



SUBMISSION

Comments on the South African Reserve Bank Amendment Bill [B26 – 2018]

1 July 2025

Attention: Ms Teboho Sepanya
Committee Secretary
Per email: tsepanya@parliament.gov.za

and Mr Allen Wicomb
Committee Secretary
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Committee Members:

Chairperson: Dr MJ Maswanganyi ANC	Mr AD Beesley Action SA
Mrs WR Alexander DA	Dr MJ Burke DA
Ms NA Gcaleka-Mazibuko ANC	Mr NM Hadebe IFP
Mr MS Lekganyane ANC	Ms LS Makhubela ANC
Ms OMC Maotwe EFF	Mr M Mi Mdluli DA
Mr B Molefe MKP	Mr SG Mwali MKP
Mr SC Sekoati ANC	Mr SN Swart ACDP
Mr S Thambo EFF	Mr DDD Van Rooyen MKP
Mr KH Wakelin DA	

Dear Members of the Finance Standing Committee and Committee Secretaries,

On behalf of the Institute for Economic Justice (IEJ) thank you for the opportunity to make the following written submission on the proposed South African Reserve Bank (SARB) Amendment Bill [B26 – 2018]. Given the centrality afforded to public participation in our constitutional democracy, we trust that you will give this submission and its considered and substantiated proposals, meaningful consideration.

Should you have any questions regarding this submission, please feel free to contact Ms Joan Stott, Senior Programme Officer: Climate Finance and Resource Mobilisation at joan.stott@iej.org.za.

1. Introduction

The South African Reserve Bank (SARB) Act, 1989, consolidates the laws pertaining to the central bank and monetary system of the Republic of South Africa, as well as related matters. The proposed amendments to the Act aim to:

- delete certain definitions and insert a definition to:
 - provide for the appointment of certain Board directors by the Minister;
 - provide for the tenure of office of appointed directors;
 - deal with the filling of casual vacancies for appointed directors; and
 - make the State the sole holder of the shares in the Bank.

- repeal certain sections to:
 - give the Minister the power to appoint auditors of the Bank;
 - give the Minister the power to make regulations relating to the appointment of appointed directors; and
 - provide for matters connected therewith.

The IEJ is not opposed to the state as the sole holder of shares in the SARB as this would bring the SARB in line with international norms. The majority of central banks do not have private shareholding. This, however, would not in itself lead to a shift in the way in which the SARB functions. Private shareholders currently have minimal influence on the SARB and monetary policy.

The Bank's failure to achieve its primary objective of ensuring balanced and sustainable growth, and to sufficiently consult and coordinate policy with the Minister of Finance, results from other aspects of the current legislative regime, rather than from the question of ownership *per se*. The IEJ's arguments regarding the mandate of the SARB, and its insufficient coordination with National Treasury were made in a [previous](#) submission to the Joint Constitutional Review Committee at the end of May 2025.

2. SARB independence

In general, central bank independence is exercised through 'goal independence' and/or 'instrument independence'. Goal independence is less common and allows a central bank to determine its own objectives. The SARB does not currently have goal independence. Its mandate is stipulated within the Constitution "to protect the value of the currency in the interest of balanced and sustainable economic growth in the Republic" ([SA Constitution 1996](#)). More specific goals, for instance to keep inflation within the 3-6% target range, are communicated by the Minister of Finance to the Governor of the SARB. Instrument independence allows a central bank to determine the tools it may use to achieve its prior-stipulated goal(s). As stated by the SARB on their [website](#): "[t]he SARB has the independence to use any of the monetary policy instruments at its disposal to achieve its monetary policy goal. However, the selection of a monetary policy goal is the responsibility of government".

