

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER 37
DATE OF PUBLICATION
21 MAY 2004

MS R TALJAARD (DA) TO ASK THE MINISTER OF FINANCE:

Whether the Financial Services Board is currently experiencing any difficulties and/or delays in the licensing process for financial advisers created in terms of the provisions of the Financial Advisory and Intermediary Services Act, 2002 (Act No 37 of 2002); if so, (a) what difficulties and/or delays and (b) what steps are being taken to ensure a smooth implementation of this process? **N38E**

REPLY:

- (a) No difficulties or delays are being experienced by the Financial Services Board ("FSB") in the FAIS licensing process.

- (b) Section 6 of the Financial Advisory and Intermediary Services Act, No 37 of 2002 ("the Act") provides for the delegation of any of the powers afforded to the Registrar in terms of the Act. In terms of this Section, eleven recognised bodies have been granted the authority to assist the FSB in the licensing process. The FSB envisage, that it will be able to process the expected increase in the number of applications during the forthcoming months. An ongoing media awareness campaign aimed at encouraging the submission of licence applications is part of this process.

**NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER 38
DATE OF PUBLICATION
21 MAY 2004**

MS R TALJAARD (DA) TO ASK THE MINISTER OF FINANCE:

- (1) Whether (a) the foreign exchange amnesty process has been finalised and (b) all amnesty applications have been processed; if so, (i) how many applications have been received, (ii) how many requests for amnesty have been granted, (iii) what amount of revenue has the tax on repatriated funds generated and (iv) what percentage of funds remains offshore after the amnesty process;
- (2) whether he will make a statement on the matter? **N39E**

REPLY:

- (1) (a) The adjudication of applications has not been finalised, but since the deadline for submission (i.e. 29 February 2004) has passed, the Amnesty Unit no longer accepts applications.
- (b) All application were taken on record by 23 April 2004. A unique reference number has been allocated and acknowledgement of receipt letters have been mailed to all applicants.
- (i) The Amnesty Unit received more than 40 000 applications, of which more than half were received after 24 February 2004.
- (ii) As at 20 May 2004, 3 120 applications have been adjudicated and all have been granted amnesty. The foreign assets disclosed by these adjudicated applications amount to R 2,5 billion.
- (iii) In respect of applications adjudicated as at 20 May 2004, the 5 percent exchange control levy in respect of funds to be repatriated amounts to R 11,6 million. In respect of the same applications, the 10 per cent exchange control levy relating to funds to be retained abroad amounts to R 94,7 million, while the 2 percent domestic tax levy amounts to R 9,2 million. Total levies approved for payment accordingly amount to R 115,5 million, of which levies amounting to R 51,3 million have been received.
- (iv) Owing to uncertainty in respect of applicants' intentions in respect of their R 750 000 foreign investment allowance (or any unused portion thereof) not subject to any levies, no estimate can

be made of the percentage of funds to be retained offshore by applicants.

- (2) In terms of Section 29(3) of the Exchange Control and Amendment of Taxation Laws Act No 12 of 2003, the Minister of Finance must report to Parliament on the outcome of the amnesty process. This will be done subsequent to the adjudication and finalisation of all amnesty applications.

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER 141
DATE OF PUBLICATION
4 JUNE 2004

DR PJ RABIE (DA) TO ASK THE MINISTER OF FINANCE:

Whether any preventative steps have been taken by the amnesty unit to prevent any further information regarding individuals who apply for tax amnesty with regard to funds that were illegally invested abroad, from being made public; if not, why not; if so, what steps? **N173E**

REPLY:

In terms of Section 26(3) of the Exchange Control Amnesty and Amendment of Taxation Laws Act, No 12 of 2003 ("the Act"), information submitted by an amnesty applicant is strictly confidential and is not public information. Amnesty Unit officials are not only bound to follow the provisions of the Act, but also sign confidentiality agreements. Therefore, the Amnesty Unit is enjoined not to make public any information about amnesty applicants or their applications.

The Amnesty Unit considers that both their systems and applicant records are sufficiently secure. Possible leakages of confidential information could have originated from conduct occurring prior to the Amnesty Unit receiving an application. There is no evidence to indicate that any applicant information was leaked from within the Amnesty Unit.

