

**REPUBLIC OF SOUTH AFRICA**

**Department of Finance**



**BUDGET REVIEW**

**13 March 1996**

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## PREFACE

The 1996/97 Budget further strengthens and consolidates numerous institutional, policy and regulatory changes in government, reflecting the Interim Constitution and the Reconstruction and Development Programme of the Government of National Unity. Since these changes establish the basis for the future prioritisation of resource allocations by Government and for the much needed upgrading and speeding-up of efficient service delivery, this year's Budget Review pays particular attention to these issues, most of which are spelled out in **chapter 2**.

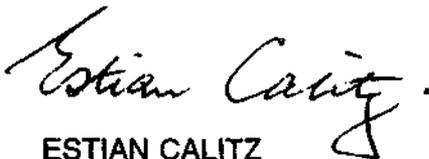
As in the previous Budget Review the **Introduction** gives an explanation of various logistical, reporting and decision-making procedures in the annual budgetary process. It also sets out, with the aid of diagrams, some of the most salient institutional changes brought about by the constitutional reform process.

Against the background of an appraisal of the current and envisaged performance of the economy and broad macroeconomic policy implications (**chapter 1**), **chapter 2** identifies the major policy, regulatory and financial reforms under way which will impact on public finance and resource mobilisation at macro and sectoral level. It portrays the essentially long-term nature of the financial and fiscal programme, reports on reforms in a wide range of government activities and indicates the enormous amount of work taking place at all three tiers of government in pursuit of economic and development goals. It is trusted that this survey will contribute to an informed public debate and an understanding of the complicated nature of governmental restructuring.

The 1996/97 Budget, then, represents the next set of financial data and policy decisions along a multi-year road. Both the updated review of the 1995/96 Budget (**chapter 3**) and proposed expenditure, revenue and loan financing measures for 1996/97 (**chapters 4 to 6**) should be evaluated in this longer-term context.

As has become customary, this Review represents an extension to the Budget Speech of the Minister of Finance and contains a wealth of data that should contribute to informed critique.

The Review is the product of the combined dedication and zeal of my colleagues in the Department of Finance, with strong support by colleagues in other public institutions. I wish to record my sincere thanks to them.



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13 MARCH 1996

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**BUDGET REVIEW, 1996**

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**CONVENTIONS**

Financial year	Year beginning on 1 April
1996/97	Refers to the national government's financial year from 1 April 1996 to 31 March 1997
Tax year	Year beginning on 1 March
1997 tax year	Year beginning on 1 March 1996 to 28 February 1997
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 correctly, they will underpin 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 policy 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 macroeconomic 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.

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<sup>1</sup> This is known as the accommodation rate, i.e. the rate at which banks borrow from the South African Reserve Bank.

<sup>2</sup> This is the buying and selling of government paper in the financial markets, which influences interest rates.

## 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.

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 expen-

diture, 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 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 cash flow 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.

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

<sup>4</sup> In South Africa non-financial public enterprises include, amongst others, 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.

## 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. 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:

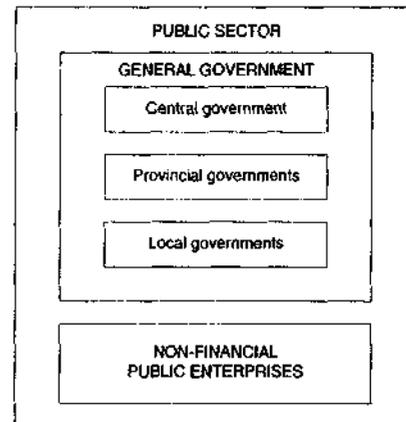


Figure 1

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

<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.

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" 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 financial statement** 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 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;
- from the 1995/96 financial year until full implementation of financial and fiscal relations between national and provincial governments, in which the new provincial governments are established, but the full range of financial and fiscal relations with the

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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 probably 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, OwaQwa 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, OwaQwa, Transkei, Bophuthatswana, Venda, Ciskei Eastern Cape, Free State, Gauteng, KwaZulu/Natal, Northern Cape, Northern Province, North West, Mpumalanga, Western Cape	<u>Revenue Accounts of:</u> Cape, Natal, Orange Free State, Transvaal, Gazankulu, KaNgwane, KwaNdebele, KwaZulu, Lebowa, OwaQwa, Transkei, Bophuthatswana, Venda, Ciskei <u>Revenue Funds of:</u> Eastern Cape, Free State, Gauteng, KwaZulu/Natal, Northern Cape, Northern Province, North West, Mpumalanga, Western Cape	<u>Provincial governments:</u> Eastern Cape, Free State, Gauteng, KwaZulu/Natal, Northern Cape, Northern Province, North West, Mpumalanga, Western Cape	<u>Revenue Funds of:</u> Eastern Cape, Free State, Gauteng, KwaZulu/Natal, Northern Cape, Northern Province, North West, Mpumalanga, 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.

national government 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.<sup>8</sup>

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.

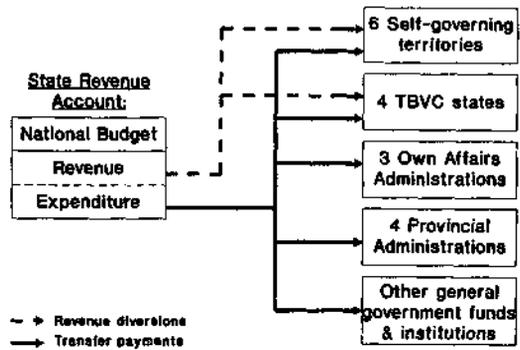


Figure 2: Flow of funds from the national budget to other levels of general government up to and including the 1993/94 financial year

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.

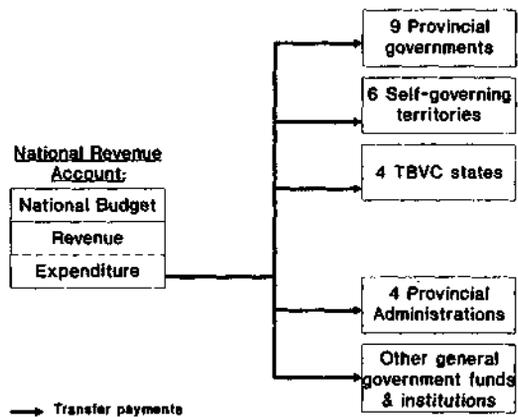


Figure 3: Flow of funds from the national budget to other levels of general government in the 1994/95 financial year

<sup>8</sup> Part I revenue accrues to the National Revenue Account, while Part II revenue is collected by the South African authorities but it accrues to other accounts.

The 1995/96 financial year:

In the 1995/96 financial year, additional revenue accrued 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 were 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.

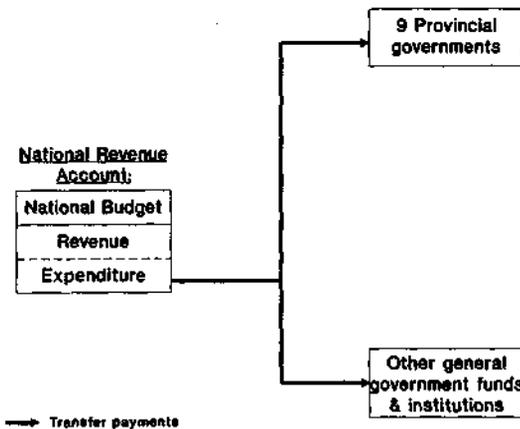


Figure 4: Flow of funds from the national budget to other levels of general government from the 1995/96 financial year until full implementation of financial and fiscal relations according to the 1993 Constitution

After full implementation of the Constitutionally determined financial and fiscal relations:

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. The Interim Constitution allows for certain functions, at present the responsibility of the national government, to be devolved to provincial governments and for their total expenditure to 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 what the position would be under full implementation of financial and fiscal relations between the national government and the rest of general government according to the 1993 Constitution.

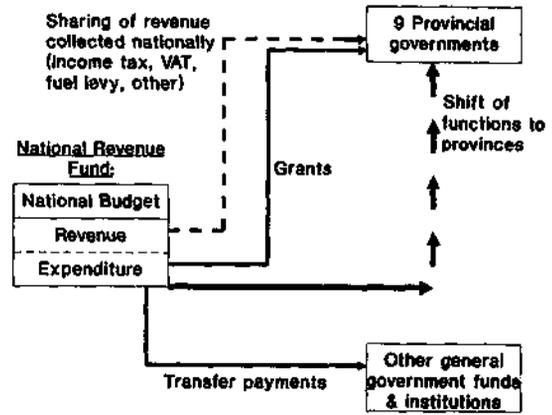


Figure 5: Flow of funds from the national budget to other levels of general government after full implementation of financial and fiscal relations between levels of general government according to the 1993 Constitution

**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. This 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 also take place against the background of a multi-year fiscal framework for general government. 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 is 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. Expenditure figures contained in the "White Book" are finalised about a month 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, revenue and loans 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.

On Budget day, the Appropriation Bill<sup>9</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,

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<sup>9</sup> The Appropriation Bill, after approval by Parliament, enables national government departments to spend the allotted funds on their budget votes.

which are rolled-over under a stringent set of criteria.<sup>10</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>11</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>12</sup> to government pension funds and the Gold and Foreign Exchange Contingency Reserve Account, is usually tabled in June.

The major budget processes and procedures are summarised in figure 6.

The rest of the Budget Review is structured as follows:

**Chapter 1** is an overview of economic conditions in 1995 and prospects for 1996.

**Chapter 2** presents recent fiscal trends in macroeconomic context and discusses certain expenditure and tax issues, intergovernmental finance and aspects of public debt management.

**Chapter 3** reviews the outcome of the 1995/96 national budget and discusses the economic and functional classification of budgeted national and provincial expenditure.

<sup>10</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>11</sup> The course of the Budget is monitored on a regular basis throughout the financial year and the financing programme is adjusted accordingly.

<sup>12</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.

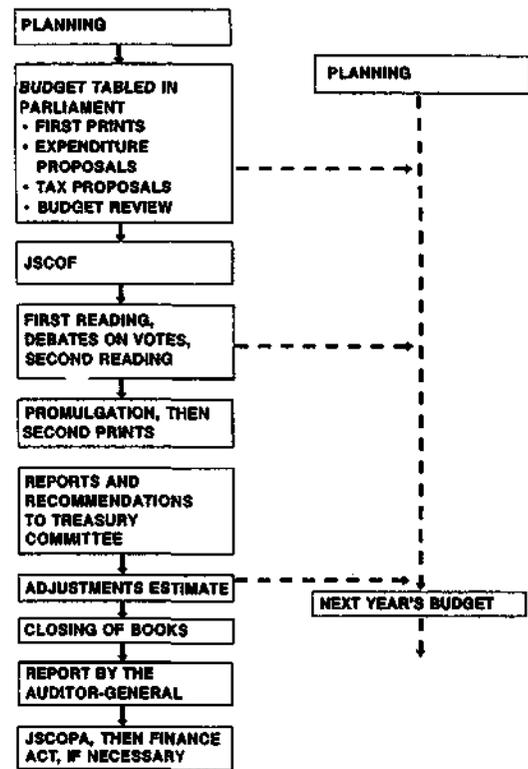


Figure 6: Budget processes and procedures

**Chapter 4** summarises the 1996/97 proposed national budget expenditure and comments on certain expenditure votes. **Chapter 5** discusses national budget revenue estimates and tax proposals for 1996/97.

**Chapter 6** summarises the 1996/97 national budget and provides details of the financing of the Budget.

**Annexure A** provides a summary of the budget votes contained in the Printed Estimate of Expenditure (RP 2, First Print).

**Annexure B** contains time series of national budget revenue, expenditure and financing, economic and functional classifications of consolidated national and provincial budgets expenditure, as well as state debt and related issues.

**Annexure C** provides more details on the various tax proposals contained in chapter 5.

**Annexure D** summarises the national budget for 1996/97 in tabular form against comparable 1995/96 figures.

## CHAPTER 1

# ECONOMIC CONDITIONS AND PROSPECTS

*This chapter contains a review of economic developments in 1995 together with an outlook for both the international and domestic economy for 1996. Economic conditions in 1995 are discussed with regard to domestic production, expenditure and savings, the labour market, productivity and inflation. Developments in the balance of payments and financial markets are also explained.*

### 1.1 ECONOMIC CONDITIONS

#### 1.1.1 Domestic production

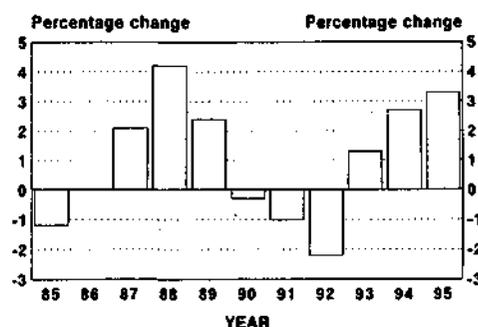
The South African economy entered a cyclical recovery in mid-1993 which lasted throughout 1994. At the beginning of 1995 there was consensus that buoyant economic conditions would continue. As events unfolded, it became clear that the initial growth forecast for 1995 was too conservative and the growth in real gross domestic product of 3½ per cent turned out to be somewhat higher than expected.

The growth of the South African economy in 1995 is all the more remarkable if cognisance is taken of the output setbacks in the primary sectors of the economy. Poor rainfall in the summer growing season affected field crops badly and contributed to a decline of 15 per cent in the real value of agricultural production in 1995. Gold and diamond production were plagued by labour problems. In addition, the gold-mining industry had to battle with rising production costs and declines in the gold content of ore milled. As a result gold production declined by 10½ per cent in 1995. The real value added by diamond mining also declined sharply because of problems experienced with the international marketing of uncut diamonds. The real output of the entire mining sector declined by 3½ per cent in 1995.

Outside of the primary sectors, output growth accelerated to 4½ per cent in 1995 from a growth rate of 2½ per cent in 1994. The manufacturing sector, in particular, experienced strong demand in the domestic market and from abroad. Real value added by manufacturing increased by 7½ per cent in 1995; in 1994 the comparable growth rate was 2½ per cent. In the commercial sector (i.e. the wholesale, retail and motor trade) real value added was raised by 6 per cent in 1995 compared with 4 per cent in 1994.

Economic growth in 1995 was the highest recorded since 1988. Some cooling down occurred in the fourth quarter, however, when output growth fell back slightly to 2½ per cent at an annualised rate, largely on account of a decline in manufacturing output.

**GROSS DOMESTIC PRODUCT**  
(Constant 1990 prices)



Source: South African Reserve Bank

Whereas the growth in real gross domestic product which measures economic output in the Republic, accelerated from 2½ per cent in 1994 to 3½ per cent in 1995, the growth of real gross national product, which represents the real income of South African nationals, declined from 4 per cent in 1994 to 3 per cent in 1995. This was essentially the result of a rise in South Africa's real net factor payments to the rest of the world (mostly interest and dividend payments to foreigners and the labour rewards of foreign nationals working in South Africa) and a deterioration in the terms of trade (i.e. a weakening of the ratio of the prices of exports to the prices of imports).

#### 1.1.2 Gross domestic expenditure

Aggregate real gross domestic expenditure maintained the growth momentum it has gained since 1993 and increased by 6½ per cent in 1994 and by 5½ per cent in the 1995 calendar year as a whole. Increases in all the main components of expenditure contributed to the firm rise in aggregate domestic expenditure in 1995.

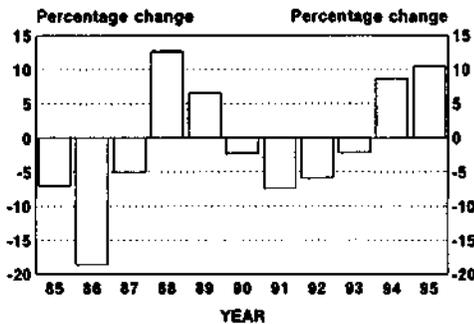
Real private consumption expenditure in 1995, reflecting the positive outlook of South African consumers, grew by 5 per cent - the highest rate of increase in any calendar year since

1988. The main thrust for this increase came from spending on durable household goods which increased by 9 per cent in real terms. Real expenditure on personal transport goods was the prime reason for this increase.

Prudent management of overall public sector spending resulted in a modest rise of only ½ per cent in the real consumption expenditure of general government. This represents a significant slowdown in real general government consumption expenditure from the rise of 4 per cent in 1994. Restraint in the growth of general government expenditure dates back to the second quarter of 1994.

The outstanding feature of the current economic recovery is the strong growth in fixed investment. Real fixed investment increased vigorously by 8½ per cent in 1994, and then strengthened even further by 10½ per cent in 1995. Private sector companies demonstrated high levels of confidence and added significantly to their productive capacity. In the manufacturing sector real investment expenditure was particularly strong and growth of no less than 21 per cent was registered in 1995. Real capital expenditure by the public authorities declined in 1995, indicating that the creation of physical infrastructure in the recovery has lagged somewhat behind the creation of private sector productive capacity.

**GROSS DOMESTIC FIXED INVESTMENT**  
(Constant 1990 prices)



Source: South African Reserve Bank

The build-up of inventories since the middle of 1993 continued throughout 1995, although at a slower rate in the second half of the year. For the calendar year as a whole inventories increased by about R7½ billion, contributing about 1 percentage point to real gross domestic product growth in 1995.

**1.1.3 Domestic saving**

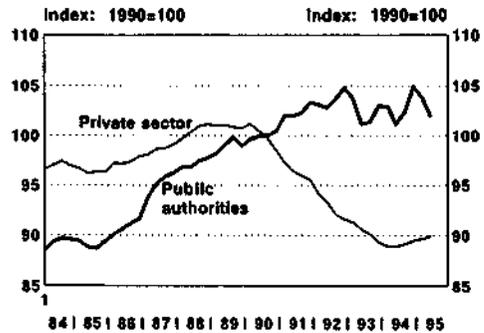
Gross domestic saving relative to gross domestic product drifted down from 17 per cent in 1994 to 16½ per cent in 1995. The strong growth in private household spending which exceeded household income growth by a relatively wide margin, was the main reason for the deterioration of the national saving rate. Private household saving in 1995 was equal to only 1 per cent of gross domestic product; compared with 3 per cent in the previous year. Corporate saving strengthened and dissaving by the general government relative to the gross domestic product shrank from 5 per cent in 1994 to 4 per cent in 1995.

**1.1.4 Employment**

The downward movement in employment in the formal non-agricultural sector of the economy extended beyond the lower turning point of the business cycle that was reached in the second quarter of 1993. The recovery was already well established before the employment cycle reached its lower turning point in the second quarter of 1994. When it finally began, the creation of new job opportunities occurred very slowly and failed to match the rate at which the economically active population is growing.

The latest employment statistics indicate that the growth in employment in the formal sectors of the economy decreased from an annualised rate of 1,6 per cent in the second half of 1994, to only 0,3 per cent in the first half of 1995. The available data suggest that just 55 500 new jobs were created in the formal non-agricultural sectors during the first year after the low point of the employment cycle.

**NON-AGRICULTURAL EMPLOYMENT**



Source: South African Reserve Bank

### 1.1.5 Labour costs and productivity

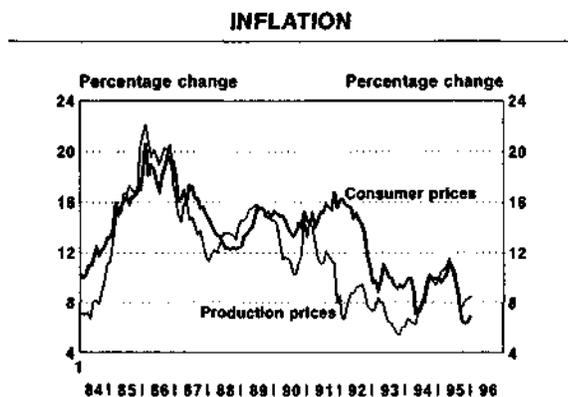
The rate of increase in the average annual nominal remuneration per worker in the formal sectors of the economy fell from 18,4 per cent in 1989 to 10,5 per cent in 1993. In 1994 nominal wage growth strengthened to 12,0 per cent, but declined again to 9,1 per cent in the first six months of 1995.

Real remuneration per worker was 0,2 per cent higher in the first half of 1995 than in the corresponding period of 1994. During the period since 1990 real wages have increased by about 6½ per cent.

The inflationary consequences of rising real wages have been absorbed to some extent by the strengthening of labour productivity during the 1990s. The rate of increase in labour productivity in the non-agricultural sectors of the economy rose from 0,4 per cent in 1991 to 2,8 per cent in both 1993 and 1994 and 2,5 per cent in the first six months of 1995. These productivity improvements helped to bring down the rate of increase in nominal unit labour cost from 17,3 per cent in 1990 to 9,1 per cent in 1994 and 6,4 per cent in the first half of 1995. Improvements in labour productivity have played an important role in lowering inflation, but were at the same time a reflection of declining employment levels.

### 1.1.6 Inflation

Consumer price inflation in South Africa decelerated from 15,3 per cent in 1991 to 8,7 per cent in 1995. In 1995 inflation was at its lowest level since 1972. The overall consumer price inflation for the 12 months to January 1996 was 6,9 per cent. Excluding home owners' costs, the more volatile food price component and VAT, the underlying inflation rate over this period stood at 7,3 per cent.



Source: South African Reserve Bank

Production price inflation accelerated from 6,6 per cent in 1993 to 8,2 per cent in 1994 and 9,6 per cent in 1995. In December 1995 the rate of increase over twelve months in the prices of imported goods at 5,8 per cent was still well below that of domestically produced goods which rose at 9,2 per cent. The overall production price inflation stood at 8,5 per cent.

### 1.1.7 Balance of payments

The surge in gross domestic expenditure since the start of the current economic recovery could not be fully met by the rise in domestic output. Imports accordingly rose strongly to meet domestic demand. Even though exports have benefited from the increased accessibility of markets that followed the changes in the country's socio-political order, a deficit appeared on the current account of the balance of payments towards the middle of 1994. For 1994 as a whole the deficit amounted to R2,2 billion, or 0,5 per cent of gross domestic product. In 1995 the current account weakened further to a deficit of R12,7 billion, which was equal to 2,6 per cent of the gross domestic product. By the fourth quarter of 1995 the deficit had increased to a seasonally adjusted and annualised rate of R15,0 billion, or 3,0 per cent of the gross domestic product.

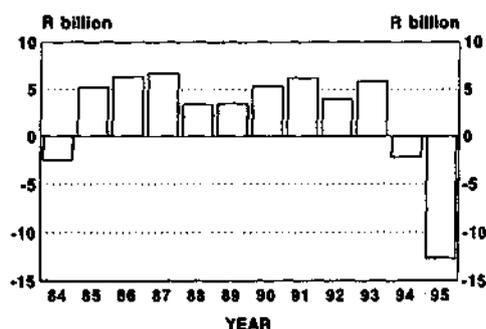
The annualised value of merchandise imports exceeded R100 billion for the first time in the third quarter of 1995. For the full calendar year 1995 the value of imports had increased by 29 per cent. The average level of import prices was some 7½ per cent higher than in 1994, implying that the real value of imports in 1995 was 20 per cent higher than in 1994. The strong rises in domestic capital formation and in household spending on durable goods were echoed by the increases registered in the importation of machinery and electrical equipment and vehicle and transport equipment.

The value of merchandise exports increased by 24½ per cent in 1995. The value of exports rose strongly between 1994 and the first quarter of 1995, and have fluctuated around this level during 1995. A welcome feature of South Africa's recent sound export performance was the strong growth of non-traditional exports in the manufactured goods category.

The physical quantity of gold exports declined steeply in 1995. A very modest rise in the rand price of gold could not prevent the value of net gold exports from declining by 11 per cent. The increased traffic in goods between South Africa and the rest of the world gave rise to higher payments for freight and merchandise insurance to non-residents.

Increased foreign borrowing and the keen interest shown in South African securities by foreign investors lifted interest and dividend payments to the rest of the world to a much higher level in 1995. These higher payments were offset in part by increased foreign tourism. However, the net payments for services and transfers to the rest of the world increased by 13 per cent in 1995.

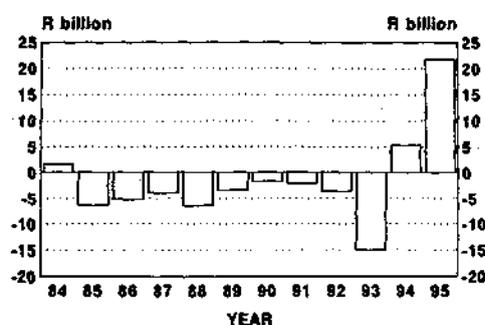
**BALANCE OF PAYMENTS**  
Current Account



Source: South African Reserve Bank

The deficit on the current account of the balance of payments in 1995 was fully financed by a strong inflow of capital from the rest of the world. In fact, the inflow was of such a magnitude that the net gold and other foreign reserves increased by R9,1 billion over the year. The Reserve Bank used this opportunity to redeem in full all its reserve-related foreign loan commitments which stood at R5,1 billion at the beginning of the year. In spite of the improvement in the overall balance of payments, the level of gross reserves at the end of the year was still low relative to the country's payments for goods and services in a full calendar year. At the end of 1995 the gross gold and foreign reserves were equivalent to the value of about 7 weeks of imports.

**BALANCE OF PAYMENTS**  
Capital Account



Source: South African Reserve Bank

The net inflow of capital not related to reserves amounted to R21,7 billion in 1995, compared with R5,4 billion in 1994. Almost 60 per cent of the net inflow, namely R12,5 billion, consisted of inflows of long-term capital. Although part of the inflow of long-term capital was in the form of portfolio investments which can leave the country at short notice, 54 per cent consisted of loan capital with a longer-term maturity. An important development was the lengthening of the average maturity of foreign syndicated loans from one year to about three years. The significance of the capital inflows in 1995 should be seen in relation to an amount of R7,9 billion of foreign debt which was scheduled for repayment in 1995. An improved international credit rating had a positive impact on the country's ability to roll over the debt which fell due in 1995 and contributed to the lengthening of loan maturities.

Short-term capital inflows amounted to R9,2 billion in 1995, compared with R1,9 billion in 1994. The major part of these inflows consisted of short-term borrowing by South African banks for purposes of funding their domestic lending activities. The public authorities and the non-bank private sector made net repayments on their foreign short-term liabilities during 1995.

#### 1.1.8 Exchange rates

The nominal effective exchange rate of the rand declined by 7,6 per cent in the first five months of 1995, but then rose by 4,4 per cent to the end of December. The decline in the average weighted value of the rand in 1995 was 3,6 per cent. This followed a much steeper decline of 8,5 per cent in 1994. The rand depreciated against all the major currencies of the world in 1995, with the exception of the Japanese yen. Large depreciations were recorded against the Deutsche mark and the Dutch guilder. After rising further in January 1996 the external value of the Rand depreciated substantially in February.

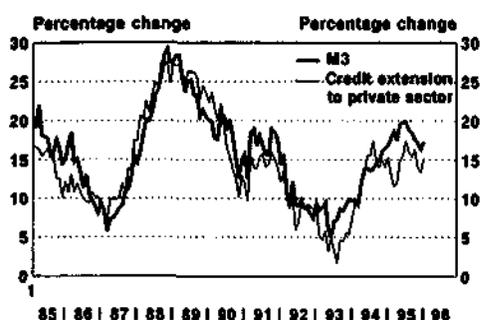
The rise in the nominal effective exchange rate of the rand coupled with a smaller inflation differential between South Africa and its more important trading partner countries, occasioned a rise in the real effective exchange rate of the rand in the last seven months of 1995. By the end of December 1995 the real exchange value of the rand was about 1½ per cent stronger than a year earlier.

During February 1996 a sharp downward adjustment in the external value of the rand was experienced, bringing the real effective exchange rate roughly to levels maintained in 1988 to 1989.

## 1.1.9 Financial markets

The growth rate in the M3 money supply exceeded the money supply guideline range of 6 to 10 per cent during 1995. The growth rate over twelve months in M3 increased during the first half of 1995 from 15,7 per cent in December 1994 to 16,8 per cent in June 1995, but receded slightly to 15,1 per cent in December. The sharp increase in M3 during 1995 could be attributed to the higher levels of domestic output and expenditure, whilst liquidity preference also rose in anticipation of a strengthening of the bond and share markets.

### M3 GROWTH AND CREDIT EXTENSION TO PRIVATE SECTOR



Source: South African Reserve Bank

The changes in the accounting counterparts of the M3 money supply were dominated by the increase in the net claims of the monetary sector on the private sector. The growth over twelve months in credit extension to the private sector increased from 17,0 per cent in December 1994 to 19,5 per cent in June 1995, but receded to 17,5 per cent in December 1995. These growth rates exceeded the growth in aggregate nominal income, thereby indicating a rising debt to gross domestic product ratio for private sector entities. The strong growth in instalment sales credit and leasing finance was reflected in the sharp increase in sales of new and used motor vehicles, while mortgage advances also exhibited strong growth.

The rapid growth in money supply and the escalation in the extension of credit by banks to the private sector, coupled with a quickening of the pace of economic activity, prompted an increase in Bank rate by one percentage point to 14 per cent on 21 February 1995 and a further increase to 15 per cent with effect from 30 June. This signalled a tightening of monetary policy which later resulted in a rise in the inflation-adjusted prime lending rates of banks from 5,8 per cent in December 1994 to 10,9 per cent in December 1995.

The longer-term interest rate structure changed considerably during the course of 1995. The yield curve flattened and at the end of December 1995 was markedly lower for all maturities than in June 1995. The decline in the capital market yields across the maturity spectrum during the second half of 1995 was a clear indication of the downward adjustment of long-term inflation expectations. The monthly average yield on long-term government stock declined from a high of 17,0 per cent in January 1995 to 14,6 per cent in December 1995 and then receded further to 13,8 per cent in January 1996. In February the yield returned to levels above 14 per cent.

The money market shortage fluctuated considerably during 1995. After relatively easy money market conditions had prevailed in the first quarter, the market became much tighter during the third and fourth quarters of 1995. The amount of accommodation provided by the Reserve Bank rose from R3,2 billion at the end of July 1995 to R7,4 billion at the end of October. It then subsided somewhat in November and December before rising sharply to R8,0 billion at the end of January 1996. The Reserve Bank's operations in the money market during the fourth quarter of 1995 were mainly directed towards draining liquidity and maintaining relatively tight money market conditions.

Although the value of shares traded on the Johannesburg Stock Exchange declined by 11,6 per cent in 1995 as a whole, there was a marked improvement during the course of the year from R13,3 billion in the first quarter to R19,4 billion in the fourth quarter. The price level of all classes of shares increased significantly in January 1996. The prices of gold-mining shares advanced in early 1996 in response to the gold price breaking through US\$400 per fine ounce for the first time since August 1993.

## 1.2 ECONOMIC OUTLOOK

### 1.2.1 The international economy

Growth and inflation forecasts in the major countries comprising the Organisation for Economic Cooperation and Development (OECD) have been steadily revised downwards over the past year. Inflation is low and fundamental macroeconomic conditions are stable in almost all the OECD countries. Provided this favourable environment remains, output growth should show a slight acceleration from 2,4 per cent in 1995 to 2,6 per cent in 1996, while inflation is set to remain on the same level of 1,8 per cent in both 1995 and 1996. The growth in world trade is projected to fall back somewhat in 1996.

## 1.2.2 The domestic economic outlook

Fluctuations in agricultural production continue to exert a strong influence on growth in South Africa's gross domestic product. Agricultural output declined by approximately 15 per cent in 1995, but the drought conditions of the past year have now been reversed. It is assumed that aggregate real income growth will be supported by an increase of at least 10 per cent in the real value added of the agricultural sector.

International commodity prices in 1996 are expected to reflect the trend in foreign inflation. The current outlook for export prices therefore remains positive and South Africa's export volumes are expected to benefit substantially from the improved accessibility of export markets. Certain manufacturing enterprises geared specifically to export markets are also now coming into production and this should boost export performance further.

Aggregate real gross domestic expenditure is projected to maintain its momentum, albeit at a lower rate than that of 1995. Positive consumer sentiment is expected to support consumption expenditure in the current year, but the growth in real government consumption expenditure should be contained into the new fiscal year.

Real gross domestic fixed investment in 1996 is expected to maintain its strong upward momentum of the previous two years. High external and domestic demand in combination with the need to replace worn-out equipment is expected to fuel the continued general expansion of production capacity in the private sector. It is also foreseen that the long overdue reversal of the downward tendency in real fixed investment by the public authorities will materialise in 1996. The strength of the inventory cycle that has been charac-

teristic of the current cyclical upswing in 1994 and 1995, combined with the positive outlook for agricultural production, is expected to lead to further additions to industrial and commercial inventories in 1996.

When the expected strengthening of aggregate domestic expenditure is combined with improved agricultural conditions and continued export growth, a growth rate of between 3½ and 4 per cent in the real gross domestic product is foreseen for 1996. Real output growth in the non-primary sectors is expected to slow down somewhat, but this slack is likely to be compensated for by firm growth in the primary sectors.

The continued resurgence in gross domestic fixed investment is likely to support a high level of imported capital equipment. A large deficit on the current account of the balance of payments is therefore again likely in 1996. Capital inflows from the rest of the world are expected to be more than adequate to finance the anticipated deficit, and could lead to a further increase in the level of gold and foreign reserves.

The underlying counter-inflationary policies, which have been applied over the past number of years, will be sustained in 1996. The average inflation rate in consumer prices is expected to be lower than that registered in 1995.

Sound and consistent economic policies and an investor-friendly political environment are essential for nurturing sustained growth in the South African economy. The Government consequently recognises the importance of prudent fiscal policy in order to kindle the economic growth process and underpin the sectoral dimensions of the Reconstruction and Development Programme.

	Real GDP (1990- prices) R million	Percentage change	Real GDP per capita (1990 prices) R	Percentage change	Consumer price index 1990 = 100	Percentage change	Balance of payments: current account R million
1985	253 175	-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	6 325
1987	259 561	2,1	7 495	-0,3	67,8	16,1	6 702
1988	270 463	4,2	7 631	1,8	76,2	12,8	3 363
1989	276 940	2,4	7 633	0,0	87,5	14,7	3 467
1990	278 069	-0,3	7 434	-2,6	100,0	14,4	5 324
1991	273 349	-1,0	7 192	-3,3	115,4	15,3	6 187
1992	267 257	-2,2	6 879	-4,4	131,4	13,9	3 840
1993	270 702	1,3	6 816	-1,1	144,1	9,7	5 829
1994*	278 143	2,7	6 854	0,1	157,1	9,0	-2 231
1995*	287 233	3,3	6 932	1,1	170,6	8,6	-12 656
1996**	-	3½ - 4	-	1½	-	7 - 7½	-
Average: 1985-1995	-	1,2	-	-1,0	-	13,3	-
1992-1995	-	2,4	-	0,3	-	9,1	-

Source: South African Reserve Bank

\* Preliminary

\*\* Projection

## CHAPTER 2

# FISCAL AND FINANCIAL ISSUES

*Macroeconomic and fiscal dimensions of the Government's economic growth and development strategy are set out in this chapter, together with a review of sectoral policies and programmes. Trends in general government revenue and expenditure are summarised. Progress with tax reform is noted and inter-governmental financial relations are described. Aspects of public debt management and international and regional financial developments are noted.*

### 2.1 MACROECONOMIC AND FISCAL CONTEXT

#### 2.1.1 Economic growth and development

Against the background of a secular deterioration in economic performance since the mid-1960s, the recent growth recovery is encouraging. Creating the conditions in which a *sustained* acceleration in the rate of growth and employment creation can take root must enjoy high priority. Alongside an improved growth rate, the Government seeks to broaden participation in the economy, improve the distribution of income and enhance people's livelihoods across a broad developmental front.

The Reconstruction and Development Programme has provided a policy framework which is now being elaborated into a long-term perspective - intended to extend well into the next century - in the form of a *Growth and Development Strategy*. Detailed quantification and assessment of possible policies and programmes are under way. The main elements of this initiative are set out in section 2.2 below.

Economic progress depends greatly on the foresight and endeavours of the private sector, fashioned in the light of perceived trends in policy and production possibilities. International perceptions play a prominent role in shaping private sector investment trends in the modern world. South Africa is no exception to this rule, and has experienced a sharply increased level of foreign interest in domestic economic developments. As expected, economic and fiscal policies have come under rigorous scrutiny, and South Africa has had the benefit of valuable inputs from the business sector, organised labour, other observers and from the international community during the energetic review of public policies which has been conducted in recent times.

This is a healthy state of affairs - a robust engagement between interested parties and the public authorities on economic trends and policies is crucial if the gap between South Africa's promise and performance is to be narrowed. Although consensus on all details cannot be expected, the Government seeks to manage fiscal policy, tax reform and expenditure restructuring within parameters which enjoy broad support by the principal constituencies represented in the National Economic Development and Labour Council. Improved business confidence and stable industrial relations signal that a secure foundation has been achieved in this regard during 1995/96. Key agreements and policy developments are summarised in this chapter.

Following a recession between 1989 and 1993 during which gross domestic product shrank by some 3,5 per cent, a steady improvement in economic performance has now been sustained for three years. Rising business and consumer confidence, together with a successful democratic transition and the opening up of international trade and financial flows, have underpinned the recovery. During the three fiscal years since March 1993, real GDP has grown by an average of 2,9 per cent annually. For the first time in 15 years, real *per capita* GNP has increased in three successive years. Continuation of the recovery through the 1996/97 fiscal year will make this the longest cyclical upswing since 1945, achieved largely through strong non-gold export growth during 1995 and an acceleration in industrial investment. As indicated in chapter 1 of this Review, a GDP growth rate of between 3½ and 4 per cent is expected for calendar 1996. For the fiscal year, a growth rate of 3,7 per cent is projected.

In the longer term, improved international competitiveness, continued export growth and a stronger recovery in domestic investment and savings are amongst the key pre-conditions for a sustained economic expansion. Industrial and trade policy measures directed towards these goals are outlined in par. 2.6.2.6 below. A sound education system and an acceleration in training activities are also important foundations for growth. Other related policy issues include public investment in economic infrastructure, a review of transport policies and subsidies, state asset restructuring, exchange control liberalisation and tax reform. Indications are given of key initiatives and the directions of reform in

these and other areas in the brief review of sectoral policies contained in this chapter.

Formal sector employment growth has lagged behind the turnaround in domestic output, as has characterised past cyclical trends. The recovery has brought a net increase in private sector employment for the first time in six years, but job creation is still well below the levels required if the overall unemployment rate in the economy is to be reduced. A further strengthening in the growth rate and in particular in the more labour-intensive sectors of the economy is needed if the formal economy is to provide opportunities for a greater proportion of potential workseekers.

*Employment creation* is accordingly a key pillar in the Government's approach to growth and development.

Creating jobs is a powerful means through which the distribution of income in the South African economy can be improved and the incidence of poverty reduced. As is to be expected, household surveys indicate that unemployment is the single most important determinant of poverty and is the source of much of the inequality of incomes between households. Across the economy as a whole, about 30 per cent of the labour force are without work. Amongst the poorest 40 per cent of households, nearly 50 per cent of work-seekers are not employed.<sup>1</sup> Many of the unemployed are young, many are women and many have young children whose nurture depends on the opportunities their parents face. Growth which creates jobs must be at the centre of social and economic policy, and indeed of the vision which motivates and disciplines our nation.

Employment creation has both quantitative and qualitative dimensions - an expansion in labour market opportunities augments the incomes of poor households; improvements in conditions of employment also enhance welfare, particularly in casual and informal segments of the market. Labour-absorbing growth, however, calls for structural change across diverse sectors of the economy. Key elements include industrial policy and export promotion, land reform and support for small farmers, an acceleration of housing and municipal infrastructure delivery, small business development, vocational education and training reforms as well as greater flexibility in labour markets. The necessary reforms will include reduced protection in segments of industry or the labour market which remain uncompetitive, and adjustments will need to be carefully phased. Several of the social and economic programmes and policy reforms

discussed later in this chapter are aimed directly or indirectly at the job creation challenge.

Key *developmental* dimensions of the emerging Growth and Development Strategy include a strong focus on basic education and training, infrastructural programmes aimed at improving the quality of urban and rural living conditions and integrating South Africa's spatial economy, a reorientation towards primary care in public health services and a review of the social safety nets which protect the incomes of the very poor. The Government is also firmly committed to strengthening crime prevention and the administration of justice, particularly in those townships and peri-urban areas in which violence and fear have come to dominate people's lives. There is a strong redistributive dimension to these initiatives. There are also compelling efficiency considerations at stake. It is clear that without progress towards more equitable services, healthier living conditions and public safety and security, investment prospects will dim and the opportunity for accelerated growth of the South African economy will remain an unopened window.

#### 2.1.2 Price stabilisation

The decline in the rate of inflation over the past four years, noted in chapter 1, represents a return to a level of price stability last enjoyed some 25 years ago in the South African economy. This improvement in the macroeconomic environment both facilitates investment and trade and reduces the costs of unpredictable shifts in prices to those whose incomes are not protected against inflation. One of the main advantages of lower and more stable inflation - the reduced risks of long-term investments and financial commitments - is of particular importance for the increased capital formation needed to bring about higher growth in the economy.

The main contributions of the fiscus to continued price stability lie in reducing the public sector borrowing requirement relative to national income and in public sector wage restraint.

Expenditure reduction has been particularly difficult during the recent recession and over the period of political transition, but a steady decrease in the national budget deficit has nonetheless been achieved since 1992/93. The net borrowing requirements of provincial and local authorities and non-financial public enterprises have remained modest in recent years, contributing further to overall fiscal stabilisation.

Public sector employment growth has slowed over the past two years and the average real remuneration of government employees, after increasing sharply in 1994, declined somewhat during the first half of 1995.

<sup>1</sup> Ministry in the Office of the President: Reconstruction and Development Programme, *Key Indicators of Poverty in South Africa* (October 1995), table 7, p. 14.

As noted in par. 2.5.1 below, a thorough review of the personnel structure and remuneration levels in the public service is in progress. Taking account of the substantial share of the remuneration of general government employees in the overall economy - over 14 per cent of GDP in recent years - it is recognised that a phased approach to the implementation of new policies should be adopted.

### 2.1.3 International trade and finance

The role of both trade and foreign capital in the recent improvement in South Africa's economic performance underlines once again the central importance of international aspects of growth and development. Improved international competitiveness, particularly in manufacturing, and a more open foreign exchange regime, remain key economic policy objectives.

Following the abolition of the financial rand on 13 March 1995, further measures were introduced to liberalize exchange controls. The Government announced on 13 July 1995 that South African insurance companies, pension funds and unit trusts would be permitted to invest abroad by way of swap arrangements providing for the exchange with foreign investors of part of their existing asset portfolios for foreign assets. On 16 January 1996 the Government announced that as an extension of the asset swap dispensation, the above-mentioned institutions would be allowed to acquire up to 10 per cent of the Government's £100 million Euro-sterling issue launched on 23 January 1996. The foreign currency transferred abroad by the South African institutions to purchase the bonds has, of course, returned to South Africa as part of the proceeds of the bond issue, thus not affecting the country's existing foreign exchange reserves. This additional concession was granted to the institutions to enable them to diversify their asset bases further to the benefit of the South African public. Asset swaps to the amount of about R9 billion had been approved by the end of December 1995.

The South African Reserve Bank has also largely withdrawn from the provision of forward cover, in effect leaving the development of the private forward exchange market to exporters and importers in conjunction with authorised foreign exchange dealers.

These measures have had highly satisfactory results. A substantial reduction in the net oversold short-term forward book of the Reserve Bank was achieved during 1995. As indicated in chapter 1, the inflow of capital from the rest of the world during 1995 led to a significant increase in the net gold and foreign reserves, despite a current account deficit of R12,7 billion. The increase in the level of reserves in relation to the average monthly spending on imports con-

tributes to the overall financial strength and stability of the economy.

The promotion of foreign trade and investment has been a primary consideration in several recent policy reforms or initiatives. Relevant tax measures include the removal in 1995 of import surcharges, the conclusion of several double taxation agreements or revisions of existing agreements and the abolition of the non-resident shareholders' tax. Tariff reforms are well under way and a supply-side approach to the support of manufactured exports, replacing the existing general export incentive scheme, is under review (see par. 2.6.2.6). Several investments have been facilitated by the renewed relationship of South Africa with the International Finance Corporation and membership of the Multilateral Investment Guarantee Agency of the World Bank (see par. 2.12.2).

Some volatility in the external value of the rand from time to time is an inevitable feature of the present international financial regime. During the second half of 1995 the real exchange rate strengthened somewhat, followed by a sharp correction downwards in February 1996. The South African Reserve Bank has intervened from time to time to smooth fluctuations in the exchange rate. It is not possible in the present international context to maintain a targeted exchange rate, however, and the authorities remain committed to a market-determined external value of the currency. The gradual liberalisation of this market will in due course entail further steps toward abolition of exchange controls.

Developments in regional economic cooperation and international aspects of government finance are noted in par. 2.9.5 and 2.13 of this chapter.

### 2.1.4 Saving and investment

As noted in chapter 1, gross domestic investment has recovered strongly during the past two years, and is expected to maintain its upward momentum during 1996.

Gross domestic saving has declined to 16½ per cent of GDP, which is well below the average of above 25 per cent during the 1970s and 1980s.

Although capital inflows are contributing to the financing of accelerated investment spending and are likely to play a significant part in the expansion of industrial capacity in years to come, reliance on foreign investment without a complementary improvement in domestic saving cannot be the basis of a sustainable growth strategy. An increase in gross domestic saving relative to GDP requires restraint in private consumption expenditure together with further reductions in government dissaving. It is clearly desirable

that the required slowdown in domestic consumption spending relative to national income and output growth should be achieved before the economy enters a cyclical downswing.

Relevant fiscal considerations include the level and incidence of the tax burden, the effects of tax measures on retirement provision and other forms of private saving, the role of social grants in providing income security and the aggregate level of general government consumption expenditure. Certain of these issues have come under scrutiny by the Katz Commission and by a Committee chaired by Mr Guy Smith which presented a report in December 1995 on policy questions relating to retirement provision. The tax considerations are discussed in par. 2.7.2.5 below.

The general conclusion of the First Interim Report of the Katz Commission in this regard was that specific incentives aimed at stimulating saving or investment are unlikely to achieve these purposes and have undesirable distorting effects. Industrial investment is largely determined by productivity and competitiveness considerations, while saving is the outcome of national income trends and domestic consumption behaviour. Aspects of government expenditure and tax policies which are intended to promote investment and in due course contribute to national income growth are noted elsewhere in this chapter. Despite comparatively high real interest rates, both investment and consumption spending have increased strongly over the past two years. The present monetary and fiscal policy stance should in due course exert a restraining influence on consumption spending, however, leading to some improvement in aggregate private saving.

The main role of the fiscus in enhancing saving and investment relative to GDP must lie in the elimination of the current excess of government consumption expenditure over revenue. Progress in respect of this target and related fiscal policy indicators is briefly reviewed below.

### 2.1.5 Fiscal policy

Against the background of the Government's commitment to accelerated growth and development, price stability, a healthy balance of payments and enhanced domestic saving and investment, there is little room for manoeuvre in fiscal policy. In the 1995 Budget Review, the following broad goals of fiscal policy were set out:

- 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.

Annualised dissaving by the general government (including all tiers of government) relative to GDP fell from a peak of 6,4 per cent in the first quarter of 1993 to an average of 5,1 per cent during the course of 1994. Government dissaving was reduced to an estimated 4 per cent of GDP in 1995.

The national budget deficit actually realised in 1994/95 was 5,7 per cent of GDP, considerably below the ratios to GDP recorded in the previous two fiscal years and also below the original estimated deficit for the year of 6,7 per cent. The anticipated outcome of the 1995/96 Budget, confirming the downward trend in the budgeted deficit, is set out in chapter 3. As in the past, the assumption is made at this stage that unspent balances to be rolled forward to the 1996/97 year will equal the actual roll-overs to 1995/96 from 1994/95, which amounted to some 1,3 per cent of 1995/96 GDP.

The trends since 1985/86 in national budget revenue and expenditure and the budget balances are set out in table 7a in annexure B, expressed as percentages of GDP in table 7b. Tax revenue in 1995/96 is expected to be 24,6 per cent of GDP and total current revenue 25,1 per cent, roughly the same ratios as in 1994/95 and about 1 per cent of GDP higher than the percentages of total output collected by the fiscus between 1991/92 and 1993/94.

Excluding extraordinary transfers in 1993/94, mainly to government pension funds and the Gold and Foreign Exchange Contingency Reserve Account, current expenditure on the national budget has fallen from 28,9 per cent of GDP in 1993/94 to an estimated 28,7 per cent in 1995/96 while capital expenditure has increased from 2,0 per cent of GDP to 2,7 per cent. There has been an increase of about 0,5 per cent of GDP in the cost of servicing state debt over the past two years, so that non-interest recurrent expenditure has fallen from 23,6 per cent of GDP in 1993/94 to an estimated 22,9 per cent in 1995/96.

As indicated in the 1995 Budget Review, the present fiscal stance, based on an average growth rate of 3 per cent, is intended to reduce the budget deficit to about 4 per cent of GDP by 1998/99. More substantial progress will be possible if a higher growth rate is achieved and if the restructuring of state assets results in capital receipts which are applied to the lowering of the public debt (see par. 2.11 below). Rapid

deficit reduction remains impractical, however, in view of the increase in the real burden of debt service liabilities which is an unavoidable cost to Government of the transition to a lower inflation environment. It is clearly also important that a balance be maintained between macroeconomic adjustments and the effective rendering and restructuring of social services and other government functions.

General government consumption expenditure comprises the current expenditure on salaries and wages and on goods and other services of a non-capital nature of the general departments (excluding business enterprises) of the central government, provincial governments, local authorities and extra-budgetary institutions. Interest on the government debt, subsidies and transfers to households (including social grants), which are important components in government spending, are not part of this aggregate, and the consumption spending of local and provincial governments and institutions such as the research councils, universities and technikons and agricultural control boards are partly financed from receipts which do not flow through the fiscus. As indicated in chapter 1, general government consumption expenditure in 1995 recorded a rise of about 0,5 per cent in real terms.

Containment of government consumption expenditure depends largely on control of the overall government wage bill. For the past two years the average rate of adjustment to wage and salary scales in the public service has been lower than the overall price trend in the economy, while the real wages of the lowest paid employees of government have been doubled since 1990. Personnel restructuring, including adjustments to the size of national and provincial government establishments, is also a determinant of the government consumption expenditure trend, and is discussed briefly in section 2.5 below.

The expenditure by the public authorities on fixed investment, measured in constant prices, declined slightly between 1993 and 1994 and has declined further during the first three quarters of 1995. Capital spending by public corporations has increased somewhat over 1993 and 1994 levels. Public sector infrastructure spending is expected to accelerate over coming months, so that the contribution of the public sector to gross domestic fixed investment should increase during 1996.

Although real interest rates remain high, the lower *nominal* yield realised on government stock issues during 1995 than in 1994 represents a substantial benefit to the fiscus of the lowering of inflation expectations and improved financial stability in the South African economy. In the longer term, deficit reduction will lead to reduced debt service costs, permitting expenditure on public services to grow in line with

the growth of the overall economy. A considerable restructuring of public expenditure is required in the interim, in which the Reconstruction and Development Programme is the leading propulsive initiative.

## 2.2 THE RECONSTRUCTION AND DEVELOPMENT PROGRAMME (RDP)

### 2.2.1 The National Growth and Development Strategy

One of the first initiatives of the Government of National Unity was the preparation of a White Paper on *Reconstruction and Development*, published in September 1994. The RDP is a commitment to the elimination of poverty in the context of a rapidly growing and more equitable economy and of an open, peaceful and democratic society. The 1994 White Paper set out a programme for orienting the activities of Government fully and effectively towards reconstruction and developmental goals, within the context of a sound fiscal and macroeconomic framework.

In early 1995, the Government adopted a series of initiatives aimed at *restructuring the public sector*, giving further impetus to the implementation of the RDP. The prioritisation of programmes and activities of departments and other public sector agencies (see section 2.6) and the pursuit of economy and efficiency in government spending have been key aspects. Rationalisation of the public service (discussed in par. 2.5), reorganisation of inter-governmental financial relations (see par. 2.8), restructuring of public sector assets and liabilities (see par. 2.9.1 and 2.11) and a new emphasis on monitoring and performance evaluation of government activities - all key components of this process - have continued to be important themes in policy reform and public sector financial management. Public sector restructuring will gather momentum over the course of time, increasingly driven by the details of policy making and programme development within specific government Ministries and provincial departments.

In order to carry forward the RDP and to set priorities and targets linked to departmental policies and programmes, the framework for a *National Growth and Development Strategy* has been adopted by the Intergovernmental Forum, which brings together the national Cabinet and provincial Premiers. It sets broad medium and long term targets for economic growth, a more equitable income distribution, reduced unemployment, provision of household and economic infrastructure and services and improvements in literacy and life expectancy. Policies and programmes of the envisaged strategy are organised into six pillars:

- investing in people through education and training;
- creating employment in the context of a competitive, rapidly growing economy;
- investing in household, social and economic infrastructure;
- preventing crime;
- improving social security provision to eliminate absolute poverty; and
- ensuring an efficient and effective public service.

The design of the Growth and Development Strategy requires a high level of cooperation between national departments and between the various tiers of government. This has been facilitated by the Forum for Effective Planning and Development which has established collaboration between the central and provincial governments on development planning. The integration of departmental programmes and further elaboration of the roles of national, provincial and local authorities in the evolution of this long-term planning framework will continue during 1996.

#### 2.2.2 The Office of the RDP in the Office of the President

In 1995/96, the work of the RDP Office in the Office of the President continued to be focused on facilitating new strategies in departments, supported through the RDP Fund, together with promotion of policy coordination and strengthening of strategic and development planning in departments, provinces and the government as a whole.

The efforts of the RDP Office to foster integrated policy development led to the formation of inter-departmental task teams on Urban and Rural Development and, in October 1995, to the gazetting of strategies in these areas for discussion. An inter-departmental team is taking these strategies further by elaborating a framework for municipal infrastructure development, which will include targets and standards for household infrastructure. A National Spatial Development Framework is also in preparation.

The RDP Office is also working with other departments on a strategy for local economic development. Affected departments are working on the development of single-channel funding for local infrastructure and on improving capacity for project design and management.

In January 1996, the RDP Office published a study of poverty in South Africa. This study identifies the very low share of national consumption by poor households as a serious limitation on economic growth and on the provision of services. It also provides important insights into the potential for improving the quality of life of the poorest South Africans and sets a base-line for assessing the achieve-

ments of the Growth and Development Strategy in raising living standards.

#### 2.2.3 The RDP Fund

In 1996/97, the national government's contribution to the RDP Fund will rise to R7,5 billion, in addition to commitments carried over from 1994/95 and 1995/96. The total amount set aside for this component of the budget up to 1996/97 comes to R15 billion. The RDP Fund accordingly represents a large part of the Government's investment in development and the elimination of poverty. Increasingly, it will move from efforts to accelerate delivery on individual projects to programmes that seek to transform the public sector and establish major development programmes. The reprioritising of departmental and provincial resources away from existing programmes to new development priorities is slower than expected, but this has in part been the consequence of the need to develop strategic planning in departments.

Grants totalling R132,7 million from foreign donors were committed to projects falling within the aims of the RDP by the end of 1995, facilitated by the coordination efforts of an interdepartmental committee responsible for assessing official development assistance offered to South Africa (see par. 2.9.5.3). Programmes have been developed for the utilisation of the grants available from major donors and these are awaiting approval by the respective governments.

#### 2.2.4 RDP projects

RDP Fund initiatives currently include the following multi-year projects:

- 300 water supply projects that will reach 3,5 million people who previously had no access to clean running water;
- municipal and bulk infrastructure projects to benefit over 3 million people;
- the primary school nutrition programme, targeted at some 5 million children;
- free health care programmes for pregnant women, mothers and children;
- the provision of land, under land restitution, redistribution and reform programmes, to low-income rural families;
- the creation of temporary jobs through almost 400 labour-intensive projects;
- the improvement and renovation of almost 3 000 schools; and
- a series of special integrated urban renewal programmes.

The Presidential Lead Projects have given the Government a range of insights into the development process. They have highlighted the difficulties of working with a bureaucracy unaccustomed to integrated project management, especially in the absence of democratic local government. These systemic shortcomings meant that virtually all RDP projects faced unexpected delays. However, a marked acceleration in monthly disbursements on RDP projects has occurred during the second half of the 1995/96 year.

All RDP projects must undergo a business-planning process, which defines clear accountability and targets. The monitoring of progress of RDP funded projects based on agreed key performance indicators is aimed at fostering efficiency and productivity in the way Government delivers services and goals. These requirements introduce to government officials the kind of planning that the private sector and NGOs typically undertake for new projects. Experience has underlined that this process improves the chances of success for projects, and reduces the danger of misappropriation of funds. These practices are beginning to be adopted in other aspects of departments' activities.

Another important advance has been the development of project management teams in the Office of the RDP (the Development Planning Branch) to help other departments in overcoming the blockages to projects. In a number of cases, the Office has helped mediate community conflicts that prevented project design, has found ways to take advantage of private-sector capacity to support departmental work, and has contributed to accelerating delivery of services.

### 2.2.5 Programme support

The 1996/97 Budget will see substantial changes in the operation of the RDP Fund. In particular, from 1995/96 the focus has moved away from relatively small individual projects to broader programme support.

- RDP Fund resources have been earmarked for departments as part of their annual budgets. In effect, departments will be assured of these funds, as long as they go through the business-planning requirements of the Development Planning Branch and use the resources for the specified aims.
- Most of the new spending under the RDP Fund will finance programmes that require departments to cooperate. These programmes give an incentive to officials to overcome the compartmentalisation of their activities. Departments will define clear, coherent systems to manage the programmes.

- The RDP Fund will focus on areas identified by the Growth and Development Strategy and in particular ensure that the pre-planning of these major initiatives is supported. This will continue to be the major focus of the Fund until it is wound up.

Major cross-cutting programmes include:

- resources for integrated municipal infrastructure programmes, for which an extensive review of investment needs and financing mechanisms has been undertaken;
- spatial planning for development, to help departments and provinces focus resources for growth and development in sustainable areas;
- community centres in historically under-served areas, which will house a variety of government and economic services - police, schools, clinics and others - near each other or in the same building, with linked information infrastructure to facilitate the integrated delivery of services;
- funding to address bottlenecks in the justice system, in order to increase its efficiency in preventing crime; and
- funds for recreation centres in historically disadvantaged areas, combining culture and sports facilities.

In addition, substantial funding is allocated to overcoming the infrastructural backlogs in education and health provision, and in the provision of water and land to communities.

## 2.3 GENERAL GOVERNMENT EXPENDITURE AND REVENUE

For general purposes of fiscal planning and analysis, and in view of shifts in responsibilities between levels of government which accompany social development and public sector restructuring, it is necessary to take a comprehensive view of the role of government in the economy. The accounts of the "general government" provide such a perspective. Trends since 1988/89 in general government revenue and expenditure are summarised in this section.

The general government as defined here includes national government (the "main budget", encompassing the former central government and "own affairs" administrations), provincial governments (comprising, in respect of earlier years, the former provincial authorities, TBVC states and self-governing territories), local authorities, the social security funds (such as the Unemployment Insurance Fund)

and extra-budgetary accounts and funds of the national and provincial authorities (such as universities, technikons, museums, boards of control and research councils).<sup>2</sup>

### 2.3.1 Consolidated general government revenue, expenditure and deficit

The aggregate revenue, expenditure and deficits of the main components of the *consolidated general government* between 1988/89 and 1994/95 are summarised in table 2.1, appended to this chapter. The table is based on estimates made on a cash flow basis as published by the South African Reserve Bank.

As explained in the introduction to this Review, a consolidated financial statement contains the total revenue collected and the total expenditure on services provided by the relevant levels of government as well as the resulting surplus or deficit, *excluding* the flow of funds between the relevant authorities. As a result of the elimination of these flows, the sum of the component levels of government exceeds the consolidated general government aggregate.

In addition to the consolidated deficit of the general government, the borrowing requirement of the non-financial public enterprises is shown in table 2.1, all expressed as percentages of GDP. The sum of the general government and non-financial public enterprises' borrowing requirements, after adjustments are made for transactions between these two sectors, results in the *public sector borrowing requirement*, which represents the overall financing requirement of government and extra-budgetary public sector institutions and enterprises.

The consolidated general government aggregates exhibit a countercyclical trend. During the recession spanning the period 1989/90 to 1992/93, revenue declined from 31,4 per cent to 29,8 per cent of GDP, while expenditure and net lending increased from 32,0 per cent to 38,8 per cent of GDP. The result was a sharp increase in the deficit from 0,6 per cent to 9,0 per cent of GDP. The deficit increased further to 10,2 per cent in 1993/94 as transfers to the Gold and Foreign Exchange Contingency Reserve Account, the Government Service Pension Fund and the Closed Pension Fund (together equivalent to 3,8 per cent of GDP)

outweighed the turnaround in revenue. In 1994/95, the strengthening of the economic recovery saw a further increase in the revenue-to-GDP ratio, while expenditure declined from 40,9 per cent to 37,5 per cent of GDP. The deficit accordingly decreased to 6,4 per cent.

The main budget accounts for most public sector borrowing, with deficits at other levels of government typically covered by transfers from the national fiscus. Surpluses or deficits of extra-budgetary institutions and other tiers of government remained below 1 per cent of GDP throughout the period under review. The revenue and expenditure of the extra-budgetary institutions decreased as percentages of GDP over the period as a whole, while provincial government shares increased.

A further increase in the share of provinces in government expenditure and revenue will be apparent in the 1995/96 accounts, due to the devolution of functions from the national government between 1994/95 and 1995/96.

### 2.3.2 General government revenue trends

Table 2.2 summarises trends in the composition of consolidated general government revenue between 1988/89 and 1994/95. Disaggregated trends by level of government are not tabulated in full, but the main components are indicated. Chapter 5 contains more disaggregated information on the composition of *national* revenue for the period 1974/75 to 1996/97.

Current revenue (which represents the overall tax burden) and in particular tax revenue, is by far the largest component of general government revenue. The overall trend in general government revenue therefore closely mirrors that of current revenue. Following an increase from 25,3 per cent of GDP in 1988/89 to 27,1 per cent in 1989/90, tax revenue in relative terms declined for four consecutive years to a level of 25,6 per cent of GDP in 1992/93, mainly as a result of the prolonged recession and the initial introduction of VAT at a rate of 10 per cent. It subsequently increased to 26,8 per cent of GDP in 1994/95. Non-tax revenue (such as fees, charges and departmental income) broadly followed the same trend, although income from this source decreased uninterruptedly from 4,6 per cent of GDP in 1988/89 to 4,0 per cent in 1992/93 before picking up to 4,3 per cent in both 1993/94 and 1994/95. Capital revenue hovered between 0,1 per cent and 0,2 per cent of GDP.

<sup>2</sup> See also the Introduction to this Review. The main sources of consolidated general government data 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.

### 2.3.3 General government expenditure trends

This section reviews broad trends in the functional and economic composition of general government expenditure. Due to the time lags involved in the classification of the expenditure accounts, the latest available figures are for the 1993/94 year.<sup>3</sup> The composition of *budgeted* expenditure in more recent years of the consolidated *national and provincial* levels of government is set out in tables 8 and 9 of annexure B and is summarised for 1995/96 in chapter 3. The data presented here differ from the consolidated general government aggregates discussed above due to the exclusion of net lending and slight differences in the accounting of public sector transactions by the SA Reserve Bank and the Central Statistical Service.

In view of the once-off nature of the extraordinary transfers in certain years to the Gold and Foreign Exchange Reserve Contingency and government pension funds, which in an accrual accounting framework would be spread over several years, these amounts are excluded from the expenditure trends reported below. After these adjustments, the figures indicate that between 1988/89 and 1993/94, general government expenditure increased from 32,6 per cent to 37,3 per cent of GDP.

#### 2.3.3.1 Functional composition of expenditure

The review here of shifts in the functional composition of general government expenditure excludes interest on state debt, which is discussed together with other trends in the economic composition of expenditure below. Non-interest general government expenditure (excluding extraordinary transfers) increased from 28,1 per cent of GDP in 1988/89 to 31,4 per cent in 1993/94. Salient trends in the functional composition of non-interest government expenditure are highlighted in table 2.3.

Expenditure on *social services* increased from 12,7 per cent of GDP in 1988/89 to 16,6 per cent in 1993/94. Over the period as a whole, spending on education (especially pre-tertiary education) and social security and welfare grew particularly rapidly relative to GDP and the GDP shares of spending on health and other social services also increased steadily.

Higher expenditure on social services was financed through an increase in the general government's claim on national

<sup>3</sup> A more detailed presentation of these trends was contained in the *Fiscal Review* of March 1994. The main source of data on the composition of general government expenditure is the statistical series P9119 of the Central Statistical Service.

income and relative decreases in spending on some protection and economic services. In the case of *protection services*, defence spending decreased from 4,5 per cent of GDP in 1988/89 to 2,7 per cent in 1993/94. Although higher spending on police, correctional services and courts of law absorbed a significant portion of this saving, overall expenditure on protection services decreased from 6,8 per cent to 6,0 per cent of GDP.

The GDP share of spending on *economic services* declined steadily between 1988/89 and 1991/92 before picking up in response to specific measures. The earlier trend reflected relative reductions in spending on transport and communication, mining, regional development and the manufacturing sector.<sup>4</sup> In 1992/93, drought relief to the farming community, the writing-off of loans due to the Central Energy Fund and higher relative spending on transport and communication raised the GDP share of spending on economic services from 4,5 per cent to 6,3 per cent, before falling back to 5,0 per cent in 1993/94. In relative terms, expenditure on transport and communication increased further in 1993/94, while the GDP shares of other economic services returned to 1991/92 levels.

Expenditure on *general services and unallocable spending* has increased somewhat in relation to GDP, reaching 3,9 per cent in 1993/94.

#### 2.3.3.2 Economic composition of expenditure

The changing composition of expenditure is also reflected in the economic classification set out in table 2.4. General government *capital expenditure* declined from 3,8 per cent of GDP in 1988/89 to 3,2 per cent in 1993/94 (excluding extraordinary transfers). The concomitant increase in the GDP share of *current expenditure* can be ascribed to the growth of spending on goods and services (mainly remuneration of employees), interest and some components of subsidies and transfers.

Relative to GDP, *remuneration of employees* grew steadily from 11,6 per cent in 1988/89 to 15,4 per cent in 1992/93 before receding to 14,7 per cent in 1993/94. This trend reflects both increased government employment and improved salaries and wages, and is related to the growth of expenditure on education, health and police services. In

<sup>4</sup> It should be noted that some 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 in these figures.

these functions, the share of remuneration of employees in total expenditure typically exceeds 70 per cent.

Other factors also contributed to the growth of remuneration of employees. These include marked increases in employment and average remuneration in several sub-national authorities (including former own affairs administrations, TBVC states and self-governing territories), the phasing-out of racially discriminatory pay practices and improvements to the relative wage levels of lower paid workers.

*Interest payments* have also grown relative to GDP during the period under review, partly as a result of higher interest rates. In addition, slower revenue growth than expenditure increases during the 1989 to 1993 recession impacted on the annual public sector borrowing requirement, leading to an escalation of the public debt and associated increased interest costs.

The trend in the GDP share of *subsidies* reflects spending on export promotion, commuter transport and regional industrial development, while drought relief payments dominate the 1992/93 figure. Elimination of racial disparities in the levels of old age pensions and other social grants increased relative spending on current *transfers to households*.

## 2.4 EXPENDITURE PLANNING

### 2.4.1 The budgetary process

The reform of the budgetary process introduced by the Department of State Expenditure and given effect during the preparation of the 1995/96 Budget has contributed to more effective fiscal planning and overall expenditure management. The planning process, which begins about eighteen months before the presentation of the budget to Parliament, 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 takes place throughout the process and Cabinet, in the final instance, evaluates and approves spending allocations prior to submission of expenditure estimates to Parliament.

As part of an ongoing review of the budgetary process and to contribute to the drafting of a White Paper on Budget Reform, the Department of State Expenditure will be convening a conference on expenditure budget reform in early April 1996, involving several international authorities together with local experts and stakeholders.

### 2.4.2 A medium-term expenditure framework

As indicated in the 1995 Budget Review, the Government recognises the importance of a longer-term fiscal planning framework alongside the annual budgetary process. A multi-year fiscal framework is envisaged which will be updated on an annual basis to provide all role-players with greater clarity regarding public expenditure trends and priorities within a macroeconomic context. Presenting budgets in the context of a long-term expenditure framework will focus attention on what programmes deliver and the overall balance between expenditure allocations and will facilitate the selection of cost-effective and growth oriented combinations of policies.

It is envisaged that a draft medium-term expenditure model will be available to assist in the preparation of the 1997/98 Budget. The framework for this exercise has been designed with a view to facilitating the alignment of departmental programmes and budgets within the overall fiscal constraint and the testing of policy options.

The Unit for Fiscal Analysis in the Department of Finance, the Department of State Expenditure and the Central Statistical Service have been collaborating on the initiative, which has also involved extensive consultation with departments, function committees and other analysts. The medium-term framework will provide a basis for quantifying and programming the fiscal requirements of the envisaged Growth and Development Strategy. The Departments of

Finance and State Expenditure will examine approaches for the practical application of medium-term estimates in the broader budgetary process and in the strengthening of expenditure planning capacity within Government during the course of 1996.

## 2.5 PUBLIC SERVICE RESTRUCTURING

### 2.5.1 Restructuring and rationalisation

The process of administrative restructuring and rationalisation of the public service provided for in the Constitution gathered pace in 1995. With the first phase of the rationalisation process, involving the unification and integration of the public service at national and provincial levels, nearing completion, attention is shifting to the longer-term issue of creating a leaner and more cost-effective service. The aim of this phase is to improve effectiveness and efficiency and to release resources for productive investment in RDP-related initiatives.

The White Paper on the Transformation of the Public Service released in November 1995 sets out strategies for creating a leaner and more cost-effective public service, as well as negotiated principles and guidelines to ensure an orderly and fair process. The following strategies are envisaged:

- a "right-sizing" initiative to achieve the optimal allocation of human and other resources throughout the public service;
- steps to realise efficiency savings and increase productivity;
- realising savings through adjustments to remuneration structures;
- well-considered policies with respect to retrenchment, early retirement and attrition; and
- contracting-out of services through partnerships with the private sector or non-governmental organisations.

The implementation of these initiatives is currently receiving priority attention and the Minister for the Public Service and Administration will release details in due course.

In order to address the broader challenge of public service restructuring systematically, a Presidential Review Commission has been appointed on 28 February 1996, to be headed by Mr Bax Nomvete of the University of Cape Town. The Commission includes South African academics and representatives of the public sector and the business community, and several international experts. As indicated in the White Paper on the Transformation of the Public

Service of November 1995, the Commission has a broad mandate, including development of strategies for the creation of a leaner and more effective public service. It is envisaged that a final report will be submitted before mid-1997.

The role and functions of the Public Service Commission have recently been examined by a joint working group of the Office of the Minister for the Public Service and Administration and the Commission. Following Cabinet's acceptance of the working group's proposals, a new model for the administration of the Public Service is to be implemented. In terms of this model only broad policy frameworks are to be set nationally. Day-to-day executive functions will be devolved to line Ministers and the heads of departments, thereby enhancing departmental management autonomy and responsibility. The following broad division of functions is envisaged:

- The responsibilities of the Public Service Commission will consist of the monitoring of various aspects of public administration (including adherence to basic Constitutional principles, the promotion of efficiency and effectiveness, adaptation and change in the Public Service, personnel administration practices and performance evaluation) and the conducting of applied research on public administration issues.
- The Department of the Public Service and Administration will be responsible for overall human resources policy and practices, conditions of service, labour relations in the Public Service, organisational development, information technology policy and the formulation and amendment of relevant legislation.
- Line-function Ministers and their departments will assume all functions related to career matters concerning their personnel, including recruitment, selection, appointment and promotion, as well as the internal organisation and post establishment of departments.

### 2.5.2 Conditions of service

As far as remuneration is concerned, an agreement was reached on 23 May 1995 in the Central Chamber of the Public Service Bargaining Council on improvements of conditions of service for the Public Service. In short, the contents of the agreement entailed the following:

- the adjustment of the minimum wage with effect from 1 April 1995;
- a further improvement of the dispensations of certain categories of the lower paid personnel with effect from 1 July 1995;

- a differentiated general salary increase with effect from 1 July 1995;
- the extension of the night duty allowance and the introduction of a uniform tariff with effect from 1 July 1995 to persons who perform night duty; and
- the extension of the Home Owner Allowance to married women and single employees without dependants with effect from 1 October 1995.

These improvements are regarded as phase one of a longer term plan. Further phases will be dealt with following investigations being conducted and negotiations in the Central Chamber of the Public Service Bargaining Council.

## 2.6            **SECTORAL POLICIES AND PROGRAMMES**

### 2.6.1          **Social services**

#### 2.6.1.1       **Education**

General government expenditure on education amounted to 7,5 per cent of GDP<sup>5</sup> in 1993/94, up from 6,0 per cent in 1988/89. Pre-tertiary school and college education comprised just over three-quarters of the total, almost entirely financed from national government revenue. Of the consolidated education spending by universities and technikons of about 1,5 per cent of GDP, 56 per cent was financed through transfers from the fiscus.

With nearly a quarter of general government non-interest expenditure devoted to education, its priority in fiscal terms is beyond doubt. An overview of institutional and policy developments is set out below, indicating the reprioritisation in progress within that portion of the country's resources allocated to the education sector.

School and college education has now been organised into new provincial departments, taking over the responsibilities of former homeland and "own affairs" administrations. University and technikon education is the responsibility of the national Department of Education.

The quality of basic schooling, access to training and vocational education opportunities and the breadth and excellence of the higher education system are key determinants of the pace and pattern of long-run growth and income distribution, principally through their effects on

productivity and technical progress. South Africa has at its disposal clusters of excellence in the labour force, alongside low levels of skills and literacy amongst many workers and workseekers. Human resource deficiencies hinder economic growth and act as a brake on democratic participation and initiative. A more equitable, efficient education system geared to the needs of a modern society is a crucial component in the Growth and Development Strategy. Improvements in education are also pre-conditions for the expansion and enhancement of training opportunities.

The Department of Education released a White Paper in March 1995 which outlined several initiatives aimed at transforming the education system. These include curriculum reform, the development of a National Qualifications Framework, establishment of a National Open Learning Agency, new policies regarding the education learners with special education needs and education support services, an audit of teacher education, a recovery programme in science, mathematics and technology, promotion of adult basic education and training, and interventions in the fields of further education and training and early childhood development.

Considerable progress has since been made on these initiatives. The South African Qualifications Authority Act was passed in September 1995, establishing a body to be responsible for developing the qualifications framework and implementing it, including the registration of standards authorities and accreditation bodies. New curriculum proposals and policies regarding early childhood learning have been formulated for discussion. An RDP-supported culture of learning programme has accelerated the refurbishing of schools and promoted community responsibility through the development of governance structures. A register of schools' needs is being compiled, which will place the capacity for systematic planning of school renovations, rebuilding or extensions in the hands of provincial departments.

#### *Schooling*

Total school enrolment in 1994 was 11,8 million, of whom 98 per cent were enrolled in public ordinary schools. School enrolment now slightly exceeds the twelve-year school-age population and the annual growth in total enrolment has begun to slow down, but high rates of repetition, widespread absenteeism and poor examination performance reflect deep-seated problems of quality in much of the system. Of the total outflow from the school system of about 750 000 currently, 40 per cent leave with a senior certificate, of whom just under one-third obtain a matriculation exemption pass.

<sup>5</sup> Including spending by universities and technikons financed by fees, grants, investment income and other sources, but excluding private spending on schools and colleges.

Following the report of a Review Committee on the organisation, governance and funding of schools, a second White Paper was published in February 1996. This sets out the principles for a considerable devolution of responsibilities to representative school governing bodies and establishes the framework for the organisation of existing state and state-aided schools, farm schools and community schools into a single category of public schools. In the spirit of partnership between the school community and provincial education departments, school governing bodies will exercise an agreed range of powers depending largely on their administrative capacity. New national norms and standards for school organisation, governance and funding will be established in terms of the South African Schools Bill which is currently in preparation. The elements of a new schools financing policy are under discussion. Following recommendations of the Review Committee and in view of the importance of improved educational administration at departmental, district and school level, a National Education Management Institute is to be established.

