



Briefing Note: The consequences of National Treasury's new conditions for social grants

20 May 2025

This briefing note has been prepared by the Universal Basic Income Coalition (UBIC), and responds to and analyses the conditions which the National Treasury has placed on the 2025/26 operating budget of the South African Social Security Agency (SASSA).

In a meeting of the Portfolio Committee on Social Development, on 23 April 2025, SASSA revealed that National Treasury had attached conditions to its operating budget, which are ostensibly intended to reduce fraudulent access to social grants and to affect savings for the fiscus.

The overall thrust of the conditions is that SASSA must apply measures and procedures that have been developed in the administration of the Social Relief of Distress (SRD) grant, to the other longer-standing social grants: the older persons' grant (OPG), the disability grant, the child support grant (CSG) (including the top-up for orphans), and the care dependency grant.

These procedures include bank account surveillance for the purpose of verifying that applicants have “means” (income or financial support) below the means-test threshold per grant; cross-checks on applicants' status or appearance on various government databases, such as Correctional Services, Persol, Persal, SARS, UIF and NSFAS; and the predictive algorithmic profiling of beneficiaries for “fraud risk”, accompanied by requirements to undergo biometric identity verification. In addition, National Treasury is requiring DSD to undertake a “review” of the means-test threshold for the CSG grant, and has mooted that it should be immediately capped for a few years and then reduced.

There is overwhelming evidence that these procedures and limitations have served to wrongfully exclude millions of rightful SRD grant beneficiaries from their entitlements. More than 18 million people are estimated to be entitled to the SRD grant based on current eligibility criteria, yet only 8 million people receive it each month. 9 out of 10 exclusions from the SRD grant are known to be [erroneous](#)—in other words they are of people who are actually eligible for and entitled to the grant. This extremely high erroneous exclusion rate is a direct result of the procedures that National Treasury is now requiring SASSA to implement for the longer-standing social grants.

The High Court [found](#) in January that several of these procedures are unconstitutional because they are purposefully exclusionary. The state respondents including National Treasury are appealing the ruling, and at the same time doubling down on the procedures by extending them to the longer-standing grants.

If rolled out to the longer-standing grants that are targeted at vulnerable groups, they will have the same outcome—the exclusion of up to half of the rightful beneficiaries. This briefing note goes through each of National Treasury's conditions in turn and presents evidence to show the devastating effect that these would have on current and prospective recipients of social grants—most notably babies, children, caregivers, seniors and persons with disabilities.

National Treasury has insisted that SASSA start with imposing these exclusionary measures on the Child Support Grant. While the measures are to be applied to both current beneficiaries and new applicants, current beneficiaries are entitled to a notice period for review and a regulated review process, whereas new applications can simply be declined. This means the first group to be erroneously excluded will be mothers with newborn babies, because they make up the majority of new CSG applicants.

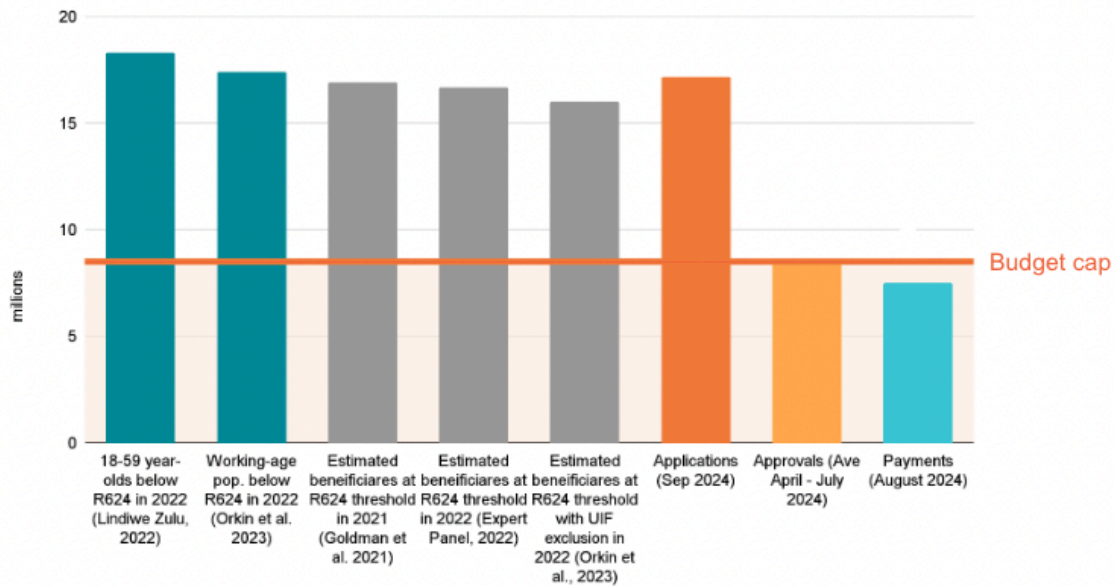
The sections that follow, provide more detail on how these measures have resulted in high levels of exclusion for the SRD grant and how they are likely to result in exclusion for all other grants.

