

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 672 [NW1714E]
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672. Mr G G Hill-Lewis (DA) to ask the Minister of Finance:

- (1) Whether the National Treasury is actively considering to introduce the prescription of assets in the Republic; if so, (a) why and (b) what are the (i) relevant details and (ii) time frames;
- (2) whether he has held any consultative meetings with industry bodies and/or organised labour to discuss the introduction of the prescription of assets; if not, what is the position in this regard; if so, what are the relevant details?

NW1714E

REPLY:

- (1) No, National Treasury is not actively considering the introduction of prescription of assets. I want to assure all member of any retirement fund that Government's first and foremost responsibility is to protect their funds at all times, and we have in fact strengthened our regulatory system to continue to do so (e.g. through "Twin Peaks" legislation like the Financial Sector Regulation Act of 2017). In addition, the current regulatory framework in terms of the Pensions Fund Act (PFA) places a fiduciary duty on trustees of funds to always invest prudently and in the best interest of the members. This naturally means investing for the long term, in ways that support economic development and growth, and earning good returns based on fund and market fundamentals. This is good for pension fund members as well as the country. Regulation 28 of the PFA and Guidance Notice 1 of 2019 on Sustainability of Investments and Assets already require pension fund trustees to consider Environmental, Social and Governance (ESG) issues when making investments (refer to Guidance Notice 1 of 2019 on Sustainability of Investments and Assets in the context of retirement funds issued by the Financial Sector Conduct Authority (FSCA) and available on its website www.fsca.co.za).

I would like to caution all who make public comments on retirement funds, including those who report on them, to take greater care that they do not in the process scare retirement fund members to cash out their funds and hence not to preserve their savings. They will become more vulnerable in old age, when they retire and no longer have a decent income or savings.

- (2) National Treasury has not held any consultative meetings this year with industry or any person on prescribed assets. Guidance is currently given by Government through Regulation 28 and the abovementioned Guidance Notice.