

Additional information on the national borrowing requirement, the financing thereof and on national government debt for the 2012 MTBPS

Tables 3.4 and 3.5 in Chapter 3 of the 2012 Medium Term Budget Policy Statement provide a summary of the total national government debt and of the main budget borrowing requirement and financing thereof. For clarity more detail is provided in the following tables.

National net borrowing requirement and financing

A total of R10.7 billion in extraordinary receipts are expected in 2012/13, mainly due to premiums received on new bond issuance and bond switch transactions.

Table 1 National government net borrowing requirement and financing, 2011/12 – 2015/16

R million	2011/12	2012/13		2013/14	2014/15	2015/16
	Outcome	Budget	Revised	Medium-term estimates		
Main budget balance	-147,962	-170,025	-173,031	-177,292	-165,776	-154,747
Extraordinary receipts	5,209	1,200	10,650	4,400	3,300	3,200
Extraordinary payments	-1,388	-24	-3,152	-850	–	–
Borrowing requirement (-)	-144,141	-168,849	-165,533	-173,742	-162,476	-151,547
Domestic short-term loans (net)	18,725	22,000	22,000	23,000	22,000	21,000
Treasury bills	19,009	22,000	22,000	23,000	22,000	21,000
Corporation for public deposits	-284	–	–	–	–	–
Domestic long-term loans (net)	138,501	119,998	126,319	135,923	118,275	117,115
Market loans	154,108	151,367	157,767	157,039	150,879	144,755
Redemptions ¹	-15,607	-31,369	-31,448	-21,116	-32,604	-27,640
Foreign loans (net)	9,135	-7,492	-7,114	-3,553	3,701	9,044
Market loans	12,025	4,035	4,055	11,610	11,535	11,430
Arms procurement loan agreements	569	183	183	25	–	–
Redemptions (including revaluation of loans) ²	-3,459	-11,710	-11,352	-15,188	-7,834	-2,386
Change in cash and other balances³	-22,219	34,343	24,328	18,372	18,500	4,388
Cash balances	-21,270	30,743	15,828	13,872	14,000	-112
Other balances ⁴	-949	3,600	8,500	4,500	4,500	4,500
Financing	144,141	168,849	165,533	173,742	162,476	151,547

1. Domestic loan redemption figures are net of switches

2. Foreign loan redemptions in 2014/15 are net of anticipated switches

3. A positive change indicates a decrease in cash balances

4. Mainly surrenders of unspent money requested in previous financial years and late requests with regard to expenditure committed in previous years

Debt issuance in the domestic market will be maintained at current levels. The switch programme announced at the time of the 2012 Budget which aimed to reduce redemptions by R15 billion in 2013/14 and R34 billion in 2014/15 will continue. At the end of September 2012, the switch programme had already reduced redemptions in 2013/14 by R12.3 billion and by R19.3 billion in 2014/15. There are currently no plans for switches to reduce redemptions in 2015/16.

During 2012/13, forward exchange contracts entered into by the Reserve Bank will be settled using rand balances available resulting in higher foreign currency balances. These higher foreign balances will be utilised in 2013/14 to meet part of government's foreign currency commitments.

Table 2 Change in cash balances, 2011/12 – 2015/16

R million	2011/12	2012/13		2013/14	2014/15	2015/16
	Outcome	Budget	Revised	Medium-term estimates		
Rand currency						
Opening balance	111,413	129,425	130,450	111,837	111,157	97,157
Cash utilised for domestic funding	19,037	-20,365	-18,613	-680	-14,000	-
Closing balance	130,450	-109,060	111,837	111,157	97,157	97,157
<i>Of which:</i>						
Tax and loan accounts	63,293	41,903	44,680	44,000	30,000	30,000
Sterilisation deposits	67,157	67,157	67,157	67,157	67,157	67,157
Change in cash balance¹ (opening less closing balance)	-19,037	20,365	18,613	680	14,000	-
Foreign currency²						
Opening balance	62,143	65,287	64,376	67,161	53,969	53,969
Domestic foreign exchange purchases ³	2,444	8,352	19,488	-	5,075	-
International borrowing	12,594	4,218	4,238	11,635	11,535	11,430
Cash utilised for foreign funding	-12,805	-22,948	-20,941	-24,827	-16,610	-11,318
Closing balance	64,376	54,909	67,161	53,969	53,969	54,081
US\$ equivalent	8,804	7,624	9,160	7,500	7,500	7,514
Change in cash balance¹ (opening less closing balance)	-2,233	10,378	-2,785	13,192	-	-112
Total change in cash balances¹	-21,270	30,743	15,828	13,872	14,000	-112
Total closing cash balance	194,826	163,969	178,998	165,126	151,126	151,238

1. A negative value indicates an increase in cash balances and a positive value indicates that cash is utilised to finance part of the borrowing requirement

2. Rand values at which foreign currency was purchased or borrowed

3. Foreign currency purchased in the spot market and obtained from the settlement of forward exchange contracts entered into by the South African Reserve Bank to sterilise sizable foreign direct investment flows

National government's debt portfolio

Net domestic and foreign loan debt is shown in the table below.

Table 3 Total national government debt, 2009/10 – 2015/16

As at 31 March	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
R billion	Outcome			Estimate	Medium-term estimates		
Domestic debt							
Gross loan debt ¹	705.5	892.7	1,070.9	1,237.1	1,416.7	1,582.4	1,748.5
Cash balances	-106.6	-111.4	-130.5	-111.8	-111.2	-97.2	-97.2
Net loan debt ²	598.9	781.3	940.5	1,125.3	1,305.5	1,485.2	1,651.3
Foreign debt							
Gross loan debt ¹	99.5	97.9	116.9	114.8	105.4	108.1	115.9
Cash balances ³	-25.3	-58.8	-67.6	-74.1	-58.1	-57.7	-57.3
Net loan debt ²	74.2	39.1	49.3	40.7	47.3	50.4	58.6
Total gross loan debt	805.0	990.6	1,187.8	1,351.9	1,522.1	1,690.5	1,864.4
Total net loan debt	673.1	820.4	989.7	1,166.0	1,352.8	1,535.6	1,709.9
<i>As percentage of GDP:</i>							
Total gross loan debt	33.0%	36.0%	39.4%	41.3%	42.4%	42.7%	42.7%
Total net loan debt	27.6%	29.8%	32.8%	35.7%	37.7%	38.8%	39.2%
<i>Foreign debt as percentage of:</i>							
Gross loan debt	12.4%	9.9%	9.8%	8.5%	6.9%	6.4%	6.2%
Net loan debt	11.0%	4.8%	5.0%	3.5%	3.5%	3.3%	3.4%

1. Forward estimates are based on projections of exchange and inflation rates

2. Net loan debt is calculated with due account of the cash balances of the National Revenue Fund (bank balances of government's accounts with the Reserve Bank and commercial banks)

3. Foreign currency deposits revaluated at forward estimates of exchange rates