

REPUBLIC OF SOUTH AFRICA

SOUTH AFRICAN RESERVE BANK AMENDMENT BILL

(As introduced in the National Assembly as a section 75 Bill; explanatory summary of Bill published in Government Gazette No 21513 of 29 August 2000) (The English text is the official text of the Bill)

(MINISTER OF FINANCE)

[B 62—2000]

REPUBLIEK VAN SUID-AFRIKA

WYSIGINGSWETSONTWERP OP DIE SUID-AFRIKAANSE RESERWEBANK

(Soos ingedien in die Nasionale Vergadering as 'n artikel 75-wetsontwerp; verduidelikende opsomming van Wetsontwerp in Staatskoerant No 21513 van 29 Augustus 2000 gepubliseer) (Die Afrikaanse teks is die amptelike vertaling van die Wetsontwerp)

(MINISTER VAN FINANSIES)

[W 62—2000]

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GENERAL EXPLANATORY NOTE:

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

BILL

To amend the South African Reserve Bank Act, 1989, so as to empower the Governor of the South African Reserve Bank to determine a percentage of the total amount of a bank's holdings of Reserve Bank notes and subsidiary coin that may be taken into account in calculating the minimum reserve balance; and to provide for matters connected therewith.

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

Amendment of section 10A of Act 90 of 1989, as inserted by section 4 of Act 10 of 1993

1. Section 10A of the South African Reserve Bank Act, 1989, is hereby amended—
 - (a) by the substitution for subsection (2) of the following subsection:

“(2) (a) The Governor shall, for the purposes of paragraph (b) and in accordance with subsection (4), determine—

(i) the percentage of the average daily amount of a bank's Reserve Bank notes and subsidiary coin, calculated according to the total amounts of those assets held by the bank on all the days of the last month in respect of which that bank furnished a return in terms of subsection (11) to the Registrar of Banks designated under section 4 of the Banks Act, 1990 (Act No. 94 of 1990); and

(ii) percentages of the amounts of such different categories of the bank's liabilities as may be specified by the Governor by notice in the *Gazette* with reference to the time when such liabilities fall due or with reference to any other aspect pertaining to such liabilities.

(b) The monthly average credit balance in an account maintained in terms of subsection (1) by a bank, together with the amount representing the percentage referred to in paragraph (a)(i) shall not be less than the total of the amounts representing the percentages referred to in paragraph (a)(ii).”; and

(b) by the substitution in subsection (4) for paragraph (a) of the following paragraph:

“(a) The percentages determined by the Governor in terms of subsection (2)(a) or (3)(b) shall be such percentages as the Governor may, having regard to the national economic interest, deem desirable to determine from time to time.”. 5

Short title

2. This Act shall be called the South African Reserve Bank Amendment Act, 2000.

MEMORANDUM ON THE OBJECTS OF THE SOUTH AFRICAN RESERVE BANK AMENDMENT BILL, 2000

1. The South African Reserve Bank Act, 1989 (Act No. 90 of 1989), provides for the consolidation of the laws relating to the South African Reserve Bank. The amendment proposed in the Bill has as its objective the enhancement of section 10A of the Act as an effective tool of monetary policy. In terms of the amendment the Governor of the Reserve Bank is empowered, having regard to the national economic interest, to determine from time to time a percentage (as opposed to the current situation where the total amount is taken into consideration) of the total amount of a bank's holdings of Reserve Bank notes and subsidiary coin that may be taken into account in calculating the minimum reserve balance that the bank is required to maintain in an account with the Reserve Bank.

CONSULTATION

- 2.1 The Bill was published for general comment in *Government Gazette* No. 21002 of 17 March 2000. The Bill was also made available on the internet.
- 2.2 Comments on the Bill were received from—
 - 2.2.1 Rand Merchant Bank;
 - 2.2.2 Standard Bank Investment Corporation Limited; and
 - 2.2.3 The Banking Council, South Africa.

FINANCIAL IMPLICATIONS FOR THE STATE

3. The Bill has no financial implications for the State.

PARLIAMENTARY PROCEDURE

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