HANDOVER REPORT OF THE STANDING COMMITTEE ON FINANCE FOR THE FIFTH PARLIAMENT: MAY 2014 TO MARCH 2019 AS ADOPTED IN MARCH 2019

1. INTRODUCTION

1.1. This report reflects on the work of the Standing Committee on Finance (Scof) during the Fifth Parliament (May 2014 to March 2019). This report should be understood in the context of the Committee's many tabled reports on National Treasury's Budget Votes (2014-2018) and Budgetary Review Recommendation Reports (BRRRs) (2014-2018), Fiscal Framework and Revenue Proposals (2014-2019), Medium Term Budget Policy Statement (MTBPS) (2014-2018) reports and on the tax and other general Bills processed by the Committee during the Fifth Parliament. The Budget Votes and the BRRRs contain the Committee's assessments of the strategic and performance plans, the financial and non-financial performance of the National Treasury and other entities reporting to the Minister of Finance. They also contain the Committee's observations and recommendations which the incoming Committee could draw on and use as a basis to plan its programmes and agendas for the Sixth Parliament. They should be used to identify outstanding issues that need to be followed up on.

1.2. Scof is a National Assembly committee fulfilling constitutional functions as envisaged in section 55(2)[1] of the Constitution. It functions in terms of the National Assembly Rules which, among others, require it to monitor the financial and non-financial performance of the National Treasury and entities reporting to the Minister of Finance to ensure that they meet their objectives. It also processes general legislation, facilitates public participation and maintains oversight of the Executive and organs falling within its portfolio.

1.3. Scof is established in terms of section 4(1) of the Money Bills Amendment Procedure and Related Matters Act, Act No.9 of 2009 to, among other things, consider and report on the national macro-economic and fiscal policy, the fiscal framework (National Budget), revised fiscal framework (the MTBPS), revenue proposals and Money Bills.

2. DEPARTMENTS AND ENTITIES REPORTING TO THE COMMITTEE

[1] Section 55(2) of the Constitution provides that "the National Assembly must provide for mechanisms- (a) to ensure that all executive organs of state in the national sphere of government are accountable to it; and (b) to maintain oversight of – (i) the exercise of national executive authority, including the implementation of legislation; and (ii) any organs of state."

2.1. Scof oversees the Ministry of Finance which is the Executive Authority for the National Treasury (NT), the South African Revenue Service (SARS), the South African Reserve Bank (SARB), which now includes the Prudential Authority (PA) following the enactment of the Financial Sector Regulation Act, Act No. 9 of 2017, the Financial Intelligence Centre (FIC), the Public Investment Corporation (PIC), the Government Employees Pension Fund (GEPF), the Development Bank of Southern Africa (DBSA), the Financial and Fiscal Commission (FFC), the Land Bank, the Accounting Standards Board (ASB), the Independent Regulatory Board of Auditors (IRBA), the South African Special Risk Insurance Association (SASRIA), the Financial Sector Conduct Authority (FSCA- formerly Financial Services Board), the Government Technical Advisory Centre (GTAC), the Government Pension and Administration Agency (GPAA), the Cooperative Banks Development Agency (CBDA), the Pension Funds Adjudicator (PFA), Tax Ombud, and the Financial Advisory and Intermediary Services (FAIS) Ombud, .

2.2. NT is mandated by Chapter 2 of the Public Finance Management Act and Chapter 13 of the Constitution to coordinate macro-economic policy; promote government's fiscal policy framework; manage the budget preparation process; coordinate intergovernmental financial relations; facilitate the division of revenue through equitable distribution across the national, provincial and local spheres of government; monitor the implementation of provincial budgets; create an enabling regulatory environment for the financial sector; defend the integrity of the financial system; and to ensure efficient and effective revenue collection.

2.3. SARS is mandated by the South African Revenue Service Act, Act No. 34 of 1997 to collect all revenue due to the fiscus, ensure maximum compliance with revenue laws and provide a customs services that maximizes revenue collection, protection of the country's borders and facilitation of trade.

2.4. SARB is mandated to achieve price stability and monetary policy. Through the newly established Prudential Authority (which has subsumed the work of the Registrar of Banks, Banking Supervision Division and a portion of the work of the former Financial Services Board of prudential regulation of non-banking financial institutions), SARB is now mandated to promote and enhance the safety and prudential soundness of financial institutions, promote and enhance the safety and soundness of market infrastructure, protect financial customers against the risk of financial institutions failing to meet their obligations, and to assist in maintaining financial stability.

2.5. The FIC is responsible for receiving, analysing and disseminating financial intelligence to law enforcement agencies and SARS in the fight against crime, money laundering and terrorism financing as mandated by the Financial Intelligence Centre Act, Act 38 of 2001. Its role helps to protect the integrity of South Africa's financial system by ensuring that it is not used by criminal elements to facilitate crime.

2.6. The PIC is the asset manager for the GEPF and other government funds such as the Unemployment Insurance Fund (UIF) and the Compensation Fund. Its role is to invest on behalf of these funds.

2.7. The GEPF is a pension fund that manages pension and related benefits on behalf of government employees.

2.8. The DBSA's role, powers, functions and duties are prescribed in the Development Bank of Southern Africa Act, Act 13 of 1997. It is development finance institution (DFI) owned by government tasked with providing to development finance and supporting economic growth through investment in economic infrastructure.

2.9. The Financial and Fiscal Commission derives its mandate from Chapter 13 of the Constitution as an independent advisory institution to government on fiscal policy and the division of revenue among the three spheres of government.

2.10. The Land Bank is a specialist agricultural bank guided by a government mandate to provide financial services to the commercial sector and to agri-business. Its mandate is to make available new and appropriately designed financial products that would facilitate access to finance by new entrants into the agricultural sector, especially those who are historically disadvantaged.

2.11. The ASB is tasked with developing and maintaining financial reporting standards that facilitate good corporate governance in the public sector (national, provincial and local government)).

2.12. The IRBA develops and maintains international comparable ethical and auditing standards for auditors. It regulates audits that are performed by registered auditors and firms. It establishes measures that advance the implementation of appropriate standards of competence and good ethics. In this regard, it determines what constitutes improper conduct by registered auditors by developing rules, guidelines and a code of professional conduct for registered auditors.

2.13. SASRIA is a short-term insurance company owned (formed in 1979) by the state to provide insurance cover for special risks such as political and non-political perils including riots, terrorism, strikes and labour disturbances. It is a limited liability company as per the Conversion of SASRIA Act, Act No. 134 of 1998.

2.14. The FSCA, like the Prudential Authority, was established through the Financial Sector Regulation Act of 2017. It was established on 01 April 2018 and took over the operations of the Financial Services Board and is mandated to regulate market conduct practices in the financial sector.

