



## Note on the corporatisation of the Public Investment Commissioners

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### Introduction

<sup>1</sup> The authors wish to express their sincere appreciation to the Money and Banking Division for their valuable contributions.

The Public Investment Corporation Act came into effect on 1 April 2005, replacing the 1984 Public Investment Commissioners Act. The Act converted the Public Investment Commissioners (PIC) into a statutory body, owned solely by government, which is to function as a non-bank provider of financial services. The institution will be subject to the Financial Advisory and Intermediary Services Act and will be governed by the Companies Act.

The corporatisation of the Public Investment Commissioners affects the compilation and comparability of some time series released by the Bank and published in the statistical tables of the *Quarterly Bulletin*. This note is intended to provide brief background information on the historical development of the institution and to outline how its new legal status will be accommodated in the monetary statistics.

### Historical development

The Public Investment Commissioners evolved from the Public Debt Commissioners which was established by the Public Debt Commissioners Act, 1911, as an independent board of commissioners entrusted with the custody and investment of certain funds, mainly owned by the public sector. The objective was to place the administration and management of public-sector pension funds under the control of one authority.

With effect from 31 March 1984 the amended Public Debt Commissioners Act, 1969, was superseded by the Public Investment Commissioners Act, 1984, and the Corporation for Public Deposits Act, 1984. The new Acts provided for the rationalisation of the functions of the Public Debt Commissioners. All the short-term pooled funds were transferred to the newly formed Corporation for Public Deposits – a wholly-owned subsidiary of the South African Reserve Bank. The remaining assets and liabilities (essentially long term in nature) were transferred to the Public Investment Commissioners.

### Statistical treatment of PIC deposits with banks

In the monetary analysis the Corporation for Public Deposits was classified as part of the monetary banking sector because of its activities as a taker of short-term deposits, its close relationship with the Reserve Bank and the availability of its deposit liabilities for furthering the efficiency of monetary policy management.

The entity Public Investment Commissioners was not classified as part of the monetary banking sector. Accordingly, deposits entrusted to it by the public-sector pension funds and other institutions were excluded from the monetary sector's deposit liabilities. The reasoning was that these deposits with the Public Investment Commissioners were longer-term funds that were subject to fluctuations in value. They were largely invested in securities which did not belong to the Public Investment Commissioners as the Commissioners were merely acting as investment nominees on behalf of various investment accounts of public and private institutions. Moreover, these funds were largely used to finance government expenditure and would find their way back to the monetary system in the normal course of events.

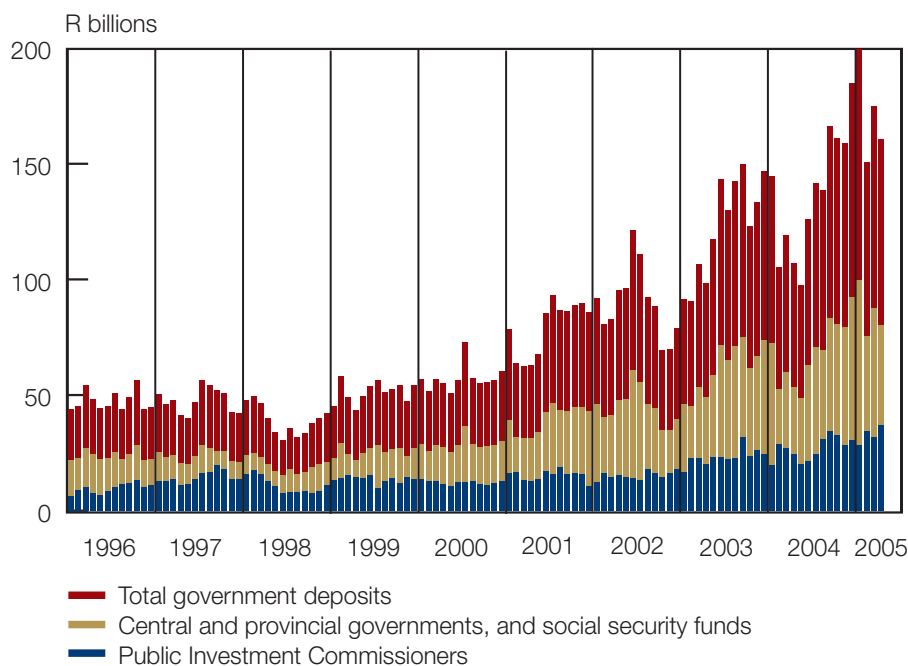
In the monetary analysis the Public Investment Commissioners was treated as part of the government sector. The corporatisation of the Public Investment Commissioners necessitates a re-classification in the monetary analysis from the government sector to the “private and other domestic sectors” category. This implies that the Public Investment Commissioners’ deposits with banks should be included in M3. It may be noted that in the national financial accounts the Public Investment Commissioners has always been treated as a separate institutional sector. In that area no statistical changes therefore need be contemplated.