1. Background to SRD grant exclusions

Based on DSD's own estimates, in 2022 18.3 million people aged from 18 to 59 had means of less than R624 per month, and thus were eligible for the SRD grant. However, payments of the grant have consistently been made to only approximately 8 million people on average each month. The chart below compares available estimates of eligibility for the SRD grant, with actual applications, approvals and payments. It also shows the budget cap imposed on the SRD grant by the National Treasury.

The evidence is very clear: DSD and SASSA have been forced to keep approvals artificially low with narrow eligibility criteria and flawed verification systems in order to stay within the budget cap imposed by National Treasury. They have achieved this by using the very procedures and barriers that National Treasury is now forcing onto the other social grants.

Estimates of adults in food poverty; eligibility for SRD grant; compared with applications, approvals and payments from most recently available data



(Source: [Howson et al. 2025](#))

The vast majority of applicants do not receive the SRD grant despite the fact that they meet the eligibility criteria and are entitled to it. They are excluded incorrectly, or erroneously. This is a direct violation of their constitutional rights, and exposes them to severe food insecurity. Based on a survey of 900 excluded persons living below the upper bound poverty line, a recent study [found](#) that 90% of all exclusions are erroneous. These erroneous exclusions are the direct result of the use of bank account verification methods, database checks and biometric verification—because all of these methods are fundamentally flawed at identifying eligible people.

Research also found that exclusion was discriminatory, particularly against women and caregivers of children. Compared to men, women were 16.5% more likely to be excluded from the SRD grant as a result of bank account checks. This is completely at odds with the gendered realities of poverty in South Africa—the fact that women are consistently overrepresented in income poverty rates. This is largely because bank account checks punish those who receive child maintenance payments on behalf of children in their care; who receive transfers from other household members to buy basic necessities; and who share a bank account—all disproportionately women.

By applying insights from the aforementioned SRD exclusions study to the CSG, we project that up to 45.7% of all recipients and new applicants are at risk of being erroneously excluded as a result of the introduction of means assessment via bank and database verification, and biometric verification. That amounts to 6 million vulnerable babies and children, and their caregivers being at risk:¹

- 4.1 million children are at risk of erroneous exclusion from bank verification

¹ This is based on exclusions of CSG recipients from the SRD grant resulting from incorrect means tests using bank account surveillance. Because the SRD imposes an extremely low means test, it may have slightly higher rates of erroneous bank surveillance-based exclusion than the CSG at the current means-test threshold. However, these estimates provide an insight into the proportion of CSG recipients who could potentially be at risk. The source material for these estimates are available [here](#) and a detailed methodology can be provided on request.

- 750 000 are at risk of erroneous exclusion from database checks
- 1.5 million are at risk of being targeted by fraud profiling algorithms, and 850 000 of these do not have the capabilities to undergo the necessary biometric verification.

Of the approximately 1 million babies who will be born during the next financial year, 70% are eligible for the CSG due to the child poverty rate standing at 70% of all children. However, the CSG uptake for infants has been declining over the past few years and in 2024/25 fewer than 500 000 infants successfully accessed the CSG. If the Treasury conditions are imposed by SASSA on new CSG applicants, over 200 000 eligible babies are at risk of being erroneously excluded, and the infant take-up rate will decline further. These babies will become at increased risk of malnutrition and stunting and the country's child poverty rate will increase.