#### *Higher education*

A Commission of Inquiry into higher education chaired by Professor Jairam Reddy is in progress and is due to report during 1996. A considerable expansion of enrolments in universities and technikons has occurred in recent years, reflecting in part the increased flow from schools of successful senior certificate candidates. Transfers from government currently contribute just over half of the revenue of universities and technikons.

Following a report of the Commission regarding student financial assistance, an amount of R300 million has been set aside for this purpose, representing the state's contribution to addressing the problem of increasing enrolments in higher education institutions of students without the means to pay fees.

A national audit of teacher education has been conducted. This investigation indicated an overall surplus of capacity and low levels of cost-effectiveness, and has led to agreement between the national and provincial departments regarding enrolment reductions in 1996 and a review of bursary policies. A white paper on teacher education is in preparation.

#### *Further education*

A 1995 report of the National Investigation on Community Education sets out a possible framework for adult basic and further education, emphasising open access, democratic

governance and partnerships in the provision of post-basic education and training. The Ministry strongly supports the movement toward community education and a task team on further education and training is to examine options for development, including enhancement of the functions and programmes of existing technical colleges.

RDP support has been provided for the establishment of the Gauteng Youth College, utilising existing premises in Johannesburg and providing distance education and supporting services for several thousand young learners. Funds have been set aside for similar ventures elsewhere.

Recommendations by the Independent Broadcasting Commission on educational television and radio programming which aim at enhancing the role of the public broadcaster as a support for formal education programmes and a basic resource for lifelong learning are currently before Parliament.

#### *Education labour relations*

The Education Labour Relations Council agreed in November 1995 that education-learner ratios of 1:40 in primary schools and 1:35 in secondary schools be accepted as national guidelines, in terms of which provincial bargaining chambers would consider their provincial requirements. Subsequent agreements have been reached concerning specialised schools, the teaching of learners with special educational needs in ordinary schools, teachers colleges and technical colleges. Salary grades and the relationship of qualifications and salary levels are under examination by research groups under the auspices of the bargaining council.

#### 2.6.1.2 Health services

Government expenditure on health services increased from 3,1 per cent of GDP in 1988/89 to 3,7 per cent in 1993/94. Health expenditure is largely the responsibility of provinces, although certain public health services are provided by urban local authorities and transfers from the national department finance medical research and certain health promotion schemes. South Africa has a large and sophisticated private health sector, predominantly remunerated through employment-related medical assurance. Contributions by employers to medical schemes are tax-free benefits and there is provision in the income tax code for deductions from taxable income of medical or disability expenses in excess of certain thresholds. An estimated 23 per cent of the population are covered by medical assurance or have access to health care at the workplace. Total health

expenditure, in the public and private sectors, was recently estimated as 8,5 per cent of GDP, which is a higher share of national output than in comparable developing countries.<sup>6</sup>

In-patient and out-patient care at hospitals accounts for three-quarters of national and provincial health expenditure, of which over half goes to academic and tertiary referral institutions located in five major metropolitan regions. This perceived imbalance in the spatial and institutional distribution of resources is reflected also in the distribution of professional health personnel. Rural areas and low-income suburban townships are often poorly served, and the primary care network of clinics and community health centres is inadequately staffed and resourced.

Against this background, the Minister of Health appointed a Committee of Inquiry in January 1995 to explore the possible introduction of a national health insurance system. The Committee's Report was published in June 1995 and public comment was invited. The Department of Health has since released several policy documents drawing on the work of this committee and other task groups, dealing with health personnel issues, the structure and functions of district health authorities, clinic building requirements, the physical facilities of hospitals, an essential drugs list and a national drug policy and national health research needs.

The envisaged national health system will build on and strengthen the existing primary health care and district hospital network. A substantial expansion and improvement in the personnel resources of the public primary health care system and in the facilities of district hospitals and clinics is proposed over a 5-10 year implementation period. Initial steps have been taken in several provinces to devolve the administration of the publicly funded health system to District Health Authorities with responsibility for a unified, integrated health management structure at local level. In the longer term, as part of the drive towards cost-efficiency and greater responsiveness to the needs of patients, district authorities may act as "purchasers" of care from varying combinations of public and private providers. Accredited private practitioner teams would be expected to provide a defined, comprehensive range of services to a registered patient group, and would be remunerated in terms of firm contractual arrangements with district authorities.

This strategy for universal primary health care envisages a substantial restructuring of the governance and financing of academic, provincial and district hospitals. An investigation

in this regard is currently in progress, aimed at identifying viable options for autonomous management, increased cost-effectiveness and reduced dependence on financial support from government.

The Department of Health has released proposals for the reform of the regulation of the private health sector, including the possible mandating of a defined hospital benefit package to be included in the service conditions of formally employed persons. The minimum requirements of this mandatory health insurance would be coverage of the costs to members and their families of in-patient public hospital services, and it is intended that this regulatory reform should accompany the envisaged increase in user charges levied by public hospitals. Negotiations with the business sector, organised labour and other interested parties regarding this and certain other aspects of the regulation of the private health sector are still to be held.

### 2.6.1.3 Social security and welfare

Social security and welfare spending by the general government comprised 3,5 per cent of GDP in 1993/94. Of this, 0,7 per cent of GDP comprised benefits paid by the Unemployment Insurance Fund and the various workmen's compensation funds, financed outside of the budget. Social grants paid out of government revenue amounted to 2,4 per cent of GDP. Welfare services of various kinds, including subsidies to welfare organisations, make up the balance of welfare spending.

Following a comprehensive consultation process, the Ministry of Welfare and Population Development published a Draft White Paper during February 1996. It provides clear directives for a national developmental welfare strategy, with national goals, principles and an agenda for action which will inform the restructuring and reprioritisation of the social welfare system towards a developmental model. Social welfare policies and programmes will be targeted at poverty alleviation and reduction and at meeting basic needs. The focus will be on those who are vulnerable and who have special needs.

Several specific programmes are now being introduced. The first of these focuses on the crisis in the juvenile justice system, and the second is targeted at unemployed women with children under five years. This programme targets the poorest of the poor, aims to increase the capacity of these women to earn a living and will promote early childhood development.

Recognising the substantial role of private retirement provision, voluntary welfare services and the non-governmental sector, the White Paper proposes strengthened

<sup>6</sup> McIntyre D, Bloom G, Doherty J, Brijlal P, *Health expenditure and finance in South Africa*. Durban: Health Systems Trust and World Bank, 1995.

relationships between the public and private sectors in the operation of the social welfare system.

The Minister for Welfare and Population Development has established a Welfare Reprioritisation Committee to develop guidelines for the restructuring of welfare expenditure in the light of budgetary constraints on meeting welfare needs.

#### *Retirement provision*

The role of government in providing old-age assistance has recently come under the scrutiny of a Committee chaired by Guy Smith and appointed by the Minister of Finance to review strategy and policy issues relating to retirement provision in South Africa. The Smith Committee's December 1995 Report recommended that:

- the non-contributory state old age grant be retained, with improved administration;
- private provision for retirement should continue to be encouraged through tax incentives;
- "open" retirement funds and special savings vehicles for semi-formal and informal sector employees should be promoted;
- preservation of benefits through increased transferability of accrued pension interest should be sought, together with provision for loans against member's interest in circumstances of special needs;
- pension benefits of civil servants and other members of funds established by law be formally recognised as part of their overall remuneration, the possibility of a defined contribution arrangement for civil servants be investigated, the existing defined benefit structure be revised and the claims of civil servants previously deprived of membership be investigated;
- a basis of partial funding of government pension funds be established, together with compilation of the relevant national accounts on a pay-as-you-go basis in order to quantify the effect of funding on government borrowing; and
- a National Retirement Forum be established to consider a national policy framework.

These proposals, together with various specific recommendations of the Committee, are intended to promote a greater degree of self-sufficiency in old age, in view of the gradual ageing of the population and the limits on provision for retirement through the fiscus. It is also intended that the retirement and retrenchment benefits of government employees, which are out of line with practices in the private sector and in certain respects impose an undue burden on the fiscus, should be negotiated and revised.

The Government agrees that a forum should be established to take these matters further and an announcement in this regard will be made shortly. Government is of the opinion that the Smith Committee's recommendations point in the right direction, but will only make known its position once public hearings on the Report called by the Joint Standing Committee on Finance have been held and the Standing Committee has released its findings. Close cooperation with interested parties is envisaged, including consultation under the auspices of NEDLAC, in developing an appropriate approach to retirement provision in South Africa.

#### *Social security*

Grants paid by provincial Welfare Departments amount to 88 per cent of government spending on welfare (excluding social security funds) and constitute approximately 7,5 per cent of government spending. Grants for elderly persons comprise 60 per cent of the total, grants for disabled persons take up 24 per cent and maintenance grants and foster care grants make up most of the balance.

On 31 May 1995 there were 2,85 million beneficiaries of grants. Grants were increased by approximately 5 per cent with effect from 1 July 1995.

Social security is a vital poverty alleviation programme, benefitting African women, children in need of care and the rural poor, in particular. Recent estimates indicate that about 74 per cent of the elderly population, which is roughly the percentage eligible for grants, have access to social assistance. It is recognised, however, that the costs of a comprehensive extension of disability benefits and social security for families, including the present maintenance grants, are prohibitive. The strategy regarding social security for disabled persons needs to be linked to active labour market policies and employment creation. A committee chaired by Ms Francie Lund of the Centre for Social and Development Studies at the University of Natal has been appointed to make recommendations on how to link women to capacity building and economic empowerment programmes, and on how to improve the private maintenance system. This Committee will submit its report in June 1996.

The Ministry is launching a National Strategic Plan for Social Assistance to promote efficiency and effectiveness in the social assistance system. This Plan will firstly address the fraud and abuse in the system and it will put effective management in place and make recommendations on the development of appropriate information systems. The amalgamation of the 14 different computer systems for the

administration of grants will be finalised on 1 May 1996. Uniform procedures and regulations in terms of the Social Assistance Act have been implemented with effect from 1 March 1996.

#### *Social welfare services*

Social welfare services comprise 8 per cent of the national welfare budget, of which residential institutions take up the bulk of funds. Residential programmes are costly and the department is giving urgent attention to finding creative alternatives. In particular, consideration is being given to the five-year phasing in of family-centred and community-based strategies.

The Department envisages a strengthening of this component of the welfare budget over the foreseeable future, with particular emphasis on more cost-effective services and developmental initiatives. It is recognised that the promotion of national social development is a responsibility shared with the private sector and civil society. The Department, in conjunction with the provinces, envisages a programme to mobilise additional sponsorship of priority social welfare services and related development programmes.

#### 2.6.1.4 Housing and related services

Actual expenditure on housing by the general government in 1993/94 amounted to 0,5 per cent of GDP, about half of which occurred under the auspices of local government. Sewerage and sanitation amounted to 0,6 per cent of GDP, mainly at local government level. Capital spending on both of these functions amounted to 0,4 per cent of GDP.

A national housing strategy and a range of key initiatives and interventions aimed at stabilising the housing environment and accelerating the construction of housing and related infrastructure are set out in a White Paper released in late 1994. The main fiscal instrument is a capital subsidy eligible to low-income households and available either through Provincial Housing Boards or through savings-linked credit schemes administered by financial institutions. Several institutional innovations accompany the subsidy mechanism, including a Mortgage Indemnity Fund, a National Home Builders Registration Council and a rationalisation of various housing finance intermediaries.

Increased allocations by the national government for housing and related programmes are envisaged in this strategy, although much of the delivery and actual project spending will occur under local and provincial management. The total amount now available for housing relative to GDP is roughly double actual spending in 1993/94 and a municipal infra-

structure investment programme is under development, including a review of the various financing mechanisms through which urban infrastructure and services are supported. The extent of service backlogs for all municipal areas have been estimated and a financial framework for a 10-year programme, relating service levels to projected household income levels and affordable cost-recovery mechanisms, is in preparation.

Progress with project implementation and spending has been slow. By the end of 1995, however, a marked acceleration in housing delivery was evident, facilitated in part by adjustments in the decision-making process and an adaptation to the procedures for making progress payments to project developers. During 1995 the Minister of Housing appointed a Task Team to identify and investigate bottlenecks in the housing process. The Task Team's report was released in January 1996 and it is anticipated that the resolution of several problems identified by the Task Team will contribute to a further acceleration in housing delivery and expenditure.

#### 2.6.1.5 Recreation and culture

Recreation and culture spending by the general government accounted for 0,6 per cent of GDP in 1993/94, mainly at local government level or through extra-budgetary institutions, such as the performing arts councils.

The Department of Sport and Recreation was established in July 1994 and restructured by the Public Service Commission during 1995. As part of its recreation advancement function, the Department has launched national initiatives aimed at increasing public participation in recreational activities and provision of technological and scientific services to the sports community. The Department is also responsible for an RDP funded programme for the establishment of basic sports facilities, sport and cultural halls and stadiums.

#### 2.6.2 Economic services

##### 2.6.2.1 Agriculture

Government expenditure on agriculture in 1993/94 amounted to 0,9 per cent of GDP, predominantly at the national and provincial government levels. Subsidies on agricultural products comprised about one-fifth of spending and agricultural research, information, advice and technical services much of the remainder. Capital spending made up about 12 per cent of the total.

It is the intention of Government to broaden access to agriculture through focusing policy on the advancement of

emergent farmers. To this end the national Department of Agriculture has provided special financing programmes, engaged in capacity building at farmer level and completed provincialisation of the agricultural service and education systems. In these ways resources have been brought closer to the intended beneficiaries. Consultative structures between the national and provincial Departments of Agriculture have taken place at the political and official level.

In the area of international agricultural relations there has been a marked increase in activity, reflecting the complex nature of South Africa's dualistic agricultural sector. South Africa is playing a leading regional role in the field of research and capacity was recognised by its election to the Agriculture and Finance Committee of the UN Food and Agriculture Organization. The Cabinet has also approved South Africa's membership of the International Fund for Agricultural Development. Membership of both these organisations gives the Department access to expertise and information which will enhance the Department's ability to broaden its links to agriculture in South Africa and to participate in development activities in the region.

A small-scale farmer development programme, one of the Reconstruction and Development Lead Projects, was continued in 1995 with great success. More than 1 000 small-scale vegetable farmers were trained and building and fencing courses were completed. A further project for the training of small scale vegetable farmers was also launched and negotiations with the donor are nearly finalised for a further five RDP farmer development projects.

The Department of Agriculture is exploring the scope for deregulation and liberalisation of agriculture. To this end the Agricultural Marketing Bill has been drafted and is under discussion. Negotiations are under way with the European Union for a comprehensive trade and cooperation agreement which could lead to increased market access for South African products. The new international environment and the continued strengthening of agricultural trade have considerably enhanced the prospects in the domestic agricultural sector.

#### Land reform

The Department has a pivotal part to play in the Reconstruction and Development Programme through the provision of services to the poor and historically disadvantaged. The Reconstruction and Development Programme aims to redress particular inequalities in the rural field, while fostering national reconciliation and the welfare of households.

The broad aims of the Land Reform Programme are:

- the redistribution of land for residential and productive purposes to the urban and rural poor, labour tenants, farmworkers and emergent farmers;
- the restitution of land rights to victims of forced removals through the Land Claims Court and Commission; and
- the improvement of tenure security for all South Africans.

The Green Paper on Land Policy, published on 1 February 1996, sets out envisaged policy and programmes, including a proposed land acquisition or settlement grant to go to targeted households. Provision is also made for a settlement planning grant as well as facilitation, training and dispute resolution services to support the implementation of the programme.

Tenure reform is being addressed through a review of present land policy administration and legislation. A legislative programme has been introduced which includes the Land Administration Act, the Land Reform (Labour Tenants) Bill, the Interim Protection of Informal Land Rights Bill, the Common Property Association Bill and amendments to the Upgrading of Tenure Rights Act.

Restitution and land redistribution are already under way and a number of land transfers have been effected. Implementation also includes land reform pilot projects, supported by donor funding, in selected districts of all nine provinces. District offices have been established to manage the process at local level. The Development Facilitation Act, which provides procedures for the rapid release of land for rural and urban development, was approved by Parliament in 1995.

Provincial and local government, non-governmental organisations and the private sector all play complementary roles in an integrated land reform programme. Establishing structures and procedures to facilitate such partnership arrangements is a priority of the Department of Land Affairs.

#### 2.6.2.3 Mineral and energy affairs

Fuel, energy and mining-related expenditure by government amounted to 0,3 per cent of GDP in 1993/94, largely on the accounts of extra-budgetary entities, including the Central Energy Fund, the Atomic Energy Corporation, the Council for Nuclear Safety, the Council for Geoscience and the Council for Mineral Technology. Assistance to mines for pumping out water from adjacent defunct gold mines is also provided for.

The broad aims of Government with respect to minerals and energy can be summarised as follows:

- developing South Africa's mineral wealth to its full sustainable potential and to the maximum benefit of the entire population; and
- ensuring access to appropriate and affordable energy for the entire population, thereby enhancing quality of life and socio-economic development.

These aims translate into a wide range of new challenges for the Department of Mineral and Energy Affairs. These include:

- participation in the mining and energy sectors of the Southern African Development Community;
- the opening of international opportunities for co-operation and donor-funding;
- restructuring of the electricity, liquid fuels and nuclear industries and associated consultation and negotiation;
- acceleration of the electrification and biomass programmes;
- increasing attention to environmental concerns;
- improving access to mineral rights and the promotion of small-scale mining and mineral ventures; and
- implementation of the recommendations of the Leon Commission to improve safety and health in mines.

These and other initiatives have put a tremendous strain on the capacity within the Department. A fundamental restructuring of the organisation, staffing and culture is in progress in order to meet the needs of the new South Africa. The Department has accordingly undertaken an intensive planning exercise during which the rationale, efficiency and effectiveness of each of its activities were reassessed in terms of the goals of the Government of National Unity.

#### 2.6.2.4 Transport

Roads and road transport spending by government accounted for 1,8 per cent of GDP in 1993/94, including capital expenditure of 0,6 per cent of GDP. Local authorities contributed over a third of total spending on this function. Operating subsidies to transport businesses comprised 14 per cent of road and road transport expenditure.

Transport is an important catalyst in South Africa's economic and social growth. The Minister of Transport has set in motion a process which will lead to the publication of a White Paper for a new Transport Policy during the course of 1996. A Green Paper, as part of the consultative process, has already been produced. The revised transport policy is directed towards the attainment of a transport system which will provide safe, reliable, efficient and fully integrated transport operations and infrastructure in a fashion which

supports government strategies for economic and social development whilst being environmentally and economically sustainable.

#### *Commuter transport*

The expenditure of some R2 billion annually on the provision of rail and bus public passenger transport has been the subject of ongoing analysis and investigation, with a view to stabilizing and in the longer term reducing the level of this commitment. Good progress has been made in reducing the deficit financing subsidy for rail transport, whilst for bus transport steps will be taken this year to introduce a system of regulated competition for bus passenger services, through a contract system.

Considerable attention has focused also on commuter taxi services. Appropriate reforms of the regulatory environment are under investigation, together with joint approaches at the local and regional level to dispute resolution where necessary.

#### *Roads*

Road transport is the dominant means of transport in South Africa and the investment in roads accounts for a major part of the capital stock of government.

The important role played by roads in the development of the economy is illustrated by the growth in the number of commercial vehicles from 49 500 in 1940 to 1,9 million in 1993, which represents a sustained annual rate of increase of 7 per cent. During the same period the tonnage of goods annually conveyed by road increased from 14 million tons to 900 million tons, or a growth of 8 per cent annually.

The replacement cost of the rural road network is estimated to be in excess of R130 billion and about 140 million vehicle kilometres are travelled on the network every day at an estimated road user cost of R70 billion per annum. More than 50 per cent of the surfaced network has been in use for longer than its 20 year design life but current resource constraints have set stringent limits to the available annual expenditure on necessary maintenance, improvements and expansion to the network.

With a view to strengthening the financing of road financing, options which incorporate direct or indirect user charges are currently under examination. The Department of Transport envisages that a road agency which will be dedicated to the provision of an adequate primary road network will be created, as one part of the restructuring of State assets which has been initiated. Details of the financing of the activities of the agency are under review.

### 2.6.2.5 Water affairs and forestry

State water schemes and other water services by government accounted for 0,2 per cent of GDP in 1993/94. Certain support measures fall under agriculture departments and others under the Department of Water Affairs and Forestry, while local authorities also contribute to the development of water supplies, sewerage and sanitation (discussed in par. 2.6.1.4 above).

During 1995/96 certain water and forestry functions were transferred from the Provinces which in turn had incorporated them from the former homelands and self-governing territories. The budget for these functions of the central Department of Water Affairs and Forestry shows an apparent large increase, but a large proportion of the increase arises from this transfer of funding as well as the provision for RDP projects.

The Department of Water Affairs and Forestry has undergone a major transformation and restructuring and this is reflected in the budget. The new focus of the Department on community water supply and sanitation has gained momentum. The current status is that it is anticipated that 90 per cent of the unserved population of 12 million will receive a basic potable water supply by 2004 which is 10 years after the start of the programme. Currently some 500 water projects with a capital cost of R1,5 billion have been committed which will benefit over 5 million people by the time all these projects are completed around 1999.

A start has been made on sanitation and a draft White Paper on the subject has been prepared. Sanitation is the next priority of communities after water.

Forestry activities have expanded considerably with the transfer of 170 000 ha of commercial forests from the Provinces. The intention during the coming year is to enhance the efficiency of these commercial plantations and to improve their revenues, thus making them more commercially viable.

Another major focus of the Department is community forestry which aims to provide a sustainable source of fuel wood and building timber, especially for rural communities.

### 2.6.2.6 Trade and industry

General government expenditure on trade and industry in 1993/94 included regional industrial development and other support measures for manufacturing (0,4 per cent of GDP) and export trade promotion (0,6 per cent of GDP). These programmes are almost entirely financed by the national government.

### *Regional trade relations*

Improved regional cooperation is central to the Government's approach to industrial and trade development. As a cornerstone of regional economic cooperation, South Africa acceded to the Southern African Development Community (SADC) in August 1994 and is giving full support to the organisation. South Africa has taken the initiative in launching a Regional Industrial Location Strategy aimed at providing insight into the comparative industrial development advantages of the South African provinces, the BLNS countries and other SADC member states. The outcome of this study will provide the foundation upon which the SADC trade integration agenda is to be based.

Southern African Customs Union (SACU) Ministers in 1994 directed that the organisation should continue to exist, but in a reconstructed form. South Africa's role in SACU will remain an important mainstay of regional economic relations, also in view of the important market for South African goods represented by the other SACU member countries. The importance of revenue derived from the common customs pool reinforces its stature as seen by the BLNS countries.

The Department of Trade and Industry is coordinating three working groups within the Customs Union Task Team (see par. 2.13.2), which are well under way in building consensus on policy issues, technical matters (mainly revenue sharing arrangements) and an institutional framework for a reconstructed SACU.

Concurrent to the redefinition of South Africa's regional role and commensurate with standing commitments to other multilateral bodies such as the World Trade Organisation, a strategy to deal with future bilateral trade relations within the Southern Africa region and reviews of current bilateral trade arrangements and agreements are being undertaken. These include:

- negotiations with Zimbabwe regarding preferential access arrangements pertaining to clothing and textile goods, as well as aspects of the 1964 agreement;
- a review of the bilateral trade agreement with Malawi;
- a review of the preferential access arrangement favouring Mozambique with a view to its inclusion in the multilateral SADC trade regime;
- preparation of a response to the request from Mauritius for a bilateral trade agreement; and
- consideration of Zambian preferential access to the South African market.

### *Promotion of small, medium and micro enterprises*

The promotion of small, medium and micro enterprises (SMMEs) is a key element in the Government's strategy for employment creation and income generation. The Department of Trade and Industry published a White Paper setting out a strategy for the promotion of small business in February 1995. In March 1995 the Department organised the President's Conference on Small Business which provided a platform for some two thousand SMME stakeholders to engage relevant Government Ministries in serious dialogue on SMME development and support. Commencing in April 1995 the Department has been involved in designing and establishing an institutional support framework for Small Business Promotion. This includes:

- the Centre for Small Business Promotion, within the Department, to coordinate support programmes receiving Government assistance, policies and national strategies related to SMMEs, which has been operational since October 1995;
- Ntsika Enterprise Promotion Agency, to provide core wholesale non-financial support services to entrepreneurs (including business training, business linkages, sub-contracting and marketing assistance, policy and information research, establishing a national grid of Local Business Service Centres and setting up Manufacturing Technology Centres);
- Khula Enterprise Finance, launched on 7 December 1995, to provide wholesale financial support to SMMEs; and
- the National Small Business Council to represent the disparate interests of the SMME sector.

This broader institutional framework has been garnered together in the provisions of the National Small Business Enabling Act, which was gazetted on 15 December 1995 for public comment. The Department envisages a strong emphasis in 1996 and 1997 on making these structures operational in order to deliver effective programmes to small business entrepreneurs.

### *Tariff reform*

The Board of Tariffs and Trade submitted its recommendations regarding South Africa's obligations in terms of the GATT 1994 Marrakesh Agreement to Government during December 1994. The main objectives of these recommendations were to rationalise the tariff structure and to phase tariffs down, generally over a five year period, to improve South Africa's competitiveness. These recommendations were accepted by Government and the first step in the phasing down period was promulgated on 27 January 1995. The effects of this included a more uniform duty structure

and the scrapping of approximately 3000 eight digit tariff lines.

The Board on Tariffs and Trade decided to investigate approximately 2 500 tariff lines with a view to rationalising the duty structure further and assessing the justification for the present levels of duty. The Board has finalised its investigations in this regard and will submit recommendations for consideration to Government during the first quarter of 1996.

### *Industrial restructuring and export promotion*

The Department of Trade and Industry, in conjunction with Business and Labour, seeks to create an environment that will assist the manufacturing sector to achieve improved competitiveness, accelerated employment creation and adjustment to the phasing down of import tariffs. Areas of focus include support measures in respect of training, investment exports, preferential market access, technology, work organisation, productivity and small business development.

The Department is also facilitating the development of sectoral strategies for restructuring, growth, competitiveness and job creation. Such strategies for motor vehicles and components and for textiles and clothing sectors were finalised and implemented during 1995. Studies are in progress in respect of twelve other sectors and subsectors to identify opportunities, remove impediments to growth and facilitate strategic alliances amongst related clusters of activities with a view, particularly, to enhance value-added, strengthen labour intensive manufacturing activities and promote exports of manufactured goods.

In order to comply with the requirements of the Marakesh Agreement on tariffs and trade, the Government is phasing out the General Export Incentive Scheme. The deadline for the completion of the phasing out process is the end of 1997, three years after the Agreement came into force. The GEIS has been an expensive programme, introduced during a period of balance of payments difficulties at the beginning of the 1990s, and it is no longer a suitable instrument for promotion of South African exports.

Improved labour productivity is a key policy focus. The Government is reviewing the entire field of industrial training in order to introduce effective targeted industrial training programmes, and to launch a wide scale adult basic education programme, which is a prerequisite for effective industrial training.

In the field of technology development, two innovation programmes are in place - the Support Programme for

Industrial Innovation and the Technology and Human Resources for Industry programme. Investigations currently under way by the Department of Trade and Industry and the Department of Arts, Culture, Science & Technology will lead to the introduction of additional programmes shortly.

In order to guide the effective implementation of these and other policy instruments, several broad ranging studies are under way. These include the NEDLAC-sponsored review of the Regional Industrial Development Programme, a Regional Industrial Location Study supported by the Department and a series of industrial cluster studies under the auspices of several organisations, including the Department, the Industrial Development Corporation and NEDLAC.

*Re-evaluation of the regional industrial development programme (RIDP)*

The current Regional Industrial Development Programme was introduced in May 1991 to stimulate and support the development of manufacturing activity on a regional basis.

As a supply side measure, the programme provides a short term, tax free cash incentive to promote investment by supporting cash flow during the start-up process. During 1993 the programme was adapted to cater for the needs of the smaller industrialist. The programme is currently under re-evaluation with specific attention directed at the following aspects:

- achievements of the programme in terms of the predetermined strategic objectives of wealth and employment creation;
- evaluation of current provincial industrial development policies, capacities and initiatives;
- compatibility of the RIDP with current and planned future industrial development policies, mechanisms and instruments; and
- an international review of regional industrial development policies in developed and developing countries.

The re-evaluation of the programme will be partially funded by the Japanese Grant Fund which facilitates a strong input from international consultants. Due to the scope and sophistication of the re-evaluation, a selection of consultants has been appointed to address specialised issues together with a management consultant to ensure cohesion and meeting overall investigation objectives. A transparent process is followed whereby representatives from all nine provinces as well as NEDLAC are included in a Counterpart Group which oversees the investigation.

Completion of the re-evaluation is scheduled for mid-May 1996, following which recommendations will be submitted to NEDLAC and the Minister for consideration.

*Public sector procurement reform*

Under the auspices of the Ministries of Finance and Public Works, the Government has made considerable progress towards adopting a new approach to procurement in the public sector. Amongst the key features of the reform are improved accessibility for small, medium and micro-enterprises, simplification of tender procedures, review of the composition and role of tender boards, improved control mechanisms and adjudication criteria and a revised classification of building and civil engineering contracts. A Government Consensus Report in this regard has been prepared, and the matter has been referred to NEDLAC for negotiation with social partners. A new State Tender Board, comprising representatives from government, business, labour and persons with relevant expertise, has been appointed with effect from January 1996.

2.6.2.7 Science and technology

A Green Paper on Science and Technology was launched in January 1996. The responses will be used to formulate national science and technology policy that will guide strategies and resource allocation for the next few years, and will lead to the introduction of appropriate legislation. Particular attention is to be given to the governance and management of South Africa's science councils. A National Advisory Council on Science and Technology will be established to oversee the government's science and technology activities of the future, and advise the Minister of Arts, Culture, Science and Technology.

The break from past isolation of our research and development community leads to greater demands for funds for international science and technology cooperation. Appreciably more scientific research money is being set aside for this purpose.

The Green Paper will be followed up by a White Paper, outlining intended legislation, policies and strategies. The status of the science and technology system will be studied through a Research and Technology Audit in 1996. To assist in determining the direction which future research and development needs to take, it is also hoped that significant progress with a research foresight exercise will be made this year.

## 2.6.3 Protection services

### 2.6.3.1 Defence

National defence accounted for 2,7 per cent of GDP in 1993/94, down from 4,5 per cent in 1988/89.

The present required force levels of the National Defence Force are the product of a strategic planning process based on defence tasks derived from the Interim Constitution. The Defence allocation was reduced from the amount required to sustain the needed force levels by limiting equipment acquisition pending the result of the consultative process followed in the compilation of the *White Paper on Defence* and the *Defence Review*. The tasks and force levels will be reviewed once these policy documents have been accepted and published.

The several arms of the Defence Force have effected substantial adjustments downwards in their share of total government spending over the past five years, achieved in part by personnel reductions and rescheduling of acquisition projects. During 1994/95 and 1995/96 the integration of forces and some demobilisation have been undertaken, and this process will continue during 1996/97. The National Defence Force has continued to support the police services and other protection or emergency services as specific needs have arisen.

### 2.6.3.2 Police services

Police services accounted for 1,6 per cent of GDP in 1988/89 and 2,4 per cent in 1993/94, of which about one-tenth comprised expenditure under the auspices of local authorities.

Enhanced crime prevention is identified as one of the key pillars on which South Africa's growth and development rests (see par. 2.2.1 above). The SA Police Service has primary responsibility for developing the national crime prevention strategy, which will involve considerable coordination with other departments and several specific projects, such as the *community policing* pilot stations currently supported with RDP resources. In order to create a safe and secure environment in South Africa, it is imperative that members of the police service and of local communities establish joint working partnerships and that a multi-disciplinary approach to combatting crime effectively be adopted.

Since the 1994 elections, the Department has created an amalgamated and rationalised Police Service, as required by

the Constitution and a new legislative framework, and a thorough transformation of the organisation and style of policing has been initiated.

The emphasis on *community policing* in the new approach recognises the crucial link between effective crime prevention and economic and social development at the local level and more widely. The SA Police Service has committed itself to a mission and statement of policy which envisages an accountable service, involved in local development forums, actively pursuing improved service quality and cost-effectiveness and supported by firm public trust.

Personnel costs comprise over three-quarters of the police budget. Total employment in the SA Police Service is about 140 000, or about 1 member for every 300 people. Improved representativeness, together with a strong emphasis on professional discipline and career training, are key themes in the transformation in progress. Expenditure on training amounted to 3,6 per cent of the 1995/96 Police budget, or R292 million.

### 2.6.3.3 Correctional services

Prisons and related services accounted for 0,5 per cent of GDP in 1993/94.

Apart from the incarceration and rehabilitation of adult offenders, the aims of the Department of Correctional Services include the introduction of treatment programmes for juveniles and community corrections programmes. Furthermore, the Department's policy is aimed at the reduction of expenditure by means of, amongst other measures, concerted efforts towards self-sufficiency and continued expansion of correctional supervision which will effectively reduce the average daily cost of managing offenders.

Staff shortages, resource constraints and the existing overpopulation of prisons, against the background of an increasing offender population, inhibit the achievement of these goals in the short term.

The Department of Correctional Services also places a strong emphasis on the improvement of financial management within the Department. The development of a Quantified Financial Management Model based on unit costs will, through on-line integrated systems, enable management to make efficient decisions regarding long-term and short-term expenditure levels and the effect thereof on financial management.

#### 2.6.3.4 Justice

The law courts accounted for 0,3 per cent of GDP in 1993/94.

A transformation and rationalisation of the administration of justice in South Africa is in progress, following the amalgamation of the justice departments of the former RSA, TBVC states and self-governing territories. A new head office and regional offices are envisaged, together with several interventions aimed at improving the legitimacy and transparency of the justice system and making justice more accessible for all.

### 2.7 TAX ISSUES

#### 2.7.1 Trends in the composition of revenue

Broad trends in aggregate tax and non-tax revenue of the consolidated general government are set out in par. 2.3.2 above. Historical trends in national government revenue are illustrated in chapter 5, and details are tabulated in annexure B.

South Africa's ratio of national 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.

#### 2.7.2 Second and Third Reports of the Katz Commission

During the course of the past year the Commission of Inquiry into the Tax Structure of South Africa issued its Second and Third *Interim Reports*.

The Second Report dealt with the question of thin capitalisation and transfer pricing rules and was taken into consideration in the formulation of legislation in 1995. Thin capitalisation rules are designed to minimise the transfer of profits to foreign countries through the excessive use of debt as opposed to equity and transfer pricing rules prohibit the transfer of profits to foreign jurisdictions through the pricing

of goods and services outside normal commercial parameters.

The Commission's Third Report, released in December 1995, dealt with a broad range of issues, including:

- a guiding framework for tax reform;
- dedicated taxes and user charges;
- land tax;
- Regional Services Council levies;
- capital gains tax;
- capital taxes;
- retirement fund taxation;
- secondary tax on companies and dividends;
- group taxation;
- statement of taxpayer rights;
- taxation of small and medium-sized businesses;
- value-added tax on financial services;
- tax on gambling; and
- employee share ownership and other miscellaneous matters.

In the interests of transparency and promoting public debate, the Report was referred to the Joint Standing Committee on Finance which called for public comment on the recommendations of the Commission and also held oral evidence hearings before it released its response in early January 1996. Moreover, various aspects of the Commission's Report and tax reform have also been discussed in NEDLAC forums.

The Commission's Report takes several steps towards a holistic review of the tax system, with regard, in particular, to the relationship between taxation, income distribution and poverty relief. The Commission pointed to the importance of reducing the rates of personal income tax in the lower brackets and indicated that it may be necessary in due course to increase the VAT standard rate, and perhaps narrow the set of zero rated items in order to effect a reduced income tax burden.

These are questions of considerable public interest, although it is widely acknowledged that the contribution of the fiscus to poverty relief and improving the distribution of income is greater on the expenditure side of the budget than in the structure of taxation. The distribution of government expenditure cannot be regarded as satisfactorily equitable at this stage, but it is apparent from available survey data that the contribution of social grants and access to social services to the relief of poverty and income redistribution considerably outweighs the present incidence of taxes on the poor.

### 2.7.2.1 Value-added tax

The Government is conscious of the need to reduce the income tax burden and recognises the comparative efficiency of the broad-based VAT as a revenue source. Account must also be taken of the somewhat regressive distributional impact of indirect taxes and of the importance attached to this aspect by, amongst others, organised labour.

Government is of the view that the existing VAT base should not be eroded by any further zero rating of goods or services. No increase in the standard rate is proposed at this stage.

### 2.7.2.2 Land Tax

The Commission recommended that a land tax should not be implemented at national level, but that the introduction of such a tax at local level should be further explored. In the coming months local land tax issues will be investigated in more detail in close cooperation with the Ministry of Land Affairs.

### 2.7.2.3 Capital gains tax

The Commission is not in favour of the introduction of a capital gains tax at this stage and further recommended that, should such a tax be introduced at some time in the future, only gains which arise after its introduction should be subject to the tax.

Government does not propose to consider this further until a tax administration is in place which would be capable of dealing with the comparatively complex application of a capital gains tax. A full reassessment of the issue, including international experience with capital gains taxation and developments in the domestic tax structure, will then have to be undertaken.

### 2.7.2.4 Capital taxes

The Commission supports the principle of a capital transfer tax which would encompass the present estate duty and donations tax and has indicated that the matter will be dealt with in more detail in a further report.

Government is persuaded that revenue collection from this source is low by international comparison, and certain rate changes with regard to the existing capital taxes are accordingly set out in chapter 5.

### 2.7.2.5 Retirement fund taxation

In its First Report, the Commission recommended that allowable deductions for contributions to retirement funds should be limited in absolute terms and that the tax free status of pension funds should be reviewed. These issues have been further examined by the Katz Commission, whose Third Interim Report proposes a new structure of retirement fund taxation. In addition to the Tax Commission's analysis, the subject came under the scrutiny of a Committee appointed to examine policy issues relating to retirement provision which submitted a report in December 1995.

At present, our tax system treats contributions to pension funds as exempt, income accruing to funds as exempt and benefits finally received as taxable. In the case of provident funds, contributions are not exempt in the hands of employees. There are also important differences between the tax treatment of private funds and of funds established by law for persons employed in the public sector.

In its Third Report, the Commission proposes a new approach to the taxation of retirement funds, which may be summarised as follows:

- there should be consistent treatment of private and public sector retirement funds;
- there should be neutrality between different forms of retirement provision; and, in particular, the distinction between pension and provident funds should be abandoned and the maximum contribution rate to retirement annuity funds should be increased to 22,5 per cent of non-retirement funding income;
- in order to protect the integrity of the income tax system and minimise opportunities for tax arbitrage, retirement funds should be brought into the income tax net; and
- there should be an incentive to choose a lifetime annuity (that is, a pension) rather than a lump-sum payment of benefits on retirement.

The Commission's recommendations regarding the taxation of fund income and benefits were as follows:

- the interest, rental and other trading income of approved funds should be taxed at a flat rate of 30 per cent;

the capital value of all benefits deemed to accrue on death, retirement or withdrawal should be determined and taxed at a progressive rate and on a basis which would encourage benefits taken in the form of an annuity rather than a lump sum; and

pension annuities should be free of tax once tax has been paid on the fund income and the deemed capital value of benefits.

As with the proposals regarding deductibility of retirement fund contributions made in the Commission's First Report, these recommendations have attracted considerable comment, including representations from the retirement industry.

The Joint Standing Committee on Finance held discussion with several interested parties and has subsequently endorsed the Commission's main proposals.

Government accepts that the following principles should be reflected in a new system of retirement fund taxation:

- consistent treatment of private and public sector funds;
- neutrality between forms of retirement provision;
- minimization of opportunities for tax arbitrage;
- an incentive in favour of lifetime annuities; and
- taxation of income as it arises rather than when paid out.

The Government acknowledges the complexity of these questions and the need for further consultation, which will be led by the Department of Finance and the South African Revenue Service. The Katz Commission itself listed several issues that required more work. The list has grown substantially. In order to allow time for refinement of the details of a new tax dispensation in respect of retirement funds, and to allow sufficient preparation time for all parties concerned, it has been decided that an initial levy should be introduced in the present Budget as a first step toward a new tax dispensation. Details are set out in chapter 5. This measure represents a significant move towards a wider coverage of the tax system as a whole, improving thereby equity in the distribution of the tax burden, reducing the scope for tax avoidance and arbitrage and reducing tax distortions affecting savings and retirement choices.

The effect of the proposed tax will be a reduction in the yield earned by retirement funds on behalf of their members during the tax year. Seen in isolation, this might be seen as a levy on household saving. Any tax burden must ultimately reside either on the consumption or the saving side of the household sector. Its impact will be offset somewhat by the relief to be given in the personal income tax schedule. The

likely effect of these measures on the rate of private saving, as distinct from its form, cannot be determined in advance, and may well be insignificant. In view of the importance of early clarification of the reform to be adopted, a process has been agreed on between Government and, respectively, business (the pension industry) and labour, to finalise the eventual dispensation for announcement during the coming year and implementation in the next fiscal year.

#### 2.7.2.6 Secondary tax on companies (STC)

With respect to the taxation of dividends, the Commission favours, in principle, a system of imputation, through which corporate earnings are taxed by reference to the income tax status of shareholders. Taking account of the complexities of imputation systems, it is argued that this option should not be pursued under present circumstances. The Commission therefore expressed its support for the retention of the STC for the present, but at a considerably lower rate.

Government's proposals in this regard are set out in chapter 5.

#### 2.7.2.7 Group income taxation

The Commission recommended that a simplified form of group income taxation be introduced with the intention to move towards a full consolidation basis as the requisite tax administration capacity is developed.

The introduction of any form of group taxation at this time would impose a severe strain on the tax administration. Under the circumstances, a decision on this recommendation will be held in abeyance until the new South African Revenue Service is fully operational.

#### 2.7.2.8 Tax avoidance

The Commission favours the introduction of a business purpose test into the general anti-avoidance legislation and is opposed to the imposition of interest where a tax avoidance scheme is unsuccessful for the taxpayer.

The introduction of a trade purpose test, which is a wider concept than the business purpose test, should assist in attacking blatant tax avoidance schemes and has thus been accepted. However, Government is of the view that the imposition of interest on tax avoidance schemes which are successfully challenged by the Commissioner has become necessary in view of the aggressive nature and marketing of these schemes over the last few years. Details are set out in chapter 5.

### 2.7.2.9 Statement of taxpayer rights

The Commission recommended that a Statement of Taxpayer Rights be released and proposed several elements of such a Statement. It further recommended that a Tax Ombudsman should be appointed to protect taxpayers' rights and to mediate between taxpayers and the revenue authorities.

Government fully supports the proposed publication of a Statement of Taxpayer Rights and this will be done by the new South African Revenue Service. The Joint Standing Committee on Finance has proposed that, rather than appointment of an ombudsman, a separate unit in the Office of the Public Protector be established to deal with tax-related matters. The feasibility of the latter route is being pursued and an announcement will be made in due course.

### 2.7.2.10 Small and micro enterprises

The Commission recommended certain criteria of qualification to be met by natural persons for the proposed cash-flow basis of taxation of small business units.

There is concern, however, that the envisaged criteria may not be appropriate and might result in an unnecessary loss of revenue. Inland Revenue has been requested to consult with interested parties and organisations and to formulate further recommendations in this regard.

### 2.7.2.11 Value-added tax in respect of financial services

The Commission recommended that all fee-based financial services, including various services in respect of life insurance and other superannuation funds, should be subject to VAT.

Government's response to this proposal is set out in chapter 5.

### 2.7.2.12 Tax on gambling

The main recommendation by the Commission regarding gambling tax is that VAT should be levied on all gambling, casino and lottery activities with the exception of the envisaged National Lottery. Furthermore, the normal income tax rules should apply.

Government supports these recommendations. The matter is discussed further in chapter 5.

### 2.7.2.13 Marketable securities tax

The Commission once again recommends that marketable securities tax and stamp duty on the registration of transfer of marketable securities should be abolished.

Government's proposals are outlined in chapter 5.

### 2.7.2.14 Taxpayer education

The need for taxpayer education and the goal of making local revenue offices more accessible to taxpayers were again identified by the Commission.

The importance of both these matters is acknowledged. Extensively upgraded client services, communication and marketing will be prominent features of the professionalisation of service which will form part of the South African Revenue Service culture.

### 2.7.2.15 Regional Services Council levies

The Commission registered a number of difficulties with the concept and administration of Regional Services Council levies and suggested that they be further investigated by the Financial and Fiscal Commission.

This recommendation is supported. Due cognisance will need to be taken of the implication of reform proposals for the cultivation of a sound and sustainable revenue basis at sub-national government level.

### 2.7.3 Tax amnesty

The once-off tax amnesty recommended by the Katz Commission in its first *Interim Report* was accepted by both the Joint Standing Committee on Finance and the Government in early 1995. The Tax Amnesty Act was promulgated on 19 July 1995.

The amnesty was initially scheduled to run until 30 October 1995. The period was extended to 31 January 1996 due, amongst other reasons, to the increase in the flow of applications received during the course of October and indications at the time that the local government elections had affected somewhat the impact of the initial campaign.

The response to the amnesty has been gratifying, although it is recognised that many have chosen not to take advantage of the offer. By the end of October 1995, 7 444 applications had been received, and some 23 200 applications were received by the end of January 1996. These have not all been processed yet, but the following numbers of applications had been approved by Inland

## Revenue by 26 February 1996:

Income tax	12 087
VAT	1 148
PAYE	895
Sales tax	825
Other	<u>15</u>
Total	<u>14 970</u>

An extensive media campaign was launched to promote the tax amnesty. Radio and TV interviews and advertisements, advertisements in the printed media, the distribution of 11 000 posters and 1,4 million application brochures (in the eleven official languages) and a toll-free helpline service all contributed to the success of the campaign. A special word of thanks is due to the various banking institutions and the Department of Justice without whose assistance the successful distribution of the amnesty application brochures could not have been accomplished.

The tax amnesty offer is now closed. With the imminent reform of Inland Revenue and Customs and Excise and the establishment of the South African Revenue Service (SARS) with effect from 1 April 1996, the necessary action is being instituted to improve tax collection and provide professional client services, accompanied by the identification of errant taxpayers and prosecution where necessary.

#### 2.7.4 The Tax Advisory Committee

The Tax Advisory Committee (TAC) is a permanent 14-member advisory body which reports regularly to the Minister of Finance on tax-related matters. The TAC meets monthly and since its establishment in June 1988 it has addressed a wide range of technical, legislative and policy matters.

During the year the TAC held meetings with various professional bodies and individuals and considered a wide range of issues. Draft legislation and practice notes on VAT, income tax, stamp duty and transfer duty were examined. Other matters addressed include tax harmonisation, the requirements of "trade" and "in the production of income" in the calculation of taxable income (section 23(g)), the incurral and accrual of interest (section 24(J)), thin capitalisation (section 31), Marketable Securities Tax (MST) and scrip lending, VAT on gambling, lotteries and casinos, the reorganisation of Inland Revenue and Customs and Excise, the Tax Amnesty, Double Taxation Agreements (DTA's), STC on branch profits, tax incentives, Non-Governmental Organisations (NGOs) and whether incentives for the prevention of crime should be incorporated into the Income Tax Act.

The TAC has in the past year considered the reports of the Howard Commission regarding gambling taxation (March 1993), the Melamet Commission report on medical expenses (April 1994) and the report of the Committee of Inquiry into the question of national health insurance (June 1995).

In the second half of 1995 the TAC once again provided support to the Katz Commission, particularly in the preparation of its *Third Interim Report*.

#### 2.7.5 Agreements for the avoidance of double taxation

During the course of 1995/96, considerable progress has again been made with regard to agreements with other countries for the avoidance of double taxation in respect of income accruing to South African taxpayers from foreign sources or to foreign taxpayers from South African sources. The present position is as follows:

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

A number of other countries have also expressed a desire to negotiate double taxation agreements with South Africa.

## 2.7.6 The establishment of the South African Revenue Service

On 18 October 1995 the Cabinet approved the reform of Inland Revenue and Customs and Excise in the Department of Finance into an autonomous revenue service entity to be known as the South African Revenue Service, under a Board of Directors. The Cabinet has indicated that the required degree of autonomy and flexibility should be sought within the disciplines and control of the Public Service. It was also approved in principle that SARS would be funded by a percentage of revenue collections.

Following the Cabinet decision, SARS was established in terms of the Public Service Act and a steering committee was formed under the Minister of Finance to drive the reform process. A Reform Project Team was also established to initiate practical projects to ensure that SARS is able to operate from 1 April 1996 and to continue with the reform process.

With a view to the overall reform of the public service, the Public Service Commission has indicated that SARS should serve as a pilot project with possible applications elsewhere in the public sector. The support of the Commission for this initiative has facilitated the progress made.

Negotiations are at present being finalised with the Public Service Commission to give SARS the necessary autonomy and flexibility and to determine the functions of the Board of Directors. SARS will in future be managed according to modern business principles and will control the necessary key resources and services. The situation in the revenue collection and control functions of Inland Revenue and Customs and Excise have deteriorated to such an extent over the past few years that a substantial investment in management, the development of professional skills and upgrading of information systems is required. The enormity of the task of reforming these functions must therefore not be underestimated. Several other countries have already implemented such reform processes, and their experiences will be carefully assessed and will inform the reorganisation process.

As an interim measure, Dr. G.F. Lindeque, previously from Eskom, where he served as Executive Director (Human Resources) and subsequently Executive Director (Growth and Development), has been appointed as the leader of the change process in SARS. His main responsibility is to prepare the groundwork and to ensure that critical matters will be in place for SARS to function as from 1 April 1996. A Chief Executive Officer is shortly to be appointed.

## 2.8 INTER-GOVERNMENTAL FINANCE

### 2.8.1 The financing of provincial governments

The Constitution stipulates that provinces are "entitled to an equitable share of revenue collected nationally to enable (them) to provide services and to exercise (their) powers and functions". Section 155(2) provides that this equitable share of revenue should consist of:

- a percentage of personal income tax which is collected nationally;
- a percentage of value-added tax which is collected nationally;
- a percentage of any national levy on the sale of fuel;
- transfer duties, collected nationally, on the sale or transfer of properties situated within the province concerned; and
- any other conditional or unconditional allocations out of national revenue to a province.

The Financial and Fiscal Commission (FFC), established in terms of the Constitution, is required to make recommendations on the above.

The Constitution also describes several possible sources of own revenue of provincial governments. These are currently being investigated. The present situation, however, is that provincial own revenue sources contribute less than 5 per cent of total provincial revenue.

The preparation of expenditure estimates for the purposes of the national budget begins some eighteen months prior to its presentation to Parliament. With the devolution to provinces of those functions set aside in the Constitution as their responsibilities, the task of preparing expenditure estimates and reconciling these with available resources has required a high level of cooperation between the national and provincial governments, beginning well before budgets are tabled in the national Assembly and in provincial legislatures. In order to effect an orderly transition from the previous division of budgetary responsibilities between the national government, provincial administrations, TBVC states and self-governing territories, the budgetary process has provided for a variety of joint forums through which representatives of national and provincial departments have collectively allocated the available funds. Function committees have gone about this task in varying ways, but have generally sought to balance the goal of distributing funds equitably between provinces with the need to maintain continuity in services and phase in adjustments over a realistic time-frame. In preparing both the 1995/96 and 1996/97 Budgets, the national Department of State

Expenditure has taken the lead in determining procedures and deadlines to be followed and in promoting standardised presentations of budget estimates at both the national and provincial levels.

The determination of the transfers to be made from the National Revenue Fund to the provinces during 1995/96 and 1996/97 has accordingly followed a sequence of *interim* procedures, in the absence of an agreed basis for implementing the revenue-sharing provisions of the Constitution. Although proposals tabled by the FFC in 1995, discussed below, were framed as recommendations for the 1996/97 year, the timing of their release did not provide for sufficient consultation and analysis for their formal incorporation into the expenditure planning process.

Once the revenue-sharing provisions are in place, there will be a formal separation between the preparation of a national Budget and the planning at provincial level of provincial expenditures.

For the purposes of the 1997/98 Budget, provinces will be given an early indication of their likely shares of the projected available national revenue, and will have full responsibility for determining their expenditure priorities.

There may still be important roles in the new inter-governmental fiscal framework for consultative or decision-making forums on which provincial and national departments are jointly represented. The Constitution also provides for national standards to apply in respect of provincial functions when this is appropriate, in which case conditional financing mechanisms may be required.

As the provinces collectively account for about 55 per cent of consolidated national and provincial expenditure, the development of a sound basis for determining provincial shares of revenue collected nationally is not a trivial task. The proposals presented by the FFC have provoked extensive comment and further analysis, pointing to the numerous factors and practical difficulties to be taken into account in implementing the relevant Constitutional provisions.

## 2.8.2 Reports of the Financial and Fiscal Commission

According to Section 198 of the Interim Constitution (Act 200 of 1993), the Financial and Fiscal Commission (FFC) has a mandate to fulfill an advisory role regarding the development and maintenance of intergovernmental financial and fiscal relations in South Africa. This mandate is interpreted in two documents published by the FFC during 1995.

In June 1995 the FFC published a document entitled *"Framework Document for Intergovernmental Fiscal Relations in South Africa"*. The framework document explores how the FFC's role and responsibilities are envisaged in the Interim Constitution and how these may be realised in practice. The document was presented for discussion and comment by all interested and relevant parties.

The framework document is divided into six parts:

- the Constitutional context;
- norms applicable to a system of intergovernmental fiscal relations;
- fiscal allocations to national, provincial and local governments;
- provincial and local government revenue sources;
- provincial and local government borrowing powers; and
- the way forward.

After the publication of the framework document, which is mainly in accordance with accepted international inter-governmental fiscal principles, the FFC prepared recommendations regarding the allocation of financial resources between the national and provincial governments. These are set out in *The Allocation of Financial Resources between the National and Provincial Governments: Recommendations of the Financial and Fiscal Commission for the 1996/97 Fiscal Year*, published in September 1995, which represents an operationalisation of the values and guidelines presented in the framework document.

The FFC's proposals must be read against the background of the framework document which contains the conclusion that the division of financial resources between provinces should primarily be done by means of a formula based on objective criteria. According to the FFC the goals of the formula should be: to achieve effective and efficient resource allocation; fiscal equity in the provision of services and the raising of provincial taxes; and the development of fiscally sound and democratically responsive provincial governments.

The recommendations of the FFC regarding the provincial allocations fall into two categories. The first relates to the issue of the distribution of financial resources (global amounts) between the national and provincial government, the so-called *vertical equity* question. The second issue relates to the distribution of resources amongst the provinces which addresses the *horizontal equity* question. In developing these recommendations the FFC has developed a formula, termed the *Provincial Grants Formula*.

The FFC recommends that the total provincial allocation be divided among the provinces by means of a grant formula comprising of the following major components:

- a *basic grant* component to enable provinces to establish and maintain the institutions necessary for the fulfilment of their constitutional obligations according to their own priorities;
- a *national standards grant* to enable the provinces specifically to provide primary and secondary education and primary health-care to their residents; and
- a *tax capacity equalisation grant* to encourage provinces to accept increasing responsibility for raising their own revenue.

Furthermore, in recognition of the national role played by the academic hospitals, the FFC recommends that separate conditional grants should be given to the provinces with such institutions.

Illustrative calculations are set out in the FFC document, including specific proposals regarding the parameters to be included in the proposed revenue sharing formula. The recommendations provide a point of departure for the evolving system of intergovernmental fiscal relations which will need to be further refined during 1996. Once the concurrence of relevant role-players has been obtained, legislation will be drafted and submitted to Parliament.

### 2.8.3 Debts and liabilities at provincial level

The Department of Finance has undertaken an extensive survey of the debts and liabilities of the governments of the former TBVC states and self-governing territories. This survey, which was undertaken in collaboration with staff of the Development Bank of Southern Africa, was required in terms of Section 239(3) of the Interim Constitution (Act 200 of 1993).

On the completion of the survey it was resolved at an Intergovernmental Forum at which the Premiers of the provincial governments were represented that in order to create a level playing field with regard to inherited debts, the debt servicing obligations should be taken over by the national Government. This was later accepted by Cabinet and the relevant section in the Constitution has accordingly been amended.

The liabilities that have been enumerated include contingent liabilities associated with guarantees to various government and semi-government (parastatals) bodies of these former administrations. The total amount of guarantees involved amounted to R285 million. This now forms part of the total

contingent liabilities of national government (see par. 2.10 below).

The books of the former TBVC states, self-governing territories and provincial administrations were closed with effect from 31 March 1995. Debit balances on several of these accounts were identified and remain to be incorporated into the national debt in terms of legislation to be promulgated in due course.

The incorporation of these liabilities into the public debt and the amounts involved are noted in par. 2.9.3 below.

### 2.8.4 Local government finance

The first democratic local government elections took place in November 1995 and a new dispensation was established at local government level. An amount of R480 million was included in the Adjustments Estimate for this purpose by national government to assist local governments. Due to the postponement of the elections in certain areas the final cost of the elections cannot be determined at this stage but indications are that the cost of the elections will be within the available funds.

Against the background of the historical under-funding of household infrastructural services in many poorer communities, the financing needs of government at the local level have now come under renewed scrutiny. Annual guidelines on aggregate expenditure and current expenditure of local authorities are set and applied with the necessary flexibility by the Department of Finance, as part of its task of co-ordinating overall spending and financing of general government in pursuance of macroeconomic stability and other national economic goals. For the 1995/96 financial year, a 9 per cent limit was set for increased current expenditure and 12 per cent for capital expenditure by local authorities. The guideline is also applicable to the current expenditure of regional bodies (the former regional services councils and joint services boards). It is envisaged that the overall increase in local government expenditure should be broadly in line with the increase in the national Government's level of expenditure.

An assessment of the backlog in infrastructure to be met over a 5 to 10 year period has been made. It is clearly important that appropriate service standards and financing mechanisms should be adopted if infrastructure and service delivery needs are to be met in a sustainable and cost-effective strategy. The Department of Finance is undertaking a review of the relevant grants mechanisms and progress has been made with the development of a regulatory framework for the financing of infrastructure at the local government level.

While national government is playing a role in supporting capital expenditure required for the delivery of basic services, recurrent expenditure is seen to be the responsibility of local governments, to be covered from their own revenue sources.

## 2.9 PUBLIC DEBT MANAGEMENT

### 2.9.1 Debt management restructuring

The Department of Finance is reviewing the existing arrangements for the formulation and conduct of a debt management policy, the selling of government debt and the management of outstanding debt. The review, which involves an extensive process of consultation, is being conducted with the assistance of foreign and local advisers.

It is envisaged that a fully fledged Debt Management Office will be created within the Department of Finance within a timespan of roughly twenty four to thirty months. The primary function of the Debt Management Office will be to manage public debt in such a manner that Government's net worth is preserved and improved over time. Modern debt management theory and practice will provide the operational framework for managing both domestic and international debt.

As a first step towards the creation of the envisaged Debt Management Office, the establishment of a cash management office to manage the cash balances of the public sector is currently receiving priority attention. The primary objective of the cash management office will be to reduce the cost of borrowing through the implementation of improved cash management techniques. Certain government departments, funds and agencies have invested their surplus funds with the Corporation for Public Deposits (CPD). As part of the initiative to improve cash management, these funds will from 1 April 1996 be invested by the CPD in special treasury bills which will be utilised by Government to contribute to financing the budget deficit and on which no interest will be payable.

Closely related to this initiative, a systematic review of the governance of public entities is under way, including a revision of the State's policy regarding dividend payments to the fiscus by public enterprises (see par. 2.11 below).

A strategy is also being drawn up in terms of which Government will reduce its risk exposure in the form of guarantees issued. The core elements envisaged for this strategy are the following:

- an evaluation of the borrowing powers of general

government bodies;

- a revision of the guidelines for the issuing of government guarantees with a view to extend more fully the discipline of the market on public sector institutions;
- the introduction of a fee for the issuing of commercial guarantees; and
- making public sector institutions more directly accountable for their financial actions.

It is envisaged that the strategy will be implemented in a phased manner so as not to cause undue disruption in the management of general government bodies and public enterprises.

The following table provides a summary of Government's exposure in respect of guarantees issued:

	31 March '94	31 March '95
	R billion	R billion
General Government bodies	15,1	5,9
Public Enterprises	53,0	56,0
Private Sector	0,7	0,5
Foreign Sector	<u>3,4</u>	<u>2,9</u>
Total	<u>72,2</u>	<u>65,3</u>

### 2.9.2 Domestic financing

#### 2.9.2.1 Consultation with the market

In a continuous process of improving the quality and quantity of information on government financing the following additional information has been made available to the market since May 1995:

- provisional figures on financing in respect of the previous month: 2nd working day of the month;
- a statement summarising the Exchequer Statements published in the Government Gazette, together with a table providing information on the composition of government stock: middle of every month; and
- a progress report on the financing programme, a statement of movements in government stock and a schedule of the complete portfolio of outstanding stock, presented together with the regular press release on the course of the national Budget in the middle of every month.

The views of market participants are highly valued and are often used as inputs to strategic decisions on public debt management issues. Informal contact between market participants and the State Debt Management Authorities is

therefore encouraged. The conventional formal meeting with market participants shortly after the budget speech may in future also be supplemented with a second formal meeting in the middle of the financial year, in a further effort to improve the flow of information.

#### 2.9.2.2 Maturity of marketable stock debt

At 31 March 1995 there will be 59 stocks outstanding with maturities until 2016.

The total nominal value of marketable government stock outstanding rose from R209,5 billion at 31 March 1995 to R244,8 billion at 31 March 1996. A maturity breakdown of marketable government stock is as follows:

	31 March '95 R billion	31 March '96 R billion
0 - 7 years	82,4	97,3
7 - 10 years	35,5	51,6
10 - 15 years	36,5	46,6
Longer than 15 years	55,1	49,3

The scheduled redemption in marketable government stock for the 1996/97 fiscal year amounts to R14,9 billion of which R7,5 billion and R6,5 billion will mature in May and November respectively. It is not envisaged that these redemptions will impose undue refinancing pressure on the markets. The smoothing out of the maturity schedule is being addressed on an ongoing basis.

#### 2.9.2.3 Turnover on capital markets

The turnover in the bond market during 1995 amounted to about R2 500 billion, of which 60 per cent represented RSA stock. The Reserve Bank's turnover in gilts amounted to about R230 billion, which represented roughly 9 per cent of the total turnover in gilts and semi-gilts. Foreigners bought a net amount of roughly R27 billion in stock during 1995, while foreign trades amounted to 8 per cent of the total market.

#### 2.9.2.4 Financing: Fiscal year 1996/97

As a general policy approach, large liquid stocks were created in recent years, wherever possible. It is projected that by 31 March 1996, there will be 13 large stocks outstanding, in respect of which the outstanding amounts (nominal) per stock will range from R7 billion to R51 billion. Of these stocks, four were created during the past two years.

Government will continue to make liquid funding instruments available to the market, as far as the maturity schedule of government debt permits.

In the 1995/96 financial year the following stocks were used as main funding instruments:

R162 (12,5% 2002)	R15,5 billion
R150 (12,0% 2004/5/6)	R12,7 billion
R153 (13,0% 2009/10/11)	R13,2 billion

The outstanding amount on the R150 stock amounts to over R51 billion while the total redemption of debt for the financial year in which the R162 stock redeems, amounts to about R18 billion. The issuance of R150 and R162 stocks will therefore be discontinued. A market will, however, still be made in these stock.

During the 1996/97 financial year, borrowing in the domestic capital market will mainly take place in the existing R153 (13,0% 2009/10/11), R157 (13,5% 2014/15/16) and a new government stock that will be issued for maturity in the 2006/07 financial year. In addition to making a market in the funding stocks, the Reserve Bank will also make a market in the R162, R175, R150 and R177 stocks. The Reserve Bank will stop making a market in the R147 (11,5% 1999/2000) stock when it becomes a liquid stock towards the middle of the year. The possible split of the R147 stock will be discussed with investors. If yields on government stock should move to lower levels, consideration will be given to issuing a number of the lower coupon stocks in which the South African Reserve Bank makes a market.

#### 2.9.2.5 Government bonds

In the Budget Review of 15 March 1995 it was reported that consideration would be given to the phasing out of bonds. The main reasons for this decision were the decline in public interest in these investment instruments and the high cost of administration in relation to that of government stock. The Minister of Finance consequently announced that the sale of Indefinite Period National Defence Bonds and Indefinite Period Exchequer Bonds would be suspended with effect from 1 February 1996. It is estimated that 50 per cent of the total bonds outstanding at 31 January 1996 will have been redeemed by 31 March 1996.

#### 2.9.2.6 Exchange of nil coupon bonds offsetting losses on the Gold and Foreign Exchange Contingency Reserve Account

Government stock with a nil coupon, to the amount of R7,5 billion, was issued to the South African Reserve Bank in March 1994, offsetting accumulated losses on the Gold and

Foreign Exchange Contingency Reserve Account. About R3 billion of this amount was converted by the South African Reserve Bank into interest bearing stock during 1995/96 as part of its open market operations. If requested, further amounts of nil coupon stock held in the Reserve Bank's policy portfolio, will be exchanged for interest bearing stock to be used for monetary management purposes.

Consideration will be given to offset a further amount of the accumulated losses on the Gold and Foreign Exchange Contingency Reserve Account through the issuance of nil coupon stocks. This loss, estimated at R4,050 billion on 31 March 1996, is already regarded as part of government debt.

#### 2.9.2.7 Electronic settlement and central securities depository

An electronic settlement system for stock was implemented by the Bond Market Association (BMA) during the second half of 1995. Initially it entails the immobilisation of stock by depositing it into a central security depository and secondly the subsequent electronic net settlement of stock transactions. On 13 February 1996 about 23 per cent of all government stock was already handled in this way.

#### 2.9.2.8 Discount on government stock on an accrual basis

At present the discount on government stock issues is accounted for on a cash basis (although nil coupon stock are treated on an accrual basis). The discount on stock issues is brought into consideration at the maturity date.

In the Budget Review of 15 March 1995 it was indicated that the merits of changing to an accrual basis of accounting for the discount on stock issues had been examined. The conclusion was drawn that such a change would only be justified if accompanied by a switch in the entire accounting

policy of the government to an accrual basis. The merits and practical implications of such a reform are still being investigated by the Department of State Expenditure.

The Department of Finance has nonetheless decided that, for purposes of debt management and public reporting, data reflecting the discount on government stock on an accrual basis should be maintained. The procedure to be adopted will allow the average cost of funding for each government stock and for the total debt portfolio to be determined.

In its Quarterly Bulletin of December 1995, the SA Reserve Bank published a note on government accounting, including a tabulation of the discount on government stock calculated on an accrual basis. These figures have been updated by the Bank to include the 1995/96 fiscal year. The following are the main results:

- The amortised discount accruing during each financial year increased from R0,8 million in 1980/81 to an estimated R3,080 billion in 1995/96. Adding this accrued discount in 1995/96 to the actual interest payments during the year gives an *adjusted* state debt cost, which in turn results in an adjusted budget deficit. The increase in the estimated 1995/96 state debt cost and budget deficit which results from the amortisation of the discount would amount to about 0,6 per cent of GDP.
- Accounting for the discount on an accrual basis, in line with generally accepted accounting principles, also results in adjustments to the total government debt. Subtracting the unamortised discount of R33,619 from the projected 1995/96 year-end debt would result in a reduction of some 12 per cent in the estimated total government debt, or a total debt of 49,3 per cent of GDP, whereas the nominal face-value of the total debt will amount to about 56 per cent of GDP at year-end.

Comparative figures since 1989/90 appear below.

#### *Adjustment to state debt cost and total government debt to account for the discount on an accrual basis*

	Amortised discount (R million)	Adjustment to state debt cost (% of GDP)	Total government debt at year-end (% of GDP)	Adjusted government debt at year-end (% of GDP)
1989/90 .....	666,1	+0,3 %	38,6 %	36,6 %
1990/91 .....	686,4	+0,2 %	37,2 %	34,5 %
1991/92 .....	1 030,5	+0,3 %	38,5 %	36,1 %
1992/93 .....	1 268,6	+0,4 %	44,5 %	40,5 %
1993/94 .....	1 284,9	+0,4 %	48,6 %	44,4 %
1994/95 .....	1 963,1	+0,4 %	54,9 %	49,1 %
1995/96 .....	3 080,0	+0,6 %	56,0 %	49,3 %

The upshot is that accrual budgeting would result in increased provision having to be made each year to account for the amortisation of the discount, which would replace the prevailing practice of bringing the discount fully onto the public debt at the time of the issue of bonds. The present practice, consistent with the conventional cash-flow basis on which government accounts, results in a budget deficit figure which corresponds with the actual annual net borrowing requirement of the fiscus.

### 2.9.3 The debts and liabilities of the former TBVC states, self-governing territories and provincial administrations

Section 239 of the Constitution of the Republic of South Africa, Act No. 200 of 1993, was amended in September 1995, by virtue of Act No. 44 of 1995, to the effect that the debts of the former TBVC states and self-governing territories should no longer be subject to a division between the national and provincial governments, but that these debts be assumed by the national Government as part of its debt obligations.

These debts amount to R13,191 billion and comprise the following:

Loans	R million
Short-term	8 913
Capital market	733
RSA Government (Foreign Affairs)	483
Development Bank of SA	2 929
Industrial Development Corporation	130
Other	<u>3</u>
Total	<u>13 191</u>

The Department of Finance is currently in the process of incorporating these debts into the national Government's debt portfolio. As a first step the short-term debt of the former TVC states, previously administered by the Public Investment Commissioners, is being refinanced by treasury bills as from January 1996. This will eventually result in the total amount of treasury bills available to the market increasing from R7,8 billion to more than R14 billion.

In addition, debit balances on the books of the former Bophuthatswana, Cape Administration, Kwandebele, Lebowa, Transkei and Venda at the time that these accounts were closed, amounting to R1,108 billion, have been identified.

Once the remaining debt and liabilities have been verified, they will be taken over by the national Government, after consultation with the relevant provincial governments and holders of the debt. In the interim the relevant provincial governments will be responsible for the administration of the debt.

### 2.9.4 Redemption of Namibia's pre-independence debt

Following the announcement that the Government of South Africa will redeem the pre-independence RSA Government guaranteed debt of Namibia, technical aspects of the settlement have been discussed between the two governments. It is envisaged that legislation will be introduced during the course of the current Parliament session to facilitate the take-over by the South African Government of Namibia's pre-independence debt, amounting to about R1 billion. The relevant legislation will be complemented by a bilateral agreement between the Governments of South Africa and Namibia.

### 2.9.5 Foreign financing

Since April 1994 the Government has been able to reach a number of milestones in its foreign funding activities. It has successfully penetrated new markets, attracted a broader international investor base and launched benchmark bond issues to assist South African borrowers with the pricing of new issues.

#### 2.9.5.1 Foreign bond issues

Over the past two years the Government has been successful in three international public bond issues in the international capital markets. In December 1994 the Government raised US\$ 750 million<sup>7</sup> from investors around the world through a five year global bond issue with an interest rate of 9,675 per cent per annum. The issue, which was priced at 193 basis points over the five year US Treasury bond rate, is a liquid issue which is actively traded in the secondary market and is regarded as a benchmark for the pricing of other South African capital market transactions. After severe initial deterioration associated with the market's response to the Mexican financial crisis, the bond strengthened considerably and was traded at 175 basis points over the US Treasury bond rate on 1 March 1996.

<sup>7</sup> R2,924 billion at the US\$-rand rate of US\$ 1 = R3,90 on 1 March 1996.

In June 1995 the Government successfully tapped a further new source of funding by launching a five year ¥ 30 billion<sup>8</sup> Samurai bond issue with an interest rate of 5 per cent per annum. This issue was launched at a time when interest rates in Japan were at a historically low level and in a currency which was considered to be overvalued. Although the issue is not a frequently traded liquid issue due to the fact that these bonds were mostly placed with institutional investors in Japan who are likely to hold the bonds until maturity, the pricing of the issue set a benchmark for both Eskom and Transnet to launch similar transactions at very competitive prices derived from the experience gained with the Government's debut issue.

The Government's £100 million<sup>9</sup> Euro-sterling bond issue which was launched on 23 January 1996 and priced at 190 basis points over the 10 year UK gilt rate, was well received and oversubscribed by a broad investor base. The objective of this issue was to extend the maturity profile of a part of the Government's foreign debt portfolio from five to ten years and to access the large institutional investor base in the United Kingdom. To this end approximately 30 per cent of the issue was placed with this important category of investors. Two South African banks, namely Nedcor and Standard Bank, were invited to participate in the underwriting group of seven banks. It is envisaged that South African banks will be invited to participate in all future Government bond issues where it is practically possible. This will allow local banks further to extend their global operations and to expand their relationships with the international investor community.

The sterling issue was also used to extend the dispensation granted to South African insurance companies and pension funds to acquire portfolio investments abroad by way of asset swaps by allowing these institutions to acquire up to 10 per cent of this bond issue. This exercise was smoothly executed and the full £10 million was placed with various local institutions. As noted in par. 2.1.3 above, the swap character of this transaction means that the South African institutions have been able to diversify their portfolios without a consequential outflow of foreign exchange.

In keeping with its foreign borrowing policy aims, the Government will tap the international financial markets during the course of the new financial year as and when

favourable market circumstances or opportunities occur. Two international bond issues of the Government will mature during the 1996/97 financial year. A DM 400 million issue<sup>10</sup> (quoted on the Frankfurt Stock Exchange) launched in 1991 will be redeemed on 11 October 1996 and an ECU 250 million<sup>11</sup> issue (quoted on the Luxembourg Stock Exchange) launched in 1992 will be redeemed on 10 February 1997.

#### 2.9.5.2 Credit ratings

During August 1995 Standard & Poor's (S&P) visited South Africa as part of their ongoing process to rate the Government's ability and willingness to service its foreign debt commitments. In November 1995 they upgraded their original rating assessment on the Government's long-term foreign debt by one notch from "BB with a positive outlook" to "BB+ with a positive outlook". Although this rating is not yet considered to be investment grade - as already awarded by Moody's Investors Service - the upgrade to within one notch of an investment grade rating (BBB) while retaining the "positive outlook" is encouraging. It demonstrates confidence in South Africa's economic policy and the political stability following the transition to democracy brought about by the Government of National Unity. After a field visit during the second half of 1995 the Japanese credit rating agency, Nippon Investors Service, confirmed their investment grade rating of BBB awarded in 1994.

In addition to the foreign currency denominated debt ratings, the Government was also awarded long-term rand denominated debt ratings from both Moody's and S&P in 1995. An investment grade rating of BBB+ has been assigned by S&P and an equivalent rating of Baa1 by Moody's. S&P's rating was complemented by a "positive outlook".

#### 2.9.5.3 Bilateral aid to South Africa

Soon after the first democratic elections were held in South Africa in April 1994, it became clear that a formalised, transparent and coherent strategy would be necessary in order to commit and disburse the foreign official development assistance (ODA) pledged to the country by the international community. This realisation ultimately led to the Cabinet establishing the International Development Cooperation Committee (IDCC) in September 1994. This interdepartmental committee, under the chair of the Depart-

<sup>8</sup> R1,106 billion at the yen-rand rate of R1 = 27,13 yen on 1 March 1996.

<sup>9</sup> R595 million at the sterling exchange rate on 1 March 1996.

<sup>10</sup> R1,053 billion at the DM-rand rate of DM 1 = R2,63 on 1 March 1996.

<sup>11</sup> R1,220 billion at the ECU-rand rate of ECU 1 = R4,88 on 1 March 1996.

ment of Finance, has as its members the Departments of Trade and Industry, Foreign Affairs, State Expenditure, Constitutional Development and the Office of the Minister without Portfolio (RDP Office), as well as the South African Reserve Bank and the Central Economic Advisory Service.

The functions of the IDCC in broad terms include considering aid offers by donor nations and multilateral agencies and investigating and negotiating with donors the utilisation of aid for the funding of the projects/programmes of the Reconstruction and Development Programme (RDP), with a view to optimising the use of grant aid and concessionary finance as part of integrated funding packages for each programme. The donor community agreed at the time that aid would be provided within the framework of the RDP for projects already on the budgets of line departments. It was also agreed that where grant aid is utilised, care will be taken that grants used in RDP programmes are for once-off programmes and do not entail carry-through costs to be accommodated in departments' budgets in ensuing years, unless this has been included in forward planning.

The first task of the IDCC was to ascertain and assess the various aid packages offered by the international community to the South African government. After numerous discussions with the international development assistance community, it became clear exactly what aid was on offer to the country. By the middle of 1995, a proper system of management of aid and grant flows was in place and the IDCC was able to negotiate the funding of proposed programmes and projects with donor (grant) funds. By the end of January 1996, donors had deposited a total of R132,7 million of donor grant aid into the RDP Fund. This amount excludes technical assistance offered to Government.

