

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER 133**

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**Dr D T George (DA) to ask the Minister of Finance:**

- (1) Whether any changes to the shareholding structure of the SA Reserve Bank are under consideration; if not, why not; if so, what are the relevant details;
- (2) whether an impact assessment on the risk rating of South Africa has been undertaken if any proposed or actual change to the shareholding structure of the Reserve Bank will be effected; if not, why not; if so, what are the relevant details?

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**REPLY**

- (1) No changes are under consideration at this stage. In the vast majority of cases, the central bank is owned by the state. South Africa is an exception to the norm in having private shareholders. However, the shareholding structure of the Reserve Bank should not impact on the Bank's independence, mandate or daily operations. Section 224 (2) of the Constitution enshrines the operational independence of the Bank in pursuing its duties and mandate. Shareholders do not have any authority to remove directors or to amend or change the Bank's constitution. The concept of shareholding in the Bank is based exclusively on principles of shared community representation and participation in the oversight of the Bank.

It is important for shareholders to understand their role and responsibilities and to be committed to the Bank's public purpose. A central bank is a national asset and exists for the public good. It is not a for-profit organization. At present there is a group of shareholders who appear to have no interest in the public interest function of the Bank, and where motives are driven by self interest.

They are attempting to create the conditions that would result in a liquidation of the Bank which would result in a significant windfall gain for them at the expense of the country. This is clearly not in the national interest. The Reserve Bank needs to be able to continue to carry out its constitutional mandate without these distractions.

- (2) No, this has not been done and would only be done if a change to the shareholding structure were under consideration. The independence of the Reserve Bank is one of the key strengths of South Africa's sovereign rating. The rating process entails a due diligence visit that, inter alia, tests the independence of policy making and the strength of institutions. At no point in time has the ownership structure of the Reserve Bank been raised as a matter of concern by any rating agency.

