

Dear South Africa is a network of online platforms designed to facilitate government and encourage the public to participate in unbiased decision-making processes or policy formation at SOE, municipal, provincial and national levels.



Reserve Bank Amendment Bill [B26-2018] 2 November – 16 November 2020

The Parliamentary Standing Committee on Finance invites the public to comment on the South Africa Reserve Bank Amendment Bill [B26-2018], which amends the South African Reserve Bank Act, 1989 (Act No.990 of 1989).

The bill aims to (among other things):

- Provide for the appointment of certain Board directors by the Minister
- Provide for the tenure of office of appointed directors
- Deal with the filing of casual vacancies for appointed directors
- Make the state the sole holder of the shares in the Bank
- Give the Minister the power to appoint auditors of the Bank
- Give the Minister the power to make regulations relating to the appointment of appointed directors.

The above notice of intention for the Reserve Bank Amendment Bill [B26-2018], was initially brought to parliament as a Private Member's Bill by Mr J S Malema, MP in 2018. Following this period, the elections took place whereby the 6th parliament was established. During the electoral process, the Reserve Bank Amendment Bill was still considered a pending Bill and was only recently reintroduced by Deputy EFF President, Floyd Shivambu in August 2020. The Reserve Bank Amendment Bill was then opened to the public for participation from 2 November 2020 and the closing date was set to 16 November 2020.

Written submissions and enquiries were directed to Mr Allen Wicombe and Ms Teboho Sepanya at wicomb@parliament.gov.za and tsepanya@parliament.gov.za. In accordance with the Committee Secretaries, DearSA facilitated the public participation process by setting up an email address where all comments were forwarded on to sarbamendment@dearsouthafrica.co.za – access to the receiving email address was granted to Mr Allen Wicombe and Ms Teboho Sepanya.



Dear South Africa (DearSA) hosted a participation project through Dear South Africa's mobile and online platform to facilitate, educate and encourage public participation and comment to shape this amendment.

<https://dearsouthafrica.co.za/reserve-bank/>

Included on the web page was:

- 1 - The published Amendments and related documents as downloadable PDFs
- 2 - The Amendment Bill and the legal opinion from Parliamentary legal services.
- 3 - a live view of public comments (with a counter and breakdown reflecting number of participants)
- 4 - video summaries
- 5 - links to relevant media articles
- 6 - a portal which posed two questions (with the option of three responses per question)
- 7 - a comment facility to provide input on the Amendment

Each public entry was individually delivered to wicomb@parliament.gov.za and tsepanya@parliament.gov.za. DearSA also captured all public entries which have been used to produce this report.

Note: In order to accurately reflect public comment, DearSA's projects are unbiased and hold no partisan opinion or agenda. Raw captured data is attached as an Excel file.

A total of **29,593** comments were received by the set closing of 4pm, 16 November 2020 (included in the Excel file). This report reflects the entries received by the closing date.





Two questions presented;

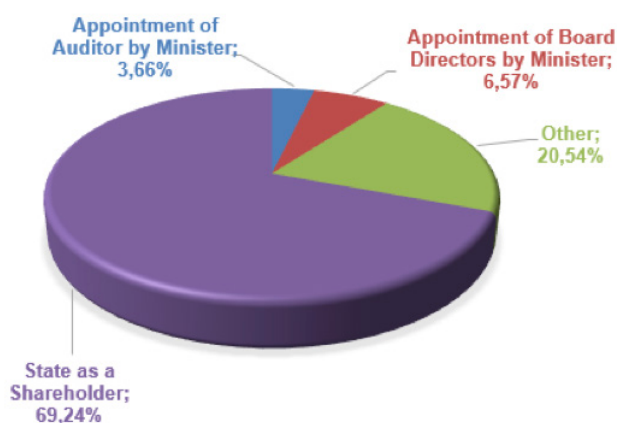
1. Do you support the South African Reserve Bank Amendment Bill?

Yes, I do	[805 selected]	2.72%
No, I do not	[28,515 selected]	96.36%
Not fully	[273 selected]	0.92%



2. What is your top concern?

	Appointment of the auditors by the Minister	[1,082 selected]	3.66%
	Appointment of the board by the Minister	[1,944 selected]	6.57%
	State as sole shareholder	[20,490 selected]	69.24%
	Other	[6,077 selected]	20.54%



Comments

The participants are encouraged to provide comment to justify their selection in order to help shape the policy amendment.

Of the “Yes, I do” comments, the public in this category support the initiative to nationalise the South African Reserve Bank for the purpose of developing accessible local financial services and increasing economic value. The participants have outlined that at current, the Reserve Bank has not fulfilled its purpose to the extent that it should have for the benefit of citizens in South Africa. A state-owned bank will be a progressive step to move the country's economic wealth forward by normalising access to financial services outside of the private sector.

