



Senator the Honourable Donna Cox
Minister of Social Development and Family Services

**The Finance (Supplementary
Appropriation) (Financial Year 2022)
Bill 2022**

(Mid-Year Review)

Friday May 20, 2022

INTRODUCTION

Thank you very much, Madam President.

The Ministry of Social Development and Family Services continues to unwaveringly support thousands of citizens in our twin island Republic who are in need of state financial assistance during their twilight years. As a consequence, the Ministry's strong commitment is essential if we are to meet the growing needs of the vulnerable in Trinidad and Tobago.

Madam President you may recall that during the debate on the Supplemental and Variation of Appropriation Bill 2021/2022, I reported that the Ministry received supplemental funding in the sum of **Five Hundred and Thirty-one Million, Fifty-three Thousand, Two Hundred and Twenty-five Dollars (\$531,053,225)**. Of this amount, **Four Hundred and Eighteen Million, Three Hundred and Fifteen Thousand, One Hundred and Fifty-six Dollars (\$418,315,156.00)** or 78% of that was allocated to **One Hundred and Nine Thousand, One Hundred and Thirty-two (109,132)** Senior Citizen Pensioners.

The steady growth of our ageing population, with **13%** of the population averaging 65 years and over, has resulted in the Ministry having to once again request additional funding to meet the payments associated with the needs of this particular cohort of citizens.

The Ministry recognises its fiduciary responsibility to ensure that the resources it is allocated are adequately managed. We also note that the sources of revenue in the economy have declined and therefore public funds must be disbursed with fiscal prudence, equity and fairness. These matters are also exacerbated by the lingering effects of the COVID-19 pandemic and other world events, which continue to significantly affect prices across global economies, including that of Trinidad and Tobago. In spite of this Madam President, our senior citizens continue to receive their pensions, as they have in the past, in the same amounts, and on time.

The Senior Citizens' Pension Grant is one of the core social assistance measures provided by the Government of Trinidad and Tobago for elderly persons who are vulnerable.

We recognised however, the need to review our grants to improve our efficiency in delivery and to identify areas of cost savings. In my contribution to the debate on the Appropriation Bill 2021-2022 at the other place in October 2021, I reported that fraudulent practices at the Ministry were engaging the attention of the Financial Investigation Bureau, the Anti-Corruption Investigation Bureau and the Fraud Squad of the Trinidad and Tobago Police Service (TTPS). In fact, in the preceding 12 months before my address, there had been a **241%** increase in the number of reports to the TTPS, with the majority of cases (**151%**) involving Senior Citizens' Pension.

Back then, I assured the nation and I reassure our citizens even now that every effort is being made to ensure that the nation's resources, intended to support the vulnerable **will** reach them and that any and all nefarious activity will be halted, investigated and where possible prosecuted. We have continued to pursue these matters Madam President and I can report that investigations are ongoing, some at a very sensitive stage: **twelve (12)** persons will soon be interrogated by the Police with a view to arresting and laying charges against specific individuals.

Ghost beneficiaries have been identified on the payroll and names have been sent to the Police for investigation. As you can see Madam President, we are making some headway and some have been deactivated. We have realized that no one has come forward for reinstatement. So Madam President, that says a lot.

We are also implementing several strategies to reduce the leakage of funds from the system and to ensure that grants are targeted only to those who are in need of them.

Some of these strategies being implemented are well advanced and include:

- Reduction of errors, fraudulent transactions and corruption in the processing and payment of the Senior Citizens' Pension;
- Removal of ineligible clients, particularly those residing permanently abroad;
- Streamlining of payments to clients via direct deposit, thereby reducing and/or eliminating payments by cheque; and

- The digitalisation of the Ministry's services to facilitate greater efficiency and cost reduction.

The Ministry is in the midst of a data clean up and validation exercise, which aims to populate all records with only the most accurate and current information on our clients. Our clients are being asked to complete a special data form as part of the Life Certification process. This will allow us to receive travel, income, national insurance and death information, thereby ensuring that the Senior Citizens Pension remains targeted to only those who are alive and in need of such support. Currently some **38** employees have been engaged and are dedicated to this clean up and validation exercise.

The process is already bearing fruit. Since October 2021, the Ministry has been able to remove **Twelve Thousand and Ten (12,010)** pensioners from the system. Of this, **Seven Thousand, Five Hundred and Fifty-four (7,554)** persons, accounting for approximately **Ninety-four Million Dollars (\$94,000,000.00)**, were dead persons who had not been removed from the system.

