saga and whether she should be personally liable for the legal costs of the ConCourt action brought by the Black Sash and others.

In his interview with BizNews Belamant this week made one of his most startling revelations yet:

“I think we did a lot of things for lots of people, lots of poor people. We have been acclaimed worldwide. We have won many different awards, very important awards. We have people like the ANC buying into the company and it took a long time to convince them.”

Belamant did not elaborate, though, on who exactly in the ANC had “bought into the company.” **DM**

*Original photo: Net1 CEO, Serge Belamant has hit back at critics as concern over payment of social grants grows. Photo: Thom Pierce*

[https://www.dailymaverick.co.za/article/2017-09-07-sassagate-as-fixing-grants-chaos-has-slowed-to-a-crawl-serge-belamant-suggests-the-scandal-is-a-plot-to-oust-government/?utm\\_medium=email&utm\\_campaign=First%20Thing%208%20September%20WBC&utm\\_content=First%20Thing%208%20September%20WBC+CID\\_4f9530090b52a422ac554f7f9b3e74cf&utm\\_source=TouchBasePro&utm\\_term=SassaGate%20As%20fixing%20grants%20chaos%20has%20slowed%20to%20a%20crawl%20Serge%20Belamant%20suggests%20the%20scandal%20is%20a%20plot%20to%20oust%20government#.Wbu1AqNrziU](https://www.dailymaverick.co.za/article/2017-09-07-sassagate-as-fixing-grants-chaos-has-slowed-to-a-crawl-serge-belamant-suggests-the-scandal-is-a-plot-to-oust-government/?utm_medium=email&utm_campaign=First%20Thing%208%20September%20WBC&utm_content=First%20Thing%208%20September%20WBC+CID_4f9530090b52a422ac554f7f9b3e74cf&utm_source=TouchBasePro&utm_term=SassaGate%20As%20fixing%20grants%20chaos%20has%20slowed%20to%20a%20crawl%20Serge%20Belamant%20suggests%20the%20scandal%20is%20a%20plot%20to%20oust%20government#.Wbu1AqNrziU)