

**NATIONAL COUNCIL OF PROVINCES**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER: 306**

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**Mr M W Makhubela (COPE-Limpopo) to ask the Minister of Finance:**

Whether the Board of Directors of the South African Reserve Bank who were appointed by the President are considered to be independent as they do not have to adhere to the requirements of being fit and proper; if not, why not; if so, what are the relevant details?

CW402E

**REPLY:**

All the appointments made by the President are required to be fit and proper in terms of section 4(2)(aA) of the South African Reserve Bank Act (Act No. 90 of 1989), as amended. The Act requires that all directors (both those appointed by the President and those appointed by shareholders) of the South African Reserve Bank are fit and proper persons with appropriate skills and experience, who shall at all relevant times;

- (i) act *bona fide* for the benefit of and in the interest of the Bank;
- (ii) avoid any conflict of interest and exercise proper care in carrying out their functions; and
- (iii) possess and maintain the knowledge and skill necessary for them to discharge their duties.

The fit and proper requirement was introduced into the Act through the South African Reserve Bank Amendment Act, 2010 (Act No. 4 of 2010) ("the Amendment Act"), which came into operation as from 13 September 2010.

Further, in terms of section 4(4) of the Act, as it has recently been amended by the Amendment Act, a person may not be appointed, elected as or remain a director, if that person, *inter alia*;

- (i) is an unrehabilitated insolvent; or
- (ii) was dismissed from a position of trust as a result of their misconduct; or

- (iii) was convicted of an offence listed in various legislation; or
- (iv) is mentally or physically incapable of performing the duties of a director; or
- (v) is an employee of government.

The President appoints the Governor and the three Deputy Governors, all of whom serve on the Board of the South African Reserve Bank as executive directors. The President makes a further four appointments to the Board. These are non-executive directors. These four appointments are, therefore, independent, in the sense that they are not part of the executive of the South African Reserve Bank, in contrast to the Governor and Deputy Governors who are part of the executive. These appointments are done after consultation with the Minister of Finance.