#### 2.9.5.4 Concessional loans

The availability of concessional loans to the Government of National Unity for specific (on budget) project financing opens up a new window of opportunity.

It is expected that a first concessional loan from Japan for a rural water project will be signed shortly.

The Government is engaged in discussions with several international development finance institutions and governments with a view to identifying possible projects to be financed and clarification of concessional loan terms. Regarding the World Bank, a country assistance strategy is currently being compiled as a basis for South Africa's future relations with the Bank (see 2.12.2 below).

## 2.10 CONTINGENT LIABILITIES

A Statement of Liabilities and Financially Related Assets of the National Government is compiled annually by the Departments of Finance and State Expenditure, in conjunction with the Office of the Auditor-General. This Statement is published in the Auditor-General's annual report on the appropriation accounts.

The Statement is reviewed and updated annually with a view to developing a complete and accurate balance sheet for the National Government. An attempt was made to include the financially related assets more fully in the Statement as at 31 March 1995 by including the information on the financial institutions that were previously under the authority of the former TBVC states and self-governing territories.

The Statement of Liabilities and Financially Related Assets includes information on off-balance sheet items, including the contingent liabilities of the State. (For purposes of the Statement, contingent liability is defined as 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 R130,6 billion on 31 March 1995. 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 1 January 1994. An actuarial valuation is conducted every three years.
- 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 R52,0 billion. This figure does not take account of valuations completed since the compilation of the Statement as at 31 March 1995. These valuations are updated every three years by the actuaries. Between 1985 and 1994, the assessed funding level of the Government Service Pension Fund, which is the largest of these funds, had improved from 32 per cent to 59 per cent.
- R4,2 billion represents the underfunding of future liabilities relating to claims against the Multilateral Motor Vehicle Accident Fund.

Guarantees to various institutions, amounting to R65,3 billion in total, also include an amount of R1,3 billion in respect of guaranteed liabilities of the former TBVC states and self-governing territories.

- create scope for black economic empowerment; and
- improve the delivery of services to all South Africans.

## 2.11 RESTRUCTURING OF STATE ASSETS

### 2.11.1 Corporate governance

The King Report on Corporate Governance was published on 29 November 1994 with the objective of promoting the highest standard of corporate governance in South Africa for corporations. The King Committee also issued a Code of Corporate Practices and Conduct based on principles of openness, integrity and accountability. In view of state entities forming part of the corporate community, it is prudent that Government embark on a process of implementing corporate governance principles in line with the King Committee's code and, at the same time, improve the financial accountability framework for the State, as shareholder.

As part of an improved framework of corporate governance, the Ministry of Finance has been mandated by Cabinet to revise the State's policy regarding the payment of taxes and dividends by state entities, in consultation with the Ministries responsible for the various public enterprises.

### 2.11.2 Framework agreement for the restructuring of state enterprises

Recognising the potential contribution of the public enterprises to the promotion of economic growth and the realisation of other RDP goals, the Government, after extensive consultation, decided in January 1995 to embark upon a comprehensive programme of restructuring these entities. The initial framework for the restructuring of state assets took as point of departure that Government decisions of the past which established the current asset base and institutional composition of the public sector should be re-evaluated against RDP goals, with due recognition of the challenges which resource constraints and the Government's commitment to fiscal discipline impart to the implementation of the RDP.

The broad objectives of the restructuring are to:

- contribute effectively to economic growth and job creation;
- improve public enterprises' competitiveness;
- increase public enterprises' contribution to the developmental and financial goals of the Government;

These objectives and results can be obtained through various mechanisms, including involving strategic investors, concessions, outsourcing and full or partial privatisation. It is Government's intention to make the process as transparent as possible and to effect consensus through the involvement of the broadest spectrum of shareholders. Possible negative effects for employees are to be minimised.

Accordingly, a comprehensive committee and task team structure has been instituted to mobilise the necessary expertise and manage the restructuring effort. A steering committee coordinates the task teams and transformation teams. Sectoral task teams are active in the development and review of restructuring options, while transformation teams representing management, unions and workforces are exploring issues within the enterprises. An amount of R10 million has also been allocated for the appointment of advisers to assist Government with various issues relating to the process.

The sectoral task teams have achieved varying degrees of progress, and some submitted proposals on alternative restructuring options to Cabinet in December 1995. In response to misgivings expressed by Labour about the consultative process which gave rise to the proposals, Government and Labour entered into negotiations and produced a joint Framework Agreement. The agreement clarifies certain definitional issues previously under dispute and sets guidelines for further consultation processes.

The Framework Agreement also provides for the existence of an inter-Ministerial Committee to oversee and provide strategic direction to the restructuring process on behalf of Cabinet, and for sub-committees to focus on specific sectors.

### 2.11.3 Development finance institutions

Progress has been made over the past year regarding the review and restructuring of the various development finance institutions which fall within the public sector.

Following an investigation of its organisation and functions, a revised mandate for the Development Bank of Southern Africa has been adopted, directing its resources and expertise predominantly into the financing of infrastructure. A Chief Executive Officer has been appointed and a new interim board has taken office.

In reviewing the brief and activities of the Development Bank of SA, a strong emphasis has been placed on ensuring the financial sustainability of the institution and establishing appropriate guidelines for project financing and cost recovery. In general, it is envisaged that concessionary or grant components of project finance should be channelled through the fiscus in a transparent manner and that loan terms should be market-related. This approach also underpins the reviews in progress of other development finance entities, including the various development corporations which are involved in regional project financing.

## 2.12 MULTILATERAL FINANCIAL INSTITUTIONS

### 2.12.1 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>12</sup> and its 13 904 votes represent 0,93 per cent of the total. This places South Africa in the 23rd position (out of a total of 181) 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>13</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 experienced in Southern Africa in 1992. The repayment of this loan in eight equal quarterly instalments, commencing in March 1997, occurs on the reserve-related accounts of the Reserve Bank and requires no financing through the budget.

In accordance with Article IV of the IMF's Articles of Agreement, member countries' recent economic developments 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 with the South Africa authorities during the period 1 to 15 February 1996.

Until the next regular election of Executive Directors of the Fund takes place in October 1996, at which time South Africa intends to join the Africa Group 1 constituency, the Executive Director in the Fund for this constituency will look after South Africa's interests.

### 2.12.2 The World Bank group

In June 1995 the South African Government concluded a Memorandum of Understanding with the World Bank. The Memorandum indicates, amongst other things, that the International Bank for Reconstruction and Development will react to priority areas of assistance identified by South Africa. The Department of Finance has initiated discussions to determine where the facilities of the World Bank could be of benefit. It is anticipated that this process will lead to a clear agreement with the World Bank on a programme of assistance to South Africa in 1996.

South Africa is a donor country to the World Bank's soft lending window, the International Development Association (IDA). This means that South Africa has a responsibility to participate in international policy-making with regard to financial assistance to the poorest member countries of the World Bank Group. A further benefit of IDA-membership is that it provides the South African private sector with the opportunity to bid for projects financed by IDA. During the past financial year, South African firms were awarded contracts to the value of \$171 million.

The International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA) are agencies within the World Bank group which deal directly with the private sector. The IFC has approved three investments in South Africa and MIGA is in the process of facilitating a second investment to South Africa through its political risk guarantee programme.

### 2.12.3 The African Development Bank

South Africa became a member of the African Development Bank (ADB) on 13 December 1995.

South Africa has opted for an initial shareholding of one per cent of total shares and has expressed the desire to eventually be a shareholder commensurate with its relative economic position in Africa. The successful implementation of the Bank's new, leaner and country-focused structure, together with an improvement in its overall financial and

<sup>12</sup> South Africa's IMF quota of Special Drawing Rights (SDRs) to the value of SDR 1 365,4 million is equivalent to R7,658 billion at the rate of exchange of SDR1 = R5,61 on 1 March 1996.

<sup>13</sup> Equivalent to R3,446 billion.

managerial position, will improve the prospects for an increase in the South African shareholding. As a member country, South Africa will benefit from loans of this multilateral development institution to finance its economic and social projects. South African companies will furthermore be eligible to submit bids for projects financed by the Bank Group. To facilitate this process, the Bank will shortly be sending a multi-disciplinary operations mission to South Africa to define jointly an appropriate strategy of intervention in South Africa and to develop an indicative lending programme of potential projects, based upon this strategy.

The Department of Finance is currently preparing for South Africa to join a constituency of the ADB. In the light of the increasing importance of the region to South Africa, negotiations with one of the two Southern African constituencies will commence shortly.

## 2.13 REGIONAL FINANCIAL COOPERATION

### 2.13.1 The Common Monetary Area

The Common Monetary Area, established in December 1994, comprises South Africa, Lesotho, Namibia and Swaziland. 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.

### 2.13.2 The Southern African Customs Union

The Department of Trade and Industry has been requested by the Government to review South Africa's terms of participation within the Southern African Customs Union (SACU). To this end, a multilateral task team was formed, comprising officials from various line departments. The task team has created three Working Groups to deal with an institutional framework, technical and investigative matters and policy matters, respectively.

Cabinet has approved that the terms of reference of the task team serve as a basis for renegotiating the SACU Agreement, that the administration of the SACU Agreement be democratised to allow meaningful participation of the BLNS states (Botswana, Lesotho, Namibia and Swaziland) in the decision-making process regarding the administration of the Agreement, that a dispute resolution mechanism be included in a renegotiated SACU Agreement and that the revenue sharing formula be revised to take account of the interests of all concerned within the bounds of financial feasibility and political acceptability.

To date, the task team has held six meetings. Considerable progress in reaching agreement on a wide range of issues

has been made. In Working Group 1 (Institutional Framework), broad agreement has been reached on a number of matters such as the establishment of different institutions for SACU (including the role of a Council of Ministers, a Commission of Officials, a secretariat and retention of the present liaison committees), decision-making processes and a dispute resolution mechanism. A number of issues are still to be finalised, including the exact functions of the secretariat, its location and bilateral preferential trade agreements with third parties.

With regard to policy matters, broad agreement has been reached on a competition policy and tariff policy. Although broad consensus regarding agricultural issues has been reached, agreement on a tariff policy for agricultural products still has to be finalised. On industrial development, agreement has been reached on the basic requirements for a policy agreement. This subgroup has also made some progress regarding the harmonisation of industrial incentives and on infant industry development. Work is still continuing on a number of issues, such as South Africa's Regional Industrial Location Strategy Study, how to address polarisation, supply side measures and the desirability of a Regional Development Fund for the SACU region.

Possible financial and legislative implications of a new Agreement will be put to Cabinet in due course.

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

South Africa acceded to the SADC Treaty in August 1994. Subsequent to South Africa becoming a member the SADC Council of Ministers, in their annual consultative conference in January 1995 held at Lilongwe, Malawi, delegated the task of managing the regional finance and investment portfolio to South Africa in recognition of its developed financial sector. This task was formally accepted by the Cabinet in May 1995.

The objectives set for the finance and investment sector are:

- to provide a framework for regional cooperation in the area of finance in collaboration with central banks, other regulatory and supervisory authorities, banks and other financial intermediaries in order to mobilise resources for investment;
- to promote the development of sound investment policies of member states in order to establish an enabling investment environment in the region;
- to encourage movement toward regional macro-economic stability by, among other things, promoting prudent fiscal and monetary policies; and

- to analyse and assess the impact of structural adjustment programmes on the attainment of the objectives of this sector.

The Department of Finance provides technical support to the SADC finance and investment sector. A Committee of Ministers responsible for finance and investment in the twelve member countries, chaired by the South African Minister of Finance, is the central forum in the sector. The heads of the relevant departments and the Governors of the central banks of member countries constitute two separate committees which handle fiscal and monetary policy coordination, respectively. A Finance and Investment Sector Coordinating Unit, within the Department of Finance, coordinates activities in consultation with these two committees, the Committee of Ministers and the SADC Secretariat.

The SADC Council held a summit meeting in South Africa in August 1995. At this meeting terms of reference for the

finance and investment sector were agreed, covering financial cooperation, investment promotion, macroeconomic stability and the establishment and maintenance of a regional database relating to finance and investment issues.

The Sector Coordinating Unit is responsible for setting up the work programme of the sector. To date, two meetings of the Council of Ministers have been held at which, amongst other matters, cooperation in combatting cross border financial fraud was discussed. A meeting of senior treasury officials has identified several projects for the sector, and a meeting of central bank Governors has clarified the terms of reference of their committee, amongst other issues. Close cooperation with other SADC sectors, and in particular that responsible for trade and industry matters, is envisaged with a view to the preparation of a regional finance protocol.

Table 2.1

GENERAL GOVERNMENT REVENUE, EXPENDITURE AND DEFICIT BY LEVEL OF GOVERNMENT, 1988/89 TO 1994/95 (percentage of GDP)							
	88/89	89/90	90/91	91/92	92/93	93/94	94/95
<b>REVENUE AND GRANTS (including transfers from other levels of government)</b>							
Main budget .....	23,9	25,4	24,6	23,9	23,3	24,5	24,9
Extra-budgetary institutions .....	5,1	4,7	4,4	3,2	4,1	4,1	3,0
Social security funds .....	0,5	0,5	0,5	0,6	0,6	0,8	0,6
Provincial governments .....	8,9	9,1	9,8	10,7	10,5	11,0	11,4
Local authorities .....	4,1	3,6	3,8	4,1	3,7	4,1	4,0
<b>CONSOLIDATED</b> .....	<b>30,1</b>	<b>31,4</b>	<b>30,6</b>	<b>30,0</b>	<b>29,8</b>	<b>30,7</b>	<b>31,1</b>
<b>EXPENDITURE AND NET LENDING (including transfers to other levels of government)</b>							
• Main budget .....	27,1	26,4	29,3	28,4	32,3	34,2	30,5
• Extra-budgetary institutions .....	5,0	5,1	4,5	4,1	3,8	4,1	3,1
• Social security funds .....	0,5	0,6	0,6	0,6	0,6	0,8	0,6
• Provincial governments .....	9,0	8,7	9,0	10,0	10,7	11,2	12,0
• Local authorities .....	4,5	4,0	4,0	4,2	3,9	4,2	4,1
<b>CONSOLIDATED</b> .....	<b>33,6</b>	<b>32,0</b>	<b>34,7</b>	<b>34,9</b>	<b>38,8</b>	<b>40,9</b>	<b>37,5</b>
<b>SURPLUS (+)/DEFICIT (-)</b>							
• Main budget .....	-3,2	-0,9	-4,6	-4,5	-9,0	-9,7	-5,5
• Extra-budgetary institutions .....	0,1	-0,4	-0,1	-0,8	0,3	-0,1	-0,2
• Social security funds .....	0,0	0,0	-0,1	0,0	0,0	0,0	0,0
• Provincial governments .....	-0,1	0,4	0,8	0,7	-0,2	-0,2	-0,5
• Local authorities .....	-0,4	-0,2	-0,2	-0,2	-0,2	-0,1	-0,1
<b>CONSOLIDATED</b> .....	<b>-3,6</b>	<b>-0,6</b>	<b>-4,1</b>	<b>-4,9</b>	<b>-9,0</b>	<b>-10,2</b>	<b>-8,4</b>
Non-financial public enterprises surplus/(deficit) .....	-0,2	-1,5	-0,4	-0,6	-1,0	-0,7	-0,2
Public sector borrowing requirement .....	-4,0	-2,1	-4,5	-5,4	-9,8	-10,4	-6,3

Source: SA Reserve Bank

Note: These figures have been rounded to one decimal point and some may not add up to the totals.

Table 2.2

TRENDS IN THE COMPOSITION OF CONSOLIDATED GENERAL GOVERNMENT REVENUE PRIORS TO 1994/95 (percentage of GDP)							
	1990	1991	1992	91/92	92/93	93/94	94/95
Total current revenue	29.6	31.5	30.5	29.9	29.8	30.5	31.7
Tax revenue	25.3	27.1	26.2	25.9	25.8	26.9	28.0
of which							
Main budget	22.4	24.5	23.0	23.0	22.8	24.0	24.0
Social security funds	0.9	0.5	0.3	0.0	0.0	0.0	0.5
Provincial governments	0.9	1.0	1.0	1.0	1.1	1.0	0.9
Local authorities	1.1	1.1	1.1	1.3	1.4	1.4	1.3
Non-tax revenue	4.0	4.4	4.3	4.1	4.0	3.6	4.3
of which							
Main budget	0.4	0.5	0.6	0.5	0.4	0.3	0.2
Social security funds	0.0	0.1	0.1	0.1	0.1	0.1	0.1
Provincial governments	0.3	0.7	0.7	0.7	0.6	0.6	0.7
Local authorities	2.1	2.0	1.9	1.9	1.9	1.6	1.7
Total capital revenue	0.2	0.1	0.2	0.1	0.2	0.1	0.1
<b>TOTAL REVENUE AND GRANTS</b>	<b>30.1</b>	<b>31.6</b>	<b>30.7</b>	<b>30.0</b>	<b>29.9</b>	<b>30.7</b>	<b>31.1</b>

Source: SA Reserve Bank

Note: These figures have been rounded to one decimal point and some may not add up to the totals.

Table 2.3

TRENDS IN THE FUNCTIONAL COMPOSITION OF NON-INTEREST CONSOLIDATED GENERAL GOVERNMENT EXPENDITURE, 1989/90 TO 1993/94 (percentage of GDP)						
	89/90	90/91	91/92	92/93	93/94	
Services and unallocable <sup>a) b)</sup>	3.2	3.4	3.4	3.5	3.6	
Production services	6.8	6.9	6.6	6.6	6.0	
Health	4.5	4.5	3.8	3.8	2.7	
Other <sup>c)</sup>	1.6	1.6	1.8	2.1	2.4	
Other <sup>d)</sup>	0.7	0.6	0.6	0.9	0.9	
Social services	12.7	13.0	13.7	14.0	13.5	
Education	8.0	6.1	6.0	7.0	7.5	
Health	3.1	3.1	3.2	3.4	3.7	
Social security and welfare <sup>e)</sup>	2.1	2.2	2.3	2.5	2.5	
Other <sup>f)</sup>	1.6	1.6	1.6	1.4	1.8	
Economic services	5.4	5.1	4.7	4.8	5.0	
Agriculture, forestry and fishing	1.0	0.8	0.8	0.8	0.9	
Transport and communication	2.1	2.0	1.8	1.7	2.2	
Other <sup>f)</sup>	2.3	2.3	2.0	2.0	1.9	
<b>TOTAL NON-INTEREST EXPENDITURE</b>	<b>28.1</b>	<b>28.4</b>	<b>28.4</b>	<b>29.3</b>	<b>31.4</b>	

Source: Central Statistical Service

Note: These figures have been rounded to one decimal point and some may not add up to the totals.

- a) General administration, foreign affairs and general research
- b) Excluding transfers to the Gold and foreign Exchange Contingency Reserve Account
- c) Correctional services, law courts and fire protection
- d) Excluding extraordinary transfers to the Government Service Pension Fund and the Closed Pension Fund
- e) Housing, sewerage and sanitation, community development, recreation, culture and other social services
- f) State water schemes and other water services, fuel and energy, mining, manufacturing, construction, tourism, labour, export promotion, Development Bank of Southern Africa and other economic services.

Table 2.4

TRENDS IN THE ECONOMIC COMPOSITION OF CONSOLIDATED GENERAL GOVERNMENT EXPENDITURE, 1988/89 TO 1993/94 (percentages of GDP)						
	88/89	89/90	90/91	91/92	92/93	93/94
<b>TOTAL CURRENT EXPENDITURE</b> .....	28,9	29,4	29,8	31,2	34,7	34,1
Goods and services .....	19,7	20,0	20,8	21,6	22,9	22,3
• Remuneration of employees .....	11,6	12,0	13,1	14,0	15,4	14,7
• Other .....	8,1	8,0	7,7	7,5	7,4	7,6
Interest .....	4,5	4,8	4,7	5,0	5,4	5,8
Subsidies and current transfers .....	4,7	4,6	4,3	4,0	6,4	5,9
• Subsidies .....	2,2	2,1	1,8	2,0	3,7	2,3
• Current transfers to households <sup>a)</sup> .....	2,2	2,3	2,4	2,6	2,7	3,6
• Other current transfers .....	0,2	0,1	0,1	0,1	0,0	0,0
<b>TOTAL CAPITAL EXPENDITURE</b> .....	3,8	3,8	3,3	3,1	3,0	3,2
• Capital expenditure .....	3,3	3,2	2,9	2,8	2,6	2,8
• Capital transfers <sup>b)</sup> .....	0,1	0,4	0,3	0,1	0,3	0,3
• Purchases of share and loans and advances .....	0,4	0,3	0,1	0,1	0,1	0,1
<b>TOTAL EXPENDITURE</b> .....	32,6	33,2	33,1	34,3	37,7	37,2

Source: Central Statistical Service

Note: These figures have been rounded to one decimal point and some may not add up to the totals.

a) Excluding extraordinary transfers to the Government Service Pension Fund and the Closed Pension Fund

b) Excluding extraordinary transfers to the Gold and Foreign Exchange Contingency Reserve Account

## CHAPTER 3

### REVIEW OF THE 1995/96 BUDGET

*In this chapter the 1995/96 national budget expenditure, revenue and financing figures are updated and the deviations from the budgeted estimates are explained. The last section of this chapter discusses the budgeted expenditure at national and provincial government level.*

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

The budgeted expenditure level, including standing appropriations<sup>1</sup> of R160 billion, amounted to R153,248 billion for 1995/96. This represented an increase of 9,5 per cent on the 1994/95 expenditure level of R140,0 billion (as estimated at the time of the Budget) and was equal to 30,6 per cent of the then projected GDP. Revenue collections (including a transfer of R1,200 billion from the Central Energy Fund) were projected at R124,191 billion - an increase of 11,3 per cent on the 1994/95 revised estimate and equal to 24,8 per cent of GDP, resulting in an expected budget deficit of R29,057 billion (5,8 per cent of GDP).

#### Key national budget figures for 1995/96

	Budget R. million	Revised estimate R. million
Expenditure .....	153 248,3	157 360,1
Revenue and grants .....	124 191,0	127 289,3
Budget deficit .....	29 057,3	30 000,8
Percentage of GDP .....	5,8%	6,0%

The expenditure level for 1995/96 is now estimated to be R157,360 billion which is 14,3 per cent higher than the actual expenditure level of R137,617 billion<sup>2</sup> in 1994/95. This revised estimate of expenditure is equal to 31,5 per

<sup>1</sup> Estimated guarantee liabilities that may realise, subscription payments to the International Development Association (IDA), the International Bank for Reconstruction and Development (IBRD) and valuation adjustment payments to the International Monetary Fund (IMF).

<sup>2</sup> This figure is lower than the estimated R140 billion because roll-overs of unspent funds were much higher than expected.

cent of the latest projection of GDP.<sup>3</sup> Total revenue and grants are now estimated at R127,269 billion (25,5 per cent of GDP). This exceeds the budgeted amount by R3,078 billion and is 13,2 per cent more than was collected in 1994/95. The resulting budget deficit of R30,091 billion is equal to 6,0 per cent of GDP.

#### 3.2 NATIONAL BUDGET EXPENDITURE

##### 3.2.1 Revised estimate of expenditure

When the 1995/96 Budget was tabled in Parliament, the Printed Estimate of Expenditure (RP 2, First Print), the so-called "White Book", provided for expenditure of R152,874 billion. The Supplementary Estimate of Expenditure of R1,500 billion<sup>4</sup> brought the total expenditure provided for in the Printed Estimate of Expenditure (RP 2 & 4, Second and Final Print), the so-called "Blue Book", to R154,374 billion. After taking into account projections of certain expenditures that were identified for inclusion in the Adjustments Estimate (R1,835 billion), the double counting in respect of RDP-related expenditure (R3,121 billion)<sup>5</sup> and standing appro-

<sup>3</sup> Although overall inflation in the economy is slightly lower and real GDP growth slightly higher than envisaged at the time of the budget, the latest projection of nominal GDP for 1995/96 remains R500 billion.

<sup>4</sup> This figure comprised R600 million on Finance's vote, financed by proceeds from the sale of oil reserves, to be transferred to the RDP Fund for capital projects, R700 million for National Defence and R200 million on State Expenditure's vote for the intelligence services.

<sup>5</sup> The Reconstruction and Development Act (Act 7 of 1994) provides for the transfer of funds from the National Revenue Account to the RDP Fund and for receipts into 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 RDP and is financed by transfers from the RDP Fund back to the National Revenue Account. The flow of funds described here implies that the national budget'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.

priations (R160 million), the total estimated expenditure level amounted to R153,248 billion. The Adjustments Estimate, tabled in Parliament on 13 February 1996, as well as certain other adjustments (to be discussed below), bring the revised estimated expenditure level to R157,360 billion.

The calculation of the total expenditure level for 1995/96 is shown in the table below.

**Comparison between budgeted and revised estimate of national budget expenditure for 1995/96**

	Budget R million	Revised estimate R million
Printed Estimate (RP 2 & 3, Second and Final Print)	154 373,9	154 373,9
Adjustments Estimate <sup>a)</sup>	5 241,7	15 016,6
<b>Subtotal</b>	<b>159 615,6</b>	<b>169 390,5</b>
Less:		
Double counting of national budget's contribution to the RDP Fund <sup>b)</sup>	3 120,8	3 557,0
Provision for roll-overs of unspent funds to 1996/97 <sup>c)</sup>	3 406,5	3 439,8
Expected savings		908,0
Shifting of functions <sup>d)</sup>		128,9
Recovery from Pension Funds		1 060,0
<b>Estimated expenditure: Budget vote and statutory amounts</b>	<b>153 088,3</b>	<b>157 297,1</b>
Plus: Standing appropriations <sup>e)</sup>	160,0	83,0
<b>Total estimated expenditure</b>	<b>153 248,3</b>	<b>157 380,1</b>

- a) The budget figure represents the sum of total expenditure identified for inclusion in the Adjustments Estimate (R1,835 billion) and an estimated roll-over of unspent funds from 1994/95 of R3,407 billion. The composition of both these totals is explained in the adjacent table.
- b) The revised estimate includes R436,24 million in respect of a double provision in the Adjustments Estimate.
- c) Provision is made for roll-overs to 1996/97 equal to the roll-overs to 1995/96, net of double counting.
- d) This does not increase the expenditure level - it is merely a shift of functions and funds between departments.
- e) The decrease can be ascribed to lower-than-expected claims on guarantee liabilities.

An Adjustments Estimate of R15,017 billion was tabled in Parliament. This makes provision, among others, for:

- expenditure of R1,828 billion already identified at the time of the Budget;
- additional state debt costs of R828,2 million (see par. 3.4.2);<sup>6</sup>
- a "transitional" reserve of R1,000 billion against

<sup>6</sup> Offset somewhat by higher than foreseen interest earnings on Exchequer deposits in Tax and Loan Accounts with clearing banks (see par. 3.3.3).

which provinces will be able to claim shortfalls subject to certain verification requirements;

- an amount of R1,060 billion voted for the improvement of conditions of service;<sup>7</sup> and

**Adjustments Estimate for 1995/96**

	Projected In March 1995 R million	Actual Adjust- ments Estimate R million
• Roll-over of unspent funds from 1994/95 <sup>a)</sup>	3 406,5	6 875,8
• Promoting the RDP	600,0	600,0
• Local government elections	396,7	480,4
• Drought aid	450,0	282,0
• Computer services for provinces	118,5	74,0
• Retrenchment costs	270,0	411,3
• Own resources shortfall in provinces	-	1 521,5
• Education: provinces	-	670,0
• Reserve for provinces	-	1 000,0
• Expenditure financed from grants received in RDP Fund	-	123,3
• Additional state debt costs	-	828,2
• Clearing operations: oil pollution	-	13,0
• Shortfall in funds voted for integration of former TBVC states: Post & Telecom- munications personnel	-	13,0
• Vesting of beginner farmers	-	90,0
• Correctional services (budget shortfalls and new posts)	-	110,4
• External debt of local authorities	-	129,3
• Intergovernmental grants	-	100,6
• SA Police Service	-	235,7
• African Bank	-	18,0
• African Cup of Nations	-	8,0
• Social pensions	-	50,0
• Improvement of conditions of service	-	1 060,0
• Eastern Cape Provincial Government	-	190,4
• National Botanical Institute	-	3,3
• Shifting of functions	-	128,9
• Other	-	18,9
<b>Total Adjustments Estimate<sup>a)</sup></b>	<b>5 241,7</b>	<b>15 016,6</b>

- a) The Adjustments Estimate includes a double provision in respect of RDP-related expenditure of R436,24 million. At the time of the Budget, it was assumed that the roll-over of unspent funds would equal the 1993/94 roll-overs of R3,407 billion.

- roll-over of unspent funds of R6,876<sup>6</sup> billion from

<sup>7</sup> This was to be financed by way of reducing the government's contribution to the Pension Funds. In practice the state's contribution paid over to the Pension Funds included this amount. The amount of R1,060 billion will, therefore have to be transferred back to the National Revenue Account before the year-end. For purposes of analysis, this transfer is subtracted from expenditure and not included on the revenue side.

1994/95 - excluding the double provision in respect of RDP-related expenditure of R436,2 million, the net roll-overs amount to R6,440 billion.

The roll-over of unspent funds from one year to another is, for budgetary purposes, regarded as self-financing. Since the amount of unspent funds that will be rolled over to 1996/97 is not known at this stage, it is assumed that it will be equal to the net R6,440 billion that was rolled over from 1994/95 to 1995/96.

Savings of R908 million on the 1995/96 Budget have been identified at this stage. This, together with the shifting of functions between departments and taking into account the actual roll-over from 1994/95 (which is to be "financed" by roll-overs to 1996/97), reduces the gross revised estimate of expenditure to R157,360 billion. This is R4,112 billion more than the originally projected R153,248 billion and requires additional financing.

### 3.3 NATIONAL BUDGET REVENUE

#### 3.3.1 Revised estimate of ordinary revenue

At this stage total *ordinary revenue* collections<sup>a</sup> for 1995/96 are estimated at R125,915 billion - R2,924 billion (2,4 per cent) more than the budgeted amount of R122,991 billion. This revised estimate of ordinary revenue is 12,0 per cent higher than the 1994/95 actual collections compared with a budgeted increase of 10,3 per cent. A summary of the revised estimates of revenue appears in the table below, with details in tables 1 to 4 of annexure B of this Review.

It is expected that ordinary revenue collections by Inland Revenue and Customs and Excise will exceed their budgeted amounts by R1,905 billion and R1,019 billion, respectively. Due to an underestimation of collections from direct taxes and indirect taxes of R893 million (1,3 per cent)

Comparison between budgeted and revised estimate of national budget revenue for 1995/96

	Budget R million	Revised estimate R million	Difference R million
<b>TAXES ON INCOME AND PROFITS:</b>			
• Corporation tax	1 485,0	1 485,0	0,0
• Dividends tax	3 124,0	3 124,0	0,0
• Non-resident companies	13 316,0	13 316,0	0,0
• Other taxes on profits	700,0	700,0	0,0
<b>TAXES ON PROPERTY:</b>			
• Estate duty	2 200,0	2 200,0	0,0
<b>INDIRECT TAXES ON GOODS AND SERVICES:</b>			
• Sales tax	1 100,0	1 100,0	0,0
• Excise duty	1 100,0	1 100,0	0,0
<b>TAXES ON IMPORTS:</b>			
• Customs duties	1 100,0	1 100,0	0,0
<b>STAMP DUTIES AND FEES:</b>			
• Stamp duties	1 100,0	1 100,0	0,0
<b>CUSTOMS UNION AGREEMENT:</b>			
• Customs union	1 100,0	1 100,0	0,0
<b>TAX REVENUE</b>	<b>121 365,0</b>	<b>122 600,0</b>	<b>1 235,0</b>
<b>NON-TAX REVENUE:</b>			
• Interest earned on Exchange Fund deposits	180,0	180,0	0,0
• Telecom dividends	115,0	115,0	0,0
• Other <sup>b</sup>	1 253,0	1 599,0	346,0
<b>CURRENT REVENUE</b>	<b>122 843,0</b>	<b>125 714,0</b>	<b>2 871,0</b>
<b>CAPITAL REVENUE</b>	<b>1 215,0</b>	<b>1 201,0</b>	<b>(14,0)</b>
<b>TOTAL REVENUE</b>	<b>124 058,0</b>	<b>126 915,0</b>	<b>2 857,0</b>
<b>GRANTS (NDP)</b>		<b>122,0</b>	<b>122,0</b>
<b>TOTAL REVENUE AND GRANTS</b>	<b>124 058,0</b>	<b>127 037,0</b>	<b>2 979,0</b>
Receipts not regarded as revenue <sup>c</sup>	125,0	184,0	59,0
<b>Total ordinary revenue<sup>d</sup></b>	<b>122 991,0</b>	<b>125 915,0</b>	<b>2 924,0</b>
Direct taxes	68 230,0	69 120,0	890,0
Indirect taxes	53 664,0	53 389,0	(275,0)
Other receipts	2 097,0	2 406,0	309,0

<sup>a</sup> This figure includes a double provision of R436,2 million in respect of uncommitted 1994/95 RDP money on Finance's vote and the Vote: Promoting the RDP (R2,064 billion of the intended R2,500 billion was committed in 1994/95). Roll-over of unspent funds of the committed R2,064 billion is provided only once on the Vote: Promoting the RDP.

<sup>b</sup> Ordinary revenue collections are defined as total revenue excluding extraordinary capital receipts (such as transfers from the Central Energy Fund) and grants (received in the RDP Fund), but including recoveries of loans and advances.

- a) Including interest on overdue income tax and non-residents shareholders' tax.
- b) Including donations tax, estate duties, marketable securities tax and transfer duties.
- c) Including levies and mining lease rights and licences.
- d) Including ordinary levy and miscellaneous Customs and Excise income.
- e) Mainly departmental income and mining leases and ownership.
- f) Comprises recoveries of loans and advances which are not regarded as revenue receipts.
- g) Total revenue excluding extraordinary capital receipts and grants and including recoveries of loans and advances.

and R770 million (1,5 per cent), respectively, tax revenue collections were underestimated by R1,663 billion (1,4 per cent) at the time of the Budget. Non-tax receipts were underestimated by R1,415 billion (49,3 per cent). Details of these divergences from the budgeted amounts and some explanations are given in par. 3.3.3.

### 3.3.2 Revised estimate of extraordinary capital receipts and grants

Since RDP-related expenditure of R123,3 million will be financed by way of grants received in the RDP Fund (see par. 3.2.1), 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>10</sup> As envisaged in the Budget, R1,200 billion from the sale of strategic oil reserves was transferred from the Central Energy Fund to the National Revenue Account in April 1995 to finance RDP capital projects of R600 million and to reduce borrowing and, therefore, the accumulation of state debt. In a continuous process of winding up the National Supplies Procurement Fund, R31 million was also transferred to the National Revenue Account during 1995/96. This brings total receipts (revenue and grants) for the national budget to R127,269 billion against the budgeted R124,191 billion.

### 3.3.3 Explaining some of the major divergences

The reasons for the divergences from the budgeted amounts can be attributed to economic and technical factors. Although nominal GDP is still expected to be R500 billion for 1995/96 (as foreseen at the time of the Budget), the latest projections of the composition of output, income and expenditure differ significantly from the assumptions made when compiling the 1995/96 Budget.

Income tax payments from gold mines were lower than budgeted owing to the combined effect of higher-than-foreseen production costs and a lower-than-expected grade of ore being milled. In addition, production was also lower than estimated - mainly due to the increased number of holidays and unexpected work-stoppages due to labour disputes. Higher-than-expected copper and coal prices resulted in higher profits for other mines, hence the higher-than-budgeted taxes from this source.

With regard to non-mining corporate taxes, the underestimation can mainly be attributed to the non-provision for any receipts with regard to the 1994/95 transition levy on companies. Most companies included the transition levy payments in their "third payment" for the 1994/95 tax year and these payments were, therefore, received only in the 1995/96 tax year.

The lower-than-budgeted collections from the Secondary Tax on Companies can be attributed to the fact that the budgeted amount did not provide sufficiently for changes in companies' financing policies towards higher retention and switches from cash to scrip dividends.

Since the latest estimates of the average increase in taxable income and employment do not differ much from those at the time of the Budget, the deviation in personal income tax collections can largely be ascribed to an underestimation of the effect of making the current PAYE tables applicable to all taxpayers in South Africa.<sup>11</sup> With more complete information now available, it is apparent that the estimates at the time of the Budget were over-cautious.

Collections from marketable securities tax were lower than budgeted due to the fact that activity on the Johannesburg Stock Exchange has shifted to non-taxable transactions. This was not foreseen at the time of the Budget, when the sharp rise in collections from this source in 1994/95 was projected to continue in 1995/96.

Due to a substantially higher-than-projected increase in merchandise imports, collections from customs duties were underestimated at the time of the Budget. Collections from import surcharges were, however, lower than budgeted. This can probably be ascribed to the fact that importers postponed the clearance of these taxable goods till after the surcharge was abolished.

Revenue from excise duties on beer, as well as on tobacco and cigarettes is estimated to be more than budgeted due to higher-than-anticipated consumption of these goods. The fact that the actual collections in 1994/95 (the basis of the 1995/96 budget estimates) were higher than foreseen at the time of the Budget also contributed to the underestimation of collections from these tax sources.

<sup>10</sup> These grants were not provided for at the time of the Budget due to lack of detail.

<sup>11</sup> In the process of harmonising the tax system of the former self-governing territories and TBVC states, the taxation laws of the former Transkei, Bophuthatswana and Ciskei were repealed with effect from 1 March 1995. Those of other states were repealed earlier.

During 1995/96 much higher than envisaged balances were held in the Tax and Loan Accounts at clearing banks, which resulted in the higher than budgeted interest earned on Exchequer deposits (see par. 3.4.2).

### 3.4 BUDGET DEFICIT AND FINANCING

#### 3.4.1 Revised estimate of borrowing requirement and financing

The revised estimates of expenditure and revenue yield a budget deficit of R30,091 billion which is equal to 6,0 per cent of expected GDP. The 1994/95 closing balance brought forward to 1995/96 was R3,430 billion (and not the envisaged zero balance) due to the larger-than-expected roll-over of unspent funds in the 1994/95 financial year (see par. 3.2.1). The net borrowing requirement for 1995/96 is thus expected to be R26,661 billion<sup>12</sup> compared to the budgeted R29,057 billion.

Total loan redemptions amounted to R12,032 billion in 1995/96 compared to the R9,274 billion foreseen at the time of the Budget.<sup>13</sup> After accounting for the premium on consolidating, repurchasing and switching of government stock of R235,1 billion, the net amount is R11,797 billion.<sup>14</sup>

The revised estimate of the 1995/96 borrowing requirement and the financing thereof is given in the table below.

Government stock with a nominal value of R44,9 billion was issued at an average weighted coupon rate of 12,38% and an average weighted yield of 15,92% (i.e. including the discount) with the following maturity structure:

<sup>12</sup> This estimate is based on the assumption that the same amount of unspent funds rolled over from 1994/95 will be rolled over to 1996/97. Any major difference between these two carry-over flows will require an adjustment to the net borrowing requirement for 1995/96.

<sup>13</sup> This increase is due to a continuous process of consolidating, repurchasing and switching of government stock.

<sup>14</sup> In practice, this premium arises either as a cash flow gain or as a book-entry reflecting the difference between the discount on the government stock redeemed before maturity and the discount on the new stock issued. For purposes of analysis, this "book-profit" is excluded from national budget revenue and shown as "negative" loan redemptions.

#### Comparison of budgeted and revised estimate of borrowing requirement and financing for 1995/96

	Budget R million	Revised Estimate R million
Budget deficit .....	29 057,3	30 091,0
Less: 1994/95 balance b/f .....	0,0	3 429,8
Net borrowing requirement .....	29 057,3	26 661,0
Loan redemptions:		
• Short-term (net) .....	-	1 100,0
• Government stock .....	9 089,8	10 699,8
• Bonds .....	75,0	123,4
• Premium on government stock ("book-profit") .....	-300,0	-235,1
• Foreign loans .....	109,0	108,7
Gross borrowing requirement ..	38 031,1	38 457,6
Financing:		
• Short-term (net) .....	1 000,0	-
• Government stock .....	35 521,1	36 604,4
• Bonds .....	10,0	0,2
• Foreign loans .....	1 500,0	1 853,0
Total financing .....	38 031,1	38 457,6
Closing balance .....	0,0	0,0

	Share
3 to 6 years	1,5%
7 to 10 years	65,7%
longer than 10 years	<u>32,8%</u>
	<u>100,0%</u>

The following government stock have been the *main* funding instruments (nominal values):

R162 (12,5% 2002)	R15,5 billion
R150 (12,0% 2004/5/6)	R12,7 billion
R153 (13,0% 2009/10/11)	R13,2 billion

Short-term loans were obtained at an average weighted interest rate of 13,29%.

#### 3.4.2 Increase in state debt cost

In the Adjustments Estimate for 1995/96 an additional amount of R828,2 million was provided in respect of state debt costs. The higher-than-budgeted state debt costs can mainly be ascribed to the following factors:

- Monthly transfer payments from the national budget to the provinces during the first half of 1995/96 on the first working day of the month resulted in high cash balances at month-end and thus a faster funding rate than originally foreseen.

- In pursuit of monetary policy objectives during 1995/96, the South African Reserve Bank sold government stock on tap in amounts exceeding the funding needs of government and converted nil-coupon government stock of R3 billion held in its own policy portfolio into interest bearing stock.
- During the course of 1995/96 switch facilities in government stock, which included formal agreements with certain institutions, were available to the capital market. Higher interest costs resulted where switches were made into higher coupon rate stock and where interest dates were brought forward.

To minimise the effect of these actions on state debt cost the Public Debt Management Committee took several steps including transfer payments to the provinces on a two-weekly basis with effect from November 1995.<sup>15</sup>

**3.4.3 Increase in total government debt**

Table 11 in annexure B of this Review shows the major components of projected government debt on 31 March 1996 against an historical background.

It is projected that total government debt (in nominal terms) will increase by R35,409 billion to R280,024 billion by the end of the 1995/96 financial year. Total government debt is thus projected to be equal to 56,0 per cent of GDP on 31 March 1996, compared with 54,9 per cent at the end of the 1994/95 financial year. Reasons for the increase in government debt appear in the table below.

**Explaining the increase in government debt for 1995/96**

	R billion
Financing of the national budget <sup>a)</sup> .....	34,338
Net increase as a result of switch facilities ..	1,378
Revaluation of foreign loans .....	-0,208
<b>Total loan debt .....</b>	<b>35,508</b>
Foreign exchange forward cover losses realised by the South African Reserve Bank ..	-0,097
<b>Total projected increase in government debt</b>	<b>35,409</b>

a) Comprises government stock (nominal value, i.e. including the discount), bond and foreign loans.

Outstanding marketable rand denominated debt is estimated to be R261,117 billion on 31 March 1996. This comprises government stock, treasury bills and other money market instruments of the former TBVC states and self-governing territories. Outstanding non-marketable rand denominated debt will amount to an estimated R4,532 billion on 31 March 1996 and will include debentures (bonds) of R51 million and non-marketable treasury bills of R626 million. The remainder of R3,855 billion represents mainly loans by the Committee for Economic and Development Cooperation in South Africa (CEDCSA) and the Development Bank of Southern Africa to the former TBVC states and self-governing territories for infrastructure projects.

Total foreign debt on 31 March 1996 is projected to be R10,325 billion if valued at the exchange rates ruling on 27 February 1996.

**Comparative government debt figures**

	End of 1994/95 R billion	End of 1995/96 (Projected) R billion
Government stock <sup>a)</sup> .....	210,190	245,882
Treasury bills <sup>b)</sup> .....	7,017	11,000
Other money market instruments <sup>b)</sup> .....	5,913	4,585
<b>Total marketable debt .....</b>	<b>228,120</b>	<b>261,117</b>
<b>Total non-marketable debt<sup>b)</sup> .....</b>	<b>5,554</b>	<b>4,532</b>
<b>Total domestic debt .....</b>	<b>231,684</b>	<b>265,649</b>
<b>Total foreign debt .....</b>	<b>8,784</b>	<b>10,325</b>
Gold and Foreign Exchange Contingency Reserve Account ..	4,147	4,050
<b>Total debt .....</b>	<b>244,515</b>	<b>280,024</b>
<b>Total debt : GDP ratio .....</b>	<b>54,9%</b>	<b>56,0%</b>

- a) These figures include converted debt of the former TBVC states and self-governing territories in terms of section 239 of the 1993 Constitution.
- b) Comprises floating rate stock, non-marketable treasury bills, loan levies, bonds and non-marketable debt of the former TBVC states and self-governing territories.

<sup>15</sup> With effect from 1 April 1996 these payments will be on a weekly basis.

## CONSOLIDATED NATIONAL AND PROVINCIAL EXPENDITURE

### 3.5.1 Introductory notes

The 1995/96 national budget makes provision for functions for which the national government currently takes responsibility, as well as for transfer payments to other levels of general government (i.e. extra-budgetary accounts and institutions, social security funds, provinces and local authorities). Expenditure by provincial governments is largely financed through these transfer payments from the national budget, but may also be financed through provincial own revenue sources (such as licence fees and departmental receipts), balances brought forward and, at this stage, concessionary loans.

A consolidation between national and provincial budgets shows total budgeted expenditure at these levels of government, after eliminating the transfer payments from the national budget to the provinces. These figures are presented in tables 8, 9 and 10 of annexure B in this Review.<sup>16</sup>

It should be noted that the standard international classification used in these tables does not correspond fully with the division of programmes between departmental votes in the national and provincial Printed Estimates of Expenditure.

When the national budget was presented to Parliament on 15 March 1995, projections of consolidated national and provincial budgets for 1995/96 were published in the Budget Review (tables 8 and 9), with revised estimates of the corresponding consolidated national and second tier government budgets for the period 1990/91 to 1994/95.

The 1995/96 figures in tables 8 and 9 of the March 1995 Budget Review were *preliminary projections* because the provincial budgets were not finalised at that time. These projections were based on responses to questionnaires regarding a *broad* economic and functional classification of intended expenditure plans which were sent to the provincial governments. Five of the nine provinces provided information timeously and this information was then extrapolated to project the overall expenditure at provincial government level.

<sup>16</sup> Table 10 is published for the first time in this Review and shows the economic classification of expenditure broken down also by each government function as budgeted for 1995/96.

During April and May 1995 the nine provincial governments tabled their actual budgets and a new classification, based on these *actual* budgets of the nine provinces and the national budget, was published by way of a press release in August 1995. These are the "budgeted" 1995/96 figures in tables 8, 9 and 10 of this Budget Review. The "revised estimates" (i.e. the historical figures) in these tables include the budgeted figures, as well as the Adjustments Estimate. As in the past, no provision has been made for the roll-over of unspent funds to the next financial year due to lack of detail at the time the classifications were done.

To put the "budgeted" 1995/96 figures included in this Budget Review into perspective, the following should be noted:

- The economic and functional classifications of national and provincial budgets prior to 1995/96 represent consolidations between revised expenditure estimates of the national government, the former three Own Administrations, the former four Provincial Administrations, the former six self-governing territories and the former four TBVC states. Detailed information about some of these 18 budgets was not readily available, or, in some cases, not available at all. In these cases, other sources for estimates of expenditure were used. The consolidated national and provincial figures in tables 8 and 9 for the period 1992/93 to 1994/95 are thus estimated reconstructions and contain some uncertainty.
- The 1995/96 figures represent an economic and functional classification of budgeted expenditure of the national government and the nine provincial governments. Since this classification was done from the actual budgets - unlike those for the period up to 1994/95 - this may be regarded as a more accurate classification of planned expenditure at national and provincial government levels.

For these reasons, the 1995/96 budgeted figures in tables 8, 9 and 10 are *not strictly comparable* with those for previous years and time series analyses should be undertaken with caution.

Although the national Adjustments Estimate was tabled in Parliament in February 1996, the various provinces will not table their respective Adjustments Estimates in time to compile revised 1995/96 estimates of consolidated national and provincial expenditure for inclusion in this Budget Review.

For the sake of completeness, the *budgeted* expenditure at national and provincial government level of R158,068 billion (published in August 1995) is discussed below. All of the R158,068 billion is classified economically and functionally, except for R870 million representing the allocation of R600 million to the RDP Fund for capital projects and the provision of R270 million in respect of possible retrenchment costs.<sup>17</sup>

### 3.5.2 Economic classification

Budgeted current expenditure is estimated to comprise 91,7 per cent of total expenditure or 28,8 per cent of expected GDP in 1995/96:

- Expenditure on goods and services at national and provincial government levels comprises almost half of total expenditure (49,2 per cent) and 15,5 per cent of GDP. Remuneration of employees is estimated to be R56,741 billion (36,1 per cent of total expenditure), while expenditure on other goods and services is estimated to be 13,1 per cent of total expenditure.
- The estimated interest bill is R29,493 billion - almost 19 per cent of total expenditure and 5,9 per cent of GDP.
- Current transfers to households, businesses and the rest of the world amount to R23,892 billion (15,2 per cent of total expenditure). The largest component of this is current transfers to households - mainly in the form of social grants - which is equal to 10,0 per cent of total expenditure.
- Current transfer payments to other levels or institutions of general government (i.e. extra-budgetary accounts and institutions,<sup>18</sup> social security funds and local authorities) constitute 8,5 per cent of total expenditure.

Total capital expenditure is estimated to comprise 8,3 per cent of total expenditure and 2,6 per cent of estimated GDP in 1995/96. The bulk of this will be in the form of the acquisition of fixed capital assets, land, stock and other

<sup>17</sup> These figures exclude roll-over of unspent funds from 1994/95.

<sup>18</sup> Including the Special Defence Account and universities and technikons.

intangible assets (1,8 per cent of GDP). Most of the remainder is in the form of capital transfer payments to other levels of general government.

### Economic classification of consolidated national and provincial expenditure: Budgeted for 1995/96<sup>a)</sup>

	Budget R million	% of total	% of GDP
• Goods and services .....	77 309,2	49,2%	15,5%
• Interest .....	29 492,5	18,8%	5,9%
• Current transfers to businesses, households and the rest of the world .....	23 891,7	15,2%	4,8%
• Current transfer payments to other levels of general government .....	13 438,0	8,5%	2,7%
Total current expenditure .....	144 132,3	91,7%	28,8%
Total capital expenditure .....	13 085,8	8,3%	2,6%
Subtotal .....	157 188,1	100,0%	31,4%
Plus: Expenditure not yet classified <sup>b)</sup> .....	870,0		0,2%
Less: Expected roll-overs of unspent funds and declared savings .....			
Total estimated expenditure	158 058,1		31,6%

a) Due to rounding of figures to one decimal point, some may not add up to the totals.

b) Includes R600 million for RDP capital projects and estimated retrenchment costs of R270 million.

### 3.5.3 Functional classification

The national and provincial governments budgeted to divide their funds as follows among the various government functions for the 1995/96 financial year:

- Interest on debt: R29,493 billion.
- Protection services: R26,459 billion - just below 17 per cent of total expenditure or 5,3 per cent of GDP.
- Social services: R72,368 billion - 46 per cent of total expenditure and 14,5 per cent of GDP.
- Economic services: R17,945 billion - 11,4 per cent of total expenditure and 3,6 per cent of GDP.
- Other general services: R10,926 billion - 7 per cent of total expenditure and 2,2 per cent of GDP.

#### Protection services (16,8 per cent of total expenditure):

Although defence has shown a marked decline over the past few years, it still has the largest share in protection related

spending (2,4 per cent of GDP), while police services take up 2 per cent of GDP.

*Social services (46,0 per cent of total expenditure):*

Expenditure on education remains the largest single item on the budget and is estimated to constitute 21,3 per cent of total budgeted expenditure and 6,7 per cent of GDP in 1995/96. Expenditure on health and welfare have approximately equal shares (about 10 per cent of total expenditure respectively), with expenditure on housing of R2,953 billion making up 1,9 per cent of the consolidated budgets. Another 3,2 per cent of the total budgets (R5,075 billion) goes into outlays on sport and recreation, sewerage, sanitation, community development and other community services.

*Economic services (11,4 per cent of total expenditure):*

Expenditure on transport and communication services remains the largest item under 'economic services' and comprised 4,6 per cent of total expenditure and 1,5 per cent of GDP in 1995/96. The other major components are agriculture (2,5 per cent of total expenditure) and export promotion (1,4 per cent of total expenditure).

### 3.5.4 Functional and economic classification of expenditure

Table 10 of annexure B shows the economic classification of expenditure by each government function. A few outstanding features are highlighted below:

• Remuneration of employees:

- R33,383 billion (58,8 per cent) of total remuneration of employees is spent in the social services, R15,930 billion (28,1 per cent) in the protection services and the remaining R7,428 billion (13,1 per cent) in the economic and other general services.

- Remuneration of employees constitutes 46,1 per cent of total expenditure on social services, 60,2 per cent of total expenditure on protection services and 25,8 per cent of total expenditure on economic services and other general services.

• Expenditure on goods and services (remuneration and other goods and services):

### Functional classification of consolidated national and provincial expenditure: Budgeted for 1995/96<sup>a)</sup>

	Budget R billion	% of total	% of GDP
General government services	10 925,5	7,0%	2,2%
Protection services	28 459,1	18,8%	5,3%
• Defence	11 927,1	7,8%	2,4%
• Police	9 466,7	6,3%	2,0%
• Prisons	2 861,6	1,8%	0,6%
• Courts of law	1 703,7	1,1%	0,3%
Social services	45 865,2	48,0%	14,8%
• Pre-tertiary education	27 659,9	17,7%	6,7%
• Tertiary education	5 000,0	3,0%	1,1%
• Health	15 665,3	10,0%	3,1%
• Social security and welfare	15 530,0	9,7%	3,0%
• Housing	2 953,1	1,9%	0,6%
• Other <sup>b)</sup>	5 075,3	3,2%	1,0%
Economic services	17 944,9	11,4%	3,8%
• Water and related services	1 368,7	0,8%	0,3%
• Agriculture	3 842,5	2,5%	0,8%
• Transport and communication	7 242,7	4,6%	1,5%
• Export trade promotion	2 218,4	1,4%	0,4%
• Other <sup>c)</sup>	3 292,5	2,0%	0,8%
Interest	28 492,5	18,8%	6,6%
Government enterprises	8,0	0,0%	0,0%
Subtotal	157 198,1	100,0%	31,4%
Plus: Expenditure not yet classified <sup>d)</sup>	870,0		0,2%
Less: Expected roll-over of transport funds and declared savings			
Total estimated expenditure	158 068,1		31,6%

- a) Due to rounding of figures to one decimal point, some may not add up to the totals.
- b) Including foreign affairs, general research and other government services.
- c) Including recreation and culture, sewerage, sanitation, community development and other community services.
- d) Including manufacturing, regional development, tourism, labour and other multi-purpose projects.
- e) Includes R600 million for RDP capital projects and estimated retrenchment costs of R270 million.

- R41,952 billion (54,3 per cent) of total expenditure on goods and services is spent on social services, R21,595 billion (27,9 per cent) on protection services and the remaining R13,762 billion (17,8 per cent) on economic services and other general services.

Expenditure on goods and services constitutes 58 per cent of total expenditure on social services, 81,6 per cent of total expenditure on protection services and 47,6 per cent of total expenditure on economic services and other general services.

- **Current transfers to businesses and households:**

R16,013 billion (67 per cent) of total current transfers of R23,891 billion are classified as social services (mainly social security and welfare payments), with the remainder mainly subsidies budgeted for economic services (export promotion and transport).

Transfer payments of R16,946 billion to other levels of general government are not split into current and capital expenditure, which makes a comparison of total capital expenditure per function incomplete. However, with regard to the major part of capital expenditure (the acquisition of fixed capital assets, land, stock and other intangible assets): R4,182 billion (47,4 per cent) of the total of R8,817 billion will be spent on social services, R1,047 billion (11,9 per cent) on protection services and R2,660 billion (30,2 per cent) on economic services.

## CHAPTER 4

### ESTIMATE OF EXPENDITURE: 1996/97 NATIONAL BUDGET

The 1996/97 national budget expenditure proposals are set out in this chapter, including amounts to be allocated in the Adjustments Estimate towards the end of the financial year. Remarks on several budget votes, including transfer payments to the provincial governments, are also presented.

#### 4.1 ESTIMATED TOTAL EXPENDITURE LEVEL

The estimated total national budget expenditure level for 1996/97 amounts to R173,659 billion. This includes the Printed Estimate of Expenditure and amounts identified for inclusion in the 1996/97 Adjustments Estimate and standing allocations. The national budget expenditure level includes an allocation of R7,500 billion to the RDP-fund for the 1996/97 year. The 1996/97 estimated expenditure level represents an increase of 10,4 per cent on the revised estimated expenditure level for 1995/96<sup>1</sup> and is equal to 31,0 per cent of expected GDP (31,5 per cent in 1995/96). Details are set out below.

##### 4.1.1 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 general government (provincial governments, extra-budgetary institutions and funds and local authorities).

<sup>1</sup> Since the amounts of unspent funds that will be rolled over from 1995/96 to 1996/97 and from 1996/97 to 1997/98 are not known at this stage, it is assumed that these will be equal to the R6,440 billion (net of double counting - see par. 3.2) rolled over from the 1994/95 financial year. Any major difference between these carry-over flows will affect the actual expenditure levels in 1995/96 and 1996/97. The increase of 10,3 per cent envisaged at this stage should be viewed against this background.

Comparison between 1995/96 and 1996/97 estimates of national budget expenditure levels

	1995/96 Revised Estimate R billion	1996/97 Budget R billion
Printed Estimate .....	154 275,9	173 659,7
Supplementary Estimate .....	1 560,0	7 500,0
Adjustments Estimate <sup>a</sup> .....	16 018,9	7 500,0
<b>Subtotal .....</b>	<b>169 854,8</b>	<b>188 659,7</b>
<b>Less:</b>		
Double counting of provision for new RDP Fund projects <sup>b</sup> .....	3 537,0	3 110,1
Provision for roll-over of unspent funds to next year <sup>c</sup> .....	6 440,5	6 440,5
Expected savings .....	900,0	0,0
Shifting of functions <sup>d</sup> .....	120,0	0,0
Recovery from Pension Funds <sup>e</sup> .....	1 000,0	0,0
<b>Estimated expenditure: Budget votes and statutory amounts Plus: Standing appropriations<sup>f</sup></b>	<b>157 277,8</b>	<b>173 659,7</b>
<b>Total estimated expenditure .....</b>	<b>157 277,8</b>	<b>173 659,7</b>

- The 1996/97 "budget" figure represents the sum of total expenditure identified for inclusion in the Supplementary and Adjustments Estimates (R1,560 billion) and an estimated roll-over of unspent funds from 1995/96 of R6,440 billion.
- The 1995/96 revised estimate includes R436,24 million in respect of a double provision in the Adjustments Estimate.
- Provision is made for roll-overs to 1996/97 and to 1997/98 equal to the estimated roll-overs from 1994/95 to 1995/96, net of double counting.
- The shifting of functions between departments requires additional appropriations, but as these are offset by corresponding reductions no increase in the expenditure level is involved.
- Guarantee liability claims that may realise, subscription payments to the International Development Association (IDA), the International Bank for Reconstruction and Development (IBRD), and valuation payments to the International Monetary Fund (IMF).

Budgeted expenditure included in the "White Book" amounts to R176,140 billion. This amount includes a double appropriation of R4,110 billion in respect of the transfer to the RDP Fund for new projects. This amount is appropriated on Finance's vote for transfer to the RDP-fund and will then be transferred back to the National Revenue

Account to finance RDP expenditure appropriated on the various national and provincial budget votes.<sup>2</sup>

The following amounts have been identified for inclusion in the Supplementary Estimate of Expenditure:

- R950 million for improvement of conditions of service; and
- R10 million for an Expenditure Evaluation Unit in the Ministry of Finance.

The proposed expenditure evaluation unit is intended to assist in identifying cash savings and possibly efficiency gains in the budget of spending agencies.

In addition to the expected roll-over of unspent 1995/96 funds,<sup>3</sup> expenditure to the amount of R600 million has been identified for inclusion in the Adjustments Estimate towards the end of the 1996/97 financial year. Details are:

- Promoting the RDP: R450 million; and
- Restructuring of the Department of Finance: R150 million.

The amount of R450 million allocated for RDP purposes cannot be assigned to spending agencies at this stage as the projects in question cut across several departmental functions. The amount earmarked for the Department of Finance provides for costs associated with the establishment of the new South African Revenue Services. The funds will be made available as and when the required business plan is approved and operational.

These expenditures cannot be allocated to specific budget programmes at this stage due to lack of detail.

#### 4.1.2 Increases and decreases in national budget expenditure

The total estimated expenditure level (i.e. including standing appropriations) for 1996/97 is R16,299 billion higher than the 1995/96 revised estimate. The main components of this

<sup>2</sup> The carry-through costs of RDP projects provided for on the various national and provincial budget votes amount to a total of R3,390 billion. This, together with new RDP expenditure of R4,110 billion brings the total amount for RDP-related expenditure for 1996/97 to R7,500 billion.

<sup>3</sup> Since the roll-overs from one year to another are regarded as equal to the latest available figure (i.e. the amount of R6,440 billion rolled over from 1994/95), this amount will not affect the estimated expenditure level for 1996/97.

increase are state debt cost (R5,232 billion), improvements in conditions of service (R6,040 billion) and the transfer payments from the national budget to provinces (R2,727 billion, excluding improvement of conditions of service). Details appear in the table below and are briefly discussed in parr. 4.2 - 4.4.

*The main increases and decreases in the estimated national budget expenditure level between 1995/96 and 1996/97<sup>a)</sup>*

	Increase/ decrease R million
State debt cost .....	5 231,8
Parliament .....	37,0
Improvement of conditions of service <sup>b)</sup> .....	6 039,7
Transfer payments to provinces .....	2 727,3
Central Statistical Service .....	289,0
Constitutional Development .....	-201,3
Education .....	1 161,7
Health .....	-729,0
Housing .....	-2 503,9
Land Affairs .....	168,0
Promoting the RDP .....	-391,8
Public Works .....	452,6
SA National Defence .....	536,7
SA Police Service .....	437,6
SA Revenue Services .....	258,8
State Expenditure .....	161,9
Trade and Industry .....	268,4
Water Affairs and Forestry .....	247,2
Expenditure not yet allocated to a vote	
Supplementary Estimate .....	960,0
Adjustment Estimate .....	600,0
All other national budget votes (net) .....	2 132,0
<b>Subtotal: Budget votes and statutory amounts .....</b>	<b>16 293,3</b>
<b>Plus: Standing appropriations .....</b>	<b>6,0</b>
<b>Total estimated increase .....</b>	<b>16 299,3</b>

a) See table 5 of annexure B for details.

b) Improvements to conditions of service in 1996/97 have not yet been allocated to the respective budget votes, but carry-through costs of the 1995/96 improvements in conditions of service are included. The increase is calculated on the outstanding 1995/96 figure, which comprises an as yet unallocated amount of R23,3 million and an amount of R468 million mainly earmarked for salary improvements in the former TBVC States that did not materialise.

#### 4.2 STATE DEBT COST

For the 1996/97 financial year the cost of servicing state debt, which forms a first charge against the National Revenue Account, is estimated at R35,036 billion. In practice this cost depends, amongst other things, on interest

rate trends which are subject to change and cannot be determined in advance. At this stage the following assumptions are made:

- a national budget deficit net borrowing requirement of R28,8 billion or 5,1 per cent of GDP;
- scheduled domestic and foreign loan redemptions of R16,5 billion;
- a possible conversion of nil-coupon stock by the South African Reserve Bank to the amount of R5 billion;
- an average capital market yield of 14 per cent and an average coupon rate on new government stock issues of 13 per cent; and
- average short-term interest rates of 14,5 per cent.

State debt cost remains the second largest item on the consolidated national and provincial budgets (after education) and it is crowding out non-interest expenditure. Government has decided to take two specific steps in order to reduce state debt cost for 1996/97.

Firstly, an amount of R1,880 billion will be transferred from the Central Energy Fund to the National Revenue Account on 1 April 1996. This will reduce the net borrowing requirement for 1996/97 and will result in an interest saving of R227 million.

The second step relates to the improvement of cash management (see par. 2.9.1). As part of this initiative, surplus funds of certain government departments and agencies which are invested with the Corporation for Public Deposits (CPD) will from 1 April 1996 be invested by the CPD in special treasury bills and, in turn, be utilized by Government as part of the financing of the national budget borrowing requirement. No interest will be payable on these special treasury bills, with a resulting interest saving of R364 million for 1996/97.

After allowing for the total saving of R591 million in interest on state debt, the total cost of servicing state debt provided for in the Printed Estimate of Expenditure (RP 2, First Print) amounts to R34,445 billion - almost 18 per cent more than the revised 1995/96 figure of R29,213 billion. Details are given in the table below.

Interest on state debt will increase by 15,3 per cent to R33,572 billion. In 1996/97, redemptions of a DM 400 million and of an ECU 250 million foreign loan are due. The exchange rate losses on these loans are recorded as "management costs" at redemption, hence the significant

increase. During 1996/97 government will issue stock at a much lower discount than in 1995/96.<sup>4</sup>

#### Comparative state debt cost figures

	1995/96 Revised estimate R million	1996/97 Budget R million
Interest .....	29 131,8	33 571,9
Management costs .....	23,2	857,9
Cost of raising loans .....	8 378,0	2 843,1
<b>Subtotal .....</b>	<b>37 539,0</b>	<b>37 272,9</b>
Less: Discount on sales of new government stock .....	8 325,8	2 627,9
<b>State debt cost .....</b>	<b>29 213,2</b>	<b>34 445,0</b>

Given the estimated 1996/97 expenditure level of R173,659 billion and interest on state debt of R33,572 billion, an amount of R140,087 billion is available on the national budget for non-interest current and capital expenditure, including transfer payments to the other levels of general government. Non-interest expenditure provided for in the 1996/97 national budget is 9,2 per cent more than the revised estimate for 1995/96 and 12,2 per cent more than the original budgeted figure.<sup>5</sup>

#### 4.3 TRANSFERS TO PROVINCES

Transfer payments to provinces are shown as global amounts on the Department of Finance's budget vote. In the absence of legislation for the financing of provinces as prescribed in the Constitution, the budget process which applies to national departments has been extended to provide for the determination of these amounts. An extensive process of consultation in which backlogs, inequalities between provinces and revenue shortfalls were taken into account to arrive at equitable allocations, was followed. Over and above numerous bilateral discussions, the following entities were involved in the process:

<sup>4</sup> The discount amount, which represents deferred interest payments, is roughly determined by the amount of new government stock issued and the difference between the market yield and coupon rate on new issues.

<sup>5</sup> The revised estimated non-interest expenditure for 1995/96 is R128,228 billion (total expenditure level of R157,360 billion less interest payments of R29,132 billion).

- function committees;
- the Budget Committee of the Department of State Expenditure (attended by the Financial and Fiscal Commission as an observer);
- the Technical Committee on Finance;
- the inter-governmental Ministers of Finance Forum (MFF); and
- the Inter-governmental Forum.

Recommendations by the relevant function committees for the division between provinces of guideline amounts for agriculture, education, health, nature conservation, roads and welfare were important inputs in this determination.

The amounts allocated to the provinces are set out in the table below:

*Transfer payments from national budget to provinces (excluding improvements of conditions of service in 1996/97)*

	1995/96 Revised estimates R million	1996/97 Budget R million
Eastern Cape	12 714,6	13 900,8
Northern Cape	1 875,9	1 789,0
Western Cape	8 389,7	8 378,2
KwaZulu/Natal	14 041,2	14 864,4
Free State	4 948,8	5 194,9
Mpumalanga	4 144,2	4 610,3
Northern Province	9 041,9	8 323,8
North West	5 884,2	6 448,8
Gauteng	10 653,2	11 107,7
Transitional reserve (unallocated)	1 000,0	-
<b>Total</b>	<b>72 571,8</b>	<b>75 288,0</b>

The increase of R2,727 billion (3,8 per cent) in transfer flows to provinces between 1995/96 and 1996/97 excludes amounts for improvements in conditions of service, which will be determined and added at a later stage. Provincial transfers provided through the Department of Finance vote account for 43,4 per cent of the total estimated expenditure level and 54,1 per cent of projected non-interest expenditure at this stage.

As indicated below, the transfers to provinces on the Finance vote include carry-through costs of RDP projects amounting to R1,626 billion and provision for new RDP projects of R1,125 billion.

An amount of R1,000 billion included in the 1995/96 Adjustments Estimate provides an additional reserve out of which provincial expenditure may be financed.

#### 4.4 REMARKS ON CERTAIN BUDGET EXPENDITURE VOTES

The new structure of the national budget reflects several major changes effected over the past two years. In respect of functions such as agriculture, health and welfare in which provinces are now responsible for the provision of most services, the national votes are now small relative to total expenditure. In education, the national budget makes provision for higher education, but the considerably larger costs of school and college education are met from provincial budgets. In several other areas, there have been corresponding shifts of functions between national and provincial departments, and there have also been significant changes in programme structures within and between departments. Although further changes may well be called for in certain votes, the restructured budget format now provides a more stable basis for long-term fiscal planning and expenditure prioritisation.

The reprioritisation of government spending, which has included initiatives across and within all departments, often facilitated by the RDP office and the RDP funding mechanism, has for budgetary purposes been promoted through explicit planning from zero by national and provincial spending agencies. The downscaling of lower priority activities and increased resource allocation to high priority initiatives frequently require adjustments phased in over the medium term. Although the 1996/97 Budget is one step in this larger process, it reflects the growth strategy and development priorities of the Government of National Unity set out in chapter 2 of this Review in several key areas. These include:

- transfers to provinces of RDP funds for a new programme addressing the backlog in school classrooms (R1,000 billion);
- increased provision on the national Education vote for higher education and training (R5,251 billion);
- inclusion in the Education vote of provision for a new youth colleges project (R160 million);
- further allocations of RDP funds to the provinces for the targeted provision of free health services (R680 million), primary school nutrition schemes (R500 million) and for the costs of restructuring hospitals moving from tertiary to primary care (R450 million);
- a substantial reduction in the Health budget due to the assignment to the provinces of project funds formerly transferred from the national vote;
- additional funds for housing finance (R1,502 billion), although well below the 1995/96 allocation;

- allocations for the restitution of land rights (R116 million) and land redistribution (R329 million);
- inclusion in the Constitutional Development vote of a major initiative for the upgrading and extension of municipal services (R750 million);
- inclusion in the Constitutional Development vote of provision for a rural local government development and democratisation RDP project (R200 million);
- a bridging allocation for infrastructure development provided for in the RDP vote (R465 million);
- a decreased allocation to the export promotion programme (R1,925 billion) which includes the General Export Incentive Scheme now being phased out, and increased allocations to more targeted industrial development incentives (R535 million);
- a new public works employment programme (R100 million);
- substantially increased spending on community water supply and sanitation projects (R1,533 billion);
- a significantly increased allocation on the SA Police budget for community policing (R4,222 billion); and
- a decrease of 5 per cent in the defence budget.

This year's Budget also includes several "cross-cutting" RDP initiatives, in which project funds will be assigned to several departments as part of specific coordinated projects. These are to be provided for in the Adjustments Estimate, and comprise:

- renewal of the criminal justice system, involving Justice, Police and Correctional Services (R200 million);
- an integrated community infrastructure initiative, including Police, Housing, Welfare, Health, Education and Justice (R190 million); and
- a development programme for children and youth (R60 million).

Annexure A in this Review provides a summary of each departmental vote for 1995/96 and 1996/97, setting out the main programme divisions broken down between current and capital expenditure and current and capital transfers, as they appear in the Printed Estimate ("White Book").

Table 5 in annexure B sets out the total expenditure to be defrayed from the National Revenue Account in 1996/97 according to budget votes, together with revised estimates for 1995/96. These 1995/96 estimates differ from those which appear in annexure A and the "white book" departmental votes, as drawings on improvements in conditions of service are added to the respective votes and funds carried over from 1994/95 and voted in the 1995/96

Adjustments Estimate are *subtracted*. Details of the adjustments appear in annexure 6 of the Printed Estimate.

Brief remarks are made below on certain national budget expenditure votes. It should be noted that appropriations for improvements in conditions of service in 1996/97 are not allocated to departments at this stage, so that the eventual expenditure on departmental votes will exceed the amounts budgeted. Growth rates in departmental or programme allocations between 1995/96 and 1996/97, calculated on the basis of the "revised estimates" described above, accordingly understate the total increases in expenditure for which the Budget makes provision, and do not correspond with those reported in annexure A.

The budget votes of the President (R22 million), the Executive Deputy President (R10 million), the Executive Deputy President from the Largest Minority Party (R13 million), the Central Economic Advisory Service (R9 million), Public Enterprises (R35 million), Public Service and Administration (R25 million), the Public Service Commission (R112 million), the SA Communication Service (R51 million) and Sport and Recreation (R47 million) are not separately discussed below.

#### 4.4.1 Vote 4: Parliament

The total estimated expenditure for 1996/97 on the budget vote for Parliament is R344 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 R149 million.

A number of steps have been taken by Parliament to ensure transparent, effective and accountable governance as well as accessibility. Factors which have contributed to the 12 per cent increase in this vote include:

- increased activities of standing committees;
- increased international contact;
- provision for maintaining communication with the provincial legislatures;
- Parliament's public education programme;
- human resources development for staff members; and
- replacement of obsolete equipment to improve efficiency.

#### 4.4.2 Vote 5: Agriculture

The national budget for Agriculture provides for expenditure of R863 million, representing a reduction of 5,3 per cent on the 1995/96 revised estimate.

Included in the amount is R221 million for financial and institutional support to farmers. An amount of R318 million is included as a transfer payment for the Agricultural Research Council.

#### 4.4.3 **Vote 6: Arts, Culture, Science and Technology**

The budget of the Department of Arts, Culture, Science and Technology in 1996/97 amounts to R540 million.

The previous programme: culture has been divided into two new programmes: arts and culture, and heritage, films and international. A larger commitment to the funding of the film industry and an increased provision for the general dictionary institutions to provide fully for South Africa's languages are reflected in the 1996/97 budget. An additional amount has also been allocated for special investigations in respect of science-related matters.

#### 4.4.4 **Vote 8: Central Statistical Service**

Estimated expenditure of R373 million by the Central Statistical Service in 1996/97 is budgeted.

This includes provision of R347 million for the programme: statistical services which substantially exceeds the 1995/96 allocation due to the costs of the administration of the forthcoming population census.

#### 4.4.5 **Vote 9: Constitutional Development**

The budget of the Department of Constitutional Development decreases from a revised estimate of R1,237 billion in 1995/96 to R1,035 billion in 1996/97.

The decrease is largely due to less funds provided for the Commission on Provincial Government, the Volkstaat Council and the Council for Traditional Leaders, as well as the transfer of the function of intergovernmental grants for local government to the provincial governments.

The Constitutional Development vote includes the carry-through costs of the masakhane campaign (R30 million) and provision for new RDP projects regarding rural government (R200 million) and the extension of municipal services (R750 million).

#### 4.4.6 **Vote 10: Correctional Services**

The 1996/97 allocation for Correctional Services amounts to R2,591 billion, representing a 0,2 per cent increase over the 1995/96 revised estimate. A further amount of R247 million

is included in the budget of the Department of Public Works for capital expenditure to be utilised for the erection of new prisons and the modernisation of existing facilities.

#### 4.4.7 **Vote 11: Education**

The budget for the national Department of Education amounts to R5,493 billion for 1996/97, compared with a revised estimate of R4,331 billion in 1995/96.

The main items in the national budget are transfers totalling R3,640 billion and R1,267 billion to universities and technikons respectively. The average funding level<sup>6</sup> of the subsidies to universities has increased from 65,6 per cent to 68 per cent, and in respect of technikons from 62,1 per cent to 68,6 per cent. These increases in the funding levels represent significant improvements in the subsidisation of higher education and will contribute to the stabilisation of the financial circumstances of these institutions. The total transfers to universities and technikons include earmarked amounts of R100 million and R50 million respectively for the erection of new buildings.

An amount of R300 million for the first phase of a national student financial aid scheme for students at universities and technikons has been introduced in the budget of the Department. This allocation is intended to relieve the plight of financially disadvantaged students and contribute to easing the tensions regarding financial assistance which have arisen in recent years.

The Education vote includes an amount of R160 million for a new RDP project for the development of youth or community colleges.