2.15. The GTAC is an agency of NT which was established to provide professional advisory services, programme and project management and transaction support on public finance management. The aim of this is to provide public sector capacity building through partnerships with academic and research institutions, civil society and business organizations.

2.16. The GPAA administers pensions on behalf of the GEPF.

2.17. The PFA's mandate is to resolve complaints/disputes and uphold the integrity of the pension fund industry and protect the interest of pension fund members.

2.18. The Office of the Tax Ombud (OTO) provides taxpayers with a platform to resolves complaints or disputes with SARS when they have exhausted all the internal SARS complaints mechanisms. The Office is headed by a retired Judge and is supposed to operate independently from SARS.

2.19. The FAIS Ombud is tasked with investigating and resolving complaints under the FAIS Act, Act 37 of 2002, and Rules. These are mainly complaints by consumers against financial service providers or their representatives on the financial services or advise they give to customers, particularly where they violate the FAIS Act or treat customers unfairly.

2.20. The CBDA is a regulatory and supervisory body for the registration and regulation of cooperative banks and financial institutions.

3. MANAGEMENT AND EXECUTION OF COMMITTEE ACTIVITIES

3.1. Focus Areas

3.1.1. The main focus areas of the Committee were its statutory obligations which are legislation-making and oversight of the fiscal framework and revenue proposals in the budget and over the National Treasury and all entities reporting to the Ministry of Finance. The focus was therefore in ensuring that the fiscal framework, revenue proposals, MTBPS and tax and general legislation were processed. The focus was also on monitoring the financial and non-financial (service delivery) performance. In this the Committee was guided by the Strategic Plans, Annual Performance Plans, and other government-wide policy frameworks such as the Medium-Term Strategic Framework (MTSF) and the National Development Plan (NDP).

3.1.2. On monitoring and scrutinizing financial and non-financial performance, a sustained focus was on the NT and SARS, their programmes and performance targets. The importance of the performance of NT and SARS cannot be overemphasized as they are responsible for macro-economic and fiscal policy frameworks and revenue proposals and collection. Their roles determine the availability of funds for the whole state and the country.

3.1.3. The Committee met with NT and SARS more regularly than the other entities falling under the Ministry of Finance. The prioritization of NT and SARS was motivated also by the fact that there are just too many entities that report to the Ministry of Finance and it was impossible to meet all of them at the same time or on an annual basis.

3.1.4. However, the Auditor-General's audit report presentations to the Committee played a major role in assisting the Committee to get a snapshot of what was happening in all the entities that report to the Ministry. Where there were red flags, the Committee would intervene and monitor those entities more closely.

3.1.5. On a rotational basis, the Committee considered the Annual Reports of an average of 3 entities (other than NT and SARS) to include in the BRRR each year, and also at times the Annual Reports of other entities, even if not to report on them.

3.1.6. Because of persistent challenges within the PIC, the Committee met most with them (other than the NT and SARS).

3.1.7. When it comes to the Committee's legislative role, a major focus was on the financial sector regulatory regime, which was aimed to reconfigure the country's financial regulatory environment in line with global shifts following the global economic crisis and the country's domestic needs. Several Bills will give effect to the new "Twin Peaks" model of financial regulation. The Committee processed two major Bills that are part of the "Twin Peaks" model, the Financial Sector Regulation Bill (FSRB) and the Insurance Bill (IB). In processing the FSRB, the Committee felt that the Bill did not go far enough on ensuring transformation of the Financial Sector. There were submissions by black stakeholders in the public hearings on the Bill that seriously questioned the failure of the Bill to significantly transform the financial sector. The Committee decided not to proceed with further legislation on the "Twin Peaks" model without first having public hearings on the transformation of the financial sector. These hearings are referred to below in paragraphs 4.2 and 4.3.

3.1.8. The Committees further focused on many oversight issues, some of which posed a risk to socio-economic stability in the country. Some of these oversight issues included extensive public hearings and/or briefings on the collapse of Steinhoff shares; allegations about Capitec Bank; the business rescue of African Bank; the curatorship and eventual collapse of the VBS bank; the Transformation of the Financial Sector; the introduction of mandatory audit firm rotation; the introduction of the sugar beverages tax (health promotion levy) and the first increase of VAT from 14% to 15% during the democratic dispensation, among others. These issues will be discussed further below.

3.2. Key statistics of Committee activities

Table 1: Key statistics of activities of the Standing Committee on Finance

Activity	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**Total**
Meetings held	**27**	**45**	**56**	**65**	**72**	**265 (incomplete)**
Legislation processed	**7**	**5**	**6**	**3**	**12**	**33**
Oversight trips undertaken	**0**	**2**	**0**	**0**	**0**	**2**
Study tours undertaken	**0**	**1**	**0**	**0**	**0**	**1**
International agreements processed	**13**	**7**	**1**	**0**	**0**	**21**
Statutory appointments made	**0**	**0**	**1**	**0**	**0**	**1**
Interventions considered	**0**	**0**	**0**	**0**	**0**	**0**
Petitions considered	**0**	**0**	**0**	**0**	**0**	**0**

3.3. Committee Planning

3.3.1. The Committee developed a Strategic Framework for its programmes in 2014 and 2015, but because so many unexpected issues surfaced and members did not agree to adhere to the framework in carrying out the annual programmes, the Chairperson stopped preparing draft strategic frameworks from 2016 onwards, and the Committee's annual programmes were organized around themes and goals for each year. The Chairperson, sometimes assisted by the Committee Secretariat, was responsible for the planning and coordination of committee activities. All the proposed programs and activities were presented to the Committee for discussion, consideration and approval.

3.4. Committee Meetings

3.4.1. In the Fifth Parliament, the Committee had an average of two meetings per week to either process legislation or conduct oversight. Some of the meetings tackled more than one item. All in all, the Committee had 265 meetings. A number of these were joint meetings with other Committees, with departments that account to them.

3.4.2. Joint-meetings were more common with committees of finance and appropriations from both houses when processing the fiscal framework and revenue proposals and the MTBPS. Joint meetings were also organized with other committees on issues of joint oversight such as when the Committee hosted joint public hearings on the transformation of the financial sector with the Portfolio Committee on Trade Industry, and processed the Health Promotion Levy with the Portfolio Committee on Health, and the Carbon Tax Bill with the Portfolio Committee on Environmental Affairs.

