

**NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 3061 [NW3602E]
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3061. Mr S M Gana (DA) to ask the Minister of Finance:

(a) How does the (i) National Treasury and (ii) entities reporting to him define red tape and (b) what (i) specific interventions and/or (ii) systems have been implemented to (aa) identify and (bb) reduce red tape in (aaa) the National Treasury and (bbb) the entities reporting to him?

NW3602E

REPLY:

(a) (i) and (ii):

The National Treasury and (ii) entities reporting to the Minister of Finance define red tape as rules, regulations, and / or bureaucratic procedures and processes which are excessively complex and which impose unnecessary delay(s), inaction and / or costs which exceed their benefits, and / or is no longer effective in achieving the purpose for which they were originally created. Red tape results in undesirable economic, business and / or social impacts or outcomes as a result of negatively impacting on productivity. Red tape involves excessive, or unevenly enforced, regulation or rigid conformity to formal rules that is considered redundant or bureaucratic and hinders or prevents effective action or decision-making.

(b) (i) and (ii) (aa) and (bb) (aaa): NATIONAL TREASURY (NT)

It is important to appreciate that the National Treasury is largely a policy department with limited service delivery and / or approval processes that entail interfacing with the public. In terms of its mandate, the National Treasury has strict deadlines which it has to adhere to in terms of its key outputs, primarily the annual budget in February and the annual Medium Term Budget Policy Statement in October as well as all actions flowing from these outputs such as fiscal transfers to the 3 tiers of government in terms of their budget allocations. These timelines are strictly regulated and entrenched in legislation and thus need to be adhered to in terms of the letter of the law. The processes in this regard have also been developed and refined over a considerable period of time with efficiency and effectiveness in mind.

(b) (i) and (ii) (aa) and (bb) (bbb): ACCOUNTING STANDARD BOARD (ASB)

The ASB does not create any red tape. Instead the work of the ASB is a toolkit for the elected representatives to improve financial reporting and management of revenue, expenditure, assets and liabilities, and thereby contributes to improved accountability and decision making.

(b) (i) and (ii) (aa) and (bb) (bbb): CO-OPERATIVE BANKS DEVELOPMENT AGENCY

To identify red tapes we have targets that are set to complete certain tasks and if there is a risk of not meeting our targets we follow up with the respective people or discuss with them ways of improving and eliminating unnecessary lengthy processes.

(b) (i) and (ii) (aa) and (bb) (bbb): DEVELOPMENT BANK OF SOUTHERN AFRICA (DBSA)

At the DBSA we have systems and procedures in place which govern our efficiencies and that are specifically designed not to impede or frustrate clients accessing our products. As a Development Finance Institution it is incumbent upon the DBSA to ensure that our governance framework remains robust, in order to ensure maximum accountability, yet sufficiently agile to identify and correct any processes that cause us to not deliver on our mandate; therefore systems and procedures are reviewed by DBSA Management on a regular basis and any blockages identified are dealt with in a timeous fashion. In addition to Management Review, our processes are audited, both internally and externally to ensure that they are adequate and operating efficiently.

(b) (i) and (ii) (aa) and (bb) (bbb): FINANCIAL INTELLIGENCE CENTRE (FIC)

The FIC has embarked on a long term infrastructure upgrade project which includes a review of the efficiency of processes for registration and reporting of information under the FIC Act. This review has identified a number of areas where the processes of registration and reporting can be improved. The FIC has acquired state of the art information technology tools which include improved registration and reporting platforms. These tools are currently being tested with participants from the private sector and will be commissioned in the course of 2016.

(b) (i) and (ii) (aa) and (bb) (bbb): FINANCIAL SERVICES BOARD (FSB)

Specific interventions are set out in the Service Level Agreements (SLAs) of the various FSB divisions. The SLAs are available to service requestors and are published on the FSB website. They are reviewed at least annually to ensure effectiveness, and service delivery is reported by each division on a quarterly basis to the FSB Executive Committee. The turn-around times reflected in the SLAs delivery vs targets are reflected the FSB annual performance report which is subject to annual auditing by the Auditor General.

(b) (i) and (ii) (aa) and (bb) (bbb): GOVERNMENT EMPLOYEES PENSION FUND (GEPF)

The GEPF develops and implements its own policies and procedures to govern its operations the overarching principle used to develop GEPF policies is to allow for efficient and effective functioning of the organisation whilst ensuring that proper control mechanisms are in place to safeguard and protect the resources of the GEPF. These policies and procedures are reviewed regularly to eliminate unnecessary and time consuming process and procedures and enhancing control mechanisms, if required.

(b) (i) and (ii) (aa) and (bb) (bbb): GOVERNMENT PENSIONS ADMINISTRATIVE AGENCY (GPAA)

GPAA has specific interventions for streamlining of processes for pension benefit administration. The GPAA is currently embarking on a five year modernisation programme to improve its internal and external service delivery process, including but not limited to human capital management, supply chain management, as well as processes of the fund administration.

