**STATEMENT BY THE DEPARTMENT ON THE NEED FOR A FEASIBILITY STUDY FOR THE POSTBANK AMENDMENT BILL**

The Portfolio Committee on Communications (PCC) has in a letter dated 04 November 2022 but received on 07 November 2022 requested that the Department provides confirmation that the feasibility study on the implementation of the Bill was conducted.

The Committee has noted that the draft of the Postbank Amendment Bill was subjected to the Socio-Economic Impact Assessment System (SEIAS) process. Given the outcome of that process, the Committee hereby requires a confirmation that the feasibility study on the implementation of the Bill was conducted, and that the Department can share such information with the Members. If there is any additional information relating to the cost of forming the New Entity, including the cost of setting up the Company’s structure. In that case, that particular information will be fully appreciated by the Committee as well.

The Department hereby confirms that there was no feasibility study conducted on the Bill. We would like to remind the PCC that, as explained in the objects memorandum, the Bill is not intended to establish a bank or an operational New Entity. In fact, the Postbank has already been in existence from the inception, first as a division within SAPO. As far back as 2010, the South African Postbank Limited Act, 2010 (Act No. 9 of 2010) (“the Act”) already provided for the incorporation of the Postbank Division of the South African Post Office (“SAPO”) as a separate legal entity, the transfer of the enterprise of that Division to the Postbank Company, the governance and functions of the Postbank Company and matters connected therewith.

Our view is that the substantive new entity, which is the Postbank, was established in terms of the Act way back in 2010 which then became effective in terms of the transfer of assets and liabilities on 1 April 2019. If the feasibility study was necessary, it would have been, in our view, at the time of establishing the Postbank.

The Bill seeks to create a Bank Controlling Company (BCC). Although it will be registered as a company in terms of the Companies Act, it will not be an operational entity except to own a bank as a shareholder of reference. The purpose of the BCC is to oversee the Postbank with a relatively small structure in terms of personnel and capital outlay requirements.

It is our view that the feasibility study is not required at this stage and that it is unprecedented in the government system of introducing the kind of draft legislation such as the Postbank Amendment Bill.

The Department contends that if perhaps some kind of a feasibility study was ever required it would have been at the time the Postbank was incorporated from being a Division of SAPO to a standalone company. That is way back in 2010 when the South African Postbank Act was promulgated, and certainly not now.

The Bank Controlling Company is a relatively small and non-operational entity whose sole function is to own the bank and be the shareholder of reference. Therefore, the associated costs of its establishment would not be significant.

**The envisaged workings /structure of the Bank Controlling Company (BCC)**

The BCC will be governed by a Board of Directors and Board Committees who will be selected based on the guidelines of the all the relevant legislation and these will be mainly the Postbank Act, the Banks Act and Companies Act. Their duties are as outlined in the various pieces of governing legislation. For example, the Board is required by the Banks Act to put in place specific sub-committees namely:

* An Audit Committee
* A Risk Management Committee
* A Directors Affairs Committee

It is envisaged that the functions of the Postbank BCC will consist primarily of a compliance and a governance function, both functions will be supported by a secretariat. The administrative functions of the BCC will be performed the Postbank.