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER 269
DATE OF PUBLICATION
25 JUNE 2004

MS R TALJAARD (DA) TO ASK THE MINISTER OF FINANCE:

- (1) Whether the investigation by the Scorpions into allegations that funds have been illegally removed from the accounts of persons who applied for foreign exchange amnesty, has been completed; if not, when is it expected to be completed; if so, what were the findings;
- (2) whether any action has been taken against any persons working for the amnesty unit as a result of these allegations; if so, what are the relevant details?

N305E

REPLY:

- (1) No, investigations by the Scorpions have not been completed. Amnesty applicants who were allegedly victims of fraud were advised by the Amnesty Unit to contact the Scorpions directly. The Amnesty unit therefore is not party to the investigations by the Scorpions. It is not possible to indicate when the investigations will be finalised.
- (2) No allegations were levelled, and therefore no action has been taken, against any persons working for the Amnesty Unit.

NATIONAL ASSEMBLY
QUESTION NUMBER 230
DATE OF PUBLICATION
18 JUNE 2004

MS R TALJAARD (DA) TO ASK THE MINISTER OF FINANCE:

- (1) Whether the National Treasury and the SA Reserve Bank have concluded any memorandum of understanding; if so, what are the relevant details of such agreement or agreements;
- (2) whether any specific permanent structures have been set up in accordance with such agreement or agreements; if so, what are the relevant details;
- (3) whether the consultations between the National Treasury and SA Reserve Bank provided an agreement on a single financial regulator; if so, what are the relevant details;
- (4) whether he will make a statement on the matter? **N264E**

REPLY:

- (1) The National Treasury and the South African Reserve Bank ("SARB") concluded a Memorandum of Understanding on 23 March 2004.

The Memorandum of Understanding sets out a framework for a consultative process between the SARB and the National Treasury, including the formation of Standing Committees. Furthermore, the parties

agree to provide mutual assistance and exchange information, subject to relevant laws, for the purpose of ensuring a consultative process on monetary and fiscal policies.

(2) The consultative process shall take the form of:

- Bilateral consultative meetings between the Governor and the Minister.
- Other consultative meetings between SARB officials and National Treasury officials to be held under the Standing Committees.

Three Standing Committees shall be established to represent the SARB and National Treasury and to provide technical support to the consultative process.

The Standing Committees shall deal with the following areas:

- Macroeconomic issues;
- Banking and financial market issues; and
- Financial and regulatory issues.

The Standing Committees shall meet at least twice a year.

(3) The South African Reserve Bank and the National Treasury have formed a joint Task Team to consider further integration of financial regulation. The joint Task Team will review the existing financial regulatory environment and recommend an institutional framework most appropriate for effective financial regulatory functioning in South Africa.

The objective of the Task Team is to obtain an understanding of regulatory best practice in the South African context, and to prepare a position paper to guide policy formulation. The Task Team has engaged independent local consultants to update existing research. This research will take place between now and the end of September 2004. Thereafter, a multi-lateral consultative workshop involving all stakeholders and policy decision makers will be held to consider the recommendations and ensure that any institutional changes proposed will be in the best long term interests of a sound and efficient financial system.

(4) No.

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER 328

DATE OF PUBLICATION

30 JUNE 2004

MS R TALJAARD (DA) TO ASK THE MINISTER OF FINANCE:

Whether, the banking supervision department of the SA Reserve Bank will be responsible for regulating the second tier of banks that will be created in accordance with the proposals advanced in his budget speech before Parliament on Friday, 11 June 2004; if not, why not; if so, what are the relevant details?

N364E

REPLY:

The Registrar of Banks, as the head of the Bank Supervision Department (BSD) of the South African Reserve Bank, will be responsible for regulating second tier banks.

The BSD's role will be to supervise and regulate the activities of second tier banks in order to safe-guard the depositors' money and to ensure that second tier banks do not pose systemic and other risks to the banking industry.

National Treasury will submit the Dedicated Banks Bill in October 2004. The details of its contents will be released then.

**NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER 398
DATE OF PUBLICATION
06 AUGUST 2004**

DR PJ RABIE (DA) TO ASK THE MINISTER OF FINANCE:

How many financial advisers had applied to the Financial Services Board as at 31 July 2004 for a licence to qualify to act as financial advisor in terms of the Financial Advisory and Intermediary Services Act, 2002 (Act No 37 of 2002)?

N469E

REPLY:

As at 31 July 2004, the Financial Services Board ("FSB") and the recognised bodies assisting the FSB in the processing of licence applications had received approximately 9150 applications from financial, advisory and intermediary entities.

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER 401

DATE OF PUBLICATION

06 AUGUST 2004

MS R TALJAARD (DA) TO ASK THE MINISTER OF FINANCE:

Whether the Government has studied the recently released study by a certain organisation (name furnished) on the gradual liberalisation of exchange controls over a two-to five-year period; if not, why not; if so, what steps does the Government intend to take in this regard?

N472E

REPLY:

The report by the financial institution in question, entitled "South Africa: Capital Controls Constraining Growth", was received by the National Treasury on 15 July 2004. As is the case with other studies and reports from international organisations, research institutions and banks, the report in question has been considered by the National Treasury as part of the normal and continuous process of exchange control policy analysis.

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER 477
DATE OF PUBLICATION
20 AUGUST 2004

MS R TALJAARD (DA) TO ASK THE MINISTER OF FINANCE:

Whether the creation of a Financial Centre for Africa in South Africa, as contained in the proposed Securities Services Bill, will require (a) liberalisation of exchange control strategy to make it viable, (b) implementation of a single financial regulator to oversee the new dispensation linked to a clear regulatory transition strategy and (c) any other related policy amendments beyond the reform of the auditing profession and companies law or harmonisation of laws and/or regulations; if not, what is the position in this regard; if so, how does his ministry and the National Treasury intend to co-ordinate a ' financial diplomacy strategy' with the Ministry of Foreign Affairs within the SADC and the AU to facilitate an increased number of inward listings in accordance with the vision of creating a Financial Centre for Africa?

N638E

REPLY:

- (a) The Financial Centre for Africa ("FCA") project is not proposed in the Securities Services Bill. The success of the project is not dependent on changes to exchange control policies. However, future liberalisations would generally benefit the initiative.
- (b) The implementation of a single financial regulator is independent of the FCA project.
- (c) The draft FCA strategy, if approved in its current form by Cabinet, may require future policy amendments. This will depend on how financial markets and the entire financial sector develops in the future. Furthermore, the strategy is not static, and it is likely that it will be amended from time to time to take cognisance of new opportunities that may arise and the level of success achieved.

According to research undertaken by the Treasury in partnership with the Policy Board in 2003, Africa (excluding South Africa) growing at 6% annually will require capital of some \$389 billion over a ten-year period.

Given current domestic savings rates, about 4 out of every 10 dollars of that capital, or about \$150 billion over the next decade, will have to be raised from private international sources of capital.

South Africa can play a key role to help fund Africa's expansion. South Africa can leverage its sophisticated capital markets infrastructure to facilitate the flow of foreign capital into African countries.

The draft FCA strategy is designed to assist SADC and other African companies and sovereigns to raise cost effective capital in our markets for deployment in their own countries. Companies that list on South African exchanges in the future are free to deploy the capital raised in any jurisdiction. The draft FCA strategy is not designed to reduce the growth and development of other financial sectors in Africa. It is designed to ensure that the flow of capital to projects on the continent is enhanced. Furthermore, the project will create more options in terms of sources of capital for African companies and sovereigns.

The draft FCA strategy is aimed at positioning South Africa as a significant competitor to other financial centres such as London. African companies will have the choice of conducting business in London or Johannesburg, and the choice will depend on how competitive South Africa's financial sector is relative to others.

