

SOUTH AFRICAN RESERVE BANK

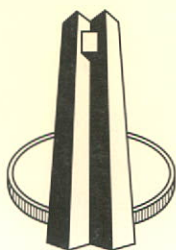
REPORT OF THE
SEVENTY-FOURTH ORDINARY
GENERAL MEETING OF
SHAREHOLDERS

1994



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SOUTH AFRICAN RESERVE BANK
SEVENTY-FOURTH
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OF SHAREHOLDERS

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Annual Reports
MCGILL UNIVERSITY

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THE LOGO OF THE SOUTH AFRICAN RESERVE BANK

The head office building of the Reserve Bank in Pretoria forms the nucleus of the logo of the Bank. The logo portrays the four basic functions and the mission of the Bank. Its colour is gold. Gold has, because of its monetary role in the history of the world over more than three thousand years, become synonymous with money, and money is the business of the Bank.

The foreground consists of the head office building with its distinct four facades depicting symbolically the four main functions of the Bank, namely:

- to formulate and implement monetary policy;
- to manage the money and the banking system of the country;
- to provide economic and financial services to Government; and
- to provide economic and statistical services to the general public.

The cross section near the top of the building represents the view platform on the upper floors and depicts the corporate services (manpower, technology, etc.) that provide the supporting infrastructure to the line functions and also bond the various activities of the Bank into a unitary and smoothly functioning total organisation. Behind the head office building lies a coin which represents the South African currency.

The mission of the Bank, namely **to protect the internal and external value of the rand**, is symbolically embodied in the logo, with the building representing the Bank and its functions, guarding over the coin and, in the process, protecting the value of the currency.

MISSION STATEMENT OF THE SOUTH AFRICAN RESERVE BANK

Mission

The South African Reserve Bank is the central bank of the Republic of South Africa. It regards as its primary goal in the South African economic system:

THE PROTECTION OF THE DOMESTIC AND EXTERNAL VALUE OF THE RAND

The Reserve Bank believes it is essential that South Africa has a vigorous economy based on the principles of a free market system, private initiative and effective competition. It recognises, in the performance of its duties, the need to pursue balanced economic growth.

Functions

The Reserve Bank assumes, in pursuance of its goal and realisation of its philosophy, responsibility for:

- assisting the South African Government, as well as other members of the economic community of Southern Africa, in the formulation and implementation of macro-economic policy;
- formulating and implementing monetary policy in such a way that the primary goal of the Reserve Bank will be achieved in the interests of the whole community which it serves;
- ensuring that the South African money and banking system as a whole is sound, meets the requirements of the community and keeps abreast of developments in international finance; and
- informing the South African community and all interested parties abroad about monetary policy specifically, and the South African economic situation in general.

Business philosophy

The Reserve Bank accepts that the credibility of its policy and actions is a prerequisite for the attainment of its goals and that such credibility can only be achieved and maintained through independent action, firmness of principle, resoluteness and fixed intent. The Bank furthermore believes that fairness in its judgement and in its actions are essential.

The Reserve Bank ensures, through the application of modern management practices and technology, that all its activities are conducted at the lowest possible cost. Where appropriate, the Bank is guided by the profit motive.

Personnel philosophy

The Reserve Bank believes that its employees should find working for the Bank a stimulating and personally enriching experience, and consequently accepts co-responsibility for the development of each employee to his or her full potential. Career progress is based on the contribution made by the individual towards the fulfilment of the responsibilities of the Bank and therefore initiative, innovative thinking and professional expertise are deliberately developed and rewarded.

The Reserve Bank believes in equal opportunities for all, irrespective of ethnicity, colour, sex or religion.

The Reserve Bank accepts that only through the loyalty and dedication of its employees, will the Bank be able to achieve its goal and fulfil its aims.

EXECUTIVE AND GENERAL MANAGEMENT



Back row – L – R: P J Tromp (Information Technology), C J Swanepoel (Management Services), J H Postmus (Exchange Control)

Middle row – L – R: A D Kock (Money and Capital Market), A Bezuidenhout (Chief Internal Auditor), R M du Plooy (Secretary), J H Cross (International Banking)

Front row – L – R: E J van der Merwe (Economics), B P Groenewald (Senior Deputy Governor), C L Stals (Governor), C J de Swardt (Deputy Governor), J H Meijer (Deputy Governor)

Absent: J H van Greuning (Bank Supervision) and E J Pike (Administration)

DIRECTORS AND MANAGEMENT

Directors

Christian Lodewyk Stals
Governor

Barend Petrus Groenewald*
Senior Deputy Governor

Christiaan Jacobus de Swardt
Jacob Hendrik Meijer
Deputy Governors

Izak Johannes Moolman*
(term expired on 30 June 1994)
Otty Ezrom Howard Manlakayise
Nxumalo (term expired on
30 November 1993)
Brian Patrick Gilbertson
Representing: Government

Gerald William Gaylard Browne*
Christoffel Hendrik Wiese
(resigned w.e.f. 18 April 1994)
Johannes Gerhardus van der Horst
(term expired on 30 June 1994)
Izak Johannes Moolman*
(appointed w.e.f. 1 July 1994)
Deenadayalen Konart
Representing: Commerce or finance

Johannes Jacobus Fourie
Representing: Agriculture

William Francois de la Harpe Beck
(term expired on 30 June 1994)
Marius Theodorus de Waal
Representing: Industry

R M du Plooy
Secretary

Registered office

370 Church Street
Pretoria

† Audit committee chairman

* Audit committee members

Management

Governor	C L Stals
Senior Deputy Governor:	
Administration and exchange control	B P Groenewald
Deputy Governor: International banking, money and capital market operations and bank supervision	C J de Swardt
Deputy Governor: Foreign functions and economic services	J H Meijer

Head: Economics	E J van der Merwe
General Manager: International banking	J H Cross
General Manager: Bank supervision	J H van Greuning
General Manager: Exchange control	J H Postmus
General Manager: Money and capital market	A D Kock
General Manager: Management services	C J Swanepoel
General Manager: Administration	E J Pike
Deputy General Manager: Information technology	P J Tromp
Chief Internal Auditor: Internal audit	A Bezuidenhout

Other

Director: Training institute	R M Gidlow
Adviser	D C Krogh

Branch managers

Pretoria	C N van der Merwe
Pretoria North	A H Prinsloo
Cape Town	M L Ochse
Johannesburg	M W K Smith
Durban	A C Botha
Bloemfontein	J C J Ludick
Port Elizabeth	C J Blignaut
East London	A G Dent

ORGANISATIONAL STRUCTURE

FUNCTIONS

Determine and conduct
monetary policy

Analyse economy

Formulate policy

Implement policy

Liaise with Government

Manage the money and
banking system

Develop financial system

Act as banker of banks

Supervise banks and
building societies

Supply notes and coin

Provide services to
Government

Render expert assistance

Supply administrative
support

Provide banking services

Provide economic and
statistical services

Compile statistics

Do research

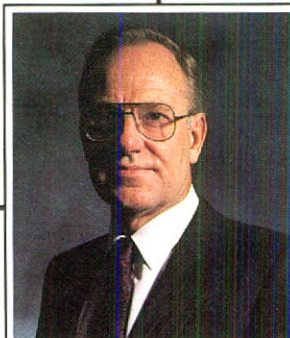
Provide economic
information service

Provide statistical service

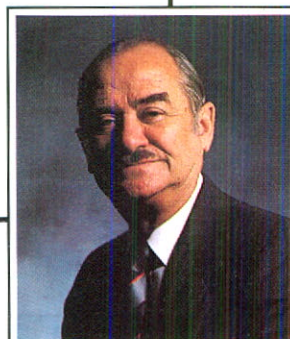
Corporate services



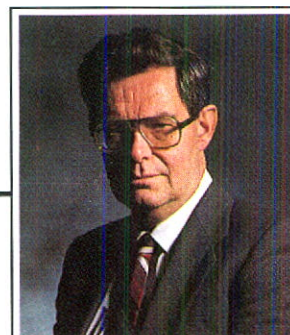
Governor
Dr C L Stals



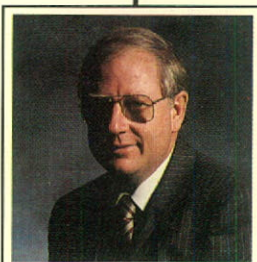
Deputy Governor
Dr C J de Swardt



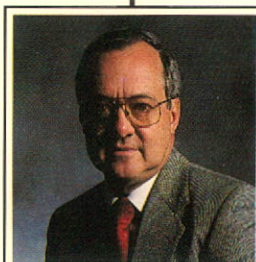
Senior Deputy Governor
Dr B P Groenewald



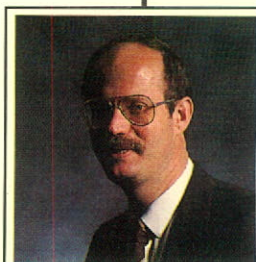
Deputy Governor
Dr J H Meijer



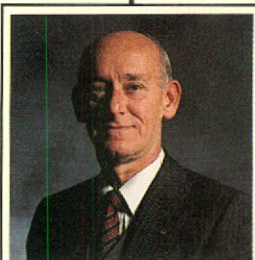
International banking
General Manager
J H Cross



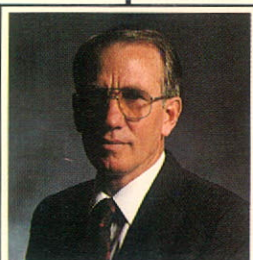
Money and capital market
General Manager
Dr A D Kock



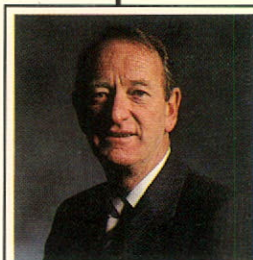
Bank supervision
General Manager
Dr J H van Greuning



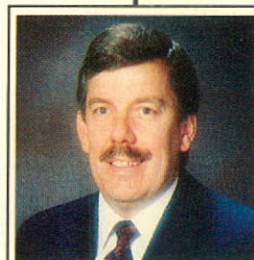
Exchange control
General Manager
J H Postmus



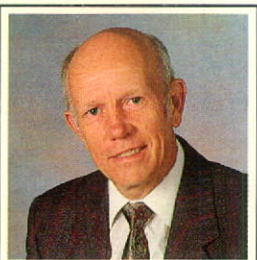
Management services
General Manager
Dr C J Swanepoel



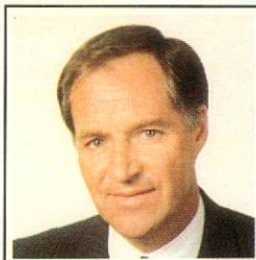
Administration
General Manager
E J Pike



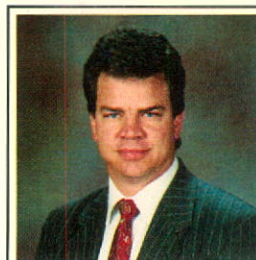
Information technology
Deputy General Manager
Dr P J Tromp



SA Bank Note Company
Managing Director
M Fouché



SA Mint Company
Managing Director
D D Powell



Internal audit
Chief Internal Auditor
A Bezuidenhout



Economics
Head
Dr E J van der Merwe

SOUTH AFRICAN RESERVE BANK

SEVENTY-FOURTH ORDINARY GENERAL MEETING OF SHAREHOLDERS

MINUTES OF PROCEEDINGS

The seventy-fourth ordinary general meeting of shareholders was held at the head office of the Bank in Pretoria on Tuesday, 23 August 1994 at 10:30.