During that same period, we added **Five Thousand, Four Hundred (5,400)** persons, resulting in a net reduction of **Six Thousand, Six Hundred and Ten (6,610)** persons.

Our MOU with the Immigration Division is expected to realise the removal of at least another **Five Thousand (5,000)** clients who are living abroad and also receiving the Senior Citizens Pension grant.

As of April 30, 2022 **68%** of our Pensioners are on the direct deposit payment method and an active, on-going programme with the Banks and our Service Centres is in place to encourage maximum use of the direct deposit option. Our target is **95%** by September 2022. We have met with the Bankers Association and they have agreed to institute several extra measures to support those who are still being paid by cheque before they graduate to direct deposit. At the same time, we are moving towards a new digital payment system, which will change the current arrangements with the National Insurance Board to print cheques and TTPost to deliver them. Madam President, we expect this measure to close the door on stolen cheques at post offices and from pensioners' mail boxes.

In order to correct specific findings made on certain records by the Auditor General, the Ministry has already engaged all the Local Boards with the tasks of pulling the manual files and updating the data on the existing database. This exercise will be monitored by the Central Board of the Social Welfare Division, Internal Audit Unit and the Investigation Unit to ensure compliance.

Madam President, it is important to note that the Ministry has already assessed the payments currently being made to our pensioners and added the estimated number of new clients who are expected to join between May and September, 2022 and has calculated that the increased allocation of **Three Hundred and Eighty-nine Million, Seventy-three Thousand Dollars (\$389,073,000.00)** is required to meet our commitments to senior citizens to the end of the Fiscal Year.

This is in fact a reduction in the supplemental funding required in this Fiscal by some **Twenty-nine Million, Two Hundred and Forty-two Thousand, One Hundred and Fifty-six Dollars (\$29,242,156.00)** or 7% over the same period last year.

Although modest in this instance, this reduction is a mere indicator of the direction in which we are going and we expect to report more substantial savings when some of the strategic and administrative initiatives to address the leakage of funds that I mentioned earlier are fully executed.

The Ministry is also actively pursuing collaborative measures with key agencies such as the Immigration Division, the Registrar General, the Elections and Boundaries Commission (EBC), the Supermarkets Association, the Central Bank, the National Insurance Board and the Bankers Association to bring needed changes to the system and to the Ministry's internal processes for the Senior Citizens' Pension.

The aim is to protect our clients, especially the elderly, from fraudulent and corrupt practices, as well as prevent the leakage of funds from the system due to theft, overpayments, human error etc. Data management and data analytics have become critical inputs into the management of the grants at the Ministry.

Additionally, ongoing collaboration with the Fraud Squad will serve to treat with the issue of fraudulent encashment of cheques from what may possibly be organised crime. It is with this in mind that the Ministry of Social Development and Family Services is moving full speed ahead with its Direct Deposit initiative and the establishment of an Investigation and Compliance Unit.

From a legislative perspective, the Ministry has been actively engaged in a comprehensive review of the Senior Citizens' Pension Act (Chapter 32:02) and its accompanying Regulations, with a view to providing greater clarity and enabling legislative amendments for more cohesive and efficient administrative arrangements, monitoring, evaluation and compliance within the social protection system. This includes a comprehensive review of the qualifying eligibility criteria; issuance of stricter financial penalties and/or imprisonment when breaches are made; introduction of new approaches to recover overpayments to ineligible recipients and/or relatives of beneficiaries who are deceased.

It should be noted that these are only a few aspects of the transformation and change initiatives taking place at the Ministry to create a targeted social protection system, which allows our clients to build their own resilience.

Madam President, in closing, I must say that in spite of the many obstacles and challenges faced over the last two years, this Government has never wavered in its mandate of 'Putting People First' with the measures adopted to manage the economy in such turbulent times. We hope that the global economic situation will not continue for a prolonged period.

The Government continues to be cognizant of its obligations to the vulnerable. We will always provide a cushion for our elderly who have already made a significant contribution to the development of this great nation and are now most deserving of our care and attention.

I wish to thank the executive and staff of the Ministry of Social Development and Family Services for their hard work; I thank the Minister of Finance for his understanding and support of our elders and I thank you Madam President and Members of this Honourable House for the opportunity to make this presentation in support of the supplemental funding for the Ministry of Social Development and Family Services.

I thank you.

Senator the Honourable Donna Cox