NATIONAL ASSEMBLY
QUESTION FOR ORAL REPLY
QUESTION NUMBER 1
01 SEPTEMBER 2004

MR S E ASIYA (ANC) TO ASK THE MINISTER OF FINANCE:

- (1) Whether progress is being made in extending access to appropriate, affordable financial services to lower-income people; if so, what are the relevant details; if not,

- (2) whether any further steps will be taken to ensure that poor people are not marginalised regarding access to the financial sector; if not, why not; if so, what steps?

N590E

REPLY:

- (1) Yes, progress has been made in extending access to affordable and appropriate financial services to lower-income people.

Both Government and the private sector (the financial sector) have begun to design reform programmes that seek to promote access to financial services to the low-income people.

Government's Initiatives

National Treasury will be tabling a Co-operative Banks Bill and a Dedicated Bill in Cabinet and Parliament before the end of 2004.

These sets of legislation are aimed at further developing second and third-tier banks. Third tier banks will be granted licenses that enable them to provide only savings facilities while their investments will be restricted to Government bonds and Treasury Bills, and other liquid assets. Second-Tier banks will be allowed to provide savings facilities and to grant loans. Their investments will also largely be restricted to liquid assets. The slight difference is that second tier banks will also be allowed to invest a prescribed portion of their investments in the capital market, in foreign currency and other markets. If they choose to do so, they will be required to maintain a prescribed minimum capital and cash reserves balance.

It is envisaged that these banks will have lower-cost structures and therefore provide financial services for the low-income at lower fees. Second and third-tier banks would provide products, which address the particular needs of low-income people that arise due to the lack of collateral and high administrative costs of small transactions. These banks would not have advanced technology like commercial banks, and they would also have an advantage of the geographic spread of retail outlets easily accessible to customers.

It is envisaged that communication companies (MTN, Vodacom, Cell-C, etc.) or retail outlets (Checkers, Pick 'n Pay, etc.) and the Post Bank would apply for the Dedicated Banks license. Companies applying for this banking license will have to develop banking systems that would give them access to the National Payment System. Such systems will have to comply with regulations that will make it possible for the Bank Supervision Department of the South African Reserve Bank and the Registrar of Banks to regulate and supervise those banks on a daily basis.

National Treasury has also approved a budget of R120 million for an Apex Fund for pro-poor micro-credit. This Fund will be managed by the Department of

Trade and Industry and will be a pilot project that would run for four years. The fund would extend financial services mainly to the low-income, rural and the self-employed and unemployed people. This fund will be a whole-sale fund that seeks to design and implement correctly priced financial products for people with low-incomes for the purpose of identifying the most appropriate risk-management strategies for this market.

The Financial Sector

The Financial Sector Charter encompasses the following elements that seek to promote access to financial services to low-income earners:

The proposed National Bank Account, is largely a transaction account that incorporates a savings component. The sector intends to use this account to achieve their target of providing first-order affordable financial services to 80 per cent of the people living in the Living Standard Measure (LSM) 1 to LSM 5 category within 10 km of their place of residence or work.

The sector is in the process of finalising agreements on the actual design features of the product. The Core Group has agreed on the targets on the following elements of the Charter that are aimed at promoting access to financial services for low-income earners:

Black SME Finance; Finance for emerging farmers (development agriculture); Low-cost housing; and Black Economic Empowerment transaction financing.

Government is currently in consultation with the Financial Sector Charter Core Group in relation to some aspects of the Charter where the private sector request risk-sharing partnership with Government in order to optimise the intended outcomes of improving access to financial services for low-income earners.

(2) Not applicable.

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER 754

DATE OF PUBLICATION: 8 OCTOBER 2004

MR K D S DURR (ACDP) TO ASK THE MINISTER OF FINANCE:

- (1) Whether the Financial Services Board has an approved scale of tariffs and fees in respect of services rendered by financial advisors, with accompanying norms and standards; if so, what are the relevant details; if not,
- (2) whether he intends taking any steps in this regard; if not, why not; if so, what steps?

N1103E

REPLY:

- (1) The Financial Services Board generally favours deregulated tariffs and fees in cases where sufficient competition exists in the market to force down the prices paid by consumers. Clear evidence exists that the setting of prescribed fees can skew market forces, due to intermediaries and advisors tending to change the prescribed fees rather than what a reasonable cost may be for rendering a particular service. For this reason there are no fees prescribed for the provision of financial advice and the view is held that such fees must be determined by the market.
- (2) No steps are envisaged in this regard for the reasons elucidated above.