3.4.3. The Committee also held briefings on illicit financial flows with the Portfolio Committee on Police and the Portfolio Committee on Mineral Resources. It also had briefings with the Standing Committee on Public Accounts, the Portfolio Committee on Public Administration and the Portfolio Committee on Trade and Industry on the collapse of Steinhoff shares as pension fund monies that were invested in the company from the GEPF and the PIC were at stake. While a challenge to organize due to Committees having their pre-planned activities, joint oversight meetings help to foster a culture of intergovernmental cooperation, thus reducing the duplication of activities.

3.5. Oversight Visits

3.5.1. In view of its massive legislative and oversight role, Scof was not able to carry out many oversight visits. Instead oversight was conducted through briefings and public hearings.

3.5.2. The Committee conducted three oversight visits. In July 2015, the Committee visited the Durban and Cape Town ports of entry in order to examine the effectiveness and efficiency of customs operation. It recommended that SARS should continue in their efforts to collaborate with other relevant government departments in ensuring that illicit flows of goods and services and the illegal import and export thereof. Further recommendations are contained in the Committee report adopted and tabled on 28 October 2015.

3.5.3. In April 2015, the Committee visited the Johannesburg Stock Exchange and the South African Reserve Bank in line with its focus on the reform of the financial sector. The report of this visit was adopted on 23 June 2015.

3.6. Fiscal Framework, the MTBPS and Tax Bills

3.6.1. The Money Bills Act gives specific powers to the Committee to consider and report on the fiscal framework, revenue proposals, revised fiscal framework and the proposed fiscal framework. These processes are engaged upon twice a year - in February/March, with the national budget and in October/November with the MTBPS, and throughout the year up until November in processing the tax Bills.

3.6.2. In these processes, as in all other Committee activities, the Committee invites public participation from all sectors of society ranging from ordinary citizens, NGOs, CBOs, academia, business, trade unions and other sections of civil society. Public participation in these processes have been fair given the tight timeframes, in the Money Bills Act, in which the fiscal framework, the proposed and revised frameworks have to be processed.

3.6.3. To try and ease the pressure of the onerous deadlines and ensure more public participation, the Committee engaged in a process of amending the Money Bills Act, which was passed by Parliament in late 2018 and assented to by the President in January 2019. In future, therefore, the Committee will not be under the pressure of onerous deadlines to process the fiscal frameworks and revenue proposals and so there will be more space for public participation and deliberation on these.

3.6.4. When it comes to the tax Bills, the Committee starts processing the draft tax Bills in March, following the passing of the national budget until the tabled Bills are formally introduced by the Minister of Finance with the MTBPS and passed by Parliament in November/December.

3.7. Budgetary Review and Recommendations Process

3.7.1. Over and above processing the fiscal framework, the Money Bills Act provides for a parliamentary procedure to amend Money Bills. This process gives all parliamentary committees of the National Assembly a greater opportunity to influence the allocation of funds to departments and entities that report to them. The National Assembly Committees are compelled by section 5 of the Money Bills Act to submit an annual Budgetary Review and Recommendations Reports (BRRR) focusing on the assessment of performance and forward-funding needs of the departments and entities accountable to them.

3.7.2. The BRRR is therefore a committee's assessment of the efficiency with which entities reporting to it spend their allocation, and whether they succeeded or not in delivering services in line with the performance targets in their strategic and annual performance plans.

3.7.3. Scof produced five such reports over the last five years. These reports were informed by the Committees' interrogation of quarterly and annual reports which included expenditure reports, financial statements, strategic and annual performance plans and oversight activities of the Committee.

3.7.4. The Committee cannot overemphasise the importance of engaging with the AG's office in this exercise as it, as has been said earlier, gives a snapshot performance analysis and audit findings of all the entities that are audited by the AG that report to the Ministry of Finance. The Committee has regularly invited the AG's Office to brief it before finalizing the BRRR. The Committee also meets with the AG's office.

3.7.5. The BRRRs are adopted by the National Assembly after the adoption of the Appropriation Bill and prior to the adoption of the MTBPS.

3.8. Legislation

3.8.1. The Committee processed a number of Bills emanating from the Money Bills Act. These were mainly revenue and tax related Bills such as the Tax Laws Amendment Bills (TLAB), Tax Administration Laws Amendment Bills (TALAB) and, the Rates and Monetary Amounts and Amendment of Revenue Laws Bills. These pieces of legislation are processed annually in line with the yearly revenue proposals/adjustments by the National Treasury and SARS. The amendments to these Bills are announced in February. Drafts Bills are then deliberated upon through public participation and consultation with affected parties so that when the actual Bills are formerly tabled with the MTBPS in October, all issues have been resolved through consensus.

3.8.2. The Committee also passed many other non-recurring Bills as part of its law-making mandate. As explained above, the major Bills were part of the new "Twin Peaks' model. All the Bills that the Committee passed are listed in Table 2 below.

TABLE 2: Bills processed by the Standing Committee on Finance 2014-2019

Year	Name of Legislation	Tagging	Completed/ Not Completed
2014	Development Bank of Southern Africa	75	Completed
2014	Taxation Laws Amendment Bill	77	Completed
2014	Tax Administration Laws Amendment Bill	75	Completed
2014	Rates and Monetary Amounts and Amendment of Revenue Laws Bill	77	Completed
2014	Auditing Profession Amendment Bill	75	Completed
2014	Financial and Fiscal Commission Amendment Bill	75	Completed
2014	Banks Amendment Bill	75	Completed
2015	Rates and Monetary Amounts and Amendment of Revenue Laws Bill	77	Completed
2015	Taxation Laws Amendment Bill	77	Completed
2015	Tax Administration Laws Amendment Bill	75	Completed
2015	Financial Sector Regulation Bill	75	Completed
2015	Financial Intelligence Centre Amendment Bill	75	Completed
2016	Insurance Bill	75	Completed
2016	Revenue Laws Amendment Bill	77	Completed
2016	Taxation Laws Amendment Bill	77	Completed
2016	Tax Administration Laws Amendment Bill	75	Completed
2016	Rates & Monetary Amounts and Amendment of Revenue Laws Bill	77	Completed
2016	Rates & Monetary Amounts Amendment of Revenue Laws (Administration) Bill	75	Completed
2017	Rates and Monetary Amounts and Amendment of Revenue Laws Bill	77	Completed
2017	Taxation Laws Amendment Bill	77	Completed
2017	Tax Administration Laws Amendment Bill	75	Completed

2018	Taxation Laws Amendment Draft Bill	77	Completed
2018	Tax Administration Laws Amendment Draft Bill	75	Completed
2018	Money Bills Amendment Procedure And Related Matters Amendment Bill	76	Completed
2018	Rates and Monetary Amounts and Amendment Of Revenue Laws Bill	77	Completed
2019	Banks Amendment Bill (Private Member's Bill)	75	Rejected
2019	Carbon Tax Bill	77	Under consideration by the NCOP.
2019	Customs and Excise Amendment Bill	75	Under consideration by the NCOP.
2019	Public Investment Corporation Amendment Bill	75	Under consideration by the NCOP
2019	Public Investment Corporation Amendment Bill (Private Member's Bill)	75	Rejected
2019	Financial Matters Amendment Bill	75	Completed

3.8.3. In all 33 Bills were processed and completed by the Committee. Some of these Bills were very lengthy. For example, the FSRB was 284 pages and the Insurance Bill 76 pages.

