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TO: MEMBERS OF THE TECHNICAL COMMITTEE

FROM: ELIZNA VAN DER WESTHUIZEN

SUBJECT: SOCIAL BENEFITS

DATE: 19 JUNE 2025

FILE REFERENCE: ATTACHMENT 4(a)

BACKGROUND AND OBJECTIVE

1. The Technical Committee and Board considered the comment received on ED 205 *Proposed Standard of GRAP on Social Benefits* in February and March 2025. A key issue discussed by the Technical Committee and Board in March 2025 was the impact of the verification of substantive ongoing eligibility criteria on social security insurance benefit liabilities, referred to as "boundaries of social benefit liabilities" in ED 205. The Board considered the changes required to ED 205 as significant, which in terms of the Board's Due Process, requires the proposed changes to be re-exposed.

2. The project groups considered ED 214 on *Proposed Standard of GRAP on Social Benefits - Limited Scope Amendments* in June 2025 and recommended it to the Technical Committee for consideration. The project group minutes are included as attachments 4(b) and 4(c).

3. ED 214 is developed as tracked text from ED 205, amended for all changes to respond to comment received on ED 205 (except for the matters discussed in this memorandum). The Invitation to Comment notes that ED 214 should be read with ED 205. The Secretariat finalised ED 205 and the related documents are published on the ASB website here.

4. The purpose of this memorandum is for the Technical Committee to consider ED 214, for recommendation to the Board. ED 214 is included as attachment 4(d). The full text is provided as background information as attachment 4(e).

Board Members: Mr A van der Burgh (Chair), Ms A Carstens, Mr A Hardien, Ms W de Jager,
Mr D Dlamini, Mr S Gcwabe, Mr S Khan, Ms A Muller
Chief Executive Officer: Mrs J Poggiolini

BACKGROUND TO THE PROPOSED CHANGES TO “BOUNDARIES” OF SOCIAL BENEFIT LIABILITIES

Recognition versus measurement

5. Aligned with the Project Group and Technical Committee recommendation, the Board agreed in March 2025 to amend ED 205 so that an entity’s future verification of substantive ongoing eligibility criteria is considered in measuring a liability. ED 205 proposed that this impacts the recognition of the liability.

6. The Board’s analysis of the significance of this change was that on its own, the change would not need to be re-exposed as the principles and impact of applying them remain the same as exposed in ED 205. Furthermore, the amendment is in direct response to comment received on ED 205.

Applying the “boundary” to social security insurance benefit liabilities

7. The Board agreed to amend the requirements of ED 205 so that the verification of substantive ongoing eligibility criteria impacts the measurement of *only* social assistance benefit liabilities, and not social security insurance benefit liabilities.

8. The Board assessed this change may have a significant impact on the liabilities for social security insurance benefits, compared to ED 205. The Board also noted that this change is not in response to stakeholder comment on ED 205 and stakeholders have not had an opportunity to provide comment thereon. The Board therefore agreed to re-expose the change. The Secretariat developed the proposed change as ED 214. For completeness purposes, the Secretariat included the amendments from responding to comment on ED 205 discussed in paragraphs 5 to 6 above in ED 214.

9. The project groups recommended ED 214 to the Technical Committee. Project group members from the Compensation Fund noted that they will analyse the impact of the proposals on their entity and send any comment they may have to the Secretariat via email by 20 June 2025. At the time of finalising this memorandum, no information was received from them. If they respond, a verbal update will be provided at the meeting.

Review of ED 214

10. Attachments 4(d) and 4(e) are presented for the Technical Committee’s review.

ACTIONS REQUESTED #1

The Technical Committee is requested to CONSIDER the proposed amendments to ED 205 – to be issued as ED 214 - and if considered appropriate, RECOMMEND the ED to the Board for approval.

COMMENT PERIOD

11. The Exposure Draft can be finalised and published after the Board meeting on 24 July 2025. It is likely that the Exposure Draft will be published early to mid-August 2025. Since the Exposure Draft mostly impacts public entities, this is considered an opportune time to consult on the proposals.

12. In accordance with the Due Process Handbook, Exposure Drafts are issued for a minimum period of three months. However, depending on the nature and complexity of

the pronouncements the Board may shorten or extend the comment period. ED 214 consults stakeholders on a single area of proposed change from ED 205. It is furthermore not expected to impact a large group of entities. It is therefore considered appropriate to consult stakeholders for 3 months.

ACTIONS REQUESTED #2
The Technical Committee is requested to NOTE the proposed consultation period.

NEXT STEPS

13. The Technical Committee and Board will consider ED 214 in July 2025. Once published, a public consultation on ED 214 will commence for a period of 3 months. The revised timelines for the project are included in attachment 8(d).