#### 4.4.8 **Vote 12: Environmental Affairs and Tourism**

Provision for the Department of Environmental Affairs and Tourism in 1996/97 amounts to R326 million, which is 4,7 per cent higher than the 1995/96 revised estimate.

The budget includes a 16 per cent increase to R61 million in the amount provided for the promotion of tourism, and allocations of R32 million to the National Botanical Institute and R46 million to the National Parks Board.

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<sup>6</sup> The "funding level" is the amount allocated expressed as a percentage of the funding requirement derived from the subsidy formula currently applicable to universities or technikons.

**4.4.9 Vote 13: Finance**

The Finance budget of R115,999 billion includes R75,299 billion for transfer to provinces, R4,110 billion for transfer to the RDP Fund and R34,445 billion in respect of state debt costs.

Provision is also made on the Finance vote for a transfer payment of R358 million in respect of Post Office losses, which is partially offset by a estimated dividend payment of R320 million to be received from Telkom (see par. 5.2.2).

Expenditure on exchequer financing, representing the costs of tax administration and collection, formerly included in the Finance vote, is now appropriated on the new South African Revenue Service vote.

**4.4.10 Vote 14: Foreign Affairs**

Estimated expenditure on the Department of Foreign Affairs vote in 1996/97 amounts to R1,146 billion, representing a 0,7 per cent increase on the corresponding 1995/96 allocation.

**4.4.11 Vote 15: Health**

The 1996/97 budget of the Department of Health is R712 million. Budgetary restructuring associated with the allocation of functions between provinces accounts for the substantial reduction in this vote from the 1995/96 allocation.

An allocation of R310 million for improvements to capital equipment in facilities is included in the national budget, mainly to be distributed to provinces on the basis of the results of a national audit of facilities which is currently under way.

Carry-through costs of RDP projects on the national Health vote amount to R69 million, mainly for the clinic building programme. The budget also includes R40 million of the amount provided for the new RDP AIDS awareness project.

**4.4.12 Vote 16: Home Affairs**

The Home Affairs budget of R392 million is 2,3 per cent higher than the revised estimate for 1995/96.

The budget includes R179 million for services to citizens and R108 million for the regulation of international migration.

**4.4.13 Vote 17: Housing**

The Housing vote has decreased from a revised estimate of R4,048 billion in 1995/96 to R1,544 billion in 1996/97.

Last year's initial budget allocation of R1,554 billion to the Department of Housing was supplemented by substantial project funding from the RDP Fund. The resources for the national housing initiative have been strengthened by these allocations which are largely for capital subsidies to low-income home-buyers. Legislation has been prepared dealing with the rationalisation of the relevant extra-budgetary Funds, which receive the bulk of the budgeted monies.

The Housing budget for 1996/97 includes R619 million of carry-through costs of RDP projects and R600 million in respect of infrastructure subsidies (R200 million) and bulk housing infrastructure (R400 million). The available funds include a substantial amount to be rolled over from 1995/96.

**4.4.14 Vote 18: Improvement of conditions of service**

An amount of R6,5 billion has been set aside for the improvement of conditions of service during 1996/97. A further R950 million is proposed for inclusion in the Supplementary Estimate. Negotiations between the State as employer and employee organisations are still being conducted.

A new salary grading system (for proposed implementation during the 1996/97 and 1997/98 financial years) has been developed as part of a multi-year improvement plan for the public service. The particulars of the relevant salary grading system and its financial implications have to be negotiated in the Central Chamber of the Public Service Bargaining Council during the course of 1996.

**4.4.15 Vote 19: Justice**

The estimated expenditure of the Department of Justice in 1995/96 amounts to R1,573 billion, representing a 6,4 per cent increase over the 1995/96 revised estimate, mainly accounted for by the carry-through costs of improvements in conditions of service.

**4.4.16 Vote 20: Labour**

The Labour vote for 1996/97 amounts to R657 million, which is 2,8 per cent below the 1995/96 revised estimate.

The budget includes R44 million in respect of career services and special employment programmes, R233 million for human resource development activities and R172 million for the programme: labour relations.

**4.4.17 Vote 21: Land Affairs**

The budget of the Department of Land Affairs for 1996/97 amounts to R645 million, which represents an increase of R168 million over the revised estimate of R477 million for 1995/96.

Amounts of R116 million and R329 million are provided for restitution of land rights and redistribution of land, respectively. A further amount of R18 million is provided for development facilitation through Departmental regional offices in each province.

The costs of RDP funded projects amount to R370 million and include amounts of R120 million for land reform pilot projects, R20 million for labour tenants, R96 million for restitution programmes and R116 million for redistribution programmes.

The Department of Land Affairs implemented the self-financing Registration of Deeds Trading Account during the 1994/95 financial year. It will yield an estimated revenue of R84 million in 1996/97.

**4.4.18 Vote 22: Mineral and Energy Affairs**

The Mineral and Energy Affairs budget for the 1996/97 financial year amounts to R660 million, representing a reduction of 9,9 per cent relative to the 1995/96 revised estimate.

The decrease is primarily due to the continued reduction in the dependence of the Atomic Energy Corporation on state funds. This has been achieved largely through a strategic plan which envisages further planned reductions in the state grant for operations to about the R120 million level in 1999/2000 (in 1994/95 rands).

**4.4.19 Vote 23: Promoting the Reconstruction and Development Programme**

The 1996/97 Budget provides for R562 million on the vote: Promoting the RDP, mainly in respect of budgeted capital transfers to other spending entities for RDP projects. Carry-through costs of RDP projects totalling R2,940 billion are included in various departmental votes. Provision is made for the transfer of R4,110 billion from the Department of Finance vote to the RDP Fund in 1996/97, earmarked for new RDP initiatives. The revised estimates for 1995/96 included an amount of R3,120 billion transferred to the RDP Fund for approved projects.

Provision will be made in the Adjustments Estimate for any receipts of foreign development assistance into the RDP Fund.

A summary of the full allocation of the national budget contribution to RDP funds during 1995/96 and 1996/97 is provided in the table below.

*Allocation of national budget contribution to RDP funds*

Vote	1995/96 R million	1996/97 R million
<b>Carry-through costs</b>	<b>2 200</b>	<b>2 200</b>
• Constitutional Development	30	30
• Finance (to provinces)	150	150
• Health	400	400
• Housing	1 300	1 300
• Land Affairs	20	20
• Promoting the RDP	100	100
• Water Affairs	100	100
<b>New projects</b>	<b>2 400</b>	<b>2 400</b>
• Constitutional Development	30	30
• Education	100	100
• Finance (to provinces)	150	150
• Health	400	400
• Housing	1 300	1 300
• Land Affairs	20	20
• Promoting the RDP	100	100
• Public Works	100	100
• Water Affairs	250	250
<b>To be voted in the Adjustments Estimate</b>		<b>1 850</b>
<b>Total</b>	<b>5 000</b>	<b>7 500</b>

**4.4.20 Vote 27: Public Works**

The Public Works budget in 1996/97 amounts to R2,823 billion, representing a 19,1 per cent increase over the 1995/96 revised estimate.

Estimated current and capital expenditure on the provision of buildings, structures and equipment in 1996/97 amount to R1,507 billion and R837 million respectively.

The budget includes provision of R100 million for an RDP-funded labour-based public works programme.

**4.4.21 Vote 29: SA National Defence Force**

Defence spending to be financed from the national budget for 1996/97 amounts to R10,246 billion. This is a decrease of 5,0 per cent from the comparable 1995/96 allocation, continuing a downward trend which has reduced the

ence budget from 4,5 per cent in 1989/90 to under 2,0 per cent of GDP.

The budget includes the costs of integration and demobilisation of personnel, and an allocation for the head office expenses of the Service Corps. The running costs of the members to be trained through the envisaged Service Corps projects are to be met from other sources.

An amount of R113 million appears on the vote of the Department of Public Works for the erection, procurement and maintenance of land and buildings used for defence purposes.

#### 4.4.22 **Vote 30: SA Police Service**

The allocation for 1996/97 to the South African Police Service (SAPS) amounts to R9,884 billion, which is 4,6 per cent higher than the comparable figure for 1995/96.

The creation of a safe and secure environment for all is the primary objective of the SA Police Service. Policing activities are under review in terms of their direct value to community safety, and those found to have an indirect or negligible impact will be assessed for possible out-sourcing or termination.

In order to facilitate the shifts in priorities and programmes which are in progress, short-term assistance from the RDP Fund has been sought for identified projects. These include pilot community police stations linked to local consultative forums. The ongoing reorientation towards community policing and prevention of crime is reflected in the increase of 16 per cent in the allocation for community policing on the SA Police Service vote.

#### 4.4.23 **Vote 31: SA Revenue Service**

The establishment of the SA Revenue Service, with effect from 1 April 1996, has led to the creation of this new vote. The amount provided of R956 million represents a 37,1 per cent increase over the comparable programme amounts in the 1995/96 budget of the Department of Finance.

This amount includes provision for the substantial set-up costs of the restructured revenue service. Estimated capital expenditure in 1996/97 amounts to R100 million.

#### 4.4.24 **Vote 33: State Expenditure**

The budget allocation to the State Expenditure vote amounts to R1,144 billion, or 18,9 per cent more than the 1995/96 revised estimate.

Provision for expenditure of the National Intelligence Agency and the South African Secret Service is provided for on this budget vote.

#### 4.4.25 **Vote 34: Trade and Industry**

The budget of the Department of Trade and Industry has decreased from R3,535 billion to R3,266 billion in 1996/97.

Expenditure of R1,925 billion on the programme: foreign trade relations and export promotion is provided for, representing a decrease of about 12 per cent, accounted for largely by the phasing out of the general export incentive scheme.

The programme: industrial development provides for an increase of some 60 per cent to R535 million, while the allocation to regional industrial development falls by 24 per cent to R645 million.

#### 4.4.26 **Vote 35: Transport**

The 1996/97 budget makes provision for expenditure of R3,079 billion on the Department of Transport vote, representing a 1,3 per cent increase over the 1995/96 revised estimate.

The subsidisation of rail and bus transport accounts for R1,442 billion and R805 million, respectively, on the national Transport vote. Responsibility for the financing of passenger transport services has not as yet been transferred to the provinces.

#### 4.4.27 **Vote 36: Water Affairs and Forestry**

The budget of the Department of Water Affairs and Forestry for 1996/97 amounts to R2,353 billion, which includes a 11,7 per cent increase over the comparable revised estimate for 1995/96. The increased allocation of RDP funds for water and forestry projects and the transfer of functions from the provinces account for the substantially larger increase over the original 1995/96 budget of R936 million.

The programme: community water supply and sanitation has gained momentum and by December 1996 it is expected that some 2 million people will benefit from the delivery of water as a result of these projects. The 1996/97 allocation to the programme includes RDP funds amounting to R817 million.

#### 4.5 CIVIL AND MILITARY PENSIONS

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

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 1995 shall with effect from 1 April 1996 be increased by 6,5 per cent; with a minimum of R24,00 per month; and
- the pensions of those civil pensioners who retired after 1 April 1995 but before 1 April 1996 shall with effect from 1 April 1996 be increased by 0,5 per cent for each completed month since retirement, calculated up to 31 March 1996.

The increase of military pensions will be announced at a later stage.

## CHAPTER 5

### ESTIMATE OF REVENUE: 1996/97 NATIONAL BUDGET

This chapter contains projections of national budget revenue based on the 1995/96 tax rates and brackets (excluding the remaining portion of the transition levy on individuals which was collected in 1995/96). In the next section, various changes to the prevailing tax system are proposed and discussed. 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 should no changes be made to the tax bases, brackets and/or rates of the previous financial year. New tax proposals and their revenue implications can then be assessed against the background of these "no-policy-change" revenue projections.

The table below summarises some of the salient macro-economic assumptions on which the 1996/97 revenue projections are based.

#### Key macro-economic variables for revenue estimates ("no-policy change" assumptions)

	1994/95	1995/96	1996/97
GDP (R billion) .....	445,6	500,0	561,0
Real GDP growth .....	2,8%	3¼%	3¼%
GDP inflation .....	9,7%	8¼%	8¼%
CPI inflation .....	9,1%	7¾%	7½%
Real private consumption expenditure growth .....	3,5%	4%	3½%
Nominal merchandise import growth .....	33,9%	23½%	17%
Average wage rate increase .....	10,5%	11%	10½%
Non-agricultural employment growth .....	0,1%	1½%	1½%

Note: Projected percentage changes are rounded to the nearest quarter of a percent.

The printed Estimate of Revenue (RP 3, First Print) allows for total receipts of R141,187 billion. Of this amount, R139,107 billion will be ordinary revenue collections and

R200 million represents expected premiums to be earned through consolidating, repurchasing and "switching" of government stock.<sup>1</sup> The remaining R1,880 billion represents an envisaged transfer from the Central Energy Fund<sup>2</sup> to the National Revenue Account on 1 April 1996 to reduce further the 1996/97 net borrowing requirement and thus limit the accumulation of state debt and interest costs (see par. 4.2.1).

Details of the revenue estimates and comparable historical figures are given in tables 1 to 4 in annexure B of this Review.

#### 5.2 ORDINARY REVENUE: FIRST PRINT

Based on the 1995/96 tax rates and brackets (excluding the remainder of the transition levy on taxable income of persons and individuals collected in 1995/96) and given the projected key macro-economic variables for 1996/97, ordinary revenue collections (i.e. current and capital revenue plus other receipts<sup>3</sup>) are estimated at R139,107 billion in 1996/97. The composition of projected ordinary revenue collections against the comparable revised 1995/96 figures is presented in the adjacent table.

<sup>1</sup> In practice, this premium arises either as a cash flow 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, the "book-entry" premium is excluded from national budget revenue and shown as "negative" loan redemptions (see chapter 6 and annexure D). Due to lack of detail, the whole R200 million is regarded as "book-entry" premiums at this stage.

<sup>2</sup> Proceeds from the sale of strategic oil reserves are collected in the Central Energy Fund.

<sup>3</sup> "Other receipts" are recoveries of loans and advances and should be 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.

**Composition of ordinary revenue (before any tax changes):  
1996/97**

	1995/96 R million	1996/97 R million	% change
Tax revenue	122 881,3	136 985,3	11,4%
Non-tax revenue	2 732,3	1 938,3	-29,2%
Current revenue	125 713,6	138 921,6	10,5%
Capital revenue	16,2	16,4	1,2%
Other receipts	165,0	169,0	3,2%
Total ordinary revenue	128 915,0	139 107,0	10,9%

### 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 R139,107 billion, or 10,5 per cent higher than the revised estimate of R125,915 billion for 1995/96. The major revenue estimates are discussed below.

#### 5.2.1.1 Taxes on income and profits

After taking into account the projected average increase of 10½ per cent in remuneration and an improvement of 1½ per cent in non-agricultural employment in the economy, projected collections from income tax on persons other than companies is expected to be 16 per cent higher than the 1995/96 revised estimate of R51,220 billion.<sup>4</sup>

The increasing production costs and lower grades of ore milled by gold mines during 1995/96 are expected to continue during 1996/97. This will further reduce the mines' profitability and a decline of 5,3 per cent in income tax payments from this source is estimated.

Income tax payments from non-gold mines are expected to increase by almost 51 per cent when compared with 1995/96. Both an increase in production and higher coal and copper prices are envisaged, leading to an expected increase in profits.

It is expected that income tax from non-mining companies will yield R15,730 billion in 1996/97 - an increase of 11,6 per cent on the revised 1995/96 estimate.<sup>5</sup> This is based on a

<sup>4</sup> If the estimated R1 billion collected from the remainder of the transition levy in 1995/96 is excluded from the calculation, the expected increase in 1996/97 amounts to 18,3 per cent.

<sup>5</sup> If the estimated R600 million received in 1995/96 in respect of the 1994/95 transition levy on companies is excluded from the calculation, the projected increase in collections from income tax on non-mining companies is 16,5 per cent.

projected continuation of the improvement in non-mining companies profits over the past year. Furthermore, it is estimated that the decline in collections from the Secondary Tax on Companies (STC) in 1995/96 will continue in 1996/97 due to further shifts towards capitalisation share issues and the deferral of dividend declarations.

#### 5.2.1.2 Taxes on property

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

The expected collections of taxes on property are R2,247 billion, with marketable securities tax and transfer duty being the main contributors.

The improvement in activity on the Johannesburg Stock Exchange is expected to continue and collections from marketable securities tax are projected to grow by about 2½ per cent in 1996/97.

Due to a projected continuation of the improvement in the real estate sector of the economy, it is expected that collections from transfer duties will increase by 7,1 per cent in 1996/97.

#### 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 3½ per cent in private consumption expenditure and an average inflation rate of 7½ per cent for 1996/97.

It is estimated that total domestic taxes on goods and services will yield R52,602 billion in 1996/97 - 8,3 per cent more than in 1995/96.<sup>6</sup>

- VAT collections, the major source of domestic taxes on goods and services, are expected to be R36,330 billion - an increase of 11,4 per cent on the revised 1995/96 figure.
- As most excise duties are levied at specific (rather than *ad valorem*) rates, revenue from these tax sources will only increase by the expected increases in consumption of these products. Total revenue from excises is, however, expected to be less than in 1995/96 because of the abolition of the former

<sup>6</sup> This projection does not include inflation adjustments for specific (compared to *ad valorem*) excise duties, such as the fuel levy and excise duties on alcoholic beverages and tobacco products.

excise duties on motor cars on 1 September 1995 which led to a net revenue loss of about R450 million. Under *ad valorem* excise duties provision is made for an additional R250 million to be collected from the new *ad valorem* duty on motor cars.

- Fuel consumption is expected to rise by between 4½ and 5 per cent in 1996/97. This, together with a 6,2 cents per litre subsidy on unleaded petrol from the present fuel levy,<sup>7</sup> will yield an estimated R9,300 billion in fuel levy collections - 4,5 per cent more than the revised 1995/96 estimate.

#### 5.2.1.4 Taxes on international trade

It is expected that the exceptionally high increase in the value of imported goods over the past two years will subside somewhat in 1996/97. Based on this projection, collections from customs duties will be R6,230 billion in 1996/97 - about 15½ per cent more than the revised 1995/96 estimate.

Due to the abolition of import surcharges on 1 October 1995, no further revenue is expected from this source.

Payments to the BLNS countries in terms of the Customs Union Agreement will be R4,363 billion - 12,1 per cent more than in 1995/96.<sup>8</sup>

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

Total non-tax revenue is projected to decrease by just over 29 per cent when compared with the 1995/96 collections. This is mainly because of lower projected collections from mining leases and ownership, resulting from the phasing out of mining leases, and lower interest earnings on exchequer deposits, due to an effort to maintain smaller deposits than in 1995/96. The expected dividend payment by Telkom is R320 million compared with R525 million in 1995/96.

Based on past trends, the 1996/97 estimate of revenue from the sale of capital equipment and state-owned land, buildings and structures is R16,4 million. Excluding the

<sup>7</sup> The fuel levy on unleaded petrol was fixed 6,2 cents per litre below that on leaded petrol at 56,7 cents per litre on 1 February 1996. The difference between the fuel levy on unleaded and leaded petrol comprises a 4 cents per litre lower pump price of unleaded petrol and a 2,2 cents per litre subsidy to the oil industry for higher production costs.

<sup>8</sup> This increase is lower than the relatively high increase in imports over the past two years, as the 1995/96 figure included "top-up" payments in respect of previous financial years.

transfers of R1,231 billion from the National Supplies Procurement Fund and the Central Energy Fund in 1995/96, these collections were R16,2 million in 1995/96.

#### 5.2.3 Other receipts

Recoveries of loans and advances are not regarded as revenue but to be consistent with past practice, are included in total ordinary revenue. These recoveries are expected to be R169 million in 1996/97.

### 5.3 TAX PROPOSALS

#### 5.3.1 Taxes on income and profits

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

In line with the reform objectives identified in the Katz Third Interim Report, the Government is committed to reducing the overall burden of personal income tax; broadening the tax base; reducing the number of tax brackets; lowering the maximum marginal tax rate and the gradation of the marginal rate schedule; raising the tax threshold, and adjusting the tax structure for inflation.

Due to fiscal constraints these objectives cannot all be achieved simultaneously. Government has embarked on a gradual approach, in which the achievement of gender equality last year together with tax relief to lower income groups constituted the first steps. The proposals in this Budget continue this reform process and are aimed at partially alleviating fiscal drag, increasing the level of income at which the maximum marginal rate takes effect and providing further relief for lower and middle income earners.

The proposed rate structure in respect of income tax on individuals incorporates the following changes:

- the income level at which the maximum marginal rate is reached is raised from R80 000 to R100 000;
- the number of income brackets is reduced from 10 to 8;
- the primary rebate is increased from R2 625 to R2 660;
- the minimum tax threshold, in the case of persons under the age of 65, is increased from R14 600 to R15 580 (an increase of 6.7 per cent); and
- in the case of persons aged 65 and over, the minimum tax threshold is increased from R26 785 to R27 905.

Approximately three-quarters of the benefit to taxpayers of these adjustments will go to those whose taxable incomes fall below R80 000. The proposed rate structure, therefore, gives effect to the recommendation by the Katz Commission that the relief of the personal income tax burden on lower and middle income taxpayers should enjoy priority.

The effects of the proposals are illustrated in Annexure C.

#### *Provisional tax*

At present individuals older than 65 are exempt from the payment of provisional tax if their annual taxable income does not exceed R35 000 and consists exclusively of remuneration, interest or rent from the lease of fixed property. It is proposed that this exemption threshold be raised to R50 000. The effect of this proposal will be that as from the commencement of the 1997 tax year, a larger number of elderly taxpayers in the lower income brackets need not make provisional tax payments. This proposal will affect the State's cash flow in that an estimated amount of R8 million will be received in the 1997/98 financial year instead of 1996/97.

#### *Persons other than individuals and companies*

Legal persons other than companies, such as trusts, are taxed on a different rate schedule from individuals, and are not granted rebates. It is proposed that the separate schedule be retained for such taxpayers, with minor adjustments in the income levels between R50 000 and R70 000 as well as aligning the last two income brackets with those of individuals.

The cost to the fiscus of these proposals is R2 billion.

#### 5.3.1.2 Retirement fund industry

In its Third Report, the Katz Commission proposed a new approach to the taxation of retirement funds, and put forward various recommendations. The Joint Standing Committee on Finance in turn held discussions with several interested parties and has subsequently endorsed the Commission's main proposals.

The recommendations have attracted considerable comment, including representations from the retirement industry.

Government accepts that the following principles should be reflected in a new system of retirement fund taxation:

- consistent tax treatment of private and public sector funds;

- tax neutrality between forms of retirement provision;
- minimisation of opportunities for arbitrage in so far as this is tax related;
- an incentive in favour of a lifetime annuity (that is, a pension); and
- taxation of retirement fund income as it arises rather than when paid out.

The taxation of the retirement industry can, in essence, be divided into three different elements. The first element relates to contributions to a fund, the second the income generated by the fund and the third the benefits payable by a fund to its members. At present our tax system treats contributions to pension funds and retirement annuity funds as exempt, income accruing to funds as exempt and benefits finally received as taxable. The Commission recommended *inter alia* that:

- contributions by members to provident funds should also become tax deductible, combined employee and employer contributions to retirement funds should be limited to 22,5 per cent of retirement funding income and the maximum contribution rate to retirement annuity funds should be increased to 22,5 per cent of non-retirement funding income;
- the rental, interest and other trading income of approved funds be taxed at a rate of 30 per cent; and
- benefits payable by funds to members be taxed in terms of a new dispensation.

In order to design and implement a new tax dispensation in its totality, sufficient preparation time is required for all parties. An initial step in the implementation of the taxation of income of retirement funds can, however, be taken this year, ensuring that all retirement funds are affected from a uniform date and facilitating a smooth transition to the eventual dispensation.

It is proposed that with effect from 1 March 1996 an initial tax of 17 per cent be imposed monthly on the gross interest and net rental received by or accrued to all pension, provident and retirement annuity funds, including self-administered, underwritten and industrial funds as well as all funds established for the benefit of employees of the State, local authorities and parastatal institutions, subject to the following adjustments.

Firstly, the portion of rental and interest income accruing in respect of assets which are attributable to pensioners and annuitants whose benefits had already commenced on 1 March 1996 or to pensioners and annuitants whose benefits commence during the period to 28 February 1997, will be excluded from the ambit of the levy as from the

month the member becomes a pensioner. Such assets will be determined by means of an actuarial valuation of the pensioners' liability excluding surpluses.

Secondly, in the case of funds where rental and interest-bearing assets comprise more than 50 per cent of the market value of the total assets of the fund, the leviable amount will be limited to a proportion of interest and rental income (excluding rental and interest income attributable to pensioners and annuitants, as contemplated above). This proportion will be given by the ratio of 50 per cent of the market value of the total assets of the fund (determined after the exclusion of assets attributable to pensioners and annuitants), to all rental and interest bearing assets (excluding assets attributable to pensioners and annuitants).

The determination of the ratio of rental and interest-bearing assets to the total assets of a fund will be made as at the end of the last financial year of the fund which ended prior to 1 March 1996.

In the case of an underwriter, where income flows to the retirement fund in the form of interest and rental, such income will be taxable in the hands of the retirement fund. Where the income loses its identity and is paid out in another form, for example by way of a bonus, the interest and rental will be taxable in the hands of the underwriter.

Liability for the tax will continue until the month immediately preceding the commencement of the first year of assessment of the fund in which the final tax dispensation comes into operation. It is envisaged that the final tax dispensation will come into operation in respect of years of assessment commencing on or after 1 March 1997. The proposed tax will be payable within 21 days after the end of each month, but the first payment for the period March to August 1996 will have to be made in September 1996, after the necessary legislation has been promulgated.

In order to be consistent, general tax principles will be applied and all interest accruing to retirement funds will be deemed to accrue on a day-to-day (yield-to-maturity) basis.

This proposal represents a significant step towards a wider coverage of the tax system as a whole, thereby improving equity in the distribution of the tax burden, reducing the scope for tax avoidance and arbitrage and reducing tax distortions affecting savings and retirement choices.

It has become evident that development and speculation surrounding retirement fund taxation have given rise to much uncertainty and persons employed both in the public and

private sectors are contemplating early retirement to escape what they fear will be more burdensome taxation of lump sum payments. Such a step may not be in their own or in the country's interest.

In order to ensure certainty and to allay the fears of these persons, the Government is prepared to give the following assurances, should the final tax dispensation include a tax on retirement benefits disadvantageous by comparison with the existing dispensation.

- The benefits payable by retirement funds to members will only be taxed according to the new method as from the year of assessment commencing on 1 March 1997 at the earliest.
- The vested rights of members of funds which have been established by law to receive their lump sum payments on retirement or retrenchment will be protected by reference to number of years' service up to the date the changes are introduced as well as the final salary applied in the determination of their benefits. A similar dispensation will apply in respect of resignation benefits payable by these funds.
- In the case of private sector members of retirement funds who become entitled to lump sum benefits after the implementation of the new provisions and who are presently entitled to a deduction from their lump sum payment on retirement or retrenchment and who may receive a smaller deduction if the proposed new formula is introduced, the deduction under the previous dispensation will be phased out over a period of five years.

With these assurances there should be no reason for members of any retirement fund to consider early retirement or resignation for fear of higher taxes on their lump sum payments.

This proposal is expected to yield R2,725 billion in 1996/97.

### 5.3.1.3 Secondary Tax on Companies (STC)

Although the Katz Commission recorded that it favours a progression towards some form of imputation system in principle, it did not recommend a change at this stage because of the complexity of administering and complying with such a system. The Commission thus recommended the retention of STC, but favours a substantial reduction in the STC rate from its present level in order to reduce the burden of the combined corporate rates of tax and to minimise the distorting effects of STC. The recommendations were largely endorsed by the Joint Standing Committee on Finance (JSCOF).

STC was introduced with effect from 17 March 1993 at a rate of 15 per cent on all dividends declared and R877 million was collected during the 1993/94 financial year. With effect from 22 June 1994, the rate was increased to 25 per cent which yielded R1,304 billion in STC collections during 1994/95. For 1995/96, the revised estimate of collections from this revenue source is R600 million below the budgeted figure of R1,760 billion. It is thus clear that the increase in the STC rate has significantly influenced dividend policies and that capitalisation share issues have replaced cash dividends (see par. 3.3.3).

In the light of the above, it is proposed that the rate of STC be reduced to 12,5 per cent in respect of all dividends declared after 13 March 1996. It is anticipated that the lower STC rate will lead to an increase in dividend payments and accordingly no change in the revenue estimate of R1,000 billion is made.

A further aspect considered by the Commission with regard to STC is the way in which STC applies to foreign companies operating branches in South Africa. At present, STC is imposed on dividends declared by foreign companies, but only to the extent that the dividend is paid out of profits generated from a South African source.

STC has been criticised in this regard as it purports to give South Africa extra-territorial powers which, in practice, are difficult to enforce. This gives foreign investors who operate in the Republic in a branch form and do not pay STC an advantage over those who incorporate their business - a distorting factor that should be avoided in a tax system.

The Commission recommended that the STC provisions be amended to remove STC on foreign branches, but that no separate branch profits tax be introduced. After its deliberations on the matter, the JSCOF supported the recommendation that the STC should be removed on foreign branches, but proposed that a final branch profits tax be introduced simultaneously at the same rate.

Government accepts the JSCOF recommendations in this regard as South African companies operating in opposition to South African branches would object to the *de facto* advantage such branches would have if no branch profits tax were levied. It is, therefore, proposed that a final tax be imposed at a rate of 40 per cent on the taxable income of such a branch. The introduction hereof should coincide with the removal of STC on the dividends declared out of such profits. As a rate of 40 per cent is somewhat lower than a combined corporate tax rate of 35 per cent and a 12,5 per cent STC rate on dividends, it allows some relief for the

cash flow disadvantage such foreign companies might suffer by having to pay the tax before distribution of the South African branch profits.

The branch profits tax will apply to the South African sourced income of branches of foreign companies derived from the commencement of years of assessment ending on or after 1 April 1996. At the same time the STC will be abolished on dividends declared by foreign companies out of their South African sourced income in respect of all such dividends declared from the commencement of years of assessment ending on or after 1 April 1996.

#### 5.3.1.4 Income tax on gold mines

When STC was introduced, gold mining companies were allowed to elect to remain outside the dual tax system. A company which exercised this option was not subject to STC and did not enjoy the benefit of the reduction in the tax rates in respect of both gold mining and its other income. The rate of 48 per cent in respect of other income and the formula  $y = 58 - (290 + x)^9$  therefore remained applicable. All gold mines elected to remain outside the dual tax system.

On the assumption that a company distributes all of its after tax earned profits as dividends, the changes to the company tax rate and STC rate last year did not change the combined overall tax rate. Therefore, no adjustment was made to the rate of those gold mines who elected to remain outside the dual tax system.

The proposed reduction in the STC rate this year lowers the combined overall rate for companies and it is proposed that the rates of tax of gold mines which elected to be outside the dual tax system, be amended as follows:

- that the rate in respect of the non-mining income derived by such a company be reduced from 48 per cent to 42 per cent; and
- that the formula tax rate be substituted with the following formula:  
 $y = 51 - (255 + x)$ , where  $y$  is the tax rate and  $x$  is the profit ratio.

The new formula, as well as the reduced rate of 42 per cent, will apply in respect of years of assessment ending on or after 1 April 1996.

The estimated loss of revenue is R35 million.

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<sup>9</sup>  $y$  equals the tax rate and  $x$  equals the profit ratio.

### 5.3.1.5 Accrual and incurral of interest on financial instruments

In last year's Budget the introduction of an accrual basis was announced which would recognise the spreading of interest (including discounts and premiums) payable in respect of financial instruments<sup>10</sup> on a day to day (yield to maturity) basis for tax purposes. The necessary provisions were introduced into the Income Tax Act last year to give effect to the announcement and the new measures now apply to all affected financial instruments issued after 15 March 1995, as well as instruments issued on or before that date and transferred on or after 19 July 1995.

It was also announced that further legislation would be introduced during 1996 to encompass those instruments issued on or before 15 March 1995 which are not as yet within the scope of the accrual basis.

It is accordingly proposed that the Income Tax Act be amended this year to incorporate into the accrual system all instruments still in existence on today's date which were issued on or before 15 March 1995, but which are not as yet within the scope of the accrual system. However, the difference between all amounts which have accrued for tax purposes and the amount which would have accrued until today, had the provisions of the proposed measures been applicable, will for tax purposes be accounted for on the date of transfer or maturity (whichever is the earlier) of the relevant instrument.

It is estimated that this proposed change to the Income Tax Act will bring in an additional R100 million to the fiscus.

### 5.3.1.6 Exemption of interest

The Income Tax Act provides that interest received by or accrued to an individual who is ordinarily resident outside the Republic and companies managed and controlled outside the Republic, is exempt from tax.

The Tax Commission drew attention to the fact that branches of foreign companies carrying on business in the Republic enjoy the benefit of this exemption. This places these branches at an advantage when compared with South African businesses, particularly when the foreign branches operate as banks.

It is accordingly proposed that, with effect from 1 April 1996, the exemption be withdrawn in respect of a company

managed and controlled outside the Republic if such a company carries on business in the Republic.

This proposal will yield an estimated R15 million in respect of income tax on companies.

### 5.3.1.7 Deductions in respect of donations

In terms of section 18A of the Income Tax Act donations made to various bodies qualify as a deduction from the income of a taxpayer.

The Tax Commission pointed out that preferential treatment given to particular religious organisations is discriminatory and, therefore, unconstitutional.

It is proposed that the Income Tax Act be amended accordingly and that all donations made on or after 1 October 1996 to the Bible Society of South Africa should no longer qualify as deductions in the determination of the taxable income of a donor.

### 5.3.1.8 Anti-avoidance

The Katz Commission examined the anti-avoidance provisions in depth. It specifically referred to the deficiencies already identified by the Margo Commission, namely the problems experienced with the abnormality test and the fact that there is no disadvantage for taxpayers who enter into an anti-avoidance scheme, even if it is successfully challenged by the Commissioner. The Commission came to the conclusion that there is a need for a general anti-avoidance provision and that the abnormality provision is deficient. The Commission recommended specific wording to amend the provisions to make them more effective.

In fact, the matter goes further. The taxpayer enjoys the cash flow advantage of not having to pay the tax until the correct assessment has been issued and these periods can be greatly extended owing to non-disclosure of facts. The present provisions for imposition of interest can easily be circumvented.

After public hearings on the Commission's Report in this regard, the JSCOF recommended that the provisions be amended, but that the wider context of trade and not business be used. In view of widespread avoidance involving millions of rand, the Committee thus recommended that the imposition of interest and harsher penalties be considered, as well as the desirability of publishing the names of the transgressors and the penalties imposed on them.

<sup>10</sup> Including government stock, bonds, debentures, bills, notes, certificates, loans or other forms of indebtedness.

In the light of the above, it is proposed that the abnormality test be amended along the lines proposed by the Katz Commission, but that the business test be applied in the context of trade rather than in the context of business. It is further proposed that interest be imposed on tax outstanding which arises from the successful application of section 103 from the "effective date" (i.e. the date either six or seven months after the end of the year of assessment in which the transaction takes place or scheme is carried out)<sup>11</sup> until the correct assessment is issued.

It is proposed that these amendments apply to transactions, operations or schemes entered into or carried out on or after the date the amending Act is promulgated.

### 5.3.2 Taxes on property

#### 5.3.2.1 Estate duty and donations tax

The Katz Commission supported the principle of a capital transfer tax, which would encompass the present estate duty and donations tax. The Commission, however, made no detailed recommendations in this regard and indicated that it is a matter to which it will return in a future report.

Government will reconsider this matter after the Commission's next report in this regard becomes available.

When compared internationally, South Africa's rates on taxes of this nature are relatively low and it is proposed that the present rate of duty of 15 per cent in respect of estate duty and donations tax be increased to 25 per cent in respect of:

- the estates of all persons dying on or after 14 March 1996; and
- the value of any property disposed of under a donation which takes effect on or after 14 March 1996.

Currently the first R20 000 of all donations made by a natural person during a year of assessment is exempt from donations tax. This amount has not been adjusted since 1988. It is, therefore, proposed that the exemption threshold be increased from R20 000 to R25 000 with effect from the 1997 year of assessment.

The additional revenue to be raised from these sources during 1996/97 will be nominal as there is normally a lag

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<sup>11</sup> This is also the period in which the taxpayer may make the third provisional tax payment.

between any increase in estate duty and revenue collections.

#### 5.3.2.2 Marketable securities tax and stamp duty on the registration of the transfer of marketable securities

The Katz Commission recommended that marketable securities tax (MST) should be abolished, together with the various stamp duties on share transactions. This recommendation was supported by JSCOF which, furthermore, recommended that the timing of the decision be determined by budgetary considerations.

It is recognised that the South African rate with regard to these duties is too high when internationally compared and that this has a detrimental effect on activity on the Johannesburg Stock Exchange. Although Government has not taken a final decision on the future of these taxes, it proposes that the rate of MST and stamp duty on the registration of transfer of share certificates be reduced from 1 per cent to 0,5 per cent with effect from 1 April 1996.

The rules of the Johannesburg Stock Exchange have been amended to allow dual trading. This is being phased in from 8 March 1996. The effect of this is that a broker may buy shares either as an agent or as a principal. Such a step has a negative impact on MST collections, as this tax is only charged in respect of transactions where a broker purchases shares on behalf of another person. Consideration will, therefore, be given to the amendment of the Marketable Securities Act, 1948, to include transactions where a broker acts as a principal.

It is estimated that these changes will result in revenue losses of R200 million in MST and R150 million in stamp duty on the registration of transfer of share certificates during 1996/97.

### 5.3.3 Domestic taxes on goods and services

#### 5.3.3.1 Value-added tax

##### *Gambling*

The Katz Commission's recommendations on the taxation of gambling have been accepted. These were:

- that the present income tax rules apply to all gambling other than the envisaged national lottery;
- that the present policy of imposing VAT on gambling with the exception of the national lottery, be continued; and

that in addition to these taxes, provinces may impose betting or other taxes for their own accounts.

It is further proposed that gambling in the former T&VC states which is presently zero-rated become subject to the standard rate of VAT on 1 October 1996.

The expected additional VAT collections are R150 million.

#### *VAT on financial services*

When value-added tax (VAT) was introduced in September 1991, it was accepted that in principle VAT should be imposed on all financial services. However, it was not possible at the time to assess fully the likely effects and practicalities and certain financial services were initially exempt from VAT. After the necessary investigations, financial services relating to debt collection and arranging services on behalf of other parties were brought into the VAT base on 1 April 1995.

The Katz Commission examined the matter further and recommended that all fee-based financial services be made subject to VAT. It recommended that a specialist team explore the adoption of a more refined and narrow definition of financial services. This team has been holding discussions with interested parties in the financial services industry and it is proposed that, with effect from 1 October 1996, the following fee-based financial services be subject to VAT:

- All fee-based financial services currently exempt in terms of section 2 of the Value-added Tax Act, 1991, with the exception of:
  - premiums payable in respect of life policies issued in terms of the Insurance Act and contributions to pension, provident, retirement annuity and medical aid funds; and
  - compulsory charges built into the selling price of units in unit trust schemes.

It is estimated that this will result in additional VAT collections of R150 million for 1996/97.

#### 5.3.3.2 Financial services levy

When it was decided in 1991 to exempt financial services from VAT, it was considered to be inequitable that no tax was imposed on the value added of these services, since all other goods and services were subject to a tax. A "proxy tax" on financial institutions, the financial services levy, was thus imposed.

In view of the fact that the majority of financial services rendered by the banking industry will now be subject to VAT, it is proposed that this industry be exempt from the financial services levy with effect from 1 October 1996. The insurance and super-annuation fund industry will continue to be subject to this levy.

The necessary legislation will be finalised in consultation with the industry and it is estimated that this step will lead to a revenue loss of R50 million for 1996/97. For a full financial year, the estimated revenue loss is R200 million.

#### 5.3.3.3 Excise duties

##### *Regular increase in specific excise duties*

The excise duties on all products, with the exception of *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 practice, both locally and internationally, 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 proposed increases in excise duties on tobacco products are substantially higher than the expected inflation rate and are a continuation of the phasing-in of higher duties on these products to achieve an effective duty of 50 per cent of the retail price (excluding tax), as recommended by the health authorities. After consultation with all interested groups and taking into account industry-specific limitations and market conditions, Government has opted for a slower phasing in of the adjustment, as announced in the 1994 Budget. The proposed increase on cigarettes will bring the excise duty to approximately 34 per cent of the retail selling prices (42 per cent if VAT is included<sup>12</sup>). The achievement of the target level will be dealt with in future budgets.

In the case of cider products, Government is of the opinion that the adjustments in excise duties have not kept pace over the years with the rates that were applicable to other alcohol-based products, especially if compared to malt beer products. It has, therefore, been decided that these excise duties be adjusted accordingly.

The announced excise adjustments should yield R500 million in the forthcoming financial year. The adjustments set out in the table below, take effect immediately.

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<sup>12</sup> Assuming a constant retail selling price.

PRODUCT	INCREASE IN EXCISE DUTY	ESTIMATED ADDITIONAL REVENUE IN 1996/97 R million	APPROXIMATE PERCENTAGE INCREASE IN EXCISE DUTY	ESTIMATED REVENUE IN R million
Beer (bottling)	6,5 cents per litre (about 2 cents per 340 ml can)	185	8%	2300
Light beer	0,5 cents per litre	4	10%	40
Wheat flour	2,5 cents per kg	4		160
Unfermented wine	6,5 cents per litre (about 4 cents per 750 ml bottle)	16	18%	88
Fermented wine	8 cents per litre (about 4 cents per 750 ml bottle)	2	10%	20
Sparkling wine	11 cents per litre (about 8 cents per 750 ml bottle)	1	10%	10
Other fermented beverages (e.g. cider)	8 cents per litre (about 3 cents per 340 ml can)	6	25%	24
White spirits	198,24 cents per litre absolute alcohol (about 64 cents per 750 ml bottle)	37	10%	370
Black spirits	208,20 cents per litre absolute alcohol (about 67 cents per 750 ml bottle)	25	10%	250
Other spirits	212,71 cents per litre absolute alcohol (about 69 cents per 750 ml bottle)	1	10%	10
Cigarettes	8 cents per 10	220	18%	1220
Crude tobacco	10 cents per 50 g		18%	
Pipe tobacco	73 cents per kg		10%	
Cigars	67,5 cents per kg	4	10%	40

5.3.3.4 Fuel levy

*Synthetic fuel subsidy*

Towards the end of 1995, Government announced its intention to phase out the tariff protection of the synthetic fuel industry. As a first step, this will be effected by reducing the Equalisation Fund levy at various stages during 1996/97, accompanied by compensating increases in the fuel levy on both leaded and unleaded petrol and on distillate fuel. The

pump price will thus not be affected by this step.

The reduction of the Equalisation Fund levy will be gazetted by the Minister of Mineral and Energy Affairs and the increased fuel levy is expected to yield R610 million to the fiscus for the 1996/97 financial year.

*Fuel levy*

The fuel levy was fixed at 62,9 cents per litre in respect of leaded petrol and 55,4 cents per litre in respect of distillate

fuel with effect from 3 May 1995. In respect of unleaded petrol it was fixed at 56,2 cents per litre on 1 February 1996.

It has been decided to increase the fuel levy on both types of petrol and distillate fuel by 3 cents per litre with effect from 3 April 1996, coinciding with the monthly fuel price adjustment, if any.

This increase should yield an additional R450 million in the 1996/97 financial year.

### 5.3.4 Stamp duties

#### 5.3.4.1 Stamp duty on debit entries

At present a stamp duty at a rate of 15 cents is payable in respect of each debit entry posted to a bank, credit card, transmission account or telebank account.

As this is a specific duty (rather than ad valorem), based on a fixed amount per transaction and keeping in mind that the last increase in the rate structure occurred in May 1992 (when the rate was increased from 10 cents to 15 cents), it is proposed that the rate be increased from 15 cents to 20 cents per entry with effect from 1 June 1996.

The use of private label cards and in-house retailer cards has grown rapidly over the past number of years. It is therefore recommended that Inland Revenue enter into discussions with issuers of such cards to determine how and to what extent debit entries posted to such accounts could be brought within the ambit of the Stamp Duties Act, with effect from 1 August 1996.

It is estimated that an additional R60 million will be collected in 1996/97 as a result of these proposed changes. The additional revenue for a full financial year would be approximately R100 million.

#### 5.3.4.2 Instalment credit agreements

In terms of item 13A of Schedule 1 to the Stamp Duties Act, a stamp duty is levied on the execution of certain instalment credit agreements. The duty is determined in accordance with a progressive scale and is dependent on the amount payable in terms of the agreement in respect of the goods purchased. As a change in the rates was last introduced with effect from 1 April 1989, it is recommended that the existing rate structure be substituted, with effect from 1 June 1996, with that set out in the table below.

### Proposed rate structure for stamp duties on instalment credit agreements

where the amount payable in terms of the agreement does not exceed R5 000	
exceeds R5 000 but does not exceed R10 000	
exceeds R10 000 but does not exceed R20 000	
exceeds R20 000 but does not exceed R50 000	
exceeds R50 000 but does not exceed R100 000	
exceeds R100 000 but does not exceed R200 000	
exceeds R200 000 but does not exceed R500 000	
exceeds R500 000 but does not exceed R1 000 000	
exceeds R1 000 000 but does not exceed R2 000 000	
exceeds R2 000 000	

It is expected that these proposed changes will yield R5 million during 1996/97.

### 5.3.5 Statement of Taxpayers Rights

The Katz Commission recommended that basic rights of taxpayers should be articulated in a clear, public Statement of Taxpayers Rights. This would include, amongst others, principles such as expeditious and timeous tax administration, and fair, impartial and consistent application of and compliance with the law.

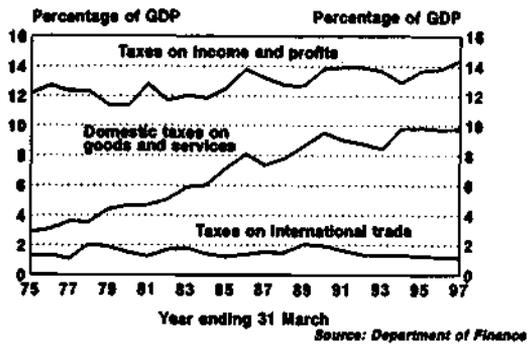
This recommendation is fully supported by Government and a Statement will be issued in due course.

## 5.4 IMPROVEMENTS IN COLLECTION AND COLLECTION OF TAXES IN ARREAR

It is envisaged that an additional R1,500 billion will be raised during 1996/97 through improvements in tax collection and the collection of taxes in arrear. At this stage the amount is apportioned as follows:

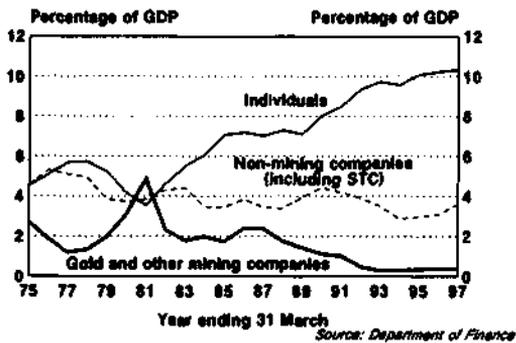


**CHART 5.2**  
MAJOR COMPONENTS OF TAX REVENUE  
AS PERCENTAGES OF GDP



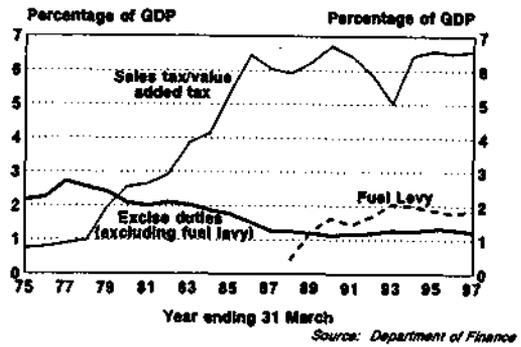
Personal income tax remains the single most important tax revenue source in 1996/97 and collections are estimated to yield 10,3 per cent of GDP - slightly higher than in 1995/96. Due to the inclusion of the tax on the retirement fund industry, the contribution of income tax on non-mining companies (including STC) is expected to rise from 3,0 per cent of GDP in 1995/96 to 3,6 per cent in 1996/97.

**CHART 5.3**  
MAJOR COMPONENTS OF TAXES ON INCOME  
AND PROFITS AS PERCENTAGES OF GDP



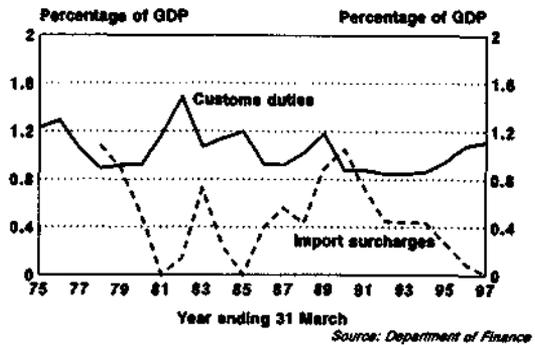
Collections from the second most important tax revenue source, VAT, are estimated at 6,6 per cent of GDP in 1996/97 - marginally higher than in 1995/96. Total excises are estimated to yield 3,1 per cent of GDP (the same as in 1995/96), of which the contribution of the fuel levy will remain at 1,8 per cent of GDP.

**CHART 5.4**  
MAJOR COMPONENTS OF TAXES ON GOODS  
AND SERVICES AS PERCENTAGES OF GDP



Due to the abolition of import surcharges in October 1995, the contribution of taxes on international trade will be equal to 1,1 per cent of GDP compared with 1,2 per cent in 1995/96 and 1,3 per cent in the early 1990s.

**CHART 5.5**  
MAJOR COMPONENTS OF TAXES ON INTERNATIONAL  
TRADE AS PERCENTAGES OF GDP



## CHAPTER 6

### SUMMARY AND FINANCING OF THE 1996/97 NATIONAL BUDGET

The projected expenditure level<sup>1</sup> for 1996/97 amounts to R173,659 billion - 10,4 per cent more than the revised estimated expenditure level for 1995/96 of R157,360 billion and 31,0 per cent of expected GDP.<sup>2</sup> The estimated net revenue gain of R2,370 billion resulting from the tax proposals in par. 5.3 and the envisaged improvement in revenue collections and the collection of arrear taxes of R1,500 billion brings total ordinary revenue for 1996/97 to R142,977 billion. This is 13,6 per cent more than the revised figure for 1995/96 of R125,915 billion and equal to 25,5 per cent of expected GDP. Inclusive of the R1,880 billion proceeds from strategic oil reserves, which will be transferred from the Central Energy Fund to the National Revenue Account, total receipts into the National Revenue Account are estimated at R144,857 billion (25,8 per cent of expected GDP).

The estimated revenue and expenditure levels for the national budget result in a budget deficit of R28,802 billion - R1,289 billion lower than the revised estimated deficit for 1995/96. The budget deficit for 1996/97 is expected to be equal to 5,1 per cent of GDP compared with an estimated 6,0 per cent in 1995/96.<sup>3</sup> At this stage it is planned to close the 1995/96 financial year with a zero balance, leaving next year's net borrowing requirement the same as the budget deficit. Should there be a positive balance, part of the 1996/97 budget deficit will be financed by funds carried over which will reduce actual borrowing in 1996/97.

<sup>1</sup> "White Book" expenditure, the supplementary proposals, estimates of expenditure to be included in the Adjustments Estimate for 1996/97 and standing appropriations (guarantee liabilities, subscription payments to the IDA, the IBRD and valuation adjustment payments to the IMF).

<sup>2</sup> The projected nominal GDP for 1996/97 is R561 billion compared with R500 billion for 1995/96 (see par 5.1).

<sup>3</sup> More strictly, the estimated expenditure level of 30,95 per cent of GDP and total revenue of 25,82 per cent of GDP result in an estimated budget deficit of 5,13 per cent of GDP.

After taking into account scheduled loan redemptions of R16,502 billion and the expected premium on the consolidation, repurchasing and switching of government stock ("book-profit") of R200 million, the gross loan financing requirement for 1996/97 amounts to R45,105 billion.

The envisaged financing will mainly take place in government stock. As explained in par. 2.9.1, an agreement has been reached for an interest free utilisation of R3 billion of the Corporation for Public Deposits' funds. At this stage an amount of R2,500 billion is envisaged as proceeds from foreign loans.

#### *Borrowing requirement and financing for 1995/96 and 1996/97*

	Revised estimate 1995/96 R million	Budget 1996/97 R million
Expenditure .....	157 360,1	173 659,4
Revenue and grants <sup>a)</sup> .....	127 369,3	144 857,0
Budget deficit .....	30 090,8	28 802,4
Less: Opening balance .....	3 429,8	0,0
Net borrowing requirement .....	26 661,0	28 802,4
Loan redemptions:		
• Short-term (net) .....	1 100,0	-
• Government stock .....	10 699,6	14 897,5
• Bonds .....	123,4	51,4
• Premium on government stock ("book-profit") .....	-235,1	-200,0
• Foreign loans .....	108,7	1 553,4
Gross borrowing requirement ..	38 457,6	45 104,7
Financing:		
• Short-term (net) .....	-	3 000,0
• Government stock .....	38 604,4	39 604,7
• Bonds .....	0,2	-
• Foreign loans .....	1 853,0	2 500,0
Total financing .....	38 457,6	45 104,7
Closing balance .....	0,0	0,0

a) The 1995/96 figure includes grants of R123,3 million received in the RDP Fund to finance certain RDP-related expenditures. At this stage, no provision is made for RDP-related grants in 1996/97, due to lack of detail. If any, these will be included in the Adjustments Estimate for 1996/97.

Given the above envisaged financing programme for the 1996/97 financial year, the estimated discount on sales of new government stock of R2,828 billion<sup>4</sup> (including provision for the discount on projected conversions by the South African Reserve Bank of nil-coupon stock into interest bearing stock to the amount of R5 billion<sup>5</sup>), total government debt is projected to be R311,659 billion (55,6 per cent of expected GDP) on 31 March 1997 compared with the estimated R280,024 billion<sup>6</sup> (56,0 per cent of GDP) on 31 March 1996. This projection *excludes* any changes in government debt that will or may result from:

- the utilisation of switch facilities;
- a revaluation of existing foreign loans due to changes in the exchange rate; and
- forward cover losses on the Gold and Foreign Exchange Contingency Reserve Account that may realise during 1996/97.

If the take-over of pre-independence Namibian debt of some R1 billion and the *total* debit balances on the books of the former Bophuthatswana, Cape Administration, Kwandebele, Lebowa, Transkei and Venda at the time that these accounts were closed (R1,108 billion) were to be included, the projected debt as at the end of the 1996/97 financial year would be R313,767 billion (55,9 per cent of GDP). The precise amounts of the National Government's liability in these cases are still being determined.

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<sup>4</sup> As reflected in the Printed Estimate of Expenditure ("White Book").

<sup>5</sup> This amount will not increase the overall level of government debt.

<sup>6</sup> Including a projected balance of R4,050 billion on the Gold and Foreign Exchange Contingency Reserve Account on 31 March 1996.

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## **ANNEXURE A**

### **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 1996/97, tabled by the Minister of Finance, appears below.

*The amounts appearing in the summary pages are a comparison between 1995/96 (Second and Final Print, RP 2 and 4) and 1996/97 (First Print, RP 2). The 1995/96 data do not include expenditure voted in the Adjustments Estimate. Chapter 3 contains a summary of the additional amounts made available in the 1995/96 financial year. Similarly, the 1996/97 Estimate (First Print) does not include the supplementary budget proposals as contained in chapter 4, nor the estimate of expenditure to be included in the Adjustments Estimate for 1996/97.*

All inquiries concerning the printed Estimate of Expenditure should be directed to the Department of State Expenditure.

## Annexure 3: Summary

## Bylae 3: Samevatting

Vote—Begrotingspos		1996/97							1995/96	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						
No.	Title—Titel	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
	<b>Part I—Deel I</b>										
1	President—President .....	21 545	160			21 705	552	22 257	16 299	5 958	
2	Executive Deputy President— Uitvoerende Adjunkpresident .....	8 454	600			9 054	480	9 534	8 815	719	
3	Executive Deputy President from the Largest Minority Party—Uitvoerende Adjunkpresident vanuit die Grootste Minderheidsparty .....	12 454	227			12 681	480	13 161	13 256	95	
4	Parliament—Parlement .....	145 226	6 467	43 468		195 161	148 958	344 119	307 141	36 978	
5	Agriculture—Landbou .....	267 572	38 889	503 906	53 007	863 374		863 374	804 116	59 258	
6	Arts, Culture, Science and Technology— Kuns, Kultuur, Wetenskap en Tegnologie .....	65 097	1 110	462 940	10 410	539 557		539 557	515 015	24 542	
7	Central Economic Advisory Service— Sentrale Ekonomiese Adviesdiens .....	8 824	70			8 894		8 894	10 326	1 432	
8	Central Statistical Service—Sentrale Statistiekdiens .....	370 286	2 277			372 563		372 563	72 084	300 479	
9	Constitutional Development— Staatkundige Ontwikkeling .....	45 215	151	990 000	1	1 035 367		1 035 367	1 253 071	217 704	
10	Correctional Services— Korrektiewe Dienste .....	2 513 166	74 520	2 479	354	2 590 519		2 590 519	2 419 843	170 676	
11	Education—Onderwys .....	124 840	583	4 695 278	672 124	5 492 825		5 492 825	4 330 395	1 162 430	
12	Environmental Affairs and Tourism— Omgewingsake en Toerisme .....	184 183	9 457	115 911	17 142	326 693		326 693	309 221	17 472	

## Annexure 3—continued

## Bylae 3—vervolg

Vote—Begrotingspos No. Title—Titel		1996/97							1995/96	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	
13	Finance—Finansies .....	1 149 929	157	71 254 260	9 149 833	81 554 179	34 445 000	115 999 179	99 564 452	16 434 727	
14	Foreign Affairs—Buitelandse Sake .....	956 765	68 987	120 726	116	1 146 594	1	1 146 595	1 134 090	12 505	
15	Health—Gesondheid .....	293 196	6 081	102 479	309 943	711 699		711 699	1 591 828		880 129
16	Home Affairs—Binnelandse Sake .....	365 999	11 104	15 081	2	392 186		392 186	372 587	19 599	
17	Housing—Behuising .....	40 648	1 005	228 980	1 273 006	1 543 639		1 543 639	3 629 303		2 085 664
18	Improvement of conditions of service— Verbetering van diensvoorwaardes .....	6 530 991		9		6 531 000		6 531 000	2 891 753	3 639 247	
19	Justice—Justisie .....	1 360 371	24 272	102 660	1 291	1 488 594	84 679	1 573 273	1 489 525	83 748	
20	Labour—Arbeid .....	313 885	21 028	320 423	2 000	657 336		657 336	803 999		146 663
21	Land Affairs—Grondsake .....	201 431	9 206	18 001	416 615	645 253		645 253	478 835	166 418	
22	Mineral and Energy Affairs— Mineraal- en Energiesake .....	132 917	5 913	472 901	47 744	659 475		659 475	716 374		56 899
23	RDP—HOP .....	44 266	2 554	45 000	470 100	561 920		561 920	231 819	330 101	
24	Public Enterprise—Openbare Onder- nemings .....	10 223		25 211		35 434		35 434	6 270	29 164	
25	Public Service and Administration— Staatsdiens en Administrasie .....	24 089	395	30		24 514		24 514	7 708	16 806	
26	Public Service Commission— Staatsdienskommissie .....	110 132	1 842	7	1	111 982		111 982	116 772		4 790
27	Public Works—Openbare Werke .....	1 822 711	845 610	154 245	113	2 822 679		2 822 679	2 350 726	471 953	
28	SA Communication Service—SA Kommunikasiediens .....	49 856	837		176	50 869		50 869	54 162		3 293
29	SA National Defence Force—SA Nasionale Weermag .....	8 201 100		2 045 319		10 246 419		10 246 419	10 535 052		288 633
30	SA Police Service—SA Polisie .....	9 205 748	678 123			9 883 871		9 883 871	8 853 418	1 030 453	
31	SA Revenue Services—SA Inkomste- dienste .....	855 736	100 038			955 774		955 774	697 180	258 594	
32	Sport and Recreation—Sport en Rekreasie .....	15 622	1 062	23 738	6 132	46 554		46 554	43 019	3 535	

## Annexure 3—continued

## Bylae 3—vervolg

Vote—Begrotingspos		1996/97							1995/96	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						
No.	Title—Titel	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
33	State Expenditure—Staatsbesteding .....	178 189	2 671	870 315	92 850	1 144 025		1 144 025	936 773	207 252	
34	Trade and Industry—Handel en Nywerheid .....	267 952	6 654	2 941 411	50 366	3 266 383		3 266 383	3 524 247		257 864
35	Transport—Vervoer .....	209 411	43 515	2 247 153	578 940	3 079 019		3 079 019	3 020 978	58 041	
36	Water Affairs and Forestry—Waterwese en Bosbou .....	814 935	1 335 970	109 906	91 894	2 352 705		2 352 705	1 108 032	1 163 073	
37	Welfare—Welsyn .....	55 452	837	23 496	60	79 845		79 845	74 643	5 202	
	Total Part 1—Totaal Deel 1 .....	36 978 416	3 302 372	87 935 333	13 244 220	141 460 341	34 680 150	176 140 491	154 373 927	25 709 730	3 943 166

**Vote 1**  
**Begrotingspos 1**

**President**  
**President**

**R21 705 000**

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 beampste: Direkteur-generaal: Kantoor van die President

Presentation according to programmes	Current Lopend		Capital Kapitaal		Transfers Oordragte				Total Totaal		Aanbieding volgens programme
	1996/97	1995/96	1996/97	1995/96	Current Lopend		Capital Kapitaal		1996/97	1995/96	
Main divisions	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	Hoofindelings
<b>1 Administration</b>	R'000 17 170	R'000 10 111	R'000 101	R'000 304	R'000	R'000	R'000	R'000	<b>R'000</b> 17 271	R'000 10 415	<b>1 Administrasie</b>
<b>2 Auxiliary and associated services</b>	4 375	5 229	59	103					<b>4 434</b>	5 332	<b>2 Ondersteunende en verwante dienste</b>
<b>AMOUNT TO BE VOTED</b>	<b>21 545</b>	<b>15 340</b>	<b>160</b>	<b>407</b>					<b>21 705</b>	<b>15 747</b>	<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	552							<b>552<sup>a</sup></b>	552	<b>Salaris van President</b>
<b>Total estimated expenditure</b>	<b>22 097</b>	<b>15 892</b>	<b>160</b>	<b>407</b>					<b>22 257</b>	<b>16 299</b>	<b>Totale beraamde uitgawe</b>
Increase	6 205								5 958		Toename
Decrease			247								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**

**R9 054 000**

**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
	1996/97	1995/96	1996/97	1995/96	Current Lopend		Capital Kapitaal		1996/97	1995/96	
Main divisions	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	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>	5 656	5 187	500	500					6 156	5 687	<b>1 Administrasie</b>
<b>2 Auxiliary and associated services</b>	2 798	2 548	100	100					2 898	2 648	<b>2 Ondersteunende en verwante dienste</b>
<b>AMOUNT TO BE VOTED</b>	<b>8 454</b>	<b>7 735</b>	<b>600</b>	<b>600</b>					<b>9 054</b>	<b>8 335</b>	<b>BEDRAG WAT BEWILLIG MOET WORD</b>
<b>Amount forming a direct charge on the National Revenue Fund in terms of sec 4(a) of the Remuneration and Allowances of Executive Deputy Presidents, Ministers and Deputy Ministers Act, 1994 (Act 53 of 1994)</b>											<b>Bedrag wat ingevolge art. 4(a) van die Wet op die Besoldiging en Toelaes van Uitvoerende Adjunkpresident, Ministers en Adjunkministers, 1994 (Wet 53 van 1994), regstreeks ten laste van die Nasionale Inkomstefonds kom</b>
Salary of Executive Deputy President	480	480							480 <sup>a</sup>	480	<b>Salaris van Uitvoerende Adjunkpresident</b>
<b>Total estimated expenditure</b>	<b>8 934</b>	<b>8 215</b>	<b>600</b>	<b>600</b>					<b>9 534</b>	<b>8 815</b>	<b>Totale beraamde uitgawe</b>
Increase	719								719		Toename
Decrease											Afname

<sup>a</sup> Includes R80 000 car allowance.

<sup>a</sup> Sluit R80 000 motortoelae in.

**Vote 3**  
**Begrotingspos 3**

**Executive Deputy President from the Largest Minority Party**  
**Uitvoerende Adjunkpresident vanuit die Grootste Minderheidsparty**

**R12 681 000** 3-1

AIM: To enable the Executive Deputy President from the Largest Minority Party and the Minister for General Services to fulfil their constitutional and other functions

DOEL: Om die Uitvoerende Adjunkpresident vanuit die Grootste Minderheidsparty en die Minister vir Algemene Dienste in staat te stel om hul grondwetlike en ander funksies te vervul

Accounting officer: Head: Office of the Executive Deputy President from the Largest Minority Party

Rekenpligtige 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
	1996/97	1995/96	1996/97	1995/96	Current Lopend		Capital Kapitaal		1996/97	1995/96	
Main divisions	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	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>	7 134	7 554	212	494					7 346	8 048	<b>2 Ondersteunende en verwante dienste</b>
	5 320	4 642	15	86					5 335	4 728	
<b>AMOUNT TO BE VOTED</b>	12 454	12 196	227	580					12 681	12 776	<b>BEDRAG WAT BEWILLIG MOET WORD</b>
<b>Amount forming a direct charge on the National Revenue Fund in terms of sec. 4(a) of the Remuneration and Allowances of Executive Deputy Presidents, Ministers and Deputy Ministers Act, 1994 (Act 53 of 1994)</b>											<b>Bedrag wat ingevolge art. 4(a) van die Wet op die Besoldiging en Toelaes van Uitvoerende Adjunkpresidente, Ministers en Adjunkministers, 1994 (Wet 53 van 1994), regstreeks ten laste van die Nasionale Inkomste-fonds kom</b>
Salary of Executive Deputy President	480	480							480 <sup>a</sup>	480	Salaris van Uitvoerende Adjunkpresident
<b>Total estimated expenditure</b>	12 934	12 676	227	580					13 161	13 256	<b>Totale beraamde uitgawe</b>
Increase	258										Toename
Decrease			353						95		Afname

<sup>a</sup> Includes R80 000 car allowance.

<sup>a</sup> Sluit R80 000 motortoelaes in.

**Vote 5**  
**Begrotingspos 5**

**Agriculture**  
**Landbou**

**R863 374 000**

**5-1**

AIM: To ensure equitable access to agriculture and promote the contribution of agriculture to the development of all communities, society at large and the national economy to enhance income, food security, employment and the quality of life in a sustainable manner

DOEL: Om regverdige toegang tot die landbou te verseker en die bydrae van landbou tot die ontwikkeling van alle gemeenskappe, die bevolking in die algemeen en die nasionale ekonomie te bevorder om inkomste, voedselsekuriteit, werkverskaffing en lewensgehalte volhoubaar te verseker

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
	1996/97	1995/96	1996/97	1995/96	Current Lopend		Capital Kapitaal		1996/97	1995/96	
Main divisions	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	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>	42 509	52 448	2 253	1 034					<b>44 762</b>	53 482	<b>1 Administrasie</b>
<b>2 Resource conservation</b>	35 685	29 222	32 195	31 952	5 915	5 850	5 519	5 280	<b>79 314</b>	72 304	<b>2 Hulpbronbewaring</b>
<b>3 Animal production</b>	43 339	24 172	729	1 376	1	1			<b>44 069</b>	25 549	<b>3 Diereproduksie</b>
<b>4 Crop production</b>	30 511	27 503	1 878	1 757					<b>32 389</b>	29 260	<b>4 Gewasproduksie</b>
<b>5 Agro-economic services</b>	15 406	13 449	297	231					<b>15 703</b>	13 680	<b>5 Agro-ekonomiese dienste</b>
<b>6 Programmes and information</b>	79 643	71 492	1 376	1 125	191 443	173 077	31 200	51 200	<b>303 662</b>	296 894	<b>6 Programme en inligting</b>
<b>7 Auxiliary and associated services</b>	20 479	17 849	161	392	306 547	271 574	16 288	23 132	<b>343 475</b>	312 947	<b>7 Ondersteunende en verwante dienste</b>
<b>AMOUNT TO BE VOTED</b>	<b>267 572</b>	<b>236 135</b>	<b>38 889</b>	<b>37 867</b>	<b>503 906</b>	<b>450 502</b>	<b>53 007</b>	<b>79 612</b>	<b>863 374</b>	<b>804 116</b>	<b>BEDRAG WAT BEWILLIG MOET WORD</b>
Increase	31 437		1 022		53 404				59 258		Toename
Decrease							26 605				Afname

**Vote 7**  
**Begrotingspos 7**

**Central Economic Advisory Service**  
**Sentrale Ekonomiese Adviesdiens**

**R8 894 000**

**7-1**

AIM: To render advice on economic policy and to promote co-ordinated economic policy making

DOEL: Advieslewering oor ekonomiese beleid ter bevordering van gekoördineerde ekonomiese beleidvoering

Accounting officer: Head: Central Economic Advisory Service

Rekenpligtige beampste: Hoof: Sentrale Ekonomiese Adviesdiens

Presentation according to programmes	Current Lopend		Capital Kapitaal		Transfers Oordragte				Total Totaal		Aanbieding volgens programme
	1996/97	1995/96	1996/97	1995/96	Current Lopend		Capital Kapitaal		1996/97	1995/96	
Main divisions	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	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 Economic advice</b>	2 011	2 097	70						2 081	2 097	<b>2 Ekonomiese advies</b>
<b>3 Regional economic development</b>	4 075	3 615							4 075	3 615	<b>3 Streekekonomiese ontwikkeling</b>
	2 738	4 614							2 738	4 614	
<b>AMOUNT TO BE VOTED</b>	<b>8 824</b>	<b>10 326</b>	<b>70</b>						<b>8 894</b>	<b>10 326</b>	<b>BEDRAG WAT BEWILLIG MOET WORD</b>
Increase			70								Toename
Decrease	1502								1432		Afname

**Vote 8**  
**Begrotingspos 8**

**Central Statistical Service**  
**Sentrale Statistiekdiens**

**R372 563 000**

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 beempte: Hoof: Sentrale Statistiekdiens

Presentation according to programmes	Current Lopend		Capital Kapitaal		Transfers Oordragte				Total Totaal		Aanbieding volgens programme
	1996/97	1995/96	1996/97	1995/96	Current Lopend		Capital Kapitaal		1996/97	1995/96	
Main divisions	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	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>	24 814	22 771	427	680					25 241	23 451	<b>1 Administrasie</b>
<b>2 Statistical service</b>	345 324	46 474	1 850	2 000					347 174	48 474	<b>2 Statistiekdiens</b>
<b>3 Auxiliary and associated services</b>	148	159							148	159	<b>3 Ondersteunende en verwante dienste</b>
<b>AMOUNT TO BE VOTED</b>	<b>370 286</b>	<b>69 404</b>	<b>2 277</b>	<b>2 680</b>					<b>372 563</b>	<b>72 084</b>	<b>BEDRAG WAT BEWILLIG MOET WORD</b>
Increase	300 882								300 479		Toename
Decrease			403								Afname

Presentation according to standard items			Aanbieding volgens standaarditems		
Items	1996/97	1995/96	Items	1996/97	1995/96
	R'000	R'000		R'000	R'000
A Personnel expenditure	298 219	48 263	A Personeeluitgawes		
B Administrative expenditure	42 668	7 029	B Administratiewe uitgawes		
C Stores and livestock	5 745	4 860	C Voorrade en lewende hawe		
D Equipment	5 657	4 153	D Toerusting		
E Land and buildings	1 841	6	E Grond en geboue		
F Professional and special services	16 897	6 932	F Professionele en spesiale dienste		
G Transfer payments			G Oordragbetalings		
H Miscellaneous expenditure	1 536	841	H Diverse uitgawes		
Amount to be voted	372 563	72 084	Bedrag wat bewillig moet word		

Departmental and miscellaneous receipts: R411 000.

Departementele en diverse ontvangste: R411 000.