The Governor, who presided, declared the meeting duly convened in terms of the regulations framed under the South African Reserve Bank Act.

The minutes of the previous meeting were taken as read, confirmed and signed by the chairman.

The chairman, in addressing the meeting, said:

"I have pleasure in formally presenting to you the financial statements of the Bank, and the reports of the directors and the auditors for the year ended 31 March 1994.

I also submit to you the Bank's *Annual Economic Report*, which should be regarded as furnishing a background to my remarks today.

Introduction

The long awaited recovery in the South African economy finally materialised during the past twelve months. The country entered its longest post-war recession as far back as March 1989, while the protracted downward phase only levelled out during the first half of last year. Since the third quarter of 1993, total economic activity has clearly been on a recovery path. This new upward phase wavered in the first quarter of 1994, but then regained some momentum in the second quarter of this year. The challenge facing South Africa now is to maintain economic growth at a steady rate during the years ahead. The maintenance of overall financial stability is a prerequisite for such sustainable growth.

The recovery in the economy was partly of a cyclical nature. During the contraction of the economy over an extended period of about four years, the country's capacity to provide for the multitude of growing needs of our community was eroded to a point where it must now be expanded again. The current recovery was also fostered by favourable weather conditions which led to a sharp increase in agricultural output, and by higher growth in some industrial countries which further promoted export volumes.



Dr C. L. Stals

"The challenge facing South Africa now is to maintain economic growth at a steady rate during the years ahead."

Most important of all was, of course, the good progress made in South Africa over the past year in the political and social reforms which culminated in the widely supported democratic election of 27 April 1994, and in the subsequent inauguration of Mr Nelson Mandela as the new President. In the period leading up to the election, initiatives were launched for the withdrawal of international sanctions and other punitive economic actions applied against South Africa in terms of United Nations resolutions. With the progressive termination of these actions, South Africa's international economic relations were gradually normalised, and the facilities offered by such institutions as the International Monetary Fund and the World Bank became accessible once again.

In the interim, however, total economic activity continued to reflect the vicissitudes of political events in the country. During the first four months of 1994, when many uncertainties still existed about the finalisation of the new constitution and the general participation of the major political groups in the pending election, and when doubts also developed about the general acceptance of the election results, the economic upswing faltered. Fortunately, however, the final outcome of the election and the favourable reaction by most South Africans as well as the international community paved the way for a resumption of the recovery in total economic activity from May onwards.

South Africa now offers vast opportunities to realise its great economic potential in the interest of all its people. With the political reforms in place and a national commitment to a major programme of economic reconstruction and development, the attention of all participants in the economic development process, including potential international investors, is being focused more and more on the country's economic prospects. South Africa has arrived at a momentous stage in its history of development and must now display national responsibility for good economic governance and self-confidence in its future. The country must now create and support a climate that will be conducive to sustainable economic growth in the medium to longer term. Sound economic and financial policies must be adhered to that will attract and not deter foreign investors. There must be lasting confidence within the business community to expand the country's production capacity. All South Africans must of course benefit from economic growth.

The Reserve Bank is also committed to making its contribution to the success of South Africa's process of economic reconstruction and development. As proved in many other successful countries, the most important contribution that the central bank can make is to contain the

"The maintenance of overall financial stability is a prerequisite for such sustainable growth."

"South Africa has arrived at a momentous stage in its history of development and must now display national responsibility for good economic governance and self-confidence in its future."

inflation pressures that will unavoidably be encountered on the long road of economic development ahead. Without financial stability South Africa's journey along the path of economic development and human betterment will not be sustainable.

Recent economic developments

The beginning of a new economic upswing

After more than four years of low and, for most of the time, even negative growth, the South African economy started to recover again during the course of 1993. In the twelve months from July 1993 to June 1994, real gross domestic product was indeed $3\frac{1}{2}$ per cent higher than in the immediately preceding twelve months. Growth was particularly strong in the second half of 1993, but then faltered in the early months of 1994, mainly as a result of renewed uncertainties leading up to the election of 27 April. In the second quarter of 1994, the expansion regained some momentum when gross domestic product increased at a seasonally adjusted annual rate of about 2 per cent.

Although a recovery of agricultural production after the drought of 1991/92 was largely responsible for initiating the new economic upswing, output of other sectors such as mining, manufacturing and services also improved slightly during the course of 1993. At the moment, however, the recovery must still be regarded as fragile. It could easily lose its momentum again, particularly if the current friction between various trade unions and employers is not resolved soon.

The present upswing was supported by firm increases in the main components of domestic expenditure, such as consumption expenditure by households, gross domestic fixed investment and the accumulation of inventories. Together with a relatively sharp rise in current consumption expenditure by general government, the increases in the various components of demand pushed total real gross domestic expenditure for the twelve months ending in June 1994 to a level $4\frac{1}{2}$ per cent above the level for the immediately preceding twelve months.

Total consumption and other current expenditure by both households and general government increased at a higher rate than domestic production, with the result that total domestic saving declined further to only about 16 per cent of gross domestic product in the first half of 1994. It is estimated, however, that saving, that is the difference between total current income and total current expenditure, will have to be raised to a level of about 24 per cent of gross domestic product before South Africa will be able to maintain an economic growth rate of $3\frac{1}{2}$ per cent per annum.

"After more than four years of low and, for most of the time, even negative growth, the South African economy started to recover again during the course of 1993."

Only persistent net foreign capital inflows can lessen the reliance on the total body of South African consumers – that is households and all levels of government – to improve our savings ratio by as much as 50 per cent.

Despite the revival in total economic activity, total formal-sector employment continued to decline in 1993. In fact, the rate of decrease in employment accelerated from 0,6 per cent in 1990 and 2,1 per cent in both 1991 and 1992 to 2,5 per cent in 1993. More recent statistics on employment are not available at this stage and it will be some time before it can be determined whether the recent further improvement in total economic activity has led to any improvement in overall employment. It is an unequivocal fact, however, that massive unemployment will remain a feature for some time to come as a legacy of the dismal performance of the South African economy over the past decade. It follows that, in order to create more jobs, sound and sustainable economic growth must be promoted and maintained as a matter of the utmost national importance in the years ahead.

Persistent capital outflows deplete available savings and foreign reserves

As could have been expected against the background of rising domestic expenditure, increases in imports, particularly in the first half of 1994, led to a smaller surplus on the current account of the balance of payments. Following upon a surplus of R5,9 billion in 1993, the actual current account surplus declined to only about R0,5 billion in the first half of 1994.

This rapid deterioration in the current account during the early phase of an economic recovery makes the need for an improvement in the capital account of the balance of payments all the more important. Thus far, the net capital outflow has receded from no less than R9,8 billion in the last six months of 1993 to R3,7 billion in the first six months of 1994. This improvement occurred mainly in the form of a substantial reduction in the outflow of short-term capital, partly reflecting the easier access which South African borrowers now have to international banks and other financial institutions.

The balance of payments remains a major constraint on the economic development process in South Africa, particularly if account is taken of the relatively low level of the official foreign reserves. Years of protracted capital outflows from the country not only depleted the gross foreign reserve holdings of the Reserve Bank, but also forced the Bank from time to time to make extensive use of short-term foreign credit.

These net capital outflows, which averaged R5,5 billion per year over the nine-year period from 1985 to 1993, also absorbed a substantial part of

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the country's domestic saving. An improvement in the capital account of the balance of payments, if only to a position of a zero net outflow, can therefore make an important contribution towards increasing the amount of saving available for the financing of the national economic development programme.

In order to ameliorate the effect of the large capital outflows of the past year on the exchange rate of the rand and to create some scope for a less restrictive domestic monetary policy, the Reserve Bank increased its outstanding short-term foreign borrowings from R1,6 billion at the end of June 1993 to R5,3 billion by the end of December 1993. On 10 May 1994, the total outstanding foreign loans of the Reserve Bank amounted to no less than R8,5 billion. In addition, the Government also borrowed R2,8 billion from the International Monetary Fund in December 1993 to provide the country with additional foreign exchange for meeting its balance of payments commitments. A reversal of the large outflows of short-term capital after the election in April enabled the Bank to reduce its foreign liabilities again to R5,7 billion by end July 1994.

Despite all these borrowings, the gross gold and foreign exchange reserves, including the foreign exchange holdings of the private banks, in nominal terms showed a slight decline from R10,2 billion at the end of June 1993 to R9,7 billion by the end of June 1994. The last-mentioned figure represented the equivalent of only five weeks of imports, against a normal comfortable level of about twelve weeks.

It should be emphasised, however, that short-term borrowing by the Reserve Bank is of a bridging nature only. The Bank cannot embark on a programme of longer-term balance of payments or economic development financing. Every possible effort must therefore be made to encourage the inflow of more permanent short and long-term capital to finance the country's longer-term requirements.

The support given by the Reserve Bank to the foreign exchange market was not sufficient to prevent the exchange rate of the rand from depreciating quite substantially over the past nineteen months. The weighted average value of the rand against a basket of the currencies of South Africa's major trading partners depreciated by no less than 18,7 per cent from the end of December 1992 to the end of July 1994. This depreciation in the nominal value of the rand exceeded the inflation differential between South Africa and the relevant countries, with the result that the *real* effective exchange rate of the rand depreciated by about 10 per cent over the same period.

In the short term, the depreciation of the currency may provide some stimulus to those domestic producers that rely on the export market, and also to those competing against imports in the domestic market. In due course, however, the competitive advantages gained through a currency depreciation will be absorbed in rising costs of production if the inflationary effects of the depreciation cannot be contained by more restrictive monetary and fiscal policies, and by constraints on rising labour costs. It is very unlikely, in the present environment of relatively unfavourable expectations of future inflation and aggressive demands for high wage increases, that a depreciation of the rand will achieve any durable benefits for economic growth. On the contrary, there is a substantial risk that a continuous fall in the external value of the rand could easily plunge the country into a destructive depreciation-inflation-depreciation spiral. The eventual cost of breaking such a vicious circle will almost certainly exceed any short-term advantages that might be gained from a continuous depreciation of the rand.