Two conclusions follow from this. First, it is incorrect to argue that making the state the sole shareholder risks the state unduly influencing the 'independence' of the central bank. This 'independence' is quite separate to the question of ownership, and has to do with other aspects of the legislative framework. The global norm is for central banks to

be owned by the state but enjoy some degree of ‘independence’ as defined above. Second, it is also incorrect to think that by making the state the sole shareholder of the SARB, one necessarily solves the incoherence in policy between the government’s development objectives and the operations of the SARB. It is quite possible, likely even, that a SARB with sole national ownership but where the rest of the legislative framework is left unaltered, would continue to act in ways contrary to the government’s development agenda.

State ownership should, therefore, be pursued to align with international norms. However, other amendments to the SARB Act are necessary to ensure that the SARB meets its primary mandate. There are institutional amendments which include, but are not limited to, the appointment of the SARB’s Board of Directors, greater coordination of monetary and fiscal policy, and increased oversight of monetary policy decision-making. There are substantive amendments which include a more promotional monetary policy stance that supports a socially just and worker-centred structural transformation of the economy towards a low-carbon emissions growth path.

3. SARB mandate

The South African Constitution, specifically clauses 223 - 225, pertain to the mandate of the SARB. The IEJ’s [submission](#) to the Joint Constitutional Review Committee detailed how we believe the mandate of the SARB should be amended, and the need for greater *coordination* between fiscal and monetary policy, as per Clause 224 (2). The independence of the SARB is therefore not designed to be absolute.

The IEJ’s believes that the SARB has, for too long, pursued a single objective of inflation targeting separate from national development priorities and frameworks. This myopic focus on price stability has reduced the extent of cooperation between fiscal and monetary policy and thus the attainment of a more job-creating, developmental economic growth path. Additionally, it has preserved existing patterns of investment, a financial system overly geared towards speculative activity, and the concentration of the economy in capital-intensive sectors such as mining and energy ([IEJ 2025](#)).

The National Treasury and the SARB should be working in concert with one another, with the SARB playing a far more active role in the economy. A promotional monetary policy that vigorously and effectively engages with fiscal policy would support government’s policies on job creation, green industrialisation, development, and a socially just and worker-centred transition to a low-carbon economy.

4. List of recommendations

1. The IEJ supports the tabled amendments to the SARB Act that seek to make the State the sole holder of the shares in the Bank and empower the Minister of Finance to appoint Board directors.
2. The IEJ further recommends the Finance Standing Committee considers opening the SARB Act 1989 to a broader review of:
 - 2.1. Reevaluating the mandate of the SARB to include greater emphasis on green structural transformation, employment-rich growth, and the reduction of

poverty and inequality. These objectives would complement the mandate of price stability giving more explicit meaning to the long-term goal of achieving balanced and sustainable growth.

- 2.2. The independence of the SARB be tempered with greater emphasis on the need for coordination and cooperation between the SARB and the Executive to ensure both work in pursuit of macroeconomic and socioeconomic stability, and that the SARB does not undermine other developmental objectives. This could, for example, include the establishment of an independent economic commission to guide coordination and achieve greater alignment between fiscal and monetary policy. The economic commission would be made up of representatives from government, unions, civil society, and the private sector - that is, a more inclusive representation of social partners than the existing composition of the Board of Directors. Along with the existing requirement of the SARB reporting to the National Treasury, the Act would ask that SARB report to the Economic Commission.
- 2.3. The elimination of prohibitions stated in Section 13, in particular on direct financing of the fiscus and public banks. In particular:
 - Section 13 (b) should allow for the purchase of stocks and granting of loans to public banks in support of developmental priorities and objectives; and
 - Section 13 (f) should allow for the direct acquisition of stocks in new issuances from the National Treasury as well as the conversion of existing ones. There must, however, still be a limit on the total sum, this limit is currently set at less than “[SARB’s] paid-up capital and reserve fund plus one-third of its liabilities”.



The Institute for Economic Justice (IEJ) is a progressive economic policy think tank committed to advancing economic justice, systemic change, and the equitable distribution of resources to ensure rights realisation and planetary wellbeing.

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