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BUDGET

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MARTIN CHALLENOR
Political Correspondent

CAPE TOWN: The Government has both given and taken away in the R84,984 billion Budget tabled in Parliament yesterday by the Minister of Finance, Mr Barend du Plessis.

Government members saw their Budget as a leap of faith. They have moved towards pension parity, helped the poor, and helped businesses to create jobs and wealth by cutting company tax from 50 percent to 48 percent. Now, in return, they want countries im posing sanctions and organisations that support them, such as the ANC, to back off. The Government also wants an end to strikes and labour unrest.

These factors impaired business confidence.

To continue reaching for parity in social spending and relief for the poor, the Government needed the economy to show high rates of economic growth, and receive foreign investment.

Mr du Plessis put the point this way: "Despite our political differences we simply must work together so as to make an active and positive contribution in every sphere of life, to the creation of that climate that will promote investment, growth and job creation."

White social pensions would go up R28 a month from R276 to R304 from April 1. Coloured and Indian pensions go up R38 from R225 to R263, and black people, including those living in self-governing states, would get a R50 a month increase to push them from R175 to R225 a month. These differentiated increases would cut the gap between white and black pensioners by 20 percent. They required an extra R505 million a year above what an equal increase all-round would have cost.

Mr du Plessis said the Government could not afford pension parity this year.

The Conservative Party has already complained that the white increase of 10,14 percent was below the inflation rate, while black people got a 28,6 percent increase.

VAT would be introduced on September 30 at 12 percent, Mr du Plessis said. Reducing

21/3/1991
D/News

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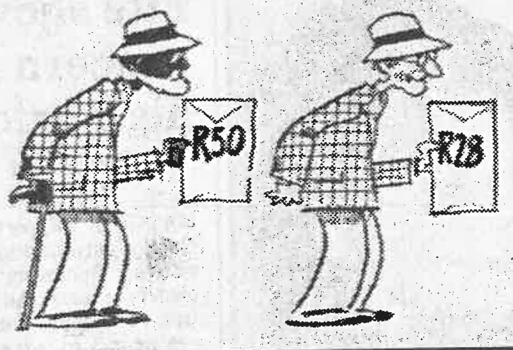

WHITE social pensions would go up R28 a month from R276 to R304 from April 1. Coloured and Indian pensions go up R38 from R225 to R263, and black people, including those living in self-governing states, would get a R50 a month increase to push them from R175 to R225 a month.

the rate from the 13 percent of GST would cost the State R1,08 billion this year. There would be full input credit for all capital and intermediate goods from the outset. Only mealie-meal and brown bread would be zero-rated, but rail, bus and taxi commuter fares would be exempted from VAT.

To partly make up for this, the tax on beer goes up 3c a dumpy bottle, spirits by 1,5c a tot or 37,7c a 750 ml bottle, cigarettes go up 3c for 10, cigarette tobacco goes up 3c for 50 grams, and pipe tobacco and cigars go up 25c a kilogram. Fortified wine and sparkling wine is up 1,8c a 750 ml bottle. This should add R340 million to the Government's coffers this year.

To promote growth, the tax on fuel goes up as the price comes down, leaving petrol 5c a litre cheaper at the pumps in Durban from Monday, and leaving the State with an extra R533 million this year.

As a group, taxpayers this year would pay the Receiver of Revenue R29,8 billion, nearly a third more than the R20,4 billion they paid out in 1990/91.

Defence spending dropped R3,6 billion, or 30 percent in two years through rationalisation and a shift of priorities. Defence now took up 11 percent of the total State expenditure.

Nearly R400 million more would be spent on correctional services. Police spending went up to R4,6 which was an increase of 17,4 percent on last year's figure.

An extra R598 million was put into black education to take it to R3,1 billion. Overall, education would receive more than R16 billion. This was 16,1 percent higher than the 1990/91 expenditure. Including the education transfers to the TBVC countries, education would take 19,2 percent of the Budget. This was the largest single component.

Mr du Plessis said the building of schools and supporting infrastructure would take the form of work-creation projects and so involve local communities.

Social services have taken 38,2 percent of the Budget.

Public service employees are to enjoy an R3,7 billion packet to improve their service conditions this year. Civil pensionsers are to receive an increase of 12,5 percent.

After borrowing, the Government still had a surplus of R2 billion

D/News. 21/3/1991

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NATAL MERCURY

Exco nod for Easter market

THE South Plaza Market in Durban has been given permission by the Natal Executive Committee to trade on Easter Sunday.

Mr Ismail Omar, MEC, said the reason for the exemption was to allow welfare, service and conservation organisations to participate in the Durban Easter Fiesta. The traders involved operated on a small scale, selling items not normally manufactured on a large commercial basis.