In July 1994, when the Reserve Bank's net foreign reserves increased by R1,5 billion, the Bank made use of the opportunity to deliberately intervene in the foreign exchange market in an effort to stabilise the exchange rate. From 26 July 1994, when the rand reached a record low of R3,70 against the US dollar, up to 16 August, the rand appreciated again to R3,59 per one US dollar. The Bank also continued to support the market by providing forward cover to banking institutions and their clients in respect of determinable future commitments in foreign currencies.

Current financial developments reflect an economic recovery combined with growing balance of payments pressures

In 1993, the Reserve Bank not only provided the foreign exchange market with substantial amounts of foreign exchange in order to lean against the wind in respect of a declining exchange rate, but also supported the money market to avoid an excessive tightening in liquidity and a possible rise in interest rates at a very early stage of the economic upswing. The assistance provided by the Bank to the money market was, however, not excessive and could be justified by a relatively low rate of increase in the money supply at that stage.

The situation, however, changed during the course of 1993. The rate of growth in the M3 money supply measured over twelve-month periods increased from 1,9 per cent in July 1993 to 7,0 per cent in December 1993, and to 15,0 per cent in June 1994. Although these trends were affected by a large accumulation of cash funds in the government accounts with the banking sector in the first half of 1993, and a subsequent reduction in these

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balances in the first half of 1994, the underlying changing trend in the rate of increase in the money supply could not be ignored.

The rate of expansion in the amount of bank credit extended to the private sector, also measured over twelve-month periods, contracted from 8,7 per cent in December 1992 to 5,7 per cent in May 1993, before rising again to 9,7 per cent in December 1993 and to 13,2 per cent in June 1994. It is understandable that the demand for bank credit will expand during an economic recovery, but long-term economic growth can, of course, not be financed on a durable basis by the creation of money through the lending activities of banking institutions.

Against the background of the persistent outflows of capital and the depreciation in the exchange rate of the rand, the Reserve Bank switched to a more neutral policy stance during the early part of 1994 and refrained from any further special assistance to the money market. This new policy approach was almost immediately reflected in growing money market shortages as the continued decline in the net foreign reserves drained liquidity from the system. The total accommodation of which banking institutions availed themselves at the discount window of the Reserve Bank accordingly rose from R3,9 billion at the end of February 1994 to R7,1 billion at the end of April. Money market conditions then remained relatively tight and only showed some easing in July when the net foreign reserves of the country rose sharply.

Interest rates in general reached a lower turning point in February 1994. From then onwards the yield curve over its full maturity spectrum shifted to a higher level. With long-term rates increasing even faster than short-term rates, the yield curve adopted a rather steep upward slope as the gap between long and short-term interest rates widened.

These developments ruled out the possibility for any further reduction in the Bank rate after six consecutive reductions had been made from 18 per cent in March 1991 to 12 per cent in October 1993. In the environment of relatively large capital outflows from the country, a depreciating exchange rate, rising demand for credit, an escalation in the rate of increase in the money supply, a relatively large deficit on the budget of general government and apparently rising expectations of higher inflation, there was surely no justification for what would merely have been regarded as an artificial further reduction in the Bank rate. On the contrary, it was only because of a belief held by the monetary authorities that at least some of these adverse developments, such as the outflow of capital and the depreciation of the currency, were directly linked to the transitory political events of the period and would be reversed again in the second half of 1994, that deterred the

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"In the environment of relatively large capital outflows from the country, a depreciating exchange rate, rising demand for credit, an escalation in the rate of increase in the money supply, a relatively large deficit on the budget of general government and apparently rising expectations of higher inflation, there was surely no justification for ... (a) further reduction in the Bank rate."

Reserve Bank from switching to a more restrictive monetary policy thus far in 1994.

Conflicting developments between rising demand for funds from private sector and large borrowing requirements of government

Over the past three fiscal years that ended on 31 March 1992, 1993 and 1994, the deficit before borrowing on the budget of the central government amounted to 4,3, 8,3 and 6,9 per cent of gross domestic product, respectively. For the fiscal year 1994/95 this deficit has been projected at a level of R29,3 billion, or 6,6 per cent of the estimated gross domestic product.

Deficits of the government of this magnitude inevitably reduce total saving available for investment and development in the private sector, and represent dissaving by government – to the extent that the deficits exceed the relatively small amount of capital expenditure by government. Furthermore, the total deficit also represents an addition to total government debt and to the already heavy cost for the taxpayer of servicing the large public debt. Interest payments on the government debt at this stage already absorb 17,2 per cent of the total budget expenditure, equal to 5,6 per cent of gross domestic product.

In the rather depressed economic environment of the past few years, it was not difficult for government to raise the required funds in the domestic financial markets. Very little recourse was had to bank credit during this period and interest rates in general continued to fall in line with a declining rate of inflation. It can indeed be argued that, in the circumstances, the larger than normal deficits on the budget of the government provided some temporary stimulus to the economy and prevented the recession from deepening even further.

However, circumstances have changed significantly over the past year. The economy is now on a new course of expansion, private sector fixed investment is increasing and there is a rising demand for funds, as evidenced by the recent, admittedly only moderate, increase in the amount of bank credit extended to the private sector. In this situation, excessive borrowing by government can easily lead to an upward pressure on interest rates and a “crowding-out” of the private sector, and/or to the temptation of financing part of the deficit with bank credit. Both these courses will sooner or later dampen the economic upswing and so reduce the country’s ability to maintain the current welcome expansionary phase for any length of time, not unlike the old stop-go experiences of the seventies.

The Reserve Bank’s efforts to maintain overall financial stability in support of sustainable economic growth in the medium and longer term

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"Attempts to stimulate the economy through excessive increases in government expenditure can at this stage yield a perverse result, and again lead to an early abortion of the economic recovery."

"One of the most gratifying developments in the past year has been the decline in the rate of inflation. Both the producer and consumer price indices over the past year increased at their lowest rates for more than two decades."

therefore now require effective co-ordination between monetary and fiscal policy, more so than at any other time in the past five years. Attempts to stimulate the economy through excessive increases in government expenditure can at this stage yield a perverse result, and again lead to an early abortion of the economic recovery. As so often happens with macro-economic decisions, the authorities must in the present situation do less to achieve more in due course. The Reserve Bank can therefore only lend its full support to the Minister of Finance's attempts in his budget for 1994/95 to provide more funds for the Reconstruction and Development Programme of the government, not by increasing total government expenditure, but rather through a re-prioritisation of existing expenditures.

Three problem areas in the economy

Inflation declines but inflationary pressures persist

One of the most gratifying developments in the past year has been the decline in the rate of inflation. Both the producer and consumer price indices over the past year increased at their lowest rates for more than two decades. The overall producer price index in 1993 increased by only 6,6 per cent and the consumer price index by 9,7 per cent. Measured over twelve-month periods, the rate of change in the producer price index reached its lowest level of the past eighteen months equal to 5,4 per cent in October 1993, before rising again to 7,9 per cent in June 1994. On the same basis, consumer price inflation turned around from a low of 7,1 per cent in April 1994, before increasing to 7,5 per cent in June 1994.

The many disadvantages of inflation have been spelled out in previous *Governor's Addresses* at these meetings, in almost all the *Annual Economic Reports* issued by the Bank in recent times, and in many public speeches and publications by Reserve Bank officials. These disadvantages can be summarised in terms of the following quote from the last pages of the *Reconstruction and Development Programme* itself: "Excessive inflation or serious balance of payments problems ... would worsen the position of the poor, curtail growth and cause the RDP to fail".

One aspect of the inflationary process that needs further attention in South Africa is the role of expectations. Although nominal rates of inflation declined quite remarkably over the past year, we have not yet succeeded in breaking the inflation psychosis. This requires a long and persistent battle that should not be allowed to be derailed by short-term fluctuations in prices. As long as inflation and the expectations concerning inflation, continue to have a material effect on current decisions to save, invest, produce or consume, the battle is still on. As long as the South African rate

of inflation remains at a level well above that of our major international trading partners and competitors, the country will have to fight rising costs to be competitive in world markets. As long as there is inflation, whatever the level may be, the Reserve Bank has an obligation to counter it.

This is no easy task, particularly not in the present economic climate. Many of us have a desire to force-feed the economy beyond its actual potential and to exert pressure on the monetary system to accommodate these desires by simply creating more money. And yet, we also agree that the creation of more money has never been a panacea for poverty. Indeed, high inflation financed by excessive increases in the money supply not only depresses economic growth in the longer term – it also discriminates unfairly against the poor through an inequitable erosion of living standards.

We are therefore obliged to remain on guard in the fight against inflation. Recently, ominous signals have come from the changes in the rate of growth in financial aggregates such as the money supply and bank credit extension, from changes in the exchange rate of the rand as well as interest rates, particularly long-term rates and in the shape of the yield curve. Both the producer and consumer price indices recently also started to move up again. Unless there is now, in the post-election period, a determined return to a more stable overall financial climate in the country, the Reserve Bank will have little option other than to yield to the signals of the market forces and shift to a more restrictive monetary policy.

There are normally long time-lags involved in the reaction of prices to inflationary impulses from financial changes. Macro-economic analysts estimate these time-lags to be as long as eighteen months to two years. If the Reserve Bank therefore waits until measured inflation reaches an unacceptably high level before it tightens monetary policy measures, it would turn out to have waited far too long. Early and decisive action will be needed if we do not want to sacrifice the progress already made over the past few years to restore financial stability to the South African economy.

Multi-factor productivity must improve to support sustainable economic growth

In the almost forgotten Normative Economic Model issued by the Minister of Finance as a discussion document in March 1993, an analysis was provided of the poor performance over time in South Africa's total multi-factor productivity, and also compared to the more successful economies in South-East Asia. Inputs of both capital and labour yielded relatively low returns in terms of output, and contributed significantly to the erosion of South Africa's competitiveness in world markets. Now

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that South Africa is being reintegrated into the world economy and our producers are increasingly being exposed to international competition, it is of the utmost importance that we shall as a nation become much more competitive.

More recent statistics are unfortunately not available, but there were encouraging developments during 1993 as far as labour productivity and the unit cost of labour were concerned. The rate of increase in the average nominal wage per worker in the non-agricultural sectors contracted from 15,4 per cent in 1992 to 10,6 per cent in 1993. After adjustment for inflation, the increase in the average real wage per worker was less than one per cent in 1993.

Mainly because of technical reasons, for example the retrenchment of workers, average labour productivity increased last year in the sense that less labour was used to produce a unit of production. The combination of the relatively low wage increases on the one hand, and the increased output per worker, on the other, resulted in a decrease of no less than 3,0 per cent in the real labour cost per unit of physical output in 1993. This development, if maintained, augurs well for the country's prospects for economic development.

