

**REPUBLIC OF SOUTH AFRICA**  
**Department of Finance**



**BUDGET REVIEW**  
**15 March 1995**

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## PREFACE

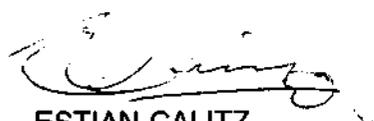
The first Budget of the Government of National Unity was presented on 22 June 1994, barely two months after the first non-racial democratic election in South Africa. Most of the planning and policy choices, however, were effected under the previous constitutional dispensation. The 1995/96 Budget is the first Budget that has been fully developed under the new dispensation.

Expectations are high about this Budget. Better living conditions are expected by millions of people for themselves and their children. Domestic and foreign investors are looking for an attractive and stable policy environment to underpin confidence. More than ever before, there appears to be an urge for expanded *and* detailed information on the Budget and the processes that lead to budgetary and fiscal decisions, as well as an account of the progress which the Government has made in achieving its goals of reconstruction and development. The Budget Speech of the Minister of Finance is therefore supplemented with reliable and accessible information in the form of this Budget Review. The task of preparing this resource was especially complicated by the huge changes in the institutional and financial structure of government at national and provincial level during the past year, changes not yet completed. Careful attention has, therefore, been given to a systematic explanation of all the changes and their effects on the public finances, as well as the development and presentation of comparable data bases for purposes of analysis and consistent policy-making.

The changes in the constitutional field and in government finances have brought about major reforms in financial decision-making and deeper public interest in the fiscal process. The Introduction to this Review, in particular, has been drafted with a view to contributing to a better understanding of the role of public finance in the South African economy.

Chapter 1 provides a brief review of the current and expected economic conditions in South Africa, as a reference point for the discussion of a large variety of fiscal and financial issues (chapter 2), the assessment of the outcome of the 1994/95 Budget (chapter 3) and as basis for the presentation of the 1995/96 Budget. The latter covers three chapters. Chapter 4 gives an exposition of the expenditure that can be afforded and the allocations to the various budgetary votes, taking account of the fiscal policy goals stated in chapter 2. Chapter 5 contains the Government's tax proposals, while the loan financing programme for the new financial year is dealt with in the last chapter. Throughout the Review there are references to the detailed statistical tables included as annexures. In many respects these contain the most complete and up to date information on public finance in South Africa.

Many colleagues in the Departments of Finance and State Expenditure, but also in other government departments and the South African Reserve Bank, spent long hours to complete an enormous task in a very limited time. I wish to extend my sincere thanks and gratitude to each of them.



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15 MARCH 1995

## BUDGET REVIEW, 1995

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## LIST OF ABBREVIATIONS AND DEFINITIONS

AIPF	Associated Institutions Pension Fund
BLNS	Botswana, Lesotho, Namibia and Swaziland
CEF	Central Energy Fund
CPF	Closed Pension Fund
CPI	Consumer price index
CSS	Central Statistical Service
GAAP	Generally Accepted Accounting Practice
GATT	General Agreement on Tariffs and Trade
GDE	Gross domestic expenditure
GDP	Gross domestic product
GFS	Government Finance Statistics
GNU	Government of National Unity
GST	General sales tax
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IMF	International Monetary Fund
FFC	Financial and Fiscal Commission
JSCOF	Joint Standing Committee on Finance
JSCOPA	Joint Standing Committee on Public Accounts
MST	Marketable Securities Tax
NEDLAC	National Economic Development and Labour Council
NSBC	National Small Business Council
NSPF	National Supplies Procurement Fund
NPWP	The National Public Works Programme
OECD	Organisation for Economic Cooperation and Development
PIC	Public Investment Commissioners
PSBR	Public sector borrowing requirement
RDP	Reconstruction and Development Programme
SANDF	South African National Defence Force
SAPS	South African Police Service
SBDA	Small Business Development Agency
SBDC	Small Business Development Corporation
SITE	Standard Income Tax on Employees
STC	Secondary Tax on Companies
TAC	Tax Advisory Committee
TBVC	Transkei, Bophuthatswana, Venda and Ciskei
TVC	Transkei, Venda en Ciskei
VAT	Value-added tax

## CONVENTIONS

Financial year	Year beginning on 1 April
1995/96	Refers to the national government's financial year from 1 April 1995 to 31 March 1996
Tax year	Year beginning on 1 March
1996 tax year	Year beginning on 1 March 1995 to 28 February 1996
Billion	Equal to 1 000 million
Decimal point	Indicated by a "comma"
Thousands separator	Indicated by a "space"

## INTRODUCTION

### GOVERNMENT AND ITS FINANCES: SOME DEFINITIONS AND EXPLANATIONS

*The first section of this introduction provides a broad outline of the role of the government sector in the economy. Different concepts and government finance accounting definitions and procedures are then explained.*

#### THE BUDGET AND FISCAL POLICY

The annual Budget of the National Government presents the details to Parliament and to the public of the financing of the many activities through which the Government seeks to improve the well-being of the nation's people and communities. The taxes, expenditure and borrowing associated with these activities can dramatically affect the economy as a whole, as well as every individual. They impact on prices, income distribution, employment and economic growth. Used well, they are powerful instruments for social and economic transformation; used improperly, they can cause great damage to the economy and the fabric of society.

The budget is a financial plan of the projected expenditure and revenue (including taxes and loans) of government. As such it is a tool of accountability, a tool of management and an instrument of economic policy. With regard to accountability, the budget should clearly spell out the detail of the expenditure and financing programmes (transparency) and spending departments should be held responsible for the proper control and cost-effective use of appropriated funds (good governance). As a management tool it provides financial content to the priorities of the government of the day. As an operational plan, it spells out the goals of expenditure programmes, the costs and expected results. The economic dimension is manifested in the requirement that the budget should promote the attainment of government's micro- and macroeconomic objectives.

As a powerful political instrument and the central core of the government's activities, the budget impacts on the allocation of resources, the distribution of income and wealth, economic stabilisation and economic growth (including the level of employment).

Fiscal policy entails the conscious and deliberate use of the budget (expenditure, taxes and borrowing) to achieve one or more of these economic or development goals. Not all of these objectives can be reached simultaneously and difficult choices must often be made - as is once again evident in this year's Budget. Some of the most important choices in South Africa concern the type of economic structure and development path, and the rate of service delivery by Government reconcilable with sustainable higher economic growth and employment, whilst keeping inflation under control. Where choices between goals have to be made, political judgements become very important.

To be most effective, fiscal policy decisions ought to be underpinned by a supportive body of legislation, reliable economic statistics, an adequate analytical infrastructure and expertise to develop fiscal strategies and, very importantly, an informed and participatory public.

Alternative approaches to fiscal policy exist which give recognition to the possibility of a great variety of forms of government conduct in the economy. South Africa, as elsewhere, must now choose an appropriate policy taking the country's particular circumstances into account. The present international trend seems to have moved away from active short-term stabilisation objectives towards concentrating fiscal policy on long-term structural changes in the economy.

Fiscal policy implementation and its eventual effectiveness are nonetheless compromised by

various difficulties. It was necessary that cognisance be taken of these difficulties in the drawing up of the Budget. There is always: uncertainty regarding the impact of fiscal measures, especially when combined with other policy measures; uncertainty as to the present and anticipated economic conditions due to insufficient and inaccurate data and time lags before the data become available; problems in determining the exact timing of fiscal actions as a result of time lags before measures take effect; political factors impacting on fiscal policy decisions and the possibility of conflict between political and fiscal policy objectives; and the structure of intergovernmental financial relations, which might result in decisions at lower tiers of government hindering the attainment of fiscal objectives at the national level.

#### **Coordination of fiscal and monetary policy**

Fiscal policy is only one element of overall economic policy and needs to be viewed in relation to other aspects, such as monetary policy, international economic relations, industry and trade promotion, labour policy and agricultural development. Except for monetary policy, the interaction of fiscal policy with other policies is not addressed in this introduction. Various examples of these interdependencies are, however, discussed in chapter 2.

Monetary policy attempts to achieve macro-economic balance (especially stability) through control of the monetary system by means of influencing the supply of money, the level and structure of interest rates and other measures affecting the availability of credit. The central bank (the South African Reserve Bank) is responsible for monetary policy, and has as its mission the protection of the external and internal value of the rand. The main instruments of monetary policy are interest rates charged by the central bank<sup>1</sup>, reserve ratios and open market operations<sup>2</sup> - the so-called indirect instruments - as well as credit ceilings, interest rate control and

moral suasion - the so-called direct instruments. Although monetary and fiscal policies use different policy instruments, they are closely related in terms of certain objectives and their attainment through affecting the levels of income in the economy. Monetary policy is, however, often more flexible than fiscal policy and, although the economy's response to monetary policy is also subject to variable time lags, it can be changed more rapidly.

This close relationship between monetary and fiscal policies carries with it the possibility of conflict and sub-optimal policies, should their implementation be at cross purposes. On the other hand, a coordinated monetary-fiscal policy mix may be mutually reinforcing and therefore more effective.

In order to formulate and implement fiscal policy, a proper classification of financial information is required. What follows is a description of the different classification systems and the changing face of government finances in South Africa.

### **GOVERNMENT FINANCES IN GENERAL**

#### **Classification systems**

There are two systems by which governments can draw up their accounts and make cross-country comparisons of government activities. One system was proposed by the United Nations Organisation ("A System of National Accounts") in 1968 and the other one by the International Monetary Fund ("A Manual on Government Finance Statistics") in 1986. In 1988 the United Nations Organisation published a "Handbook of National Accounting", which deals with the treatment of government finances within a national accounting framework. The United Nations Organisation system is commonly called the SNA, while the International Monetary Fund's system is referred to as GFS. Both systems seek to provide a sound statistical base for analysing government's role in a country's economy. The SNA measures all transactions relating to production, income, consumption, saving and capital accumulation on an *accrual* basis, while the GFS is concerned with *cash* payments to and from government during a specific period.

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<sup>1</sup> This is known as the accommodation rate.

<sup>2</sup> This is the buying and selling of government paper in the financial markets.

Governments draw up their budgets on a **cash flow basis** and they may use the GFS system to classify all their activities during a specific year. However, governments may also have their own systems by which they compile their budgets, in which case the information has to be reclassified according to the GFS system for purposes of analysis and cross-country comparisons.

According to the GFS system, revenue collected by government can be divided into **current and capital revenue**. Current revenue comprises **taxes and current non-tax revenue**. Taxes are classified by the types of activity upon which the tax is levied - the tax base - for example, income and profits, the consumption of domestic goods and services and international trade. Current non-tax revenue is classified by the nature of the inflow, i.e. property income, non-capital sales proceeds, fines, etc. Capital revenue includes proceeds from the sale of various kinds of capital assets and capital transfers from non-governmental sources.

Government expenditure may be classified in two ways according to the GFS system: functionally and economically. A **functional classification** of government's expenditure indicates the amount of money spent on each service that government provides (for example protection, social and economic services) and also includes the interest bill on government's debt. In an **economic classification** of expenditure, a distinction is made between **current and capital expenditure**<sup>3</sup>. Current expenditure includes the wage bill, interest, subsidies, transfers to households (mainly in the form of social pensions) and transfer payments to the rest of the world. Capital expenditure includes the acquisition of fixed capital assets, land, stock and other intangible assets and capital transfers to business, households and the rest of the world.

### Levels of government

It is widely accepted that the broadest definition of "government" in any country is the **public sector**. According to the GFS system, this includes all the

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<sup>3</sup> The difference between current revenue and current expenditure determines the extent of government saving/dissaving.

various levels of government and its non-financial public enterprises<sup>4</sup>. According to the SNA system, the definition of the public sector is even wider and includes financial public enterprises<sup>5</sup>. Given the cashflow basis of the national budget and the GFS definitions, the focus will be on the latter classification.

The GFS system differentiates between the activities of the public sector and the so-called **general government**, which may be defined as the public sector excluding non-financial public enterprises. An important indicator of the overall fiscal stance is the **public sector borrowing requirement (PSBR)**, which reflects total borrowing by the public sector from other sectors in the economy and the rest of the world.

Institutionally, general government usually comprises three levels or subsectors: central government (first level), provincial or regional government (second level) and local government (third level). Financial relations between these tiers of government and operations and responsibilities at each level are dictated by the institutional framework in force in a specific country.

## GOVERNMENT FINANCES IN SOUTH AFRICA

### Classification of government finances in South Africa

Historical figures on government finances in South Africa, by *level* of government, are classified and published according to the GFS system in the Quarterly Bulletin of the South African Reserve Bank. The finances of the individual "components" of general government, as officially reported in their budgets and by the Auditor-General, are not presented according to the GFS system.

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<sup>4</sup> In South Africa non-financial public enterprises include, for example, Eskom, Mossgas, Telkom and Transnet.

<sup>5</sup> In South Africa financial public enterprises include the Development Bank of Southern Africa, the Industrial Development Corporation, the Public Investment Commissioners and the South African Reserve Bank.

As in many other countries, detailed information on a cash flow basis regarding South Africa's public sector is not readily and timeously available. The South African Reserve Bank does, however, publish historical information on South Africa's *public sector borrowing requirement (PSBR)* in its Quarterly Bulletin with a one-quarter lag.

### Levels of government

South Africa's public sector according to the GFS system may be illustrated as follows:

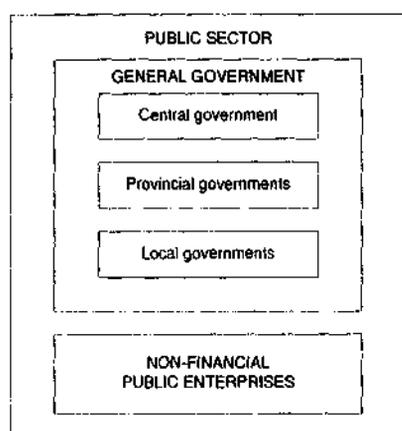


Figure 1

South Africa's general government comprises three levels of government, namely central<sup>6</sup>, provincial and local governments.

The institutional framework and, by implication, financial relations between the different levels of government, changed in 1983 and again on 27 April 1994. Changes in the composition of South Africa's general government and its revenue accounts/funds are outlined in the accompanying table. A distinction is made between the level of government and the revenue account(s) or fund(s) that constitutes each level of government. The implementation of financial and fiscal relations between the different levels of government in terms of the 1993 Constitution is anticipated to be a lengthy process. There will thus be an "interim"

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<sup>6</sup> Comprising the main or national budget, extra-budgetary institutions and funds (such as the Human Sciences Research Council and the South African Bureau of Standards) and social security funds.

or "transitional" phase in which former authorities will be phased out and new authorities phased in.

Each "component" of the three levels of government draws up a budget for a specific financial year. The services provided to the public by each of these government "components" are financed by, among others, taxes, user charges, levies, licences, intergovernmental grants and loans. An intergovernmental grant is a transfer of funds from one "component" of government to another which may be at the same, or at a different level of government. For example, a transfer of funds from the national budget (central government, first level) to a provincial budget (second level) to finance services provided at the provincial level are shown as expenditure on the national government's budget, but as revenue on the provincial government's budget, if these budgets are analysed separately<sup>7</sup>. However, if these budgets are to be combined for purposes of analysis, their revenue and expenditure figures have to be consolidated. A *consolidated budget or account* indicates total revenue collected, total expenditure on services provided and total financing obtained by the relevant levels of government, *excluding* the flow of funds between the relevant authorities.

### THE NATIONAL BUDGET

The national government is responsible for the *national budget*, which is usually tabled in Parliament in March each year. On the revenue side, the national budget reflects taxes and non-tax revenue collected nationally and used to finance the services of national government, as well as to finance intergovernmental transfers of funds to other levels of general government (i.e. extra-budgetary institutions and funds, provincial governments and local authorities). The shortfall between national budget revenue and expenditure is called the *(national) budget deficit*. In order to compare budget deficits over time, the budget

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<sup>7</sup> Once the constitutionally envisaged system is in place whereby the nine new provincial governments will share in income taxes, value-added tax, the fuel levy and transfer duties, these transfers of revenue will be subtracted from the total revenue collected nationally and diverted to the respective provincial Revenue Funds, where it will be shown as tax revenue.

**COMPOSITION OF GENERAL GOVERNMENT**

Up to and including the 1993/94 financial year		From the 1994/95 financial year and before full implementation of the 1993 Constitution*		After full implementation of the 1993 Constitution	
Government	Account/Fund	Government	Account/Fund	Government	Account/Fund
<u>Central government:</u> General Affairs  Own Affairs  Self-governing territories  TBVC states  Extra-budgetary institutions and funds  Social security funds	State Revenue Account (Main/national budget) Houses of Assembly, Delegates, Representatives  Gazankulu, KaNgwane, KwaNdebele, KwaZulu, Lebowa, QwaQwa  Transkei, Bophuthatswana, Venda, Ciskei  For example: CSIR, SABS SA Tourism Board, Special Defence Account, 11 Technikon, 20 Universities  For example: Unemployment Insurance Fund	<u>Central government:</u> National government (GNU)      Extra-budgetary institutions and funds   Social security funds	National Revenue Account (National budget)      For example: CSIR, SABS SA Tourism Board, Special Defence Account, 11 Technikon, 20 Universities  For example: Unemployment Insurance Fund	<u>Central government:</u> National government (GNU)      Extra-budgetary institutions and funds   Social security funds	National Revenue Fund (National Budget)      For example: CSIR, SABS SA Tourism Board, Special Defence Account, 11 Technikon, 20 Universities  For example: Unemployment Insurance Fund
<u>Provincial governments:</u> Cape, Natal, Orange Free State, Transvaal	<u>Revenue Accounts of:</u> Cape, Natal, Orange Free State, Transvaal	<u>Provincial governments:</u> Cape, Natal, Orange Free State, Transvaal, Gazankulu, KaNgwane, KwaNdebele, KwaZulu, Lebowa, QwaQwa, Transkei, Bophuthatswana, Venda, Ciskei  Eastern Cape, Eastern Transvaal, Free State, Gauteng, KwaZulu/Natal, Northern Cape, Northern Transvaal, North West, Western Cape	<u>Revenue Accounts of:</u> Cape, Natal, Orange Free State, Transvaal, Gazankulu, KaNgwane, KwaNdebele, KwaZulu, Lebowa, QwaQwa, Transkei, Bophuthatswana, Venda, Ciskei  <u>Revenue Funds of:</u> Eastern Cape, Eastern Transvaal, Free State, Gauteng, KwaZulu/Natal, Northern Cape, Northern Transvaal, North West, Western Cape	<u>Provincial governments:</u> Eastern Cape, Eastern Transvaal, Free State, Gauteng, KwaZulu/Natal, Northern Cape, Northern Transvaal, North West, Western Cape	<u>Revenue Funds of:</u> Eastern Cape, Eastern Transvaal, Free State, Gauteng, KwaZulu/Natal, Northern Cape, Northern Transvaal, North West, Western Cape
<u>Local governments:</u> Municipalities Regional services councils Village councils Health committees	<u>Revenue Accounts of:</u> Municipalities Regional services councils Village councils Health committees	<u>Local governments:</u> Municipalities Regional services councils Village councils Health committees	<u>Revenue Accounts of:</u> Municipalities Regional services councils Village councils Health committees	<u>Local governments:</u> Not determined/finalised at this stage	<u>Revenue Accounts of:</u> Not determined/finalised at this stage
General government		General government		General government	

\* Relative sizes of the individual budgets will change and some accounts will be closed as progress is made with the implementation of financial and fiscal relations in terms of the 1993 Constitution.

deficit is usually also expressed as a percentage of the total domestic output of the economy, the gross domestic product (GDP).

The national budget deficit represents the national government's *net borrowing requirement* for that financial year if no *closing balance* is brought forward from the previous financial year. A positive closing balance arises when total financing exceeds the borrowing requirement in a particular year and *reduces* the net borrowing requirement in the subsequent financial year.

During the course of a financial year, some of the loans obtained by government in the past reach maturity and have to be redeemed. These loans are usually rolled over at maturity, which means that total *loan redemptions*, together with the net borrowing requirement, form the *gross borrowing requirement*.

*Financing* the gross borrowing requirement of the national budget takes the form of issuing government financing instruments on the domestic money and capital markets, as well as foreign capital markets. On the domestic money market government may issue short-term instruments, such as *treasury bills*, and on the domestic capital market long-term instruments, such as *government stock*. If government wants to borrow from foreign capital markets, it makes a *foreign bond issue*.

The net borrowing requirement is the main determinant of the amount by which government debt increases every year. In order to compare and analyse government debt over time, it is usually expressed as a percentage of GDP.

#### Changes to the national budget

As mentioned earlier, the implementation of financial and fiscal relations between national and provincial governments according to the 1993 Constitution will take some time. The flow of funds between the various levels of government will, therefore, change from year to year as progress is made in this regard. At least four distinct phases may be identified:

- the position before the 1993 Constitution, i.e. the period up to and including the 1993/94 financial year;

- the 1994/95 financial year, in which former regional authorities and administrations were phased out and new provincial governments were phased in;
- the 1995/96 financial year, in which the new provincial governments are established, but the full range of financial and fiscal relations with the national government according to the 1993 Constitution have not yet been determined; and
- the stage when constitutionally determined financial and fiscal relations between the national and provincial governments will be fully implemented.

#### Up to and including the 1993/94 financial year:

Up to and including the 1993/94 financial year, funds were transferred to other levels of general government from both the revenue and expenditure sides of the national budget.

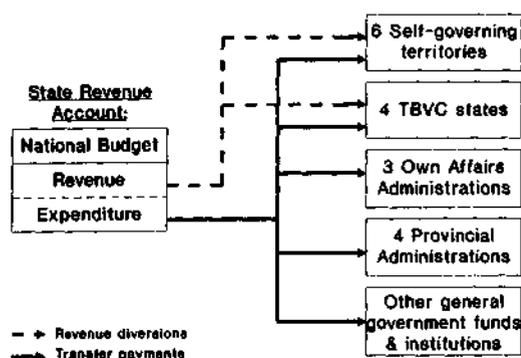
The revenue side of the national budget indicated revenue collected nationally in the State Revenue Account. This included income taxes, value-added tax (general sales tax before that), customs duties, import surcharges, excise duties, the fuel levy and other smaller taxes and non-tax revenue. However, income taxes and value-added tax collected nationally also included income taxes and value-added tax collected on behalf of the former self-governing territories and TBVC states. This revenue was, therefore, diverted from the gross revenue collected by Inland Revenue to the relevant accounts of the former authorities. Likewise, revenue was also diverted to the former TBVC states from the gross collections by Customs and Excise in terms of the Customs Union Agreement. In addition to these revenue diversions, allocations were made from fuel levy and ordinary levy collections, but they were treated as so-called Part II revenue and therefore had no effect on national budget revenue (Part I) at all.

The former self-governing territories and TBVC states also collected their own income taxes, value-added tax, and other taxes and non-tax revenue. These collections were not reflected in the national budget, but in their budgets as "own revenue". Likewise, the former Own Affairs Administrations and Provincial Administrations

collected "own revenue", mainly non-tax revenue such as user charges and fees.

On the expenditure side of the national budget, current and capital transfer payments were made to the former self-governing territories, TBVC states, Own Affairs Administrations and Provincial Administrations. Transfer payments were also made to other levels of general government, such as local authorities and extra-budgetary institutions and funds.

These flows of funds from the national budget are depicted in figure 2 below.



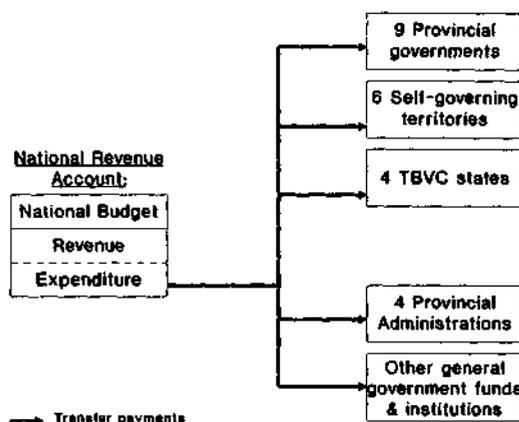
**Figure 2: Flow of funds from the national budget to other levels of general government up to and including the 1993/94 financial year**

The 1994/95 financial year:

Exactly the same taxes as before were collected at national level in 1994/95. However, all revenue diversions (including allocations from the fuel levy and the ordinary levy) to the former self-governing territories and TBVC states were terminated and equivalent amounts were transferred on the expenditure side. Due to a shift of functions, some of the non-tax revenue previously collected at regional government level as part of their own revenue collections, was collected at national level.

In addition to the abovementioned transfer payments, current and capital transfer payments were made from the national budget, as before, to the former regional authorities and new provincial governments.

These flows of funds from the national budget are depicted in figure 3 below.

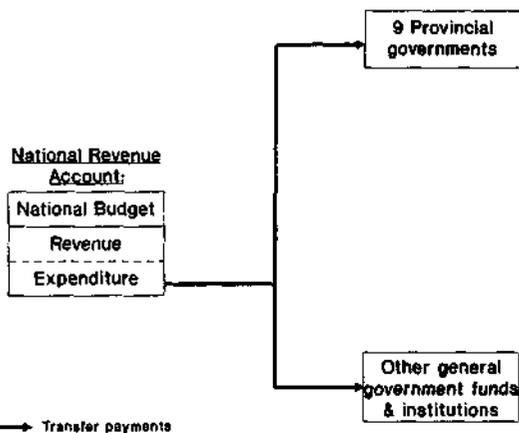


**Figure 3: Flow of funds from the national budget to other levels of general government in the 1994/95 financial year**

The 1995/96 financial year:

In the 1995/96 financial year, additional revenue will accrue to the National Revenue Account, namely income taxes, value-added tax, non-resident shareholders tax, stamp duties and fees and mining leases previously collected by the former self-governing territories and TBVC states in their Revenue Accounts. Equivalent amounts will be voted as transfer payments to the relevant new provincial governments on the expenditure side of the national budget, together with other current and capital transfer payments to these governments.

These flows of funds from the national budget are depicted in figure 4 below.



**Figure 4: Flow of funds from the national budget to other levels of general government in the 1995/96 financial year**

After full implementation of financial and fiscal relations according to the 1993 Constitution:

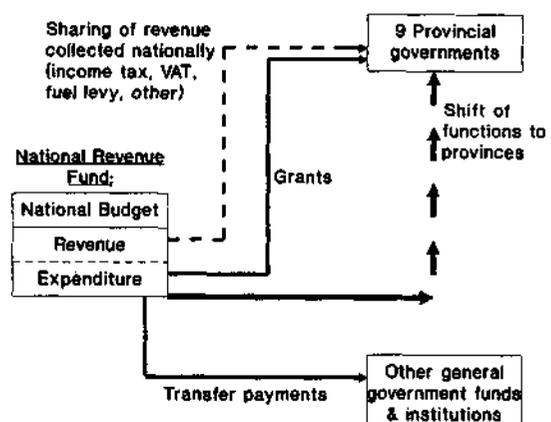
According to the 1993 Constitution, national government's finances will be conducted from a National Revenue Fund, while the provincial governments will have provincial Revenue Funds. Certain functions, at present the responsibility of the national government, will be devolved to provincial governments and their total expenditure will be financed by way of:

- sharing of nationally collected personal income taxes, value-added tax, the fuel levy and transfer duties;
- grants from the national budget;
- own revenue collected at provincial government level; and
- loans raised to finance capital expenditure.

Figure 5 depicts the position after full implementation of financial and fiscal relations between the national government and the rest of general government according to the 1993 Constitution.

**National budget process: definitions and explanations**

Preparations and planning for a specific year's expenditure budget usually starts about 16 months prior to the date the Budget is presented to Parliament. Since the Government of National Unity (GNU) has committed itself to the re-prioritisation of expenditure, a revised budget planning process has been adopted and will apply when drawing up



**Figure 5: Flow of funds from the national budget to other levels of general government after full implementation of financial and fiscal relations between levels of general government according to the 1993 Constitution**

the 1996/97 Budget. The new budget planning process gives emphasis to the re-evaluation of all activities of government departments with reference to the goals and priorities of the new government.

This process will take place against the background of a multi-year fiscal framework for general government, presently being formulated by the fiscal authorities in consultation with various other interested parties, including the non-government sector. In this framework, allocations will be made to expenditure by function on the basis of relative needs and priorities.

Also within this multi-year fiscal framework and based on projections of national budget revenue, the national budget expenditure level will be determined and, by implication, the national budget deficit. Once the "upper-limit" of expenditure had been determined, the planned expenditure of the specific spending agencies are revised until the totals comply with the expenditure level.

On Budget day, the following documents are tabled in Parliament by the Minister of Finance:

- the Printed Estimate of Expenditure (RP 2, First Print);
- the Printed Estimate of Revenue (RP 3, First Print);

- proposed changes to taxes (if any); and
- the Budget Review

**The Printed Estimate of Expenditure (RP 2, First Print)**, commonly called the "White Book", contains the planned expenditure for which the national government takes responsibility, i.e. expenditure by national government spending agencies. Also included are transfer payments to be made from the national budget to other levels of general government, such as provincial and local governments. Printing of the "White Book" starts about two months before the Budget is tabled in Parliament.

When the Budget is tabled in Parliament, the Minister of Finance may announce supplementary expenditure proposals, which are to be included in the **Supplementary Estimate of Expenditure (RP 4)** some time after the Budget, when it is approved by Parliament. In the past, supplementary expenditure proposals included, among others, expenditure that could not be included timeously and/or expenditure that could not be allocated to a specific spending agency in the "White Book".

**The Printed Estimate of Expenditure (RP 2 and 4, Second and Final Print)**, commonly called the "Blue Book", comprises the expenditure contained in both the "White Book" and the Supplementary Estimate of Expenditure. At the time of the Budget, the Minister of Finance can also identify estimates of certain expenditure that may arise during the financial year, but due to lack of detail, could not be allocated to a specific spending agency in the "White Book" or "Blue Book". These are included in the **Adjustments Estimate** towards the end of the financial year.

Thus, at the time of the Budget, the Minister of Finance gives a **total estimate of the expenditure level** for the new financial year, which constitutes the sum of expenditure contained in the "White Book", supplementary expenditure proposals (if any) and other expenditure that will be included in the Adjustments Estimate (if any).

When the Budget is tabled in Parliament, projections of total revenue (i.e. taxes and non-tax revenue) to be collected by the national government in that specific financial year are contained in the **Printed Estimate of Revenue (RP 3, First**

**Print)**. The First Print enables policy makers to ascertain the level of revenue for a specific year if no changes are made to the tax structures and rates of the previous fiscal year. The Minister of Finance may then announce, for specified reasons, **tax proposals**, which are proposed changes to the existing tax bases, rates and/or brackets, or may include the introduction of new taxes. **Total estimated revenue** for the new financial year is, therefore, the projected collections after the tax proposals have been taken into account and is included in the **Printed Estimate of Revenue (RP 3, Second and Final Print)**.

The **Budget Review** summarises and puts in perspective the proposed expenditure and revenue of national government for the coming year, against the background of an overview of the country's economic circumstances and prospects, the outcome of the previous year's budget, important trends and developments in the field of public finance and the broad approach which government intends following to ensure sound fiscal management and in pursuit of particular policy goals.

To present as comprehensive as possible a picture on government expenditure when the national budget is tabled in Parliament<sup>8</sup>, a consolidation between the national budget and the

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<sup>8</sup> Since more than 60 per cent of total expenditure on the national budget are transfer payments to other levels of general government, economic and functional classifications of national budget expenditure do not present an overall picture. For purposes of analysis, the ideal is, of course, to present economic and functional classifications of the *general government* (i.e. first, second and third level of government) expenditure. This requires information on the expenditure at all levels of general government and on the financing thereof by way of revenue, balances brought forward and transfer payments (mainly from the national budget). This information is not readily and timeously available - especially at the third level of general government - which makes it impossible to present consolidated general government finances when the national budget is tabled in Parliament. The South African Reserve Bank does, however, publish historical data on general government finances in its Quarterly Bulletin.

provincial budgets is done<sup>9</sup> and presented in the Budget Review.

On Budget day, the Appropriation Bill<sup>10</sup> and draft tax legislation on the proposed changes to taxes are referred by the Speaker of Parliament to the Joint Standing Committee on Finance (JSCOF) for seven working days for their consideration. The JSCOF calls on the fiscal authorities and the South African Reserve Bank to explain the priorities of fiscal and monetary policy. Thereafter the heads of departments are interviewed on their budget votes, after which the JSCOF tables a report on the Budget in Parliament. The Appropriation Bill then enters its first reading debate, which includes debates on the individual budget votes and the introduction of the Supplementary Estimate of Expenditure. After the second reading and if Parliament approves, the Bill is signed by the President and promulgated in the Government Gazette at which point it becomes an Act of Parliament. At that time the draft tax legislation is tabled in Parliament for approval. This process is usually completed in June. The "Blue Book" and the Estimate of Revenue (RP 3, *Second and Final Print*) is then printed.

To ensure that expenditure is constantly monitored, departments must report during August, October and January to the Cabinet on the course of expenditure. Consolidated reports and recommendations are submitted to the Treasury Committee (consisting of the two Executive Deputy Presidents, the Minister of Finance and the Minister without Portfolio) and, after their evaluation, to Cabinet.

Towards the end of the financial year, national budget expenditure, revenue and financing figures

are revised, if necessary. A revision of total expenditure for a specific financial year is done in the Adjustments Estimate, which includes expenditure identified at the time of the Budget, but not taken up in the "Blue Book", as well as any Cabinet-approved overruns and suspensions of funds that may have occurred on the "Blue Book" estimates. Also included in the Adjustments Estimate for approval by Parliament are unspent funds of spending agencies from the previous financial year, which are rolled-over under a stringent set of criteria<sup>11</sup>. Revised revenue projections for a specific financial year are based on the latest available information on revenue collections (usually up to December). These revised estimates of revenue and expenditure produce a revised estimated budget deficit<sup>12</sup>. These revised estimates of budgetary figures for the previous financial year are presented when a new Budget is tabled in Parliament. Throughout the financial year, transparency and public discussion on the Budget is promoted through monthly media statements on the course of the Budget.

The financial year ends at 31 March, at which stage spending agencies must close their books. The report by the Auditor-General on the past year's national budget finances is then compiled and submitted to the Joint Standing Committee on Public Accounts (JSCOPA). If there was unauthorised expenditure and it is approved by the Committee, this expenditure is authorised in the Finance Act by Parliament. This Bill, which in the past typically also included transfers<sup>13</sup> to government pension funds and the Gold and Foreign Exchange Contingency Reserve Account, is usually tabled in June.

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<sup>9</sup> The consolidation implies that expenditure at provincial government level financed through own revenue collections and balances brought forward, are also included. Since this consolidation only includes transfer payments to extra-budgetary institutions and funds and local authorities, but not the expenditure by these institutions from own revenue and loans, it does not represent general government expenditure.

<sup>10</sup> The Appropriation Bill, after approval by Parliament, enables national government departments to spend the allotted funds on their budget votes.

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<sup>11</sup> The practice of allowing roll-overs reduces the former compulsive and inefficient spending by government institutions to avoid the loss of unspent allocations at the end of the financial year.

<sup>12</sup> The course of the Budget is monitored on a regular basis throughout the financial year and the financing programme is adjusted accordingly.

<sup>13</sup> These transfer payments are usually announced in the Budget Speech and have at times been financed by loans acquired in the previous financial year.



## CHAPTER 1

### ECONOMIC CONDITIONS AND PROSPECTS

*This chapter contains a review of economic developments in 1994 together with an outlook for both the international and domestic economy in 1995. Economic conditions in 1994 are discussed relative to domestic production, expenditure and savings, the labour market, including costs and productivity of labour, and inflation. Developments in the balance of payments and financial markets are also examined.*

*Although production was somewhat disrupted during the first half of 1994, growth in the output of the economy accelerated to 2½ per cent in 1994 compared to 1 per cent in 1993. Significant gains have also been made in the fight against inflation. It is expected that the economic recovery, driven particularly by domestic capital formation, will continue in 1995. The upswing in the economy will, however, require careful nurturing, sound and consistent economic policies and an investor-friendly political environment if it is to be transformed into a sustained growth phase.*

#### 1.1 ECONOMIC CONDITIONS

##### 1.1.1 Domestic production

At the beginning of 1994 a growth rate of 3 per cent in GDP was considered to be within reach of the South African economy. Unfortunately aggregate output growth then suffered a setback in the first quarter of 1994, when agricultural production declined steeply from the high levels attained in the second half of 1993. In addition, real output in the non-agricultural sectors was disrupted during the first half of 1994 by various occurrences in the run-up to the April elections. It was only in the third quarter of 1994 that the non-agricultural sectors began to regain their earlier vitality. Fairly robust growth rates were then registered in the third and the fourth quarter, but the output losses in the first half of the year prevented the initial projected growth rate from being fully realised.

The growth in real GDP nevertheless accelerated to 2½ per cent in 1994 from only 1 per cent in 1993. This was the first calendar year since 1988 that the growth in real GDP broadly matched the rate of population growth. The seasonally adjusted value of real GDP in the fourth quarter of 1994 also exceeded for the first time the previous quarterly peak value that was reached in the third quarter of 1989. An improvement in South Africa's terms of trade<sup>1</sup> with the rest of the world ensured that real gross national product increased by 3½ per cent in 1994, implying an increase of about 1 per cent in real gross national product per capita.

Despite the first quarter decline, agricultural production realised a substantial real growth rate of 9 per cent in 1994. In the non-agricultural sectors output growth accelerated from ½ per cent in 1993 to 2 per cent in 1994. Output growth was particularly strong towards the end of the year and an annualised growth rate of about 6½ per cent was measured in real GDP in the fourth quarter. Apart from the mining sector where the value of real output declined, all the other main sectors of economic activity contributed to the stronger economic growth during 1994.

##### 1.1.2 Gross domestic expenditure

Aggregate real gross domestic expenditure in 1993 increased for the first time since 1989. The growth momentum which had developed during 1993 continued into 1994 and gathered strength. In the calendar year 1994 real gross domestic expenditure accordingly increased by 6 per cent, compared with 1 per cent in 1993. All the main components of domestic expenditure contributed to the stronger growth.

Consumer confidence improved progressively after the April elections and as sentiment

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<sup>1</sup> The terms of trade signify the relationship between the prices of exports and the prices of imports.

after the April elections and as sentiment improved, the growth rate in real private consumption expenditure accelerated from 2 per cent in the first quarter to 4 per cent in the fourth quarter. This brought the increase in real private consumption expenditure to 2½ per cent in 1994. Although all the main categories of real consumer spending rose in 1994, the main thrust for the higher growth rate came from spending on durable and semi-durable goods. Real consumption expenditure by general government, which had increased by 2 per cent in 1993, increased further by 4 per cent in 1994. This growth in real consumption expenditure by the general government was largely concentrated in the first quarter of 1994, and was mainly due to temporary costs associated with the political transition. In the ensuing three quarters consumption expenditure of general government increased at a much slower pace.

Business confidence also strengthened significantly in the aftermath of the April elections and growth in real fixed investment expenditure during 1994 accelerated from one quarter to the next. For the year as a whole real gross fixed investment was 7 per cent higher than in 1993 - the first year-on-year increase since 1989. Expansion of capacity was fairly widespread in the private sector, while the extension of Eskom's electrification network to historically disadvantaged communities led to an increase in the capital formation by public corporations.

The more positive economic outlook that emerged during 1994 contributed to confidence within the business community and accordingly to inventory adjustments ahead of an expected upturn in domestic demand. Real inventory investment in the calendar year 1994 accounted for about 1½ percentage points of the growth in real GDP.

#### 1.1.3 Domestic saving

Although the growth in domestic consumption expenditure accelerated in 1994, aggregate current income increased at about the same pace and gross domestic saving as a percentage of GDP remained at about 17½ per cent as was the case in 1993. Households were prepared to incur debt or to run down accumulated saving in order to preserve or strengthen established spending levels. Corporate saving, which is the mainstay of

gross domestic saving, maintained its share relative to GDP. Dissaving by general government persisted in 1994, but to a slightly lesser extent than in 1993. The low saving rate of the national economy remains a structural weakness that imposes a severe constraint on the growth capacity of the country.

#### 1.1.4 Labour market

Employment in the formal sectors of the economy was slow to respond to the current upswing in overall economic activity. The most recent statistics indicate a somewhat hesitant rise in employment levels at a seasonally adjusted and annualised rate of 0,6 per cent in the second quarter of 1994.

In the first three quarters of the current upswing in economic activity, the level of aggregate employment has continued the declining trend of the 1989 to 1993 recession. The increase in employment levels in the second quarter of 1994 was mainly caused by a rise in public sector employment during the election period in April, which may turn out to be temporary. Private sector employment declined slightly in the second quarter of 1994, but at a much more subdued rate than during the previous sixteen quarters.

The modest rise in the second quarter of 1994 in the total number of people employed must be viewed against the background of the loss of almost 500 000 job opportunities in the formal sector of the economy between the third quarter of 1989 and the first quarter of 1994 as well as the current high level of unemployment in the country. The increase in employment in the second quarter of 1994 apparently made little inroad into the occurrence of unemployment. The number of registered unemployed workers, a figure more indicative as a measure of the *trend* than the level of employment, increased by some 14 000 from the second quarter of 1994 to November 1994.

#### 1.1.5 Labour costs and productivity

The increase in the average nominal remuneration per worker in the non-agricultural sectors of the economy declined from 18,3 per cent in 1989 to 10,6 per cent in 1993 - the lowest increase since 1978. Measured over four quarters, the change in

the fourth quarter of 1993 and 9,2 per cent in the first quarter of 1994, before accelerating rather sharply to 13,8 per cent in the second quarter. Bonuses paid to certain categories of workers in the public sector and special allowances granted to those who had to perform additional duties over the election period were the main reasons for the acceleration in average labour remuneration in the second quarter of 1994.

The rise in the average nominal remuneration per worker in 1993 fell below the rise in output prices, resulting in a decline of 0,1 per cent in the ratio of nominal wages to output prices. This downward adjustment signals a further lowering of inflationary pressures in the economy.

Average output per worker rose by 3,3 per cent in 1993 and continued to increase at year-on-year rates of 4,1 per cent in the first quarter of 1994 and 3,1 per cent in the second quarter. The combined effect of rising output per worker and a decline in the real labour cost per worker was a slight decline in the share of the total value of output allocated to labour from 61 per cent in 1993 to 60½ per cent in 1994. The ratio of 60½ per cent is still well above the average ratio of 57½ per cent during the years from 1970 to 1989.

#### 1.1.6 Inflation

Significant gains have been made in the fight against inflation. The rise in consumer prices slowed down from 15,3 per cent in 1991 to 9,7 per cent in 1993, and in 1994 inflation fell to 9,0 per cent. The measured inflation in 1994 could have been even lower if food prices had not risen rapidly during the course of the year. Measured over twelve months the overall consumer price index increased by 7,1 per cent in April 1994 - its lowest rate of increase since November 1972. The mid-year increase in food prices then caused the twelve-month change in the index to accelerate to 10,1 per cent in September before it slowed down again to 9,9 per cent in November and December. The influence of the higher food prices on the general consumer price inflation is evident from the rise in the consumer price index excluding the category food and non-alcoholic beverages, which increased from 6,6 per cent in April 1994 to 7,9 per cent in December.

The rate of increase in the production price index - often a leading indicator of the future inflationary trend - declined from 15,2 per cent in 1989 to 6,6 per cent in 1993, but then accelerated to 8,2 per cent in 1994. Measured over twelve months, the increase in the all-goods production price index fell below 10 per cent in November 1991 and has since been mostly in the single digit region. A low point of 5,4 per cent was reached in October 1993, but the twelve-month increase in production prices then accelerated to 10,1 per cent in September 1994. More recently, inflation in production prices over twelve months fell back to 9,4 per cent in November 1994 and 9,7 per cent in December, mainly because of the strengthening of the nominal effective exchange rate of the rand and the return to a normal level of food supply which slowed down increases in food prices.

#### 1.1.7 Balance of payments

A series of nine annual surpluses on the current account of the balance of payments came to an end in 1994. For 1994 as a whole a deficit was recorded, estimated at R2,1 billion which represents a significant turnaround from the surplus of R5,8 billion in 1993. Deficits were recorded in the third and fourth quarters of 1994.

The reversal in the balance of payments in 1994 was primarily brought about by a substantial increase in the volume of merchandise imports which rose by 17½ per cent in 1994. Import prices advanced by 8½ per cent resulting in a rise in the aggregate merchandise import bill of 27 per cent in 1994.

Disruptions in domestic production in the first half of 1994 had a dampening effect on the growth in the real value of merchandise exports. For the year as a whole the volume of merchandise exports increased by 5 per cent, which fell short of preliminary estimates of the growth in the real value of world trade, indicating that South Africa's relative share in global trade declined in 1994. Higher international commodity prices along with a decline over the year in the nominal effective exchange rate of the rand caused export prices to increase by 12 per cent and the value of merchandise exports by 17½ per cent.

The value of net gold exports advanced by only 2 per cent in 1994 owing to a decline of no less than 11 per cent in the physical volume of gold exports. Sharp increases in payments for freight and merchandise insurance and higher interest payments on foreign loans contributed to a rise in net service payments and transfers to the rest of the world from R13 billion in 1993 to R15,1 billion in 1994.

A net *outflow* of capital not related to reserves of R15,0 billion in 1993 was converted to an *inflow* of R5,2 billion in 1994. The inflow consisted mainly of short-term capital (including unrecorded transactions on the current and the capital account of the balance of payments) amounting to R3,8 billion. Long-term capital was responsible for a net inflow of R1,4 billion, which includes a public bond issue by the South African government on the international capital market of R2,7 billion (US\$750 million). The significance of the capital inflow in 1994 can be seen in relation to the sizeable amount of R5,9 billion which fell due in the course of the year on account of foreign loans reaching maturity.

The excess of the inflow of capital not related to reserves over the deficit on the current account of the balance of payments allowed for an increase of R3,1 billion in the net gold and foreign reserves of the country during 1994. The Reserve Bank managed to reduce its reserve-related foreign loan commitments from R8,5 billion at the end of April 1994 to R4,7 billion at the end of January 1995. The gross gold and foreign reserves of the country at the end of December 1994 was equivalent to the value of about 6½ weeks of imports of goods and services.

#### 1.1.8 Exchange rates

The nominal effective exchange rate of the rand in 1994 declined by 8,5 per cent, compared to a decline of 8,7 per cent in 1993. The rand depreciated in 1994 against all the main currencies of the world. The largest declines were recorded against the Japanese yen, *Deutschemark* and Dutch guilder. The depreciation of the nominal value of the rand exceeded the inflation differential between South Africa and its main trading partners and the real effective exchange rate of the rand accordingly depreciated on average by 3,0 per cent in 1994. In 1993 the average

decrease in the real exchange value of the rand amounted to 4,7 per cent.

Where the financial rand exchange rate prior to the April election had often been influenced by political incidents, speculation about the imminent abolition of the financial rand mechanism was the most prominent factor responsible for movements in the financial rand rate in the period since the election. The financial rand strengthened from a low point of R5,58 to the dollar shortly before the election, to R3,92 on 21 October 1994. Subsequently the financial rand weakened again and the discount on the financial rand widened from 10,2 per cent on 21 October 1994 to 13,9 per cent on 31 January 1995. During February 1995 the financial rand strengthened further, to reach R3,91 to the dollar on 28 February 1995. The financial rand discount then amounted to 7,7 per cent.

#### 1.1.9 Financial markets

The growth rate in money supply, which had accelerated from the middle of 1993, continued to do so in the first seven months of 1994. Subsequently, the growth over twelve months in M3 receded up to November 1994, but then accelerated again to 15,7 per cent in December, i.e. a rate of increase well beyond the upper limit of the guideline range of 6 to 9 per cent in 1994. Although the higher level of economic activity contributed to the high rate of growth in M3, expected increases in interest rates fuelled a stronger preference for liquidity which caused the narrower monetary aggregates to increase at rates even higher than that of M3.

The growth over twelve months in credit extension to the private sector accelerated during 1994 from 9,7 per cent in December 1993 to 17,0 per cent in December 1994. These growth rates surpassed the rates of consumer price inflation since March 1994, indicating that the growth rate in real credit extension was positive over the last three quarters of 1994. Strong growth in consumer credit in the form of rapidly expanding instalment sale credit and mortgage advances was prominent in the extension of credit to private sector parties, particularly to private households.

The relatively tight money market conditions that prevailed in the first half of 1994 eased consider-

ably in the third quarter, but tightened again in the fourth quarter. Fairly tight money market conditions continued to prevail in January 1995. The general upward trend in money market rates from February to May 1994 softened somewhat in the period from June to August. The trend hardened again in response to the increase in the Bank rate in September and increased further during the remainder of 1994. In January and the first half of February 1995 these rates hardened somewhat from the levels attained in December 1994.

The rapid escalation in the extension of credit to non-bank private sector parties prompted an increase in the Bank rate by one percentage point to 13 per cent in September 1994. This caused the banks' prime lending rate to rise to 16,25 per cent on 26 September 1994. The inflation-adjusted prime lending rate of banks increased, on balance, from 5,2 per cent in December 1993 to 5,8 per cent in December 1994. The Bank rate increase in September 1994 was the first such increase since October 1989.

A more restrictive monetary policy stance was adopted by the authorities on 20 February 1995 when the Reserve Bank announced a further increase in the Bank rate of one percentage point to 14 per cent. At the same time, the minimum cash reserve requirement of banks was increased from 1 to 2 per cent of total liabilities, the money supply guidelines were fixed at a growth of 6 to 10 per cent in M3 for 1995 and banks were requested on a voluntary basis to restrict bank credit extension to approximately 10 per cent in 1995. These changes led to adjustments in short-term interest rates, but had little effect on long-term rates. The banks' prime lending rate was also increased to 17,5 per cent.

The average monthly yield on long-term government stock increased steadily throughout the first eleven months of 1994, but then softened somewhat in December. The average yield on long-term government stock in December 1994 was 16,80 per cent. In January 1995 it moved higher to 17,02 per cent, but then levelled off again in February. The shape of the yield curve in the last half of 1994 remained virtually unchanged: it was fairly steep for stock with a maturity of up to six years but relatively flat over the rest of the maturity spectrum.

Activity on the share market was brisk in 1994. The average price of all classes of shares reached a new record high in November 1994, but in December 1994 and January 1995 the share market shed some 5,8 per cent of its earlier gains.

## 1.2. ECONOMIC OUTLOOK

### 1.2.1 The international economy

The revival in the world economy gained considerable momentum in 1994. On the assumption of some increase in short-term interest rates over the next year in order to contain inflationary pressures, it does not seem overly optimistic to project further firm growth and a lower rate of inflation. The Secretariat of the Organisation for Economic Cooperation and Development (OECD) expects overall growth in its member countries to accelerate from 2,8 per cent in 1994 to 3,0 per cent in 1995, while inflation is set to slow down from 4,1 per cent in 1994 to 3,1 per cent in 1995. The growth in world trade is projected to fall back somewhat in 1995.

### 1.2.2 Domestic economic outlook

Fluctuations in agricultural production continue to exert a strong influence on growth in South Africa's GDP. In 1994 aggregate real income growth was supported by an increase of about 9 per cent in the real value added of the agricultural sector. Current indicators for the 1995 season point to a decline in agricultural output of about the same magnitude. This in itself could suppress aggregate income growth by about half a percentage point in 1995.

A continued upturn in international commodity prices in 1995 is likely to be reflected more visibly in higher export prices than during 1994. The broadening of the recovery in the world economy will probably strengthen the demand for metals and minerals from South Africa, thereby underpinning healthy growth in export volumes.

Provided that relative political stability is maintained in 1995, and business and household confidence remain buoyant, aggregate real gross domestic expenditure is projected to increase further. Private consumer spending should continue to increase at a fairly rapid rate, but real

government consumption expenditure is expected to be contained - no change in real consumption expenditure by the general government has been built into the official projections.

Real gross domestic fixed investment in 1995 is likely to repeat its strong showing of 1994. Capacity creation in private manufacturing should lead the way, but significant rises in real capital spending by public corporations could also make a noteworthy contribution. It is also foreseen that the long overdue reversal of the downward tendency in real fixed investment by the public authorities will gain momentum in 1995. The replenishment of industrial and commercial inventories is expected to continue during 1995.

Were it not for the expected decline in agricultural output, the growth in real GDP in 1995 could have been as high as 3 per cent. The decline in agricultural real value added could, however, possibly constrain aggregate output growth to 2½ per cent in 1995. Over fiscal 1995/96 it is anticipated to be somewhat higher.

The expected strong growth in gross domestic fixed investment is likely to support a high level of

imported capital equipment. The current account of the balance of payments should consequently remain in deficit throughout 1995. Capital inflows from the rest of the world are expected to be more than sufficient to finance the anticipated deficit, and could lead to a further increase in the level of the gold and foreign exchange reserves.

The underlying counter-inflationary policies, which have been applied over the past number of years, are expected to be sustained in 1995. Some short-term upward adjustments in the general price level will nevertheless probably keep the average inflation rate in consumer prices in 1995 more or less at the average rate recorded in 1994.

The upswing in the economy will require careful nurturing, sound and consistent economic policies and an investor-friendly political environment if it is to be transformed into a sustained growth phase. The Government recognises that if the challenges of reconstruction, development and economic growth are to be met, it is important that the economic recovery should be responsibly strengthened.

### SOME KEY STATISTICS

Calendar year	Real GDP R million	Percentage change	Real GDP per capita R	Percentage change	Consumer price index 1990 = 100	Percentage change	Balance of payments: current account R million
1984	257 292	5,1	7 987	2,5	42,2	11,5	-2 517
1985	254 175	-1,2	7 700	-3,6	49,1	16,3	5 208
1986	254 221	0,0	7 517	-2,4	58,2	18,6	6 328
1987	259 561	2,1	7 495	-0,3	67,6	16,1	6 708
1988	270 463	4,2	7 631	1,8	76,2	12,8	3 383
1989	276 940	2,4	7 633	0,0	87,4	14,7	3 467
1990	276 060	-0,3	7 434	-2,6	100,0	14,4	5 324
1991	273 249	-1,0	7 192	-3,3	115,3	15,3	6 187
1992*	267 257	-2,2	6 879	-4,4	131,3	13,9	3 940
1993*	270 181	1,1	6 803	-1,1	144,1	9,7	5 829
1994*	276 464	2,3	6 813	0,1	157,0	9,0	-2 089
Average: 1984-1994		0,7		-1,6		13,8	

Source: South African Reserve Bank

\* Preliminary

## CHAPTER 2

### FISCAL AND FINANCIAL ISSUES

*Macroeconomic and fiscal dimensions of the Government's economic strategy are set out in this chapter, together with aspects of the Reconstruction and Development Programme and of the associated restructuring of the public sector which is in progress. A section on expenditure issues summarises recent trends, explains the new budget planning process and outlines new policies and programmes in the main social and economic sectors. The Government's response to the main proposals of the Interim Report of the Katz Commission on taxation is outlined and recent developments in intergovernmental finance are summarised. Aspects of public debt management and international and regional developments are also noted.*

#### 2.1 RECONSTRUCTION AND DEVELOPMENT

##### 2.1.1 Economic and fiscal context

Against the background of a decline in real GNP per capita of over 10 per cent during the 1989 to 1993 recession, the strengthening of prospects for sustainable economic growth has to be an important foundation of the Government's economic and fiscal strategies during the second half of the 1990s.

South Africa's real GDP grew by just 1,0 per cent per annum between 1983 and 1993. Somewhat improved terms of trade and a decline in net foreign factor payments relative to national income enabled real GNP to grow by 1,2 per cent per annum over this period. Population growth has nonetheless exceeded national income growth by an average of about 1 per cent per annum since the early 1980s.

The expansion and improvement of social services to meet the needs of a growing population have accordingly placed the public finances under increasing strain in recent years. General government consumption expenditure rose from 15,4 per

cent of GDP in 1983 to 20,6 per cent in 1993, and subsidies and transfers to households increased from 4,3 per cent to 6,3 per cent of GDP over the same period. Despite an increase in tax revenue from 22,0 per cent of GDP in 1983 to 25,0 per cent in 1993, dissaving by general government (the difference between current income and expenditure) amounted to 5,2 per cent of GDP in 1993, compared to a small positive balance in 1983.

The increase in dissaving by general government in recent years has contributed to a marked deterioration in gross domestic saving relative to GDP, down from an average of some 24 per cent over the past three decades to just 17,2 per cent in 1993. Domestic saving has financed capital outflows over much of the past decade, furthermore, while gross domestic investment has remained well below levels consistent with sustaining the employment creation needed to meet the growing aggregate of workseekers in the South African economy.

The Government is committed to the pursuit of policies which will lead to accelerated investment and employment creation, and to sustainable economic growth. It is recognised that employment creation is also a critical aspect of the Government's redistributive goals, as access to formal wage-earning opportunities is the single most important determinant of household living standards. There are both macroeconomic aspects to the growth challenge and a wide range of structural, social and institutional dimensions in which conditions for growth and development need to be strengthened. The Government's broader economic strategy and the details of policies and programmes in various sectors all play their parts in the building of a dynamic, integrated and prosperous society.

Since mid-1993, a recovery of economic growth has occurred, discussed in chapter 1 of this Review. A substantial expansion in gross domestic fixed investment is under way, and there are

signs of some improvement in labour market conditions. Improved price stability is also an important feature of the present economic context.

Against this background, several macroeconomic requirements for a sustained higher growth rate can be distinguished:

- Substantially increased investment, including urban renewal and housing development and expansion of manufacturing capacity, must be maintained.
- The overall savings performance of the economy needs to be improved, including a reduction and reversal of the present imbalance between the current income and expenditure of the general government.
- Industrial and trade policies which enhance competitiveness have to be implemented, directed in particular towards accelerated export performance.
- Foreign capital inflows will be needed to supplement domestic saving and finance the balance of payments current account deficits which will accompany domestic expansion.
- Careful domestic demand management will be needed to avoid inflationary overheating of the economy and accompanying balance of payments difficulties.

Sustained industrial investment will also require the support of the business sector and organised labour for a wide range of industrial, trade and labour market policies, and the general confidence of the public in fiscal and other policies and in the overall direction of economic and social development.

Fiscal aspects of this broader economic vision have been central to the development of the policies and programmes of the Government of National Unity and in the design of an implementation strategy for the Reconstruction and Development Programme, discussed in par. 2.1.3. Among the general characteristics of the policy framework which has evolved to give effect to the economic and development goals of the new Government are the following:

- New spending priorities are being accommodated without compromising the overall fiscal balance or permanently increasing the tax burden relative to GDP. The role of the RDP Fund mechanism in this regard is discussed further below.
- Public sector restructuring is in progress, including the strengthening of provincial and local governing capacity and the implementation of appropriate affirmative action measures.
- Tariff reductions and rationalisation, in terms of South Africa's commitments to the World Trade Organisation, and other measures aimed at improving the competitiveness and export performance of the economy, are being implemented, with due regard to short-term adverse impacts on specific industries or sub-sectors.
- The competing claims on the fiscus of the various social and economic functions of Government are being resolved through a restructured budget process which gives strong emphasis to RDP priorities and associated reprioritisation.
- Foreign exchange liberalisation is to be effected incrementally, without imposing unmanageable capital outflows or destabilising speculative currency movements on the economy.
- An appropriate balance will continue to be sought between expanded and improved delivery of public services and support for sustained expansion of the productive capacity of the industrial economy.

Underlying these general principles is a strategic economic vision aimed at addressing the structural causes of poor economic growth and the imbalance between the annual increment in workseekers entering the South African economy and the pace of formal job creation. The strategy recognises that the overall claims of the government sector on the economy have to be reduced along with trade and industrial policies aimed at stimulating investment and job creation. More open international trade and finance flows require renewed efforts to sharpen industrial productivity,

enhance training provision and improve international competitiveness, while taking into account the social implications of such restructuring. Equally important is the challenge to the public sector to improve management, reprioritise activities and ensure the efficient use of available resources.

Implicit in this vision is a recognition of the shared interests of labour, employers and the State in reaching collective agreement on a policy framework consistent with stable economic growth and improved living standards for all. Finding common ground between stakeholders through ongoing consultation is a key political dimension of the Government's economic strategy. The National Economic Development and Labour Council (discussed in par. 2.1.5) has been formed to play a high-level role in forging such partnerships, and in negotiating policy agreements where appropriate.

### 2.1.2 Fiscal policy

In the context of the Government's economic vision, fiscal policy has to be conducted within several tight constraints. These can be summarised as the following broad goals:

- reduction of the overall budget deficit and the level of general government dissaving;
- avoidance of permanent increases in the overall tax burden;
- reducing consumption expenditure by general government relative to GDP, which translates into the containment of non-interest recurrent expenditure in real terms;
- keeping overall wage and salary increases within inflation limits; and
- strengthening the general government contribution to gross domestic fixed investment.

In broad terms, the overall growth performance of the economy determines the increase in revenue which will accrue to the fiscus each year given the existing tax structure, while the economic growth objective limits the extent to which either an increased tax burden or borrowing can be used to finance additional outlays. Revenue and deficit targets thus constrain the overall government expenditure levels which the economy and the fiscus can sustain.

The growth of Government's annual net borrowing requirement during the 1989 to 1993 recession has severely constrained fiscal options for the second half of the 1990s. Progress has been made since 1993, however, in reducing both the national budget deficit and the level of government dissaving. During both the 1993/94 and 1994/95 fiscal years, the budget deficit relative to GDP has been reduced in line with budget estimates (see table 7 of annexure B), whereas preceding years were frequently characterised by deficits substantially in excess of budgeted shortfalls. Annualised general government dissaving relative to GDP has fallen from a peak of 6.4 per cent in the first quarter of 1993 to 4.6 per cent in the third quarter of 1994.

With economic growth at an average rate of 3 per cent per annum or higher during the second half of the 1990s, the present fiscal stance should lead to a reduction in the budget deficit to about 4 per cent of GDP by 1998/99. More substantial progress in this regard will be possible if the restructuring of state assets results in capital receipts which are applied to the lowering of the public debt.

A phased approach to deficit reduction is dictated in part by considerations related to inflation. Although the recent reduction in inflation should in time lead to lower inflation expectations and lower interest rates, the accumulated public debt, on which fixed coupon interest is payable, will continue to impose a rising interest burden on the fiscus for several years. The increased *real* burden of accumulated debt liabilities is an unavoidable cost to Government of the transition to a lower inflation environment, and the maturity structure of this cost sets limits to the feasible pace of deficit reduction.

Government recognises that it has a crucial contribution to make to maintaining the lower inflation trend which has been achieved over the past three years. This requires both a commitment to general fiscal discipline, reflected in deficit reduction and expenditure targets, and restraint in the public sector wage and salary bill. In this regard, negotiations between public sector employees and the State as employer are taking place to address the current complexities and problems within the public service. A three-year strategy has been proposed by the Government.

In the longer term, revenue growth associated with economic expansion and achievement of a lower borrowing requirement relative to GDP should facilitate a reduction in the overall tax-GDP ratio. The goal of lower tax rates, particularly on individuals, has to be balanced, however, against the need to finance public expenditure through non-inflationary means. Faced with unanticipated costs during 1993 and 1994 associated with South Africa's transition to democracy, the then Minister of Finance introduced a *transition levy* in the 1994 budget speech which has had the effect of raising the tax burden on individuals with taxable incomes exceeding R50 000 and companies during 1994 and 1995. Government has made clear that a permanent increase in the overall tax burden relative to GDP is not envisaged, and the transition levy falls away during 1995.

Tax revenue of the consolidated central and provincial governments (including extra-budgetary institutions and social security funds) amounted to 24,6 per cent of GDP in 1993/94<sup>1</sup>, while non-tax revenue added a further 2,5 per cent of GDP. Tax revenue on the national budget came to just under 24 per cent of GDP. Under present fiscal policy, thus, 25 per cent of GDP may be taken as the ceiling on tax revenue of the consolidated central and provincial governments.

Three broad guidelines govern the expenditure side of current fiscal policy:

- It is envisaged, firstly, that the main burden of fiscal adjustment will be a phased reduction in the ratio of spending on *recurrent* public services to GDP. Under present circumstances, the revenue gains associated with economic growth will primarily be channelled into deficit reduction, rather than increased expenditure on recurrent goods and services. As interest payments are a statutory first charge on the fiscus, this translates into a target of a constant level of *real non-interest recurrent expenditure* of

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<sup>1</sup> In addition to taxes accruing to the Revenue Accounts of the national and provincial governments, tax revenue of about 0,5 per cent of GDP is received, mainly in the Unemployment Insurance Fund.

the consolidated national and provincial governments.

- Non-interest recurrent expenditure comprises *consumption* expenditure on goods and services, together with *transfers and subsidies* to households, businesses, extra-budgetary institutions and lower tiers of government. Government aims, secondly, as economic growth proceeds, to reduce the aggregate of consumption expenditure by general government from the present level of 21 per cent to about 17 per cent of GDP.
- Government intends, thirdly, to ensure that the contribution of the public sector to social and economic infrastructural development should be maintained at adequate levels. A modest increase in capital expenditure from the present level of about 2 per cent of GDP is envisaged during the second half of the 1990s.

The benefits of debt reduction will in due course be seen in lower interest payments relative to GDP and the release of these future streams of resources for reallocation. The broad fiscal stance outlined above is principally designed, furthermore, to underpin the economic growth which will in the longer term facilitate more extensive provision of public services.

### 2.1.3 The Reconstruction and Development Programme

The Government of National Unity has endorsed the Reconstruction and Development Programme (RDP) as its broad agenda for achieving the economic growth and social development which must underpin sustained improvements in living standards of the people of South Africa. The RDP is coordinated by the Ministry in the Office of the President, and provides an economic and developmental framework for the reorientation of policies and the reprioritisation of activities throughout the public sector. Six principles, set out in the *RDP White Paper* released in September 1994, govern the evolution and refinement of RDP programmes and initiatives:

- it must be an integrated and sustainable programme;

- it must be a people-driven and people-centred process;
- it must promote peace and security for all;
- it must promote nation-building;
- it must link reconstruction and development; and
- it must democratise South African society.

Implementation of the RDP has been focused on three areas during its first year:

- the funding and activation of the Presidential Lead Projects;
- the establishment of the RDP Fund and its disbursement; and
- the formulation of an infrastructure investment programme and policy frameworks in the key programme areas of urban development, rural development and human resource development.

In addition, the RDP Office, in association with the Department of State Expenditure and other agencies, has facilitated a budgetary reprioritisation process and a longer term expenditure planning initiative.

#### 2.1.3.1 Presidential Lead Projects

In the *State of the Nation Address* to Parliament on 24 May 1994, the President announced a set of key programmes which would launch the delivery of the RDP. These projects have been implemented through national, provincial and local tiers of government, and span both rural and urban environments. They were selected on the basis of a set of explicit criteria which included their potential high impact on communities, job creation, community empowerment, provision of basic needs, training and capacity development, transparency, potential to leverage existing funds, and economic and political sustainability.

A total of 21 projects had been approved by early 1995, and a further 4 were set to be launched before the end of the 1994/95 fiscal year. Presidential Lead Projects in progress include the following:

- the primary school nutrition programme, which reaches 8 000 schools and feeds over 4,5 million children;

- the rural water supply and sanitation provision project, targeted at 169 villages and 411 000 people;
- provision of targeted free health services, which has led to several-fold increases in utilisation of public health facilities in many low-income areas; and
- special integrated urban renewal projects in Katorus (Gauteng), Ibhayi (Eastern Cape), Duncan Village (Eastern Cape) and Bruntville (Kwazulu-Natal).

#### 2.1.3.2 The RDP Fund

The RDP Fund was established in order to achieve several objectives:

- to give maximum impetus to the redirection of government spending towards new priorities;
- to encourage institutional reform and public sector restructuring;
- to facilitate redeployment of the civil service in line with new priorities;
- to initiate the Presidential Lead Projects and launch longer term programmes;
- to assist in directing government spending towards capital expenditure; and
- to change the budget process.

In the 1994/95 Budget an amount of R2,5 billion was allocated to the RDP Fund, to be increased by the same amount each year to an annual allocation of R12,5 billion in 1998/99.

Funds have been allocated from the RDP Fund for two purposes. The Presidential Lead Projects have been financed in 1994/95 principally through transfers from the RDP vote to responsible national departments and provincial governments. These will continue to be supported from monies set aside for the RDP Fund and account for some R2,5 billion in commitments for 1995/96. The remaining funds are allocated to national departments and provincial governments for programmes which meet RDP criteria or are designed to facilitate appropriate shifts in priorities and activities of line departments or lower tiers of government.

The leveraging of government spending and the budget, and the adaptation of the budgetary

process so as to facilitate shifts in spending priorities, are key features the RDP Fund mechanism. A thorough overhaul of the expenditure planning process has been instituted, which will take effect from the 1996/97 budget year. This reform will bring policy formulation, programme development, planning, budgeting and monitoring into an integrated system which will align government spending with RDP goals and allow performance in meeting RDP objectives to be measured. Planning and budgetary reforms are thus directed towards more effective and efficient spending of public funds by all public authorities. The RDP Fund will continue to serve as a channel which guides government spending towards the articulated goals of the Government of National Unity.

In addition to the budget process, the criteria and procedures through which the Presidential Lead Projects have been financed from the RDP Fund have introduced new project planning, budgeting and evaluation processes as key elements in effective government expenditure management. Before obtaining funding from RDP sources, Presidential Projects were required to prepare detailed business plans. Project steering committees comprising representatives of the Department of State Expenditure, the RDP Office, the Central Economic Advisory Service and responsible departments were established to facilitate project planning and evaluate draft plans. Throughout this process, participating agencies have refined their approaches to development planning and budgeting, subject to stringent accountability and efficiency norms. At all levels of government, the RDP planning process is contributing to the identification of strengths and weaknesses in the institutional and human resource capacity of the public sector, and where necessary corrective or capacity building measures have been initiated.

A total of R2,063 billion is expected to be disbursed from the RDP Fund during the 1994/95 financial year, mainly on the Presidential Lead Projects. Unspent funds will be rolled over and made available in the new financial year.

#### 2.1.3.3 Policy development and coordination

Alongside the implementation of the programmes and projects discussed above, the RDP Office has been engaged in the formulation of development

policy in the areas of human resource development, urban development and rural development, in consultation with key departments and other stakeholders.

Task teams representative of departmental role-players have been formed and are developing draft discussion documents as inputs into the policy process. The purpose of this policy development and coordination process is to provide a framework within which medium and long-term programmes for the implementation of the RDP can be planned. It is envisaged that a second *White Paper* will be released by the RDP Office during 1995 which will incorporate these policy frameworks.

The development of critical performance indicators within various policy arenas has been identified as an important task in this policy development process. In order to assess the advances made by Government in the implementation of the RDP and in the various activities of Government, key performance indicators are being developed, based on the overall objectives of the RDP and specific goals expressed in departmental action plans. These indicators will be built into the strategic management system and therefore into the budget process.

The development of an information management system which will support the planning, implementation and monitoring of the RDP is also in progress. Through this system, data gathering, processing and utilisation will be structured in ways which will facilitate integrated and complementary development planning and monitoring across government functions and levels.

#### 2.1.4 Restructuring the public sector

Complementing the developmental focus of the RDP, discussed above, Government has also initiated a systematic process of public sector restructuring aimed at efficient, effective and economical public administration, policies and programmes. Amongst the issues to be addressed are the following:

- a history of discriminatory provision of public services;
- under-representation of blacks and women in much of the civil service;

duplication and administrative complexity;  
a rising public sector wage bill relative to the total costs of government services;  
adversarial industrial relations in parts of the public sector;  
perceived disorganisation at second and third tiers of government; and  
perceived non-delivery of public services and poor public administration in some areas.

These are all important challenges to the Government in themselves, and are potentially significant determinants of the longer term growth prospects of the economy. The credibility of Government, domestic business confidence and international perceptions hinge on successful and sustainable resolution of the tensions reflected in these challenges. The task of restructuring the public sector has been organised into six key initiatives to be pursued systematically at Cabinet level. These are:

- a *belt-tightening exercise*, entailing curtailment of salary increases at higher levels of the public sector and identification of unnecessary or avoidable outlays;
- the *reprioritisation* of programmes and activities of departments and other public sector agencies;
- the *rationalisation and reorganisation* of the civil service and departmental structures at national and provincial levels;
- the design and implementation of a new system of *intergovernmental financial relations*;
- the *restructuring of public sector assets and liabilities*, including privatisation where appropriate or reforms of public sector governance and accountability arrangements; and
- the *systematic monitoring and performance evaluation* of the programmes and activities of the public sector.

#### 2.1.4.1 Belt-tightening

As a first step in the Government's belt-tightening exercise, the President and other senior political leaders accepted salary reductions in 1994, with a view also to signalling to the private sector the political commitment of the Government to efficiency and frugality at the executive level.

The Government is resolved to adopt a set of strict restraints on the overall salary and wage bill during 1995. In the longer term, the overall structure of public sector remuneration and the conditions of specific occupational groups will come under review. In addition, government departments and other public sector agencies have been directed to examine a wide range of standing regulations and provisions with a view to identifying possible cost-reducing reforms or other specific savings measures.

#### 2.1.4.2 Reprioritisation

The review and reorganisation of the programmes and activities of Government at national, provincial and local levels is central to the Reconstruction and Development Programme. Where inherited policies and spending programmes are inconsistent with the policies and priorities of the Government of National Unity, they are undergoing revision and in some cases activities will be cut back or eliminated. In other areas, new priorities will require the design of new programmes. As indicated above, the RDP Fund provides a mechanism through which expenditure reprioritisation is effected without compromising the macroeconomic and fiscal policy commitments of Government.

In addition to the role of the RDP Fund, Cabinet has approved a new approach to expenditure planning which focuses firmly on the reprioritisation challenge. The new budget planning process and a multi-year fiscal planning framework are the key elements of this reform, and are discussed in par. 2.2.2 below. Sectoral policy considerations and broad priority shifts which will impact on future resource allocation and expenditure trends are in par. 2.2.5.

#### 2.1.4.3 Rationalisation and reorganisation of the civil service

An efficient Public Service is pivotal to the achievement of the Government's reconstruction and development goals. High priority has therefore been given to creating an efficient Public Service through the restructuring and rationalisation of the fragmented structure inherited from the past.

The functions and administrative structures of the former public services have been comprehensively reviewed and redeployed into new national departments and provincial administrations. These departments and administrations were given legal standing through the promulgation of the Public Service Act of 1994, and most of the functions and organisational components of the former national and regional authorities were transferred to new legal entities with effect from 1 July 1994. Further rationalisation steps have followed, focusing particularly on the functional content of the national departments and provincial administrations, and setting up departmental structures for the provincial administrations, within the context of changing social and developmental priorities of the Government.

Considerable progress has also been achieved in the allocation of powers to provincial government. The bulk of legislation which devolves to provinces in terms of the 1993 Constitution has already been assigned to them. The Public Service Commission is working in close collaboration with the State Law Advisers and relevant departments to amend and assign the remaining Acts.

Rationalisation and reorganisation will continue at both national and provincial levels, and the election of new local authorities later this year will allow the rationalisation process at this level of government to proceed as well. Government recognises that organisational reforms and capacity building directed towards more efficient and effective delivery of public services must continue and be strengthened. Under the auspices of the Public Service Commission and in association with the RDP Office, efforts to build and redirect public sector training capacity are presently being coordinated.

#### 2.1.4.4 Intergovernmental financial relations

Developments in the reorganisation of intergovernmental financial relations are discussed in par. 2.4 below.

#### 2.1.4.5 Restructuring of assets and liabilities

The structure of state assets and associated liabilities inherited by the Government of National Unity reflects priorities and strategies of the previous Government and must be reorganised to

reflect new economic and development commitments. Government recognises that the restructuring of public assets can unlock resources currently underutilised and can contribute to the empowerment of disadvantaged communities and sectors.

The rationalisation of parastatal development finance institutions is an important aspect of this challenge. In several provinces, institutions which served former regional administrations are being consolidated and their functions re-examined. These institutions have critical roles to play in the infrastructural and developmental programmes of provincial and local tiers of government, and the redefinition of their missions and restructuring of their governance need to be undertaken in consultation with a wide range of stakeholders. Reviews of several institutions with national developmental responsibilities have already been initiated, including the appointment of a transformation team to investigate the future role of the Development Bank of Southern Africa.

It is recognised that the sale of certain state assets would enable the public debt and associated interest costs to be reduced. Where appropriate, such reforms will be negotiated with other stakeholders, and Government will remain responsible for ensuring that suitable regulatory mechanisms are in place.

A Cabinet Committee has been formed to take forward the reorganisation of state assets and enterprises. Four task groups will address the following issues respectively:

- the objectives of Government in undertaking enterprise restructuring;
- the role, mission and asset base of all development and financing parastatals and quasi-non-governmental organisations;
- the identification of more effective or alternative usage of assets outside the domain of commercialised entities; and
- reorganisation of the State's pension fund obligations and the retirement provision for the general populace.

The Government recognises that the optimal use of public resources will entail delivery of many of its services in partnership with the private sector, which will frequently require restructuring of state

and parastatal enterprises and innovative contractual management agreements.

The Act through which the RDP Fund was created makes provision for the receipt of the proceeds from the sale of government assets and in certain instances this source of development financing may be utilised.

#### 2.1.4.6 Monitoring and performance evaluation

As discussed in par. 2.1.3.3, the RDP Office has identified the importance of monitoring and performance evaluation for the success of development initiatives. The Department of State Expenditure and other agencies are committed to the development of information systems which will facilitate ongoing evaluation of progress with public sector programmes and activities. The ready availability of reliable management information is not only a critical requirement for public sector accountability and planning, but also must inform the ongoing review of social and economic policies and programmes. In several areas of public expenditure, improved information is a precondition for the intelligent design of programmes and targeted allocation of funds.

#### 2.1.5 The National Economic Development and Labour Council

In keeping with trends in many other countries, the process of economic policy formation in South Africa has increasingly become a shared responsibility of the Government, the business sector and organised labour. Both the National Economic Forum and the National Manpower Commission provided vehicles for this purpose in recent years. These two bodies have now been replaced by a new statutory council which expresses the high-level partnership which has been forged between the Government of National Unity, labour, business, and the development community. It will seek to reach consensus on policy questions, and will consider proposed legislation in a wide range of social, economic and development fields.

The National Economic Development and Labour Council (NEDLAC) was established by Act 35 of 1994, and was launched on 18 February 1995. The Council has established four chambers, which

will consider public finance and monetary policy, trade and industry, labour market issues and development concerns.

Several specific objectives of NEDLAC have been agreed to. The Council will:

- strive to promote the goals of economic growth, participation in economic decision-making and social equity;
- seek to reach consensus and conclude agreements on matters pertaining to social and economic policy;
- consider all proposed legislation relating to labour market policy introduced in Parliament;
- consider all significant changes to social and economic policy before these are implemented or introduced to Parliament; and
- encourage and promote the formulation of coordinated policy on social and economic matters.

Within the arena of fiscal and financial policy, NEDLAC will provide a forum for the establishment of a participatory process of policy making and evaluation.

