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**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER: 3677** NW4108E**]**

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**3677. Dr M J Cardo (DA) to ask the Minister of Finance:**

Why did the National Treasury grant full exemption from the provisions of the Public Finance Management Act, Act 1 of 1999, to a certain company (**FOSKOR**) until 31 October 2019?

NW4108E

**Reply:**

The main reason is because Foskor is one of the Industrial Development Corporations’ (IDC) subsidiaries and in direct competition with private sector companies that are not required to provide reports such as Corporate Plans and Quarterly Reports. Compliance with the PFMA reporting requirements would require introduction of additional processes *at a cost* to companies already in financial distress.

The second reason was to afford Foskor an opportunity to compete evenly in an open market with other private companies in terms of the pace at which they could undertake certain transactions e.g. Section 54(2) of the PFMA transactions such as acquisition and disposal of assets that require approval of the executive authority; Section (7)(2) regarding opening of bank accounts after compliance with any prescribed tendering procedures and Section 7(4) providing that the National Treasury may prescribe investment policies for public entities.

It is worth mentioning that with regards to reporting requirements, IDC was requested to submit its Corporate Plan with the consolidated financial projections of the internal subsidiaries (mini-group) and any subsidiary with a total asset value above the significance level of R500 million.

With regards to the transactions they undertake, IDC was requested to ensure that the mandate and performance of their subsidiaries are aligned with government development policies i.e. the National Development Plan (NDP), New Growth Path (NGP), and Industrial Policy Action Plan (IPAP).