

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER: 382 [NW435E]

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382. Mr A R McLoughlin (DA) to ask the Minister of Finance:

Has any investigation been conducted into the cost of administering the provisions of the Financial Intelligence Centre Act, Act 38 of 2001, by the (a) Government or (b) private sector; if not, (i) why not and (ii) are there any plans to conduct such an investigation; if so, (aa) by whom, (bb) at what cost and (cc) what were the results?

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REPLY:

(a)(i), (a)(ii)

The Financial Intelligence Centre (FIC) is responsible for the bulk of the activities related to the administration of the Financial Intelligence Centre Act, 2001 (FIC Act), with the support of a range of other entities such as the relevant Supervisory Bodies and the law enforcement and security agencies, as well as the South African Revenue Service. Comprehensive cost analyses of the functioning of the FIC are done annually in terms of budgeting processes. The total cost of the functioning of the FIC from the entity's inception to the end of the 2015/2016 financial year is R1 644 786 000.00, which constitutes the major portion of the costs of the administration of the FIC Act.

Additional activities which are relevant to the administration of the FIC Act relate to the functions of supervisory bodies in overseeing compliance with the Act. A variety of entities participate with the FIC in this aspect of the administration of the FIC Act. In the majority of cases the amount of resources these entities expend on the relevant activities associated with the administration of the FIC Act are integrated into the costs of them performing their core functions as supervisory bodies. The figures relating to these amounts are not readily available to the FIC or the National Treasury which makes such an analysis impossible. A complete cost analysis of these aspects of the administration of the FIC Act, in addition to the cost of the functioning of the FIC, has therefore not been done.

(b)(i), (b)(ii)

The private sector is not involved in functions to administer the provisions of the FIC Act. However, certain sectors of financial and other institutions are required to comply with obligations pursuant to the provisions of the FIC Act. It is not known to the FIC or the National Treasury whether the private sector (or any part thereof) has investigated the cost to the sector (or part thereof) of compliance with these requirements, nor is it known whether the private sector (or any part thereof) plans to conduct such an investigation.

Various bodies have at times referred to amounts relating to the cost of compliance with the FIC Act. However, the bases for determining these amounts, whether they

relate directly and exclusively to compliance with the requirements of the FIC Act (as opposed to broader fraud protection, tax regulation and other regulatory requirements) and whether they reflect costs of specific bodies or the costs across sectors of financial and other institutions, have not been shared with the FIC or the National Treasury. This makes these figures unreliable as an indicator of the cost of implementation of the FIC Act.