Mr Omar said in the past all applications for permission to trade on Good Friday and Easter Sunday had been turned down, but they had been made by shopping centres and businesses.

This was the first time the Durban Publicity Association had submitted an application for a project which would benefit community organisations. — (Pietermaritzburg Bureau)

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'Allow trade on Day of Vow'

THE Day of the Vow was an incongruity among religious holidays and trading on this day should not be legislated against, Mr Arulsivanathan Naidoo (Ind Durban Bay) said yesterday.

Speaking in the Second Reading debate on the Businesses Bill he asked how the killing of Zulus by Boers be morally justified or regarded as a religious holiday?

This went against the spirit of goodwill prevalent in the new South Africa.

He also did not understand how the selling of flowers in the Orange Free State on Sunday could be outlawed, as people in that province also visited cemeteries and graves on that day.

N/News.

NEWS, THURSDAY, MARCH 21, 1991

NEWS/BUDGET

Budget

from the last financial year. Of this R1 billion would go into the Government pension fund for civil servants to strengthen it and to enable it to reach full actuarial funding earlier. R450 million would be transferred to the Export Credit Reinsurance Fund, and R350 to the Maize and Grain Sorghum Board to lessen its debt.

A special Task Force on Poverty received R220 million for special aid actions, mostly to reduce the extra burden that VAT would place on low-income groups.

The Budget's message to entrepreneurs was that they would be able to grow to create jobs and welfare.

Health services would receive R8,2 billion, and the State would change its role to provide primary health services and the delivery of more affordable curative health services for the needy.

Housing would receive R1,1 billion.

About R5,4 billion would be spent on capital spending.

From now on, housing benefits would be fully taxed, and this would gather the State an extra R250 million, Mr du Plessis said.

The maximum marginal personal income tax would be reduced from 44 percent to 43 percent, meaning a married man with two children earning R40 000 a year would pay R300 less tax a year. Rebates for such people would be reduced from R2 100 to R2 000, and for unmarried people from R1 800 to R1 625.

This would reduce State revenue by R925 million.

Tax on long term insurers was reduced to 43 percent.

The import surcharge on capital goods was cut by half to 5 percent, and on intermediate goods from 7,5 percent to 5 percent.

From September 30, a turnover tax of 0,75 percent would be levied on the interest income and finance charges of institutions and people providing financial services. This should yield R170 million a year.

The outcome of all the tax proposals was an estimated net loss of revenue of R1,8 billion, Mr du Plessis said.

The expected tax revenue was now R74,9 billion. This was 11,1 percent higher than the revised figure for 1990/91.

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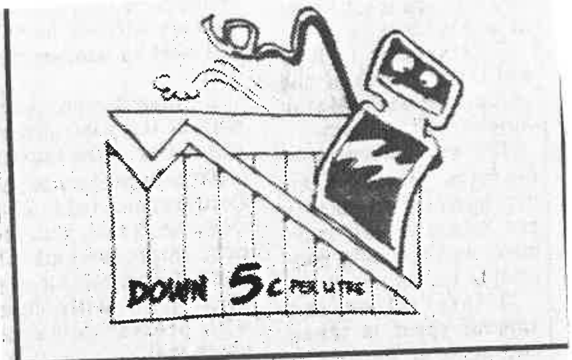

The price of petrol and diesel in Durban and surrounding areas will come down by 5c a litre from next Monday.

HoD welcomes parity in pensions

CAPE TOWN: The Minister of Health and Welfare in the House of Delegates, Mr B. Dookie, welcomed the Government's move towards parity in pensions and grant allocations.

He regretted, however, that parity had not been immediately attained.

The new grants and pensions from April 1 would be: Old age and disability R263 (old R225); child allowance R73 (R60); war veterans R320 (R291); single care R245 (R220); parental allowance R263 (R225); foster care R190 (R164,50); attendant care R50 (R18); blind persons R304 (R276)—Sapa

More Budget news on following page

PRICE OF DURBAN PETROL ALMOST BACK TO WHERE IT WAS BEFORE LAST INCREASE

Political Correspondent

CAPE TOWN: The price of petrol and diesel in Durban and surrounding areas will come down by 5c a litre from next Monday.

This is the outcome of a 5c increase in the tax on petrol announced yesterday by the Minister of Finance, Mr Barend du Plessis, in his Budget, and a simultanious reduction of 10c a litre announced by Dr Dawie de Villiers, the Minister of Mineral and Energy Affairs, yesterday.

A litre of 97 octane will cost R1,25, and a litre of 93 will cost R1,21.

This puts the price of petrol in Durban almost back to where it was before the 32c a litre increase on October 20 last year to R1,55 a litre for 97 octane. This is the third reduction in the price since then.

The prices of refined petroleum products had improved gradually since the end of February, Dr de Villiers said in explaining the lastest cut.

