

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 160 [NW167E]
DATE OF PUBLICATION: 8 FEBRUARY 2018

160. Mr N F Shivambu (EFF) to ask the Minister of Finance:

Whether the Government regulates transactions that involve foreign entities; if so, (a) what are the relevant details of the process, (b) which state entities are involved in the process and (c) what documentation is required to carry out such transactions?

NW167E

REPLY:

- (a) No, the Government does not generally regulate transactions that involve any entity, be it foreign or domestic, public or private. Aside from been very difficult (if not impossible) to do for any country or regulator, it is not clear what problem the Honourable Member wants Government to deal with, and therefore to regulate.
- (b) There are some sectors that may be regulated (e.g. financial or mining sector, but such regulating does not generally involve overseeing every transaction for any regulated entity, not even for an organ of state. Indeed, the audit process only focuses on a sample of transactions when auditing the financial statements of any entity – the audit process also relies on internal control systems to prevent wrongdoing. To the extent that there is any wrongdoing with regard to any specific transaction, the regulator will act when such transaction is identified.
- (c) If the problem that the Honourable Member is concerned about relates to illicit financial flows, then there are number of measures that are in place, either through the SARS (eg to deal with transfer pricing), the Financial Intelligence Centre to assess suspicious transactions, or the South African Reserve Bank when overseeing regulations in terms of the laws like the Currency and Exchange Act, 1933. Such measures apply to all companies, irrespective of whether they are domestic or foreign, public or private. To the extent that there is criminal wrongdoing, such activities are reported to the relevant criminal justice authorities like SAPS and NPA. In this regard, it should be noted that we have to be mindful that regulatory or enforcement activities do not cause undue delay for trade and economic activities, nor impose significant costs, as South Africa needs to remain competitive if it wants to attract investments and grow the economy more rapidly to create jobs and deal with problems of poverty and inequality.