## 2.2 EXPENDITURE ISSUES

### 2.2.1 Trends in the composition of public expenditure

This section highlights shifts in the functional and economic composition of general government expenditure since 1982/83.<sup>2</sup> The discussion is based mainly on estimates of actual general government expenditure up to 1991/92. The *general government* as defined here includes national, provincial and local authorities (including the former provincial authorities, TBVC states and self-governing territories), the social security funds (such as the Unemployment Insurance Fund) and extra-budgetary accounts and funds of the central and provincial

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<sup>2</sup>A more detailed presentation of these trends was contained in the *Fiscal Review* of March 1994.

authorities (such as museums, control boards, universities, technikons and research councils).<sup>3</sup>

The trends in general government expenditure are updated with trends in the estimated expenditure from the consolidated national and provincial budgets between 1991/92 and 1994/95. Data on expenditure from the consolidated national and provincial budgets, which are portrayed more comprehensively in tables 8 and 9 of annexure B to this *Review*, are not fully comparable with the consolidated general government aggregates<sup>4</sup>, but reflect most general government expenditure and provide indications of trends after 1991/92.

Between 1982/83 and 1991/92, general government expenditure increased from 29,4 per cent to 36,1 per cent of GDP. Some of the more important determinants of the composition of general government expenditure since 1982/83 have been the following:

- the drive to expand access to and the quality of social services;
- the equalisation of social grants;
- agricultural and climatic conditions;
- the shift towards a more outward-oriented economic growth strategy;
- the changing external and internal security situation;
- the growth of the public debt since the late 1980s, including stock issues in respect of formerly unfinanced liabilities;
- the impact of higher interest rates on state debt costs;
- efforts to make government pay structures more equitable; and
- aspects of the structure of the government sector in South Africa and the financial

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<sup>3</sup>See also the introduction to this *Review*. The main sources of data on the expenditure of the consolidated general government are the statistical series P9119 of the Central Statistical Service and the public finance accounts published in the *Quarterly Bulletin* of the SA Reserve Bank. A supplement to the *Quarterly Bulletin* containing public finance statistics from 1946 to 1993 was published in March 1994.

<sup>4</sup>The consolidated general government, for which data are available up to 1991/92, differs from the consolidated national and provincial government due to the inclusion of expenditure by local authorities and the extra-budgetary funds and accounts.

relations between tiers of government and between government authorities and other public sector agencies.

The discussion of trends in the functional composition of general government expenditure excludes interest on public debt, which is discussed in the analysis of the economic composition of government expenditure. Several salient trends in the functional composition of general government expenditure can be identified (see the accompanying table).

The expenditure share of the *social services* increased throughout the period under review. The portion of general government expenditure allocated to these functions increased from 44,4 per cent in 1982/83 to 50,0 per cent in 1991/92. The more recent estimate based on the expenditure from the consolidated national and provincial budgets indicates a share of almost 53 per cent in 1994/95. The functions which have benefited most from the growth of the social services are pre-tertiary education and social security and welfare services.

Increased expenditure on social services has been financed through an increase in the general government's claim on national income and decreases in the expenditure shares of certain other functions. Defence spending fell from 16,3 percent of total non-interest expenditure in 1982/83 to 11,8 per cent in 1991/92. Further relative declines occurred in 1992/93 and 1993/94. However, higher spending on police, correctional services and justice has absorbed much of this saving in overall expenditure on *protection services*.

The total expenditure share of *economic services* has also declined over the period as a whole. The decrease from 21,8 per cent of non-interest expenditure in 1982/83 to 15,5 per cent in 1991/92 mainly comprised reduced spending on transport and communication, agricultural subsidies, regional development and the manufacturing sector.<sup>5</sup> The non-interest expenditure share of

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<sup>5</sup>It should be noted that certain forms of economic support, such as the relatively favourable terms on which foreign exchange forward cover has sometimes been available and assistance to agriculture associated with the writing off of debt, are not reflected

<b>TRENDS IN THE FUNCTIONAL COMPOSITION OF NON-INTEREST CONSOLIDATED GOVERNMENT EXPENDITURE, 1982/83 TO 1994/95</b>						
	<b>General government</b> (actual expenditure)			<b>National and provincial governments</b> (revised estimates)		
	% of total		Av. growth (% p.a.)	% of total		Av. growth (% p.a.)
	82/83	91/92	82/83-91/92	91/92	94/95	91/92-94/95
<b>General services and unallocable expenditure</b>	<b>11,2</b>	<b>12,6</b>	<b>19,8</b>	<b>10,5</b>	<b>10,7</b>	<b>15,1</b>
<b>Protection services</b>	<b>22,6</b>	<b>21,9</b>	<b>17,9</b>	<b>23,4</b>	<b>22,1</b>	<b>12,3</b>
Defence	16,3	11,8	14,1	12,7	10,5	7,2
Police	4,0	7,1	26,0	7,6	8,2	17,8
Other	2,3	3,0	22,0	3,1	3,4	18,4
<b>Social services</b>	<b>44,4</b>	<b>50,0</b>	<b>19,8</b>	<b>50,8</b>	<b>52,8</b>	<b>15,9</b>
Education	20,3	23,3	20,0	24,2	25,4	16,4
Health	11,2	11,2	18,3	12,9	12,6	13,6
Social security and welfare	7,1	9,2	21,8	9,0	11,1	2,5
Other	5,8	6,3	19,3	4,7	3,7	5,4
<b>Economic services</b>	<b>21,8</b>	<b>15,5</b>	<b>13,8</b>	<b>15,2</b>	<b>14,4</b>	<b>12,4</b>
Agriculture, forestry and fishing	3,9	2,9	14,5	2,9	3,0	15,1
Transport and communication	11,6	5,9	9,6	5,3	5,4	15,0
Other (including export promotion)	6,3	6,7	19,0	7,0	6,0	9,0
<b>TOTAL NON-INTEREST EXPENDITURE</b>	<b>100,0</b>	<b>100,0</b>	<b>18,3</b>	<b>100,0</b>	<b>100,0</b>	<b>14,4</b>
<b>Total non-interest expenditure as % of GDP</b>	<b>25,6</b>	<b>31,5</b>		<b>25,7</b>	<b>27,5</b>	

Sources: Central Statistical Service and Department of Finance

economic services fluctuated during the early 1990s, but nevertheless decreased further from 15,2 per cent in 1991/92 to 14,4 per cent in 1994/95. The trends in spending on economic services reflect a reorientation of subsidies and industrial policy. Contributions towards strategic

industries, regional development programmes, agriculture and commuter transport have decreased markedly in recent years, while the shift to a more outward-oriented growth strategy led to increased spending on export promotion in the early 1990s.

TRENDS IN THE ECONOMIC COMPOSITION OF CONSOLIDATED GOVERNMENT EXPENDITURE, 1982/83 TO 1994/95						
	General government (actual expenditure)			National and provincial governments (revised estimates)		
	% of total		Av. growth (% p.a.)	% of total		Av. growth (% p.a.)
	82/83	91/92	82/83-91/92	92/93	94/95	92/93-94/95
<b>TOTAL CURRENT EXPENDITURE</b>	<b>82,6</b>	<b>91,1</b>	<b>19,5</b>	<b>93,4</b>	<b>92,3</b>	<b>11,4</b>
<b>Goods and services</b>	<b>52,7</b>	<b>62,3</b>	<b>19,4</b>	<b>50,9</b>	<b>52,1</b>	<b>13,3</b>
Remuneration of employees	-	40,5	-	35,9	38,1	15,4
Other	-	21,8	-	15,0	14,0	8,3
<b>Interest on public debt</b>	<b>12,9</b>	<b>14,5</b>	<b>19,8</b>	<b>14,8</b>	<b>16,8</b>	<b>19,1</b>
<b>Subsidies and current transfers</b>	<b>12,6</b>	<b>14,3</b>	<b>19,9</b>	<b>27,7</b>	<b>23,5</b>	<b>3,2</b>
Subsidies	4,6	5,8	21,4	9,2	5,4	-14,3
Current transfers to households	6,6	8,3	1,4	9,0	10,1	18,1
Other current transfers	1,4	0,2	-5,0	9,5	8,1	3,3
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>17,4</b>	<b>8,9</b>	<b>9,7</b>	<b>6,6</b>	<b>7,7</b>	<b>20,8</b>
<b>TOTALE EXPENDITURE</b>	<b>100,0</b>	<b>100,0</b>	<b>18,2</b>	<b>100,0</b>	<b>100,0</b>	<b>12,0</b>
<b>Total expenditure as % of GDP</b>	<b>29,4</b>	<b>36,1</b>		<b>30,2</b>	<b>33,1</b>	

Sources: Central Statistical Service and Department of Finance

The changing composition of expenditure is also reflected in the economic classification set out below. In 1991/92 *capital expenditure* comprised 8,9 per cent of total general government expenditure, having declined from 17,4 per cent in 1982/83. Capital spending recovered between 1992/93 and 1994/95, but remained markedly lower than in the first half of the 1980s. The corresponding increase in the share of *current expenditure* can be attributed to the growth of spending on goods and services (mainly remuneration of employees), interest on public debt and some components of subsidies and transfers.

The total expenditure share of *remuneration of employees* increased from 35,1 per cent in 1988/89 (the earliest year for which figures are

available) to 40,5 per cent in 1991/92. This trend continued between 1992/93 and 1994/95. It reflects both increased government employment and improved salaries and wages, and is related to the growth of expenditure on social and police services, which are functions in which the share of remuneration of employees in total expenditure is typically over 60 per cent.

Other factors also contributed to the increase in the expenditure share of remuneration of employees. These include marked increases in employment and average salaries in several sub-national authorities (including former own affairs administrations, TBVC states, self-governing territories), the phasing out of racially discriminatory pay disparities during the 1980s and improved relative

wage levels of lower paid workers during the 1990s.

*Interest on the public debt* has also grown in importance as an expenditure category, particularly since 1989/90. Higher interest rates have contributed to this trend. In addition, slower revenue growth than expenditure increases during the 1989-1993 recession impacted on the annual public sector borrowing requirement, leading to an escalation of the public debt and associated increased interest costs. In 1993/94, interest payments were almost 17 per cent of government expenditure.

Distinct trends within the category *subsidies and transfers* can be distinguished. Elimination of racial disparities in the levels of old age pensions and other social grants increased the total expenditure share of current transfers to households, while the reorientation of business subsidies has led to declines in the shares of some sectors (such as agriculture and commuter transport) and increases in the shares of others (such as export-oriented manufacturing).

## 2.2.2 Expenditure restructuring

### 2.2.2.1 Multi-year fiscal planning

The Government recognises that the redirection of public expenditure in keeping with changed needs and priorities requires a long-term planning framework alongside the annual budgetary process. A long-term expenditure framework allows departments to plan adjustments and schedule programmes and activities, while also providing a process through which more fundamental reviews of past and present programmes can be undertaken. As indicated below, the new budgetary process envisages a multi-year fiscal plan as a key input in the determination of the functional allocation of annual expenditure.

Following consideration by Cabinet of the need for a multi-year fiscal planning process, a Macroeconomic Policy Group has been convened to formulate long-term expenditure guidelines in accordance with the aims of the Government of National Unity and the requirement for a consistent macroeconomic framework. Basic elements of this initiative will include eliciting and quantifying national economic objectives, the

determination of relevant policies and the formulation of guidelines and strategies to achieve stated objectives. In order to make this process as transparent as possible, a wide range of role-players have been identified and invited to provide inputs.

The longer term expenditure planning process will complement and facilitate the more detailed review of activities and preparation of expenditure plans by spending agencies which have begun with the reforms of the budget process for the 1995/96 year. Policy questions which come under review by responsible Ministries, and expenditure allocations to be assessed by various function committees, will yield inputs into the longer term planning exercise, which will in turn provide a vehicle for the assessment of options in the light of broader economic and fiscal considerations. The role of function committees in this process has been strengthened by the inclusion of the RDP Office, the Central Economic Advisory Service, the Departments of Finance and State Expenditure, the relevant Joint Standing Committees of Parliament, NEDLAC and the Financial and Fiscal Commission, together with representatives of national and provincial functional departments, on these committees.

Inputs on the macroeconomic and fiscal policy issues will form the basis for discussions between interest groups scheduled for March 1995. Further discussions are due to be held to address specific aspects, such as the composition of government expenditure and the socio-economic, political and security implications of expenditure restructuring alternatives. A regularly updated multi-year fiscal framework is envisaged, which will provide all relevant role-players with greater clarity regarding public expenditure trends and priorities within macroeconomic context.

### 2.2.2.2 The new budget process

The commitment of the Government of National Unity to the reprioritisation of the expenditure budget, discussed above, has led to a thorough overhaul of the budgetary process. Government has accepted as its point of departure that the budget should be compiled from zero and that all spending agencies should continually reassess their activities with this principle in mind. The Department of State Expenditure has revised the

planning stage of the budgetary process in order to give effect to this goal.

The planning stage now comprises the following:

- the identification of all activities rendered by a spending agency;
- compilation of budgets from zero while at the same time reassessing the efficiency, effectiveness and economy of all activities to ensure that costs are limited to the minimum;
- defining the goals of the government in so far as these pertain to the spending agency or the function for which a spending agency is responsible;
- defining and examining the rationale for each activity;
- discarding inherited activities that do not promote agreed goals and establishing new activities which do reflect these goals;
- prioritising all activities of spending agencies against an agreed set of criteria;
- evaluation of the planning and reprioritisation exercises of the spending agencies by the Department of State Expenditure and task teams under its auspices;
- formulation of a multi-year fiscal plan in which allocations will be made to functions based on their relative needs and priorities; and
- determination of an expenditure level per year within the framework of a multi-year fiscal plan.

Participation of relevant role-players will take place throughout the process and Cabinet, in the final instance, will evaluate and approve spending allocations prior to submission of expenditure estimates to Parliament.

### **2.2.3 Government employment and remuneration**

Section 212 of the Constitution directs that the Public Service shall be accessible, broadly representative of the South African community and shall function according to fair and equitable principles. The Constitution also provides for the rationalisation of the public service, including the creation of integrated administrations in the new provinces. These challenges have required prodigious efforts on the part of the Public Service

Commission and responsible Ministries and administrations at national and provincial level, and numerous contributions from other agencies. The rationalisation process is complex and these initiatives will continue through 1995. The establishment of an accessible, representative and efficient public service is a pre-condition for achieving the social, economic and developmental goals of the new Government.

Some 11 000 public service posts were advertised in July 1994, and Government agreed to a set of criteria to be employed in filling these posts which will promote the Constitutional requirement of a more representative public service. Considerable progress has also been made with the re-organisation of departmental structures and integration of provincial administrations. Measures were instituted, furthermore, to achieve uniformity in salaries with effect from 1 May 1994. These were closely followed by measures to effect uniform remunerative allowances and fringe benefits, such as medical aid assistance, home owners' allowances, service bonuses and leave of absence.

In order to facilitate progress towards a public service broadly representative of the South African community, while at the same time reducing the size of administrations to cost-effective levels, Government has approved a special initiative whereby serving officials who comply with specified criteria may volunteer before 31 March 1995 for early retirement. The Public Service Act provides that the State retains the prerogative to decide whether or not officials may take advantage of this arrangement. Care has thus been taken to ensure an orderly process of transition, with due protection against the loss of key personnel.

Against the background of the growth of remuneration of employees as a share of consolidated national and provincial expenditure from 35,9 per cent in 1992/93 to an estimated 38,1 per cent in 1994/95 (see table 8 in annexure B), restraint on both increased employment and the rate of increase of remuneration levels has had to be an explicit objective of the Government. Negotiations with employee representatives in this regard have occurred, and several task teams have subsequently been established, consisting of representatives of the State (as employer) and

employee organisations. These teams will investigate issues relating to conditions of service, including the improvement of salaries and wages, to be addressed within a three-year plan. Many of these issues will require collective agreements, and the importance of a longer term perspective in this regard has been recognised by both the State and representative employee organisations.

#### 2.2.4 Government pension funds

One of the legacies of the previous constitutional dispensation is a number of pension funds at the national and regional level of government, with variations in pension contributions and benefits and in the extent of actuarial funding. Progress is under way with rationalising the funds into a single new pension fund to which all public servants will belong. This would be in line with the Interim Constitution in terms of which all employees, irrespective of employment by the national or the provincial governments, are regarded as members of a single public service. This fund will replace the current Government Service Pension Fund, the Temporary Employees Pension Fund as well as those currently in place catering for the employees in the former TBVC states and self-governing territories. Issues that will have to be dealt with include harmonisation of the benefit structure of the various funds to be transferred, the preservation of benefits and the funding level of the fund.

Government has committed itself to reducing the shortfalls in the national government pension funds in a phased manner. On 31 March 1994 the actuarial shortfalls were estimated to be R39,9 billion. The present policy is that:

- an actuarial valuation of the national pension fund is to be performed every three years;
- if such a valuation shows that the funding level during the intervaluation period of 3 years has not increased by 3 percentage points, the Government will pay into the fund such money or value as may be necessary to bring the improvement up to the 3 percentage points; and
- the matter will be reviewed once the funding level has reached 75 per cent.

Negotiations between the Public Service Commission and the relevant employee organisations are proceeding. Once these have been concluded the new dispensation is to be enacted by Parliament.

Significant progress has been made in the implementation of a new pension dispensation with regard to members of the Associated Institutions Pension Fund (AIPF). Under regulations issued in terms of the Associated Institutions Pension Fund Act of 1963, active members and pensioners are given the choice, under certain conditions, either to remain with the AIPF or transfer the accumulated pension entitlements, adjusted for the extent of actuarial funding, to an own pension fund established or designated by their employer. Associated Institutions, such as universities, technikons and scientific councils, which enjoy a specified measure of financial autonomy, must, on behalf of their employees, inform the authorities of the elections made before 31 March 1995. Asset transfers to the new designated pension funds are already taking place. A short-term investment strategy is in place to ensure the highest possible returns on

Pension fund	Funding Level (%)	Valuation Date
Government Service Pension Fund	51	31/3/91
Temporary Employees Pension Fund	46	31/3/92
Associated Institutions Pension Fund	59	30/9/91
Authorities' Service Pension Fund	85	30/9/92
Authorities' Service Superannuation Fund	84	30/9/92

assets during the transition phase. The Minister of Finance is assisted in this exercise by an Advisory Board, chaired by Mr Laurie Korsten and composed of members nominated by the associated institutions. Its brief, as suggested by its name, is to advise the Minister on the management of the AIPF.

In the recent past two years other important developments in the field of pension funds occurred. The Closed Pension Fund Act of 1993 provided for the establishment of the Closed Pension Fund (CPF) to provide for the administration of the pensions of members and former members of the former Parliament and former provincial councils. All obligations to such members arising from the one or other statutory pension provision were transferred to the CPF. In order for the CPF to discharge its obligations towards its members, the Act authorised:

- the immediate transfer of R440 million to the CPF; and
- the discharge of the remaining obligation of R334 million (as at 1 February 1994) established by actuaries over a period not exceeding nine years.

The first capital redemption (being one-ninth of the outstanding amount) was made on 1 February 1995. Provision for interest payable on the outstanding amount is included in the Finance Vote.

Section 189 of the 1993 Constitution, charges that an Act of Parliament is to provide for the payment by the national government of special pensions to persons who have made sacrifices or served the public interest in bringing about a democratic order in South Africa. A first draft of such a Bill has been completed and is currently being considered.

## 2.2.5 Sectoral policies and programmes

### 2.2.5.1 Education and training

Education and training is the largest functional component of consolidated national and provincial expenditure, accounting for an estimated R31,4 billion in 1994/95. Expenditure in this sector also continued to grow faster than total government spending during the early 1990s. Education

spending by the consolidated national and provincial governments increased from an estimated 6,2 per cent of GDP in 1991/92 to 7,0 per cent in 1994/95, and from 24,2 per cent of total non-interest expenditure to 25,5 per cent. Pre-tertiary education absorbed the bulk of the additional spending during this period. Ordinary schooling and other pre-tertiary education increased from 20,8 per cent of total non-interest government spending in 1991/92 to 21,9 per cent in 1994/95, while tertiary education increased from 3,4 per cent to 3,5 per cent.

Following an extensive process of policy debate and consultation over the past year, the Minister of Education issued a *White Paper* in February 1995 which sets out principles and policy directions for education and training. In addition, the Minister has appointed a National Commission on Higher Education whose brief is to recommend the restructuring of this sector to promote equity and efficiency. Adult basic education and training has been identified as an RDP project and a task team has been established in this regard. Adult education and training also feature strongly in other investigations relating to the development of an integrated qualifications structure and a new approach to education and training. It is envisaged that various other aspects of education will be investigated during the 1995/96 financial year, including the development of new curricula.

The Government of National Unity has launched a process aimed at ensuring the provision of qualitatively sound education to all. Implementation of this programme began in January 1995 with a campaign aimed at the enrolment in Grade 1 of all children aged six. This constitutes the first step towards assuring that all children will have access to ten years of schooling, beginning with a pre-school year.

The Government recognises that there are financial and resource constraints which limit its ability to implement free education for all. The State will not be able to fund all schools at the level of per capita expenditure prevailing in those parts of the system which have had higher levels of funding in the past. The Government is committed, however, to providing a sound educational foundation to all and to the principle that this basic educational entitlement should be free. Many schools will continue to charge fees, at

levels related to the capacity of the school community to pay and to the costs of such schooling which exceed the minimum acceptable standard to be supported from public funds. To advance equity, however, it is vital that children should not be excluded from schools because of their inability to pay.

Several aspects of reprioritisation and reorganisation of education and training programmes and policies are in progress. Aspects which have financial and budgetary implications include the following goals:

- greater equity in respect of teacher-pupil ratios and the profile of teacher qualifications;
- improved yields on educational expenditure through greater efficiency and lower unit costs;
- equity and sustainability in the system of user charges at all levels of education; and
- promotion of new funding partnerships between education departments and institutions, stakeholders in education and training and other organs of civil society.

An integrated education and training system to promote the goals of the RDP must contribute to social justice and economic growth. Three elements have emerged as key inter-related aspects of enhancing the contribution of education and training to both equity and growth:

- the principle of lifelong learning;
- the development of an integrated qualifications framework; and
- the promotion of quality improvement.

The Ministries of Education and of Labour have joint responsibilities in the area of training. These departments, in association with other role-players, are committed to the development of programmes and institutional capacity which integrate secondary and technical education options and further education delivery modes that will serve the needs of all learners.

During 1994/95 business plans have been approved or drafted in respect of the following Presidential Lead Projects in education and training:

- the primary school nutrition programme;
- provincial "culture of learning" projects and a national management framework for these projects; and
- adult basic education and training, including a national literacy campaign.

Preliminary work is in progress, furthermore, for the identification of additional reprioritisation initiatives to be supported from the RDP Fund.

#### 2.2.5.2 Health Services

Total expenditure on health services by the national and provincial governments amounted to some R15,6 billion in 1994/95<sup>6</sup>, or 12,6 per cent of total non-interest expenditure. At present primary health care broadly defined, including clinics, community hospitals, hospital out-patient services, various district health services and transfers to local authorities for health services, represents about one-quarter of the total health budget.

Health and welfare functions were separated on 1 July 1994 and the national Department of Health has been restructured in line with new priorities. In general, it is envisaged that health services will be rendered at the lowest possible level in an integrated manner. Provinces have extensive responsibilities for the provision and reorganisation of services. The national department will be responsible for the formulation of policy, setting of norms and standards, allocation of the budget and international liaison.

A district-based approach to primary health care, which emphasised both community participation and the integrated provision and management of public health services, is the foundation of the Government's new health policies. In June 1994 the Minister of Health appointed 9 committees to examine selected health priority areas. The reports of these committees have been consolidated into a set of policy proposals which the Ministry of Health has released as a basis for discussion of future policy guidelines with all interested parties. Several further investigations have been initiated, including the appointment of a committee to examine possibilities for the financing of

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<sup>6</sup> Including most expenditure on health services of the defence force.

universal, non-discriminatory access to primary health services. Once recommendations have been put to the Minister for consideration, these will be released for public debate.

The process of developing provincial health administrations and programmes has been facilitated by the appointment of strategic management teams representing all sections of the health community in all provinces. These teams have been responsible for investigating issues pertaining to health services and for making recommendations to the provincial authorities. Regular consultation between officials of the national department and the provincial MECs responsible for health, together with members of their strategic management teams, has provided an interactive process of reprioritisation in the health sector.

In the President's State of the Nation Address on 24 May 1994, the introduction of free health care to all children under 6 years and pregnant women was announced. An amount of R541,2 million was made available for this programme in 1994/95 from the RDP Fund. A business plan has been approved for a clinic building programme, and planning is in progress for an AIDS awareness and prevention programme.

#### 2.2.5.3 Housing finance

The total share of housing and related services in national and provincial non-interest expenditure fell from 1,9 per cent in 1991/92 to an estimated 1,3 per cent in 1994/95. During this period significant amounts for housing finance were also made available through the Housing Funds and extra-budgetary institutions such as the Development Bank of Southern Africa, the Independent Development Trust and the South African Housing Trust.

However, the absence of an overall policy framework and various other institutional problems impeded housing delivery. Many of these constraints have now been addressed. During the past two years, Government has been involved in intensive negotiations with the National Housing Forum (representative of all the major role-players in the housing field) aimed at formulating a new housing policy and strategy. As a result of these negotiations, the National Housing Accord was signed on 27 October 1994 in Botshabelo. The

new housing policy and strategy is set out in a *White Paper* which was published in December 1994.

Government's overall approach to the housing challenge is aimed at mobilising and harnessing the combined resources, efforts and initiative of communities, the private commercial sector and the State. It seeks to do so through pursuing strategies to:

- stabilise the housing environment in order to ensure the maximal benefit of State housing expenditure and private sector investment;
- facilitate the establishment of a range of institutional, technical and logistical housing support mechanisms to enable communities to improve their housing circumstances on a continuous basis, including the establishment of a new National Housing Board and Provincial Housing Boards;
- mobilise private savings and housing credit at scale, on a sustainable basis, while also ensuring adequate protection for consumers and financial institutions;
- provide subsidy assistance to disadvantaged individuals to assist them to gain access to housing;
- rationalise capacities in the housing sector within a sustainable long-term institutional framework;
- facilitate the speedy release and servicing of land; and
- coordinate and integrate public sector investment and intervention on a multi-functional basis.

The Ministry of Housing has focused strongly on laying down the appropriate institutional foundations for a sustainable housing delivery programme during its first 10 months in office. Some delays in implementation have resulted from this approach, but it is recognised that in the longer term greater progress will be made if an efficient and equitable housing strategy is assured.

Several Presidential Lead Projects and other RDP initiatives are integral aspects of the Government's new housing strategy. These include:

- preparation of an urban infrastructure investment policy by an urban investment

- planning team;
- establishment of a National Urban Reconstruction and Housing Agency; and
- eight special Presidential projects on urban renewal.

#### 2.2.5.4 Agriculture

Expenditure on agriculture, forestry and fisheries by national and provincial government amounted to 3,0 per cent of total non-interest expenditure in 1994/95, and has remained relatively stable over the past four years except for 1992/93 when R2,4 billion was allocated for drought aid, raising the share of agriculture in the total to 6,0 per cent. Agricultural subsidies amounted to R160 million in 1990/91 but were terminated in 1991/92.

A draft *White Paper* on agricultural policy identifies the mission for agricultural policy as the promotion of the contribution of agriculture to the development of all communities, society at large and the national economy in order to enhance income, food security, employment and the quality of life in a sustainable manner. In support of this mission a set of principles and strategies has been developed in collaboration with political and other role-players at national and provincial level. Special attention is being given to national and household food security as well as principles affecting rural quality of life.

As from 1 November 1994 the agriculture function has been transferred to the provinces. Both political and administrative liaison structures between the national and provincial departments have been established.

Financial assistance for the agricultural sector was in the past mainly directed at commercial farmers. With the objectives of the RDP in mind, the emphasis has now shifted to financial and technical assistance to that part of the farming community which was neglected in the past. Funds are now allocated from the normal budget of the Department and supplemented by funds obtained from the RDP Fund, to provide small farmers the opportunity to enter the agricultural sector. Training initiatives for new farmers as well as improved extension services are key aspects of

the Department's approach to the establishment of successful new farming communities.

A small-scale farmer development programme has been approved as a Presidential Lead Project.

#### 2.2.5.5 Land reform

Land reform has been identified as an important and integral part of the Reconstruction and Development Programme, providing resources to enable the poor, landless and aspirant farmers to improve their quality of life. The main focus areas of land reform are:

- the restitution of land rights to victims of forced removals;
- the redistribution of land to address land hunger and land needs; and
- providing security of tenure.

A Commission on the Restitution of Land Rights has been appointed to address land claims and settle disputes through mediation and negotiation, where possible.

Provincial governments are to play a major role in an integrated land reform implementation strategy. Participatory methods that will facilitate local decision making and the development of institutional capacity at that level, are accordingly a priority. Redistribution involves the provision of land for both residential and productive purposes, for different settlement types and needs, including the needs of rural villagers, farm workers, labour tenants and beginner farmers. The land delivery and development process will have to be streamlined, and resources of the public and private sectors and of non-governmental organisations will have to be harnessed. The Minister of Land Affairs has appointed a Rural Finance Commission to advise on private sector financial mechanisms which could be incorporated in the delivery process and which will enhance access to financial services in rural areas.

The Presidential Lead Projects include pilot land reform projects to be implemented in each province and programmes of land restitution and land redistribution.

which are directed to fall within the NPWP will be monitored to ensure compliance with NPWP objectives.

Sectors which are amenable to labour intensive construction and where large numbers of jobs can be created using these methods will be targeted. It is envisaged that by 31 March 1996, one large scale programme using the NPWP approach will be planned and implemented by each of the provincial governments in cooperation with the Departments of Transport, Water Affairs and Forestry, and Housing. By the same date it is foreseen that all construction, upgrading and maintenance of all gravel roads, minor urban roads and water supply and reticulation systems should occur on the basis of NPWP approaches.

Work has begun on amending the tender board procedures, contract documents and technical specifications to ensure that labour intensive construction methods are made more accessible to both established and emerging contractors, consulting engineers and all public sector agencies involved in infrastructural provision. Aspects of the Programme that will receive attention in 1995 include training curricula, the capacity of the civil engineering industry to implement labour-intensive construction projects, systems to monitor the NPWP and a framework for wage setting and labour standards in job creation projects.

#### 2.2.5.8 Protection services

During the early 1990s a decline in the portion of government spending allocated to the protection services occurred. The trend reflects the marked reduction in defence spending, which declined from 12,7 per cent of total non-interest expenditure in 1991/92 to 10,5 per cent in 1994/95. The expenditure share of police services increased from 7,6 per cent to 8,2 per cent over this period, while those of correctional services and courts of law remained stable.

The financial costs of the integration of non-statutory forces, the former RSA services and the protection services of the former TBVC states and self-governing territories into the South African National Defence Force (SANDF), the South African Police Service (SAPS) and the Department of Correctional Services are reflected in their

current budgets. In the medium term, rationalisation will take place in the SANDF in order to reduce personnel numbers to affordable levels and adapt defence expenditure to new priorities.

The SAPS is in the process of changing its operational style to a community policing approach, which requires extensive and continuous community involvement. It is also involved in a transformation process involving amalgamation and rationalisation. This process will improve legitimacy by increasing transparency, accountability and sensitivity to human rights, thereby also contributing to reconstruction and reconciliation. The reorganisation of the SAPS into national and provincial components has necessitated changes to its budgetary structure.

The Department of Correctional Services, in association with the Departments of Health, Welfare and Education, is planning the establishment of a youth development centre to be funded as a RDP project.

#### 2.2.5.9 Transport

Transport and communication have taken up about 5,5 per cent of non-interest national and provincial government expenditure since the early 1990s. In recent years, reductions in allocations for operation and maintenance of existing road networks have resulted in curtailment or delays in some road maintenance programmes, and constraints in the financing of road construction.

The RDP emphasises the importance of public transport to the poor and the contribution of transport services to people's mobility and quality of life. A critical reassessment of the system of subsidisation of public transport is under way with a view to assessing the effectiveness of the R2,3 billion contributed by the Department of Transport to commuter transport subsidies.

A reassessment of the provision of infrastructure in urban and rural areas will be done to ascertain whether funds can be earmarked for infrastructure projects that promote the use of public transport (including taxi facilities), modal transfer stations, area-wide traffic control systems and low-cost high-yield transport and traffic projects that optimise the use of existing infrastructure.

Road infrastructure in South Africa is currently funded from general revenue from the central fiscus, supplemented by capital market loans for toll roads which are guaranteed by the State. Adjustments to financing arrangements and appropriate criteria for allocating road funds are under review.

#### 2.2.5.10 Water affairs

Water schemes and related services accounted for R1,2 billion of consolidated government expenditure in 1994/95, and about 1 per cent of total expenditure since 1990/91.

The Minister of Water Affairs and Forestry has published a *White Paper* which sets out a framework for the management of community water supply and sanitation and addresses financing issues. Statutory local water committees are proposed where local government is not in place, and the mandates of Water Boards are to be extended to include sanitation and provision of services directly to consumers where appropriate.

Recognising the economic value of water and the importance of cost recovery for sustainable water resource management, the *White Paper* makes clear that services should be self-financing at both local and regional levels, with provision for government subsidisation of construction costs of basic minimum services in poor communities.

A national business plan for a Presidential Lead Project on rural community water and sanitation provision has been approved, and twelve community projects had been approved or identified by February 1995.

#### 2.2.5.11 Trade and industry

##### *Investment and industrial policy*

Industrial development is the central thrust of the Government's approach to employment creation and income generation. Various programmes for the restructuring of industry, as well as general supply side support measures for the manufacturing sector are being developed. The main objectives of these programmes are to increase the competitiveness, growth rate, foreign trade performance and labour absorptive capacity of the domestic manufacturing sector.

Bilateral investment promotion and protection agreements are being concluded with more than thirty countries. Other industrial promotion tools such as the Support Programme for Industrial Innovation will also be more actively extended in future.

Small, medium and micro enterprises (SMMEs) are generally recognised as important contributors to growth and employment. Consequently, a comprehensive policy package has been developed and incorporated into a *White Paper* which sets out a strategy for the development and promotion of small businesses in South Africa and envisages a transformation of programmes previously applied to small business development. A Chief Directorate for Small Business Development is to be established at the Department of Trade and Industry, while provincial SMME desks have already been established. A National Small Business Council (NSBC) and a Small Business Development Agency (SBDA) are also to be established. The NSBC will, in close cooperation with the Department of Trade and Industry, sanction the national small business support framework and become an effective national sounding board of small business interests and concerns. The SBDA will coordinate and facilitate the implementation of the different strategy areas that form part of the national small-enterprise strategy.

##### *Regional industrial development programmes*

Regional industrial development initiatives have taken various forms in the past. The previous programme (schedule 3) was aimed at off-setting regional comparative disadvantages in an attempt to promote a more equitable distribution of economic activity countrywide. The programme encompassed the RSA and the former TBVC states and offered incentives to attract investment to selected development points in lesser-developed regions. This approach implied a complex pattern of incentive differentials intended to encourage a more even distribution of industrial job creation in South Africa.

Despite some success in stimulating job creation and establishing viable enterprises, the incentives-based programme (schedule 3) was difficult to administer, complicated and financially open-ended. Consequently, a new market-orientated

(schedule 4) Regional Industrial Development Programme (RIDP) was developed, aimed at serving an integrated Southern African economy, based on an evaluation of the earlier programmes and further research. A new programme for promotion of the small manufacturer was introduced on 1 October 1993. The RIDP is at present being re-assessed in relation to RDP goals.

#### *Trade subsidies*

The process of trade policy reform is well under way, including the removal of quantitative import restrictions (particularly in agriculture where tariffication has been effected) and the restructuring and phasing out of import tariffs. The latter initiative is aimed at meeting South Africa's obligations in terms of the Marrakesh Agreement of the Uruguay Round, assisting the industrial restructuring process and reducing the anti-export bias resulting from import tariffs. The first round of the tariff reduction was implemented on 27 January 1995.

Industry and trade subsidies have increased substantially over recent years, reflecting the shift towards an outward orientated strategy. Export promotion schemes increased from R850 million in 1990/91 to R2,7 billion in 1992/93. The increase was largely the result of the introduction of the revised General Export Incentive Scheme (GEIS) in 1992. GEIS has contributed towards a significant increase in the export of non-traditional manufactured goods. Currently 60 per cent of the total subsidy goes to manufactured (category 4) exports. Partly in view of efficiency considerations and in order to reduce the overall fiscal impact of the scheme, GEIS payments have been made taxable with effect from 1 March 1995.

Progress is being made in addressing the country's anti-export bias and the future strategy is to phase out GEIS, and to introduce targeted supply-side and export support measures consistent with acceptable international practices. The Cabinet has endorsed the programme to phase out export incentive benefit levels under the GEIS over the next 3 years and to terminate the scheme on 31 December 1997.

In keeping with the strategy to support beneficiated products, GEIS benefits on primary beneficiated products (category 2 goods), will be withdrawn

from 1 April 1995. In order to address certain imbalances, GEIS has been restructured by reclassifying relatively primary products in Category 3 down to Category 2, which means that such products will attract no benefits as from 1 April 1995. In order to support the promotion of the export of manufactured goods, GEIS benefits in respect of manufactured products (including processed agricultural products) will continue until 31 December 1997. It is the intention to utilise future savings on the GEIS to finance the package of alternative and additional supply-side and export support measures. Certain additional measures have already been introduced, such as a duty credit scheme whereby exporters earn duty credits according to their export performance.

The Export Marketing Assistance scheme is still being used extensively, especially by SMMEs. The benefits under this scheme are currently being extended for SMMEs, in keeping with the proposed SMME development strategy. This entails a fundamental departure from the past approach for the development of small business, particularly in the field of export promotion.

Export credit assurance and guarantees are further important elements in the support of export trade. The Department of Trade and Industry has developed a Finance Guarantee Scheme whereby additional working capital needed to execute export orders or finance export debtors is made available by financial institutions on the strength of a guarantee by the State, which protects the lending institution against a loss resulting from the non-payment of the loan due to the insolvency or protracted default of the exporter. A working group appointed by the former National Economic Forum, with a financial grant from the World Bank, undertook a comprehensive study with the aim of enhancing pre- and post-shipment export finance for SMMEs. These recommendations are presently being considered by the Department of Trade and Industry.

It is normal practice for exporters of capital goods to offer credit to international buyers. In many instances a tender bid would not be considered if the seller could not make export credit available at world-related interest rates. In countries with high interest rates, governments would normally subsidise such interest rates to the level of the related world interest rates, normally the average interest

rates for capital projects charged by OECD countries. The Department of Trade and Industry subsidises, via the financial institution involved, the difference between the overseas fixed lending rates and the prevailing domestic market-related interest rates, as agreed upon periodically by the Department and such institutions.

#### 2.2.5.12 Local government finance

The estimated total expenditure of local authorities on *general government* activities (i.e. excluding expenditure on trading accounts such as the supply of electricity and water to households) amounted to R15,4 billion in 1993/94, or 3,9 per cent of GDP. Capital expenditure accounts for about one-third of general government expenditure at the local government level.

Local government is presently in transition. However, the significant debts of black local authorities and the service arrears due to non-payment in various communities are major impediments to the implementation of a new dispensation regarding local government in terms of the Local Government Transition Act, 1993, signed on 20 January 1994. An Agreement on Finance, Services and Service Rendering, also signed on this date, seeks to match the improvement of services by transitional councils with payment for such services by residents. In terms of this Agreement, the national government will ensure that no transitional council inherits any external debts of the former black local authorities up to the promulgation of the transitional councils. Provision was made in the 1994/95 Adjustments Estimate for the settlement of these debts by the national government.

Against the background of continued non-payment for services in many communities and recognising the link between accelerated delivery of basic services and the resumption of payment of rent and service charges, the Government has established the *Masakhane* campaign ("let us build together"). A business plan for the first six months of this campaign and financial support from the RDP Fund have been approved.

The functions of local authorities in the former TBVC states and self-governing territories have in the past differed among themselves and from the functions of the former provinces. Most of the

former states and territories handled the conventional functions of local authorities themselves and budgeting took place accordingly. The financing of these local government services will continue to be allocated to the budgets of the respective provinces until replaced by other mechanisms still under investigation.

Budgetary allocations in respect of local government mainly comprise intergovernmental grants, which are made available primarily to assist local authorities with the rendering of affordable services to low-income neighbourhoods. Although local government is a function of the provinces, the bulk of the exchequer contribution to local government finance is still on the budget of the Department of Constitutional Development. The vesting of allocations and accountability of local government funds is receiving attention. The Department of Constitutional Development has been made responsible for coordination of the programme of implementation of these recommendations.

Annual guidelines on aggregate capital expenditure and current expenditure of local authorities are set by the Department of Finance, as part of its task of coordinating overall spending and financing of general government in pursuance of macroeconomic stability and other national economic goals. For the 1994/95 financial year, an 8 per cent guideline was set for increased current expenditure by local authorities. Guidelines for increases in capital expenditure and servicing costs of loans and for increases in (non-interest) operating costs are under consideration for 1995/96. It is envisaged that the overall increase in local government expenditure should be broadly consistent with the Government's commitment to no real increase in non-interest current expenditure of the general government.

A national framework business plan has been approved for a Presidential Lead Project covering the extension and upgrading of municipal services. The project has a budget of R500 million, the bulk of which will go to the physical upgrading of municipal services. The remaining funds have been committed to financing the Demarcation Boards and responsible provincial committees, and to training and capacity building at municipal level.

2.3

## TAX ISSUES

2.3.1

### Trends in the composition of revenue

South Africa's ratio of central government current revenue to GDP has been about 25 per cent in recent years, which represents a marked increase on the average of about 20 per cent in the early 1980s and even lower prior to that. Direct taxes contributed about 58 per cent of total tax revenue between 1991/92 and 1994/95, compared with some 70 per cent in the early 1980s. Revenue from indirect taxation has increased over the years, largely due to the introduction of a broad general sales tax in 1978 and its replacement by a value-added tax in 1991, and increases in the rates at which these taxes have been set. Collections from taxes on international trade transactions have remained about 1½ per cent of GDP over the past decade.

Past trends in the composition of national government revenue are illustrated in chapter 5. Details of revenue collections since 1975/76 as traditionally classified, and according to the internationally standard GFS classification, are presented in tables 1 and 2 of annexure B.

2.3.2

### The Interim Report of the Katz Commission

The Commission of Inquiry into certain aspects of the Tax Structure of South Africa (chaired by M.M. Katz) was appointed on 22 June 1994 and submitted its *Interim Report* on 18 November 1994. The Commission carried out a broad review of the tax system in accordance with its terms of reference. These included:

- the implications of the Constitution for the tax system;
- implications for taxation of the RDP;
- personal income tax;
- company tax;
- the impact of the tax system on the position of small and medium enterprises;
- value-added tax;
- tax exempt institutions;
- tax incentives;
- the impact of the tax system on saving and investment;

- the relevance of the tax system to foreign finance, investment and trade; and
- tax administration and collection and related matters.

The Commission approached the several critical issues within the framework of an initial set of guiding principles. These included the Government's broad policy framework as articulated in the RDP, the importance of the tax system's contribution to facilitating growth in the economy and the imperative of an integrated tax system subject to the Constitution and to society's commitment to the Rule of Law. Recommendations were then formulated after wide and transparent consultation and research.

During the short time available to it, the Commission has made numerous recommendations which have already attracted extensive public debate. The Commission's findings were referred to the parliamentary Joint Standing Committee on Finance which has since issued a report after receiving public comment on the recommendations made by the Commission.

A major thrust of the Commission's report is that reforms aimed at enhancing tax administration and collection are necessary. Government endorses the proposals in this regard and is of the opinion that a more efficient tax administration will facilitate the implementation of the Commission's further tax proposals as well as other initiatives.

Several of the Commission's further recommendations are accepted by Government and will be given effect in this Budget and during the course of 1995. In several other instances, sound recommendations cannot be implemented at present as progress in the area of tax administration is a prerequisite for the required reforms. In addition, as the Commission and the Joint Standing Committee point out, various issues require further analysis and consultation before they can be translated into firm proposals. The Government has therefore decided that the Commission should continue its investigations and focus on those issues which it singled out for further analysis, issues referred back for re-evaluation and additional matters that have been or will be referred to it, such as the feasibility of a land tax. Aspects of the implementation of tax reforms will

be discussed in the relevant committees of NEDLAC.

The main issues dealt with by the Commission in its *Interim Report* and actions taken by Government on the basis of these recommendations are discussed in more detail below.

#### 2.3.2.1 A perspective on the Commission's recommendations

The Commission identified certainty, equity, efficiency and promotion of investment, both domestic and foreign, as key principles or objectives of the tax system.

Several measures recommended by the Commission for an efficient and well structured tax administration should also enhance certainty for the business community and facilitate planning by both domestic and foreign investors. Increased certainty should allay fears that the system as a whole may be subject to unpredictable change in policy, legislation or administration. Measures identified to improve certainty include the issuing of more practice notes, the granting of rulings and dealing with queries in a more efficient and speedy manner.

Tax aspects of the promotion of investment include the maintenance of the effective corporate tax rate at a competitive level and the elimination of factors which act as disincentives to investment.

The integrity of a tax system rests firmly on its fairness, which in turn is an important determinant of tax morality. The design of an equitable tax system must of necessity achieve a balance between various taxes, some of which have progressive and others regressive impacts on overall income distribution. This in itself underlines the importance of approaching tax reform in a systematic and holistic manner. The Commission recommended that the necessary attention should be given to an appropriate element of progressivity in the South African tax system.

It furthermore endeavoured to achieve a balance between equity and efficiency. Improved tax administration and collection will be facilitated by the use of modern technology and business principles, the subjection of all tax incentives to cost-benefit analysis, and a more client-oriented collector of revenue. Equity will be enhanced

through the Commission's recommendations regarding personal income tax, procedural fairness through adherence to Constitutional principles and the support of the RDP objectives.

#### 2.3.2.2 The impact of the Constitution

The Commission recommended that all provisions which discriminate on the basis of gender and marital status should be eliminated, that provisions relating to the right to privacy be revised, that sections on the recovery of taxes and provisions relating to freedom of religion be revised and reformulated and that administrative practices regarding the furnishing of information to the taxpayer, onus of proof against any person and the discretionary powers of the Commissioner should be discontinued or reviewed.

It further recommended that the branches of Inland Revenue and Customs and Excise of the Department of Finance should conduct immediate audits of the applicable legislation with a view to amending such legislation and to ensure that administration and branch practices are in harmony with the Constitution.

In compliance with these recommendations, the gender and marital status issues receive attention in the 1995/96 Budget, while the other issues will be dealt with expeditiously.

#### 2.3.2.3 Implications of the Reconstruction and Development Programme

The broad objectives of reconstruction and development as articulated in the RDP White Paper are also a recurring theme in the Commission's report. The Commission regards the integrity of the tax system as a crucial aspect of an integrated and sustainable development strategy and recognises that the contribution of the tax structure to enhancing economic growth also underpins the sustainability of the RDP. The main contribution of the tax system, according to the Commission, is to provide government with such revenue as is required, taking into account the accepted precepts of taxation (i.e. simplicity, certainty, neutrality and equity). Social and economic goals are for the most part better promoted through visible and deliberate expenditure programmes rather than through manipulation of the tax system. This is in line with the discussion of tax issues in the *RDP White Paper*.

Accordingly, the Commission recommended that steps should be taken to provide the necessary facilities and staff to undertake a comprehensive audit of all incentives and to subject all incentives to a thorough cost-benefit analysis. These incentives should then be quantified and a full report should be tabled in Parliament. Government accepts this recommendation to the extent that it is practical.

The Commission furthermore recommended that the range of incentives should be reduced as far as possible and those which exist should be justified in terms of the objectives of the RDP. This general principle regarding tax incentives has been adhered to in recent years, resulting in the removal of various tax incentives, and it will continue to be a firm principle of tax policy.

#### 2.3.2.4 Tax administration

##### *Status and organisational autonomy*

The Government welcomes the Commission's recommendation that urgent attention be given to the enhancement of the status and the administrative autonomy of the Commissioners for Inland Revenue and for Customs and Excise. This recommendation was also made by the Margo Commission in its report published in 1987, and has the support of, amongst others, the Auditor-General, the Joint Standing Committee on Public Accounts, the Joint Standing Committee on Finance and bodies such as the South African Institute of Chartered Accountants, the Association of Law Societies, the South African Chamber of Business and the Afrikaanse Handelsinstituut. Since it is recognised that the integrity of the country's tax system and the ability to effect necessary tax reforms depend largely on this, the matter will be given high priority by the Department of Finance in 1995. Further announcements will be made at a later stage.

##### *Efficiency in collections*

Measures to improve efficiency in tax collection include the training and retraining of revenue officials to improve tax administration, customer service enhancement, appropriate anti-avoidance legislation and countering tax evasion. The Commission is of the opinion that improvements in tax

administration and collection could yield a significant amount of additional revenue.

It is envisaged that the recent appointment of Mr Charles Stride, a prominent financial consultant, as a Special Adviser to the Minister of Finance, should contribute substantially to the improvement of tax administration. He will be responsible for assisting government departments in designing and implementing their restructuring programmes as part of the public sector restructuring initiative announced by Deputy President Mbeki on 29 October of last year (see par. 2.1.4). Mr Stride has commenced his work in the Department of Finance, paying particular attention to revenue collection. He will be assisted by a number of private sector financial experts who will be released by their current employers for this specific purpose.

#### 2.3.2.5 Personal Income Tax

In view of the Commission's belief that gender discrimination is unconstitutional and discrimination on the basis of marital status is no longer appropriate, it recommended that a unified rate structure be introduced. It furthermore recommended certain base broadening measures, the elimination of child rebates and improved targeting or phasing out of old-age rebates. The Commission accordingly suggested a possible rate structure, incorporating revisions of the Standard Income Tax on Employees (SITE).

As the Commission's proposals on personal income tax have major implications for both tax equity and administrative efficiency, especially at a stage where much still needs to be done regarding the administrative capacity of the revenue authorities, the Government has decided that further deliberation and consultation is needed. The Government nonetheless accepts that a unified rate structure must be introduced and, in the light of budgetary requirements, rate adjustments and base broadening proposals are set out in Chapter 5. These proposals replace the interim arrangements announced by the Commissioner for Inland Revenue with regard to the deduction of employees tax from 1 March 1995 to 31 May 1995. Government has furthermore decided to maintain the old-age rebates for the time being for persons over the age of 65.

The Commission also recommended that the deductibility of contributions to pension funds and retirement annuity funds be capped and that the deductibility of employer contributions to certain defined benefit provident funds be denied. The Government is, however, not in favour of addressing only certain aspects of the retirement funding provisions contained in the Income Tax Act. A holistic approach is necessary, including issues falling outside the ambit of the tax system, and recommendations must be discussed in detail with the retirement funding industry as part of a broader exercise. This issue has therefore been postponed until more research and consultation has been done. While the Commission's recommendations on motor vehicle allowances are also to be researched further, certain other steps in this regard have been taken in this year's Budget and are outlined in chapter 5.

#### 2.3.2.6 Corporate Income Tax

The Commission examined a number of aspects and possible shortcomings of corporate taxation, including the question of the Secondary Tax on Companies and issues pertaining to group taxation, and came to the conclusion that these and related matters require further investigation. The Government agrees with this view. The Commission furthermore recommended that the marketable securities tax be abolished as soon as possible with the corresponding amendments to the stamp duty legislation. This issue will be revisited in the context of the development and growth of the market for financial derivatives.

#### 2.3.2.7 Annual presumptive tax on companies, close corporations and inter-vivos trusts

The Commission proposed the introduction of a presumptive tax at a rate of R1 500 per annum for the first R10 million or part thereof, of the balance sheet value of the gross assets of companies, close corporations and inter-vivos trusts. Thereafter a rate of R1 500 per annum for each additional R10 million or part thereof was proposed. The tax payable in terms of this recommendation would be deductible for income tax purposes. Long-term assets of life assurers would be excluded. The Commission also recommended that testamentary trusts, unit trusts and certain

taxpayers which qualify for exemption in terms of section 10 of the Income Tax Act, be exempt.

Although such a tax would have certain advantages in that it would generate additional revenue and might discourage the indiscriminate creation of companies, close corporations and inter-vivos trusts, there are a number of disadvantages and problems which will require attention, such as the effect on small businesses, the timing of collections, defining the base and the possible yield. More thought will therefore have to be given to the matter before any final decision can be made on whether or not such a tax should be introduced.

#### 2.3.2.8 Value-added tax (VAT)

The Commission addressed the issue of zero rating of foodstuffs and the possibility of differential rates. After thorough research it came to the conclusion that there is considerable doubt as to whether the zero rating of foodstuffs effectively benefits poor households. It also concluded that the poor would be better assisted outside the tax system.

The Commission's recommendations in this respect are that:

- further erosion of the VAT base through extending the number of zero rated items should be avoided;
- the present list of foodstuffs, to which the zero rate applies, should be reviewed with a view to possible redefining or substitution of presently zero rated items with alternative items; and
- as progress is made with the implementation of reconstruction and development initiatives, and adequate and effective poverty relief measures are implemented to address hardships suffered by the poor, the possible termination of the zero rating of particular items should be considered.

A further recommendation by the Commission is that a higher VAT rate on luxury goods or a multiple VAT rate system should not be adopted. Government is in agreement with the broad terms of these recommendations. As with other tax measures, this will be discussed further in NEDLAC.

### 2.3.2.9 Small and micro-enterprises

The Commission was of the opinion that, given fiscal constraints, assistance via the tax system to the small business sector should be limited to small and micro-enterprises. Tax compliance was found to place an inordinate burden on smaller enterprises and the Commission's recommendations concentrated on measures to reduce their burden. Recommendations included an easy-VAT system consisting of a simplified accounting system and tax rules, unified return dates for payment of PAYE, unemployment insurance, regional service levies and VAT, common definitions of earnings for tax collections and the option for a business to be taxed on a cash flow basis.

The recommendation of taxation on a cash flow basis has been accepted by Government, while the other recommendations require further investigation. These will be given serious attention in the light of the importance of small enterprise development in the reconstruction and development of our country.

### 2.3.2.10 Foreign finance, investment and trade

The Commission investigated the effect of the tax system on foreign investment in the context of the increased openness of the South African economy and the need to remain competitive in terms of attracting foreign investment. It recommended that tax disincentives for foreign companies who wish to use South Africa as a base for regional holding, finance and service companies, be removed, that thin capitalisation rules applicable to non-resident controlled companies should be introduced, that a limited extension of the deemed source provisions derived by a domestic company or individual be proposed, and that a formal statement be made with regard to aspects of a possible future capital gains tax in order to remove uncertainty on the subject.

Certain tax measures with regard to foreign investment have been adopted, in view of these recommendations. These are discussed in detail in chapter 5.

### 2.3.2.11 Tax amnesty

The Commission came to the conclusion that there are good grounds for the implementation of a once-off tax amnesty in respect of all persons not previously registered as taxpayers and who voluntarily come forward during the amnesty period. It was recommended that persons accepting the tax amnesty will only be liable for tax for a period of three years before the introduction of the amnesty and that liability for prior periods will be forgiven. Penalties and interest on any liability for tax should also be waived.

The Government has in principle accepted the recommendation that a general tax amnesty be introduced. Further details and specific arrangements are set out in chapter 5.

### 2.3.2.12 Tax harmonisation

The Commission recommended that the harmonisation of the tax systems of the former TBVC states with the South African system should be resolved as a matter of urgency.

In this regard real progress has already been made. The income tax systems of the six former self-governing territories have, with regard to former citizens of such territories, been harmonised with those of the RSA with effect from the 1995 year of assessment. Similarly, individuals of the former Republic of Venda will be incorporated into the RSA income tax system from the 1996 year of assessment, while companies whose years of assessment commenced on or after 1 April 1994, will also be subject to the RSA tax laws. The enabling legislation for the harmonisation of other taxes has been passed and the necessary subsidiary legislation to give effect to the harmonisation of these taxes is in an advanced stage. Further steps to harmonise the income tax systems of Transkei, Ciskei and Bophuthatswana are set out in chapter 5.

### 2.3.3 The Tax Advisory Committee

The Tax Advisory Committee (TAC) is a permanent 15-member advisory body to the Minister of Finance and as such frequently reports

to the Minister on various tax matters. The TAC meets monthly and since its establishment in June 1988 has addressed a wide range of technical, legislative and policy matters.

In July 1994 the TAC released a consultative document on the tax treatment of financial arrangements. The release followed uncertainty regarding the taxation of certain financial arrangements and the need to cater for various new financial instruments. In the consultative document the TAC expressed itself in favour of a tax treatment of financial instruments which would result in the recognition of gains and losses over the life of financial arrangements and which would also adhere to the principles of certainty, tax neutrality and flexibility. The document specifically excluded certain transactions and investments from the ambit of the proposed tax treatment. The TAC received more than twenty representations on the consultative document and further work is in progress.

In the second half of 1994, the TAC acted in a supporting role to the Tax Commission and exchanged views on, amongst other matters, Secondary Tax on Companies (STC), incentives, small and medium enterprises, a tax amnesty and the capping of pension, provident and benefit fund contributions.

Towards the end of the year the TAC held a meeting with various interested parties concerning the new unbundling legislation. In addition the TAC considered draft legislation on VAT, income tax, stamp duty and transfer duty. The TAC initiated the release of a general practice note by Inland Revenue on Marketable Securities Tax (MST) and Stamp Duty to enhance certainty and compliance with legislation. The TAC also initiated the release of a practice note by Inland Revenue on section 11(gA) of the Income Tax Act, dealing with intellectual property rights to ensure better law enforcement. Other matters addressed included Constitutional provisions relevant to taxation, the issue of Marketable Securities Tax, and the applicability of the transitional levy to extraordinary payments, such as receipts and accruals in respect of the taxable portion of lump sum benefits from approved pension, provident and retirement annuity funds and bonuses, gratuities or compensation on retirement or retrenchment.

### 2.3.4 Agreements for the avoidance of double taxation

During the course of 1994/95, considerable progress has been made in regard to agreements with other countries for the avoidance of double taxation. The present position is as follows:

- Comprehensive agreements are in place with Botswana, Germany, Israel, Lesotho, Malawi, Namibia, the Netherlands, Swaziland, Sweden, Switzerland, Tanzania, Uganda, the United Kingdom, Zambia and Zimbabwe. The treaty with the United Kingdom extends also to Cyprus, Gambia, Grenada, Mauritius, the Seychelles and Sierra Leone.
- Limited sea and air transport agreements exist with Belgium, Brazil, Denmark, Finland, France, Greece, Ireland, Italy, Japan, Norway, Portugal, the Republic of China and Spain.
- Comprehensive agreements have been signed but not ratified with Belgium, France, Hungary, Mauritius, Poland, the Republic of China and Romania.
- Comprehensive agreements have been negotiated or renegotiated but not signed with Austria, Canada, the Czech Republic, Denmark, Finland, Italy, the Republic of Korea, Lesotho, Namibia, the Russian Federation, Sweden, Singapore, Thailand and Turkey.
- Comprehensive agreements are being negotiated and have not yet been ratified with Malaysia, Malta, Slovakia and the United States of America.

## 2.4 INTERGOVERNMENTAL FINANCE

### 2.4.1 Financial and Fiscal Commission

The Financial and Fiscal Commission (FFC), established by the Interim Constitution, was appointed by the President on 25 August 1994. It has met in plenary session once a month since September 1994.

The FFC is a key player in the area of inter-governmental financial relations. It is responsible for making recommendations with regard to the financing of all levels of government, which includes questions such as the sharing of certain taxes collected nationally, the basis for inter-governmental grants or other transfers, the taxing powers of lower tier authorities and parameters for borrowing.

The FFC is in the process of identifying its other constitutional obligations. In order to meet these specific responsibilities, six FFC committees have been established. In support of these committees, arrangements are in place for it to occupy its own offices as from March 1995 and to establish its own secretariat.

One of the FFC's primary responsibilities is to "...apprise itself of all financial and fiscal information relevant to national, provincial and local government, administration and development". The primary focus of its activities to date has been to meet this responsibility. It has met with a range of role-players and interested parties within the context of intergovernmental financial relations, at national, provincial and local government level. Formal and informal consultations with the private sector, foreign institutions and individuals have also taken place. It intends to continue with this process during its initial apprising stage.

It would appear that the first formal obligation which the FFC will meet will concern the urgent matter of the borrowing powers of the provinces. A draft bill on the matter is currently under discussion with the provincial governments. It is foreseen that the FFC will in due course be approached to make a recommendation on the proposed legislation.

The FFC has set itself the following priorities, among others, for the medium-term:

- to create a framework of norms and criteria in which to operate;
- to review possible revenue sharing options with a view to making recommendations in this regard; and
- to establish formal working relationships with public sector entities such as the Departments of Finance and State Expenditure and the RDP Office.

The FFC is, furthermore, preparing to make submissions to the relevant theme committee of the Constitutional Assembly with regard to financial and fiscal matters to be addressed in the final Constitution.

On the basis of its continuing work on the relevant Constitutional provisions and on the requirements of the economy and the different tiers of government, it is anticipated that the FFC will be in a position to contribute formally to the structuring of intergovernmental financial relations in 1996/97.

#### 2.4.2 Debts and liabilities at provincial level

In terms of section 239 of the Constitution, the debts and other liabilities of the former TBVC states and self-governing territories, which can be directly linked to assets vesting in terms of the Constitution in the provinces, are to be assumed by the provincial governments. Debts and liabilities which cannot be linked directly to the assets allocated to the provinces, have to be assumed by the national government.

The Constitution does not contain an explicit directive determining responsibility for the task of apportioning assets, debts and liabilities. For this reason the Subcouncil on Finance of the Transitional Executive Council in 1994 adopted Resolutions 39 and 40 whereby the Minister of Finance of the national government was authorised to take over, as an interim arrangement, the government debt of the former Republics of Transkei, Bophuthatswana, Venda and Ciskei as well as the self-governing territories as national government debt until such time as final decisions are taken on the apportionment of the debts and liabilities between the provinces and the national government.

Following the resolutions of the Subcouncil on Finance, the Department of Finance began the compilation of an inventory of all outstanding debts and liabilities, at the same time investigating any possible links with assets.

It was subsequently decided to create an Inter-departmental Steering Committee consisting of representatives of the Departments of Finance and State Expenditure with the assistance of the Development Bank of Southern Africa and other responsible departments. The Office of the

Auditor-General was coopted in an observer capacity. The methodology adopted by the Committee to facilitate the transitional management of the debts and liabilities is described below.

#### 2.4.2.1 Identification of debts and liabilities

As a starting point, a preliminary debt and liability inventory in respect of each of the TBVC states and self-governing territories as at a specific date (31 March 1994) was compiled. This inventory was compiled from data obtained *inter alia* from the former states or self-governing territories, the Development Bank of Southern Africa and the relevant government departments of the national government.

#### 2.4.2.2 Reconciliation of debts and liabilities

The debt and liability inventory compiled from the data obtained from the respective states and territories then had to be reconciled with all other available information. This task is still in progress. As far as liabilities are concerned, it is planned to make use of the services of small process teams consisting of officials from the Departments of Finance and State Expenditure and the Economic Services Unit of the Development Bank to do an in-depth study, including contingent liabilities and commitments of the former states and territories. These teams will also assist with the final reconciliation of any debt about which there might still be uncertainty.

#### 2.4.2.3 Determination of debts and liabilities directly linked to specific assets

It was decided that those debts and liabilities which can more easily be directly linked to specific assets will first receive attention. The loans granted by the Development Bank of Southern Africa and the Department of Foreign Affairs and guarantees issued by the former states or territories to their respective parastatals for the loans obtained fall in this category. Attention will thereafter be given to other debts and liabilities, in respect of which the process will be less straightforward.

#### 2.4.2.4 Apportionment of debts and liabilities which can be directly linked to assets

When the debts, liabilities and corresponding provincial assets have been linked with each other, those debts and liabilities qualifying in terms of the provisions of the Constitution to be allocated to the provinces, will be assigned to them.

#### 2.4.2.5 Settlement of disputes

Proposals on the apportionment of the debts and liabilities will be submitted to the relevant decision-making authorities. The procedure for the settlement of any disputes between the different parties involved will depend on the nature of the dispute. It is trusted that it will be possible to settle disputes, if any, with the assistance of the Commission on Provincial Government.

It should be noted, however, that the national Parliament is, in terms of section 239(3) of the Constitution, competent to pass an Act to re-allocate the debts and liabilities amongst the provincial governments and the national government. In terms of the Constitution such an Act shall not be passed without the recommendations of the Financial and Fiscal Commission.

#### 2.4.3 National Government financing of Provinces in 1995/96

Section 155 of the Constitution, 1993 (as amended) stipulates that provinces are entitled to an equitable share of revenue collected nationally. This provincial share of revenue collected nationally will consist of:

- a percentage of:
  - individual income tax;
  - value-added tax; and
  - any national levy on the sale of fuel;
- transfer duties which originate from within the province; and
- any other conditional or unconditional allocations.

The Constitution also identifies a range of criteria on which the allocations to the individual provinces should be based, after taking account of national interest and recommendations of the Financial and Fiscal Commission. The provisions of the Constitution imply a major departure from past practices. It has been necessary to manage the transition between the past dispensation and the ideal, as embodied in section 155 of the Constitution, with regard to a number of inhibiting factors:

- Schedule 6 (contingent on section 126) of the Constitution, 1993, which determines what functions should reside at provincial level has had to be implemented. During the 1995/96 budgeting process, this resulted in irregular changes in the expenditure budgets of provinces and could still require adjustments in future. Consequently, the financing requirements of provinces have continually changed.
- The provincial administrative and institutional structures have had to be established, which in most cases amounted to the merging and restructuring of former administrations. This process made the evaluation of the financing needs of the provinces substantially more difficult.
- The tax systems of the former TBVC states have had to be incorporated and harmonised with the current RSA tax systems. This process has not been completed (see par. 2.3.2.12).
- The Financial and Fiscal Commission has had to be appointed and launched. It could still take some time before this Commission will be able to perform its full intended role.
- Relevant information, including time series data which is currently not available within the new provincial dispensation, is required to give effect to some of the Constitutional requirements.

Although the 1995/96 budget process took account of the Government of National Unity's socio-economic priorities, and concerted attempts have been made to ensure equitable financing of second tier governments, further action is still

necessary to ensure that the financing of provinces in the 1996/97 fiscal year will more closely subscribe to the stipulations of section 155 of the Constitution. These processes will to a great extent have to be focused on the elimination of inhibiting factors that may still exist.

## 2.5 LOANS, FINANCING AND DEBT ISSUES

### 2.5.1 Domestic Financing

#### 2.5.1.1 Government debt

At the time of the tabling of the Budget on 22 June 1994, it was stated that the practice of limiting exchequer funding to the monthly shortfall between revenue and expenditure would, as far as possible, be continued. This approach is followed in order to contain interest costs that could arise as a result of advance financing.

Capital market rates rose during 1994, and for fiscal 1994/95 have been higher on average than was generally envisaged at the time of the Budget. Despite the risk of further rises in capital market interest rates, the Department of Finance refrained from advance financing in an attempt to contain interest costs. Instead, greater emphasis was placed on short-term funding instruments to take advantage of the prevailing lower rates at the short end of the market. This strategy has proved to be relatively successful. Notwithstanding the substantial increase in yields on long-term government stock during 1994, it is estimated that an average funding yield on the capital market of just less than 15 per cent will have been achieved at the end of the 1994/1995 financial year. The new issues of government stock came to R14,4 billion in the first half of 1994/95, compared to R23,9 billion in the corresponding period of the preceding fiscal year. The practice of limiting funding to the monthly shortfall between revenue and expenditure will generally be continued in the 1995/96 fiscal year, with due regard to market conditions.

It is projected that total government debt will increase by R53,5 billion to R245,7 billion during the 1994/95 fiscal year, representing an increase of 27,9 per cent. Net of the debt taken over from the former TBVC states and self-governing

territories, which does not represent new debt or imply new debt service commitments, total government debt is expected to increase by R39,4 billion. This is an increase of 19,1 per cent on the total debt on 31 March 1994 inclusive of the TBVC states and self-governing territories debt. Details are as follows:

	R billion
Financing of the national budget	36,931
Government stock issued to the Closed Pension Fund	0,046
Revaluation of foreign loans	0,268
Debt of former TBVC states and self-governing territories	14,093
Foreign exchange forward cover losses realised by the Reserve Bank	<u>2,192</u>
Total expected increase in debt	<u>53,530</u>

In 1993 Parliament approved legislation authorising the issue of government stock in respect of the government's commitments to the Closed Pension Fund for political office bearers. Government stock worth R46 million, which included discount on this stock, was issued as part of government's remaining commitment to the Fund (see par. 2.2.4).

Estimated net unrealised losses of R268 million on foreign debt due to currency depreciation are included in the increase. It is estimated that realised foreign exchange forward cover losses incurred by the Reserve Bank will amount to R2,192 billion in 1994/95. This is in addition to an outstanding liability of R2,190 billion carried forward from the previous financial year, which is already committed as part of public debt.

The Budget Review of 22 June 1994 reported that certain short and long-term debts of the former TBVC states and self-governing territories would vest in the national government when these territories ceased to exist with the implementation of the Interim Constitution. An amount of R14,1 billion in respect of such debt was incorporated in the Public Debt Register during the 1994/95 fiscal year. About R6,1 billion of this amount has already been refinanced by the issue of securities of the national government on maturity of debt of the former authorities, such as project bills, bridging bonds, promissory notes and zero coupon stock. This also includes foreign commitments to the amount of R199 million taken

over by the national government due to an International Court of Arbitration award made against the former Republic of Transkei on 22 April 1992. An evaluation is in progress to determine which assets and liabilities of the former TBVC states and self-governing territories will in future be vested in the respective new provinces (see par. 2.4.2).

During the 1995/96 fiscal year, borrowing in the domestic capital market will take place in those government stock in which the Reserve Bank is currently trading actively as well as in a new government stock maturing in early 2002 and existing high coupon stock, namely R106 and R164. Zero coupon stock with variable maturities will also be available on demand. Following the success of the first issue of variable interest rate stock during the 1994/95 fiscal year, the issue of more of this type of stock will also be considered.

The State Debt Management Committee which is responsible for the planning, control and management of government debt will on an ongoing basis review the State's borrowing strategy for 1995/96 with a view to:

- developing a smooth maturity structure for State debt;
- maintaining an appropriate mix of government securities; and
- minimising interest and other expenses related to government debt.

#### *Turnover on capital markets*

The turnover in the bond market during 1994 amounted to about R2 000 billion, of which 57 per cent represented RSA stock. The Reserve Bank's turnover in gilts amounted to about R360 billion, which represented roughly 17 per cent of the total turnover in gilts and semi-gilts. Although foreigners bought a net amount of roughly R1,4 billion in stock during 1994, foreign trades amounted to only 4 per cent of the total market.

#### *Consolidation of government debt*

The Budget Review of 22 June 1994 noted that the maturity structure of government debt indicates an accumulation of redemptions scheduled for certain years. In the 1996/97, 1998/99 and 2000/01 fiscal years, in particular, scheduled re-

demptions are large, amounting to R20,8 billion, R14,1 billion and R15,6 billion respectively, of which amounts of R3,8 billion for 1996/97 and R0,8 billion for 2000/01 are already committed to be rolled over.

Possibilities of shifting the redemption structure in order to avoid imposing excessive refinancing pressure on the market in any single year will be explored, in an ongoing effort to improve the efficiency of public debt management.

#### 2.5.1.2 Government Bonds

Government Bonds were initially issued to obtain funds for special projects. The popularity of bonds as financing instrument, however, has declined to such an extent that a net outflow of R100 million from the Exchequer is projected for the 1994/95 financial year. Bonds currently comprise only a very small portion of government's total debt. In addition, the cost of administering bonds renders them uneconomic in comparison with government stock. Consideration is therefore being given to the phasing out of bonds.

#### 2.5.1.3 Accounting for discount on stock issues

In view of the ongoing debate regarding the manner in which the discount on government stock issues<sup>7</sup> is presently accounted for, the State Debt Management Committee conducted an inquiry into the matter. At present the discount on government stock issues is accounted for on a cash basis (although zero coupon bonds are treated on an accrual basis). The discount on stock issues is thus only brought into consideration at the maturity date of a stock and no provision is made to account for the discount over the lifespan of the stock on an accrual basis.

The government's accounting and budgetary process as well as the annual reporting on government finance are conducted on a cash

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<sup>7</sup> A discount arises on the issue of securities as a result of the difference between the *face value* of the debt instrument (the amount to be repaid on maturity) and the *cash realised* at the time of issue. The discount is determined by the difference between the interest to be paid on the security (the coupon rate) and the interest yield on the capital market of securities of similar type and maturity (the market rate).

basis. Most economic analysis of government finance is also conducted on a cash basis.

The conclusion was drawn that, although there might be merit in changing to an accrual basis for purposes of accounting for the discount on stock, such a change would be justified only if accompanied by a switch in the entire accounting policy of the government to an accrual basis. The merits of such a reform are currently being investigated by the Department of State Expenditure.

#### 2.5.1.4 Tax and Loans Accounts

The system of Tax and Loans Accounts which was implemented on 1 February 1994, in terms of which tax and loan receipts are deposited in tax and loan accounts at the clearing banks, has not only further contributed to the easing of the management of the money market by the Reserve Bank, but also contributed to projected income of R270 million for the 1994/95 financial year due to interest earned on these deposits.

#### 2.5.2 Statement of Liabilities and Assets

A Statement of Liabilities of the national government as at 31 March 1993 was compiled by the Department of Finance, in cooperation with the Department of State Expenditure, the South African Reserve Bank and the Auditor-General. This statement was published for the first time in the Auditor-General's report for the 1992/93 fiscal year.

Financially related assets of the national government have been added to the Statement of Liabilities as at 31 March 1994. This augmented Statement will be published in the Auditor-General's report for the 1993/94 fiscal year. The Statement will be expanded and updated annually with a view to developing a complete and accurate balance sheet for the national government.

The statement of Liabilities and Financially Related Assets provides information on off-balance sheet items, including the total contingent liabilities of the State. A contingent liability is a potential loss that depends on future circumstances, i.e. a claim which will depend on the outcome, favourable or unfavourable, of uncertain events.

Contingent liabilities amounted to R121,7 billion on 31 March 1994. Some of the more important liabilities which have received particular attention recently, are briefly described below:

- According to an actuarial evaluation, liabilities in respect of member contributions payable on behalf of retired members of the Medihelp medical scheme, amounted to R4 billion on 31 March 1994.
- Actuarial valuations indicate that the underfunding of the Government Service Pension Fund, the Temporary Employees Pension Fund, the Associated Institutions Pension Fund, the Authorities' Service Pension Fund and the Authorities' Service Superannuation Fund amounted to R39,9 billion of the total contingent liabilities. These deficits are updated by the actuaries every three years.
- A further R3,1 billion represents the underfunding of future liabilities relating to claims against the Multilateral Motor Vehicle Accident Fund. The financial position of the fund is presently being investigated by the Department of Transport.
- Guarantees to various institutions, amounting to R70,4 billion in total, also include an amount of R2,1 billion in respect of guaranteed liabilities of the former TBVC states and self-governing territories.

### 2.5.3 Foreign Financing

#### 2.5.3.1 Capital Markets

Early preparations for South Africa's return to the international capital markets after the lifting of a number of statutory sanctions made it possible for South Africa to approach hitherto untapped markets in 1994. The main aspects of the Government's international borrowing approach were as follows:

- international credit ratings (of which two are in the prestigious investment grade category) were obtained from agencies in the USA and Japan during 1994;
- certain private sector institutions were permitted to launch convertible bond issues in the international markets;

- public sector institutions prepared themselves for a return to the international capital markets;
- an SEC-registration process (which included a due diligence investigation by a US law firm) was undertaken and completed;
- an international "road show" was undertaken to market the Government's global dollar bond issue and to introduce the new policy makers to international investors; and
- a US\$ 750 million global bond issue was launched in early December 1994.

The Government's global issue was underwritten by a group of the world's leading financial institutions led jointly by Goldman Sachs and Swiss Bank Corporation. The competitive terms and conditions of the issue and the wide range of new investors who participated, confirmed that the desired objective of a successful liquid benchmark issue was accomplished. As with all non-OECD countries that have accessed international financial markets in recent years, however, the secondary market trading and pricing of South African bonds were affected adversely by the Mexican currency crisis in December 1994.

In terms of its declared foreign borrowing policy, the Government does not intend to rely to a large extent on external debt as a means of financing the national budget deficit. National Government foreign borrowing is not seen as an attempt to find additional sources of finance enabling a larger deficit to be maintained, but rather as a substitute for domestic finance depending on cost considerations and pressures on the domestic financial markets.

The national government, in essence, acts as a strategic borrower to facilitate the South African approach to the broadest possible investor base by endeavouring to improve the RSA's international credit rating, by reaching out to investors through international contact and publications, and by tapping markets on a selective basis to establish benchmarks in various currencies and maturities for other South African borrowers who may wish to tap the international capital markets, when market circumstances permit.

The Government's foreign borrowing activities form part of a broader economic objective of reversing the net flow of capital out of South Africa, and thus enhancing sustainable growth and development.

In keeping with its foreign borrowing policy aims, the government will enter new markets during the course of the new financial year as and when favourable market circumstances or opportunities occur.

#### 2.5.3.2 Foreign development financing

Since the elections, the Government has become the recipient of various assistance pledges from the international development assistance community and has entered into agreements with various bilateral development institutions. This foreign official development assistance includes grants, concessional loans, trade guarantees and export credit benefits. Grants and concessional loans to both the Government and non-governmental organisations totalling some R7,5 billion are available over a five-year period and will be directed towards the objectives of the Reconstruction and Development Programme.

In order to ensure the effective management and coordination of overseas assistance available, the Government has created an International Development Cooperation Committee (IDCC). The function of the IDCC in its broadest terms is to act as the principal channel of communication and coordination between the Government and the international development assistance community. In addition, the IDCC will assist government departments in the process of matching the most appropriate source of foreign assistance with suitable projects or programmes. Concessional loans having to be repaid, will also, as in the case of commercial loans, be treated as a substituting source of finance for government expenditure.

The Government's policy with regard to official development assistance is to conclude either a framework agreement or a memorandum of understanding with each international assistance partner. The rationale for this policy is to define agreements reached on the scope and area of cooperation between the Government and its assistance partners. The IDCC includes representatives of the Departments of Finance, State Expenditure, Foreign Affairs and Trade and

Industry, the RDP Office, the Central Economic Advisory Service and the Reserve Bank. Representatives of other departments or agencies are consulted as necessary in the formulation of agreements on particular projects or programmes.

## 2.6 MULTILATERAL FINANCIAL INSTITUTIONS

### 2.6.1 The International Monetary Fund

South Africa is a founding member of the International Monetary Fund (IMF) and has always been regarded as a "member in good standing" with full access to technical and financial assistance of the IMF.

South Africa's quota in the IMF is SDR 1 365,4 million<sup>8</sup> and its 13 904 votes account for 0,93 per cent of the total. This places South Africa in the 23rd position in terms of voting power.

The only outstanding financial obligation which South Africa has to the IMF is a drawing (amounting to SDR 614,43 million<sup>9</sup>) which South Africa made under the IMF's Compensatory and Contingency Financing Facility in December 1993 to help compensate for a shortfall in merchandise export earnings and an unexpected increase in cereal imports for the 12-month period ending June 1993 mainly due to the severe drought that swept Southern Africa in 1992. The loan will be repaid in eight equal quarterly instalments, commencing in March 1997.