While the above estimates are specific to the CSG—it is very important to note that many more seniors and people with disabilities are also at risk.

2. National Treasury's new conditions

Below we engage with each condition in turn and, drawing on evidence from the experience of the SRD grant, demonstrate the devastating consequences it will have on vulnerable populations. In discussing the conditions we refer to the presentations given by [DSD](#) and [SASSA](#) to the Portfolio Committee on Social Development on 23 April 2025.

Condition i (bank checks):

“SASSA must introduce bank income checks on applicants and recipients of the child support (including top-up), old age, disability, and care dependency grants from March 2025, leading to reviews of recipients with income above the means test threshold.”

The “bank checks” process (commonly referred to as “bank verification”) is ostensibly meant to enable the government to check the means of grant applicants across all the banks where they could have accounts, to determine whether the applicants' income is low enough to qualify for the SRD grant in a given month. It performs extremely poorly at this. This is because checks on total income in a person's bank accounts are objectively incapable of reflecting means based on a reasonable definition (including income and financial support).

Bank checks cannot distinguish between types of inflows into accounts. They treat all inflows as “means” including types which fall far outside a reasonable definition of personal means—such as maintenance payments that a primary caregiver parent would receive from another parent on behalf of a child, ad hoc donations to stave off hunger in desperate situations, loans taken out from money lenders, and even money held or received on behalf of another which is very common in a country where many (predominantly women) share their bank accounts with dependents and other household members.

Research has [found](#) that 80% of all exclusions are due to bank checks, and that 76% of applications rejected on the basis of bank checks were of applicants that were eligible for the grant (i.e. they were based on monetary inflows that do not meet a commonsense definition of personal means).

It is also important to note that the reliance on bank checks as a method for means-testing also enables ineligible people to evade the means-testing regime simply by conducting their business and receiving income in cash. This basic design flaw means that the bank account

surveillance system cannot even affect its intended purpose of preventing “fraud” and ensuring that grants go exclusively to people who are eligible for them.

The government has entered into contracts with all the major banks to carry out these checks on millions of people’s bank accounts. We do not know the cost of these contracts to the fiscus. But we question the appropriateness (and potentially the legality) of the state regularly surveilling the bank accounts of millions of vulnerable people—it raises critical questions about privacy and the protection of personal data, as well as the involvement of for-profit companies in social protection service delivery.

It is also important to point out that these exclusions arising from bank checks disproportionately affect women, who are in most cases also primary caregivers and thus care for others, and receive funds related to this care that is then inappropriately attributed to them. Given that 98% of CSG caregivers are women, the extension of bank checks to this grant will have devastating and discriminatory consequences.

Condition ii, iii and iv (database checks):

SASSA must continue big database cross checks of all social grants with Home Affairs, Correctional Services, Persol, Persal, UIF, GEPP etc. on registration and at least biannually. SASSA must enter into an agreement with SARS to check income of recipients of the child support (including top-up), old age, disability, and care dependency grants by February 2025. SASSA must enter into an agreement with NSFAS to check income of recipients of the child support (including top-up), disability, and care dependency grants by February 2025.

We deal with these together because they collectively make up what is known as “database verification.” Like bank verification, database verification is also largely an automated process with very little accountability and oversight. It involves cross-referencing grant applicants’ status with other government agencies, to check for instance that they are not receiving UIF or NSFAS, or that they are not reflected in the SARS system as earning an income or in a government employee database as receiving a government salary..

Database verification has been widely shown to be inaccurate because government databases are not updated in real time. The information contained in the database does not necessarily reflect a beneficiary’s current status. For example, the aforementioned study found that, of 298 application rejections, 13 were rejected on the basis of receiving NSFAS payments. However, none of these applicants were actually receiving NSFAS. 19 were rejected on the basis of being “UIF_registered”, but 9 of these applicants were not in fact receiving UIF payments above the means-test threshold. In an earlier iteration of the SRD grant, inaccurate database checks served to erroneously exclude a [third](#) of all applicants.