3.8.4. Because of a lack of time, the Committee was unable to process 2 Private Members Bills - the South African Reserve Bank Amendment Bill, Private Member's Bill [B26 – 2018] (S75) introduced on 16 August 2018 and the Public Finance Management Amendment Bill [B 41 – 2018] (S76) introduced on 01 November 2018 sponsored by Mr Juluis Malema and Mr Alf Lees, respectively. The Committee could not also, for lack of time, process amendments to the Auditing Professions Ac to give greater powers to the Independent Regulatory Board for Auditors to deal with errant auditors.

3.9. International Agreements

3.9.1. The Committee also processed 21 international agreements, mainly bilateral agreements on mutual assistance and exchange of information in relation to tax matters.

3.10. Stakeholder and Public Participation

3.10.1. The Committee has allowed the public to make submissions not just by a set deadline and through set days of public hearings but throughout the process of deliberating on a Bill including when it is about to vote on a Bill and at times even on the day it votes, sometimes through further written, and at other times further oral hearings. After the formal set public hearings, NT is required to respond to the public hearings submissions at a subsequent meeting, and the stakeholders then reply to NT, and then NT replies to the stakeholders - after which the Committee begins deliberations on a Bill. Every proposal in the public submissions is put on to a table of proposed amendments and as the Committee proceeds through a Bill it considers each of these proposed amendments.

3.10.2. On the tax Bills, throughout the year, all interested parties get to participate in processing the draft tax Bills until they are formally tabled in Parliament with the MTBPS in October and are passed in November/December. Due to the technical nature of tax Bills, participation in processing them tend to be largely dominated by big business and the tax consulting firms. There is less participation from the public at large, unless there are controversial tax proposals such as the increase in VAT which took place in 2018 and the introduction of the Health Promotion Levy, where there was wider participation.

3.10.3. While public participation has been fair, there is still room for improvement. The public participation process should be reconsidered and broadened to ensure that all those likely to be affected by legislative and policy developments are adequately informed of their implications and potential impact and are afforded enough opportunity to participate in the relevant processes. The Committee encourages the incoming committee to explore ways in which public participation could be broadened to encourage more participation and voices of ordinary citizens and organizations representing their interests, particularly the poor and marginalized, in the budget process, oversight activities of the Committee and the general law making process.

3.11. Correspondence with the Office of the Chairperson

3.11.1. The Office of the Chairperson receives a huge amount of correspondence and requests for meetings from ordinary citizens and organizations and other stakeholders, enquiries and requests for meetings. These are largely attended to by the Chairperson and the Executive Secretary who ensure that all of them are responded to in writing and/or telephonically and/or in meetings with the Chairperson. A not insignificant percentage of the queries fall under the portfolio of other Committees and these are referred to the relevant Committees.

3.12. International Study Tours

3.12.1. The Committee conducted a very useful study tour to the United Kingdom from 07 to 11 December 2015 to draw lessons from their "Twin Peaks" model for the processing of Bills before the Committee on the same type of model. The NCOP Select Committee on Finance went to Mexico for the same purpose and the Committee also discussed with their Chairperson the lessons they drew. A comprehensive report of the study tour was adopted by the Committee on 17 May 2016 and was tabled in the National Assembly on the ATC of 27 May 2017 (ATC150527).

4. SOME KEY LEGISLATIVE AND OVERSIGHT ACTIVITIES

4.1. Below this report zooms on to some of the key legislative and oversight activities of the Committee over the Fifth Parliament, highlighting some of the key policy and legislative positions and decisions taken by the Committee. In doing so, we also highlight some issues for possible ongoing monitoring by the incoming Committee in the 6th Parliament.

4.2. Financial Sector Regulatory Reforms

4.2.1. When the world faced the global financial crisis since late 2007, many countries sprang into action to come up with measures to minimise the occurrence of such risks to their economies and in the interconnected global financial system. The G20 (which South Africa is a member of) established the Financial Stability Board which called for the strengthening of financial regulatory regimes of member countries. The Minister of Finance established a task team to look into regulatory reforms in our country, encompassing the lessons learnt from the global financial crisis. This resulted in the proposal of regulatory reforms to modernise South Africa's financial architecture which had not changed since the early 1990s and was not keeping up with the speed of global developments.

4.2.2. Although South African banks and other financial institutions did not directly suffer as much as other countries from the upheavals of the 2007/08 global financial crisis, the Ministerial task team found that there was a need to reform and strengthen South Africa's regulatory architecture as the costs of not doing anything were too huge and would pose systemic risks. Two policy papers were developed, *A Safer Financial Sector to Serve South Africa Better* released with the 2011 Budget, and *A Roadmap for Implementing Twin Peaks Reforms*, released on 1 February 2013. The 2011 policy document outlined the four key objectives for the financial sector, including safety, market conduct, integrity and inclusion/access.

4.2.3. Headlining the regulatory reforms was the Financial Sector Regulation Act (FSRA) which was passed in 2017. It is linked to other pieces of legislation including the Insurance Act which was passed in 2018. NT intends to also introduce the following, among other Bills, which the new Committee will have to process: the Conduct of Financial Institutions Bill, the Resolution (Insolvency and Business Rescue) for Financial Institutions Bill, and a new Financial Markets Bill.