(b) (i) and (ii) (aa) and (bb) (bbb): INDEPENDENT REGULATORY BOARD OF AUDITORS (IRBA)

The IRBA does not believe that its own processes cause red tape for its stakeholders. However, it has become more challenging to demonstrate compliance with procurement requirements in respect of single source situations. While we believe that we are best qualified to identify individuals with specialist skills,

we are always concerned that our decisions might be challenged because of the wording of our motivation for single source. The IRBA fully supports the governance practices prescribed and will always comply, but is concerned that rules should not prevent entities from not achieving its objectives and goals. The PFMA is meant to empower managers to deliver, and not hamper them, and management should remain accountable for their decisions.

(b) (i) and (ii) (aa) and (bb) (bbb): PENSION FUNDS ADJUDICATOR

Due to the nature and size of the OPFA an open door policy has been established between personnel of the organisation as well as its Board. This policy allows for quick and effective response to reduce the impact of red tape within the OPFA. Along with established governance structures and adequate planning rarely are matters hindered by red tape within the organisation.

(b) (i) and (ii) (aa) and (bb) (bbb): LAND BANK

The Land Bank has a corporate plan, shareholder compact and materiality framework. These documents regulate the Banks relationship with National Treasury in terms of the PFMA in so far as its affects the Banks business plan, accountability of the Board and Exco to the Minister and transactions it performs in terms of its mandate. Furthermore, the Land Bank has approved Delegation of Power ("DoP") in terms of the Land Bank Act that is used to ensure efficient organisational-wide approval process without hindering decision making. In addition to the paper-based Delegation of Powers, the Bank has a Financial System SAP which has electronically embedded the DoP.

(b) (i) and (ii) (aa) and (bb) (bbb): OFFICE OF THE OMBUD FOR FINANCIAL SERVICES PROVIDERS

The FAIS Ombud has an approved Supply Chain Management policy, setting out the rules and regulations applicable to the entity. A Supply Chain Working Group was established to ensure there is efficiency in the unit. Feedback on rules and regulations that are deemed to be "red tape" is also given at the quarterly CFO forum meetings held at National Treasury. Items that have been discussed to increase efficiency include the planned electronic Tax Compliance Status system (TCS), as well as the planned central supplier database.

(b) (i) and (ii) (aa) and (bb) (bbb): PUBLIC INVESTMENT CORPORATION

The PIC does regular legislative, regulatory and compliance reviews of all legislation and governance codes which are applicable to the PIC as well as new legislation that may have an effect on the functioning of the PIC. The PIC ensures that no red tape hampers its investment operations by ensuring that there are Financial Services Board approved mandates in place between the PIC and all its clients. Further to this the PIC on an annual basis reviews its delegation of authority (which gets approved by the PIC Board) to ensure appropriate levels of and seamless decision making that enhance business processes.

(b) (i) and (ii) (aa) and (bb) (bbb): SOUTH AFRICAN AIRWAYS (SAA)

SAA has not specifically defined red tape as an issue that constrains the business, and to that extent, does not have any specific interventions or systems in place to identify and reduce red tape.

(b) (i) and (ii) (aa) and (bb) (bbb): SOUTH AFRICAN REVENUE SERVICES (SARS)

SARS is committed to reducing red tape and lowering compliance cost and to ease doing business with SARS through a number of interventions such as, promulgation of the Tax Administration Act, 28 of 2011 (TAA), the single registration process for taxpayers, help desks for small businesses and tax practitioners and a simplified tax system for small business. The SARS modernisation programme has also been focused on automating tax and customs systems to ease the process of compliance for example e-Filing, Electronic Tender Submission, Customs Management System among others.

(b) (i) and (ii) (aa) and (bb) (bbb): SASRIA

SASRIA has internal processes and procedures that are necessary for good governance. These are aimed at ensuring integrity of internal controls. National Treasury has defined processes and procedures with regard to planning and reporting. National Treasury communicates the annual corporate calendar in advance and SASRIA becomes aware of reporting requirements including reports content and reporting dates in advance. SASRIA also holds quarterly meetings with members of the National Treasury to address key issues.

(b) (i) and (ii) (aa) and (bb) (bbb): OFFICE OF THE TAX OMBUD

The criteria for reviewing complaints against SARS by the Office of the Tax Ombud are clearly set out in the provisions of Part F of the Tax Administration Act No 28 of 2011. These provisions give the Tax Ombud a wide discretion within which to conduct reviews and made decisions. There are no regulations or formal rules in place that can be regarded as hindering the Tax Ombud's decision making and therefore there is no need to put specific interventions or systems in place to reduce red tape.