In accordance with Article IV of the IMF's Articles of Agreement, each member country's recent economic development and policies are analysed regularly. The analysis includes fiscal, monetary and exchange rate policies, as well as the impact on the balance of payments of these and related policies in respect of matters such as trade, the exchange rate, labour and domestic prices. The IMF conducted its annual Article IV Consultation

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<sup>8</sup> South Africa's IMF quota of Special Drawing Rights (SDRs) to the value of SDR1365,4 is equivalent to R7,482 billion at the rate of exchange of SDR1 = R5,48 on 8 March 1995.

<sup>9</sup> Equivalent to R3,367 billion.

with the South Africa authorities during the period 9 to 21 November 1994.

#### 2.6.2 The World Bank

With the election of the new Government, South Africa has regained the full rights and obligations associated with membership of the International Bank for Reconstruction and Development and the affiliated International Development Agency, International Finance Corporation and Multilateral Investment Guarantee Agency (commonly referred to as the World Bank group).

The South African Government is currently in the process of finalising a Memorandum of Understanding with the World Bank. The intention is, *inter alia*, to reach an agreement on the possible assistance South Africa will seek from the World Bank in funding the Reconstruction and Development Programme. The Memorandum of Understanding deals with all aspects of technical and financial assistance and ensures a coordinated approach consistent with the policy objectives of the Government of National Unity.

#### 2.6.3 The African Development Bank

Over a period of several years, formal discussions have been in progress between representatives of the African Development Bank (AFDB) and South African parties regarding the possibility of South Africa becoming a member of the AFDB. In May 1994, the South African Government delivered a Letter of Intent to the AFDB Annual Meeting in Nairobi indicating South Africa's interest in entering into consultations with the Bank with a view to possible membership of the AFDB. A South African technical team has been appointed and terms of reference set out for negotiations with the AFDB in this regard.

The first round of negotiations between the respective teams of South Africa and the AFDB were held in Pretoria from 21 to 23 February 1995 and a *procès-verbale* was jointly signed at Pretoria on 24 February 1995. This document recorded a set of understandings reached between the two parties thus far and outlined further issues in need of clarification by both parties. A second round of negotiations is envisaged to be held shortly in Abidjan, Côte d'Ivoire.

## 2.7 REGIONAL DEVELOPMENTS

### 2.7.1 The Common Monetary Area (CMA)

The Common Monetary Area comprising South Africa, Lesotho, Namibia and Swaziland was established in December 1974 with the signing of the Common Monetary Area Agreement. The Common Monetary Area Agreement provides for the unrestricted transfer of funds within the area, and has over the years developed into the most advanced monetary union on the African continent.

### 2.7.2 The Southern African Customs Union Agreement (SACU)

The present SACUA was signed on 11 December 1969. South Africa, Botswana, Lesotho, Namibia (since 1990) and Swaziland are contracting parties to the agreement. The aim of the agreement is to maintain free traffic in goods between contracting parties, to apply uniform customs and excise legislation and regulations (implying a common customs and excise tariff), to develop the area as a whole economically and, in particular, to ensure that the arrangements promote the economic development of the less advanced members (i.e. the BLNS countries).

All customs and excise duties collected are paid into a common revenue pool. South Africa is the custodian of the pool. The BLNS countries' shares in the pool are calculated and paid annually according to a formula. South Africa retains the balance. The revenue sharing formula contains enhancement factors in favour of the BLNS countries. It ensures that they do not receive less than 17 per cent (or more than 23 per cent) of the total of their imports (including duty-free imports from South Africa) plus the value of excisable goods produced and consumed in their countries plus the excise duties paid thereon.

Although the contracting parties have different perspectives on the agreement, they all concur that the agreement has shortcomings which have emerged over the years. The agreement is therefore under close scrutiny by all contracting parties. Following meetings that took place in Namibia, South Africa and Lesotho, three working groups

have been established to look into the matter of democratising the Customs Union. The working groups will examine institutional, investigative and policy issues, respectively.

### 2.7.3 The Southern African Development Community (SADC)

The origins of the SADC go back to 1980 when the Southern African Development Coordination Conference (SADCC) was formed, aimed at reducing the frontline member states' perceived dependence on outside domination. The Treaty establishing the SADC was signed in 1992 by SADCC member states, i.e. Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Tanzania, Zambia and Zimbabwe. With the establishment of the SADC, the SADCC's objective of sectoral cooperation was transformed to the promotion of economic integration and closer economic cooperation amongst member states, including trade in the broader Southern African region. On 3 August 1994, the Minister of Trade

and Industry, Mr Trevor Manuel, presented and motivated a memorandum to the Cabinet proposing that South Africa join SADC as a full member at the summit meeting of SADC heads of state in Gaborone on 29 August 1994. The Cabinet approved the draft Bill, resolving that in order to promote economic integration and co-operation in the region, South Africa should join the SADC. As a result South Africa acceded to the SADC Treaty on 29 August 1994 and joined the organisation as a full member.

It is the policy of the SADC that each member country should take responsibility for coordinating work within an assigned sector. At the 1995 Annual Consultative Meeting in Malawi on 1 February 1995, the SADC's Council of Ministers took a decision to assign South Africa the task of coordinating the Finance and Investment Sector, the main reason being the highly developed, well managed and relatively sophisticated state of the South African financial system. This request has still to be considered by Cabinet.

## CHAPTER 3

### REVIEW OF THE 1994/95 NATIONAL BUDGET

*In this chapter the 1994/95 national budget expenditure, revenue and financing figures are updated. These updates are presented on the basis of the 1994/95 Budget and therefore differ from the figures that appear in statistical annexure B, which are presented on the basis of the 1995/96 Budget for purposes of comparability and analysis.*

*A synopsis of the budgetary figures is given in section 3.1 of this chapter. Sections 3.2 to 3.4 contain a detailed analysis of expenditure, revenue and financing. Each section charts the course of the particular aggregate through three stages of the budgetary process, namely the First Print, the Second and Final Print ("budgeted amount") and the revised estimates. The budgeted amounts at the various stages are reconciled and key structural adjustments to the 1994/95 figures are highlighted. Lastly, the adjustments needed to present the 1994/95 figures on the basis of the 1995/96 Budget are described.*

#### 3.1 A SYNOPSIS OF REVISED NATIONAL BUDGET FIGURES

The budgeted expenditure level for 1994/95 amounted to R135,098 billion. This represented an increase of 10,2 per cent on the 1993/94 expenditure level of R122,6 billion (as estimated at the time of the Budget) and was equal to 30,6 per cent of the then projected GDP. Revenue collections were projected at R105,824 billion - an increase of 11,2 per cent on 1993/94 and equal to 24 per cent of GDP, resulting in a budget deficit of R29,274 billion (6,6 per cent of GDP).

The revised estimated expenditure level<sup>1</sup> for 1994/95 of R136,690 billion is 12,8 per cent higher than the latest available 1993/94 figure of R121,2 billion. This higher than budgeted in-

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<sup>1</sup> After eliminating double counting of the national budget's contribution to the RDP Fund. Details are provided in par. 3.2.

crease is due to additional expenditure of R1,592 billion and larger than expected savings in 1993/94, (which included roll-over of unspent funds from the 1993/94 financial year<sup>2</sup>). The revised estimated expenditure level is equal to 30,5 per cent of the latest projection of GDP. Revenue and grants are now estimated to be R108,351 billion (24,2 per cent of GDP). This exceeds the budgeted amount by R2,527 billion and is 13,6 per cent more than in 1993/94. The resulting budget deficit of R28,339 billion is equal to 6,3 per cent of GDP.<sup>3</sup>

#### 3.1.1 Additional national budget expenditure

Details of additional expenditure were provided when the Adjustments Estimate was tabled in Parliament on 22 February 1995. In summary, the additional amount of R1,592 billion comprises the following:

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<sup>2</sup> The practice of allowing roll-overs reduces the former compulsive and inefficient spending by government institutions to avoid the loss of unspent allocations at the end of the financial year. Unspent funds that meet with certain criteria are now available during the next fiscal year without having to be included in the new year's main budget votes (such funds are appropriated annually in the Adjustments Estimate). This mechanism implies that the actual demand for goods and services by the national government in any particular year, is estimated by adding (or subtracting, as the case may be) the difference between the carry-over from the previous year and the carry-over to the next year to the budgeted amounts. Any major difference between these two carry-over flows will also require an adjustment to the budget deficit to be financed in any particular year. Final information is unfortunately only available after the financial year-end.

<sup>3</sup> Nominal GDP for 1994/95 is expected to amount to R447,7 billion, somewhat higher than the R441,9 billion that was expected at the time the Budget was presented to Parliament. This is the combined result of a 2 per cent economic growth rate and higher than expected overall inflation in the economy, as measured by the GDP deflator.

	R million
Unforeseen and unavoidable expenditure	1 590,3
Shift of functions	0,3
RDP-related expenditure to be financed from grants received in the RDP Fund	<u>1,0</u>
<b>Total</b>	<b><u>1 591,6</u></b>

Details of unforeseen and unavoidable expenditure of R1,590 billion are as follows:

	R million
Unavoidable additional state debt costs <sup>4</sup>	290,4
Improvement of conditions of service:	
Increase in minimum wages	170,3
Elimination of salary disparities in former TBVC states	358,8
Adjustments for certain occupation groups	42,5
Re-employment of civil servants in the former Ciskei	53,4
Oil pollution (Apollo Sea)	12,0
Rationalisation of National Intelligence Service	141,0
Road commuter transport subsidies	70,0
Drought aid	34,0
Roll-over of funds (former Transkei)	135,5
Constitutional Assembly	20,0
Re-employment in health services	20,7
Social assistance (unforeseen growth in numbers of beneficiaries)	266,5
Repayment of local authority loans	24,0
Elimination of salary disparities in Posts and Telecommunications departments in the former TBVC states	42,2
Other smaller expenditure items (net)	<u>89,8</u>
Subtotal	1 771,1
Less: Declared savings	<u>180,8</u>
<b>Unforeseen and unavoidable expenditure</b>	<b><u>1 590,3</u></b>

The additional expenditure provided for in the Adjustments Estimate amounts to 1,2 per cent of the budgeted estimate and can partly be ascribed

<sup>4</sup> Additional state debt costs amounted to R291,4 million, of which R0,8 million was financed from savings on other statutory amounts.

to the fact that spending agencies had to operate in an environment of higher inflation than was provided for in the Budget. Taking into account that the cost of government procurement of goods and services in 1994/95 was some 12 per cent higher than the increase of 8½ per cent envisaged at the time of the Budget, it is apparent that a significant portion of the higher cost was, in fact, absorbed by government institutions. The approved unforeseen and unavoidable expenditure amounted to some 36 per cent of the additional requests of R4,4 billion presented to the Treasury Committee. This Committee (consisting of the Executive Deputy Presidents, the Minister of Finance and the Minister without Portfolio), recommends additional expenditure allocations to Cabinet only after thorough and careful analysis and consideration<sup>5</sup>. Whilst expenditure adjustments during the course of the financial year are to be expected in the dynamic environment of governance, the Treasury Committee played an invaluable role in disciplining expenditure.

More details regarding the reconciliation of and adjustments to the expenditure figures are provided in par. 3.2 below.

### 3.1.2 Additional national budget revenue

Ordinary revenue collections in 1994/95 have exceeded budget estimates, mainly due to higher than expected collections from income taxes and customs duties. In summary, the following major divergences from the budgeted amounts occurred:

- Income tax from gold mines: underestimated by R535 million (66,5 per cent);
- Income tax from non-mining companies: underestimated by R1,105 billion (10,3 per cent);
- Personal income tax: underestimated by R400 million (0,9 per cent); and
- Customs duties: underestimated by R215 million (5,5 per cent);

<sup>5</sup> Any departmental request for additional allocations of funds is only considered by the Treasury if the following conditions are met:

- the expenditure is unforeseen and unavoidable;
- the service is affordable; and
- the expenditure can be financed.

More details regarding reconciliation of and adjustments to the revenue figures, with explanations for the divergences in the revenue estimates, are provided in par. 3.3.

**3.2 EXPENDITURE: 1994/95**

**3.2.1 Changes since the Budget and reconciliation of the figures**

In the 1994/95 Budget presented to Parliament on 22 June 1994, total expenditure was estimated at R135,087 billion:

	R million
Printed Estimate (RP 2, First Print)	132 346,5
Plus: Supplementary proposals:	
RDP Fund	2 500,0
Financial and Fiscal Commission	4,2
Plus: Expenditure to be voted in the Adjustments Estimate:	
Advances to the new provincial legislatures	<u>236,2</u>
<b>Total estimated expenditure</b>	<b><u>135 086,8</u></b>

The basic format of the 1993/94 Printed Estimate of Expenditure had been retained for the 1994/95 Printed Estimate of Expenditure (RP 2, *First Print*), commonly called the "White Book", which was tabled in Parliament in June 1994. For this reason, the budget votes did not correspond altogether with the portfolios of the Ministers of the Government of National Unity.

Total budgeted expenditure of R136,783 billion was included in the Printed Estimate of Expenditure (RP 2 & 4, *Second and Final Print*), commonly called the "Blue Book", which was tabled in Parliament in October 1994. This provided for a transfer to the RDP Fund and certain minor adjustments, and for the creation of a separate vote for expenditure from the RDP Fund.

The "Blue Book" thus set out:

- the supplementary budget proposals (the transfer of R2,5 billion to the RDP Fund and provision for the Financial and Fiscal Commission of R4,2 million);
- the budget votes according to the new departments and portfolios of the Ministers

of the Government of National Unity;

- a reallocation of functions from the former self-governing territories and TBVC states to the national budget<sup>6</sup>;
- a statutory amount of R424 000 in respect of a salary adjustment for the President; and
- a budget vote "Promoting the Reconstruction and Development Programme".

	R million
Printed Estimate (RP 2, First Print)	132 346,5
Plus: Supplementary proposals:	
RDP Fund	2 500,0
Financial and Fiscal Commission	4,2
Reallocation of funds	10,9
Statutory amount	<u>0,4</u>
<b>Total</b>	<b>134 862,0</b>
Plus: Vote 31: Promoting the RDP	<u>1 921,4</u>
<b>Printed Estimate of Expenditure</b>	<b><u>136 783,4</u></b>

The Reconstruction and Development Act (Act 7 of 1994) provides for the transfer of funds from the National Revenue Account to the Reconstruction and Development Programme Fund (RDP Fund) and for receipts in the RDP Fund of grants and interest earned on investment of RDP Fund monies. RDP-related expenditure (including transfers to other levels of government) is appropriated in the national budget on the vote "Promoting the Reconstruction and Development Programme", and is financed by transfers from the RDP Fund back to the National Revenue Account.

The flow of funds described above implies that government's contribution to RDP-related expenditure in a specific year will, in practice, be counted twice on both the revenue and expenditure sides of the National Revenue Account. To eliminate this double counting, the National Revenue Account and the RDP Fund have to be consolidated.

<sup>6</sup> The shift of certain functions previously financed through own revenue collections by the former regional governments and transfer payments from the national budget resulted in a budgeted net increase of R10,9 million in national budget revenue and expenditure.

At the time of the Budget it was foreseen that an amount of R2,5 billion would be transferred from the National Revenue Account to the RDP Fund during the course of the 1994/95 financial year. This amount was subsequently voted on the Department of Finance's budget vote in the "Blue Book" and represents the national government's envisaged contribution to the RDP Fund for the 1994/95 financial year.

On the budget vote "Promoting the Reconstruction and Development Programme" included in the "Blue Book" tabled in Parliament in October 1994, R1,921 billion was allocated to specific RDP-related projects, leaving R578,6 million not yet committed. In order to save state debt costs, funds are transferred to the RDP Fund only as needed, but the uncommitted RDP-related expenditure of R578,6 million is taken into account in calculating the total expenditure level<sup>7</sup>.

The consolidation between the National Revenue Account and the RDP Fund accordingly brings the *total estimated expenditure level* at the time of the *Second and Final Print* in October 1994 to R135,098 billion (compared to R135,087 billion at the time of the Budget):

	R million
Printed Estimate (RP 2, First Print)	132 346,5
Plus: Supplementary Budget:	
Transfer to RDP Fund	2 500,0
Financial and Fiscal	
Commission	4,2
Reallocation of funds	10,9
Salary of the President	0,4
RDP budget vote	<u>1 921,4</u>
Printed Estimate (RP 2 & 4, Second and Final Print)	136 783,4
Less: Double counting of RDP Fund-related expenditure	<u>1 921,4</u>
	134 862,0

<sup>7</sup> Funds for RDP-related expenditure (committed and uncommitted) that are not expended in the 1994/95 financial year, are rolled over to the 1995/96 financial year, as has been the practice with unspent funds of departments since 1992/93 (see footnote 2).

Plus: Expenditure to be voted in the Adjustments Estimate:  
Advances to the new provincial governments 236,2

**Total estimated expenditure level 135 098,2**

**3.2.2 Revised estimate of national budget expenditure**

In the Adjustments Estimate, which was tabled in Parliament on 22 February 1995, the revised budgeted expenditure was given as R138,753 billion, compared to the R136,783 billion in the Printed Estimate of Expenditure (RP 2 & 4, *Second and Final Print*):

	R million	R million
Printed Estimate (RP 2 & 4, Second and Final Print)		136 783,4
Plus: Adjustments		
Estimate	5 557,1	
Further reallocation of funds	<u>0,3</u>	<u>5 557,4</u>
		142 340,8
Less: Declared savings <sup>8</sup>	180,8	
Suspensions	1,0	
Expected roll-over of funds to 1995/96 <sup>9</sup>	<u>3 406,5</u>	<u>3 588,3</u>
<b>Revised budgeted expenditure</b>		<b><u>138 752,5</u></b>

<sup>8</sup> An amount of R180,82 million was diverted, via Customs and Excise, to the former TBVC states before 27 April 1994 in terms of the Customs Union Agreement. As this had not been foreseen in the Printed Estimate of Expenditure, both revenue and expenditure from the National Revenue Account must be adjusted downwards accordingly. The amount of R180,82 million is thus suspended and applied to finance some of the unforeseen additional expenditure.

<sup>9</sup> This includes uncommitted RDP Fund allocations of R437,25 million. The roll-over of funds from one financial year to another is, for budgetary purposes, regarded as self-financing. In other words, since the amount of unspent funds that will be rolled over from 1994/95 to 1995/96 is unknown at the time of the Budget, it is assumed that it will be equal to the roll-overs from 1993/94 to 1994/95. In practice, an increase in the amount rolled over results in a lower actual expenditure level relative to the budget estimate for the first year, and additional funds available for expenditure in the second.

The adjustments of R5,557 billion comprised the following:

	R million
Roll-over of unspent 1993/94 funds	3 406,5
Advances to provincial governments	236,2
Additional RDP-related projects <sup>10</sup>	142,4
Reallocation of funds	1,0
Unforeseen and unavoidable expenditure	<u>1 771,1</u>
<b>Total Adjustments Estimate *</b>	<b><u>5 557,1</u></b>

\* Due to rounding, figures do not add up to the total.

Details of the unforeseen expenditure of R1,590 billion (unforeseen expenditure of R1,771 billion net of declared savings of R180,82 million) were given in par. 3.1.1.

If double counting is eliminated, total expenditure amounts to R136,690 billion compared to the budgeted R135,098 billion. The reconciliation may be done either from the original amount, or from the revised expenditure level.

From the original amount, the double counting should only be eliminated in terms of the further allocation of RDP Fund monies of R141,35 million to specific RDP-related projects, since the grant of R1,01 million received in the RDP Fund is accounted for on the revenue side of the national budget:

	R million
Printed Estimate (RP 2 & 4, Second and Final Print)	136 783,4
Less: Double counting of RDP Fund-related expenditure	<u>1 921,4</u>
	134 862,0

Plus: Expenditure to be voted in the Adjustments Estimate: Advances to the new provincial governments	<u>236,2</u>
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**Total budgeted expenditure** **135 098,2**

Plus: Adjustments Estimate, excluding the provincial advances already taken into account above	<u>5 321,2</u>
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140 419,4

Less: Declared savings 180,8

Suspensions 1,0

Roll-over of funds to

1995/96 3 406,5 3 588,3

136 831,1

Less: Further double counting of national budget contribution to RDP Fund<sup>11</sup>

141,4

**Revised estimate of expenditure** **136 689,7**

If the revised expenditure level of R138,753 billion is the starting figure, the reconciliation is as follows:

	R million
Revised expenditure level	138 752,5
Less: Double counting of national budget contribution to RDP Fund <sup>12</sup>	<u>2 062,8</u>

**Revised estimate of expenditure** **136 689,7**

Detailed expenditure per budget vote appears in annexure B, table 5.

<sup>11</sup> Further RDP-projects of R142,36 million included in the Adjustments Estimate less R1,01 million to be financed from grants received in the RDP Fund.

<sup>12</sup> Allocated expenditure from the RDP Fund of R2 063,76 million excluding R1,01 million to be financed from grants received in the RDP Fund produces an amount of R2 062,75 million to be financed through the national budget.

<sup>10</sup> Including expenditure of R1,01 million financed by grants received in the RDP Fund. This amount is thus also shown on the revenue side of the national budget.

**3.3 REVENUE: 1994/95**

R2,526 billion (2,4 per cent) *more* than the budgeted amount of R105,824 billion<sup>14</sup>.

**3.3.1 Changes since the Budget**

When the Budget was tabled in Parliament on 22 June 1994, total revenue collections were estimated at R105,813 billion for 1994/95.

It is expected that ordinary revenue collections by Inland Revenue and Customs and Excise will exceed their budgeted amounts by R2,206 billion and R320 million respectively. Tax revenue collections were underestimated by R2,943 billion at the time of the Budget, due to underestimation of collections from direct taxes (R2,224 billion) and indirect taxes (R719 million). Other non-tax receipts were overestimated by some R416 million at the time of the Budget. Details of these divergences from the budgeted amounts and some explanations are given in par. 3.2.3.

As explained in par. 3.1.1, revenue of R10,9 million was reallocated from the Revenue Accounts of the former self-governing territories and TBVC states to the National Revenue Account due to shifts of functions from those levels of government to the national government level. Therefore, the Printed Estimate of Revenue (RP 3, *Second and Final Print*) tabled in Parliament in October 1994, containing revenue projections for 1994/95 after the tax proposals were taken into account, showed total estimated revenue collections at R105,824 billion - a projected increase of 11,2 per cent on the 1993/94 figures available at the time of the Budget. It was estimated that R90,451 billion of this amount would be collected by Inland Revenue and R15,373 billion by Customs and Excise. Direct and indirect taxes were estimated to contribute R56,524 billion and R46,990 billion respectively, while collections from non-tax revenue and other receipts were estimated at R2,310 billion.

Certain taxes which were previously collected in the Revenue Accounts of the former self-governing territories and TBVC states, will be collected nationally from 1995/96. Historical budgetary figures have been adjusted accordingly (see par. 3.5) for purposes of comparability and are provided in annexure B. Since that information is thus presented on a different basis than the 1994/95 Budget, the revised 1994/95 revenue estimates are given below *on the basis of the 1994/95 financial year*.

**3.3.2 Revised estimate of ordinary revenue**

	Budget	Revised estimate
	Rbn	Rbn
Income tax:		
Gold mines	0,805	1,340
Other mines	0,504	0,483
Non-mining companies	10,770	11,875
Secondary tax on companies	1,440	1,440
Persons and individuals	42,160	42,675
Value-added tax	28,600	28,600
Transfer duties	1,205	1,405
Other: Inland Revenue	<u>4,967</u>	<u>4,839</u>
<b>Total: Inland Revenue</b>	<b><u>90,451</u></b>	<b><u>92,657</u></b>

The revised estimates of revenue presented here are not strictly comparable with the budgeted figures, since the latter excluded an amount of revenue (R180,82 million) diverted to the former self-governing territories and TBVC states in terms of the Customs Union Agreement before 27 April 1994<sup>13</sup>. This double provision is rectified by including the R180,82 million in the revision of the revenue estimates.

At this stage total *ordinary* revenue collections for 1994/95 are estimated at R108,350 billion -

<sup>13</sup> At the time of the Budget, it was provided in national budget expenditure as transfer payments to these former regional authorities.

<sup>14</sup> This compares favourably with an average deviation between budgeted and revised estimates of revenue of -4½ per cent over the past few years of recession.

Customs duties	3,885	4,100
Surcharge on imports	1,200	1,225
Excise duties	5,387	5,479
Fuel levy	8,045	8,200
Other: Customs & Excise	0,106	0,120
Customs Union Agreement	<u>-3,250</u>	<u>-3,431</u>
<b>Total: Customs &amp; Excise</b>	<b><u>15,373</u></b>	<b><u>15,693</u></b>
<b>Total ordinary revenue</b>	<b><u>105,824</u></b>	<b><u>108,350</u></b>

Since RDP-related expenditure of R1,01 million will be financed by way of a grant received in the RDP Fund (see par. 3.1.2), a consolidation of the National Revenue Account and the RDP Fund implies that the same amount has to be added on the revenue side as grants received<sup>15</sup>. This brings total receipts (revenue and grants) for the national budget to R108,351 billion.

### 3.3.2.1 Divergences and explanations

Underestimation of collections from income taxes and customs duties resulted in higher than budgeted total ordinary revenue collections. The following major divergences from the budgeted figures occurred:

- Income tax from gold mines: underestimated by R535 million (66,5 per cent);
- Income tax from non-mining companies: underestimated by R1,105 billion (10,3 per cent);
- Personal income tax: underestimated by R400 million (0,9 per cent);
- Interest on overdue income taxes: underestimated by R165 million (37,8 per cent);
- Transfer duties: underestimated by R200 million (16,6 per cent);
- Customs duties: underestimated by R215 million (5,5 per cent);
- Fuel levy: underestimated by R155 million (1,9 per cent); and
- Non-tax revenue and other receipts: overestimated by R416 million (18 per cent).

Collections from income tax on gold mines were higher than budgeted due to higher gold mining profits than foreseen and the restored profitability

<sup>15</sup> This was not foreseen at the time of the Budget.

of several mines which had been reporting losses for some time.

Better corporate profits than foreseen and an underestimation of the effect of the phasing out of tax concessions resulted in income tax from non-mining companies exceeding expected revenue by some 10 per cent. Collections from the 5 per cent transition levy on companies' taxable income, which are not separable from ordinary company tax, have presumably also exceeded budget estimates.

Interest on overdue taxes is estimated to be higher than budgeted, partly because interest has, with effect from the 1994/95 tax year, been calculated on the basis of "Generally Accepted Accounting Practice" (GAAP)<sup>16</sup>.

Higher than anticipated activity in the property market resulted in higher collections from transfer duties.

Importation of goods was also underestimated at the time of the Budget and collections from customs duties were accordingly underestimated.

Less than budgeted non-tax revenue is mainly the result of an overestimation of departmental income (under the heading "unclassified") and of interest on Exchequer deposits at clearing banks. The latter is a consequence of lower average balances in tax and loan accounts than were anticipated.

## 3.4 BUDGET DEFICIT AND FINANCING

### 3.4.1 Changes since the Budget

At the time of the Budget, the national budget deficit was expected to be R29,274 billion<sup>17</sup>, or 6,6 per cent of GDP. Taking into account the adjust-

<sup>16</sup> Previously, payments in respect of unpaid tax were first apportioned to tax and thereafter to accrued interest. From 1 April 1994, payments are first allocated to penalties (if any), then to interest and thereafter to tax.

<sup>17</sup> The difference between expenditure of R135,087 billion and revenue of R105,813 billion.

ments to the revenue and expenditure figures from the time of the Budget up to the Second Printed Estimates in October 1994 (see par. 3.2.1 and 3.3.1), the comparable budget deficit remains as budgeted, since the amount of R10,9 million in respect of the reallocation of functions is added on both the revenue and expenditure sides.

The budget deficit, less any closing balances brought forward from the previous financial year, constitutes the *net borrowing requirement*. As explained in the Budget Review of 22 June 1994, it was then estimated that a negative balance of R381 million would be carried forward to the 1994/95 financial year. Thus, the budgeted net borrowing requirement amounted to R29,655 billion.

### 3.4.2 Revised estimate of budget deficit

The revised estimated expenditure level in par. 3.2.2 of R136,690 billion and the revised estimate of revenue and grants of R108,351 billion result in a revised estimated budget deficit for 1994/95 of R28,339 billion, or 6,3 per cent of expected GDP<sup>18</sup>.

### 3.4.3 Revised estimate of borrowing requirement and financing

The 1993/94 closing balance brought forward to 1994/95 was in fact R1,214 billion (and not the expected negative balance), due to a larger than expected roll-over of unspent funds in the 1993/94 financial year. The net borrowing requirement for 1994/95 is thus expected to be R27,124 billion:

	R million
Estimated budget deficit	28 338,5
Less: 1993/94 balance brought forward	<u>1 214,1</u>
<b>Expected net borrowing requirement</b>	<b><u>27 124,4</u></b>

Total loan redemptions amounted to R11,076 billion in 1994/95 compared to the R6,894 billion foreseen at the time of the Budget. After the premium on consolidating, repurchasing and

"switching" of government stock of R1,17 billion is taken into account, the net amount is R9,905 billion:

	R million
Government stock <sup>19</sup>	10 082,4
Bonds	110,8
Foreign loans	172,8
Loan levy (1989/90)	<u>709,6</u>
	11 075,6
Less: Premium on consolidation, repurchasing and "switching"	<u>1 170,2</u>
<b>Net loan redemptions</b>	<b><u>9 905,4</u></b>

Standing appropriations (guarantee liabilities<sup>20</sup>, subscription payments to the International Development Association (IDA) and the International Bank for Reconstruction and Development (IBRD), as well as valuation adjustment payments to the IMF) are expected to be R150,37 million. The revised gross borrowing requirement for 1994/95 is thus R37,18 billion. Financing is estimated as follows:

	R million
Short-term loans (net increase)	500,0
Government stock	33 907,1
Bonds	1,3
Foreign loans	<u>2 771,8</u>
<b>Total financing</b>	<b><u>37 180,2</u></b>

The unexpected rise in capital market interest rates after the 1994 Budget increased the *nominal* amount of government stock issued to finance the national budget by about R5½ billion, due to higher discounts payable on the sales of new

<sup>19</sup> Scheduled maturities of government stock amounted to R5,808 billion and consolidation, repurchases and "switching" transactions amounted to R4,274 billion in 1994/95.

<sup>20</sup> The government guaranteed Land Bank loans to farmers during the 1992/93 drought period. Where repayment of these loans did not realise, the government is liable for repayment. These "guarantee liabilities" of government mainly consist of Land Bank claims in 1993/94 and 1994/95, but also include claims from other institutions on debt that the government had guaranteed.

<sup>18</sup> See footnote 2.

government stock. In addition, increased money market rates, as well as more transactions in treasury bills than anticipated resulted in increased interest costs. The Public Debt Management Committee took several measures to minimise the effect of these increases, which could have resulted in additional state debt costs of more than R500 million. The overall outcome is that total state debt cost is now estimated to exceed the budgeted amount by R291,2 million<sup>21</sup> (see par. 3.1.3).

Government stock of R33,907 billion was issued at an average yield of just below 15% (including the discount) with the following maturity structure:

0 to 2 years	1,1%
3 to 6 years	36,3%
7 to 10 years	26,6%
longer than 10 years	36,0%

#### 3.4.4 Increase in total government debt

It is projected that total government debt will increase by R53,5 billion to R245,7 billion during the 1994/95 fiscal year, including debt issued in the financing of the national budget, an issue of government stock to the Closed Pension Fund, revaluation of foreign loans, debt taken over from the former TBVC and self-governing territories and foreign exchange forward cover losses realised by the Reserve Bank. The debt of R14,093 billion taken over from the former TBVC states and self-governing territories, does not represent new debt, however. Including this, therefore, in estimated total national debt on 31 March 1994, the expected national debt increase in 1994/95 amounts to R39,4 billion, which is an increase of 19,1 per cent. Details are set out in par. 2.5.1.1 of chapter 2.<sup>22</sup>

<sup>21</sup> Of this amount, R181 million is in respect of the redemption of a foreign loan of the Greater Soweto Councils and R38 million is in respect of additional costs of raising loans.

<sup>22</sup> The figures representing total financing presented in par. 3.4.3 differ somewhat from the estimates presented in par. 2.5.1.1 of chapter 2 due to differences between accounting conventions used for budgetary and debt management purposes.

### 3.5 STRUCTURAL ADJUSTMENTS TO NATIONAL BUDGET FIGURES

For purposes of long-term trend analysis a consistent data series is necessary. This section explains the required structural changes to national budget figures up to and including the 1995/96 financial year.

Much progress has been made in implementing financial and fiscal relations between the various levels of government in terms of the 1993 Constitution and further structural changes in national government finances will come into effect in 1995/96 (see chapters 4 and 5). All income taxes, value-added tax, non-resident shareholders tax, stamp duties and fees and mining leases previously collected in the Revenue Accounts of the former self-governing territories and TBVC states, will be collected at national level from 1 April 1995 and will accrue to the National Revenue Account. Until new revenue sources of provinces are put in place according to the 1993 Constitution, some of the new provinces will, therefore, lose these "own revenue" sources and corresponding transfer payments from the National Revenue Account to provincial governments will be effected in 1995/96.

The national budget revenue and expenditure figures for the period prior to 1995/96 must accordingly be adjusted if they are to be comparable to the 1995/96 figures. In order to effect this, the following adjustments have been made to the *historical* national budget figures (as detailed in Reports of the Auditor-General) and to the 1994/95 budget figures in this chapter to present them on the same basis as those for 1995/96 (see also introductory notes to annexure B):

- Amounts equal to revenue diversions and standing allocations from national budget revenue to the former self-governing territories and TBVC states, are added on the expenditure side as transfer payments to these former authorities. On the revenue side, these diversions are, correspondingly, no longer subtracted. This structural change came into effect on 27 April 1994. An amount of R180,82 million was, how-

ever, diverted in terms of the Customs Union Agreement before 27 April 1994 and the 1994/95 figures are adjusted accordingly.

- Amounts equal to own revenue collections of the former Own Affairs Administrations are added on both the national budget revenue and expenditure sides. This change was effected for the 1994/95 Budget. Some former Own Affairs departments, although they are regarded as "national departments" in the 1994/95 Budget, still deposited revenue collections in their former Revenue Accounts (which still existed in 1994/95). These collections are, therefore, also included in national budget revenue, since they financed expenditure from the national budget.
- Certain taxes, which were formerly collected by regional authorities and will be collected nationally from 1995/96, are added to the national budget revenue collections for previous years, and corresponding transfer payments to the former regional authorities are included in national budget expenditure.

Furthermore, certain financial commitments of the national government were in the past treated "below-the-line", and accordingly were excluded from the calculation of the budget deficit. In order to present as comprehensive as possible a picture of government's finances, "below-the-line" claims on Government will from now on also be included in the overall expenditure level for purposes of analysis<sup>23</sup>. Accordingly, expenditure of a further R150,4 million for 1994/95 is incorporated below, comprising projections of standing appropriations (guarantee claims, subscription payments to IDA and the IBRD, as well as valuation adjustment payments to the IMF).

Thus, the 1994/95 figures, on the basis of the 1995/96 national budget, are:

<sup>23</sup> Payments of standing appropriations take place each financial year. In the past, other "below-the-line" items comprised, for example, transfer payments to government pension funds and the Gold and Foreign Exchange Contingency Reserve Account. They will, however, continue to be dealt with in the traditional way in the budgetary figures for purposes of Parliamentary legislation.

	R million
Total revenue and grants (par. 3.3.2)	108 351,2
Plus: Revenue diverted before	
27 April 1994	180,8
"Own revenue" collections in former Own Affairs Accounts	35,0
Taxes previously collected by the former self-governing territories and TBVC states	<u>2 983,9</u>
<b>Adjusted total revenue *</b>	<b><u>111 551,0</u></b>
Total expenditure (par. 3.2.2)	136 689,7
Plus: Expenditure from revenue formerly diverted	180,8
Expenditure corresponding to taxes previously collected by the former self-governing territories and TBVC states <sup>24</sup>	2 983,9
"Below-the-line" expenditure	<u>150,4</u>
<b>Adjusted total expenditure *</b>	<b><u>140 004,9</u></b>
<b>Budget deficit<sup>25</sup></b>	<b><u>28 453,9</u></b>

\* Due to rounding, figures do not add up to the total.

<sup>24</sup> Treated as transfer payments for national budget purposes.

<sup>25</sup> The deviation from the budget deficit of R28,339 billion (see par. 3.1 and 3.4.2) can be attributed to the inclusion of "below-the-line" expenditure and "own revenue" of R35 million.

## CHAPTER 4

### ESTIMATE OF EXPENDITURE: 1995/96

*The 1995/96 national budget proposes expenditure of R153,088 billion, representing a 9,5 per cent increase on the 1994/95 revised estimate. The expenditure proposals are set out in this chapter, including supplementary proposals and amounts to be allocated in the Adjustments budget later in the year. Remarks on several national budget votes, and on major functions and programmes in which expenditure by both national departments and provincial administrations is provided for in the national budget, are presented. The chapter concludes with a brief discussion of the shifts in the economic and functional composition of expenditure which are effected in the consolidated 1995/96 budgets of the national and provincial governments.*

#### 4.1 NATIONAL BUDGET EXPENDITURE

##### 4.1.1 Estimated total expenditure

The estimated national budget expenditure for 1995/96 amounts to R153,088 billion. This represents an increase of 9,5 per cent on the comparable 1994/95 revised estimate. Details are set out below.

##### 4.1.2 Printed Estimate of Expenditure (First Print)

The Printed Estimate of Expenditure (RP 2, First Print), the so-called "White Book", contains the planned expenditure for which the national government takes responsibility, i.e. expenditure by national government spending agencies. Also included are transfer payments to be made from the national budget to other levels of the general government (provincial governments and local authorities).

##### 4.1.2.1 Structural changes

As mentioned in the Introduction and in par. 3.5, further progress regarding the implementation of

financial and fiscal relations between national and provincial governments is reflected in the 1995/96 Budget. All income taxes, value-added tax, non-resident shareholders' tax, stamp duties and fees and mining leases previously collected in the revenue accounts of the former regional authorities will be collected nationally from 1 April 1995 and will accrue to the National Revenue Account. Until new provincial revenue sources are put in place in terms of the 1993 Constitution, some of the new provinces will, therefore, lose "own revenue". Corresponding additional transfer payments of R3,223 billion from the National Revenue Account to the various provincial governments are thus included in the 1995/96 national budget. Revenue and expenditure aggregates which correspond to this national Budget are constructed in tables 5, 6 and 7 of annexure B.

##### 4.1.2.2 Accounting for RDP-related expenditure

The Reconstruction and Development Act (Act 7 of 1994) provides for the transfer of funds from the National Revenue Account (the national budget's contribution) to the RDP Fund and for receipts into the RDP Fund of grants and interest earned on investment of RDP Fund monies. While the carry-through costs of RDP projects approved in 1994/95 are provided for on the votes of responsible departments or the budgets of provincial administrations, new RDP expenditure is appropriated in the national budget on the vote: Promoting the Reconstruction and Development Programme and is financed by transfers from the RDP Fund back to the National Revenue Account. The flow of funds described here implies that government's contribution to new RDP expenditure in a specific financial year will, in practice, be counted twice on both the revenue and expenditure sides of the National Revenue Account.

As envisaged when the 1994/95 Budget was presented to Parliament (see par. 2.1.3), the contribution of the national budget to RDP expenditure in 1995/96 amounts to about R5 billion.

The carry-through costs of RDP projects provided for on various departmental votes and provincial budgets amount to a total of R2,478 billion, and R2,521 billion is provided for on the Department of Finance vote for transfer to the RDP Fund and is included on the vote: Promoting the RDP<sup>1</sup>.

4.1.2.3 Estimated expenditure (RP 2, First Print)

Budgeted expenditure included in the "White Book" amounts to R152,874 billion. This includes a double appropriation of R2,521 billion due to the accounting treatment of government's contribution to the RDP Fund for purposes of transparency, as well as the structural adjustment referred to in par. 4.1.2.1.

4.1.3 **Supplementary proposals and expenditure to be included in the Adjustments Estimate**

Budgeted expenditure included in the "White Book" does not reflect supplementary expenditure proposals (i.e. expenditure that could not be included timeously in the "White Book"), or estimates of expenditure that are identified to be included in the Adjustments Estimate towards the end of the 1995/96 financial year.

4.1.3.1 Supplementary proposal

It is proposed that an additional amount of R600 million should be voted in 1995/96 for expenditure on projects of a capital nature approved by the Cabinet Committee responsible for the RDP. A transfer to the RDP Fund from the sale of strategic oil reserves will be made in order to finance this expenditure. This supplementary budget proposal of R600 million will be provided for in the Supplementary Estimate of Expenditure (RP 4) and included in the "Blue Book" on the vote: Promoting for the RDP.

<sup>1</sup> The total to be appropriated on the vote: Promoting the RDP exceeds the amount to be voted for transfer to the RDP Fund from the National Revenue Account by about R2 million due to an amount carried over on the RDP vote and an additional amount provided to cover audit costs.

4.1.3.2 Amounts to be voted in the Adjustments Estimate

The following amounts are identified for inclusion in the Adjustments Estimate towards the end of the 1995/96 financial year:

	R million
Local governments election	396,7
Drought relief	450,0
Computer systems for provinces	118,5
Reserves for:	
Retrenchment costs	270,0
Defence	700,0
Intelligence Service	<u>200,0</u>
<b>Total</b>	<b><u>2 135,2</u></b>

The amounts indicated above for Defence and the Intelligence Service will be evaluated during the course of 1995/96 by a Cabinet Committee and, if approved for allocation, will be included in the Adjustments Estimate for 1995/96. The other expenditures identified cannot be allocated to specific spending agencies at this stage due to lack of detail.

4.1.4 **Estimated national budget expenditure**

The estimated national budget expenditure for 1995/96 amounts to R153,088 billion after elimination of double counting. Details are as follows:

	R million
Printed Estimate (RP 2, First Print)	152 873,9
Plus: Supplementary proposals:	
RDP capital projects	<u>600,0</u>
Printed Estimate (RP 2 and 4, Second and Final Print)	153 473,9
Less: Double counting of RDP Fund-related expenditure	<u>2 520,8</u>
	150 953,1
Plus: Expenditure to be voted in the Adjustments Estimate for 1995/96	<u>2 135,2</u>
<b>Total estimated expenditure<sup>2</sup></b>	<b><u>153 088,3</u></b>

<sup>2</sup> This estimated total expenditure level of R153,1 billion, including R3,2 billion which formerly would have been expenditure at provincial level only (see par. 4.1.2.1), complies with the expenditure ceiling laid down by the Government to meet its fiscal objectives for 1995/96.

4.2

**REMARKS ON CERTAIN  
NATIONAL BUDGET  
EXPENDITURE VOTES**

Table 5 in annexure B sets out the total expenditure to be defrayed from the National Revenue Account in 1995/96 according to budget votes, together with revised estimates for 1994/95. A summary of each departmental vote for 1994/95 and 1995/96, setting out the main programme divisions broken down between current and capital expenditure and current and capital transfers, appears in annexure A. Brief remarks are made below on certain national budget expenditure votes. It should be noted that expenditure on improvements in conditions of service are not allocated to departments at this stage - the eventual expenditure on departmental votes and transfers to provinces in 1995/96 will thus exceed the amounts reflected below. Growth rates in departmental or functional allocations between 1994/95 and 1995/96 calculated on the basis of the budget figures accordingly understate the total increases in expenditure which are provided for.

**4.2.1 Parliament**

**4.2.1.1 Total budget vote: Parliament**

The total estimated expenditure for 1995/96 on the budget vote for Parliament is R307 million. Amounts forming a direct charge on the National Revenue Account in terms of the Payment of Members of Parliament Act (Act 6 of 1994) come to R135 million.

**4.2.1.2 Constitutional Assembly**

An amount of R59 million has been provided on the Parliamentary budget vote for the Constitutional Assembly to undertake the task of drafting a new Constitution. This includes funds for a comprehensive public campaign involving public meetings and hearings throughout the country aimed at encouraging the nation to provide inputs to the process.

**4.2.2 Finance**

**4.2.2.1 Transfers to provinces**

Transfers to the provinces are shown in the 1995/96 Estimate of Expenditure as global amounts on the Department of Finance's budget vote<sup>3</sup>. Increased transfer flows to provinces in 1995/96 reflect, *inter alia*, the devolution of further functions to provinces associated with implementation of the 1993 Constitution. Budgeted provincial transfers for current expenditure amount to R60,630 billion, an increase of 14,5 per cent over the 1994/95 amount<sup>4</sup>. Capital transfers to provinces are budgeted to increase by 14,6 per cent to R5,763 billion. Provincial transfers provided for on the Department of Finance vote account for 43,4 per cent of total estimated expenditure, and 53,2 per cent of total estimated non-interest expenditure.

The amounts reflected in the budget votes of national departments whose functions are partially devolved to the provinces, therefore, provide an incomplete picture of total allocations to such functions. The overall levels of expenditure from the national budget committed to education, health and welfare, for example, include amounts assigned to these functions from the transfers to provinces which will flow through the Department of Finance appropriation - in addition to certain transfers from other national budget votes. Remarks on expenditure of both national and provincial departments in respect of certain functions are made in par. 4.3 below.

Total expenditure of provincial government departments may exceed the amounts assigned from the national budget as provinces have certain funds at their disposal from own revenue sources. In par. 4.3 below expenditure at both national and provincial levels funded from the National Revenue Account is discussed in respect of

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<sup>3</sup> The Finance vote serves as a conduit for transfers, *inter alia*, to provinces. Accountability for the use of these funds, once paid over, lies with the provincial governments.

<sup>4</sup> After adjusting the 1994/95 vote to include the amount of R188,6 million representing transfers to TBVC states included on the vote: Foreign Affairs.

several functions. In par. 4.4, the projected *consolidated* expenditure of national and provincial government is discussed.

#### 4.2.2.2 Transfer to the RDP Fund

Provision is made for transfer of R2,521 billion to the RDP Fund in 1995/96, for transfer back to the vote: Promoting the RDP and earmarked for new RDP initiatives. The revised estimates for 1994/95 include an amount of R2,063 billion transferred to the RDP Fund for approved projects, (see table 5 in annexure B).

#### 4.2.2.3 Costs of servicing state debt

Commitments in respect of state debt form a direct charge on the National Revenue Account. Due partly to the effect of the rise in interest rates in 1994 on the costs associated with new debt issues, the 1995/96 Budget makes provision for an increase of 21,5 per cent to R28,385 billion in the costs of servicing state debt. Estimated total *non-interest* expenditure of the national government accordingly amounts to R124,703 billion, which is a 7,2 per cent increase on the corresponding 1994/95 figure (see table 7 in annexure B).

#### 4.2.2.4 Civil and military pensions

The Department of Finance is responsible for the administration of civil and military pensions.

In terms of section 8 of the General Pensions Act of 1979 and in order to compensate partially for the loss in buying power of pensions, civil pensions will be increased as follows:

- the pensions of all civil pensioners who retired on or before 1 April 1994 (i.e. whose last working day was on or before 31 March 1994) shall with effect from 1 April 1995 be increased by 6,5 per cent; and
- the pensions of those pensioners who retired after 1 April 1994 but before 1 April 1995 (i.e. whose last working day was on or after 1 April 1994 and on or before 31 March 1995) shall with effect from 1 April 1995 be increased by 0,54 per cent

for each completed month since retirement, calculated up to 31 March 1995.

The increase of military pensions will be considered at a later stage, i.e. once negotiations on the conditions of service of public servants, to which military pension adjustments are linked, have been concluded.

#### 4.2.3 Improvement of conditions of service

A provisional amount of R2,469 billion has been set aside for the improvement of conditions of service during 1995/96. The actual amount and its utilisation are still being negotiated between the State and employee organisations. A further amount of R423,2 million has also been allocated to the vote: Improvement of Conditions of Service, representing the carry-through costs of improvements in the 1994/95 financial year whose distribution was not finalised in time to allow allocation to the 1995/96 votes of specific departments and administrations.

#### 4.2.4 Labour

##### 4.2.4.1 Contribution to the Unemployment Insurance Fund

An amount of R268 million is included in the budget vote of the Department of Labour for transfer to the Unemployment Insurance Fund, and includes an extraordinary amount of R250 million as a contribution to meeting the increased claims on the Fund associated with the length and severity of the past recession.

##### 4.2.4.2 NEDLAC

The activities of the newly-formed National Economic Development and Labour Council (including the provision of a secretariat and research services) are to be funded from the budget of the Department of Labour. In addition, transport and accommodation costs of delegates representing business and labour, and other representatives on the Council, will be defrayed by government. An amount of R3,1 million has been budgeted for the activities of the Council during the 1995/96 financial year.

#### 4.2.5 Trade and Industry

The estimated expenditure of R3,524 billion on the vote: Trade and Industry represents 2,8 per cent of total non-interest expenditure and is 9,6 per cent above the 1994/95 revised estimate of expenditure.

##### 4.2.5.1 Export promotion

The 1995/96 allocation for export promotion amounts to R2,188 billion, and includes R39 million for the expansion of the scheme to the former TBVC regions. The budgeted amount is 2,3 per cent higher than the 1994/95 allocation.

As explained in par. 2.2.3.11, the General Export Incentive Scheme (GEIS) is being phased out and will be replaced by targeted supply side and export support programmes. An increase in the allocation to the Export Marketing Assistance Scheme is also provided for, mainly in order to assist smaller enterprises. The 1995/96 Budget also provides for an allocation of R122 million for the Export Finance Scheme for capital projects, compared to R115 million in 1994/95.

##### 4.2.5.2 Regional industrial development

Following an allocation of R602 million in the 1994/95 financial year, this year's Budget provides for an amount of R850 million in support of the Regional Industrial Development Programme (RIDP). This includes an amount of R168 million for expanding the scheme to the former TBVC regions. To date, the programme has attracted total investment of R8,6 billion. In the past year nearly R110 million was attracted from abroad, most of which has been invested in under-developed areas. The contribution of the RIDP to RDP goals is presently being evaluated.

#### 4.2.6 Land Affairs

The budget of the Department of Land Affairs for 1995/96 amounts to R459 million, which represents a significant increase from the Adjustments Estimate of R344 million in 1994/95.

The importance of land reform in the RDP is noted in par. 2.2.3.4. An amount of R176 million

is set aside for this purpose in the 1995/96 budget of the Department of Land Affairs, while additional amounts of R63 million and R64 million are budgeted, respectively, for the restitution of land rights and settlement support. The Department of Land Affairs is budgeted to receive a further R22 million for development facilitation provided for on the RDP vote in 1995/96.

Budgetary provisions in the 1995/96 Land Affairs vote include the carry-through costs of RDP funded land redistribution and land restitution projects, amounting to R225 million.

#### 4.2.7 Water Affairs and Forestry

The national budget of the Department of Water Affairs and Forestry for 1995/96 amounts to R936 million, which represents a 32 per cent increase over the 1994/95 revised estimate. This includes an amount of R361 million allocated to the new programme: community water supply and sanitation. The policies and principles in terms of which this programme will be implemented were set out in a *White Paper* published by the Department, and the programme is to be supported from RDP funds.

#### 4.2.8 Transport

The 1995/96 budget makes provision for expenditure of R3,019 billion on the Department of Transport vote, representing a 1,1 per cent increase over the 1994/95 revised allocation and 2,4 per cent of total non-interest expenditure. A further amount of R100 million is included in the 1995/96 RDP vote for the upgrading and maintenance of roads.

The subsidisation of urban transport accounts for some R2,288 billion of the national transport vote. The application of the new Constitution implies the devolution of urban transport legislation, and it is envisaged that the allocations to the Urban Transport Fund will be transferred to the provinces concerned in 1995/96. It has been agreed with the provinces that the responsibility for the financing of passenger transport services should be taken over by provincial governments as from the 1996/97 financial year.

#### 4.2.9 Foreign Affairs

Estimated expenditure on the Foreign Affairs vote in 1995/96 amounts to R1,133 billion, representing a 12,6 per cent increase on the corresponding 1994/95 allocation<sup>5</sup>.

Development assistance to the former TBVC states which was in the past provided for on the Department of Foreign Affairs vote, has now been consolidated into the transfers to provinces budgeted on the vote of the Department of Finance.

#### 4.2.10 Home Affairs

The 1995/96 budget for the Department of Home Affairs amounts to R378 million. The revised estimate of expenditure in 1994/95 on this budget vote amounted to R1,239 billion, including transfer payments of some R890 million to the State Electoral Fund, the Independent Electoral Commission, the National Peace Secretariat and the National Peace Accord Trust.

#### 4.2.11 Police

The 1995/96 allocation to the South African Police Service (SAPS) amounts to R8,852 billion, which is 7,1 per cent of total non-interest expenditure and 3,4 per cent higher than the comparable figure for 1994/95. The ongoing reorientation towards community policing and prevention of crime highlighted in par. 2.2.3.8 is reflected in the shift of resources from public order policing and investigation of offences to visible policing.

#### 4.2.12 National Defence Force

The National Defence Force budget for the 1995/96 financial year amounts to R9,835 billion, representing a nominal reduction of 11,4 per cent from the 1994/95 allocation and a decline from 9,8 to 7,9 per cent of total non-interest expenditure. Decreases of 29,5 per cent and 24,6 per cent in the provision for landward defence and medical support, respectively, are budgeted. A transfer of

R3,114 billion to the Special Defence Account is budgeted for 1995/96, compared to R3,093 billion voted in 1994/95.

Integration of the former SADF, TBVC defence forces and former non-statutory forces will continue, together with other aspects of the restructuring of the programmes of the SANDF. The process of integration places strain on the defence budget, and a rationalisation programme aimed at reducing the SANDF's personnel establishment to an affordable level over the next few years is envisaged.

A Cabinet Committee will consider the inclusion of an additional amount of R700 million in the Adjustments Estimate for 1995/96 (see par. 4.1.3.2).

#### 4.3 REMARKS ON CERTAIN FUNCTIONS: EXPENDITURE OF NATIONAL AND PROVINCIAL DEPARTMENTS

##### 4.3.1 Local government

##### 4.3.1.1 Local government elections

The election of fully representative, democratic and legitimate local government structures is a crucial further step along the path of democratic governance in South Africa. The national Government has therefore provided for a contribution to meeting the costs of the local government elections to be held in October 1995.

An amount of R49 million has been budgeted for departments' and provincial governments' expenditures in respect of communication and voter education programmes. Moreover, approximately R348 million is provided via the provincial budgets for predetermined conditional grants to fund local government elections in rural areas and areas under the jurisdiction of transitional structures. Cost-effective management of the local government elections is emphasised. The funds will be made available as advance payments to provinces for utilisation by local government structures for the sole purpose of the elections, and in accordance with normal budgetary procedures.

<sup>5</sup> The 1995/96 allocation on the vote: Foreign Affairs is a 12,6 per cent increase on the revised estimate for 1994/95 less an amount of R66,4 million representing development assistance in 1994/95 to the former TBVC states.

#### 4.3.1.2 Support to local authorities

An amount of R1,652 billion is provided on the vote of the Department of Constitutional Development for intergovernmental relations. This represents a R931 million increase on the corresponding 1994/95 amount and predominantly comprises budgeted transfers to local authorities in support of the upgrading of services and the maintenance of affordable basic services in low-income neighbourhoods (see par. 2.2.3.12).

Carry-through costs of R350 million for the RDP project for the upgrading of municipal services are included in this programme allocation.

#### 4.3.1.3 Masakhane campaign

Provision is made on the RDP vote for a transfer of R30 million to the Department of Constitutional Development for the *Masakhane* ("let us build together") community development campaign (see par. 2.2.5.12).

### 4.3.2 Agriculture

The national budget vote for agriculture provides for expenditure of R800 million in 1995/96, representing a reduction of 16,5 per cent from the 1994/95 revised estimate of expenditure.

Agricultural functions were transferred to the provinces on 1 November 1994 and the bulk of agricultural support and extension services are provided by provincial departments.

An amount of R450 million is included in the overall expenditure level, mainly for transfer to provinces for assistance to farmers in drought-stricken areas. These funds will be allocated to the votes of departments and to particular provinces in the Adjustments Estimate.

### 4.3.3 Education

#### 4.3.3.1 Total education spending

Total education spending to be financed from the national Budget for 1995/96 amounts to R32,213 billion, some 9,6 per cent above the 1994/95 allocation and 25,8 per cent of total non-interest expenditure.

#### 4.3.3.2 Universities and technikons

The budget of the national Department of Education amounts to R4,330 billion for 1995/96. The main items in the national education budget are transfers totalling R3,066 billion to universities and R1,006 billion to technikons, which are respectively 10,7 per cent and 25,4 per cent higher than the 1994/95 allocations. The amount for universities includes R2,710 billion for subsidies calculated according to the subsidy formula, R50 million earmarked for financial aid to students and R55 million for new buildings. The amount for technikons includes R856 million for subsidies calculated according to the subsidy formula for technikons, R5 million earmarked for financial aid to students and R40 million for new buildings.

#### 4.3.3.3 Policy coordination

The national department is responsible for overall coordination of education policy. Following publication of a *White Paper* on education and training in February 1995, the Department of Education will launch a series of investigations during 1995/96, in association with provincial departments, with a view to developing policy proposals and programmes in critical areas of need. The following issues will receive high priority attention:

- education to learners with special needs;
- early childhood education (age 0 to 9);
- further education;
- distance education;
- open learning;
- mathematics and science education; and
- technology education.

Furthermore, more than 40 committees have already been established for the development of a new school curriculum. It is envisaged that these investigations will be conducted on a national level, which means that staff will have to be seconded, facilities made available and transport and accommodation provided.

#### 4.3.3.4 College and school education

In terms of the 1993 Constitution, the college and school sectors are the responsibility of the provincial departments of education. As an interim measure while the Financial and Fiscal Commis-

sion is being established and develops criteria for the division of national revenue, the Minister of Education has played a central role in the division of the 1995/96 budget among the provinces, the Department of Education and universities and technikons. The division among the provinces was done in consultation with the Council of Education Ministers, which comprises the Education MECs.

The total amount allocated from national revenue to provincial education departments for college and school education is R27,481 billion. Private ordinary school education receives R318 million, determined on the basis of the existing national policy regarding the subsidisation of private schools. The fundamental principle governing the allocation of the main 1995/96 education budget for college and school education has been the promotion of equity between the provinces. Although complete equity in terms of the existing college and school financing formula could not be achieved in one step, significant progress towards this target was achieved.

#### 4.3.4 Health

##### 4.3.4.1 The national health function

The budget of the Department of Health provides for a total of R1,199 billion, which represents a reduction of some 27 per cent on the 1994/95 revised estimate due in part to the devolution of certain primary health care functions to provincial governments. The Department of Health has undertaken a thorough restructuring of its administrative structures, and the devolution to provinces of regional offices, not yet reflected in the budget vote, will further reduce expenditure at the national level during 1995/96. Budgeted current and capital expenditure of the national department amounts to R332 million, while transfers, including provision of R399 million assigned to provinces for nutrition projects and R298 for primary health care administered by lower tier government agencies, make up R867 million of the budget.

Certain primary care programmes will be coordinated at national level:

- A National AIDS Implementation Plan developed by the National AIDS Committee of South Africa will be supported nationally. The Department of Health has doubled its

annual AIDS budget to R42 million and this initiative has been adopted as a Presidential Lead Project.

- Hepatitis B vaccine has been added to the immunisation schedule for children, and a total budget of about R32 million for the seven childhood vaccines is envisaged, with funds to be transferred to the central department from the provinces.
- The MECs for Health have accepted that there will be a central budget for tuberculosis control.
- The national Department will continue to coordinate the control of malaria and other vector-borne diseases.

##### 4.3.4.2 Provincial health services

The total amount provided for health services in 1995/96 amounts to some R15,4 billion, including RDP carry-through costs of R680 million for the provision of free health care, R65 million for the clinic building programme and R500 million for the primary school nutrition programme. This represents 12,4 per cent of total non-interest expenditure and a 10 per cent increase on the aggregate for 1993/94. Including transfers to be made from the national health budget, expenditure at provincial level will take up R14,8 billion, or 96 per cent of the total amount. Allocations to the provinces have been made on the basis of the following principles:

- allocations to Gauteng, the Western Cape, the Orange Free State and Kwazulu/Natal for their academic complexes and supra-regional services calculated as 25 per cent of estimated total 1994/95 expenditure of each of these provinces;
- an equitable allocation of the balance, after deduction of the national department allocation, the above academic/supra-regional components and an amount of R166 million earmarked for a national equalisation fund, calculated in relation to population numbers adjusted for average income *per capita*, to be phased in over a five-year period; and
- a loading of 30 per cent of the calculated adjustments to provincial allocations over a five-year period to be effected in the first year.

The national and provincial health departments are committed to strengthening primary health services and shifting the emphasis in provincial health expenditure away from more specialised curative hospital-based care. In order to facilitate the substantial transformation required, particularly at tertiary and academic hospitals, an additional amount of R400 million has been included in the 1995/96 RDP vote for transfer to the health departments of Gauteng, the Western Cape and the Orange Free State, and earmarked for "moving from tertiary to primary health care".

#### 4.3.5 Housing and urban renewal

The Department of Housing budget provides for expenditure of R1,554 billion, of which R1,520 billion comprises current and capital transfers for housing support, mainly to the national Housing Funds.

The total amount of R2,924 billion made available for housing for the 1995/96 financial year includes R1,404 billion from the RDP Fund. It represents an increase of 79,9 per cent above the voted amount for the 1994/95 financial year and amounts to 2,3 per cent of total non-interest expenditure. The RDP funds will be allocated to the nine provinces to finance housing projects according to criteria being developed by the function committee for housing.

A further R185 million is allocated to special residential urban renewal projects from the 1995/96 RDP vote. Carry-through costs of R487 million on urban renewal projects are also included in 1995/96 expenditure, assigned to the responsible provinces.

#### 4.3.6 Employment creation

Various programmes of the Government promote employment creation either directly or indirectly. These will include the following in 1995/96:

- An amount of R80 million has been allocated to a scheme on the vote of the Department of Labour for the training of unemployed persons. The scheme, which received R73 million in the 1994/95 financial year, has an on-the-job-training component aimed at securing permanent employment for trainees.

- In last year's Budget R80 million was allocated to the Small Business Development Corporation (SBDC) and various other approved institutions for the development of small business. An amount of R80 million has been approved on the Department of Trade and Industry vote for the 1995/96 financial year in support of the new strategy announced in the *White Paper on a National Strategy for the Development and Promotion of Small Business in South Africa*.

- It is estimated that the present RIDP will create approximately 38 000 direct and 102 000 indirect job opportunities during 1995/96 (see par. 4.2.5.2).

- The 1995/96 Budget provides for an amount of R2,198 billion for the promotion of exports and foreign trade relations (see par. 4.2.5.1).

- As explained in par. 2.2.3.6, it is envisaged that the National Public Works Programme (NPWP) will be expanded significantly over the next 12 months following extensive preparatory work during the 1994/95 financial year. A once-off amount of R100 million allocated to the NPWP from the 1994/95 RDP for allocation among provinces will largely be rolled over to 1995/96.

Other initiatives of Government which will impact directly and indirectly on employment creation include the new housing strategy (discussed in par. 2.2.3.3), the support for small-scale farming activities (see par. 2.2.3.4) and the implementation of rural water supply projects (see par. 2.2.3.9). Although coordinated nationally, these initiatives will predominantly be implemented at the provincial level.

#### 4.3.7 Welfare

The budget of the national Department of Welfare for 1995/96 is R75 million. As prescribed by the 1993 Constitution, welfare services and the provision of social grants have been devolved to the provinces.

For the 1995/96 financial year a total amount of R13,439 billion is provided through the national budget for welfare services, which represents a 9,8 per cent increase on the amount budgeted in 1994/95. Welfare accounts for 10,8 per cent of budgeted non-interest expenditure from the National Revenue Account in 1995/96. A total amount of R11,539 billion has been allocated for the payment of social grants. This represents a growth of 7,4 per cent on the 1994/95 financial year. Details of increases in social grants during the financial year will be announced by the Minister for Welfare and Population Development in due course.

It is recognised that a thorough review of the social security dispensation, including development of a more coordinated and cost-effective social grants system, is needed. The Department of Welfare, together with the responsible provincial departments, is engaged in several initiatives aimed at the rationalisation of existing systems and the examination of longer-term reform options.

#### 4.4 CONSOLIDATED NATIONAL AND PROVINCIAL EXPENDITURE

##### 4.4.1 Estimated expenditure from the consolidated revenue accounts

Expenditure by provincial governments is largely financed through transfers from the National Revenue Account, as indicated in par. 4.2.2.1 above, but may also be financed through provincial own revenue sources (such as license fees and departmental receipts), balances brought forward and provincial borrowing. *Consolidated national and provincial expenditure accordingly exceeds total expenditure on the national budget.*

Tables 8 and 9 in annexure B present economic and functional classifications of the consolidated national and provincial budgets for recent years, including preliminary classifications of the 1995/96 budgets. These tables are compiled from revised estimates, and accordingly do not take full account of shifts in expenditure between years associated with roll-overs of unspent monies, declared savings or other divergences of actual expenditure from budget estimates. Roll-overs between 1994/95 and 1995/96, for example, could plausibly

account for actual total expenditure in 1994/95 falling short by 1 to 2 per cent of the estimated total.

It should also be noted that the 1995/96 projections were compiled without detailed budget figures from all the provinces and in respect of certain budget figures classification was not possible due to insufficient information.

Consolidated expenditure of the national and provincial governments is projected to amount to R156,912 billion in 1995/96, which is 5,9 per cent higher than the 1994/95 estimate. Government expenditure during 1994/95 included substantial *non-recurrent* outlays associated with the elections. Consequently, comparisons with figures for 1993/94 and earlier will generally be more instructive for analytical purposes than comparisons between 1994/95 and 1995/96 estimates. The average annual growth rate of estimated consolidated national and provincial expenditure between 1990/91 and 1995/96 is 13,6 per cent, and the growth in non-interest expenditure is 12,7 per cent per year. Between 1993/94 and 1995/96, the corresponding figures are 9,3 per cent and 8,4 per cent respectively.

##### 4.4.2 Economic classification of expenditure

Table 8 in annexure B shows an economic classification of consolidated national and provincial expenditure estimates from 1992/93 to 1995/96. It should be noted that R2,735 billion of 1995/96 budgeted expenditure (1,7 per cent of the total) could not be allocated due to insufficient information at this stage. The growth rates between 1994/95 and 1995/96 reported below accordingly understate likely expenditure trends.

Due in part to impact of non-recurrent expenditure associated with the elections on the aggregates for 1994/95, the figures indicate a marked decline in the rate of increase of current expenditure on goods and services, which comprises about half of total consolidated expenditure, between 1994/95 and 1995/96. Current expenditure on goods and services is projected to rise by 3,8 per cent in 1995/96, after increasing by 14,4 per cent between 1993/94 and 1994/95. After rising from 35,9 per cent of the total in 1992/93 to 38,1 per cent in 1994/95, remuneration of employees is

projected to be R58,299 billion in 1995/96, or 37,8 per cent of total expenditure.

Interest payments have continued to rise as a share of total expenditure, estimated to reach 18,6 per cent in 1995/96, or R28,604 billion.

Current transfers to business (including farmers) are expected to amount to R7,922 billion in 1995/96, having fallen considerably relative to total expenditure since 1992/93. Current transfers to households (mainly social pensions) will amount to R16,765 billion in 1995/96, or 10,9 per cent of total expenditure.

Transfers to local authorities are expected to rise by 67 per cent from R2,537 billion to R4,315 billion in 1995/96 predominantly due to RDP initiatives. Transfers to the Special Defence Account, universities, technikons, research councils, museums and other extra-budgetary accounts and funds are budgeted to rise by 2,3 per cent to R9,169 billion.

Capital expenditure of the consolidated national and provincial governments is projected to rise by 11,8 per cent to R11,1 billion in 1995/96, including capital transfers and loans amounting to R3,153 billion.

#### 4.4.3 Functional classification of expenditure

Table 9 in annexure B sets out a functional classification of consolidated estimated national and provincial expenditure between 1990/91 and 1995/96. As in table 8, 1,7 per cent of the total expenditure in 1995/96 remains unclassified.

The figures reflect a marked shift away from general government administration, protection services and economic services in favour of education, health, social security and welfare and housing during the past five years.

Expressed as percentages of total *allocated* expenditure, the following shifts in consolidated expenditure between 1994/95 and 1995/96 may be highlighted:

- general government services (mainly general administration): down from 8,9 to 6,9 per cent;
- defence: down from 8,7 to 7,2 per cent;
- police: up from 6,9 to 7,5 per cent;
- pre-primary, primary and secondary education: up from 18,3 to 18,5 per cent;
- health services: up from 10,5 to 11,0 per cent;
- social security and welfare: up from 9,2 to 10,8 per cent;
- housing and related services: up from 1,1 to 2,7 per cent;
- agriculture, forestry and fishing: down from 2,5 to 1,8 per cent; and
- transport and communication: down from 4,5 to 4,1 per cent.

It should be noted that the internationally standard functional classification used in table 9 does not correspond fully with the division of programmes between departmental votes, discussed in par 4.2 and 4.3.

## CHAPTER 5

### ESTIMATES OF REVENUE: 1995/96 NATIONAL BUDGET

*This chapter contains projections of national budget revenue based on the 1994/95 tax rates and brackets (excluding the remaining portion of the transition levy on individuals to be collected in 1995/96). On this basis, ordinary revenue is estimated to total R123,841 billion in 1995/96. Various tax changes are proposed which will bring the total estimated ordinary revenue to be collected into the National Revenue Account to R122,991 billion. This represents an increase of 10,3 per cent on the revised estimate for 1994/95. Inclusive of extraordinary capital revenue of R1,2 billion total revenue will amount to an estimated R124,191 billion. In closing, salient trends in national budget revenue are highlighted.*

#### 5.1 PRINTED ESTIMATE OF REVENUE (FIRST PRINT)

The printed Estimate of Revenue (RP 3, *First Print*) enables policy makers to ascertain the projected level of revenue to be collected in the National Revenue Account for a specific year if no changes are made to the tax bases, brackets and/or rates of the previous fiscal year. New tax proposals and their revenue implications can then be assessed against the background of these "no-policy change" revenue projections.

The revenue projections for 1995/96 differ from those for 1994/95, because *all* national income taxes, value-added tax, non-resident shareholders' tax, stamp duties and fees and mining leases previously collected in the Revenue Accounts of the former self-governing territories and TBVC states will, as from 1 April 1995, accrue to the National Revenue Account (i.e. at national level).

On this new basis, the Printed Estimate of Revenue (RP 3, *First Print*) allows for total receipts of R124,141 billion for 1995/96.

Of this amount, R123,841 billion will be *ordinary revenue* collections and R300 million represents expected premiums to be earned through consolidating, repurchasing and so-called "switching" of government stock. In practice, this premium arises either as a cash flow gain or as a book-entry reflecting the difference between the discount on government stock redeemed before maturity and the discount on the new stock issued. For purposes of analysis, this premium is excluded from national budget revenue and shown as "negative" loan redemptions (cf. chapter 6 and annexure D).

Details of the revenue estimates and comparable historical figures appear in tables 1 to 4 of annexure B.

#### 5.2 ORDINARY REVENUE

Based on the 1994/95 tax rates and brackets (excluding the remainder of the transition levy on taxable income of persons and individuals) and projections of key economic variables for 1995/96, ordinary revenue collections (i.e. current and capital revenue plus other receipts<sup>1</sup>) are estimated at R123,841 billion in 1995/96. The composition of total ordinary revenue collections against the comparable revised 1994/95 figures is as follows:

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<sup>1</sup> "Other receipts" are recoveries of loans and advances. According to the GFS classification these are regarded as "net lending". However, to be consistent with past practice they are included in ordinary revenue. *Current revenue* represents tax plus non-tax revenue, while *capital revenue* includes sales of capital equipment and state-owned land, buildings and structures.

	1994/95 R billion	1995/96 R billion
Tax revenue	109,621	122,169
Non-tax revenue	<u>1,762</u>	<u>1,529</u>
Current revenue	111,383	123,698
Capital revenue	0,015	0,015
Other receipts*	<u>0,153</u>	<u>0,128</u>
<b>Total ordinary revenue*</b>	<b><u>111,551</u></b>	<b><u>123,841</u></b>

\* The 1994/95 figure includes a transfer of grants of R1,01 million from the RDP Fund to the National Revenue Account in order to finance specific RDP-related projects.

### 5.2.1 Total tax revenue

It is expected that total tax revenue (net of payments to Botswana, Lesotho, Namibia and Swaziland in terms of the Customs Union Agreement) will be 12,4 per cent higher than the comparable revised estimate for 1994/95. Although this might seem a conservative projection of revenue collections during the continued economic upswing, it must be kept in mind that the base (i.e. the 1994/95 figures) includes collections from the transition levy on both individuals and companies. Details of the revenue estimates are given below.

#### 5.2.1.1 Taxes on income and profits

After taking into account a projected average increase of about 11 per cent in remuneration and an improvement of about 1½ per cent in employment for the economy as a whole, income tax on persons other than companies is expected to be 13,1 per cent more than the comparable 1994/95 figure at R50,630 billion<sup>2</sup>.

Gold mines expect improved profits in 1995/96 which will lead to an increase of just under 11 per

cent in their income tax payments when compared to 1994/95.

Income tax from non-gold mines is expected to be almost 35 per cent higher than in 1994/95. Improvements in non-gold mining profits may be ascribed to, among others, anticipated higher production, lower capital expenditure and higher commodity prices.

It is expected that income tax from non-mining companies will yield R13,260 billion in 1995/96 - an increase of some 9½ per cent on the comparable figure for 1994/95<sup>3</sup>. This is based on a projected continuation of the improvement in non-mining companies' profits over the past year. It is further estimated that revenue from the Secondary Tax on Companies (STC) will yield R1,760 billion.

#### 5.2.1.2 Taxes on property

At national level this category of taxes comprises donations tax, estate duties, marketable securities tax and transfer duties.

The improvement in economic conditions, which started in 1994/95 and which is projected to continue in 1995/96, is expected to have a further positive influence on the real estate and financial markets. Due to improvements in these sectors of the economy, it is estimated that total taxes on property will increase by some 11½ per cent in 1995/96 to R2,350 billion.

#### 5.2.1.3 Domestic taxes on goods and services

The projections for domestic taxes on goods and services are based on, *inter alia*, an expected real increase of between 2½ and 3 per cent in private consumption expenditure and an average inflation rate of about 9½ per cent for 1995/96.

<sup>2</sup> If the *budgeted* collections from the transition levy on persons and individuals in 1994/95 of R1,460 billion are excluded from the calculation, the expected increase in 1995/96 amounts to 16,9 per cent. This includes fiscal drag.

<sup>3</sup> If the *budgeted* collections from the transition levy on non-mining companies in 1994/95 of R1,050 billion are excluded from the calculation, the expected increase in 1995/96 amounts to just under 20 per cent.

It is, therefore, estimated that total domestic taxes on goods and services will yield R47,534 billion in 1995/96 - 10,3 per cent more than in 1994/95<sup>4</sup>.

- VAT collections, the major source of domestic taxes on goods and services, are expected to be R32,750 billion - an increase of 13 per cent on the comparable figure for 1994/95.
- As most excise duties are levied at *specific* (rather than *ad valorem*) rates, it is expected that revenue from these tax sources will only increase by 4,1 per cent in 1995/96 if no adjustments for inflation are made to these duties.
- Fuel consumption is expected to increase by about 5 per cent in 1995/96, which will yield R8,600 billion in fuel levy collections.

#### 5.2.1.4 Taxes on international trade

After an exceptionally high increase in the value of imported goods in 1994/95, an increase of some 14½ per cent is projected for 1995/96. Based on this projection, it is estimated that collections from customs duties will be R4,700 billion in 1995/96.

1995/96 will be the first full financial year in which the effect of the abolition of the surcharge on imported capital and intermediary goods will apply and, therefore, the projected revenue of R1,100 billion from this source shows a decrease of about 10 per cent on the 1994/95 revised estimates.

Payments to the BLNS countries in terms of the Customs Union Agreement will be R3,890 billion - almost 20 per cent higher than in 1994/95. This figure includes "top-up" payments in respect of previous financial years due to more information on their imports having become available.

#### 5.2.2 Total non-tax and capital revenue

Total *non-tax revenue* is projected to decrease by 13,3 per cent in 1995/96. This can be ascribed mainly to lower projected collections from mining

leases and ownership, resulting from a phasing out of mining leases, and less interest earned on Exchequer deposits, due to an effort by government to maintain smaller deposits in order to minimise state debt costs.

Revenue from the sale of capital equipment and state-owned land, buildings and structures is estimated to be the same as in 1994/95, namely R15 million.

#### 5.2.3 Other receipts

Recoveries of loans and advances are regarded as "net lending" according to the GFS classification, but to be consistent with past practice, are included in total ordinary revenue. These recoveries are expected to be R128,5 million in 1995/96.

### 5.3 TAX PROPOSALS

#### 5.3.1 Harmonisation of the tax system of the former self-governing territories and TBVC states

The separate taxation laws of the six former self-governing territories and the former Republic of Venda were repealed last year. However, because of substantial differences in both the determination of the base and the rates applicable in the former Transkei, Bophuthatswana and Ciskei, their taxation laws could not immediately be repealed, and they accordingly continued to apply by virtue of section 229 of the Constitution.

Considerable thought has been given to the most appropriate method of harmonising these tax systems. At higher income levels, the personal income tax payable under each of these systems is considerably less than that payable under the national system, and strong pleas have been made for a phasing-in over a number of years to alleviate hardship. There is much sympathy for those who will be adversely affected by a sudden increase in their tax liability. However, to continue to apply separate systems for a number of years, and to identify those individuals who qualify for lower rates of tax, is not administratively feasible. It is also not fair towards others who would pay more tax on the same income.

<sup>4</sup> This projection does not include inflation adjustments for *specific* (compared to *ad valorem*) excise duties, as in the case of the fuel levy and excise duties on alcoholic beverages and tobacco products.

It is accordingly proposed that in so far as personal income tax is concerned, the taxation laws of these former states be repealed with effect from 1 March 1995, and that the new PAYE tables which will be issued shortly to give effect to the rates of tax proposed herein be applicable throughout the Republic.

Concerning corporate taxes, it is proposed that companies deriving taxable income within a former state and whose liability for tax under the laws of those states are less than under the national law, will in respect of their year of assessment ending during the period from 1 April 1995 to 31 March 1996 pay the average of their tax determined under both laws. It is further proposed that dividends declared by those companies out of profits derived during that year will not be subject to secondary tax on companies. In subsequent tax years, the full national tax law will be applicable.

An exception to this rule is, however, proposed in the case of companies operating in the former Ciskei which were granted tax-free status under the Company Tax Amendment Decree No. 2 of 1994. The granting of that status was akin to a contractual undertaking between the company concerned and the former Government of Ciskei, and the undertaking will be honoured until it expires.

### 5.3.2 Taxes on income and profits

#### 5.3.2.1 Tax rates and brackets for persons and individuals

In terms of the Constitution, discrimination on the basis of gender and marital status is unconstitutional. As a consequence and in accordance with the recommendations of the Katz Commission, it is proposed that a single rate of income tax be applied to all individuals, irrespective of gender and marital status, and that child rebates no longer be granted.