## The inclusion of PIC deposits in broad money supply

As mentioned earlier, the Public Investment Commissioners has been classified since their inception in 1984 as part of the government sector in the monetary sector accounts. The accompanying graph shows the contribution of the Public Investment Commissioners’ deposits to the overall level of government deposits<sup>2</sup>.

<sup>2</sup> It should be noted that monthly data for the Public Investment Commissioners’ deposits with the monetary sector are only available from January 1996. As a result, the inclusion of the Public Investment Commissioners’ deposits in the monetary aggregates could only be effected since that date.

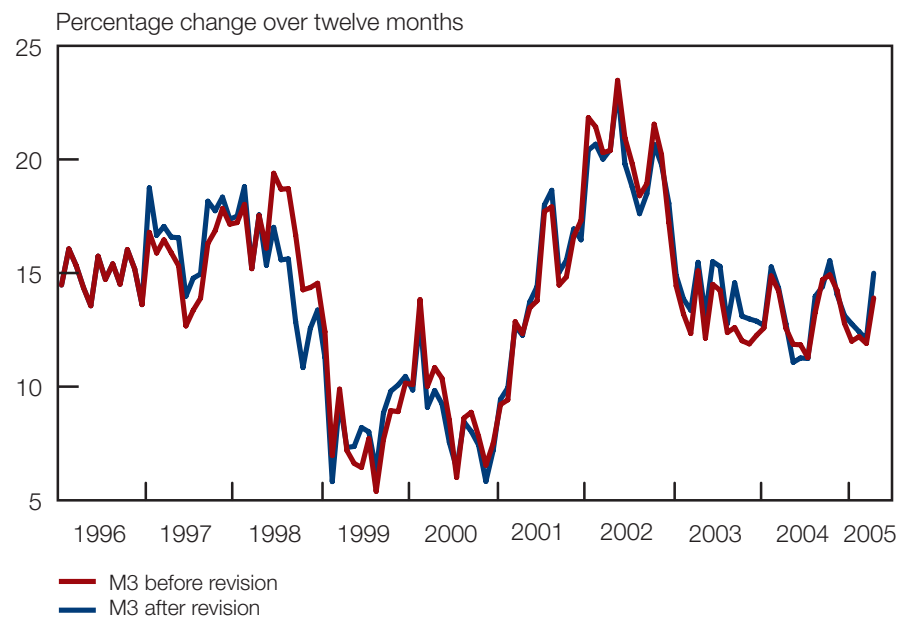
Government deposits with the monetary sector



On average, since 1996 the Public Investment Commissioners’ deposit liabilities have contributed 40 per cent to total government deposits. The re-classification of the Public Investment Commissioners requires that these deposits should now be included in the broadly defined money supply (M3). At the same time, the government deposits with the monetary sector have to be reduced by a similar magnitude while net claims on the government sector of the monetary sector have to be raised.

In summary, the classification of the Public Investment Commissioners as a non-bank public-sector financial entity will raise the level of all the monetary aggregates. Doing this will affect twelve-month growth rates only marginally. The impact of the inclusion of the Public Investment Commissioners’ deposits in M3 is shown in the accompanying graph.

## Growth in M3



For ease of comparison, attachments are provided on the following pages showing original and revised data for M1A, M1, M2 and M3. *Quarterly Bulletin* tables S – 10, 18, 19, 23, 24 and 148 will also be affected. In all statistical tables references to the Public Investment Commissioners have been changed to Public Investment Corporation.

