

Notes to tables

Table S-37:
Private pension and provident funds

A new table, containing statistics of private pension and provident funds, is presented in this *Bulletin*. These funds occupy a prominent position in the South African financial structure. They not only serve as an important channel for personal contractual savings but, as major institutional investors, are at the same time an important source of long-term funds to both the public and the private sector. The annual financial flow through private pension and provident funds as financial intermediaries currently runs at a level of approximately R120 million, while preliminary data indicate that their total assets amounted to about R1,115 million at the end of 1966.

Private pension and provident funds should be distinguished from government pension funds which comprise pension funds established by the Central Government, provincial administrations, the South West African Administration and the South African Railways and Harbours. Contributions to government pension funds are placed with the Public Debt Commissioners who invest these funds mainly in government securities and, to a lesser extent, in public corporation and local authority stock. By way of comparison, it may be noted that the contributions to government funds currently amount to about R100 million per year, while the total assets of these funds stood at about R1,160 million at the end of 1966.

The operations of private pension and provident funds in South Africa are extensively regulated in terms of the Pension Funds Act of 1956, as amended. For the purposes of the administration of the Act, a distinction is made between the following types of pension funds:

- (a) Funds established in terms of agreements under the Industrial Conciliation Act, 1956, the continued existence of which depends on the continuation of the agreements;
- (b) Foreign funds, i.e. funds established by employers having their head offices outside South Africa;
- (c) State-controlled funds, i.e. funds subject to such a measure of official control that they will, as regards their financial strength and the conduct of their business, be regarded as conforming to

standards at least as high as those imposed under the Pension Funds Act;

- (d) Underwritten funds which operate exclusively by means of policies of insurance issued by insurers registered in South Africa;
- (e) Privately-administered funds, i.e. funds which administer their contributions privately and accept full responsibility for the payment of benefits to members as and when these fall due.

Of these funds, only privately-administered funds and certain foreign funds are subject to the requirements of the Pension Funds Act. Foreign funds, of which at least 25 members or 25 per cent of all members, whichever is the lesser, are South African citizens resident in the Republic, are regarded as carrying on pension fund business in South Africa and have to register under the Act. A number of these funds maintain assets in South Africa to cover their liabilities to South African members, and are subject to the provisions of the Act, while the others only furnish the Registrar with policies of guarantee, issued by insurers registered in South Africa, to cover their liabilities to South African members.

The main object of the Act is to ensure that the interests of members of a pension or provident fund are protected and that the administration of a fund will be sound enough to guarantee that all legitimate claims against the fund will be met as and when they fall due. Supervision of pension fund operations rests with the Registrar of Pension Funds, with whom all pension funds are required to register. A pension fund has to draw up a set of rules governing its operations and the Act prescribes in detail what such rules must cover. In addition, the Registrar may determine other basic requirements to be incorporated in the rules before they will be regarded as based on sound principles. The operations of the fund must conform to these rules. Finally, comprehensive statistics must be submitted annually to the Registrar to enable him to judge the financial soundness of individual funds' operations and he may call on funds to rectify practices which in his opinion may be detrimental to the best interests of the fund.

Apart from these general requirements, the Act is more specific regarding the investments of a fund. It

prescribes the form in which at least 40 per cent of the assets of a fund is to be held and imposes certain limitations on the remaining 60 per cent. The prescribed assets to be maintained by pension and provident funds may consist of (i) cash; (ii) balances with registered banking institutions, the National Finance Corporation, the Land Bank and the Post Office Savings bank; (iii) bills, bonds or securities issued or guaranteed by the Government, provincial administrations, local authorities, the Electricity Supply Commission, the Rand Water Board and other institutions approved by the Registrar; (iv) Land Bank debentures; and (v) South African Reserve Bank stock. In terms of an amendment to the Act in 1966, these prescribed assets must include government securities amounting to at least 10 per cent of total assets, but the funds were granted a period of five years to conform to this requirement.

Although the Act prescribes only the form in which at least 40 per cent of the assets of a fund must be held, the Registrar also concerns himself with the remaining 60 per cent to ensure that a fund continues to be financially sound. Other matters receiving the attention of the Registrar are the amount of investments in fixed property, the conditions underlying mortgage and other loans, including loans to members, and investments with employer companies or their subsidiaries. No specific provision is made in the Act to limit investments with employer companies, but the Minister of Finance has used the powers vested in him by the Act to limit such investments to 5 per cent of the total assets of a fund and to fix definite dates by which these investments were to be reduced to the prescribed limit.