4.2.4. As a developing economy with massive racial and class inequalities it became clear during the public hearings that the Bill was not transformative enough. As explained above, this led the Committee to organize public hearings on the transformation of the financial sector. Among the issues that emerged were those of the high levels of monopoly in the financial sector including in banking, insurance, the securities markets and asset management. Issues of lack of competition and barriers to entry, particularly for the previously disadvantaged sectors of the population, were raised. Many participants also raised issues of lack of transformation and lack of financial inclusion and poor market conduct practices of financial institutions. Although most of some of these issues were part of the objectives of the FSR Bill, the Committee observed in its report of 30 November 2016:

> "…The Committee recognizes that the Bill makes significant progress towards addressing some of the key issues raised by the 2008 global crisis and in protecting financial customers. The Committee understands that there are other related Bills that will give effect to the new Twin Peaks model that will take these goals further. The Committee recognizes that the main banks in South Africa function in a globalized financial system and that there are imperatives for the country to meet the requirements of global standards on the financial sector set by multilateral institutions

in which South Africa participates. However, the Committee believes that NT and government in general shape policies and Bills too much on the basis of these standards and too little on the specific requirements of the country. Some of these standards could serve to undermine the goals of economic and social transformation in the country and exacerbate the race, class, gender and other inequalities…While recognizing the constraints of doing this in this Bill, the Committee insisted that provisions be inserted in the Bill that would strengthen financial inclusion and transformation. These provisions include making transformation an object of the Bill, referring to the Financial Sector Charter in the Bill, and requiring that a transformation working group or subcommittee be established in terms of section 81 which deals with the structures for coordination between the various regulators and the various national departments responsible for regulating the financial sector. The Committee was constrained from doing more because the Broad Based Black Economic Empowerment (BBBEE) provisions in the Financial Sector, and particularly the Financial Sector Charter, fall under the Department of Trade and Industry (DTI) and recognises that economic and financial transformation are the responsibilities of government as a whole, not NT alone. But the Committee firmly believes that NT can do more in this regard and requires it to do so, and will monitor this more effectively henceforth. The Committee will, after discussion with the Trade and Industry Portfolio Committee, organise public hearings in the first half of next year on the implementation of the Financial Sector Charter and further transformation of the financial sector. The need to finalise issues related to the Postbank and give greater attention to cooperative banks will also be considered in these hearings. The Committee will also focus more on transformation in the Bills related to Twin Peaks that are to come and other Bills too…In considering transformation issues, the Committee will also be looking into the reasons for and the implications of the high level of monopolization and concentration in the banking and insurance sectors. The big four banks have over 90% of the retail banking market. The Committee recognises that there is a monopoly market structure in the banking sector in many countries, but given the very high levels of this monopoly in the South African economy and the racialised patterns of the economic and other disparities in the country, there needs to be a review of the nature of ownership in the banking sector."

4.2.5. With regards to the twin peaks regulatory framework, there is still a lot of work to be done and the Committee recommends ongoing monitoring and oversight of the implementation of this model and in ensuring adequate transformation in the processing of the remaining pieces of legislation. The incoming Committee should consider the reports on the Financial Sector Regulation Act, and the Insurance Act and the report on the Transformation of the Financial Sector hearings.

4.3. Public Hearings on Transformation of Financial Sector

4.3.1. Flowing from the processing of the Financial Sector Regulation Bill, the Committee, jointly with the Portfolio Committee on Trade and Industry, hosted public hearings on the transformation of South Africa's financial sector. The public hearings which took place over 3 days in 2017 and led to the adoption of the *1st Report into the Transformation of Financial Sector* in November 2017. The public hearings received considerable participation from stakeholders and ordinary South Africans.

4.3.2. The Committee made many recommendations and has since had two follow-up briefings on progress in implementing those recommendations.

4.3.3. The Committee's report has been used in the Nedlac process to prepare for the Financial Sector Summit which has been postponed several times, to the considerable dismay of the Committee. The incoming Committee should consider the recommendations in the Report and also put pressure for the long-overdue Financial Sector Summit to be held before the end of this year.

4.4. Illicit Financial Flows, Base Erosion and Profit Shifting

4.4.1. The Committee had regular briefings by NT, SARS, the FIC and law enforcement agencies on progress on tackling Illicit Financial Flows (IFFs) from South Africa. Billions of rands are lost each year through IFFs and BEPS. The Global Financial Integrity report of 2014 estimated that South Africa lost about US$ 30 billion due to IFFs in 2012 alone.

4.4.2. With the country's severe economic and financial challenges and huge stresses on the budget, there is a need for more decisive action to combat IFFs. Although the Committee has been putting a lot of pressure on the relevant state organs, there has been little progress in prosecuting the offenders and recovering assets.

4.5. SARS and Nugent Commission of Inquiry into Maladministration at SARS

4.5.1. The Committee held several oversight meetings with the South African Revenue Service to tackle various issues. The Committee became concerned when SARS could not meet its targets and in the manner in which the FIC suspicious transaction reports against SARS Deputy Commissioner Jonas Makwakwa were handled. There were also other complaints, including withheld VAT refunds and the perceived high staff turnover at management levels.

4.5.2. The Committee fully supported the establishment of a Commission of Inquiry into maladministration at SARS. The Commission, headed by Judge Nugent, was appointed in 2018 and submitted its report on 11 December 2018. The Committee received a briefing on the report from Judge Nugent in February 2019. NT will be introducing legislative amendments based on the recommendations of the Nugent Commission and the incoming Committee will have to take the process further.

4.6. The Public Investment Corporation

4.6.1. From 2015 there began to emerge allegations of wrong-doing by PIC and these allegations steadily increased. In 2017 the Committee had several meetings with the PIC, GEPF, public sector trade unions and NT. Pensioners also contacted the Committee to complain about the PIC. The PIC is the largest asset manager in Africa, managing assets of over R1.8 trillion of pensions and other funds of public servants. After these briefings, the Committee took a resolution on 18 October 2017 to amend PIC Act in order to provide better governance and greater transparency. There was a Private Member’s Bill by Mr David Maynier and a Committee Bill on these issues.

4.6.2. A Commission, headed by Judge Lex Mpati, was appointed by the President to look into allegations of wrongdoing in the PIC. The Committee on several occasions considered whether it should not proceed with the 2 PIC Bills before it but unanimously decided to go ahead with the Bills. The Committee expressed its full support for and respect for the good work being done by the illustrious Commission members but decided for a variety of reasons to finally vote for the Committee’s Bill. Among the reasons for this:

4.6.2.1. A resolution was taken in the National Assembly to process a Committee Bill.

4.6.2.2. The Commission will finalise its report after Parliament rises for the elections. The Commission's recommendations will have to be considered by the executive and the Minister will have to process a Bill through Cabinet. All of this will take some time yet and the Committee's Bill should be seen as an "interim' Bill.

4.6.2.3. The Committee had public hearings and extensive deliberations on its Bill and stakeholders were putting pressure for it to be finalised.

4.6.2.4. The Committee has done extensive work on these Bills and many of its current members may not be in this Committee in the next parliamentary term. It may well mean that the new members of the Committee will need to cover the same ground again that has already been covered by the current Committee and the value of the current process will have been largely lost.

4.6.2.5. If the Bill was not finalised by the end of this term of Parliament they lapse. Even though they can be revived, there is no obligation on the new Committee in the next term to do so.