**Vote 9**  
**Begrotingspos 9**

**Constitutional Development**  
**Staatkundige Ontwikkeling**

**R1 035 367 000**

9-1

AIM: To promote a democratic constitutional dispensation for all tiers of government

DOEL: Om 'n demokratiese grondwetlike bedeling vir alle vlakke van regering te bevorder

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
	1996/97	1995/96	1996/97	1995/96	Current Lopend		Capital Kapitaal		1996/97	1995/96	
Main divisions	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	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>	23 441	35 401	150	100					<b>23 591</b>	35 501	<b>1 Administrasie</b>
<b>2 Intergovernmental relations</b>	12 030	11 401				200			<b>12 030</b>	11 601	<b>2 Interowerheidsverhoudinge</b>
<b>3 Local government affairs</b>	8 177	9 886		31	980 000	1 182 473			<b>988 177</b>	1 192 390	<b>3 Plaaslike regeringsaangeleenthede</b>
<b>4 Auxiliary and associated services</b>	1 567	2 478	1	1	10 000	11 100	1		<b>11 569</b>	13 579	<b>4 Ondersteunende en verwante dienste</b>
<b>AMOUNT TO BE VOTED</b>	<b>45 215</b>	<b>59 166</b>	<b>151</b>	<b>132</b>	<b>990 000</b>	<b>1 193 773</b>	<b>1</b>		<b>1 035 367</b>	<b>1 253 071</b>	<b>BEDRAG WAT BEWILLIG MOET WORD</b>
Increase			19				1				Toename
Decrease	13 951				203 773				217 704		Afname

**Vote 10**  
**Begrotingspos 10**

**Correctional Services**  
**Korrektiewe Dienste**

**R2 590 519 000**

**10—1**

AIM: To render correctional services by means of the 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 die 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	Current Lopend		Capital Kapitaal		Transfers Oordragte				Total Totaal		Aanbieding volgens programme
	1996/97	1995/96	1996/97	1995/96	Current Lopend		Capital Kapitaal		1996/97	1995/96	
Main divisions	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	Hoofindelings
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
<b>1 Operational management</b>	174 208	151 374	624	687					<b>174 832</b>	152 061	<b>1 Operasionele bestuur</b>
<b>2 Incarceration</b>	1 619 616	1 291 334	6 806	8 991					<b>1 626 422</b>	1 300 325	<b>2 Aanhouding</b>
<b>3 Development of offenders</b>	208 833	182 052	32 851	68 035	2 479	1 580			<b>244 163</b>	251 667	<b>3 Ontwikkeling van oortreders</b>
<b>4 Community corrections</b>	90 550	76 734	2 209	1 219		50			<b>92 759</b>	78 003	<b>4 Gemeenskapkorreksies</b>
<b>5 Auxiliary and associated services</b>	639 699	819 403	38 871	32 705			354	520	<b>678 924</b>	852 628	<b>5 Ondersteunende en verwante dienste</b>
	2 732 906	2 520 897	81 361	111 637	2 479	1 630	354	520	<b>2 817 100</b>	2 634 684	
Less: Internal charges	219 740	206 377	6 841	8 464					<b>226 581</b>	214 841	Minus: Interne heffings
<b>AMOUNT TO BE VOTED</b>	<b>2 513 166</b>	<b>2 314 520</b>	<b>74 520</b>	<b>103 173</b>	<b>2 479</b>	<b>1 630</b>	<b>354</b>	<b>520</b>	<b>2 590 519</b>	<b>2 419 843</b>	<b>BEDRAG WAT BEWILLIG MOET WORD</b>
Increase	198 646				849				170 676		Toename
Decrease			28 653				166				Afname



**Vote 12**  
**Begrotingspos 12**

**Environmental Affairs and Tourism**  
**Omgewingsake en Toerisme**

**R326 693 000**

**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 beampste: Direkteur-generaal: Omgewingsake en Toerisme

Presentation according to programmes	Current Lopend		Capital Kapitaal		Transfers Oordragte				Total Totaal		Aanbieding volgens programme
					Current Lopend		Capital Kapitaal				
	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	
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>	23 893	22 043	234	173					<b>24 127</b>	22 216	<b>1 Administrasie</b>
<b>2 Environmental management</b>	29 299	27 405	735	500	67 087	62 771	17 114	10 351	<b>114 235</b>	101 027	<b>2 Omgewingsbestuur</b>
<b>3 Sea fisheries management and development</b>	54 702	51 646	2 150	1 920					<b>56 852</b>	53 566	<b>3 Seevisserye-bestuur en -ontwikkeling</b>
<b>4 Weather bureau services</b>	44 361	38 677	5 198	4 323					<b>49 559</b>	43 000	<b>4 Weerburo-dienste</b>
<b>5 Promotion of tourism</b>	3 279	3 075	100		48 824	57 575			<b>52 203</b>	60 650	<b>5 Bevordering van toerisme</b>
<b>6 Auxiliary and associated services</b>	31 799	28 629	1 040	3 255			28	28	<b>32 867</b>	31 912	<b>6 Ondersteunende en verwante dienste</b>
	187 333	171 475	9 457	10 171	115 911	120 346	17 142	10 379	<b>329 843</b>	312 371	
Less: Internal charges	3 150	3 150							<b>3 150</b>	3 150	Minus: Interne heffings
<b>AMOUNT TO BE VOTED</b>	<b>184 183</b>	<b>168 325</b>	<b>9 457</b>	<b>10 171</b>	<b>115 911</b>	<b>120 346</b>	<b>17 142</b>	<b>10 379</b>	<b>326 693</b>	<b>309 221</b>	<b>BEDRAG WAT BEWILLIG MOET WORD</b>
Increase	15 858						6 763		17 472		Toename
Decrease			714		4 435						Afname

AIM: To render policy advice on state finances as well as the overall utilisation of government funds, fund the Exchequer by the raising of loans, make funds available to public authorities and institutions and administer certain pension funds

DOEL: Om beleidsadvies oor staatsfinansies en die oorhoofse aanwending van owerheidsfondse te lewer, die Skatkis deur die aangaan van lenings 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	Current Lopend		Capital Kapitaal		Transfers Oordragte				Total Totaal		Aanbieding volgens programme
	1996/97	1995/96	1996/97	1995/96	Current Lopend		Capital Kapitaal		1996/97	1995/96	
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	5 183	5 799	31						5 214	5 799	1 Administrasie
2 Financial and economic measures	13 873	18 276	125	266	4 002	4 000			18 000	22 542	2 Finansiële en ekonomiese maatreëls
3 Exchequer financing	3 284	3 013		100					3 284	3 113	3 Skatkisfinansiering
4 Fiscal transfers					2 078 274	1 366 842	2 845 145	2 584 000	4 923 419	3 950 842	4 Fiskale oordragte
5 Civil pensions and contributions to funds	1 113 885	606 671			71 438	93 862			1 185 323	700 533	5 Siviele pensioene en bydraes tot fondse
6 Military pensions and other benefits	13 702	11 054			104 606	92 414			118 308	103 468	6 Militêre pensioene en ander voordele
7 Provincial transfers					68 994 268	60 629 761	6 304 688	5 763 389	75 298 956	66 393 150	7 Provinsiale oordragte
8 Associated services	2	2	1	1	1 672	2			1 675	5	8 Verwante dienste
AMOUNT TO BE VOTED	1 149 929	644 815	157	367	71 254 260	62 186 881	9 149 833	8 347 389	81 554 179	71 179 452	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	33 571 857	28 334 253							33 571 857	28 334 253	Rente
Management	857 902	20 506							857 902	20 506	Bestuur
Cost of raising loans	2 843 121	11 107 195							2 843 121	11 107 195	Koste van aangaan van lenings
	37 272 880	39 461 954							37 272 880	39 461 954	
Less: Discount (sec. 20 of Act 66 of 1975)	2 827 880	11 076 954							2 827 880	11 076 954	Minus: Diskonto (art. 20 van Wet 66 van 1975)
	34 445 000	28 385 000							34 445 000	28 385 000	
Total estimated expenditure	35 594 929	29 029 815	157	367	71 254 260	62 186 881	9 149 833	8 347 389	115 999 179	99 564 452	Totale beraamde uitgawe
Increase	6 565 114				9 067 379		802 444		16 434 727		Toename
Decrease			210								Afname

**Vote 14**  
**Begrotingspes 14**

**Foreign Affairs**  
**Buitelandse Sake**

**R1 146 594 000**

**14-1**

AIM: To maintain and promote RSA's external relations  
Accounting officer: Director-General: Foreign Affairs

DOEL: Om die RSA se buitelandse betrekkinge te handhaaf en te bevorder  
Rekenpligtige beampste: Direkteur-generaal: Buitelandse Sake

Presentation according to programmes	Current Lopend		Capital Kapitaal		Transfers Oordragte				Total Totaal		Aanbieding volgens programme
	1996/97	1995/96	1996/97	1995/96	Current Lopend		Capital Kapitaal		1996/97	1995/96	
Main divisions	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	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>	82 657	75 728	10 475	14 845			115	1	<b>93 247</b>	90 574	<b>1 Administrasie</b>
<b>2 Foreign relations</b>	769 548	733 046	58 512	51 135		6 227			<b>828 060</b>	790 408	<b>2 Buitelandse betrekkinge</b>
<b>3 Supporting services: Foreign representation</b>	104 560	127 573			120 726	122 834	1	1	<b>225 287</b>	250 408	<b>3 Ondersteuningsdienste: Buitelandse verteenwoordiging</b>
<b>AMOUNT TO BE VOTED</b>	<b>956 765</b>	<b>936 347</b>	<b>68 987</b>	<b>65 980</b>	<b>120 726</b>	<b>129 061</b>	<b>116</b>	<b>2</b>	<b>1 146 594</b>	<b>1 131 390</b>	<b>BEDRAG WAT BEWILLIG MOET WORD</b>
<b>Amount forming a direct charge on the National Revenue Fund</b>											<b>Bedrag wat regstreeks ten laste van die Nasionale Inkomstefonds kom</b>
<b>Salaries and allowances of judges seconded to governments of other countries (Act 88 of 1989)</b>					1	2 700			1	2 700	<b>Salarisse en toelaes van regters aan regerings van ander lande gesekondeer (Wet 88 van 1989)</b>
<b>Total estimated expenditure</b>	<b>956 765</b>	<b>936 347</b>	<b>68 987</b>	<b>65 980</b>	<b>120 727</b>	<b>131 761</b>	<b>116</b>	<b>2</b>	<b>1 146 595</b>	<b>1 134 090</b>	<b>Totale beraamde uitgawe</b>
Increase	20 418		3 007				114		12 505		Toename
Decrease					11 034						Afname

**Vote 15**  
**Begrotingspos 15**

**Health**  
**Gesondheid**

**R711 699 000**

**15-1**

AIM: To promote the health of all people in the RSA through a caring and effective national health system based on the primary health care approach

DOEL: Om die gesondheid van alle mense in die RSA d.m.v. 'n versorgende en effektiewe nasionale gesondheidstelsel gebaseer op die primêre gesondheidsorg benadering, te bevorder

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
	1996/97	1995/96	1996/97	1995/96	Current Lopend		Capital Kapitaal		1996/97	1995/96	
Main divisions	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	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>	43 250	37 899	1 267	418					<b>44 517</b>	38 317	<b>1 Administrasie</b>
<b>2 Policy and planning</b>	63 453	53 479	867	902	56 377	613 600	309 693	66 404	<b>430 390</b>	734 385	<b>2 Beleid en beplanning</b>
<b>3 Regulation, services and programmes</b>	184 838	171 983	3 678	2 302	29 752	494 908			<b>218 268</b>	669 193	<b>3 Regulasie, dienste en programme</b>
<b>4 Auxiliary and associated services</b>	1 655	94 068	269	2 426	16 350	25 965	250	34 459	<b>18 524</b>	156 918	<b>4 Ondersteunende en verwante dienste</b>
<i>Less: Internal charges</i>	293 196	357 429 6 985	6 081	6 048	102 479	1 134 473	309 943	100 863	<b>711 699</b>	1 598 813 6 985	<i>Minus: Interne heffings</i>
<b>AMOUNT TO BE VOTED</b>	293 196	350 444	6 081	6 048	102 479	1 134 473	309 943	100 863	<b>711 699</b>	1 591 828	<b>BEDRAG WAT BEWILLIG MOET WORD</b>
Increase			33				209 080				Toename
Decrease	57 248				1 031 994				880 129		Afname



**Vote 17**  
**Begrotingspos 17**

**Housing**  
**Behuising**

**R1 543 639 000**

17-1

AIM: To determine, finance, promote, co-ordinate, monitor and communicate policy i.r.o. housing and human settlement

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
	1996/97	1995/96	1996/97	1995/96	Current Lopend		Capital Kapitaal		1996/97	1995/96	
Main divisions	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	Hoofindelings
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
1 Administration	21 762	18 893	520	546			1	1	22 283	19 440	1 Administrasie
2 Housing support	8 645	6 441	136						8 781	6 441	2 Behuisingsondersteuning
3 Human settlement policy	4 001	2 547	129		22				4 152	2 547	3 Mensvestigingsbeleid
4 Housing sector performance	4 612	3 872	206						4 818	3 872	4 Behuisingssektorprestasie
5 Communication	1 598	1 128	14	13					1 612	1 141	5 Kommunikasie
6 Housing finance	30	5 050			228 958	254 097	1 273 005	3 336 715	1 501 993	3 595 862	6 Behuisingsfinansiering
AMOUNT TO BE VOTED	40 648	37 931	1 005	559	228 980	254 097	1 273 006	3 336 716	1 543 639	3 629 303	BEDRAG WAT BEWILLIG MOET WORD
Increase	2 717		446								Toename
Decrease					25 117		2 063 710		2 085 664		Afname

**Improvement of conditions of service  
Verbetering van diensvoorwaardes**

18

Presentation according to programmes	Current Lopend		Capital Kapitaal		Transfers Oordragte				Total Totaal		Aanbieding volgens programme
	1996/97	1995/96	1996/97	1995/96	Current Lopend		Capital Kapitaal		1996/97	1995/96	
Main divisions	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	Hoorindelings
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
Augmentation of salaries, wages and allowances government departments except provincial administrations	6 499 991	2 891 744							6 499 991	2 891 744	Aanvulling van salarisse, lone en toelaes staatsdepartemente behalwe provinsiale administrasies
Transfer to Provincial Revenue Accounts											Oordragte aan Provinsiale inkomsterekenings
Eastern Cape					1	1			1	1	Oos-Kaap
Northern Cape					1	1			1	1	Noord-Kaap
Western Cape					1	1			1	1	Wes-Kaap
KwaZulu/Natal					1	1			1	1	KwaZulu/Natal
Free State					1	1			1	1	Vrystaat
Mpumalanga					1	1			1	1	Mpumalanga
Northern Province					1	1			1	1	Noordelike Provinsie
North-West					1	1			1	1	Noordwes
Gauteng					1	1			1	1	Gauteng
Carry-through costs of improvement of salaries: 1995/96	31 000				9	9			9	9	Deurdrukoste van salarisverbeterings: 1995/96
Amount to be voted	6 530 991	2 891 744			9	9			6 531 000 <sup>a</sup>	2 891 753	Bedrag wat bewilling moet word
Increase	3 639 247								3 639 247		Toename
Decrease											Afname

<sup>a</sup> Including contributions to pension and provident funds as well as an allocation for the improvement of conditions of service for educators.

<sup>a</sup> Sluit bydraes tot pensioen- en voorsorgfondse asook 'n toekennings vir die verbetering van diensvoorwaardes vir opvoeders in.



**Vote 20**  
**Begrotingspos 20**

**Labour**  
**Arbeid**

**R657 336 000**

**20-1**

AIM: To order and promote the rights and interests of all individuals and groups in the labour field to their best advantage within the framework of government policy

DOEL: Om binne die raamwerk van owerheidsbeleid, die regte en belange van alle individue en groepe op die arbeidsterrein ten beste te bevorder en te orden

Accounting officer: Director-General: Labour

Rekenpligtige beampste: Direkteur-generaal: Arbeid

Presentation according to programmes	Current Lopend		Capital Kapitaal		Transfers Oordragte				Total Totaal		Aanbieding volgens programme
					Current Lopend		Capital Kapitaal				
	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	
<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>	90 711	86 089	10 980	8 692					<b>101 691</b>	94 781	<b>1 Administrasie</b>
<b>2 Occupational health and safety of persons</b>	24 188	18 409	889	3 957					<b>25 077</b>	22 366	<b>2 Beroepsgesondheid en veiligheid van persone</b>
<b>3 Social insurance</b>	13 784	11 633			7 000	268 300			<b>20 784</b>	279 933	<b>3 Bestaansversekering</b>
<b>4 Human resources development</b>	41 154	133 711	2 285	3 361	189 679	86 244			<b>233 118</b>	223 316	<b>4 Menslike hulpbronnontwikkeling</b>
<b>5 Career services and special employment programmes</b>	39 563	34 366	492	1 313	4 027	3 134			<b>44 082</b>	38 813	<b>5 Loepbaandienste en spesiale indiensplasingprogramme</b>
<b>6 Labour relations</b>	96 852	85 996	1 300	2 991	73 987				<b>172 139</b>	88 987	<b>6 Arbeidsverhoudinge</b>
<b>7 Labour policy</b>	4 329	3 269	172	454					<b>4 501</b>	3 723	<b>7 Arbeidsbeleid</b>
<b>8 Auxiliary and associated services</b>	3 304	4 203	4 910	4 741	45 730	41 759	2 000	1 377	<b>55 944</b>	52 080	<b>8 Ondersteunende en verwante dienste</b>
<b>AMOUNT TO BE VOTED</b>	<b>313 885</b>	<b>377 676</b>	<b>21 028</b>	<b>25 509</b>	<b>320 423</b>	<b>399 437</b>	<b>2 000</b>	<b>1 377</b>	<b>657 336</b>	<b>803 999</b>	<b>BEDRAG WAT BEWILLIG MOET WORD</b>
Increase							623				Toename
Decrease	63 791		4 481		79 014				146 663		Afname

**Vote 21**  
**Begrotingspos 21**

**Land Affairs**  
**Grondsake**

**R645 253 000**

**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 Lopen		Capital Kapitaal		Transfers Oordragte				Total Totaal		Aanbieding volgens programme
					Current Lopen		Capital Kapitaal				
	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	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>	52 698	54 082	3 649	6 462					<b>56 347</b>	60 544	<b>1 Administrasie</b>
<b>2 Surveys and land information</b>	61 681	51 195	4 097	3 460					<b>65 778</b>	54 655	<b>2 Opmetings en grondinligting</b>
<b>3 Restitution of land rights</b>	19 453	14 419	293	59 647		5	95 984	16 460	<b>115 730</b>	90 531	<b>3 Herstel van goadregte</b>
<b>4 Redistribution of land</b>	8 307	7 916	12	4			320 352	198 400	<b>328 671</b>	206 320	<b>4 Herverdeling van grond</b>
<b>5 Tenure reform</b>	8 365	12 783	30	4					<b>8 395</b>	12 787	<b>5 Besitregherverming</b>
<b>6 Implementation of land reform</b>	27 131	2 620	216	107					<b>27 347</b>	2 727	<b>6 Implementering van grondherververming</b>
<b>7 Land use planning and development</b>	15 582	16 651	446	562	18 000	29 045			<b>34 028</b>	46 258	<b>7 Grondgebruikbeplanning en -ontwikkeling</b>
<b>8 Auxiliary and associated services</b>	8 214	4 512	463	100	1	1	279	400	<b>8 957</b>	5 013	<b>8 Ondersteunende en verwante dienste</b>
<b>AMOUNT TO BE VOTED</b>	<b>201 431</b>	<b>164 178</b>	<b>9 206</b>	<b>70 346</b>	<b>18 001</b>	<b>29 051</b>	<b>416 615</b>	<b>215 260</b>	<b>645 253</b>	<b>478 835</b>	<b>BEDRAG WAT BEWILLIG MOET WORD</b>
Increase	37 253						201 355		166 418		Toename
Decrease			61 140		11 050						Afname

**Vote 22**  
**Begrotingspos 22**

**Mineral and Energy Affairs**  
**Mineraal- en Energiesake**

**R659 475 000**

**22-1**

AIM: To formulate and implement an overall mineral and energy policy in order to ensure the optimum utilisation 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				
Main divisions	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	Hoofindelings
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
1 Administration	26 198	20 564	1 687	1 200					27 885	21 764	1 Administrasie
2 Regulating of regional mining activities	51 800	26 895	3 142	93					54 942	26 988	2 Regulering van streekmynbou-werksaambede
3 Mineral economic studies	5 042	4 214	26						5 068	4 214	3 Mineraalekonomiese studies
4 Mining	24 899	13 601	878	255					25 777	13 856	4 Mynbou
5 Energy management	24 830	20 535							24 830	20 535	5 Energiebestuur
6 Associated services	148	138	180	50	472 901	477 005	47 744	151 824	520 973	629 017	6 Verwante dienste
AMOUNT TO BE VOTED	132 917	85 947	5 913	1 598	472 901	477 005	47 744	151 824	659 475	716 374	BEDRAG WAT BEWILLIG MOET WORD
Increase	46 970		4 315								Toename
Decrease					4 104		104 080		56 899		Afname

**Vote 23**  
**Begrotingspos 23**

**Promoting the Reconstruction and Development Programme (RDP)**  
**Bevordering van die Heropbou- en Ontwikkelingsprogram (HOP)**

**R561 920 000**

23—1

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

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

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
	1996/97	1995/96	1996/97	1995/96	Current Lopend		Capital Kapitaal		1996/97	1995/96	
Main divisions											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>	17 766	29 219	54	2 600					17 820	31 819	
<b>AMOUNT TO BE VOTED</b>	26 500		2 500		45 000	100 000	470 100	100 000	544 100	200 000	<b>2 Heropbou- en ontwikkelings-bevordering</b>
	44 266	29 219	2 554	2 600	45 000	100 000	470 100	100 000	561 920	231 819	BEDRAG WAT BEWILLIG MOET WORD
Increase	15 047						370 100		330 101		Toename
Decrease			46		55 000						Afname

Presentation according to standard items			Aanbieding volgens standaarditems	
Items	1996/97	1995/96	Items	
	R'000	R'000		
A Personnel expenditure	5 999	17 818	A Personeeluitgawes	
B Administrative expenditure	4 096	6 441	B Administratiewe uitgawes	
C Stores and livestock	1 131	90	C Voorrade en lewende hawe	
D Equipment	4 535	3 660	D Toerusting	
E Land and buildings			E Grond en geboue	
F Professional and special services	31 001	3 810	F Professionele en spesiale dienste	
G Transfer payments	515 100	200 000	G Oordragbetalings	
H Miscellaneous expenditure	58		H Diverse uitgawes	
Amount to be voted	561 920	231 819	Bedrag wat bewillig moet word	

Departmental and miscellaneous receipts: R1 000.

Departementele en diverse ontvangste: R1 000.

**Vote 24**  
**Begrotingspos 24**

**Public Enterprises**  
**Openbare Ondernemings**

24-1

**R35 434 000**

AIM: To manage the state's interest and shareholdings in the public enterprises

DOEL: Om die staat se belange en aandele in die openbare ondernemings te bestuur

Accounting officer: Head: Office for Public Enterprises

Rekenpligtige beampte: Hoof: Kantoor vir Openbare Ondernemings

Presentation according to programmes	Current Lopend		Capital Kapitaal		Transfers Oordragte				Total Totaal		Aanbieding volgens programme
	1996/97	1995/96	1996/97	1995/96	Current Lopend		Capital Kapitaal		1996/97	1995/96	
Main divisions	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	Hoofindelings
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
1 Administration	7 223	6 269			25 211				32 434	6 269	1 Administrasie
2 Restructuring of public enterprises	3 000	1							3 000	1	2 Herstrukturering van openbare ondernemings
<b>AMOUNT TO BE VOTED</b>	<b>10 223</b>	<b>6 270</b>			<b>25 211</b>				<b>35 434</b>	<b>6 270</b>	<b>BEDRAG WAT BEWILLIG MOET WORD</b>
Increase	3 953				25 211				29 164		Toename
Decrease											Afname

Presentation according to standard items			Aanbieding volgens standaarditems	
Items	1996/97	1995/96	Items	
	R'000	R'000		
A Personnel expenditure	4 133	3 436	A Personeeluitgawes	
B Administrative expenditure	2 902	1 017	B Administratiewe uitgawes	
C Stores and livestock	535	100	C Voorrade en lewende hawe	
D Equipment	51	51	D Toerusting	
E Land and buildings			E Grond en geboue	
F Professional and special services	2 553	1 170	F Professionele en spesiale dienste	
G Transfer payments	25 211		G Oordragbetalings	
H Miscellaneous expenditure	49	496	H Diverse uitgawes	
<b>Amount to be voted</b>	<b>35 434</b>	<b>6 270</b>	<b>Bedrag wat bewillig moet word</b>	

Departmental and miscellaneous receipts: R87 261 000.

Departementele en diverse ontvangste: R87 261 000.

**Vote 25**  
**Begrotingspos 25**

**Public Service and Administration**  
**Staatsdiens en Administrasie**

**R24 514 000**

**25-1**

AIM: To advise the Minister for the Public Service and Administration on government policy  
i.r.o. the Public Service

DOEL: Om die Minister vir die Staatsdiens en Administrasie oor regeeringsbeleid t.o.v. die  
Staatsdiens te adviseer

Accounting officer: Director-General: Public Service and Administration

Rekenpligtige beampte: Direkteur-generaal: Staatsdiens en Administrasie

Presentation according to programmes	Current Lopend		Capital Kapitaal		Transfers Oordragte				Total Totaal		Aanbieding volgens programme
	1996/97	1995/96	1996/97	1995/96	Current Lopend		Capital Kapitaal		1996/97	1995/96	
Main divisions	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	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>	8 124	2 494	395	714					<b>8 519</b>	<b>3 208</b>	<b>1 Administrasie</b>
<b>2 Functional assistance to the Minister</b>	15 965	4 470			30	30			<b>15 995</b>	<b>4 500</b>	<b>2 Funksionele bystand aan die Minister</b>
<b>AMOUNT TO BE VOTED</b>	<b>24 089</b>	<b>6 964</b>	<b>395</b>	<b>714</b>	<b>30</b>	<b>30</b>			<b>24 514</b>	<b>7 708</b>	<b>BEDRAG WAT BEWILLIG MOET WORD</b>
Increase	17 125								16 806		Toename
Decrease			319								Afname

Presentation according to standard items		Aanbieding volgens standaarditems	
Items	1996/97	1995/96	Items
	R'000	R'000	
A Personnel expenditure	13 078	2 877	A Personeeluitgawes
B Administrative expenditure	1 695	1 854	B Administratiewe uitgawes
C Stores and livestock	167	795	C Voorrade en lewendes hawe
D Equipment	595	1 028	D Toerusting
E Land and buildings			E Grond en geboue
F Professional and special services	8 774	1 031	F Professionele en spesiale dienste
G Transfer payments	30	30	G Oordragbetalings
H Miscellaneous expenditure	175	93	H Diverse uitgawes
Amount to be voted	<b>24 514</b>	<b>7 708</b>	Bedrag wat bewillig moet word

**Vote 26**  
**Begrotingspos 26**

**Public Service Commission**  
**Staatsdienskommissie**

**R111 982 000**

**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 beampste: Direkteur-generaal: Staatsdienskommissie

Presentation according to programmes	Current Lopend		Capital Kapitaal		Transfers Oordragte				Total Totaal		Aanbieding volgens programme
	1996/97	1995/96	1996/97	1995/96	Current Lopend		Capital Kapitaal		1996/97	1995/96	
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>	18 150	16 840	496	595					<b>18 646</b>	17 435	<b>1 Administrasie</b>
<b>2 Functional assistance to the Public Service Commission</b>	91 896	93 219	1 256	2 296					<b>93 152</b>	95 515	<b>2 Funksionele bystand aan die Staatsdienskommissie</b>
<b>3 Auxiliary and associated services</b>	86	158	90	90	7	3 573	1	1	<b>184</b>	3 822	<b>3 Ondersteunende en verwante dienste</b>
<b>AMOUNT TO BE VOTED</b>	<b>110 132</b>	<b>110 217</b>	<b>1 842</b>	<b>2 981</b>	<b>7</b>	<b>3 573</b>	<b>1</b>	<b>1</b>	<b>111 982</b>	<b>116 772</b>	<b>BEDRAG WAT BEWILLIG MOET WORD</b>
Increase											Toename
Decrease	85		1 139		3 566				4 790		Afname

Presentation according to standard items			Aanbieding volgens standaarditems		
Items	1996/97	1995/96	Items	1996/97	1995/96
	R'000	R'000		R'000	R'000
A Personnel expenditure	<b>84 561</b>	81 001	A Personeeluitgawes		
B Administrative expenditure	<b>10 282</b>	8 117	B Administratiewe uitgawes		
C Stores and livestock	<b>2 294</b>	2 355	C Voorrade en lewende hawe		
D Equipment	<b>2 673</b>	3 431	D Toerusting		
E Land and buildings			E Grond en geboue		
F Professional and special services	<b>10 985</b>	17 428	F Professionele en spesiale dienste		
G Transfer payments	<b>8</b>	3 574	G Oordragbetalings		
H Miscellaneous expenditure	<b>1 179</b>	866	H Diverse uitgawes		
Amount to be voted	<b>111 982</b>	116 772	Bedrag wat bewillig moet word		

Departmental and miscellaneous receipts: R610 000.

Departementele en diverse ontvangste: R610 000.



**Vote 28**  
**Begrotingspos 28**

**SA Communication Service**  
**SA Kommunikasiediens**

**R50 869 000**

**28-1**

AIM: To render a co-ordinated and relevant government information and client service in order to promote meaningful involvement and dialogue between the government and all other relevant national institutions, organisations and populations nationally and internationally

DOEL: Om 'n gekoördineerde en relevante regeringsinligtings- en kliëntediens te lewer ter bevordering van betekenisvolle betrokkenheid en dialoog tussen die regering en alle ander betrokke nasionale instellings, organisasies en die bevolkings, nasionaal en internasionaal

Accounting officer: Head: SA Communication Service

Rekenpligtige beampte: Hoof: SA Kommunikasiediens

Presentation according to programmes	Current Lopend		Capital Kapitaal		Transfers Oordragte				Total Totaal		Aanbieding volgens programme
	1996/97	1995/96	1996/97	1995/96	Current Lopend		Capital Kapitaal		1996/97	1995/96	
Main divisions	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	Hoofindelings
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
<b>1 Corporate services</b>	10 668	11 757	408	610			176	260	<b>11 252</b>	12 627	<b>1 Korporatiewe dienste</b>
<b>2 Communication execution</b>	20 693	18 719	89	195					<b>20 782</b>	18 914	<b>2 Kommunikasie-uitvoering</b>
<b>3 Communication support</b>	18 495	22 282	340	339					<b>18 835</b>	22 621	<b>3 Kommunikasie-ondersteuning</b>
<b>AMOUNT TO BE VOTED</b>	<b>49 856</b>	<b>52 758</b>	<b>837</b>	<b>1 144</b>			<b>176</b>	<b>260</b>	<b>50 869</b>	<b>54 162</b>	<b>BEDRAG WAT BEWILLIG MOET WORD</b>
Increase											Toename
Decrease	2 902		307				84		3 293		Afname

**Vote 29**  
**Begrotingspos 29**

**SA National Defence Force**  
**SA Nasionale Weermag**

**R10 246 419 000** 29—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 SA National Defence Force

Rekenpligtige beampte: Hoof van die SA Nasionale Weermag

Presentation according to programmes	Current Lopend		Capital Kapitaal		Transfers Oordragte				Total Totaal		Aanbieding volgens programme  Hoofindelings
	1996/97	1995/96	1996/97	1995/96	Current Lopend		Capital Kapitaal		1996/97	1995/96	
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>	475 002	420 193							475 002	420 193	<b>1 Bevel en beheer</b>
<b>2 Landward defence</b>	3 542 360	2 899 330							3 542 360	2 899 330	<b>2 Landwaartse verdediging</b>
<b>3 Air defence</b>	2 021 619	1 738 320							2 021 619	1 738 320	<b>3 Lugwaartse verdediging</b>
<b>4 Maritime defence</b>	714 385	664 097							714 385	664 097	<b>4 Maritieme verdediging</b>
<b>5 Medical support</b>	1 026 729	709 866							1 026 729	709 866	<b>5 Mediese steun</b>
<b>6 General support</b>	421 005	398 229			191 041	191 040			612 046	589 269	<b>6 Algemene steun</b>
<b>7 Special Defence Account</b>					1 854 278	3 513 977			1 854 278	3 513 977	<b>7 Spesiale Verdedigingsrekening</b>
<b>AMOUNT TO BE VOTED</b>	<b>8 201 100</b>	<b>6 830 035</b>			<b>2 045 319</b>	<b>3 705 017</b>			<b>10 246 419</b>	<b>10 535 052</b>	<b>BEDRAG WAT BEWILLIG MOET WORD</b>
Increase	1 371 065										Toename
Decrease					1 659 698				288 633		Afname





**Vote 32**  
**Begrotingspos 32**

**Sport and Recreation**  
**Sport en Rekreasie**

**R46 554 000**

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 and recreation relations and participation

DOEL: Om die liggaamlike en geestelike welsyn van die gemeenskap te verhoog deur bevordering van binnelandse sport en rekreasie asook internasionale sport- en rekreasieverhoudings en deelname

Accounting officer: Director-General: Sport and Recreation

Rekenpligtige beampte: Direkteur-generaal: Sport en Rekreasie

Presentation according to programmes	Current Lopend		Capital Kapitaal		Transfers Oordragte				Total Totaal		Aanbieding volgens programme
	1996/97	1995/96	1996/97	1995/96	Current Lopend		Capital Kapitaal		1996/97	1995/96	
Main divisions	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	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>	9 632	12 582	870	550					<b>10 502</b>	13 132	<b>1 Administrasie</b>
<b>2 Sport advancement</b>	1 703	1 002	122		15 738	12 564			<b>17 563</b>	13 566	<b>2 Sportbevordering</b>
<b>3 Recreation advancement</b>	1 370	432	22		4 000	2 500			<b>5 392</b>	2 932	<b>3 Rekreasiebevordering</b>
<b>4 Sport services</b>	2 917	1 412	48		4 000	1 050	6 132	10 927	<b>13 097</b>	13 389	<b>4 Sportdienste</b>
<b>AMOUNT TO BE VOTED</b>	<b>15 622</b>	<b>15 428</b>	<b>1 062</b>	<b>550</b>	<b>23 738</b>	<b>16 114</b>	<b>6 132</b>	<b>10 927</b>	<b>46 554</b>	<b>43 019</b>	<b>BEDRAG WAT BEWILLIG MOET WORD</b>
Increase	194		512		7 624				3 535		Toename
Decrease							4 795				Afname



**Vote 34**  
**Begrotingspos 34**

**Trade and Industry**  
**Handel en Nywerheid**

**R3 266 383 000**

**34-1**

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 beamppte: Direkteur-generaal: Handel en Nywerheid

Presentation according to programmes	Current Lopend		Capital Kapitaal		Transfers Oordragte				Total Totaal		Aanbieding volgens programme
					Current Lopend		Capital Kapitaal				
	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	
<b>Main divisions</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	
1 Administration	31 134	33 744	3 565	34					34 699	33 778	1 Administrasie
2 Industrial development	32 472	28 308	324	41	452 338	275 642	50 365	25 192	535 499	329 183	2 Nywerheidsontwikkeling
3 Internal trade and consumer affairs	24 515	23 017	796	42	6 445	6 013			31 756	29 072	3 Binnelandse handel en verbruikersake
4 Foreign trade relations and export promotion	155 958	131 471	1 114	1 766	1 768 003	2 064 215			1 925 075	2 197 452	4 Buitelandse handelsbetrekkings en uitvoerbevoordring
5 Regional industrial development	11 686	10 808	633	146	633 097	839 219			645 416	850 173	5 Streeknywerheidsontwikkeling
6 Small business development	6 709	8 250			80 346	71 370			87 055	79 620	6 Kleinsake-ontwikkeling
7 Associated services	5 478	3 947	222	120	1 182	901	1	1	6 883	4 969	7 Verwante dienste
<b>AMOUNT TO BE VOTED</b>	<b>267 952</b>	<b>239 545</b>	<b>6 654</b>	<b>2 149</b>	<b>2 941 411</b>	<b>3 257 360</b>	<b>50 366</b>	<b>25 193</b>	<b>3 266 383</b>	<b>3 524 247</b>	<b>BEDRAG WAT BEWILLIG MOET WORD</b>
Increase	28 407		4 505				25 173				Toename
Decrease					315 949				257 864		Afname

**Vote 35**  
**Begrotingspos 35**

**Transport**  
**Vervoer**

**R3 079 019 000**

35-1

AIM: To promote efficient transport systems on national level  
Accounting officer: Director-General: Transport

DOEL: Om doeltreffende vervoerstelsels op nasionale vlak te bevorder  
Rekenpligtige beampte: Direkteur-generaal: Vervoer

Presentation according to programmes	Current Lopend		Capital Kapitaal		Transfers Oordragte				Total Totaal		Aanbieding volgens programme
	1996/97	1995/96	1996/97	1995/96	Current Lopend		Capital Kapitaal		1996/97	1995/96	Hoofindelings
Main divisions	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
<b>1 Administration</b>	29 598	28 081	405	567					<b>30 003</b>	28 648	<b>1 Administrasie</b>
<b>2 Civil aviation authority</b>	17 687	22 057	5 902	686		1		1	<b>23 589</b>	22 745	<b>2 Burgerlugvaartowerheid</b>
<b>3 Shipping</b>	56 923	45 422	316	217					<b>57 239</b>	45 639	<b>3 Skeepvaart</b>
<b>4 Roads</b>	132	122					517 292	522 190	<b>517 424</b>	522 312	<b>4 Paale</b>
<b>5 Urban transport</b>	10 803	8 923	42	42	2 246 884	2 221 839	60 452	59 566	<b>2 318 181</b>	2 290 370	<b>5 Stedelike vervoer</b>
<b>6 Road traffic</b>	70 682	61 703	36 281	23 698					<b>106 963</b>	85 401	<b>6 Padverkeer</b>
<b>7 Auxiliary and associated services</b>	23 586	22 875	569	342	269	250	1 196	2 396	<b>25 620</b>	25 863	<b>7 Ondersteunende en verwante dienste</b>
<b>AMOUNT TO BE VOTED</b>	<b>209 411</b>	<b>189 183</b>	<b>43 515</b>	<b>25 552</b>	<b>2 247 153</b>	<b>2 222 090</b>	<b>578 940</b>	<b>584 153</b>	<b>3 079 019</b>	<b>3 020 978</b>	<b>BEDRAG WAT BEWILLIG MOET WORD</b>
Increase	20 228		17 963		25 063				58 041		Toename
Decrease							5 213				Afname

**Vote 36**  
**Begrotingspos 36**

**Water Affairs and Forestry**  
**Waterwese en Bosbou**

**R2 352 705 000**

**36-1**

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
	1996/97	1995/96	1996/97	1995/96	Current Lopend		Capital Kapitaal		1996/97	1995/96	
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	77 778	53 490	4 605	3 014			4 443	5 500	86 826	62 004	1 Administrasie
2 Water resource assessment	47 974	42 048	8 242	6 229					56 216	48 277	2 Waterbronevaluering
3 Water resource planning	36 475	18 578	40 059	42 061					76 534	60 639	3 Waterbroneplanning
4 Water resource development	4 451	5 756	222 089	210 844		2	4 531	4 211	231 871	220 813	4 Waterbroneontwikkeling
5 International projects							40 597	22 368	48 597	22 368	5 Internasionale projekte
6 Water resource utilisation	74 966	65 101	18 387	16 274			42 323	53 676	135 677	135 052	6 Waterbronebenutting
7 Community water supply and sanitation	387 275	14 489	1 036 288	496 289	109 630	100 000			1 533 193	610 778	7 Gemeenskapswatervoorsiening en sanitasie
8 Forestry	186 016	26 735	6 300	1 586	275	580			192 591	28 901	8 Bosbou
<b>AMOUNT TO BE VOTED</b>	<b>814 935</b>	<b>226 197</b>	<b>1 335 970</b>	<b>776 297</b>	<b>109 906</b>	<b>100 583</b>	<b>91 894</b>	<b>85 755</b>	<b>2 352 705</b>	<b>1 188 832</b>	<b>BEDRAG WAT BEWILLIG MOET WORD</b>
Increase	588 738		559 673		9 323		6 139		1 183 873		Toename
Decrease											Afname

Presentation according to standard items			Aanbieding volgens standaarditems		
Items	1996/97	1995/96	Items	1996/97	1995/96
	<b>R'000</b>	<b>R'000</b>			
A Personnel expenditure	628 598	191 264	A Personeeluitgawes		
B Administrative expenditure	109 432	49 527	B Administratiewe uitgawes		
C Stores and livestock	71 038	35 346	C Voorrade en lewendes hawe		
D Equipment	42 704	28 148	D Toerusting		
E Land and buildings	7 599	12 067	E Grond en geboue		
F Professional and special services	1 286 687	678 575	F Professionele en spesiale dienste		
G Transfer payments	201 800	186 338	G Oordragbetalings		
H Miscellaneous expenditure	4 855	7 567	H Diverse uitgawes		
<b>Amount to be voted</b>	<b>2 352 705</b>	<b>1 188 832</b>	<b>Bedrag wat bewillig moet word</b>		

Departmental and miscellaneous receipts: R270 000 000.

Departementale en diverse ontvangste: R270 000 000.

**Vote 37**  
**Begrotingspos 37**

**Welfare**  
**Welsyn**

37-1

**R79 845 000**

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 beampste: Direkteur-generaal: Welsyn

Presentation according to programmes	Current Lopend		Capital Kapitaal		Transfers Oordragte				Total Totaal		Aanbieding volgens programme
	1996/97	1995/96	1996/97	1995/96	Current Lopend		Capital Kapitaal		1996/97	1995/96	
Main divisions	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	1996/97	1995/96	Hoofindelings
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
1 Administration	21 435	19 501	353	110					21 788	19 611	1 Administrasie
2 Population development	15 557	15 479	36						15 593	15 479	2 Bevolkingsontwikkeling
3 Social welfare, fields of service and funds	11 534	11 602	157	246	8 158	5 158			19 849	17 006	3 Maatskaplike welsyn, diensvelde en fondse
4 Welfare planning and development	6 926	5 939	241	92	15 328	15 328			22 495	21 359	4 Welsynbeplanning en -ontwikkeling
5 Auxiliary and associated services			50	117	10	10	60	1 061	120	1 188	5 Ondersteunende en verwante dienste
AMOUNT TO BE VOTED	55 452	52 521	837	565	23 496	20 496	60	1 061	79 845	74 643	BEDRAG WAT BEWILLIG MOET WORD
Increase	2 931		272		3 000				5 202		Toename
Decrease							1 001				Afname

## ANNEXURE B STATISTICAL TABLES

	<i>Description</i>	<i>Page</i>
<b>National budget (National Revenue Account)</b>		
<b>Table 1</b>	<b>Total revenue: Main components according to traditional classification</b>	E.1
	Main components of actual collections (1974/75 to 1994/95), a comparison between budgeted and revised estimates for 1995/96 and budgeted figures for 1996/97 (First and Second Printed Estimates) presented on the basis of the traditional classification method, i.e. Inland Revenue and Customs and Excise	
<b>Table 2</b>	<b>Total revenue: Main components according to GFS classification</b>	B.5
	Main components of actual collections (1974/75 to 1994/95), a comparison between budgeted and revised estimates for 1995/96 and budgeted figures for 1996/97 (First and Second Printed Estimates) presented on the basis of the International Monetary Fund's "Manual on Government Finance Statistics"	
<b>Table 3a</b>	<b>Total revenue: Detailed statements according to traditional classification</b>	B.9
	Detailed statements of actual collections for the period 1983/84 to 1994/95 presented on the basis of the traditional classification method, i.e. Inland Revenue and Customs and Excise	
<b>Table 3b</b>	<b>Total revenue: Detailed statements according to traditional classification</b>	B.19
	Detailed comparison between budgeted and revised estimates for 1995/96 and budgeted figures for 1996/97 (First and Second Printed Estimates) presented on the basis of the traditional classification method, i.e. Inland Revenue and Customs and Excise	
<b>Table 4a</b>	<b>Total revenue: Detailed statements according to GFS classification</b>	B.29
	Detailed statements of actual collections for the period 1983/84 to 1994/95 presented on the basis of the International Monetary Fund's "Manual on Government Finance Statistics"	
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	Detailed comparison between budgeted and revised estimates for 1995/96 and budgeted figures for 1996/97 (First and Second Printed Estimates) presented on the basis of the International Monetary Fund's "Manual on Government Finance Statistics"	
<b>Table 5</b>	<b>Total expenditure: Budget votes and statutory amounts</b>	B.49
	Estimated expenditure (including statutory amounts) per budget vote for 1995/96 and 1996/97	
<b>Table 6</b>	<b>Borrowing requirement and financing of national budget</b>	B.51
	Actual revenue collections, expenditure, budget deficit and financing activity for the period 1974/75 to 1994/95, a comparison between budgeted and revised estimates for 1995/96 and budgeted figures for 1996/97	
<b>Table 7a</b>	<b>National budget balances</b>	B.55
	Actual figures for the period 1986/87 to 1994/95, a comparison between budgeted and revised estimates for 1995/96 and budgeted figures for 1996/97	
<b>Table 7b</b>	<b>National budget balances</b>	B.57
	Information in table 7 expressed as percentages of GDP	

**Consolidated budgets (National Revenue  
Account and Provincial Revenue Funds)**

**Table 8      Economic classification of expenditure** B.59

Revised estimates for the period 1992/93 to 1994/95 and budgeted figures for 1995/96

**Table 9      Functional classification of expenditure** B.63

Revised estimates for the period 1992/93 to 1994/95 and budgeted figures for 1995/96

**Table 10     Economic and functional classification of expenditure** B.65

Budgeted figures for 1995/96

**Government debt**

**Table 11     Total government debt** B.67

Main components of total debt of government for the period 1968/69 to 1995/96

## 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 came 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) actual, audited figures 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 and revised figures for the 1995/96 financial year, as well as budgeted figures for the 1996/97 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 an 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 and 1996/97 Budgets. 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 the March 1995 Budget Review. In summary, the 1994/95 revenue and expenditure figures were adjusted by:

- (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 these 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.

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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.

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 information contained in the Adjustments Estimate (previously the Additional Budget), which implies that the figures in tables 8, 9 and 10 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

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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.

<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, 9 and 10 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.

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.

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 redeemed government stock 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:

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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".

- (i) Reports of the Auditor-General on the Appropriation and Miscellaneous Accounts in respect of General Affairs (1974/75 to 1994/95);
- (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;
- (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 have been 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);
- (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 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. These extra-ordinary receipts and grants are, however, 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 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 1995/96 and 1996/97 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 and 1996/97 Budgets. Since the same amounts are added on both the revenue and expenditure sides in adjusting the actual figures for purposes of comparability, the national budget deficit is unchanged. However, the size of the national budget deficit presented here differs from that presented in budgets prior to 1995/96 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, and standing appropriations (realised guarantee

<sup>7</sup> According to the GFS classification of revenue, these do not form part of revenue, but are regarded as "net lending".

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 authorization 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).

Transfers between the former State Revenue Account and the Stabilisation Account are shown in table 6 as a change in the balance of the Stabilisation Account.

#### **National budget balances (tables 7a and 7b)**

The main purpose of table 7a 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 7b. 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>6</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 8, 9 and 10)**

Tables 8 and 9 show, respectively, economic and functional classifications of total expenditure at national and provincial government levels, while table 10 represents an economic and functional classification of total national and provincial government expenditure for 1995/96. All figures prior to 1995/96 are *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 roll-overs of unspent funds from the previous fiscal year have been taken into account, but estimated savings and the roll-over of unspent funds to the next fiscal year were not taken into account due to lack of detail.

In analysing and comparing the figures from one year to another, the following important factor should be kept in mind: figures up to and including 1994/95 represent a consolidation of the national budget, the former Own Affairs Administrations, the former Provincial Administrations, the former self-governing territories and the former TBVC states. Since very little or no detail were available on the actual budgets of the former self-governing territories and TBVC states, estimates had to be obtained from the DBSA and Department of State Expenditure. Even further assumptions had to be made by CSS, who did these classifications. The 1995/96 figures represent a consolidation of the national budget and the new nine provincial budgets - a classification based on the actual available budgets and accordingly the most accurate version of expenditure at first and second tiers of government yet. Due to this, the 1995/96 figures should not directly be compared with the historical figures.

Although the national Adjustments Estimate was tabled in Parliament in February 1995, the various provinces will not table their respective Adjustments Estimates in time to compile revised 1995/96 estimates for inclusion in this budget review. For the sake of completeness, the budgeted expenditure at national and provincial government level (published in August 1995) is included in this statistical annexure (tables 8, 9 and 10).

Revenue, expenditure and the deficit on the "consolidated revenue accounts" (consolidated national and provincial budgets) as presented in the Budget Review of June 1994, will be updated when new information becomes available.

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<sup>6</sup> Total revenue plus certain items that are not regarded as revenue according to the GFS system, as discussed above.

**Total government debt (table 11)**

Table 11 shows the major components of government debt. The basic source of this table is the Quarterly Bulletin of the South African Reserve Bank. The 1995/96 projection was done by the Department of Finance, based on the revised national budget figures.

**Note:**

Data in these spreadsheet tables have been rounded to one decimal point and some may thus not add up to the totals.

**TABLE 1**  
**TOTAL REVENUE: NATIONAL**  
**REVENUE ACCOUNT 1)**  
**According to traditional classification 2)**

R million

Source of Revenue	ACTUAL COLLECTIONS							
	1974/75	1975/76	1976/77	1977/78	1978/79	1979/80	1980/81	1981/82
<b>Inland Revenue</b>								
Income tax:								
Gold mines .....	575,0	466,1	296,1	347,6	666,1	1 167,3	2 794,8	1 542,1
Other mines .....	88,8	51,6	75,2	109,0	127,4	345,5	277,0	147,0
Companies (other than mining) .....	1 117,6	1 452,6	1 568,8	1 680,6	1 549,7	1 835,0	2 418,7	3 126,0
Secondary tax on companies .....	-	-	-	-	-	-	-	-
Persons and individuals .....	1 108,9	1 394,3	1 748,3	1 954,0	2 092,0	2 054,3	2 220,6	3 367,1
Interest on overdue tax .....	3,1	4,5	6,2	6,5	6,8	6,8	7,3	8,5
Value-added tax/Sales tax .....	-	-	-	-	660,9	1 259,1	1 666,5	2 136,5
Non-resident shareholders' tax .....	83,3	90,4	84,8	92,9	110,7	165,0	305,1	332,1
Stamp duties and fees .....	81,4	73,1	71,4	83,3	94,9	124,4	138,8	146,1
Transfer duties .....	63,1	60,7	52,6	47,6	53,2	89,4	153,9	171,5
Levy on financial services .....	-	-	-	-	-	-	-	-
Mining leases and ownership .....	194,5	183,5	118,8	104,5	204,5	356,7	873,0	649,4
Interest and dividends .....	186,3	217,4	557,8	529,0	649,2	662,3	571,8	501,2
Other .....	347,2	377,1	439,7	449,1	557,8	624,7	636,3	607,5
<b>Total: Inland Revenue .....</b>	<b>3 849,1</b>	<b>4 371,2</b>	<b>5 019,6</b>	<b>5 403,8</b>	<b>6 773,1</b>	<b>8 690,7</b>	<b>12 063,9</b>	<b>12 734,9</b>
<b>Customs and Excise</b>								
Customs duties .....	302,5	352,5	323,8	302,6	370,7	453,0	735,8	1 082,2
Surcharge on imports .....	-	-	0,3	369,4	359,4	250,6	-2,8	100,4
Excise duties .....	531,4	616,7	832,5	871,5	978,4	1 029,2	1 267,0	1 536,1
Fuel levy .....	-	-	-	-	-	-	-	-
Ordinary levy .....	-	-	-	-	-	-	-	-
Miscellaneous revenue .....	188,1	217,5	275,3	345,9	125,6	7,6	23,6	17,8
Gross total: Customs and Excise .....	1 022,0	1 186,7	1 431,8	1 889,4	1 834,1	1 740,4	2 023,6	2 736,4
Less: Namibia: Central Revenue Fund ..	22,1	30,1	36,0	46,2	47,6	44,5	41,5	257,9
Customs Union Agreement .....	66,3	57,9	42,7	113,3	162,6	228,7	260,1	243,8
<b>Net total: Customs and Excise .....</b>	<b>933,5</b>	<b>1 098,7</b>	<b>1 353,0</b>	<b>1 729,9</b>	<b>1 623,8</b>	<b>1 467,2</b>	<b>1 722,0</b>	<b>2 234,8</b>
<b>Total ordinary revenue .....</b>	<b>4 782,6</b>	<b>5 469,9</b>	<b>6 372,7</b>	<b>7 133,7</b>	<b>8 397,0</b>	<b>10 158,0</b>	<b>13 785,9</b>	<b>14 969,7</b>
Extra-ordinary capital receipts .....	-	-	-	-	-	48,1	41,2	-
Grants (RDP) .....	-	-	-	-	-	-	-	-
<b>Total receipts .....</b>	<b>4 782,6</b>	<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>14 969,7</b>
Composition of total receipts:								
Direct taxes .....	2 991,3	3 476,8	3 797,6	4 207,0	4 571,0	5 593,7	8 038,0	8 539,9
Indirect taxes (net) .....	1 148,5	1 298,1	1 553,2	1 941,9	2 522,5	3 060,0	3 808,4	4 813,2
Other receipts .....	642,9	695,0	1 021,8	984,8	1 303,4	1 552,3	1 980,6	1 616,6

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) Including non-resident tax on interest, undistributed profits tax, donations tax, estate duties, marketable securities tax, levies, recoveries of loans and advances, as well as departmental income.

5) Including allocations from the fuel levy to the former TBVC states, treated as Part II revenue before 1994/95.

6) Including allocations from the ordinary levy to the former TBVC states, treated as Part II revenue before 1994/95.

7) Including sales duty, which was replaced by a general sales tax in July 1978.

8) Excluding payments to the former TBVC states and self-governing territories in terms of the Customs Union Agreement.

9) 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. Premium on government stock is excluded and is treated as "negative" loan redemptions.

10) Domestic and foreign grants, transferred from the RDP Fund, to finance RDP-related expenditures in a specific financial year.

11) Payments to the Central Revenue Fund of Namibia and payments in terms of the Customs Union Agreement are excluded.

**TABEL 1**  
**TOTALE INKOMSTE: NASIONALE**  
**INKOMSTEREKENING 1)**  
 Volgens tradisionele klassifikasie 2)

		WERKLIKE INVORDERINGS							Inkomstebron	
		1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89		1989/90
1	0	278,2	1 701,0	1 598,9	2 453,4	2 523,5	2 074,6	1 694,7	1 016,1	<b>Binnelandse Inkomste</b>
0	0	219,6	188,3	322,6	577,2	1 028,6	963,3	1 312,8	1 791,5	Inkomstebelasting:
0	0	681,3	3 278,6	3 820,1	4 855,3	5 113,5	5 868,8	8 236,0	11 013,3	3) Goudmyne
1	1	589,7	5 764,2	7 850,9	9 078,4	10 467,7	12 666,9	14 910,4	20 008,8	3) Ander myne
5	5	14,3	21,1	29,2	54,8	62,7	73,0	113,4	163,2	3) Maatskappye (uitgesonderd mynbou)
5	1	213,5	3 921,3	5 943,6	8 156,7	9 045,8	10 313,3	13 123,0	16 752,1	3) Sekondêre belasting op maatskappye
1	1	250,4	272,4	256,2	357,5	416,6	425,0	394,9	435,4	3) Persone en individue
5	5	149,9	213,1	243,8	272,8	321,1	439,0	469,3	685,2	3) Rente op agterstallige belasting
5	5	190,7	316,6	285,6	266,1	288,7	450,8	544,8	675,3	3) Belasting op toegevoegde waarde/AVB
4	2	394,8	560,1	382,0	633,4	846,2	820,1	642,4	541,3	3) Belasting op buitelandse aandeelhouders
2	5	571,8	508,8	500,8	363,4	295,0	222,3	307,9	463,7	3) Seëlregte en -gelde
5	9	740,8	582,2	883,5	1 020,2	1 362,8	1 497,5	1 410,7	1 534,2	3) Hereregte
9	9	294,8	17 327,7	22 117,1	28 089,2	31 772,2	35 814,7	43 160,4	55 080,0	3) Heffing op finansiële dienste
2	4	890,5	1 085,0	1 337,7	1 176,0	1 367,7	1 768,9	2 466,0	2 193,8	3) Mynverhuring en eiendomsregte
4	1	598,3	226,0	-5,1	498,6	837,8	742,6	1 875,6	2 625,4	4) Rente en dividende
1	8	1 686,2	1 782,0	1 964,6	1 926,4	1 890,8	2 183,5	2 508,8	2 842,0	4) Ander
8	8	7,1	-3,5	2,6	13,7	21,7	11,6	17,2	14,5	
4	9	182,0	3 089,5	3 299,8	3 614,6	4 118,0	5 399,4	9 423,1	11 826,4	<b>Totaal: Binnelandse Inkomste</b>
9	8	250,0	250,0	250,0	300,0	350,0	350,0	394,2	447,8	<b>Doeane en Aksyns</b>
8	8	314,7	390,8	462,5	472,1	496,9	577,3	719,8	918,0	Doeaneregte
8	7	1 617,3	2 448,6	2 587,4	2 842,6	3 271,1	4 472,1	8 309,1	10 460,5	Bobelasting op invoere
7	7	1 812,2	19 776,3	24 704,5	30 931,7	35 043,3	40 286,8	51 469,5	65 540,6	Aksynsregte
7	7	59,0	258,8	628,2	1 445,6	559,9	600,0	2 989,2	2 989,2	Brandstofheffing
7	7	1 812,2	19 835,3	24 963,3	31 560,0	36 488,9	40 846,7	52 069,5	68 529,7	Gewone heffing
9	9	1 054,0	11 248,5	13 916,2	17 417,6	19 654,9	22 109,2	26 671,1	34 430,7	Diverse inkomste
12	12	336,2	7 075,5	9 242,5	11 957,9	13 290,5	16 075,3	22 733,0	28 940,9	<b>Bruto totaal: Doeane en Aksyns</b>
16	16	522,0	1 511,2	1 804,6	2 184,5	3 543,5	2 662,2	2 665,4	5 158,1	Min: Namibië: Sentrale Inkomstefonds
16	16	522,0	1 511,2	1 804,6	2 184,5	3 543,5	2 662,2	2 665,4	5 158,1	8) Doeane-unie-ooreenkoms

**Totale gewone inkomste**

9) Buitengewone kapitaalontvangstes  
 10) Skenkings (HOP)

**Totale ontvangstes**

Samestelling van totale ontvangstes:  
 Direkte belastings  
 11) 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, 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 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 1985/86 sluit invorderings van die eertydse TBVC-state en selfregerende gebiede in.

4) Insluitende rentebelasting op buitelanders, belasting op omgekeerde winste, belasting op geskenke, boedelbelasting, belasting op handelseffekte, heffings, terugvorderings van lenings 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) Insluitende 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 en word as 'negatiewe' leningsaflossings hanteer.

10) Binnelandse en buitelandse skenkings, oorgepra vanaf die HOP-fonds, om HOP-venwante uitgawes in 'n spesifieke finansiële jaar te finansier.

11) Betalings aan die Sentrale Inkomstefonds van Namibië en betalings ingevolge die Doeane-unie-ooreenkoms is uitgesluit.

TABLE 1 (continued)  
TOTAL REVENUE: NATIONAL  
REVENUE ACCOUNT 1)  
According to traditional classification 2)

Source of Revenue	ACTUAL COLLECTIONS					1995/96		
	1990/91	1991/92	1992/93	1993/94	1994/95	Second Print Tweede Druk	Revised Estimate Hersiene raming	Deviation Afwyking
<b>Inland Revenue</b>								
Income tax:								
Gold mines .....	644,4	523,7	421,5	622,5	1 172,7	1 485,0	950,0	-535,0
Other mines ..... 3)	2 246,0	1 048,9	575,7	508,6	457,2	813,0	898,0	85,0
Companies (other than mining) ..... 3)	11 870,5	12 490,8	12 126,0	10 359,3	11 961,3	13 310,0	14 100,0	790,0
Secondary tax on companies .....	-	-	-	876,7	1 303,6	1 760,0	1 160,0	-600,0
Persons and individuals ..... 3)	24 149,6	29 968,9	33 833,0	37 805,3	44 972,8	49 755,0	51 220,0	1 465,0
Interest on overdue tax .....	237,6	285,3	326,7	367,6	657,8	770,0	560,0	-210,0
Value-added tax/Sales tax ..... 3)	18 260,7	18 791,8	17 506,1	25 449,0	29 288,4	32 750,0	32 600,0	-150,0
Non-resident shareholders' tax ..... 3)	429,8	343,6	276,3	392,9	479,4	337,0	235,0	-102,0
Stamp duties and fees ..... 3)	657,3	712,2	760,4	846,7	942,9	950,0	1 025,0	75,0
Transfer duties .....	766,4	842,6	920,1	1 076,7	1 413,5	1 625,0	1 540,0	-85,0
Levy on financial services .....	-	72,6	329,4	368,3	390,5	446,0	465,0	19,0
Mining leases and ownership ..... 3)	432,5	325,1	187,9	295,5	224,9	110,0	212,0	102,0
Interest and dividends .....	65,8	77,4	240,1	745,6	536,7	504,0	1 459,2	955,2
Other ..... 4)	2 011,3	1 709,2	2 286,7	2 198,0	2 073,6	1 820,1	1 915,9	95,8
<b>Total: Inland Revenue .....</b>	<b>61 771,8</b>	<b>67 192,0</b>	<b>69 790,0</b>	<b>81 912,6</b>	<b>95 875,4</b>	<b>106 435,1</b>	<b>108 340,1</b>	<b>1 905,0</b>
<b>Customs and Excise</b>								
Customs duties .....	2 502,3	2 736,1	2 961,1	3 413,4	4 247,0	4 700,0	5 400,0	700,0
Surcharge on imports .....	2 075,3	1 455,5	1 520,9	1 756,1	1 170,8	645,0	456,0	-189,0
Excise duties .....	3 344,5	3 825,3	4 435,9	4 967,0	5 804,2	6 111,0	6 574,0	463,0
Fuel levy ..... 5)	4 103,8	5 421,3	7 083,1	7 860,2	8 351,5	8 855,0	8 900,0	45,0
Ordinary levy ..... 6)	110,2	69,2	79,4	65,4	51,3	45,0	45,0	-
Miscellaneous revenue ..... 7)	9,7	60,3	83,4	12,0	137,2	90,0	90,0	-
<b>Gross total: Customs and Excise .....</b>	<b>12 145,9</b>	<b>13 567,7</b>	<b>16 163,8</b>	<b>18 074,1</b>	<b>19 762,1</b>	<b>20 446,0</b>	<b>21 465,0</b>	<b>1 019,0</b>
Less: Namibia: Central Revenue Fund ..	111,8	-	-	-	-	-	-	-
Customs Union Agreement ..... 8)	1 689,1	2 760,3	2 984,1	3 089,4	3 248,8	3 890,1	3 890,1	-
<b>Net total: Customs and Excise .....</b>	<b>10 345,0</b>	<b>10 807,5</b>	<b>13 179,6</b>	<b>14 984,7</b>	<b>16 513,3</b>	<b>16 555,9</b>	<b>17 574,9</b>	<b>1 019,0</b>
<b>Total ordinary revenue .....</b>	<b>72 116,8</b>	<b>77 999,5</b>	<b>82 969,6</b>	<b>96 897,3</b>	<b>112 388,7</b>	<b>122 991,0</b>	<b>125 915,0</b>	<b>2 924,0</b>
Extra-ordinary capital receipts ..... 9)	319,4	809,2	1 143,8	1 406,1	-	1 200,0	1 231,0	31,0
Grants (RDP) ..... 10)	-	-	-	-	1,0	-	123,3	123,3
<b>Total receipts .....</b>	<b>72 436,2</b>	<b>78 808,7</b>	<b>84 113,4</b>	<b>98 303,4</b>	<b>112 389,7</b>	<b>124 191,0</b>	<b>127 269,3</b>	<b>3 078,3</b>
Composition of total receipts:								
Direct taxes .....	39 580,9	44 661,6	47 559,4	50 933,7	61 004,7	68 230,0	69 123,0	893,0
Indirect taxes (net) ..... 11)	30 374,4	31 541,7	33 001,6	43 191,3	49 255,1	53 088,9	53 858,9	770,0
Other receipts .....	2 480,9	2 605,4	3 552,4	4 178,4	2 129,8	2 872,1	4 287,4	1 415,3

- 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) Including non-resident tax on interest, undistributed profits tax, donations tax, estate duties, marketable securities tax, levies, recoveries of loans and advances, as well as departmental income.
- 5) Including allocations from the fuel levy to the former TBVC states, treated as Part II revenue before 1994/95.
- 6) Including allocations from the ordinary levy to the former TBVC states, treated as Part II revenue before 1994/95.
- 7) Including sales duty, which was replaced by a general sales tax in July 1978.
- 8) Excluding payments to the former TBVC states and self-governing territories in terms of the Customs Union Agreement.
- 9) 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. Premium on government stock is excluded and is treated as "negative" loan redemptions.
- 10) Domestic and foreign grants, transferred from the RDP Fund, to finance RDP-related expenditures in a specific financial year.
- 11) Payments to the Central Revenue Fund of Namibia and payments in terms of the Customs Union Agreement are excluded.

TABEL 1 (vervolg)  
**TOTALE INKOMSTE: NASIONALE  
 INKOMSTEREKENING 1)**  
 Volgens tradisionele klassifikasie 2)

miljoen		1996/97						Inkomstebron
1995/96		First Print	% change	% of GDP	Second Print	% change	% of GDP	
% of GDP	% van BBP	Eerste Druk	% verandering	% van BBP	Tweede Druk	% verandering	% van BBP	
0,2%		900,0	-5,3%	0,2%	865,0	-8,9%	0,2%	<b>Binnelandse Inkomste</b>
0,2%		1 354,0	50,8%	0,2%	1 354,0	50,8%	0,2%	Inkomstebelasting:
2,8%		15 730,0	11,6%	2,8%	19 110,0	35,5%	3,4%	Goudmyne
0,2%		1 000,0	-13,8%	0,2%	1 000,0	-13,8%	0,2%	3) Ander myne
10,2%		59 425,0	16,0%	10,6%	57 975,0	13,2%	10,3%	3) Maatskappye (uitgesonderd mynbou)
0,1%		600,0	7,1%	0,1%	750,0	33,9%	0,1%	3) Sekondêre belasting op maatskappye
6,5%		36 330,0	11,4%	6,5%	36 930,0	13,3%	6,6%	3) Persone en individue
0,0%		-	-100,0%		-	-100,0%		3) Rente op agterstallige belasting
0,2%		1 125,0	9,8%	0,2%	1 040,0	1,5%	0,2%	3) Belasting op toegevoegde waarde/AVB
0,3%		1 650,0	7,1%	0,3%	1 650,0	7,1%	0,3%	3) Belasting op buitelandse aandeelhouders
0,1%		505,0	8,6%	0,1%	455,0	-2,2%	0,1%	3) Seëlregte en -gelde
0,0%		77,0	-63,7%	0,0%	77,0	-63,7%	0,0%	3) Hereregte
0,3%		861,4	-41,0%	0,2%	861,4	-41,0%	0,2%	3) Heffing op finansiële dienste
0,4%		1 829,3	-4,5%	0,3%	1 629,3	-15,0%	0,3%	3) Mynverhuring en eiendomsregte
								4) Rente en dividende
								4) Ander
<b>21,7%</b>		<b>121 386,7</b>	<b>12,0%</b>	<b>21,6%</b>	<b>123 696,7</b>	<b>14,2%</b>	<b>22,0%</b>	<b>Totaal: Binnelandse Inkomste</b>
1,1%		6 230,0	15,4%	1,1%	6 230,0	15,4%	1,1%	<b>Doeane en Aksyns</b>
0,1%		-	-100,0%		-	-100,0%		Doeaneregte
1,3%		6 418,0	-2,4%	1,1%	6 918,0	5,2%	1,2%	Bobelasting op invoere
1,8%		9 300,0	4,5%	1,7%	10 360,0	16,4%	1,8%	Aksynsregte
0,0%		35,0	-22,2%	0,0%	35,0	-22,2%	0,0%	5) Brandstofheffing
0,0%		100,0	11,1%	0,0%	100,0	11,1%	0,0%	6) Gewone heffing
								7) Diverse inkomste
4,3%		22 083,0	2,9%	3,9%	23 643,0	10,1%	4,2%	Bruto totaal: Doeane en Aksyns
0,8%		4 362,7	12,1%	0,8%	4 362,7	12,1%	0,8%	8) Min: Namibië: Sentrale Inkomstefonds
								Doeane-unie-ooreenkoms
<b>3,5%</b>		<b>17 720,3</b>	<b>0,8%</b>	<b>3,2%</b>	<b>19 280,3</b>	<b>9,7%</b>	<b>3,4%</b>	<b>Netto totaal: Doeane en Aksyns</b>
<b>25,2%</b>		<b>139 107,0</b>	<b>10,5%</b>	<b>24,8%</b>	<b>142 977,0</b>	<b>13,6%</b>	<b>25,5%</b>	<b>Totale gewone inkomste</b>
0,2%		1 880,0	52,7%	0,3%	1 880,0	52,7%	0,3%	9) Buitengewone kapitaalontvangstes
0,0%		-	-		-	-		10) Skenkings (HOP)
<b>25,5%</b>		<b>140 987,0</b>	<b>10,8%</b>	<b>25,1%</b>	<b>144 857,0</b>	<b>13,8%</b>	<b>25,8%</b>	<b>Totale ontvangstes</b>
13,8%		79 009,0	14,3%	14,1%	81 054,0	17,3%	14,4%	Samestelling van totale ontvangstes:
10,8%		57 976,3	7,6%	10,3%	59 801,3	11,0%	10,7%	Direkte belasting
0,9%		4 001,7	-6,7%	0,7%	4 001,7	-6,7%	0,7%	11) Indirekte belasting (netto)
								Ander ontvangstes

1) Ingevolge die 1993-Grondwet word die nasionale regering se inkomsterekening (voorheen die Staatsinksterekening) 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 Staatsinksterekening. Syfers voor 1994/95 is dienoooreenkomsig aangepas (verwys na die inleidende notas tot hierdie statistiese bylae).

2) Tradisioneel word inkomste volgens inderdaar geklassifiseer, d.i. Binnelandse Inkomste en Doeane en Aksyns.

3) Syfers voor 1995/96 sluit inderdaar van die eertydse TBVC-state en selfregerende gebiede in.

4) Insluitende rentebelasting op buitelanders, belasting op omgekeerde winste, belasting op geskenke, boedelbelasting, belasting op handelsseffekte, heffings, terugvorderings van lenings en voorskotte, asook departementale 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 Staatsinksterekening) via Binnelandse Inkomste gestort, maar word nie as deel van hul gewone inkomstevorderings beskou nie. Premie op staatsseffekte is uitgesluit en word as "negatiewe" leningsaflossings hanteer.

10) Binnelandse en buitelandse skenkings, oorgepra vanaf die HOP-fonds, om HOP-verwante uitgawes in 'n spesifieke finansiële jaar te finansier.

11) Betalings aan die Sentrale Inkomstefonds van Namibië en betalings ingevolge die Doeane-unie-ooreenkoms is uitgesluit.

**TABLE 2**  
**TOTAL REVENUE: NATIONAL**  
**REVENUE ACCOUNT 1)**  
 According to GFS classification 2)

R million

Source of Revenue	ACTUAL COLLECTIONS							
	1974/75	1975/76	1976/77	1977/78	1978/79	1979/80	1980/81	1981/82
<b>1. Taxes on income and profits</b>	<b>2 991,3</b>	<b>3 476,8</b>	<b>3 797,6</b>	<b>4 207,0</b>	<b>4 571,0</b>	<b>5 593,7</b>	<b>8 038,0</b>	<b>8 539,9</b>
Persons and individuals ..... 3)	1 108,9	1 394,3	1 748,3	1 954,0	2 092,0	2 054,3	2 220,6	3 367,1
Gold mines .....	575,0	466,1	296,1	347,6	666,1	1 167,3	2 794,8	1 542,1
Other mines ..... 3)	88,8	51,6	75,2	109,0	127,4	345,5	277,0	147,0
Companies (other than mining) ..... 3)	1 117,6	1 452,6	1 568,8	1 680,6	1 549,7	1 835,0	2 418,7	3 126,0
Secondary tax on companies .....	-	-	-	-	-	-	-	-
Other ..... 3,4)	101,0	112,2	109,2	115,9	135,9	191,6	326,9	357,8
<b>4. Taxes on property</b>	<b>120,5</b>	<b>112,6</b>	<b>109,7</b>	<b>106,9</b>	<b>115,9</b>	<b>172,4</b>	<b>250,8</b>	<b>264,6</b>
Donations tax .....	1,2	1,3	1,3	1,7	1,8	1,5	2,0	2,1
Estate duty .....	34,6	37,9	43,3	45,4	45,5	57,9	61,3	66,8
Marketable securities tax .....	21,5	12,7	12,5	12,2	15,4	23,7	33,6	24,2
Transfer duties .....	63,1	60,7	52,6	47,6	53,2	89,4	153,9	171,5
<b>5. Domestic taxes on goods and services</b>	<b>716,8</b>	<b>836,6</b>	<b>1 109,5</b>	<b>1 210,9</b>	<b>1 765,2</b>	<b>2 295,0</b>	<b>2 939,6</b>	<b>3 679,1</b>
Value-added tax/sales tax ..... 3,5)	181,4	215,8	273,4	335,6	781,9	1 260,3	1 667,1	2 136,7
Excise duties .....	531,4	616,7	832,5	871,5	978,4	1 029,2	1 267,0	1 536,1
of which the fuel levy .....	-	-	-	-	-	-	-	-
Levy on financial services .....	-	-	-	-	-	-	-	-
Other ..... 6)	4,1	4,1	3,7	3,7	4,9	5,5	5,6	6,3
<b>6. Taxes on international trade and transactions</b>	<b>318,3</b>	<b>363,8</b>	<b>341,4</b>	<b>700,4</b>	<b>756,7</b>	<b>741,4</b>	<b>780,8</b>	<b>1 225,1</b>
Customs duties .....	302,5	352,5	323,8	302,6	370,7	453,0	735,8	1 082,2
Import surcharges .....	-	-	0,3	369,4	359,4	250,6	-2,8	100,4
Other ..... 7)	15,8	11,3	17,4	28,3	26,6	37,8	47,8	42,5
<b>7. Stamp duties and fees</b>	<b>81,4</b>	<b>73,1</b>	<b>71,4</b>	<b>83,3</b>	<b>94,9</b>	<b>124,4</b>	<b>138,8</b>	<b>146,1</b>
	4 228,3	4 862,9	5 429,6	6 308,4	7 303,8	8 926,9	12 148,1	13 854,7
Less: Customs Union Agreement ..... 8)	88,5	88,0	78,8	159,5	210,3	273,2	301,6	501,7
Total tax revenue (net) .....	4 139,8	4 774,8	5 350,9	6 148,9	7 093,5	8 653,8	11 846,5	13 353,1
Non-tax revenue ..... 3)	578,4	621,9	925,3	927,0	1 230,7	1 378,7	1 831,1	1 563,2
Total current revenue .....	4 718,2	5 396,7	6 276,2	7 075,9	8 324,2	10 032,5	13 677,6	14 916,3
Capital revenue ..... 9)	5,0	2,6	1,7	3,4	3,4	0,5	3,0	3,4
<b>Total revenue</b> .....	<b>4 723,2</b>	<b>5 399,3</b>	<b>6 277,8</b>	<b>7 079,4</b>	<b>8 327,6</b>	<b>10 033,0</b>	<b>13 680,6</b>	<b>14 919,7</b>
Grants (RDP) ..... 10)	-	-	-	-	-	-	-	-
<b>Total revenue and grants</b> .....	<b>4 723,2</b>	<b>5 399,3</b>	<b>6 277,8</b>	<b>7 079,4</b>	<b>8 327,6</b>	<b>10 033,0</b>	<b>13 680,6</b>	<b>14 919,7</b>
Items not regarded as revenue ..... 11)	59,5	70,6	94,9	54,4	69,3	173,0	146,5	50,0
Composition of current revenue:								
Direct taxes .....	2 991,3	3 476,8	3 797,6	4 207,0	4 571,0	5 593,7	8 038,0	8 539,9
Indirect taxes (net) .....	1 148,5	1 298,1	1 553,2	1 941,9	2 522,5	3 060,0	3 808,4	4 813,2
Non-tax revenue .....	578,4	621,9	925,3	927,0	1 230,7	1 378,7	1 831,1	1 563,2

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 and is treated as "negative" loan redemptions.

TABEL 2  
**TOTALE INKOMSTE: NASIONALE  
 INKOMSTEREKENING 1)**  
 Volgens GFS-klassifikasie 2)

R. miljoen

WERKLIKE INVORDERINGS								Inkomstebron
1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	
10 054,0	11 248,5	13 916,2	17 417,6	19 654,9	22 109,2	26 671,1	34 430,7	<b>1. Belastings op inkomste en winste</b>
4 589,7	5 764,2	7 850,9	9 078,4	10 467,7	12 666,9	14 910,4	20 008,8	3) Persone en individue
1 278,2	1 701,0	1 598,9	2 453,4	2 523,5	2 074,6	1 694,7	1 016,1	Goudmyne
219,6	188,3	322,6	577,2	1 028,6	963,3	1 312,8	1 791,5	3) Ander myne
3 681,3	3 278,6	3 820,1	4 855,3	5 113,5	5 868,8	8 236,0	11 013,3	3) Maatskappye (uitgesonderd mynbou)
-	-	-	-	-	-	-	-	Sekondêre belasting op maatskappye
285,3	316,4	323,7	453,3	521,6	535,5	517,2	601,1	3,4) Ander
316,7	447,9	421,3	467,3	580,8	824,3	823,0	1 033,6	<b>4. Belastings op eiendom</b>
2,7	3,5	4,7	3,2	3,9	5,5	3,2	4,3	Belasting op geskenke
85,3	86,9	100,4	139,4	147,3	142,6	136,5	75,9	Boedelbelasting
38,1	40,9	30,6	58,6	141,0	225,5	138,5	278,1	Belasting op handelseffekte
190,7	316,6	285,6	266,1	288,7	450,8	544,8	675,3	Hereregte
4 905,2	5 708,3	7 913,3	10 244,9	10 959,9	13 197,2	18 196,0	23 684,1	<b>5. Binnelandse belastings op goedere en dienste</b>
3 213,6	3 921,4	5 943,6	8 156,7	9 045,8	10 313,3	13 123,0	16 752,1	3,5) Belasting op toegevoegde waarde/AVB
1 686,2	1 782,0	1 964,6	1 926,4	1 890,8	2 876,4	5 064,4	6 922,7	Aksynsregte
-	-	-	-	-	692,8	2 555,6	4 080,7	waarvan die brandstofheffing
-	-	-	-	-	-	-	-	Heffing op finansiële dienste
5,4	4,9	5,1	161,8	23,3	7,5	8,6	9,3	6) Ander
1 529,1	1 347,0	1 376,6	1 745,0	2 275,6	2 542,1	4 358,8	4 903,7	<b>6. Belastings op internasionale handel en transaksies</b>
890,5	1 085,0	1 337,7	1 176,0	1 367,7	1 768,9	2 466,0	2 193,8	Doeaneregte
598,3	226,0	-5,1	498,6	837,8	742,6	1 875,6	2 625,4	Bobelasting op invoere
40,4	36,1	44,0	70,4	70,1	30,7	17,2	84,6	7) Ander
149,9	213,1	243,8	272,8	321,1	439,0	469,3	685,2	<b>7. Seëlregte en -gelde</b>
16 954,9	18 964,9	23 871,1	30 147,6	33 792,3	39 111,8	50 518,1	64 737,4	8) Min: Doeanee-unie-ooreenkoms
564,7	640,8	712,5	772,1	846,9	927,3	1 114,0	1 365,8	
16 390,2	18 324,1	23 158,7	29 375,5	32 945,4	38 184,5	49 404,1	63 371,6	Totale belastinginkomste (netto)
1 465,2	1 388,6	1 492,6	1 493,2	1 885,8	1 876,0	2 029,5	2 081,6	3) Nie-belastinginkomste
17 855,4	19 712,7	24 651,2	30 868,7	34 831,2	40 060,6	51 433,7	65 453,2	Totale lopende inkomste
5,1	11,2	6,2	6,3	1 021,5	229,9	28,6	6,0	9) Kapitaalinkomste
17 860,4	19 724,0	24 657,5	30 875,0	35 852,7	40 290,4	51 462,2	65 459,2	<b>Totale inkomste</b>
-	-	-	-	-	-	-	-	10) Skenkings (HOP)
17 860,4	19 724,0	24 657,5	30 875,0	35 852,7	40 290,4	51 462,2	65 459,2	<b>Totale inkomste en skenkings</b>
51,7	111,3	305,8	685,0	636,2	556,3	607,3	3 070,5	11) Items nie as inkomste beskou nie
10 054,0	11 248,5	13 916,2	17 417,6	19 654,9	22 109,2	26 671,1	34 430,7	Samestelling van lopende inkomste:
6 336,2	7 075,5	9 242,5	11 957,9	13 290,5	16 075,3	22 733,0	28 940,9	Direkte belastings
1 465,2	1 388,6	1 492,6	1 493,2	1 885,8	1 876,0	2 029,5	2 081,6	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) Inskluitende rente op agterstalige 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 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, oorgegra 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 en word as "negatiewe" leningsaflossings hanteer.