Affidavits filed in support of the SRD grant court case give heartbreaking insight into the real impact of inaccurate database checks on applicants. Many people were rejected on the basis that they were receiving UIF, government employee income, or NSFAS benefits, which they were not currently receiving and had not been for months or even years:

"At the start of 2020, I applied for the social relief of distress grant.This was when my application was declined due to what the system stated was "government means of income" but I have not worked for the government since 2014. It is difficult for me to apply and appeal online because I do not have the means to access the process online."

"In 2020, I applied for the SRD grant. When I applied, I had just lost my employment as a general assistant at a nearby school. The contract had lapsed in August of that year. I applied to receive Unemployment Insurance Fund payments from the Department of Labour just after I lost my job. I have not, however, received any payments from the UIF."

Judge Twala found the use of database checks for eligibility verification to be unconstitutional and unlawful. Expanding this method of verification to other grants would result in the unfair exclusion of hundreds of thousands of vulnerable people who do not have the ability to support themselves, including newborn babies, children living in poverty, and persons with disabilities and seniors.

Condition v (biometric checks):

SASSA must intensify biometric checks on all applications that SASSA deems suspicious with immediate effect.

As a coalition, we have written various statements and [articles](#) on the disastrous state of the SRD's biometric verification system. These concerns are outlined below.

Problems with methods of identifying "suspicious" applications

The process for identifying "suspicious" cases is entirely automated with no human oversight and thus accountability.

It is unclear how an individual is flagged to be a 'suspect' of fraud. SASSA has simply stated that this is done algorithmically on the basis of data shared by "industry partners" (i.e. banks). This system then amounts to what is known internationally as "predictive policing"---a profoundly dystopian practice, which has recently been outlawed in the EU through the passing of the Artificial Intelligence Act.

International experience has demonstrated that the algorithmic predictive policing of welfare fraud has perpetuated bias and racial discrimination. In the [Netherlands](#), [Serbia](#), [Australia](#), [Jordan](#), [India](#), and many other contexts, algorithms have denied people access to their right to social protection with devastating consequences. In the Netherlands for instance, people have been [denied](#) assistance based on supposed risk factors like being a parent, female gender, age, language proficiency, dual citizenship, and appearance on a government "blacklist" that disproportionately targeted persons of "non-Western appearance". One of these algorithms resulted in more than 1000 children being taken into foster care.

In Australia an automated system wrongfully accused hundreds of thousands of welfare beneficiaries of under-reporting their income, on which basis they were deemed to be in debt to the state, and sometimes handed over to private debt collectors. In Jordan, India, and Serbia, algorithms have determined peoples' access to income and food assistance based on (oftentimes inaccurate) data held by the government on a range of socio-economic factors.

In January 2025 2 million SRD grant applicants (approximately 12%) were blocked without warning on account of being flagged as "suspicious", [according](#) to SASSA.

Problems with biometric verification system

In order to have their grant access unblocked, SRD beneficiaries must complete an online biometric verification process. This involves significant barriers which are insurmountable for many of the most vulnerable.

Using data from a survey of 900 people within the SRD grant target population who had experienced exclusion at some point in a three-month period, **we estimate that 57% do not have the capabilities to undergo biometric identity verification.**

- They must be able to receive an SMS to the phone number they have registered on SASSA's system (most commonly the phone number originally used to apply for the grant).
 - 21% of applicants for the SRD grant applied using another person's phone number, because they don't have access to their own.
- The SMS contains a link where the recipient is asked to upload a photo of themselves. This means that the phone number they receive the SMS to must be a high-quality camera-enabled smartphone, and they must have access to the internet.
 - 21% of the population does not have internet access (disproportionately the poorest deciles).
 - 17% of survey respondents did not own a smartphone
- In order to be "identified" by the government's facial recognition software (which connects to the Home Affairs database), they must have a smart ID card.
 - 36% of survey respondents did not have a smart ID card
 - Accessing a smart ID card costs R180, or just under half of the value of the SRD grant.

Even worse is that this system has also been completely unstable, with the platform (eKYC) being taken [down](#) entirely without warning in January 2025, meaning that the 2 million applicants that were flagged that month had absolutely no way of verifying their identity, with their grants remaining blocked.

It is not known how SASSA intends to verify the biometrics of applicants and current beneficiaries of the longer-standing social grants such as the CSG and Older Person's Grant. SASSA mentions in its Annual Performance Plan for 2025/26 that they plan to have biometric capability at all their offices but that it is not yet up and running.

