

REPUBLIC OF SOUTH AFRICA

**PUBLIC INVESTMENT
COMMISSIONERS AMENDMENT
BILL**

(As introduced in the National Assembly as a section 75 Bill)

(MINISTER OF FINANCE)

[B 8—99]

REPUBLIEK VAN SUID-AFRIKA

**WYSIGINGSWETSONTWERP OP
DIE OPENBARE
BELEGGINGSKOMMISSARISSE**

(Soos ingedien in die Nasionale Vergadering as 'n artikel 75-wetsontwerp)

(MINISTER VAN FINANSIES)

[W 8—99]

ISBN 0 621 28962 0

[] Words in bold type in square brackets indicate omissions from existing enactments.

 Words underlined with a solid line indicate insertions in existing enactments.

To amend the Public Investment Commissioners Act, 1984, so as to further regulate the investment of deposits by Public Investment Commissioners; and to provide for matters connected therewith.

BE IT ENACTED by the Parliament of the Republic of South Africa, as follows:—

1. Section 6 of the Public Investment Commissioners Act, 1984, is hereby amended—

(a) by the substitution in subsection (1) for the words preceding paragraph (a) of the following words:

“Subject to the provisions of subsections (2), (3), (4), (5) and (6), the commissioners shall invest every deposit or portions of a deposit, regard being had to the period, if any, after the expiration of which such a deposit or portions of such a deposit may again become necessary for use, on behalf of the depositor concerned in any or all of the following stock, bonds, debentures, securities, **[or]** financial instruments or other investments, namely—”;

(b) by the addition to subsection (1) of the following paragraph:

“(h) any investment which promotes social responsibility and infrastructure development: Provided that the amounts of money so invested shall not exceed 3,5 per cent of the value of the assets as reflected from time to time in the audited financial statements of the commissioners.”; and

(c) by the addition to subsection (6) of the following paragraph, the existing subsection becoming paragraph (a):

“(b) Notwithstanding anything to the contrary in this Act, any deposit received from a depositor who is entitled by law to invest in any particular manner, may likewise be invested by the commissioners in that manner on behalf of a depositor.”.

25

2. This Act is called the Public Investment Commissioners Amendment Act, 1999.

MEMORANDUM ON THE OBJECTS OF THE PUBLIC INVESTMENT COMMISSIONERS AMENDMENT BILL, 1999

The Bill proposes an amendment to section 6 of the Public Investment Commissioners Act, 1984 (Act No. 45 of 1984) ("the Act"). Section 6 of the Act prescribes the classes of investments in which the Public Investment Commissioners ("the commissioners") may invest. They are limited to government stock, certain other stock and debentures, securities and financial instruments of a limited class. There are a few sections dealing with other specific situations, but none which specifically enables the commissioners to make investments which promote social responsibility or infrastructure development. Similarly there is no express provision enabling the commissioners to invest in the same manner as the depositor is entitled to do.

The Bill seeks to enable the commissioners to make such investments. The reason therefor is that the current provisions are too restrictive having regard to modern investment practices and the current social and economic circumstances. It is proposed that commissioners be permitted to invest a portion of the total assets under their trust in investments which promote social responsibility and infrastructure development. The Government Employees Pension Law, 1996 (Proclamation No. 21 of 1996), permits the Board of Trustees to invest in a wide array of assets. As the Government Employees Pension Fund's moneys are currently entrusted to the commissioners and form by far the major portion of the assets under their control, the commissioners should be able to invest in the same manner as the Fund may invest.

PARLIAMENTARY PROCEDURE

The State Law Advisers and the Department of Finance are of the opinion that this Bill must be dealt with in accordance with section 75 of the Constitution since it contains no provision to which the procedure set out in section 74 or 76 of the Constitution applies.