The price reductions were passed on to consumers to effect cost savings "in support of Government's policy of actively combating inflationary forces", Dr de Villiers said.

"It does not allow for any diminishing of the necessity to continue with initiatives to save fuel.

"In fact, the country's consumption of petroleum products remains too high and it therefore remains desirable that all South Africans make a positive contribution to further cur

FINANCE DEPT

SUNDAY TIMES
BUSINESS TIMES

JUL 10 1994

Willing and able to take over the reins

By SVEN LUNSCHE and KEVIN DAVIE

FINANCE Minister-designate Chris Liebenberg is tough enough for the job.

"Obviously others thought so too, otherwise I wouldn't have been offered the position," he said in an interview on Friday.

Mr Liebenberg says he will stress a market economy, conservative monetary and fiscal policies and strong support for the reconstruction and development programme (RDP).

Since Derek Keys announced his resignation earlier this week, Mr Liebenberg has been confronted with criticism that he will not command his predecessor's respect in the government of national unity.

But Mr Liebenberg, who retired as Nedcor's chief executive in February, strongly believes that he can continue on the course set by Mr Keys and carry the Cabinet with him.

Mr Keys announced this week that he would step down from his post in October "for personal reasons".

Speculation over Mr Keys's decision has been running at fever pitch.

Mr Liebenberg says he has consulted with Mrs Keys, Mr Keys and President Nelson Mandela: "Obviously I was concerned about Derek's leaving if it involved policy decisions. But I am absolutely convinced that the reasons for his departure are personal."

Special Finance adviser Japie Jacobs, who this week announced his retirement in August, says work pressure prevented Mr Keys from spending time with his family.

RDP Minister Jay Naidoo says there was no squabbling nor policy differences between Mr Keys and other government members.

A source close to discussions on a successor for Mr Keys says Reserve Bank governor Chris Stals was considered as a replacement but it was felt this would leave a vacuum at the Reserve Bank.

The source says Mr Keys

Asked to comment, a Finance spokeswoman says: "Mr Keys expects to be active in the private sector again when he has completed his duty as Finance Minister. Until that has taken place successfully, however, he will not be entertaining or concluding any specific proposals."

She also indicated Mr Keys would not elaborate on the personal reasons for his departure.

Until Mr Keys leaves in October, Mr Liebenberg plans to spend as much time as possible with him in the Finance Ministry.

Detailing his economic agenda, Mr Liebenberg says he will closely track the conservative fiscal and economic strategy established by his predecessor.

"In line with international economic standards it is desirable to further reduce government consumption expenditure, restrain the growth in the public sector wage bill and bring down the Budget deficit," he says.

Mr Liebenberg has a close relationship with Mr Stals, who will be given a free hand on monetary policy.

As far back as 1990 Mr Liebenberg spoke out in favour of scrapping exchange control regulations and he has not changed his mind on the issue.

"However, I will have to examine the economic variables that affect the lifting of controls before I commit myself to a timetable."

On strategies to stimulate growth, he says that policies to boost fixed investment will be high on his agenda.

"We have to look at the ratio of government consumption to investment spending and in this light the Budget with a cut in company tax and the abolition of import surcharges has set the right tone."

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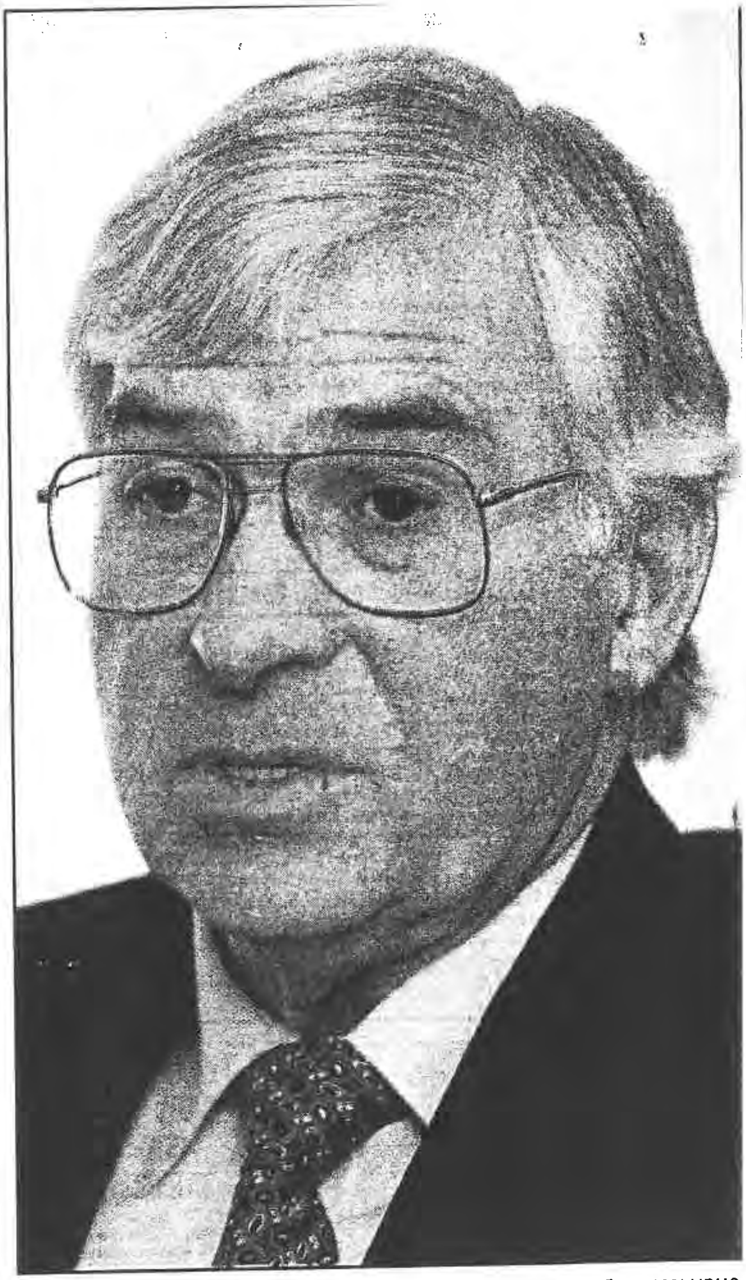