For taxable incomes up to R30 000, the rate of tax proposed is the same as that which applied last year to a married person, with a progression thereafter to attain a maximum marginal rate of 45 per cent at a taxable income of R80 000. However, to alleviate the burden on low income earners who are most affected by the removal of child rebates, it is proposed that the primary

rebate be increased by R400, which is tantamount to granting a rebate for four children to all persons.

The additional rebate of R2 500 for persons aged 65 and older will still be granted.

Details on the effect of the proposals on the various categories of taxpayers are set out in annexure C. The transition to a single rate will benefit married working women and unmarried persons. Changes to the rate structure are such that persons earning less than R30 000 will benefit or not be worse off than before except for single earners with 5 or more children. Households with two earners will benefit substantially irrespective of income or number of children.

The forementioned changes to the personal income tax structure will cost the fiscus an estimated R2,000 billion in 1995/96. In addition to the above tax rates, the balance of 1,67% of the transition levy on taxable income in excess of R50 000, announced in last year's Budget, will still be imposed in 1995/96 and is expected to yield some R1,075 billion.

Legal *persona* other than companies, for example trusts, are taxed at the rate applicable to single persons, but are not granted rebates. The single rate fixed for 1994/95 attained a maximum marginal rate of 43 per cent at a taxable income of R56 000. It is proposed that this rate be retained for such taxpayers, with the addition of two further brackets imposing marginal rates of 44 per cent at a taxable income of R70 000, and 45 per cent at a taxable income of R80 000, as is the case with natural persons.

#### 5.3.2.2 Second company car

The fringe benefit arising from the private use of a company car is taxed at a value equal to 1,2 per cent per month of the cost of the car. Thus, a car costing R100 000 will have a monthly taxable value of R1 200. Clearly, this value is considerably less than the actual cost of purchasing and running such a car. Where the car is used by the employee for business purposes, there are valid grounds for apportioning the total cost between employer and employee, and it is not intended to increase the determination of the value of the private use of such a car.

It has, however, become common for employers to provide an employee with a second or even third car which is used mainly for private purposes by the employee or his/her family. In such a case, the employee is saved the cost of having to acquire a family vehicle, and it is considered that he/she should be taxed on a value which more closely represents this real benefit.

It is accordingly proposed that with effect from 1 May 1995 the value to be placed on any second or subsequent vehicle, which is not used primarily for business purposes, will be determined at 2,0 per cent per month of the cost of the vehicle.

Where an employee is provided with more than one vehicle and each is used primarily for business purposes, the present provision in terms of which only the value of the most expensive vehicle is taxed, will not be disturbed.

#### 5.3.2.3 Interest derived by non-residents

Sections 10(1)(h) and (hA) of the Income Tax Act grant an exemption in respect of interest derived *inter alia* by an individual who is not ordinarily in the Republic. The concept of ordinary residence can be difficult to apply, and there are many taxpayers who are abusing this provision by claiming to have emigrated from South Africa, although they still spend much time here. It is accordingly proposed that to qualify for exemption under these provisions, the recipient of interest will in addition to being ordinarily resident outside the Republic, also have to have been physically absent from the Republic for at least 183 days during the year of assessment in which the interest is derived.

This requirement will apply in respect of interest received or accrued on or after 1 April 1995.

#### 5.3.2.4 Write-off of cost of ships and aircraft

Special write-off provisions apply to the acquisition of certain ships and aircraft. In the case of ships, 40 per cent of the cost or estimated cost may be written off in the year in which the contract for the acquisition is concluded, and the balance is written off at 10 per cent per annum, commencing in the year in which the ship is brought into use.

In the case of aircraft, the write-off is 40 per cent in the year in which it is brought into use, 25 per cent in each of the following two years and the balance of 10 per cent in the fourth year.

The accelerated allowances of 40 per cent were granted to encourage the development of the South African maritime and air infrastructure, and have served a good purpose in the past. However, the cost to the fiscus by way of foregone revenue has been considerable, particularly because the generous allowances have lent themselves to tax avoidance schemes.

It is proposed that in respect of ships and aircraft acquired on or after 1 April 1995, the above allowances be withdrawn, and that an allowance under section 12C of the Income Tax Act be granted at the rate of 20 per cent per annum, commencing in the year in which the ship or aircraft is brought into use. The present write-off provisions will continue to apply to a ship or aircraft acquired under an agreement formally and finally concluded by every party thereto before 1 April 1995.

The Act at present also provides that where a taxpayer disposes of a ship in respect of which an allowance was granted, he may elect not to be taxed on the recoupment of his write-off, but rather to have the recoupment deducted from the cost of a replacement ship. It is also proposed that this concession be withdrawn, and that recoupments relating to ships disposed of on or after 1 April 1995 be dealt with in the normal manner under section 8(4)(a) of the Act.

#### 5.3.2.5 Provisional tax

At present the Income Tax Act provides that companies with a taxable income in excess of R20 000 and individuals with a taxable income in excess of R50 000 may make a third provisional tax payment within six months after the end of their year of assessment, to avoid the liability for interest which may become payable by them in terms of section 89 *quat* of the Act. The majority of individuals and companies use a 28 February year-end, and are thus required to render both their first provisional tax payment for the current year and their third payment for the preceding year on 31 August. This results in a peak in the

workload of persons completing provisional tax returns and Inland Revenue, which has to process them.

To alleviate this peak, it is proposed that the effective date by which the third provisional payment may be made, be extended until 30 September for all taxpayers who use a 28 February year-end.

#### 5.3.2.6 Accrual and incurral of interest on financial instruments

During the last few years the issuing of financial instruments at a discount or the structuring of contracts in terms of which the payment of interest or related finance charges is deferred became popular, particularly from a tax point of view. This is so because the issuers of such instruments argue that the discount or deferred interest payable in terms of such instruments is deductible for tax purposes in the year of assessment during which such instrument is issued or entered into, while the holders of such instruments argue that the discount or deferred interest accrues to them in the year of assessment during which the instrument matures. Conflicting judgments of the special courts as to the timing of the deduction for tax purposes of such discounts or deferred interest have given rise to further uncertainty in this regard.

In order to reflect the economic reality of such instruments and to remove any uncertainty with regard to the timing of deductions and accruals for tax purposes, appropriate amendments will have to be made to the Income Tax Act to introduce an accrual basis which will recognise the spreading of interest (including discounts and premiums) on a day to day (yield to maturity) basis for tax purposes. However, as such amendments cannot stand over until the Tax Advisory Committee has completed its investigations with regard to financial arrangements, it is proposed that the most pressing issues be addressed this year. As a first step in the introduction of such an accrual basis it is recommended that all interest payable in respect of financial instruments (such as stock, bonds, debentures, bills, notes, certificates, loans or other forms of indebtedness) issued or entered into after 15 March 1995, be deductible only on a

day-to-day basis. As far as the accrual of any interest to a taxpayer is concerned, all interest payable in respect of instruments issued or entered into after that date shall be taxable on a day-to-day basis if the term of the instrument exceeds one year and is issued at a discount or bears deferred interest (i.e. where stepped interest rates are applied or where interest, calculated by applying a constant interest rate over the term of the instrument, is not paid at regular intervals of at least 12 months).

Although instruments issued or entered into on or before 15 March 1995 are not affected in terms of the above proposals, it is the intention that legislation will be introduced during 1996 which will have the effect of extending the scope of the accrual basis to all financial instruments of the abovementioned nature, irrespective of the date of issue or conclusion of the relevant instrument. Such measures will, however, only be applicable to the remaining term of such an instrument.

The forementioned measures to preserve the personal and corporate income tax base are estimated to yield in total some R100 million in 1995/96.

#### 5.3.2.7 Small enterprises

The Tax Commission proposed measures which would reduce the compliance burden and cash flow constraint of small enterprises. The Commission also proposed further research in this regard.

One of the recommendations is that small enterprises be allowed to choose to be taxed on a cash flow basis which would allow revenue and expenditure to be recognised only when cash is received or payment is made. The recommendation is accepted in principle as relief to small business in this area will ease the magnitude of their working capital requirements.

The Commissioner for Inland Revenue will consult with interested parties and organisations in order to establish acceptable criteria to identify small business and the most effective relief that can be granted. The amendments to the Income Tax Act necessary to provide for the relief will be introduced with this year's legislation.

### 5.3.2.8 Non-resident shareholders' tax

The Tax Commission pointed out that South Africa is in a unique position amongst competing developing economies in that non-resident equity investors are taxed at a comparatively higher rate than domestic equity investors, the difference being the imposition of non-resident shareholders' tax. In addition, this creates an imbalance between foreign debt and equity investments as interest flowing to non-residents is exempt from taxes. The Commission's view that relief should be given to non-residents in the area of non-resident shareholders' tax is supported.

It is accordingly proposed that dividends (other than interim dividends) declared on or after 1 October 1995 and interim dividends, the payment of which has been approved in terms of the appropriate authority on or after that date, be exempt from non-resident shareholders' tax.

The revenue loss to the fiscus is estimated at R235 million (R572 million for the full financial year).

### 5.3.2.9 Taxation of lump sum payments

Certain lump sum payments received on termination of service qualify for taxation at a concessionary rate (known as the rating amount). In essence, these amounts are taxed at the effective rate of tax applicable to the other income derived by the taxpayer during the year. Various schemes are currently in use whereby taxpayers arrange their affairs so that they have little or no other income in the year in which they receive such a lump sum, with the result that the lump sum is taxed at the minimum tax rate of 17 per cent. These schemes usually involve effecting a large single-premium contribution to a retirement annuity fund, or deferring the accrual of pension, or otherwise contriving an abnormal deduction from income during the year.

It has been proposed in the past that this practice should be curbed by providing that these sums be taxed at the average rate of tax applicable to the last three years preceding the year in which the lump sum is received. While this proposal would curb the practice, it is impractical in that the majority of taxpayers who are on the SITE system do not render returns for assessment, and it would

be extremely difficult to establish their effective rates of tax for past years.

The following measures are accordingly proposed:

- (a) In the determination of a rating amount for the calculation of the effective tax rate that will apply to the lump sum payment, the tax payer will only be allowed a deduction from income excluding the lump sum benefit.
- (b) In addition, lump sums qualifying for the concession will be taxable at the higher of the rating amounts calculated for the year of accrual of the lump sum and for the preceding year.

These provisions will be applicable to lump sums derived in consequence of the termination of service on or after 1 September 1995 or, where the lump sum is derived otherwise than on termination of service, to lump sums which accrue on or after that date.

### 5.3.2.10 Tax amnesty

The Katz Commission came to the conclusion that there are good grounds for the implementation of a once-off tax amnesty in respect of all persons not previously registered as taxpayers and who voluntarily come forward during the amnesty period.

The Government in principle accepts the recommendation that a general tax amnesty be introduced. The amnesty will, however, only apply to any person who:

- (a) was not registered for income tax, employees tax or value-added tax purposes on 26 April 1994; or
- (b) any person who so registered on or after 27 April 1994; or
- (c) any person who was registered before 27 April 1994, but whose whereabouts were unknown to the Commissioner for Inland Revenue.

This amnesty will apply to a person who applies for the amnesty during a recommended amnesty period of 3 calendar months, commencing on a

date to be announced by the Minister of Finance, and will cover taxes such as income tax, employees tax, value-added tax, stamp duty, donations tax and secondary tax on companies or any similar tax or duty imposed by a law of a former state or territory.

The tax relief granted to a qualifying person in terms of the amnesty will have the effect that:

- (a) no liability for income tax will arise in respect of years of assessment ending before 1 March 1994;
- (b) an employer will only be required to commence withholding PAYE in respect of remuneration paid or payable by him after 1 March 1995;
- (c) no liability for the payment of any value-added tax will arise in respect of the supply of goods or services or imported services or on the importation of goods before 1 March 1994; and
- (d) no liability prior to 1 March 1994 will arise in respect of stamp duty, donations tax or STC with regard to documents executed, donations made or dividends declared (as the case may be), before that date.

Furthermore, where any person (whether a qualifying person or not) who is liable for an amount of sales tax, pays such outstanding sales tax during the amnesty period of three months or within six months thereafter, such person shall not be required to pay any penalties.

The exact terms and conditions with regard to the amnesty will be embodied in a General Tax Amnesty Bill to be tabled later during Session of Parliament.

### 5.3.3 Domestic taxes on goods and services

#### 5.3.3.1 Excise duties

The excise duties on all excisable products, with the exception of *ad valorem* excise products, are levied in the form of a specific duty, i.e. based on the quantity or volume consumed. It has become established practise, both locally and inter-

nationally, to adjust excise duties on an annual basis *inter alia* to ensure that the yield keeps pace with the general level of price increases.

The adjustments regarding beer and spirits are roughly in line with the rate of inflation. No adjustments regarding cold drinks and mineral water are suggested as these industries are seasonally bound and showed a low growth rate.

The increases in the excise duty on tobacco and wine products differ somewhat. In the case of tobacco products, arguments from the health community indicated a preference for an increase in the excise duty to fifty per cent of the retail price, which is the order of impost in many other countries. After consultation with all interested groups and taking into account industry specific limitations and market conditions, Government has opted for a phased approach, as announced in the 1994 Budget, and as also reflected in this Budget. Future budgets will have to deal with the remainder of this issue. In the case of wine products, the Government is of the opinion that the adjustments in excise duties did not keep pace over the years with the rates that were applicable on other alcohol-based products, and therefore it has been decided that these excise duties be adjusted accordingly.

The announced excise adjustments should yield R410 million in the forthcoming financial year. These adjustments, as set out in the table below, take effect immediately.

#### 5.3.3.2 Fuel levy

The fuel levy was fixed at 60,9 cents per litre in respect of petrol and 53,4 cents per litre in respect of diesel with effect from 2 April 1993. In view of the rate of inflation and other economic factors it has been decided to increase these rates modestly.

To minimise the escalating consequences of an increase in commodity prices such as these, it has been decided to increase the fuel levy on both petrol and diesel with 1 cent per litre with effect from 5 April 1995 and with a further 1 cent per litre on both commodities with effect from 3 May 1995. These increases will coincide, therefore, with the monthly fuel price adjustment, if any.

PRODUCT	INCREASE IN EXCISE DUTY	ESTIMATED ADDITIONAL REVENUE IN 1995/96 R million	APPROXIMATE % CHANGE IN DUTY	ESTIMATED INCREASE IN RETAIL PRICES
Beer (excluding sorghum beer)	6,5 cents per litre (about 2 cents per 340 ml can)	125	9%	2%
Sorghum beer Sorghum flour	1 cent per litre 5 cents per kg	7	25%	1%
Unfortified wine	7 cents per litre (about 5 cents per 750 ml bottle)	15	25%	1%
Fortified wine	16,15 cents per litre (about 12 cents per 750 ml bottle)	2	25%	1½%
Sparkling wine	21,49 cents per litre (about 16 cents per 750 ml bottle)	2	25%	1½%
Other fermented drinks (e.g. cider)	8 cents per litre (about 3 cents per 340 ml can)	4	25%	3%
Spirits	180 cents per litre absolute alcohol (about 58 cents per 750 ml bottle)	50	10%	3%
Cigarettes Cigarette tobacco	8,44 cents per 10 10,62 cents per 50 g	200	25% 25%	6%
Pipe tobacco and cigars	80 cents per kg	5	25%	Varied

This increase should yield an additional income of approximately R300 million for a full year and some R255 million for the remainder of the 1995/96 financial year.

### 5.3.4 Taxes on international trade

#### 5.3.4.1 Surcharge on imports

On 1 September 1985 South Africa introduced a temporary standstill in the repayment of certain categories of foreign debt, mainly short-term bank debt. The liquidity problem (in the form of short-term capital outflow) resulting from actions by certain foreign banks, necessitated a range of

measures to protect the country's foreign reserves and, in general, the balance of payments.

With effect from 23 September 1985 South Africa introduced a surcharge of 10 per cent on all imported goods that were not bound in terms of GATT<sup>5</sup>. This step represented the reintroduction of a measure that had been introduced and repealed twice during the previous eight years (30 March 1977 - 27 March 1980 and 11 February 1982 - 29 November 1983) at rates that fluctuated

<sup>5</sup> General Agreement on Tariffs and Trade, now the World Trade Organisation.

between 15 per cent and 5 per cent on all imported goods.

The most important changes since the re-introduction on 23 September 1985 have been:

- Certain imported goods bound under GATT became subject to import surcharge as from 15 August 1988.
- The introduction of differentiated rates to achieve a balance between the balance of payments effect and the necessity in production of imports. On this basis four basic categories, each with a different general rate, were introduced. Rates differed within each category as well.

There has been some progress in phasing out the surcharge. Since its introduction, the differentiated rates for the four categories have been reduced on a number of occasions. In 1990 they were reduced from 60 per cent to 40 per cent for "luxury" goods, from 20 per cent to 15 per cent for "white" goods, from 15 per cent to 10 per cent for capital goods and from 10 per cent to 7½ per cent for intermediate goods. On 21 March 1991 the surcharge on capital and intermediate goods was reduced further to 5 per cent and abolished with effect from 23 June 1994.

In support of the process of normalising South Africa's foreign trade and financial relations and in recognition of the improved foreign reserve position, it is proposed that the remaining surcharge on "luxury" and "white" goods be abolished as from 1 October 1995. This will cost the fiscus an estimated R455 million for the 1995/96 financial year (R1,1 billion for a full year).

This step should also have a beneficial influence on domestic prices. In removing this surcharge, South Africa's relations in the World Trade Organisation and with its major trading partners will benefit substantially, since the continuation beyond 9 years of a measure initially accepted as a short-term arrangement, has become untenable.

#### 5.3.5 Capital revenue

An amount of R1,2 billion from the proceeds of the sale of strategic oil reserves will be transferred from the Central Energy Fund to the National Revenue Account of which R600 million is to be

utilised for RDP projects of a capital nature. The remainder will be used to reduce state debt (see chapter 6).

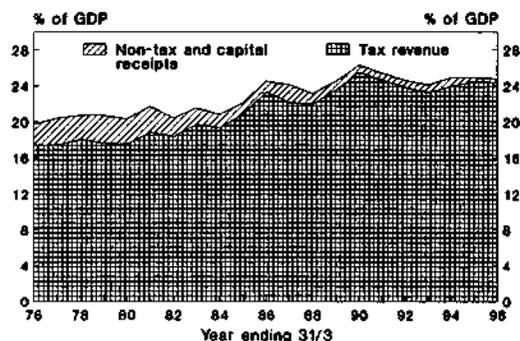
#### 5.4 ADJUSTED NATIONAL BUDGETED REVENUE FOR 1995/96 (NATIONAL REVENUE ACCOUNT)

Given the total estimated ordinary revenue at existing tax rates and brackets of R123,841 billion and the net revenue loss of the tax proposals in par. 5.3 of R850 million, total estimated ordinary revenue to be collected in the National Revenue Account amounts to R122,991 billion. This represents an increase of 10,3 per cent on the revised estimate for 1994/95. Total revenue to be collected, i.e. inclusive of capital revenue of R1,2 billion, will thus be R124,191 billion.

#### 5.5 SOME HISTORICAL TRENDS IN TAX REVENUE

It is estimated that total revenue (i.e. current and capital revenue) will amount to 24,8 per cent of GDP in 1995/96, compared to a revised 24,9 per cent in 1994/95<sup>6</sup>.

CHART 5.1  
MAJOR COMPONENTS OF TOTAL REVENUE AS PERCENTAGES OF GDP



Source: Department of Finance

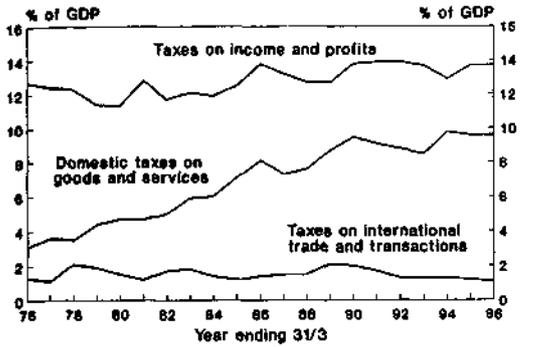
Direct taxes (taxes on income and profits) will remain the most important contributor to total tax revenue in 1995/96 at 52,6 per cent (13,6 per cent

<sup>6</sup> If the *budgeted* collections from the transition levy in 1994/95 of R2,6 billion are excluded, the total revenue to GDP ratio in 1994/95 comes to 24,3 per cent.

of GDP). The contribution of indirect taxes (domestic taxes on goods and services, taxes on international trade and other taxes) will be 43,8 per cent (10,6 per cent of GDP).

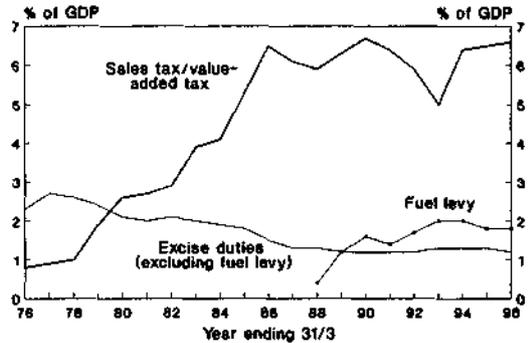
GDP, of which the fuel levy's contribution will be 1,8 per cent of GDP.

**CHART 5.2**  
MAJOR COMPONENTS OF TAX REVENUE AS PERCENTAGES OF GDP



Source: Department of Finance

**CHART 5.4**  
MAJOR COMPONENTS OF TAXES ON GOODS AND SERVICES AS PERCENTAGES OF GDP

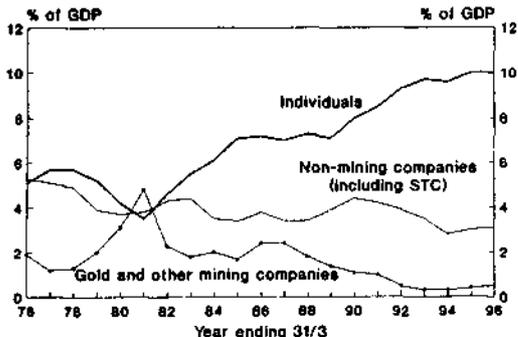


Source: Department of Finance

Personal income tax remains the single most important revenue source in 1995/96 and collections are estimated to yield 10 per cent of GDP, as in 1994/95. Income tax on non-mining companies (including STC) is estimated at 3 per cent of GDP - the same as in 1994/95, which included the transition levy.

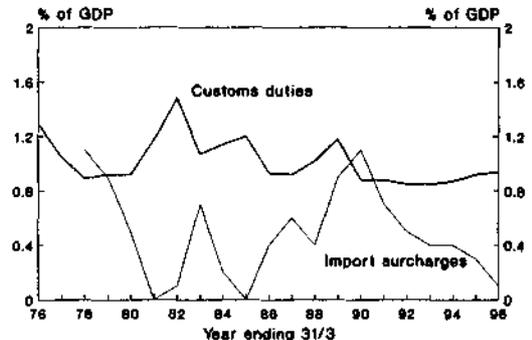
The contribution of taxes on international trade to total tax revenue will be 1,1 per cent of GDP in 1995/96, compared to 1,2 per cent in 1994/95.

**CHART 5.3**  
MAJOR COMPONENTS OF TAXES ON INCOME AND PROFITS AS PERCENTAGES OF GDP



Source: Department of Finance

**CHART 5.5**  
MAJOR COMPONENTS OF TAXES ON INTERNATIONAL TRADE AS PERCENTAGES OF GDP



Source: Department of Finance

Collections from the second most important revenue source, VAT, are estimated at 6½ per cent of GDP in 1995/96, the same as in 1994/95. Total excises are estimated to yield 3 per cent of

## CHAPTER 6

### SUMMARY AND FINANCING OF THE 1995/96 NATIONAL BUDGET

#### 6.1 BUDGET DEFICIT

Total estimated expenditure for 1995/96<sup>1</sup> amounts to R153,248 billion - 9½ per cent more than the comparable 1994/95 revised estimate and 30,6 per cent of expected GDP<sup>2</sup>. The estimated net revenue loss of R850 million resulting from the tax proposals in par. 5.3 brings total ordinary revenue for 1995/96 to R122,991 billion. This is 10,3 per cent more than the comparable 1994/95 revised estimate and equal to 24,6 per cent of expected GDP. Inclusive of the R1,2 billion proceeds from sales of strategic oil reserves, which will be transferred from the Central Energy Fund to the National Revenue Account, total receipts in the National Revenue Account are estimated at R124,191 billion (24,8 per cent of expected GDP).

The estimated revenue and expenditure levels for the national budget result in a budget deficit of R29,057 billion. This is equal to 5,8 per cent of expected GDP compared to the revised comparable 1994/95 estimate of 6,4 per cent (see par. 3.5). At this stage it is planned to close the 1994/95 financial year with a zero balance, leaving the net borrowing requirement the same as the budget deficit.

<sup>1</sup> "White Book" expenditure, the supplementary proposal, estimates of expenditure to be included in the Adjustments Estimate and standing appropriations (guarantee liabilities, subscription payments to the IDA, the IBRD and valuation adjustment payments to the IMF).

<sup>2</sup> At this stage nominal GDP for the 1995/96 financial year is estimated at R500 billion.

#### 6.2 LOAN REDEMPTIONS

During 1995/96 loan redemptions will be as follows:

	R million
Government stock <sup>3</sup>	9 089,8
Premium on government stock	-300,0
Bonds	75,0
Foreign loans	<u>109,0</u>
<b>Total redemptions</b>	<b><u>8 973,8</u></b>

#### 6.3 FINANCING

Gross loan financing of the 1995/96 national budget (i.e. the net borrowing requirement of R29,057 billion plus loan redemptions of R8,974 billion) is estimated at R38,031 billion. The detailed envisaged financing is:

	R million
Short-term loans	1 000,0
Government stock <sup>4</sup>	35 521,1
Bonds	10,0
Foreign loans	<u>1 500,0</u>
<b>Total financing</b>	<b><u>38 031,1</u></b>

<sup>3</sup> Including floating rate stock, but excluding consolidation, repurchase and "switching" transactions.

<sup>4</sup> Excluding discount on the sales of new government stock and transactions resulting from consolidation, repurchases and "switching" of government stock, but including roll-overs.

## ESTIMATE OF EXPENDITURE: SUMMARY AND DEPARTMENTAL VOTES

A summary of each vote as shown in the printed Estimate of Expenditure to be defrayed from the National Revenue Account for 1995/96, tabled by the Minister of Finance, appears below.

The following changes have been effected.

Funds in respect of the Education and Culture Departments of the former Own Affairs Administrations as well as the Department of Education and Training and the Education Co-ordination Service have been divided between the various provincial education departments and the national Department of Education. The number of votes have therefore decreased from 41 to 36.

The amounts appearing in the summary pages are a comparison between 1994/95 (Second and Final Print, RP2 and 4) and 1995/96 (First Print, RP 2). The 1994/95 data do not include expenditure voted in the Adjustments Estimate. Chapter 3 contains a summary of the additional amounts made available in the 1994/95 financial year. Similarly, the 1995/96 Estimate (First Print) does not include the supplementary budget proposal as contained in chapter 4, nor the estimate of expenditure to be included in the Adjustments Estimate for 1995/96.

All enquiries concerning the printed Estimate of Expenditure should be directed to the Department of State Expenditure.

## Annexure 3: Summary

## Bylae 3: Samevatting

Vote—Begrotingspos No. Title—Titel		1995/96							1994/95	Increase Toename	Decrease Afname
		Current Lopend	Capital Kapitaal	Transfers Oordragte		To be voted Bewillig te word	Statutory amounts Statutêre bedrae	Total estimated expenditure Totale beraamde uitgawe			
				Current Lopend	Capital Kapitaal						
	Part I—Deel I	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
1	President—President .....	15 340	407			15 747	552	16 299	16 027	272	
2	Executive Deputy President— Uitvoerende Adjunkpresident .....	8 215	600			8 815		8 815	10 000	1 185	
3	Executive Deputy President from the Largest Minority Party—Uitvoerende Adjunkpresident vanuit die Grootste Minderheidsparty .....	10 686	500			11 266		11 266	8 497	2 769	
4	Parliament—Parlement .....	127 409	6 056	38 192		171 657	135 484	307 141	187 711	119 430	
5	Agriculture—Landbou .....	275 192	40 657	406 098	78 234	800 181		800 181	899 023	98 842	
6	Arts, Culture, Science and Technology— Kuns, Kultuur, Wetenskap en Tegnologie .....	44 590	1 061	453 586	12 325	511 562		511 562	334 011	177 551	
7	Central Economic Advisory Service— Sentrale Ekonomiese Adviesdiens .....	10 326				10 326		10 326	10 210	116	
8	Central Statistical Service—Sentrale Statistiekdiens .....	69 404	2 680			72 084		72 084	61 051	11 033	
9	Constitutional Development— Staatkundige Ontwikkeling .....	59 166	132	1 650 273		1 709 571		1 709 571	949 055	760 516	
10	Correctional Services— Korrekiewe Dienste .....	2 314 262	103 431	1 630	520	2 419 843		2 419 843	2 203 828	216 015	
11	Education—Onderwys .....	56 736	581	3 766 324	506 754	4 330 395		4 330 395	3 609 711	720 684	

## Annexure 3—continued

## Bylae 3—vervolg

Vote—Begrotingspos No. Title—Titel		1995/96							1994/95	Increase Toename	Decrease Afname
		Current Lopend	Capital Kapitaal	Transfers Oordragte		To be voted Bewillig te word	Statutory amounts Statutêre bedrae	Total estimated expenditure Totale beraamde uitgawe			
				Current Lopend	Capital Kapitaal						
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
12	Environmental Affairs and Tourism— Omgewingsake en Toerisme.....	163 456	10 171	117 595	10 379	301 601		301 601	309 408	7 807	
13	Finance—Finansies .....	1 332 546	10 366	62 186 881	7 747 389	71 277 182	28 385 000	99 662 182	85 560 185	14 101 997	
14	Foreign Affairs—Buitelandse Sake .....	935 797	65 980	129 061	2	1 130 840	2 700	1 133 540	1 068 927	64 613	
15	Health—Gesondheid .....	326 684	5 614	749 531	117 619	1 199 448		1 199 448	1 579 405	379 957	
16	Home Affairs—Binnelandse Sake .....	368 933	5 033	3 572	2	377 540		377 540	1 228 478	850 938	
17	Housing—Behuising .....	37 931	559	254 097	1 261 216	1 553 803		1 553 803	1 654 239	100 436	
18	Improvement of conditions of service— Verbetering van diensvoorwaardes.....	2 891 744		9		2 891 753		2 891 753	2 806 603	85 150	
19	Justice—Justisie.....	1 336 665	18 139	67 511	1 200	1 423 515	68 000	1 491 515	1 281 808	209 707	
20	Labour—Arbeid .....	377 676	25 509	399 437	1 377	803 999		803 999	498 662	305 337	
21	Land Affairs—Grondsake .....	164 165	70 359	9 151	215 260	458 935		458 935	346 829	112 106	
22	Mineral and Energy Affairs— Mineraal- en Energiesake .....	85 947	1 598	477 005	151 824	716 374		716 374	724 592	8 218	
23	National Defence—Nasionale Weermag ..	6 530 035		3 305 017		9 835 052		9 835 052	11 102 411	1 267 359	
24	Police—Polisie .....	8 200 570	651 348			8 851 918		8 851 918	8 562 149	289 769	

## Annexure 3—continued

## Bylae 3—vervolg

Vote—Begrotingspos No. Title—Titel		1995/96						1994/95	Increase Toename	Decrease Afname	
		Current Lopend	Capital Kapitaal	Transfers Oordragte		To be voted Bewilg te word	Statutory amounts Statutêre bedrae				Total estimated expenditure Totale beraamde uitgawe
				Current Lopend	Capital Kapitaal						
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
25	Public Enterprises— Openbare Ondernemings.....	6 270				6 270		6 270	6 098	172	
26	Public Service Commission— Staatsdienskommissie.....	117 163	3 040	3 603	1	123 807		123 807	88 584	35 223	
27	Public Works—Openbare Werke.....	1 721 707	582 004	53 003	113	2 356 827		2 356 827	2 229 593	127 234	
28	Phasing-out of Own Affairs Admini- strations—Uitfasering van Eiesake- administrasies.....								866		866
29	Promoting the Reconstruction and Development Programme— Bevordering van die Heropbou- en Ontwikkelingsprogram.....	29 219	2 600	512 000	1 979 000	2 522 819		2 522 819	1 921 402	601 417	
30	SA Communication Service— SA Kommunikasiediens.....	52 758	1 144		260	54 162		54 162	52 377	1 785	
31	Sport and Recreation—Sport en Ontspanning.....	15 428	550	16 114	10 927	43 019		43 019	40 037	2 982	
32	State Expenditure—Staatsbesteding.....	102 213	1 212	560 611	73 900	737 936		737 936	591 465	146 471	
33	Trade and Industry—Handel en Nywerheid.....	236 979	4 715	3 257 360	25 193	3 524 247		3 524 247	3 198 981	325 266	
34	Transport—Vervoer.....	189 183	25 552	2 219 990	584 153	3 018 878		3 018 878	2 860 622	158 256	
35	Water Affairs and Forestry— Waterwese en Bosbou.....	226 197	523 641	100 583	85 755	936 176		936 176	696 855	239 321	
36	Welfare—Welsyn.....	52 521	565	20 496	1 061	74 643		74 643	83 939		9 296
Total Part I—Totaal Deel I		28 493 113	2 165 884	80 758 730	12 864 464	124 282 191	28 591 736	152 873 927	136 783 639	18 815 192	2 724 904

## Annexure 3—continued

## Bylae 3—vervolg

Vote— <i>Begrotingspos</i>		1995/96							1994/95	Increase <i>Toename</i>	Decrease <i>Afname</i>
		Current <i>Lopend</i>	Capital <i>Kapitaal</i>	Transfers <i>Oordragte</i>		To be voted <i>Bewillig te word</i>	Statutory amounts <i>Statutêre bedrae</i>	Total estimated expenditure <i>Totale beraamde uitgawe</i>			
				Current <i>Lopend</i>	Capital <i>Kapitaal</i>						
No.	Title— <i>Titel</i>	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
	<b>Part II—<i>Deel II</i></b> <b>(Standing appropriations from National Revenue Account— Staaude toewysings uit Nasionale Inkomsterekening)</b> Allocations from ordinary levy to BLNS countries in terms of sec. 48(4A)(d) of Act 91 of 1964— <i>Toewysings uit die gewone heffing aan BLNS-lande ingevolge art. 48 (4A)(d) van Wet 91 van 1964</i> .....						2 000	2 000	2 000		
	Allocations from fuel levy to Regional Services Councils and Joint Services Boards in terms of sec. 47(b) of Act 91 of 1964— <i>Toewysing uit die brandstofheffing aan Streeksdiens- terade en Gesamentlike Diensterade ingevolge art. 47(b) van Wet 91 van 1964</i> .....						144 000	144 000	127 000	17 000	
	Total Part II— <i>Totaal Deel II</i> .....						146 000	146 000	129 000	17 000	
	Grand Total— <i>Grootlotaal</i>	28 493 113	2 165 884	80 758 730	12 864 464	124 282 191	28 737 736	153 019 927	136 912 639	18 832 192	2 724 904

Net increase, Part I—*Netto toename, Deel I*..... R16 090 288 000

Net increase, Part II—*Netto toename, Deel II*..... R 17 000 000

Total increase—*Totale toename*..... R16 107 288 000

**Vote 1**  
**Begrotingspos 1**

**President**  
**President**

**R15 747 000**

1-1

AIM: To enable the President to fulfil his constitutional and other functions  
Accounting officer: Director-General: Office of the President

DOEL: Om die President in staat te stel om sy grondwetlike en ander funksies te vervul  
Rekenpligtige beampte: Direkteur-generaal: Kantoor van die President

Presentation according to programmes	Current Lopend		Capital Kapitaal		Transfers Oordragte				Total Totaal		Aanbieding volgens programme
	1995/96	1994/95	1995/96	1994/95	Current Lopend		Capital Kapitaal		1995/96	1994/95	
Main divisions	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	Hoofindelings
<b>1 Administration</b>	R'000 10 111	R'000 10 855	R'000 304	R'000 328					R'000 10 415	R'000 11 183	<b>1 Administrasie</b>
<b>2 Auxiliary and associated services</b>	5 229	4 135	103	19					5 332	4 154	<b>2 Ondersteunende en verwante dienste</b>
<b>AMOUNT TO BE VOTED</b>	15 340	14 990	407	347					15 747	15 337	<b>BEDRAG WAT BEWILLIG MOET WORD</b>
<b>Amount forming a direct charge on the National Revenue Fund in terms of sec. 79 of the RSA Constitution Act, 1993 (Act 200 of 1993)</b>											<b>Bedrag wat ingevolge art. 79 van die Grondwet van die RSA, 1993 (Wet 200 van 1993), regstreeks ten laste van die Nasionale Inkomstefonds kom</b>
Salary of President	552	690							552 <sup>a</sup>	690	Salaris van President
<b>Total estimated expenditure</b>	15 892	15 680	407	347					16 299	16 027	<b>Totale beraamde uitgawe</b>
Increase	212		60						272		Toename
Decrease											Afname

<sup>a</sup> Includes R115 000 car allowance.

<sup>a</sup> Sluit R115 000 motortoelae in.

**Vote 2**  
**Begrotingspos 2**

**Executive Deputy President**  
**Uitvoerende Adjunkpresident**

**R8 815 000**

2-1

AIM: To enable the Executive Deputy President from the Largest Majority Party to fulfil his constitutional and other functions

DOEL: Om die Uitvoerende Adjunkpresident vanuit die Grootste Meerderheidsparty in staat te stel om sy grondwetlike en ander funksies te vervul

Accounting officer: Head: Office of the Executive Deputy President

Rekenpligtige beampte: Hoof: Kantoor van die Uitvoerende Adjunkpresident

Presentation according to programmes	Current Lopend		Capital Kapitaal		Transfers Oordragte				Total Totaal		Aanbieding volgens programme
	1995/96	1994/95	1995/96	1994/95	Current Lopend		Capital Kapitaal		1995/96	1994/95	
Main divisions	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	Hoofindelings
<b>1 Administration</b>	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	<b>R'000</b>	R'000	<b>1 Administrasie</b>
<b>2 Auxiliary and associated services</b>	5 667	6 563	500	140					6 167	6 703	<b>2 Ondersteunende en verwante dienste</b>
	2 548	3 217	100	80					2 648	3 297	
<b>AMOUNT TO BE VOTED</b>	<b>8 215</b>	<b>9 780</b>	<b>600</b>	<b>220</b>					<b>8 815</b>	<b>10 000</b>	<b>BEDRAG WAT BEWILLIG MOET WORD</b>
Increase			380								Toename
Decrease	1 565								1 185		Afname

Presentation according to standard items			Aanbieding volgens standaarditems		
Items	1995/96	1994/95	Items	1995/96	1994/95
	R'000	R'000		R'000	R'000
A Personnel expenditure	5 501	7 200	A Personeeluitgawes		
B Administrative expenditure	1 766	1 616	B Administratiewe uitgawes		
C Stores and livestock	378	350	C Voorrade en lewende hawe		
D Equipment	763	457	D Toerusting		
E Land and buildings			E Grond en geboue		
F Professional and special services	253	223	F Professionele en spesiale dienste		
G Transfer payments			G Oordragbetalings		
H Miscellaneous expenditure	154	154	H Diverse uitgawes		
Amount to be voted	8 815	10 000	Bedrag wat bewillig moet word		

**Vote 3**  
**Begrotingspos 3**

**Executive Deputy President from the Largest Minority Party**  
**Uitvoerende Adjunkpresident vanuit die Grootste Minderheidsparty**

**R11 266 000**

**3-1**

AIM: To enable the Executive Deputy President from the Largest Minority Party to fulfil his constitutional and other functions

Accounting officer: Head: Office of the Executive Deputy President from the Largest Minority Party

DOEL: Om die Uitvoerende Adjunkpresident vanuit die Grootste Minderheidsparty in staat te stel om sy grondwetlike en ander funksies te vervul

Rekenpigtige beampte: Hoof: Kantoor van die Uitvoerende Adjunkpresident vanuit die Grootste Minderheidsparty

Presentation according to programmes	Current Lopend		Capital Kapitaal		Transfers Oordragte				Total Totaal		Aanbieding volgens programme
	1995/96	1994/95	1995/96	1994/95	Current Lopend		Capital Kapitaal		1995/96	1994/95	
Main divisions	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	Hoofindelings
<b>1 Administration</b>	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	<b>1 Administrasie</b>
<b>2 Auxiliary and associated services</b>	6 600	2 612	494	1 200					7 094	3 812	
<b>AMOUNT TO BE VOTED</b>	4 086	4 250	86	435					4 172	4 685	<b>BEDRAG WAT BEWILLIG MOET WORD</b>
Increase	10 686	6 862	580	1 635					11 266	8 497	Toename
Decrease	3 824								2 769		Afname
			1 055								

**Vote 4**  
**Begrotingspos 4**

**Parliament**  
**Parlement**

**R171 657 000**

4-1

AIM: To enable Parliament to fulfil its constitutional function

DOEL: Om die Parlement in staat te stel om sy konstitusionele funksie te vervul

Accounting officer: Secretary to Parliament a

Rekenpligtige beampste: Sekretaris van die Parlement a

Presentation according to programmes	Current Lopend		Capital Kapitaal		Transfers Oordragte				Total Totaal		Aanbieding volgens programme
					Current Lopend		Capital Kapitaal				
	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	
<b>Main divisions</b>	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
<b>1 Administration</b>	50 293	39 692	3 188	7 195	15 300				<b>68 781</b>	46 887	<b>1 Administrasie</b>
<b>2 National Assembly</b>	5 941		120		18 087				<b>24 148</b>		<b>2 Nasionale Vergadering</b>
<b>3 Senate</b>	4 609		120		4 404				<b>9 133</b>		<b>3 Senaat</b>
<b>4 Constitutional Assembly</b>	56 791		2 628						<b>59 419</b>		<b>4 Grondwetlike Vergadering</b>
<b>5 Miscellaneous services</b>	9 775	12 025			401	1 590			<b>10 176</b>	13 615	<b>5 Diverse dienste</b>
<b>AMOUNT TO BE VOTED</b>	<b>127 409</b>	<b>51 717</b>	<b>6 056</b>	<b>7 195</b>	<b>38 192</b>	<b>1 590</b>			<b>171 657</b>	<b>60 502</b>	<b>BEDRAG WAT BEWILLIG MOET WORD</b>
<b>Amounts forming a direct charge on the National Revenue Fund in terms of the Payment of Members of Parliament Act, 1994 (Act 6 of 1994)</b>											<b>Bedrae wat ingevolge die Wet op die Betaling van Parlementslede, 1994 (Wet 6 van 1994), regstreeks ten laste van die Nasionale inkomstefonds kom</b>
<b>Salaries, allowances and other benefits of office-bearers and other members National Assembly Senate</b>	107 186 28 298	127 209							<b>107 186</b> <b>28 298</b>	127 209	<b>Salarisse, toelaes en ander ampsvoordele van ampsdraers en ander lede Nasionale Vergadering Senaat</b>
<b>Total estimated expenditure</b>	<b>262 893</b>	<b>178 926</b>	<b>6 056</b>	<b>7 195</b>	<b>38 192</b>	<b>1 590</b>			<b>307 141</b>	<b>187 711</b>	<b>Totale beraamde uitgawe</b>
<b>Increase</b>	<b>83 967</b>				<b>36 602</b>				<b>119 430</b>		<b>Toename</b>
<b>Decrease</b>			<b>1 139</b>								<b>Afname</b>

a Appointed in terms of sec. 31(2) of the Powers and Privileges of Parliament Act, 1963 (Act 91 of 1963).

a Aangestel ingevolge art. 31(2) van die Wet op die Bevoegdheid en Voorregte van die Parlement, 1963 (Wet 91 van 1963).

**Vote 5  
Begrotingspos 5**

**Agriculture  
Landbou**

**R800 181 000**

**5-1**

AIM: To promote the contribution of agriculture to the development of all communities, the society at large and the national economy in order to enhance income, food security, employment and the quality of life in a sustainable manner

DOEL: Om die bydrae van landbou tot die ontwikkeling van alle gemeenskappe, die bevolking in die algemeen en die nasionale ekonomie te bevorder ten einde inkomste, voedselsekuriteit, werkverskaffing en lewenskwaliteit op 'n volhoubare wyse te verbeter

Accounting officer: Director-General: Agriculture

Rekenpligtige beampste: Direkteur-generaal: Landbou

Presentation according to programmes	Current Lopend		Capital Kapitaal		Transfers Oordragte				Total Totaal		Aanbieding volgens programme
					Current Lopend		Capital Kapitaal				
	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	
Main divisions	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	Hoofindings
<b>1 Administration</b>	52 481	51 291	1 034	1 014					<b>53 515</b>	52 305	<b>1 Administrasie</b>
<b>2 Resource conservation and environmental management</b>	44 809	50 000	33 982	35 631	5 850	1 353	5 280	6 734	<b>89 921</b>	93 718	<b>2 Hulpbronbewaring en omgewingsbestuur</b>
<b>3 Animal production</b>	47 071	45 829	2 136	577	160	160			<b>49 367</b>	46 566	<b>3 Dierreproduksie</b>
<b>4 Crop production</b>	27 503	26 233	1 757	1 268					<b>29 260</b>	27 501	<b>4 Gewasproduksie</b>
<b>5 Agro-economic services</b>	17 098	15 358	333	190					<b>17 431</b>	15 548	<b>5 Agro-ekonomiese dienste</b>
<b>6 Resource allocation</b>	49 088	44 827	455	908	173 077	348 538	51 200	1 200	<b>273 820</b>	395 473	<b>6 Hulpbrontoekenning</b>
<b>7 Auxiliary and associated services</b>	37 142	29 358	960	1 199	227 011	215 922	21 754	23 671	<b>286 867</b>	270 150	<b>7 Ondersteunende en verwante dienste</b>
Less: Internal charges	275 192	262 896 2 238	40 657	40 787	406 098	565 973	78 234	31 605	<b>800 181</b>	901 261 2 238	Minus: Interne heffings
AMOUNT TO BE VOTED	275 192	260 658	40 657	40 787	406 098	565 973	78 234	31 605	<b>800 181</b>	899 023	BEDRAG WAT BEWILLIG MOET WORD
Increase	14 534						46 629				Toename
Decrease			130		159 875				98 842		Afname

**Vote 6**  
**Begrotingspos 6**

**Arts, Culture, Science and Technology**  
**Kuns, Kultuur, Wetenskap en Tegnologie**

**R511 562 000**

**6-1**

AIM: To deal with matters pertaining to arts, culture, science and technology and render state archives and heraldic services and state language services at national level

DOEL: Om aangeleenthede rakende kuns, kultuur, wetenskap en tegnologie te behartig en 'n staatsargief- en -heraldiekiens en staatsaaldiens op nasionale vlak te lewer

Accounting officer: Director-General: Arts, Culture, Science and Technology

Rekenpigtige beampste: Direkteur-generaal: Kuns, Kultuur, Wetenskap en Tegnologie

Presentation according to programmes	Current Lopend		Capital Kapitaal		Transfers Oordragte				Total Totaal		Aanbieding volgens programme
					Current Lopend		Capital Kapitaal				
	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	
Main divisions											Hoorindelings
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
1 Administration	11 033	8 926	517	517			48	48	11 598	9 491	1 Administrasie
2 Culture	3 036	3 530	211	57	221 957	53 753	1 208	1 208	226 412	58 548	2 Kultuur
3 State archives and heraldic services	11 126	10 789	56	56					11 182	10 845	3 Staatsargief- en -heraldiekiens
4 State language services	10 338	12 886	30	714					10 368	13 600	4 Staatsaaldiens
5 Science, technology, meta-information and terminology	9 057	6 353	247	234	231 629	223 759	11 069	11 181	252 002	241 527	5 Wetenskap, tegnologie, meta-inligting en terminologie
AMOUNT TO BE VOTED	44 590	42 484	1 061	1 578	453 586	277 512	12 325	12 437	511 562	334 011	BEDRAG WAT BEWILLIG MOET WORD
Increase	2 106				176 074				177 551		Toename
Decrease			517				112				Afname



**Vote 8**  
**Begrotingspos 8**

**Central Statistical Service**  
**Sentrale Statistiekdiens**

**R72 084 000**

8-1

AIM: To collect, process and make statistics available in terms of Act 66 of 1976

DOEL: Om statistiek ingevolge Wet 66 van 1976 te versamel, verwerk en beskikbaar te stel

Accounting officer: Head: Central Statistical Service

Rekenpligtige beampste: Hoof: Sentrale Statistiekdiens

Presentation according to programmes	Current Lopend		Capital Kapitaal		Transfers Oordragte				Total Totaal		Aanbieding volgens programme
	1995/96	1994/95	1995/96	1994/95	Current Lopend		Capital Kapitaal		1995/96	1994/95	
Main divisions	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	Hoofindelings
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
<b>1 Administration</b>	22 771	20 638	680	1 015					<b>23 451</b>	21 653	<b>1 Administrasie</b>
<b>2 Statistical service</b>	46 474	38 467	2 000	792					<b>48 474</b>	39 259	<b>2 Statistiekdiens</b>
<b>3 Auxiliary and associated services</b>	159	139							<b>159</b>	139	<b>3 Ondersteunende en verwante dienste</b>
<b>AMOUNT TO BE VOTED</b>	<b>69 404</b>	<b>59 244</b>	<b>2 680</b>	<b>1 807</b>					<b>72 084</b>	<b>61 051</b>	<b>BEDRAG WAT BEWILLIG MOET WORD</b>
Increase	10 160		873						11 033		Toename
Decrease											Afname

Presentation according to standard items			Aanbieding volgens standaarditems		
Items	1995/96	1994/95	Items	1995/96	1994/95
	R'000	R'000		R'000	R'000
A Personnel expenditure	48 263	43 327	A Personeeluitgawes		
B Administrative expenditure	7 029	7 274	B Administratiewe uitgawes		
C Stores and livestock	4 860	1 670	C Voorrade en lewendes hawe		
D Equipment	4 153	1 917	D Toerusting		
E Land and buildings	6	1 400	E Grond en geboue		
F Professional and special services	6 932	4 569	F Professionele en spesiale dienste		
G Transfer payments			G Oordragbetalings		
H Miscellaneous expenditure	841	894	H Diverse uitgawes		
Amount to be voted	<b>72 084</b>	<b>61 051</b>	Bedrag wat bewillig moet word		

**Vote 9**  
**Begrotingspos 9**

**Constitutional Development**  
**Staatkundige Ontwikkeling**

**R1 709 571 000**

AIM: To implement and administer the Transitional Constitution, provide technical, professional and logistical support regarding the drafting of legislation on constitutional matters, promote overall common approaches to intergovernmental relations and to provide an administrative, planning and advisory support service in the process of implementation of the Constitution

DOEL: Om die Oorgangsgrondwet te implementeer en administreer, 'n tegniese, vakkundige en logistieke ondersteuningsdiens te lewer t.o.v. die voorbereiding van wetgewing oor staatkundige aangeleenthede, algemene en omvattende benaderings tot interowerheidsverhoudinge te bevorder en om 'n administratiewe, beplannings- en adviserende ondersteuningsdiens in die proses van die implementering van die Grondwet te lewer

Accounting officer: Director-General: Constitutional Development

Rekenpligtige beampte: Direkteur-generaal: Staatkundige Ontwikkeling

Presentation according to programmes	Current Lopend		Capital Kapitaal		Transfers Oordragte				Total Totaal		Aanbieding volgens programme
	1995/96	1994/95	1995/96	1994/95	Current Lopend		Capital Kapitaal		1995/96	1994/95	
Main divisions	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	Hoofindelings
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
<b>1 Administration</b>	35 401	22 393	100	342					<b>35 501</b>	22 735	<b>1 Administrasie</b>
<b>2 Planning</b>	8 942	8 891							<b>8 942</b>	8 891	<b>2 Beplanning</b>
<b>3 Constitutional development support</b>		6 154				175 217				181 371	<b>3 Staatkundige ontwikkelings-ondersteuning</b>
<b>4 Intergovernmental relations</b>	12 345	10 622	31	15	1 639 173	710 109			<b>1 651 549</b>	720 746	<b>4 Interowerheidsverhoudinge</b>
<b>5 Auxiliary and associated services</b>	2 478	4 746	1	1	11 100	10 565			<b>13 579</b>	15 312	<b>5 Ondersteunende en verwante dienste</b>
AMOUNT TO BE VOTED	59 166	52 806	132	358	1 650 273	895 891			<b>1 709 571</b>	949 055	BEDRAG WAT BEWILLIG MOET WORD
Increase	6 360				754 382				760 516		Toename
Decrease			226								Afname

**Vote 10**  
**Begrotingspos 10**

**Correctional Services**  
**Korrektiewe Dienste**

**R2 419 843 000**

**10-1**

AIM: To render correctional services by appropriate detention, control, care, utilisation, development, treatment and community re-integration of prisoners and probationers in a humane, cost effective and least restrictive manner in order to protect the community from repeated crime

DOEL: Om korrektiewe dienste te lewer deur toepaslike aanhouding, beheer, versorging, benutting, ontwikkeling, behandeling en gemeenskapherinskakeling van gevangenes en toesiggevalle op 'n menswaardige, koste-effektiewe en mins beperkende wyse ten einde die gemeenskap teen herhaling van misdade te beskerm

Accounting officer: Commissioner: Correctional Services

Rekenpligtige beampte: Kommissaris: Korrektiewe Dienste

Presentation according to programmes  Main divisions	Current Lopend		Capital Kapitaal		Transfers Oordragte				Total Totaal		Aanbieding volgens programme  Hoofindelings
					Current Lopend		Capital Kapitaal				
	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
<b>1 Administration</b>	175 645	145 728	1 064	468					<b>176 709</b>	146 196	<b>1 Administrasie</b>
<b>2 Incarceration</b>	1 301 068	1 247 143	7 463	4 661					<b>1 308 531</b>	1 251 804	<b>2 Aanhouding</b>
<b>3 Treatment</b>	133 774	103 743	4 847	717	1 630	964			<b>140 251</b>	105 424	<b>3 Behandeling</b>
<b>4 Agriculture and industries</b>	163 517	175 664	66 259	51 384					<b>229 776</b>	227 048	<b>4 Landbou en industrieë</b>
<b>5 Community corrections</b>	64 801	59 005	1 134	125					<b>65 935</b>	59 130	<b>5 Gemeenskapskorreksies</b>
<b>6 Auxiliary and associated services</b>	684 211	631 665	28 751	20 617			520	527	<b>713 482</b>	652 809	<b>6 Ondersteunende en verwante dienste</b>
	2 523 016	2 362 948	109 518	77 972	1 630	964	520	527	<b>2 634 684</b>	2 442 411	
Less: Internal charges	208 754	236 572	6 087	2 011					<b>214 841</b>	238 583	Minus: Interne heffings
<b>AMOUNT TO BE VOTED</b>	<b>2 314 262</b>	<b>2 126 376</b>	<b>103 431</b>	<b>75 961</b>	<b>1 630</b>	<b>964</b>	<b>520</b>	<b>527</b>	<b>2 419 843</b>	<b>2 203 828</b>	<b>BEDRAG WAT BEWILLIG MOET WORD</b>
Increase	187 886		27 470		666				216 015		Toename
Decrease							7				Afname



**Vote 12**  
**Begrotingspos 12**

**Environmental Affairs and Tourism**  
**Omgewingsake en Toerisme**

**R301 601 000**

**12-1**

AIM: To ensure effective protection and sustainable utilisation of the environment for the benefit of everyone in South Africa

DOEL: Om effektiewe beskerming en volhoubare benutting van die omgewing tot voordeel van almal in Suid-Afrika te verseker

Accounting officer: Director General: Environmental Affairs and Tourism

Rekenpligtige beampte: Direkteur-generaal: Omgewingsake en Toerisme

Presentation according to programmes	Current Lopend		Capital Kapitaal		Transfers Oordragte				Total Totaal		Aanbieding volgens programme
	1995/96	1994/95	1995/96	1994/95	Current Lopend		Capital Kapitaal		1995/96	1994/95	
Main divisions	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	Hoofindelings
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
<b>1 Administration</b>	22 043	19 221	173	414					<b>22 216</b>	19 635	<b>1 Administrasie</b>
<b>2 Environmental management</b>	22 536	19 683	500	194	60 020	55 719	10 351	14 408	<b>93 407</b>	90 004	<b>2 Omgewingsbestuur</b>
<b>3 Sea fisheries management and development</b>	51 646	41 885	1 920	4 069					<b>53 566</b>	45 954	<b>3 Seevisserye-bestuur en -ontwikkeling</b>
<b>4 Weather bureau services</b>	38 677	38 711	4 323	4 948					<b>43 000</b>	43 659	<b>4 Weerburodienste</b>
<b>5 Promotion of tourism</b>	3 075	2 422		10	57 575	79 262			<b>60 650</b>	81 694	<b>5 Bevordering van toerisme</b>
<b>6 Auxiliary and associated services</b>	28 629	29 830	3 255	4 158			28	25	<b>31 912</b>	34 013	<b>6 Ondersteunende en verwante dienste</b>
	166 606	151 752	10 171	13 793	117 595	134 981	10 379	14 433	<b>304 751</b>	314 959	
Less: Internal charges	3 150	5 551							<b>3 150</b>	5 551	Minus: Interne heffings
<b>AMOUNT TO BE VOTED</b>	<b>163 456</b>	<b>146 201</b>	<b>10 171</b>	<b>13 793</b>	<b>117 595</b>	<b>134 981</b>	<b>10 379</b>	<b>14 433</b>	<b>301 601</b>	<b>309 408</b>	<b>BEDRAG WAT BEWILLIG MOET WORD</b>
Increase	17 255										Toename
Decrease			3 622		17 386		4 054		7 807		Afname

AIM: To render policy advice on state finances as well as the overall utilisation of government funds, fund the Exchequer, make funds available to public authorities and institutions and administer certain pension funds

DOEL: Om beleidsadvies oor staatsfinansies en die oortoolse aanwending van owerheidsfondse te lewer, die Skatkis te befonds, fondse aan openbare owerhede en instellings beskikbaar te stel en sekere pensioenfondse te administreer

Accounting officer: Director-General: Finance

Rekenpligte beampte: Direkteur-generaal: Finansies

Presentation according to programmes  Main divisions	Current Lopend		Capital Kapitaal		Transfers Oordragte				Total Totaal		Aanbieding volgens programme  Hoofindelings	
	1995/96	1994/95	1995/96	1994/95	Current Lopend		Capital Kapitaal		1995/96	1994/95		
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000		
1 Administration	34 694	32 913	350	235					35 044	33 148	1 Administrasie	
2 Financial and economic measures	18 826	16 573	266	54	4 000	4 200			23 092	20 827	2 Finansiele en ekonomiese maatreëls	
3 Exchequer financing	634 451	631 088	7 250	12 287					641 701	643 375	3 Skatkisfinansiering	
4 Fiscal transfers					1 366 842	2 302 325	1 984 000	769 301	3 350 842	3 071 626	4 Fiskale oordragte	
5 Civil pensions and contributions to funds	606 671	495 084		861	93 862	864			700 533	496 809	5 Siviele pensioene en bydraes tot fondse	
6 Military pensions and other benefits	11 054	10 500		30	92 414	93 582			103 468	104 112	6 Militêre pensioene en ander voordele	
7 Provincial transfers	26 850	12 293	2 500	4 985	60 629 761	52 777 627	5 763 389	5 029 194	66 393 150	57 806 821	7 Provinsiale oordragte	
8 Associated services					2	2		382	29 352	17 662	8 Verwante dienste	
AMOUNT TO BE VOTED	1 332 546	1 198 451	10 366	18 452	62 186 881	55 178 600	7 747 389	5 798 877	71 277 182	62 194 380	BEDRAG WAT BEWILLIG MOET WORD	
Amounts forming a direct charge on the National Revenue Fund											Bedrae wat regstreeks ten laste van die Nasionale Inkomstefonds kom	
Commitments i.r.o. State Debt (sec. 20 of Act 66 of 1975)												Verpligtings t.o.v. Staatskuld (art. 20 van Wet 66 van 1975)
Interest	28 334 253	23 278 860							28 334 253	23 278 860		
Management	20 506	57 181							20 506	57 181	Bestuur	
Cost of raising loans	11 107 195	3 994 946							11 107 195	3 994 946	Koste van aangaan van lenings	
	39 461 954	27 330 987							39 461 954	27 330 987		
Commitments i.r.o. loans by community councils (sec. 30A of Act 66 of 1975)											Verpligtings t.o.v. lenings deur gemeenskapsrade (art. 30A van Wet 66 van 1975)	
Interest		10 778								10 778		Rente
Management		341								341		Bestuur
Redemption		17 592								17 592	Aflossing	
		28 711							a	28 711		
	39 461 954	27 359 698							39 461 954	27 359 698		

a Non recurring

a Nie herhalend.



**Vote 15**  
**Begrotingspos 15**

**Health**  
**Gesondheid**

**R1 199 448 000**

**15-1**

AIM: To promote, improve and maintain the health of the citizens of the RSA whose care has by legislation or custom, been assigned to the Department

DOEL: Om die gesondheid van die inwoners van die RSA wie se versorging ingevolge wetgewing of deur gebruik aan die Departement opgedra is, te bevorder, verbeter of handhaaf

Accounting officer: Director-General: Health

Rekenpligtige beampte: Direkteur-generaal: Gesondheid

Presentation according to programmes	Current Lopend		Capital Kapitaal		Transfers Oordragte				Total Totaal		Aanbieding volgens programme
	1995/96	1994/95	1995/96	1994/95	Current Lopend		Capital Kapitaal		1995/96	1994/95	
Main divisions	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	Hoofindelings
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
<b>1 Administration</b>	60 938	59 815	503	503					<b>61 441</b>	60 318	<b>1 Administrasie</b>
<b>2 Primary health care</b>	24 857	308 413			183 023	315 460	114 957	12 955	<b>322 837</b>	636 828	<b>2 Primêre gesondheidsorg</b>
<b>3 Health care</b>	102 769	166 874	224	975	636	4 086			<b>103 629</b>	171 935	<b>3 Gesondheidsorg</b>
<b>4 Health protection against environmental aspects</b>	31 636	78 459	395	1 123	2 429	29 623		3	<b>34 460</b>	109 208	<b>4 Gesondheidsbeskerming teen omgewingsfaktore</b>
<b>5 Auxiliary and associated services</b>	113 469	124 134	4 492	4 891	563 443	476 436	2 662	2 640	<b>684 066</b>	608 101	<b>5 Ondersteunende en verwante dienste</b>
	333 669	737 695	5 614	7 492	749 531	825 605	117 619	15 598	<b>1 206 433</b>	1 586 390	
Less: Internal charges	6 985	6 985							<b>6 985</b>	6 985	Minus: Interne heffings
<b>AMOUNT TO BE VOTED</b>	<b>326 684</b>	<b>730 710</b>	<b>5 614</b>	<b>7 492</b>	<b>749 531</b>	<b>825 605</b>	<b>117 619</b>	<b>15 598</b>	<b>1 199 448</b>	<b>1 579 405</b>	<b>BEDRAG WAT BEWILLIG MOET WORD</b>
Increase								102 021			Toename
Decrease	404 026		1 878		76 074				379 957		Afname

**Vote 16**  
**Begrotingspos 16**

**Home Affairs**  
**Binnelandse Sake**

**R377 540 000**

**16-1**

AIM: To protect and regulate the interests of the inhabitants of the RSA as individuals i.r.o. their status, identity and specific rights and powers and to render a supporting service

DOEL: Om die belange van die inwoners van die RSA as individue t.o.v. hulle status, identiteit en bepaalde regte en bevoegdhede te beskerm en te behartig en 'n ondersteunende diens te lewer

Accounting officer: Director-General: Home Affairs

Rekenpligtige beampste: Direkteur-generaal: Binnelandse Sake

Presentation according to programmes	Current Lopend		Capital Kapitaal		Transfers Oordragte				Total Totaal		Aanbieding volgens programme
	1995/96	1994/95	1995/96	1994/95	Current Lopend		Capital Kapitaal		1995/96	1994/95	
Main divisions	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	Hoofindelings
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
<b>1 Administration</b>	58 895	53 212	368	435					<b>59 263</b>	53 647	<b>1 Administrasie</b>
<b>2 Services to citizens</b>	179 499	149 992	1 177	1 073	3 500	839 650			<b>184 176</b>	990 715	<b>2 Burgerdienste</b>
<b>3 Immigration</b>	12 617	12 865	53	69	72	64			<b>12 742</b>	12 998	<b>3 Immigrasie</b>
<b>4 Entry and departure of persons</b>	71 924	67 429	1 723	1 065					<b>73 647</b>	68 494	<b>4 Binnekoms en vertrek van persone</b>
<b>5 Auxiliary and associated services</b>	45 998	46 088	1 712	2 315		49 870	2	4 351	<b>47 712</b>	102 624	<b>5 Ondersteunende en verwante dienste</b>
<b>AMOUNT TO BE VOTED</b>	<b>368 933</b>	<b>329 586</b>	<b>5 033</b>	<b>4 957</b>	<b>3 572</b>	<b>889 584</b>	<b>2</b>	<b>4 351</b>	<b>377 540</b>	<b>1 228 478</b>	<b>BEDRAG WAT BEWILLIG MOET WORD</b>
Increase	39 347		76								Toename
Decrease					886 012		4 349		850 938		Afname

**Vote 17**  
**Begrotingspos 17**

**Housing**  
**Behuising**

**R1 553 803 000**

**17-1**

AIM: To determine, promote, co-ordinate and monitor policy i.r.o. housing

DOEL: Om beleid rakende behuising, te bepaal, bevorder, koördineer en monitor

Accounting officer: Director-General: Housing

Rekenpligtige beampte: Direkteur-generaal: Behuising

Presentation according to programmes	Current Lopend		Capital Kapitaal		Transfers Oordragte				Total Totaal		Aanbieding volgens programme
					Current Lopend		Capital Kapitaal				
	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	
Main divisions	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	Hoofindelings
<b>1 Administration</b>	18 893	18 174	546	422					<b>19 439</b>	18 596	<b>1 Administrasie</b>
<b>2 Housing and urbanisation</b>	12 859	11 148		11					<b>12 859</b>	11 159	<b>2 Behuising en verstedeliking</b>
<b>3 Housing support</b>	5 050	220			254 097	213 354	1 261 215	1 409 585	<b>1 520 362</b>	1 623 159	<b>3 Behuisingsondersteuning</b>
<b>4 Auxiliary and associated services</b>	1 129	1 317	13	7					<b>1 143</b>	1 325	<b>4 Ondersteunende en verwante dienste</b>
<b>AMOUNT TO BE VOTED</b>	<b>37 931</b>	<b>30 859</b>	<b>559</b>	<b>440</b>	<b>254 097</b>	<b>213 354</b>	<b>1 261 216</b>	<b>1 409 586</b>	<b>1 553 803</b>	<b>1 654 239</b>	<b>BEDRAG WAT BEWILLIG MOET WORD</b>
Increase	7 072		119		40 743						Toename
Decrease							148 370		100 436		Afname

**Vote 18**  
**Begrotingspos 18**

**Improvement of conditions of service**  
**Verbetering van diensvoorwaardes**

**R2 891 753 000**

**18—1**

**AIM:** To make provision for expenditure resulting from improved conditions of service of officers and employees of the Public Service and other persons whose service dispensations are co-ordinated by the Public Service Commission and whose remuneration is paid or subsidised fully or partly by the State or who are attached to institutions which are financed fully or partly from the National Revenue Fund

Accounting officer: Director-General: Office of the Public Service Commission

**PROGRAMME DESCRIPTION:**

transfer, on requisition, of money from this Vote to an accounting officer of another vote for financing authorised improvement of conditions of service of officers and employees of the Public Service and other persons whose service dispensations are co-ordinated by the Public Service Commission and whose remuneration is paid fully or partly from the National Revenue Fund on bases to which the Commission has assented

transfer, on requisition, of money from this Vote to an accounting officer of another vote for the augmentation of a provision for a subsidy, grant or any other form of financial assistance i.r.o. improved conditions of service to state-aided institutions for personnel whose service dispensations are co-ordinated by the Public Service Commission on bases to which the Commission has assented

transfer, on requisition of money from this Vote to an accounting officer of another vote i.r.o. increased employers contributions to the Civil Pensions Stabilisation Account which may result from improved conditions of service of personnel whose service dispensations are co-ordinated by the Public Service Commission and whose remuneration is paid from the National Revenue Fund on bases to which the Commission has assented

transfer, on requisition, of money from this Vote to the Provincial Revenue Accounts carry-through costs of improvement of salaries not yet allocated

**DOEL:** Om voorsiening te maak vir uitgawes voortspruitend uit die verbetering van diensvoorwaardes van beamptes en werknemers van die Staatsdiens en ander persone wie se diensbedelings deur die Staatsdienskommissie gekoördineer word en wie se besoldiging ten volle of gedeeltelik deur die Staat betaal of gesubsidieer word of wat verbonde is aan instellings wat geheel of gedeeltelik uit die Nasionale Inkomstefonds gefinansier word

Rekenpligtige beampte: Direkteur-generaal: Kantoor van die Staatsdienskommissie

**PROGRAMBESKRYWING:**

oordrag, op aanvraag, van geld uit hierdie Begrotingspos aan 'n rekenpligtige beampte van 'n ander begrotingspos ter finansiering van goedgekeurde verbeterde diensvoorwaardes van beamptes en werknemers van die Staatsdiens en ander persone wie se diensbedelings deur die Staatsdienskommissie gekoördineer word en wie se besoldiging ten volle of gedeeltelik uit die Nasionale Inkomstefonds betaal word op grondslae waartoe die Kommissie ingestem het

oordrag, op aanvraag, van geld uit hierdie Begrotingspos aan 'n rekenpligtige beampte van 'n ander begrotingspos ter aanvulling van 'n voorsiening vir 'n subsidie, hulptoekenning of 'n ander vorm van finansiële bystand t.o.v. verbeterde diensvoorwaardes aan staatsondersteunde instellings vir personeel wie se diensbedelings deur die Staatsdienskommissie gekoördineer word op grondslae waartoe die Kommissie ingestem het

oordrag, op aanvraag, van geld uit hierdie Begrotingspos aan 'n rekenpligtige beampte van 'n ander begrotingspos t.o.v. verhoogde werkgewersbydraes tot pensioen- en voorsorgfondse en bydraes tot die Stabilisasierekening vir Siviele Pensioene wat mag voortspruit uit verbeterde diensvoorwaardes van personeel wie se diensbedelings deur die Staatsdienskommissie gekoördineer word en wie se besoldiging uit die Nasionale Inkomstefonds betaal word op grondslae waartoe die Kommissie ingestem het

oordrag, op aanvraag, van geld uit hierdie Begrotingspos aan die Provinsiale Inkomsterekenings deurdrakoste van salarisverbeterings wat nog ontoegedeel is

**Vote 19**  
**Begrotingspos 19**

**Justice**  
**Justisie**

**R1 423 515 000**

AIM: To promote order within the community by maintaining an efficient system of judicial administration

DOEL: Om orde binne die gemeenskap te bevorder deur 'n doeltreffende stelsel van regspleging te handhaaf

Accounting officer: Director-General: Justice

Rekenpligtige beampte: Direkteur-generaal: Justisie

Presentation according to programmes	Current Lopend		Capital Kapitaal		Transfers Oordragte				Total Totaal		Aanbieding volgens programme
	1995/96	1994/95	1995/96	1994/95	Current Lopend		Capital Kapitaal		1995/96	1994/95	
Main divisions	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	Hoofindelings
<b>1 Administration</b>	204 639	172 344	5 462	1 421					<b>210 101</b>	173 765	<b>1 Administrasie</b>
<b>2 Administration of justice</b>	876 298	825 107	6 258	1 647					<b>882 556</b>	826 754	<b>2 Regspleging</b>
<b>3 Administration of law</b>	117 485	115 278	1 569	2 386					<b>119 054</b>	117 664	<b>3 Regsbedeling</b>
<b>4 Ombudsman</b>	3 793	1 071	100	10					<b>3 893</b>	1 081	<b>4 Ombudsman</b>
<b>5 Legal aid</b>	116 830	830			67 511	67 426			<b>184 341</b>	68 256	<b>5 Regshulp</b>
<b>6 Security Forces Board of Inquiry</b>		11 219								11 219	<b>6 Veiligheidsmagte-onderzoekraad</b>
<b>7 Auxiliary and associated services</b>	17 620	15 340	4 750	5 400			1 200	2 080	<b>23 570</b>	22 820	<b>7 Ondersteunende en verwante dienste</b>
<b>AMOUNT TO BE VOTED</b>	<b>1 336 665</b>	<b>1 141 189</b>	<b>18 139</b>	<b>10 864</b>	<b>67 511</b>	<b>67 426</b>	<b>1 200</b>	<b>2 080</b>	<b>1 423 515</b>	<b>1 221 559</b>	<b>BEDRAG WAT BEWILLIG MOET WORD</b>
<b>Amount forming a direct charge on the National Revenue Fund in terms of Act 88 of 1989</b> Judges' salaries and allowances	68 000	60 249							<b>68 000</b>	60 249	<b>Bedrag wat ingevolge Wet 88 van 1989 regstreeks ten laste van die Nasionale Inkomstefonds kom</b> Salarisse en toelaes van regters
<b>Total estimated expenditure</b>	<b>1 404 665</b>	<b>1 201 438</b>	<b>18 139</b>	<b>10 864</b>	<b>67 511</b>	<b>67 426</b>	<b>1 200</b>	<b>2 080</b>	<b>1 491 515</b>	<b>1 281 808</b>	<b>Totale beraamde uitgawe</b>
Increase	203 227		7 275		85				209 707		Toename
Decrease							880				Afname



**Vote 21**  
**Begrotingspos 21**

**Land Affairs**  
**Grondsake**

**R458 935 000**

21-1

AIM: To create and establish an equitable and fair land dispensation and to secure and promote the effective use of land as a resource within the context of sustainable rural development

DOEL: Om 'n billike en regverdige grondbedeling te skep en te vestig en om die doelmatige benutting van grond as 'n hulpbron binne die raamwerk van standhoudende landelike ontwikkeling te verseker en te bevorder

Accounting officer: Director-General: Land Affairs

Rekenpligtige beampste: Direkteur-generaal: Grondsake

Presentation according to programmes	Current Lepend		Capital Kapitaal		Transfers Oordragte				Total Totaal		Aanbieding volgens programme
					Current Lepend		Capital Kapitaal				
	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	
Main divisions	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	Hoofindelings
<b>1 Administration</b>	54 082	51 340	6 462	6 271					<b>60 544</b>	57 611	<b>1 Administrasie</b>
<b>2 Surveys and land information</b>	51 195	51 267	3 460	2 244					<b>54 655</b>	53 511	<b>2 Opmetings en grondinligting</b>
<b>3 Regional development</b>	5 411	7 181	43	64	9 145	5 920		50 700	<b>14 599</b>	63 865	<b>3 Streekontwikkeling</b>
<b>4 Physical planning</b>	5 041	4 814	7	11					<b>5 048</b>	4 825	<b>4 Fisiese beplanning</b>
<b>5 Restitution of land rights</b>	2 922	11 841	59 608	38 999					<b>62 530</b>	50 840	<b>5 Herstel van grondregte</b>
<b>6 Redistribution of land</b>	7 316	4 277	4					168 300	<b>175 620</b>	4 277	<b>6 Herverdeling van grond</b>
<b>7 Tenure and land administration reform</b>	10 240	1 912	4	2 000					<b>10 244</b>	3 912	<b>7 Besitreg en grondadministrasie-hervorming</b>
<b>8 Land information and transfer</b>	6 186	3	525	1					<b>6 711</b>	4	<b>8 Grondinligting en -oordrag</b>
<b>9 Settlement support</b>	17 260	6 305	146	27 380	5			46 560	<b>63 971</b>	33 685	<b>9 Vestigingsondersteuning</b>
<b>10 Auxiliary and associated services</b>	4 512	7 392	100	483	1	63 558	400	2 866	<b>5 013</b>	74 299	<b>10 Ondersteunende en verwante dienste</b>
<b>AMOUNT TO BE VOTED</b>	<b>164 165</b>	<b>146 332</b>	<b>70 359</b>	<b>77 453</b>	<b>9 151</b>	<b>69 478</b>	<b>215 260</b>	<b>53 566</b>	<b>458 935</b>	<b>346 829</b>	<b>BEDRAG WAT BEWILLIG MOET WORD</b>
Increase	17 833						161 694		112 106		Toename
Decrease			7 094		60 327						Afname

**Vote 22**  
**Begrotingspos 22**

**Mineral and Energy Affairs**  
**Mineraal- en Energiesake**

**R716 374 000**

22-1

AIM: To formulate and implement an overall mineral and energy policy in order to ensure the optimum utilization of mineral and energy resources

DOEL: Om 'n oorhoofse mineraal- en energiebeleid te formuleer en te implementeer ten einde die optimale benutting van mineraal- en energiebronne te verseker

Accounting officer: Director-General: Mineral and Energy Affairs

Rekenpligtige beampte: Direkteur-generaal: Mineraal- en Energiesake

Presentation according to programmes	Current Lopend		Capital Kapitaal		Transfers Oordragte				Total Totaal		Aanbieding volgens programme
					Current Lopend		Capital Kapitaal				
	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	
<b>Main divisions</b>	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
<b>1 Administration</b>	20 564	19 560	1 200	1 327					<b>21 764</b>	20 887	<b>1 Administrasie</b>
<b>2 Regulating of regional mining activities</b>	26 895	25 266	93	308					<b>26 988</b>	25 574	<b>2 Regulering van streekmynbou-werksaamhede</b>
<b>3 Mineral economic studies</b>	4 214	4 077		72					<b>4 214</b>	4 149	<b>3 Mineraalekonomiese studies</b>
<b>4 Mining</b>	13 601	11 698	255	463					<b>13 856</b>	12 161	<b>4 Mynbou</b>
<b>5 Energy management</b>	20 535	17 909							<b>20 535</b>	17 909	<b>5 Energiebestuur</b>
<b>6 Associated services</b>	138	125	50	126	477 005	456 586	151 824	187 075	<b>629 017</b>	643 912	<b>6 Verwante dienste</b>
<b>AMOUNT TO BE VOTED</b>	<b>85 947</b>	<b>78 635</b>	<b>1 598</b>	<b>2 296</b>	<b>477 005</b>	<b>456 586</b>	<b>151 824</b>	<b>187 075</b>	<b>716 374</b>	<b>724 592</b>	<b>BEDRAG WAT BEWILLIG MOET WORD</b>
Increase	7 312				20 419						Toename
Decrease			698				35 251		8 218		Afname

**Vote 23**  
**Begrotingspos 23**

**National Defence**  
**Nasionale Weermag**

**R9 835 052 000**

**23-1**

AIM: To discourage or combat any hostile militant action, whatever its nature, against the RSA

DOEL: Om enige militante optrede van watter aard ook al teen die RSA te ontmoedig of te bekamp

Accounting officer: Chief of the National Defence Force

Rekenpligtige beempte: Hoof van die Nasionale Weermag

Presentation according to programmes	Current Lopend		Capital Kapitaal		Transfers Oordragte				Total Totaal		Aanbieding volgens programme
					Current Lopend		Capital Kapitaal				
	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	
Main divisions	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
<b>1 Command and control</b>	415 083	408 462							<b>415 083</b>	408 462	<b>1 Bevel en beheer</b>
<b>2 Landward defence</b>	2 890 615	4 103 174							<b>2 890 615</b>	4 103 174	<b>2 Landwaartse verdediging</b>
<b>3 Air defence</b>	1 760 690	1 658 340							<b>1 760 690</b>	1 658 340	<b>3 Lugwaartse verdediging</b>
<b>4 Maritime defence</b>	685 730	650 101				40			<b>685 730</b>	650 141	<b>4 Maritieme verdediging</b>
<b>5 Medical support</b>	646 423	857 495							<b>646 423</b>	857 495	<b>5 Mediese steun</b>
<b>6 General support</b>	131 494	139 987			191 040	191 391			<b>322 534</b>	331 378	<b>6 Algemene steun</b>
<b>7 Special Defence Account</b>					3 113 977	3 093 421			<b>3 113 977</b>	3 093 421	<b>7 Spesiale Verdedigingsrekening</b>
<b>AMOUNT TO BE VOTED</b>	<b>6 530 035</b>	<b>7 817 559</b>			<b>3 305 017</b>	<b>3 284 852</b>			<b>9 835 052</b>	<b>11 102 411</b>	<b>BEDRAG WAT BEWILLIG MOET WORD</b>
Increase					20 165						Toename
Decrease	1 287 524								1 267 359		Afname



**Vote 25**  
**Begrotingspos 25**

**Public Enterprises**  
**Openbare Ondernemings**

**R6 270 000**

**25-1**

AIM: To manage the state's interest and shareholdings in the public enterprises  
Accounting officer: Head: Office for Public Enterprises

DOEL: Om die staat se belange en aandele in die openbare ondernemings te bestuur  
Rekenpligtige beampte: Hoof: Kantoor vir Openbare Ondernemings

Presentation according to programmes	Current Lopend		Capital Kapitaal		Transfers Oordragte				Total Totaal		Aanbieding volgens programme
	1995/96	1994/95	1995/96	1994/95	Current Lopend		Capital Kapitaal		1995/96	1994/95	
Main divisions											Hoofindelings
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
<b>1 Administration</b>	6 269	6 097							6 269	6 097	<b>1 Administrasie</b>
<b>2 Restructuring of public enterprises</b>	1	1							1	1	<b>2 Herstrukturering van openbare ondernemings</b>
<b>AMOUNT TO BE VOTED</b>	<b>6 270</b>	<b>6 098</b>							<b>6 270</b>	<b>6 098</b>	<b>BEDRAG WAT BEWILLIG MOET WORD</b>
Increase	172								172		Toename
Decrease											Afname

**Vote 26**  
**Begrotingspos 26**

**Public Service Commission**  
**Staatsdienskommissie**

**R123 807 000**

**26-1**

AIM: To promote efficient state administration with particular reference to staff matters and the organisation and functioning of the system of government

DOEL: Om doeltreffende staatsadministrasie te bevorder met betrekking, in die besonder, tot personeelaangeleenthede en die organisering en funksionering van die owerheidsbestel

Accounting officer: Director-General: Public Service Commission

Rekenpligtige beampte: Direkteur-generaal: Staatsdienskommissie

Presentation according to programmes	Current Lopend		Capital Kapitaal		Transfers Oordragte				Total Totaal		Aanbieding volgens programme
	1995/96	1994/95	1995/96	1994/95	Current Lopend		Capital Kapitaal		1995/96	1994/95	
Main divisions	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	Hoofindelings
1 Administration	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	1 Administrasie
2 Functional assistance to the Public Service Commission	19 350	19 580	702	1 129					20 052	20 709	2 Funksionele bystand aan die Staatsdienskommissie
3 Auxiliary and associated services	97 655	48 192	2 248	289	30	25			99 933	48 506	3 Ondersteunende en verwante dienste
	158	152	90	1	3 573	19 108	1	108	3 822	19 369	
AMOUNT TO BE VOTED	117 163	67 924	3 040	1 419	3 603	19 133	1	108	123 807	88 584	BEDRAG WAT BEWILLIG MOET WORD
Increase	49 239		1 621						35 223		Toename
Decrease					15 530		107				Afname

Presentation according to standard items			Aanbieding volgens standaarditems		
Items	1995/96	1994/95	Items	1995/96	1994/95
	R'000	R'000		R'000	R'000
A Personnel expenditure	83 594	53 785	A Personeeluitgawes		
B Administrative expenditure	9 108	6 105	B Administratiewe uitgawes		
C Stores and livestock	2 555	1 274	C Voorrade en lewende hawe		
D Equipment	3 490	1 419	D Toerusting		
E Land and buildings			E Grond en geboue		
F Professional and special services	20 583	6 043	F Professionele en spesiale dienste		
G Transfer payments	3 604	19 241	G Oordragbetalings		
H Miscellaneous expenditure	873	717	H Diverse uitgawes		
Amount to be voted	123 807	88 584	Bedrag wat bewillig moet word		

**Vote 27**  
**Begrotingspos 27**

**Public Works**  
**Openbare Werke**

**R2 356 827 000**

**27-1**

AIM: To provide, in accordance with prescribed standards and directives, accommodation, housing, land and infrastructural needs of national departments as well as to render associated and supporting services and to promote the National Public Works Programme

DOEL: Om, ooreenkomstig voorgeskrewe standarde en voorskrifte, in akkommodasie-, behuising-, grond- en infrastruktuurbehoefes van nasionale departemente te voorsien asook verwante en ondersteunende dienste te lewer en om die Nasionale Openbare Werke-program te bevorder

Accounting officer: Director-General: Public Works

Rekenpligtige beampte: Direkteur-generaal: Openbare Werke

Presentation according to programmes	Current Lopend		Capital Kapitaal		Transfers Oordragte				Total Totaal		Aanbieding volgens programme
					Current Lopend		Capital Kapitaal				
	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	
Main divisions											Hoofindelings
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
<b>1 Administration</b>	55 590	53 841	2 212	774					<b>57 802</b>	54 615	<b>1 Administrasie</b>
<b>2 Provision of buildings, structures and equipment</b>	1 347 242	1 340 251	573 404	471 082					<b>1 920 646</b>	1 811 333	<b>2 Voorsiening van geboue, strukture en toerusting</b>
<b>3 Auxiliary and associated services</b>	318 875	309 887	6 388	6 473	53 003	47 072	113	213	<b>378 379</b>	363 645	<b>3 Ondersteunende en verwante dienste</b>
<b>AMOUNT TO BE VOTED</b>	<b>1 721 707</b>	<b>1 703 979</b>	<b>582 004</b>	<b>478 329</b>	<b>53 003</b>	<b>47 072</b>	<b>113</b>	<b>213</b>	<b>2 356 827</b>	<b>2 229 593</b>	BEDRAG WAT BEWILLIG MOET WORD
Increase	17 728		103 675		5 931				127 234		Toename
Decrease							100				Afname

**Vote 28**  
**Begrotingspos 28**

**Phasing-out of Own Affairs Administrations**  
**Uitfasering van Eiesake-administrasies**

28-1

AIM: To conduct the phasing-out of own affairs administrations  
Accounting Officer: Director General: Administration: House of Representatives

DOEL: Om die uitfasering van eiesake-administrasies te behartig  
Rekenpligtige beampste: Direkteur-generaal: Administrasie: Raad van Verteenwoordigers

Presentation according to programmes	Current Lopend		Capital Kapitaal		Transfers Oordragte				Total Totaal		Aanbieding volgens programme
	1995/96	1994/95	1995/96	1994/95	Current Lopend		Capital Kapitaal		1995/96	1994/95	
Main division	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	Hoofindeling
<b>1 Administration</b>	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	<b>1 Administrasie</b>
AMOUNT TO BE VOTED		866							a	866	BEDRAG WAT BEWILLIG MOET WORD
Increase											Toename
Decrease	866								866		Afname

a Non-recurring.

a Nie-herhalend.

