

Teal Rates & Nat Debt Estimates

HISTORIC / ESTIMATE BUDGET NUMBERS 2006-2012

Billions item/period	< 2006-7	outcome 2007-8	> : 2008-9	revised :< 2009-0	MT Estmts 2010-1	2011-2	> 2012-13
Revenue	541.2	627.7	689.7	657.6	783.4	827.7	922.3
%GDP	29.50%	30.20%	29.70%	26.80%	27.30%	27.90%	28.00%
Expenditure	518.5	593.3	713.9	835.3	907.0	977.4	1058.6
%GDP	28.30%	28.50%	30.80%	34.10%	33.60%	32.90%	32.10%
Surplus -Deficits	22.8	34.4	-24.2	-177.8	-168.6	-149.6	-136.3
%GDP	1.20%	1.70%	-1.00%	-7.30%	-6.20%	-5.00%	-4.10%
GDP	1833	2082	2320	2450	2700	2968	3296
Net Loan Debt *	478.4	483.2	525.7	690.3	895.1	1107.9	1313.0
%GDP	26.10%	23.10%	22.70%	28.20%	33.20%	37.30%	39.80%
Debt-Service Costs	46 e	49.6 e	54.4	57.6	71.4	88.5	104.0
% GDP (accrual)	2.60% e	2.60% e	2.60%	2.60%	2.90%	3.20%	3.40%
% Revenue **	8.50% e	7.90% e	7.89%	8.76%	9.11%	10.69%	11.28%

ALTERNATIVE TEAL COMPUTATIONS:

GDP-TEA Factor (cf p 2)	30	30	30	30	30	30	30
TEA Trillions	54.99	62.46	69.6	73.5	81	89.04	98.88
In/Out Factor	2	2	2	2	2	2	2
Tealable trillions	109.98	124.92	139.2	147	162	178.08	197.76
Tealable Rate ***	0.4714	0.4749	0.5129	0.5682	0.5599	0.5489	0.5353

ADJUST FOR DEBT REPAYMENTS:

Old Revenue Target ****	518.5	593.3	713.9	835.3	907	977.4	1058.6
+ Theoretic Debt Repaid	100	100	100	100	78.4	0	0
New Net Loan Debt	378.4	278.4	178.4	78.4	0	0	0
+ New Debt Service Costs	38	28	18	8	0	0	0
- Old Debt Service Costs	46	50	54	57	71.4	88.5	104
New revenue target ****	610.5	671.3	777.9	886.3	914	888.9	954.6
New Tealable Rate ***	0.5551	0.5374	0.5588	0.6029	0.5642	0.4992	0.4827

* Net Loan Debt after adding back Nat Rev Fund Bank Balances

e Team TEAL Estimates

** The percentages have been reworked against Revenue as stated in this table.

*** The Tealable Rate targets a Zero Surplus/Deficit

**** The New Revenue Target adjusts the old for Debt Repayments and new Debt Service Costs

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HISTORIC RELATIONSHIP GDP to TEA

	1999/2000	2001/2002	2002/2003	2005/2006	AVERAGE
GDP (trillions)	0.9	0.97	1	1.13	
(Source)	IDC Overview of recent economic trends in SA – 26/07/2007				
TEA (trillions)	18	25	34	43	
(Source)	FM	Est	SARB	SARB	
Factor	20	25.77	34	38.22	29.5 Say 30 times

NB. The GDP was extracted from a graph – more accurate figures are desirable

This table computes an average relationship between the GDP and the TEA, which factor is used in the Alternative Teal Computations (see page 1) to estimate the TEA based on the known and estimated GDP s for the period 2006 – 2012

The budget figures on page 1 were extracted from tables contained in the document 25901_budget_review_2010.pdf, available for download from <http://www.polity.org.za>

The IDC overview (cf page 2) is available from <http://www.idc.co.za>

GLOSSARY:

GDP - Gross Domestic Product

NPS - National Payment System – transacts bank system payments

TEA - Total Economic Activity – approximates annual throughput of the NPS

TEAL - Total Economic Activity Levy – Levy on the TEA