4.6.2.6. The very same issues that arose in the public hearings and deliberations on the Committee Bill are also likely to arise when a new Bill is introduced by the Minister based on the recommendations of the Mpati Commission.

4.6.2.7. The incoming Committee will review the Committee's Bill based on the recommendations of the Mpati Commission and the Bill the Minister introduces.

4.6.3. The Committee believes that the incoming Committee should also engage with NT about the need to review the GEPF legislation.

4.7. Steinhoff

4.7.1. In December 2017, the shares of Steinhoff International (SHF), a historically South African company now registered in the Netherlands, with a primary listing in the Frankfurt Stock Exchange (FSE), and secondary listings in the Johannesburg Stock Exchange (JSE), plummeted dramatically shedding over 90% in value and causing panic and outrage in South Africa and abroad after it had failed to release its annual financial statement on time. This followed from the resignation of its CEO, Mr. Marcus Jooste, amid allegations of 'financial irregularities' or accounting fraud. Two years before this event, the German authorities were reported to be investigating accounting 'fraud' and 'irregularities' involving Steinhoff and some of its directors. Steinhoff International reportedly had operations in 5 continents, 32 countries, with over 130 000 employees, 12 000 retail outlets, 21 manufacturing facilities, 40 retail brands, and a market capitalisation of over EUR14.2 billion before this turn of events.

4.7.2. Scof, the Standing Committee on Public Accounts (SCOPA) and the Portfolio Committee on Public Service and Administration decided to call for a briefing from Steinhoff and the relevant agencies and regulators accountable to Parliament to understand what the extent of exposure was and what the regulatory agencies were doing to mitigate risk and take corrective action. Although not accountable to Parliament, the executives of Steinhoff also attended the briefing. In subsequent briefings, other executives who had resigned, including former CFO, Mr. Ben La Grange and CEO, Mr. Markus Jooste, attended.

4.7.3. It emerged in the media and during the parliamentary briefings that many South African investors were significantly exposed to Steinhoff's share collapse, including the GEPF/PIC, which was the second largest investor and lost value of more than R20 billion of public servants' pension savings from its investment in Steinhoff or its subsidiaries. Other institutional investors were also reported to have lost significantly including Liberty Life, Old Mutual, Allan Gray, Standard Chartered Bank, Standard Bank, Investec, Sanlam, Alexander Forbes, Coronation (via JP Morgan Chase), Argon Asset Management, Eskom Pension Fund, Sayfrets Securities, and the Sasol Pension Fund, among others.

4.7.4. The following organizations reported to be conducting investigations within their powers and responsibilities: the Johannesburg Stock Exchange, the Financial Sector Conduct Authority, Companies Intellectual Property Commission, IRBA, and the Hawks. Steinhoff also reported that it was conducting its own forensic investigation. The Committees felt that Steinhoff is the biggest corporate scandal in South Africa ever. The Committee also felt that private sector companies tend to be let off the hook so easily.

4.7.5. Despite several meetings on Steinhoff issues, the Committee believes the relevant state agencies are making dismal progress. The Committee believes the incoming Committee needs to persist with these agencies on the need to act speedily and decisively. it is important to ensure that private sector corruption is tackled as decisively as public sector corruption.

4.8. Capitec Bank

4.8.1. On 29 January 2018, a report entitled "*Capitec: A wolf in a sheep's clothing*" (or the Viceroy Report) into Capitec Bank Holding Limited (Capitec). was released by a company known as Viceroy Group containing a series of allegations of malpractices by Capitec Bank. Following the release of this report, Capitec's share price fell by about 25 percent on the Johannesburg Stock Exchange (JSE). The context of this is that Viceroy had released a report on Steinhoff in December 2017, alleging financial irregularities. The PSG Group, the largest shareholder of Capitec, Capitec and the South African Reserve Bank (SARB) released statements to reassure the market that Capitec's finances were in order and the accusations by Viceroy were inaccurate and misplaced. This was important as Capitec is a systemically important bank, the fifth largest in South Africa in terms of its assets and market share (of about 10 million customers). A continued slide of its shares could lead to a bank run and collapse reminiscent of the collapse of Saambou in 2002 and others such as the African Bank.

4.8.2. Scof called for a briefing from the National Treasury and institutions reporting to the Minister of Finance, such as the Financial Services Board (now FSCA), the National Credit Regulator, and the SARB. It received a briefing from these agencies on 20 March 2018. A presentation was also received from Capitec Bank's CEO, Mr. Gerrie Fourie.

4.8.3. NT, SARB and Capitec effectively assured the Committee that everything at Capitec was above-board when it came to capital adequacy and liquidity. NT and Capitec highlighted that the Viceroy report was based on profit motives as a result of Viceroy's short-selling of stocks business where sometimes false information is released with the intention of profiting on the fall in shares of a company.

4.8.4. The NCR mentioned that it had conducted compliance monitoring on banks and found that Capitec issued multiple loans to the same consumers within a short space of time. This conduct was not necessarily in contravention of the National Credit Act (NCA), it raised concerns about potential risks to consumers and the bank. As a result of this, the NCR shared this information with the SARB and advised the bank to stop this practice. There was also unfolding litigation concerning reckless lending and possible violations of the NCA against Capitec Bank.

4.8.5. The FSCA explained that it had jurisdiction to investigate the violations of the Financial Markets Act, Act No. 19 of 2012. Based on a complaint by Capitec on the Viceroy Report, the FSB was studying the Viceroy Reports and Capitec's responses, analyst and media reports, social media interactions, analysing trading activities in Capitec shares, derivatives and bonds from

December 2017 onwards. This could be followed by the issuing of summons and interrogating of persons of interest, and liaising with fellow regulators in other jurisdictions. The FSCA said that their investigation was ongoing and they would report back to the Committee once the investigation was finalized.

4.8.6. The Committee believes that the incoming Committee should consider requesting an update on this investigation by the FSCA. The incoming Committee could also seek an update from the NCA on the cases of reckless lending and possible violations of the NCA against Capitec Bank.

4.9. Venda Building Society Curatorship and Liquidation

4.9.1. On 11 March 2018, the Minister of Finance placed the Venda Building Society (VBS) under curatorship following its failure to settle transactions on the South African Multiple Options Settlement System. VBS had also been non-compliant with SARB's general and liquidity reserves on Mutual Banks.

4.9.2. The Committee received 3 briefings on the matter, one of which was on a forensic investigation report of Adv. Terry Motau on VBS Mutual Bank, commissioned by SARB's Prudential Authority. The Committee expressed its concerns at the behavior of the mutual bank and urged the Hawks and the National Prosecuting Authority (NPA) to act swiftly and decisively against those alleged to be responsible for the collapse of the Bank. In the report, the accounting and auditing firm, KPMG, was accused of wrongdoing.