Presentation according to standard items			Aanbieding volgens standaarditems	
Items	1995/96	1994/95	Items	
	R'000	R'000		
A Personnel expenditure		482	A Personeeluitgawes	
B Administrative expenditure		384	B Administratiewe uitgawes	
C Stores and livestock			C Voorrade en lewende hawe	
D Equipment			D Toerusting	
E Land and buildings			E Grond en geboue	
F Professional and special services			F Professionele en spesiale dienste	
G Transfer payments			G Oordragbetalings	
H Miscellaneous expenditure			H Diverse uitgawes	
Amount to be voted		866	Bedrag wat bewillig moet word	

**Vote 29**  
**Begrotingspos 29**

**Promoting the Reconstruction and Development Programme (RDP)**  
**Bevordering van die Heropbou- en Ontwikkelingsprogram (HOP)**

**R2 522 819 000**

AIM: To make provision for the allocation of funds from the RDP Fund to national departments and provincial administrations for the implementation of the Reconstruction and Development Programme (RDP)

DOEL: Om voorsiening te maak vir die toewysing van fondse uit die HOP-fonds aan nasionale departemente en provinsiale administrasies vir die implementering van die Heropbou- en Ontwikkelingsprogram (HOP)

Accounting officer: Head: RDP Office

Rekenpligtige beampte: Hoof: HOP-kantoor

Presentation according to programmes	Current Lopend		Capital Kapitaal		Transfers Oordragte				Total Totaal		Aanbieding volgens programme
	1995/96	1994/95	1995/96	1994/95	Current Lopend		Capital Kapitaal		1995/96	1994/95	
Main divisions	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	Hoofindelings
<b>1 Administration</b>	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	<b>1 Administrasie</b>
<b>2 Promoting reconstruction and development</b>	29 219	4 602	2 600						31 819	4 602	<b>2 Heropbou- en ontwikkelings-bevordering</b>
<b>AMOUNT TO BE VOTED</b>					512 000	1 155 500	1 979 000	761 300	2 491 000	1 916 800	
	29 219	4 602	2 600		512 000	1 155 500	1 979 000	761 300	2 522 819	1 921 402	BEDRAG WAT BEWILLIG MOET WORD
Increase	24 617		2 600				1 217 700		601 417		Toename
Decrease					643 500						Afname

Presentation according to standard items			Aanbieding volgens standaarditems		
Items	1995/96	1994/95	Items	1995/96	1994/95
	R'000	R'000		R'000	R'000
A Personnel expenditure	17 818	2 845	A Personeeluitgawes		
B Administrative expenditure	6 441	1 284	B Administratiewe uitgawes		
C Stores and livestock	90	85	C Voorrade en lewende hawe		
D Equipment	3 660	338	D Toerusting		
E Land and buildings			E Grond en geboue		
F Professional and special services	3 810	50	F Professionele en spesiale dienste		
G Transfer payments	2 491 000	1 916 800	G Oordragbetalings		
H Miscellaneous expenditure			H Diverse uitgawes		
Amount to be voted	2 522 819	1 921 402	Bedrag wat bewillig moet word		



**Vole 31**  
**Begrotingspos 31**

**Sport and Recreation**  
**Sport en Ontspanning**

**R43 019 000**

**31-1**

AIM: To improve the physical and mental well-being of the community by the promotion of internal sport and recreation as well as international sport relations and participation

DOEL: Om die liggaamlike en geestelike welsyn van die gemeenskap te verhoog deur die bevordering van binnelandse sport en ontspanning asook internasionale sportverhoudings en deelname

Accounting officer: Director-General: Sport and Recreation

Rekenpligtige beampte: Direkteur-generaal: Sport en Ontspanning

Presentation according to programmes	Current Lopend		Capital Kapitaal		Transfers Oordragte				Total Totaal		Aanbieding volgens programme
	1995/96	1994/95	1995/96	1994/95	Current Lopend		Capital Kapitaal		1995/96	1994/95	
Main divisions	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	Hoofindelings
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
1 Administration	12 582	9 858	550	139					13 132	9 997	1 Administrasie
2 Sport and recreation advancement	1 434				15 064	17 095			16 498	17 095	2 Sport- en ontspanningsbevordering
3 Policy, information and technological services	569				1 050	3			1 619	3	3 Beleid, inligting en tegnologiese dienste
4 Sport support services	843	25					10 927	12 917	11 770	12 942	4 Sportondersteuningsdienste
AMOUNT TO BE VOTED	15 428	9 883	550	139	16 114	17 098	10 927	12 917	43 019	40 037	BEDRAG WAT BEWILLIG MOET WORD
Increase	5 545		411						2 982		Toename
Decrease					984		1 990				Afname



**Vote 33**  
**Begrotingspos 33**

**Trade and Industry**  
**Handel en Nywerheid**

**R3 524 247 000**

**33-1**

AIM: To promote the development and maintenance of an economically viable industrial structure, create conditions which are favourable and conducive to the sound development of internal and foreign trade and to protect consumer interests in the RSA

DOEL: Om die ontwikkeling en instandhouding van 'n ekonomies lewensvatbare nywerheidsstruktuur te bevorder, toestande te skep wat gunstig en bevorderlik vir gesonde ontwikkeling van die binnelandse en buitelandse handel is en verbruikersbelange in die RSA te beskerm

Accounting officer: Director-General: Trade and Industry

Rekenpligtige beampste: Direkteur-generaal: Handel en Nywerheid

Presentation according to programmes	Current Lopend		Capital Kapitaal		Transfers Oordragte				Total Totaal		Aanbieding volgens programme
					Current Lopend		Capital Kapitaal				
	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	
Main divisions	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	Hoofindelings
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
<b>1 Administration</b>	23 670	20 087	34	68					<b>23 704</b>	20 155	<b>1 Administrasie</b>
<b>2 Industrial development</b>	28 308	25 618	41	73	275 642	246 943	25 192	25 969	<b>329 183</b>	298 603	<b>2 Nywerheidsontwikkeling</b>
<b>3 Internal trade and consumer affairs</b>	23 017	21 465	42	95	6 013	5 696			<b>29 072</b>	27 256	<b>3 Binnelandse handel en verbruikersake</b>
<b>4 Foreign trade relations and export promotion</b>	131 471	113 251	1 766	1 941	2 064 215	2 042 620			<b>2 197 452</b>	2 157 812	<b>4 Buitelandse handelsbetrekkings en uitvoerbevoordring</b>
<b>5 Regional industrial development</b>	10 808	11 119	146		839 219	590 768			<b>850 173</b>	601 887	<b>5 Streeknywerheidsontwikkeling</b>
<b>6 Small business development</b>	8 250				71 370	80 413			<b>79 620</b>	80 413	<b>6 Kleinsake-ontwikkeling</b>
<b>7 Associated services</b>	11 455	10 033	2 686	2 700	901	121	1	1	<b>15 043</b>	12 855	<b>7 Verwante dienste</b>
<b>AMOUNT TO BE VOTED</b>	<b>236 979</b>	<b>201 573</b>	<b>4 715</b>	<b>4 877</b>	<b>3 257 360</b>	<b>2 966 561</b>	<b>25 193</b>	<b>25 970</b>	<b>3 524 247</b>	<b>3 198 981</b>	<b>BEDRAG WAT BEWILLIG MOET WORD</b>
Increase	35 406				290 799				325 266		Toename
Decrease			162				777				Afname

**Vote 34**  
**Begrotingspos 34**

**Transport**  
**Vervoer**

**R3 018 878 000**

**34-1**

AIM: To promote efficient transport systems on national level

DOEL: Om doeltreffende vervoerstelsels op nasionale vlak te bevorder

Accounting officer: Director-General: Transport

Rekenpligtige beampte: Direkteur-generaal: Vervoer

Presentation according to programmes	Current Lopend		Capital Kapitaal		Transfers Oordragte				Total Totaal		Aanbieding volgens programme
					Current Lopend		Capital Kapitaal				
	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	
Main divisions	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
1 Administration	28 081	26 261	567	462					28 648	26 723	1 Administrasie
2 Civil aviation authority	22 057	23 780	686	578	1	70 801	1	1	22 745	95 160	2 Burgerlugvaartowerheid
3 Shipping	45 422	43 823	217	147					45 639	43 970	3 Skeepvaart
4 Roads	122	122					522 190	518 138	522 312	518 260	4 Paale
5 Urban transport	8 923	8 681	42	51	2 219 739	2 020 239	59 566	75 909	2 288 270	2 104 880	5 Stedelike vervoer
6 Road traffic	61 703	27 517	23 698	22 588					85 401	50 105	6 Padverkeer
7 Auxiliary and associated services	22 875	20 367	342	376	250	180	2 396	601	25 863	21 524	7 Ondersteunende en verwante dienste
<b>AMOUNT TO BE VOTED</b>	<b>189 183</b>	<b>150 551</b>	<b>25 552</b>	<b>24 202</b>	<b>2 219 990</b>	<b>2 091 220</b>	<b>584 153</b>	<b>594 649</b>	<b>3 018 878</b>	<b>2 860 622</b>	<b>BEDRAG WAT BEWILLIG MOET WORD</b>
Increase	38 632		1 350		128 770				158 256		Toename
Decrease							10 496				Afname

**Vote 35**  
**Begrotingspos 35**

**Water Affairs and Forestry**  
**Waterwese en Bosbou**

**R936 176 000**

AIM: To ensure the availability and supply of water on a national level and promote development of forestry

DOEL: Om die beskikbaarheid en voorsiening van water op nasionale vlak te verseker en ontwikkeling van bosbou te bevorder

Accounting officer: Director-General: Water Affairs and Forestry

Rekenpligtige beampte: Direkteur-generaal: Waterwese en Bosbou

Presentation according to programmes	Current Lopend		Capital Kapitaal		Transfers Oordragte				Total Totaal		Aanbieding volgens programme
	1995/96	1994/95	1995/96	1994/95	Current Lopend		Capital Kapitaal		1995/96	1994/95	
Main divisions	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	Hoofindelings
1 Administration	53 490	51 253	3 014	2 855		910	5 500	2 253	62 004	57 271	1 Administrasie
2 Water resource assessment	42 048	45 676	6 229						48 277	45 676	2 Waterbronevaluering
3 Water resource planning	18 578	27 043	42 061	33 215					60 639	60 258	3 Waterbronbeplanning
4 Water resource development	5 756	5 332	210 844	149 700	2	2	4 211	1	220 813	155 035	4 Waterbronontwikkeling
5 International projects							22 368	10 845	22 368	10 845	5 Internasionale projekte
6 Water resource utilisation	65 101	246 374	13 618	16 371	1	28 502	53 676	48 029	132 396	339 276	6 Waterbronbenutting
7 Community water supply and sanitation	14 489		246 289			100 000			360 778		7 Gemeenskapswatervoorsiening en sanitasie
8 Forestry	26 735	27 639	1 586			580	855		28 901	28 494	8 Bosbou
<b>AMOUNT TO BE VOTED</b>	<b>226 197</b>	<b>403 317</b>	<b>523 641</b>	<b>202 141</b>	<b>100 583</b>	<b>30 269</b>	<b>85 755</b>	<b>61 128</b>	<b>936 176</b>	<b>696 855</b>	<b>BEDRAG WAT BEWILLIG MOET WORD</b>
Increase			321 500		70 314		24 627		239 321		Toename
Decrease	177 120										Afname

Presentation according to standard items			Aanbieding volgens standaarditems	
Items	1995/96	1994/95	Items	
A Personnel expenditure	R'000 190 020	R'000 179 062	A Personeeluitgawes	
B Administrative expenditure	49 527	35 416	B Administratiewe uitgawes	
C Stores and livestock	33 934	34 745	C Voorrade en lewende hawe	
D Equipment	28 148	42 808	D Toerusting	
E Land and buildings	12 067	3 255	E Grond en geboue	
F Professional and special services	428 575	307 877	F Professionele en spesiale dienste	
G Transfer payments	186 338	91 397	G Oordragbetalings	
H Miscellaneous expenditure	7 567	2 295	H Diverse uitgawes	
Amount to be voted	936 176	696 855	Bedrag wat bewillig moet word	

**Vote 36**  
**Begrotingspos 36**

**Welfare**  
**Welsyn**

**R74 643 000**

**36--1**

AIM: To promote, improve and maintain the welfare and development of the citizens of the RSA whose care has by legislation or custom been assigned to the Department as well as to administer fund-raising and relief funds

DOEL: Om die maatskaplike welsyn en ontwikkeling van die inwoners van die RSA wie se belange ingevolge wetgewing of deur gebruik aan die Departement opgedra is, te bevorder, verbeter en te handhaaf asook fondsinsamelings en noodlenigingsfondse te administreer

Accounting officer: Director-General: Welfare

Rekenpligtige beampte: Direkteur-generaal: Welsyn

Presentation according to programmes	Current Lopend		Capital Kapitaal		Transfers Oordragte				Total Totaal		Aanbieding volgens programme
	1995/96	1994/95	1995/96	1994/95	Current Lopend		Capital Kapitaal		1995/96	1994/95	
Main divisions	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	1995/96	1994/95	Hoofindelings
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
<b>1 Administration</b>	19 501	11 651	110	110					<b>19 611</b>	11 761	<b>1 Administrasie</b>
<b>2 Population development</b>	15 479	26 943							<b>15 479</b>	26 943	<b>2 Bevolkingsontwikkeling</b>
<b>3 Social welfare, fields of service and funds</b>	11 602	7 753	246	106	5 158	16 159			<b>17 006</b>	24 018	<b>3 Maatskaplike welsyn, diensvelde en fondse</b>
<b>4 Welfare planning and development</b>	5 939	5 091	92	72	15 328	14 866			<b>21 359</b>	20 029	<b>4 Welsynbeplanning en -ontwikkeling</b>
<b>5 Auxiliary and associated services</b>			117	117	10	10	1 061	1 061	<b>1 188</b>	1 188	<b>5 Ondersteunende en verwante dienste</b>
<b>AMOUNT TO BE VOTED</b>	<b>52 521</b>	<b>51 438</b>	<b>565</b>	<b>405</b>	<b>20 496</b>	<b>31 035</b>	<b>1 061</b>	<b>1 061</b>	<b>74 643</b>	<b>83 939</b>	<b>BEDRAG WAT BEWILLIG MOET WORD</b>
Increase	1 083		160								Toename
Decrease					10 539				9 296		Afname

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## EXPLANATORY NOTES ON THE STATISTICAL TABLES

### General remarks

The 1993 Constitution requires substantial changes in the composition of South Africa's public finances at the various levels of general government. Some of these changes were already reflected in the 1994/95 national and provincial budgets and in 1995/96 further structural changes will come into effect. These structural changes imply that statistics on activities of the various levels of government are not comparable from year to year. At this stage, three sets of official published data on South Africa's public finance exist, namely:

- (i) actual, audited figures for the period up to 1993/94, i.e. according to the previous constitutional dispensation;
- (ii) budgeted and revised estimates for the 1994/95 financial year, based on the "first stage" of implementing financial and fiscal relations between the various levels of general government according to the 1993 Constitution; and
- (iii) budgeted figures for the 1995/96 financial year, based on the "second stage" of implementing financial and fiscal relations between the various levels of general government according to the 1993 Constitution.

After full implementation of financial and fiscal relations between the various levels of government according to the 1993 Constitution, statistics on the various levels of general government will again change.

According to the 1993 Constitution, the national government's revenue account (formerly the State Revenue Account) is to be replaced by a National Revenue Fund. However, as an interim measure until full implementation of financial and fiscal relations between national and provincial governments and because of some structural changes (to be discussed below), the national government's revenue account is called the National Revenue Account to distinguish it from the former State Revenue Account and the envisaged National Revenue Fund.

This statistical annexure is a first attempt to present as comprehensive and comparable as possible a picture of government finances at national level. All national budget figures (tables 1 to 7) are presented, for purposes of comparability, on the basis of the 1995/96 Budget. On the revenue and expenditure sides of the national budget the actual, audited figures prior to 1994/95 were adjusted by:

- (i) not subtracting diversions<sup>1</sup> from revenue (income tax, general sales tax, value-added tax and payments in terms of the Customs Union Agreement) and standing allocations<sup>2</sup> (fuel levy and ordinary levy) to the former self-governing territories and TBVC states, but treating these as transfer payments to these authorities on the expenditure side;
- (ii) including "own revenue" collections of the former Own Affairs Administrations in revenue and adding equal amounts on the expenditure side as transfer payments to these authorities; and
- (iii) including income taxes on individuals<sup>3</sup> and companies, general sales tax, value-added tax, non-resident shareholders tax, stamp duties and fees and mining leases previously collected in the Revenue Accounts of the former self-governing territories and TBVC states in revenue and adding equal amounts on the expenditure side as transfer payments to these authorities.

The adjustments to the 1994/95 national budget figures are discussed in detail in chapter 3 of this Review. In summary, the 1994/95 revenue and expenditure figures are adjusted by:

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<sup>1</sup> This revenue was previously collected at national level on behalf of the former self-governing territories and TBVC states and then paid over to their respective Revenue Accounts.

<sup>2</sup> This revenue was previously collected at national level and paid over to the former self-governing territories and TBVC states. However, because they were standing allocations, they were treated as Part II revenue (i.e. they did not form part of national budget revenue (Part I)).

<sup>3</sup> For purposes of analysis historical collections of general, local, special and employees taxes were regarded as income tax on individuals.

- (i) not subtracting diversions from revenue which took place before 27 April 1994 to the former TBVC states in terms of the Customs Union Agreement and treating them as transfer payments to these authorities on the expenditure side; and
- (ii) including income taxes, general sales tax, value-added tax, non-resident shareholders tax, stamp duties and fees and mining leases previously collected in the Revenue Accounts of the former self-governing territories and TBVC states in revenue and adding equal amounts on the expenditure side as transfer payments to these authorities.

Since more than 60 per cent of total expenditure on the national budget comprises transfer payments to other levels of general government, economic and functional classifications of national budget expenditure do not present a comprehensive picture. For purposes of analysis, it would be preferable to present economic and functional classifications of the expenditure of the *general government*. This requires information on expenditure at all levels of general government and on the financing thereof by way of revenue, balances brought forward and transfer payments (mainly from the national budget). This information is not readily and timeously available - especially at the third level of general government - which makes it impossible to present consolidated general government finances when the national budget is tabled in Parliament. Historical data on general government finances are, however, published by the South African Reserve Bank in its Quarterly Bulletin, and by the Central Statistical Service.

To present as comprehensive as possible a picture on government expenditure when the national budget is tabled in Parliament, a consolidation between the national budget and the provincial budgets is done<sup>4</sup>. The budgeted figures at these levels of government are updated with

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<sup>4</sup> The consolidation implies that expenditure at provincial government level, financed through own revenue collections and balances brought forward, is also included. Since this consolidation includes transfer payments to extra-budgetary institutions and funds and local authorities, but not total expenditure of these entities, it does not represent all general government expenditure.

information contained in the Adjustments Estimate (previously the Additional Budget), which implies that the figures in tables 8 and 9 do not reflect actual expenditure<sup>5</sup>.

#### **Treatment of RDP-related expenditure on the national budget**

The Reconstruction and Development Act (Act 7 of 1994) provides for the transfer of funds from the National Revenue Account (the national budget's contribution) to the Reconstruction and Development Programme Fund (RDP Fund) and receipts in the RDP Fund of grants and interest earned on investment of RDP Fund monies. RDP-related expenditure (including transfers to other levels of government) is appropriated in the national budget on the vote "Promoting the Reconstruction and Development Programme", and is financed by transfers from the RDP Fund back to the National Revenue Account.

The flow of funds described above implies that government's contribution to RDP-related expenditure in a specific year will, in practice, be counted twice on both the revenue and expenditure sides of the National Revenue Account. To eliminate this double counting, the National Revenue Account and RDP Fund have to be consolidated. This consolidation implies that the national budget's contribution to finance RDP-related expenditure on the RDP vote is subtracted from the total estimated expenditure contained in the Printed Estimate of Expenditure. If some of the outlays are specifically to be financed through funds other than the national budget contribution received into the RDP Fund, these monies have to be included on the revenue side of the national budget in the consolidation.

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<sup>5</sup> Roll-over of unspent funds from one year to another may result in substantial differences between some of the figures presented in tables 8 and 9 and the actual outcomes. Economic and functional classifications of the actual outcomes of expenditure at national and provincial government level are not done. The Central Statistical Service does, with a time lag, publish an economic and functional classification of *general government expenditure*. This information is also published in the Quarterly Bulletin of the South African Reserve Bank.

Double counting in respect of the national budget contribution to the RDP Fund is eliminated and grants that finance specific programmes are taken into account on the revenue side of the national budget in this statistical annexure.

#### **Treatment of premium on consolidation, repurchases and "switching" of government stock**

In a continuous process of state debt management and market-making actions, existing government stock are consolidated, repurchased and switched into new government stock. In this process government may either make a capital profit, which is regarded as revenue, or earn a premium, which is in fact only a book-entry in treating the discount on government stock. If the discount on the government stock redeemed is greater than the discount on the new stock, this premium arises<sup>6</sup>. In the government's accounting system, this premium is credited to Inland Revenue ("departmental activities") in the National Revenue Account. However, since the premium does not represent an actual cash flow, it is treated here, for purposes of analysis, as (negative) loan redemptions. Total redemptions are, therefore, reduced by this premium.

#### **Sources of information**

The information on the national government's finances contained in tables 1 to 7 was obtained from the following sources:

- (i) Reports of the Auditor-General on the Appropriation and Miscellaneous Accounts in respect of General Affairs (1975/76 to 1993/94);
- (ii) Reports of the Auditor-General on the Revenue Accounts of the former self-governing territories and TBVC states;
- (iii) Printed Estimates of Revenue and Expenditure for the national budget;

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<sup>6</sup> When the discount on the government stock redeemed is smaller than the discount on the new stock, it is treated as part of the "cost of raising loans".

- (iv) Printed Estimates of Revenue for the budgets of the former self-governing territories and TBVC states;
- (v) the Unit for Information Analysis of Financial and Economic Services Company (Development Bank of Southern Africa); and
- (vi) Annual Statements of the Branches: Inland Revenue and Customs and Excise of the Department of Finance.

In the case of some of the former self-governing territories and TBVC states, the information included in tables 1 to 7 are either preliminary or budgeted figures. Where no information could be obtained, collections of a particular tax are adjusted by the average growth in collections of that tax in the rest of the self-governing territories and TBVC states. For these reasons, information contained in tables 1 to 7 cannot be regarded as actual and audited.

#### **National budget revenue (tables 1 to 4)**

Tables 1 and 2 summarise the detailed presentations of national budget revenue collections in tables 3 and 4. National budget revenue collections are presented according to the traditional classification method (i.e. per collector: Inland Revenue and Customs and Excise) in tables 1 and 3, while tables 2 and 4 contain exactly the same information, classified according to the international standard set out in the International Monetary Fund's Manual on Government Finance Statistics (GFS).

The traditional classification method (tables 1 and 3) reflects *all* receipts in the National Revenue Account, after the appropriate adjustments were made to the historical figures. These receipts include:

- (i) tax and non-tax revenue collections by Inland Revenue and Customs and Excise;
- (ii) recoveries of loans and advances<sup>7</sup>, as well as capital revenue (such as proceeds from sales of fixed capital assets);

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<sup>7</sup> According to the GFS classification of revenue, these do not form part of revenue, but are regarded as "net lending".

- (iii) other extra-ordinary receipts, such as proceeds from privatisation of state assets, transfers from the National Supplies Procurement Fund, the Central Energy Fund, the Stabilisation Account, the IMF Deposit Account, the Tax Reserve Account and the premiums earned on government stock; and
- (iv) money transferred from the RDP Fund, as explained above.

Receipts included under (iii) and (iv) are not regarded as part of national budget "ordinary revenue collections" - a definition of revenue used in past national budgetary documents, however, these extra-ordinary receipts and grants are included in calculating the national budget deficit and borrowing requirement.

Tables 2 and 4, which reflects national budget revenue according to the GFS classification, are presented for purposes of analysis. The GFS classification distinguishes between current revenue (tax and non-tax revenue), capital revenue and grants. Certain receipts into the National Revenue Account are, however, not regarded as revenue. These include recoveries of loans and advances, transfers from the Stabilisation Account, the IMF Deposit Account, the Tax Reserve Account and the premiums earned on government stock. In order to balance with total receipts into the National Revenue Account, these "non-revenue" receipts are indicated at the end of tables 2 and 4, but they do not form part of the calculation of total revenue and grants according to the GFS system.

#### **National budget expenditure per budget vote (table 5)**

Due to the recent constitutional changes, various shifts of functions between budget votes and renaming of budget votes over the years, it is not possible to present a consistent series on expenditure per budget vote. For this reason, table 5 contains only information on the 1994/95 and 1995/96 financial years.

#### **Borrowing requirement and financing of the national budget (table 6)**

Table 6 summarises financial activities of national government over the past twenty years on the basis of the 1995/96 Budget. Since the same amounts are added on both the revenue and expenditure sides in adjusting the actual figures, the national budget deficit is unchanged. However, the size of the national budget deficit presented here differs from that presented in previous budgets because of the inclusion of "below-the-line" expenditure. In the past these typically included transfer payments to government pension funds, the Gold and Foreign Exchange Contingency Reserve Account, the Stabilisation Account and standing appropriations (realised guarantee liabilities, subscription payments to the International Development Association (IDA) and the International Bank for Reconstruction and Development (IBRD), as well as valuation-adjustment payments to the IMF).

Since the "budget vote and statutory appropriations" figures represent the actual audited figures, they exclude unauthorised expenditure in that specific year and, for this reason, may differ from those presented in table 7. Unauthorised expenditure can only be taken into account once it has been authorised by Parliament, hence the item "late authorisation of expenditure" in table 6.

Under loan redemptions and financing, "short-term loans" include the net result of transactions in treasury bills, special bills and "short-dated" bills.

Under loan redemptions "long-term loans" include total transactions in government stock and bonds (i.e. repayments on maturity, consolidations, repurchases and "switching"), after subtraction of the premiums earned as described above. Long-term financing includes total transactions in government stock and bonds (i.e. financing of the budget deficit and roll-overs).

### **National budget balances (tables 7 and 7a)**

The main purpose of table 7 is to present the conventional, current and primary balances for the national budget, for purposes of analysis, on the basis of the 1995/96 Budget. The same information is given as percentages of GDP in table 7a. The expenditure figure and thus the conventional deficit for specific years might differ from those indicated in table 6 due to inclusion of unauthorised expenditure.

The conventional budget balance is calculated as the difference between total receipts<sup>8</sup> and total expenditure (a positive balance in the table indicates a deficit). The current budget balance is calculated as the difference between total current revenue and total current expenditure (a negative balance in the table indicates saving and a positive balance, dissaving). The primary, or non-interest, budget balance is calculated as the difference between total receipts and total non-interest expenditure.

### **Consolidated national and provincial budgets (tables 7 and 8)**

Tables 7 and 8 shows, respectively, economic and functional classifications of total expenditure at national and provincial government levels. The figures up to 1994/95 represents *revised estimates* of expenditure, in other words it is the sum of the Budget (Second and Final Print) and the Adjustments Estimates (previously, the Additional Budget). Estimated savings and the roll-over of unspent funds were not taken into account due to lack of detail. The 1995/96 budgeted figures must be evaluated against the following background:

- the budget vote structures of the nine new provinces differs from those of the former self-governing territories and TBVC states;
- only five of the nine provinces supplied information timeously, which implies that the expenditure of the remainder was estimated and classified on the basis of this information;
- the information supplied by the five provinces were only classified per "standard item" and "budget vote" - finer detail, especially regarding transfer payments and functions, could therefore not be incorporated;
- RDP-related expenditure was classified on a global basis in cooperation with the RDP Office; and
- total expenditure is R796,762 million less than the budgeted amount - this represents interest payments by provinces to national government and redemptions of loans which are eliminated in the consolidation since it represents a flow of funds between these two levels of government.

Revenue, expenditure and the deficit on the 1995/96 "consolidated revenue accounts" (consolidated national and provincial budgets) as presented in the Budget Review of 22 June 1994, will be updated when new information becomes available.

#### **Note**

Data in these spreadsheet tables have been rounded to one decimal point and some may thus not add up to the totals.

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<sup>8</sup> Total revenue plus certain items that are not regarded as revenue according to the GFS system, as discussed above.

**TABEL 1 (vervolg)**  
**TOTALE INKOMSTE: NASIONALE**  
**INKOMSTEREKENING 1)**  
**Volgens tradisionele klassifikasie 2)**

1993/94	1994/95			1995/96		Inkomstebron
	Second Print Tweede Druk	Revised Estimate Hersiene raming	Deviation Afwyking	First Print Eerste Druk	Second Print Tweede Druk	
622,5	805,0	1 340,0	535,0	1 485,0	1 485,0	<b>Binnelandse Inkomste</b>
508,6	624,0	603,0	-21,0	813,0	813,0	Inkomstebelasting:
10 359,3	11 013,6	12 118,6	1 105,0	13 260,0	13 310,0	Goudmyne
876,7	1 440,0	1 440,0		1 760,0	1 760,0	Ander myne
37 785,9	44 362,7	44 762,7	400,0	50 630,0	49 755,0	Maatskappye (uitgesonderd mynbou)
367,6	435,0	600,0	165,0	770,0	770,0	Sekondêre belasting op maatskappye
25 424,6	28 975,4	28 975,4		32 750,0	32 750,0	Persone en individue
392,9	440,0	480,0	40,0	572,0	337,0	Rente op agterstallige belasting
846,7	938,3	882,3	-56,0	950,0	950,0	Belasting op toegevoegde waarde/AVB
1 076,7	1 205,0	1 405,0	200,0	1 625,0	1 625,0	Belasting op buitelandse aandeelhouders
368,3	405,0	405,0		446,0	446,0	Seëlregte en -gelde
295,5	182,0	242,0	60,0	110,0	110,0	Hereregte
745,6	653,7	579,6	-74,1	504,0	504,0	Heffing op finansiële dienste
2 198,0	1 955,2	1 842,4	-112,8	1 820,1	1 820,1	Mynverhuring en eiendomsregte
						Rente en dividende
						Ander
<b>81 868,9</b>	<b>93 434,8</b>	<b>95 675,9</b>	<b>2 241,1</b>	<b>107 495,1</b>	<b>106 435,1</b>	<b>Totaal: Binnelandse Inkomste</b>
3 413,4	3 885,0	4 100,0	215,0	4 700,0	4 700,0	<b>Doeane en Aksyns:</b>
1 756,1	1 200,0	1 225,0	25,0	1 100,0	645,0	Doeaneregte
4 967,0	5 387,0	5 479,0	92,0	5 701,0	6 111,0	Bobelasting op invoere
7 860,2	8 045,0	8 200,0	155,0	8 600,0	8 855,0	Aksynsregte
65,4	60,5	40,0	-20,5	45,0	45,0	Brandstofheffing
12,0	45,5	80,0	34,5	90,0	90,0	Gewone heffing
						Diverse inkomste
18 074,1	18 623,0	19 124,0	501,0	20 236,0	20 446,0	Bruto invorderings: Doeane en Aksyns
3 089,4	3 250,0	3 250,0		3 890,1	3 890,1	Min: Namibië: Sentrale Inkomstefonds
						Doeane-unie-ooreenkoms
<b>14 984,7</b>	<b>15 373,0</b>	<b>15 874,0</b>	<b>501,0</b>	<b>16 345,9</b>	<b>16 555,9</b>	<b>Totaal: Doeane en Aksyns</b>
<b>96 853,5</b>	<b>108 807,8</b>	<b>111 549,9</b>	<b>2 742,1</b>	<b>123 841,0</b>	<b>122 991,0</b>	<b>Totale gewone inkomste</b>
1 406,1	-	-	-	-	1 200,0	Buitengewone kapitaalontvangstes
		1,0	1,0			Skenkings (HOP)
<b>98 259,6</b>	<b>108 807,8</b>	<b>111 551,0</b>	<b>2 743,1</b>	<b>123 841,0</b>	<b>124 191,0</b>	<b>TOTALE ONTVANGSTES</b>
50 914,3	59 120,3	61 344,3	2 224,0	69 290,0	68 230,0	Samestelling van totale ontvangstes:
43 166,9	47 377,6	48 277,0	899,4	52 878,9	53 088,9	Direkte belastings
4 178,4	2 309,9	1 929,6	-380,3	1 672,1	2 872,1	Indirekte belastings (netto)
						Ander ontvangstes

- 1) Ingevolge die 1993 Grondwet word die nasionale regering se inkomsterekening (voorheen die Staatsinkomsterekening) deur 'n Nasionale Inkomstefonds vervang. Tot tyd en wyl finansiële en fiskale verhoudings tussen die nasionale regering en provinsiale wetgewers volledig geïmplementeer is en, verwoë aommige strukturele veranderings, word die nasionale regering se rekening egter die Nasionale Inkomsterekening genoem, om dit te onderskei van die eertydse Staatsinkomsterekening. Syfers voor 1994/95 is dienooreenkomstig aangepas (verwys na die inleidende notas tot hierdie statistiese bylae).
- 2) Tradisioneel word inkomste volgens invorderaar geklassifiseer, d.i. Binnelandse Inkomste en Doeane en Aksyns.
- 3) Syfers voor 1995/96 sluit invorderings van die eertydse TBVC-state en selfregerende gebiede in.
- 4) Insluitende rentebelasting op buitelanders, belasting op omruiggekeerde winste, belasting op geskenke, boedelbelasting, belasting op handelseffekte, heffings, terugvorderings van lenings en voorskotte, asook departementele inkomste.
- 5) Insluitende toewysings uit die brandstofheffing, wat voor 1994/95 as Deel II inkomste hanteer is, aan die eertydse TBVC-state.
- 6) Insluitende toewysings uit die gewone heffing, wat voor 1994/95 as Deel II inkomste hanteer is, aan die eertydse TBVC-state.
- 7) Insluitende verkoopreg, wat in Julie 1978 deur 'n algemene verkoopbelasting vervang is.
- 8) Uitgesluit betalings aan die eertydse TBVC-state en selfregerende gebiede ingevolge die Doeane-unie-ooreenkoms.
- 9) Hierdie ontvangstes word volgens wet in die Nasionale Inkomsterekening (voorheen die Staatsinkomsterekening) via Binnelandse Inkomste gestort, maar word nie as deel van hul gewone inkomstevorderings beskou nie. Premie op staatseffekte is uitgesluit.
- 10) Binnelandse en buitelandse skenkings, oorgedra vanaf die HOP-fonds, om HOP-verwante uitgawes in 'n spesifieke finansiële jaar te finansier.

TABEL 2  
 TOTALE INKOMSTE: NASIONALE  
 INKOMSTEREKENING 1)  
 Volgens GFS-klassifikasie 2)

R miljoen		WERKLIKE INVORDERINGS						Inkomtebron
11		1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	
3,0		8 539,9	10 054,0	11 248,5	13 916,2	17 417,6	19 654,9	1. Belastinge op inkomste en winste 3) Persone en individue Goudmyne 3) Ander myne 3) Maatskappye (uitgesonderd mynbou) 3) Sekondêre belasting op maatskappye 3,4) Ander 4. Belastinge op eiendom Belasting op geskenke Boedelbelasting Belasting op handeleffekte Hereregte 5. Binnelandse belastinge op goedere en dienste 3,5) Belasting op toegevoegde waarde/AVB Aksynsregte waarvan die brandstofheffing Heffing op finansiële dienste 6) Ander 6. Belastinge op internasionale handel en transaksies Doeaneregte Bobelasting op invoere 7) Ander 7. Seëregte en -gelde
3,0		3 367,1	4 589,7	5 764,2	7 850,9	9 078,4	10 467,7	
4,6		1 542,1	1 278,2	1 701,0	1 598,9	2 453,4	2 523,5	
7,0		147,0	219,6	188,3	322,6	577,2	1 028,6	
8,7		3 126,0	3 681,3	3 278,6	3 820,1	4 855,3	5 113,5	
8,8		357,8	285,3	316,4	323,7	453,3	521,6	
0,8		264,6	316,7	447,9	421,3	467,3	580,8	
2,0		2,1	2,7	3,5	4,7	3,2	3,9	
1,3		66,8	85,3	86,9	100,4	139,4	147,3	
3,6		24,2	38,1	40,9	30,6	58,6	141,0	
3,9		171,5	190,7	316,6	285,6	266,1	288,7	
9,8		3 679,1	4 905,2	5 708,3	7 913,3	10 244,9	10 859,9	
7,1		2 136,7	3 213,6	3 921,4	5 943,6	8 156,7	9 045,8	
7,0		1 536,1	1 686,2	1 782,0	1 964,6	1 926,4	1 890,8	
5,6		6,3	5,4	4,9	5,1	161,8	23,3	
0,8		1 225,1	1 529,1	1 347,0	1 376,6	1 745,0	2 275,6	
5,8		1 082,2	890,5	1 085,0	1 337,7	1 176,0	1 367,7	
2,8		100,4	598,3	228,0	-5,1	498,6	837,8	
7,8		42,5	40,4	36,1	44,0	70,4	70,1	
8,8		146,1	149,9	213,1	243,8	272,8	321,1	
8,1		13 854,7	16 954,9	18 964,9	23 871,1	30 147,6	33 792,3	
1,6		501,7	564,7	640,8	712,5	772,1	846,9	
6,5		13 353,1	16 390,2	18 324,1	23 158,7	29 375,5	32 945,4	
1,1		1 563,2	1 465,2	1 388,6	1 492,6	1 493,2	1 885,8	
7,6		14 916,3	17 855,4	19 712,7	24 651,2	30 868,7	34 831,2	
3,0		3,4	5,1	11,2	6,2	6,3	1 021,5	
0,6		14 919,7	17 860,4	19 724,0	24 657,5	30 875,0	35 852,7	
0,6		14 919,7	17 860,4	19 724,0	24 657,5	30 875,0	35 852,7	
0,6		50,0	51,7	1 011,3	575,6	685,0	636,2	
16,5		8 539,9	10 054,0	11 248,5	13 916,2	17 417,6	19 654,9	
18,0		4 813,2	6 336,2	7 075,5	9 242,5	11 957,9	13 290,5	
18,4		1 563,2	1 465,2	1 388,6	1 492,6	1 493,2	1 885,8	

1) Ingevolge die 1983 Grondwet word die nasionale regering se inkomster rekening (voorheen die Staatsinkomster rekening) deur 'n Nasionale Inkomstefonds' vervang. Tot tyd en wyl finansiële en fiskale verhoudings tussen die nasionale regering en provinsiale wetgewers volledig geïmplementeer is en, verweë sommige strukturele veranderinge, word die nasionale regering se rekening egter die Nasionale Inkomster rekening genoem, om dit te onderskei van die eertydse Staatsinkomster rekening. Syfers voor 1984/85 is dienoreenkomstig aangepas (verwys na die inleidende notas tot hierdie statistiese bylae).

2) Die Internasionale Monetêre Fonds se "Manual on Government Finance Statistics" is gebruik om die inkomstevorderings te klassifiseer.

3) Syfers voor 1985/86 sluit invorderings van die eertydse TBVC-state en selfregerende gebiede in.

4) Inskluitende rente op agterstellige inkomstebelasting, belasting op buitelandse aandeelhouders, rentebelasting op buitelanders en belasting op onuitgekeerde winste.

5) Inskluitende verkoopreg, wat in Julie 1978 deur 'n algemene verkoopbelasting vervang is.

6) Inskluitende heffings, mynverhuurings en eiendomsregte, kinematografiebelasting en ander spesiale heffings sedert 1974/75 ingestel.

7) Inskluitende diamantuitvoeregte, diverse Doean- en Akasyns-inkomste, asook invorderings van die gewone heffing.

8) Uitgesluit betalings aan die eertydse TBVC-state en selfregerende gebiede ingevolge die Doean-unie-ooreenkoms. Betalings aan die Sentrale Inkomstefonds van Namibië tot en met onafhanklikheid, is ingesluit.

9) Bestaan uit opbrengs van verkope van vaste kapitaalbesit en strategiese voorrade.

10) Binnelandse en buitelandse skenkings, oorgegee vanaf die HOP-fonds, om HOP-verwante uitgawes in 'n spesifieke finansiële jaar te finansier.

11) Hierdie ontvangstes word volgens wet in die Nasionale Inkomster rekening (voorheen die Staatsinkomster rekening) via Binnelandse Inkomste gestort, maar word nie as inkomste volgens die GFS-klassifikasie metode beskou nie. Premie op staatsseffekte is uitgesluit.

**TABLE 2 (continued)**  
**TOTAL REVENUE: NATIONAL**  
**REVENUE ACCOUNT 1)**  
**According to GFS classification 2)**

Source of Revenue	ACTUAL COLLECTIONS					
	1987/88	1988/89	1989/90	1990/91	1991/92	1992/93
<b>1. Taxes on income and profits</b>	<b>22 109,2</b>	<b>26 671,1</b>	<b>34 430,7</b>	<b>39 580,9</b>	<b>44 627,3</b>	<b>47 517,5</b>
Persons and individuals ..... 3)	12 666,9	14 910,4	20 008,8	24 149,6	29 934,6	33 791,1
Gold mines .....	2 074,6	1 694,7	1 016,1	644,4	523,7	421,5
Other mines ..... 3)	963,3	1 312,8	1 791,5	2 246,0	1 048,9	575,7
Companies (other than mining) ..... 3)	5 868,8	8 236,0	11 013,3	11 870,5	12 490,8	12 126,0
Secondary tax on companies .....	-	-	-	-	-	-
Other ..... 3,4)	535,5	517,2	601,1	670,4	629,3	603,1
<b>4. Taxes on property</b>	<b>824,3</b>	<b>823,0</b>	<b>1 033,6</b>	<b>1 098,2</b>	<b>1 127,8</b>	<b>1 187,5</b>
Donations tax .....	5,5	3,2	4,3	6,5	6,8	18,0
Estate duty .....	142,6	136,5	75,9	82,0	78,7	84,9
Marketable securities tax .....	225,5	138,5	278,1	243,3	199,8	164,8
Transfer duties .....	450,8	544,8	675,3	766,4	842,6	920,1
<b>5. Domestic taxes on goods and services</b>	<b>13 197,2</b>	<b>18 196,0</b>	<b>23 684,1</b>	<b>25 720,3</b>	<b>28 119,0</b>	<b>29 399,0</b>
Value-added tax/sales tax ..... 3,5)	10 313,3	13 123,0	16 752,1	18 258,7	18 769,9	17 511,9
Excise duties .....	2 876,4	5 064,4	6 922,7	7 448,3	9 246,6	11 519,1
of which the fuel levy .....	692,8	2 555,6	4 080,7	4 103,8	5 421,3	7 083,1
Levy on financial services .....	-	-	-	-	72,6	329,4
Other ..... 6)	7,5	8,6	9,3	13,3	29,9	38,7
<b>6. Taxes on international trade and transactions</b>	<b>2 542,1</b>	<b>4 358,8</b>	<b>4 903,7</b>	<b>4 697,6</b>	<b>4 321,1</b>	<b>4 644,7</b>
Customs duties .....	1 768,9	2 466,0	2 193,8	2 502,3	2 736,1	2 961,1
Import surcharges .....	742,6	1 875,6	2 625,4	2 075,3	1 455,5	1 520,9
Other ..... 7)	30,7	17,2	84,6	119,9	129,5	162,7
<b>7. Stamp duties and fees</b>	<b>439,0</b>	<b>469,3</b>	<b>685,2</b>	<b>657,3</b>	<b>712,2</b>	<b>760,4</b>
	39 111,8	50 518,1	64 737,4	71 754,2	78 907,4	83 509,1
Less: Customs Union Agreement ..... 8)	927,3	1 114,0	1 365,8	1 800,9	2 760,3	2 984,1
<b>Total tax revenue (net) .....</b>	<b>38 184,5</b>	<b>49 404,1</b>	<b>63 371,6</b>	<b>69 953,3</b>	<b>76 147,2</b>	<b>80 524,9</b>
Non-tax revenue ..... 3)	1 876,0	2 029,5	2 081,6	2 035,0	1 662,3	2 197,9
<b>Total current revenue .....</b>	<b>40 060,6</b>	<b>51 433,7</b>	<b>65 453,2</b>	<b>71 988,3</b>	<b>77 809,4</b>	<b>82 722,8</b>
Capital revenue ..... 9)	229,9	28,6	6,0	340,2	834,0	1 104,9
<b>TOTAL REVENUE .....</b>	<b>40 290,4</b>	<b>51 462,2</b>	<b>65 459,2</b>	<b>72 328,5</b>	<b>78 643,4</b>	<b>83 827,7</b>
Grants (RDP) ..... 10)	-	-	-	-	-	-
<b>TOTAL REVENUE AND GRANTS .....</b>	<b>40 290,4</b>	<b>51 462,2</b>	<b>65 459,2</b>	<b>72 328,5</b>	<b>78 643,4</b>	<b>83 827,7</b>
Items not regarded as revenue ..... 11)	556,3	607,3	3 070,5	105,7	109,1	249,7
<b>Composition of current revenue:</b>						
Direct taxes .....	22 109,2	26 671,1	34 430,7	39 580,9	44 627,3	47 517,5
Indirect taxes (net) .....	16 075,3	22 733,0	28 940,9	30 372,4	31 519,8	33 007,5
Non-tax revenue .....	1 876,0	2 029,5	2 081,6	2 035,0	1 662,3	2 197,9

1) According to the 1993 Constitution, the national government's revenue account (formerly the State Revenue Account) will be replaced by a National Revenue Fund. However, as an interim measure until full implementation of financial and fiscal relations between national government and provincial legislatures and because of some structural changes, the national government account is called the National Revenue Account to distinguish it from the former State Revenue Account. Figures prior to 1994/95 were adjusted accordingly (see introductory notes to this statistical annexure).

2) The International Monetary Fund's Manual on Government Finance Statistics was used to classify revenue collections.

3) Figures prior to 1995/96 include collections by the former TBVC states and self-governing territories.

4) Including interest on overdue income tax, non-resident shareholders tax, non-resident tax on interest and tax on undistributed profits.

5) Including sales duty, which was replaced by a general sales tax in July 1978.

6) Including levies, mining lease rights and licences, cinematographic tax and other special levies imposed since 1974/75.

7) Including diamond export duties, miscellaneous Customs and Excise income, as well as ordinary levy collections.

8) Excluding payments to the former TBVC states and self-governing territories in terms of the Customs Union Agreement. Payments to the Central Revenue Fund of Namibia up to independence are included.

9) Comprise proceeds from sales of fixed capital assets and strategic reserves.

10) Domestic and foreign grants, transferred from the RDP Fund, to finance RDP-related expenditure in a specific financial year.

11) These receipts are, by law, paid into the National Revenue Account (formerly the State Revenue Account) via Inland Revenue, but are not regarded as revenue according to the GFS classification method. Premium on government stock is excluded.

**TABEL 2 (vervolg)**  
**TOTALE INKOMSTE: NASIONALE**  
**INKOMSTEREKENING 1)**  
**Volgens GFS-klassifikasie 2)**

1993/94	1994/95			1995/96		Inkomstebron
	Second Print Tweede Druk	Revised Estimate Hersiene raming	Deviation Afwyking	First Print Eerste Druk	Second Print Tweede Druk	
50 914,3	59 120,3	61 344,3	2 224,0	69 290,0	68 230,0	<b>1. Belastings op inkomste en winste</b>
37 785,9	44 362,7	44 762,7	400,0	50 630,0	49 755,0	3) Persone en individue
622,5	805,0	1 340,0	535,0	1 485,0	1 485,0	Goudmyne
508,6	624,0	603,0	-21,0	813,0	813,0	3) Ander myne
10 359,3	11 013,6	12 118,6	1 105,0	13 260,0	13 310,0	3) Maatskappye (uitgesonderd mynbou)
876,7	1 440,0	1 440,0		1 760,0	1 760,0	Sekondêre belasting op maatskappye
761,4	875,0	1 080,0	205,0	1 342,0	1 107,0	3,4) Ander
1 500,9	1 660,0	2 105,0	445,0	2 350,0	2 350,0	<b>4. Belastings op eiendom</b>
39,0	25,0	120,0	95,0	60,0	60,0	Belasting op geskenke
118,3	130,0	130,0		140,0	140,0	Boedelbelasting
267,0	300,0	450,0	150,0	525,0	525,0	Belasting op handelseffekte
1 076,7	1 205,0	1 405,0	200,0	1 625,0	1 625,0	Hereregte
38 661,8	42 838,4	43 094,8	256,4	47 534,0	48 199,0	<b>5. Binnelandse belastings op goedere en dienste</b>
25 424,6	28 975,4	28 975,4		32 750,0	32 750,0	3,5) Belasting op toegevoegde waarde/AVB
12 827,2	13 432,0	13 679,0	247,0	14 301,0	14 966,0	Aksynsregte
7 860,2	8 045,0	8 200,0	155,0	8 600,0	8 855,0	waarvan die brandstofheffing
368,3	405,0	405,0		446,0	446,0	Heffing op finansiële dienste
41,6	26,0	35,4	9,4	37,0	37,0	6) Ander
5 246,9	5 191,0	5 445,0	254,0	5 935,0	5 480,0	<b>6. Belastings op internasionale handel en transaksies</b>
3 413,4	3 885,0	4 100,0	215,0	4 700,0	4 700,0	Doeaneregte
1 756,1	1 200,0	1 225,0	25,0	1 100,0	645,0	Bobelasting op invoere
77,3	106,0	120,0	14,0	135,0	135,0	7) Ander
846,7	938,3	882,3	-56,0	950,0	950,0	<b>7. Seëregte en -gelde</b>
97 170,6	109 747,9	112 871,3	3 123,4	126 059,0	125 209,0	
3 089,4	3 250,0	3 250,0		3 890,1	3 890,1	8) Min: Doeanee-unie-ooreenkoms
94 081,2	106 497,9	109 621,3	3 123,4	122 168,9	121 318,9	Totale belastinginkomste (netto)
2 584,9	2 123,6	1 762,1	-361,6	1 528,6	1 528,6	3) Nie-belastinginkomste
96 666,1	108 621,6	111 383,4	2 761,8	123 697,5	122 847,5	Totale lopende inkomste
1 434,9	40,2	15,0	-25,2	15,0	1 215,0	9) Kapitaalinkomste
<b>98 101,0</b>	<b>108 661,8</b>	<b>111 398,4</b>	<b>2 736,7</b>	<b>123 712,5</b>	<b>124 062,5</b>	<b>TOTALE INKOMSTE</b>
-	-	1,0	1,0	-	-	10) Skenkings (HOP)
<b>98 101,0</b>	<b>108 661,8</b>	<b>111 399,5</b>	<b>2 737,7</b>	<b>123 712,5</b>	<b>124 062,5</b>	<b>TOTALE INKOMSTE EN SKENKINGS</b>
158,6	146,1	151,5	5,4	128,5	128,5	11) <i>Items nie as inkomste beskou nie</i>
50 914,3	59 120,3	61 344,3	2 224,0	69 290,0	68 230,0	Samestelling van lopende inkomste:
43 166,9	47 377,6	48 277,0	899,4	52 878,9	53 088,9	Direkte belastings
2 584,9	2 123,6	1 762,1	-361,6	1 528,6	1 528,6	Indirekte belastings (netto)
						Nie-belastinginkomste

- 1) Ingevolge die 1993 Grondwet word die nasionale regering se inkomsterekening (voorheen die Staatsinkomsterekening) deur 'n Nasionale Inkomstefonds vervang. Tot tyd en wyl finansiële en fiskale verhoudings tussen die nasionale regering en provinsiale wetgewers volledig geïmplementeer is en, vanweë sommige strukturele veranderinge, word die nasionale regering se rekening egter die Nasionale Inkomsterekening genoem, om dit te onderskei van die eertydse Staatsinkomsterekening. Syfers voor 1994/95 is dienoreenkomsdig aangepas (verwys na die inleidende notas tot hierdie statistiese bylae).
- 2) Die Internasionale Monetêre Fonds se "Manual on Government Finance Statistics" is gebruik om die inkomstevorderings te klassifiseer.
- 3) Syfers voor 1995/96 sluit invorderings van die eertydse TBVC-state en selfregerende gebiede in.
- 4) Insluitende rente op agterstallige inkomstebelasting, belasting op buitelandse aandeelhouders, rentebelasting op buitelanders en belasting op onuitgekeerde winste.
- 5) Insluitende verkoopreg, wat in Julie 1978 deur 'n algemene verkoopbelasting vervang is.
- 6) Insluitende heffings, mynverhuringe en eiendomsregte, kinematografiebelasting en ander spesiale heffings sedert 1974/75 ingestel.
- 7) Insluitende diamantuitvoerregte, diverse Doeanee en Aksyns-inkomste, asook invorderings van die gewone heffing.
- 8) Uitgesluit betalings aan die eertydse TBVC-state en selfregerende gebiede ingevolge die Doeanee-unie-ooreenkoms. Betalings aan die Sentrale Inkomstefonds van Namibië tot en met onafhanklikheid, is ingesluit.
- 9) Bestaan uit opbrengs van verkope van vaste kapitaalbesittings en strategiese voorrade.
- 10) Binnelandse en buitelandse skenkings, oorgegedra vanaf die HOP-fonds, om HOP-verwante uitgawes in 'n spesifieke finansiële jaar te finansier.
- 11) Hierdie ontvangstes word volgens wet in die Nasionale Inkomsterekening (voorheen die Staatsinkomsterekening) via Binnelandse Inkomste gestort, maar word nie as inkomste volgens die GFS-klassifikasie metode beskou nie. Premie op staatseffekte is uitgesluit.

**TABLE 3**  
**TOTAL REVENUE:**  
**NATIONAL REVENUE ACCOUNT 1)**  
**According to the traditional classification 2)**

SOURCE OF REVENUE	ACTUAL COLLECTIONS				
	1984/85	1985/86	1986/87	1987/88	1988/89
	R'000	R'000	R'000	R'000	R'000
<b>INLAND REVENUE:</b>					
<b>Income tax:</b>					
Gold mines .....	1 598 923	2 453 442	2 523 482	2 074 632	1 694 670
Diamond mines .....	541	726	27 596	98 216	458
Other mines ..... 3)	322 038	576 470	1 001 008	865 132	1 312 365
Persons and individuals ..... 3)	7 850 900	9 078 377	10 467 750	12 666 860	14 910 393
Companies (other than mining) ..... 3)	3 820 090	4 855 334	5 113 476	5 868 829	8 236 045
Secondary tax on companies .....	-	-	-	-	-
Interest on overdue tax .....	29 208	54 784	62 692	72 974	113 407
	<b>13 621 701</b>	<b>17 019 133</b>	<b>19 196 004</b>	<b>21 646 642</b>	<b>26 267 337</b>
Value-added tax/Sales tax ..... 3)	<b>5 943 558</b>	<b>8 156 726</b>	<b>9 045 809</b>	<b>10 313 329</b>	<b>13 123 032</b>
<b>Other taxes:</b>					
Non-resident shareholders' tax ..... 3)	256 233	357 466	416 614	425 031	394 927
Non-resident tax on interest .....	36 418	38 197	37 081	35 480	7 162
Undistributed profits tax .....	1 821	2 839	5 168	2 057	1 661
Donations tax .....	4 721	3 180	3 852	5 473	3 223
Estate duty .....	100 383	139 360	147 279	142 606	136 453
Marketable securities tax .....	30 625	58 614	140 966	225 457	138 536
Stamp duties and fees ..... 3)	243 793	272 764	321 093	439 010	469 274
Transfer duties .....	285 580	266 095	288 720	450 779	544 779
Levy on financial services .....	-	-	-	-	-
Other ..... 4)	6	154 548	15 761	35	-
	<b>959 580</b>	<b>1 293 065</b>	<b>1 376 533</b>	<b>1 725 927</b>	<b>1 696 015</b>
<b>Mining leases and ownership:</b>					
Gold mines .....	374 871	599 314	655 409	550 522	481 867
Diamond mines .....	2 200	1 578	105 978	34 320	42 040
Other mines ..... 3)	4 898	32 548	84 801	235 211	118 479
	<b>381 969</b>	<b>633 439</b>	<b>846 188</b>	<b>820 054</b>	<b>642 386</b>
<b>Interest and dividends:</b>					
<b>Interest:</b>					
Border area development .....	2 767	3 065	3 668	4 271	4 466
Broadcasting .....	1 285	1 355	1 343	1 311	1 269
Farming industry .....	204	7 142	14 141	7 130	14 001
State land .....	1 091	3 383	939	1 482	396
Transport .....	441 135	295 029	156 056	164 067	120 183
Communication .....	21 569	20 775	19 913	16 076	20 817
Local loans .....	135	8 665	991	1 389	2 952
Cash balances .....	391	1 045	773	677	1 133
Exchequer deposits .....	-	-	-	-	-
Corporation for Public Deposits .....	-	-	-	-	-
Other .....	29 766	20 651	30 080	21 809	11 312

**TABEL 3**  
**TOTALE INKOMSTE:**  
**NATIONALE INKOMSTEREKENING 1)**  
**Volgens die tradisionele klassifikasie 2)**

WERKLIKE INVORDERINGS					INKOMSTEBRON	
1989/90	1990/91	1991/92	1992/93	1993/94		
R'000	R'000	R'000	R'000	R'000		
1 016 072	644 367	523 709	421 502	622 492	<b>BINNELANDSE INKOMSTE:</b>  Inkomstebelasting: Goudmyne Diamantmyne Ander myne 3) Persone en individue 3) Maatskappye (uitgesluit mynbou) 3) Sekondêre belasting op maatskappye Rente op agterstallige belasting	
10 715	24 211	21 008	55 077	13 270		
1 780 806	2 221 767	1 027 873	520 600	495 341		
20 008 790	24 149 623	29 934 570	33 791 142	37 785 881		
11 013 255	11 870 475	12 490 833	12 126 047	10 359 264		
-	-	-	-	876 675		
163 191	237 615	285 326	326 676	367 627		
<b>33 992 829</b>	<b>39 148 058</b>	<b>44 283 321</b>	<b>47 241 045</b>	<b>50 520 551</b>		
<b>16 752 096</b>	<b>18 258 686</b>	<b>18 766 899</b>	<b>17 511 870</b>	<b>25 424 622</b>		3) Belasting op toegevoegde waarde/verkoopbelasting
435 371	429 850	343 593	276 329	392 881		3) Ander belastinge:
1 691	719	38	17	378	Belasting op buitelandse aandeelhouders	
858	2 251	366	90	503	Rentebelasting op buitelanders	
4 330	6 508	6 829	17 968	38 956	Belasting op onuitgekeerde winste	
75 907	81 961	78 696	84 922	118 312	Belasting op geskenke	
278 073	243 288	199 756	164 508	266 987	Boedelbelasting	
685 218	657 267	712 155	760 384	846 735	3) Belasting op handelseffekte	
675 333	766 441	842 559	920 126	1 076 675	Seëlregte en -gelde	
-	-	72 599	329 379	368 287	Hereregte	
-	-	-	-	-	4) Heffing op finansiële dienste	
-	-	-	-	-	Ander	
<b>2 156 781</b>	<b>2 188 284</b>	<b>2 256 591</b>	<b>2 553 724</b>	<b>3 109 713</b>		
327 028	183 120	150 902	67 312	196 087	3) Mynverhurings en eiendomsregte: Goudmyne Diamantmyne Ander myne	
29 379	69 823	75 660	31 297	29 918		
184 855	179 525	98 533	89 314	69 517		
<b>541 262</b>	<b>432 468</b>	<b>325 094</b>	<b>187 922</b>	<b>295 521</b>		
3 669	6 244	-	1 090	-	Rente en dividende: Rente: Grensgebiedontwikkeling Uitsaaiwese Boerderybedryf Staatsgrond Vervoer Kommunikasie Plaaslike lenings Kontantsaldo's Skatkisdeposito's Korporasie vir Openbare Deposito's Ander	
1 206	763	-	-	-		
14 050	7 164	21 030	14 136	14 349		
309	734	906	2 230	2 906		
135 718	-	-	-	-		
16 912	15 789	8 596	1 424	-		
5 629	1 731	3 292	19 024	23 057		
1 797	8 098	4 473	2 123	1 524		
-	-	-	-	414 240		
-	-	-	-	8 063		
41 492	23 141	37 308	83 033	30 572		

TABLE 3 (continued)  
**TOTAL REVENUE:**  
**NATIONAL REVENUE ACCOUNT 1)**  
 According to the traditional classification 2)

SOURCE OF REVENUE	ACTUAL COLLECTIONS				
	1984/85	1985/86	1986/87	1987/88	1988/89
	R'000	R'000	R'000	R'000	R'000
<b>Dividends:</b>					
Broadcasting .....	2 276	2 276	2 276	2 276	2 276
Iscor .....	-	-	64 857	-	64 000
Telkom .....	-	-	-	-	-
Other .....	136	1	1	1 824	65 143
	<b>500 755</b>	<b>363 388</b>	<b>295 038</b>	<b>222 311</b>	<b>307 947</b>
<b>Levies:</b>					
Diamond export rights .....	41 365	56 735	48 381	19 070	16
Mining lease rights and licences .....	2 612	4 242	4 188	3 885	4 775
Licences .....	2 478	3 040	3 361	3 546	3 812
	<b>46 455</b>	<b>64 017</b>	<b>55 930</b>	<b>26 500</b>	<b>8 802</b>
<b>Recovery of loans and advances:</b>					
Communication .....	8 722	9 431	10 185	13 780	8 885
Local loans .....	1 044	1 764	198	722	-
SWAWEC .....	-	-	71 948	84 948	-51 552
Other .....	23 724	28 253	108 681	92 013	27 419
	<b>33 491</b>	<b>39 449</b>	<b>191 012</b>	<b>191 463</b>	<b>-15 248</b>
<b>Departmental activities:</b>					
<b>Sale of products:</b>					
Agriculture and forestry ..... 5)	61 789	1 870	1 694	1 886	2 451
Other .....	5 523	11 913	15 098	17 352	20 282
Sale of capital equipment .....	317	17	22	181	6
<b>State property rights:</b>					
Leasing and property rights money ...	35 756	35 626	44 173	47 809	53 206
Sale of state-owned land, buildings and structures .....	5 919	6 312	9 465	21 685	28 588
Revenue from Trust property .....	-	-	-	-	-
<b>Monies prescribed by law:</b>					
Registration and inspection fees .....	6 880	6 642	8 733	12 565	13 782
Fines and forfeitures .....	5 337	35 277	37 780	46 620	58 839
Witness fees .....	20	36	28	32	32
Pension contributions .....	2 679	2 858	3 213	3 791	2 520
Other .....	83 035	64 877	50 780	50 850	61 608
<b>Monies not prescribed by law:</b>					
Leasing .....	528	1 425	716	758	674
Domestic services .....	5 164	5 709	5 378	8 149	6 452
Profits on trading accounts .....	49 227	66 171	67 012	86 773	186 841
Commission .....	5 688	6 623	8 800	11 710	12 411
Other .....	33 256	24 270	44 173	31 747	17 999
<b>Miscellaneous revenue:</b>					
Recoveries .....	13 500	17 302	11 650	12 919	22 535
<b>Exchange profits/losses:</b>					
Soweto foreign loan .....	-	-	0	77 593	78 298
Other foreign loans .....	-	-	-	-	-
Profit on consolidation/repurchase/ "switching" of government stock .....	-	-	-	-	-
Reserve Bank profit .....	33 270	55 120	4 458	23 448	24 131
Sishen/Saldanha project .....	-	15 222	160 282	119 523	108 097
Corporation for Public Deposits .....	-	-	13 712	13 609	19 344

TABEL 3 (vervolg)  
 TOTALE INKOMSTE:  
 NASIONALE INKOMSTEREKENING 1)  
 Volgens die tradisionele klassifikasie 2)

WERKLIKE INVORDERINGS					INKOMSTEBRON
1989/90	1990/91	1991/92	1992/93	1993/94	
R'000	R'000	R'000	R'000	R'000	
2 276	2 111	1 780	1 780	1 780	Dividende:
240 619	0	0	13 285	0	Uitsaaiwese
-	-	-	102 000	102 648	Yskor
0	-	-	-	146 434	Telkom
					Ander
<b>483 678</b>	<b>65 774</b>	<b>77 386</b>	<b>240 127</b>	<b>745 574</b>	
3	1	0	0	1	Heffings:
5 350	5 932	21 430	29 519	31 565	Diamantuitvoerregte
3 999	7 360	8 437	9 151	10 085	Mynpagregte en -lisensies
					Lisensies
<b>9 351</b>	<b>13 293</b>	<b>29 867</b>	<b>38 670</b>	<b>41 651</b>	
12 789	13 913	15 135	10 448	-	Terugvordering van lenings en voorskotte:
-	-	8 237	16 514	17 973	Kommunikasie
13 448	6 500	14 838	14 838	14 838	Plaaslike lenings
38 326	70 298	38 353	68 772	76 014	SWAWEK
					Ander
<b>64 563</b>	<b>90 711</b>	<b>76 563</b>	<b>110 571</b>	<b>108 825</b>	
2 298	2 296	3 084	4 453	990	Departementele bedrywighede:
19 184	30 658	41 824	53 957	117 509	Verkope van produkte:
784	22	2 211	220	17	Landbou en bosbou
					Ander
70 008	78 660	102 191	114 080	100 448	Verkoop van kapitaaltoerusting
5 253	20 807	22 547	68 542	28 801	Staatseiendomsregte:
-	-	-	53 079	-	Verhuring en eiendomsreggelde
					Verkope van staatsgrond, geboue en strukture
18 038	19 396	19 314	14 210	18 067	Inkomste uit Trusteiendom
65 331	201 541	94 955	95 825	103 570	Gelde by wet opgelê:
34	35	43	49	50	Registrasie en inspeksie fooie
2 513	5 620	2 593	2 114	2 225	Boetes en verbeurdverklarings
102 759	56 950	139 863	163 217	110 872	Getuiegelde
					Pensioenbydraes
403	2 003	686	3 565	121	Ander
8 254	8 257	7 756	24 196	30 770	Gelde nie by wet opgelê nie:
164 975	145 057	178 225	199 973	227 703	Verhuring
14 666	17 529	10 831	11 998	38 368	Huishoudelike dienste
20 751	26 393	50 126	59 607	30 166	Winste op bedryfsrekenings
					Kommissie
16 762	14 961	32 561	31 438	49 791	Ander
					Diverse inkomste:
34 128	-2 032	-32 553	-18 384	-2 882	Terugvorderings
234	6	5 814	28 336	-	Valutawinste/verliese:
					Soweto buitelandse lening
48 659	147 098	20 524	56 705	100 336	Ander buitelandse lenings
130 794	206 931	72 925	116 098	169 946	Wins op konsolidasie/terugkoop/ "omskakeling" van staatseffekte
26 828	35 586	28 510	24 863	33 520	Reserwebank wins
					Sishen/Saldanha projek
					Korporasie vir Openbare Deposito's

5)

**TABLE 3 (continued)**  
**TOTAL REVENUE:**  
**NATIONAL REVENUE ACCOUNT 1)**  
**According to the traditional classification 2)**

SOURCE OF REVENUE	ACTUAL COLLECTIONS				
	1984/85	1985/86	1986/87	1987/88	1988/89
	R'000	R'000	R'000	R'000	R'000
Miscellaneous revenue (continued):					
Black and Coloured Transport Account .....	-	-	-	-	14 183
State Oil Fund .....	142 280	11 320	-	-	-
Strategic Mineral Fund .....	-	-	-	-	-
Iscoor (mineral rights) .....	-	-	-	-	-
National Energy Council .....	-	-	-	-	-
Maize Board .....	-	-	-	-	-
Wool Board .....	-	-	-	-	-
Own Affairs Administrations .....	21 616	77 468	118 824	143 624	195 393
Unspecified .....	117 794	73 899	159 731	135 844	202 690
	<b>629 579</b>	<b>519 958</b>	<b>765 722</b>	<b>868 469</b>	<b>1 130 342</b>
Extraordinary capital receipts: 6)					
Proceeds from privatisation of state assets .....	258 800	195 000	-	-	600 000
Transfer from NSPF .....	-	-	-	-	-
Transfer from Central Energy Fund .....	-	-	1 012 000	208 000	-
Transfer from Stabilisation Account .....	269 788	-	-	-	-
Transfer from IMF Deposit Account .....	-	93 825	433 571	351 882	-
Transfer from Tax Reserve Account .....	-	339 422	-	-	-
Premium on consolidation/repurchase/"switching" of government stock .....	-	-	-	-	-
	<b>528 588</b>	<b>628 247</b>	<b>1 445 571</b>	<b>559 882</b>	<b>600 000</b>
<b>TOTAL FOR INLAND REVENUE 8)</b>	<b>22 645 676</b>	<b>28 717 421</b>	<b>33 217 807</b>	<b>36 374 578</b>	<b>43 760 413</b>
<b>GRANTS (RDP) 9)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

*Continues on page B.15*

**TABEL 3 (vervolg)**  
**TOTALE INKOMSTE:**  
**NASIONALE INKOMSTEREKENING 1)**  
**Volgens die tradisionele klassifikasie 2)**

WERKLIKE INVORDERINGS					INKOMSTEBRON
1989/90	1990/91	1991/92	1992/93	1993/94	
R'000	R'000	R'000	R'000	R'000	
39	1 904	388	-24	-	Diverse inkomste (vervolg):
-	-	-	-	-	Swart- en Kleurling- vervoerrekening
-	-	-	4 940	-	Staatsoliefonds
-	12 631	1 790	-	-	Strategiese Mineralefonds
-	-	34 280	145 817	-	Yskor (mineraalregte)
-	-	-	-	-	Nasionale Energieraad
-	-	-	-	54 855	Mielieraad
-	-	-	-	-	Wolraad
314 408	340 598	318 839	392 847	183 950	Eie Sake Administrasies
32 344	199 623	86 898	218 283	223 209	Ongespesifiseerd
<b>1 099 447</b>	<b>1 572 531</b>	<b>1 317 101</b>	<b>1 870 003</b>	<b>1 622 400</b>	
2 989 180	-	-	107 692	-	6) Buitengewone kapitaalontvangste:
-	319 400	544 754	255 607	665 000	Opbrengs uit privatisering van staatsbates
-	-	264 471	780 519	741 067	Oordrag vanaf LVVF
-	-	-	-	-	Oordrag vanaf Sentrale Energiefonds
-	-	-	-	-	Oordrag vanaf Stabilisasierekening
-	-	-	-	-	Oordrag vanaf IMF Depositorekening
-	-	-	-	-	Oordrag vanaf Belastingreserwerekening
782 785	14 247	153 847	41 655	91 290	Premie op konsolidasie/terugkoop/ "omskakeling" van staatseffekte
<b>3 771 965</b>	<b>333 647</b>	<b>963 072</b>	<b>1 185 473</b>	<b>1 497 357</b>	
<b>58 851 974</b>	<b>62 103 453</b>	<b>68 098 894</b>	<b>70 939 404</b>	<b>83 386 213</b>	8) <b>TOTAAL VIR BINNELANDSE INKOMSTE</b>
-	-	-	-	-	9) <b>SKENKINGS (HOP)</b>

Vervolg op bladsy B.16

**TABLE 3 (continued)**  
**TOTAL REVENUE:**  
**NATIONAL REVENUE ACCOUNT 1)**  
**According to the traditional classification 2)**

SOURCE OF REVENUE	ACTUAL COLLECTIONS				
	1984/85	1985/86	1986/87	1987/88	1988/89
	R'000	R'000	R'000	R'000	R'000
<b>CUSTOMS AND EXCISE:</b>					
Customs duties .....	1 337 663	1 175 968	1 367 747	1 768 854	2 465 968
Surcharge on imports .....	-5 091	498 627	837 813	742 578	1 875 599
Excise duties:	1 964 631	1 926 365	1 890 786	2 183 530	2 508 757
Beer .....	459 932	471 795	516 785	590 923	687 881
Sorghum beer and sorghum flour .....	-	-	-	-	-
Wine .....	11 753	11 896	12 679	12 953	12 996
Mineral water .....	22 464	21 130	21 246	23 717	25 266
Spirits .....	262 722	248 622	242 349	245 267	281 488
Cigarettes and cigarette tobacco .....	409 489	411 834	425 301	468 647	540 156
Pipe tobacco and cigars .....	16 831	15 468	14 793	14 723	16 546
Petroleum products .....	296 711	289 209	305 489	443 679	479 652
Motor cars .....	217 635	184 036	80 396	80 412	89 976
Ad valorem: Schedule 1, Part 2B .....	194 215	185 802	183 154	188 801	215 302
Chemical products .....	-	-	-	-	-
Revenue from neighbouring countries .....	72 879	86 573	88 595	114 407	159 495
Fuel levy .....	-	-	-	692 833	2 555 625
Ordinary levy .....	-	-	-	-	-
Miscellaneous .....	2 621	13 687	21 695	11 605	17 168
<b>Gross total for Customs and Excise</b>	<b>3 299 825</b>	<b>3 614 647</b>	<b>4 118 041</b>	<b>5 399 400</b>	<b>9 423 118</b>
Less:					
Amount to the credit of Central Revenue Fund of Namibia (sec. 22(1) of Act 25 of 1969) .....	250 000	300 000	350 000	350 000	394 200
Payments in terms of Customs Union Agreements (sec. 51(2) of Act 91 of 1964) .....	462 451	472 091	496 933	577 286	719 797
<b>TOTAL FOR CUSTOMS AND EXCISE</b>	<b>2 587 374</b>	<b>2 842 556</b>	<b>3 271 108</b>	<b>4 472 114</b>	<b>8 309 120</b>
<b>GRAND TOTAL:</b>					
<b>NATIONAL REVENUE ACCOUNT 8)</b>	<b>25 233 050</b>	<b>31 559 978</b>	<b>36 488 915</b>	<b>40 846 692</b>	<b>52 069 533</b>
Less:					
Extraordinary capital receipts: 6)					
Proceeds from privatisation of state assets .....	258 800	195 000	-	-	600 000
Transfer from NSPF .....	-	-	-	-	-
Transfer from Central Energy Fund .....	-	-	1 012 000	208 000	-
Transfer from Stabilisation Account .....	269 788	-	-	-	-
Transfer from IMF Deposit Account .....	-	93 825	433 571	351 882	-
Transfer from Tax Reserve Account .....	-	339 422	-	-	-
Premium on consolidation/repurchase/"switching" of government stock .....	-	-	-	-	-
Grants (RDP) .....	-	-	-	-	-
<b>TOTAL ORDINARY REVENUE:</b>					
<b>NATIONAL REVENUE ACCOUNT 14)</b>	<b>24 704 462</b>	<b>30 931 731</b>	<b>35 043 344</b>	<b>40 286 810</b>	<b>51 469 533</b>

**TABEL 3 (vervolg)**  
**TOTALE INKOMSTE:**  
**NATIONALE INKOMSTEREKENING 1)**  
**Volgens die tradisionele klassifikasie 2)**

WERKLIKE INVORDERINGS					INKOMSTEBRON
1989/90	1990/91	1991/92	1992/93	1993/94	
R'000	R'000	R'000	R'000	R'000	
2 193 751	2 502 339	2 736 133	2 961 082	3 413 384	<b>DOEANE EN AKSYNS:</b>
2 625 354	2 075 343	1 455 502	1 520 895	1 756 141	Doeaneregte
2 841 970	3 344 486	3 825 332	4 435 941	4 966 972	Bobelasting op invoere
850 648	1 006 950	1 178 316	1 364 604	1 452 242	Aksynsregte:
-	-	799	14 149	27 335	Bier
14 973	14 826	23 509	72 037	103 405	Sorghumbier en -meelblom
66 795	73 735	99 946	162 461	181 277	Wyn
323 408	381 310	407 212	432 407	507 008	Mineraalwater
593 233	693 965	816 434	938 072	1 022 176	Spiritualieë
13 838	20 312	18 196	18 585	19 929	Sigarete en sigarettabak
470 856	443 016	462 423	480 806	479 733	Pyptabak en sigare
43 759	67 670	126 963	306 066	529 082	Petroleumprodukte
263 601	455 937	465 249	336 490	338 679	Motorkarre
-	110	503	1 843	6 155	Ad valorem: Bylae 1, Deel 2B
200 858	186 654	225 782	308 421	299 951	Chemiese produkte
4 080 688	4 103 821	5 421 269	7 083 109	7 860 237	Inkomste uit naburige
70 101	110 233	69 209	79 352	65 357	lande
14 499	9 658	60 287	83 389	11 971	10) Brandstofheffing
					11) Gewone heffing
					12) Diverse inkomste
<b>11 826 363</b>	<b>12 145 880</b>	<b>13 567 732</b>	<b>16 163 768</b>	<b>18 074 063</b>	Bruto totaal vir Doeane en Aksyns
447 800	111 750	-	-	-	Min:
918 022	1 689 140	2 760 251	2 984 140	3 089 376	Bedrag tot krediet van die Sentrale
					Inkomstefonds van Namibië
					(art. 22(1) van Wet 25 van 1969)
					Betalings ingevolge Doeane-unie-
					ooreenkomste (art. 51(2) van Wet
					91 van 1964)
<b>10 460 541</b>	<b>10 344 990</b>	<b>10 807 481</b>	<b>13 179 628</b>	<b>14 984 687</b>	<b>TOTAAL VIR DOEANE EN AKSYNS</b>
<b>69 312 515</b>	<b>72 448 443</b>	<b>78 906 374</b>	<b>84 119 032</b>	<b>98 350 900</b>	<b>GROOTTOTAAL:</b>
					8) <b>NATIONALE INKOMSTEREKENING</b>
2 989 180	-	-	107 692	-	Min:
-	319 400	544 754	255 607	665 000	6) Buitengewone kapitaalontvangste:
-	-	264 471	780 519	741 067	Opbrengs uit die privatisering van
-	-	-	-	-	staatsbates
-	-	-	-	-	Oordrag vanaf LVVF
-	-	-	-	-	Oordrag vanaf Sentrale Energiefonds
-	-	-	-	-	Oordrag vanaf Stabilisasierekening
-	-	-	-	-	Oordrag vanaf IMF Depositerekening
-	-	-	-	-	Oordrag vanaf Belastingreserwerekening
782 785	14 247	153 847	41 655	91 290	Premie op konsolidasie/terugkoop/
-	-	-	-	-	"omskakeling" van staatseffekte
					7) Skenkings (HOP)
					9) <b>TOTALE GEWONE INKOMSTE:</b>
<b>85 540 550</b>	<b>72 114 796</b>	<b>77 943 302</b>	<b>82 933 559</b>	<b>96 853 543</b>	14) <b>NATIONALE INKOMSTEREKENING</b>

- 1) According to the 1993 Constitution, the national government's revenue account (formerly the State Revenue Account) will be replaced by a National Revenue Fund. However, as an interim measure until full implementation of financial and fiscal relations between national government and provincial legislatures and because of some structural changes, the national government account is called the National Revenue Account to distinguish it from the former State Revenue Account. Figures prior to 1994/95 were adjusted accordingly (see introductory notes to this statistical annexure).
- 2) Traditionally, revenue collections are classified per collector, i.e. Inland Revenue and Customs and Excise.
- 3) Figures prior to 1995/96 include collections by the former TBVC states and self-governing territories.
- 4) In 1984/85 a late payment in respect of cinematography tax, which was abolished earlier, was received. The collections for 1985/86 to 1987/88 are in respect of a once-off levy on life insurers and banking institutions.
- 5) The decline after 1984/85 was because revenue from the production and processing of wood was shifted to a trading account.
- 6) These receipts are, by law, paid into the National Revenue Account (formerly the State Revenue Account) via Inland Revenue, but are not regarded as part of their ordinary revenue collections.
- 7) This premium arises when the discount on government stock redeemed is greater than the discount on the new stock issued. It is only a book-entry and does not represent an actual cash flow. For purposes of analysis, it is regarded as "negative" loan redemptions (i.e. subtracted from loan redemptions).
- 8) Including extraordinary capital receipts - see footnotes 6 and 7.
- 9) Domestic and foreign grants, transferred from the RDP Fund, to finance RDP-related expenditure.
- 10) Excise duties which are collected by the BLNS countries, former self-governing territories and TBVC states. It is paid over to the National Revenue Account (formerly the State Revenue Account) since it accrues to the Customs Union pool.
- 11) Including allocations from the fuel levy to the former TBVC states, treated as Part II revenue before 1994/95.
- 12) Including allocations from the ordinary levy to the former TBVC states, treated as Part II revenue before 1994/95.
- 13) Excluding payments to the former TBVC states and self-governing territories in terms of the Customs Union Agreement.
- 14) This definition of total ordinary revenue (i.e. total revenue excluding extra-ordinary capital receipts) was used in previous budgets and will also be used in future for purposes of consistency. However, according to the IMF's Manual on Government Finance Statistics, it includes items that are not regarded as revenue.