There is an undeniable potential to increase productivity further in South Africa, for example through better education and training, improvement of services such as housing, health care, transportation and electrification, the introduction of more advanced technology and the promotion of effective competition. In other words, the achievement of many of the objectives of the Reconstruction and Development Programme is of great importance, not only for socio-political reasons, but also for future economic development.

Although these actions may seem to fall outside the ambit of the monetary policy responsibilities of the Reserve Bank, they are of vital importance to realise the common ultimate objective shared by consistent macro-economic policies, and that is to improve the standard of living for all the people of South Africa. The most important contribution monetary policy can make to the achievement of this objective is to protect the value of the rand, for it is only in an environment of financial stability and corresponding expectations that the benefits of improved productivity will accrue visibly and on an equitable basis to the real producers of wealth.

The encouraging developments of last year in labour productivity and in the average labour cost per unit of production occurred in a climate of serious recession. It will be a sad experience if these developments were to flounder again during the current phase of economic recovery under the pressure of a new wave of wage disputes between employers and employees.

"... the achievement of many of the objectives of the Reconstruction and Development Programme is of great importance, not only for socio-political reasons, but also for future economic development."

The constraint of exchange controls

Over a period of more than thirty years, the South African balance of payments was subjected to many non-economic actions introduced from time to time by other countries to affect the course of socio-political developments in the country. During this period a very extensive exchange control system was introduced to regulate capital movements out of the country. These controls, which affect both non-residents and residents, were also used to protect the domestic economy from the adverse effects of balance of payments developments inspired by non-economic factors. Because of the nature of their origin, such developments could not always be managed with conventional macro-economic policy instruments.

The exchange controls may have had some success in achieving the original objectives, but like all direct controls of market activities applied over an extended period of time, they have also created many distortions in the South African economy, affecting the exchange rate, the general level of interest rates, the prices of real estate and financial assets, and even wages and salaries. Adjustments in these important economic variables which should normally have taken place over the years were either postponed or depressed under the system of exchange controls, and backlogs which accumulated will have to be accommodated once the controls are ultimately removed.

There should be no room for any major dispute on this issue. In the long run, and in the interest of future economic growth, South Africa must liberalise its foreign exchange market and revert to a system of unitary floating exchange rates, influenced only by necessary Reserve Bank intervention aimed at smoothing out reversible short-term fluctuations.

An important step in this direction was taken when agreement was reached in September 1993 with South Africa's foreign creditor banks for a final rescheduling of the remaining amount of US \$4,5 billion of the original amount of \$13,6 billion blocked in South Africa since August 1985 in terms of a series of interim debt arrangements. This balance will be fully repaid to creditors in regular six-monthly instalments up to 2001.

As far as the remaining exchange controls are concerned there are, however, many different views on how and when South Africa should move from the present system to the desired system, and what supplementary and supporting actions may be necessary to facilitate this transition. In many other countries, exchange controls were successfully abolished only as part of a comprehensive and well-planned macro-economic restructuring programme, often with the co-operation and support

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of the International Monetary Fund and the World Bank. Such programmes normally provided for appropriate interest rate and exchange rate policies, and also committed the central bank and the government to clearly defined restrictive monetary and fiscal disciplines. The programmes as prescribed for some countries also included constraints on future wage increases, and established external financing facilities to support the balance of payments in the transition period, if necessary.

The abolition of exchange controls in isolation without any supportive auxiliary measures may cause serious disruptions in the initial phase of the transition, and force the re-introduction of the old controls, or even the application of other new direct controls over markets, all of which may be more damaging to the economy. South Africa must for obvious reasons avoid this route.

The timing of the abolition of exchange controls, particularly if it were to be done without the support of a comprehensive package of other macro-economic measures, is of vital importance. It will be advisable, for example, to take the plunge only after South Africa has finalised arrangements for re-entering the international capital markets. The Reserve Bank has also warned before that the adjustment process could be rather painful if the abolition of exchange controls were to take place in a situation where the discount between the two exchange rates is still substantial, large amounts of readily available financial rand balances are still held on deposit with banking institutions in South Africa, and the Reserve Bank has but a small amount of foreign reserves at its disposal to support the foreign exchange market in the initial transition period.

South Africa is now involved in the intricate process of acquiring an international credit rating from reputable international rating agencies that will facilitate future borrowings from the global capital markets. This exercise will hopefully be completed before the end of this year and will remove one more obstacle in the way of South Africa's reintegration in the world economy.

Once South Africa has re-entered the world capital markets it will be possible to syndicate the country's off-shore borrowing amongst a wider spectrum of investors. This will alleviate the heavy dependence the country has had on the international banking community which has patiently and consistently supported the capital account of the balance of payments for almost a decade.

The Reserve Bank furthermore remains confident that the capital account of the balance of payments will continue to improve, and that more

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international liquidity will become available to support a responsible programme for the abolition of the exchange controls. In the meantime, the financial rand exchange rate will hopefully also move closer to the commercial rand rate, although this may require further adjustments in the prices of underlying assets held by non-residents in South Africa. More favourable conditions may nevertheless develop in the future for the abolition of the exchange controls – if not in total then at least in part.

It is naïve to believe that huge amounts of capital will flow into South Africa on a net basis once the restrictions on the outflow of capital from the country are removed. Exchange control is but one obstacle for the foreign investor who is looking around the world for countries where he can invest his savings. Other considerations, such as social and political stability, economic viability, sound fiscal and monetary policies and improvements in multi-factor productivity, are of even greater importance for most potential foreign investors.

The financial structure

A number of South African banking institutions are now involved in programmes for the establishment of a presence in major international financial centres and are also opening branches or subsidiaries in other African countries. This “internationalisation” of South African banks increases the responsibility of our regulatory and supervisory authorities to promote sound and well-managed banking institutions in the country. The South African banks are not only the custodians of the money supply and short-term savings of the South African public, but must now also carry the image of a well-disciplined South African financial system into the rest of the world.

Opportunities are therefore opening up for the South African financial markets to serve not only the South African public, but also interested participants from the rest of the world. However, it has to be recognised that this integration into international financial markets, which is likely to escalate over time as South Africa’s foreign exchange market is liberalised, brings with it greater responsibility to adhere to international norms and standards. Global market participants are reluctant to operate in less than well-organised markets and in lax regulatory jurisdictions.

For these reasons, the South African regulatory authorities have actively encouraged the development of appropriate clearing, settlement, ownership-transfer and market information systems and are now insisting on proper intra-market and cross-market risk management systems, including capital adequacy requirements for market participants. Extended risk management arrangements have become necessary because of the

“The South African banks are not only the custodians of the money supply and short-term savings of the South African public, but must now also carry the image of a well-disciplined South African financial system into the rest of the world.”

rapid growth of the South African financial markets during recent years – in terms of the number of instruments and participants as well as turnovers – and the concomitant higher potential for systemic risks, including cross-market contagion.

Mainly because of the rapid growth in financial market transactions, the daily amounts to be settled have increased substantially. The daily value transferred through cheques, the main payment instrument, has reached R60 billion at times. This has focused the attention of the Reserve Bank on the payment system itself and the Bank's own exposure to risk. In the existing circumstances it will be difficult for the Bank to avoid standing behind the banking system in the event of a settlement default by a clearing bank. Settlement periods in the financial markets may be as long as 14 days and give rise to long and intricate chains of transactions which, in case of default, cannot be unwound within a reasonable time frame. Because of the disruptive effects on markets of a delayed settlement, the Reserve Bank is in the present situation almost forced to assume this unacceptable settlement risk.

The Bank, therefore, has a great interest in the efficient and safe functioning of the payments system and has taken the position that financial intermediaries and market participants preferably have to control their own credit and market risks, and that they have to work together with the Bank to reduce risks in the payment system. The Clearing Bankers' Association during the past year took the initiative by producing a report on payment system risks. Following upon that, the Reserve Bank is now leading another initiative to create a strategic framework for the further development of the national payment system, aimed at achieving greater efficiency and risk reduction.

This greater pre-occupation of the Reserve Bank with the risks of the financial system and with overall clearing and settlement arrangements does not mean that the Bank regards the management of the business risks of the individual financial institution now to be of less importance. The Office of the Registrar of Banks continues to work very closely with the directors, the management and the auditors of each individual institution to enhance risk management at the corporate level.

The arms-length relationship that has developed over the past few years between the Office of the Registrar with an interest primarily in risk exposures within the individual institution, and the Reserve Bank in its capacity as lender of last resort and with a greater interest in the avoidance of systemic risks, is hopefully now better understood. Neither the Office of the Registrar nor the Reserve Bank can, however, in all circumstances guarantee full security for shareholders in, or depositors with, any particular

"... the Reserve Bank is now leading another initiative to create a strategic framework for the further development of the national payment system, aimed at achieving greater efficiency and risk reduction."

banking institution. Despite all the precautions taken by the Office of the Registrar, cases of default by banking institutions still occur and conditions develop beyond the point where normal Reserve Bank assistance at the discount window can salvage the situation. The authorities cannot always prevent the traumatic and painful process of liquidation, not even of a registered banking institution. Neither can the authorities be held responsible for failures caused by internal misjudgments, bad management or unfortunate external developments that may sometimes force liquidation on a bank. Depositors with financial institutions must therefore always be reminded that they themselves ultimately carry the full responsibility for decisions on where they want to invest their funds.

Many demands are now being made on South African banking institutions to extend their activities in South Africa to accommodate also the banking needs of the less privileged parts of the population, and to provide more funds for purposes such as housing, export financing, agriculture and small business development. The banks surely have responsibilities in this regard and can in the normal course of their business make an important contribution to the implementation of the Reconstruction and Development Programme. However, it must be taken into consideration at all times that a bank's credibility and survival in the longer run will be determined by the quality of its assets book. Banks must not be forced into excessive risk exposures, for then they may also one day become dependent on subsidies from government.

It must also be borne in mind that banks are special institutions, entrusted with a special mandate to create money. By making loans, banks create deposits, and deposits with banks form part of the money supply. Situations arise from time to time when it becomes necessary in the national interest to curtail the money creation capacity of banking institutions, for example by restricting the amount of basic liquidity made available to banks through the open-market operations of the Reserve Bank, or through a tightening of the conditions on which accommodation can be obtained at the discount window of the Bank. If banking institutions in this situation are committed to the provision of certain dedicated loans, another form of "crowding-out" of the rest of the private sector will become inevitable.

Concluding remarks

South Africa earned the admiration of the world with the way in which it introduced a new and fully democratic political dispensation. The people of the country tackled almost insurmountable problems of socio-political reform with determination, and with the will to succeed.