Suggestions from the “Yes I do” comments, include;

Concern; Appointment of the auditors by the Minister

1. “With only the need to have the board and auditing independent, I believe that a government owned Reserve Bank will help solve the current debt situation in the country” suggests that whilst nationalising the Reserve Bank, independent audits should be kept in place to retain transparency and integrity.
2. The Minister should be party to the appointment of an independent auditor, but the parliamentary committee should oversee the process.
3. “The appointed Auditors must be obliged to publicly report corrupt activities and be mandated to take immediate steps against suspected corruption”.



Concern; Appointment of the board by the Minister

1. The board members should be appointed by a committee, not by the single hand of the Minister.
2. Public Process should be introduced to appoint the Board Members

Concern; State as a sole shareholder

1. Funding allocations by the state to other state-owned entities should be openly disclosed and made transparent.
2. "when the bill is passed, we also need to review the constitution" to ensure that corruption is mitigated and to avoid other SOE failures for example, South African Airways.
3. To increase the South African currency value, the nationalising of the bank should take place but the benefits for the population needs consideration.

Concern; State as a sole shareholder

1. Start the system for elders above 60 - it will be easy to start with lower numbers & benefit of elders in rural areas.

Concern: Other

1. In nationalizing the Reserve Bank, the economic regeneration should be for the benefit of all income earners: low, middle, and high.
2. By providing financial services to a wider segment of the population, the economic value must be preserved.
3. "The wealth of the country should be shared" without discriminatory processes or policies where masses of the public may be excluded.
4. Better transparency is required in the management of the state-owned entity.
5. Tender based processes have prohibited economic growth of the population and these types of policies within the Constitution need to be reviewed to share the wealth more evenly.

Of the "Not Fully" comments, majority of the objections are based on historical failures of state-owned entities within South Africa. The participants also raised concerns around transparency, corruption, and the appointment process.

Suggestions from the "Not Fully" comments, include;

Concern; Appointment of the auditors by the Minister

1. "The auditor must always be independent of the entity to allow for transparency and efficiency as well as effective auditing to be adhered to".
2. "The most successful enterprise by Government is a blend - PPP (Public Private Partnership)", we should balance the ownership between the state and the private sector to retain investment opportunity, whilst serving the citizens of South Africa with financial benefits such as lower interest rates.

Concern; Appointment of the board by the Minister

1. "The board and external auditors to be appointed by an independent panel" to ensure corruption is mitigated and nepotism is managed.

Concern; State as a sole shareholder

1. "sections 223 to 225 of the Constitution of the Republic of South Africa, 1996, the South African Reserve Bank Act, 1989 and section 224 of the Constitution, 1996" refers to the mandate of the South African Reserve Bank in the proposed SARB Bill. These mandates should be overseen by independent authorities for clear tracking on all financial transactions. The independent body should also have mandates set in place to prosecute any fraudulent or corrupt behaviour with immediate effect.



2. "Where state has had sole responsibility, it has not proven effective". A contingency plan should be drawn up and made public for participation prior to any ownership changes of the Reserve Bank.
3. "what we need to do is to give the Reserve Bank some developmental targets to meet with clear time frames" without making the bank a state-owned entity to allow the public to openly follow the developments. It's imperative to regain trust, reduce inequality in South African societies and stimulate economic growth. Once the targets are achieved, there should be a second re-evaluation in considering making the Reserve Bank a state-owned entity.
4. "The state in its current form is to corrupt" and requires a more in-depth root analysis cause before reverting to making any ownership changes of the Reserve Bank. Where does the corruption stem from?

Concern: Other

1. The foreign investment should not hold ownership over South Africa's economic wealth and should alternatively be utilised as a supplementary income source to grow the economy independently.
2. "The state as sole shareholder should only be allowed if the SARB can be constitutionally protected from political interference in the policy of the Bank. It will require a lot of checks and balances in the amendments".
3. "Theft with impunity where no one person is ever held accountable even when the evidence is stacked up against the perpetrators is astounding" indicates an urgent need to address misconduct aligned to the constitutional and legal practices without time delays. The trust relationship from the public's perspective, has been negatively affected due to various cases that involve government members or officials with corrupt or fraudulent activities.

Of the "No I do not" comments, the public have opposed the proposed amendment largely based on the lack of integrity that is applied to current management mechanisms within all state-owned entities. The COVID-19 emergency fund has also been mentioned several times on the grounds of misappropriation and corruption.

Suggestions from the "No I do not" comments, include;

Concern; Appointment of the auditors by the Minister

1. "There will be no transparency of Accountability if the state appoints its own directors and auditors. There needs to be free and fair process", this refers to the requirement of better transparency.
2. "We do not see merit in arguments to change the shareholders and directors. The present arrangement is functioning well and SARB enjoys high standing, also as a valuable independent sound board for the minister of finance."
3. "it is contradictory to the principles of democracy and free economy", the appointment process should be decoupled from government and managed by an independent body that can be frequently audited to retain transparency and ethical appointments.

Concern; Appointment of the board by the Minister

1. "The track record of the governments running of SOE's is worryingly evident in the financial turmoil that they currently display". There is no confidence from the public to nationalise the Reserve Bank. A history of mismanagement needs an urgent address to avoid further appointments that may result in further degradation of the economy's wealth.
2. "Interview process" should be implemented so that a panel can evaluate if the candidate is able to execute the functions of the post.