All SASSA offices need to be fully equipped, trained and online before beneficiaries are informed that they need to present to an office for biometric verification. Grants cannot be reviewed or suspended subject to biometric verification if SASSA is not ready to provide such biometric verification.

Condition vi (reporting of reviews and cancellations):

SASSA must submit quarterly progress reports to the National Treasury on the conditions 30 days after the end of each quarter, on or before the 30th of July and October 2025 (quarter 1 and 2), and before the 30th of January and April 2026 (quarter 3 and 4). The report should include:

The Rand amount of savings per grant type from the social grant cancellations.

The number of social grants for which reviews were conducted per grant type.

The number of social grants suspended and cancelled per grant type.

Condition vi makes it explicitly clear that the motivation for these conditions is to achieve savings, i.e. reduce costs. It is very easy to infer from this that the National Treasury will assess SASSA on the number of applications rejected, suspensions and cancellations of existing grants, and Rand savings achieved.

The metric that SASSA is to be assessed on is not the quality of their service delivery or the number of vulnerable people living in poverty who receive support from the state, but rather on the number of social grants they cancel. This is egregious and unjustifiable.

These savings will not be achieved by preventing fraud but by drastically and unfairly limiting access to many deserving people in need who currently receive the various grants. Once again, we stress that the first group in the firing line are mothers and their newborn babies.

Review of the CSG income threshold:

Alongside the above conditions, National Treasury is also requesting that DSD undertake a “review” of capping the CSG income threshold at its current level, or even reducing it to the level of the Upper Bound Poverty Line (a reduction of around two thirds).

The CSG has long been praised internationally for being relatively [well-targeted](#)—i.e. it reaches a large proportion of vulnerable children in the lowest income deciles. Despite this, National Treasury’s Technical Committee on the Budget [claims](#) that the CSG “reaches children in higher income households, including households with income higher than the minimum wage of R52 954”, and uses this as a basis to suggest cutting the means-test threshold for the grant. This simplistic reading is based on an unfortunate lack of understanding of the dynamics of household-level poverty in South Africa which the CSG is designed to respond to. While the SRD means-test threshold is an individual (per capita) assessment, the CSG means-test threshold is taking into account the means of a household with (on average) 2.3 children.

The Childrens’ Institute’s [review](#) of the CSG in 2024 found that:

“About one third of CSG recipients report no income from wages, self-employment or other grants. In households with a CSG recipient, the grant contributes more than one-third of total income. The share of household income stemming from the CSG is especially high in the poorest quintile. Over 80 percent receive a child grant – four times as many as households in the richest quintile – with grant money contributing as much as 60 percent of their income. For the poorest 10 percent of households, access to the CSG results in a four-fold increase over their pre-grant income. The incidence of grant money drops as one moves up the income ladder and becomes negligible for households in the upper deciles, underscoring the progressive nature of South Africa’s social assistance system.”

The evidence shows that the CSG reaches the majority of children in the poorest deciles, precisely because (unlike the SRD grant) it *casts a wide net*. As the experience of the SRD grant shows us, because of the exclusionary and inaccurate nature of poverty-targeting, the result of capping or reducing the means-test threshold for the CSG would be the exclusion of a proportion of children in the poorest deciles.

This has been demonstrated by international evidence which shows that restrictive means-testing [always](#) results in a large number of wrongful exclusions. This is because it is almost impossible for governments to distinguish between categories of people in need at such a granular level.

Improving take-up for infants under 1 years old has been a standing performance target for SASSA and DSD for many years because evidence is clear that early access to the CSG improves a range of child wellbeing outcomes, including in the area of nutrition, health and education. Unfortunately the number of infants accessing the CSG has been declining since 2021, indicating that there is already an access challenge for this group. If SASSA starts imposing these measures on new CSG applicants, the take-up for infants is likely to decline further and more significantly. With child poverty levels at 70%; the emphasis should be on reaching as many poor children as possible, not excluding as many poor children as possible.

