

Notes to tables

1. Table S-31: Exchequer Account

The analysis of the Exchequer Account, comprising the Revenue, Loan and Bantu Education Accounts, as presented in Table S-31, shows the total receipts and issues and the resultant deficit (or surplus), exclusive of borrowing, on that account, as well as a sectoral classification of the financing of this deficit. Receipts and issues (excluding borrowing) are shown on a consolidated basis, i.e. transfers between the different accounts as well as standing appropriations, which appear as both receipts and issues, are omitted.

Two different approaches may be used to determine the contribution of individual sectors to the financing of the deficit on the Exchequer Account through net borrowing. A particular sector's contribution may be calculated as the amount invested by that sector in government securities (net of redemptions), irrespective of whether such funds represent proceeds of transactions in existing government securities with other non-government sectors or not. Each sector's contribution would thus represent the flow of funds between it and the Exchequer. An alternative approach would be to calculate each sector's *net* contribution to Exchequer financing in the sense of funds invested in government securities (net of redemptions), excluding transactions with non-government sectors in existing government securities. The latter approach has the advantage of disclosing the net ultimate contribution to the financing of the Exchequer as measured by changes in each sector's holdings of government securities. In other words, in contrast to the flow-of-funds approach mentioned above, it would reflect the Exchequer's net indebtedness to the various sectors, or the latter's claims on the Exchequer, except in the case of the banking sector, where the *net* indebtedness is obtained by setting off the Exchequer's cash balance with the banking sector against its indebtedness to this sector. The more meaningful latter approach is now used in Table S-31 in the *Quarterly Bulletin* in the place of the former which was employed in the previous two issues.

The difference between the two methods is clearly

illustrated by the role played by the Public Debt Commissioners in Exchequer financing during the year ended 31st March, 1966. During that period the Commissioners supplied funds directly to the Treasury amounting to R64 million, net of redemptions. However, an amount of about R48 million of these funds was obtained by the Commissioners through net sales of government stock to the banking and other sectors for whom the Commissioners, in effect, therefore merely acted as intermediaries in channelling such funds to the Exchequer. Consequently the Public Debt Commissioners' net contribution, as measured by the change in their holdings of central government securities, actually amounted to only R16 million during this period.

In Table S-31 an attempt has been made to classify the ultimate providers of funds to the Exchequer in the most meaningful way from the point of view of economic analysis. Changes in the Exchequer's net indebtedness to the banking sector, or in the latter's net claims on the Exchequer, for instance, have an important influence on changes in the quantity of money and near-money and thus a potential inflationary or deflationary effect. Similarly, changes in the Exchequer's net indebtedness to the foreign sector may have an influence on the quantity of money and near-money via its effect on the country's gold and foreign exchange reserves. Intra-governmental transactions are distinguished from those with other sectors in the economy, and the Public Debt Commissioners' contribution is shown separately because of its important role in Exchequer financing and also because the Commissioners constitute the largest single holder of government debt. Increases in the Exchequer's net indebtedness to the Public Debt Commissioners arising out of funds invested by the Commissioners on behalf of non-government sectors, such as pension funds, may normally be regarded as non-inflationary financing, in the same way as a rise in the Exchequer's net indebtedness to the private non-bank sector.

Attention is drawn also to the fact that changes in

the Exchequer's net indebtedness to the banking sector form a link with the Reserve Bank's monetary analysis, in which changes in the banking sector's claims on the government sector (which includes not only the Exchequer but also the provincial administrations, the Administration of South West Africa, etc., are treated as a cause of changes in the quantity of money and near-money. This link is evident from the following reconciliation of Table S-31 with Table S-19:

	1965/66 (R millions)
Change in banking sector's <i>net</i> claims on government sector:	
Exchequer (see Table S-31)	212.7
Provincial Administrations	-8.1
Other	27.5
Less valuation adjustment	-0.5
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Total (see Table S-19)	231.6
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Table S-31 presented in this issue of the *Quarterly Bulletin* differs from the one published in the previous two issues in various respects. Total receipts and issues are now shown on a consolidated rather than on a gross basis as before, while the contributions of the various sectors to Exchequer financing are derived in the present issue, as mentioned above, from the Exchequer's net indebtedness to these sectors. Various sectors for which statistics were not available under the approach adopted previously are now also distinguished.

2. Tables S-63: Price indices

The seasonally adjusted indices of consumer prices have been revised as from August, 1965. The reason for the revision is that, while the results of the annual census of rent conducted by the Bureau of Statistics are usually incorporated in the unadjusted indices in the following July or August, in the case of the 1964 census, particulars regarding house rent and servants' wages were incorporated only from April, 1966, and those relating to flat rent only from June, 1966. As the delay in the incorporation of the relevant statistics is regarded by the Bank as a change in the seasonal pattern, only the seasonally adjusted indices were revised accordingly. The adjustments refer only to the three columns "Housing and related items", "Other, total" and "Total".

3. Attention is drawn to the fact that the figures in the following tables have been revised:

- (a) Table S-21. Liquid assets of the private sector with the government sector.
- (b) Tables S-34 and S-35. Ownership distribution of domestic marketable stock debt of Central Government.
- (c) Table S-36. Ownership distribution of marketable Treasury bills.
- (d) Table S-61. Indices of the physical volume of production - Electric current generated.
- (e) Table S-62. Labour statistics - Private manufacturing.