"... it must be taken into consideration at all times that a bank's credibility and survival in the longer run will be determined by the quality of its assets book. Banks must not be forced into excessive risk exposures, for then they may also one day become dependent on subsidies from government."

"South Africans must now face the next task, that is of economic reconstruction and development, in the same spirit – we must play the game with the will to win."

"Real wealth comes through hard work, greater efficiency, improved productivity and by being more competitive than other nations."

South Africans must now face the next task, that is of economic reconstruction and development, in the same spirit – we must play the game with the will to win. On the one hand, the country is faced with massive but not unreasonable expectations of its people for better living conditions and a better standard of life. On the other, we have limited resources to meet the needs of our people, for example, limited savings from which the necessary funding for the many urgent development programmes and expansion of the physical production capacity must be provided.

This challenge gives no reason for despair – it is a normal situation for any country in a similar stage of economic development. This is indeed what economics is ultimately about: how to provide maximum satisfaction of the ever growing needs of the people with the limited resources at our disposal. The art of successful economic management is after all how to maximise the total output from our limited resources, and how to ensure that maximum satisfaction will accrue to all the people of South Africa.

There is no instant solution to this macro-economic challenge. South Africans must rid themselves of the illusion that a solution can be found simply through artificial changes to prices: we cannot make South Africa rich just by depreciating the exchange rate, by lowering interest rates, by increasing wages, or by creating more inflation. Real wealth comes through hard work, greater efficiency, improved productivity and by being more competitive than other nations. Real wealth can only be created over decades rather than years, and any durable process of economic development can only be maintained in an environment of overall social, political, financial and economic stability.

Against this background, the Reserve Bank has no other option but to continue to pursue its objectives of maintaining a stable overall financial environment, backed by sound and well-managed financial institutions, operating in efficient and reliable financial markets. This must remain the cornerstone of monetary policy in South Africa in the years ahead."

Responding to a question from a shareholder, the chairman observed that he endorses the findings of a study conducted by the Economics Department of the Reserve Bank, in which it was concluded that South Africa could not at this stage be regarded as being caught in the so-called "debt trap". However, the danger of falling into such a position was eminent should government debt continue to expand at the current rate.

In closing his address, the chairman moved that the financial statements and the reports of the directors and auditors be adopted. This motion was seconded by Mr A. A. Noëth and carried.

On the motion of the chairman, seconded by Mr M. H. Vosloo, it was resolved in terms of section 6(1)(b) of the Reserve Bank Act (No 90 of 1989), that Mr I. J. Moolman (a government representative whose term of office had expired on 30 June 1994) be appointed as a shareholders' representative with effect from 1 July 1994, in the place of Adv C. H. Wiese (who had resigned from the Board with effect from 18 April 1994) for the unexpired period of Adv Wiese's term of office, i.e. to 30 June 1995.

On the motion of the chairman, seconded by Dr L. A. Porter, it was resolved that Dr J. G. van der Horst and Mr W. F. de la Harpe Beck, whose term of office had expired on 30 June 1994, be re-elected as shareholders' representatives on the Board of directors.

The chairman, on behalf of the Board, then moved:

- that Messrs Coopers & Lybrand and Messrs Deloitte & Touche each be paid the sum of R329 596,80 for auditing the accounts of the Bank for the year ended 31 March 1994.

The motion was seconded by Mr J. J. Fourie and was carried.

- that Messrs Deloitte & Touche and Messrs Coopers & Lybrand be re-appointed as auditors of the Bank's accounts for the 1994/95 financial year.

The motion was seconded by Dr D. Konar and was carried.

After Mr B. J. Swart had proposed a vote of thanks to the chairman for presiding at the meeting and for his address, the proceedings were terminated.

SOUTH AFRICAN RESERVE BANK

REPORT OF THE BOARD OF DIRECTORS OF THE SOUTH AFRICAN RESERVE BANK FOR THE YEAR ENDED 31 MARCH 1994

PRESENTED TO SHAREHOLDERS AT THE SEVENTY- FOURTH ORDINARY GENERAL MEETING HELD IN PRETORIA ON TUESDAY, 23 AUGUST 1994

In accordance with the provisions of the South African Reserve Bank Act, No. 90 of 1989, and the regulations framed thereunder, the accompanying financial statements of the Bank for the year ended 31 March 1994, as examined by the auditors in the manner prescribed, are presented to the shareholders.

Capital

The Bank's capital of R2 million as at 31 March 1994 was held by 671 shareholders, of whom 57,8 per cent held less than R1 000 each.

Reserve fund

In terms of section 24 of the South African Reserve Bank Act, No. 90 of 1989, R14,9 million of the net profit of the year was allocated to the reserve fund, thereby increasing it to R129,6 million as at 31 March 1994.

Notes and coin in circulation

The Bank's note issue as at 31 March 1994 amounted to R14 144 million, representing an increase of 15,4 per cent, compared with an increase of 13,6 per cent in the preceding year. The Bank's coin issue of R903 million as at 31 March 1994 resulted from a change in the accounting policy, as the liability in respect of coin in circulation at previous year-ends was not reflected on the Bank's balance sheet. As from 1 April 1993 coin is purchased from the South African Mint Company (Proprietary) Limited and then issued by the Bank.

The liability of the Bank for notes issued by other banks showed no change during the year and remained at R0,4 million as at 31 March 1994.

Deposit accounts

Total deposits with the Bank decreased by R3 558 million, from R7 260 million on 31 March 1993 to R3 702 million on 31 March 1994, i.e. by 49,0 per cent. The balance on the government's current accounts decreased by R3 438 million, mainly as a result of the introduction of tax and loan accounts held with the private banking sector. Deposit accounts

of banks decreased by R765 million and other current accounts increased by R645 million.

Other liabilities

Other liabilities increased by R5 950 million, i.e. from R5 808 million at the end of March 1993 to R11 758 million at the end of March 1994. The main reasons for the increase are an increase in foreign loans of R2 921 million and a draw-down by the government of an IMF facility of R2 762 million.

Gold swap agreements

During the financial year gold utilised in outstanding gold swaps decreased from 7,9 million fine ounces to 3,3 million fine ounces.

Gold coin and bullion

The Bank's gold reserves were valued at R1 218, 23 and R953,03 per fine ounce on 31 March 1994 and 31 March 1993, respectively. These prices were determined in accordance with section 25(1) of the South African Reserve Bank Act, No. 90 of 1989, and were calculated at 90 per cent of the average of the last ten gold price fixings on the London gold market during the months mentioned. At these valuation prices the gold holdings on the dates mentioned amounted to R5 895 million and R5 206 million, respectively. The revaluation transactions were recorded in the accounts of the Bank in accordance with section 25(3) of the abovementioned Act. The gold holdings decreased by 0,7 million fine ounces, from 5,5 million fine ounces on 31 March 1993 to 4,8 million fine ounces on 31 March 1994.

Foreign exchange

This item represented the Bank's foreign reserves, other than gold, and totalled R2 039 million on 31 March 1994, compared with R2 274 million on 31 March 1993.

Total gold and foreign exchange

Total foreign reserves, including gold, amounted to R7 934 million on 31 March 1994, compared with R7 480 million on 31 March 1993.

Accommodation to banks

Accommodation to banks amounted to R5 314 million at 31 March 1994 compared with R3 852 million on 31 March 1993. The increase resulted from tighter conditions experienced in the money market during March 1994, compared with March 1993.

Loans and advances

The balance on this account on 31 March 1994 amounted to R1 689 million, which was R130 million more than the balance of R1 559 million on

31 March 1993. The increase was mainly due to an increase in domestic loans granted.

Internal registered stock

The balance on this account amounted to R8 977 million as at 31 March 1994, compared with R525 million at the end of March 1993. The increase was mainly the result of R7 500 million of zero coupon stocks taken up by the Bank issued by the government as part payment of the balance on the gold and foreign exchange contingency reserve account.

Other investments

Other investments amounted to R1 140 million on 31 March 1994. This amount was R593 million more than the corresponding balance as at 31 March 1993. The increase was mainly due to an increase of R1 billion in investments in Land Bank promissory notes and a decrease of R403 million in buy-back agreements.

Other assets

Other assets decreased by R5 893 million during the financial year to R5 584 million on 31 March 1994. The main component of this balance was the gold and foreign exchange contingency reserve account, which is administered by the Bank for the account of the Treasury. The balance on this account decreased from R8 934 million on 31 March 1993 to R2 190 million at the end of the current financial year, as a result of the issue of R7 500 million of zero coupon stocks already referred to above.

Fixed property and other fixed assets

Both these accounts showed nil balances at the end of the financial year, as all purchases of fixed assets during the year were written off in accordance with the Bank's accounting policies.

Income statement

After meeting all expenses and making provision for taxation, other liabilities and contingencies, the net profit amounted to R149,0 million. Of this amount R0,2 million was paid as dividends to shareholders, whereas R14,9 million, equivalent to one tenth of the surplus after dividends, was allocated to the reserve fund, leaving a surplus of R133,9 million to be paid to the Government.

Dividends

The board declared an interim dividend of 5 per cent for the half-year ended 30 September 1993, and a similar final dividend for the half-year ended 31 March 1994.

Directors

During the past financial year the following changes occurred on the board of directors of the South African Reserve Bank:

The term of office of Prof O.E.H.M. Nxumalo, a government representative, expired on 30 November 1993.

Adv C.H. Wiese, whose term of office would have expired on 30 June 1995, resigned from the board with effect from 18 April 1994. In terms of section 6(1)(b) of the South African Reserve Bank Act, No. 90 of 1989, the board has appointed Mr I.J. Moolman (a government representative whose term of office expired on 30 June 1994), as a shareholders' representative with effect from 1 July 1994 for the unexpired period of Adv Wiese's term of office. Shareholders will be requested to confirm this appointment.

This means that two vacancies currently exist on the board for government representatives.

The terms of office of Dr J. G. van der Horst and Mr W. F. de la Harpe Beck expired on 30 June 1994, but being eligible for re-appointment, both offer themselves for re-election.

Auditors

Shareholders will be requested to determine, upon recommendation of the board, the remuneration of the auditors for the past year's audit, and to appoint auditors for the 1994/95 financial year.