## References

Van Staden, B. 1963. "A monetary analysis for South Africa". *Quarterly Bulletin*, No 67, March. Pretoria: South African Reserve Bank.

De Swardt, C J and Steenkamp, G. 1969. "The Public Debt Commissioners – Their operations and role in the financial structure of South Africa". *Quarterly Bulletin*, No 92, June. Pretoria: South African Reserve Bank.

South African Reserve Bank. 1984. "The restructuring of the Public Debt Commissioners, establishment of the Corporation for Public Deposits and dissolution of the National Finance Corporation". *Quarterly Bulletin*, No 152, June. Pretoria: South African Reserve Bank.

## Original and revised M1A data

R billions

	Excluding PIC	Including PIC		Excluding PIC	Including PIC
1996: Jan.....	61,4	67,5	Sep.....	140,2	145,5
Feb.....	64,5	71,9	Oct.....	137,2	141,5
Mar.....	65,4	72,7	Nov.....	138,5	144,0
Apr.....	66,1	71,0	Dec.....	147,6	152,7
May.....	68,4	73,4	2001: Jan.....	137,9	142,6
Jun.....	70,5	76,0	Feb.....	141,5	147,1
Jul.....	68,1	74,6	Mar.....	135,4	138,1
Aug.....	72,7	80,4	Apr.....	142,8	146,0
Sep.....	73,8	82,7	May.....	140,6	144,9
Oct.....	72,1	81,1	Jun.....	148,6	154,3
Nov.....	77,5	84,6	Jul.....	149,7	154,6
Dec.....	82,3	89,9	Aug.....	152,2	159,7
1997: Jan.....	76,9	85,0	Sep.....	152,8	155,5
Feb.....	80,1	87,6	Oct.....	159,6	163,6
Mar.....	82,2	87,5	Nov.....	166,5	169,8
Apr.....	82,4	86,9	Dec.....	175,3	176,1
May.....	80,3	84,9	2002: Jan.....	162,8	164,3
Jun.....	87,7	93,2	Feb.....	166,7	172,0
Jul.....	85,3	92,8	Mar.....	173,4	176,5
Aug.....	85,6	93,6	Apr.....	169,2	174,3
Sep.....	92,4	104,6	May.....	170,5	174,6
Oct.....	94,3	104,4	Jun.....	175,2	180,4
Nov.....	97,6	102,8	Jul.....	176,7	182,4
Dec.....	101,2	105,1	Aug.....	182,5	192,5
1998: Jan.....	94,7	100,3	Sep.....	185,1	193,5
Feb.....	104,0	113,2	Oct.....	176,3	181,3
Mar.....	102,8	110,7	Nov.....	188,5	193,3
Apr.....	110,3	116,4	Dec.....	191,0	197,0
May.....	102,3	105,7	2003: Jan.....	181,3	185,4
Jun.....	108,2	109,7	Feb.....	180,2	188,2
Jul.....	104,1	104,9	Mar.....	180,3	187,3
Aug.....	108,5	110,7	Apr.....	181,4	185,3
Sep.....	108,7	113,1	May.....	174,2	179,3
Oct.....	112,4	114,8	Jun.....	183,3	187,7
Nov.....	113,7	116,0	Jul.....	182,5	186,1
Dec.....	114,8	118,2	Aug.....	184,3	191,0
1999: Jan.....	109,3	113,5	Sep.....	190,4	204,6
Feb.....	109,1	113,6	Oct.....	192,7	198,0
Mar.....	115,7	121,2	Nov.....	201,3	211,0
Apr.....	114,6	121,4	Dec.....	211,0	219,0
May.....	116,2	120,8	2004: Jan.....	209,4	214,1
Jun.....	124,1	129,6	Feb.....	220,0	232,7
Jul.....	121,7	126,8	Mar.....	207,2	215,5
Aug.....	129,4	137,2	Apr.....	212,1	220,3
Sep.....	131,1	140,2	May.....	211,9	217,5
Oct.....	130,5	137,1	Jun.....	216,7	225,4
Nov.....	140,2	148,0	Jul.....	209,9	219,0
Dec.....	145,1	152,2	Aug.....	215,1	229,7
2000: Jan.....	137,6	145,0	Sep.....	222,1	234,5
Feb.....	141,1	147,8	Oct.....	221,5	229,3
Mar.....	137,0	143,2	Nov.....	229,1	235,5
Apr.....	138,4	144,7	Dec.....	236,9	244,5
May.....	136,7	142,3	2005: Jan.....	230,6	235,8
Jun.....	139,3	145,7	Feb.....	233,6	244,7
Jul.....	129,2	135,5	Mar.....	235,0	241,2
Aug.....	132,0	139,0	Apr.....	247,8	261,3