COMMITTED . . . Chris Liebenberg, continuing Keys's policies Picture: JON HRUS

COMMENT

Liebenberg's tough tackle

ONE of incoming Finance Minister Chris Liebenberg's favourite stories is about a famous rugby scrumhalf.

Mr Liebenberg is picking up the finance ball under extreme pressure. The annual cost of servicing government debt jumped by R90-million on Tuesday afternoon alone on rumours that Derek Keys was quitting.

This annual cost is up by R400-million since mid-May, according to Econometrix's Azar Jammine.

The economic recovery which began last year is still tentative, yet there is upward presure on interest rates. The market is preparing for a Bank rate hike.

An increase in the price of money from its already too-high real 7% will have obvious negative consequences for growth and jobs. The upturn will be dealt a severe blow before it has really begun.

It will be a major psychological

Underlying the numbers is the fact that too much money is flowing out of the country and too little into it.

Insiders say the World Bank has facilities which it can make available virtually overnight. On offer is 17-year money at interest rates of 3% with a three- to five-year window for repayment.

But before the World Bank, which is funded by the taxpayers of its member countries, lends us its money it wants to be sure it will be repaid. It wants to examine a market-friendly plan.

We have no such plan. We have an over-controlled economy but no timetable for when and what will be freed.

We have made commitments to fiscal discipline but the price of money is pushing up government's debt burden and threatening our number one priority: the reconstruction and development programme (RDP).

an assessment of South Africa's prospects in the light of emerging market mania during a visit last year.

He concluded that South Africa would have to put together a convincing political picture. This we've done.

But the new government would also have to demonstrate a belief in the market. "In Argentina and Mexico the governments were able to establish a reputation for determined reformers, breaking with bad old statist policies and providing a new hospitable environment for investment of all kinds.

"The movement to economic reform seems to have generated a virtuous circle in which capital inflows appear to validate the new policies," Mr Krugman said.

It's July and we're in bad shape compared to mid-May.

October, when Mr Liebenberg picks up the ball, seems a long way off given the dizzy pace of recent weeks. What

Sunday Times Business Times
25 February 2001

BUDGET

02/25/2001 SUNDAY TIMES

How Budget helps the economy grow

- An extra R7.8-billion for infrastructure such as roads, schools, water and in industry;
- Tax cuts of R8.3-billion to put more money into taxpayers' pockets and, in turn, stimulate more demand;
- R3-billion in incentives for strategic industrial projects that meet certain criteria, including job creation;
- More emphasis on euucation and skills training through, for instance, the increase of the skills development levy to 1% of payroll;
- More tax perks for small businesses in the form of an accelerated depreciation regime; and
- An entirely new approach to managing debt. This includes the use of the proceeds of privatisation to finance the deficit and the permanent reduction of long-term domestic debt by R7.4-billion.

And to help the poor, there will be:

- Personal tax cuts to benefit mainly working class people;
- No more VAT on illuminating paraffin;
- R600-million set aside as a wage subsidy or incentive to encourage employment and learnerships;
- An extra R2.6-billion for local government to pay for promised free water and electricity; and
- An extra R16-billion to provinces for social services and to deal with the effects of HIV/AIDS. As a consequence, spending on public services will grow in real terms for the first time in five years by 3.8%.