

NATIONAL COUNCIL OF PROVINCES

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER 358 [CW455E]

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Mr M W Makhubela (COPE-Limpopo) to ask the Minister of Finance:

Whether, in light of the fact that the Southern Africa Customs Union receives revenues two years in arrears and Swaziland is only now experiencing the effects of the financial crisis, his department will (a) foresee the Swaziland crisis and (b) take any preventative measures in this regard; if not, why not; if so, what proactive measures were implemented in anticipation of this problem in order to prevent or curb its effect?

CW455E

REPLY:

Member States of the Southern African Customs Union (SACU) do not receive revenues two years in arrears, as implied in the question. Revenue shares are paid on the basis of: (i) the Treasury forecasts of customs and excise collections for the new financial year; and (ii) the extent of trade between a member State and the rest of the members of SACU – which utilises audited data of two years past.

- (a) A projected revenue decline in Swaziland (for example) can be foreseen (in relation to SACU revenues) by monitoring the following: (i) a slowdown in customs and excise duties collected by South Africa - responsible for about 98% of the revenue collected into the SACU revenue pool; (ii) a slowdown in trade between Swaziland and South Africa; and (iii) an overall slowdown in imports into the common customs area. Whether a decline in SACU revenue triggers a financial crisis in a SACU country is dependent on other factors, including future budgeting obligations of that country.
- (b) Ongoing work is underway in SACU to mitigate financial crises in the common customs area. These efforts include: (i) cautioning Member States of the dangers of their dependency on customs revenue; (ii) encouraging member states to budget prudently, especially on their expenditure obligations; and (iii) reviewing the current revenue sharing formula as a way of reducing volatility.