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER 708
DATE OF PUBLICATION
8 OCTOBER 2004

PROF B TUROK (ANC) TO ASK THE MINISTER OF FINANCE:

(a) Which are the 20 largest pension funds of the (i) national government; (ii) provincial government; (iii) local government; (iv) parastatals sector and (v) private sector, (b) what are the financial assets of each fund and (c) which institution regulates the activities of these funds? **N1026E**

REPLY:

The Honourable Member is advised that the statistics given here are not a complete response to the question posed due to data limitations, and the fact that there are a variety of funds, including funds created by statute and collectively bargained funds, which do not form part of my the portfolio, or which are not registered in terms of the Pension Funds Act, No 24 of 1956.

(a), (b) and (c):

The National Treasury supervises four official funds. These four funds have the following total assets at market value:

FUND NAME	Total Assets (R)
GOVERNMENT EMPLOYEES PENSION FUND	345 171 696 000
TEMPORARY EMPLOYEES PENSION FUND	320 729 683
ASSOCIATED INSTITUTIONS PENSION FUND	9 969 644 688
ASSOCIATED INSTITUTIONS PROVIDENT FUND	3 183 303

The 20 largest pension funds (ranked by asset size) supervised by the FSB, and regulated in terms of the Pension Funds Act, 1956, are:

FUND NAME	Total Assets (R)
ESKOM PENSION AND PROVIDENT FUND	21,875,112,000
SENTINEL MINING INDUSTRY RETIREMENT FUND	19,858,000,000
ENGINEERING INDUSTRIES PENSION FUND	18,302,208,000
MINE EMPLOYEES PENSION FUND	12,584,000,000
STANDARD BANK GROUP RETIREMENT FUND	10,928,622,000
TELKOM RETIREMENT FUND	9,811,909,000
ABSA GROUP PENSION FUND	9,082,819,000
METAL INDUSTRIES PROVIDENT FUND	8,835,179,000
FNB PENSION FUND	8,520,156,000
MINeworkers PROVIDENT FUND	7,186,412,000
YSKOR - PENSIOENFONDS	6,457,708,682
DE BEERS PENSION FUND	6,328,428,000
SASOL PENSION FUND	6,076,312,000
DURBAN PENSION FUND	4,943,634,000
AECI PENSION FUND	3,969,345,000
CAPE MUNICIPAL PENSION FUND	3,924,415,000
OLD MUTUAL STAFF RETIREMENT FUND	3,860,367,000
CAPE JOINT RETIREMENT FUND	3,403,702,000
DENEL RETIREMENT FUND	3,223,569,386
TONGAAT-HULETT PENSION FUND	3,076,395,000

NATIONAL ASSEMBLY

QUESTION FOR ORAL REPLY

QUESTION NUMBER 71

27 OCTOBER 2004

MR K A MOLOTO (ANC) TO ASK THE MINISTER OF FINANCE:

- (1) What is the official policy on the ownership of the major commercial banks in South Africa;
- (2) Whether this policy is currently under review; if not, why not; if so, (a) what are the relevant details and (b) how does the Government intend ensuring that any change in the policy does not negatively affect efforts to transform the financial sector and to increase access to affordable services by low-income people?

N1175E

REPLY:

- (1) The current policy is a four-pillar model. This policy is informed by the view that four major banks is the minimum number necessary to ensure a certain level of competition in the market. This policy was formulated in response to the proposed merger of Nedcor and Stanbic in 2000, at a time when all the major banks were locally-owned. As such, the four-pillar model referred to a minimum of four domestic banks.
- (2) The four-pillar policy remains. However, Government will give consideration to reviewing its policy on the ownership of the four pillars in the light of changing circumstances. The Minister of Finance will take into account all the costs and benefits of foreign ownership in arriving at a policy position. Such a policy position will be guided by what is in the best interest of South Africa. This includes ensuring a continued commitment to transformation and improved access to affordable financial services for low-income people. Compliance with the empowerment and access targets of the Financial Sector Charter would be a minimum requirement in this regard.