R.M. du Plooy
Secretary

C.L. Stals
Governor

B.P. Groenewald
J. J. Fourie
J.G. van der Horst
Directors

Pretoria
23 July 1994

SOUTH AFRICAN RESERVE BANK

BALANCE SHEET AS AT 31 MARCH 1994

Capital employed

	Notes	1994 R'000	1993 R'000
Capital		2 000	2 000
Reserve fund		129 647	114 769
Notes and coin in circulation	3	15 046 982	12 255 402
Deposit accounts	4	3 702 348	7 260 273
Other liabilities	5	11 757 982	5 807 879
		<u>30 638 959</u>	<u>25 440 323</u>

Employment of capital

Total gold and foreign exchange		7 933 870	7 479 722
Gold coin and bullion	6	5 895 130	5 205 741
Foreign exchange	7	2 038 740	2 273 981
Domestic assets		<u>22 705 089</u>	<u>17 960 601</u>
Accommodation to banks		5 314 174	3 852 160
Loans and advances	8	1 689 175	1 559 402
Investments:			
Internal registered stock		8 977 145	524 694
Other	9	1 140 370	547 268
Other assets	10	<u>5 584 225</u>	<u>11 477 077</u>
		<u>30 638 959</u>	<u>25 440 323</u>

SOUTH AFRICAN RESERVE BANK

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 1994

	1994 R'000	1993 R'000
Net income after making provision for taxation, other liabilities and contingencies	148 978	214 643
Dividends	200	200
Surplus for distribution	148 778	214 443
Transfer to reserve fund	14 878	21 444
Surplus due to the Government	133 900	192 999

R.M. du Plooy
Secretary

C.L. Stals
Governor

B.P. Groenewald
J. J. Fourie
J.G. van der Horst
Directors

Pretoria
23 July 1994

REPORT OF THE INDEPENDENT AUDITORS

To the shareholders of the South African Reserve Bank

We have audited the financial statements set out on pages 32 to 36. These financial statements are the responsibility of the Bank's directors. Our responsibility is to report on these financial statements.

We conducted our audit in accordance with generally accepted auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance that, in all material respects, fair presentation is achieved in the financial statements. An audit includes an evaluation of the appropriateness of the accounting policies, an examination, on a test basis, of evidence supporting the amounts and disclosures included in the financial statements, an assessment of the reasonableness of significant estimates and a consideration of the appropriateness of the overall financial statements presentation. We consider that our audit procedures were appropriate in the circumstances to express our opinion presented below.

In our opinion these financial statements fairly present the financial position of the Bank as at 31 March 1994 and the results of its operations for the year then ended in the manner required by the South African Reserve Bank Act, No. 90 of 1989, and the regulations thereunder.

Deloitte and Touche

Coopers and Lybrand

Joint Auditors

Pretoria
23 July 1994

SOUTH AFRICAN RESERVE BANK

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 1994

1. Accounting policies

The principal accounting policies of the Bank, which are consistent with those applied in the previous year (unless otherwise stated), are:

1.1 Depreciation

Fixed property and other fixed assets are written off against the fixed property and equipment reserve in the year of acquisition.

1.2 Investments

Internal registered stock and related derivative financial instruments are valued at fair market value. Previously these items were shown at cost after deducting an investment reserve.

Other investments are shown at cost.

1.3 Gold coin and bullion

Gold coin and bullion are valued at 90 per cent of the average of the last ten gold price fixings determined on the London gold market before the year end.

1.4 Coin in circulation

With effect from 1 April 1993 coin in circulation is shown as a liability on the South African Reserve Bank's balance sheet. Coin was previously issued by the South African Mint Company (Proprietary) Limited. As from the current financial year, coin is purchased by the South African Reserve Bank from the South African Mint Company (Proprietary) Limited and then issued by the Bank. The effect on the Bank's income statement for the current financial year was to decrease net income after taxation by R65 million.

2. Contingent liabilities

There are forward commitments in respect of gold swap agreements and options transactions.

3. Notes and coin in circulation	1994 R'000	1993 R'000
Notes	14 143 619	12 255 402
Reserve Bank	14 143 246	12 255 029
Other banks	373	373
Coin (note 1.4)	903 363	—
	15 046 982	12 255 402

4. Deposit accounts

Banks' reserve accounts	1 586 723	2 418 781
Banks' current accounts	82 201	15 362
Government's current accounts	1 315 194	4 752 825
Other current accounts	718 230	73 305
	3 702 348	7 260 273

5. Other liabilities

Shareholders – final dividend	100	100
Surplus due to the Government	133 900	192 999
Other	11 623 982	5 614 780
	11 757 982	5 807 879

6. Gold coin and bullion

The gold reserves were valued as follows:

Price fixing as per note 1.3	R1 218,23	R953,03
Gold holdings in fine ounces	4 839 094	5 462 305
Total value	5 895 130	5 205 741

7. Foreign exchange

Current accounts	360 646	81 616
Time deposits	1 420 719	1 568 446
Short-term investments	0	233 289
Balances with foreign banks	1 781 365	1 883 351
Foreign money market investments	30 190	3 936
Bills	0	190 946
Special drawing rights	64 920	445
Other investments	145 275	189 411
Interest accrued	16 990	5 892
	2 038 740	2 273 981

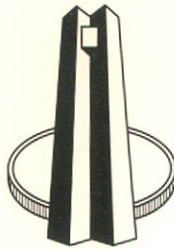
	1994 R'000	1993 R'000
8. Loans and advances		
Foreign loans granted	1 410 549	1 441 034
Domestic loans granted	278 308	38 777
Overdraft facilities	318	79 591
	<u>1 689 175</u>	<u>1 559 402</u>
9. Other investments		
Subsidiary companies	123 000	123 000
Buy-back agreements	0	402 900
Land Bank promissory notes	1 000 000	0
Options bought	150 540	104 928
Options written	(135 195)	(83 545)
Other	2 025	2 025
Investment reserve	0	(2 040)
	<u>1 140 370</u>	<u>547 268</u>
10. Other assets		
Gold and foreign exchange contingency reserve account	2 190 338	8 933 735
Other	3 393 887	2 543 342
	<u>5 584 225</u>	<u>11 477 077</u>



SUID-APRIKAANSE RESERWEBANK

VERSLAG VAN DIE
VIER-EN-SEWENTIGSTE
GEWONE ALGEMENE
VERGADERING VAN
AANDEELHOERS

1994



SUID-AFRIKAANSE RESERWEBANK
VIER-EN-SEWENTIGSTE GEWONE
ALGEMENE VERGADERING VAN
AANDEELHOERS

1994

INHOUD

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DIE EMBLEEM VAN DIE SUID-AFRIKAANSE RESERWEBANK

Die hoofkantoorgebou van die Reserwebank in Pretoria vorm die kern van die Bank se embleem. Die vier grondliggende funksies van die Bank en sy missie word deur die embleem voorgestel. Die kleur daarvan is goud. As gevolg van die monetêre rol wat goud in die wêreldgeskiedenis oor meer as drieduisend jaar gespeel het, word goud beskou as sinoniem met geld, en geld is die besigheid van die Bank.

Die voorgrond bestaan uit die hoofkantoorgebou met sy vier afsonderlike fasades, wat op 'n simboliese wyse die vier hoof funksies van die Bank uitbeeld, naamlik:

- om monetêre beleid te formuleer en toe te pas;
- om die land se geld- en bankstelsel te bestuur;
- om ekonomiese en finansiële dienste aan die Regering te lewer; en
- om ekonomiese en statistiese dienste aan die algemene publiek te lewer.

Die dwarsprofiel naby die bo-punt van die gebou verteenwoordig die uitsigplatform op die boonste verdiepings en beeld die korporatiewe dienste (mannekrag, tegnologie, ens.) uit wat die ondersteunende infrastruktuur aan die lynfunksies bied en wat ook die verskillende bedrywighede van die Bank in 'n glad funksionerende totale organisasie-eenheid saambind. Agter die hoofkantoorgebou lê 'n muntstuk wat die Suid-Afrikaanse geldeenheid verteenwoordig.

Die missie van die Bank, naamlik **om die binnelandse en buitelandse waarde van die rand te beskerm**, word simbolies in die embleem beliggaam – die gebou verteenwoordig die Bank en sy funksies wat oor die munt waak en in die proses die waarde van die geldeenheid beskerm.

MISSIESTELLING VAN DIE SUID-AFRIKAANSE RESERWEBANK

Missie

Die Suid-Afrikaanse Reserwebank is die sentrale bank van die Republiek van Suid-Afrika en sien sy primêre doel in die Suid-Afrikaanse ekonomiese bestel as:

DIE BESKERMING VAN DIE BINNELANDSE EN BUITELANDSE WAARDE VAN DIE RAND

Die Reserwebank glo dat dit noodsaaklik is dat Suid-Afrika 'n lewenskragtige ekonomie het wat op die beginsels van 'n vryemarkstelsel, private inisiatief en doeltreffende mededinging gebaseer is en neem in die uitvoering van sy pligte die strewe na gebalanseerde ekonomiese groei in ag.

Funksies

Die Reserwebank aanvaar dit, in die nastrewing van sy doel en die uitlewing van sy filosofie, as sy verantwoordelikheid:

- om die Suid-Afrikaanse Regering, en ook ander lede van die ekonomiese gemeenskap van Suider-Afrika, met die formulering en die uitvoering van makro-ekonomiese beleid by te staan;
- om monetêre beleid op so 'n wyse te formuleer en uit te voer dat die primêre doel van die Reserwebank, in belang van die totale gemeenskap wat hy dien, bereik sal word;
- om toe te sien dat die Suid-Afrikaanse geld- en bankstelsel in sy geheel gesond is, aan die behoeftes van die gemeenskap voldoen en met internasionale finansiële ontwikkelings tred hou; en
- om die Suid-Afrikaanse gemeenskap en alle belanghebbendes in die buiteland ten opsigte van monetêre beleid in die besonder en die Suid-Afrikaanse ekonomiese toestand in die algemeen in te lig.

Sakefilosofie

Die Reserwebank aanvaar dat die geloofwaardigheid van sy beleid en optrede 'n voorvereiste vir die bereiking van sy doelwitte is, en dat sodanige geloofwaardigheid slegs deur onafhanklike optrede, beginselvastheid, beslistheid en doelgerigtheid verkry en behou kan word. Die Bank glo voorts dat regverdigheid in sy oordeel en in sy optrede noodsaaklik is.

Die Reserwebank verseker, deur die toepassing van moderne bestuurspraktyke en tegnologie, dat al sy werksaamhede teen die laagste moontlike koste uitgevoer word. Waar van pas word die Bank deur die winsmotief gelei.

Personeelfilosofie

Die Reserwebank glo dat dit vir sy personeellede 'n stimulerende en persoonlik verrykende ervaring moet wees om vir die Bank te werk en aanvaar derhalwe medeverantwoordelikheid daarvoor dat elke werknemer sy of haar volle potensiaal bereik. Loopbaanvordering geskied op grond van die bydrae wat die individu tot die uitvoering van die verantwoordelikhede van die Bank lewer en daarom word ondernemingsgees, vernuwende denke en professionele kundigheid bewustelik ontwikkel en beloon.

Die Reserwebank glo aan gelyke geleenthede vir almal ongeag etnisiteit, kleur, geslag of geloof.