TABLE 2 (continued)  
TOTAL REVENUE: NATIONAL  
REVENUE ACCOUNT 1)  
According to GFS classification 2)

Source of Revenue	ACTUAL COLLECTIONS					1995/96		
	1990/91	1991/92	1992/93	1993/94	1994/95	Second Print Tweede Druk	Revised Estimate Hersiene raming	Deviation Afwyking
<b>1. Taxes on income and profits</b>	<b>39 580,9</b>	<b>44 661,6</b>	<b>47 559,4</b>	<b>50 933,7</b>	<b>61 004,7</b>	<b>68 230,0</b>	<b>69 123,0</b>	<b>893,0</b>
Persons and individuals ..... 3)	24 149,6	29 968,9	33 833,0	37 805,3	44 972,8	49 755,0	51 220,0	1 465,0
Gold mines .....	644,4	523,7	421,5	622,5	1 172,7	1 485,0	950,0	-535,0
Other mines ..... 3)	2 246,0	1 048,9	575,7	508,6	457,2	813,0	898,0	85,0
Companies (other than mining) ..... 3)	11 870,5	12 490,8	12 126,0	10 359,3	11 961,3	13 310,0	14 100,0	790,0
Secondary tax on companies .....	-	-	-	876,7	1 303,6	1 760,0	1 160,0	-600,0
Other ..... 3,4)	670,4	629,3	603,1	761,4	1 137,1	1 107,0	795,0	-312,0
<b>4. Taxes on property</b>	<b>1 098,2</b>	<b>1 127,8</b>	<b>1 187,5</b>	<b>1 500,9</b>	<b>2 074,7</b>	<b>2 350,0</b>	<b>2 147,0</b>	<b>-203,0</b>
Donations tax .....	6,5	6,8	18,0	39,0	104,4	60,0	47,0	-13,0
Estate duty .....	82,0	78,7	84,9	118,3	125,3	140,0	170,0	30,0
Marketable securities tax .....	243,3	199,8	164,5	267,0	431,4	525,0	390,0	-135,0
Transfer duties .....	766,4	842,6	920,1	1 076,7	1 413,5	1 625,0	1 540,0	-85,0
<b>5. Domestic taxes on goods and services</b>	<b>25 722,3</b>	<b>28 140,9</b>	<b>29 393,2</b>	<b>38 686,1</b>	<b>43 880,0</b>	<b>48 199,0</b>	<b>48 586,0</b>	<b>387,0</b>
Value-added tax/sales tax ..... 3,5)	18 260,7	18 791,8	17 506,1	25 449,0	29 288,4	32 750,0	32 600,0	-150,0
Excise duties .....	7 448,3	9 246,6	11 519,1	12 827,2	14 155,7	14 966,0	15 474,0	508,0
of which the fuel levy .....	4 103,8	5 421,3	7 083,1	7 860,2	8 351,5	8 855,0	8 900,0	45,0
Levy on financial services .....	-	72,6	329,4	368,3	390,5	446,0	465,0	19,0
Other ..... 6)	13,3	29,9	38,7	41,6	45,3	37,0	47,0	10,0
<b>6. Taxes on international trade and transactions</b>	<b>4 697,6</b>	<b>4 321,1</b>	<b>4 644,7</b>	<b>5 246,9</b>	<b>5 606,4</b>	<b>5 480,0</b>	<b>5 991,0</b>	<b>511,0</b>
Customs duties .....	2 502,3	2 736,1	2 961,1	3 413,4	4 247,0	4 700,0	5 400,0	700,0
Import surcharges .....	2 075,3	1 455,5	1 520,9	1 756,1	1 170,8	645,0	456,0	-189,0
Other ..... 7)	119,9	129,5	162,7	77,3	188,5	135,0	135,0	-
<b>7. Stamp duties and fees</b>	<b>657,3</b>	<b>712,2</b>	<b>760,4</b>	<b>846,7</b>	<b>942,9</b>	<b>950,0</b>	<b>1 025,0</b>	<b>75,0</b>
	71 756,2	78 963,6	83 545,1	97 214,4	113 508,6	125 209,0	126 872,0	1 663,0
Less: Customs Union Agreement ..... 8)	1 800,9	2 760,3	2 984,1	3 089,4	3 248,8	3 890,1	3 890,1	-
Total tax revenue (net) .....	69 955,3	76 203,4	80 561,0	94 125,0	110 259,8	121 318,9	122 981,9	1 663,0
Non-tax revenue ..... 3)	2 035,0	1 662,3	2 197,9	2 584,9	1 912,8	1 528,6	2 732,9	1 204,3
Total current revenue .....	71 990,3	77 865,6	82 758,9	96 709,9	112 172,6	122 847,5	125 714,8	2 867,3
Capital revenue ..... 9)	340,2	834,0	1 104,9	1 434,9	15,5	1 215,0	1 247,2	32,2
<b>Total revenue</b> .....	<b>72 330,6</b>	<b>78 699,6</b>	<b>83 863,7</b>	<b>98 144,8</b>	<b>112 188,2</b>	<b>124 062,5</b>	<b>126 962,0</b>	<b>2 899,5</b>
Grants (RDP) ..... 10)	-	-	-	-	1,0	-	123,3	123,3
<b>Total revenue and grants</b> .....	<b>72 330,6</b>	<b>78 699,6</b>	<b>83 863,7</b>	<b>98 144,8</b>	<b>112 189,2</b>	<b>124 062,5</b>	<b>127 085,3</b>	<b>3 022,8</b>
Items not regarded as revenue ..... 11)	105,7	109,1	249,7	158,6	200,5	128,5	184,0	55,5
Composition of current revenue:								
Direct taxes .....	39 580,9	44 661,6	47 559,4	50 933,7	61 004,7	68 230,0	69 123,0	893,0
Indirect taxes (net) .....	30 374,4	31 541,7	33 001,6	43 191,3	49 255,1	53 088,9	53 858,9	770,0
Non-tax revenue .....	2 035,0	1 662,3	2 197,9	2 584,9	1 912,8	1 528,6	2 732,9	1 204,3

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 and is treated as "negative" loan redemptions.

TABEL 2 (vervolg)  
**TOTALE INKOMSTE: NASIONALE  
 INKOMSTEREKENING 1)**  
 Volgens GFS-klassifikasie 2)

R miljoen		1996/97					Inkomstebron
1995/96	First Print Eerste Druk	% change % verandering	% of GDP % van BBP	Second Print Tweede Druk	% change % verandering	% of GDP % van BBP	
13,8%	79 009,0	14,3%	14,1%	81 054,0	17,3%	14,4%	<b>1. Belastings op inkomste en winste</b>
10,2%	59 425,0	16,0%	10,6%	57 975,0	13,2%	10,3%	3) Persone en individue
0,2%	900,0	-5,3%	0,2%	865,0	-8,9%	0,2%	Goudmyne
0,2%	1 354,0	50,8%	0,2%	1 354,0	50,8%	0,2%	3) Ander myne
2,8%	15 730,0	11,6%	2,8%	19 110,0	35,5%	3,4%	3) Maatskappye (uitgesonderd mynbou)
0,2%	1 000,0	-13,8%	0,2%	1 000,0	-13,8%	0,2%	Sekondere belasting op maatskappye
0,2%	600,0	-24,5%	0,1%	750,0	-5,7%	0,1%	3,4) Ander
0,4%	2 247,0	4,7%	0,4%	2 047,0	-4,7%	0,4%	<b>4. Belastings op eiendom</b>
0,0%	47,0	0,0%	0,0%	47,0	0,0%	0,0%	Belasting op geskenke
0,0%	150,0	-11,8%	0,0%	150,0	-11,8%	0,0%	Boedelbelasting
0,1%	400,0	2,6%	0,1%	200,0	-48,7%	0,0%	Belasting op handelseffekte
0,3%	1 650,0	7,1%	0,3%	1 650,0	7,1%	0,3%	Hereregte
9,7%	52 602,0	8,3%	9,4%	54 712,0	12,6%	9,8%	<b>5. Binnelandse belastings op goedere en dienste</b>
6,5%	36 330,0	11,4%	6,5%	36 930,0	13,3%	6,6%	3,5) Belasting op toegevoegde waarde/AVB
3,1%	15 718,0	1,6%	2,8%	17 278,0	11,7%	3,1%	Aksynsregte
1,8%	9 300,0	4,5%	1,7%	10 360,0	16,4%	1,8%	waarvan die brandstofheffing
0,1%	505,0	8,6%	0,1%	455,0	-2,2%	0,1%	Heffing op finansiële dienste
0,0%	49,0	4,3%	0,0%	49,0	4,3%	0,0%	6) Ander
1,2%	6 365,0	6,2%	1,1%	6 365,0	6,2%	1,1%	<b>6. Belastings op internasionale handel en transaksies</b>
1,1%	6 230,0	15,4%	1,1%	6 230,0	15,4%	1,1%	Doeaneregte
0,1%	-	-100,0%	-	-	-100,0%	-	Bobelasting op invoere
0,0%	135,0	0,0%	0,0%	135,0	0,0%	0,0%	7) Ander
0,2%	1 125,0	9,8%	0,2%	1 040,0	1,5%	0,2%	<b>7. Seëlregte en -gelde</b>
25,4%	141 348,0	11,4%	25,2%	145 218,0	14,5%	25,9%	
0,8%	4 362,7	12,1%	0,8%	4 362,7	12,1%	0,8%	8) Min: Doeane-unie-ooreenkoms
24,6%	136 985,3	11,4%	24,4%	140 855,3	14,5%	25,1%	Totale belastinginkomste (netto)
0,5%	1 936,3	-29,2%	0,3%	1 936,3	-29,2%	0,3%	3) Nie-belastinginkomste
25,1%	138 921,6	10,5%	24,8%	142 791,6	13,6%	25,5%	Totale lopende inkomste
0,2%	1 896,4	52,1%	0,3%	1 896,4	52,1%	0,3%	9) Kapitaalinkomste
25,4%	140 818,0	10,9%	25,1%	144 688,0	14,0%	25,8%	<b>Totale inkomste</b>
0,0%	-	-	-	-	-	-	10) Skenkings (HOP)
25,4%	140 818,0	10,8%	25,1%	144 688,0	13,9%	25,8%	<b>Totale inkomste en skenkings</b>
	169,0			169,0			11) Items nie as inkomste beskou nie
							Samestelling van lopende inkomste:
13,8%	79 009,0	14,3%	14,1%	81 054,0	17,3%	14,4%	Direkte belastings
10,8%	57 976,3	7,6%	10,3%	59 801,3	11,0%	10,7%	Indirekte belastings (netto)
0,5%	1 936,3	-29,2%	0,3%	1 936,3	-29,2%	0,3%	Nie-belastinginkomste

1) Ingevolge die 1993-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, vanweë 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 1994/95 is dienoreenkomsig 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, mynverhuring en eiendomsregte, kinematografiebelasting en ander spesiale heffings sedert 1974/75 ingestel.

7) Insluitende diamantuitvoerregte, diverse Doeane en Aksyns-inkomste, asook invorderings van die gewone heffing.

8) Uitgesluit betalings aan die eertydse TBVC-state en selfregerende gebiede ingevolge die Doeane-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, oorgedra vanaf die HOP-fonds, om HOP-verwante uitgawes in 'n spesifieke finansiële jaar te finansier.

11) Hierdie ontvangsies 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 staatseffekte is uitgesluit en word as "negatiewe" leningsaflossings hanteer.

**TABLE 3a**  
**TOTAL REVENUE:**  
**NATIONAL REVENUE ACCOUNT 1)**  
**According to the traditional classification 2)**

Source of Revenue	ACTUAL COLLECTIONS					
	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89
	R'000	R'000	R'000	R'000	R'000	R'000
<b>INLAND REVENUE:</b>						
Income tax:						
Gold mines .....	1 700 965	1 598 923	2 453 442	2 523 482	2 074 632	1 694 670
Diamond mines .....	980	541	726	27 596	98 216	458
Other mines ..... 3)	187 356	322 038	576 470	1 001 008	865 132	1 312 365
Persons and individuals ..... 3)	5 764 211	7 850 900	9 078 377	10 467 750	12 666 860	14 910 393
Companies (other than mining) ..... 3)	3 278 638	3 820 090	4 855 334	5 113 476	5 868 829	8 236 045
Secondary tax on companies .....	-	-	-	-	-	-
Interest on overdue tax .....	21 073	29 208	54 784	62 692	72 974	113 407
	<b>10 953 223</b>	<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>3 921 291</b>	<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>
Other taxes:						
Non-resident shareholders' tax ..... 3)	272 367	256 233	357 466	416 614	425 031	394 927
Non-resident tax on interest .....	20 698	36 418	38 197	37 081	35 480	7 162
Undistributed profits tax .....	2 261	1 821	2 839	5 168	2 057	1 661
Donations tax .....	3 523	4 721	3 180	3 852	5 473	3 223
Estate duty .....	86 876	100 383	139 360	147 279	142 606	136 453
Marketable securities tax .....	40 946	30 625	58 614	140 966	225 457	138 536
Stamp duties and fees ..... 3)	213 145	243 793	272 764	321 093	439 010	469 274
Transfer duties .....	316 578	285 580	266 095	288 720	450 779	544 779
Levy on financial services .....	-	-	-	-	-	-
Other ..... 4)	8	6	154 548	15 761	35	-
	<b>956 403</b>	<b>959 580</b>	<b>1 293 065</b>	<b>1 376 533</b>	<b>1 725 927</b>	<b>1 696 015</b>
Mining leases and ownership:						
Gold mines .....	520 628	374 871	599 314	655 409	550 522	481 867
Diamond mines .....	9 796	2 200	1 578	105 978	34 320	42 040
Other mines ..... 3)	29 692	4 898	32 548	84 801	235 211	118 479
	<b>560 116</b>	<b>381 969</b>	<b>633 439</b>	<b>846 188</b>	<b>820 054</b>	<b>642 386</b>
Interest and dividends:						
Interest:						
Border area development .....	3 314	2 767	3 065	3 668	4 271	4 466
Broadcasting .....	1 091	1 285	1 355	1 343	1 311	1 269
Farming industry .....	3 329	204	7 142	14 141	7 130	14 001
State land .....	719	1 091	3 383	939	1 482	396
Transport .....	437 633	441 135	295 029	156 056	164 067	120 183
Communication .....	22 294	21 569	20 775	19 913	16 076	20 817
Local loans .....	6 797	135	8 665	991	1 389	2 952
Cash balances .....	202	391	1 045	773	677	1 133
Exchequer deposits .....	-	-	-	-	-	-
Corporation for Public Deposits .....	-	-	-	-	-	-
Other .....	30 733	29 766	20 651	30 080	21 809	11 312

**TABEL 3a**  
**TOTALE INKOMSTE:**  
**NASIONALE INKOMSTEREKENING 1)**  
**Volgens die tradisionele klassifikasie 2)**

WERKLIKE INVORDERINGS						Inkomstebron
1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	
R'000	R'000	R'000	R'000	R'000	R'000	
1 016 072	644 367	523 709	421 502	622 492	1 172 675	
10 715	24 211	21 008	55 077	13 270	35 698	
1 780 806	2 221 767	1 027 873	520 600	495 341	421 528	3)
20 008 790	24 149 637	29 968 889	33 833 027	37 805 278	44 972 795	3)
11 013 255	11 870 475	12 490 833	12 126 047	10 359 264	11 961 336	3)
-	-	-	-	876 675	1 303 595	
163 191	237 615	285 326	326 676	367 627	657 799	
<b>33 992 829</b>	<b>39 148 071</b>	<b>44 317 639</b>	<b>47 282 929</b>	<b>50 539 948</b>	<b>60 525 427</b>	
<b>16 752 099</b>	<b>18 260 701</b>	<b>18 791 794</b>	<b>17 506 058</b>	<b>25 448 988</b>	<b>29 288 397</b>	3)
435 371	429 850	343 593	276 329	392 881	479 393	3)
1 691	719	38	17	378	-349	
858	2 251	366	90	503	242	
4 330	6 508	6 829	17 968	38 956	104 382	
75 907	81 961	78 696	84 922	118 312	125 308	
278 073	243 288	199 756	164 508	266 987	431 450	
685 218	657 267	712 155	760 384	846 735	942 939	3)
675 333	766 441	842 559	920 126	1 076 675	1 413 515	
-	-	72 599	329 379	368 287	390 498	
-	-	-	-	-	-	4)
<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>	<b>3 887 376</b>	
327 028	183 120	150 902	67 312	196 087	175 422	
29 379	69 823	75 660	31 297	29 918	20 565	
184 855	179 525	98 533	89 314	69 517	28 926	3)
<b>541 262</b>	<b>432 468</b>	<b>325 094</b>	<b>187 922</b>	<b>295 521</b>	<b>224 913</b>	
3 669	6 244	-	1 090	-	-	
1 206	763	-	-	-	-	
14 050	7 164	21 030	14 136	14 349	16 132	
309	734	906	2 230	2 906	1 848	
135 718	-	-	-	-	-	
16 912	15 789	8 596	1 424	-	-	
5 629	1 731	3 292	19 024	23 057	25 169	
1 797	8 098	4 473	2 123	1 524	3 160	
-	-	-	-	414 240	309 225	
-	-	-	-	8 063	8 239	
41 492	23 141	37 308	83 033	30 572	35 198	

**BINNELANDSE INKOMSTE:**

## Inkomstebelasting:

Goudmyne  
 Diamantmyne  
 Ander myne  
 Persone en individue  
 Maatskappye (uitgesluit mynbou)  
 Sekondêre belasting op maatskappye  
 Rente op agterstallige belasting

Belasting op toegevoegde waarde /  
 verkoopbelasting

## Ander belasting:

Belasting op buitelandse aandeelhouders  
 Rentebelasting op buitelanders  
 Belasting op onuitgekeerde winste  
 Belasting op geskenke  
 Boedelbelasting  
 Belasting op handelseffekte  
 Seëlregte en -gelde  
 Hereregte  
 Heffing op finansiële dienste  
 Ander

## Mynverhuring en eiendomsregte:

Goudmyne  
 Diamantmyne  
 Ander myne

## Rente en dividende:

## Rente:

Grensgebiedontwikkeling  
 Uitsaaiwese  
 Boerderybedryf  
 Staatsgrond  
 Vervoer  
 Kommunikasie  
 Plaaslike lenings  
 Kontantsaldo's  
 Skatkisdeposito's  
 Korporasie vir Openbare Deposito's  
 Ander

**TABLE 3a (continued)**  
**TOTAL REVENUE:**  
**NATIONAL REVENUE ACCOUNT 1)**  
**According to the traditional classification 2)**

Source of Revenue	ACTUAL COLLECTIONS					
	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Dividends:</b>						
Broadcasting .....	2 276	2 276	2 276	2 276	2 276	2 276
Iscor .....	-	-	-	64 857	-	64 000
Telkom .....	-	-	-	-	-	-
Industrial Development Corporation .....	-	-	-	-	-	-
Denel .....	-	-	-	-	-	-
Other .....	387	136	1	1	1 824	65 143
	<b>508 774</b>	<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 .....	39 644	41 365	56 735	48 381	19 070	16
Mining lease rights and licences .....	2 125	2 612	4 242	4 188	3 885	4 775
Licences .....	2 792	2 478	3 040	3 361	3 546	3 812
	<b>44 561</b>	<b>46 455</b>	<b>64 017</b>	<b>55 930</b>	<b>26 500</b>	<b>8 602</b>
<b>Recovery of loans and advances:</b>						
Communication .....	8 045	8 722	9 431	10 185	13 780	8 885
Local loans .....	734	1 044	1 764	198	722	-
SWAWEC .....	-	-	-	71 948	84 948	-51 552
Other .....	32 254	23 724	28 253	108 681	92 013	27 419
	<b>41 032</b>	<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 .....	60 414	61 789	1 870	1 694	1 886	2 451
Other .....	4 841	5 523	11 913	15 098	17 352	20 282
Sale of capital equipment .....	7	317	17	22	181	6
<b>State property rights:</b>						
Leasing and property rights money .....	35 852	35 756	35 626	44 173	47 809	53 206
Sale of state-owned land, buildings and structures .....	11 228	5 919	6 312	9 465	21 685	28 588
Revenue from Trust property .....	-	-	-	-	-	-
<b>Monies prescribed by law:</b>						
Registration and inspection fees .....	9 680	6 880	6 642	8 733	12 565	13 782
Fines and forfeitures .....	3 822	5 337	35 277	37 780	46 620	58 839
Witness fees .....	16	20	36	28	32	32
Pension contributions .....	1 666	2 679	2 858	3 213	3 791	2 520
Other .....	51 453	83 035	64 877	50 780	50 850	61 608
<b>Monies not prescribed by law:</b>						
Leasing .....	398	528	1 425	716	758	674
Domestic services .....	4 056	5 164	5 709	5 378	8 149	6 452
Profits on trading accounts .....	27 184	49 227	66 171	67 012	86 773	186 841
Commission .....	5 199	5 688	6 623	8 800	11 710	12 411
Other .....	34 913	33 256	24 270	44 173	31 747	17 999
<b>Miscellaneous revenue:</b>						
Recoveries .....	11 296	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

TABEL 3a (vervolg)  
 TOTALE INKOMSTE:  
 NASIONALE INKOMSTEREKENING 1)  
 Volgens die tradisionele klassifikasie 2)

WERKLIKE INVORDERINGS						Inkomstebron
1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	
R'000	R'000	R'000	R'000	R'000	R'000	
2 276	2 111	1 780	1 780	1 780	1 780	Dividende:
240 619	0	0	13 285	0	0	Uitsaaiwese
-	-	-	102 000	102 648	-	Yskor
-	-	-	-	80 934	63 900	Telkom
-	-	-	-	60 000	60 000	Nywerheidsontwikkelingskorporasie
0	-	-	-	5 500	12 080	Denel
						Ander
<b>463 678</b>	<b>65 774</b>	<b>77 386</b>	<b>240 127</b>	<b>745 574</b>	<b>536 732</b>	
3	1	0	0	1	1	Heffings:
5 350	5 932	21 430	29 519	31 565	34 608	Diamantuitvoerregte
3 999	7 360	8 437	9 151	10 085	10 740	Mynpagregte en -fisensies
						Lisensies
<b>9 351</b>	<b>13 293</b>	<b>29 867</b>	<b>38 670</b>	<b>41 651</b>	<b>45 348</b>	
12 789	13 913	15 135	10 448	-	-	Terugvordering van lenings en voorskotte:
-	-	8 237	16 514	17 973	20 710	Kommunikasie
13 448	6 500	14 838	14 838	14 838	14 838	Plaaslike lenings
38 326	70 298	38 353	68 772	76 014	105 855	SWAWEK
						Ander
<b>64 563</b>	<b>90 711</b>	<b>76 563</b>	<b>110 571</b>	<b>108 825</b>	<b>141 403</b>	
2 298	2 296	3 084	4 453	990	896	Departementele bedrywighede:
19 184	30 658	41 824	53 957	117 509	116 336	Verkope van produkte:
784	22	2 211	220	17	1 847	Landbou en bosbou
						Ander
70 008	78 660	102 191	114 080	100 448	108 685	Verkoop van kapitaaltoerusting
5 253	20 807	22 547	68 542	28 801	13 670	Staatseiensomsregte:
-	-	-	53 079	-	-	Verhuring en eiendomsreggelde
						Verkope van staatsgrond, geboue en strukture
18 038	19 396	19 314	14 210	18 067	19 575	Inkomste uit Trusteieendom
65 331	201 541	94 955	95 825	103 570	111 641	Gelde by wet opgelê:
34	35	43	49	50	48	Registrasie en inspeksie fooie
2 513	5 620	2 593	2 114	2 225	3 240	Boetes en verbeurdverklarings
102 759	56 950	139 863	163 217	110 872	85 443	Getuiengelde
						Pensioenbydraes
						Ander
403	2 003	686	3 565	121	75	Gelde nie by wet opgelê nie:
8 254	8 257	7 756	24 196	30 770	24 091	Verhuring
164 975	145 057	178 225	199 973	227 703	157 842	Huishoudelike dienste
14 666	17 529	10 831	11 998	38 368	30 227	Winste op bedryfsrekenings
20 751	26 393	50 126	59 607	30 166	47 027	Kommissie
						Ander
16 762	14 961	32 561	31 438	49 791	59 058	Diverse inkomste:
						Terugvorderings
34 128	-2 032	-32 553	-18 384	-2 882	2 558	Valutawinste/verliese:
234	6	5 814	28 336	-	47	Soweto buitelandse lening
						Ander buitelandse lenings
-	-	20 524	56 705	100 336	30 851	Winst op konsolidasie/terugkoop/
48 659	147 098	70 876	116 098	169 946	60 575	"omskakeling" van staatseffekte
						Reserwebank wins

TABLE 3a (continued)  
**TOTAL REVENUE:**  
**NATIONAL REVENUE ACCOUNT 1)**  
**According to the traditional classification 2)**

Source of Revenue	ACTUAL COLLECTIONS					
	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89
	R'000	R'000	R'000	R'000	R'000	R'000
Miscellaneous revenue (continued):						
Sishen/Saldanha project .....	-	-	15 222	160 282	119 523	108 097
Corporation for Public Deposits .....	-	-	-	13 712	13 609	19 344
Black and Coloured Transport Account .....	-	-	-	-	-	14 163
State Oil Fund .....	-	142 280	11 320	-	-	-
Strategic Mineral Fund .....	-	-	-	-	-	-
Iscor (mineral rights) .....	-	-	-	-	-	-
National Energy Council .....	-	-	-	-	-	-
Maize Board .....	-	-	-	-	-	-
Wool Board .....	-	-	-	-	-	-
Own Affairs Administrations .....	-	21 616	77 468	118 824	143 624	195 393
Unspecified .....	80 257	117 794	73 899	159 731	135 844	202 690
	<b>342 280</b>	<b>629 579</b>	<b>519 958</b>	<b>765 722</b>	<b>868 489</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 IMF Deposit Account .....	58 970	-	93 825	433 571	351 882	-
Transfer from Tax Reserve Account .....	-	-	339 422	-	-	-
Premium on consolidation/repurchase/ "switching" of government stock .....	-	-	-	-	-	-
	<b>58 970</b>	<b>258 800</b>	<b>628 247</b>	<b>1 445 571</b>	<b>559 882</b>	<b>600 000</b>
<b>TOTAL FOR INLAND REVENUE</b> 8)	<b>17 386 651</b>	<b>22 375 888</b>	<b>28 717 421</b>	<b>33 217 807</b>	<b>36 374 578</b>	<b>43 760 413</b>
<b>GRANTS (RDP)</b> 9)	-	-	-	-	-	-

Continues on page B.15

TABEL 3a (vervolg)  
**TOTALE INKOMSTE:**  
**NASIONALE INKOMSTEREKENING 1)**  
 Volgens die tradisionele klassifikasie 2)

WERKLIKE INVORDERINGS						Inkomstebron
1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	
R'000	R'000	R'000	R'000	R'000	R'000	
130 794	206 931	72 925	-	-	-	Diverse inkomste (vervolg):
26 828	35 586	28 510	24 863	33 520	51 170	Sishen/Saldanha projek
39	1 904	388	-24	-	-	Korporasie vir Openbare Deposito's
-	-	-	4 940	-	-	Swart- en Kleurlingvervoerrekening
-	12 631	1 790	-	-	-	Staatsoliefonds
-	-	34 280	145 817	-	-	Strategiese Mineralefonds
-	-	-	-	-	-	Yskor (mineraalregte)
-	-	-	-	-	-	Nasionale Energieraad
-	-	-	-	54 855	-	Mielieraad
314 408	340 598	318 839	392 847	183 950	87 326	Wolraad
32 344	199 623	86 898	218 283	223 209	213 548	Eie Sake Administrasies
						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>	<b>1 225 775</b>	
2 989 180	-	-	107 692	-	-	6) Buitengewone kapitaalontvangste:
-	319 400	544 754	255 607	665 000	-	Opbrengs uit privatisering
-	-	264 471	780 519	741 067	-	van staatsbates
-	-	-	-	-	-	Oordrag vanaf LVVF
-	-	-	-	-	-	Oordrag vanaf Sentrale Energiefonds
-	-	-	-	-	-	Oordrag vanaf IMF Depositorekening
-	-	-	-	-	-	Oordrag vanaf Belastingreserwerekening
782 785	14 247	153 847	41 655	91 290	1 321 165	7) 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>1 321 165</b>	
<b>58 851 974</b>	<b>62 105 481</b>	<b>68 155 107</b>	<b>70 975 476</b>	<b>83 409 976</b>	<b>97 196 536</b>	8) <b>TOTAAL VIR BINNELANDSE INKOMSTE</b>
-	-	-	-	-	1 010	9) <b>SKENKINGS (HOP)</b>

Vervolg op bladsy B.16

SUBACCOUNT: 1) Accounting in the traditional classification 2)		ACTUAL COLLECTIONS					
Source of Revenue		1983/84	1984/85	1985/86	1986/87	1987/88	1988/89
		R'000	R'000	R'000	R'000	R'000	R'000
<b>CUSTOMS AND EXCISE:</b>							
Customs duties .....		1 085 015	1 337 663	1 175 968	1 367 747	1 768 854	2 465 968
Surcharge on imports .....		225 979	-5 091	498 627	837 813	742 578	1 875 599
Excise duties:		1 781 978	1 964 631	1 926 365	1 890 786	2 183 530	2 508 757
Beer .....		402 615	459 932	471 795	516 785	590 923	687 881
Sorghum beer and sorghum flour .....		-	-	-	-	-	-
Wine .....		11 628	11 753	11 896	12 679	12 953	12 996
Mineral water .....		21 514	22 464	21 130	21 246	23 717	25 266
Spirits .....		261 863	262 722	248 622	242 349	245 267	281 488
Cigarettes and cigarette tobacco .....		378 484	409 489	411 834	425 301	468 647	540 156
Pipe tobacco and cigars .....		20 437	16 831	15 468	14 793	14 723	16 546
Petroleum products .....		266 725	296 711	289 209	305 489	443 679	479 652
Motor cars .....		221 777	217 635	184 036	80 396	80 412	89 976
Ad valorem: Schedule 1, Part 2B .....		125 180	194 215	185 802	183 154	188 801	215 302
Chemical products .....		-	-	-	-	-	-
Revenue from neighbouring countries ..... 10)		71 756	72 879	86 573	88 595	114 407	159 495
Fuel levy ..... 11)		-	-	-	-	692 833	2 555 625
Ordinary levy ..... 12)		-	-	-	-	-	-
Miscellaneous .....		-3 510	2 621	13 687	21 695	11 605	17 168
<b>Gross total for Customs and Excise</b>		<b>3 089 461</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	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) ..... 13)		390 848	462 451	472 091	496 933	577 286	719 797
<b>TOTAL FOR CUSTOMS AND EXCISE (NET)</b>		<b>2 448 613</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: NATIONAL REVENUE ACCOUNT</b> 8)		<b>19 835 264</b>	<b>24 963 262</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 IMF Deposit Account .....		58 970	-	93 825	433 571	351 882	-
Transfer from Tax Reserve Account .....		-	-	339 422	-	-	-
Premium on consolidation/repurchase/"switching" of government stock ..... 7)		-	-	-	-	-	-
Grants (RDP) ..... 9)		-	-	-	-	-	-
<b>TOTAL ORDINARY REVENUE: NATIONAL REVENUE ACCOUNT</b> 14)		<b>19 776 294</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>

Footnotes on page B.17

**TABEL 3a (vervolg)**  
**TOTALE INKOMSTE:**  
**NASIONALE INKOMSTEREKENING 1)**  
**Volgens die tradisionale klassifikasie 2)**

WERKLIKE INVORDERINGS						Inkomstebron
1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	
R'000	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	4 246 990	<b>DOEANE EN AKSYNS:</b>
2 625 354	2 075 343	1 455 502	1 520 895	1 756 141	1 170 848	Doeaneregte
2 841 970	3 344 486	3 825 332	4 435 941	4 966 972	5 804 237	Bobelasting op invoere
850 648	1 006 950	1 178 316	1 364 604	1 452 242	1 764 400	Aksynsregte:
-	-	799	14 149	27 335	33 405	Bier
14 973	14 826	23 509	72 037	103 405	136 963	Sorghumbier en -meelblom
66 795	73 735	99 946	162 461	181 277	214 042	Wyn
323 408	381 310	407 212	432 407	507 008	591 846	Mineraalwater
593 233	693 965	816 434	938 072	1 022 176	1 210 433	Spiritualieë
13 838	20 312	18 196	18 585	19 929	21 737	Sigarette en sigarettabak
470 856	443 016	462 423	480 806	479 733	520 169	Pyttabak en sigare
43 759	67 670	126 963	306 066	529 082	693 251	Petroleumprodukte
263 601	455 937	465 249	336 490	338 679	372 940	Motorkarre
-	110	503	1 843	6 155	7 215	Ad valorem: Bylae 1, Deel 2B
200 858	186 654	225 782	308 421	299 951	237 835	Chemiese produkte
4 080 688	4 103 821	5 421 269	7 083 109	7 860 237	8 351 492	<sup>10)</sup> Naburige lande
70 101	110 233	69 209	79 352	65 357	51 278	<sup>11)</sup> Brandstofheffing
14 499	9 658	60 287	83 389	11 971	137 249	<sup>12)</sup> Gewone heffing
						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>	<b>19 762 093</b>	<b>Bruto totaal vir Doeane en Aksyns</b>
						Min:
447 800	111 750	-	-	-	-	Bedrag tot krediet van die Sentrale Inkomstefonds van Namibië (art. 22(1) van Wet 25 van 1969)
918 022	1 689 140	2 760 251	2 984 140	3 089 376	3 248 803	<sup>13)</sup> 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>16 513 289</b>	<b>TOTAAL VIR DOEANE EN AKSYNS (NETTO)</b>
<b>69 312 515</b>	<b>72 450 472</b>	<b>78 962 588</b>	<b>84 155 104</b>	<b>98 394 663</b>	<b>113 710 835</b>	<b>GROOTTOTAAL:</b>
						<sup>8)</sup> <b>NASIONALE INKOMSTEREKENING</b>
						Min:
2 989 180	-	-	107 692	-	-	<sup>6)</sup> Buitengewone kapitaalontvangste:
-	319 400	544 754	255 607	665 000	-	Opbrengs uit die privatisering van staatsbates
-	-	264 471	780 519	741 067	-	Oordrag vanaf LVVF
-	-	-	-	-	-	Oordrag vanaf Sentrale Energiefonds
-	-	-	-	-	-	Oordrag vanaf IMF Depositorekening
-	-	-	-	-	-	Oordrag vanaf Belastingreserwerekening
782 785	14 247	153 847	41 655	91 290	1 321 165	Premie op konsolidasie/terugkoop/
-	-	-	-	-	1 010	"omskakeling" van staatseffekte
						<sup>9)</sup> Skenkings (HOP)
<b>65 540 550</b>	<b>72 116 824</b>	<b>77 999 516</b>	<b>82 969 631</b>	<b>96 897 306</b>	<b>112 388 660</b>	<b>TOTALE GEWONE INKOMSTE:</b>
						<sup>14)</sup> <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 assurers 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 die 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 1985/86 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 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" leningsafflossings beskou (m.a.w. dit word by leningsafflossings 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) oorbetal aangesien dit die Doeane-unie-poel 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 die vorige begrotings gebruik en sal ook in die toekoms 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.

PRINT 1)  
Classification 2)

Source of Revenue			1995/96			
	1993/94	1994/95	Second Print: Estimate Tweede Druk: Raming	Revised Estimate Hersiene Raming	% change on 1994/95 % verand. op 1994/95	Deviation Afwyking
	R'000	R'000	R'000	R'000		R'000
<b>INLAND REVENUE:</b>						
Income tax:						
Gold mines .....	622 492	1 172 675	1 485 000	950 000	-19,0%	-535 000
Diamond mines .....	13 270	35 698	40 000	16 000	-55,2%	-24 000
Other mines ..... 3)	495 341	421 528	773 000	882 000	109,2%	109 000
Persons and individuals ..... 3)	37 805 278	44 972 795	49 755 000	51 220 000	13,9%	1 465 000
Companies (other than mining) ..... 3)	10 359 264	11 961 336	13 310 000	14 100 000	17,9%	790 000
Secondary tax on companies .....	876 675	1 303 595	1 760 000	1 160 000	-11,0%	-600 000
Interest on overdue tax .....	367 627	657 799	770 000	560 000	-14,9%	-210 000
	<b>50 539 948</b>	<b>60 525 427</b>	<b>67 893 000</b>	<b>68 888 000</b>	<b>13,8%</b>	<b>995 000</b>
Value-added tax/Sales tax ..... 3)	<b>25 448 988</b>	<b>29 288 397</b>	<b>32 750 000</b>	<b>32 600 000</b>	<b>11,3%</b>	<b>-150 000</b>
Other taxes:						
Non-resident shareholders' tax ..... 3)	392 881	479 393	337 000	235 000	-51,0%	-102 000
Non-resident tax on interest .....	378	-349	-	-	-	-
Undistributed profits tax .....	503	242	-	-	-	-
Donations tax .....	38 956	104 382	60 000	47 000	-55,0%	-13 000
Estate duty .....	118 312	125 308	140 000	170 000	35,7%	30 000
Marketable securities tax .....	266 987	431 450	525 000	390 000	-9,6%	-135 000
Stamp duties and fees ..... 3)	846 735	942 939	950 000	1 025 000	8,7%	75 000
Transfer duties .....	1 076 675	1 413 515	1 625 000	1 540 000	8,9%	-85 000
Levy on financial services .....	368 287	390 498	446 000	465 000	19,1%	19 000
Other ..... 4)	-	-	-	-	-	-
	<b>3 109 713</b>	<b>3 887 376</b>	<b>4 083 000</b>	<b>3 872 000</b>	<b>-0,4%</b>	<b>-211 000</b>
Mining leases and ownership:						
Gold mines .....	196 087	175 422	50 000	99 000	-43,6%	49 000
Diamond mines .....	29 918	20 565	33 000	68 000	230,7%	35 000
Other mines ..... 3)	69 517	28 926	27 000	45 000	55,6%	18 000
	<b>295 521</b>	<b>224 913</b>	<b>110 000</b>	<b>212 000</b>	<b>-5,7%</b>	<b>102 000</b>
Interest and dividends:						
Interest:						
Border area development .....	-	-	-	-	-	-
Broadcasting .....	-	-	-	-	-	-
Farming industry .....	14 349	16 132	14 500	10 000	-	-
State land .....	2 906	1 848	2 200	2 200	-	-
Transport .....	-	-	-	-	-	-
Communication .....	-	-	-	-	-	-
Local loans .....	23 057	25 169	16 100	18 000	-	-
Cash balances .....	1 524	3 160	2 200	4 700	-	-
Exchequer deposits .....	414 240	309 225	180 000	700 000	-	-
Corporation for Public Deposits .....	8 063	8 239	9 500	9 500	-	-
Other .....	30 572	35 198	26 700	40 000	-	-

**TABEL 3b**  
**TOTALE INKOMSTE:**  
**NASIONALE INKOMSTEREKENING 1)**  
**Volgens die tradisionele klassifikasie 2)**

1996/97				Inkomstebron
First Print: Estimate Eerste Druk: Raming	% change on 1995/96 % verand. op 1995/96	Second Print: Estimate Tweede Druk: Raming	% change on 1995/96 % verand. op 1995/96	
R'000		R'000		<b>BINNELANDSE INKOMSTE:</b>
900 000	-5,3%	865 000	-8,9%	Inkomstebelasting:
154 000	862,5%	154 000	862,5%	Goudmyne
1 200 000	36,1%	1 200 000	36,1%	Diamantmyne
59 425 000	16,0%	57 975 000	13,2%	Ander myne
15 730 000	11,6%	19 110 000	35,5%	3) Persone en individue
1 000 000	-13,8%	1 000 000	-13,8%	3) Maatskappye (uitgesluit mynbou)
600 000	7,1%	750 000	33,9%	Sekondêre belasting op maatskappye
				Rente op agterstallige belasting
<b>79 009 000</b>	<b>14,7%</b>	<b>81 054 000</b>	<b>17,7%</b>	
<b>36 330 000</b>	<b>11,4%</b>	<b>36 930 000</b>	<b>13,3%</b>	3) Belasting op toegevoegde waarde / verkoopbelasting
-		-		Ander belasting:
-		-		3) Belasting op buitelandse aandeelhouders
-		-		Rentebelasting op buitelanders
47 000		47 000		Belasting op onuitgekeerde winste
150 000	-11,8%	150 000	-11,8%	Belasting op geskenke
400 000	2,6%	200 000	-48,7%	Boedelbelasting
1 125 000	9,8%	1 040 000	1,5%	Belasting op handelseffekte
1 650 000	7,1%	1 650 000	7,1%	3) Seëlregte en -gelde
505 000	8,6%	455 000	-2,2%	Hereregte
				Heffing op finansiële dienste
				4) Ander
<b>3 877 000</b>	<b>0,1%</b>	<b>3 542 000</b>	<b>-8,5%</b>	
2 000		2 000		Mynverhuring en eiendomsregte:
30 000		30 000		Goudmyne
45 000		45 000		Diamantmyne
				3) Ander myne
<b>77 000</b>	<b>-63,7%</b>	<b>77 000</b>	<b>-63,7%</b>	
				Rente en dividende:
				Rente:
				Grensgebiedontwikkeling
				Uitsaaiwese
10 000		10 000		Boerderybedryf
2 200		2 200		Staatsgrond
				Vervoer
				Kommunikasie
18 000		18 000		Plaaslike lenings
4 700		4 700		Kontantsaldo's
300 000		300 000		Skatkisdeposito's
9 500		9 500		Korporasie vir Openbare Deposito's
41 000		41 000		Ander

TABLE 3b (continued)

## TOTAL REVENUE:

## NATIONAL REVENUE ACCOUNT 1)

According to the traditional classification 2)

Source of Revenue			1995/96			Deviation Afwyking
	1993/94	1994/95	Second Print: Estimate Tweede Druk: Raming	Revised Estimate Hersiene Raming	% change on 1994/95 % verand. op 1994/95	
	R'000	R'000	R'000	R'000		R'000
<b>Dividends:</b>						
Broadcasting .....	1 780	1 780	1 780	1 780		
Iscor .....	0	0	-	-		
Telkom .....	102 648	-	115 000	525 000		
Industrial Development Corporation .....	80 934	63 900	63 900	67 000		
Denel .....	60 000	60 000	60 000	70 000		
Other .....	5 500	12 080	12 120	11 040		
	<b>745 574</b>	<b>536 732</b>	<b>504 000</b>	<b>1 459 220</b>	<b>171,9%</b>	<b>955 220</b>
<b>Levies:</b>						
Diamond export rights .....	1	1	-	-		
Mining lease rights and licences .....	31 565	34 608	25 000	35 000		
Licences .....	10 085	10 740	12 000	12 000		
	<b>41 651</b>	<b>45 348</b>	<b>37 000</b>	<b>47 000</b>	<b>3,6%</b>	<b>10 000</b>
<b>Recovery of loans and advances:</b>						
Communication .....	-	-	-	-		
Local loans .....	17 973	20 710	20 000	20 600		
SWAWEC .....	14 838	14 838	14 838	14 838		
Other .....	76 014	105 855	52 000	63 562		
	<b>108 825</b>	<b>141 403</b>	<b>86 838</b>	<b>99 000</b>	<b>-30,0%</b>	<b>12 162</b>
<b>Departmental activities:</b>						
<b>Sale of products:</b>						
Agriculture and forestry .....	990	896	1 250	785		
Other .....	117 509	116 336	68 100	134 000		
Sale of capital equipment .....	17	1 847	15	1 200		
<b>State property rights:</b>						
Leasing and property rights money .....	100 448	108 685	90 400	134 600		
Sale of state-owned land, buildings and structures .....	28 801	13 670	15 000	15 000		
Revenue from Trust property .....	-	-	-	-		
<b>Monies prescribed by law:</b>						
Registration and inspection fees .....	18 067	19 575	19 000	11 000		
Fines and forfeitures .....	103 570	111 641	107 000	90 000		
Witness fees .....	50	48	65	62		
Pension contributions .....	2 225	3 240	10	-		
Other .....	110 872	85 443	77 700	76 000		
<b>Monies not prescribed by law:</b>						
Leasing .....	121	75	110	100		
Domestic services .....	30 770	24 091	33 800	32 000		
Profits on trading accounts .....	227 703	157 842	146 800	179 000		
Commission .....	38 368	30 227	24 000	28 000		
Other .....	30 166	47 027	40 600	47 000		
<b>Miscellaneous revenue:</b>						
Recoveries .....	49 791	59 058	41 685	85 000		
<b>Exchange profits/losses:</b>						
Soweto foreign loan .....	-2 882	2 558	-	-		
Other foreign loans .....	-	47	-	4 400		
Profit on consolidation/repurchase/ "switching" of government stock .....	100 336	30 851	-	22 420		
Reserve Bank profit .....	169 946	60 575	60 000	74 000		

TABEL 3b (vervolg)  
 TOTALE INKOMSTE:  
 NASIONALE INKOMSTEREKENING 1)  
 Volgens die tradisionele klassifikasie 2)

1996/97				Inkomstebron
First Print: Estimate Eerste Druk: Raming	% change on 1995/96 % verand. op 1995/96	Second Print: Estimate Tweede Druk: Raming	% change on 1995/96 % verand. op 1995/96	
R'000		R'000		
1 780		1 780		Dividende:
-		-		Uitsaaiwese
320 000		320 000		Yskor
67 000		67 000		Telkom
70 000		70 000		Nywerheidsontwikkelingskorporasie
17 190		17 190		Denel
				Ander
<b>861 370</b>	<b>-41,0%</b>	<b>861 370</b>	<b>-41,0%</b>	
-		-		Heffings:
36 000		36 000		Diamantuitvoerregte
13 000		13 000		Mynpagregte en -lisensies
				Lisensies
<b>49 000</b>	<b>4,3%</b>	<b>49 000</b>	<b>4,3%</b>	
-		-		Terugvordering van lenings en voorskotte:
20 600		20 600		Kommunikasie
-		-		Plaaslike lenings
63 400		63 400		SWAWEK
				Ander
<b>84 000</b>	<b>-15,2%</b>	<b>84 000</b>	<b>-15,2%</b>	
-		-		Departementele bedrywighede:
800		800		Verkope van produkte:
153 000		153 000		Landbou en bosbou
1 400		1 400		Ander
-		-		Verkoop van kapitaaltoerusting
136 000		136 000		Staatseendomsregte:
-		-		Verhurings en eiendomsreggelde
15 000		15 000		Verkope van staatsgrond, geboue
-		-		en strukture
-		-		Inkomste uit Trusteierendom
12 000		12 000		Gelde by wet opgelé:
95 000		95 000		Registrasie en inspeksie fooie
75		75		Boetes en verbeurdverklarings
-		-		Getuiegelde
77 000		77 000		Pensioenbydraes
				Ander
110		110		Gelde nie by wet opgelé nie:
33 000		33 000		Verhurings
180 000		180 000		Huishoudelike dienste
29 000		29 000		Winste op bedryfsrekenings
52 000		52 000		Kommissie
				Ander
85 000		85 000		Diverse inkomste:
-		-		Terugvorderings
-		-		Valutawinste/verliese:
-		-		Soweto buitelandse lening
-		-		Ander buitelandse lenings
-		-		Winst op konsolidasie/terugkoop/
60 000		60 000		"omskakeling" van staatseffekte
				Reserwebank wins

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TABLE 3b (continued)

## TOTAL REVENUE:

## NATIONAL REVENUE ACCOUNT 1)

According to the traditional classification 2)

Source of Revenue			1995/96			
	1993/94	1994/95	Second Print: Estimate Tweede Druk: Raming	Revised Estimate Herziene Raming	% change on 1994/95 % verand. op 1994/95	Deviation Afwyking
	R'000	R'000	R'000	R'000		R'000
Miscellaneous revenue (continued):						
Sishen/Saldanha project .....	-	-	-	-		
Corporation for Public Deposits .....	33 520	51 170	51 000	20 000		
Black and Coloured Transport Account .....	-	-	-	-		
State Oil Fund .....	-	-	-	-		
Strategic Mineral Fund .....	-	-	-	-		
Iscor (mineral rights) .....	-	-	-	-		
National Energy Council .....	-	-	-	-		
Maize Board .....	-	-	-	-		
Wool Board .....	54 855	-	-	-		
Own Affairs Administrations .....	183 950	87 326	-	11 000		
Unspecified .....	223 209	213 548	194 744	197 330		
	<b>1 622 400</b>	<b>1 225 775</b>	<b>971 279</b>	<b>1 162 897</b>	<b>-5,1%</b>	<b>191 618</b>
Extraordinary capital receipts: 6)						
Proceeds from privatisation of state assets .....	-	-	-	-		
Transfer from NSPF .....	665 000	-	-	31 000		
Transfer from Central Energy Fund .....	741 067	-	1 200 000	1 200 000		
Transfer from IMF Deposit Account .....	-	-	-	-		
Transfer from Tax Reserve Account .....	-	-	-	-		
Premium on consolidation/repurchase/ "switching" of government stock .....	91 290	1 321 165	300 000	235 050		
	<b>1 497 357</b>	<b>1 321 165</b>	<b>1 500 000</b>	<b>1 466 050</b>	<b>11,0%</b>	<b>-33 950</b>
<b>TOTAL FOR INLAND REVENUE</b> 8)	<b>83 409 976</b>	<b>97 196 536</b>	<b>107 935 117</b>	<b>109 806 187</b>	<b>13,0%</b>	<b>1 871 050</b>
<b>GRANTS (RDP)</b> 9)	<b>-</b>	<b>1 010</b>	<b>-</b>	<b>123 294</b>		<b>123 294</b>

Continues on page B.25

**TABEL 3b (vervolg)**  
**TOTALE INKOMSTE:**  
**NATIONALE INKOMSTEREKENING 1)**  
**Volgens die tradisionele klassifikasie 2)**

1996/97				Inkomstebron
First Print: Estimate Eerste Druk: Raming	% change on 1995/96 % verand. op 1995/96	Second Print: Estimate Tweede Druk: Raming	% change on 1995/96 % verand. op 1995/96	
R'000		R'000		
-		-		Diverse inkomste (vervolg):
20 000		20 000		Sishen/Saldanha projek
-		-		Korporasie vir Openbare Deposito's
-		-		Swart- en Kleurlingvervoerrekening
-		-		Staatsoliefonds
-		-		Strategiese Mineralefonds
-		-		Yskor (mineraalregte)
-		-		Nasionale Energieraad
-		-		Mielieraad
-		-		Wolraad
-		-		Eie Sake Administrasies
149 904		149 904		Ongespesifiseerd
<b>1 099 289</b>	<b>-5,5%</b>	<b>1 099 289</b>	<b>-5,5%</b>	
-		-		6) Buitengewone kapitaalontvangste:
-		-		Opbrengs uit privatisering
1 880 000		1 880 000		van staatsbates
-		-		Oordrag vanaf LVVF
-		-		Oordrag vanaf Sentrale Energiefonds
-		-		Oordrag vanaf IMF Depositorekening
-		-		Oordrag vanaf Belastingreserwerekening
200 000		200 000		Premie op konsolidasie/terugkoop/ "omskakeling" van staatseffekte
<b>2 080 000</b>	<b>41,9%</b>	<b>2 080 000</b>	<b>41,9%</b>	
<b>123 466 659</b>	<b>12,4%</b>	<b>125 776 659</b>	<b>14,5%</b>	8) <b>TOTAAL VIR BINNELANDSE INKOMSTE</b>
-		-		9) <b>SKENKINGS (HOP)</b>

Vervolg op bladsy B.26

TABLE 3b (continued)  
**TOTAL REVENUE:**  
**NATIONAL REVENUE ACCOUNT 1)**  
 According to the traditional classification 2)

Source of Revenue			1995/96			
	1993/94	1994/95	Second Print: Estimate <i>Tweede Druk: Raming</i>	Revised Estimate <i>Hersiene Raming</i>	% change on 1994/95 % verand. op 1994/95	Deviation <i>Afwyking</i>
	R'000	R'000	R'000	R'000		R'000
<b>CUSTOMS AND EXCISE:</b>						
Customs duties .....	3 413 384	4 246 990	4 700 000	5 400 000	27,1%	700 000
Surcharge on imports .....	1 756 141	1 170 848	645 000	456 000	-61,1%	-189 000
Excise duties:	4 966 972	5 804 237	6 111 000	6 574 000	13,3%	463 000
Beer .....	1 452 242	1 764 400	1 805 000	2 065 000	17,0%	260 000
Sorghum beer and sorghum flour .....	27 335	33 405	42 000	36 000	7,8%	-6 000
Wine .....	103 405	136 963	161 000	195 000	42,4%	34 000
Mineral water .....	181 277	214 042	205 000	242 000	13,1%	37 000
Spirits .....	507 008	591 846	670 000	655 000	10,7%	-15 000
Cigarettes and cigarette tobacco .....	1 022 176	1 210 433	1 362 000	1 530 000	26,4%	168 000
Pipe tobacco and cigars .....	19 929	21 737	28 000	28 000	28,8%	
Petroleum products .....	479 733	520 169	535 000	540 000	3,8%	5 000
Motor cars .....	529 082	693 251	680 000	616 000	-11,1%	-64 000
Ad valorem: Schedule 1, Part 2B .....	338 679	372 940	405 000	408 000	9,4%	3 000
Chemical products .....	6 155	7 215	8 000	7 000	-3,0%	-1 000
Revenue from neighbouring countries ..... 10)	299 951	237 835	210 000	252 000	6,0%	42 000
Fuel levy ..... 11)	7 860 237	8 351 492	8 855 000	8 900 000	6,6%	45 000
Ordinary levy ..... 12)	65 357	51 278	45 000	45 000	-12,2%	
Miscellaneous .....	11 971	137 249	90 000	90 000	-34,4%	
<b>Gross total for Customs and Excise</b>	<b>18 074 063</b>	<b>19 762 093</b>	<b>20 446 000</b>	<b>21 465 000</b>	<b>8,6%</b>	<b>1 019 000</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) ..... 13)	3 089 376	3 248 803	3 890 117	3 890 117	19,7%	
<b>TOTAL FOR CUSTOMS AND EXCISE (NET)</b>	<b>14 984 687</b>	<b>16 513 289</b>	<b>16 555 883</b>	<b>17 574 883</b>	<b>6,4%</b>	<b>1 019 000</b>
<b>GRAND TOTAL:</b>						
<b>NATIONAL REVENUE ACCOUNT</b> 8)	<b>98 394 663</b>	<b>113 710 835</b>	<b>124 491 000</b>	<b>127 504 344</b>	<b>12,1%</b>	<b>3 013 344</b>
Less:						
Extraordinary capital receipts: 6)						
Proceeds from privatisation of state assets .....	-	-	-	-		
Transfer from NSPF .....	665 000	-	-	31 000		
Transfer from Central Energy Fund .....	741 067	-	1 200 000	1 200 000		
Transfer from IMF Deposit Account .....	-	-	-	-		
Transfer from Tax Reserve Account .....	-	-	-	-		
Premium on consolidation/repurchase/ "switching" of government stock ..... 7)	91 290	1 321 165	300 000	235 050		
Grants (RDP) ..... 9)	-	1 010	-	123 294		
<b>TOTAL ORDINARY REVENUE:</b>						
<b>NATIONAL REVENUE ACCOUNT</b> 14)	<b>96 897 306</b>	<b>112 388 660</b>	<b>122 991 000</b>	<b>125 915 000</b>	<b>12,0%</b>	<b>2 924 000</b>

**TABEL 3b (vervolg)**  
**TOTALE INKOMSTE:**  
**NASIONALE INKOMSTEREKENING 1)**  
**Volgens die tradisionele klassifikasie 2)**

1996/97				Inkomstebron
First Print: Estimate Eerste Druk: Raming	% change on 1995/96 % verand. op 1995/96	Second Print: Estimate Tweede Druk: Raming	% change on 1995/96 % verand. op 1995/96	
R'000		R'000		<b>DOEANE EN AKSYNS:</b>
6 230 000	15,4%	6 230 000	15,4%	Doeaneregte
-	-100,0%	-	-100,0%	Bobelasting op invoere
6 418 000	-2,4%	6 918 000	5,2%	Aksynsregte:
2 137 000	3,5%	2 322 000	12,4%	Bier
36 000		40 000	11,1%	Sorghumbier en -meelblom
200 000	2,6%	224 000	14,9%	Wyn
250 000	3,3%	250 000	3,3%	Mineraalwater
665 000	1,5%	728 000	11,1%	Spiritualieë
1 555 000	1,6%	1 775 000	16,0%	Sigarette en sigarettabak
28 500	1,8%	32 500	16,1%	Pyptabak en sigare
564 000	4,4%	564 000	4,4%	Petroleumprodukte
-	-100,0%	-	-100,0%	Motorkarre
705 000	72,8%	705 000	72,8%	Ad valorem: Bylae 1, Deel 2B
7 500	7,1%	7 500	7,1%	Chemiese produkte
270 000	7,1%	270 000	7,1%	10) Naburige lande
9 300 000	4,5%	10 360 000	16,4%	11) Brandstofheffing
35 000	-22,2%	35 000	-22,2%	12) Gewone heffing
100 000	11,1%	100 000	11,1%	Diverse inkomste
<b>22 083 000</b>	<b>2,9%</b>	<b>23 643 000</b>	<b>10,1%</b>	<b>Bruto totaal vir Doeane en Aksyns</b>
				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
4 362 659	12,1%	4 362 659	12,1%	13) 91 van 1964)
<b>17 720 341</b>	<b>0,8%</b>	<b>19 280 341</b>	<b>9,7%</b>	<b>TOTAAL VIR DOEANE EN AKSYNS (NETTO)</b>
<b>141 187 000</b>	<b>10,7%</b>	<b>145 057 000</b>	<b>13,8%</b>	<b>GROOTTOTAAL:</b>
				<b>NASIONALE INKOMSTEREKENING</b>
				Min:
				6) Buitengewone kapitaalontvangste:
				Opbrengs uit die privatisering van
				staatsbates
				Oordrag vanaf LVVF
1 880 000		1 880 000		Oordrag vanaf Sentrale Energiefonds
				Oordrag vanaf IMF Depositerekening
				Oordrag vanaf Belastingreserwerekening
				Premie op konsolidasie/terugkoop/
200 000		200 000		7) "omskakeling" van staatseffekte
				9) Skenkings (HOP)
<b>139 107 000</b>	<b>10,5%</b>	<b>142 977 000</b>	<b>13,6%</b>	<b>TOTALE GEWONE INKOMSTE:</b>
				<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 assurers 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 Staatsinkosterekening) deur 'n Nasionale Inkomstefonds vervang. Tot tyd en wyl finansiële en fiskale verhoudings tussen die nasionale regering en die 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 Staatsinkosterekening. Syfers voor 1994/95 is dienoreenkomstig 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 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 Staatsinkosterekening) oorbetaal aangesien dit die Doeane-unie-poel 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 die vorige begrotings gebruik en sal ook in die toekomst 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 4a**  
**TOTAL REVENUE:**  
**NATIONAL REVENUE ACCOUNT 1)**  
**According to the GFS classification 2)**

SOURCE OF REVENUE	ACTUAL COLLECTIONS					
	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89
	R'000	R'000	R'000	R'000	R'000	R'000
<b>1. TAXES ON INCOME AND PROFITS</b>						
Persons and individuals ..... 3/	5 764 211	7 850 900	9 078 377	10 467 750	12 666 860	14 910 393
Corporate						
Gold mines .....	1 700 965	1 598 923	2 453 442	2 523 482	2 074 632	1 694 670
Diamond mines .....	980	541	726	27 596	98 216	458
Other mines ..... 3/	187 356	322 038	576 470	1 001 008	865 132	1 312 365
Companies (other than mining) ..... 3/	3 278 638	3 820 090	4 855 334	5 113 476	5 868 829	8 236 045
Secondary tax on companies .....	-	-	-	-	-	-
Undistributed profits tax .....	2 261	1 821	2 839	5 168	2 057	1 661
Other, non-allocable						
Non-resident shareholders' tax ..... 3/	272 367	256 233	357 466	416 614	425 031	394 927
Non-residents' tax on interest .....	20 698	36 418	38 197	37 081	35 480	7 162
Interest on overdue income tax .....	21 073	29 208	54 784	62 692	72 974	113 407
<b>Taxes on income and profits</b>	<b>11 248 550</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 .....	3 523	4 721	3 180	3 852	5 473	3 223
Estate duty .....	86 876	100 383	139 360	147 279	142 606	136 453
Taxes on financial and capital transactions						
Marketable securities tax .....	40 946	30 625	58 614	140 966	225 457	138 536
Transfer duties .....	316 578	285 580	266 095	288 720	450 779	544 779
<b>Taxes on property</b>	<b>447 923</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)	3 921 369	5 943 564	8 156 727	9 045 809	10 313 329	13 123 032
Excise duties .....	1 781 978	1 964 631	1 926 365	1 890 786	2 876 363	5 064 382
Beer	402 615	459 932	471 795	516 785	590 923	687 881
Sorghum beer and sorghum flour	-	-	-	-	-	-
Wine	11 628	11 753	11 896	12 679	12 953	12 996
Mineral water	21 514	22 464	21 130	21 246	23 717	25 266
Spirits	261 863	262 722	248 622	242 349	245 267	281 488
Cigarettes and cigarette tobacco	378 484	409 489	411 834	425 301	468 647	540 156
Pipe tobacco and cigars	20 437	16 831	15 468	14 793	14 723	16 546
Petroleum products	266 725	296 711	289 209	305 489	443 679	479 652
Motor cars	221 777	217 635	184 036	80 396	80 412	89 976
Ad valorem: Schedule 1, Part 2B	125 180	194 215	185 802	183 154	188 801	215 302
Chemical products	-	-	-	-	-	-
Revenue from neighbouring countries ..... 5/	71 756	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 .....	2 792	2 478	3 040	3 361	3 546	3 812
Mining lease rights and licences .....	2 125	2 612	4 242	4 188	3 885	4 775
Other ..... 7/	8	6	154 548	15 761	35	-
<b>Domestic taxes on goods and services</b>	<b>5 708 272</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 4a  
**TOTALE INKOMSTE:**  
**NASIONALE INKOMSTEREKENING 1)**  
 Volgens die GFS klassifikasie 2)

WERKLIKE INVORDERINGS						INKOMSTEBRON
1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	
R'000	R'000	R'000	R'000	R'000	R'000	
20 008 790	24 149 637	29 968 889	33 833 027	37 805 278	44 972 795	<b>1. BELASTINGS OP INKOME EN WINSTE</b>
1 016 072	644 367	523 709	421 502	622 492	1 172 675	3) Persone en individue
10 715	24 211	21 008	55 077	13 270	35 698	Maatskappye
1 780 806	2 221 767	1 027 873	520 600	495 341	421 528	Goudmyne
11 013 255	11 870 475	12 490 833	12 126 047	10 359 264	11 961 336	Diamanmyne
-	-	-	-	876 675	1 303 595	3) Ander myne
858	2 251	366	90	503	242	3) Maatskappye (uitgesluit mynbou)
435 371	429 850	343 593	276 329	392 881	479 393	3) Sekondêre belasting op maatskappye
1 691	719	38	17	378	-349	Belasting op onuitgekeerde winste
163 191	237 615	285 326	326 676	367 627	657 799	Ander, nie-toedeelbaar
						3) Belasting op buitelandse aandeelhouders
						Rentebelasting op buitelanders
						Rente op agterstalige belasting
<b>34 430 749</b>	<b>39 580 891</b>	<b>44 661 636</b>	<b>47 559 365</b>	<b>50 933 710</b>	<b>61 004 712</b>	<b>Belastings op inkome en winste</b>
4 330	6 508	6 829	17 968	38 956	104 382	<b>4. BELASTINGS OP EIENDOM</b>
75 907	81 961	78 696	84 922	118 312	125 308	Boedel-, erfenis- en geskenkbelastings
						Belasting op geskenke
						Boedelbelasting
278 073	243 288	199 756	164 508	266 987	431 450	Belastings op finansiële en
675 333	766 441	842 559	920 126	1 076 675	1 413 515	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>2 074 654</b>	<b>Belastings op eiendom</b>
16 752 099	18 260 701	18 791 794	17 506 058	25 448 988	29 288 397	<b>5. BINNELANDSE BELASTINGS OP</b>
6 922 658	7 448 307	9 246 601	11 519 050	12 827 209	14 155 729	<b>GOEDERE EN DIENSTE</b>
850 648	1 006 950	1 178 316	1 364 604	1 452 242	1 764 400	3,4) BTW/Verkoopbelasting
		799	14 149	27 335	33 405	Aksynsregte
14 973	14 826	23 509	72 037	103 405	136 963	Bier
66 795	73 735	99 946	162 461	181 277	214 042	Sorghumbier en -meelblom
323 408	381 310	407 212	432 407	507 008	591 846	Wyn
593 233	693 965	816 434	938 072	1 022 176	1 210 433	Mineraalwater
13 838	20 312	18 196	18 585	19 929	21 737	Spiritualieë
470 856	443 016	462 423	480 806	479 733	520 169	Sigarette en sigarettabak
43 759	67 670	126 963	306 066	529 082	693 251	Pyttabak en sigare
263 601	455 937	465 249	336 490	338 679	372 940	Petroleumprodukte
-	110	503	1 843	6 155	7 215	Motorkarre
200 858	186 654	225 782	308 421	299 951	237 835	Ad valorem: Bylae 1, Deel 2B
4 080 688	4 103 821	5 421 269	7 083 109	7 860 237	8 351 492	5) Chemiese produkte
						6) Inkomste uit naburige lande
		72 599	329 379	368 287	390 498	Brandstofheffing
						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	10 740	Lisensies
5 350	5 932	21 430	29 519	31 565	34 608	Mynverhurings- en eiendomsregte
						7) Ander
<b>23 684 105</b>	<b>25 722 300</b>	<b>28 140 861</b>	<b>29 393 157</b>	<b>38 686 134</b>	<b>43 879 971</b>	<b>Binnelandse belastings op goedere en dienste</b>

TABLE 4a (continued)  
**TOTAL REVENUE:**  
**NATIONAL REVENUE ACCOUNT 1)**  
**According to the GFS classification 2)**

SOURCE OF REVENUE	ACTUAL COLLECTIONS					
	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89
<b>6. TAXES ON INTERNATIONAL TRADE AND TRANSACTIONS</b>	R'000	R'000	R'000	R'000	R'000	R'000
Import duties						
Customs duties .....	1 085 015	1 337 663	1 175 968	1 367 747	1 768 854	2 465 968
Import surcharges .....	225 979	-5 091	498 627	837 813	742 578	1 875 599
Other						
Ordinary levy .....	-	-	-	-	-	-
Miscellaneous: Customs & Excise .....	-3 588	2 615	13 686	21 695	11 605	17 168
Diamond export duties .....	39 644	41 365	56 735	48 381	19 070	16
Taxes on international trade and transactions	<b>1 347 048</b>	<b>1 376 552</b>	<b>1 745 017</b>	<b>2 275 636</b>	<b>2 542 107</b>	<b>4 358 751</b>
<b>7. OTHER TAXES</b>						
Stamp duties and fees .....	<b>213 145</b>	<b>243 793</b>	<b>272 764</b>	<b>321 093</b>	<b>439 010</b>	<b>469 274</b>
<b>TOTAL TAX REVENUE (GROSS COLLECTIONS) (1+4+5+6+7)</b>	<b>18 964 939</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	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) .....	390 848	462 451	472 091	496 933	577 286	719 797
Total payments	<b>640 848</b>	<b>712 451</b>	<b>772 091</b>	<b>846 933</b>	<b>927 286</b>	<b>1 113 997</b>
<b>IV. TOTAL TAX REVENUE (NET COLLECTIONS)</b>	<b>18 324 090</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 surpluses of departmental enterprise sales .....	27 184	49 227	66 171	67 012	86 773	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 .....	5 199	5 688	6 623	8 800	11 710	12 411
Dividends						
Broadcasting .....	2 276	2 276	2 276	2 276	2 276	2 276
IsCOR .....	-	-	-	64 857	-	64 000
Telkom .....	-	-	-	-	-	-
Industrial Development Corporation .....	-	-	-	-	-	-
Denel .....	-	-	-	-	-	-
Other .....	387	136	1	1	1 824	65 143
Interest						
Border area development .....	3 314	2 767	3 065	3 668	4 271	4 466
Broadcasting .....	1 091	1 285	1 355	1 343	1 311	1 269
Cash balances .....	202	391	1 045	773	677	1 133
Communication .....	22 294	21 569	20 775	19 913	16 076	20 817

TABEL 4a (vervolg)  
**TOTALE INKOMSTE:**  
**NASIONALE INKOMSTEREKENING 1)**  
 Volgens die GFS klassifikasie 2)

WERKLIKE INVORDERINGS						INKOMSTEBRON	
1989/90	1990/91	1991/92	1992/93	1993/94	1994/95		
R'000	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	4 246 990		
2 625 354	2 075 343	1 455 502	1 520 895	1 756 141	1 170 848		
70 101	110 233	69 209	79 352	65 357	51 278		
14 499	9 658	60 287	83 389	11 971	137 249		
3	1	0	0	1	-		
<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>5 606 364</b>		
<b>685 218</b>	<b>657 267</b>	<b>712 155</b>	<b>760 384</b>	<b>846 735</b>	<b>942 939</b>		<b>7. ANDER BELASTINGS</b> Seëlregte en -gelde
<b>64 737 422</b>	<b>71 756 229</b>	<b>78 963 623</b>	<b>83 545 148</b>	<b>97 214 363</b>	<b>113 508 640</b>		<b>TOTALE 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	-	-	-	-		
918 022	1 689 140	2 760 251	2 984 140	3 089 376	3 248 803		
<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>	<b>3 248 803</b>	Totale betalings	
<b>63 371 600</b>	<b>69 955 339</b>	<b>76 203 372</b>	<b>80 561 008</b>	<b>94 124 987</b>	<b>110 259 837</b>	<b>IV. TOTALE BELASTINGINKOMSTE            (NETTO INVORDERINGS)</b>	
164 975	145 057	178 225	199 973	227 703	157 842	<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 Kommissee Dividende Uitsaaiwese Yskor Telkom Nywerheidsontwikkelingskorporasie Denel Ander Rente Grensgebiedontwikkeling Uitsaaiwese Kontantsaldo's Kommunikasie	
48 659	147 098	70 876	116 098	169 946	60 575		
130 794	206 931	72 925	-	-	-		
26 828	35 586	28 510	24 863	33 520	51 170		
-	-	34 280	145 817	-	-		
-	-	-	4 940	-	-		
-	-	-	-	54 855	-		
39	1 904	388	-24	-	-		
14 666	17 529	10 831	11 998	38 368	30 227		
2 276	2 111	1 780	1 780	1 780	1 780		
240 619	0	0	13 285	-	0		
-	-	-	102 000	102 648	-		
-	-	-	-	80 934	63 900		
-	-	-	-	60 000	60 000		
0	-	-	-	5 500	12 080		
3 669	6 244	-	1 090	-	-		
1 206	763	-	-	-	-		
1 797	8 098	4 473	2 123	1 524	3 160		
16 912	15 789	8 596	1 424	-	-		

TABLE 4a (continued)  
**TOTAL REVENUE:**  
**NATIONAL REVENUE ACCOUNT 1)**  
 According to the GFS classification 2)

SOURCE OF REVENUE	ACTUAL COLLECTIONS					
	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89
	R'000	R'000	R'000	R'000	R'000	R'000
Corporation for Public Deposits .....	-	-	-	-	-	-
Exchequer deposits .....	-	-	-	-	-	-
Farming industry .....	3 329	204	7 142	14 141	7 130	14 001
Local loans .....	6 797	135	8 665	991	1 389	2 952
State land .....	719	1 091	3 383	939	1 482	396
Transport .....	437 633	441 135	295 029	156 056	164 067	120 183
Other .....	30 733	29 766	20 651	30 080	21 809	11 312
Mining leases and ownership						
Gold mines .....	520 628	374 871	599 314	655 409	550 522	481 867
Diamond mines .....	9 796	2 200	1 578	105 978	34 320	42 040
Other mines .....	29 692	4 898	32 548	84 801	235 211	118 479
Entrepreneurial and property income	<b>1 101 274</b>	<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>9. ADMINISTRATIVE FEES &amp; CHARGES, NONINDUSTRIAL &amp; INCIDENTAL SALES</b>						
Sale of products						
Agriculture and forestry .....	60 414	61 789	1 870	1 694	1 886	2 451
Other .....	4 841	5 523	11 913	15 098	17 352	20 282
Leasing and property rights money .....	35 852	35 756	35 626	44 173	47 809	53 206
Registration and inspection fees .....	9 680	6 880	6 642	8 733	12 565	13 782
Witness fees .....	16	20	36	28	32	32
Monies not prescribed by law:						
Leasing .....	398	528	1 425	716	758	674
Domestic services .....	4 056	5 164	5 709	5 378	8 149	6 452
Other .....	34 913	33 256	24 270	44 173	31 747	17 999
Administrative fees and charges, nonindustrial and incidental sales	<b>150 169</b>	<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>3 822</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 .....	1 666	2 679	2 858	3 213	3 791	2 520
Revenue from Trust property .....	-	-	-	-	-	-
Own Affairs Administrations (own revenue) ....	-	21 616	77 468	118 824	143 624	195 393
Unspecified .....	131 709	200 829	138 776	210 511	186 694	264 298
Other non-tax revenue	<b>133 375</b>	<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>1 388 640</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>19 712 731</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>

**TABEL 4a (vervolg)**  
**TOTALE INKOMSTE:**  
**NASIONALE INKOMSTEREKENING 1)**  
**Volgens die GFS klassifikasie 2)**

WERKLIKE INVORDERINGS						INKOMSTEBRON
1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	
R'000	R'000	R'000	R'000	R'000	R'000	
-	-	-	-	8 063	8 239	Korporasie vir Openbare Deposito's
-	-	-	-	414 240	309 225	Skatkisdeposito's
14 050	7 164	21 030	14 136	14 349	16 132	Boerderybedryf
5 629	1 731	3 292	19 024	23 057	25 169	Plaaslike lenings
309	734	906	2 230	2 906	1 848	Staatsgrond
135 718	-	-	-	-	-	Vervoer
41 492	23 141	37 308	83 033	30 572	35 198	Ander
327 028	183 120	150 902	67 312	196 087	175 422	Mynverhuring en eiendomsregte
29 379	69 823	75 660	31 297	29 918	20 565	Goudmyne
184 855	179 525	98 533	89 314	69 517	28 926	Diamantmyne
						Ander myne
<b>1 390 901</b>	<b>1 052 349</b>	<b>798 514</b>	<b>931 714</b>	<b>1 565 486</b>	<b>1 061 457</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	896	Verkope van produkte
19 184	30 658	41 824	53 957	117 509	116 336	Landbou en bosbou
70 008	78 660	102 191	114 080	100 448	108 685	Ander
18 038	19 396	19 314	14 210	18 067	19 575	Verhuring en eiendomsreggelde
34	35	43	49	50	48	Registrasie en inspeksiefooie
403	2 003	686	3 565	121	75	Getuiegelde
8 254	8 257	7 756	24 196	30 770	24 091	Gelde nie by wet opgelê nie:
20 751	26 393	50 126	59 607	30 166	47 027	Verhuring
						Huishoudelike dienste
						Ander
<b>138 970</b>	<b>167 698</b>	<b>225 024</b>	<b>274 116</b>	<b>298 120</b>	<b>316 733</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>111 641</b>	<b>10. BOETES EN VERBEURDVERKLARINGS</b>
						<b>12. ANDER NIE-BELASTINGINKOMSTE</b>
34 128	-2 032	-32 553	-18 384	-2 882	2 558	Wisselkoerswinste en -verliese
234	6	5 814	28 336	-	-	Soweto buitelandse lening
-	-	20 524	56 705	100 336	30 851	Ander buitelandse lenings
2 513	5 620	2 593	2 114	2 225	3 240	Wins op konsolidasie/terugkoop/ "omskakeling" van staatseffekte
-	-	-	53 079	-	-	Pensioenbydraes
314 408	340 598	318 839	392 847	183 950	87 326	Inkomste uit Trusteieendom
135 102	269 204	228 551	381 500	334 081	298 991	Eie Sake Administrasies (eie inkomste)
						Ongespesifiseerd
<b>488 385</b>	<b>613 396</b>	<b>543 768</b>	<b>896 196</b>	<b>617 709</b>	<b>422 966</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>1 912 797</b>	<b>V. NIE-BELASTING-INKOMSTE (8+9+10+12)</b>
<b>65 453 188</b>	<b>71 990 323</b>	<b>77 865 633</b>	<b>82 758 859</b>	<b>96 709 872</b>	<b>112 172 634</b>	<b>III. TOTALE LOPENDE INKOMSTE (IV+V)</b>

TABLE 4a (continued)  
**TOTAL REVENUE:**  
**NATIONAL REVENUE ACCOUNT 1)**  
**According to the GFS classification 2)**

SOURCE OF REVENUE	ACTUAL COLLECTIONS					
	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89
	R'000	R'000	R'000	R'000	R'000	R'000
<b>13. SALE OF FIXED CAPITAL ASSETS</b>						
Sale of capital equipment .....	7	317	17	22	181	6
Sale of state-owned land, buildings and structures .....	11 228	5 919	6 312	9 465	21 685	28 588
<b>Sale of fixed capital assets</b>	<b>11 234</b>	<b>6 237</b>	<b>6 329</b>	<b>9 488</b>	<b>21 866</b>	<b>28 593</b>
<b>14. SALES OF STOCKS</b> <sup>13)</sup>						
Central Energy Fund .....	-	-	-	1 012 000	208 000	-
National Supplies Procurement Fund .....	-	-	-	-	-	-
<b>Sales of stocks</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 012 000</b>	<b>208 000</b>	<b>-</b>
<b>VI. TOTAL CAPITAL REVENUE (13+14)</b>	<b>11 234</b>	<b>6 237</b>	<b>6 329</b>	<b>1 021 488</b>	<b>229 866</b>	<b>28 593</b>
<b>II. TOTAL REVENUE (III+VI)</b>	<b>19 723 965</b>	<b>24 657 471</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> <sup>14)</sup>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>I. TOTAL REVENUE AND GRANTS (II+VII)</b>	<b>19 723 965</b>	<b>24 657 471</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> <sup>15)</sup>						
Communication .....	8 045	8 722	9 431	10 185	13 780	8 885
Local loans .....	734	1 044	1 764	198	722	-
SWAWEC .....	-	-	-	71 948	84 948	-51 552
Other .....	43 550	37 224	45 555	120 331	104 932	49 953
Transfer from IMF Deposit Account .....	58 970	-	93 825	433 571	351 882	-
Transfer from Tax Reserve Account .....	-	-	339 422	-	-	-
Premium on consolidation/repurchase/ "switching" of government stock .....	-	-	-	-	-	-
Proceeds from privatisation of state assets .....	-	258 800	195 000	-	-	600 000
<b>Subtotal</b>	<b>111 299</b>	<b>305 791</b>	<b>684 998</b>	<b>636 233</b>	<b>556 264</b>	<b>607 286</b>
<b>TOTAL RECEIPTS: NATIONAL REVENUE ACCOUNT</b> <sup>19)</sup>	<b>19 835 264</b>	<b>24 963 262</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 1994/95 were adjusted accordingly (see introductory notes to this statistical annexure).

