

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

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Mr G R Krumbock (DA) to ask the Minister of Finance:

What has been the financial impact of the recent Transnet strike in terms of (a) loss to SARS in customs and excise duty foregone as a result of the strike, (b) the loss to SARS in company tax, (c) the estimated percentage loss in GDP, (d) the estimated number of SMME's bankrupted as a result of the strike and the resulting loss of employment?

NW2330E

REPLY

(a) The strike could potentially have had an impact on the South African imports and exports. Despite the strike, the number of import transactions processed by SARS actually increased by 7,000 (3.9%) from 180 000 in April to 187 000 in May 2010. For the same period, the exports increased by 5,000 (4.4%) from 114,000 to 119,000.

In value terms, imports increased by 3% from April to May and exports increased by 7%.

The export of agricultural products and base metals (such as iron steel and copper) seem to have been particularly affected during the month of May. However, the exports seem to have recovered in June, as vegetable products increased month-on-month by R1.3bn (92%), prepared food stuff and tobacco R1.2bn (78%) and base metals R3bn (45%).

Revenue collections for customs and excise duties remained buoyant during and after the Transnet strike (period 10-27 May 2010). The trends for fiscal Q1 2010/11 show a marked year-on-year growth in these duties, from R22.8 billion to R25.8 billion. A month-on-month comparison shows that the revenue collections increased by R0.3 billion to R9.3 billion in June 2010.

Table 1: Comparison of quarterly collections

	Q1 2009/10	Q1 2010/11
Custom duties	3,598	4,874
Import VAT	14,364	15,770
Specific excise duties	4,559	4,726
Ad valorem excise duties	286	452
Sub total	22,807	25,823

Year-on-year growth 3,016
Year-on-year growth % 13%

- (b) Corporate income tax (CIT) collections, particularly provisional income tax on companies, have at least a 6-month lag between companies' economic activities and receipt of corresponding CIT revenue. Any effect of the strike, if any, will be reflected at the end of September and December with the receipt of CIT provisional payments.
- (c) Given that the sectors most impacted by the strike i.e. agriculture and mining recovered its exports in June, the effect of the strike on the GDP would be minimal. The sector GDP figures comparing the growth rate for the first six months of the year compared with the first six months of the previous year, shows that the agriculture and mining grew in real terms by 2.1% and 1.7% respectively (Stats SA Q2 2010 GDP report).
- (d) There is no discernible link between the number of liquidations/ insolvencies and (resultant) employment statistics that can be inferred from the data gathered in May. The Liquidations/Insolvency statistics released by Statistics South Africa on 24th July 2010, show a growth in first half of 2010 (liquidations in the first half of 2010 increased by 6% y/y and by 22% in June vs. June 2009); however there is no specific mention in the report attributing this trend directly to the Transnet strike. A similar trend was observed with respect to May liquidations (and also the other previous months in 2010). The report in August 2010 shows a decline of -1.4% between January and July 2010 vs. January and July 2009. The change between July 2010 and 2009 was -34.3%.
- (e) See comment above.