- 1) Ingevolge die 1993 Grondwet word die nasionale regering se inkomsterekening (voorheen die Staatsinkomsterekening) deur 'n Nasionale Inkomstefonds vervang. Tot tyd en wyl finansiële en fiskale verhoudings tussen die nasionale regering en provinsiale wetgewers volledig geïmplementeer is en, vanweë sommige strukturele veranderinge, word die nasionale regering se rekening egter die Nasionale Inkomsterekening genoem, om dit te onderskei van die eertydse Staatsinkomsterekening. Syfers voor 1994/95 is dienoooreenkomstig aangepas (verwys na die inleidende notas tot hierdie statistiese bylae).
- 2) Tradisioneel word inkomste volgens invorderaar geklassifiseer, d.i. Binnelandse Inkomste en Doeane en Aksyns.
- 3) Syfers voor 1995/96 sluit invorderings van die eertydse TBVC-state en selfregerende gebiede in.
- 4) In 1984/85 is 'n laatbetaling ten opsigte van kinematografiebelasting, wat vroeër afgeskat is, ontvang. Die vorderings in 1985/86 tot 1987/88 is ten opsigte van 'n eenmalige heffing op lewensversekeraars en bankinstellings.
- 5) Die afname na 1984/85 was vanweë die verskuiwing van inkomste uit die produksie en verwerking van hout na 'n bedryfsrekening.
- 6) Hierdie ontvangstes word, volgens wet, in die Nasionale Inkomsterekening via Binnelandse Inkomste gestort, maar word nie as deel van hul gewone inkomstevorderings beskou nie.
- 7) Hierdie premie ontstaan wanneer die diskonto op die staatseffekte wat afgelos word, groter is as die diskonto op die nuwe effekte uitgereik. Dit is slegs 'n boekinskrywing en verteenwoordig nie 'n werklike kontantvloei nie. Vir ontledingsdoeleindes word dit as "negatiewe" leningsaflossings beskou (m.a.w. dit word by leningsaflossings afgetrek).
- 8) Sluit buitengewone kapitaalontvangstes in - sien voetnote 6 en 7.
- 9) Binnelandse en buitelandse skenkings, oorgedra vanaf die HOP-fonds, om HOP-verwante uitgawes te finansier.
- 10) Aksynsregte wat deur die BLNS-lande, eertydse selfregerende gebiede en TBVC-state gevorder word. Dit word na die Nasionale Inkomsterekening (voorheen die Staatsinkomsterekening) oorbetaal aangesien dit die Doeane-uniepoel toeval.
- 11) Insluitende toewysings uit die brandstofheffing, wat voor 1994/95 as Deel II inkomste hanteer is, aan die eertydse TBVC-state.
- 12) Insluitende toewysings uit die gewone heffing, wat voor 1994/95 as Deel II inkomste hanteer is, aan die eertydse TBVC-state.
- 13) Uitgesluit betalings aan die eertydse TBVC-state en selfregerende gebiede ingevolge die Doeane-unie-ooreenkoms.
- 14) Hierdie definisie van totale gewone inkomste (d.i. totale inkomste uitgesluit buitengewone kapitaalontvangstes) is in vorige begrotings gebruik en sal ook in die toekomst vir doeleindes van konsekwenheid gebruik word. Volgens die IMF se "Manual on Government Finance Statistics" sluit dit egter items in wat nie as inkomste beskou word nie.

**TABLE 3A**  
**TOTAL REVENUE:**  
**NATIONAL REVENUE ACCOUNT 1)**  
**According to the traditional classification 2)**

SOURCE OF REVENUE	1993/94	1994/95			Deviation Afwyking
		Second Print: Estimate Tweede Druk: Raming	Revised Estimate Herziene Raming	% change on 1993/94 % verand. op 1993/94	
	R'000	R'000	R'000		R'000
<b>INLAND REVENUE:</b>					
<b>Income tax:</b>					
Gold mines .....	622 492	805 000	1 340 000	800,0%	535 000
Diamond mines .....	13 270	28 000	28 000	111,0%	-
Other mines ..... 3)	495 341	596 000	575 000	16,1%	-21 000
Persons and individuals ..... 3)	37 785 881	44 362 747	44 762 747	18,5%	400 000
Companies (other than mining) ..... 3)	10 359 264	11 013 570	12 118 570	17,0%	1 105 000
Secondary tax on companies .....	876 675	1 440 000	1 440 000	64,3%	-
Interest on overdue tax .....	367 627	435 000	600 000	63,2%	165 000
	<b>50 520 551</b>	<b>58 680 317</b>	<b>60 884 317</b>	<b>20,5%</b>	<b>2 184 000</b>
Value-added tax/Sales tax ..... 3)	<b>25 424 622</b>	<b>28 975 367</b>	<b>28 975 367</b>	<b>14,0%</b>	-
<b>Other taxes:</b>					
Non-resident shareholders' tax ..... 3)	392 881	440 000	480 000	22,2%	40 000
Non-resident tax on interest .....	378	-	-	-	-
Undistributed profits tax .....	503	-	-	-	-
Donations tax .....	38 956	25 000	120 000	208,0%	95 000
Estate duty .....	118 312	130 000	130 000	9,9%	-
Marketable securities tax .....	266 987	300 000	450 000	68,5%	150 000
Stamp duties and fees ..... 3)	846 735	938 258	882 258	4,2%	-56 000
Transfer duties .....	1 076 675	1 205 000	1 405 000	30,5%	200 000
Levy on financial services .....	368 287	405 000	405 000	10,0%	-
Other ..... 4)	-	-	-	-	-
	<b>3 109 713</b>	<b>3 443 258</b>	<b>3 872 258</b>	<b>24,5%</b>	<b>429 000</b>
<b>Mining leases and ownership:</b>					
Gold mines .....	196 087	128 000	182 000	-	54 000
Diamond mines .....	29 918	27 000	33 000	-	6 000
Other mines ..... 3)	69 517	27 000	27 000	-	-
	<b>295 521</b>	<b>182 000</b>	<b>242 000</b>	<b>-18,1%</b>	<b>60 000</b>
<b>Interest and dividends:</b>					
<b>Interest:</b>					
Border area development .....	-	-	-	-	-
Broadcasting .....	-	-	-	-	-
Farming industry .....	14 349	15 000	14 500	-	-500
State land .....	2 906	2 200	2 200	-	-
Transport .....	-	-	-	-	-
Communication .....	-	160	160	-	-
Local loans .....	23 057	28 000	32 500	-	4 500
Cash balances .....	1 524	1 500	2 700	-	1 200
Exchequer deposits .....	414 240	350 000	237 000	-	-113 000
Corporation for Public Deposits .....	8 063	4 500	9 500	-	5 000
Other .....	30 572	70 000	28 280	-	-41 720

**TABEL 3a**  
**TOTALE INKOMSTE:**  
**NASIONALE INKOMSTEREKENING 1)**  
**Volgens die tradisionele klassifikasie 2)**

1995/96				INKOMSTEBRON
First Print: Estimate Eerste Druk: Raming	% change on 1994/95 % verand. op 1994/95	Second Print: Estimate Tweede Druk: Raming	% change on 1994/95 % verand. op 1994/95	
R'000		R'000		<b>BINNELANDSE INKOMSTE:</b>
1 485 000	10,8%	1 485 000	10,8%	Inkomstebelasting:
40 000	42,9%	40 000	42,9%	Goudmyne
773 000	34,4%	773 000	34,4%	Diamantmyne
50 630 000	13,1%	49 755 000	11,2%	Ander myne
13 260 000	9,4%	13 310 000	9,8%	3) Persone en individue
1 760 000	22,2%	1 760 000	22,2%	3) Maatskappye (uitgesluit mynbou)
770 000	28,3%	770 000	28,3%	3) Sekondêre belasting op maatskappye
				Rente op agterstallige belasting
<b>68 718 000</b>	<b>12,9%</b>	<b>67 893 000</b>	<b>11,5%</b>	
				Belasting op toegevoegde
<b>32 750 000</b>	<b>13,0%</b>	<b>32 750 000</b>	<b>13,0%</b>	3) waarde/verkoopbelasting
				Ander belasting:
572 000	19,2%	337 000	-29,8%	3) Belasting op buitelandse aandeelhouers
-		-		Rentebelasting op buitelanders
-		-		Belasting op onuitgekeerde winste
60 000	-50,0%	60 000	-50,0%	Belasting op geskenke
140 000	7,7%	140 000	7,7%	Boedelbelasting
525 000	16,7%	525 000	16,7%	Belasting op handelseffekte
950 000	7,7%	950 000	7,7%	3) Seëlregte en -gelde
1 625 000	15,7%	1 625 000	15,7%	Hereregte
446 000	10,1%	446 000	10,1%	4) Heffing op finansiële dienste
-		-		Ander
<b>4 318 000</b>	<b>11,5%</b>	<b>4 083 000</b>	<b>5,4%</b>	
				Mynverhurings en eiendomsregte:
50 000		50 000		Goudmyne
33 000		33 000		Diamantmyne
27 000		27 000		3) Ander myne
<b>110 000</b>	<b>-54,5%</b>	<b>110 000</b>	<b>-54,5%</b>	
				Rente en dividende:
				Rente:
-		-		Grensgebiedontwikkeling
-		-		Uitsaaiwese
14 500		14 500		Boerderybedryf
2 200		2 200		Staatsgrond
-		-		Vervoer
-		-		Kommunikasie
16 100		16 100		Plaaslike lenings
2 200		2 200		Kontantsaldo's
180 000		180 000		Skatkisdeposito's
9 500		9 500		Korporasie vir Openbare Deposito's
26 700		26 700		Ander

**TABLE 3a (continued)**  
**TOTAL REVENUE:**  
**NATIONAL REVENUE ACCOUNT 1)**  
**According to the traditional classification 2)**

SOURCE OF REVENUE	1993/94	1994/95			Deviation Afwyking
		Second Print: Estimate Tweede Druk: Raming	Revised Estimate Hersiene Raming	% change on 1993/94 % verand. op 1993/94	
	R'000	R'000	R'000		R'000
<b>Dividends:</b>					
Broadcasting .....	1 780	1 800	1 780		-20
Iscor .....	0	-	-		-
Telkom .....	102 648	115 000	115 000		-
Other .....	146 434	65 500	135 980		70 480
	<b>745 574</b>	<b>653 660</b>	<b>579 800</b>	<b>-22,3%</b>	<b>-74 060</b>
<b>Levies:</b>					
Diamond export rights .....	1	-	-		-
Mining lease rights and licences .....	31 565	15 000	24 200		9 200
Licences .....	10 085	11 000	11 200		200
	<b>41 651</b>	<b>26 000</b>	<b>35 400</b>	<b>-15,0%</b>	<b>9 400</b>
<b>Recovery of loans and advances:</b>					
Communication .....	-	2 134	2 134		-
Local loans .....	17 973	21 853	19 200		-2 653
SWAWEC .....	14 838	14 840	14 838		-2
Other .....	76 014	42 233	62 028		19 795
	<b>108 825</b>	<b>81 060</b>	<b>98 200</b>	<b>-9,8%</b>	<b>17 140</b>
<b>Departmental activities:</b>					
<b>Sale of products:</b>					
Agriculture and forestry ..... 5)	990	1 350	1 250		-100
Other .....	117 509	56 000	63 700		7 700
Sale of capital equipment .....	17	10	25		15
<b>State property rights:</b>					
Leasing and property rights money ...	100 448	110 000	85 800		-24 200
Sale of state-owned land, buildings and structures .....	28 801	40 200	15 000		-25 200
Revenue from Trust property .....	-	-	-		-
<b>Monies prescribed by law:</b>					
Registration and inspection fees .....	18 067	9 000	18 000		9 000
Fines and forfeitures .....	103 570	110 000	105 000		-5 000
Witness fees .....	50	65	60		-5
Pension contributions .....	2 225	4 035	73		-3 962
Other .....	110 872	140 000	74 600		-65 400
<b>Monies not prescribed by law:</b>					
Leasing .....	121	220	107		-113
Domestic services .....	30 770	15 000	37 300		22 300
Profits on trading accounts .....	227 703	240 000	151 800		-88 200
Commission .....	38 368	35 000	30 000		-5 000
Other .....	30 166	50 000	37 400		-12 600
<b>Miscellaneous revenue:</b>					
Recoveries .....	49 791	65 000	53 300		-11 700
<b>Exchange profits/losses:</b>					
Soweto foreign loan .....	-2 882	-	10		10
Other foreign loans .....	-	-	-		-
Profit on consolidation/repurchase/ "switching" of government stock .....	100 336	-	29 207		29 207
Reserve Bank profit .....	169 946	60 000	60 000		-
Sishen/Saldanha project .....	-	-	-		-
Corporation for Public Deposits .....	33 520	40 000	51 170		11 170

**TABEL 3a (vervolg)**  
**TOTALE INKOMSTE:**  
**NASIONALE INKOMSTEREKENING 1)**  
**Volgens die tradisionele klassifikasie 2)**

1995/96				INKOMSTEBRON
First Print: Estimate Eerste Druk: Raming	% change on 1994/95 % verand. op 1994/95	Second Print: Estimate Tweede Druk: Raming	% change on 1994/95 % verand. op 1994/95	
R'000		R'000		
1 780		1 780		Dividende:
115 000		115 000		Uitsaaiwese
136 020		136 020		Yskor
<b>504 000</b>	<b>-13,0%</b>	<b>504 000</b>	<b>-13,0%</b>	Telkom
				Ander
25 000		25 000		Heffings:
12 000		12 000		Diamantuitvoerregte
<b>37 000</b>	<b>4,5%</b>	<b>37 000</b>	<b>4,5%</b>	Mynpagrege en -lisensies
				Lisensies
20 000		20 000		Terugvordering van lenings en voorskotte:
14 838		14 838		Kommunikasie
52 000		52 000		Plaaslike lenings
<b>86 838</b>	<b>-11,6%</b>	<b>86 838</b>	<b>-11,6%</b>	SWAWEK
				Ander
1 250		1 250		Departementele bedrywighede:
68 100		68 100		Verkope van produkte:
15		15		Landbou en bosbou
90 400		90 400		Ander
15 000		15 000		Verkoop van kapitaaltoerusting
-		-		Staatseiwendomsregte:
19 000		19 000		Verhuring en eiendomsreggelde
107 000		107 000		Verkope van staatsgrond, geboue en strukture
65		65		Inkomste uit Trusteiwendom
10		10		Gelde by wet opgelê:
77 700		77 700		Registrasie en inspeksie foote
				Boetes en verbeurdverklarings
110		110		Getuiegelde
33 800		33 800		Pensioenbydraes
146 800		146 800		Ander
24 000		24 000		Gelde nie by wet opgelê nie:
40 600		40 600		Verhuring
				Huishoudelike dienste
41 685		41 685		Winste op bedryfsrekenings
-		-		Kommissie
-		-		Ander
60 000		60 000		Diverse inkomste:
51 000		51 000		Terugvorderings
				Valutawinste/verliese:
				Soweto buitelandse lening
				Ander buitelandse lenings
				Wins op konsolidasie/terugkoop/ "omskakeling" van staatseffekte
				Reserwebank wins
				Sishen/Saldanha projek
				Korporasie vir Openbare Deposito's

5)

**TABLE 3a (continued)**  
**TOTAL REVENUE:**  
**NATIONAL REVENUE ACCOUNT 1)**  
**According to the traditional classification 2)**

SOURCE OF REVENUE	1993/94	1994/95			Deviation Afwyking
		Second Print: Estimate Tweede Druk: Raming	Revised Estimate Hersiene Raming	% change on 1993/94 % verand. op 1993/94	
	R'000	R'000	R'000		R'000
Miscellaneous revenue (continued):					
Black and Coloured Transport Account .....	-	-	-		-
State Oil Fund .....	-	-	-		-
Strategic Mineral Fund .....	-	-	-		-
Iscor (mineral rights) .....	-	-	-		-
National Energy Council .....	-	-	-		-
Maize Board .....	-	-	-		-
Wool Board .....	54 855	-	54 900		54 900
Own Affairs Administrations .....	183 950	-	35 000		35 000
Unspecified .....	223 209	417 303	105 098		-312 205
	<b>1 622 400</b>	<b>1 393 183</b>	<b>1 008 800</b>	<b>-37,8%</b>	<b>-384 383</b>
Extraordinary capital receipts: 6)					
Proceeds from privatisation of state assets .....	-	-	-		-
Transfer from NSPF .....	665 000	-	-		-
Transfer from Central Energy Fund .....	741 067	-	-		-
Transfer from Stabilisation Account .....	-	-	-		-
Transfer from IMF Deposit Account .....	-	-	-		-
Transfer from Tax Reserve Account .....	-	-	-		-
Premium on consolidation/repurchase/ "switching" of government stock .....	91 290	200 000	1 170 166		970 166
	<b>1 497 357</b>	<b>200 000</b>	<b>1 170 166</b>	<b>-21,9%</b>	<b>970 166</b>
<b>TOTAL FOR INLAND REVENUE 8)</b>	<b>83 366 213</b>	<b>93 634 845</b>	<b>98 846 108</b>	<b>16,2%</b>	<b>3 211 263</b>
<b>GRANTS (RDP) 9)</b>	<b>-</b>	<b>-</b>	<b>1 010</b>		<b>1 010</b>

Continues on page B.25

**TABEL 3a (vervolg)**  
**TOTALE INKOMSTE:**  
**NASIONALE INKOMSTEREKENING 1)**  
**Volgens die tradisionele klassifikasie 2)**

1995/96				INKOMSTEBRON
First Print: Estimate Eerste Druk: Raming	% change on 1994/95 % verand. op 1994/95	Second Print: Estimate Tweede Druk: Raming	% change on 1994/95 % verand. op 1994/95	
R'000		R'000		Diverse inkomste (vervolg): Swart- en Kleuring- vervoerrekening Staatsoliefonds Strategiese Mineralefonds Yskor (mineraalregte) Nasionale Energieraad Mielieraad Wolraad Eie Sake Administrasies Ongespesifiseerd
-		-		
-		-		
-		-		
-		-		
-		-		
-		-		
194 744		194 744		
971 279	-3,7%	971 279	-3,7%	
-		-		6) Buitengewone kapitaalontvangste: Opbrengs uit privatisering van staatsbates Oordrag vanaf LVVF Oordrag vanaf Sentrale Energiefonds Oordrag vanaf Stabilisasierekening Oordrag vanaf IMF Depositorekening Oordrag vanaf Belastingreserwerekening Premie op konsolidasie/terugkoop/ "omskakeling" van staatseffekte
-		-		
-		1 200 000		
-		-		
-		-		
-		-		
300 000		300 000		7)
300 000	-74,4%	1 500 000	28,2%	
107 795 117	11,3%	107 935 117	11,5%	8) <b>TOTAAL VIR BINNELANDSE INKOMSTE</b>
-		-		9) <b>SKENKINGS (HOP)</b>

Vervolg op bladsy B.26

TABLE 3a (continued)  
**TOTAL REVENUE:**  
**NATIONAL REVENUE ACCOUNT 1)**  
**According to the traditional classification 2)**

SOURCE OF REVENUE	1993/94	1994/95			Deviation Afwyking
		Second Print: Estimate Tweede Druk: Raming	Revised Estimate Hersiene Raming	% change on 1993/94 % verand. op 1993/94	
	R'000	R'000	R'000		R'000
<b>CUSTOMS AND EXCISE:</b>					
Customs duties .....	3 413 384	3 885 000	4 100 000	20,1%	215 000
Surcharge on imports .....	1 756 141	1 200 000	1 225 000	-30,2%	25 000
Excise duties:	4 966 972	5 387 000	5 479 000	10,3%	92 000
Beer .....	1 452 242	1 556 000	1 635 000	12,6%	79 000
Sorghum beer and sorghum flour .....	27 335	34 500	34 000	24,4%	-500
Wine .....	103 405	120 500	130 000	25,7%	9 500
Mineral water .....	181 277	196 000	200 000	10,3%	4 000
Spirits .....	507 008	545 500	590 000	16,4%	44 500
Cigarettes and cigarette tobacco .....	1 022 176	1 210 000	1 150 000	12,5%	-60 000
Pipe tobacco and cigars .....	19 929	23 000	22 500	12,9%	-500
Petroleum products .....	479 733	490 000	510 000	6,3%	20 000
Motor cars .....	529 082	526 000	630 000	19,1%	104 000
Ad valorem: Schedule 1, Part 2B .....	338 679	365 000	370 000	9,2%	5 000
Chemical products .....	6 155	10 500	7 500	21,9%	-3 000
Revenue from neighbouring countries .....	299 951	310 000	200 000	-33,3%	-110 000
Fuel levy .....	7 860 237	8 045 000	8 200 000	4,3%	155 000
Ordinary levy .....	65 357	60 500	40 000	-38,8%	-20 500
Miscellaneous .....	11 971	45 500	80 000	568,3%	34 500
<b>Gross total for Customs and Excise</b>	<b>18 074 063</b>	<b>18 623 000</b>	<b>19 124 000</b>	<b>5,8%</b>	<b>501 000</b>
Less:					
Amount to the credit of Central Revenue Fund of Namibia (sec. 22(1) of Act 25 of 1969) .....	-	-	-		
Payments in terms of Customs Union Agreements (sec. 51(2) of Act 91 of 1964) .....	3 089 376	3 250 000	3 250 000	5,2%	
<b>TOTAL FOR CUSTOMS AND EXCISE</b>	<b>14 984 687</b>	<b>15 373 000</b>	<b>15 874 000</b>	<b>5,9%</b>	<b>501 000</b>
<b>GRAND TOTAL: NATIONAL REVENUE ACCOUNT</b>	<b>98 350 900</b>	<b>109 007 845</b>	<b>112 721 118</b>	<b>14,6%</b>	<b>3 713 273</b>
Less:					
Extraordinary capital receipts:					
Proceeds from privatisation of state assets .....	-	-	-		
Transfer from NSPF .....	665 000	-	-		
Transfer from Central Energy Fund .....	741 067	-	-		
Transfer from Stabilisation Account .....	-	-	-		
Transfer from IMF Deposit Account .....	-	-	-		
Transfer from Tax Reserve Account .....	-	-	-		
Premium on consolidation/repurchase/ "switching" of government stock .....	91 290	200 000	1 170 166		970 166
Grants (RDP) .....	-	-	1 010		1 010
<b>TOTAL ORDINARY REVENUE: NATIONAL REVENUE ACCOUNT</b>	<b>96 853 543</b>	<b>108 807 845</b>	<b>111 548 942</b>	<b>15,2%</b>	<b>2 743 107</b>

**TABEL 3a (vervolg)**  
**TOTALE INKOMSTE:**  
**NASIONALE INKOMSTEREKENING 1)**  
**Volgens die tradisionele klassifikasie 2)**

1995/96				INKOMSTEBRON
First Print: Estimate Eerste Druk: Raming	% change on 1994/95 % verand. op 1994/95	Second Print: Estimate Tweede Druk: Raming	% change on 1994/95 % verand. op 1994/95	
R'000		R'000		
4 700 000	14,6%	4 700 000	14,6%	<b>DOEANE EN AKSYNS:</b>
1 100 000	-10,2%	645 000	-47,3%	Doeaneregte
5 701 000	4,1%	6 111 000	11,5%	Bobelasting op invoere
1 680 000	2,8%	1 805 000	10,4%	Aksynsregte:
35 000	2,9%	42 000	23,5%	Bier
138 000	6,2%	161 000	23,8%	Sorghumbier en -meelblom
205 000	2,5%	205 000	2,5%	Wyn
620 000	5,1%	670 000	13,6%	Mineraalwater
1 162 000	1,0%	1 362 000	18,4%	Spiritualieë
23 000	2,2%	28 000	24,4%	Sigarette en sigarettabak
535 000	4,9%	535 000	4,9%	Pyptabak en sigare
680 000	7,9%	680 000	7,9%	Petroleumprodukte
405 000	9,5%	405 000	9,5%	Motorkarre
8 000	6,7%	8 000	6,7%	Ad valorem: Bylae 1, Deel 2B
				Chemiese produkte
				Inkomste uit naburige
210 000	5,0%	210 000	5,0%	lande
8 600 000	4,9%	8 855 000	8,0%	10) Brandstofheffing
45 000	12,5%	45 000	12,5%	11) Gewone heffing
90 000	12,5%	90 000	12,5%	12) Diverse inkomste
<b>20 236 000</b>	<b>5,8%</b>	<b>20 446 000</b>	<b>6,9%</b>	Bruto totaal vir Doeane en Aksyns
				Min:
				Bedrag tot krediet van die Sentrale
				Inkomstefonds van Namibië
				(art. 22(1) van Wet 25 van 1969)
				Betalings ingevolge Doeane-unie-
				ooreenkomste (art. 51(2) van Wet
3 890 117	19,7%	3 890 117	19,7%	13) 91 van 1964)
<b>16 345 883</b>	<b>3,0%</b>	<b>16 555 883</b>	<b>4,3%</b>	<b>TOTAAL VIR DOEANE EN AKSYNS</b>
<b>124 141 000</b>	<b>10,1%</b>	<b>124 481 000</b>	<b>10,4%</b>	<b>GROOTTOTAAL:</b>
				8) <b>NASIONALE INKOMSTEREKENING</b>
				Min:
				6) Buitengewone kapitaalontvangste:
				Opbrengs uit die privatisering van
				staatsbates
		1 200 000		Oordrag vanaf LVVF
				Oordrag vanaf Sentrale Energiefonds
				Oordrag vanaf Stabilisasierekening
				Oordrag vanaf IMF Depositierekening
				Oordrag vanaf Belastingreserwerekening
300 000		300 000		Premie op konsolidasie/terugkoop/
				7) "omskakeling" van staatseffekte
				9) Skenkings (HOP)
<b>123 841 000</b>	<b>11,0%</b>	<b>122 991 000</b>	<b>10,3%</b>	<b>TOTALE GEWONE INKOMSTE:</b>
				14) <b>NASIONALE INKOMSTEREKENING</b>

- 1) According to the 1993 Constitution, the national government's revenue account (formerly the State Revenue Account) will be replaced by a National Revenue Fund. However, as an interim measure until full implementation of financial and fiscal relations between national government and provincial legislatures and because of some structural changes, the national government account is called the National Revenue Account to distinguish it from the former State Revenue Account. Figures prior to 1994/95 were adjusted accordingly (see introductory notes to this statistical annexure).
- 2) Traditionally, revenue collections are classified per collector, i.e. Inland Revenue and Customs and Excise.
- 3) Figures prior to 1995/96 include collections by the former TBVC states and self-governing territories.
- 4) In 1984/85 a late payment in respect of cinematography tax, which was abolished earlier, was received. The collections for 1985/86 to 1987/88 are in respect of a once-off levy on life insurers and banking institutions.
- 5) The decline after 1984/85 was because revenue from the production and processing of wood was shifted to a trading account.
- 6) These receipts are, by law, paid into the National Revenue Account (formerly the State Revenue Account) via Inland Revenue, but are not regarded as part of their ordinary revenue collections.
- 7) This premium arises when the discount on government stock redeemed is greater than the discount on the new stock issued. It is only a book-entry and does not represent an actual cash flow. For purposes of analysis, it is regarded as "negative" loan redemptions (i.e. subtracted from loan redemptions).
- 8) Including extraordinary capital receipts - see footnotes 6 and 7.
- 9) Domestic and foreign grants, transferred from the RDP Fund, to finance RDP-related expenditure.
- 10) Excise duties which are collected by the BLNS countries, former self-governing territories and TBVC states. It is paid over to the National Revenue Account (formerly the State Revenue Account) since it accrues to the Customs Union pool.
- 11) Including allocations from the fuel levy to the former TBVC states, treated as Part II revenue before 1994/95.
- 12) Including allocations from the ordinary levy to the former TBVC states, treated as Part II revenue before 1994/95.
- 13) Excluding payments to the former TBVC states and self-governing territories in terms of the Customs Union Agreement.
- 14) This definition of total ordinary revenue (i.e. total revenue excluding extra-ordinary capital receipts) was used in previous budgets and will also be used in future for purposes of consistency. However, according to the IMF's Manual on Government Finance Statistics, it includes items that are not regarded as revenue.

- 1) Ingevolge die 1993 Grondwet word die nasionale regering se inkomsterekening (voorheen die Staatsinkomsterekening) deur 'n Nasionale Inkomstefonds vervang. Tot tyd en wyl finansiële en fiskale verhoudings tussen die nasionale regering en provinsiale wetgewers volledig geïmplementeer is en, verweë sommige strukturele veranderinge, word die nasionale regering se rekening egter die Nasionale Inkomsterekening genoem, om dit te onderskei van die eertydse Staatsinkomsterekening. Syfers voor 1994/95 is dienooreenkomstig aangepas (verwys na die inleidende notas tot hierdie statistiese bylae).
- 2) Tradisioneel word inkomste volgens invorderaar geklassifiseer, d.i. Binnelandse Inkomste en Doeane en Aksyns.
- 3) Syfers voor 1995/96 sluit invorderings van die eertydse TBVC-state en selfregerende gebiede in.
- 4) In 1984/85 is 'n laatbetaling ten opsigte van kinematografiebelasting, wat vroeër afgeskaf is, ontvang. Die vorderings in 1985/86 tot 1987/88 is ten opsigte van 'n eenmalige heffing op lewensversekeraars en bankinstellings.
- 5) Die afname na 1984/85 was verweë die verskuiwing van inkomste uit die produksie en verwerking van hout na 'n bedryfsrekening.
- 6) Hierdie ontvangstes word, volgens wet, in die Nasionale Inkomsterekening via Binnelandse Inkomste gestort, maar word nie as deel van hul gewone inkomstevorderings beskou nie.
- 7) Hierdie premie ontstaan wanneer die diskonto op die staatseffekte wat afgelos word, groter is as die diskonto op die nuwe effekte uitgereik. Dit is slegs 'n boekinskrywing en verteenwoordig nie 'n werklike kontantvloei nie. Vir ontledingsdoeleindes word dit as "negatiewe" leningsaflossings beskou (m.a.w. dit word by leningsaflossings afgetrek).
- 8) Sluit buitengewone kapitaalontvangstes in - sien voetnote 6 en 7.
- 9) Binnelandse en buitelandse skenkings, oorgedra vanaf die HOP-fonds, om HOP-verwante uitgawes te finansier.
- 10) Aksynsregte wat deur die BLNS-lande, eertydse selfregerende gebiede en TBVC-state gevorder word. Dit word na die Nasionale Inkomsterekening (voorheen die Staatsinkomsterekening) oorbetaal aangesien dit die Doeane-uniepoel toeval.
- 11) Insluitende toewysings uit die brandstofheffing, wat voor 1994/95 as Deel II inkomste hanteer is, aan die eertydse TBVC-state.
- 12) Insluitende toewysings uit die gewone heffing, wat voor 1994/95 as Deel II inkomste hanteer is, aan die eertydse TBVC-state.
- 13) Uitgesluit betalings aan die eertydse TBVC-state en selfregerende gebiede ingevolge die Doeane-unie-ooreenkoms.
- 14) Hierdie definisie van totale gewone inkomste (d.i. totale inkomste uitgesluit buitengewone kapitaalontvangstes) is in vorige begrotings gebruik en sal ook in die toekoms vir doeleindes van konskwentheid gebruik word. Volgens die IMF se "Manual on Government Finance Statistics" sluit dit egter items in wat nie as inkomste beskou word nie.

**TABLE 4**  
**TOTAL REVENUE:**  
**NATIONAL REVENUE ACCOUNT 1)**  
**According to the GFS classification 2)**

SOURCE OF REVENUE	ACTUAL COLLECTIONS				
	1984/85	1985/86	1986/87	1987/88	1988/89
	R'000	R'000	R'000	R'000	R'000
<b>1. TAXES ON INCOME AND PROFITS</b>					
Persons and individuals ..... 3)	7 850 900	9 078 377	10 467 750	12 666 860	14 910 393
Corporate					
Gold mines .....	1 598 923	2 453 442	2 523 482	2 074 632	1 694 670
Diamond mines .....	541	726	27 596	98 216	458
Other mines ..... 3)	322 038	576 470	1 001 008	865 132	1 312 365
Companies (other than mining) ..... 3)	3 820 090	4 855 334	5 113 476	5 868 829	8 236 045
Secondary tax on companies .....	-	-	-	-	-
Undistributed profits tax .....	1 821	2 839	5 168	2 057	1 661
Other, non-allocable					
Non-resident shareholders' tax ..... 3)	256 233	357 466	416 614	425 031	394 927
Non-residents' tax on interest .....	36 418	38 197	37 081	35 480	7 162
Interest on overdue income tax .....	29 208	54 784	62 692	72 974	113 407
<b>Taxes on income and profits</b>	<b>13 916 174</b>	<b>17 417 635</b>	<b>19 654 867</b>	<b>22 109 210</b>	<b>26 671 088</b>
<b>4. TAXES ON PROPERTY</b>					
Estate, inheritance and gift taxes					
Donations tax .....	4 721	3 180	3 852	5 473	3 223
Estate duty .....	100 383	139 360	147 279	142 606	136 453
Taxes on financial and capital transactions					
Marketable securities tax .....	30 625	58 614	140 966	225 457	138 536
Transfer duties .....	285 580	266 095	288 720	450 779	544 779
<b>Taxes on property</b>	<b>421 309</b>	<b>467 251</b>	<b>580 817</b>	<b>824 314</b>	<b>822 991</b>
<b>5. DOMESTIC TAXES ON GOODS AND SERVICES</b>					
Value-added tax/Sales tax ..... 3,4)	5 943 564	8 156 727	9 045 809	10 313 329	13 123 032
Excise duties .....	1 964 631	1 926 365	1 890 786	2 876 363	5 064 382
Beer	459 932	471 795	516 785	590 923	687 881
Sorghum beer and sorghum flour	-	-	-	-	-
Wine	11 753	11 896	12 679	12 953	12 996
Mineral water	22 464	21 130	21 246	23 717	25 266
Spirits	262 722	248 622	242 349	245 267	281 488
Cigarettes and cigarette tobacco	409 489	411 834	425 301	468 647	540 156
Pipe tobacco and cigars	16 831	15 468	14 793	14 723	16 546
Petroleum products	296 711	289 209	305 489	443 679	479 652
Motor cars	217 635	184 036	80 396	80 412	89 976
Ad valorem: Schedule 1, Part 2B	194 215	185 802	183 154	188 801	215 302
Chemical products	-	-	-	-	-
Revenue from neighbouring countries 5)	72 879	86 573	88 595	114 407	159 495
Fuel levy 6)	-	-	-	692 833	2 555 625
Taxes on specific services					
Levy on financial services .....	-	-	-	-	-
Taxes on use of goods or permission to use goods or to perform activities					
Licences .....	2 478	3 040	3 361	3 546	3 812
Mining lease rights and licences .....	2 612	4 242	4 188	3 885	4 775
Other ..... 7)	6	154 548	15 761	35	-
<b>Domestic taxes on goods and services</b>	<b>7 913 291</b>	<b>10 244 921</b>	<b>10 959 905</b>	<b>13 197 158</b>	<b>18 196 001</b>

**TABEL 4**  
**TOTALE INKOMSTE:**  
**NASIONALE INKOMSTEREKENING 1)**  
**Volgens die GFS klassifikasie 2)**

WERKLIKE INVORDERINGS					INKOMSTEBRON
1989/90	1990/91	1991/92	1992/93	1993/94	
R'000	R'000	R'000	R'000	R'000	
20 008 790	24 149 623	29 934 570	33 791 142	37 785 881	3) 1. BELASTINGS OP INKOME EN WINSTE
1 016 072	644 367	523 709	421 502	622 492	Persone en individue
10 715	24 211	21 008	55 077	13 270	Maatskappye
1 780 806	2 221 767	1 027 873	520 600	495 341	Goudmyne
11 013 255	11 870 475	12 490 833	12 126 047	10 359 264	Diamantmyne
-	-	-	-	876 675	3) Ander myne
858	2 251	366	90	503	3) Maatskappye (uitgesluit mynbou)
435 371	429 850	343 593	276 329	392 881	Sekondêre belasting op maatskappye
1 691	719	38	17	378	Belasting op onuitgekeerde winste
163 191	237 615	285 326	326 676	367 627	Ander, nie-toedeelbaar
					3) Belasting op buitelandse aandeelhouders
					Rentebelasting op buitelanders
					Rente op agterstallige belasting
<b>34 430 749</b>	<b>39 580 877</b>	<b>44 627 318</b>	<b>47 517 480</b>	<b>50 914 313</b>	<b>Belastings op inkome en winste</b>
4 330	6 508	6 829	17 968	38 956	4. BELASTINGS OP EIENDOM
75 907	81 961	78 696	84 922	118 312	Boedel-, erfenis- en geskenkbelastings
					Belasting op geskenke
278 073	243 288	199 756	164 508	266 987	Boedelbelasting
675 333	766 441	842 559	920 126	1 076 675	Belastings op finansiële en
					kapitaaltransaksies
					Belasting op handelseffekte
					Hereregte
<b>1 033 642</b>	<b>1 098 198</b>	<b>1 127 840</b>	<b>1 187 524</b>	<b>1 500 929</b>	<b>Belastings op eiendom</b>
16 752 099	18 258 686	18 769 899	17 511 870	25 424 622	3,4) 5. BINNELANDSE BELASTINGS OP
6 922 658	7 448 307	9 246 601	11 519 050	12 827 209	GOEDERE EN DIENSTE
850 648	1 006 950	1 178 316	1 364 604	1 452 242	BTW/Verkoopbelasting
-	-	799	14 149	27 335	Aksynsregte
14 973	14 826	23 509	72 037	103 405	Bier
66 795	73 735	99 946	162 461	181 277	Sorghumbier en -meelblom
323 408	381 310	407 212	432 407	507 008	Wyn
593 233	693 965	816 434	938 072	1 022 176	Mineraalwater
13 838	20 312	18 196	18 585	19 929	Spiritualieë
470 856	443 016	462 423	480 806	479 733	Sigarette en sigarettabak
43 759	67 670	126 963	306 066	529 082	Pyptabak en sigare
263 601	455 937	465 249	336 490	338 679	Petroleumprodukte
-	110	503	1 843	6 155	Motorkarre
200 858	186 654	225 782	308 421	299 951	Ad valorem: Bylae 1, Deel 2B
4 080 688	4 103 821	5 421 269	7 083 109	7 860 237	Chemiese produkte
					5) Inkomste uit naburige lande
					6) Brandstofheffing
		72 599	329 379	368 287	Belastings op spesifieke dienste
					Heffing op finansiële dienste
					Belastings op die gebruik van of die
					toestemming om goedere te gebruik, of
					om bedrywighede uit te voer
3 999	7 360	8 437	9 151	10 085	Lisensies
5 350	5 932	21 430	29 519	31 565	Mynverhurings- en eiendomsregte
-	-	-	-	-	7) Ander
<b>23 684 105</b>	<b>25 720 285</b>	<b>28 118 966</b>	<b>29 398 969</b>	<b>38 661 767</b>	<b>Binnelandse belastings op</b>
					<b>goedere en dienste</b>

TABLE 4 (continued)  
**TOTAL REVENUE:**  
**NATIONAL REVENUE ACCOUNT 1)**  
 According to the GFS classification 2)

SOURCE OF REVENUE	ACTUAL COLLECTIONS				
	1984/85	1985/86	1986/87	1987/88	1988/89
	R'000	R'000	R'000	R'000	R'000
<b>6. TAXES ON INTERNATIONAL TRADE AND TRANSACTIONS</b>					
Import duties					
Customs duties .....	1 337 663	1 175 968	1 367 747	1 768 854	2 465 968
Import surcharges .....	-5 091	498 627	637 813	742 578	1 875 599
Other					
Ordinary levy .....	-	-	-	-	-
Miscellaneous: Customs & Excise .....	2 615	13 686	21 695	11 605	17 168
Diamond export duties .....	41 365	56 735	48 381	19 070	16
Taxes on international trade and transactions	1 376 552	1 745 017	2 275 636	2 542 107	4 358 751
<b>7. OTHER TAXES</b>					
Stamp duties and fees .....	243 783	272 764	321 093	439 010	469 274
<b>TAX REVENUE (GROSS COLLECTIONS) (1+4+5+6+7)</b>	<b>23 871 119</b>	<b>30 147 588</b>	<b>33 792 317</b>	<b>39 111 800</b>	<b>50 518 104</b>
Less:					
Amount to the credit of Central Revenue Fund: Namibia (sec. 22(1) of Act 25 of 1969) .....	250 000	300 000	350 000	350 000	394 200
Payments in terms of Customs Union Agreements (sec. 51(2) of Act 91 of 1964) .....	462 451	472 091	496 933	577 286	719 797
Total payments	712 451	772 091	846 933	927 286	1 113 997
<b>IV. TAX REVENUE (NET COLLECTIONS)</b>	<b>23 158 668</b>	<b>29 375 497</b>	<b>32 945 385</b>	<b>38 184 514</b>	<b>49 404 107</b>
<b>8. ENTREPRENEURIAL AND PROPERTY INCOME</b>					
Cash operating surplusses of departmental enterprise sales .....	49 227	66 171	67 012	66 773	186 841
From non-financial public enterprises and public financial institutions					
Reserve Bank profits .....	33 270	55 120	4 458	23 448	24 131
Sishen/Saldanha project .....	-	15 222	160 282	119 523	108 097
Corporation for Public Deposits .....	-	-	13 712	13 609	19 344
National Energy Council .....	-	-	-	-	-
Strategic Mineral Fund .....	-	-	-	-	-
Maize Board .....	-	-	-	-	-
Wool Board .....	-	-	-	-	-
Other .....	142 280	11 320	-	-	14 163
Commission .....	5 688	6 623	8 800	11 710	12 411
Dividends					
Broadcasting .....	2 276	2 276	2 276	2 276	2 276
Iscor .....	-	-	64 857	-	64 000
Telkom .....	-	-	-	-	-
Other .....	136	1	1	1 824	65 143
Interest					
Border area development .....	2 767	3 065	3 668	4 271	4 466
Broadcasting .....	1 285	1 355	1 343	1 311	1 269
Cash balances .....	391	1 045	773	677	1 133
Communication .....	21 569	20 775	19 913	16 076	20 817
Corporation for Public Deposits .....	-	-	-	-	-
Exchequer deposits .....	-	-	-	-	-
Farming industry .....	204	7 142	14 141	7 130	14 001

TABEL 4 (vervolg)  
**TOTALE INKOMSTE:**  
**NASIONALE INKOMSTEREKENING 1)**  
**Volgens die GFS Klassifikasie 2)**

WERKLIKE INVORDERINGS					INKOMSTEBRON
1989/90	1990/91	1991/92	1992/93	1993/94	
R'000	R'000	R'000	R'000	R'000	<b>6. BELASTINGS OP INTERNASIONALE            HANDEL EN -TRANSAKSIES</b> Invoerregte Doeaneregte Bobelasting op invoere Ander Gewone heffing Diverse: Doeane & Aksyns Diamantuitvoerregte Belastings op internasionale handel en -transaksies
2 193 751	2 502 339	2 736 133	2 961 082	3 413 384	
2 625 354	2 075 343	1 455 502	1 520 895	1 756 141	
70 101	110 233	69 209	79 352	65 357	
14 499	9 658	60 287	83 389	11 971	
3	1	0	0	1	8)
<b>4 903 707</b>	<b>4 697 574</b>	<b>4 321 131</b>	<b>4 644 718</b>	<b>5 246 855</b>	
<b>685 218</b>	<b>657 267</b>	<b>712 155</b>	<b>760 384</b>	<b>846 735</b>	<b>7. ANDER BELASTINGS</b> Seëlregte en -gelde
<b>64 737 422</b>	<b>71 754 201</b>	<b>78 907 409</b>	<b>83 509 076</b>	<b>97 170 599</b>	<b>BELASTINGINKOMSTE (BRUTO            INVORDERINGS) (1+4+5+6+7)</b> Min: Bedrag tot krediet van Sentrale Inkomstefonds: Namibië (art. 22(1) van Wet 25 van 1969) Betalings ingevolge Doeane- unie-ooreenkomste (art. 51(2) van Wet 91 van 1964)
447 800	111 750	.	.	.	9)
918 022	1 689 140	2 760 251	2 984 140	3 089 376	
<b>1 365 822</b>	<b>1 800 890</b>	<b>2 760 251</b>	<b>2 984 140</b>	<b>3 089 376</b>	Totale betalings
<b>63 371 600</b>	<b>69 953 311</b>	<b>76 147 158</b>	<b>80 524 936</b>	<b>94 081 223</b>	<b>IV. BELASTINGINKOMSTE (NETTO            INVORDERINGS)</b>
164 975	145 057	178 225	199 973	227 703	<b>8. INKOMSTE UIT ONDERNEMINGS            EN EIENDOM</b> Kontant bedryfsurplusse van departe- mentele ondernemingsverkope Van nie-finansiële openbare onderne- mings en openbare finansiële instellings Reserwebank winste Sishen/Saldanha projek Korporasie vir Openbare Deposito's Nasionale Energieraad Strategiese Mineralefonds Mielieraad Wolraad Ander Kommissie Dividende Uitsaaiwese Yskor Telkom Ander Rente Grensgebiedontwikkeling Uitsaaiwese Kontantsaldo's Kommunikasie Korporasie vir Openbare Deposito's Skatkisdeposito's Boerderybedryf
48 659	147 098	70 876	116 098	169 946	
130 794	206 931	72 925	.	.	
26 828	35 586	28 510	24 863	33 520	
.	.	34 280	145 817	.	
.	.	.	4 940	.	
.	.	.	.	54 855	
39	1 904	388	-24	.	10)
14 666	17 529	10 831	11 998	38 368	
2 276	2 111	1 780	1 780	1 780	
240 619	0	0	13 285	.	
.	.	.	102 000	102 648	
0	.	.	.	146 434	
3 669	6 244	.	1 090	.	
1 206	763	.	.	.	
1 797	8 098	4 473	2 123	1 524	
16 912	15 789	8 596	1 424	.	
.	.	.	.	8 063	
.	.	.	.	414 240	
14 050	7 164	21 030	14 136	14 349	

**TABLE 4 (continued)**  
**TOTAL REVENUE:**  
**NATIONAL REVENUE ACCOUNT 1)**  
**According to the GFS classification 2)**

SOURCE OF REVENUE	ACTUAL COLLECTIONS				
	1984/85	1985/86	1986/87	1987/88	1988/89
	R'000	R'000	R'000	R'000	R'000
Local loans .....	135	8 665	991	1 389	2 952
State land .....	1 091	3 383	939	1 482	396
Transport .....	441 135	295 029	156 056	164 067	120 183
Other .....	29 766	20 651	30 080	21 809	11 312
Mining leases and ownership					
Gold mines .....	374 871	599 314	655 409	550 522	481 867
Diamond mines .....	2 200	1 578	105 978	34 320	42 040
Other mines .....	4 898	32 548	84 801	235 211	118 479
Entrepreneurial and property income	<b>1 113 189</b>	<b>1 151 284</b>	<b>1 395 489</b>	<b>1 297 427</b>	<b>1 315 319</b>
<b>8. ADMINISTRATIVE FEES &amp; CHARGES, NONINDUSTRIAL &amp; INCIDENTAL SALES</b>					
Sale of products					
Agriculture and forestry ..... 11)	61 789	1 870	1 694	1 886	2 451
Other .....	5 523	11 913	15 098	17 352	20 282
Leasing and property rights money .....	35 756	35 626	44 173	47 809	53 206
Registration and inspection fees .....	6 880	6 642	8 733	12 565	13 782
Witness fees .....	20	36	28	32	32
Monies not prescribed by law:					
Leasing .....	528	1 425	716	758	674
Domestic services .....	5 164	5 709	5 378	8 149	6 452
Other .....	33 256	24 270	44 173	31 747	17 999
Administrative fees and charges, nonindustrial and incidental sales	<b>148 916</b>	<b>87 492</b>	<b>119 992</b>	<b>120 299</b>	<b>114 880</b>
<b>10. FINES AND FORFEITS</b>	<b>5 337</b>	<b>35 277</b>	<b>37 780</b>	<b>46 620</b>	<b>58 839</b>
<b>12. OTHER NON-TAX REVENUE</b>					
Exchange rate profits and losses					
Soweto foreign loan .....	-	-	0	77 593	78 298
Other foreign loans .....	-	-	-	-	-
Profit on consolidation/repurchase/ "switching" of government stock .....	-	-	-	-	-
Pension contributions .....	2 679	2 858	3 213	3 791	2 520
Revenue from Trust property .....	-	-	-	-	-
Own Affairs Administrations (own revenue) 12)	21 616	77 468	118 824	143 624	195 393
Unspecified .....	200 829	138 776	210 511	186 694	264 298
Other non-tax revenue	<b>225 125</b>	<b>219 101</b>	<b>332 548</b>	<b>411 702</b>	<b>540 508</b>
<b>V. NON-TAX REVENUE (8+9+10+12)</b>	<b>1 492 566</b>	<b>1 493 154</b>	<b>1 885 810</b>	<b>1 876 049</b>	<b>2 029 547</b>
<b>III. TOTAL CURRENT REVENUE (IV+V)</b>	<b>24 651 234</b>	<b>30 868 651</b>	<b>34 831 195</b>	<b>40 060 562</b>	<b>51 433 654</b>
<b>13. SALE OF FIXED CAPITAL ASSETS</b>					
Sale of capital equipment .....	317	17	22	181	6
Sale of state-owned land, buildings and structures .....	5 919	6 312	9 465	21 685	28 588
Sale of fixed capital assets	<b>6 237</b>	<b>6 329</b>	<b>9 488</b>	<b>21 866</b>	<b>28 593</b>

**TABEL 4 (vervolg)**  
**TOTALE INKOMSTE:**  
**NASIONALE INKOMSTEREKENING 1)**  
**Volgens die GFS klassifikasie 2)**

WERKLIKE INVORDERINGS					INKOMSTEBRON
1989/90	1990/91	1991/92	1992/93	1993/94	
R'000	R'000	R'000	R'000	R'000	
5 629	1 731	3 292	19 024	23 057	Plaaslike lenings
309	734	906	2 230	2 906	Staatsgrond
135 718	-	-	-	-	Vervoer
41 492	23 141	37 308	83 033	30 572	Ander
327 028	183 120	150 902	67 312	196 087	Mynverhurings en eiendomsregte
29 379	89 823	75 660	31 297	29 918	Goudmyne
184 856	179 525	98 533	89 314	69 517	Diamantmyne
					Ander myne
<b>1 390 901</b>	<b>1 052 349</b>	<b>798 514</b>	<b>931 714</b>	<b>1 585 486</b>	Inkomste uit eiendom en ondernemings
					<b>9. ADMINISTRATIEWE FOOIE EN HEFFINGS, NIE-NYWERHEIDS- EN TOEVALLIGE VERKOPE</b>
2 298	2 296	3 084	4 453	990	Verkope van produkte
19 184	30 658	41 824	53 957	117 509	Landbou en bosbou
70 008	78 660	102 191	114 080	100 448	Ander
18 038	19 396	19 314	14 210	18 067	Verhurings en eiendomsreggelde
34	35	43	49	50	Registrasie en inspeksiefooie
					Getuiegelde
403	2 003	686	3 565	121	Gelde nie by wet opgelê nie:
8 254	8 257	7 756	24 196	30 770	Verhuring
20 751	26 393	50 126	59 607	30 166	Huishoudelike dienste
					Ander
<b>138 970</b>	<b>167 898</b>	<b>225 024</b>	<b>274 116</b>	<b>298 120</b>	Administratiewe fooie en heffings, nie-nywerheids- en toevallige verkope
<b>65 331</b>	<b>201 541</b>	<b>94 955</b>	<b>95 825</b>	<b>103 570</b>	<b>10. BOETES EN VERBEURDVERKLARINGS</b>
					<b>12. ANDER NIE-BELASTINGINKOMSTE</b>
34 128	-2 032	-32 553	-18 384	-2 882	Wisselkoerswinste en -verliese
234	6	5 814	28 336	-	Soweto buitelandse lening
		20 524	56 705	100 336	Ander buitelandse lenings
2 513	5 620	2 593	2 114	2 225	Wins op konsolidasie/terugkoop/ "omskakeling" van staatseffekte
			53 079	-	Pensioenbydraes
314 408	340 598	318 839	392 847	183 950	Inkomste uit Trustseiendom
135 102	269 204	228 551	381 500	334 081	Eie Sake Administrasies (eie inkomste)
					Ongespesifiseerd
<b>486 385</b>	<b>613 396</b>	<b>543 768</b>	<b>896 196</b>	<b>617 709</b>	Ander nie-belastinginkomste
<b>2 081 588</b>	<b>2 034 984</b>	<b>1 662 261</b>	<b>2 197 851</b>	<b>2 584 886</b>	<b>V. NIE-BELASTING-INKOMSTE (8+9+10+12)</b>
<b>65 453 188</b>	<b>71 988 295</b>	<b>77 809 420</b>	<b>82 722 787</b>	<b>96 666 109</b>	<b>III. TOTALE LOPENDE INKOMSTE (IV+V)</b>
					<b>13. VERKOPE VAN VASTE KAPITAALBATES</b>
784	22	2 211	220	17	Verkope van kapitaaltoerusting
5 253	20 807	22 547	68 542	28 801	Verkope van staatsgrond, geboue en strukture
<b>6 037</b>	<b>20 828</b>	<b>24 758</b>	<b>68 763</b>	<b>28 818</b>	Verkope van vaste kapitaalbates

**TABLE 4 (continued)**  
**TOTAL REVENUE:**  
**NATIONAL REVENUE ACCOUNT 1)**  
**According to the GFS classification 2)**

SOURCE OF REVENUE	ACTUAL COLLECTIONS				
	1984/85	1985/86	1986/87	1987/88	1988/89
	R'000	R'000	R'000	R'000	R'000
<b>14. SALES OF STOCKS</b> 13)					
Central Energy Fund .....	-	-	1 012 000	208 000	-
National Supplies Procurement Fund .....	-	-	-	-	-
Sales of stocks	-	-	1 012 000	208 000	-
<b>VI. TOTAL CAPITAL REVENUE (13+14)</b>	<b>6 237</b>	<b>6 329</b>	<b>1 021 488</b>	<b>229 866</b>	<b>28 583</b>
<b>II. TOTAL REVENUE (III+VI)</b>	<b>24 857 471</b>	<b>30 874 980</b>	<b>35 852 682</b>	<b>40 290 428</b>	<b>51 462 247</b>
<b>VII. TOTAL GRANTS (RDP)</b> 14)	-	-	-	-	-
<b>I. TOTAL REVENUE AND GRANTS (II+VII)</b>	<b>24 857 471</b>	<b>30 874 980</b>	<b>35 852 682</b>	<b>40 290 428</b>	<b>51 462 247</b>
<i>Plus: Items not regarded as revenue according to GFS classification:</i>					
<i>Recovery of loans and advances</i> 15)					
Communication .....	8 722	9 431	10 185	13 780	8 885
Local loans .....	1 044	1 764	198	722	-
SWAWEC .....	-	-	71 948	84 948	-51 552
Other .....	37 224	45 555	120 331	104 932	49 953
Transfer from Stabilisation Account ..... 16)	269 788	-	-	-	-
Transfer from IMF Deposit Account ..... 16)	-	93 825	433 571	351 882	-
Transfer from Tax Reserve Account ..... 16)	-	339 422	-	-	-
Premium on consolidation/repurchase/ "switching" of government stock ..... 17)	-	-	-	-	-
Proceeds from privatisation of state assets ..... 18)	258 800	195 000	-	-	600 000
Subtotal	<b>575 579</b>	<b>684 988</b>	<b>638 233</b>	<b>556 264</b>	<b>607 286</b>
<b>TOTAL RECEIPTS:</b>					
<b>NATIONAL REVENUE ACCOUNT</b> 19)	<b>25 233 050</b>	<b>31 559 978</b>	<b>36 488 915</b>	<b>40 846 692</b>	<b>52 069 533</b>

- 1) According to the 1993 Constitution, the national government's revenue account (formerly the State Revenue Account) will be replaced by a National Revenue Fund. However, as an interim measure until full implementation of financial and fiscal relations between national government and provincial legislatures and because of some structural changes, the national government account is called the National Revenue Account to distinguish it from the former State Revenue Account. Figures prior to 1995/96 were adjusted accordingly (see introductory notes to this statistical annexure).
- 2) The International Monetary Fund's Manual on Government Finance Statistics was used to classify revenue collections as reported by the Auditor-General.
- 3) Figures prior to 1995/96 include collections by the former TBVC states and self-governing territories.
- 4) Including late payments of sales duty, which was replaced by a general sales tax in July 1978.
- 5) Excise duties which are collected by the BLNS countries, former self-governing territories and TBVC states. It is paid over to the National Revenue Account (formerly the State Revenue Account) since it accrues to the Customs Union pool.
- 6) Including allocations from the fuel levy to the former TBVC states, previously treated as Part II revenue.

TABEL 4 (vervolg)  
**TOTALE INKOMSTE:**  
**NASIONALE INKOMSTEREKENING 1)**  
 Volgens die GFS klassifikasie 2)

WERKLIKE INVORDERINGS					INKOMSTEBRON
1989/90	1990/91	1991/92	1992/93	1993/94	
R'000	R'000	R'000	R'000	R'000	13) 14. VERKOPE VAN VOORRADE  Sentrale Energiefonds Landsvoorraadeverkrygingsfonds  Verkope van voorrade
-	-	264 471	780 519	741 067	
-	319 400	544 754	255 607	665 000	
-	319 400	809 225	1 036 126	1 406 067	
6 037	340 228	833 983	1 104 889	1 434 885	VI. TOTALE KAPITAAL- INKOMSTE (13+14)
65 459 226	72 328 524	78 643 403	83 827 676	98 100 994	II. TOTALE INKOMSTE (III+VI)
-	-	-	-	-	14) VII. TOTALE SKENKINGS (HOP)
65 459 226	72 328 524	78 643 403	83 827 676	98 100 994	I. TOTALE INKOMSTE EN SKENKINGS (II+VII)
12 789	13 913	15 135	10 448	-	Plus: Items wat nie as inkomste volgens GFS-klassifikasie beskou word nie: 15) Terugvordering van lenings en voorskotte Kommunikasie Plaaslike lenings SWAWEK Ander 16) Oordrag vanaf Stabilisasierekening 16) Oordrag vanaf IMF Depositorekening 16) Oordrag vanaf Belastingreserwerekening Premie op konsolidasie/terugkoop/ 17) "omskakeling" van staatseffekte Opbrengs uit privatisering van staatsbates 18)
-	-	8 237	16 514	17 973	
13 448	6 500	14 838	14 838	14 838	
55 087	85 260	70 915	100 209	125 805	
-	-	-	-	-	
-	-	-	-	-	
782 785	14 247	153 847	41 655	91 290	
2 989 180	-	-	107 692	-	
3 853 289	119 920	262 972	291 356	249 908	
69 312 515	72 448 443	78 906 374	84 119 032	98 350 900	19) TOTALE ONTVANGSTE: NASIONALE INKOMSTEREKENING

- 1) Ingevolge die 1993 Grondwet word die nasionale regering se inkomsterekening (voorheen die Staatsinkomsterekening deur 'n Nasionale Inkomstefonds vervang. Tot tyd en wyl finansiële en fiskale verhoudings tussen die nasionale regering en provinsiale wetgewers volledig geïmplementeer is en, vanweë sommige strukturele veranderings, word die nasionale regering se rekening egter die Nasionale Inkomsterekening genoem, om dit te onderskei van die eertydse Staatsinkomsterekening. Syfers voor 1994/95 is dienooreenkomstig aangepas (verwys na die inleidende notas tot hierdie statistiese bylae).
- 2) Die Internasionale Monetêre Fonds se "Manual on Government Finance Statistics" is gebruik om die inkomstevorderings wat in die Verslae van die Ouditeur-Generaal gerapporteer word, te klassifiseer.
- 3) Syfers voor 1995/96 sluit invorderings van die eertydse TBVC-state en selfregerende gebiede in.
- 4) Insluitende laatbetalings van verkoopreg, wat in Julie 1978 deur 'n algemene verkoopbelasting vervang is.
- 5) Aksynsregte wat deur die BLNS-lande, eertydse selfregerende gebiede en TBVC-state gevorder word. Dit word na die Nasionale Inkomsterekening (voorheen die Staatsinkomsterekening) oorbetaal aangesien dit die Doeane-unie-poel toeval.
- 6) Insluitende toewysings uit die brandstofheffing, wat voorheen as Deel II inkomste hanteer is, aan die eertydse TBVC-state.

Vervolg op bladsy B.38

- 7) *In 1984/85 a late payment in respect of cinematography tax, which was abolished earlier, was received. The collections for 1985/86 to 1987/88 are in respect of a once-off levy on life insurers and banking institutions.*
- 8) *Including allocations from the ordinary levy to the former TBVC states, previously treated as Part II revenue.*
- 9) *Excluding payments to the former TBVC states and self-governing territories in terms of the Customs Union Agreement.*
- 10) *Receipts in 1984/85 and 1985/86 were from the State Oil Fund. Subsequent receipts were from the Black and Coloured Transport Account.*
- 11) *The decline after 1984/85 was because revenue from the production and processing of wood was shifted to a trading account.*
- 12) *Although own revenue collections of the former Own Affairs Administrations include items that are not regarded as revenue according to the GFS classification, the total collections are shown here due to lack of detail.*
- 13) *Transfers from the National Supplies Procurement Fund (proceeds from sales of strategic assets) and transfers from the Central Energy Fund (proceeds from sales of strategic oil supplies).*
- 14) *Domestic and foreign grants, transferred from the RDP Fund, to finance RDP-related expenditures.*
- 15) *These receipts are, by law, paid into the National Revenue Account (formerly the State Revenue Account) via Inland Revenue, but are regarded as "net lending" according to the GFS classification.*
- 16) *These receipts are, by law, paid into the National Revenue Account (formerly the State Revenue Account) via Inland Revenue, but are regarded as "financing" according to the GFS classification.*
- 17) *This premium arises when the discount on government stock redeemed is greater than the discount on the new stock issued. It is only a book-entry and does not represent an actual cash flow. For purposes of analysis, it is regarded as "negative" loan redemptions (i.e. subtracted from loan redemptions).*
- 18) *Figures for 1984/85 and 1985/86 relate to sales of Sasol stock, while the 1988/89 figure relate to a first payment with regard to the privatisation of Iscor. The 1989/90 receipts were in respect of the privatisation of Iscor and the South African Mint, while the receipt in 1992/93 was a final payment in respect of the privatisation of Iscor. These receipts are, by law, paid into the National Revenue Account (formerly the State Revenue Account) via Inland Revenue, but are regarded as "net lending" according to the GFS classification.*
- 19) *Include items that are not regarded as revenue according to the GFS classification - see footnotes 15 to 17.*

- 7) In 1984/85 is 'n laatbetaling ten opsigte van kinematografiebelasting, wat vroeër afgeskaf is, ontvang. Die vorderings in 1985/86 tot 1987/88 is ten opsigte van 'n eenmalige heffing op lewensversekeraars en bankinstellings.
- 8) Insluitende toewysings uit die gewone heffing, wat voorheen as Deel II inkomste hanteer is, aan die eertydse TBVC-state.
- 9) Uitgesluit betalings aan die eertydse TBVC-state en selfregerende gebiede ingevolge die Doeane-unie-ooreenkoms.
- 10) Ontvangstes in 1984/85 en 1985/86 was vanaf die Staatsoliefonds. Daaropvolgende ontvangstes was vanaf die Swart- en Kleurlingvervoerrekening.
- 11) Die afname na 1984/85 was vanweë die verskuiwing van inkomste uit die produksie en verwerking van hout na 'n bedryfsrekening.
- 12) Alhoewel eie inkomstevorderings van die eertydse Eie Sake Administrasies items insluit wat nie as inkomste volgens die GFS-klassifikasie beskou word nie, word die totale vorderings hier getoon vanweë 'n gebrek aan besonderhede.
- 13) Oordragte vanaf die Landsvoorradeverkrigingsfonds (opbrengste uit die verkope van strategiese voorrade) en oordragte vanaf die Sentrale Energiefonds (opbrengste uit die verkope van strategiese olie-voorrade).
- 14) Binnelandse en buitelandse skenkings, oorgedra vanaf die HOP-fonds, om HOP-verwante uitgawes te finansier.
- 15) Hierdie ontvangstes word, volgens wet, in die Nasionale Inkomsterekening (voorheen die Staatsinkomsterekening) betaal, via Binnelandse Inkomste, maar word as "netto lenings toegestaan" volgens die GFS-klassifikasie beskou.
- 16) Hierdie ontvangstes word, volgens wet, in die Nasionale Inkomsterekening (voorheen die Staatsinkomsterekening) betaal, via Binnelandse Inkomste, maar word as "finansiering" volgens die GFS-klassifikasie beskou.
- 17) Hierdie premie ontstaan wanneer die diskonto op die staatseffekte wat afgelos word, groter is as die diskonto op die nuwe effekte uitgereik. Dit is slegs 'n boekinskrywing en verteenwoordig nie 'n werklike kontantvloei nie. Vir ontledingsdoeleindes word dit as "negatiewe" leningsaflossings beskou (m.a.w. dit word by leningsaflossings afgetrek).
- 18) Syfers vir 1984/85 en 1985/86 het betrekking op die verkoop van Sasoleffekte, terwyl die 1988/89 syfer 'n eerste betaling ten opsigte van die privatisering van Yskor is. Die 1989/90 ontvangstes was t.o.v. die privatisering van Yskor en die Suid-Afrikaanse Munt, terwyl die 1992/93 ontvangste 'n finale betaling t.o.v. die privatisering van Yskor was. Hier ontvangstes word, volgens wet, in die Nasionale Inkomsterekening (voorheen die Staatsinkomsterekening) betaal, via Binnelandse Inkomste, maar word as "netto lenings toegestaan" volgens die GFS-klassifikasie beskou.
- 19) Sluit items in wat nie volgens die GFS-klassifikasie as inkomste beskou word nie - sien voetnote 15 tot 17.