4.9.3. The Committee noted that the collapse of the Bank was a major setback for diversity and transformation in the financial sector and had hoped that the it would be rescued, in the interests of the depositors and policy holders. The Committee believes that the incoming Committee should consider following up on progress on the criminal investigations and other aspects of the VBS matter.

4.10. Mandatory Audit Firm Rotation and Transformation of the Auditing Profession

4.10.1. The Committee held extensive public hearings in 2017 to look into the introduction of Mandatory Audit Firm Rotation rules for the auditing profession in South Africa. The rules are primarily intended to strengthen auditor independence. It is believed that auditors and audit firms sometimes develop a cosy relationship and familiarity with the companies they audit and this sometimes leads to them being easily influenced by their clients when their audit tenure is too long or unlimited. In turn, this leads to auditors and audit firms failing to report reportable financial management violations by their clients to the authorities, as required by law. In addition, it compromises their independence, integrity, quality of the financial statements and ultimately the audit opinions on which investors rely to make important economic decisions. The MAFR rules were being introduced with the aim of protecting and enhancing auditor independence, audit quality and integrity.

4.10.2. It also emerged during the hearing that the rotation of firms could also have some diffusion of benefits by opening access for medium-tier and large black firms to the JSE market, where they are largely excluded at the moment. It is envisaged that this would lead to market de-concentration as 96% of the JSE market is controlled by the big 4 auditing firms - KPMG, PwC, Ernst & Young and Deloitte.

4.10.3. In its report of 18 June 2017 the Committee made the following observations among others;

“…The Committee raises its concerns about lack of transformation and market concentration in the auditing profession in South Africa. The fact that the big four auditing firms control over 90 per cent of JSE-listed companies market is a cause for concern as it shows high levels of market concentration and lack of competition…

The Committee notes that out of all the audit partners who sign off the audits of about 353 companies listed on the JSE, only about 9 of them are black. The Committee further notes that although there are thousands of audit firms existing in South Africa today, only the big four firms dominate the JSE-listed market. It also notes that companies listed on the JSE rarely switch auditing firms. The Committee believes that this blocks access to medium tier and smaller firms, especially black owned…

This is also shown in the representation of blacks within the big four auditing firms. For instance, the representative of Deloitte explained that Deloitte was the biggest black owned firm in South Africa as it had the largest number of black partners as compared to all firms, including those who are black-owned. Asked to explain this claim, he said that Deloitte had 98 (36%) black partners out of a total of 269 partners. Black partners constituted 43 (16%) black African, 45 (17%) Indian and 10 (4%) Coloured. The Committee requested that the other three of the big four firms submit their transformation Scorecards, which they have not done…

The Committee is of the view that lack of transformation in the auditing sector has reached a crisis point. The Committee wishes to state that transformation and market de-concentration in the auditing profession are non-negotiable. The majority in the Committee therefore support any viable measures to enhance these initiatives including the introduction of MAFR rules…

The Committee notes complaints about the inequitable treatment of black candidates and accountants by SAICA. The Committee further notes that despite the allegations made in SAICA's presence during the hearings, SAICA decided not to make any further response or rebuttal to such allegations. The allegations that SAICA is instrumental in hindering transformation and that the profession discriminates against black candidates and qualified accountants including in the marking of exams may require a rethink of self-regulation by the accounting profession. The Committee recommends that the Minister of Finance considers the feasibility of external (state) regulation of the accounting profession through an independent regulatory agency in order to deal with the issue of inequitable treatment of black accountants and, smaller and medium accounting firms and what seems to be an unfair advantage of the big four firms in the governance of the profession…"

4.10.4. The Committee believes that the incoming Committee should follow up on progress on the implementation of MAFR rules and issues of transformation in the auditing profession.

4.11. VAT increase

4.11.1. In 2018, VAT was increased for the first time in the democratic era from 14% to 15%. This increase was highly contested leading the Committee to hold three sets of public hearings and other extensive engagements with stakeholders from March 2018. There was a unanimous opposition to the VAT increase from a wide range of stakeholders. The Minister of Finance appointed a Panel of Experts, led by Prof. Ingrid Woolard, to look into measures of mitigating the impact of the increase on poor households. The Panel consulted widely, receiving submissions from the public, labour, business and civil society and produced a report in which it recommended that more items should be added to the zero-rated VAT exempt list.

4.11.2. The Committee had from the outset expressed its serious reservations about the VAT increase because of its negative effects on the poor and lower income households. The Committee was however acutely aware of the severe pressures on the budget and the desperate need to raise additional revenue due to a huge revenue shortfall of R27, 4 billion in 2018. The increase was reluctantly accepted provided it was reviewed at the end of the MTEF cycle. The Tax Administration Laws Amendment Bill was amended to require the Minister of Finance to review the VAT increase following an evaluation of its impact on revenue collection and the poor and table a report in writing to Parliament by no later than 30 June 2021. The Committee also called on NT to re-priortise expenditure to cushion the effects of the VAT increase on the poor.

4.11.3. The Committee believes that the incoming Committee should monitor the effects of the VAT increase on the poor and review the need for the increase, as required in the legislation, in 2021.

4.12. Health Promotion Levy and Carbon Tax

4.12.1. During the Fifth Parliament, two new tax proposals were introduced. The first was the Health Promotion Levy on sugary-sweetened beverages, which aims to promote health through reducing sugar consumption. The Carbon tax is also being introduced to tackle climate change by controlling greenhouse gas emissions in compliance with the Paris Agreement. The biggest issue on these two instruments has been their potential impacts on jobs. The Committee insisted that job mitigation plans would have to be developed by all stakeholders at Nedlac before these Bills were voted on by the Committee.

4.13. There are however concerns that the commitments made in Nedlac by NT and other government departments about reducing job losses related to the implementation of the Health Promotion Levy or sugar beverages tax are not being fulfilled. The Committee believes that the same issues may arise in regard to the implementation of carbon tax.

4.14. The Committee believes that hat the incoming Committee should monitor the progress on these Nedlac commitments on job mitigation plans and that reports be given regularly to the Committee on this, beginning early in the next term of Parliament.

5. Some Key Issues the Committee believes the Incoming Committee needs to consider

5.1. The Committee has a massive legislative and oversight role. It passed 33 Bills these past 5 years. Some of these Bills were large. The FSRA was 284 pages and the IB 76 pages. The legislative load of this Committee is huge. The Committee also has to process the crucial Fiscal Framework and Revenue Proposals. It also has to carry out oversight over major public entities, including SARS. It was not possible for the current Committee to carry out its oversight responsibilities effectively enough. It is strongly suggested that the incoming committee considers the need to split the Scof into two Committees – one that focuses on legislation and the other on the budget and oversight or some other appropriate division. This will need to be negotiated with the parliamentary authorities.