The statistics of pension and provident funds presented in Table S-37 relate to funds established in terms of agreements under the Industrial Conciliation Act, foreign funds which maintain assets in South Africa, state-controlled funds and privately-administered funds. Underwritten funds as well as foreign funds which furnish policies of guarantee to the Registrar are excluded, as their business is accounted for in statistics relating to insurers. At the end of 1966 the statistics covered about 812 funds, comprising 14 foreign funds, 19 funds established in terms of indus-

trial agreements, 12 state-controlled funds and 767 privately-administered funds.

The annual data appearing in the table are based on statistics of foreign and privately-administered funds published in the Annual Reports of the Registrar of Pension Funds, statistics submitted by state-controlled funds to the Reserve Bank and statistics furnished by funds established in terms of industrial agreements to the Department of Labour. It should be pointed out that the statistics published by the Registrar reflect a summary of returns available to the Registrar at the time of compilation and do not necessarily cover all pension and provident fund business at the time. Nevertheless, the business not covered by these statistics should be regarded as insignificant. The annual data obtained from the Registrar's Annual Reports and the Department of Labour were, however, re-arranged and broken-down into more detail with the aid of sample statistics collected by the Reserve Bank. Based on total assets, the Reserve Bank's sample is fairly representative of the aggregate of the various groups of funds and covers about 93 per cent of privately-administered funds, 98 per cent of foreign funds, 75 per cent of funds established in terms of industrial agreements and 100 per cent of state-controlled funds. A quarterly sample survey is also conducted by the Reserve Bank so as to construct a quarterly series of pension and provident fund statistics. This quarterly series should, however, be regarded as an approximation of aggregate pension and provident fund statistics.

General note

Attention is drawn to the fact that the series for which seasonally adjusted figures appear in the *Quarterly Bulletin*, have been revised. The main reasons for this revision are firstly, the use of an improved computer program for seasonal adjustment, viz. "The X-11 Variant of the Census Method II Seasonal Adjustment Program" of the U.S. Bureau of the Census and, secondly, revisions brought about in the basic data. The Bank intends to revise the seasonal factors annually in future.

Opmerkings oor tabelle

Tabel S-37:

Private pensioen- en voorsorgfondse

'n Nuwe tabel wat statistiek van private pensioen- en voorsorgfondse bevat, word in hierdie *Kwartaalblad* aangebied. Hierdie fondse beklee 'n verneme plek in die Suid-Afrikaanse finansiële struktuur. Hulle dien nie alleen as 'n belangrike kanaal vir persoonlike kontrak-tuele besparing nie maar, as groot institusionele beleggers, is hulle terselfdertyd 'n belangrike bron van langtermynfondse vir die openbare sowel as die private sektor. Die jaarlikse finansiële vloei deur private pensioen- en voorsorgfondse as finansiële tussen-gangers beloop tans sowat R120 miljoen, terwyl voor-lopige gegewens toon dat hulle totale bates ongeveer R1,115 miljoen aan die einde van 1966 bedra het.

Private pensioen- en voorsorgfondse moet onderskei word van staatspensioenfondse wat bestaan uit fondse wat deur die Sentrale Regering, provinsiale administrasies, die Administrasie van Suidwes-Afrika en die Suid-Afrikaanse Spoorweë en Hawens ingestel is. Bydraes tot staatspensioenfondse word by die Staatskuldkommissaris geplaas wat hierdie fondse hoofsaaklik in staatspapier en, in 'n mindere mate, in effekte van openbare korporasies en plaaslike owerhede belê. By wyse van vergelyking kan daarop gewys word dat bydraes tot staatspensioenfondse tans ongeveer R100 miljoen per jaar beloop, terwyl die totale bates van hierdie fondse aan die einde van 1966 op ongeveer R1,160 miljoen te staan gekom het.