Children have the right to basic nutrition in section 28 of the Constitution. This has been interpreted by the High Court to be an immediately realisable right—which means it is not subject to the concept of progressive realisation within available resources. Any attempt to reduce the CSG, which is the state’s primary programme for realising the right to basic nutrition for poor children, will have to be justified against a higher standard in accordance with the general limitation test. Even despite the successes of the CSG, 38% of children still lived in food poverty in 2022. Reducing the number of poor children in receipt of the CSG cannot be a goal imposed on SASSA by National Treasury.

3. National Treasury’s outsized role in social policy

We question National Treasury’s purported authority to unilaterally impose such conditions on the manner in which DSD and SASSA give effect to their mandate. This is undemocratic—it is not the prerogative of the National Treasury to dictate the way in which the Department of Social Development implements its own regulations. These conditions go far beyond a fiscal oversight role—they force DSD and SASSA to adopt highly specific procedures, metrics and policy trajectories, completely usurping the policy making function of the Minister and Department of Social Development.

This is sadly not unprecedented, but follows a well-established pattern, as the exclusionary and arbitrary procedures that Treasury now seeks to impose on the CSG, OPG and disability grant it itself imposed on the SRD grant. In an internal briefing document to the Minister of Social Development discussing the finalisation of SRD grant regulations in early 2022, DSD officials noted:

The NT has made a number of unreasonable request[s] for conditions on this grant. We may run the risk that they just withhold concurrence if we do not accede to these.

The DG has written to the NT explaining the difficulties, and even the constitutional implications of some of the conditions they require.²

Despite DSD’s advice to Treasury that their conditions were unconstitutional, Treasury persisted in imposing draconian measures—including the bank account surveillance system—onto the SRD grant.

It is well known that National Treasury has long abused its position as holder of the purse strings to impose unreasonable and unconstitutional limitations on the ability of DSD and

² First Respondent’s Answering Affidavit in: Trustees for the Time Being of the Black Sash Trust v Ministers of Finance and Social Development, DSD, President in the High Court of South Africa, Gauteng Division, Pretoria (p. 122).

SASSA to deliver social assistance to people in abject poverty. Access to social assistance is a right enshrined in Section 27 of the Constitution. The government is obligated to progressively realise this right for everyone, and this move would be an unconstitutional retrogression in the provision of the right.

Background to UBIC

The Universal Basic Income Coalition is a collective of civil society, labour and grassroots organisations which advocate for the realisation of the constitutional right to social assistance for all, by way of a universal and adequate basic income. UBIC and the communities we represent have a keen interest in the administration of the SRD grant, which is the vehicle by which the government plans to expand the social protection floor to those currently excluded.

UBIC has made numerous submissions to regulatory processes, and repeatedly pointed to various issues plaguing the system which contribute to widespread, systemic exclusion of eligible persons—that is, able-bodied working-age adults with means below R624 per month.³ Most recently, we contributed comments on the latest SRD grant amendment regulations, in April, again pointing to human rights impacts and calling for substantive changes. We note that the draft regulations were gazetted, unchanged, only three working days after the submission period closed.

Members of the coalition including [the Institute for Economic Justice](#) and the [Children's Institute](#) have also produced rigorous research into the extent, drivers and experiences of exclusion built into the SRD grant and the CSG.

UBIC is comprised of the following organisations:

Alternative Information and Development Centre (AIDC)
Basic Income Earth Network (BIEN) – Africa UBI Observatory
Black Sash
Children's Institute, UCT
Congress of South African Trade Unions (COSATU)
The Family Caregiving Programme
Global Reformed Platforms for Engagement (GRAPE)
Institute for Economic Justice (IEJ)
National Education, Health and Allied Workers' Union (NEHAWU)
#PayTheGrants
RightfulShare An Income Movement
South African Federation of Trade Unions (SAFTU)
Women on Farms Project
Youth Lab

³ The Food Poverty Line (FPL) is the lowest amount of money an individual adult needs to meet their minimum food requirements. The current R624 means-test was introduced in 2022, based on the then-latest FPL data from 2021. Since then, the FPL has been adjusted annually for inflation and was R796 in 2024. This means the current threshold is less than 80% of the 2024 FPL. As a result, there are people living in food poverty (also known as extreme poverty) who do not qualify for income support, but still do not have the means to meet their minimum food requirements (i.e. face malnourishment/starvation).