Die Reserwebank aanvaar dat slegs deur die lojaliteit en toewyding van sy werknemers hy daartoe in staat is om sy doel te bereik en sy strewes te verwesenlik.

UITVOERENDE EN HOOFBESTUUR



Agter – links na regs: P J Tromp (Inligtingstegnologie), C J Swanepoel (Bestuursdienste), J H Postmus (Deviesebeheer)
Middel – links na regs: A D Kock (Geld- en kapitaalmark), A Bezuidenhout (Hoof Interne Ouditeur), R M du Plooy (Sekretaris), J H Cross (Internasionale Bankwese)
Voor – links na regs: E J van der Merwe (Ekonomie), B P Groenewald (Senior Visepresident), C L Stals (President), C J de Swardt (Visepresident), J H Meijer (Visepresident)
Afwesig: J H van Greuning (Banktoesighouding) en E J Pike (Administrasie)

DIREKTEURE EN BESTUUR

Direkteure

Christian Lodewyk Stals

President

Barend Petrus Groenewald*

Senior Vicepresident

Christiaan Jacobus de Swardt

Jacob Hendrik Meijer

Vicepresidente

Izak Johannes Moolman*

(termyn het op 30 Junie verstryk)

Otty Ezrom Howard Manlakayise

Nxumalo *(termyn het op 30 November 1993 verstryk)*

Brian Patrick Gilbertson

Verteenwoordig: Regering

Gerald William Gaylard Browne*

Christoffel Hendrik Wiese

(bedank m.i.v. 18 April 1994)

Johannes Gerhardus van der Horst

(termyn het op 30 Junie 1994 verstryk)

Izak Johannes Moolman*

(aangestel m.i.v. 1 Julie 1994)

Deenadayalen Konart

Verteenwoordig: Handel of finansiewese

Johannes Jacobus Fourie

Verteenwoordig: Landbou

William Francois de la Harpe Beck

(termyn het op 30 Junie 1994 verstryk)

Marius Theodorus de Waal

Verteenwoordig: Nywerheid

R M du Plooy

Sekretaris

Geregistreeerde kantoor

Kerkstraat 370

Pretoria

† Voorsitter van die Ouditkomitee

* Lede van die Ouditkomitee

Bestuur

President

C L Stals

Senior Vicepresident:

Administrasie en deviesebeheer

B P Groenewald

Vicepresident: Internasionale bankwese,
geld- en kapitaalmarkbedrywighede
en banktoesighouding

C J de Swardt

Vicepresident: Buitelandse funksies
en ekonomiese dienste

J H Meijer

Hoof: Ekonomie

E J van der Merwe

Hoofbestuurder: Internasionale
bankwese

J H Cross

Hoofbestuurder: Banktoesighouding

J H van Greuning

Hoofbestuurder: Deviesebeheer

J H Postmus

Hoofbestuurder: Geld- en
kapitaalmark

A D Kock

Hoofbestuurder: Bestuurs-
dienste

C J Swanepoel

Hoofbestuurder: Administrasie

E J Pike

Adjunkhoofbestuurder: Inligtings-
tegnologie

P J Tromp

Hoof Interne Ouditeur: Interne audit

A Bezuidenhout

Ander

Direkteur: Opleidingsinstituut

R M Gidlow

Adviseur

D C Krogh

Takbestuurders

Pretoria

C N van der Merwe

Pretoria-Noord

A H Prinsloo

Kaapstad

M L Ochse

Johannesburg

M W K Smith

Durban

A C Botha

Bloemfontein

J C J Ludick

Port Elizabeth

C J Blignaut

Oos-Londen

A G Dent

ORGANISASIESTRUKTUUR

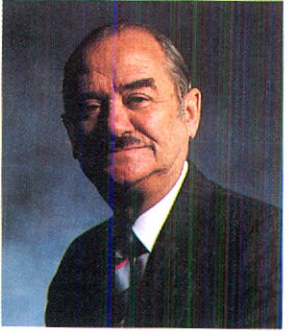
FUNKSIES
Bepaal en voer monetêre beleid uit
Ontleed ekonomie
Formuleer beleid
Voer beleid uit
Skakel met owerheid
Bestuur geld- en bankstelsel
Ontwikkel finansiële stelsel
Tree op as bankier
Voorsien note en munte
Hou toesig oor banke en bouverenigings
Lewer dienste aan owerheid
Verleen deskundige hulp
Verleen administratiewe ondersteuning
Lewer bankdienste
Lewer ekonomiese en statistiese dienste
Stel statistiek saam
Doen navorsing
Lewer ekonomiese inligtingdiens
Lewer statistiese diens
Korporatiewe dienste



President
Dr C L Stals



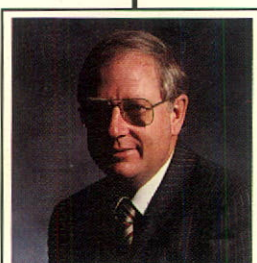
Visepresident
Dr C J de Swardt



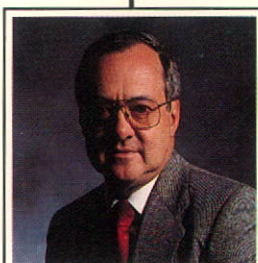
Senior Visepresident
Dr B P Groenewald



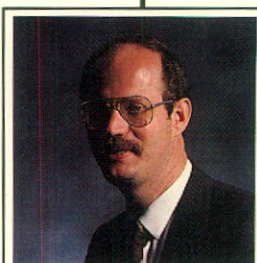
Visepresident
Dr J H Meijer



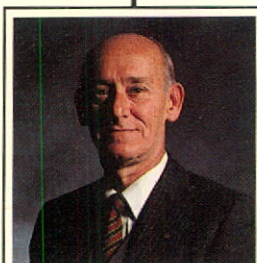
Internasionale bankwese
Hoofbestuurder
J H Cross



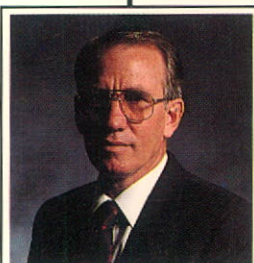
Geld- en kapitaalmark
Hoofbestuurder
Dr A D Kock



Banktoesighouding
Hoofbestuurder
Dr J H van Greuning



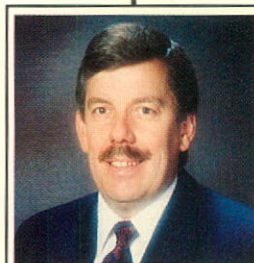
Deviesebeheer
Hoofbestuurder
J H Postmus



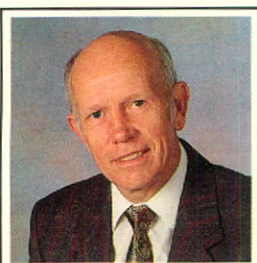
Bestuursdienste
Hoofbestuurder
Dr C J Swanepoel



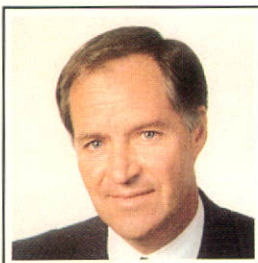
Administrasie
Hoofbestuurder
E J Pike



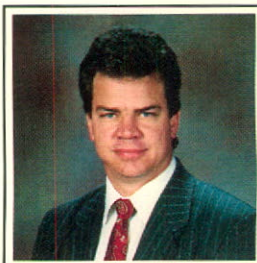
Inligtingstechnologie
Adjunkhoofbestuurder
Dr P J Tromp



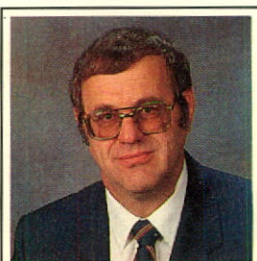
SA Banknootmaatskappy
Besturende Direkteur
M Fouché



SA Muntmaatskappy
Besturende Direkteur
D D Powell



Interne Oudit
Hoof Interne Ouditeur
A Bezuidenhout



Ekonomie
Hoof
Dr E J van der Merwe

VIER-EN-SEWENTIGSTE GEWONE ALGEMENE VERGADERING VAN AANDEELHOERS

NOTULE VAN VERRIGTINGE

Die vier-en-sewentigste gewone algemene vergadering van aandeelhouders is op Dinsdag, 23 Augustus 1994 om 10:30 in die Bank se hoofkantoor in Pretoria gehou.

Die President, wat as voorsitter optree, verklaar die vergadering behoorlik byeengeroep ooreenkomstig die regulasies ingevolge die Wet op die Suid-Afrikaanse Reserwebank.

Die notule van die vorige vergadering word as gelese beskou, bekragtig en deur die voorsitter onderteken.

Die voorsitter spreek daarop die vergadering soos volg toe:

"Dit is vir my 'n genoeë om die finansiële state van die Bank, sowel as die verslae van die direkteure en die ouditeure vir die jaar geëindig 31 Maart 1994, formeel aan u voor te lê.

Ek lê ook aan u voor die Bank se *Jaarlikse Ekonomiese Verslag*, wat as agtergrond vir die opmerkings wat ek vandag gaan maak, beskou moet word.

Inleiding

Die langverwagte herstel in die Suid-Afrikaanse ekonomie het uiteindelik gedurende die afgelope twaalf maande 'n werklikheid geword. Die langste na-oorlogse resessie in die land het alreeds in Maart 1989 begin en die uitgerekte afswaifase het eers gedurende die eerste helfte van verlede jaar uitgevlak. Sedert die derde kwartaal van 1993 beweeg totale ekonomiese bedrywigheid op 'n duidelike pad van herstel. Hierdie nuwe opswaifase het gedurende die eerste kwartaal van 1994 gewankel, maar het daarna gedurende die tweede kwartaal van hierdie jaar weer matig stukrag opgebou. Die uitdaging wat Suid-Afrika nou in die gesig staar, is om in die jare wat voorlê 'n bestendige ekonomiese groeikoers te handhaaf. Die behoud van algehele finansiële stabiliteit is 'n voorvereiste vir sodanige volgehoue groei.

Die herstel in die ekonomie was gedeeltelik van 'n sikliese aard. Gedurende die inkrimping van die ekonomie oor 'n langdurige tydperk van nagenoeg vier jaar het die land se vermoë om in die veelvuldige en groeiende behoeftes van ons gemeenskap te voorsien, verweer tot op 'n vlak waar die herstel daarvan nou noodsaaklik geword het. Die huidige herlewing is ook deur gunstige weersomstandighede ondersteun wat tot



Dr C. L. Stals

"Die uitdaging wat Suid-Afrika nou in die gesig staar, is om in die jare wat voorlê 'n bestendige ekonomiese groeikoers te handhaaf."

'n skerp toename in die landbouproduksie gelei het, en deur hoër groei in sommige nywerheidslande wat die volume van uitvoer verder bevorder het.

