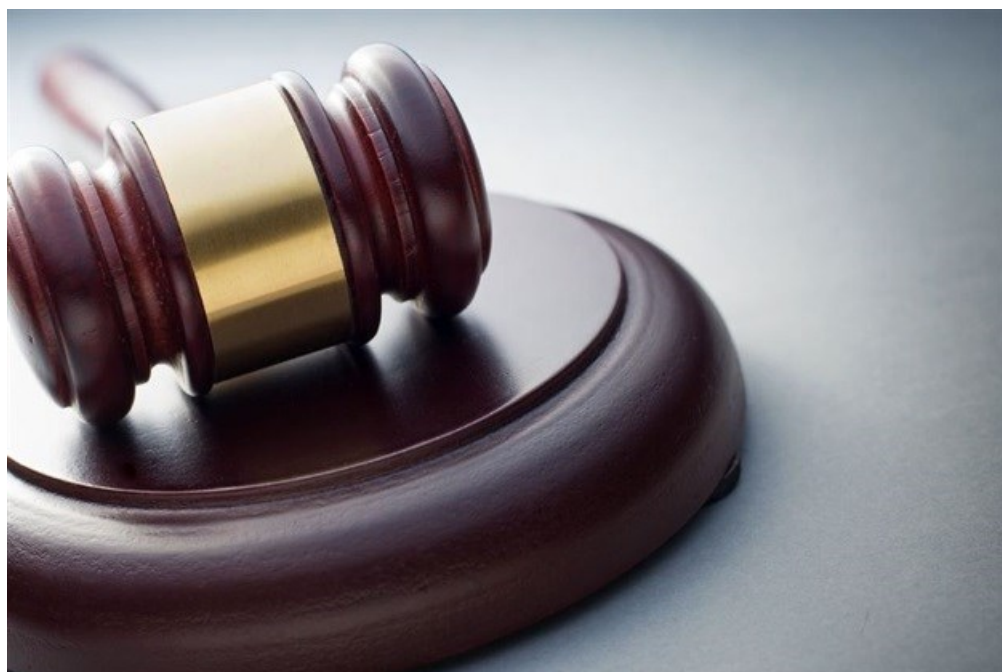


# National Assembly approves Division of Revenue Bill

The National Assembly has approved the Division of Revenue Bill and the Financial Matters Amendment Bill.



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The Division of Revenue Bill provides for equitable division of funds raised nationally among the national, provincial and local spheres of government for a particular financial year.

It also provides for determining each province's equitable share of the provincial share of revenue and for any other allocations to provinces, local government or municipalities from the national government's share of revenue. Also specified are the conditions of those allocations.

The 2019/20 Bill reprioritises existing funds to ensure economic growth and inclusivity.

The Standing Committee on Appropriations, in its report agreeing with the Bill, also drew attention to several issues. These include the capacity of provincial and local government to spend conditional grants (about which it expressed concern), increasing numbers of municipalities in financial distress, increasing adoption of unfunded budgets and declining unqualified audit opinions.

## Financial Matters Amendment Bill

The Financial Matters Amendment Bill makes amendments to the Insolvency Act of 1936, the Military Pensions Act of 1976, the Banks Act of 1990 and the Government Employees' Pension Law of 1996.

It reflects amendments, which the Standing Committee on Finance proposed, to the Bill introduced in the National Assembly on 31 January 2019.

## Insolvency Act

Amendments to the Insolvency Act amend regulation of over-the-counter derivative markets, in line with G20 commitments.

South Africa is part of the G20, which, after the 2008 global financial crisis, agreed to strengthen regulation of over-the-counter derivatives by September 2019.

“The amendments are to ensure that creditors who enter into derivative contracts and exchange collateral will be able to keep the proceeds during insolvency. Domestic banks will continue to enter into over-the-counter derivative transactions with their foreign counterparts and systemic risk will be reduced and financial stability maintained.

“The amendments also provide for a process when creditors realise security in terms of a master agreement and for a power for the Master of the High Court to deal with disputes about trustees’ preferences,” Parliament said in a statement.

## **Military Pensions Act**

Amendments to the Military Pensions Act recognise all types of relationships, including life partnerships, to qualify for benefits and to ensure gender neutrality. This is in keeping with the Constitution.

## **Banks Act**

The Banks Act amendments provide for State-owned companies, meeting the requirements of the Banks Act, to apply for authorisation to establish a bank.

This requires such a State-owned company first to get approval of the Minister of Finance, acting in concurrence with the Minister for the particular State-owned company.

“It also requires that the assets of the State-owned company, its holding company and, if applicable, the holding company of that holding company, must exceed its liabilities. Municipal-owned companies may not apply for authorisation to establish a bank,” Parliament explained.

## **Government Employees’ Pension Law**

Amendments to the Government Employees’ Pension Law address prejudice affecting divorced public servants because of the current interest-accumulating debt approach.

“The reduction of pensionable service approach, which most pension funds adopt, will replace this.”

The Bills will now go to the National Council of Provinces for consideration.

To read the report, starting from page 4, [click here](#).

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