## Original and revised M1 data

R billions

	Excluding PIC	Including PIC		Excluding PIC	Including PIC
1996: Jan.....	105,9	112,0	Sep.....	261,0	268,1
Feb.....	112,5	121,4	Oct.....	257,9	264,0
Mar.....	118,6	127,7	Nov.....	258,8	266,6
Apr.....	119,5	126,0	Dec.....	266,9	274,4
May.....	121,8	127,7	2001: Jan.....	263,8	272,4
Jun.....	126,2	132,8	Feb.....	265,2	274,2
Jul.....	122,8	130,8	Mar.....	268,8	275,4
Aug.....	128,7	137,1	Apr.....	274,8	281,7
Sep.....	132,8	142,3	May.....	274,2	281,7
Oct.....	134,9	146,1	Jun.....	279,5	288,3
Nov.....	140,2	148,3	Jul.....	280,4	289,1
Dec.....	147,6	156,1	Aug.....	287,9	299,5
1997: Jan.....	140,0	149,7	Sep.....	289,0	295,9
Feb.....	145,3	154,9	Oct.....	288,4	295,9
Mar.....	154,2	163,4	Nov.....	302,0	308,6
Apr.....	146,4	154,1	Dec.....	313,2	315,6
May.....	147,0	154,7	2002: Jan.....	321,7	324,7
Jun.....	150,3	159,5	Feb.....	327,2	335,2
Jul.....	146,1	159,4	Mar.....	335,2	341,2
Aug.....	152,9	166,7	Apr.....	332,3	340,0
Sep.....	164,3	180,6	May.....	343,2	350,0
Oct.....	166,1	181,9	Jun.....	339,7	347,0
Nov.....	173,0	183,2	Jul.....	331,7	339,4
Dec.....	173,1	182,4	Aug.....	336,8	349,0
1998: Jan.....	171,1	184,4	Sep.....	348,4	359,3
Feb.....	178,5	192,8	Oct.....	339,9	346,3
Mar.....	177,2	190,3	Nov.....	346,4	353,0
Apr.....	183,4	194,0	Dec.....	350,6	358,3
May.....	185,1	193,0	2003: Jan.....	342,2	347,0
Jun.....	203,3	208,0	Feb.....	336,8	345,2
Jul.....	205,5	210,4	Mar.....	344,4	352,9
Aug.....	219,6	225,0	Apr.....	341,6	347,0
Sep.....	219,6	226,3	May.....	329,7	335,9
Oct.....	210,3	216,1	Jun.....	331,2	336,8
Nov.....	216,1	223,0	Jul.....	331,8	336,4
Dec.....	213,9	223,0	Aug.....	332,6	339,7
1999: Jan.....	209,8	220,6	Sep.....	346,3	362,1
Feb.....	205,0	216,2	Oct.....	352,6	359,7
Mar.....	216,1	227,9	Nov.....	362,4	373,7
Apr.....	212,4	224,4	Dec.....	378,2	387,8
May.....	213,3	225,2	2004: Jan.....	386,8	392,1
Jun.....	220,4	232,7	Feb.....	401,9	415,7
Jul.....	220,7	228,0	Mar.....	392,7	402,2
Aug.....	227,5	237,7	Apr.....	386,0	395,3
Sep.....	228,9	241,2	May.....	382,5	389,1
Oct.....	238,2	247,8	Jun.....	393,7	403,3
Nov.....	255,3	267,1	Jul.....	382,2	392,5
Dec.....	258,3	269,3	Aug.....	391,2	407,0
2000: Jan.....	246,2	257,3	Sep.....	406,6	420,2
Feb.....	256,7	266,7	Oct.....	404,9	415,4
Mar.....	252,7	262,7	Nov.....	412,7	419,9
Apr.....	256,1	264,7	Dec.....	412,3	421,5
May.....	251,5	259,3	2005: Jan.....	408,9	416,0
Jun.....	257,4	265,9	Feb.....	418,6	431,8
Jul.....	244,9	253,3	Mar.....	425,6	432,6
Aug.....	246,5	255,1	Apr.....	440,0	455,6