**TABLE 4a**  
**TOTAL REVENUE:**  
**NATIONAL REVENUE ACCOUNT 1)**  
**According to the GFS classification 2)**

SOURCE OF REVENUE	1993/94	1994/95			Deviation Afwyking
		Second Print: Estimate Tweede Druk: Raming	Revised Estimate Hersiene Raming	% change on 1993/94 % verand. op 1993/94	
	R'000	R'000	R'000		R'000
<b>1. TAXES ON INCOME AND PROFITS</b>					
Persons and individuals ..... 3)	37 785 881	44 362 747	44 762 747	18,5%	400 000
Corporate					
Gold mines .....	622 492	805 000	1 340 000	115,3%	535 000
Diamond mines .....	13 270	28 000	28 000	111,0%	
Other mines ..... 3)	495 341	596 000	575 000	16,1%	-21 000
Companies (other than mining) ..... 3)	10 359 264	11 013 570	12 118 570	17,0%	1 105 000
Secondary tax on companies .....	876 675	1 440 000	1 440 000	64,3%	
Undistributed profits tax .....	503	-	-		
Other, non-allocable					
Non-resident shareholders' tax ..... 3)	392 881	440 000	480 000	22,2%	40 000
Non-residents' tax on interest .....	378	-	-		
Interest on overdue income tax .....	367 627	435 000	600 000	63,2%	165 000
<b>Taxes on income and profits</b>	<b>50 914 313</b>	<b>59 120 317</b>	<b>61 344 317</b>	<b>20,5%</b>	<b>2 224 000</b>
<b>4. TAXES ON PROPERTY</b>					
Estate, inheritance and gift taxes					
Donations tax .....	38 956	25 000	120 000	208,0%	95 000
Estate duty .....	118 312	130 000	130 000	9,9%	
Taxes on financial and capital transactions					
Marketable securities tax .....	266 987	300 000	450 000	68,5%	150 000
Transfer duties .....	1 076 675	1 205 000	1 405 000	30,5%	200 000
<b>Taxes on property</b>	<b>1 500 929</b>	<b>1 660 000</b>	<b>2 105 000</b>	<b>40,2%</b>	<b>445 000</b>
<b>5. DOMESTIC TAXES ON GOODS AND SERVICES</b>					
Value-added tax/Sales tax ..... 3,4)	25 424 622	28 975 367	28 975 367	14,0%	
Excise duties .....	12 827 209	13 432 000	13 679 000	6,6%	247 000
Beer	1 452 242	1 556 000	1 635 000	12,6%	79 000
Sorghum beer and sorghum flour	27 335	34 500	34 000	24,4%	-500
Wine	103 405	120 500	130 000	25,7%	9 500
Mineral water	181 277	196 000	200 000	10,3%	4 000
Spirits	507 008	545 500	590 000	16,4%	44 500
Cigarettes and cigarette tobacco	1 022 176	1 210 000	1 150 000	12,5%	-60 000
Pipe tobacco and cigars	19 929	23 000	22 500	12,9%	-500
Petroleum products	479 733	490 000	510 000	6,3%	20 000
Motor cars	529 082	526 000	630 000	19,1%	104 000
Ad valorem: Schedule 1, Part 2B	338 679	365 000	370 000	9,2%	5 000
Chemical products	6 155	10 500	7 500	21,9%	-3 000
Revenue from neighbouring countries ..... 5)	299 951	310 000	200 000	-33,3%	-110 000
Fuel levy ..... 6)	7 860 237	8 045 000	8 200 000	4,3%	155 000
Taxes on specific services					
Levy on financial services .....	368 287	405 000	405 000	10,0%	
Taxes on use of goods or permission to use goods or to perform activities					
Licences .....	10 085	11 000	11 200	11,1%	200
Mining lease rights and licences .....	31 565	15 000	24 200	-23,3%	9 200
Other ..... 7)	-	-	-		
<b>Domestic taxes on goods and services</b>	<b>38 661 767</b>	<b>42 838 367</b>	<b>43 094 767</b>	<b>11,5%</b>	<b>256 400</b>

**TABEL 4a**  
**TOTALE INKOMSTE:**  
**NASIONALE INKOMSTEREKENING 1)**  
**Volgens die GFS klassifikasie 2)**

1995/96				INKOMSTEBRON
First Print: Estimate Eerste Druk: Raming	% change on 1994/95 % verand. op 1994/95	Second Print: Estimate Tweede Druk: Raming	% change on 1994/95 % verand. op 1994/95	
R'000		R'000		
50 630 000	13,1%	49 755 000	11,2%	3) 1. BELASTINGS OP INKOME EN WINSTE
1 485 000	10,8%	1 485 000	10,8%	Persone en individue
40 000	42,9%	40 000	42,9%	Maatskappye
773 000	34,4%	773 000	34,4%	Goudmyne
13 260 000	9,4%	13 310 000	9,8%	Diamantmyne
1 760 000	22,2%	1 760 000	22,2%	3) Ander myne
-	-	-	-	3) Maatskappye (uitgesluit mynbou)
572 000	19,2%	337 000	-29,8%	3) Sekondêre belasting op maatskappye
-	-	-	-	Belasting op onuitgekeerde winste
770 000	28,3%	770 000	28,3%	Ander, nie-toedeelbaar
				3) Belasting op buitelandse aandeelhouders
				Rentebelasting op buitelanders
				Rente op agterstallige belasting
<b>69 290 000</b>	<b>13,0%</b>	<b>68 230 000</b>	<b>11,2%</b>	Belastings op inkome en winste
				4. BELASTINGS OP EIENDOM
60 000	-50,0%	60 000	-50,0%	Boedel-, erfenis- en geskenkbelastings
140 000	7,7%	140 000	7,7%	Belasting op geskenke
				Boedelbelasting
525 000	16,7%	525 000	16,7%	Belastings op finansiële en
1 625 000	15,7%	1 625 000	15,7%	kapitaaltransaksies
				Belasting op handelseffekte
				Hereregte
<b>2 350 000</b>	<b>11,6%</b>	<b>2 350 000</b>	<b>11,6%</b>	Belastings op eiendom
				5. BINNELANDSE BELASTINGS OP
				GOEDERE EN DIENSTE
32 750 000	13,0%	32 750 000	13,0%	3,4) BTW/Verkoopbelasting
14 301 000	4,5%	14 966 000	9,4%	Aksynsregte
1 680 000	2,8%	1 805 000	10,4%	Bier
35 000	2,9%	42 000	23,5%	Sorghumbier en -meelblom
138 000	6,2%	161 000	23,8%	Wyn
205 000	2,5%	205 000	2,5%	Mineraalwater
620 000	5,1%	670 000	13,6%	Spiritualieë
1 162 000	1,0%	1 362 000	18,4%	Sigarette en sigarettabak
23 000	2,2%	28 000	24,4%	Pyptabak en sigare
535 000	4,9%	535 000	4,9%	Petroleumprodukte
680 000	7,9%	680 000	7,9%	Motorre
405 000	9,5%	405 000	9,5%	Ad valorem: Bylae 1, Deel 2B
8 000	6,7%	8 000	6,7%	Chemiese produkte
210 000	5,0%	210 000	5,0%	5) Inkomste uit naburige lande
8 600 000	4,9%	8 855 000	8,0%	6) Brandstofheffing
				Belastings op spesifieke dienste
446 000	10,1%	446 000	10,1%	Heffing op finansiële dienste
				Belastings op die gebruik van of die
12 000	7,1%	12 000	7,1%	toestemming om goedere te gebruik, of
25 000	3,3%	25 000	3,3%	om bedrywighede uit te voer
				Lisensies
				Mynverhurings- en eiendomsregte
				7) Ander
<b>47 534 000</b>	<b>10,3%</b>	<b>48 199 000</b>	<b>11,8%</b>	Binnelandse belastings op
				goedere en dienste

TABLE 4a (continued)  
**TOTAL REVENUE:**  
**NATIONAL REVENUE ACCOUNT 1)**  
 According to the GFS classification 2)

SOURCE OF REVENUE	1993/94	1994/95			Deviation Atwyking
		Second Print: Estimate Tweede Druk: Raming	Revised Estimate Hersiene Raming	% change on 1993/94 % verand. op 1993/94	
<b>6. TAXES ON INTERNATIONAL TRADE AND TRANSACTIONS</b>	R'000	R'000	R'000		R'000
Import duties					
Customs duties .....	3 413 384	3 885 000	4 100 000	20,1%	215 000
Import surcharges .....	1 756 141	1 200 000	1 225 000	-30,2%	25 000
Other					
Ordinary levy ..... 8)	65 357	60 500	40 000	-38,8%	-20 500
Miscellaneous: Customs & Excise .....	11 971	45 500	80 000	568,3%	34 500
Diamond export duties .....	1	-	-		
Taxes on international trade and transactions	<b>5 246 855</b>	<b>5 191 000</b>	<b>5 445 000</b>	<b>3,8%</b>	<b>254 000</b>
<b>7. OTHER TAXES</b>					
Stamp duties and fees .....	846 735	938 258	882 258	4,2%	-56 000
<b>TAX REVENUE (GROSS COLLECTIONS) (1+4+5+6+7)</b>	<b>97 170 599</b>	<b>109 747 842</b>	<b>112 871 342</b>	<b>16,2%</b>	<b>3 123 400</b>
Less:					
Amount to the credit of Central Revenue Fund: Namibia (sec. 22(1) of Act 25 of 1969) .....	-	-	-		
Payments in terms of Customs Union Agreements (sec. 51(2) of Act 91 of 1964) ..... 9)	3 089 376	3 250 000	3 250 000	5,2%	
Total payments	<b>3 089 376</b>	<b>3 250 000</b>	<b>3 250 000</b>	<b>5,2%</b>	
<b>IV. TAX REVENUE (NET COLLECTIONS)</b>	<b>94 081 223</b>	<b>106 497 842</b>	<b>109 621 342</b>	<b>16,5%</b>	<b>3 123 400</b>
<b>8. ENTREPRENEURIAL AND PROPERTY INCOME</b>					
Cash operating surpluses of departmental enterprise sales .....	227 703	240 000	151 800		
From non-financial public enterprises and public financial institutions					
Reserve Bank profits .....	169 946	60 000	60 000		
Sishen/Saldanha project .....	-	-	-		
Corporation for Public Deposits .....	33 520	40 000	51 170		
National Energy Council .....	-	-	-		
Strategic Mineral Fund .....	-	-	-		
Maize Board .....	-	-	-		
Wool Board .....	54 855	-	54 900		
Other ..... 10)	-	-	-		
Commission .....	38 368	35 000	30 000		
Dividends					
Broadcasting .....	1 780	1 800	1 780		
Isacor .....	-	-	-		
Telkom .....	102 648	115 000	115 000		
Other .....	146 434	65 500	135 980		
Interest					
Border area development .....	-	-	-		
Broadcasting .....	-	-	-		
Cash balances .....	1 524	1 500	2 700		
Communication .....	-	160	160		
Corporation for Public Deposits .....	8 063	4 500	9 500		
Exchequer deposits .....	414 240	350 000	237 000		
Farming industry .....	14 349	15 000	14 500		

**TABEL 4a (vervolg)**  
**TOTALE INKOMSTE:**  
**NASIONALE INKOMSTEREKENING 1)**  
**Volgens die GFS klassifikasie 2)**

1995/96				INKOMSTEBRON
First Print: Estimate Eerste Druk: Raming	% change on 1994/95 % verand. op 1994/95	Second Print: Estimate Tweede Druk: Raming	% change on 1994/95 % verand. op 1994/95	
R'000		R'000		
4 700 000	14,6%	4 700 000	14,6%	<b>6. BELASTINGS OP INTERNASIONALE            HANDEL EN -TRANSAKSIES</b> Invoerregte Doeaneregte Bobelasting op invoere Ander 8) Gewone heffing Diverse: Doeane & Aksyna Diamantuitvoerregte Belastings op internasionale handel en -transaksies
1 100 000	-10,2%	645 000	-47,3%	
45 000	12,5%	45 000	12,5%	
90 000	12,5%	90 000	12,5%	
5 935 000	9,0%	5 480 000	0,6%	
950 000	7,7%	950 000	7,7%	<b>7. ANDER BELASTINGS</b> Seëlregte en -gelde
126 059 000	11,7%	125 209 000	10,9%	<b>BELASTINGINKOMSTE (BRUTO            INVORDERINGS) (1+4+5+6+7)</b> Min: Bedrag tot krediet van Sentrale Inkomstefonds: Namibië (art. 22(1) van Wet 25 van 1969) Betalings ingevolge Doeane- unie-ooreenkomste (art. 51(2) van Wet 91 van 1964)
3 890 117	19,7%	3 890 117	19,7%	
3 890 117	19,7%	3 890 117	19,7%	
122 168 883	11,4%	121 318 883	10,7%	Totale betalings <b>IV. BELASTINGINKOMSTE (NETTO            INVORDERINGS)</b>
146 800		146 800		<b>8. INKOMSTE UIT ONDERNEMINGS            EN EIENDOM</b> Kontant bedryfsurplusse van departe- mentele ondernemingsverkope Van nie-finansiële openbare onderne- mings en openbare finansiële instellings Reserwebank winste Sishen/Saldanha projek Korporasie vir Openbare Deposito's Nasionale Energieraad Strategiese Mineralefonds Mielieraad Wolraad 10) Ander Kommissie Dividende Uitsaaiwese Yskor Telkom Ander Rente Grensgebiedontwikkeling Uitsaaiwese Kontantsaldo's Kommunikasie Korporasie vir Openbare Deposito's Skatkisdeposito's Boerderybedryf
60 000		60 000		
-		-		
51 000		51 000		
-		-		
-		-		
24 000		24 000		
1 780		1 780		
-		-		
115 000		115 000		
136 020		136 020		
-		-		
-		-		
2 200		2 200		
9 500		9 500		
180 000		180 000		
14 500		14 500		

**TABLE 4a (continued)**  
**TOTAL REVENUE:**  
**NATIONAL REVENUE ACCOUNT 1)**  
**According to the GFS classification 2)**

SOURCE OF REVENUE	1993/94	1994/95			Deviation Afwyking
		Second Print: Estimate Tweede Druk: Raming	Revised Estimate Herziene Raming	% change on 1993/94 % verand. op 1993/94	
	R'000	R'000	R'000		R'000
Local loans .....	23 057	28 000	32 500		
State land .....	2 906	2 200	2 200		
Transport .....	-	-	-		
Other .....	30 572	70 000	28 280		
<b>Mining leases and ownership</b>					
Gold mines .....	196 087	128 000	182 000		
Diamond mines .....	29 918	27 000	33 000		
Other mines .....	69 517	27 000	27 000		
<b>Entrepreneurial and property income</b>	<b>1 565 486</b>	<b>1 210 660</b>	<b>1 169 470</b>	<b>-25,3%</b>	<b>-41 190</b>
<b>9. ADMINISTRATIVE FEES &amp; CHARGES, NONINDUSTRIAL &amp; INCIDENTAL SALES</b>					
Sale of products					
Agriculture and forestry .....	990	1 350	1 250		
Other .....	117 509	56 000	63 700		
Leasing and property rights money .....	100 448	110 000	85 800		
Registration and inspection fees .....	18 067	9 000	18 000		
Witness fees .....	50	65	60		
Monies not prescribed by law:					
Leasing .....	121	220	107		
Domestic services .....	30 770	15 000	37 300		
Other .....	30 166	50 000	37 400		
Administrative fees and charges, nonindustrial and incidental sales	<b>298 120</b>	<b>241 635</b>	<b>243 617</b>	<b>-18,3%</b>	<b>1 982</b>
<b>10. FINES AND FORFEITS</b>	<b>103 570</b>	<b>110 000</b>	<b>105 000</b>	<b>1,4%</b>	<b>-5 000</b>
<b>12. OTHER NON-TAX REVENUE</b>					
Exchange rate profits and losses					
Soweto foreign loan .....	-2 882	-	10		
Other foreign loans .....	-	-	-		
Profit on consolidation/repurchase/ "switching" of government stock .....	100 336	-	29 207		
Pension contributions .....	2 225	4 035	73		
Revenue from Trust property .....	-	-	-		
Own Affairs Administrations (own revenue) 12)	183 950	-	35 000		
Unspecified .....	334 081	557 303	179 698		
Other non-tax revenue	<b>617 709</b>	<b>581 338</b>	<b>243 888</b>	<b>-60,5%</b>	<b>-317 350</b>
<b>V. NON-TAX REVENUE (8+9+10+12)</b>	<b>2 584 886</b>	<b>2 123 633</b>	<b>1 762 075</b>	<b>-31,8%</b>	<b>-361 558</b>
<b>III. TOTAL CURRENT REVENUE (IV+V)</b>	<b>96 666 109</b>	<b>108 621 575</b>	<b>111 383 417</b>	<b>15,2%</b>	<b>2 761 842</b>
<b>13. SALE OF FIXED CAPITAL ASSETS</b>					
Sale of capital equipment .....	17	10	25		
Sale of state-owned land, buildings and structures .....	28 801	40 200	15 000		
Sale of fixed capital assets	<b>28 818</b>	<b>40 210</b>	<b>15 025</b>	<b>-47,9%</b>	<b>-25 185</b>

TABEL 4a (vervolg)  
**TOTALE INKOMSTE:**  
**NASIONALE INKOMSTEREKENING 1)**  
**Volgens die GFS klassifikasie 2)**

1995/96		1995/96		INKOMSTEBRON
First Print: Estimate Eerste Druk: Raming	% change on 1994/95 % verand. op 1994/95	Second Print: Estimate Tweede Druk: Raming	% change on 1994/95 % verand. op 1994/95	
R'000		R'000		
16 100		16 100		Plaaslike lenings
2 200		2 200		Staatsgrond
-		-		Vervoer
26 700		26 700		Ander
50 000		50 000		Mynverhuring en eiendomsregte
33 000		33 000		Goudmyne
27 000		27 000		Diamantmyne
				3) Ander myne
<b>895 800</b>	<b>-23,4%</b>	<b>895 800</b>	<b>-23,4%</b>	Inkomste uit eiendom en ondernemings
				<b>9. ADMINISTRATIEWE FOOIE EN HEFFINGS, NIE-NYWERHEIDS- EN TOEVALLIGE VERKOPE</b>
1 250		1 250		Verkope van produkte
68 100		68 100		11) Landbou en bosbou
90 400		90 400		Ander
19 000		19 000		Verhuring en eiendomsreggelde
65		65		Registrasie en inspeksiefooie
				Getuiegelde
110		110		12) Gelde nie by wet opgelê nie:
33 800		33 800		Verhuring
40 600		40 600		Huishoudelike dienste
				Ander
<b>253 325</b>	<b>4,0%</b>	<b>253 325</b>	<b>4,0%</b>	Administratiewe fooie en heffings, nie-nywerheids- en toevallige verkope
<b>107 000</b>	<b>1,9%</b>	<b>107 000</b>	<b>1,9%</b>	<b>10. BOETES EN VERBEURDVERKLARINGS</b>
				<b>12. ANDER NIE-BELASTINGINKOMSTE</b>
-		-		Wisselkoerswinste en -verliese
-		-		Soweto buitelandse lening
				Ander buitelandse lenings
10		10		Wins op konsolidasie/terugkoop/ "omskakeling" van staatseffekte
-		-		Pensioenbydraes
				Inkomste uit Trusteiendom
272 444		272 444		12) Eie Sake Administrasies (eie inkomste)
				Ongespesifiseerd
<b>272 454</b>	<b>11,7%</b>	<b>272 454</b>	<b>11,7%</b>	Ander nie-belastinginkomste
<b>1 528 579</b>	<b>-13,3%</b>	<b>1 528 579</b>	<b>-13,3%</b>	<b>V. NIE-BELASTING-INKOMSTE (8+9+10+12)</b>
<b>123 697 462</b>	<b>11,1%</b>	<b>122 847 462</b>	<b>10,3%</b>	<b>III. TOTALE LOPENDE INKOMSTE (IV+V)</b>
				<b>13. VERKOPE VAN VASTE KAPITAALBATES</b>
15		15		Verkope van kapitaaltoerusting
15 000		15 000		Verkope van staatsgrond, geboue en strukture
<b>15 015</b>	<b>-0,1%</b>	<b>15 015</b>	<b>-0,1%</b>	Verkope van vaste kapitaalbates

TABLE 4a (continued)  
**TOTAL REVENUE:**  
**NATIONAL REVENUE ACCOUNT 1)**  
 According to the GFS classification 2)

SOURCE OF REVENUE	1993/94	1994/95			Deviation Afwyking
		Second Print: Estimate Tweede Druk: Raming	Revised Estimate Herstene Raming	% change on 1993/94 % verand. op 1993/94	
	R'000	R'000	R'000		R'000
<b>14. SALES OF STOCKS</b> 13)					
Central Energy Fund .....	741 067	-	-		
National Supplies Procurement Fund .....	665 000	-	-		
<b>Sales of stocks</b>	<b>1 406 067</b>	<b>-</b>	<b>-</b>		
<b>VI. TOTAL CAPITAL REVENUE (13+14)</b>	<b>1 434 885</b>	<b>40 210</b>	<b>15 025</b>	<b>-99,0%</b>	<b>-25 185</b>
<b>II. TOTAL REVENUE (III+VI)</b>	<b>98 100 994</b>	<b>108 661 785</b>	<b>111 398 442</b>	<b>13,8%</b>	<b>2 736 657</b>
<b>VII. TOTAL GRANTS (RDP)</b> 14)	<b>-</b>	<b>-</b>	<b>1 010</b>		<b>1 010</b>
<b>I. TOTAL REVENUE AND GRANTS (II+VII)</b>	<b>98 100 994</b>	<b>108 661 785</b>	<b>111 399 452</b>	<b>13,8%</b>	<b>2 737 667</b>
<i>Plus: Items not regarded as revenue according to GFS classification:</i>					
<b>Recovery of loans and advances</b> 15)					
Communication .....	-	2 134	2 134		
Local loans .....	17 973	21 853	19 200		
SWAWEC .....	14 838	14 840	14 838		
Other .....	125 805	107 233	115 328		
Transfer from Stabilisation Account .....	16)	-	-		
Transfer from IMF Deposit Account .....	16)	-	-		
Transfer from Tax Reserve Account .....	16)	-	-		
Premium on consolidation/repurchase/ "switching" of government stock .....	17)	91 290	200 000	1 170 166	
Proceeds from privatisation of state assets .....	18)	-	-		
<b>Subtotal</b>	<b>249 906</b>	<b>346 060</b>	<b>1 321 666</b>	<b>428,9%</b>	<b>975 606</b>
<b>TOTAL RECEIPTS: NATIONAL REVENUE ACCOUNT</b> 19)	<b>98 350 900</b>	<b>109 007 845</b>	<b>112 721 118</b>	<b>14,6%</b>	<b>3 713 273</b>

- 1) According to the 1993 Constitution, the national government's revenue account (formerly the State Revenue Account) will be replaced by a National Revenue Fund. However, as an interim measure until full implementation of financial and fiscal relations between national government and provincial legislatures and because of some structural changes, the national government account is called the National Revenue Account to distinguish it from the former State Revenue Account. Figures prior to 1995/96 were adjusted accordingly (see introductory notes to this statistical annexure).
- 2) The International Monetary Fund's Manual on Government Finance Statistics was used to classify revenue collections as reported by the Auditor-General.
- 3) Figures prior to 1995/96 include collections by the former TBVC states and self-governing territories.
- 4) Including late payments of sales duty, which was replaced by a general sales tax in July 1978.
- 5) Excise duties which are collected by the BLNS countries, former self-governing territories and TBVC states. It is paid over to the National Revenue Account (formerly the State Revenue Account) since it accrues to the Customs Union pool.
- 6) Including allocations from the fuel levy to the former TBVC states, previously treated as Part II revenue.

Continues on page B.47

TABEL 4a (vervolg)  
**TOTALE INKOMSTE:**  
**NASIONALE INKOMSTEREKENING 1)**  
 Volgens die GFS klassifikasie 2)

1995/96				INKOMSTEBRON
First Print: Estimate Eerste Druk: Raming	% change on 1994/95 % verand. op 1994/95	Second Print: Estimate Tweede Druk: Raming	% change on 1994/95 % verand. op 1994/95	
R'000		R'000		13) 14. VERKOPE VAN VOORRADE
-		1 200 000		Sentrale Energiefonds Landsvoorraadeverkrygingsfonds
-		1 200 000		Verkope van voorrade
15 015	-0,1%	1 215 015		VI. TOTALE KAPITAAL- INKOMSTE (13+ 14)
123 712 477	11,1%	124 062 477	11,4%	II. TOTALE INKOMSTE (III+ VI)
-		-		14) VII. TOTALE SKENKINGS (HOP)
123 712 477	11,1%	124 062 477	11,4%	I. TOTALE INKOMSTE EN SKENKINGS (II+ VII)
-		-		Plus: Items wat nie as inkomste volgens GFS-klassifikasie beskou word nie:
20 000		20 000		15) Terugvordering van lenings en voorskotte Kommunikasie
14 838		14 838		Plaaslike lenings
93 685		93 685		SWAWEK
-		-		Ander
-		-		16) Oordrag vanaf Stabilisasier rekening
-		-		16) Oordrag vanaf IMF Depositorekening
-		-		16) Oordrag vanaf Belastingreserwerekening
300 000		300 000		Premie op konsolidasie/terugkoop/
-		-		17) "omskakeling" van staatseffekte
-		-		Opbrengs uit privatisering van staatsbates
428 523	-67,6%	428 523	-67,6%	Subtotaal
124 141 000	10,1%	124 491 000	10,4%	TOTALE ONTVANGSTE: 19) NASIONALE INKOMSTEREKENING

- 1) Ingevolge die 1993 Grondwet word die nasionale regering se inkomsterekening (voorheen die Staatsinkomsterekening deur 'n Nasionale Inkomstefonds vervang. Tot tyd en wyl finansiële en fiskale verhoudings tussen die nasionale regering en provinsiale wetgewers volledig geïmplementeer is en, vanweë sommige strukturele veranderings, word die nasionale regering se rekening egter die Nasionale Inkomsterekening genoem, om dit te onderskei van die eertydse Staatsinkomsterekening. Syfers voor 1994/95 is dienoreenkomstig aangepas (verwys na die inleidende notas tot hierdie statistiese bylae).
- 2) Die Internasionale Monetêre Fonds se "Manual on Government Finance Statistics" is gebruik om die inkomstevorderings wat in die Verslae van die Ouditeur-Generaal gerapporteer word, te klassifiseer.
- 3) Syfers voor 1995/96 sluit invorderings van die eertydse TBVC-state en selfregerende gebiede in.
- 4) Insluitende laatbetalings van verkoopreg, wat in Julie 1978 deur 'n algemene verkoopbelasting vervang is.
- 5) Aksynsregte wat deur die BLNS-lande, eertydse selfregerende gebiede en TBVC-state gevorder word. Dit word na die Nasionale Inkomsterekening (voorheen die Staatsinkomsterekening) oorbetaal aangesien dit die Doeane-uniepoel toeval.

- 7) *In 1984/85 a late payment in respect of cinematography tax, which was abolished earlier, was received. The collections for 1985/86 to 1987/88 are in respect of a once-off levy on life insurers and banking institutions.*
- 8) *Including allocations from the ordinary levy to the former TBVC states, previously treated as Part II revenue.*
- 9) *Excluding payments to the former TBVC states and self-governing territories in terms of the Customs Union Agreement.*
- 10) *Receipts in 1984/85 and 1985/86 were from the State Oil Fund. Subsequent receipts were from the Black and Coloured Transport Account.*
- 11) *The decline after 1984/85 was because revenue from the production and processing of wood was shifted to a trading account.*
- 12) *Although own revenue collections of the former Own Affairs Administrations include items that are not regarded as revenue according to the GFS classification, the total collections are shown here due to lack of detail.*
- 13) *Transfers from the National Supplies Procurement Fund (proceeds from sales of strategic assets) and transfers from the Central Energy Fund (proceeds from sales of strategic oil supplies).*
- 14) *Domestic and foreign grants, transferred from the RDP Fund, to finance RDP-related expenditures.*
- 15) *These receipts are, by law, paid into the National Revenue Account (formerly the State Revenue Account) via Inland Revenue, but are regarded as "net lending" according to the GFS classification.*
- 16) *These receipts are, by law, paid into the National Revenue Account (formerly the State Revenue Account) via Inland Revenue, but are regarded as "financing" according to the GFS classification.*
- 17) *This premium arises when the discount on government stock redeemed is greater than the discount on the new stock issued. It is only a book-entry and does not represent an actual cash flow. For purposes of analysis, it is regarded as "negative" loan redemptions (i.e. subtracted from loan redemptions).*
- 18) *Figures for 1984/85 and 1985/86 relate to sales of Sasol stock, while the 1988/89 figure relate to a first payment with regard to the privatisation of Iscor. The 1989/90 receipts were in respect of the privatisation of Iscor and the South African Mint, while the receipt in 1992/93 was a final payment in respect of the privatisation of Iscor. These receipts are, by law, paid into the National Revenue Account (formerly the State Revenue Account) via Inland Revenue, but are regarded as "net lending" according to the GFS classification.*
- 19) *Include items that are not regarded as revenue according to the GFS classification - see footnotes 15 to 17.*

- 6) Insluitende toewysings uit die brandstofheffing, wat voorheen as Deel II inkomste hanteer is, aan die eertydse TBVC-state.
- 7) In 1984/85 is 'n laatbetaling ten opsigte van kinematografiebelasting, wat vroeër afgeskaf is, ontvang. Die vorderings in 1985/86 tot 1987/88 is ten opsigte van 'n eenmalige heffing op lewensversekeraars en bankinstellings.
- 8) Insluitende toewysings uit die gewone heffing, wat voorheen as Deel II inkomste hanteer is, aan die eertydse TBVC-state.
- 9) Uitgesluit betalings aan die eertydse TBVC-state en selfregerende gebiede ingevolge die Doeane-unie-ooreenkoms.
- 10) Ontvangstes in 1984/85 en 1985/86 was vanaf die Staatsoliefonds. Daaropvolgende ontvangstes was vanaf die Swart- en Kleurlingvervoerrekening.
- 11) Die afname na 1984/85 was vanweë die verskuiwing van inkomste uit die produksie en verwerking van hout na 'n bedryfsrekening.
- 12) Alhoewel eie inkomstevorderings van die eertydse Eie Sake Administrasies items insluit wat nie as inkomste volgens die GFS-klassifikasie beskou word nie, word die totale vorderings hier getoon vanweë 'n gebrek aan besonderhede.
- 13) Oordragte vanaf die Landsvoorraदेverkrygingsfonds (opbrengste uit die verkope van strategiese voorrade) en oordragte vanaf die Sentrale Energiefonds (opbrengste uit die verkope van strategiese olie-voorrade).
- 14) Binnelandse en buitelandse skenkings, oorgedra vanaf die HOP-fonds, om HOP-verwante uitgawes te finansier.
- 15) Hierdie ontvangstes word, volgens wet, in die Nasionale Inkomsterekening (voorheen die Staatsinkomsterekening) betaal, via Binnelandse Inkomste, maar word as "netto lenings toegestaan" volgens die GFS-klassifikasie beskou.
- 16) Hierdie ontvangstes word, volgens wet, in die Nasionale Inkomsterekening (voorheen die Staatsinkomsterekening) betaal, via Binnelandse Inkomste, maar word as "finansiering" volgens die GFS-klassifikasie beskou.
- 17) Hierdie premie ontstaan wanneer die diskonto op die staatseffekte wat afgelos word, groter is as die diskonto op die nuwe effekte uitgereik. Dit is slegs 'n boekinskrywing en verteenwoordig nie 'n werklike kontantvloei nie. Vir ontledingsdoeleindes word dit as "negatiewe" leningsaflossings beskou (m.a.w. dit word by leningsaflossings afgetrek).
- 18) Syfers vir 1984/85 en 1985/86 het betrekking op die verkoop van Sasoleffekte, terwyl die 1988/89 syfer 'n eerste betaling ten opsigte van die privatisering van Yskor is. Die 1989/90 ontvangstes was t.o.v. die privatisering van Yskor en die Suid-Afrikaanse Munt, terwyl die 1992/93 ontvangste 'n finale betaling t.o.v. die privatisering van Yskor was. Hier ontvangstes word, volgens wet, in die Nasionale Inkomsterekening (voorheen die Staatsinkomsterekening) betaal, via Binnelandse Inkomste, maar word as "netto lenings toegestaan" volgens die GFS-klassifikasie beskou.
- 19) Sluit items in wat nie volgens die GFS-klassifikasie as inkomste beskou word nie - sien voetnote 15 tot 17.

**TABLE 5**  
**TOTAL EXPENDITURE: NATIONAL**  
**REVENUE ACCOUNT 1)**  
**According to Budget votes**

**TABEL 5**  
**TOTALE UITGAWES: NASIONALE**  
**INKOMSTEREKENING 1)**  
**Volgens Begrotingsposte**

Budget vote	1994/95	1995/96	Begrotingspos
	Revised Estimate 2) <i>Hersiene Raming 2)</i>	Printed Estimate 3) <i>Gedrukte Begroting 3)</i>	
R million			R miljoen
President .....	16,8	16,3	President
Executive Deputy President .....	10,0	8,8	Uitvoerende Adjunkpresident
Executive Deputy President: Largest Minority Party .....	8,5	11,3	Uitvoerende Adjunkpresident: Grootste Minderheidsparty
Parliament .....	209,8	307,1	Parlement
Agriculture .....	958,3	800,2	Landbou
Arts, Culture, Science and Technology .....	340,1	511,6	Kuns, Kultuur, Wetenskap en Tegnologie
Central Economic Advisory Service .....	10,2	10,3	Sentrale Ekonomiese Adviesdiens
Central Statistical Service .....	61,5	72,1	Sentrale Statistiekdiens
Constitutional Development .....	975,8	1 709,6	Staatkundige Ontwikkeling
Correctional Services .....	2 321,6	2 419,8	Korrektiewe Dienste
Education .....	3 640,3	4 330,4	4) Onderwys
Environmental Affairs and Tourism .....	320,3	301,6	4) Omgewingsake en Toerisme
Finance:			Finansies:
Transfer payments to provinces .....	64 097,4	66 393,2	5) Oordragbetalings aan provinsies
Transfer to the RDP Fund .....	2 062,8	2 520,8	6) Oordrag na die HOP-Fonds
State debt cost .....	23 656,2	28 385,0	Staatskuld koste
Other .....	1 905,1	2 363,2	Ander
Foreign Affairs:			Buitelandse sake:
Former TBVC states (development cooperation) .....	66,4	-	7) Voormalige TBVC-state (ontwikkeling- samesamewerking)
Other .....	1 005,8	1 133,5	Ander
Health .....	1 651,3	1 199,4	8) Gesondheid
Home Affairs .....	1 239,0	377,5	Binnelandse Sake
Housing .....	1 654,5	1 553,8	9) Behuising
Improvements of Conditions of Service .....	303,3	2 891,8	10) Verbetering van Diensvoorwaardes
Justice .....	1 281,5	1 491,5	Justisie
Labour .....	457,5	804,0	Arbeid
Land Affairs .....	343,6	458,9	Grondsake
Mineral and Energy Affairs .....	731,0	716,4	Mineraal- en Energiesake
National Defence .....	11 364,0	9 835,1	Nasionale Weermag
Phasing out of Own Affairs .....	0,9	-	Uitfasering van Eiesake
Police .....	9 048,1	8 851,9	Polisie
Promoting the RDP .....	2 063,8	2 522,8	Bevordering van die HOP
Public Enterprises .....	5,1	6,3	Openbare Ondernemings
Public Service Commission .....	88,9	123,8	Staatsdienskommissie
Public Works .....	2 200,4	2 356,8	Openbare Werke
SA Communication Service .....	53,7	54,2	SA Kommunikasiediens
Sport and Recreation .....	42,9	43,0	Sport en Ontspanning
State Expenditure .....	735,3	737,9	Staatsbesteding
Trade and Industry .....	3 216,8	3 524,2	Handel en Nywerheid
Transport .....	2 987,5	3 018,9	Vervoer
Water Affairs and Forestry .....	709,2	936,2	Waterwese en Bosbou
Welfare .....	73,1	74,6	Welsyn
Subtotal	141 918,2	152 873,9	Subtotaal
Less: Suspension 11)	1,0	-	11) Min: Opskorting
Printed Estimate 11)	141 917,2	152 873,9	11) Gedrukte Begroting
Less: Double counting of contribution to RDP Fund-related expenditure .....	2 062,8	2 520,8	Min: Dubbelstelling van bydrae tot HOP- fonds-verwante uitgawes
Plus: Expenditure not yet allocated	-	2 735,2	Plus: Uitgawes nog nie toegedeel nie
Total estimated expenditure level 12)	139 854,5	153 088,3	12) Totale beraamde uitgawevlak

## Footnotes to table 5:

- 1) Expenditure on budget votes (including statutory appropriations) for which the national government takes responsibility. Improvements of conditions of service for 1995/96 has still to be allocated to the individual budget votes.
- 2) "Blue Book" (RP 2 and 4) plus Adjustments Estimate. Drawings on the vote: Improvements of Conditions of Service have been allocated to the various votes and estimated roll-overs of unspent funds to 1995/96 have been subtracted.
- 3) Expenditure as indicated in the "White Book", i.e. excluding supplementary proposals and expenditure to be included in the Adjustments Estimate.
- 4) Mainly universities and technikons.
- 5) The 1994/95 figure includes, for purposes of comparability, an amount of R3 billion representing certain taxes that were collected in the revenue accounts of the former self-governing territories and TBVC states. These taxes will be collected nationally from 1995/96 and a corresponding transfer payment is also included in the 1995/96 figure.
- 6) The 1994/95 figure shows only the amount transferred from the National Revenue Account to the RDP Fund to finance expenditure on the RDP budget vote. The R1,01 million difference between the 1994/95 figures is because expenditure of this amount is financed by way of a grant received in the RDP Fund.
- 7) Comprises the provision of manpower assistance (seconded personnel) in 1994/95.
- 8) Comprises mainly school feeding schemes and primary health.
- 9) Represents the capital contribution to the National Housing Fund.
- 10) The amount of R303,5 million in 1994/95 has still to be allocated.
- 11) The payment in terms of the Customs Union Agreement of R180,82 million before 27 April 1994, which was indicated as a declared saving in the Adjustments Estimate since it was also foreseen in expenditure, is not taken into account here. This is to present the 1994/95 and 1995/96 figures on a comparable basis.
- 12) Comparable totals.

## Voetnote tot tabel 5:

- 1) Uitgawes op begrotingsposte (insluitende statutêre appropriasies) waarvoor die nasionale regering verantwoordelikheid aanvaar. Verbetering van Diensvoorwaardes vir 1995/96 moet nog aan die individuele begrotingsposte toegedeel word.
- 2) "Blou Boek" (RP 2 en 4) plus Aansuiweringsbegroting. Trekkings op die begrotingspos: Verbetering van Diensvoorwaardes is aan die onderskeie begrotingsposte toegedeel. Beraamde oorrol van onbestede fondse na 1995/96 is afgetrek.
- 3) Uitgawes soos in die "Wit Boek" aangedui, m.a.w. uitgesluit aanvullende voorstelle en uitgawes wat in die Aansuiweringsbegroting ingesluit moet word.
- 4) Hoofsaaklik universiteite en teknikons.
- 5) Vir vergelykingsdoeleindes sluit die 1994/95-syfer 'n bedrag van R3 miljard in, wat sekere belastings verteenwoordig wat in die inkomsterekening van die eertydse selfregerende gebiede en TBVC-state gevorder was. Vanaf 1995/96 gaan hierdie belasting nasionaal gevorder word en 'n ooreenstemmende oordragbetaling is ook in die 1995/96-syfer ingesluit.
- 6) Die 1994/95-syfer toon slegs die bedrag wat vanaf die Nasionale Inkomsterekening na die HOP-fonds oorgedra is om uitgawes op die HOP-begrotingspos te finansier. Die R1,01 miljoen verskil tussen die 1994/95-syfers is as gevolg van uitgawes van R1,01 miljoen, gefinansier deur 'n skenking wat in die HOP-fonds ontvang is.
- 7) Bestaan uit mannekragvoorsiening (gesekondeerde personeel) in 1994/95.
- 8) Hoofsaaklik skoolvoedingskemas en primêre gesondheid.
- 9) Verteenwoordig die kapitaalbydrae tot die Nasionale Behuisingsfonds.
- 10) Die bedrag van R303,5 miljoen in 1994/95 moet nog toegedeel word.
- 11) Die betaling van R180,82 miljoen ingevolge die Doeane-unie-ooreenkoms voor 27 April 1994, wat as 'n verklaarde besparing in die Aansuiweringsbegroting gehanteer is omdat dit ook in uitgawes voorsien was, is nie hier in berekening gebring nie. Dit is om die 1994/95- en 1995/96-syfers op 'n vergelykbare basis aan te toon.
- 12) Vergelykbare totale.

**TABLE 6  
BORROWING REQUIREMENT AND  
FINANCING OF NATIONAL BUDGET 1)**

R million

	ACTUAL FIGURES					
	1975/76	1976/77	1977/78	1978/79	1979/80	1980/81
<b>REVENUE</b>						
Inland Revenue .....	4 371,2	5 019,6	5 403,8	6 773,1	8 690,7	12 063,9
Customs and Excise .....	1 098,7	1 353,0	1 729,9	1 623,8	1 467,2	1 722,0
Extra-ordinary capital receipts .....	-	-	-	-	48,1	41,2
Grants (RDP) .....	-	-	-	-	-	-
<b>Total receipts</b> ..... 2)	<b>5 469,9</b>	<b>6 372,7</b>	<b>7 133,7</b>	<b>8 397,0</b>	<b>10 206,0</b>	<b>13 827,1</b>
<b>EXPENDITURE</b>						
Budget votes and statutory appropriations ..... 3)	6 745,5	8 201,6	8 960,5	9 950,6	11 436,7	13 575,3
Late authorisation of expenditure ..... 4)	-	-	-	0,4	4,4	20,2
Standing appropriations ..... 5)	-	-	-	9,5	50,7	65,7
Transfers payments to:						
Government Pension Funds .....	-	-	-	-	-	-
Stabilisation Account .....	396,5	-	-	-	-	1 241,6
Other accounts/institutions ..... 6)	22,7	37,2	37,3	335,2	160,0	212,0
Surrender of surplus funds ..... 7)	-	-	-	-	-	-
Structural adjustments: ..... 8)						
Revenue previously collected in other revenue accounts:						
Own Affairs Administrations .....	-	-	-	-	-	-
Self-governing territories and TBVC states .....	41,4	58,5	77,4	125,1	196,6	230,8
Former revenue diversions and standing allocations .....	-	-	40,0	133,5	173,8	244,8
<b>Total expenditure</b> ..... 2)	<b>7 206,1</b>	<b>8 297,2</b>	<b>9 115,2</b>	<b>10 554,2</b>	<b>12 022,1</b>	<b>15 590,3</b>
<b>BUDGET DEFICIT</b> .....	<b>1 736,3</b>	<b>1 924,5</b>	<b>1 981,4</b>	<b>2 157,3</b>	<b>1 816,1</b>	<b>1 763,2</b>
<i>Percentage of GDP</i> .....	<i>6,3%</i>	<i>6,3%</i>	<i>5,8%</i>	<i>5,4%</i>	<i>3,7%</i>	<i>2,8%</i>
<b>LOAN REDEMPTIONS</b>						
Domestic loans:						
Short-term (net) .....	-	-	276,3	125,2	-	36,5
Long-term ..... 9,10)	691,6	356,8	576,9	1 296,1	938,0	1 468,4
Scheduled government stock ..... 9)	-	-	-	-	-	-
Loan levy .....	58,6	31,8	94,6	265,9	141,0	13,3
Foreign loans .....	183,2	295,4	197,0	208,6	206,3	202,5
<b>Gross financing requirement</b> .....	<b>2 669,7</b>	<b>2 608,5</b>	<b>3 126,2</b>	<b>4 053,1</b>	<b>3 101,4</b>	<b>3 483,9</b>
<b>FINANCING</b>						
Opening balance .....	253,0	183,0	108,1	207,3	147,6	208,4
Domestic loans:						
Short-term (net) .....	215,5	571,4	-	-	79,2	-
Long-term ..... 9,10)	1 863,4	1 281,7	2 728,8	3 364,8	2 259,8	3 261,3
Loan levy .....	86,6	366,4	440,5	518,7	506,0	58,5
Foreign loans .....	434,2	314,2	56,0	110,0	317,1	142,4
<b>Total financing</b> .....	<b>2 852,7</b>	<b>2 716,6</b>	<b>3 333,4</b>	<b>4 200,8</b>	<b>3 309,8</b>	<b>3 670,6</b>
<b>Closing balance</b> .....	<b>183,0</b>	<b>108,1</b>	<b>207,3</b>	<b>147,6</b>	<b>208,4</b>	<b>186,7</b>

- 1) The revenue and expenditure figures presented here are with regard to the National Revenue Account. However, expenditure figures for 1994/95 are not strictly comparable to the rest of the expenditure figures, because of the inclusion of compensation for budgetary shortfalls of the former TVC states via the national budget in that year.
- 2) These figures are presented on the basis of the 1995/96 Budget. Actual national budget collections in preceding years were adjusted by own revenue collections of the former Own Affairs Administrations, revenue diversions and standing allocations to the former self-governing territories and TBVC states, as well as certain taxes, formerly collected by the self-governing territories and TBVC states, to be collected nationally from 1995/96 onwards. The relevant amounts were treated as transfer payments on the expenditure side.
- 3) Excluding unauthorised expenditure and discount on sales of new government stock.
- 4) See footnote 3 - these are usually approved in subsequent financial years.
- 5) Include realised guarantee liabilities, currency subscriptions to IDA and IBRD, as well as IMF-valuation adjustments.
- 6) Include transfer payments to the Gold and Foreign Exchange Contingency Reserve Account, the Special Defence Account, the Development Bank of Southern Africa, the Independent Development Trust and the Tax Reserve Account.
- 7) For the period 1987/88 to 1990/91 provincial surpluses had to be carried forward to the former State Revenue Account.
- 8) Cf. footnote 2. These figures were added on the expenditure side to present expenditure figures up to 1994/95 on the same basis as those for 1995/96.
- 9) The difference between total long-term debt redemptions and that of scheduled government stock is due to consolidation, repurchasing and "switching" of government stock, as well as redemptions of floating rate stock and bonds. On the financing side, the total long-term domestic debt figure includes refinancing of these activities. Premium on government stock is subtracted from "total long-term debt redemptions".
- 10) Including "Debt Standstill" funds converted into floating rate stock. Discount on sales of new government stock is excluded.

**TABEL 6  
LENINGSBEHOEFTE EN FINANSIERING  
VAN NASIONALE BEGROTING 1)**

WERKLIKE SYFERS						
1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	
12 734,9	15 294,8	17 327,7	22 117,1	28 089,2	31 772,2	<b>INKOMSTE</b>
2 234,8	2 617,3	2 448,6	2 587,4	2 842,6	3 271,1	Binnelandse Inkomste
-	-	959,0	528,6	628,2	1 445,6	Doeanes en Aksyns
-	-	-	-	-	-	Buitengewone kapitaalontvangstes
-	-	-	-	-	-	Skenkings (HOP)
<b>14 969,7</b>	<b>17 912,2</b>	<b>20 735,3</b>	<b>25 233,1</b>	<b>31 560,0</b>	<b>36 488,9</b>	2) <b>Totale ontvangstes</b>
16 430,8	19 178,1	22 288,8	27 127,4	32 908,1	40 247,6	<b>UITGAWES</b>
0,5	4,9	28,0	2,7	-	-	3) Begrotingsposte en
-	938,2	82,5	34,7	32,3	31,1	4) statutêre appropriasies
-	-	-	-	-	-	5) Laat magtiging van uitgawes
-	-	-	-	-	-	6) Staande appropriasies
97,0	1 061,1	1 098,6	729,7	649,2	-	Oordragbetalings na:
-	441,6	-	-	-	-	7) Owerheidspensioenfondse
-	-	-	-	-	-	8) Stabilisasiererekening
-	-	-	-	-	-	9) Ander rekenings/instansies
-	-	-	-	-	-	10) Terugstorting van surplus fondse
-	-	-	21,6	77,5	118,8	1) Struktuuraanpassings:
321,8	398,0	231,1	396,9	609,7	627,9	Inkomste voorheen in ander
231,6	341,2	516,4	1 118,9	1 119,5	1 172,7	inkomsterekenings gevorder:
-	-	-	-	-	-	Eie Sake Administrasies
-	-	-	-	-	-	Selfregerende gebiede
-	-	-	-	-	-	en TBVC-state
-	-	-	-	-	-	Eertydse inkomste-aferkings
-	-	-	-	-	-	en staande toewysings
<b>17 081,7</b>	<b>22 363,1</b>	<b>24 245,4</b>	<b>29 431,8</b>	<b>35 396,4</b>	<b>42 198,1</b>	2) <b>Totale uitgawes</b>
2 112,0	4 450,9	3 510,2	4 198,7	3 836,4	5 709,2	<b>BEGROTINGSTEKORT</b>
2,9%	5,3%	3,7%	3,8%	3,0%	3,8%	<b>Persentasie van BBP</b>
27,9	-	-	-	117,7	-	<b>LENINGSAFLOSSINGS</b>
2 888,6	1 129,2	1 237,0	1 621,1	996,8	1 349,5	Binnelandse lenings:
89,7	369,9	978,5	959,5	621,4	1 224,2	9,10) Korttermyn (netto)
78,7	398,9	626,3	371,4	449,5	449,9	9) Langtermyn
-	-	-	-	-	-	Geskeduleerde staatseffekte
-	-	-	-	-	-	9,10) Leningsheffing
-	-	-	-	-	-	Buitelandse lenings
<b>5 196,8</b>	<b>6 348,8</b>	<b>5 658,9</b>	<b>6 656,4</b>	<b>5 881,4</b>	<b>8 035,7</b>	<b>Bruto finansieringsbehoefte</b>
186,7	112,6	-	-	112,3	-	<b>FINANSIERING</b>
-	188,6	822,2	1 185,9	-	1 031,1	Beginsaldo
4 692,9	4 407,6	4 084,9	4 966,9	5 537,3	7 454,1	9,10) Binnelandse lenings:
47,9	173,9	20,2	13,1	2,1	-	Korttermyn (netto)
382,0	1 466,2	731,5	602,7	229,8	1,3	Langtermyn
-	-	-	-	-	-	Leningsheffing
-	-	-	-	-	-	Buitelandse lenings
<b>5 309,4</b>	<b>6 348,8</b>	<b>5 658,9</b>	<b>6 768,7</b>	<b>5 881,4</b>	<b>8 486,4</b>	<b>Totale finansiering</b>
<b>112,6</b>	<b>0,0</b>	<b>0,0</b>	<b>112,3</b>	<b>0,0</b>	<b>450,7</b>	<b>Sluitingsaldo</b>

- 1) Inkomste- en uitgawesyfers wat hier aangebied word, het betrekking op die Nasionale Inkomsterekening. Die uitgawesyfers vir 1994/95 is egter nie streng met die res van die uitgawesyfers vergelykbaar nie, vanweë die insluiting van kompensasie vir begrotingstekorte van die eertydse TVC-state via die nasionale begroting in daardie jaar.
- 2) Die syfers word op grond van die 1995/96 Begroting aangebied. Werklike nasionale begroting invorderings in die voorafgaande jare is aangepas met eie inkomstevorderings van die eertydse Eie Sake Administrasies, inkomste-aferkings en staande toewysings aan die eertydse selfregerende gebiede en TBVC-state, asook sekere belastinge wat voorheen deur die selfregerende gebiede en TBVC-state gevorder is en wat vanaf 1995/96 nasionaal gevorder gaan word. Die betrokke bedrae is aan die uitgewekant as oordragbetalings hanteer.
- 3) Uitgesluit ongemagtigde uitgawes en diskonto op die verkope van nuwe staatseffekte.
- 4) Sien voetnoot 3 - hierdie uitgawes word gewoonlik in daaropvolgende finansiële jare gemagtig.
- 5) Insluitende gerealiseerde waarborgverpligtinge, betaalmiddelbydraes aan IOG en IBHO, asook IMF-valuta aanpassings.
- 6) Insluitende oordragte na die Goud-en-Buitelandse-valuta-gebeurlikheidsreserwerekening, die Spesiale Verdedigingsrekening, die Ontwikkelingsbank van Suider-Afrika, die Onafhanklike Ontwikkelingstrust en die Belastingreserwerekening.
- 7) Gedurende die periode 1987/88 tot 1990/91 moes provinsiale surplusse na die eertydse Staatsinkomsterekening oorgedra word.
- 8) Verwys na voetnoot 2. Hierdie syfers is aan die uitgewekant bygevoeg om die uitgawesyfers tot en met 1994/95 op dieselfde basis as die vir 1995/96 aan te bied.
- 9) Die verskil tussen totale langtermyn skuldaflossings en die van geskeduleerde staatseffekte is toe te skryf aan konsolidasie, terugkope en omskakeling van staatseffekte, asook die aflossing van wisselende koers effekte en obligasies. Aan die finansieringskant sluit die totale binnelandse langtermyn skuld syfer die herfinansiering van hierdie aktiwiteite in. Premie op konsolidasie en terugkope is afgetrek by "totale langtermyn skuldaflossings".
- 10) Insluitende "Skuldstandfondse" wat in wisselende koers effekte omskep is. Diskonto op die verkope van nuwe staatseffekte is uitgesluit.

**TABLE 6 (continued)**  
**BORROWING REQUIREMENT AND**  
**FINANCING OF NATIONAL BUDGET 1)**

R million

	ACTUAL FIGURES					
	1987/88	1988/89	1989/90	1990/91	1991/92	1992/93
<b>REVENUE</b>						
Inland Revenue .....	35 814,7	43 160,4	55 080,0	61 769,8	67 135,8	69 753,9
Customs and Excise .....	4 472,1	8 309,1	10 460,5	10 345,0	10 807,5	13 179,6
Extra-ordinary capital receipts .....	559,9	600,0	2 989,2	319,4	809,2	1 143,8
Grants (RDP) .....	-	-	-	-	-	-
<b>Total receipts</b> ..... 2)	<b>40 846,7</b>	<b>52 069,5</b>	<b>68 529,7</b>	<b>72 434,2</b>	<b>78 752,5</b>	<b>84 077,4</b>
<b>EXPENDITURE</b>						
Budget votes and						
statutory appropriations ..... 3)	47 751,7	56 227,5	65 724,6	74 190,3	85 693,1	104 050,3
Late authorisation of expenditure ..... 4)	4,0	-	1,5	-	167,8	183,2
Standing appropriations ..... 5)	3,4	52,5	51,3	65,9	72,0	135,1
Transfers payments to:						
Government Pension Funds .....	-	-	1 000,0	1 800,0	2 000,0	-
Stabilisation Account .....	-	-	2 877,2	900,0	-	-
Other accounts/institutions ..... 6)	-	1 320,0	5 215,7	-	-	-
Surrender of surplus funds ..... 7)	-305,9	-301,1	-266,7	-243,1	-	-
Structural adjustments: 8)						
Revenue previously collected						
in other revenue accounts:						
Own Affairs Administrations .....	143,6	195,4	314,4	340,6	318,8	392,8
Self-governing territories						
and TBVC states .....	936,9	1 275,0	1 775,0	2 283,0	2 108,2	2 335,9
Former revenue diversions						
and standing allocations .....	1 521,8	1 927,6	2 344,6	2 686,9	3 364,8	4 482,8
<b>Total expenditure</b> ..... 2)	<b>50 055,6</b>	<b>60 697,0</b>	<b>79 037,5</b>	<b>82 023,7</b>	<b>93 724,7</b>	<b>111 580,1</b>
<b>BUDGET DEFICIT</b> .....	<b>9 208,9</b>	<b>8 627,4</b>	<b>10 507,7</b>	<b>9 589,5</b>	<b>14 972,2</b>	<b>27 502,7</b>
<b>Percentage of GDP</b>	<b>5,3%</b>	<b>4,1%</b>	<b>4,2%</b>	<b>3,4%</b>	<b>4,7%</b>	<b>7,9%</b>
<b>LOAN REDEMPTIONS</b>						
Domestic loans:						
Short-term (net) .....	-	2 297,3	-	-	129,2	-
Long-term ..... 9,10)	2 152,9	2 921,7	44 004,4	4 310,3	7 280,2	6 355,3
Scheduled government stock ..... 9)	1 850,0	2 410,0	8 214,5	3 229,3	7 025,9	4 563,9
Loan levy .....	1,4	1,1	1,1	0,7	0,3	0,2
Foreign loans .....	442,1	287,3	198,5	212,1	288,1	342,4
<b>Gross financing requirement</b> .....	<b>11 805,3</b>	<b>14 134,8</b>	<b>54 711,6</b>	<b>14 112,7</b>	<b>22 670,1</b>	<b>34 200,5</b>
<b>FINANCING</b>						
Opening balance .....	450,7	574,1	935,9	-	1 071,2	1 011,4
Domestic loans:						
Short-term (net) .....	1 344,4	-	3 315,8	2 278,0	-	39,6
Long-term ..... 9,10)	10 584,3	14 302,0	49 730,4	12 809,0	20 890,2	34 359,1
Loan levy .....	-	-	705,3	2,4	2,0	0,2
Foreign loans .....	-	194,7	24,1	94,5	1 718,1	-
<b>Total financing</b> .....	<b>12 379,4</b>	<b>15 070,8</b>	<b>54 711,6</b>	<b>15 183,9</b>	<b>23 681,5</b>	<b>35 410,3</b>
<b>Closing balance</b> .....	<b>574,1</b>	<b>935,9</b>	<b>0,0</b>	<b>1 071,2</b>	<b>1 011,4</b>	<b>1 209,8</b>

- 1) The revenue and expenditure figures presented here are with regard to the National Revenue Account. However, expenditure figures for 1994/95 are not strictly comparable to the rest of the expenditure figures, because of the inclusion of compensation for budgetary shortfalls of the former TVC states via the national budget in that year.
- 2) These figures are presented on the basis of the 1995/96 Budget. Actual national budget collections in preceding years were adjusted by own revenue collections of the former Own Affairs Administrations, revenue diversions and standing allocations to the former self-governing territories and TBVC states, as well as certain taxes, formerly collected by the self-governing territories and TBVC states, to be collected nationally from 1995/96 onwards. The relevant amounts were treated as transfer payments on the expenditure side.
- 3) Excluding unauthorised expenditure and discount on sales of new government stock.
- 4) See footnote 3 - these are usually approved in subsequent financial years.
- 5) Include realised guarantee liabilities, currency subscriptions to IDA and IBRD, as well as IMF-valuation adjustments.
- 6) Include transfer payments to the Gold and Foreign Exchange Contingency Reserve Account, the Special Defence Account, the Development Bank of Southern Africa, the Independent Development Trust and the Tax Reserve Account.
- 7) For the period 1987/88 to 1990/91 provincial surpluses had to be carried forward to the former State Revenue Account.
- 8) Cf. footnote 2. These figures were added on the expenditure side to present expenditure figures up to 1994/95 on the same basis as those for 1995/96.
- 9) The difference between total long-term debt redemptions and that of scheduled government stock is due to consolidation, repurchasing and "switching" of government stock, as well as redemptions of floating rate stock and bonds. On the financing side, the total long-term domestic debt figure includes refinancing of these activities. Premium on government stock is subtracted from "total long-term debt redemptions".
- 10) Including "Debt Standstill" funds converted into floating rate stock. Discount on sales of new government stock is excluded.
- \* Amounts to 6,0% of GDP if transfer payments to other accounts/funds of R14,84 billion are excluded.

**TABEL 6 (vervolg)  
LENINGSBEHOEFTE EN FINANSIERING  
VAN NASIONALE BEGROTING 1)**

R miljoen	1994/95		1995/96	
	Second Print Tweede Druk	Revised Estimate Hersiene raming	Second Print Tweede Druk	
1993/94				
81 868,9	93 434,8	95 675,9	106 435,1	<b>INKOMSTE</b> Binnelandse Inkomste Doeane en Aksyns Buitengewone kapitaalontvangstes Skenkings (HOP)
14 984,7	15 373,0	15 874,0	16 555,9	
1 406,1	-	-	1 200,0	
-	-	1,0	-	
<b>98 259,6</b>	<b>108 807,8</b>	<b>111 551,0</b>	<b>124 191,0</b>	2) <b>Totale ontvangstes</b>
112 883,6	135 098,2	136 689,7	153 088,3	<b>UITGAWES</b> Begrotingsposte en statutêre appropriasies Laat magtiging van uitgawes Staande appropriasies Oordragbetalings na: Owerheidspensioenfondse Stabilisasier rekening Ander rekenings/instansies Terugstorting van surplus fondse Struktuuraanpassings: Inkomste voorheen in ander inkomsterekenings gevorder: Eie Sake Administrasies Selfregerende gebiede en TBVC-state Eertydse inkomste-afkerings en staande toewysings
138,9	-	-	-	
230,6	265,0	150,4	160,0	
7 340,0	-	-	-	
7 500,0	-	-	-	
-	-	-	-	
183,9	-	-	-	
2 857,5	2 983,9	2 983,9	-	
5 760,0	-	180,8	-	
<b>136 894,5</b>	<b>138 347,1</b>	<b>140 004,9</b>	<b>153 248,3</b>	
<b>38 634,9</b> 9,8% *	<b>29 539,2</b> 6,7%	<b>28 453,9</b> 6,4%	<b>29 057,3</b> 5,8%	<b>BEGROTINGSTEKORT</b> <b>Persentasie van BBP</b>
174,5	-	-	-	<b>LENINGSAFLOSSINGS</b> Binnelandse lenings: Korttermyn (netto) Langtermyn Geskeduleerde staatseffekte Leningsheffing Buitelandse lenings
6 582,2	5 835,3	9 023,0	8 864,8	
6 695,7	5 808,1	5 808,1	8 935,8	
0,0	709,6	709,6	-	
140,0	148,6	172,8	109,0	
<b>45 531,7</b>	<b>36 232,7</b>	<b>38 359,3</b>	<b>38 031,1</b>	<b>Bruto finansieringsbehoefte</b>
1 209,8	-380,8	1 214,1	0,0	<b>FINANSIERING</b> Beginsaldo Binnelandse lenings: Korttermyn (netto) Langtermyn Leningsheffing Buitelandse lenings
-	500,0	500,0	1 000,0	
45 536,1	34 313,5	33 873,4	35 031,1	
-	1 800,0	2 771,8	2 000,0	
<b>46 745,9</b>	<b>36 232,7</b>	<b>38 359,3</b>	<b>38 031,1</b>	
<b>1 214,1</b>	<b>0,0</b>	<b>0,0</b>		<b>Slukingsaldo</b>

- Inkomste- en uitgawesyfers wat hier aangebied word, het betrekking op die Nasionale Inkomsterekening. Die uitgawesyfers vir 1994/95 is egter nie streng met die res van die uitgawesyfers vergelykbaar nie, verweë die insluiting van kompensasie vir begrotingstekorte van die eertydse TVC-state via die nasionale begroting in daardie jaar.
  - Die syfers word op grond van die 1995/96 Begroting aangebied. Werklike nasionale begroting invorderings in die voorafgaande jare is aangepas met eie inkomstevorderings van die eertydse Eie Sake Administrasies, inkomste-afkerings en staande toewysings aan die eertydse selfregerende gebiede en TBVC-state, asook sekere belastinge wat voorheen deur die selfregerende gebiede en TBVC-state gevorder is en wat vanaf 1995/96 nasionaal gevorder gaan word. Die betrokke bedrae is aan die uitgawekant as oordragbetalings hanteer.
  - Uitgesluit ongemagtigde uitgawes en diskonto op die verkope van nuwe staatseffekte.
  - Sien voetnoot 3 - hierdie uitgawes word gewoonlik in daaropvolgende finansiële jare gemagtig.
  - Insluitende gerealiseerde waarborgverpligtinge, betaalmiddelebydraes aan IOG en IBHO, asook IMF-valuta aanpassings.
  - Insluitende oordragte na die Goud-en-Buitelandse-valuta-gebeurlikheidsreserwerekening, die Spesiale Verdedigingsrekening, die Ontwikkelingsbank van Suider-Afrika, die Onafhanklike Ontwikkelingstrust en die Belastingreserwerekening.
  - Gedurende die periode 1987/88 tot 1990/91 moes provinsiale surplusse na die eertydse Staatsinkomsterekening oorgedra word.
  - Verwys na voetnoot 2. Hierdie syfers is aan die uitgawekant bygevoeg om die uitgawesyfers tot en met 1994/95 op dieselfde basis as die vir 1995/96 aan te bied.
  - Die verskil tussen totale langtermyn skuldafllossings en die van geskeduleerde staatseffekte is toe te skryf aan konsolidasie, terugkope en omskakeling van staatseffekte, asook die aflassing van wisselende koers effekte en obligasies. Aan die finansieringskant sluit die totale binnelandse langtermyn skuld syfer die herfinansiering van hierdie aktiwiteite in. Premie op konsolidasie en terugkope is afgetrek by "totale langtermyn skuldafllossings".
  - Insluitende "Skuldstandfondse" wat in wisselende koers effekte omskep is. Diskonto op die verkope van nuwe staatseffekte is uitgesluit.
- \* Beloop 6,0% van BBP indien oordragbetalings van R14,84 miljard na ander rekenings/fondse buite rekening gelaat word.

**TABLE 7**  
**NATIONAL BUDGET BALANCES 1)**

R million

	ACTUAL FIGURES			
	1985/86	1986/87	1987/88	1988/89
<b>REVENUE</b>				
Tax revenue ..... 2)	29 375,5	32 945,4	38 184,5	49 404,1
Non-tax revenue ..... 2)	1 493,2	1 885,8	1 876,0	2 029,5
Total current revenue ..... 2)	30 868,7	34 831,2	40 060,6	51 433,7
Capital revenue and other receipts ..... 3)	691,3	1 657,7	786,1	635,9
<b>Total revenue</b> .....	<b>31 560,0</b>	<b>36 488,9</b>	<b>40 846,7</b>	<b>52 069,5</b>
<b>EXPENDITURE</b>				
Cost of servicing state debt ..... 4)	5 006,4	5 458,8	6 344,3	8 051,8
Other current expenditure .....	27 710,3	32 838,0	39 674,7	46 717,5
Budget votes and fixed				
statutory appropriations ..... 5)	25 782,3	31 091,5	37 325,7	43 291,5
Standing appropriations ..... 6)	32,3	31,1	3,4	52,5
Extra-ordinary current transfers ..... 7)	250,0	-	-	320,0
Expenditure from revenue previously				
collected in other revenue accounts:				
Own Affairs Administrations ..... 8)	70,6	106,2	129,5	175,6
Self-governing territories				
and TBVC states ..... 8)	555,4	561,2	844,5	1 145,8
Amounts equal to revenue				
formerly diverted ..... 8)	1 019,7	1 048,1	1 371,7	1 732,2
Total current expenditure .....	32 716,7	38 296,8	46 019,1	54 769,3
Total capital expenditure .....	2 683,6	3 901,4	4 340,5	6 228,9
Budget votes and fixed				
statutory appropriations ..... 9)	2 522,6	3 697,4	4 083,8	4 884,4
Extra-ordinary capital transfers ..... 10)	-	-	-	1 000,0
Expenditure from revenue previously				
collected in other revenue accounts:				
Own Affairs Administrations ..... 8)	6,9	12,6	14,2	19,8
Self-governing territories				
and TBVC states ..... 8)	54,3	66,7	92,4	129,3
Amounts equal to revenue				
formerly diverted ..... 8)	99,8	124,6	150,1	195,4
<b>Total expenditure</b> .....	<b>35 400,3</b>	<b>42 198,3</b>	<b>50 359,5</b>	<b>60 998,3</b>
<b>BALANCES: SURPLUS(-)/DEFICIT(+)</b>				
Conventional/overall balance ..... 11)	3 840,4	5 709,4	9 512,8	8 928,7
Current balance ..... 12)	1 848,1	3 465,7	5 958,5	3 335,7
Primary balance ..... 13)	-1 166,1	250,6	3 168,5	876,9

- 1) This table is a first attempt to present the course of various budget balances since 1985/86 for purposes of analysis. Although care was taken to include all factors in calculating these budget balances, it must be noted that these figures were not compiled strictly on the basis of the GFS classification method and will therefore differ from data published in the Quarterly Bulletin of the South African Reserve Bank. Figures earlier than 1985/86 are not presented because Reports of the Auditor-General did not distinguish between current and capital transfers.
- 2) See tables 2 and 4.
- 3) These figures include items that are not regarded as revenue according to the GFS classification method. It is, however, included here because the expenditure figures in this table are not compiled according to the GFS method.
- 4) Excluding discount on the sales of new government stock and including managing costs.
- 5) Expenditure on goods and services and current transfers to businesses, households, the rest of the world and other levels and funds of general government. These "budget vote" figures include unauthorised expenditure and will thus differ from those presented in table 6.
- 6) See also table 6. Comprise realised guarantee liabilities, subscriptions payments to IDA and IBRD, as well as valuation adjustment payments to the IMF.
- 7) Comprise transfers to the Government Pension Funds and the Special Defence Account.
- 8) In order to present the expenditure figures prior to 1994/95 on the basis of the National Revenue Account, expenditure from revenue previously collected in other Revenue Accounts has to be added for purposes of comparability. Due to lack of detail, the amounts were split between "current" and "capital" according to the former State Revenue Account ratios (excluding state debt costs).
- 9) Acquisition of fixed capital assets, stock, land and intangible assets and capital transfers to business, households, the rest of the world and other levels and funds of general government.
- 10) See also table 6. Comprise transfers to the Gold and Foreign Exchange Contingency Reserve Account, the Independent Development Trust and the Development Bank of Southern Africa.
- 11) The conventional budget balance is calculated as the difference between total expenditure and total revenue.
- 12) The current budget balance is calculated as the difference between total current expenditure and total current revenue.
- 13) The primary budget balance is calculated as the difference between total non-interest expenditure and total revenue.

TABEL 7  
NASIONALE BEGROTINGSALDO'S 1)

WERKLIKE SYFERS				
1989/90	1990/91	1991/92	1992/93	
63 371,6	69 953,3	76 147,2	80 524,9	2) INKOMSTE
2 081,6	2 035,0	1 662,3	2 197,9	2) Belastinginkomste
65 453,2	71 988,3	77 809,4	82 722,8	2) Nie-belastinginkomste
3 076,5	445,9	943,1	1 354,6	3) Totale lopende inkomste
<b>68 529,7</b>	<b>72 434,2</b>	<b>78 752,5</b>	<b>84 077,4</b>	3) Kapitaalinkomste en ander ontvangstes
				<b>Totale inkomste</b>
10 311,9	11 579,5	13 886,3	17 049,7	4) UITGAWES
55 661,4	65 231,5	74 331,9	88 539,1	4) Staatskulddiensingskoste
50 565,8	58 412,1	66 866,7	81 642,0	Ander lopende besteding
51,3	65,9	72,0	135,1	Begrotingsposte en vaste
1 000,0	1 800,0	2 000,0	-	5) statutêre appropriasies
				6) Staande appropriasies
286,8	317,7	296,9	368,4	7) Buitengewone lopende oordragte
1 619,0	2 129,5	1 963,1	2 190,3	8) Uitgawes vanuit inkomste voorheen
2 138,5	2 506,2	3 133,2	4 203,4	8) in ander rekenings gevorder:
				8) Eie Sake Administrasies
				8) Selfregerende gebiede
				8) en TBVC-state
				8) Bedrae gelykstaande aan
				8) eertydse inkomste-afkerings
65 973,2	76 811,0	88 218,3	105 588,8	Totale lopende besteding
10 423,1	4 567,3	5 340,7	5 876,3	Totale kapitaalbesteding
4 872,1	4 210,3	4 942,1	5 426,8	9) Begrotingsposte en vaste
5 215,7	-	-	-	10) statutêre appropriasies
				10) Buitengewone kapitaaloordragte
17,2	22,9	21,9	24,5	8) Uitgawes vanuit inkomste voorheen
112,1	153,5	145,1	145,6	8) in ander rekenings gevorder:
206,1	180,6	231,6	279,4	8) Eie Sake Administrasies
				8) Selfregerende gebiede
				8) en TBVC-state
				8) Bedrae gelykstaande aan
				8) eertydse inkomste-afkerings
<b>76 396,4</b>	<b>81 378,3</b>	<b>93 559,0</b>	<b>111 465,1</b>	<b>Totale besteding</b>
7 866,6	8 944,1	14 806,5	27 387,7	11) SALDO'S: SURPLUS(-)/TEKORT(+)
520,1	4 822,7	10 408,8	22 866,0	12) Konvensionele/algehele saldo
-2 445,2	-2 635,4	920,1	10 338,0	12) Lopende saldo
				13) Primêre saldo

1) Hierdie tabel is 'n eerste poging om, vir ontledingsdoeleindes, die verloop van verskeie begrotingsalido's sedert 1985/86 aan te bied. Hoewel sorg gedra is dat alle faktore in aanmerking geneem is by die berekening van die begrotingsalido's, moet genoem word dat hierdie syfers nie streng volgens die GFS-klassifikasie metode saamgestel is nie en sal gevolglik verskil van data wat in die Kwartaalblad van die Suid-Afrikaanse Reserwebank gepubliseer word. Syfers voor 1985/86 word nie aangebied nie, aangesien Verslae van die Ouditeur-Generaal nie onderskei het tussen lopende en kapitaaloordragte nie.

2) Sien tabelle 2 en 4.

3) Hierdie syfers sluit items in wat nie as inkomste volgens die GFS-klassifikasie metode beskou word nie. Dit word egter hier ingesluit omdat die uitgawesyfers in hierdie tabel nie volgens die GFS-metode saamgestel is nie.

4) Uitgesluit diskonto op die verkope van nuwe staatseffekte en insluitende bestuurskoste.

5) Besteding op goedere en dienste en lopende oordragte aan besighede, huishoudings, die res van die wêreld en ander vlakke en fondse van die algemene owerheid. Hierdie "begrotingspos"-syfers sluit ongemaagtigde uitgawes in en sal gevolglik verskil van die wat in tabel 6 aangebied word.

6) Sien ook tabel 6. Bestaan uit gerealiseerde waarborgverpligtinge, betaalmiddelle bydraes aan IOG en IBHO, asook valuta-aanpassingbetalings aan die IMF.

7) Bestaan uit oordragte na Owerheidspensioenfondse en die Spesiale Verdedigingsrekening.

8) Ten einde die uitgawesyfers voor 1994/95 op grond van die Nasionale Inkomsterekening aan te bied, moet uitgawes gefinansier uit inkomste wat voorheen in ander inkomsterekenings gevorder was, bygevoeg word vir vergelykingsdoeleindes. Weens 'n gebrek aan besonderhede, is hierdie bedrae tussen "lopend" en "kapitaal" verdeel op grond van die verhoudings in die eertydse Staatsinkomsterekening (uitgesluit staatskuldkoste).

9) Verkryging van vaste kapitaalbates, voorrade, grond en ontasbare bates, asook kapitaaloordragte aan besighede, huishoudings, die res van die wêreld en ander vlakke en fondse van die algemene owerheid.

10) Sien ook tabel 6. Bestaan uit oordragte na die Goud-en-Buitelandse-valuta-gebeurlikheidsreserwerekening, die Onafhanklike Ontwikkelingstrust en die Ontwikkelingsbank van Suid-Afrika.

11) Die konvensionele begrotingsbalans word bereken as die verskil tussen totale besteding en totale inkomste.

12) Die lopende begrotingsbalans word bereken as die verskil tussen totale lopende besteding en totale lopende inkomste.

13) Die primêre begrotingsbalans word bereken as die verskil tussen totale nie-rente besteding en totale inkomste.

**TABLE 7 (continued)**  
**NATIONAL BUDGET BALANCES 1)**

	PRELIMINARY VOORLOPIG	1994/95		R million 1995/96
		1993/94	Budgeted 14) Begroot 14)	Revised Estimate 15) Hersiene Raming 15)
<b>REVENUE</b>				
Tax revenue ..... 2)	94 081,2	106 497,9	109 621,3	121 318,9
Non-tax revenue ..... 2)	2 584,9	2 123,6	1 762,1	1 528,6
Total current revenue ..... 2)	96 666,1	108 621,6	111 383,4	122 847,5
Capital revenue and other receipts ..... 3)	1 593,5	186,3	167,5	1 343,5
<b>Total revenue</b> .....	<b>98 259,6</b>	<b>108 807,8</b>	<b>111 551,0</b>	<b>124 191,0</b>
<b>EXPENDITURE</b>				
Cost of servicing state debt ..... 4)	20 885,7	23 365,0	23 655,4	28 385,0
Other current expenditure .....	101 011,1	105 203,9	106 793,3	111 212,0
Budget votes and fixed				
statutory appropriations ..... 5)	85 304,9	102 209,3	103 738,4	111 052,0
Standing appropriations ..... 6)	230,6	265,0	150,4	160,0
Extra-ordinary current transfers ..... 7)	7 340,0	-	-	-
Expenditure from revenue previously collected in other revenue accounts:				
Own Affairs Administrations ..... 8)	170,0	-	-	-
Self-governing territories and TBVC states ..... 8)	2 641,4	2 729,6	2 738,5	-
Amounts equal to revenue formerly diverted ..... 8)	5 324,3	-	165,9	-
Total current expenditure .....	121 896,8	128 568,9	130 448,7	139 597,0
Total capital expenditure .....	15 147,1	9 778,2	9 556,2	13 651,3
Budget votes and fixed				
statutory appropriations ..... 9)	6 981,3	9 523,9	9 295,9	13 651,3
Extra-ordinary capital transfers ..... 10)	7 500,0	-	-	-
Expenditure from revenue previously collected in other revenue accounts:				
Own Affairs Administrations ..... 8)	13,9	-	-	-
Self-governing territories and TBVC states ..... 8)	216,2	254,3	245,4	-
Amounts equal to revenue formerly diverted ..... 8)	435,7	-	14,9	-
<b>Total expenditure</b> .....	<b>137 043,9</b>	<b>138 347,1</b>	<b>140 004,9</b>	<b>153 248,3</b>
<b>BALANCES: SURPLUS(-)/DEFICIT(+)</b>				
Conventional/overall balance ..... 11)	38 784,3	29 539,2	28 453,9	29 057,3
Current balance ..... 12)	25 230,7	19 947,3	19 065,2	16 749,5
Primary balance ..... 13)	17 898,6	6 174,3	4 798,5	672,3

- 1) This table is a first attempt to present the course of various budget balances since 1985/86 for purposes of analysis. Although care was taken to include all factors in calculating these budget balances, it must be noted that these figures were not compiled strictly on the basis of the GFS classification method and will therefore differ from data published in the Quarterly Bulletin of the South African Reserve Bank. Figures earlier than 1985/86 are not presented because Reports of the Auditor-General did not distinguish between current and capital transfers.
- 2) See tables 2 and 4.
- 3) These figures include items that are not regarded as revenue according to the GFS classification method. It is, however, included here because the expenditure figures in this table are not compiled according to the GFS method.
- 4) Excluding discount on the sales of new government stock and including managing costs.
- 5) Expenditure on goods and services and current transfers to businesses, households, the rest of the world and other levels and funds of general government. These "budget vote" figures include unauthorised expenditure and will thus differ from those presented in table 6.
- 6) See also table 6. Comprise realised guarantee liabilities, subscriptions payments to IDA and IBRD, as well as valuation adjustment payments to the IMF.
- 7) Comprise transfers to the Government Pension Funds and the Special Defence Account.
- 8) In order to present the expenditure figures prior to 1994/95 on the basis of the National Revenue Account, expenditure from revenue previously collected in other Revenue Accounts has to be added for purposes of comparability. Due to lack of detail, the amounts were split between "current" and "capital" according to the former State Revenue Account ratios (excluding state debt costs).
- 9) Acquisition of fixed capital assets, stock, land and intangible assets and capital transfers to business, households, the rest of the world and other levels and funds of general government.
- 10) See also table 6. Comprise transfers to the Gold and Foreign Exchange Contingency Reserve Account, the Independent Development Trust and the Development Bank of Southern Africa.
- 11) The conventional budget balance is calculated as the difference between total expenditure and total revenue.
- 12) The current budget balance is calculated as the difference between total current expenditure and total current revenue.
- 13) The primary budget balance is calculated as the difference between total non-interest expenditure and total revenue.
- 14) Printed Estimate (Second Print) plus expenditures to be allocated in the Adjustment Estimate, after eliminating double counting of the national budget's contribution to the RDP Fund. RDP-related expenditure on the vote: Promotion of the RDP are regarded as current expenditure. For this table, it was, however, classified between current and capital (a 60% : 40% ratio was used for projects containing both current and capital expenditure).
- 15) Amounts presented in the Adjustments Estimate are adjusted for structural changes.



**TABLE 7a**  
**NATIONAL BUDGET BALANCES 1)**

Percentage of GDP

	ACTUAL FIGURES			
	1985/86	1986/87	1987/88	1988/89
<b>REVENUE</b>				
Tax revenue ..... 2)	23,3%	22,1%	21,9%	23,5%
Non-tax revenue ..... 2)	1,2%	1,3%	1,1%	1,0%
Total current revenue ..... 2)	24,4%	23,3%	23,0%	24,5%
Capital revenue and other receipts ..... 3)	0,5%	1,1%	0,5%	0,3%
<b>Total revenue</b> .....	<b>25,0%</b>	<b>24,4%</b>	<b>23,5%</b>	<b>24,8%</b>
<b>EXPENDITURE</b>				
Cost of servicing state debt ..... 4)	4,0%	3,7%	3,6%	3,8%
Other current expenditure .....	21,9%	22,0%	22,8%	22,3%
Budget votes and fixed				
statutory appropriations ..... 5)	20,4%	20,8%	21,4%	20,6%
Standing appropriations ..... 6)	0,0%	0,0%	0,0%	0,0%
Extra-ordinary current transfers ..... 7)	0,2%	-	-	0,2%
Expenditure from revenue previously				
collected in other revenue accounts:				
Own Affairs Administrations ..... 8)	0,1%	0,1%	0,1%	0,1%
Self-governing territories				
and TBVC states ..... 8)	0,4%	0,4%	0,5%	0,5%
Amounts equal to revenue				
formerly diverted ..... 8)	0,8%	0,7%	0,8%	0,8%
Total current expenditure .....	25,9%	25,7%	26,4%	26,1%
Total capital expenditure .....	2,1%	2,6%	2,5%	3,0%
Budget votes and fixed				
statutory appropriations ..... 9)	2,0%	2,5%	2,3%	2,3%
Extra-ordinary capital transfers ..... 10)	-	-	-	0,5%
Expenditure from revenue previously				
collected in other revenue accounts:				
Own Affairs Administrations ..... 8)	0,0%	0,0%	0,0%	0,0%
Self-governing territories				
and TBVC states ..... 8)	0,0%	0,0%	0,1%	0,1%
Amounts equal to revenue				
formerly diverted ..... 8)	0,1%	0,1%	0,1%	0,1%
<b>Total expenditure</b> .....	<b>28,0%</b>	<b>28,3%</b>	<b>28,9%</b>	<b>29,1%</b>
<b>BALANCES: SURPLUS(-)/DEFICIT(+)</b>				
Conventional/overall balance ..... 11)	3,0%	3,8%	5,5%	4,3%
Current balance ..... 12)	1,5%	2,3%	3,4%	1,6%
Primary balance ..... 13)	-0,9%	0,2%	1,8%	0,4%

- 1) This table is a first attempt to present the course of various budget balances since 1985/86 for purposes of analysis. Although care was taken to include all factors in calculating these budget balances, it must be noted that these figures were not compiled strictly on the basis of the GFS classification method and will therefore differ from data published in the Quarterly Bulletin of the South African Reserve Bank. Figures earlier than 1985/86 are not presented because Reports of the Auditor-General did not distinguish between current and capital transfers.
- 2) See tables 2 and 4.
- 3) These figures include items that are not regarded as revenue according to the GFS classification method. It is, however, included here because the expenditure figures in this table are not compiled according to the GFS method.
- 4) Excluding discount on the sales of new government stock and including managing costs.
- 5) Expenditure on goods and services and current transfers to businesses, households, the rest of the world and other levels and funds of general government. These "budget vote" figures include unauthorised expenditure and will thus differ from those presented in table 6.
- 6) See also table 6. Comprise realised guarantee liabilities, subscriptions payments to IDA and IBRD, as well as valuation adjustment payments to the IMF.
- 7) Comprise transfers to the Government Pension Funds and the Special Defence Account.
- 8) In order to present the expenditure figures prior to 1994/95 on the basis of the National Revenue Account, expenditure from revenue previously collected in other Revenue Accounts has to be added for purposes of comparability. Due to lack of detail, the amounts were split between "current" and "capital" according to the former State Revenue Account ratios (excluding state debt costs).
- 9) Acquisition of fixed capital assets, stock, land and intangible assets and capital transfers to business, households, the rest of the world and other levels and funds of general government.
- 10) See also table 6. Comprise transfers to the Gold and Foreign Exchange Contingency Reserve Account, the Independent Development Trust and the Development Bank of Southern Africa.
- 11) The conventional budget balance is calculated as the difference between total expenditure and total revenue.
- 12) The current budget balance is calculated as the difference between total current expenditure and total current revenue.
- 13) The primary budget balance is calculated as the difference between total non-interest expenditure and total revenue.

