

# Glossary

<b>Adjustments estimate</b>	Presentation to Parliament of the amendments to be made to the appropriations voted in the main budget for the year.
<b>Appropriation</b>	The approval by Parliament of spending from the National Revenue Fund, or by a provincial legislature from the Provincial Revenue Fund.
<b>Balance of payments</b>	A summary statement of all the international transactions of the residents of a country with the rest of the world over a particular time period.
<b>Baseline</b>	The initial allocations used during the budget process, derived from the previous year's forward estimates.
<b>Budget deficit</b>	The amount by which budgeted expenditure exceeds budgeted revenue.
<b>Capital gains tax</b>	Tax levied on the profits realised from the disposal of capital assets or investments by a taxpayer. A capital gain is the excess of the selling price over the original purchase price of a capital asset.
<b>Capital inflow</b>	The receipt of money for investment or financing purposes from one or more foreign countries.
<b>Conditional grants</b>	Allocations of money from one sphere of government to another, conditional on certain services being delivered or on compliance with specified requirements.
<b>Consolidated expenditure</b>	Total expenditure by national and provincial government, social security funds and transfers to municipalities and public entities.
<b>CPIX</b>	A measurement of the price increases of a basket of consumer goods and services. This measure differs from the consumer price index in that it excludes mortgage costs.
<b>Consumption expenditure</b>	Expenditure on goods and services, including salaries, that are used up within a short period of time, usually a year.
<b>Contingency reserve</b>	An amount set aside and not allocated in advance, in order to accommodate changes to the economic environment and to meet unforeseen spending pressures.
<b>Controlled foreign corporation</b>	An entity in which South Africans hold a greater than 50 per cent interest, usually of the share capital of a company.
<b>Current account</b>	The difference between total imports and total exports, also taking into account service payments and receipts, interest, dividends and transfers.
<b>Debt service costs</b>	The cost of interest on government debt.
<b>Depreciation (exchange rate)</b>	A reduction in the external value of the rand.

<b>Dissaving</b>	An excess of current expenditure, including the depreciation of fixed capital, over current income.
<b>Division of revenue</b>	The allocation of funds between the spheres of government as required by the Constitution.
<b>Equitable shares</b>	The allocation of revenue to the national, provincial and local spheres of government as required by the Constitution.
<b>Financial and Fiscal Commission (FFC)</b>	An independent body established by the Constitution to make recommendations to Parliament and provincial legislatures about financial issues affecting the three spheres of government.
<b>Financial account</b>	This is also known as the capital account and forms part of the balance of payments.
<b>Fiscal policy</b>	Policy on tax, spending and borrowing by Government.
<b>Foreign direct investment (FDI)</b>	Direct investments in productive assets by a company incorporated abroad, as opposed to investments in shares of local companies by foreign entities.
<b>GDP inflation</b>	A measure of the total increase in prices in the whole economy. Unlike CPI inflation, GDP inflation includes price increases in goods that are exported and intermediate goods such as machines, but excludes imported goods.
<b>Gross domestic product (GDP)</b>	A measure of the total national output, income and expenditure in the economy. GDP per head is the simplest overall measure of welfare, although it does not take account of the distribution of income, nor of goods and services that are produced outside the market economy, such as work within the household.
<b>Gross fixed capital formation (GFCF)</b>	The addition to a country's fixed capital stock during a specific period, before provision for depreciation.
<b>Inflation</b>	A sustained increase in the general price level.
<b>Inflation targeting</b>	A monetary policy framework intended to achieve price stability. The Reserve Bank and Government agree on a target rate or range to be maintained over a stipulated period.
<b>Joint Services Board Levy</b>	See Regional Services Council levy.
<b>Medium term expenditure framework (MTEF)</b>	The three-year spending plans of national and provincial governments published at the time of the Budget.
<b>Money supply</b>	The total stock of money in an economy.
<b>Mzansi initiative</b>	A programme that extends basic banking facilities to low-income earners on affordable terms.
<b>National budget</b>	The projected revenue and expenditures that flow through the National Revenue Fund. It does not include spending by provinces or local government from their own revenues.
<b>National Revenue Fund (NRF)</b>	All money received by the national government must be paid into the NRF. This includes all taxes, fees and charges collected by SARS. Departmental revenue is also included.

<b>Net open forward position</b>	Gold and foreign exchange reserves minus oversold forward book. The figure is expressed in dollars.
<b>Nominal exchange rates</b>	The current rate of exchange between the rand and foreign currencies. The “effective” exchange rate is a trade-weighted average of the rates of exchange with other currencies.
<b>Non-interest expenditure</b>	Total expenditure by government less debt service (interest) costs.
<b>Primary sector</b>	The agricultural and mining sectors of the economy.
<b>Primary surplus</b>	The difference between revenue and non-interest expenditure
<b>Public Private Partnerships (PPPs)</b>	A contractual arrangement whereby a private party performs part of a government function and assumes the associated risks. In return, the private party receives a fee according to predefined performance criteria.
<b>Public sector borrowing requirement (PSBR)</b>	The consolidated cash borrowing requirement of general government and public enterprises.
<b>Private sector credit extension</b>	Credit provided to the private sector by banks. This includes all loans, credit cards and leases.
<b>Real effective exchange rate</b>	A measure of the rate of exchange of the rand relative to a trade-weighted average of South Africa’s trading partners’ currencies, adjusted for price trends in South Africa and the countries included.
<b>Real expenditure</b>	The level of expenditure after taking account of inflation.
<b>Regional Services Council (RSC) levy</b>	The Regional Services Council levy (referred to as the Joint Services Board levy in KwaZulu-Natal) was introduced in 1985 to fund the local provision of basic services.
<b>Repurchase (repo) rate</b>	The rates of interest that the Reserve Bank pays on repurchase agreements with money market participants.
<b>Reserves (foreign exchange)</b>	Holdings of foreign exchange, either of the Reserve Bank only or of the Reserve Bank and domestic banking institutions.
<b>Seasonally adjusted and annualised</b>	The process of removing the seasonal volatility (monthly or quarterly) from a time series. This allows one to concentrate on the annual trend in the data.
<b>Southern African Customs Union (SACU) Agreement</b>	An agreement that allows for the unrestricted flow of goods and services between South Africa, Botswana, Namibia, Lesotho and Swaziland.
<b>Southern African Development Community (SADC)</b>	A regional governmental organisation that promotes collaboration, economic integration and technical cooperation throughout Southern Africa.
<b>Trade balance</b>	The monetary record of a country’s net imports and exports of physical merchandise.
<b>Unit labour costs</b>	The cost of labour per unit of output. Calculated by dividing average wages by productivity (output per worker per hour).