Concern; State as a sole shareholder

1. "Mismanagement and failure of SOE's are testimony of the lack of governments commercial acumen"
2. "Government's track record at institutions such as SABC, Denel, Esidimeni and SAA does not merit expanding governments jurisdiction. Instead the South African Reserve Bank should focus on building a reputation "as an independent institution run by highly skilled professionals with a visionary panel of directors where a new generation of economists and bankers will be proud to serve".
3. Citizens of South Africa are already heavily taxed across various sectors which has affected the pockets of all individuals. The government should introduce a smaller cabinet to reduce the running costs of parliamentary members, whilst implementing a plan to lessen taxes for the benefit of all citizens of South Africa. The need to pass on financial benefits through the Reserve Bank will then be null and void.
4. "The current ownership model of the Reserve Bank secures an independent, effective approach to good governance-based fiscal management of the Reserve Bank, which is crucial to positive economic growth and employment stimulus in the country. Sole ownership of the Reserve Bank by the State will remove the fundamental good governance safeguards currently in place. This will place the country's fiscus at risk of influence outside of the best short, medium, and long interests of the country's citizens."
5. "It Violates the following South African Laws:
 1. Terrorism Act Number 83 of 1967
 2. Internal Security & Intimidation Amendment Act Number 138 of 1999
 3. Prevention of Organized Crime Act Number 121 of 1998
 4. Public Finance Management Act Number 1 of 1999
 5. Companies Act Number 71 of 2008
 6. The Law of Contract
 7. The National Credit Act Number 34 of 2005
 - The South African Reserve Bank must have Indefinite Autonomy as a Private Sector Enterprise.
 - The South African Treasury has the Legal Mandate to develop a State Bank for the Purposes of Finance & Financial Control of State Resources.
 - The Twin Peaks Separation of the South African Reserve Bank & the State-Owned Bank is Paramount in preserving Money as a Financial Product Versus State Resources Allocation."

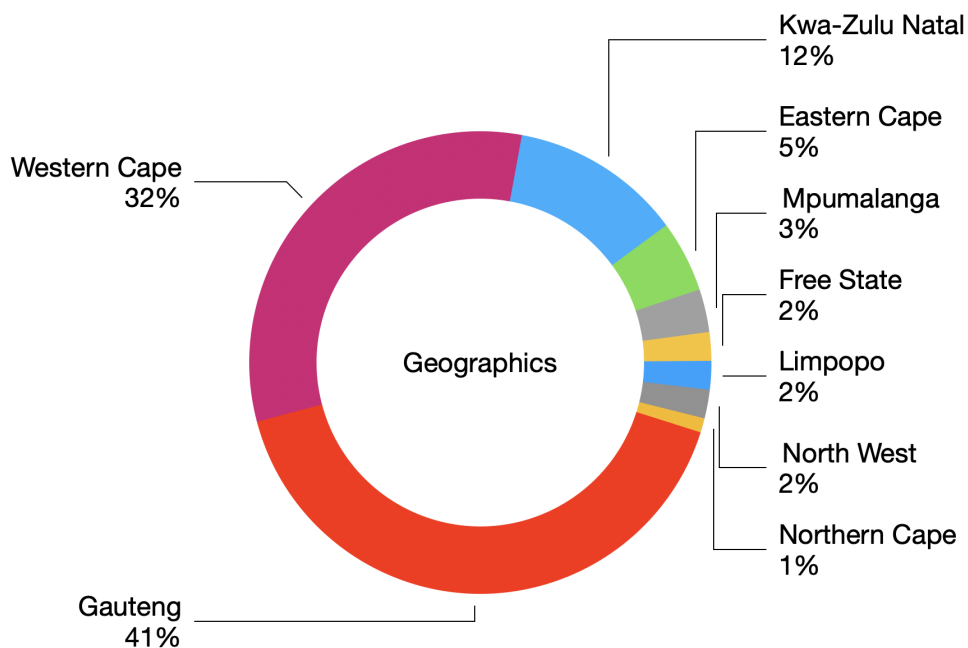
Concern: Other

1. "Awarding shareholding and positions as directors to cadres of the tri party alliance, trade unionists and communists, will jeopardise our credibility as sound investment destination." The Reserve Bank should continue honouring the existing financial relationships and the call to government engage with the citizens of South Africa should be initiated to better understand the financial requirements of our country at grass-roots level.
2. "EFF has a record of corruption. VBS bank for example", any proposing candidate that has a pending or prosecuted legal case against them should be thoroughly assessed before publishing the proposed Bill. Management of the corruption in South Africa requires intervention.



Demographics

Comments originated from all provinces with the greatest input arising from Gauteng, followed by Western Cape and KZN. Demographics can be further broken down into comment options (yes, no, not fully) and by top concern per region upon request, or view the Excel spreadsheet attached.



Thank you

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