5.2. There were very extensive public hearings held on the transformation of the financial sector and a major 130-page report with comprehensive recommendations was adopted by the NA in November 2017. This report should provide a framework for the legislative and oversight work of the incoming Committee. The recommendations in the Report are being used in the Nedlac process to prepare for the long overdue Financial Sector Summit. The incoming Committee needs to put pressure on Nedlac and NT to ensure the Summit takes place before the end of the year.

5.3. The current Committee could not, for lack of time, process amendments to the Auditing Professions Act in the FMAB that would give IRBA far greater powers to deal with errant auditors. The Minister will very early in the 6th Parliament introduce a Bill on this and the Committee should consider processing this Bill expeditiously. There are 2 Private Members Bills that could not be processed during the Fifth Parliament - the South African Reserve Bank Amendment Bill, Private Member's Bill [B26 – 2018] (S75) introduced on 16 August 2018 and the Public Finance Management Amendment Bill [B 41 – 2018] (S76) introduced on 01 November 2018. If these Bills are re-introduced in the sixth Parliament, the incoming Committee needs to process them expeditiously.

5.4. There will be a need to review the PIC Amendment Bill passed by the Committee when the Minister introduces another Bill based on the recommendations of the Mpati Commission; the incoming Committee will need to also attend to this expeditiously. But it also has to actively monitor the PIC. There is also need to review the GEPF legislation.

5.5. There is also a need to make further amendments to the Money Bills Amendment Procedure and Related Matters Act, Act No.9 of 2009, particularly around further changing the deadlines for processing aspects of the budget and ensuring more and more effective public participation.

5.6. Billions of rands are lost through IFFs, the illicit economy as a whole and BEPs. This simply cannot continue. The incoming Committee needs to haul the relevant state agencies before it and the other relevant parliamentary committees and demand that they act more decisively against the offenders and recover as much money due to the fiscus as possible.

5.7. The incoming Committee also needs to effectively monitor progress on the Mandatory Audit Firm Rotation and the transformation of the auditing profession.

5.8. There is also an urgent need for the incoming Committee to follow-up on Steinhoff, Capitec and VBS issues.

5.9. The incoming Committee also needs to get regular reports from Nedlac and NT on progress on the commitments made in Nedlac on saving jobs and related matters regarding the implementation **of the** Health Promotion Levy (sugar beverages tax) and the carbon tax.

5.10. The incoming Committee needs to consider doing more oversight visits than the current Committee did.

5.11. The incoming Committee also needs to work more closely with the Standing Committee on Appropriations.

5.12. Regular contact with the AG's Office is crucial especially when it comes to the BRRR.

5.13. The incoming Committee needs to put pressure to appoint a new PBO Director as soon as possible in the 6th Parliament.

5.14. One of the issues that has challenged the Committee is that there are officials in the public sector who appear before the Committee who lie to it. Members of the Committee sometimes sense this but cannot prove it, but it sometimes later emerges that a public servant did in fact lie. The incoming Committee needs to consider, in consultation with Parliament's Legal Services Unit and other parliamentary structures, how and what decisive action can be taken against officials in the public sector who lie to Committees. The Public Service Commission may be able to play a role in this regard – and the incoming Committee might want to pursue this.

5.15. Despite the errant behavior of public servants, government has failed to use the PFMA to sanction them. The incoming Committee needs to focus on the need for this.

5.16. There is also a new tendency for some MPs to attack the integrity of and malign public servants and others who appear before Committee with those attacked not having the necessary space to adequately reply to this. The incoming Committee needs to engage further with Parliament's Legal Services Unit and other Parliamentary structures on how and what action can be taken against MPs who behave badly in this way beyond a Chairperson criticizing a member for being errant.

5.17. There has been far too high a turnover of members of this Committee this 5-year term. The Committee appeals to the incoming Chief Whips of the political parties in the 6th Parliament to ensure that the membership of this Committee, especially as it deals with budget issues and has such a huge legislative and oversight load, and in view of the technical nature of the issues it deals with, is stable.

5.18. NT is a very sophisticated and well-resourced department compared to many other departments. It introduces more Bills in Parliament than it can manage and at times it is unable to follow up and respond to issues adequately in terms of the Committee's timelines and requirements. The incoming Committee should be sensitive to this in preparing its programmes and needs to ensure that NT has the capacity to meet its deadlines before processing Bills. NT needs to be more realistic about its potential and limits.

5.19. The Committee appreciates that NT manages the budget overall and the Committee cannot make sweeping changes to the fiscal framework and revenue proposals, Bills and policies without being careful about the financial implications for the country, and in particular the poor and disadvantaged. While NT is crucial to government and the country and has a major role to play, it is ultimately just another department and is subject to the same oversight and other scrutiny of Parliament. There is no special dispensation in the rules and norms of **p**arliamentary oversight and processing of legislation for NT. However, there seems to be a reluctance among NT officials to make changes to Bills and policies that the Committee decides on. The incoming Committee needs to engage further with NT officials on the need to accept the important role of Parliament in holding the executive to account.

5.20. While recognizing the pressures, the incoming Committee should consider adopting minutes of meetings within 2 weeks of a meeting instead of the current Committee's practice of doing so at the end of each quarter. The management of the Committee section has to do far more to train the secretaries to write minutes of a better quality.

5.21. Public participation is utterly crucial in parliament. The incoming Committee should consider allowing for public submissions on Bills and any policy frameworks until about to vote on a Bill as referred to in paragraph 3.10.1 above. However, the weakness of this approach is that it is the private sector and the large trade union federation and trade unions and well-resourced NGOs that are able to take advantage of this. Of course, the NCOP reaches people and organisations “on the ground” through the hearings it has in different localities in the provinces, but the NA also has to do more and the incoming Committee more to get funding from Parliament to facilitate the participation of civil society structures and individuals that are not able to get to the Committee.

6. Appreciation

6.1. The Committee thanks the citizens and organizations and other structures, as well as NT, Sars and other public entities for their participation in our work.

6.2. The Committee also expresses its fullest appreciation to our support staff - Dr Zakhele Hlophe, our Content Advisor, Ms Antonia Manamela, our Researcher, Adv Frank Jenkins, our legal advisor, Mr Allen Wicomb and Ms Teboho Sepanya, our Secretaries, and Ms Beauty Tsana, our Assistant Secretary.