## Original and revised M2 data

R billions

	Excluding PIC	Including PIC		Excluding PIC	Including PIC
1996: Jan.....	237,8	244,0	Sep .....	443,0	452,6
Feb .....	247,5	256,4	Oct.....	441,1	450,6
Mar .....	255,1	265,2	Nov .....	450,0	461,3
Apr.....	257,2	264,8	Dec .....	462,2	474,8
May.....	263,3	270,0	2001: Jan.....	459,6	474,1
Jun.....	268,5	276,8	Feb .....	467,3	483,0
Jul.....	266,8	277,1	Mar .....	479,6	491,4
Aug.....	270,4	281,8	Apr.....	479,3	490,8
Sep.....	271,6	283,3	May.....	479,3	491,5
Oct.....	274,0	287,0	Jun.....	478,8	492,8
Nov .....	279,7	289,8	Jul.....	485,7	497,9
Dec .....	284,4	295,3	Aug .....	498,2	513,4
1997: Jan .....	283,2	295,6	Sep .....	496,9	508,2
Feb .....	290,8	303,0	Oct.....	497,9	510,4
Mar .....	300,6	313,7	Nov .....	510,9	522,8
Apr.....	299,1	309,5	Dec .....	535,1	544,1
May.....	305,7	316,6	2002: Jan.....	551,2	560,8
Jun.....	303,5	316,5	Feb .....	558,8	573,4
Jul.....	301,8	317,4	Mar .....	571,6	585,1
Aug.....	308,6	324,6	Apr.....	567,2	581,2
Sep.....	319,0	338,3	May.....	581,8	594,4
Oct.....	325,5	343,2	Jun.....	568,0	579,1
Nov .....	334,8	348,0	Jul.....	563,7	573,8
Dec .....	337,5	350,8	Aug .....	577,2	591,4
1998: Jan.....	336,1	351,6	Sep .....	585,7	598,3
Feb .....	346,2	363,5	Oct.....	597,8	607,6
Mar .....	346,1	361,5	Nov .....	610,1	621,4
Apr.....	354,1	366,7	Dec .....	618,7	632,6
May.....	356,5	366,6	2003: Jan.....	626,2	639,5
Jun.....	368,6	376,0	Feb .....	628,4	646,3
Jul.....	367,5	375,3	Mar .....	632,7	651,0
Aug.....	377,2	385,3	Apr.....	654,8	671,3
Sep.....	379,2	387,5	May.....	660,8	680,4
Oct.....	370,9	378,3	Jun.....	665,5	684,5
Nov .....	380,9	389,2	Jul.....	669,0	687,0
Dec .....	383,4	394,0	Aug .....	671,1	690,0
1999: Jan.....	376,1	389,1	Sep .....	680,1	706,7
Feb .....	366,1	380,0	Oct.....	692,8	711,1
Mar .....	376,1	391,6	Nov .....	699,7	721,1
Apr.....	381,4	395,4	Dec .....	712,9	733,5
May.....	382,9	396,9	2004: Jan.....	719,0	734,9
Jun.....	392,7	408,0	Feb .....	732,4	756,8
Jul.....	397,7	407,6	Mar .....	726,0	748,5
Aug.....	401,1	413,7	Apr.....	729,8	750,7
Sep.....	413,4	427,4	May.....	730,7	748,2
Oct.....	416,3	426,8	Jun.....	730,2	749,0
Nov .....	427,7	440,3	Jul.....	728,6	748,7
Dec .....	435,5	447,1	Aug .....	739,7	766,8
2000: Jan.....	427,3	439,0	Sep .....	762,1	790,4
Feb .....	432,9	443,6	Oct.....	778,2	807,5
Mar .....	428,5	439,0	Nov .....	780,3	805,3
Apr.....	431,4	440,7	Dec .....	791,7	818,7
May.....	429,3	437,9	2005: Jan.....	794,7	817,8
Jun.....	431,4	441,2	Feb .....	815,3	840,4
Jul.....	423,4	433,3	Mar .....	817,6	835,1
Aug.....	429,7	440,0	Apr.....	846,5	870,2