**TABEL 4a (vervolg)**  
**TOTALE INKOMSTE:**  
**NASIONALE INKOMSTEREKENING 1)**  
**Volgens die GFS klassifikasie 2)**

WERKLIKE INVORDERINGS						INKOMSTEBRON
1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	
R'000	R'000	R'000	R'000	R'000	R'000	<b>13. VERKOPE VAN VASTE KAPITAALBATES</b> Verkope van kapitaaltoerusting Verkope van staatsgrond, geboue en strukture Verkope van vaste kapitaalbates
784	22	2 211	220	17	1 847	
5 253	20 807	22 547	68 542	28 801	13 670	
<b>6 037</b>	<b>20 828</b>	<b>24 758</b>	<b>68 763</b>	<b>28 818</b>	<b>15 517</b>	
						<sup>13)</sup> <b>14. VERKOPE VAN VOORRADE</b> Sentrale Energiefonds Landsvoorraadeverkrigingsfonds Verkope van voorraade
-	-	264 471	780 519	741 067	-	
-	319 400	544 754	255 607	665 000	-	
-	<b>319 400</b>	<b>809 225</b>	<b>1 036 126</b>	<b>1 406 067</b>	-	
<b>6 037</b>	<b>340 228</b>	<b>833 983</b>	<b>1 104 889</b>	<b>1 434 885</b>	<b>15 517</b>	<b>VI. TOTALE KAPITAAL-INKOMSTE (13+14)</b>
<b>65 459 226</b>	<b>72 330 552</b>	<b>78 699 616</b>	<b>83 863 747</b>	<b>98 144 757</b>	<b>112 188 151</b>	<b>II. TOTALE INKOMSTE (III+VI)</b>
-	-	-	-	-	<b>1 010</b>	<sup>14)</sup> <b>VII. TOTALE SKENKINGS (HOP)</b>
<b>65 459 226</b>	<b>72 330 552</b>	<b>78 699 616</b>	<b>83 863 747</b>	<b>98 144 757</b>	<b>112 189 161</b>	<b>I. TOTALE INKOMSTE EN SKENKINGS (II+VII)</b>
						<i>Plus: Items wat nie as inkomste volgens GFS-klassifikasie beskou word nie:</i> <sup>15)</sup> Terugvordering van lenings en voorskotte Kommunikasie Plaaslike lenings SWAWEK Ander <sup>16)</sup> Oordrag vanaf IMF Depositorekening <sup>16)</sup> Oordrag vanaf Belastingreserwerekening <sup>17)</sup> Premie op konsolidasie/terugkoop/ "omskakeling" van staatseffekte <sup>18)</sup> Opbrengs uit privatisering van staatsbates
12 789	13 913	15 135	10 448	-	-	
-	-	8 237	16 514	17 973	20 710	
13 448	6 500	14 838	14 838	14 838	14 838	
55 087	85 260	70 915	100 209	125 805	164 913	
-	-	-	-	-	-	
-	-	-	-	-	-	
782 785	14 247	153 847	41 655	91 290	1 321 165	
2 989 180	-	-	107 692	-	-	
<b>3 853 289</b>	<b>119 920</b>	<b>262 972</b>	<b>291 356</b>	<b>249 906</b>	<b>1 521 627</b>	Subtotaal
<b>69 312 515</b>	<b>72 450 472</b>	<b>78 962 588</b>	<b>84 155 104</b>	<b>98 394 663</b>	<b>113 710 788</b>	<b>TOTALE ONTVANGSTES: NASIONALE INKOMSTEREKENING</b> <sup>19)</sup>

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 die 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) *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.*
- 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.*

- 2) Die Internasionale Monetêre Fonds se "Manual on Government Finance Statistics" is gebruik om die inkomstevorderings wat in die Verlae 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.
- 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 Kleurlingvervoer-rekening.
- 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 staatsëffekte 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 Sasoleëffekte, 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. 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.
- 19) Sluit items in wat nie volgens die GFS-klassifikasie as inkomste beskou word nie - sien voetnote 15 tot 17.

**TABLE 4b**  
**TOTAL REVENUE:**  
**NATIONAL REVENUE ACCOUNT 1)**  
**According to the GFS classification 2)**

SOURCE OF REVENUE			1995/96			
	1993/94	1994/95	Second Print: Estimate <i>Tweede Druk: Raming</i>	Revised Estimate <i>Hersiene Raming</i>	% change on 1994/95 <i>% verand. op 1994/95</i>	Deviation <i>Afwyking</i>
	R'000	R'000	R'000	R'000		R'000
<b>1. TAXES ON INCOME AND PROFITS</b>						
Persons and individuals ..... 3)	37 805 278	44 972 795	49 755 000	51 220 000	13,9%	1 465 000
Corporate						
Gold mines .....	622 492	1 172 675	1 485 000	950 000	-19,0%	-535 000
Diamond mines .....	13 270	35 698	40 000	16 000	-55,2%	-24 000
Other mines ..... 3)	495 341	421 528	773 000	882 000	109,2%	109 000
Companies (other than mining) ..... 3)	10 359 264	11 961 336	13 310 000	14 100 000	17,9%	790 000
Secondary tax on companies .....	876 675	1 303 595	1 760 000	1 160 000	-11,0%	-600 000
Undistributed profits tax .....	503	242	-	-		
Other, non-allocable						
Non-resident shareholders' tax ..... 3)	392 881	479 393	337 000	235 000	-51,0%	-102 000
Non-residents' tax on interest .....	378	-349	-	-		
Interest on overdue income tax .....	367 627	657 799	770 000	560 000	-14,9%	-210 000
<b>Taxes on income and profits</b>	<b>50 933 710</b>	<b>61 004 712</b>	<b>68 230 000</b>	<b>69 123 000</b>	<b>13,3%</b>	<b>893 000</b>
<b>4. TAXES ON PROPERTY</b>						
Estate, inheritance and gift taxes						
Donations tax .....	38 956	104 382	60 000	47 000	-55,0%	-13 000
Estate duty .....	118 312	125 308	140 000	170 000	35,7%	30 000
Taxes on financial and capital transactions						
Marketable securities tax .....	266 987	431 450	525 000	390 000	-9,6%	-135 000
Transfer duties .....	1 076 675	1 413 515	1 625 000	1 540 000	8,9%	-85 000
<b>Taxes on property</b>	<b>1 500 929</b>	<b>2 074 654</b>	<b>2 350 000</b>	<b>2 147 000</b>	<b>3,5%</b>	<b>-203 000</b>
<b>5. DOMESTIC TAXES ON GOODS AND SERVICES</b>						
Value-added tax/Sales tax ..... 3,4)	25 448 988	29 288 397	32 750 000	32 600 000	11,3%	-150 000
Excise duties .....	12 827 209	14 155 729	14 966 000	15 474 000	9,3%	508 000
Beer	1 452 242	1 764 400	1 805 000	2 065 000	17,0%	260 000
Sorghum beer and sorghum flour	27 335	33 405	42 000	36 000	7,8%	-6 000
Wine	103 405	136 963	161 000	195 000	42,4%	34 000
Mineral water	181 277	214 042	205 000	242 000	13,1%	37 000
Spirits	507 008	591 846	670 000	655 000	10,7%	-15 000
Cigarettes and cigarette tobacco	1 022 176	1 210 433	1 362 000	1 530 000	26,4%	168 000
Pipe tobacco and cigars	19 929	21 737	28 000	28 000	28,8%	
Petroleum products	479 733	520 169	535 000	540 000	3,8%	5 000
Motor cars	529 082	693 251	680 000	616 000	-11,1%	-64 000
Ad valorem: Schedule 1, Part 2B	338 679	372 940	405 000	408 000	9,4%	3 000
Chemical products	6 155	7 215	8 000	7 000	-3,0%	-1 000
Revenue from neighbouring countries ..... 5)	299 951	237 835	210 000	252 000	6,0%	42 000
Fuel levy ..... 6)	7 860 237	8 351 492	8 855 000	8 900 000	6,6%	45 000
Taxes on specific services						
Levy on financial services .....	368 287	390 498	446 000	465 000	19,1%	19 000
Taxes on use of goods or permission to use goods or to perform activities						
Licences .....	10 085	10 740	12 000	12 000	11,7%	
Mining lease rights and licences .....	31 565	34 608	25 000	35 000	1,1%	10 000
Other ..... 7)	-	-	-	-		
<b>Domestic taxes on goods and services</b>	<b>38 686 134</b>	<b>43 879 971</b>	<b>48 199 000</b>	<b>48 586 000</b>	<b>10,7%</b>	<b>337 000</b>

**TABEL 4b**  
**TOTALE INKOMSTE:**  
**NATIONALE INKOMSTEREKENING 1)**  
**Volgens die GFS klassifikasie 2)**

1996/97				INKOMSTEBRON
First Print: Estimate Eerste Druk: Raming	% change on 1995/96 % verand. op 1995/96	Second Print: Estimate Tweede Druk: Raming	% change on 1995/96 % verand. op 1995/96	
R'000		R'000		
59 425 000	16,0%	57 975 000	13,2%	<b>1. BELASTINGS OP INKOME EN WINSTE</b>
900 000	-5,3%	865 000	-8,9%	3) Persone en individue Maatskappye
154 000	862,5%	154 000	862,5%	Goudmyne Diamantmyne
1 200 000	36,1%	1 200 000	36,1%	3) Ander myne
15 730 000	11,6%	19 110 000	35,5%	3) Maatskappye (uitgesluit mynbou)
1 000 000	-13,8%	1 000 000	-13,8%	Sekondêre belasting op maatskappye Belasting op onuitgekeerde winste Ander, nie-toedeelbaar
-	-	-	-	3) Belasting op buitelandse aandeelhouders
-	-	-	-	Rentebelasting op buitelanders
600 000	7,1%	750 000	33,9%	Rente op agterstallige belasting
<b>79 009 000</b>	<b>14,3%</b>	<b>81 054 000</b>	<b>17,3%</b>	<b>Belastings op inkome en winste</b>
47 000		47 000		<b>4. BELASTINGS OP EIENDOM</b>
150 000	-11,8%	150 000	-11,8%	Boedel-, erfenis- en geskenkbelastings Belasting op geskenke Boedelbelasting
400 000	2,6%	200 000	-48,7%	Belastings op finansiële en kapitaaltransaksies
1 650 000	7,1%	1 650 000	7,1%	Belasting op handelseffekte Hereregte
<b>2 247 000</b>	<b>4,7%</b>	<b>2 047 000</b>	<b>-4,7%</b>	<b>Belastings op eiendom</b>
36 330 000	11,4%	36 930 000	13,3%	<b>5. BINNELANDSE BELASTINGS OP GOEDERE EN DIENSTE</b>
15 718 000	1,6%	17 278 000	11,7%	3,4) BTW/Verkoopbelasting
2 137 000	3,5%	2 322 000	12,4%	Aksynsregte
36 000		40 000	11,1%	Bier
200 000	2,6%	224 000	14,9%	Sorghumbier en -meelblom
250 000	3,3%	250 000	3,3%	Wyn
665 000	1,5%	728 000	11,1%	Mineraalwater
1 555 000	1,6%	1 775 000	16,0%	Spiritualieë
28 500	1,8%	32 500	16,1%	Sigarette en sigarettabak
564 000	4,4%	564 000	4,4%	Pyptabak en sigare
-	-100,0%	-	-100,0%	Petroleumprodukte
705 000	72,8%	705 000	72,8%	Motorreë
7 500	7,1%	7 500	7,1%	Ad valorem: Bylae 1, Deel 2B
270 000	7,1%	270 000	7,1%	Chemiese produkte
9 300 000	4,5%	10 360 000	16,4%	5) Inkomste uit naburige lande
505 000	8,6%	455 000	-2,2%	6) Brandstofheffing
13 000	8,3%	13 000	8,3%	Belastings op spesifieke dienste
36 000	2,9%	36 000	2,9%	Heffing op finansiële dienste
-	-	-	-	Belastings op die gebruik van of die toestemming om goedere te gebruik, of om bedrywighede uit te voer
				Lisensies
				Mynverhurings- en eiendomsreëte
				7) Ander
<b>52 602 000</b>	<b>8,3%</b>	<b>54 712 000</b>	<b>12,6%</b>	<b>Binnelandse belastings op goedere en dienste</b>

SOURCE OF REVENUE			1995/96			Deviation Afwyking
	1993/94	1994/95	Second Print: Estimate Tweede Druk: Raming	Revised Estimate Hersiene Raming	% change on 1994/95 % verand. op 1994/95	
<b>6. TAXES ON INTERNATIONAL TRADE AND TRANSACTIONS</b>	R'000	R'000	R'000	R'000		R'000
Import duties						
Customs duties .....	3 413 384	4 246 990	4 700 000	5 400 000	27,1%	700 000
Import surcharges .....	1 756 141	1 170 848	645 000	456 000	-61,1%	-189 000
Other						
Ordinary levy .....	65 357	51 278	45 000	45 000	-12,2%	
Miscellaneous: Customs & Excise .....	11 971	137 249	90 000	90 000	-34,4%	
Diamond export duties .....	1	-	-	-		
Taxes on international trade and transactions	5 246 855	5 606 364	5 480 000	5 991 000	6,9%	511 000
<b>7. OTHER TAXES</b>						
Stamp duties and fees .....	846 735	942 939	950 000	1 025 000	8,7%	75 000
<b>TOTAL TAX REVENUE (GROSS COLLECTIONS) (1+4+5+6+7)</b>	<b>97 214 363</b>	<b>113 508 640</b>	<b>125 209 000</b>	<b>126 872 000</b>	<b>11,8%</b>	<b>1 663 000</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) .....	3 089 376	3 248 803	3 890 117	3 890 117	19,7%	
<b>Total payments</b>	<b>3 089 376</b>	<b>3 248 803</b>	<b>3 890 117</b>	<b>3 890 117</b>	<b>19,7%</b>	
<b>IV. TOTAL TAX REVENUE (NET COLLECTIONS)</b>	<b>94 124 987</b>	<b>110 259 837</b>	<b>121 318 883</b>	<b>122 981 883</b>	<b>11,5%</b>	<b>1 663 000</b>
<b>8. ENTREPRENEURIAL AND PROPERTY INCOME</b>						
Cash operating surpluses of departmental enterprise sales .....	227 703	157 842	146 800	179 000		
From non-financial public enterprises and public financial institutions						
Reserve Bank profits .....	169 946	60 575	60 000	74 000		
Sishen/Saldanha project .....	-	-	-	-		
Corporation for Public Deposits .....	33 520	51 170	51 000	20 000		
National Energy Council .....	-	-	-	-		
Strategic Mineral Fund .....	-	-	-	-		
Maize Board .....	-	-	-	-		
Wool Board .....	-	-	-	-		
Other .....	54 855	-	-	-		
Commission .....	38 368	30 227	24 000	28 000		
Dividends						
Broadcasting .....	1 780	1 780	1 780	1 780		
Iscom .....	-	0	-	-		
Telkom .....	102 648	-	115 000	525 000		
Industrial Development Corporation .....	80 934	63 900	63 900	67 000		
Denel .....	60 000	60 000	60 000	70 000		
Other .....	5 500	12 080	12 120	11 040		
Interest						
Border area development .....	-	-	-	-		
Broadcasting .....	-	-	-	-		
Cash balances .....	1 524	3 160	2 200	4 700		
Communication .....	-	-	-	-		

**TABEL 4b (vervolg)**  
**TOTALE INKOMSTE:**  
**NASIONALE INKOMSTEREKENING 1)**  
**Volgens die GFS klassifikasie 2)**

1996/97		1996/97		INKOMSTEBRON
First Print: Estimate <i>Eerste Druk: Raming</i>	% change on 1995/96 <i>% verand. op 1995/96</i>	Second Print: Estimate <i>Tweede Druk: Raming</i>	% change on 1995/96 <i>% verand. op 1995/96</i>	
R'000		R'000		<b>6. BELASTINGS OP INTERNASIONALE HANDEL EN -TRANSAKSIES</b>
6 230 000	15,4%	6 230 000	15,4%	Invoerregte
-	-100,0%	-	-100,0%	Doeaneregte
35 000	-22,2%	35 000	-22,2%	Bobelasting op invoere
100 000	11,1%	100 000	11,1%	Ander
-		-		8) Gewone heffing
				Diverse: Doeane & Aksyns
				Diamantuitvoerregte
<b>6 365 000</b>	<b>6,2%</b>	<b>6 365 000</b>	<b>6,2%</b>	Belastings op internasionale handel en -transaksies
<b>1 125 000</b>	<b>9,8%</b>	<b>1 040 000</b>	<b>1,5%</b>	<b>7. ANDER BELASTINGS</b>
				Seëlregte en -gelde
<b>141 348 000</b>	<b>11,4%</b>	<b>145 218 000</b>	<b>14,5%</b>	<b>TOTALE 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)
4 362 659	12,1%	4 362 659	12,1%	9) Betalings ingevolge Doeane- unie-ooreenkoms (art. 51(2) van Wet 91 van 1964)
<b>4 362 659</b>	<b>12,1%</b>	<b>4 362 659</b>	<b>12,1%</b>	Totale betalings
<b>136 985 341</b>	<b>11,4%</b>	<b>140 855 341</b>	<b>14,5%</b>	<b>IV. TOTALE BELASTINGINKOMSTE (NETTO INVORDERINGS)</b>
				<b>8. INKOMSTE UIT ONDERNEMINGS EN EIENDOM</b>
180 000		180 000		Kontant bedryfsurplusse van departe- mentele ondernemingsverkope
60 000		60 000		Van nie-finansiële openbare onderne- mings en openbare finansiële instellings
-		-		Reserwebank winste
20 000		20 000		Sishen/Saldanha projek
-		-		Korporasie vir Openbare Deposito's
-		-		Nasionale Energieraad
-		-		Strategiese Mineralefonds
-		-		Mielieraad
-		-		Wolraad
29 000		29 000		10) Ander
1 780		1 780		Kommissie
-		-		Dividende
320 000		320 000		Uitsaaiwese
67 000		67 000		Yskor
70 000		70 000		Telkom
17 190		17 190		Nywereheidsontwikkelingskorporasie
-		-		Denel
-		-		Ander
-		-		Rente
-		-		Grensgebiedontwikkeling
4 700		4 700		Uitsaaiwese
-		-		Kontantsaldo's
-		-		Kommunikasie

**TABLE 4b (continued)**  
**TOTAL REVENUE:**  
**NATIONAL REVENUE ACCOUNT 1)**  
**According to the GFS classification 2)**

SOURCE OF REVENUE			1995/96			Deviation Afwyking
	1993/94	1994/95	Second Print: Estimate Tweede Druk: Raming	Revised Estimate Hersiene Raming	% change on 1994/95 % verand. op 1994/95	
	R'000	R'000	R'000	R'000		R'000
Corporation for Public Deposits .....	8 063	8 239	9 500	9 500		
Exchequer deposits .....	414 240	309 225	180 000	700 000		
Farming industry .....	14 349	16 132	14 500	10 000		
Local loans .....	23 057	25 169	16 100	18 000		
State land .....	2 906	1 848	2 200	2 200		
Transport .....	-	-	-	-		
Other .....	30 572	35 198	26 700	40 000		
Mining leases and ownership						
Gold mines .....	196 087	175 422	50 000	99 000		
Diamond mines .....	29 918	20 565	33 000	68 000		
Other mines .....	69 517	28 926	27 000	45 000		
<b>Entrepreneurial and property income</b>	<b>1 585 486</b>	<b>1 061 457</b>	<b>895 800</b>	<b>1 972 220</b>	<b>85,8%</b>	<b>1 076 420</b>
<b>9. ADMINISTRATIVE FEES &amp; CHARGES, NONINDUSTRIAL &amp; INCIDENTAL SALES</b>						
Sale of products						
Agriculture and forestry .....	990	896	1 250	785		
Other .....	117 509	116 336	68 100	134 000		
Leasing and property rights money .....	100 448	108 685	90 400	134 600		
Registration and inspection fees .....	18 067	19 575	19 000	11 000		
Witness fees .....	50	48	65	62		
Monies not prescribed by law:						
Leasing .....	121	75	110	100		
Domestic services .....	30 770	24 091	33 800	32 000		
Other .....	30 166	47 027	40 600	47 000		
<b>Administrative fees and charges, nonindustrial and incidental sales</b>	<b>298 120</b>	<b>316 733</b>	<b>253 325</b>	<b>359 547</b>	<b>13,5%</b>	<b>106 222</b>
<b>10. FINES AND FORFEITS</b>	<b>103 570</b>	<b>111 641</b>	<b>107 000</b>	<b>90 000</b>	<b>-19,4%</b>	<b>-17 000</b>
<b>12. OTHER NON-TAX REVENUE</b>						
Exchange rate profits and losses						
Soweto foreign loan .....	-2 882	2 558	-	-		
Other foreign loans .....	-	-	-	4 400		
Profit on consolidation/repurchase/ "switching" of government stock .....	100 336	30 851	-	22 420		
Pension contributions .....	2 225	3 240	10	-		
Revenue from Trust property .....	-	-	-	-		
Own Affairs Administrations (own revenue) ....	183 950	87 326	-	11 000		
Unspecified .....	334 081	298 991	272 444	273 330		
<b>Other non-tax revenue</b>	<b>617 709</b>	<b>422 966</b>	<b>272 454</b>	<b>311 150</b>	<b>-26,4%</b>	<b>38 696</b>
<b>V. NON-TAX REVENUE (8+9+10+12)</b>	<b>2 584 886</b>	<b>1 912 797</b>	<b>1 528 579</b>	<b>2 732 917</b>	<b>42,9%</b>	<b>1 204 338</b>
<b>III. TOTAL CURRENT REVENUE (IV+V)</b>	<b>96 709 872</b>	<b>112 172 634</b>	<b>122 847 462</b>	<b>125 714 800</b>	<b>12,1%</b>	<b>2 867 338</b>

**TABEL 4b (vervolg)**  
**TOTALE INKOMSTE:**  
**NASIONALE INKOMSTEREKENING 1)**  
**Volgens die GFS klassifikasie 2)**

1996/97		1996/97		INKOMSTEBRON
First Print: Estimate Eerste Druk: Raming	% change on 1995/96 % verand. op 1995/96	Second Print: Estimate Tweede Druk: Raming	% change on 1995/96 % verand. op 1995/96	
R'000		R'000		
9 500		9 500		Korporasie vir Openbare Deposito's
300 000		300 000		Skatkisdeposito's
10 000		10 000		Boerderybedryf
18 000		18 000		Plaaslike lenings
2 200		2 200		Staatsgrond
-		-		Vervoer
41 000		41 000		Ander
2 000		2 000		Mynverhurings en eiendomsregte
30 000		30 000		Goudmyne
45 000		45 000		Diamantmyne
				Ander myne
<b>1 227 370</b>	<b>-37,8%</b>	<b>1 227 370</b>	<b>-37,8%</b>	<sup>3)</sup> Inkomste uit eiendom en ondernemings
				<b>9. ADMINISTRATIEWE FOOIE EN HEFFINGS, NIE-NYWERHEIDS- EN TOEVALLIGE VERKOPE</b>
800		800		Verkope van produkte
153 000		153 000		<sup>1)</sup> Landbou en bosbou
136 000		136 000		Ander
12 000		12 000		Verhurings en eiendomsreggelde
75		75		Registrasie en inspeksiefooie
				Getuiegelde
110		110		Gelde nie by wet opgelê nie:
33 000		33 000		Verhuring
52 000		52 000		Huishoudelike dienste
				Ander
<b>386 985</b>	<b>7,6%</b>	<b>386 985</b>	<b>7,6%</b>	Administratiewe fooie en heffings, nie-nywerheids- en toevallige verkope
<b>95 000</b>	<b>5,6%</b>	<b>95 000</b>	<b>5,6%</b>	<b>10. BOETES EN VERBEURDVERKLARINGS</b>
				<b>12. ANDER NIE-BELASTINGINKOMSTE</b>
-		-		Wisselkoerswinste en -verliese
-		-		Soweto buitelandse lening
-		-		Ander buitelandse lenings
-		-		Wins op konsolidasie/terugkoop/ "omskakeling" van staatseffekte
-		-		Pensioenbydraes
-		-		Inkomste uit Trusteiendom
226 904		226 904		<sup>12)</sup> Eie Sake Administrasies (eie inkomste)
				Ongespesifiseerd
<b>226 904</b>	<b>-27,1%</b>	<b>226 904</b>	<b>-27,1%</b>	Ander nie-belastinginkomste
<b>1 936 259</b>	<b>-29,2%</b>	<b>1 936 259</b>	<b>-29,2%</b>	<b>V. NIE-BELASTING-INKOMSTE (8+9+10+12)</b>
<b>138 921 600</b>	<b>10,5%</b>	<b>142 791 600</b>	<b>13,6%</b>	<b>III. TOTALE LOPENDE INKOMSTE (IV+V)</b>

TABLE 4b (continued)  
**TOTAL REVENUE:**  
**NATIONAL REVENUE ACCOUNT 1)**  
 According to the GFS classification 2)

SOURCE OF REVENUE			1995/96			Deviation Afwyking
	1993/94	1994/95	Second Print: Estimate Tweede Druk: Raming	Revised Estimate Hersiene Raming	% change on 1994/95 % verand. op 1994/95	
	R'000	R'000	R'000	R'000		R'000
<b>13. SALE OF FIXED CAPITAL ASSETS</b>						
Sale of capital equipment .....	17	1 847	15	1 200		
Sale of state-owned land, buildings and structures .....	28 801	13 670	15 000	15 000		
<b>Sale of fixed capital assets</b>	<b>28 818</b>	<b>15 517</b>	<b>15 015</b>	<b>16 200</b>	<b>4,4%</b>	<b>1 185</b>
<b>14. SALES OF STOCKS</b> 13)						
Central Energy Fund .....	741 067	-	1 200 000	1 200 000		
National Supplies Procurement Fund .....	665 000	-	-	31 000		
<b>Sales of stocks</b>	<b>1 406 067</b>	<b>-</b>	<b>1 200 000</b>	<b>1 231 000</b>		<b>31 000</b>
<b>VI. TOTAL CAPITAL REVENUE (13+14)</b>	<b>1 434 885</b>	<b>15 517</b>	<b>1 215 015</b>	<b>1 247 200</b>		<b>32 185</b>
<b>II. TOTAL REVENUE (III+VI)</b>	<b>98 144 757</b>	<b>112 188 151</b>	<b>124 062 477</b>	<b>126 962 000</b>	<b>13,2%</b>	<b>2 899 523</b>
<b>VII. TOTAL GRANTS (RDP)</b> 14)	<b>-</b>	<b>1 010</b>	<b>-</b>	<b>123 294</b>		<b>123 294</b>
<b>I. TOTAL REVENUE AND GRANTS (II+VII)</b>	<b>98 144 757</b>	<b>112 189 161</b>	<b>124 062 477</b>	<b>127 085 294</b>	<b>13,3%</b>	<b>3 022 817</b>
<i>Plus: Items not regarded as revenue according to GFS classification:</i>						
<i>Recovery of loans and advances</i> 15)						
Communication .....	-	-	-	-		
Local loans .....	17 973	20 710	20 000	20 600		
SWAWEC .....	14 838	14 838	14 838	14 838		
Other .....	125 805	164 913	93 685	148 562		
Transfer from IMF Deposit Account .....	-	-	-	-		
Transfer from Tax Reserve Account .....	-	-	-	-		
Premium on consolidation/repurchase/ "switching" of government stock .....	91 290	1 321 165	300 000	235 050		
Proceeds from privatisation of state assets .....	-	-	-	-		
<b>Subtotal</b>	<b>249 906</b>	<b>1 521 627</b>	<b>428 523</b>	<b>419 050</b>	<b>-72,5%</b>	<b>-9 473</b>
<b>TOTAL RECEIPTS: NATIONAL REVENUE ACCOUNT</b> 19)	<b>98 394 663</b>	<b>113 710 788</b>	<b>124 491 000</b>	<b>127 504 344</b>	<b>12,1%</b>	<b>3 013 344</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).

TABEL 4b (vervolg)  
**TOTALE INKOMSTE:**  
**NASIONALE INKOMSTEREKENING 1)**  
 Volgens die GFS klassifikasie 2)

1996/97				INKOMSTEBRON
First Print: Estimate Eerste Druk: Raming	% change on 1995/96 % verand. op 1995/96	Second Print: Estimate Tweede Druk: Raming	% change on 1995/96 % verand. op 1995/96	
R'000		R'000		<b>13. VERKOPE VAN VASTE KAPITAALBATES</b> Verkope van kapitaaltoerusting Verkope van staatsgrond, geboue en strukture
1 400		1 400		
15 000		15 000		
<b>16 400</b>	<b>1,2%</b>	<b>16 400</b>	<b>1,2%</b>	Verkope van vaste kapitaalbates
1 880 000		1 880 000		<sup>13)</sup> <b>14. VERKOPE VAN VOORRADE</b> Sentrale Energiefonds Landsvoorraदेverkrygingsfonds
-		-		
<b>1 880 000</b>	<b>52,7%</b>	<b>1 880 000</b>	<b>52,7%</b>	Verkope van voorrade
<b>1 896 400</b>	<b>52,1%</b>	<b>1 896 400</b>	<b>52,1%</b>	<b>VI. TOTALE KAPITAAL-INKOMSTE (13+14)</b>
<b>140 818 000</b>	<b>10,9%</b>	<b>144 688 000</b>	<b>14,0%</b>	<b>II. TOTALE INKOMSTE (III+VI)</b>
-	<b>-100,0%</b>	-	<b>-100,0%</b>	<sup>14)</sup> <b>VII. TOTALE SKENKINGS (HOP)</b>
<b>140 818 000</b>	<b>10,8%</b>	<b>144 688 000</b>	<b>13,9%</b>	<b>I. TOTALE INKOMSTE EN SKENKINGS (II+VII)</b>
-		-		<i>Plus: Items wat nie as inkomste volgens GFS-klassifikasie beskou word nie:</i>
20 600		20 600		<sup>15)</sup> Terugvordering van lenings en voorskotte Kommunikasie Plaaslike lenings SWAWEK Ander
148 400		148 400		<sup>16)</sup> Oordrag vanaf IMF Depositorekening <sup>16)</sup> Oordrag vanaf Belastingreserwerekening Premie op konsolidasie/terugkoop/ <sup>17)</sup> "omskakeling" van staatseffekte Opbrengs uit privatisering van staatsbates
200 000		200 000		<sup>18)</sup>
<b>369 000</b>	<b>-11,9%</b>	<b>369 000</b>	<b>-11,9%</b>	Subtotaal
<b>141 187 000</b>	<b>10,7%</b>	<b>145 057 000</b>	<b>13,8%</b>	<b>TOTALE ONTVANGSTES:</b> <sup>19)</sup> <b>NASIONALE INKOMSTEREKENING</b>

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 die 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 dienooreenkomstig aangepas (verwys na die inleidende notas tot hierdie statistiese bylae).

- 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.*
- 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.*

- 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.
- 7) In 1984/85 is 'n laatbetaling ten opsigte van kinematografiebelasting, wat vroeër afgeskakel 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 Kleurlingvervoer-rekening.
- 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-voorraदे).
- 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 afgehoes 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. 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.
- 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	1995/96		1996/97		Begrotingspos
	Revised Estimate <sup>2)</sup> <i>Hersiene Raming 2)</i>	Printed Estimate <sup>3)</sup> <i>Gedrukte Begroting 3)</i>	Increase/decrease <i>Toename/afname</i>		
President .....	20,4	22,3	1,9		President
Executive Deputy President .....	8,9	9,5	0,6		Uitvoerende Adjunkpresident
Executive Deputy President: Largest Minority Party .....	14,9	13,2	-1,8		Uitvoerende Adjunkpresident: Grootste Minderheidsparty
Parliament .....	307,1	344,1	37,0		Parlement
Agriculture .....	911,4	863,4	-48,0		Landbou
Arts, Culture, Science and Technology .....	522,4	539,6	17,1		Kuns, Kultuur, Wetenskap en Tegnologie
Central Economic Advisory Service .....	10,5	8,9	-1,6		Sentrale Ekonomiese Adviesdiens
Central Statistical Service .....	83,6	372,6	289,0		Sentrale Statistiekdiens
Constitutional Development .....	1 236,7	1 035,4	-201,3		Staatkundige Ontwikkeling
Correctional Services .....	2 585,5	2 590,5	5,1		Korrektiewe Dienste
Education .....	4 331,1	5 492,8	1 161,7	<sup>4)</sup>	Onderwys
Environmental Affairs and Tourism .....	312,1	326,7	14,6		Omgewingsake en Toerisme
Finance:					Finansies:
Transfer payments to provinces .....	72 571,6	75 299,0	2 727,3	<sup>5)</sup>	Oordragbetalings aan provinsies
Transfer to the RDP Fund .....	3 120,8	4 110,1	989,3		Oordrag na die HOP-Fonds
State debt cost .....	29 213,2	34 445,0	5 231,8		Staatskuld koste
Other .....	2 195,9	2 145,1	-50,8		Ander
Foreign Affairs .....	1 138,8	1 146,6	7,8		Buitelandse Sake
Health .....	1 440,7	711,7	-729,0	<sup>6)</sup>	Gesondheid
Home Affairs .....	383,3	392,2	8,8		Binnelandse Sake
Housing .....	4 047,6	1 543,6	-2 503,9	<sup>7)</sup>	Behuising
Improvements of Conditions of Service .....	491,3	6 531,0	6 039,7	<sup>8)</sup>	Verbetering van Diensvoorwaardes
Justice .....	1 478,1	1 573,3	95,2		Justisie
Labour .....	676,4	657,3	-19,1		Arbeid
Land Affairs .....	477,2	645,3	168,0		Grondsake
Mineral and Energy Affairs .....	732,1	659,5	-72,6		Mineraal- en Energiesake
Promoting the RDP .....	953,7	561,9	-391,8		Bevordering van die HOP
Public Enterprises .....	6,3	35,4	29,1		Openbare Ondernemings
Public Service and Administration .....	15,6	24,5	9,0		Staatsdiens en Administrasie
Public Service Commission .....	109,1	112,0	2,9		Staatsdienskommissie
Public Works .....	2 370,1	2 822,7	452,6		Openbare Werke
SA Communication Service .....	55,4	50,9	-4,5		SA Kommunikasiediens
SA National Defence Force .....	10 783,1	10 246,4	-536,7		SA Nasionale Weermag
SA Police Service .....	9 446,2	9 883,9	437,6		SA Polisdienste
SA Revenue Services .....	697,2	955,8	258,6		SA Inkomstedienste
Sport and Recreation .....	48,9	46,6	-2,4		Sport en Ontspanning
State Expenditure .....	962,1	1 144,0	181,9		Staatsbesteding
Trade and Industry .....	3 534,8	3 266,4	-268,4		Handel en Nywerheid
Transport .....	3 040,5	3 079,0	38,6		Vervoer
Water Affairs and Forestry .....	2 105,5	2 352,7	247,2		Waterwese en Bosbou
Welfare .....	74,8	79,8	5,1		Welsyn
Subtotal .....	162 514,7	176 140,5	13 625,8		Subtotaal
Less: Expected savings .....	908,0	-	-908,0		Min: Beraamde besparings
Recovery from Pension Funds .....	1 060,0	-	-1 060,0		Terugvordering van Pensioenfondse
Function shifts .....	128,9	-	-128,9		Funksieverskuiwings
Printed Estimate	160 417,9	176 140,5	15 722,6		Gedrukte Begroting
Less: Double counting of contribution to new RDP-related expenditure .....	3 120,8	4 110,1	989,3		Min: Dubbeltelling van bydrae tot nuwe HOP-verwante uitgawes
Plus: Expenditure not yet allocated .....	-	1 560,0	1 560,0		Plus: Uitgawes nog nie toegeedeel nie
<b>Total estimated expenditure level:</b>					<b>Totale beraamde uitgawevlak:</b>
<b>Budget votes and statutory amounts .....</b> <sup>9)</sup>	<b>157 297,1</b>	<b>173 590,4</b>	<b>16 293,3</b>	<sup>9)</sup>	<b>Begrotingsposte en statutêre bedrae</b>

## Footnotes to table 5:

- 1) Expenditure on budget votes (including statutory amounts) for which the national government takes responsibility. Improvements of conditions of service for 1996/97 has still to be allocated to the individual budget votes.
- 2) "Blue Book" (RP 2 and 4) plus Adjustments Estimate. Provision has been made for functional shifts and drawings on the vote: Improvements Conditions of Service have been allocated to the various votes. Roll-over 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 technicians.
- 5) Improvement of conditions of service has not yet been allocated to the 1996/97 figure.
- 6) The decline can be attributed to the transfer of functions to provinces during the course of 1995/96.
- 7) The decline can mainly be attributed to the completion of specific RDP projects in 1995/96.
- 8) The amount of R491,3 million includes R23,3 million in respect of overtime not yet allocated, as well as R468 million which had been earmarked for salary improvements in the former TBVC states, but did not materialise. This forms part of "expected savings".
- 9) Comparable totals.

## Voetnote tot tabel 5:

- 1) Uitgawes op begrotingsposte (insluitende statutêre bedrae) waarvoor die nasionale regering verantwoordelikheid aanvaar. Verbetering van Diensvoorwaardes vir 1996/97 moet nog aan die individuele begrotingsposte toegedeel word.
- 2) "Blou Boek" (RP 2 en 4) plus Aansuiweringsbegroting. Voorsing is vir funksieverskuiwings gemaak en trekkings op die begrotingspos: Verbetering van Diensvoorwaardes is aan die onderskeie begrotingsposte toegedeel. Omrollings 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) Verbetering van diensvoorwaardes is nog nie by die 1996/97-syfer toegedeel nie.
- 6) Die afname kan aan die oordrag van funksies na provinsies gedurende 1995/96 toegeskryf word.
- 7) Die afname kan hoofsaaklik aan die voltooiing van spesifieke HOP-projekte in 1995/96 toegeskryf word.
- 8) Die bedrag van R491,3 miljoen sluit in R23,3 miljoen ten opsigte van oortyd wat nog nie toegedeel is nie, sowel as R468 miljoen wat vir verbetering van diensvoorwaardes in die voormalige TBVC-state geormerk was, maar nie gematerialiseer het nie. Dit vorm deel van "verwagte besparings".
- 9) Vergelykbare totale.

**TABLE 6  
BORROWING REQUIREMENT AND  
FINANCING OF NATIONAL BUDGET 1)**

R million

	ACTUAL FIGURES						
	1974/75	1975/76	1976/77	1977/78	1978/79	1979/80	1980/81
<b>REVENUE</b>							
Inland Revenue .....	3 849,1	4 371,2	5 019,6	5 403,8	6 773,1	8 690,7	12 063,9
Customs and Excise .....	933,5	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>4 782,6</b>	<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 fixed statutory appropriations ..... 3)	5 429,4	6 745,5	8 201,6	8 960,5	9 950,6	11 436,7	13 556,4
Late authorisation of expenditure .... 4)	-	-	-	-	0,4	4,4	20,2
Standing appropriations ..... 5)	9,8	-	-	-	9,5	50,7	65,7
Transfers payments to:							
Government Pension Funds .....	-	-	-	-	-	-	-
Gold and Foreign Exchange Contingency Reserve Account ..	94,7	-	-	-	-	-	-
Other accounts/institutions ..... 6)	24,3	22,7	67,2	37,3	335,2	160,0	212,0
Surrender of surplus funds ..... 7)	-	-	-	-	-	-	-
Structural adjustments:							
Revenue previously collected in other revenue accounts:							
Own Affairs Administrations ....	-	-	-	-	-	-	-
Self-governing territories and TBVC states ..... 8)	32,0	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>5 590,2</b>	<b>6 809,6</b>	<b>8 327,2</b>	<b>9 115,2</b>	<b>10 554,2</b>	<b>12 022,1</b>	<b>14 329,8</b>
<b>BUDGET DEFICIT</b> .....	<b>807,5</b>	<b>1 339,8</b>	<b>1 954,5</b>	<b>1 981,4</b>	<b>2 157,3</b>	<b>1 816,1</b>	<b>502,7</b>
Deficit as percentage of GDP	3,3%	4,9%	6,4%	5,8%	5,4%	3,7%	0,8%
... if transfer payments are excluded 11)	2,8%	4,8%	6,1%	5,7%	4,5%	3,4%	0,5%
<b>LOAN REDEMPTIONS</b>							
Domestic loans:							
Short-term (net) .....	-	-	-	276,3	125,2	-	36,5
Long-term ..... 9,10)	496,1	691,6	356,8	576,9	1 296,1	938,0	1 468,4
Scheduled government stock ..... 9)	-	-	-	-	-	-	-
Loan levy .....	3,4	58,6	31,8	94,6	265,9	141,0	13,3
Foreign loans .....	98,3	183,2	295,4	197,0	208,6	206,3	202,5
<b>Gross borrowing requirement</b> .....	<b>1 405,3</b>	<b>2 273,2</b>	<b>2 638,5</b>	<b>3 126,2</b>	<b>4 053,1</b>	<b>3 101,4</b>	<b>2 223,4</b>
<b>FINANCING</b>							
Opening balance .....	361,9	253,0	183,0	108,1	207,3	147,6	208,4
Domestic loans:							
Short-term (net) .....	111,5	215,5	571,4	-	-	79,2	-
Long-term ..... 9,10)	916,5	1 863,4	1 281,7	2 728,8	3 364,8	2 259,8	3 242,5
Loan levy .....	60,5	86,6	366,4	440,5	518,7	506,0	58,5
Foreign loans .....	207,9	434,2	314,2	56,0	110,0	317,1	142,4
<b>Total financing</b> .....	<b>1 658,3</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>3 651,7</b>
Balance .....	253,0	579,5	78,1	207,3	147,6	208,4	1 428,3
Change in Stabilisation Account ..... 12)	-	396,5	-30,0	-	-	-	1 241,6
<b>Closing balance</b> .....	<b>253,0</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 1996/97 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 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. Premiums on consolidation and repurchases are 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.
- 11) Extra-ordinary transfer payments to Government Pension Funds, Gold and Foreign Exchange Contingency Reserve Account and other accounts/institutions are excluded.
- 12) Transfers from the Exchequer to the Stabilisation Account (+) / Transfers from the Stabilisation Account to the Exchequer (-).

**TABEL 6  
LENINGSBEHOEFTE EN FINANSIERING  
VAN NASIONALE BEGROTING 1)**

R miljoen

WERKLIKE SYFERS							
1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	
12 734,9	15 294,8	17 327,7	22 117,1	28 089,2	31 772,2	35 814,7	<b>INKOMSTE</b>
2 234,8	2 617,3	2 448,6	2 587,4	2 842,6	3 271,1	4 472,1	Binnelandse Inkomste
-	-	59,0	258,8	628,2	1 445,6	559,9	Doeane en Aksyns
-	-	-	-	-	-	-	Buitengewone kapitaalontvangstes
-	-	-	-	-	-	-	Skenkings (HOP)
<b>14 969,7</b>	<b>17 912,2</b>	<b>19 835,3</b>	<b>24 963,3</b>	<b>31 560,0</b>	<b>36 488,9</b>	<b>40 846,7</b>	2) <b>Totale ontvangstes</b>
16 319,6	19 178,1	22 280,7	27 127,4	32 908,2	40 247,6	47 751,7	<b>UITGAWES</b>
0,5	4,9	28,0	2,7	-	-	4,0	3) Begrotingsposte en vaste
-	938,2	82,5	34,7	32,3	31,1	3,4	4) statutêre appropriasies
-	-	-	-	-	-	-	5) Laat magtiging van uitgawes
-	-	-	-	-	-	-	6) Staande appropriasies
-	-	-	-	-	-	-	Oordragbetalings na:
-	-	892,3	654,7	-	-	-	Owerheidspensioenfondse
97,0	441,6	206,2	2 000,0	649,2	-	-	Goud-en-Buitelandse-valuta-
-	-	-	-	-	-	-	Gebeurlikheidsreserwerekening
-	-	-	-	-	-	-305,9	7) Ander rekenings/instansies
-	-	-	-	-	-	-	8) Terugstorting van surplus fondse
-	-	-	21,6	77,5	118,8	143,6	9) Struktuuraanpassings:
-	-	-	-	-	-	-	Inkomste voorheen in ander
-	-	-	-	-	-	-	inkomsterekenings gevorder:
321,8	398,0	231,1	396,9	609,7	627,9	936,9	Eie Sake Administrasies
231,6	341,2	516,4	1 118,9	1 119,5	1 172,7	1 521,8	Selfregerende gebiede
-	-	-	-	-	-	-	en TBVC-state
-	-	-	-	-	-	-	Eertydse inkomste-afkerings
-	-	-	-	-	-	-	en staande toewysings
<b>16 970,6</b>	<b>21 302,0</b>	<b>24 237,4</b>	<b>31 356,8</b>	<b>35 396,4</b>	<b>42 198,1</b>	<b>50 055,6</b>	2) <b>Totale uitgawes</b>
<b>2 000,9</b>	<b>3 389,9</b>	<b>4 402,1</b>	<b>6 393,5</b>	<b>3 836,4</b>	<b>5 709,2</b>	<b>9 208,9</b>	<b>BEGROTINGSTEKORT</b>
2,7%	4,1%	4,6%	5,8%	3,0%	3,8%	5,3%	Tekort as persentasie van BBP
2,6%	3,5%	3,5%	3,4%	2,5%	3,8%	5,3%	11) ... as oordragbetalings uitgesluit word
27,9	-	-	-	117,7	-	-	<b>LENINGSAFLOSSINGS</b>
2 888,6	1 129,2	1 237,0	1 621,1	996,8	1 349,5	2 152,9	Binnelandse lenings:
-	-	978,5	959,5	621,4	1 224,2	1 850,0	9,10) Korttermyn (netto)
89,7	369,9	285,5	465,1	481,0	527,1	1,4	9) Langtermyn
78,7	398,9	626,3	371,4	449,5	449,9	442,1	11) Geskeduleerde staatseffekte
-	-	-	-	-	-	-	Leningsheffing
-	-	-	-	-	-	-	Buitelandse lenings
<b>5 085,7</b>	<b>5 287,8</b>	<b>6 550,9</b>	<b>8 851,2</b>	<b>5 881,4</b>	<b>8 035,7</b>	<b>11 805,3</b>	<b>Bruto leningsbehoefte</b>
186,7	112,6	0,0	0,0	112,3	0,0	450,7	<b>FINANSIERING</b>
-	188,6	822,2	1 185,9	-	1 031,1	1 344,4	Beginsaldo
4 581,7	4 407,6	4 076,9	4 966,9	5 537,3	7 454,1	10 584,3	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>5 198,3</b>	<b>6 348,8</b>	<b>5 650,9</b>	<b>6 768,7</b>	<b>5 881,4</b>	<b>8 486,4</b>	<b>12 379,4</b>	<b>Totale finansiering</b>
112,6	1 061,1	-900,0	-2 082,5	0,0	450,7	574,1	Saldo
-	1 061,1	-900,0	-2 194,8	-	-	-	12) Verandering in Stabilisasierekening
<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>574,1</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 1996/97 Begroting aangebied. Werklike nasionale begroting invorderings in die voorafgaande jare is aangepas met 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.
- 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 waarborgverpigtings, betaalmiddelebydraes aan IOG en IBHO, asook IMF-valuta aanpassings.
- 6) Insluitende oordragte na die Spesiale Verdadingrekening, die Ontwikkelingsbank van Suid-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 uitgawekant 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.
- 11) Buitengewone oordragte na Owerheidspensioenfondse, Goud-en-Buitelandse-valuta-Gebeurlikheidsreserwerekening en ander rekenings/instellings is uitgesluit.
- 12) Oordragte vanaf die Skatlis na die Stabilisasierekening (+) / Oordragte vanaf die Stabilisasierekening na die Skatlis (-).

**TABLE 6 (continued)**  
**BORROWING REQUIREMENT AND**  
**FINANCING OF NATIONAL BUDGET 1)**

R million

	ACTUAL FIGURES						
	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95
<b>REVENUE</b>							
Inland Revenue .....	43 160,4	55 080,0	61 771,8	67 192,0	69 790,0	81 912,6	95 875,4
Customs and Excise .....	8 309,1	10 460,5	10 345,0	10 807,5	13 179,6	14 984,7	16 513,3
Extra-ordinary capital receipts .....	600,0	2 989,2	319,4	809,2	1 143,8	1 406,1	-
Grants (RDP) .....	-	-	-	-	-	-	1,0
<b>Total receipts</b> ..... 2)	<b>52 069,5</b>	<b>68 529,7</b>	<b>72 436,2</b>	<b>78 808,7</b>	<b>84 113,4</b>	<b>98 303,4</b>	<b>112 389,7</b>
<b>EXPENDITURE</b>							
Budget votes and fixed statutory appropriations ..... 3)	56 227,5	65 724,6	74 190,3	85 693,1	104 050,3	112 884,1	133 750,2
Late authorisation of expenditure .... 4)	-	1,5	-	167,8	183,2	138,9	316,9
Standing appropriations ..... 5)	52,5	51,3	65,9	72,0	135,1	230,6	93,6
Transfers payments to:							
Government Pension Funds .....	-	1 000,0	1 000,0	2 000,0	-	7 340,0	46,2
Gold and Foreign Exchange Contingency Reserve Account ..	1 000,0	3 000,0	-	-	3 777,2	7 500,0	-
Other accounts/institutions ..... 6)	320,0	2 215,7	800,0	-	-	-	-
Surrender of surplus funds ..... 7)	-301,1	-266,7	-243,1	-	-	-	-
Structural adjustments: 8)							
Revenue previously collected in other revenue accounts:							
Own Affairs Administrations ....	195,4	314,4	340,6	318,8	392,8	183,9	87,3
Self-governing territories and TBVC states .....	1 275,0	1 775,0	2 285,1	2 164,4	2 371,9	2 901,3	3 141,5
Former revenue diversions and standing allocations .....	1 927,6	2 344,6	2 686,9	3 364,8	4 482,8	5 760,0	180,8
<b>Total expenditure</b> ..... 2)	<b>60 697,0</b>	<b>76 160,3</b>	<b>81 125,8</b>	<b>93 781,0</b>	<b>115 393,3</b>	<b>136 938,8</b>	<b>137 616,6</b>
<b>BUDGET DEFICIT</b> .....	<b>8 627,4</b>	<b>7 630,6</b>	<b>8 689,5</b>	<b>14 972,2</b>	<b>31 279,8</b>	<b>38 635,4</b>	<b>25 226,9</b>
Deficit as percentage of GDP	4,1%	3,1%	3,1%	4,7%	9,0%	9,8%	5,7%
... if transfer payments are excluded 11)	3,5%	0,6%	2,4%	4,1%	7,9%	6,0%	5,7%
<b>LOAN REDEMPTIONS</b>							
Domestic loans:							
Short-term (net) .....	2 297,3	-	-	129,2	-	174,5	147,9
Long-term ..... 9, 10)	2 921,7	44 004,4	4 310,3	7 280,2	6 355,3	6 582,2	9 018,4
Scheduled government stock ..... 9)	2 410,0	8 214,5	3 229,3	7 025,9	4 563,9	6 695,7	-
Loan levy .....	1,1	1,1	0,7	0,3	0,2	0,0	709,6
Foreign loans .....	287,3	198,5	212,1	288,1	342,4	140,0	175,7
<b>Gross borrowing requirement</b> .....	<b>14 134,8</b>	<b>51 834,5</b>	<b>13 212,7</b>	<b>22 670,1</b>	<b>37 977,7</b>	<b>45 532,2</b>	<b>35 278,6</b>
<b>FINANCING</b>							
Opening balance .....	574,1	935,9	0,0	1 071,2	1 011,4	1 209,8	1 213,7
Domestic loans:							
Short-term (net) .....	-	3 315,8	2 278,0	-	39,6	-	-
Long-term ..... 9, 10)	14 302,0	49 730,5	12 809,0	20 890,2	34 359,1	45 536,1	34 715,1
Loan levy .....	-	705,3	2,4	2,0	0,2	-	-
Foreign loans .....	194,7	24,1	94,5	1 718,1	-	-	2 779,5
<b>Total financing</b> .....	<b>15 070,8</b>	<b>54 711,7</b>	<b>15 183,9</b>	<b>23 681,5</b>	<b>35 410,3</b>	<b>46 745,9</b>	<b>38 708,4</b>
Balance .....	935,9	2 877,2	1 971,2	1 011,4	-2 567,4	1 213,7	3 429,8
Change in Stabilisation Account ..... 12)	-	2 877,2	900,0	-	-3 777,2	-	-
<b>Closing balance</b> .....	<b>935,9</b>	<b>0,0</b>	<b>1 071,2</b>	<b>1 011,4</b>	<b>1 209,8</b>	<b>1 213,7</b>	<b>3 429,8</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 1996/97 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 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. Premiums on consolidation and repurchases are 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.

11) Extra-ordinary transfer payments to Government Pension Funds, Gold and Foreign Exchange Contingency Reserve Account and other accounts/institutions are excluded.

12) Transfers from the Exchequer to the Stabilisation Account (+) / Transfers from the Stabilisation Account to the Exchequer (-).

**TABEL 6 (vervolg)**  
**LENINGSBEHOEFTE EN FINANSIERING**  
**VAN NASIONALE BEGROTING 1)**

	1995/96	Deviation	1996/97	
Second Print Tweede Druk	Revised Estimate Herziene raming	Afwyking	Second Print Tweede Druk	
106 435,1	108 340,1	1 905,0	123 696,7	<b>INKOMSTE</b>
16 555,9	17 574,9	1 019,0	19 280,3	Binnelandse Inkomste
1 200,0	1 231,0	31,0	1 880,0	Doeane en Aksyns
-	123,3	123,3	-	Buitengewone kapitaalontvangstes
<b>124 191,0</b>	<b>127 269,3</b>	<b>3 078,3</b>	<b>144 857,0</b>	Skenkings (HOP)
				<b>2) Totale ontvangstes</b>
153 088,3	157 297,1	4 208,7	173 590,4	<b>UITGAWES</b>
-	-	-	-	Begrotingsposte en vaste
160,0	63,0	-97,0	69,0	statutêre appropriasies
-	-	-	-	4) Laat magtiging van uitgawes
-	-	-	-	5) Staande appropriasies
-	-	-	-	Oordragbetalings na:
-	-	-	-	Owerheidspensioenfondse
-	-	-	-	Goud-en-Buitelandse-valuta-
-	-	-	-	Gebeurlikheidsreserwerekering
-	-	-	-	6) Ander rekenings/instansies
-	-	-	-	7) Terugstorting van surplus fondse
-	-	-	-	8) Struktuuraanpassings:
-	-	-	-	Inkomste voorheen in ander
-	-	-	-	inkomsterekenings gevorder:
-	-	-	-	Eie Sake Administrasies
-	-	-	-	Selfregerende gebiede
-	-	-	-	en TBVC-state
-	-	-	-	Eertydse inkomste-afkerings
-	-	-	-	en staande toewysings
<b>153 248,3</b>	<b>157 360,1</b>	<b>4 111,7</b>	<b>173 659,4</b>	<b>2) Totale uitgawes</b>
29 057,3	30 090,8	1 033,4	28 802,4	<b>BEGROTINGSSTEKORT</b>
5,8%	6,0%		5,1%	Tekort as persentasie van BBP
5,8%	6,0%		5,1%	11) ... as oordragbetalings uitgesluit word
-	1 100,0	1 100,0	-	<b>LENINGSAFLOSSINGS</b>
8 864,8	10 587,9	1 723,1	14 748,9	Binnelandse lenings:
8 935,8	8 523,8	-412,0	14 543,1	Korttermyn (netto)
-	-	-	-	9,10) Langtermyn
-	-	-	-	9) Geskeduleerde staatseffekte
109,0	108,7	-0,3	1 553,4	Leningsheffing
<b>38 031,1</b>	<b>41 887,4</b>	<b>3 856,3</b>	<b>45 104,7</b>	Buitelandse lenings
				<b>Bruto leningsbehoefte</b>
0,0	3 429,8	3 429,8	0,0	<b>FINANSIERING</b>
1 000,0	-	-1 000,0	3 000,0	Beginsaldo
35 531,1	36 604,6	1 073,5	39 604,7	Binnelandse lenings:
-	-	-	-	Korttermyn (netto)
1 500,0	1 853,0	353,0	2 500,0	9,10) Langtermyn
<b>38 031,1</b>	<b>41 887,4</b>	<b>3 856,3</b>	<b>45 104,7</b>	Leningsheffing
				Buitelandse lenings
				<b>Totale finansiering</b>
0,0	0,0		0,0	Saldo
-	-		-	12) Verandering in Stabilisasiererekening
<b>0,0</b>	<b>0,0</b>		<b>0,0</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 1996/97 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 belastings 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 gereëliseerde waarborgverpligtinge, betaalmiddelbydraes aan IOG en IBHO, asook IMF-valuta aanpassings.
- 6) Insluitende oordragte na die Spesiale Verdedigingsrekening, die Ontwikkelingsbank van Suider-Afrika, die Onafhanklike Ontwikkelingsrust en die Belastingreserwerekering.
- 7) Gedurende die periode 1987/88 tot 1990/91 moes provinsiale surplusse na die eertydse Staatsinkomsterekening oorgedra word.
- 8) Vervys 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 dié 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 "Skuldstilstandfondse" wat in wisselende koers effekte omskep is. Diskonto op die verkope van nuwe staatseffekte is uitgesluit.
- 11) Buitengewone oordragte na Owerheidspensioenfondse, Goud-en-Buitelandse-valuta-Gebeurlikheidsreserwerekering en ander rekenings/instellings is uitgesluit.
- 12) Oordragte vanaf die Skatkis na die Stabilisasiererekening (+) / Oordragte vanaf die Stabilisasiererekening na die Skatkis (-).

**TABLE 7a**  
**NATIONAL BUDGET BALANCES 1)**

R million

	ACTUAL FIGURES					
	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92
<b>REVENUE</b>						
Tax revenue ..... 2)	32 945,4	38 184,5	49 404,1	63 371,6	69 955,3	76 203,4
Non-tax revenue ..... 2)	1 885,8	1 876,0	2 029,5	2 081,6	2 035,0	1 662,3
Total current revenue ..... 2)	34 831,2	40 060,6	51 433,7	65 453,2	71 990,3	77 865,6
Capital revenue and other receipts ..... 3)	1 657,7	786,1	635,9	3 076,5	445,9	943,1
<b>Total revenue</b> .....	<b>36 488,9</b>	<b>40 846,7</b>	<b>52 069,5</b>	<b>68 529,7</b>	<b>72 436,2</b>	<b>78 808,7</b>
<b>EXPENDITURE</b>						
Cost of servicing state debt ..... 4)	5 458,8	6 344,3	8 051,8	10 311,9	11 579,5	13 886,3
Other current expenditure .....	32 838,0	39 674,7	46 717,5	55 661,4	65 233,4	74 384,3
Budget votes and fixed statutory appropriations ..... 5)	31 091,5	37 325,7	43 291,5	50 565,8	58 412,1	66 866,7
Standing appropriations ..... 6)	31,1	3,4	52,5	51,3	65,9	72,0
Extra-ordinary current transfers ..... 7)	-	-	320,0	1 000,0	1 800,0	2 000,0
Expenditure from revenue previously collected in other revenue accounts:						
Own Affairs Administrations ..... 8)	106,2	129,5	175,6	286,8	317,7	296,9
Self-governing territories and TBVC states ..... 8)	561,2	844,5	1 145,8	1 619,0	2 131,4	2 015,5
Amounts equal to revenue formerly diverted ..... 8)	1 048,1	1 371,7	1 732,2	2 138,5	2 506,2	3 133,2
Total current expenditure .....	38 296,8	46 019,1	54 769,3	65 973,2	76 812,9	88 270,6
Total capital expenditure .....	3 901,4	4 340,5	6 228,9	10 423,1	4 567,4	5 344,6
Budget votes and fixed statutory appropriations ..... 9)	3 697,4	4 083,8	4 884,4	4 872,1	4 210,3	4 942,1
Extra-ordinary capital transfers ..... 10)	-	-	1 000,0	5 215,7	-	-
Expenditure from revenue previously collected in other revenue accounts:						
Own Affairs Administrations ..... 8)	12,6	14,2	19,8	17,2	22,9	21,9
Self-governing territories and TBVC states ..... 8)	66,7	92,4	129,3	112,1	153,6	149,0
Amounts equal to revenue formerly diverted ..... 8)	124,6	150,1	195,4	206,1	180,6	231,6
<b>Total expenditure</b> .....	<b>42 198,3</b>	<b>50 359,5</b>	<b>60 998,3</b>	<b>76 396,4</b>	<b>81 380,3</b>	<b>93 615,2</b>
<b>BALANCES: SURPLUS(-)/DEFICIT(+)</b>						
Conventional/overall balance ..... 11)	5 709,4	9 512,8	8 928,7	7 866,6	8 944,1	14 806,5
Current balance ..... 12)	3 465,7	5 958,5	3 335,7	520,1	4 822,6	10 405,0
Primary balance ..... 13)	250,6	3 168,5	876,9	-2 445,2	-2 635,4	920,1

- 1) This table is an attempt to present the course of various national budget balances since 1986/87 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.
- 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. Roll-overs of unspent funds from the previous financial year are excluded.

TABEL 7a  
NASIONALE BEGROTINGSALDO'S 1)

WERKLIKE SYFERS			1995/96		1996/97	
1992/93	1993/94	1994/95	Budgeted 14) Begroot 14)	Revised Estimate Herziene Raming	Budgeted 14) Begroot 14)	
80 561,0 2 197,9	94 125,0 2 584,9	110 259,8 1 912,8	121 318,9 1 528,6	122 981,9 2 732,9	140 855,3 1 936,3	2) 2) INKOMSTE Belastinginkomste Nie-belastinginkomste
82 758,9 1 354,6	96 709,9 1 593,5	112 172,6 217,0	122 847,5 1 343,5	125 714,8 1 554,5	142 791,6 2 065,4	2) 3) Totale lopende inkomste Kapitaalinkomste en ander ontvangstes
<b>84 113,4</b>	<b>98 303,4</b>	<b>112 389,6</b>	<b>124 191,0</b>	<b>127 269,3</b>	<b>144 857,0</b>	<b>Totale inkomste</b>
17 049,7 88 572,9	20 827,7 101 023,5	24 233,1 104 783,0	28 385,0 111 212,0	29 213,2 114 429,7	34 445,0 125 277,9	4) <b>UITGAWES</b> Staatskulddiensingskoste Ander lopende besteding
81 642,0 135,1	85 284,0 230,6	101 485,4 93,6	111 052,0 160,0	114 366,7 63,0	125 208,9 69,0	5) 6) Begrotingsposte en vaste statutêre appropriasies
-	7 340,0	46,2	-	-	-	7) Staande appropriasies
368,4	169,9	80,9	-	-	-	8) Buitengewone lopende oordragte
2 224,1	2 679,5	2 909,5	-	-	-	8) Uitgawes vanuit inkomste voorheen in ander rekenings gevorder:
4 203,4	5 319,6	167,5	-	-	-	8) Eie Sake Administrasies Selfregerende gebiede en TBVC-state
						8) Bedrae gelykstaande aan eertydse inkomste-afkerings
105 622,7 9 655,7	121 851,2 15 236,2	129 016,0 8 347,7	139 597,0 13 651,3	143 642,9 13 717,2	159 722,9 13 936,5	Totale lopende besteding Totale kapitaalbesteding
5 426,8 3 777,2	7 060,0 7 500,0	8 095,7	13 651,3	13 717,2	13 936,5	9) Begrotingsposte en vaste statutêre appropriasies
24,5	14,1	6,5	-	-	-	10) Buitengewone kapitaaloordragte
147,8	221,8	232,1	-	-	-	8) Uitgawes vanuit inkomste voorheen in ander rekenings gevorder:
279,4	440,4	13,4	-	-	-	8) Eie Sake Administrasies Selfregerende gebiede en TBVC-state
						8) Bedrae gelykstaande aan eertydse inkomste-afkerings
<b>115 278,3</b>	<b>137 087,5</b>	<b>137 363,7</b>	<b>153 248,3</b>	<b>157 360,1</b>	<b>173 659,4</b>	<b>Totale besteding</b>
31 164,9 22 863,8 14 115,2	38 784,1 25 141,4 17 956,4	24 974,1 16 843,4 741,0	29 057,3 16 749,5 672,3	30 090,8 17 928,1 877,6	28 802,4 16 931,3 -5 642,6	11) <b>SALDO'S: SURPLUS(-)/TEKORT(+)</b> Konvensionele/algehele saldo
						12) Lopende saldo
						13) Primêre saldo

1) Hierdie tabel is 'n poging om, vir ontledingsdoelindes, die verloop van verskeie nasionale begrotingsaldo's sedert 1986/87 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 gevolglik sal verskil van die data wat in die Kwartaalblad van die Suid-Afrikaanse Reserwebank gepubliseer word.

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 ongemagtigde uitgawes in en sal gevolglik verskil van die wat in tabel 6 aangebied word.

6) Sien ook tabel 6. Bestaan uit gerealiseerde waarborgverpligtinge, botaalmiddele bydraes aan IOG en IBHO, asook valuta-aanpassingsbetalings 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 vergelykingsdoelindes. Weens 'n gebrek aan besonderhede, is hierdie bedrae tussen "lopend" en "kapitaal" verdeel op grond van die verhoudings in die eertydse Staatsinkomste-rekening (uitgesluit staatskuldkoste).

9) Verkryging van vaste kapitaalbrons, voorrade, grond en ontasbare bates, asook kapitaaloordragte aan besighede, huishoudings, 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.

14) Gedrukte Begroting (Tweede Druk) plus uitgawes bewillig te word in die Aansuiweringbegroting, nadat dubbelstelling t.o.v. die nasionale begroting se bydrae tot die HOP-fonds uitgeskakel is. Die omtot van onbestede fondse vanaf die voorafgaande boekjaar is uitgesluit.

**TABLE 7b**  
**NATIONAL BUDGET BALANCES 1)**

Percentage of GDP

	ACTUAL FIGURES					
	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92
<b>REVENUE</b>						
Tax revenue ..... 2)	22,1%	21,9%	23,5%	25,5%	24,6%	23,8%
Non-tax revenue ..... 2)	1,3%	1,1%	1,0%	0,8%	0,7%	0,5%
Total current revenue ..... 2)	23,3%	23,0%	24,5%	26,3%	25,4%	24,3%
Capital revenue and other receipts ..... 3)	1,1%	0,5%	0,3%	1,2%	0,2%	0,3%
<b>Total revenue</b> .....	<b>24,4%</b>	<b>23,5%</b>	<b>24,8%</b>	<b>27,5%</b>	<b>25,5%</b>	<b>24,6%</b>
<b>EXPENDITURE</b>						
Cost of servicing state debt ..... 4)	3,7%	3,6%	3,8%	4,1%	4,1%	4,3%
Other current expenditure .....	22,0%	22,8%	22,3%	22,4%	23,0%	23,2%
Budget votes and fixed statutory appropriations ..... 5)	20,8%	21,4%	20,6%	20,3%	20,6%	20,9%
Standing appropriations ..... 6)	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Extra-ordinary current transfers ..... 7)	-	-	0,2%	0,4%	0,6%	0,6%
Expenditure from revenue previously collected in other revenue accounts:						
Own Affairs Administrations ..... 8)	0,1%	0,1%	0,1%	0,1%	0,1%	0,1%
Self-governing territories and TBVC states ..... 8)	0,4%	0,5%	0,5%	0,7%	0,8%	0,6%
Amounts equal to revenue formerly diverted ..... 8)	0,7%	0,8%	0,8%	0,9%	0,9%	1,0%
Total current expenditure .....	25,7%	26,4%	26,1%	26,5%	27,1%	27,6%
Total capital expenditure .....	2,6%	2,5%	3,0%	4,2%	1,6%	1,7%
Budget votes and fixed statutory appropriations ..... 9)	2,5%	2,3%	2,3%	2,0%	1,5%	1,5%
Extra-ordinary capital transfers ..... 10)	-	-	0,5%	2,1%	-	-
Expenditure from revenue previously collected in other revenue accounts:						
Own Affairs Administrations ..... 8)	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Self-governing territories and TBVC states ..... 8)	0,0%	0,1%	0,1%	0,0%	0,1%	0,0%
Amounts equal to revenue formerly diverted ..... 8)	0,1%	0,1%	0,1%	0,1%	0,1%	0,1%
<b>Total expenditure</b> .....	<b>28,3%</b>	<b>28,9%</b>	<b>29,1%</b>	<b>30,7%</b>	<b>28,7%</b>	<b>29,2%</b>
<b>BALANCES: SURPLUS(-)/DEFICIT(+)</b>						
Conventional/overall balance ..... 11)	3,8%	5,5%	4,3%	3,2%	3,1%	4,6%
Current balance ..... 12)	2,3%	3,4%	1,6%	0,2%	1,7%	3,2%
Primary balance ..... 13)	0,2%	1,8%	0,4%	-1,0%	-0,9%	0,3%

1) This table is an attempt to present the course of various national budget balances since 1986/87 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.

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. Roll-overs of unspent funds from the previous financial year are excluded.

TABEL 7b  
NASIONALE BEGROTINGSALDO'S 1)

WERKLIKE SYFERS			1995/96		1996/97	
1992/93	1993/94	1994/95	Budgeted 14) Begroot 14)	Revised Estimate Hersiene Raming	Budgeted 14) Begroot 14)	
23,2%	23,8%	24,7%	24,3%	24,6%	25,1%	<b>INKOMSTE</b>
0,6%	0,7%	0,4%	0,3%	0,5%	0,3%	2) Belastinginkomste
23,8%	24,4%	25,2%	24,6%	25,1%	25,5%	2) Nie-belastinginkomste
0,4%	0,4%	0,0%	0,3%	0,3%	0,4%	3) Totale lopende inkomste
<b>24,2%</b>	<b>24,8%</b>	<b>25,2%</b>	<b>24,8%</b>	<b>25,5%</b>	<b>25,8%</b>	3) Kapitaalinkomste en ander ontvangstes
						<b>Totale inkomste</b>
4,9%	5,3%	5,4%	5,7%	5,8%	6,1%	<b>UITGAWES</b>
25,5%	25,5%	23,5%	22,2%	22,9%	22,3%	4) Staatskulddiensingskoste
23,5%	21,6%	22,8%	22,2%	22,9%	22,3%	Ander lopende besteding
0,0%	0,1%	0,0%	0,0%	0,0%	0,0%	5) Begrotingsposte en vaste
-	1,9%	0,0%	-	-	-	6) statutêre appropriasies
0,1%	0,0%	0,0%	-	-	-	7) Staande appropriasies
0,6%	0,7%	0,7%	-	-	-	8) Buitengewone lopende oordragte
1,2%	1,3%	0,0%	-	-	-	8) Uitgawes vanuit inkomste voorheen
						8) in ander rekenings gevorder:
30,4%	30,8%	29,0%	27,9%	28,7%	28,5%	8) Eie Sake Administrasies
2,8%	3,9%	1,9%	2,7%	2,7%	2,5%	8) Selfregerende gebiede
1,6%	1,8%	1,8%	2,7%	2,7%	2,5%	8) en TBVC-state
1,1%	1,9%	0,0%	-	-	-	8) Bedrae gelykstaande aan
0,0%	0,0%	0,0%	-	-	-	8) eertydse inkomste-afkerings
0,0%	0,1%	0,1%	-	-	-	Totale lopende besteding
0,1%	0,1%	0,0%	-	-	-	Totale kapitaalbesteding
<b>33,1%</b>	<b>34,7%</b>	<b>30,8%</b>	<b>30,6%</b>	<b>31,5%</b>	<b>31,0%</b>	9) Begrotingsposte en vaste
9,0%	9,8%	5,6%	5,8%	6,0%	5,1%	10) statutêre appropriasies
6,6%	6,4%	3,8%	3,3%	3,6%	3,0%	10) Buitengewone kapitaaloordragte
4,1%	4,5%	0,2%	0,1%	0,2%	-1,0%	10) Uitgawes vanuit inkomste voorheen
						10) 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 poging om, vir ontledingsdoeleindes, die verloop van verskeie nasionale begrotingsaldo's sedert 1986/87 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 gevolglik sal verskil van die data wat in die Kwartaalblad van die Suid-Afrikaanse Reserwebank gepubliseer word.
- 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 staatssekkos 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 ongemaagte 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-aanpassingsbetalings 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 "lopend" 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, 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 Suider-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.
- Gedrukte Begroting (Tweede Druk) plus uitgawes bewilg te word in die Aansuiwingsbegroting, nadat dubbeltelling t.o.v. die nasionale begroting se bydrae tot die HOP-fonds uitgeskakel is. Die omlot van onbestede fondse vanaf die voorafgaande boekjaar is uitgesluit.

