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CONSTITUTIONAL ASSEMBLY

SUB-THEME COMMITTEE 2 OF THEME COMMITTEE 6

SPECIALISED STRUCTURES OF GOVERNMENT

1 FEBRUARY 1995

ROOM V226

14H00

DOCUMENTATION

CONSTITUTIONAL ASSEMBLY

SUB-THEME COMMITTEE 2 OF THEME COMMITTEE 6

SPECIALISED STRUCTURES OF GOVERNMENT

WEDNESDAY 1 FEBRUARY 1995

AGENDA

A meeting of the above committee will be held on 1 February 1995 at 14h00 in Room V226, Old Assembly Chamber.

1. CONFIRMATION OF MINUTES AND SEMINAR REPORT

1.1 Minutes: 24 January 1995 (p1-2)

1.2 Seminar Report: (p3-4)

1.3 Minutes: 31 January 1995 (p5-6)

2. MATTERS ARISING FROM MINUTES

3. SUBMISSIONS

3.1 Ten minute presentation by political party representatives on the Subcommittee

3.2 Clarity from the Chairperson with regard to sub-committee members' involvement in public participation

3.3 Report from Secretariat on organisations who promised to make submissions

3.4 Invitation to organisations to address sub-theme committee members

3.5 Conservative Party's address to the committee scheduled for 2 February 1995. Secretariat to report

4. FURTHER BUSINESS

CONSTITUTIONAL ASSEMBLY
SUB-THEME COMMITTEE 2 OF THEME COMMITTEE 6
SPECIALISED STRUCTURES OF GOVERNMENT
TUESDAY 24 JANUARY 1995

PRESENT

Davies R (Chairperson)

Hogan B
Jordaan D
Marais G
Marcus G
Nair B
Welgemoed P
Woods G

P Fahrenfort and S Nyoka were in attendance

1. FINANCIAL INSTITUTIONS AND PUBLIC ENTERPRISES

1.1 Submissions

The Committee felt that due to time constraints it would impractical to present a report on submissions at this stage. A proposal was put forward that the Chairperson recommend to the next Constitutional Committee that the Sub-theme committee be given time until February 14 to consider submissions from the FFC.

1.2 Nominations

It was recommended that the following people be nominated to serve as advisers:

- i) Professor DG Franzen
- ii) Dr F le Roux
- iii) Mr I Momoniat
- iv) Mr C Rustomjee
- v) Prof L Loots
- vi) Professor B Kahn
- vii) Ms M Ramos
- viii) H High

It was further recommended that Mr A Shah, representative of the World Bank be invited to address the Sub-theme committee on fiscal matters.

There being no further business the meeting ended at 12h20.

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CHAIRPERSON

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DATE

CONSTITUTIONAL ASSEMBLY

SUB-THEME COMMITTEE 2

FINANCIAL INSTITUTIONS AND PUBLIC ENTERPRISES

REPORT OF SEMINAR HELD ON MONDAY 23 JANUARY 1995 AT 10H30 IN ROOM V226, OLD NATIONAL ASSEMBLY WING ADDRESSED BY DR C STALS, GOVERNOR OF THE RESERVE BANK OF SOUTH AFRICA

The seminar started at 10h35 and was attended by R Davies (Chairperson), J Chirole (Alt), B Hogan, JA Jordaan, G Marais, G Marcus, B Nair, P Welgemoed and G Woods.

In attendance were N Nyoka, P Fahrenfort and T Kgosidintsi (Secretariat).

In addressing the seminar Dr Stals outlined the historical development of the South African Reserve Bank. He proceeded by explaining the various aspects of the bank. The discussion was drawn largely from the document "The Role and Structure of the South African Reserve Bank" with emphasis on the Legal, Institutional, Monetary policy and Operational frameworks. Further emphasis was placed on the uniqueness of the institution as the only privately owned central bank in the world. It was stressed that the independent nature of the bank accorded provided for in Sections 195-197 of the Interim Constitution was the most encouraging factor to investment and the building of confidence in the future of the South African economy. The major task of the bank was the control of credit that is, money created in the banking system; the bank was in the most powerful position to control inflation. Hence it was important to keep monetary policy out of the political system by allowing the Governor to effect such decisions without prior approval by the Minister of Finance. The Governor and the Board of the bank therefore are not subject short term considerations for political exigencies.

It was interesting to note that in appointing the 3 directors of the Board, the President had selected 3 people from the private sector. This meant that the vested interest for monetary policy lay in the factors of production in the economy. To date the bank is accountable to Parliament through a special act that spells out its role and functions.

Related to the Monetary Policy Framework emphasis were placed on the preservation of financial stability, interest rates and inflation.

In his closing remarks in terms of the Reserve Bank being incorporated in the Constitution, Sections 195 and 196 recognises the need for a central autonomy.

Dr Stals' half hour discussion was followed by a series of questions. Dr Stals expressed a view that a general statement in the Constitution about the independence of the Reserve Bank would be sufficient and was requested to submit to the Sub-theme Committee a written submission in this regard.

The Sub-theme committee agreed to meet the following day to discuss logistical arrangements for future meetings.

CONSTITUTIONAL ASSEMBLY

SUB-THEME COMMITTEE 2 OF THEME COMMITTEE 6

SPECIALISED STRUCTURES OF GOVERNMENT

TUESDAY 31 JANUARY 1995

PRESENT

Davies R (Chairperson)

Andrew KM (Alt)
Bekker H
Hogan B
Makgothi H
Marais G
Nair B
Welgemoed P
Woods G

Apology

Chiole J

Fahrenfort P (in attendance)

Minutes of the Sub-Theme Committee 2 meeting held on Tuesday 31 January at 09h00 in Room V226.

1. SUBMISSIONS

The Committee proposed that

- 1.1 the following items be placed on the agenda for tomorrow's Sub-theme Committee meeting:
 - a) each political party represented on the sub-committee be granted 10 minutes to present their submissions
 - b) the Chair obtain clarity from the Core Group with regard to sub-committee members' involvement in public participation

- c) the Secretariat do a follow-up on organisations about their submissions and that the Chair and the Secretariat work on a proposed time-table, the revised deadline being Monday 6 February 1995
 - d) the Committee discuss extending an invitation organisations other than the CP to address the members
- 1.2 an invitation be extended to the Conservative Party to address the Committee on Thursday 2 February 1995
- 1.3 the Secretariat liaise with committee members to establish whether there are any overlapping of meetings

There being no further business the meeting ended at 09h40.

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CHAIRPERSON

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DATE