## Original and revised M3 data

R billions

	Excluding PIC	Including PIC		Excluding PIC	Including PIC
1996: Jan.....	273,4	279,6	Sep.....	490,7	502,2
Feb.....	282,7	291,7	Oct.....	488,2	499,2
Mar.....	289,2	299,3	Nov.....	494,2	506,2
Apr.....	291,4	299,0	Dec.....	507,6	520,6
May.....	298,1	304,8	2001: Jan.....	505,9	522,0
Jun.....	304,4	312,7	Feb.....	515,1	531,8
Jul.....	302,4	312,8	Mar.....	529,3	542,6
Aug.....	306,4	317,9	Apr.....	529,7	542,3
Sep.....	308,5	320,3	May.....	533,0	546,5
Oct.....	311,3	324,3	Jun.....	538,2	555,3
Nov.....	316,1	326,2	Jul.....	546,8	562,7
Dec.....	319,4	330,4	Aug.....	559,2	578,1
1997: Jan.....	319,3	332,1	Sep.....	561,7	577,7
Feb.....	327,6	340,3	Oct.....	560,6	576,9
Mar.....	336,8	350,4	Nov.....	576,3	592,0
Apr.....	337,7	348,6	Dec.....	595,5	606,3
May.....	343,8	355,2	2002: Jan.....	616,4	628,5
Jun.....	343,0	356,4	Feb.....	625,5	641,7
Jul.....	342,8	359,0	Mar.....	636,8	651,2
Aug.....	349,0	365,5	Apr.....	637,7	653,1
Sep.....	358,8	378,5	May.....	658,2	672,9
Oct.....	363,7	381,9	Jun.....	651,0	665,2
Nov.....	372,5	386,1	Jul.....	655,1	668,4
Dec.....	374,2	387,8	Aug.....	662,1	679,9
1998: Jan.....	374,3	390,2	Sep.....	668,1	684,5
Feb.....	386,6	404,3	Oct.....	681,4	696,0
Mar.....	387,9	403,6	Nov.....	692,8	709,1
Apr.....	396,9	409,8	Dec.....	698,0	715,8
May.....	399,2	409,7	2003: Jan.....	705,4	722,2
Jun.....	409,5	417,1	Feb.....	708,1	730,6
Jul.....	406,9	415,0	Mar.....	715,3	738,2
Aug.....	414,3	422,6	Apr.....	733,9	754,2
Sep.....	418,6	427,1	May.....	738,0	761,3
Oct.....	415,6	423,2	Jun.....	745,4	768,4
Nov.....	426,0	434,6	Jul.....	748,4	770,6
Dec.....	428,7	439,7	Aug.....	744,1	766,7
1999: Jan.....	420,8	434,2	Sep.....	752,2	784,2
Feb.....	413,6	427,8	Oct.....	763,3	787,2
Mar.....	426,3	441,5	Nov.....	775,1	801,1
Apr.....	425,4	439,9	Dec.....	783,6	808,0
May.....	425,6	439,9	2004: Jan.....	794,2	813,8
Jun.....	435,9	451,3	Feb.....	813,4	842,2
Jul.....	438,2	448,2	Mar.....	817,0	844,1
Aug.....	436,6	449,3	Apr.....	826,1	850,5
Sep.....	450,7	464,9	May.....	825,6	845,5
Oct.....	452,8	464,7	Jun.....	833,6	855,0
Nov.....	463,9	478,3	Jul.....	832,7	857,2
Dec.....	472,2	485,6	Aug.....	842,7	873,8
2000: Jan.....	463,3	477,0	Sep.....	862,8	897,1
Feb.....	470,8	483,6	Oct.....	877,1	909,6
Mar.....	469,0	481,6	Nov.....	885,4	913,6
Apr.....	471,6	483,1	Dec.....	883,8	914,1
May.....	469,7	480,5	2005: Jan.....	889,3	917,7
Jun.....	473,1	485,4	Feb.....	912,5	946,8
Jul.....	464,5	476,8	Mar.....	914,2	946,1
Aug.....	474,3	487,2	Apr.....	941,1	978,0