**TABLE 8**  
**CONSOLIDATED NATIONAL AND PROVINCIAL BUDGETS**  
**ECONOMIC CLASSIFICATION OF EXPENDITURE 1)**

R million

	1992/93		1993/94	
	Revised Estimate 2) Hersiene Raming 2)	% of total % van totaal	Revised Estimate 2) Hersiene Raming 2)	% of total % van totaal
<b>CURRENT EXPENDITURE</b>				
<b>Goods and Services .....</b>	<b>60 089,6</b>	<b>50,9%</b>	<b>67 485,5</b>	<b>51,4%</b>
Remuneration of employees .....	42 416,6	35,9%	47 733,5	36,3%
Other than remuneration .....	17 673,0	15,0%	19 752,0	15,0%
<b>Interest .....</b>	<b>17 529,8</b>	<b>14,8%</b>	<b>22 150,4</b>	<b>16,9%</b>
<b>Current transfers .....</b>	<b>21 692,5</b>	<b>18,4%</b>	<b>20 317,8</b>	<b>15,5%</b>
Business (subsidies) .....	10 828,9	9,2%	8 619,6	6,6%
Non-financial public enterprises .....	2 253,8	1,9%	2 782,1	2,1%
Public financial institutions .....	256,4	0,2%	262,7	0,2%
Extra-budgetary accounts and funds .....	65,5	0,1%	69,4	0,1%
Private .....	8 253,1	7,0%	5 505,4	4,2%
Households .....	10 677,1	9,0%	11 359,8	8,6%
Foreign countries .....	169,8	0,1%	146,5	0,1%
International credit institutions .....	16,7	0,0%	191,9	0,1%
<b>Current transfers to other general government institutions and funds .....</b>	<b>11 014,0</b>	<b>9,3%</b>	<b>11 306,8</b>	<b>8,6%</b>
Extra-budgetary accounts and funds .....	8 664,8	7,3%	8 572,9	6,5%
Social security funds .....	55,3	0,0%	53,4	0,0%
Universities and technikons .....	2 616,9	2,2%	3 117,7	2,4%
Other .....	5 992,5	5,1%	5 401,7	4,1%
Local authorities .....	2 349,0	2,0%	2 626,0	2,0%
Unallocable .....	0,2	0,0%	107,9	0,1%
<b>Total current expenditure .....</b>	<b>110 325,9</b>	<b>93,4%</b>	<b>121 280,5</b>	<b>92,3%</b>
<b>CAPITAL EXPENDITURE</b>				
<b>Acquisition of fixed capital assets, stock, land and other intangible assets .....</b>	<b>5 155,2</b>	<b>4,4%</b>	<b>6 843,1</b>	<b>5,2%</b>
<b>Capital transfers .....</b>	<b>352,8</b>	<b>0,3%</b>	<b>839,6</b>	<b>0,6%</b>
Business .....	296,6	0,3%	290,5	0,2%
Non-financial public enterprises .....	186,8	0,2%	193,5	0,1%
Public financial institutions .....	60,5	0,1%	58,7	0,0%
Extra-budgetary accounts and funds .....	16,9	0,0%	16,9	0,0%
Private .....	32,4	0,0%	21,4	0,0%
Households .....	56,2	0,0%	149,1	0,1%
International credit institutions .....	0,0	0,0%	400,0	0,3%
<b>Purchases of shares in and loans to .....</b>	<b>333,5</b>	<b>0,3%</b>	<b>332,5</b>	<b>0,3%</b>
Business .....	272,3	0,2%	270,2	0,2%
Non-financial public enterprises .....	268,8	0,2%	258,9	0,2%
Public financial institutions .....	2,8	0,0%	10,7	0,0%
Extra-budgetary accounts and funds .....	0,0	0,0%	0,0	0,0%
Private .....	0,6	0,0%	0,5	0,0%
Households .....	61,2	0,1%	54,8	0,0%
International credit institutions .....	0,0	0,0%	7,6	0,0%

Continues on page 61

**TABEL 8**  
**GEKONSOLIDEERDE NASIONALE EN PROVINSIALE BEGROTINGS**  
**EKONOMIESE KLASSIFIKASIE VAN UITGAWES 1)**

R miljoen					
1994/95		1995/96			
Revised Estimate <sup>2)</sup> <i>Hersiene Raming</i> <sup>2)</sup>	% of total <i>% van totaal</i>	Budgeted <sup>3)</sup> <i>Begroot</i> <sup>3)</sup>	% of total <i>% van totaal</i>		
<b>77 203,0</b>	<b>52,1%</b>	<b>77 309,2</b>	<b>49,2%</b>	<b>LOPENDE UITGAWES</b>	
56 460,7	38,1%	56 741,0	36,1%	<b>Goedere en dienste</b>	
20 742,3	14,0%	20 568,2	13,1%	Vergoeding van werknemers	
				Ander, uitgesonderd vergoeding	
<b>24 863,3</b>	<b>16,8%</b>	<b>29 492,5</b>	<b>18,8%</b>	<b>Rente</b>	
<b>23 094,6</b>	<b>15,6%</b>	<b>23 891,7</b>	<b>15,2%</b>	<b>Lopende oordragte</b>	
7 960,5	5,4%	7 917,4	5,0%	Besighede (subsidies)	
2 941,5	2,0%	3 156,5	2,0%	Nie-finansiële openbare ondernemings	
129,6	0,1%	63,4	0,0%	Openbare finansiële instellings	
279,8	0,2%	17,1	0,0%	Buite-begrotingsrekenings en -fondse	
4 609,6	3,1%	4 680,4	3,0%	Privaat	
14 903,5	10,1%	15 726,8	10,0%	Huishoudings	
146,1	0,1%	132,0	0,1%	Buiteland	
84,6	0,1%	115,5	0,1%	Internasionale kredietinstellings	
				4)	
<b>11 723,0</b>	<b>7,9%</b>	<b>13 439,0</b>	<b>8,5%</b>	<b>Lopende oordragte aan ander algemene owerheidsinstellings en -fondse</b>	
8 998,9	6,1%	9 200,2	5,9%	Buite-begrotingsrekenings en -fondse	
30,0	0,0%	284,9	0,2%	Sosiale sekerheidsfondse	
3 387,1	2,3%	3 587,0	2,3%	Universiteite en teknikons	
5 581,8	3,8%	5 328,4	3,4%	Ander	
2 537,3	1,7%	4 238,7	2,7%	Plaaslike owerhede	
186,8	0,1%	-	-	Ontoedeelbaar	
				5)	
<b>136 883,9</b>	<b>92,3%</b>	<b>144 132,3</b>	<b>91,7%</b>	<b>Totale lopende uitgawes</b>	
<b>7 934,6</b>	<b>5,4%</b>	<b>8 816,8</b>	<b>5,6%</b>	<b>KAPITAALUITGAWES</b>	
<b>507,9</b>	<b>0,3%</b>	<b>616,9</b>	<b>0,4%</b>	<b>Verkryging van vaste bates, voorraad, grond en ander ontasbare bates</b>	
321,1	0,2%	505,6	0,3%	<b>Kapitaaloordragte</b>	
219,9	0,1%	187,9	0,1%	Besighede	
-	-	126,6	0,1%	Nie-finansiële openbare ondernemings	
64,0	0,0%	87,5	0,1%	Openbare finansiële instellings	
37,2	0,0%	103,5	0,1%	Buite-begrotingsrekenings en -fondse	
177,3	0,1%	89,0	0,1%	Privaat	
9,6	0,0%	22,4	0,0%	Huishoudings	
				Internasionale kredietinstellings	
<b>425,4</b>	<b>0,3%</b>	<b>125,2</b>	<b>0,1%</b>	<b>Aankoop van aandele in en lenings aan</b>	
330,6	0,2%	55,4	0,0%	Besighede	
116,1	0,1%	0,0	0,0%	Nie-finansiële openbare ondernemings	
214,0	0,1%	55,4	0,0%	Openbare finansiële instellings	
-	-	-	0,0%	Buite-begrotingsrekenings en -fondse	
0,5	0,0%	0,0	0,0%	Privaat	
86,2	0,1%	69,8	0,0%	Huishoudings	
8,6	0,0%	-	0,0%	Internasionale kredietinstellings	

**TABLE 8 (continued)**  
**CONSOLIDATED NATIONAL AND PROVINCIAL BUDGETS**  
**ECONOMIC CLASSIFICATION OF EXPENDITURE 1)**

	1992/93		1993/94	
	Revised Estimate 2) <i>Hersiene</i> <i>Raming</i> 2)	% of total <i>% van</i> <i>totaal</i>	Revised Estimate 2) <i>Hersiene</i> <i>Raming</i> 2)	% of total <i>% van</i> <i>totaal</i>
	R million			
<b>Capital transfers and loans to other general government institutions and funds .....</b>	<b>1 929,4</b>	<b>1,6%</b>	<b>2 134,7</b>	<b>1,6%</b>
Extra-bugetary accounts and funds .....	1 801,1	1,5%	1 982,9	1,5%
Universities and technikons .....	96,0	0,1%	130,0	0,1%
Other .....	1 705,1	1,4%	1 852,9	1,4%
Local authorities .....	128,3	0,1%	151,9	0,1%
<b>Total capital expenditure .....</b>	<b>7 771,0</b>	<b>6,6%</b>	<b>10 149,9</b>	<b>7,7%</b>
<b>Subtotal .....</b>	<b>118 096,9</b>	<b>100,0%</b>	<b>131 410,4</b>	<b>100,0%</b>
Less: Expected roll-over of unspent funds to the next fiscal year and declared savings .....	-		2 005,2	
Plus: Other expenditure that cannot be allocated in the Main Budget .....	-		-	
<b>Total consolidated expenditure .....</b>	<b>118 096,9</b>		<b>129 405,2</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 and, since the 1995/96 classification is based on more complete information than the historical classifications, the 1995/96 figures are not strictly comparable with the historical figures.
- 2) These are not actual expenditure figures: "revised estimates" refer to the national budget (Second Print) plus the Adjustments Estimate (which includes roll-over of unspent funds from the previous fiscal year). Expected savings and roll-over of unspent funds to the next fiscal year have only been subtracted from total expenditure, due to lack of detail.
- 3) Excludes roll-over of unspent funds from 1994/95.
- 4) Mainly social pensions.
- 5) Include, among others, the Special Defence Account.
- 6) As estimated when each year's Adjustments Estimate was tabled.
- 7) Includes R600 million for RDP capital projects and estimated retrenchment costs of R270 million for inclusion in the Adjustments Estimate in February 1996.

TABEL 8 (vervolg)  
 GEKONSOLIDEERDE NASIONALE EN PROVINSIALE BEGROTINGS  
 EKONOMIESE KLASSIFIKASIE VAN UITGAWES 1)

R miljoen		1994/95		1995/96		
Revised Estimate 2)	% of total	Budgeted 3)	% of total	Begroot 3)	% van totaal	
Hersiene Raming 2)	% van totaal					
2 479,3	1,7%	3 506,9	2,2%			<b>Kapitaaloordragte en lenings aan ander algemene owerheidsinstellings en -fondse</b>
2 095,5	1,4%	3 155,9	2,0%			Buite-begrotingsrekenings en -fondse
126,2	0,1%	506,8	0,3%			Universiteite en teknikons
1 969,3	1,3%	2 649,2	1,7%			Ander
383,8	0,3%	351,0	0,2%			Plaaslike owerhede
<b>11 347,2</b>	<b>7,7%</b>	<b>13 065,8</b>	<b>8,3%</b>			<b>Totale kapitaalkuitgawes</b>
<b>148 231,1</b>	<b>100,0%</b>	<b>157 198,1</b>	<b>100,0%</b>			<b>Subtotaal</b>
3 588,3		-				6) Min: Verwagte omrol van onbestede fondse na die volgende boekjaar en verklaarde besparings
-		870,0 7)				Plus: Ander uitgawes wat nie in die Hoof-begroting toegedeel kan word nie
<b>144 642,8</b>		<b>158 068,1</b>				<b>Totale gekonsolideerde 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 dié 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 en, aangesien die 1995/96-klassifikasie op vollediger inligting as die historiese klassifikasies gebaseer is, is die 1995/96-syfers nie streng vergelykbaar met die historiese syfers nie.
- 2) Hierdie is nie werklike uitgawesyfers nie: "hiersiene ramings" verwys na die nasionale begroting (Tweede Druk) plus die Aansuiweringsbegroting (wat die omrol van onbestede fondse vanaf die vorige boekjaar insluit). Verwagte besparings en die omrol van onbestede fondse na die daaropvolgende boekjaar is slegs by totale uitgawes afgetrek weens 'n gebrek aan besonderhede.
- 3) Sluit die omrol van onbestede fondse vanaf 1994/95 uit.
- 4) Hoofsaaklik maatskaplike pensioene.
- 5) Sluit, onder meer, die Spesiale Verdedingsrekening in.
- 6) Soos beraam tydens die tertafellegging van elke jaar se Aansuiweringsbegroting.
- 7) Sluit in R600 miljoen vir spesiale HOP-kapitaalprojekte, asook beraamde afleggingskoste van R270 miljoen vir insluiting in die Aansuiweringsbegroting in Februarie 1996.

**TABLE 9**  
**CONSOLIDATED NATIONAL AND**  
**PROVINCIAL BUDGETS: FUNCTIONAL**  
**CLASSIFICATION OF EXPENDITURE 1)**

	R million					
	1992/93 2)			1993/94 2)		
	Revised Estimate	% of total	% of GDP	Revised Estimate	% of total	% of GDP
<i>Hersiene Raming</i>	<i>% van totaal</i>	<i>% van BBP</i>	<i>Hersiene Raming</i>	<i>% van totaal</i>	<i>% van BBP</i>	
<b>General government services and unallocable expenditure .....</b>	<b>9 052,0</b>	<b>7,7%</b>	<b>2,6%</b>	<b>9 803,6</b>	<b>7,5%</b>	<b>2,5%</b>
Foreign Affairs .....	1 283,2	1,1%	0,4%	1 254,8	1,0%	0,3%
General research .....	409,3	0,3%	0,1%	481,7	0,4%	0,1%
Other ..... 4)	7 359,5	6,2%	2,1%	8 067,2	6,1%	2,0%
<b>Protection services .....</b>	<b>21 165,0</b>	<b>17,9%</b>	<b>6,1%</b>	<b>23 075,8</b>	<b>17,6%</b>	<b>5,8%</b>
Defence .....	10 803,0	9,1%	3,1%	10 682,9	8,1%	2,7%
Police .....	7 356,6	6,2%	2,1%	8 853,1	6,7%	2,2%
Prisons .....	1 800,8	1,5%	0,5%	2 090,5	1,6%	0,5%
Courts of Law .....	1 204,5	1,0%	0,3%	1 449,3	1,1%	0,4%
<b>Social services .....</b>	<b>51 759,2</b>	<b>43,8%</b>	<b>14,9%</b>	<b>57 982,6</b>	<b>44,1%</b>	<b>14,7%</b>
Education .....	24 393,2	20,7%	7,0%	27 760,7	21,1%	7,0%
Pre-primary, primary & secondary .....	21 017,8	17,8%	6,0%	23 794,0	18,1%	6,0%
Tertiary .....	3 375,4	2,9%	1,0%	3 966,7	3,0%	1,0%
Health .....	12 709,3	10,8%	3,7%	13 968,5	10,6%	3,5%
Social security and welfare .....	10 031,3	8,5%	2,9%	10 794,3	8,2%	2,7%
Housing .....	1 256,1	1,1%	0,4%	1 570,7	1,2%	0,4%
Recreation and culture .....	526,4	0,4%	0,2%	605,7	0,5%	0,2%
Other ..... 5)	2 842,8	2,4%	0,8%	3 282,6	2,5%	0,8%
<b>Economic services .....</b>	<b>18 418,7</b>	<b>15,6%</b>	<b>5,3%</b>	<b>18 258,9</b>	<b>13,9%</b>	<b>4,6%</b>
Water schemes and related services .....	852,4	0,7%	0,2%	1 320,5	1,0%	0,3%
Fuel and energy .....	300,0	0,3%	0,1%	313,2	0,2%	0,1%
Agriculture, forestry and fishing .....	6 059,0	5,1%	1,7%	3 718,9	2,8%	0,9%
Agricultural subsidies .....	-	-	-	-	-	-
Other .....	6 059,0	5,1%	1,7%	3 718,9	2,8%	0,9%
Mining .....	195,1	0,2%	0,1%	196,7	0,1%	0,0%
Manufacturing .....	739,3	0,6%	0,2%	810,2	0,6%	0,2%
Regional development .....	937,4	0,8%	0,3%	856,5	0,7%	0,2%
Transport and communication .....	5 627,8	4,8%	1,6%	6 600,7	5,0%	1,7%
Other economic services .....	3 707,7	3,1%	1,1%	4 442,3	3,4%	1,1%
Export trade promotion .....	2 683,9	2,3%	0,8%	2 527,6	1,9%	0,6%
Development Bank of Southern Africa .....	9,0	0,0%	0,0%	-	-	-
Other ..... 6)	1 014,8	0,9%	0,3%	1 914,7	1,5%	0,5%
<b>Interest .....</b>	<b>17 529,7</b>	<b>14,8%</b>	<b>5,0%</b>	<b>22 150,4</b>	<b>16,9%</b>	<b>5,6%</b>
<b>Government enterprises .....</b>	<b>172,3</b>	<b>0,1%</b>	<b>0,0%</b>	<b>139,1</b>	<b>0,1%</b>	<b>0,0%</b>
<b>Subtotal .....</b>	<b>118 096,9</b>	<b>100,0%</b>	<b>33,9%</b>	<b>131 410,4</b>	<b>100,0%</b>	<b>33,2%</b>
Less: Expected roll-over of unspent funds to the next fiscal year and declared savings .....	-	-	-	2 005,2	-	0,5%
Plus: Expenditure not yet classified ..... 7)	-	-	-	-	-	-
<b>Total consolidated expenditure .....</b>	<b>118 096,9</b>		<b>33,9%</b>	<b>129 405,2</b>		<b>32,7%</b>

1) The information in this table was compiled by the Central Statistical Service and, since the 1995/96 classification is based on more complete information than the historical classifications, the 1995/96 figures are not strictly comparable with the historical figures.

2) These are not actual expenditure figures: "revised estimates" refer to the national budget (Second Print) plus the Adjustments Estimate (which includes roll-over of unspent funds from the previous fiscal year). Expected savings and roll-over of unspent funds to the next fiscal year have only been subtracted from total expenditure, due to lack of detail.

3) Excludes roll-over of unspent funds from 1994/95.

4) Mainly general administration, cost of raising loans and unallocable capital expenditure.

5) Sewerage, sanitation, community development and other community services.

6) Including tourism, labour and multi-purpose projects.

7) Includes R600 million for RDP capital projects and estimated retrenchment costs of R270 million to be included in the Adjustments Estimate in February 1996.

**TABEL 9**  
**GEKONSOLIDEERDE NASIONALE EN**  
**PROVINSIALE BEGROTINGS: FUNKSIONELE**  
**KLASSIFIKASIE VAN UITGAWES 1)**

R miljoen						
1994/95 2)			1995/96 3)			
Revised Estimate	% of total	% of GDP	Budgeted	% of total	% of GDP	
Hersiene Raming	% van totaal	% van BBP	Begroot	% van totaal	% van BBP	
13 147,2	8,9%	3,0%	10 925,5	7,0%	2,2%	<b>Algemene owerheidsdienste en ontoedeelbare uitgawes</b>
1 320,4	0,9%	0,3%	1 320,8	0,8%	0,3%	Buitelandse Sake
505,6	0,3%	0,1%	510,0	0,3%	0,1%	Algemene navorsing
11 321,2	7,6%	2,5%	9 094,7	5,8%	1,8%	4) Ander
27 064,5	18,3%	6,1%	26 459,1	16,8%	5,3%	<b>Beskermingsdienste</b>
12 907,6	8,7%	2,9%	11 927,1	7,6%	2,4%	Verdediging
9 971,4	6,7%	2,2%	9 966,7	6,3%	2,0%	Polisie
2 584,4	1,7%	0,6%	2 861,6	1,8%	0,6%	Gevangenisse
1 601,1	1,1%	0,4%	1 703,7	1,1%	0,3%	Geregshowe
65 370,5	44,1%	14,7%	72 368,2	46,0%	14,5%	<b>Maatskaplike dienste</b>
31 624,8	21,3%	7,1%	33 442,6	21,3%	6,7%	Onderwys
27 063,8	18,3%	6,1%	27 859,6	17,7%	5,6%	Pre-primêr, primêr en sekondêr
4 561,0	3,1%	1,0%	5 583,0	3,6%	1,1%	Tersiêr
15 565,0	10,5%	3,5%	15 688,3	10,0%	3,1%	Gesondheid
13 671,8	9,2%	3,1%	15 209,0	9,7%	3,0%	Sosiale sekerheid en welsyn
1 648,2	1,1%	0,4%	2 953,1	1,9%	0,6%	Behuising
668,5	0,5%	0,2%	735,6	0,5%	0,1%	Ontspanning en kuituur
2 192,2	1,5%	0,5%	4 339,7	2,8%	0,9%	5) Ander
17 776,8	12,0%	4,0%	17 944,9	11,4%	3,6%	<b>Ekonomiese dienste</b>
1 207,6	0,8%	0,3%	1 388,7	0,9%	0,3%	Waterskemas en verwante dienste
433,3	0,3%	0,1%	158,1	0,1%	0,0%	Brandstof en energie
3 645,4	2,5%	0,8%	3 892,5	2,5%	0,8%	Landbou, bosbou en visserye
3 645,4	2,5%	0,8%	3 892,5	2,5%	0,8%	Landbou subsidies
223,2	0,2%	0,1%	209,2	0,1%	0,0%	Ander
801,5	0,5%	0,2%	807,0	0,5%	0,2%	Myrbou
817,3	0,6%	0,2%	936,5	0,6%	0,2%	Fabriekswese
6 700,9	4,5%	1,5%	7 242,7	4,6%	1,4%	Streeksontwikkeling
3 947,6	2,7%	0,9%	3 310,2	2,1%	0,7%	Vervoer en kommunikasie
2 248,4	1,5%	0,5%	2 218,4	1,4%	0,4%	Ander ekonomiese dienste
1 699,1	1,1%	0,4%	1 091,7	0,7%	0,2%	Uitvoerhandelsbevordering
24 863,3	16,8%	5,6%	29 492,5	18,8%	5,9%	Ontwikkelingsbank van Suider-Afrika
8,8	0,0%	0,0%	8,0	0,0%	0,0%	6) Ander
148 231,1	100,0%	33,3%	157 198,1	100,0%	31,4%	<b>Rente</b>
3 588,3		0,8%	-			<b>Owerheidsondernemings</b>
-			870,0		0,2%	<b>Subtotaal</b>
144 642,8		32,5%	158 068,1		31,6%	Min: Verwagte omrol van onbestede fondse na die volgende boekjaar en verklaarde besparings
						7) Plus: Uitgawes nog nie geklassifiseer nie
						<b>Totale gekonsolideerde uitgawes</b>

1) Die inligting in hierdie tabel is deur die Sentrale Statistiekdiens saamgestel en, aangesien die 1995/96-klassifikasie op vollediger inligting as die historiese klassifikasies gebaseer is, is die 1995/96-syfers nie streng vergelykbaar met die historiese syfers nie.

2) Hierdie is nie werklike uitgawesyfers nie: "hersiene ramings" verwys na die nasionale begroting (Tweede Druk) plus die Aansuiweringsbegroting (wat die omrol van onbestede fondse vanaf die vorige boekjaar insluit). Verwagte besparings en die omrol van onbestede fondse na die daaropvolgende boekjaar is slegs by totale uitgawes afgetrek weens 'n gebrek aan besonderhede.

3) Sluit die omrol van onbestede fondse vanaf 1994/95 uit.

4) Hoofsaaklik algemene administrasie, koste van aangaan van lenings en ontoedeelbare kapitaaluitgawes.

5) Riolering, sanitasie, gemeenskapsontwikkeling en ander gemeenskapsdienste.

6) Insluitende toerisme, arbeid en multi-doelprojekte.

7) Sluit in R600 miljoen vir HOP-kapitaalprojekte, asook beraamde alleggingskoste van R270 miljoen wat in die Aansuiweringsbegroting in Februarie 1996 ingesluit gaan word.

**TABLE 10**  
**CONSOLIDATED NATIONAL AND PROVINCIAL BUDGETS:**  
**ECONOMIC AND FUNCTIONAL CLASSIFICATION OF EXPENDITURE FOR 1995/96 1)**  
**Budgeted figures 2)**

ECONOMIC	Goods and Services <i>Goedere en dienste</i>		Total: Goods and services  <i>Totaal: Goedere en dienste</i>	Interest  <i>Rente</i>	Current transfers <sup>3)</sup>  <i>Lopende oordragte</i> <sup>3)</sup>	Total: Current expenditure  <i>Totaal: Lopende uitgawes</i>
	Remunera- tion of employees	Other				
	<i>Vergoeding van werk- nemers</i>	<i>Ander</i>				
<b>FUNCTIONAL</b>						
<b>General services .....</b>	<b>4 267,6</b>	<b>3 849,8</b>	<b>8 117,4</b>		<b>264,8</b>	<b>8 382,2</b>
Foreign Affairs .....	637,4	386,7	1 024,2		230,4	1 254,6
General research .....	14,7	14,1	28,8			28,8
Other .....	3 615,4	3 449,0	7 064,5		34,3	7 098,8
<b>Protection services .....</b>	<b>15 930,1</b>	<b>5 665,3</b>	<b>21 595,4</b>		<b>192,3</b>	<b>21 787,7</b>
Defence .....	4 819,9	3 400,7	8 220,6		190,7	8 411,3
Police .....	7 656,0	1 548,2	9 204,2			9 204,2
Prisons .....	2 281,2	326,4	2 607,7		1,6	2 609,3
Courts of Law .....	1 172,9	390,0	1 562,9			1 562,9
<b>Social services .....</b>	<b>33 382,9</b>	<b>8 569,3</b>	<b>41 952,2</b>		<b>16 013,1</b>	<b>57 965,3</b>
Education .....	22 996,7	3 136,1	26 132,9		1 367,9	27 500,7
Pre-primary, primary & secondary .....	21 956,2	2 771,3	24 727,5		1 325,6	26 053,1
Tertiary .....	1 040,6	364,8	1 405,4		42,2	1 447,6
Health .....	8 906,1	4 261,0	13 167,1		371,9	13 539,0
Social security and welfare .....	628,2	320,7	948,9		13 891,0	14 839,8
Housing .....	165,0	195,3	360,3		181,9	542,2
Recreation and culture .....	113,7	86,7	200,4		188,3	388,7
Other .....	573,2	569,5	1 142,7		12,1	1 154,8
<b>Economic services .....</b>	<b>3 160,3</b>	<b>2 453,5</b>	<b>5 613,8</b>		<b>7 421,5</b>	<b>13 035,3</b>
Water schemes and related services .....	237,1	157,8	394,9		0,0	394,9
Fuel and energy .....	47,8	88,4	136,2		0,1	136,2
Agriculture, forestry and fishing .....	1 430,2	752,9	2 183,1		843,2	3 026,4
Mining .....	53,5	19,6	73,2		24,0	97,1
Manufacturing .....	66,0	37,7	103,8		460,7	564,5
Regional development .....	20,7	14,7	35,4		841,3	876,7
Transport and communication .....	786,8	1 112,4	1 899,2		3 167,4	5 066,6
Other .....	518,1	269,9	788,0		2 084,9	2 872,9
<i>of which export promotion .....</i>	<i>115,5</i>	<i>38,7</i>	<i>154,2</i>		<i>2 062,4</i>	<i>2 216,7</i>
<b>Unallocable .....</b>		<b>30,2</b>	<b>30,2</b>	<b>29 492,5</b>		<b>29 522,7</b>
<b>Government enterprises .....</b>	<b>0,1</b>	<b>0,0</b>	<b>0,1</b>			<b>0,1</b>
<b>Subtotal .....</b>	<b>56 741,0</b>	<b>20 568,2</b>	<b>77 309,2</b>	<b>29 492,5</b>	<b>23 891,7</b>	<b>130 693,3</b>
Less: Expected roll-over of unspent funds and declared savings .....						
Plus: Expenditure not yet classified .....						
<b>Estimated expenditure level .....</b>	<b>56 741,0</b>	<b>20 568,2</b>	<b>77 309,2</b>	<b>29 492,5</b>	<b>23 891,7</b>	<b>130 693,3</b>

1) This table was compiled by the Central Statistical Service.

2) Original budgets of the national and provincial governments for 1995/96.

3) Current transfers to businesses (subsidies), households and the rest of the world. Current transfers to other levels of general government are excluded - see footnote 4.

4) An economic classification of transfer payments to other levels of general government is not available.

5) Mainly general administration and unallocable capital expenditure.

6) Sewerage, sanitation, community development and other community services.

7) including tourism, labour and multi-purpose projects.

TABEL 10  
**GEKONSOLIDEERDE NASIONALE EN PROVINSIALE BEGROTINGS:**  
**EKONOMIESE EN FUNKSIONELE KLASSIFIKASIE VAN UITGAWES VIR 1995/96 1)**  
 Begrote syfers 2)

R miljoen

Acquisition of fixed assets, stock, land	Capital transfers, loans and advances	Total: Capital expenditure	Transfers to other levels 4)	Total expenditure	EKONOMIES
Verkryging van vaste bates, voorraad, grond	Kapitaal-oordragte, lenings en voorskotte	Totaal: Kapitaal-uitgawes	Oordragte na ander vlakke 4)	Totale uitgawes	FUNKSIONEEL
920,7	80,1	1 000,7	1 512,2	10 895,1	<b>Algemene dienste</b>
66,0	0,0	66,0	0,3	1 320,8	Buitelandse Sake
3,6	0,0	3,7	477,5	510,0	Algemene navorsing
851,0	80,1	931,1	1 034,4	9 064,3	5) Ander
<b>1 046,8</b>	<b>15,7</b>	<b>1 062,6</b>	<b>3 608,8</b>	<b>26 459,1</b>	<b>Beskermingsdienste</b>
		0,0	3 515,8	11 927,1	Verdediging
723,0	14,0	737,0	25,5	9 966,7	Polisie
251,7	0,5	252,3		2 861,6	Gevangenisse
72,1	1,2	73,3	67,5	1 703,7	Geregshowe
<b>4 181,6</b>	<b>158,5</b>	<b>4 340,1</b>	<b>10 062,8</b>	<b>72 368,2</b>	<b>Maatskaplike dienste</b>
1 774,9	94,1	1 868,9	4 072,9	33 442,6	Onderwys
1 712,3	94,1	1 806,4	0,1	27 859,6	Pre-primêr, primêr & sekondêr
62,6	0,0	62,6	4 072,8	5 583,0	Tersiêr
1 026,2	4,2	1 030,4	1 118,8	15 688,3	Gesondheid
73,8	4,1	77,9	291,2	15 209,0	Sosiale sekerheid en welsyn
176,2	52,1	228,3	2 182,6	2 953,1	Behuising
20,2	1,8	22,0	324,9	735,6	Ontspanning en kultuur
1 110,4	2,1	1 112,5	2 072,4	4 339,7	6) Ander
<b>2 659,8</b>	<b>487,9</b>	<b>3 147,7</b>	<b>1 762,0</b>	<b>17 944,9</b>	<b>Ekonomiese dienste</b>
830,6	31,3	861,9	131,8	1 388,7	Waterskemas en verwante dienste
16,5		16,5	5,4	158,1	Brandstof en energie
339,5	127,5	467,0	399,2	3 892,5	Landbou, bosbou en visserye
1,8	1,4	3,2	108,9	209,2	Mynwese
21,0	213,0	234,0	8,5	807,0	Fabriekswese
59,8	0,0	59,8		936,5	Streeksontwikkeling
1 339,8	25,7	1 365,5	810,7	7 242,7	Vervoer en kommunikasie
50,8	88,9	139,7	297,5	3 310,2	7) Ander
1,8		1,8		2 218,4	waarvan uitvoerbevoordering
			0,1	29 522,8	<b>Nie-toedeelbaar</b>
<b>7,8</b>		<b>7,8</b>		<b>8,0</b>	<b>Owerheidsondernemings</b>
<b>8 816,8</b>	<b>742,1</b>	<b>9 558,9</b>	<b>16 945,8</b>	<b>157 198,1</b>	<b>Subtotaal</b>
				-	Min: Verwagte omrol van onbestede fondse en verklaarde besparings
				870,0	Plus: Uitgawes nog nie geklassifiseer nie
<b>8 816,8</b>	<b>742,1</b>	<b>9 558,9</b>	<b>16 945,8</b>	<b>158 068,1</b>	<b>Beraamde uitgawevlak</b>

1) Hierdie tabel is deur die Sentrale Statistiekdiens opgestel.

2) Oorspronklike begrotings van die nasionale en provinsiale regerings vir 1995/96.

3) Lopende oordragte aan besighede (subsidiës), huishoudings en die res van die wêreld. Lopende oordragte aan ander algemene owerheidsvlakke is uitgesluit - sien voetnoot 4.

4) 'n Ekonomiese klassifikasie van oordragbetalings aan ander vlakke van die algemene owerheid is nie beskikbaar nie.

5) Hoofsaaklik algemene administrasie en nie-toedeelbare kapitaaluitgawes.

6) Riolering, sanitasie, gemeenskapontwikkeling en ander gemeenskapsprojekte.

7) Sluit in toerisme, arbeid en multi-doelprojekte.

**TABLE 11**  
**TOTAL DEBT OF GOVERNMENT 1)**

Year ending 31 March	1969	1970	1971	1972	1973	1974	1975
R million:							
Marketable domestic debt .....	4 115	4 302	4 325	4 822	5 723	6 296	6 837
Government stock .....	3 991	4 220	4 247	4 756	5 557	5 952	6 408
Other ..... 3)	124	82	78	66	166	344	429
Non-marketable domestic debt ..... 4)	666	784	879	933	917	1 068	1 111
Total domestic debt .....	4 781	5 086	5 204	5 755	6 640	7 364	7 948
Total foreign debt ..... 5)	99	125	247	411	495	397	524
Total loan debt .....	4 880	5 211	5 451	6 166	7 135	7 761	8 472
Gold and Foreign Exchange Contingency Reserve Account .....	-	2	2	45	17	-	-
Total debt .....	4 880	5 213	5 453	6 211	7 152	7 761	8 472
Composition of debt:							
Marketable debt .....	84,3%	82,5%	79,3%	77,6%	80,0%	81,1%	80,7%
Government stock .....	81,8%	81,0%	77,9%	76,6%	77,7%	76,7%	75,6%
Other ..... 3)	2,5%	1,6%	1,4%	1,1%	2,3%	4,4%	5,1%
Non-marketable debt ..... 4)	13,6%	15,0%	16,1%	15,0%	12,8%	13,8%	13,1%
Total domestic debt .....	98,0%	97,6%	95,4%	92,7%	92,8%	94,9%	93,8%
Total foreign debt ..... 5)	2,0%	2,4%	4,5%	6,6%	6,9%	5,1%	6,2%
Total loan debt .....	100,0%	100,0%	100,0%	99,3%	99,8%	100,0%	100,0%
Gold and Foreign Exchange Contingency Reserve Account .....	-	0,0%	0,0%	0,7%	0,2%	-	-
Total debt .....	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Percentages of GDP:							
Total domestic debt .....	46,2%	43,5%	40,8%	40,5%	41,1%	36,2%	32,4%
Total foreign debt .....	1,0%	1,1%	1,9%	2,9%	3,1%	1,9%	2,1%
Total loan debt .....	47,1%	44,6%	42,8%	43,4%	44,2%	38,1%	34,6%
Total debt .....	47,1%	44,6%	42,8%	43,7%	44,3%	38,1%	34,6%

Sources: South African Reserve Bank and Department of Finance

1 Debt of the Central Government, excluding extra-budgetary institutions and social security funds. Figures prior to 1994/95 exclude the converted debt of the former TBVC states and self-governing territories in terms of section 239 of the 1993 Constitution and are, therefore, not comparable with those thereafter.

2 As projected at the end of February 1996.

3 Includes marketable bills and loan levies, as well as other money market instruments.

4 Includes non-marketable bills and loan levies, floating rate stock and bonds.

5 Valued at appropriate foreign exchange rates as at the end of each period.

**TABEL 11**  
**TOTALE SKULD VAN DIE REGERING 1)**

1976	1977	1978	1979	1980	1981	1982	Jaar geëindig 31 Maart
8 299	9 149	11 055	12 550	13 424	14 897	17 405	R miljoen:
7 599	8 425	10 334	11 897	12 776	14 502	16 710	Bemerkbare binnelandse skuld
700	724	721	653	648	395	695	Staatseffekte
959	1 603	1 951	2 934	3 997	4 326	3 416	Ander
							Nie-bemerkbare binnelandse skuld
9 258	10 752	13 006	15 484	17 421	19 223	20 821	Totale binnelandse skuld
1 005	1 342	1 245	811	730	630	1 118	Totale buitelandse skuld
10 263	12 094	14 251	16 295	18 151	19 853	21 939	Totale leningskuld
						174	Goud-en-Buitelandse-valuta- Gebeurlikheidsreserwerekening
10 263	12 094	14 251	16 295	18 151	19 853	22 113	Totale skuld
							Samestelling van skuld:
80,9%	75,6%	77,6%	77,0%	74,0%	75,0%	78,7%	Bemerkbare binnelandse skuld
74,0%	69,7%	72,5%	73,0%	70,4%	73,0%	75,6%	Staatseffekte
6,8%	6,0%	5,1%	4,0%	3,6%	2,0%	3,1%	Ander
9,3%	13,3%	13,7%	18,0%	22,0%	21,8%	15,4%	Nie-bemerkbare binnelandse skuld
90,2%	88,9%	91,3%	95,0%	96,0%	96,8%	94,2%	Totale binnelandse skuld
9,8%	11,1%	8,7%	5,0%	4,0%	3,2%	5,1%	Totale buitelandse skuld
100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	99,2%	Totale leningskuld
						0,8%	Goud-en-Buitelandse-valuta- Gebeurlikheidsreserwerekening
100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	Totale skuld
							Persentasies van BBP:
33,8%	35,0%	38,1%	38,5%	35,3%	30,6%	28,5%	Totale binnelandse skuld
3,7%	4,4%	3,6%	2,0%	1,5%	1,0%	1,5%	Totale buitelandse skuld
37,5%	39,3%	41,8%	40,5%	36,8%	31,6%	30,0%	Totale leningskuld
37,5%	39,3%	41,8%	40,5%	36,8%	31,6%	30,3%	Totale skuld

Bronne: Suid-Afrikaanse Reserwebank en Departement van Finansies

- 1) Skuld van die Sentrale Regering, uitgesluit buitebegrotingsinstellings en bestaansbeveiligingsfondse. Syfers vóór 1994/95 sluit die omgeskakelde skuld van die eertydse TBVC-state en selfregerende gebiede ingevolge artikel 239 van die 1993-Grondwet uit en is gevolglik nie vergelykbaar met met dié daarna nie.
- 2) Soos teen die einde van Februarie 1996 geprojekteer.
- 3) Sluit bemerkbare wissels en leningsheffings, asook ander geldmarkinstrumente in.
- 4) Sluit nie-bemerkbare wissels en leningsheffings, wisselende koers effekte en obligasies.
- 5) Gewaardeer teen die toepaslike buitelandse wisselkoerse soos aan die einde van elke periode.

**TABLE 11 (continued)**  
**TOTAL DEBT OF GOVERNMENT 1)**

Year ending 31 March	1983	1984	1985	1986	1987	1988	1989
<b>R million:</b>							
Marketable domestic debt .....	20 980	23 894	28 651	33 544	39 956	47 385	61 124
Government stock .....	20 199	23 463	27 797	32 808	39 195	47 173	60 860
Other ..... 3)	781	431	854	736	761	212	264
Non-marketable domestic debt ..... 4)	3 320	4 183	4 187	3 646	4 443	7 675	5 386
<b>Total domestic debt .....</b>	<b>24 300</b>	<b>28 077</b>	<b>32 838</b>	<b>37 190</b>	<b>44 399</b>	<b>55 060</b>	<b>66 510</b>
Total foreign debt ..... 5)	1 229	1 441	2 201	2 295	2 446	2 442	2 227
<b>Total loan debt .....</b>	<b>25 529</b>	<b>29 518</b>	<b>35 039</b>	<b>39 485</b>	<b>46 845</b>	<b>57 502</b>	<b>68 737</b>
Gold and Foreign Exchange Contingency Reserve Account .....	892	655	2 033	1 940	3 469	2 554	11 158
<b>Total debt .....</b>	<b>26 421</b>	<b>30 173</b>	<b>37 072</b>	<b>41 425</b>	<b>50 314</b>	<b>60 056</b>	<b>79 895</b>
<b>Composition of debt:</b>							
Marketable debt .....	79,4%	79,2%	77,3%	81,0%	79,4%	78,9%	76,5%
Government stock .....	76,5%	77,8%	75,0%	79,2%	77,9%	78,5%	76,2%
Other ..... 3)	3,0%	1,4%	2,3%	1,8%	1,5%	0,4%	0,3%
Non-marketable debt ..... 4)	12,6%	13,9%	11,3%	8,8%	8,8%	12,8%	6,7%
<b>Total domestic debt .....</b>	<b>92,0%</b>	<b>93,1%</b>	<b>88,6%</b>	<b>89,8%</b>	<b>88,2%</b>	<b>91,7%</b>	<b>83,2%</b>
<b>Total foreign debt ..... 5)</b>	<b>4,7%</b>	<b>4,8%</b>	<b>5,9%</b>	<b>5,5%</b>	<b>4,9%</b>	<b>4,1%</b>	<b>2,8%</b>
<b>Total loan debt .....</b>	<b>96,6%</b>	<b>97,8%</b>	<b>94,5%</b>	<b>95,3%</b>	<b>93,1%</b>	<b>95,7%</b>	<b>86,0%</b>
Gold and Foreign Exchange Contingency Reserve Account .....	3,4%	2,2%	5,5%	4,7%	6,9%	4,3%	14,0%
<b>Total debt .....</b>	<b>100,0%</b>						
<b>Percentages of GDP:</b>							
Total domestic debt .....	29,2%	29,6%	29,6%	29,4%	29,7%	31,6%	31,7%
Total foreign debt .....	1,5%	1,5%	2,0%	1,8%	1,6%	1,4%	1,1%
Total loan debt .....	30,6%	31,1%	31,5%	31,3%	31,4%	33,0%	32,8%
Total debt .....	31,7%	31,8%	33,4%	32,8%	33,7%	34,5%	38,1%

Sources: South African Reserve Bank and Department of Finance

1 Debt of the Central Government, excluding extra-budgetary institutions and social security funds. Figures prior to 1994/95 exclude the converted debt of the former TBVC states and self-governing territories in terms of section 239 of the 1993 Constitution and are, therefore, not comparable with those thereafter.

2 As projected at the end of February 1996.

3 Includes marketable bills and loan levies, as well as other money market instruments.

4 Includes non-marketable bills and loan levies, floating rate stock and bonds.

5 Valued at appropriate foreign exchange rates as at the end of each period.

**TABEL 11 (vervolg)**  
**TOTALE SKULD VAN DIE REGERING 1)**

1990	1991	1992	1993	1994	1995	1996 2)	Jaar geëindig 31 Maart
72 923	85 546	104 646	138 681	181 890	226 120	261 117	R miljoen:
71 026	82 824	100 662	132 853	174 613	210 190	245 532	Bemerkbare binnelandse skuld
1 897	2 722	3 984	5 828	7 277	15 930	15 585	3) Staatseffekte
6 883	7 989	6 520	4 703	2 879	5 564	4 532	4) Ander
							Nie-bemerkbare binnelandse skuld
79 806	93 535	111 166	143 384	184 769	231 684	265 649	Totale binnelandse skuld
2 090	1 770	2 940	2 348	5 201	8 784	10 325	5) Totale buitelandse skuld
81 896	95 305	114 107	145 731	189 969	240 468	275 974	Totale leningskuld
14 140	10 351	12 508	8 934	2 190	4 147	4 050	Goud-en-Buitelandse-valuta- Gebeurlikheidsreserwerekening
96 036	105 656	126 615	154 665	192 180	244 615	280 024	Totale skuld
75,9%	81,0%	82,6%	89,7%	94,7%	92,4%	93,2%	Samestelling van skuld:
74,0%	78,4%	79,5%	85,9%	90,9%	85,9%	87,7%	Bemerkbare binnelandse skuld
2,0%	2,6%	3,1%	3,8%	3,8%	6,5%	5,6%	3) Staatseffekte
7,2%	7,6%	5,1%	3,0%	1,5%	2,3%	1,6%	4) Ander
							Nie-bemerkbare binnelandse skuld
83,1%	88,5%	87,8%	92,7%	96,2%	94,7%	94,9%	Totale binnelandse skuld
2,2%	1,7%	2,3%	1,5%	2,7%	3,6%	3,7%	5) Totale buitelandse skuld
85,3%	90,2%	90,1%	94,2%	98,9%	98,3%	98,6%	Totale leningskuld
14,7%	9,8%	9,9%	5,8%	1,1%	1,7%	1,4%	Goud-en-Buitelandse-valuta- Gebeurlikheidsreserwerekening
100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	Totale skuld
32,1%	32,9%	34,7%	41,2%	46,7%	52,0%	53,1%	Persentasies van BBP:
0,8%	0,6%	0,9%	0,7%	1,3%	2,0%	2,1%	Totale binnelandse skuld
32,9%	33,6%	35,6%	41,9%	48,0%	54,0%	55,2%	Totale buitelandse skuld
38,6%	37,2%	39,5%	44,5%	48,6%	54,9%	56,0%	Totale leningskuld
							Totale skuld

Bronne: Suid-Afrikaanse Reserwebank en Departement van Finansies

- 1) Skuld van die Sentrale Regering, uitgesluit buitebegrotingsinstellings en bestaansbeveiligingsfondse. Syfers vóór 1994/95 sluit die omgeskakelde skuld van die eertydse TBVC-state en selfregerende gebiede ingevolge artikel 239 van die 1993-Grondwet uit en is gevolglik nie vergelykbaar met met dié daarna nie.
- 2) Soos teen die einde van Februarie 1996 geprojekteer.
- 3) Sluit bemerkbare wissels en leningsheffings, asook ander geldmarkinstrumente in.
- 4) Sluit nie-bemerkbare wissels en leningsheffings, wisselende koers effekte en obligasies.
- 5) Gewaardeer teen die toepaslike buitelandse wisselkoerse soos aan die einde van elke periode.

# ANNEXURE C

## SUMMARY OF TAX PROPOSALS:

### 1996/97

#### PART 1: INLAND REVENUE

#### 1 INCOME TAX

#### 1.1 Rates of tax

#### 1.1.1 Individuals

A single scale of rates for all individuals is proposed, reaching a maximum marginal rate of 45% at a taxable income of R100 000. A primary rebate of R2 660 is granted to all individuals, with an additional rebate of R2 500 for individuals aged 65 years or older. The rates of tax in respect of natural persons for the 1995/96 tax year and the proposed rates for the 1996/97 tax year appear in the tables below.

**TAX RATES FOR INDIVIDUALS (NATURAL PERSONS): 1995/96 TAX YEAR<sup>a)</sup>**

TAXABLE INCOME		RATES OF TAX	
R	R		R
0	- 5 000	17% of each R1	
5 000	- 10 000	850 + 18% of the amount over	5 000
10 000	- 15 000	1 750 + 19% of the amount over	10 000
15 000	- 20 000	2 700 + 20% of the amount over	15 000
20 000	- 30 000	3 700 + 21% of the amount over	20 000
30 000	- 40 000	5 800 + 31% of the amount over	30 000
40 000	- 50 000	8 900 + 42% of the amount over	40 000
50 000	- 70 000	13 100 + 43% of the amount over	50 000
70 000	- 80 000	21 700 + 44% of the amount over	70 000
80 000	and over	28 100 + 45% of the amount over	80 000
<b>REBATES OF TAX:</b>			
Primary .....			2 625
Age 65 and over (additional to primary rebate) .....			2 500
<b>TAX THRESHOLD:</b>			
Below age 65 .....			14 600
Age 65 and over .....			28 785

a) A levy of 1,67% on taxable income exceeding R50 000 applied.

**PROPOSED TAX RATES FOR INDIVIDUALS (NATURAL PERSONS): 1996/97 TAX YEAR**

TAXABLE INCOME		RATES OF TAX	
R	R		R
0	- 15 000	17% of each R1	
15 000	- 20 000	2 550 + 19% of the amount over	15 000
20 000	- 30 000	3 500 + 21% of the amount over	20 000
30 000	- 40 000	5 600 + 30% of the amount over	30 000
40 000	- 60 000	8 600 + 41% of the amount over	40 000
60 000	- 80 000	16 600 + 43% of the amount over	60 000
80 000	- 100 000	25 400 + 44% of the amount over	80 000
100 000	and over	34 200 + 45% of the amount over	100 000
<b>REBATES OF TAX:</b>			
Primary .....			2 660
Age 65 and over (additional to primary rebate) .....			2 500
<b>TAX THRESHOLD:</b>			
Below age 65 .....			15 580
Age 65 and over .....			27 905

#### 1.1.2 Persons other than individuals and companies

In respect of persons other than individuals and companies, a scale of rates reaching a maximum marginal rate of 45% at a taxable income of R100 000 is proposed. No rebates are granted.

#### 1.1.3 Retirement fund industry

A tax of 17% is to be imposed monthly with effect from 1 March 1996 on the gross interest and net rental received by or accrued to all pension, provident and retirement annuity funds, including self-administered, underwritten and industrial funds as well as all funds established for the benefit of employees of the State, local authorities and parastatal institutions. The leviable amount will be determined subject to certain exemptions and adjustments. The tax will apply until the end of the month immediately preceding the commencement of the first year of assessment in which the full tax dispensation, still to be finalised, will come into operation.

### 1.1.4 Secondary Tax on Companies (STC)

The rate at which STC is levied is reduced from 25% to 12.5% in respect of all dividends declared after 13 March 1996.

### 1.1.5 Branches of foreign companies

A tax of 40% is proposed, payable by a branch of a company which has its place of effective management outside the Republic, on taxable income derived from a source within the Republic in respect of years of assessment ending on or after 1 April 1996.

### 1.1.6 Gold mines

It is proposed that the rate for gold mines which have elected to remain outside the dual tax system be reduced as follows:

- non-mining income, from 48% to 42%; and
- formula tax rate, from  $y = 58 - (290 \div x)$  to  $y = 51 - (255 \div x)$ , where  $y$  equals the tax rate and  $x$  equals the profit ratio.

## 1.2 Other income tax matters

### 1.2.1 Provisional tax

The present exemption level of R35 000 in respect of provisional taxpayers who are older than 65 years, will be increased to R50 000.

### 1.2.2 Secondary Tax on Companies (STC)

At present STC is imposed *inter alia* on dividends declared by foreign companies to the extent that the dividend is paid out of profits generated from a South African source. It is proposed that such dividends declared in respect of years of assessment ending on or after 1 April 1996, be exempt from STC.

This proposal will be implemented simultaneously with the introduction of a final branch profits tax. (See par. 1.1.5 above).

### 1.2.3 Accrual and incurral of interest on financial instruments

It is proposed that the provisions of section 24J of the Income Tax Act be extended to instruments issued on or before 15 March 1995 which are still in existence on 13 March 1996 but which are not yet within the scope of the accrual system.

### 1.2.4 Interest received by or accrued to companies managed and controlled outside the Republic

Interest received by or accrued to a company on or after 1 April 1996 where such company is managed and controlled outside the Republic will be exempt from normal tax only if, in addition to the fact that it is managed and controlled outside the Republic, it does not carry on business in the Republic.

### 1.2.5 Deductions in respect of donations

It is proposed that all donations made to the Bible Society on or after 1 October 1996, will no longer qualify as a tax deduction in the hands of the donor.

### 1.2.6 Anti-avoidance

It is proposed that the abnormality test in section 103 of the Income Tax Act be amended in line with the Katz Commission's recommendation, but that the business purpose test be applied in the context of trade rather than business. The proposal will come into effect in respect of transactions, operations or schemes entered into or carried out after the date of promulgation of the relevant amendment.

It is further proposed that interest be imposed on outstanding tax arising from the successful application of section 103.

### 1.2.7 Gambling

The present income tax rules will continue to apply to all gambling except for the envisaged national lottery.

## 2 TAXES ON PROPERTY

### 2.1 Estate duty and donations tax

It is proposed that the rate in respect of estate duty and donations tax be increased from 15% to 25% in respect of:

- estates of all persons dying on or after 14 March 1996; and
- donations taking effect on or after 14 March 1996.

The exemption threshold for donations tax is to be increased from R20 000 to R25 000 with effect from the 1997 year of assessment.

2.2 **Marketable securities tax and stamp duty on registration of the transfer of marketable securities**

It is proposed that:

- the rate of marketable securities tax and stamp duty on the registration of transfer of share certificates be reduced from 1% to 0.5% with effect from 1 April 1996; and
- the imposition of marketable securities tax be extended to transactions where a broker acts as a principal.

3 **DOMESTIC TAXES ON GOODS AND SERVICES**

3.1 **Value-added tax (VAT)**

3.1.1 **Gambling**

The present policy of imposing VAT on gambling (except the national lottery) continues. (Provinces may impose betting or other taxes for their own account.)

3.1.2 **VAT on financial services**

All fee-based financial services (with the exception of certain premiums on life policies and contributions to retirement funds as well as compulsory charges in respect of unit trust schemes) presently exempt from VAT, will be subject to VAT from 1 October 1996.

3.2 **Levy on financial services**

The majority of services rendered by the banking industry will, as a result of the proposal in 3.1.2 above, be subject to VAT. It is, therefore, proposed that banks be exempt from the levy on financial services with effect from 1 October 1996.

4 **STAMP DUTIES**

4.1 **Stamp duty on debit entries**

It is proposed that the rate of stamp duty payable in respect of each debit entry posted to a bank, credit card, transmission account and telebank account be increased from 15 cents to 20 cents per entry with effect from 1 June 1996.

It is also recommended that Inland Revenue enter into discussions in order to bring private label cards and in-house retailer cards within the ambit of the Stamp Duties Act with effect from 1 August 1996.

4.2 **Instalment credit agreements**

Stamp duty is levied on the execution of certain instalment credit agreements. It is proposed that the present rate structure be amended with effect from 1 June 1996 to effect a maximum rate of R100 in respect of agreements where the amount payable under the agreement exceeds R200 000.

5 **STATEMENT OF TAXPAYERS RIGHTS**

A public Statement of Taxpayers Rights which includes the principles of expeditious and timeous tax administration, as well as fair, impartial and consistent application of and compliance with the law, is proposed.

**TABLE C.1**  
**INCOME TAX PAYABLE: 1996 AND 1997**

TAXABLE INCOME	1997 RATES	1996 RATES	DIFFERENCE
R	R	R	R
16 000	80	275	-195
17 000	270	475	-205
18 000	460	675	-215
19 000	650	875	-225
20 000	840	1 075	-235
21 000	1 050	1 285	-235
22 000	1 260	1 495	-235
23 000	1 470	1 705	-235
24 000	1 680	1 915	-235
25 000	1 890	2 125	-235
26 000	2 100	2 335	-235
28 000	2 520	2 755	-235
30 000	2 940	3 175	-235
32 000	3 540	3 795	-255
34 000	4 140	4 415	-275
36 000	4 740	5 035	-295
38 000	5 340	5 655	-315
40 000	5 940	6 275	-335
45 000	7 990	8 375	-385
50 000	10 040	10 475	-435
55 000	12 090	12 709	-619
60 000	14 140	14 942	-802
65 000	16 290	17 176	-886
70 000	18 440	19 409	-969
75 000	20 590	21 693	-1 103
85 000	24 940	26 310	-1 370
95 000	29 340	30 977	-1 637
105 000	33 790	35 644	-1 854
120 000	40 540	42 644	-2 104
135 000	47 290	49 645	-2 355
155 000	56 290	58 979	-2 689
175 000	65 290	68 313	-3 023
200 000	76 540	79 980	-3 440

**NOTE: 1996 RATES INCLUDE A 1.67% TRANSITION LEVY**

**TABLE C.2**  
**INCOME TAX PAYABLE: 1996 AND 1997 (OVER 65):**

TAXABLE INCOME	1997 RATES	1996 RATES	DIFFERENCE
R 28 000	R 20	R 255	R -235
29 000	230	465	-235
30 000	440	675	-235
31 000	740	985	-245
32 000	1 040	1 295	-255
33 000	1 340	1 605	-265
34 000	1 640	1 915	-275
35 000	1 940	2 225	-285
36 000	2 240	2 535	-295
38 000	2 840	3 155	-315
40 000	3 440	3 775	-335
42 000	4 260	4 615	-355
44 000	5 080	5 455	-375
46 000	5 900	6 295	-395
48 000	6 720	7 135	-415
50 000	7 540	7 975	-435
52 000	8 360	8 868	-508
55 000	9 590	10 209	-619
60 000	11 640	12 442	-802
65 000	13 790	14 676	-886
70 000	15 940	16 909	-969
75 000	18 090	19 193	-1 103
80 000	20 240	21 476	-1 236
85 000	22 440	23 810	-1 370
90 000	24 640	26 143	-1 503
100 000	29 040	30 810	-1 770
110 000	33 540	35 477	-1 937
120 000	38 040	40 144	-2 104
130 000	42 540	44 811	-2 271
145 000	49 290	51 812	-2 522
160 000	56 040	58 812	-2 772
180 000	65 040	68 146	-3 106
200 000	74 040	77 480	-3 440

**NOTE: THE 1996 TAX INCLUDES 1,67% TRANSITION LEVY**

**PROPOSED AMENDMENTS TO THE INCOME TAX ACT, 1962, VALUE-ADDED TAX ACT, 1991, AND OTHER TAXATION LAWS**

Inland Revenue is giving consideration to proposing various amendments to the Income Tax Act, Value-Added 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 7A

Deletion of subsection (5), the provisions of which have become obsolete.

2. Section 10(1)(hA)

Limitation of exemption in respect of companies.

3. Section 10(1)(i) and (4)

Deletion of various provisions which have become obsolete.

4. Section 14

Extension of recoupment provisions in respect of ships.

5. Section 18A

Withdrawal of the deduction granted in respect of donations made to the Bible Society of South Africa.

6. Section 24I

Possible amendment to the definition of "affected forward exchange contract".

7. Section 24J

Amendments regarding instruments issued prior to 15 March 1995.

8. Section 27

Removal of a reference to a deleted section.

9. Sections 33 and 35

Substitution of references to a "domestic company" to a "company which has its place of effective management inside the Republic".

10. Section 37G

Textual amendment as well as further amendments regarding the tax treatment of small businesses.

11. Section 56(1)

Deletion of paragraph (p), thus providing for the imposition of donations tax where a taxpayer transfers income to somebody else without surrendering control of the income.

12. Section 64B

Reduction in rate.

Exemption from STC in respect of branches of foreign companies.

Amendment of subsection (5)(f):

- to relax the 100% shareholding-rule to allow for a shareholding by employees under a share incentive scheme; and
- to introduce a three year period during which the company's profits have to be from a South African source.

13. Paragraph 5 of First Schedule

Deletion of obsolete provisions.

14. Various

Various sections are to be amended to remove references to the former TBVC countries.

15. Donations tax

Increase in rate.

Increase in amount of exemption from R20 000 to R25 000.

***Value-Added Tax Act***

1. Sections 2 and 12(a)

Amendments to the definition of "financial services" in order to tax certain fee-based income.

2. Section 10(4)

An amendment to put it beyond doubt that the valuation rule in this section also applies in the case where the supplier is not a registered vendor.

3. Section 18A

An amendment to deem the cost of the deemed supply in this section to be the open market value thereof to the extent that it exceeds the consideration in money.

4. Section 21

An amendment having the effect that a vendor whose debt has been written off must account for output tax in respect of the VAT portion thereof.

5. Section 67

An amendment to allow parties to a contract to agree that a change in the VAT rate will not affect the contract price agreed to.

***Estate Duty Act***

Increase in rate.

***Transfer Duty Act***

Amendment to charging section to make all acquisitions of property by trusts subject to duty at the rate of 10 per cent.

***Stamp Duties Act***

1. Section 23

Deletion of obsolete provisions.

2. Debit entries

Increase in rate.

3. Instalment credit agreements

Increase in rates.

4. Marketable securities

Reduce rates.

**Marketable Securities Tax Act**

Reduction in the rate and amendment of charging section.

**General**

Consideration will also be given to such other amendments as may be necessary to prevent fraud, tax avoidance and tax evasion:

## PART II: CUSTOMS AND EXCISE

## EXCISE DUTIES

It is proposed that 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		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 NO'S. 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	25c/kg	25c/kg	27,5c/kg	27,5c/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 flavoured 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 WITH AN ALCOHOL CONTENT BY VOLUME:				
.10		Exceeding 0,5% but not exceeding 1,5%	6 000c/100L	6 000c/100L	6 650c/100L	6 650c/100L
.20		Exceeding 1,5% but not exceeding 2,5%	6 600c/100L	6 600c/100L	7 250c/100L	7 250c/100L
.30		Exceeding 2,5% but not exceeding 3,5%	7 200c/100L	7 200c/100L	7 850c/100L	7 850c/100L
.40		Exceeding 3,5% but not exceeding 4,5%	7 800c/100L	7 800c/100L	8 450c/100L	8 450c/100L
.50		Exceeding 4,5% but not exceeding 5,5%	8 400c/100L	8 400c/100L	9 050c/100L	9 050c/100L
.60		Exceeding 5,5% but not exceeding 6,5%	9 000c/100L	9 000c/100L	9 650c/100L	9 650c/100L
.70		Exceeding 6,5% but not exceeding 7,5%	9 600c/100L	9 600c/100L	10 250c/100L	10 250c/100L
.80		Exceeding 7,5%	10 200c/100L	10 200c/100L	10 850c/100L	10 850c/100L

TARIFF ITEM	TARIFF HEADING	DESCRIPTION	PRESENT RATE OF DUTY		PROPOSED RATE OF DUTY	
			EXCISE	CUSTOMS	EXCISE	CUSTOMS
104.15	22.04	WINE OF FRESH GRAPES, INCLUDING FORTIFIED WINES; GRAPE MUST, OTHER THAN THAT OF HEADING NO. 20.09				
	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)	500c/100L	500c/100L	550c/100L	550c/100L
.10		Unfortified still wine	3 600c/100L	3 600c/100L	4 250c/100L	4 250c/100L
.40		Fortified still wine	8 400c/100L	8 400c/100L	9 200c/100L	9 200c/100L
.50		Other still fermented beverages, unfortified	4 100c/100L	4 100c/100L	4 900c/100L	4 900c/100L
.80		Other still fermented beverages, fortified	8 102c/100L	8 102c/100L	8 902c/100L	8 902c/100L
.70		Sparkling wine	10 700c/100L	10 700c/100L	11 800c/100L	11 800c/100L
.80		Other fermented beverages (excluding sorghum beer)	9 804c/100L	9 804c/100L	10 604c/100L	10 604c/100L
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:				
.10		Wine spirits, manufactured in the Republic by the distillation of wine	198 236c/100L of absolute alcohol	-	218 062c/100L of absolute alcohol	-
.15		Spirits, manufactured in the Republic by the distillation of any sugar cane product	208 201c/100L of absolute alcohol	-	229 021c/100L of absolute alcohol	-
.25		Spirits, manufactured in the Republic by the distillation of any grain product	212 708c/100L of absolute alcohol	-	233 979c/100L of absolute alcohol	-
.29		Other spirits, manufactured in the Republic	202 675c/100L of absolute alcohol	-	222 943c/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	-	188 625c/100L of absolute alcohol or 61 109c/100L	-	207 488c/100L of absolute alcohol or 89 220c/100L
.70		Spirits of any nature in imported liqueurs, cordials and similar spirituous beverages containing added sugar, with or without flavouring substances	-	188 625c/100L of absolute alcohol	-	207 488c/100L of absolute alcohol

TARIFF ITEM	TARIFF HEADING	DESCRIPTION	PRESENT RATE OF DUTY		PROPOSED RATE OF DUTY	
			EXCISE	CUSTOMS	EXCISE	CUSTOMS
104.30	24.02	CIGARS, CHERROOTS, CIGARILLOS AND CIGARETTES, OF TOBACCO OR OF TOBACCO SUBSTITUTES OTHER				
	24.03	MANUFACTURED TOBACCO AND MANUFACTURED TOBACCO SUBSTITUTES, "HOMOGENISED" OR "RECONSTITUTED" TOBACCO AND ESSENCES:				
	.10	Cigars	375c/kg net	397c/kg net	442,5c/kg net	464,5c/kg net
	.20	Cigarettes	44c/10 cigarettes	44c/10 cigarettes	52c/10 cigarettes	52c/10 cigarettes
		Plus, in respect of cigarettes, the mass of the tobacco content of which exceeds 1,5 kg/1 000 cigarettes	1 641,6c/kg tobacco content	1 641,6c/kg tobacco content	1 937c/kg tobacco content	1 937c/kg tobacco content
	.30	Cigarette tobacco	55c/50g or fraction thereof plus 213c/kg tobacco	55c/50g or fraction thereof plus 213c/kg tobacco	65c/50g or fraction thereof plus 251c/kg tobacco	65c/50g or fraction thereof plus 251c/kg tobacco
	.40	Plus a suspended duty of:				
		(i) In operation	Nil	Nil	Nil	Nil
		(ii) Maximum rate	73c/kg tobacco	73c/kg tobacco	86c/kg tobacco	86c/kg tobacco
	.50	Pipe tobacco in immediate packings of a content of less than 5 kg	405c/kg net	405c/kg net	478c/kg net	478c/kg net
	Pipe tobacco in immediate packings of a content of not less than 5 kg	387c/kg net	387c/kg net	460c/kg net	460c/kg net	

The proposed rates of duty will 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 leaded and unleaded petrol as well as diesel fuel be increased by 3 cents per litre on 3 April 1996: and
- as a first step in phasing out the tariff protection of the synthetic fuel industry, the Equalisation Fund levy be reduced at various stages during 1996/97, accompanied by compensating increases in the fuel levy on both leaded and unleaded petrol and on distillate fuel. The pump price will not be affected by this step.

**ANNEXURE D  
SUMMARY OF THE  
NATIONAL BUDGET**
**BYLAE D  
OPSOMMING VAN DIE  
NASIONALE BEROEGING**

	1995/96	1996/97		
	Revised Estimates	Printed Estimate and additional proposals	Percentage change	
	<i>Hersiene Ramings</i>	<i>Gedrukte Begroting en bykomende voorstelle</i>	<i>Persentasie verandering</i>	
	Rm	Rm	%	
<b>EXPENDITURE</b>				<b>UITGAWES</b>
Printed Estimate (RP 2-'96: First Print) .....		176 140,5		Gedrukte Begroting (RP 2-'96: Eerste Druk)
Less:				Min:
Double counting of the national budget's contribution to RDP Fund .....		4 110,1		Dubbeltelling van die nasionale begroting se bydrae tot HOP-fonds
		172 030,4		
Plus:				Plus:
Expenditure to be voted in the Supplementary Estimate .....		960,0		Uitgawes in die Aanvullende Begroting bewillig te word
Expenditure Evaluation Unit		10,0		Eenheid vir die Evaluering van Uitgawes
Improvements of Conditions of Service		950,0		Verbetering van Diensvoorwaardes
Expenditure to be voted in the Adjustments Estimate .....		600,0		Uitgawes in die Aansuiweringsbegroting bewillig te word
Reconstruction and Development Programme		450,0		Heropbou- en Ontwikkelingsprogram
Department of Finance: Restructuring		150,0		Department van Finansies: Herstrukturering
<b>Total: Budget votes and statutory amounts ..... 1)</b>	<b>157 297,1</b>	<b>173 590,4</b>	<b>10,4%</b>	1) <b>Totaal: Begrotingsposte en statutêre bedrae</b>
Standing appropriations .....	63,0	69,0		2) <b>Staaende appropriasies</b>
<b>Total estimated expenditure level .....</b>	<b>157 360,1</b>	<b>173 659,4</b>	<b>10,4%</b>	<b>Totale beraamde uitgawevlak</b>
<b>REVENUE</b>				<b>INKOMSTE</b>
Customs and Excise at existing rates in Printed Estimate (RP 3-'96: First Print) .....		17 720,3		Doeane en Aksyns teen bestaande koerse in Gedrukte Begroting (RP 3-'96: Eerste Druk)
Plus:				Plus:
Tax proposals in respect of:				Belastingvoorstelle ten opsigte van:
Excise duties .....		500,0		Aksynsregte
Beer		185,0		Bier
Sorghum beer and sorghum flour		4,0		Sorghumbier en -meelblom
Wine and other fermented beverages		19,0		Wyn en ander gegiste drankes
Other fermented beverages		5,0		Ander gegiste drankes
Spirits		63,0		Spiritualieë
Cigarettes and cigarette tobacco		220,0		Sigarette en sigarettabak
Pipe tobacco and cigars		4,0		Pyttabak en sigare
Fuel levy .....		1 060,0		Brandstofheffing
<b>Total: Customs and Excise .....</b>	<b>17 574,9</b>	<b>19 280,3</b>	<b>9,7%</b>	<b>Totaal: Doeane en Aksyns</b>

Continues on page D.2

Vervolg op bladsy D.2

**ANNEXURE D (continued)**  
**SUMMARY OF THE**  
**NATIONAL BUDGET**

**BYLAE D (vervolg)**  
**OPSOMMING VAN DIE**  
**NASIONALE BEGROTING**

	1995/96	1996/97		
	Revised Estimates	Printed Estimate and additional proposals	Percentage change	
	<i>Hersiene Ramings</i>	<i>Gedrukte Begroting en bykomende voorstelle</i>	<i>Persentasie verandering</i>	
	Rm	Rm	%	
Inland Revenue at existing rates and brackets in Printed Estimate (RP 3-'96: First Print), excluding premium on government stock ("book-profit") .....		121 386.7		Binnelandse Inkomste teen bestaande koerse en skale in Gedrukte Begroting (RP 3-'96: Eerste Druk), uitgesluit premie op staatseffekte ("boekwins")
Plus:				Plus:
Tax proposals in respect of:				Belastingvoorstelle ten opsigte van:
Individuals .....		-1 450.0		Individue:
Restructuring of tax rates and brackets		-1 992.0		Herstrukturering van belastingkoerse en -skale
Provisional tax: Over 65's		-8.0		Voorlopige belasting: Bo 65's
Improvement in collections and collection of arrear taxes		550.0		Verbeterde invordering en invordering van agterstallige belastinge
Non-mining companies .....		3 380.0		Nie-mynbou maatskappye:
Retirement Fund Industry		2 725.0		Uittreefondsbedryf
Financial instruments		140.0		Finansiële instrumente
Interest exemption (section 10(1)(hA))		15.0		Rente vrystelling (artikel 10(1)(hA))
Improvement in collections and collection of arrear taxes		500.0		Verbeterde invordering en invordering van agterstallige belastinge
Secondary tax on companies (STC) .....		0.0		Sekondêre belasting op maatskappye (SBM)
Income tax on gold mines .....		-35.0		Inkomstebelasting op goudmyne
Interest on overdue income tax .....		150.0		Rente op agterstallige inkomstebelasting
Improvement in collections and collection of amounts in arrear		150.0		Verbeterde invordering en invordering van agterstallige bedrae
Value-added tax .....		600.0		Belasting op toegevoegde waarde
Financial services		150.0		Finansiële dienste
Gambling		150.0		Dobbelary
Improvement in collections and collection of arrear taxes		300.0		Verbeterde invordering en invordering van agterstallige belastinge
Marketable securities tax .....		-200.0		Belasting op handelseffekte
Levy on financial services .....		-50.0		Hefing op finansiële dienste
Stamp duties and fees .....		-85.0		Seëlregte en -gelde
Share certificates		-150.0		Aandeelsertifikate
Debit entries, hire purchase agreements and private credit cards		65.0		Debietinskrywings, huurkooporeenkomsle, en private kredietkaarte
Estate duties and donations tax .....		0.0		Boedelbelastinge en belasting op geskenke
<b>Total: Inland Revenue .....</b>	<b>108 340.1</b>	<b>123 696.7</b>	<b>14.2%</b>	<b>Totaal: Binnelandse Inkomste</b>
<b>Total ordinary revenue after tax proposals .....</b>	<b>125 915.0</b>	<b>142 977.0</b>	<b>13.6%</b>	<b>Totale gewone inkomste na belastingvoorstelle</b>
Grants and extra-ordinary revenue .....	1 354.3	1 880.0		Skenkings en buitengewone inkomste
<b>Total revenue and grants .....</b>	<b>127 269.3</b>	<b>144 857.0</b>	<b>13.8%</b>	<b>Totale inkomste en skenkings</b>

Continues on page D.3

Vervolg op bladsy D.3

ANNEXURE D (continued)  
SUMMARY OF THE  
NATIONAL BUDGET

BYLAE D (vervolg)  
OPSOMMING VAN DIE  
NASIONALE BEGROTING

	1995/96	1996/97		
	Revised Estimates	Printed Estimate and additional proposals	Percentage change	
	<i>Hersiene Ramings</i>	<i>Gedrukte Begroting en bykomende voorstelle</i>	<i>Persentasie verandering</i>	
	Rm	Rm	%	
<b>BORROWING REQUIREMENT</b>				<b>LENINGSBEHOEFTE</b>
National budget deficit .....	30 090,8	28 802,4		Nasionale begrotingstekort
Budget deficit as percentage of GDP .....	6,0%	5,1% <sup>3)</sup>		Begrotingstekort as persentasie van BBP
Less:				Min:
Opening balance .....	3 429,8	0,0		Openingsaldo
<b>Net borrowing requirement</b>	<b>26 661,0</b>	<b>28 802,4</b>		<b>Netto leningsbehoefte</b>
Plus:				Plus:
Loan redemptions .....	11 796,6	16 302,3		Leningsaffossings
Government stock and bonds	10 822,9	14 948,9		Staatseffekte en obligasies
Premium on government stock ("book-profit") <sup>4)</sup>	-235,1	-200,0		<sup>4)</sup> Premie op staatseffekte ("boekwins")
Short-term loans (net)	1 100,0	-		Kort-termyn lenings (netto)
Foreign loans	108,7	1 553,4		Buitelandse lenings
<b>Gross borrowing requirement .....</b>	<b>38 457,6</b>	<b>45 104,7</b>		<b>Bruto leningsbehoefte</b>
<b>FINANCING</b>				<b>FINANSIERING</b>
Short-term loans (net) .....	-	3 000,0		Korttermyn lenings (netto)
Domestic loans .....	36 604,6	39 604,7		Binnelandse lenings
Government stock <sup>5)</sup>	36 604,4	39 604,7		<sup>5)</sup> Staatseffekte
Bonds	0,2	-		Obligasies
Foreign loans .....	1 853,0	2 500,0		Buitelandse lenings
<b>Total financing .....</b>	<b>38 457,6</b>	<b>45 104,7</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 5,5 per cent of GDP in 1996/97 if the R1,880 billion proceeds from the sale of strategic oil supplies are excluded.
- 4) Provided in the Printed Estimate of Revenue (RP 3), but since it does not represent an actual cash flow, it is regarded as "negative" loan redemptions for purposes of analysis.
- 5) Excluding the full discount on sales of government stock.

- 1) Begrotingsyfer vir Parlementêre wetgewingsdoeleindes, d.i. begrotingsposte en statutêre bedrae.
- 2) Beraamde waarborgings wat kan realiseer, betaalmiddelbydraes aan die IOG en die IBRD en valuta-aanpassingsbetalings aan die IMF.
- 3) Beloop 5,5 persent van die BBP in 1996/97 as die opbrengs uit die verkoop van strategiese olie-voorrade van R1,880 miljard uitgesluit word.
- 4) Word in die Gedrukte Begroting van Inkomste (RP 3) voorsien, maar aangesien dit nie 'n werklike kontantvloei verteenwoordig nie, word dit as "negatiewe" leningsaffossings vir ontledingsdoeleindes beskou.
- 5) Uitgesluit die volle diskonto op verkope van staatseffekte.