NATIONAL ASSEMBLY

QUESTION FOR ORAL REPLY

QUESTION NUMBER 50

27 OCTOBER 2004

MR V C GORE (ID) TO ASK THE MINISTER OF FINANCE:

Whether (a) black and (b) non-black disabled persons qualify for benefits in terms of the Financial Services Sector Charter; if not, why not; if so, for what benefits?

N880E

REPLY:

The Financial Sector Charter does not make any specific provision for (a) black and (b) non-black disabled persons.

I am not aware of the rationale for the lack of specific provisions for disabled persons in the Financial Sector Charter.

However, since the Charter seeks to satisfy the requirements of the Broad-Based Black Economic Empowerment Act, disabled black persons will qualify for the same benefits as any other person in terms of the Financial Sector Charter.

NATIONAL ASSEMBLY

QUESTION FOR ORAL REPLY

QUESTION NUMBER 87

27 OCTOBER 2004

DR PJ RABIE (DA) TO ASK THE MINISTER OF FINANCE:

Whether any reduction in or the removal of exchange controls can be expected in the foreseeable future; if not, what is the position in this regard; if so, what are the relevant details? **N1192E**

REPLY:

As stated in the Medium Term Budget Policy Statement on 26 October 2004, Government remains committed to a gradual approach to exchange control liberalization in line with progress in achieving relevant preconditions such as macroeconomic stability, strengthening of the balance of payments and financial sector development.

In the MTBPS we announced further steps to support the global expansion and international competitiveness of South African companies, including the abolishment of exchange control limits on new outward foreign direct investments by South African corporates and to retain foreign dividends offshore.

We have also seen announcements of imminent inward listings of foreign companies on the JSE Securities Exchange in line with the announcement in the 2004 Budget that foreign companies, governments and institutions may list on South Africa's bond and securities exchanges. This aims to promote foreign investment into South Africa and to support the positioning of South Africa as a regional financial centre better able to cater for the capital raising needs of the continent. To further support these aims, it was announced in the MTBPS that South African private individuals will now be able to invest, without restriction, in inward listed instruments on South African exchanges.

NATIONAL ASSEMBLY
QUESTION FOR ORAL REPLY
QUESTION NUMBER 70
27 OCTOBER 2004

MR BA MNGUNI (ANC) TO ASK THE MINISTER OF FINANCE:

- (1) Whether the Financial Services Sector Charter is ready to be published in the *Gazette* and promoted by the Government, as envisaged in section 9 of the Broad-Based Black Economic Empowerment Act, Act 53 of 2003; if not, what remains to be concluded;

- (2) (a) when is it anticipated that the council of the Financial Services Sector Charter will become operational and (b) what role does the Government intend playing on the council?

N1174E

REPLY:

- (1) The Financial Sector Charter has not yet been published in the *Gazette*. The National Treasury has undertaken a holistic approach to the gazetting process. There are currently various issues around the charter targets that are still under discussion. It would therefore be premature to publish the charter while there are still outstanding issues. These include empowerment financing and employment equity targets.

The scorecard of the charter will be published in the *Gazette* as a code of good practice in terms of section 9 of the Broad-Based Black Economic Empowerment Act of 2003 (BEE Act), and the charter as a transformation charter in terms of section 12 of the BEE Act.

- (2) (a) The Financial Sector Charter Council had its inaugural meeting on the 14th October 2004 at the National Treasury. I chaired this inaugural meeting. The Council is composed of 21 members with the following

representation: 6 from industry bodies; 3 from the Association of Black Securities and Investment Professionals (ABSIP); and 4 members each from community, labour and government. The Council is currently working on a constitution that will guide the operations of the Council.

- (b) There are 4 representatives from government on the Council, that is, 1 from the Presidency, 1 from the Department of Trade and Industry and 2 from the National Treasury. Government's role is to ensure that decisions made are in line with government's overall black economic empowerment strategy and government's objective of extending access to financial services to the broader community.