Persentasie van BBP

TABEL 7a  
NASIONALE BEGROTINGSALDO'S 1)

WERKLIKE SYFERS				
1989/90	1990/91	1991/92	1992/93	
25,5%	24,6%	23,8%	23,2%	2) INKOMSTE
0,8%	0,7%	0,5%	0,6%	2) Belastinginkomste
26,3%	25,4%	24,3%	23,8%	2) Nie-belastinginkomste
1,2%	0,2%	0,3%	0,4%	3) Totale lopende inkomste
27,5%	25,5%	24,6%	24,2%	3) Kapitaalinkomste en ander ontvangstes
4,1%	4,1%	4,3%	4,9%	<b>Totale inkomste</b>
22,4%	23,0%	23,2%	25,5%	<b>UITGAWES</b>
20,3%	20,6%	20,9%	23,5%	4) Staatskulddiensingskoste
0,0%	0,0%	0,0%	0,0%	Ander lopende besteding
0,4%	0,6%	0,6%	-	5) Begrotingsposte en vaste
0,1%	0,1%	0,1%	0,1%	5) statutêre appropriasies
0,7%	0,7%	0,6%	0,6%	6) Staande appropriasies
0,9%	0,9%	1,0%	1,2%	7) Buitengewone lopende oordragte
26,5%	27,1%	27,5%	30,4%	8) Uitgawes vanuit inkomste voorheen
4,2%	1,6%	1,7%	1,7%	8) in ander rekenings gevorder:
2,0%	1,5%	1,5%	1,6%	8) Eie Sake Administrasies
2,1%	-	-	-	8) Selfregerende gebiede
0,0%	0,0%	0,0%	0,0%	8) en TBVC-state
0,0%	0,1%	0,0%	0,0%	8) Bedrae gelykstaande aan
0,1%	0,1%	0,1%	0,1%	8) eertydse inkomste-afkerings
30,7%	28,7%	29,2%	32,1%	<b>Totale lopende besteding</b>
3,2%	3,1%	4,6%	7,9%	<b>Totale kapitaalbesteding</b>
0,2%	1,7%	3,3%	6,6%	9) Begrotingsposte en vaste
-1,0%	-0,9%	0,3%	3,0%	10) statutêre appropriasies
				10) Buitengewone kapitaaloordragte
				8) Uitgawes vanuit inkomste voorheen
				8) in ander rekenings gevorder:
				8) Eie Sake Administrasies
				8) Selfregerende gebiede
				8) en TBVC-state
				8) Bedrae gelykstaande aan
				8) eertydse inkomste-afkerings
				<b>Totale besteding</b>
				<b>SALDO'S: SURPLUS(-)/TEKORT(+)</b>
				11) Konvensionele/algehele saldo
				12) Lopende saldo
				13) Primêre saldo

- Hierdie tabel is 'n eerste poging om, vir ontledingsdoeleindes, die verloop van verskeie begrotingsaldo's sedert 1985/86 aan te bied. Hoewel sorg gedra is dat alle faktore in aanmerking geneem is by die berekening van die begrotingsaldo's, moet genoem word dat hierdie syfers nie streng volgens die GFS-klassifikasie metode saamgestel is nie en sal gevolglik verskil van data wat in die Kwartaalblad van die Suid-Afrikaanse Reserwebank gepubliseer word. Syfers voor 1985/86 word nie aangebied nie, aangesien Verslae van die Ouditeur-Generaal nie onderskei het tussen lopende en kapitaaloordragte nie.
- Sien tabelle 2 en 4.
- Hierdie syfers sluit items in wat nie as inkomste volgens die GFS-klassifikasie metode beskou word nie. Dit word egter hier ingesluit omdat die uitgawesyfers in hierdie tabel nie volgens die GFS-metode saamgestel is nie.
- Uitgesluit diskonto op die verkope van nuwe staatssekkosse en insluitende bestuurskoste.
- Besteding op goedere en dienste en lopende oordragte aan besighede, huishoudings, die res van die wêreld en ander vlakke en fondse van die algemene owerheid. Hierdie "begrotingspos"-syfers sluit ongemagtigde uitgawes in en sal gevolglik verskil van die wat in tabel 6 aangebied word.
- Sien ook tabel 6. Bestaan uit gerealiseerde waarborgverpligtinge, betaalmiddele bydraes aan IOG en IBHO, asook valuta-aanpassingbetalings aan die IMF.
- Bestaan uit oordragte na Owerheidspensioenfondse en die Spesiale Verdedigingsrekening.
- Ten einde die uitgawesyfers voor 1994/95 op grond van die Nasionale Inkomsterekening aan te bied, moet uitgawes gefinansier uit inkomste wat voorheen in ander Inkomsterekenings gevorder was, bygevoeg word vir vergelykingsdoeleindes. Weens 'n gebrek aan besonderhede, is hierdie bedrae tussen "lopende" en "kapitaal" verdeel op grond van die verhoudings in die eertydse Staatsinkomsterekening (uitgesluit staatskuldkoste).
- Verkryging van vaste kapitaalbates, voorrade, grond en ontasbare bates, asook kapitaaloordragte aan besighede, huishoudings, die res van die wêreld en ander vlakke en fondse van die algemene owerheid.
- Sien ook tabel 6. Bestaan uit oordragte na die Goud-en-Buitelandse-valuta-gebruiklikheidsreserwerekening, die Onafhanklike Ontwikkelingstrust en die Ontwikkelingsbank van Suid-Afrika.
- Die konvensionele begrotingsbalans word bereken as die verskil tussen totale besteding en totale inkomste.
- Die lopende begrotingsbalans word bereken as die verskil tussen totale lopende besteding en totale lopende inkomste.
- Die primêre begrotingsbalans word bereken as die verskil tussen totale nie-rente besteding en totale inkomste.

**TABLE 7a (continued)**  
**NATIONAL BUDGET BALANCES 1)**

Percentage of GDP

	PRELIMINARY VOORLOPIG	1994/95		1995/96
		Budgeted 14) Begroot 14)	Revised Estimate 15) Hersiene Raming 15)	Budgeted 14) Begroot 14)
	1993/94			
<b>REVENUE</b>				
Tax revenue ..... 2)	23,9%	24,1%	24,5%	24,3%
Non-tax revenue ..... 2)	0,7%	0,5%	0,4%	0,3%
<b>Total current revenue</b> ..... 2)	<b>24,5%</b>	<b>24,6%</b>	<b>24,9%</b>	<b>24,6%</b>
Capital revenue and other receipts ..... 3)	0,4%	0,0%	0,0%	0,3%
<b>Total revenue</b> .....	<b>24,9%</b>	<b>24,6%</b>	<b>24,9%</b>	<b>24,8%</b>
<b>EXPENDITURE</b>				
Cost of servicing state debt ..... 4)	5,3%	5,3%	5,3%	5,7%
Other current expenditure .....	25,6%	23,8%	23,9%	22,2%
Budget votes and fixed statutory appropriations ..... 5)	21,6%	23,1%	23,2%	22,2%
Standing appropriations ..... 6)	0,1%	0,1%	0,0%	0,0%
Extra-ordinary current transfers ..... 7)	1,9%	-	-	-
Expenditure from revenue previously collected in other revenue accounts:				
Own Affairs Administrations ..... 8)	0,0%	-	-	-
Self-governing territories and TBVC states ..... 8)	0,7%	0,6%	0,6%	-
Amounts equal to revenue formerly diverted ..... 8)	1,3%	-	0,0%	-
<b>Total current expenditure</b> .....	<b>30,9%</b>	<b>29,1%</b>	<b>29,1%</b>	<b>27,9%</b>
Total capital expenditure .....	3,8%	2,2%	2,1%	2,7%
Budget votes and fixed statutory appropriations ..... 9)	1,8%	2,2%	2,1%	2,7%
Extra-ordinary capital transfers ..... 10)	1,9%	-	-	-
Expenditure from revenue previously collected in other revenue accounts:				
Own Affairs Administrations ..... 8)	0,0%	-	-	-
Self-governing territories and TBVC states ..... 8)	0,1%	0,1%	0,1%	-
Amounts equal to revenue formerly diverted ..... 8)	0,1%	-	0,0%	-
<b>Total expenditure</b> .....	<b>34,7%</b>	<b>31,3%</b>	<b>31,3%</b>	<b>30,6%</b>
<b>BALANCES: SURPLUS(-)/DEFICIT(+)</b>				
Conventional/overall balance ..... 11)	9,8%	6,7%	6,4%	5,8%
Current balance ..... 12)	6,4%	4,5%	4,3%	3,3%
Primary balance ..... 13)	4,5%	1,4%	1,1%	0,1%

- 1) This table is a first attempt to present the course of various budget balances since 1985/86 for purposes of analysis. Although care was taken to include all factors in calculating these budget balances, it must be noted that these figures were not compiled strictly on the basis of the GFS classification method and will therefore differ from data published in the Quarterly Bulletin of the South African Reserve Bank. Figures earlier than 1985/86 are not presented because Reports of the Auditor-General did not distinguish between current and capital transfers.
- 2) See tables 2 and 4.
- 3) These figures include items that are not regarded as revenue according to the GFS classification method. It is, however, included here because the expenditure figures in this table are not compiled according to the GFS method.
- 4) Excluding discount on the sales of new government stock and including managing costs.
- 5) Expenditure on goods and services and current transfers to businesses, households, the rest of the world and other levels and funds of general government. These "budget vote" figures include unauthorised expenditure and will thus differ from those presented in table 6.
- 6) See also table 6. Comprise realised guarantee liabilities, subscriptions payments to IDA and IBRD, as well as valuation adjustment payments to the IMF.
- 7) Comprise transfers to the Government Pension Funds and the Special Defence Account.
- 8) In order to present the expenditure figures prior to 1994/95 on the basis of the National Revenue Account, expenditure from revenue previously collected in other Revenue Accounts has to be added for purposes of comparability. Due to lack of detail, the amounts were split between "current" and "capital" according to the former State Revenue Account ratios (excluding state debt costs).
- 9) Acquisition of fixed capital assets, stock, land and intangible assets and capital transfers to business, households, the rest of the world and other levels and funds of general government.
- 10) See also table 6. Comprise transfers to the Gold and Foreign Exchange Contingency Reserve Account, the Independent Development Trust and the Development Bank of Southern Africa.
- 11) The conventional budget balance is calculated as the difference between total expenditure and total revenue.
- 12) The current budget balance is calculated as the difference between total current expenditure and total current revenue.
- 13) The primary budget balance is calculated as the difference between total non-interest expenditure and total revenue.
- 14) Printed Estimate (Second Print) plus expenditures to be allocated in the Adjustment Estimate, after eliminating double counting of the national budget's contribution to the RDP Fund. RDP-related expenditure on the vote: Promotion of the RDP are regarded as current expenditure. For this table, it was, however, classified between current and capital (a 60% : 40% ratio was used for projects containing both current and capital expenditure).
- 15) Amounts presented in the Adjustments Estimate are adjusted for structural changes.



**TABLE 8**  
**CONSOLIDATED NATIONAL AND PROVINCIAL BUDGETS**  
**ECONOMIC CLASSIFICATION OF EXPENDITURE 1)**

R million

	REVISED ESTIMATES HERSIENE RAMINGS	
	1992/93	1993/94
<b>CURRENT EXPENDITURE</b>		
<b>Goods and Services .....</b>	<b>60 089,6</b>	<b>67 485,5</b>
Remuneration of employees .....	42 416,6	47 733,5
Other than remuneration .....	17 673,0	19 752,0
<b>Interest .....</b>	<b>17 529,8</b>	<b>22 150,4</b>
<b>Current transfers .....</b>	<b>21 692,5</b>	<b>20 317,8</b>
Business (subsidiaries) .....	10 828,9	8 619,6
Non-financial public enterprises .....	2 253,8	2 782,1
Public financial institutions .....	256,4	262,7
Extra-budgetary accounts and funds .....	65,5	69,4
Private .....	8 253,1	5 505,4
Households .....	10 677,1	11 359,8
Foreign countries .....	169,8	146,5
International credit institutions .....	16,7	191,9
<b>Current transfers to other general government Institutions and funds .....</b>	<b>11 014,0</b>	<b>11 306,8</b>
Extra-budgetary accounts and funds .....	8 664,8	8 572,9
Social security funds .....	55,3	53,4
Universities and technikons .....	2 616,9	3 117,7
Other .....	5 992,5	5 401,7
Local authorities .....	2 349,0	2 626,0
Unallocable .....	0,2	107,9
<b>Total current expenditure .....</b>	<b>110 325,9</b>	<b>121 260,5</b>
<b>CAPITAL EXPENDITURE</b>		
<b>Acquisition of fixed capital assets, stock, land and other intangible assets .....</b>	<b>5 155,2</b>	<b>6 843,1</b>
<b>Capital transfers .....</b>	<b>352,8</b>	<b>839,6</b>
Business .....	296,6	290,5
Non-financial public enterprises .....	186,8	193,5
Public financial institutions .....	60,5	58,7
Extra-budgetary accounts and funds .....	16,9	16,9
Private .....	32,4	21,4
Households .....	56,2	149,1
International credit institutions .....	0,0	400,0
<b>Purchases of shares in and loans to .....</b>	<b>333,5</b>	<b>332,5</b>
Business .....	272,3	270,2
Non-financial public enterprises .....	268,8	258,9
Public financial institutions .....	2,8	10,7
Extra-budgetary accounts and funds .....		0,0
Private .....	0,6	0,5
Households .....	61,2	54,8
International credit institutions .....	0,0	7,6

Continue on page B.65

**TABEL B**  
**GEKONSOLIDEERDE**  
**EKONOMIESE**

R miljoen

	1995/96	
1994/95	Projected 5)	
	Geprojekteer 5)	
<b>77 203,0</b>	<b>76 053,9</b>	<b>LOPENDE UITGAWES</b>
56 460,7	58 298,9	<b>Goedere en dienste</b>
20 742,3	17 755,0	Vergoeding van werknemers
		Ander, uitgesonderd vergoeding
<b>24 863,3</b>	<b>28 604,4</b>	<b>Rente</b>
<b>23 094,6</b>	<b>24 934,2</b>	<b>Lopende oordragte</b>
7 960,5	7 922,2	Besighede (subsidiës)
2 941,5	3 042,4	Nie-finansiële openbare ondernemings
129,6	1,3	Openbare finansiële instellings
279,8	17,1	Buite-begrotingsrekenings en -fondse
4 609,6	4 861,4	Privaat
14 903,5	16 764,5	Huishoudings
146,1	132,0	Buiteland
84,6	115,5	Internasionale kredietinstellings
		<b>Lopende oordragte aan ander algemene</b>
<b>11 723,0</b>	<b>13 484,8</b>	<b>owerheidsinstellings en -fondse</b>
8 998,9	9 169,3	Buite-begrotingsrekenings en -fondse
30,0	284,9	Sosiale sekerheidsfondse
3 387,1	3 585,4	Universiteite en teknikons
5 581,8	5 299,1	Ander
2 537,3	4 315,4	Plaaslike owerhede
186,8	-	Ontoedeelbaar
<b>136 883,9</b>	<b>143 077,3</b>	<b>Totale lopende uitgawes</b>
<b>7 934,6</b>	<b>7 946,3</b>	<b>KAPITAALUITGAWES</b>
507,9	486,8	<b>Verkryging van vaste bates, voorraad,</b>
321,1	332,6	<b>grond en ander ontasbare bates</b>
219,9	155,3	<b>Kapitaaloordragte</b>
-	-	Besighede
64,0	74,2	Nie-finansiële openbare ondernemings
37,2	103,0	Openbare finansiële instellings
177,3	131,8	Buite-begrotingsrekenings en -fondse
9,6	22,4	Privaat
		Huishoudings
		Internasionale kredietinstellings
<b>425,4</b>	<b>28,1</b>	<b>Aankoop van aandele in en lenings aan</b>
330,6	0,0	Besighede
116,1	0,0	Nie-finansiële openbare ondernemings
214,0	-	Openbare finansiële instellings
-	-	Buite-begrotingsrekenings en -fondse
0,5	0,0	Privaat
86,2	28,1	Huishoudings
8,6	-	Internasionale kredietinstellings

Vervolg op bladsy B.66

**TABLE 8 (continued)**  
**CONSOLIDATED NATIONAL AND PROVINCIAL BUDGETS**  
**ECONOMIC CLASSIFICATION OF EXPENDITURE 1)**

	R million	
	REVISED ESTIMATES HERSIENE RAMINGS	
	1992/93	1993/94
<b>Capital transfers and loans to other general government institutions and funds .....</b>	<b>1 929,4</b>	<b>2 134,7</b>
Extra-bugetary accounts and funds .....	1 801,1	1 982,9
Universities and technikons .....	96,0	130,0
Other .....	1 705,1	1 852,9
Local authorities .....	128,3	151,9
<b>Total capital expenditure .....</b>	<b>7 771,0</b>	<b>10 149,9</b>
<b>Subtotal .....</b>	<b>118 096,9</b>	<b>131 410,4</b>
Other expenditure that cannot be allocated in the Main Budget .....	-	-
4)	-	-
<b>Total estimated expenditure .....</b>	<b>118 096,9</b>	<b>131 410,4</b>

- 1) Before 1995/96, the "consolidated national and provincial budgets" represent a consolidation of expenditure from the main/national budget (central/national level), the former own affairs administrations, the former provincial administrations, the former self-governing territories and the former TBVC states. The 1995/96 figures represent a consolidation of the national budget and those of the new provincial governments. Transfers from these budgets to other levels of general government are also shown. This economic classification of expenditure was done by the Central Statistical Service. These are not actual expenditure figures: "revised estimates" refer to the national budget (Second Print) plus the Adjustments Estimate. Estimated savings and roll-overs have not been taken into account, due to lack of detail.
- 2) Mainly social pensions.
- 3) Include, among others, the Special Defence Account.
- 4) Includes R600 million for RDP capital projects and estimated expenditure to be included in the Adjustments Estimate.
- 5) Only five of the nine provinces supplied information timeously, which implies that the expenditure of the remainder was estimated and classified on the basis of this information. For this reason, the 1995/96 figures should be regarded as preliminary projections.

**TABEL 8 (vervolg)**  
**GEKONSOLIDEERDE NASIONALE EN PROVINSIALE BEGROTINGS**  
**EKONOMIESE KLASSIFIKASIE VAN UITGAWES 1)**

R miljoen		
	1995/96	
1994/95	Projected 5)	
	Geprojekteer 5)	
2 479,3	2 638,4	<b>Kapitaaloordragte en lenings aan ander            algemene owerheidsinstellings en -fondse</b> Buite-begrotingsrekenings en -fondse Universiteite en teknikons Ander Plaaslike owerhede
2 095,5	1 892,6	
126,2	506,8	
1 969,3	1 385,8	
383,8	745,8	
11 347,2	11 099,5	<b>Totale kapitaaluitgawes</b>
148 231,1	154 176,8	<b>Subtotaal</b>
-	-	4) Ander uitgawes wat nie in die Hoof- begroting toegedeel kan word nie
-	2 735,2	
148 231,1	156 912,0	<b>Totale beraamde uitgawes</b>

- 1) Voor 1995/96 verteenwoordig die "gekonsolideerde nasionale en provinsiale begrotings" 'n konsolidasie van uitgawes uit die hoof-/nasionale begroting (sentrale/nasionale vlak), die eertydse eie sake administrasies, die eertydse provinsiale administrasies, die eertydse selfregerende gebiede en die eertydse TBVC-state. Die 1995/96-syfers verteenwoordig 'n konsolidasie van die nasionale begroting en die van die nuwe provinsiale regerings. Oordragte vanaf hierdie begrotings na ander algemene owerheidsvlakke word ook getoon. Hierdie ekonomiese klassifikasie van uitgawes is deur die Sentrale Statistiekdiens gedoen. Hierdie is nie werklike uitgawesyfers nie: "hiersiene ramings" verwys na die nasionale begroting (Tweede Druk) plus die Aansuiweringsbegroting. Beraamde besparings en die oordrag van onbestede fondse is nie in berekening gebring nie weens 'n gebrek aan besonderhede.
- 2) Hoofsaaklik maatskaplike pensioene.
- 3) Sluit, onder meer, die Spesiale Verdedingsrekening in.
- 4) Sluit in R600 miljoen vir spesiale HOP-kapitaalprojekte, asook beraamde uitgawes wat in die Aansuiweringsbegroting ingesluit moet word.
- 5) Slegs vyf van die nege provinsies het betyds inligting verskaf, wat beteken dat die res se uitgawes op grond van hierdie vyf se uitgawes beraam en geklassifiseer moes word. Om hierdie rede moet die 1995/96-syfers as voorlopige projeksies beskou word.

**TABLE 9  
CONSOLIDATED NATIONAL AND  
PROVINCIAL BUDGETS: FUNCTIONAL  
CLASSIFICATION OF EXPENDITURE 1)**

	R million					
	1990/91			1991/92		
	Revised Estimate <i>Hersiene Raming</i>	% of total <i>% van totaal</i>	% of GDP <i>% van BBP</i>	Revised Estimate <i>Hersiene Raming</i>	% of total <i>% van totaal</i>	% of GDP <i>% van BBP</i>
<b>General government services and unallocable expenditure .....</b>	<b>6 925</b>	<b>8,4%</b>	<b>2,4%</b>	<b>8 625</b>	<b>8,9%</b>	<b>2,7%</b>
Foreign Affairs .....	677	0,8%	0,2%	907	0,9%	0,3%
General research .....	389	0,5%	0,1%	346	0,4%	0,1%
Other ..... 2)	5 860	7,1%	2,1%	7 372	7,6%	2,3%
<b>Protection services .....</b>	<b>18 084</b>	<b>21,8%</b>	<b>6,4%</b>	<b>19 229</b>	<b>19,9%</b>	<b>6,0%</b>
Defence .....	11 330	13,7%	4,0%	10 488	10,8%	3,3%
Police .....	4 632	5,6%	1,6%	6 222	6,4%	1,9%
Prisons .....	1 382	1,7%	0,5%	1 699	1,8%	0,5%
Courts of Law .....	740	0,9%	0,3%	820	0,8%	0,3%
<b>Social services .....</b>	<b>34 280</b>	<b>41,3%</b>	<b>12,1%</b>	<b>41 841</b>	<b>43,2%</b>	<b>13,1%</b>
Education .....	17 358	20,9%	6,1%	19 929	20,6%	6,2%
Pre-primary, primary & secondary .....	14 863	17,9%	5,2%	17 093	17,7%	5,3%
Tertiary .....	2 495	3,0%	0,9%	2 836	2,9%	0,9%
Health .....	8 390	10,1%	3,0%	10 630	11,0%	3,3%
Social security and welfare .....	5 759	6,9%	2,0%	7 431	7,7%	2,3%
Housing and related services .....	1 235	1,5%	0,4%	1 555	1,6%	0,5%
Recreation and culture .....	379	0,5%	0,1%	386	0,4%	0,1%
Other ..... 3)	1 158	1,4%	0,4%	1 910	2,0%	0,6%
<b>Economic services .....</b>	<b>11 290</b>	<b>13,6%</b>	<b>4,0%</b>	<b>12 530</b>	<b>12,9%</b>	<b>3,9%</b>
Water schemes and related services .....	680	0,8%	0,2%	900	0,9%	0,3%
Fuel and energy .....	204	0,2%	0,1%	216	0,2%	0,1%
Agriculture, forestry and fishing .....	1 947	2,3%	0,7%	2 392	2,5%	0,7%
Agricultural subsidies .....	160	0,2%	0,1%	-	-	-
Other .....	1 787	2,2%	0,6%	2 392	2,5%	0,7%
Mining .....	401	0,5%	0,1%	192	0,2%	0,1%
Manufacturing .....	857	1,0%	0,3%	877	0,9%	0,3%
Regional development .....	944	1,1%	0,3%	966	1,0%	0,3%
Transport and communication .....	4 033	4,9%	1,4%	4 402	4,5%	1,4%
Other economic services .....	2 223	2,7%	0,8%	2 585	2,7%	0,8%
Export trade promotion .....	931	1,1%	0,3%	1 623	1,7%	0,5%
Development Bank of Southern Africa .....	300	0,4%	0,1%	-	-	-
Other ..... 4)	992	1,2%	0,3%	962	1,0%	0,3%
<b>Interest .....</b>	<b>12 264</b>	<b>14,8%</b>	<b>4,3%</b>	<b>14 460</b>	<b>14,9%</b>	<b>4,5%</b>
<b>Government enterprises .....</b>	<b>90</b>	<b>0,1%</b>	<b>0,0%</b>	<b>118</b>	<b>0,1%</b>	<b>0,0%</b>
<b>Subtotal .....</b>	<b>82 933</b>	<b>100,0%</b>	<b>29,2%</b>	<b>96 803</b>	<b>100,0%</b>	<b>30,2%</b>
Plus: Expenditure not yet classified ..... 5)	-	-	-	-	-	-
<b>Total consolidated expenditure .....</b>	<b>82 933</b>		<b>29,2%</b>	<b>96 803</b>		<b>30,2%</b>

1) The information in this table was compiled by the Central Statistical Service. Figures for 1990/91 to 1994/95 are in respect of the Main (national) Budget plus the Additional/Adjustment Budget. Estimated savings and carry over of unspent funds are not provided for, since detail are not available.

2) Mainly general administration, cost of raising loans and unallocable capital expenditure.

3) Sewerage, sanitation, community development and other community services.

4) Including tourism, labour and multi-purpose projects.

5) R600 million for inclusion in the Supplementary Estimate and R2,135 billion for inclusion in the Adjustments Estimate.

**TABEL 9**  
**GEKONSOLIDEERDE NASIONALE EN**  
**PROVINSIALE BEGROTINGS: FUNKSIONELE**  
**KLASSIFIKASIE VAN UITGAWES 1)**

R miljoen						
1992/93			1993/94			
Revised Estimate	% of total	% of GDP	Revised Estimate	% of total	% of GDP	
<i>Hersiene Raming</i>	<i>% van totaal</i>	<i>% van BBB</i>	<i>Hersiene Raming</i>	<i>% van totaal</i>	<i>% van BBB</i>	
9 052	7,7%	2,6%	9 804	7,5%	2,5%	<b>Algemene owerheidsdienste en ontoedeelbare uitgawes</b>
1 283	1,1%	0,4%	1 255	1,0%	0,3%	Buitelandse Sake
409	0,3%	0,1%	482	0,4%	0,1%	Algemene navorsing
7 359	6,2%	2,1%	8 067	6,1%	2,0%	2) Ander
<b>21 165</b>	<b>17,9%</b>	<b>6,1%</b>	<b>23 076</b>	<b>17,6%</b>	<b>5,9%</b>	<b>Beskermingsdienste</b>
10 803	9,1%	3,1%	10 683	8,1%	2,7%	Verdediging
7 357	6,2%	2,1%	8 853	6,7%	2,2%	Polisie
1 801	1,5%	0,5%	2 091	1,6%	0,5%	Gevangenisse
1 205	1,0%	0,3%	1 449	1,1%	0,4%	Geregshowe
<b>51 759</b>	<b>43,8%</b>	<b>14,9%</b>	<b>57 983</b>	<b>44,1%</b>	<b>14,7%</b>	<b>Maatskaplike dienste</b>
24 393	20,7%	7,0%	27 761	21,1%	7,0%	Onderwys
21 018	17,8%	6,0%	23 794	18,1%	6,0%	Pre-primêr, primêr en sekondêr
3 375	2,9%	1,0%	3 967	3,0%	1,0%	Tersier
12 709	10,6%	3,7%	13 969	10,6%	3,5%	Gesondheid
10 031	8,5%	2,9%	10 794	8,2%	2,7%	Sosiale sekerheid en welsyn
1 256	1,1%	0,4%	1 571	1,2%	0,4%	Behuising en verwante dienste
526	0,4%	0,2%	606	0,5%	0,2%	Ontspanning en kultuur
2 843	2,4%	0,8%	3 283	2,5%	0,8%	3) Ander
<b>18 419</b>	<b>15,6%</b>	<b>5,3%</b>	<b>18 259</b>	<b>13,9%</b>	<b>4,6%</b>	<b>Ekonomiese dienste</b>
852	0,7%	0,2%	1 321	1,0%	0,3%	Waterskemas en verwante dienste
300	0,3%	0,1%	313	0,2%	0,1%	Brandstof en energie
6 059	5,1%	1,7%	3 719	2,8%	0,9%	Landbou, bosbou en visserye
6 059	5,1%	1,7%	3 719	2,8%	0,9%	Landbou subsidies
195	0,2%	0,1%	197	0,1%	0,0%	Ander
739	0,6%	0,2%	810	0,6%	0,2%	Mynbou
937	0,8%	0,3%	856	0,7%	0,2%	Fabriekswese
5 628	4,8%	1,6%	6 601	5,0%	1,7%	Streeksontwikkeling
3 708	3,1%	1,1%	4 442	3,4%	1,1%	Vervoer en kommunikasie
2 684	2,3%	0,8%	2 528	1,9%	0,6%	Ander ekonomiese dienste
9	0,0%	0,0%	-	-	-	Uitvoerhandelsbevordering
1 015	0,9%	0,3%	1 915	1,5%	0,5%	Ontwikkelingsbank van Suider-Afrika
<b>17 530</b>	<b>14,8%</b>	<b>5,0%</b>	<b>22 150</b>	<b>16,9%</b>	<b>5,6%</b>	4) Ander
<b>172</b>	<b>0,1%</b>	<b>0,0%</b>	<b>139</b>	<b>0,1%</b>	<b>0,0%</b>	<b>Rente</b>
						<b>Owerheidsondernemings</b>
<b>118 097</b>	<b>100,0%</b>	<b>34,0%</b>	<b>131 410</b>	<b>100,0%</b>	<b>33,3%</b>	<b>Subtotaal</b>
						5) Plus: Uitgawes nog nie geklassifiseer nie
<b>118 097</b>		<b>34,0%</b>	<b>131 410</b>		<b>33,3%</b>	<b>Totale gekonsolideerde uitgawes</b>

1) Die inligting in hierdie tabel is deur die Sentrale Statistiekdiens saamgestel. Syfers vir 1990/91 tot 1994/95 is met betrekking tot die Hoof- (nasionale) begroting plus die Aansuiwerings-/Addisionele Begroting. Beraamde besparings en die oordrag van onbestede fondse is nie voorsien nie, weens gebrek aan inligting.

2) Hoofsaaklik algemene administrasie, koste van aangaan van lenings en ontoedeelbare kapitaaluitgawes.

3) Riolering, sanitasie, gemeenskapsontwikkeling en ander gemeenskapdienste.

4) Insluitende toerisme, arbeid en multi-doelprojekte.

5) R800 miljoen vir insluiting in die Aanvullende Begroting en R2,135 miljard vir insluiting in die Aansuiweringsbegroting.

**TABLE 9 (continued)**  
**CONSOLIDATED NATIONAL AND**  
**PROVINCIAL BUDGETS: FUNCTIONAL**  
**CLASSIFICATION OF EXPENDITURE 1)**

	R million					
	1994/95			1995/96 6)		
	Revised Estimate <i>Hersiene Raming</i>	% of total <i>% van totaal</i>	% of GDP <i>% van BBP</i>	Projected <i>Geprojekteer</i>	% of total <i>% van totaal</i>	% of GDP <i>% van BBP</i>
<b>General government services and unallocable expenditure .....</b>	<b>13 147</b>	<b>8,9%</b>	<b>2,9%</b>	<b>10 647</b>	<b>6,9%</b>	<b>2,1%</b>
Foreign Affairs .....	1 320	0,9%	0,3%	1 321	0,9%	0,3%
General research .....	506	0,3%	0,1%	510	0,3%	0,1%
Other ..... 2)	11 321	7,6%	2,5%	8 816	5,7%	1,8%
<b>Protection services .....</b>	<b>27 281</b>	<b>18,4%</b>	<b>6,1%</b>	<b>27 206</b>	<b>17,6%</b>	<b>5,4%</b>
Defence .....	12 908	8,7%	2,9%	11 025	7,2%	2,2%
Police .....	10 168	6,9%	2,3%	11 614	7,5%	2,3%
Prisons .....	2 584	1,7%	0,6%	2 862	1,9%	0,6%
Courts of Law .....	1 601	1,1%	0,4%	1 705	1,1%	0,3%
<b>Social services .....</b>	<b>65 174</b>	<b>44,0%</b>	<b>14,6%</b>	<b>72 058</b>	<b>46,7%</b>	<b>14,4%</b>
Education .....	31 428	21,2%	7,0%	32 616	21,2%	6,5%
Pre-primary, primary & secondary .....	27 064	18,3%	6,0%	28 532	18,5%	5,7%
Tertiary .....	4 364	2,9%	1,0%	4 084	2,6%	0,8%
Health .....	15 565	10,5%	3,5%	16 885	11,0%	3,4%
Social security and welfare .....	13 672	9,2%	3,1%	16 713	10,8%	3,3%
Housing and related services .....	1 648	1,1%	0,4%	4 226	2,7%	0,8%
Recreation and culture .....	668	0,5%	0,1%	833	0,5%	0,2%
Other ..... 3)	2 192	1,5%	0,5%	785	0,5%	0,2%
<b>Economic services .....</b>	<b>17 777</b>	<b>12,0%</b>	<b>4,0%</b>	<b>15 655</b>	<b>10,2%</b>	<b>3,1%</b>
Water schemes and related services .....	1 208	0,8%	0,3%	1 309	0,8%	0,3%
Fuel and energy .....	433	0,3%	0,1%	138	0,1%	0,0%
Agriculture, forestry and fishing .....	3 645	2,5%	0,8%	2 764	1,8%	0,6%
Agricultural subsidies .....	-	-	-	-	-	-
Other .....	3 645	2,5%	0,8%	2 764	1,8%	0,6%
Mining .....	223	0,2%	0,0%	208	0,1%	0,0%
Manufacturing .....	802	0,5%	0,2%	621	0,4%	0,1%
Regional development .....	817	0,6%	0,2%	937	0,6%	0,2%
Transport and communication .....	6 701	4,5%	1,5%	6 357	4,1%	1,3%
Other economic services .....	3 948	2,7%	0,9%	3 321	2,2%	0,7%
Export trade promotion .....	2 248	1,5%	0,5%	2 218	1,4%	0,4%
Development Bank of Southern Africa .....	-	-	-	-	-	-
Other ..... 4)	1 699	1,1%	0,4%	1 103	0,7%	0,2%
<b>Interest .....</b>	<b>24 863</b>	<b>16,8%</b>	<b>5,6%</b>	<b>28 604</b>	<b>18,6%</b>	<b>5,7%</b>
<b>Government enterprises .....</b>	<b>9</b>	<b>0,0%</b>	<b>0,0%</b>	<b>7</b>	<b>0,0%</b>	<b>0,0%</b>
<b>Subtotal .....</b>	<b>148 231</b>	<b>100,0%</b>	<b>33,1%</b>	<b>154 177</b>	<b>100,0%</b>	<b>30,8%</b>
Plus: Expenditure not yet classified ..... 5)	-	-	-	2 735	-	-
<b>Total consolidated expenditure .....</b>	<b>148 231</b>	-	<b>33,1%</b>	<b>156 912</b>	-	<b>31,4%</b>

- 1) The information in this table was compiled by the Central Statistical Service. Figures for 1990/91 to 1994/95 are in respect of the Main (national) Budget plus the Additional/Adjustment Budget. Estimated savings and carry over of unspent funds are not provided for, since detail are not available.
- 2) Mainly general administration, cost of raising loans and unallocable capital expenditure.
- 3) Sewerage, sanitation, community development and other community services.
- 4) Including tourism, labour and multi-purpose projects.
- 5) R600 million for inclusion in the Supplementary Estimate and R2,135 billion for inclusion in the Adjustments Estimate.
- 6) Only five of the nine provinces supplied information timeously, which implies that the expenditure of the remainder was estimated and classified on the basis of this information. For this reason, the 1995/96 figures should be regarded as preliminary projections.

**1995/96 BUDGET  
SUMMARY OF TAX PROPOSALS**

**PART 1: INLAND REVENUE**

**1. Rates of income tax**

**1.1 Individuals**

A single scale of rates for all individuals, reaching a maximum marginal rate of 45% at a taxable income of R80 000. A primary rebate of R2 625 granted to all individuals, with an additional rebate of R2 500 for individuals aged 65 years and older.

**1.2 Persons other than companies**

A scale of rates reaching a maximum marginal rate of 45% at a taxable income of R80 000. No rebates are granted.

**1.3 Transition levy**

A transition levy at the rate of 1,67% of taxable income exceeding R50 000 will be imposed on all taxpayers other than companies.

**1.4 Former Republics of Transkei,  
Bophuthatswana and Ciskei**

The above rates and rebates will apply to all persons other than companies deriving taxable income within these former areas.

**2. Companies deriving taxable  
income within the former  
Republics of Transkei,  
Bophuthatswana and Ciskei**

The tax liability of any company in respect of taxable income derived from a source within these former areas during any year of assessment ending between 1 April 1995 and 31 March 1996 will be the average of the company's liability for

tax as determined under the law of the relevant former area and the national law.

**3. Company car fringe benefits**

The taxable benefit of the private use of a second or subsequent vehicle granted by an employer to an employee or his family, where the vehicle is not used primarily for business purposes, will with effect from 1 May 1995 be determined at 2 per cent per month of the value of the vehicle.

**4. Interest derived by non-residents**

Interest derived on or after 1 April 1995 by an individual not ordinarily resident in the Republic will be exempt from tax only if, in addition to being not ordinarily resident in the Republic, the individual was also physically absent from the Republic for at least 183 days during the tax year.

**5. Write-off of cost of acquisition  
of ships and aircraft**

The cost of acquisition of ships and aircraft will be allowed to be written off under section 12C of the Income Tax Act at the rate of 20 per cent per annum, commencing in the tax year in which the ship or aircraft is brought into use. This proposal will not apply where the ship or aircraft is acquired under an agreement formally and finally concluded by every party thereto before 1 April 1995.

**6. Provisional tax payments**

The effective date for the making of the third provisional tax payment is extended by one month to 30 September for all taxpayers who use a 28 February year-end.

**7. Accrual and incurral of interest on debt arrangements**

It is proposed that all interest payable in respect of financial instruments issued or entered into after 15 March 1995, be deductible on a day to day basis (yield to maturity). As far as the accrual of any interest to a taxpayer is concerned, all interest payable in respect of instruments issued or entered into after that date shall be taxable on a day to day basis if the term of the instrument exceeds one year and is issued at a discount or bears deferred interest.

**8. Small enterprises**

It is proposed in principle that small business enterprises be permitted to choose taxation on a cash-flow basis. The Commissioner for Inland Revenue will consult further on the issue with interested parties.

**9. Non-resident shareholders' tax**

Non-resident shareholders' tax will be abolished on dividends declared on or after 1 October 1995.

**10. Taxation of lump sum benefits**

Two proposals are made with regard to the determination of the rate of tax at which certain lump sum payments are taxed:

- (a) In calculating the notional taxable income which determines the effective rate of tax to be applied to the lump sum, the deduction allowable in respect of retirement annuity fund contributions will be limited to the deduction which would have been allowable had the amounts included in the notional taxable income calculation been the taxpayer's only income for the year.
- (b) Amounts qualifying for the rating concession will be taxed at the higher of the rating amounts calculated for the current year and the preceding year.

These proposals will apply to lump sum payments derived in consequence of the termination of service on or after 1 September 1995 or, where the lump sum is derived otherwise than on termination of service, to lump sums which accrue on or after that date.

**11. Tax amnesty**

A general tax amnesty will be granted to persons who were not registered as taxpayers on 27 April 1994 or whose whereabouts were unknown on that date. Such persons will, on application within an amnesty period of three months, generally be absolved from liability for taxes relating to periods prior to 1 March 1994. The exact terms and conditions will be embodied in a General Tax Amnesty Bill to be tabled later.

TABLE C.1  
INCOME TAX PAYABLE: 1995 AND 1996 (MARRIED, UNDER 65): RSA AND VENDA

TAXABLE INCOME	1996 RATES	NO CHILDREN		1 CHILD		2 CHILDREN		3 CHILDREN		4 CHILDREN	
		1995 R	DIFFERENCE R	1995 R	DIFFERENCE R	1995 R	DIFFERENCE R	1995 R	DIFFERENCE R	1995 R	DIFFERENCE R
15 000	75	475	-400	375	-300	275	-200	175	-100	75	0
16 000	275	675	-400	575	-300	475	-200	375	-100	275	0
17 000	475	875	-400	775	-300	675	-200	575	-100	475	0
18 000	675	1 075	-400	975	-300	875	-200	775	-100	675	0
19 000	875	1 275	-400	1 175	-300	1 075	-200	975	-100	875	0
20 000	1 075	1 475	-400	1 375	-300	1 275	-200	1 175	-100	1 075	0
21 000	1 285	1 685	-400	1 585	-300	1 485	-200	1 385	-100	1 285	0
22 000	1 495	1 895	-400	1 795	-300	1 695	-200	1 595	-100	1 495	0
23 000	1 705	2 105	-400	2 005	-300	1 905	-200	1 805	-100	1 705	0
24 000	1 915	2 315	-400	2 215	-300	2 115	-200	2 015	-100	1 915	0
26 000	2 335	2 735	-400	2 635	-300	2 535	-200	2 435	-100	2 335	0
28 000	2 755	3 155	-400	3 055	-300	2 955	-200	2 855	-100	2 755	0
30 000	3 175	3 575	-400	3 475	-300	3 375	-200	3 275	-100	3 175	0
32 000	3 795	4 135	-340	4 035	-240	3 935	-140	3 835	-40	3 735	60
34 000	4 415	4 695	-280	4 595	-180	4 495	-80	4 395	20	4 295	120
36 000	5 035	5 265	-220	5 155	-120	5 055	-20	4 955	80	4 855	180
38 000	5 655	5 815	-160	5 715	-60	5 615	40	5 515	140	5 415	240
40 000	6 275	6 375	-100	6 275	0	6 175	100	6 075	200	5 975	300
45 000	8 375	8 175	200	8 075	300	7 975	400	7 875	500	7 775	600
50 000	10 475	9 975	500	9 875	600	9 775	700	9 675	800	9 575	900
55 000	12 709	12 192	517	12 092	617	11 992	717	11 892	817	11 792	917
60 000	14 942	14 408	534	14 308	634	14 208	734	14 108	834	14 008	934
65 000	17 176	16 675	501	16 575	601	16 475	701	16 375	801	16 275	901
70 000	19 409	18 941	468	18 841	568	18 741	668	18 641	768	18 541	868
75 000	21 693	21 208	485	21 108	585	21 008	685	20 908	785	20 808	885
85 000	26 310	25 791	519	25 691	619	25 591	719	25 491	819	25 391	919
95 000	30 977	30 424	553	30 324	653	30 224	753	30 124	853	30 024	953
105 000	35 644	35 057	587	34 957	687	34 857	787	34 757	887	34 657	987
120 000	42 644	42 006	638	41 906	738	41 806	838	41 706	938	41 606	1 038
135 000	49 645	48 956	689	48 856	789	48 756	889	48 656	989	48 556	1 089
155 000	58 979	58 222	757	58 122	857	58 022	957	57 922	1 057	57 822	1 157
175 000	68 313	67 488	825	67 388	925	67 288	1 025	67 188	1 125	67 088	1 225
200 000	79 980	79 070	910	78 970	1 010	78 870	1 110	78 770	1 210	78 670	1 310

NOTE: THE 1996 TAX INCLUDES 1,67% TRANSITION LEVY AND THE 1995 TAX INCLUDES 3,33% TRANSITION LEVY

**TABLE C.2**  
**INCOME TAX PAYABLE: 1995 AND 1996 (MARRIED, OVER 65):**  
**RSA AND VENDA**

TAXABLE INCOME	1996		1995		DIFFERENCE
	R	RATES	R	R	
27 000	46		445		-400
28 000	255		655		-400
29 000	465		865		-400
30 000	675		1 075		-400
31 000	985		1 355		-370
32 000	1 295		1 635		-340
33 000	1 605		1 915		-310
34 000	1 915		2 195		-280
35 000	2 225		2 475		-250
36 000	2 535		2 755		-220
38 000	3 155		3 315		-160
40 000	3 775		3 875		-100
42 000	4 615		4 595		20
44 000	5 455		5 315		140
46 000	6 295		6 035		260
48 000	7 135		6 755		380
50 000	7 975		7 475		500
55 000	10 209		9 692		517
60 000	12 442		11 908		534
65 000	14 676		14 175		501
70 000	16 909		16 441		468
75 000	19 193		18 708		485
80 000	21 476		20 974		502
85 000	23 810		23 291		519
90 000	26 143		25 607		536
100 000	30 810		30 240		570
110 000	35 477		34 873		604
120 000	40 144		39 506		638
130 000	44 811		44 139		672
145 000	51 812		51 089		723
160 000	58 812		58 038		774
180 000	68 146		67 304		842
200 000	77 480		76 570		910

**NOTE: THE 1996 TAX INCLUDES 1,67% TRANSITION LEVY AND THE 1995 TAX INCLUDES 3,33% TRANSITION LEVY.**

**TABLE C.3**  
**INCOME TAX PAYABLE: 1995 AND 1996: UNMARRIED PERSONS**  
**RSA AND VENDA**

TAXABLE INCOME	UNDER 65			OVER 65		
	1996	1995	DIFFERENCE	1996	1995	DIFFERENCE
R	R	R	R	R	R	R
12 000	0	270	-270	0	0	0
13 000	0	480	-480	0	0	0
14 000	0	690	-690	0	0	0
15 000	75	900	-825	0	0	0
16 000	275	1 140	-865	0	0	0
17 000	475	1 380	-905	0	0	0
18 000	675	1 620	-945	0	0	0
19 000	875	1 860	-985	0	0	0
20 000	1 075	2 100	-1 025	0	0	0
21 000	1 285	2 380	-1 095	0	0	0
22 000	1 495	2 660	-1 165	0	160	-160
23 000	1 705	2 940	-1 235	0	440	-440
24 000	1 915	3 220	-1 305	0	720	-720
26 000	2 335	3 780	-1 445	0	1 280	-1 280
28 000	2 755	4 340	-1 585	255	1 840	-1 585
30 000	3 175	4 900	-1 725	675	2 400	-1 725
32 000	3 795	5 620	-1 825	1 295	3 120	-1 825
34 000	4 415	6 340	-1 925	1 915	3 840	-1 925
36 000	5 035	7 060	-2 025	2 535	4 560	-2 025
38 000	5 655	7 780	-2 125	3 155	5 280	-2 125
40 000	6 275	8 500	-2 225	3 775	6 000	-2 225
45 000	8 375	10 550	-2 175	5 875	8 050	-2 175
50 000	10 475	12 600	-2 125	7 975	10 100	-2 125
55 000	12 709	14 867	-2 158	10 209	12 367	-2 158
60 000	14 942	17 173	-2 231	12 442	14 673	-2 231
65 000	17 176	19 490	-2 314	14 676	16 990	-2 314
70 000	19 409	21 806	-2 397	16 909	19 306	-2 397
75 000	21 693	24 123	-2 430	19 193	21 623	-2 430
85 000	26 310	28 756	-2 446	23 810	26 256	-2 446
95 000	30 977	33 389	-2 412	28 477	30 889	-2 412
110 000	37 977	40 338	-2 361	35 477	37 838	-2 361
130 000	47 311	49 604	-2 293	44 811	47 104	-2 293
150 000	56 645	58 870	-2 225	54 145	56 370	-2 225
175 000	68 313	70 453	-2 140	65 813	67 953	-2 140
200 000	79 980	82 035	-2 055	77 480	79 535	-2 055

**NOTE: THE 1996 TAX INCLUDES 1,67% TRANSITION LEVY**  
**AND THE 1995 TAX INCLUDES 3,33% TRANSITION LEVY.**

**TABLE C.4**  
**INCOME TAX PAYABLE: 1995 AND 1996: MARRIED WOMEN**  
**RSA AND VENDA**

TAXABLE INCOME	UNDER 65			OVER 65		
	1996	1995	DIFFERENCE	1996	1995	DIFFERENCE
R	R	R	R	R	R	R
6 000	0	140	-140	0	0	0
8 000	0	520	-520	0	0	0
10 000	0	900	-900	0	0	0
12 000	0	1 320	-1 320	0	0	0
14 000	0	1 740	-1 740	0	0	0
16 000	275	2 190	-1 915	0	0	0
18 000	675	2 670	-1 995	0	170	-170
20 000	1 075	3 150	-2 075	0	650	-650
25 000	2 125	4 550	-2 425	0	2 050	-2 050
30 000	3 175	5 950	-2 775	675	3 450	-2 775
35 000	4 725	7 750	-3 025	2 225	5 250	-3 025
40 000	6 275	9 550	-3 275	3 775	7 050	-3 275
45 000	8 375	11 450	-3 075	5 875	8 950	-3 075
50 000	10 475	13 350	-2 875	7 975	10 850	-2 875
55 000	12 709	15 350	-2 642	10 209	12 850	-2 642
60 000	14 942	17 350	-2 408	12 442	14 850	-2 408
65 000	17 176	19 350	-2 175	14 676	16 850	-2 175
75 000	21 693	23 350	-1 658	19 193	20 850	-1 658
85 000	26 310	27 350	-1 041	23 810	24 850	-1 041
95 000	30 977	31 350	-374	28 477	28 850	-374
115 000	40 311	39 350	961	37 811	36 850	961
135 000	49 645	47 350	2 295	47 145	44 850	2 295
155 000	58 979	55 350	3 629	56 479	52 850	3 629
175 000	68 313	63 350	4 963	65 813	60 850	4 963
200 000	79 980	74 183	5 798	77 480	71 683	5 798

**NOTE: THE 1996 TAX INCLUDES 1,67% TRANSITION LEVY IRO TAXABLE INCOME  
OVER R50 000  
AND THE 1995 TAX INCLUDES 3,33% TRANSITION LEVY IRO TAXABLE INCOME  
OVER R175 000.**

TABLE C.5

INCOME TAX PAYABLE: 1995 AND 1996: ALL TAXPAYERS UNDER 65  
TRANSKEI, BOPHUTHATSWANA AND CISKEI

TAXABLE INCOME	1996 RATES	TRANSKEI		BOPHUTHATSWANA		CISKEI	
		1995	DIFFERENCE	1995	DIFFERENCE	1995	DIFFERENCE
R 10 000	0	90	-90	0	0	0	0
11 000	0	198	-198	0	0	140	-140
12 000	0	324	-324	0	0	280	-280
13 000	0	468	-468	0	0	420	-420
14 000	0	630	-630	0	0	560	-560
15 000	75	810	-735	0	75	700	-625
17 000	475	1 188	-713	440	35	980	-505
19 000	875	1 602	-727	890	-15	1 260	-385
21 000	1 285	2 052	-767	1 350	-65	1 540	-255
23 000	1 705	2 520	-815	1 820	-115	1 820	-115
25 000	2 125	2 988	-863	2 300	-175	2 100	25
30 000	3 175	4 203	-1 028	3 560	-385	3 100	75
35 000	4 725	5 463	-738	4 910	-185	4 100	625
40 000	6 275	6 768	-493	6 310	-35	5 100	1 175
45 000	8 375	8 118	257	7 760	615	6 100	2 275
50 000	10 475	9 468	1 007	9 260	1 215	7 100	3 375
55 000	12 709	11 151	1 558	10 977	1 732	8 267	4 442
60 000	14 942	12 834	2 108	12 743	2 199	9 433	5 509
65 000	17 176	14 517	2 659	14 560	2 616	10 600	6 576
70 000	19 409	16 200	3 209	16 376	3 033	11 766	7 643
75 000	21 693	17 883	3 810	18 243	3 450	12 933	8 760
80 000	23 976	19 566	4 410	20 109	3 867	14 099	9 877
85 000	26 310	21 249	5 061	22 026	4 284	15 266	11 044
90 000	28 643	22 932	5 711	23 942	4 701	16 432	12 211
100 000	33 310	26 298	7 012	27 775	5 535	18 765	14 545
110 000	37 977	29 664	8 313	31 608	6 369	21 098	16 879
120 000	42 644	33 030	9 614	35 441	7 203	23 431	19 213
135 000	49 645	38 079	11 566	41 191	8 454	26 931	22 714
150 000	56 645	43 128	13 517	46 940	9 705	30 430	26 215
175 000	68 313	51 543	16 770	56 523	11 790	36 263	32 050
200 000	79 980	59 958	20 022	66 105	13 875	42 095	37 885

NOTE: THE 1996 TAX INCLUDES 1,67% TRANSITION LEVY AND THE 1995 TAX INCLUDES 3,33% TRANSITION LEVY.

TABLE C.6  
 INCOME TAX PAYABLE: 1995 AND 1996: ALL TAXPAYERS OVER 65  
 TRANSKEI, BOPHUTHATSWANA AND CISKEI

TAXABLE INCOME	1996 RATES		TRANSKEI		BOPHUTHATSWANA		CISKEI	
	R		1995	DIFFERENCE	1995	DIFFERENCE	1995	DIFFERENCE
R			R	R	R	R	R	R
10 000	0		90	-90	0	0	0	0
11 000	0		198	-198	0	0	140	-140
12 000	0		324	-324	0	0	280	-280
13 000	0		468	-468	0	0	420	-420
14 000	0		630	-630	0	0	560	-560
15 000	0		810	-810	0	0	700	-700
17 000	0		1 188	-1 188	440	-440	980	-980
19 000	0		1 602	-1 602	890	-890	1 260	-1 260
21 000	0		2 052	-2 052	1 350	-1 350	1 540	-1 540
23 000	0		2 520	-2 520	1 820	-1 820	1 820	-1 820
25 000	0		2 988	-2 988	2 300	-2 300	2 100	-2 100
30 000	675		4 203	-3 528	3 560	-2 885	3 100	-2 425
35 000	2 225		5 463	-3 238	4 910	-2 685	4 100	-1 875
40 000	3 775		6 768	-2 993	6 310	-2 535	5 100	-1 325
45 000	5 875		8 118	-2 243	7 760	-1 885	6 100	-225
50 000	7 975		9 468	-1 493	9 260	-1 285	7 100	875
55 000	10 209		11 151	-943	10 977	-768	8 267	1 942
60 000	12 442		12 834	-392	12 743	-301	9 433	3 009
65 000	14 676		14 517	159	14 560	116	10 600	4 076
70 000	16 909		16 200	709	16 376	533	11 766	5 143
75 000	19 193		17 883	1 310	18 243	950	12 933	6 260
80 000	21 476		19 566	1 910	20 109	1 367	14 099	7 377
85 000	23 810		21 249	2 561	22 026	1 784	15 266	8 544
90 000	26 143		22 932	3 211	23 942	2 201	16 432	9 711
100 000	30 810		26 298	4 512	27 775	3 035	18 765	12 045
110 000	35 477		29 664	5 813	31 608	3 869	21 098	14 379
120 000	40 144		33 030	7 114	35 441	4 703	23 431	16 713
135 000	47 145		38 079	9 066	41 191	5 954	26 931	20 214
150 000	54 145		43 128	11 017	46 940	7 205	30 430	23 715
175 000	65 813		51 543	14 270	56 523	9 290	36 263	29 550
200 000	77 480		59 958	17 522	66 105	11 375	42 095	35 385

NOTE: THE 1996 TAX INCLUDES 1,67% TRANSITION LEVY AND THE 1995 TAX INCLUDES 3,33% TRANSITION LEVY.

**PROPOSED AMENDMENTS TO THE INCOME TAX ACT, 1962 AND OTHER TAXATION LAWS**

Inland Revenue is giving consideration to proposing various amendments to the Income Tax Act and other taxation laws during the course of this year. The following is a list of some of the proposed amendments being considered.

***Income Tax Act***

1. Section 3(4)

To extend the provisions to allow for other discretionary powers to be subject to objection and appeal.

2. Section 5(10)(d)(iA)(bb)(B)

To extend the provisions to allow for a director's salary to be included as "remuneration".

3. Section 9(1)(e)

To provide for the taxation of income from the holding of an office outside the Republic.

4. Section 10

4.1 To provide for a specific exemption for funds created to assist with RDP projects such as housing, education, etc.

4.2 To limit the exemption in respect of retrenchment to payments other than from pension/provident funds.

5. Sections 14 and 14bis

To review the allowances granted in respect of ships and aircraft.

6. Section 18A

To review the provisions in light of the Katz Commission Report.

7. Section 23D

To extend the provisions of this anti-avoidance section to include other assets which are being used in "sale and leaseback" schemes.

8. Section 64B(5)(f)

To limit the application of these provisions.

9. Section 89quat

To amend the definition of "effective date" in respect of individuals and companies with a February year end. This will result in the third provisional tax payment being due on 30 September instead of 31 August.

10. Fourth Schedule

The provisions of paragraph 15(1A) are obsolete and are therefore to be deleted.

11. Seventh Schedule

11.1 Paragraph 5(2)

To provide for the valuation of a leased asset.

11.2 Paragraph 7

To provide for inter-group transfers.

11.3 Paragraphs 14 and 15

These provisions are obsolete and are therefore to be deleted.

12. Interest

To provide for the tax treatment of interest in respect of the accrual and the incurral thereof.

13. Katz Commission Report

13.1 Gender discrimination

To commence with the removal of discriminatory provisions in the Income Tax Act.

13.2 Constitutional matters

To address problems areas where provisions are considered to be unconstitutional.

14. Repeal of an Act

The Taxation Laws Amendment Act, 1987 (Act No. 36 of 1987) of the former Republic of Venda was omitted from the schedule of Acts repealed last year. This is to be rectified.

15. Harmonisation of Income Tax - Transkei, Bophuthatswana and Ciskei

To continue with the harmonisation of the various tax systems of Transkei, Bophuthatswana and Ciskei into the South African income tax system.

***Value-Added Tax Act, 1991 (the Act)***

1. An amendment to permit parties to provide in contracts that changes in the VAT rate will not affect contract prices previously agreed to.

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2. Amendments which may be necessary to deal with the changes in the betting industry - sections 21(f), 8(13) and 16(3)(d) and (e).
3. An amendment to allow an adjustment where input tax was denied in terms of section 17(2) but a change in use of the goods subsequently occurs - section 18(4).
4. An amendment to require recipients to account for VAT where amounts due to suppliers remain unpaid - section 18.

***Estate Duty Act, 1955***

Consequential amendment to section 11.

***General***

Any other amendments which may be necessary to prevent fraud, tax avoidance and tax evasion will, if necessary, be made.

## PART II: CUSTOMS AND EXCISE

That, subject to the provisions of an Act to be passed during the present session of Parliament and subject to such rebates, refunds or remissions of duty as may be provided for therein -

(1) the excise and customs duties in Section

A of Part 2 of Schedule No. 1 to the Customs and Excise Act, 1964, on the goods described hereunder and classified under the tariff items or subitems set forth hereunder, be amended to the extent shown:

TARIFF ITEM	TARIFF HEADING	DESCRIPTION	PRESENT RATE OF DUTY	PRESENT RATE OF DUTY	PROPOSED RATE OF DUTY	PROPOSED RATE OF DUTY
			EXCISE	CUSTOMS	EXCISE	CUSTOMS
104.00		PREPARED FOODSTUFFS; BEVERAGES, SPIRITS AND VINEGAR; TOBACCO				
104.01	19.01	MALT EXTRACT; FOOD PREPARATIONS OF FLOUR, MEAL, STARCH OR MALT EXTRACT, NOT CONTAINING COCOA POWDER OR CONTAINING COCOA POWDER IN A PROPORTION, BY MASS, OF LESS THAN 50 PER CENT, NOT ELSEWHERE SPECIFIED OR INCLUDED; FOOD PREPARATIONS OF GOODS OF HEADINGS NOS. 04.01 TO 04.04, NOT CONTAINING COCOA POWDER OR CONTAINING COCOA POWDER IN A PROPORTION, BY MASS OF LESS THAN 10 PER CENT, NOT ELSEWHERE SPECIFIED OR INCLUDED:				
.10		Preparations based on sorghum flour, put up for making beverages	20c/kg	20c/kg	25c/kg	25c/kg
104.05	22.01	WATERS, INCLUDING NATURAL OR ARTIFICIAL MINERAL WATERS AND AERATED WATERS, NOT CONTAINING ADDED SUGAR OR OTHER SWEETENING MATTER NOR FLAVOURED; ICE AND SNOW				
	22.02	WATERS, INCLUDING MINERAL WATERS AND AERATED WATERS, CONTAINING ADDED SUGAR OR OTHER SWEETENING MATTER OR FLAVOURED, AND OTHER NON-ALCOHOLIC BEVERAGES (EXCLUDING FRUIT OR VEGETABLE JUICES OF HEADING NO. 20.09):				
.10		Mineral waters including spa waters and aerated waters, put up in closed bottles or other closed containers ready for drinking without dilution (excluding beverages packed in plastic tubes or similar containers and which are normally consumed in a frozen state)	13,60c/l	14,66c/l	13,60c/l	14,66c/l
.20		Lemonade and flavoured mineral waters, including spa and aerated waters, put up in closed bottles or other closed containers ready for drinking without dilution (excluding beverages packed in plastic tubes or similar containers and which are normally consumed in a frozen state)	13,60c/l	14,66c/l	13,60c/l	14,66c/l
.30		Non-alcoholic beverages not elsewhere specified or included in this tariff item, put up in closed bottles or other closed containers ready for drinking without dilution (excluding beverages packed in plastic tubes or similar containers and which are normally consumed in a frozen state)	13,60c/l	14,66c/l	13,60c/l	14,66c/l
104.10	22.03	BEER MADE FROM MALT:				
10		Of a relative density before fermentation not exceeding 1.040°	6849c/100l	6848c/100l	7499c/100l	7498c/100l
		Plus a suspended duty of:				
		(i) In operation	Nil	Nil	Nil	Nil
		(ii) Maximum rate	275c/100l	275c/100l	275c/100l	275c/100l

TARIFF ITEM	TARIFF HEADING	DESCRIPTION	PRESENT RATE OF DUTY		PROPOSED RATE OF DUTY	
			EXCISE	CUSTOMS	EXCISE	CUSTOMS
.20		Of a relative density before fermentation exceeding 1 040° but not exceeding 1 050°, which is cleared ex any customs and excise manufacturing warehouse during any financial year, or which is imported into the Republic, or which is illicit beer:				
		(1) On the first 4 500 000£ or any quantity less than 4 500 000£ so cleared during a financial year	7124c/100£	-	7774c/100£	-
		(2) On the quantity so cleared during a financial year which is more than 4 500 000£ but not exceeding 9 000 000£	7256c/100£	-	7906c/100£	-
		(3) On the quantity so cleared during a financial year which is more than 9 000 000£ but not exceeding 18 000 000£	7389c/100£	-	8038c/100£	-
		(4) On the quantity so cleared during a financial year which is more than 18 000 000£ but not exceeding 27 000 000£	7520c/100£	-	8170c/100£	-
		(5) On the quantity so cleared during a financial year which is more than 27 000 000£ but not exceeding 36 000 000£	7652c/100£	-	8302c/100£	-
		(6) On the quantity so cleared during a financial year which is more than 36 000 000£	7784c/100£	-	8434c/100£	-
		(7) If duty is paid on illicit beer	7784c/100£	-	8434c/100£	-
.30		(8) If imported		7102c/100£		7752c/100£
		Of a relative density before fermentation exceeding 1 050°	7883c/100£	7322c/100£	8533c/100£	7972c/100£
104.15	22.04	Plus, for every degree of relative density before fermentation exceeding 1 080°	22c/100£	22c/100£	22c/100£	22c/100£
		WINE OF FRESH GRAPES, INCLUDING FORTIFIED WINES; GRAPE MUST BE OTHER THAN THAT OF HEADING NO. 20.09				
104.15	22.05	VERMOUTHS AND OTHER WINE OF FRESH GRAPES FLAVOURED WITH PLANTS OR AROMATIC SUBSTANCES				
	22.06	OTHER FERMENTED BEVERAGES (FOR EXAMPLE, CIDER, PERRY AND MEAD):				
.05		Sorghum beer (excluding beer made from preparations based on sorghum flour)	400c/100£	400c/100£	500c/100£	500c/100£
.10		Unfortified still wine	2900c/100£	2900c/100£	3600c/100£	3600c/100£
.40		Fortified still wine	6785c/100£	6785c/100£	8400c/100£	8400c/100£
.50		Other still fermented beverages, unfortified	3300c/100£	3300c/100£	4100c/100£	4100c/100£
.60		Other still fermented beverages, fortified	7302c/100£	7382c/100£	8102c/100£	8102c/100£
.70		Sparkling wine	8551c/100£	8551c/100£	10700c/100£	10700c/100£
.80		Other fermented beverages (excluding sorghum beer)	9004c/100£	9004c/100£	9804c/100£	9804c/100£
104.20	22.07	UNDENATURED ETHYL ALCOHOL OF AN ALCOHOLIC STRENGTH BY VOLUME OF 80 PER CENT VOLUME OR HIGHER; ETHYL ALCOHOL AND OTHER SPIRITS, DENATURED, OF ANY STRENGTH				
	22.08	UNDENATURED ETHYL ALCOHOL OF AN ALCOHOLIC STRENGTH BY VOLUME OF LESS THAN 80 PER CENT VOLUME; SPIRITS, LIQUEURS AND OTHER SPIRITUOUS BEVERAGES; COMPOUND ALCOHOLIC PREPARATIONS OF A KIND USED FOR THE MANUFACTURE OF BEVERAGES:				

TARIFF ITEM	TARIFF HEADING	DESCRIPTION	PRESENT RATE OF DUTY	PRESENT RATE OF DUTY	PROPOSED RATE OF DUTY	PROPOSED RATE OF DUTY
			EXCISE	CUSTOMS	EXCISE	CUSTOMS
.10		Wine spirits, manufactured in the Republic by the distillation of wine	180238c/ 100ℓ of absolute alcohol	-	198 238c/ 100ℓ of absolute alcohol	-
.15		Spirits, manufactured in the Republic by the distillation of any sugar cane product	190201c/ 100ℓ of absolute alcohol	-	208201c/ 100ℓ of absolute alcohol	-
.25		Spirits, manufactured in the Republic by the distillation of any grain product	194708c/ 100ℓ of absolute alcohol	-	212708c/ 100ℓ of absolute alcohol	-
.29		Other spirits, manufactured in Republic	184675c/ 100ℓ of absolute alcohol	-	202675c/ 100ℓ of absolute alcohol	-
.60		Imported spirits of any nature, including spirits in imported spirituous beverages (excluding liqueurs, cordials and similar spirituous beverages containing added sugar) and in compound alcoholic preparations of an alcoholic strength exceeding 1,713 per cent alcohol by volume	-	170625c/ 100ℓ of absolute alcohol or 73368c/100ℓ	-	188625c/ 100ℓ of absolute alcohol or 81109c/100ℓ
.70		Spirits of any nature in imported liqueurs, cordials and similar spirituous beverages containing added sugar with or without flavouring substances	-	170625c/ 100ℓ of absolute alcohol	-	188625c/ 100ℓ of absolute alcohol
104.30	24.02					
	24.03	CIGARS, CHERROOTS, CIGARILLOS AND CIGARETTES, OF TOBACCO OR OF TOBACCO SUBSTITUTES				
.10		OTHER MANUFACTURED TOBACCO AND MANUFACTURED TOBACCO SUBSTITUTES, "HOMOGENISED" OR "RECONSTITUTED" TOBACCO EXTRACTS AND ESSENCES:	295c/kg net	317c/kg net	375c/kg net	397c/kg net
.20		Cigars	35,56c/10 cigarettes	35,56c/10 cigarettes	44c/10 cigarettes	44c/10 cigarettes
		Cigarettes	1441,6c/kg tobacco content	1441,6c/kg tobacco content	1641,6c/kg tobacco content	1641,6c/kg tobacco content
.30		Plus, in respect of cigarettes the mass of the tobacco of which exceeds 1,5kg/1 000 cigarettes	44,38c/50g or fraction thereof plus 213c/kg tobacco	44,38c/50g or fraction thereof plus 213c/kg tobacco	55c/50g or fraction thereof plus 213c/kg tobacco	55c/50g or fraction thereof plus 213c/kg tobacco
		Cigarette tobacco				
		Plus a suspended duty of:	Nil 73c/kg tobacco	Nil 73c/kg tobacco	Nil 73c/kg tobacco	Nil 73c/kg tobacco
.40		(i) In operation	325c/kg net	325c/kg net	405c/kg net	405c/kg net
		(ii) Maximum rate				
.50		Pipe tobacco in immediate packings of a content of less than 5 kg	307c/kg net	307c/kg net	387c/kg net	387c/kg net
		Pipe tobacco in immediate packings of a content of not less than 5 kg				

(2) the proposed rates of duty be applicable only to the goods concerned which have not been entered for home consumption at the time these Taxation Proposals are tabled."

**Fuel levy**

It is proposed that the fuel levy on both petrol and diesel is increased with 1 cent per litre with effect from 5 April 1995 and with a further 1 cent per litre on 3 May 1995.

**Surcharge on imports**

It is proposed that the remaining surcharge on "luxury" and "white" goods be abolished as from 1 October 1995.

**ANNEXURE D  
SUMMARY OF THE  
NATIONAL BUDGET**
**BYLAE D  
OPSOMMING VAN DIE  
NASIONALE BEGROTING**

	1994/95	1995/96		
	Revised Estimates	Printed Estimate and supplementary proposals	Percentage change	
	<i>Hersiene Ramings</i>	<i>Gedrukte Begroting en aanvullende voorstelle</i>	<i>Persentasie verandering</i>	
	Rm	Rm	%	
<b>EXPENDITURE</b>				<b>UITGAWES</b>
Printed Estimate (RP 2-'95: First Print)		152 873,9		Gedrukte Begroting (RP 2-'95: Eerste Druk)
Less:				Min:
Double counting of the national budget's contribution to RDP Fund		<u>2 520,8</u>		Dubbeltelling van nasionale die begroting se bydrae tot HOP-fonds
		150 353,1		
Plus:				Plus:
Supplementary proposal:				Aanvullende voorstel:
Transfer to RDP Fund		600,0		Oordrag na HOP-fonds
Expenditure to be voted in the Adjustments Estimate:		2 135,2		Uitgawes in die Aansuiwerings-begroting bewillig te word:
Drought aid		450,0		Droogtehulp
Local governments election		396,7		Plaaslike owerhede verkiesing
Retrenchment costs		270,0		Afleggingskoste
Computer systems: provinces		118,5		Rekenaarsstelsels: provinsies
Reserve for Defence and Intelligence Service		900,0		Reserwe vir Verdeding en Intelligensiediens
<b>Total: Budget votes and statutory amounts</b>	1) <b>139 854,5</b>	153 088,3	<b>9,5%</b>	<b>Totaal: Begrotingsposte en statutere bedrae</b>
Standing appropriations	2) 150,4	160,0		2) Staande appropriasies
<b>Total estimated expenditure</b>	<b>140 004,9</b>	<b>153 248,3</b>	<b>9,5%</b>	<b>Totale beraamde uitgawes</b>
<b>REVENUE</b>				<b>INKOMSTE</b>
Customs and Excise at existing rates in Printed Estimate (RP 3-'95: First Print)		16 345,9		Doeane en Aksyns teen bestaande koerse in Gedrukte Begroting (RP 3-'95: Eerste Druk)
Plus:				Plus:
Tax proposals in respect of:				Belastingvoorstelle ten opsigte van:
Excise duties:		410,0		Aksynsregte:
Beer		125,0		Bier
Sorghum beer and sorghum flour		7,0		Sorghumbier en -meelblom
Wine		19,0		Wyn
Other fermented beverages		4,0		Ander gegiste drankte
Spirits		50,0		Spiritualiee
Cigarettes and cigarette tobacco		200,0		Sigarette en sigarettabak
Pipe tobacco and cigars		5,0		Pyptabak en sigare
Fuel levy		255,0		Brandstofheffing
Surcharge on imports		-455,0		Bobelasting op invoere
<b>Total: Customs and Excise</b>	<b>15 874,0</b>	<b>16 555,9</b>	<b>4,3%</b>	<b>Totaal: Doeane en Aksyns</b>

**ANNEXURE D (continued)  
SUMMARY OF THE  
NATIONAL BUDGET**

**BYLAE D (vervolg)  
OPSOMMING VAN DIE  
NASIONALE BEGROTING**

	1994/95	1995/96		
	Revised Estimates	Printed Estimate and supplementary proposals	Percentage change	
	<i>Hersiene Ramings</i>	<i>Gedrukte Begroting en aanvullende voorstelle</i>	<i>Persentasie verandering</i>	
	Rm	Rm	%	
Inland Revenue at existing rates brackets in Printed Estimate (RP 3-'95 First Print), excluding premium on government stock Plus: Tax proposals in respect of: Individuals: Remainder of transition levy Restructuring of tax rates and brackets Improved tax compliance Non-mining companies: Improved tax compliance  Non-resident shareholders tax		107 495,1		Binnelandse Inkomste teen bestaande koerse en skale in Gedrukte Begroting (RP 3-'95 Eerste Druk), uitgesluit premie op staatseffekte Plus: Belastingvoorstelle ten opsigte van: Individue: Oorblywende oorgangsheffing Herstrukturering van belastingkoerse en -skale Verbeterde belastingnakoming Nie-mynbou maatskappye: Verbeterde belastingnakoming Belasting op buitelandse aandeelhouders
<b>Total: Inland Revenue</b>	<b>95 675,9</b>	<b>106 435,1</b>	<b>11,2%</b>	<b>Totaal: Binnelandse Inkomste</b>
<b>Total ordinary revenue after tax proposals</b>	<b>111 549,9</b>	<b>122 991,0</b>	<b>10,3%</b>	<b>Totale gewone inkomste na belastingvoorstelle</b>
Grants and extra-ordinary revenue	1,0	1 200,0		Skenkings en buitengewone inkomste
<b>Total revenue and grants</b>	<b>111 551,0</b>	<b>124 191,0</b>	<b>11,3%</b>	<b>Totale Inkomste en skenkings</b>
<b>BORROWING REQUIREMENT</b>				<b>LENINGSBEHOEFTE</b>
National budget deficit (As percentage of GDP)	28 453,9 6,4%	29 057,3 5,8% 3)		Nasionale begrotingstekort (As persentasie van BBP)
Less: Opening balance	1 214,1	0,0		Min: Openingsaldo
<b>Net borrowing requirement</b>	<b>27 239,8</b>	<b>29 057,3</b>		<b>Netto leningsbehoefte</b>
Plus: Loan redemptions	9 905,4	8 973,8		Plus: Leningsaflossings
Domestic loans	10 193,2	9 164,8		Binnelandse lenings
Premium on government stock 4)	-1 170,2	-300,0		4) Premie op staatseffekte
Loan levy	709,6	-		Leningsheffing
Foreign loans	172,8	109,0		Buitelandse lenings
<b>Gross borrowing requirement</b>	<b>37 145,2</b>	<b>38 031,1</b>		<b>Bruto leningsbehoefte</b>

**ANNEXURE D (continued)  
SUMMARY OF THE  
NATIONAL BUDGET**

**BYLAE D (vervolg)  
OPSOMMING VAN DIE  
NASIONALE BEGROTING**

	1994/95	1995/96		
	Revised Estimates	Printed Estimate and supplementary proposals	Percentage change	
	<i>Hersiene Ramings</i>	<i>Gedrukte Begroting en aanvullende voorstelle</i>	<i>Persentasie verandering</i>	
	Rm	Rm	%	
<b>FINANCING</b>				<b>FINANSIERING</b>
Short-term (net)	500,0	1 000,0		Kort-termyn (netto)
Domestic loans	33 873,4	35 531,1		Binnelandse lenings
Government stock	33 872,1	35 521,1		5) Staatseffekte
Bonds	1,3	10,0		Obligasies
Foreign loans	2 771,8	1 500,0		Buitelandse lenings
<b>Total financing</b>	<b>37 145,2</b>	<b>38 031,1</b>		<b>Totale finansiering</b>
<b>Closing balance</b>	<b>0,0</b>	<b>0,0</b>		<b>Sluitingsaldo</b>

- 1) Budgetary figure for purposes of Parliamentary legislation, i.e. budget votes and statutory amounts.
- 2) Estimated guarantee claims that may realise, subscription payments to the IDA and the IBRD and valuation adjustment payments to the IMF.
- 3) Amounts to 5,9 per cent of GDP in 1995/96 if the R600 million proceeds from the sale of strategic oil supplies are excluded.
- 4) This amount is provided in the Printed Estimate of Revenue (RP 3), but since it does not represent and actual cash flow, it is regarded as "negative" loan redemptions.
- 5) Excluding the discount on sales of new government stock.

- 1) Begrotingsyfer vir Parlementêre wetgewingsdoeleindes, d.i. begrotingsposte en statutêre bedrae.
- 2) Beraamde waarborges wat kan realiseer, betaalmiddele-bydraes aan die IOG en die IBHO en valuta-aanpassingsbetalings aan die IMF.
- 3) Beloop 5,9 persent van die BBP in 1995/96 as die opbrengs uit die verkoop van strategiese olie-voorrade van R600 miljoen uitgesluit word.
- 4) Hierdie bedrag word in die Gedrukte Begroting van Inkomste (RP 3) voorsien, maar aangesien dit nie 'n werklike kontantvloei verteenwoordig nie, word dit as "negatiewe" leningsaflossings beskou.
- 5) Uitgesluit die diskonto op die verkope van nuwe staatseffekte.