Die werksaamhede van private pensioen- en voorsorgfondse in Suid-Afrika word omvattend kragtens die Wet op Pensioenfondse van 1956, soos gewysig, beheer. Vir doeleindes van die administrasie van die Wet word 'n onderskeid tussen die volgende soorte pensioenfondse gemaak:

- (a) Fondse wat kragtens ooreenkomste ingevolge die Wet op Nywerheidsversoening, 1956 ingestel is, die voortbestaan waarvan van die voortsetting van die ooreenkomste afhang;
- (b) Buitelandse fondse, d.w.s. fondse wat deur werkgewers met hoofkantore buite Suid-Afrika ingestel is;
- (c) Staatsbeheerde fondse, d.w.s. fondse wat aan so 'n mate van amptelike beheer onderhewig is dat hulle, in soverre dit hulle finansiële vermoë en die wyse waarop hulle besigheid gedoen word aangaan, geag kan word om aan standarde te voldoen wat minstens net so hoog is as dié wat deur die Wet op Pensioenfondse neergelê word;
- (d) Onderskryfde fondse wat uitsluitlik deur middel van versekeringspolisse, uitgereik deur verseke-raars wat in Suid-Afrika geregistreer is, werk;
- (e) Privaat-geadministreerde fondse, d.w.s. fondse

wat hulle bydraes privaat administreer en volle verantwoordelikheid aanvaar vir die betaling van voordele aan lede, namate hierdie voordele betaalbaar word.

Van hierdie fondse is slegs privaat-geadministreerde fondse en sekere buitelandse fondse aan die bepaling van die Wet op Pensioenfondse onderhewig. Buite-landse fondse waarvan minstens 25 lede of 25 persent van alle lede, welke ook al die minste is, Suid-Afrikaanse inwoners woonagtig in die Republiek is, word gereken om pensioenfondsbesigheid in Suid-Afrika te onderneem en moet ingevolge die Wet geregistreer word. 'n Aantal van hierdie fondse hou bates in Suid-Afrika ten einde hulle verpligtings teenoor Suid-Afrikaanse lede te dek en is onderhewig aan die bepaling van die Wet, terwyl die ander slegs waarborgpolisse, uitgereik deur versekeraars wat in Suid-Afrika geregistreer is, aan die Registrateur verskaf ten einde hulle verpligtings teenoor Suid-Afrikaanse lede te dek.

Die hoofdoel van die Wet is om te verseker dat die belange van lede van 'n pensioen- of voorsorgfonds beskerm word en dat die administrasie van die fonds gesond genoeg sal wees om nakoming van alle wettige eise teen die fonds, soos hulle betaalbaar word, te waarborg. Toesighouding oor die werksaamhede van pensioenfondse berus by die Registrateur van Pensioenfondse, by wie alle pensioen- en voorsorgfondse moet registreer. 'n Pensioenfonds moet 'n stel reëls vir die beheersing van sy werksaamhede opstel en die Wet skryf in besonderhede voor wat in hierdie reëls vervat moet wees. Hierbenewens kan die Registrateur ander basiese vereistes bepaal wat in die reëls geïnkorporeer moet word voordat hulle as gebaseer op gesonde beginsels beskou kan word. Die werksaamhede van die fonds moet aan hierdie reëls voldoen. Laastens moet omvattende statistiek jaarliks aan die Registrateur verstrek word ten einde hom in staat te stel om te oordeel of die werksaamhede van individuele fondse finansiël gesond is en hy mag fondse maan om praktyke wat na sy mening nie in die beste belang van die fonds is nie, reg te stel.

Afgesien van hierdie algemene bepalinge, word uitdruklike voorskrifte aangaande die beleggings van 'n fonds in die Wet neergelê. Die Wet skryf die vorm waarin ten minste 40 persent van die bates van 'n fonds gehou moet word, voor en lê sekere beperkings op die oorblywende 60 persent. Die voorgeskrewe bates wat deur pensioen- en voorsorgfondse gehou moet word, kan bestaan uit (i) kontant; (ii) saldo's by geregistreerde bankinstellings, die Nasionale Finansiële korporasie, die Landbank en die Posspaarbank; (iii) wissels, skuldbriewe of effekte uitgereik of gewaarborg

deur die Regering, provinsiale administrasies, plaaslike owerhede, die Elektrisiteitsvoorsieningskommissie, die Randwaterraad en ander instellings deur die Registrateur goedgekeur; (iv) Landbankobligasies; en (v) aandele van die Suid-Afrikaanse Reserwebank. Ingevolge 'n wysiging van die Wet in 1966 moet hierdie voorgeskrewe bates effekte van die Regering insluit wat aan minstens 10 persent van totale bates gelyk is, maar die fondse is 'n tydperk van vyf jaar toegelaat om aan hierdie vereiste te voldoen.

