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Standing Committee on Finance
3rd Floor
90 Plein Street
Cape Town
8001

Attention: Committee Secretary, Mr Bradley Viljoen

Honourable members of the Committee,

The South African Reserve Bank Amendment Bill, 2010 ("The Bill")

I herewith kindly wish to table my submission on The Bill that seeks to amend the SA Reserve Bank Act in order to achieve some pre-determined objectives. My brief comments are as follows:

1. In essence, the role and function of a central bank are of a complex nature and its responsibilities within the larger economic arena are understood by only a very few. It is therefore of utmost importance that those chosen few who would serve on the board of the South African Reserve Bank, irrespective as to whom they represent, must unquestionably be fit and proper, suitably equipped and current fiduciary practitioners.
2. The independence (or perhaps the perceived independence) of the central bank should be recognised, protected and upheld and not be tampered with for as long as the principles of democracy are practiced and protected.
3. Against the background of only the above two statements it is my submission that:
 - 3.1 the constitution of the Panel as proposed in section 4 of The Bill be expanded to include at least one ex (or retired) central bank governor (or deputy governor) of a developed country/economy and at least one ex (or retired) central bank governor (or deputy governor) of a developing country/economy. The choice of these two individuals, each who should have served as governor or deputy governor for at least 5 years, will vest with the Governor of SARB (the Chairperson of the Panel). The value which such individuals would bring to the selection/scrutiny table will be immense.
 - 3.2 Section 4 of The Bill is unclear as to whether the Panel would also be involved in the consideration process of those board members that would represent Government. If not, I would strongly propose that against the background of 1. and 2. above, the Panel also consider those individuals that are nominated to become representatives of Government on the SARB board. It would not only be the responsible thing to do, but also the right thing for the right reason. The "what is good for the goose, is good for the gander" – principle must apply. The issue is not whether Government must be represented or not, but rather that those who do represent

Government must also meet the set standards and criteria that all other directors must comply with.

I thank you for the opportunity to cast some comment on The Bill. I do not deem it necessary to make an oral presentation, but should the Committee wish me to partake in a discussion regarding the above, I will be willing to do so when notified by the Committee Secretary.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'DH Botha', with a long horizontal stroke extending to the right.

DH Botha
Chief Executive Officer

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