Hoewel die Wet slegs die vorm waarin minstens 40 persent van die bates van 'n fonds gehou moet word, voorskryf, slaan die Registrateur ook ag op die oorblywende 60 persent ten einde te verseker dat die fonds finansiëel gesond bly. Ander sake wat die aandag van die Registrateur geniet is die omvang van beleggings in vaste eiendom, die voorwaardes waarop verband- en ander lenings toegestaan word, insluitende lenings aan lede, en beleggings in werkgewermaatskappye of hulle filiale. Geen uitdruklike voorsiening word in die Wet gemaak om belegging in werkgewermaatskappye te beperk nie, maar die Minister van Finansies het van die magte wat deur die Wet aan hom toegeken word gebruik gemaak om sodanige beleggings tot 5 persent van die totale bates van 'n fonds te beperk en om vasgestelde datums neer te lê waarop hierdie beleggings tot die voorgeskrewe perk verminder moes word.

Die statistiek van pensioen- en voorsorgfondse wat in tabel S-37 aangebied word, het betrekking op fondse wat kragtens ooreenkomste ingevolge die Wet op Nywerheidsversoening ingestel is, buitelandse fondse wat bates in Suid-Afrika hou, staatsbeheerde fondse en privaat-gedadministreerde fondse. Onderskryfde fondse sowel as buitelandse fondse wat waarborgpolisse aan die Registrateur verskaf, word uitgesluit aangesien hulle besigheid in die statistiek wat op versekeraars betrekking het, in berekening gebring word. Aan die einde van 1966 het die statistiek ongeveer 812 fondse gedek wat bestaan het uit 14 buitelandse fondse, 19 fondse wat kragtens nywerheidsooreenkomste ingestel is, 12 staatsbeheerde fondse en 767 privaat-gedadministreerde fondse.

Die jaarlikse gegewens wat in die tabel voorkom, is gebaseer op statistiek van buitelandse en privaat-

gedadministreerde fondse wat in die Jaarverslae van die Registrateur van Pensioenfondse gepubliseer is, statistiek wat deur staatsbeheerde fondse aan die Reserwebank verstrekk is en statistiek wat deur fondse opgerig kragtens nywerheidsooreenkomste aan die Departement van Arbeid verstrekk is. Daar moet op gewys word dat die statistiek wat deur die Registrateur gepubliseer word, 'n opsomming van die beskikbare opgawes op die tydstip waarop die samestelling gedoen is, verteenwoordig en nie noodwendig alle pensioen- en voorsorgfondsbesigheid op daardie tydstip dek nie. Die besigheid wat nie deur die statistiek gedek word nie, moet egter as onbelangrik beskou word. Die jaarlikse gegewens wat uit die Jaarverslae van die Registrateur en van die Departement van Arbeid verkry is, is egter met behulp van steekproefgegewens wat deur die Reserwebank ingesamel is, herrangskik en in meer besonderhede ingedeel. Gebaseer op totale bates, is die Reserwebank se steekproef redelik verteenwoordigend van die totale van die verskillende groepe fondse en dek dit ongeveer 93 persent van privaat-gedadministreerde fondse, 98 persent van buitelandse fondse, 75 persent van fondse wat kragtens nywerheidsooreenkomste ingestel is en 100 persent van staatsbeheerde fondse. 'n Kwartaallikse steekproefopname word ook deur die Reserwebank gedoen ten einde 'n kwartaallikse reeks van pensioen- en voorsorgfondsstatistiek te kan saamstel. Die kwartaallikse reeks moet egter as 'n benadering van totale pensioen- en voorsorgfondsstatistiek beskou word.

Algemene opmerking

Die aandag word daarop gevestig dat die reekse waarvoor seisoensaangesuiwerde syfers in die *Kwartaalblad* verskyn, hersien is. Die belangrikste redes vir hierdie hersiening is eerstens dat 'n verbeterde berekenaar-program vir seisoensuitskakeling, nl. „The X-11 Variant of the Census Method II Seasonal Adjustment Program” van die „U.S. Bureau of the Census” gebruik is en tweedens dat wysigings in die basiese syfers aangebring is. Die Bank is voornemens om in die toekoms die seisoensfaktore jaarliks te verbeter.