Die belangrikste faktor egter was ongetwyfeld die goeie vordering wat gedurende die afgelope jaar in Suid-Afrika met die politieke en sosiale hervorming gemaak is en wat in die wydondersteunde demokratiese verkiesing van 27 April 1994 en in die daaropvolgende inhuldiging van mnr Nelson Mandela as die nuwe President 'n hoogtepunt bereik het. Reeds gedurende die tydperk voor die verkiesing is inisiatiewe van stapel gestuur vir die opheffing van internasionale sanksies en ander ekonomiese strafmaatreëls wat kragtens besluite van die Verenigde Nasies teen Suid-Afrika toegepas is. Met die progressiewe beëindiging van hierdie optredes is Suid-Afrika se internasionale ekonomiese betrekkinge gaandeweg genormaliseer en het fasiliteite wat deur instellings soos die Internasionale Monetêre Fonds en die Wêreldbank aangebied word, weer toeganklik geword.

In die tussentyd het die totale ekonomiese bedrywigheid egter steeds die wisselvallighede van die politieke gebeure in die land weerspieël. Gedurende die eerste vier maande van 1994, toe daar nog verskeie onsekerhede ten opsigte van die finalisering van die nuwe grondwet en die algemene deelname van die belangrikste politieke groepe aan die komende verkiesing bestaan het, en toe daar ook twyfel ontstaan het oor die algemene aanvaarding van die verkiesingsuitslag, het die ekonomiese opswaai gewankel. Die finale uitslag van die verkiesing, en die gunstige reaksie daarop van die meeste Suid-Afrikaners asook van die internasionale gemeenskap, het sedert Mei die weg gebaan vir 'n hervatting van die herstel in totale ekonomiese bedrywigheid.

Suid-Afrika bied nou uitstekende geleenthede om sy groot ekonomiese potensiaal in die belang van al sy inwoners te verwesenlik. Met die politieke hervorming wat nou gevestig is en met 'n nasionale verbintenis tot 'n omvattende program van ekonomiese heropbou en ontwikkeling, word die aandag van alle deelnemers aan die ekonomiese ontwikkelingsproses, asook dié van potensiele internasionale beleggers, in toenemende mate op die ekonomiese werklikhede van die land gerig. Suid-Afrika het 'n uiters belangrike stadium in sy ontwikkelingsgeskiedenis bereik en moet nou nasionale verantwoordelikheid vir goeie ekonomiese bestuur en selfvertroue in sy toekoms aan die dag lê. Die land moet nou 'n klimaat skep en ondersteun wat bevorderlik vir volgehoue ekonomiese groei oor die middel- tot langer termyn sal wees. Gesonde ekonomiese en finansiële beleid wat buitelandse beleggers sal aantrek en nie sal afskrik nie, moet toegepas word. Daar moet blywende vertroue by die sakegemeenskap wees om die land se produksiekapasiteit uit te brei. Alle Suid-Afrikaners moet natuurlik in die voordele van die ekonomiese groei deel.

"Die behoud van algehele finansiële stabiliteit is 'n voorvereiste vir sodanige volgehoue groei."

"Suid-Afrika het 'n uiters belangrike stadium in sy ontwikkelingsgeskiedenis bereik en moet nou nasionale verantwoordelikheid vir goeie ekonomiese bestuur en selfvertroue in sy toekoms aan die dag lê."

Die Reserwebank is ook daartoe verbind om sy bydrae tot die sukses van Suid-Afrika se proses van ekonomiese heropbou en ontwikkeling te lewer. Die belangrikste bydrae wat die sentrale bank kan maak is om, soos bewys is in baie ander lande wat sukses behaal het, die inflasiedruk wat onvermydelik op die lang pad van ekonomiese ontwikkeling ondervind sal word, onder beheer te hou. Sonder finansiële stabiliteit sal Suid-Afrika se voortgang op die pad van ekonomiese ontwikkeling en die opheffing van mense nie volgehou kan word nie.

Onlangse ekonomiese ontwikkelings

Die begin van 'n nuwe ekonomiese opswaai

Na meer as vier jaar van lae en – vir die grootste gedeelte daarvan – selfs negatiewe groei, het die Suid-Afrikaanse ekonomie in die loop van 1993 weer begin herstel. Gedurende die twaalf maande van Julie 1993 tot Junie 1994, was die reële bruto binnelandse produk in werklikheid 3½ persent hoër as in die onmiddellik voorafgaande twaalf maande. Groei was besonder sterk in die tweede helfte van 1993, maar het vervolgens in die eerste paar maande van 1994 teruggesak, hoofsaaklik vanweë die hernieude onsekerhede wat die verkiesing op 27 April voorafgegaan het. In die tweede kwartaal van 1994 het die uitbreiding weer ietwat meer stukrag gekry toe die bruto binnelandse produk teen 'n seisoensaangesuiwerde jaarkoers van ongeveer 2 persent toegeneem het.

Alhoewel 'n herstel in landbouproduksie na die droogte van 1991/92 hoofsaaklik vir die aanvang van die nuwe ekonomiese opswaai verantwoordelik was, het die produksie van ander sektore soos mynbou, fabriekswese en dienste in die loop van 1993 ook effens verbeter. Die oplewing moet egter tans steeds as wankelig beskou word. Dit kan maklik weer sy stukrag verloor, veral indien die huidige wrywing tussen verskeie vakbonde en werkgewers nie binnekort uitgeskakel word nie.

Die huidige opswaai is gesteun deur stewige toenames in die hoofkomponente van die binnelandse besteding, soos verbruiksbesteding deur huishoudings, bruto binnelandse vaste investering en die opbouing van voorrade. Tesame met 'n betreklik skerp styging in verbruiksbesteding deur die algemene owerheid het die toenames in die onderskeie vraagkomponente die totale reële bruto binnelandse besteding oor die twaalf maande tot Junie 1994, opgestoot tot 'n vlak wat 4½ persent hoër was as die vlak daarvan in die onmiddellik voorafgaande twaalf maande.

Totale verbruiks- en ander lopende besteding deur sowel huishoudings as die algemene owerheid het teen 'n hoër koers as die binnelandse produksie toegeneem, met die gevolg dat die totale binnelandse besparing verder gedaal het tot slegs ongeveer 16 persent van die bruto binnelandse produk in die eerste helfte van 1994. Dit word beraam dat besparing, dit wil sê die verskil tussen totale lopende inkome en totale lopende besteding,

"Na meer as vier jaar van lae en – vir die grootste gedeelte daarvan – selfs negatiewe groei, het die Suid-Afrikaanse ekonomie in die loop van 1993 weer begin herstel."

tot 'n vlak van ongeveer 24 persent van die bruto binnelandse produk verhoog moet word voordat Suid-Afrika in staat sal wees om 'n jaarlikse ekonomiese groeikoers van ongeveer 3½ persent te kan handhaaf. Die verantwoordelikheid van die totale Suid-Afrikaanse verbruikers-gemeenskap, dit wil sê huishoudings en alle vlakke van die owerheid, om die besparingsverhouding met soveel as 50 persent te verhoog, kan slegs deur 'n volgehoue netto invloeiing van buitelandse kapitaal verlig word.

Ten spyte van die oplewing in die totale ekonomiese bedrywigheid, het totale werkverskaffing in die formele sektor in 1993 aangehou om te daal. Die koers van afname in indiensneming het in der waarheid van 0,6 persent in 1990 en 2,1 persent in sowel 1991 en 1992 tot 2,5 persent in 1993 versnel. Meer onlangse gegewens oor werkverskaffing is in hierdie stadium nie beskikbaar nie en dit sal nog 'n geruime tyd duur voordat vasgestel kan word of die onlangse verdere herstel in ekonomiese bedrywigheid tot 'n verbetering in die totale werkverskaffing gelei het. Dit is egter 'n onweerlegbare feit dat grootskaalse werkloosheid 'n verskynsel sal bly wat nog 'n geruime tyd sal voortduur as nalatenskap van die swak prestasies van die Suid-Afrikaanse ekonomie oor die afgelope dekade. Om meer werkgeleenthede te kan skep is dit vanselfsprekend dat gesonde en volgehoue ekonomiese groei in die jare wat voorlê as 'n saak van uiterste nasionale belang bevorder sal moet word.

Volgehoue kapitaaluitvloeiing put beskikbare besparings en buitelandse reserwes uit

Soos teen die agtergrond van stygende binnelandse besteding verwag kan word, het die toename in invoere, veral gedurende die eerste helfte van 1994, 'n kleiner oorskot op die lopende rekening van die betalingsbalans tot gevolg gehad. Ná 'n oorskot van R5,9 miljard in 1993, het die werklike oorskot op die lopende rekening in die eerste helfte van 1994 tot slegs ongeveer R0,5 miljard gedaal.

Hierdie vinnige verswakking van die lopende rekening gedurende die vroeë fase van 'n tydperk van ekonomiese herstel maak 'n verbetering op die kapitaalrekening van die betalingsbalans gebiedend noodsaaklik. Tot dusver het die netto kapitaaluitvloeiing vanaf nie minder nie as R9,8 miljard in die laaste ses maande van 1993 tot R3,7 miljard in die eerste ses maande van 1994 gedaal. Hierdie verbetering het hoofsaaklik in die vorm van 'n aansienlike afname in die uitvloeiing van korttermynkapitaal plaasgevind, wat gedeeltelik 'n weerspieëling was van die meer geredelike toegang wat Suid-Afrikaanse leners tans tot internasionale banke en ander finansiële instellings geniet.

Indien die betreklik lae vlak van die amptelike buitelandse reserwes in aanmerking geneem word, belemmer die betalingsbalansposisie nog steeds die proses van ekonomiese ontwikkeling in Suid-Afrika. Jare van langdurige kapitaaluitvloeiing het nie slegs die bruto buitelandse reserwes van die Reserwebank uitgeput nie, maar het ook van tyd tot tyd die Bank

"Om meer werkgeleenthede te kan skep ... (moet) ... gesonde en volgehoue ekonomiese groei in die jare wat voorlê as 'n saak van uiterste nasionale belang bevorder ... word."

genoodsaak om op groot skaal van buitelandse korttermynkrediet gebruik te maak.

Hierdie netto kapitaaluitvloeiing, wat oor die nege jaar vanaf 1985 tot 1993 gemiddeld R5,5 miljard per jaar beloop het, het ook 'n aansienlike gedeelte van die land se binnelandse besparing opgeneem. 'n Verbetering in die kapitaalrekening van die betalingsbalans kan, selfs indien dit die netto uitvloeiing maar net tot nul sou verminder, 'n belangrike bydrae lewer tot die aanvulling van die bedrag aan besparing wat vir die finansiering van die nasionale ekonomiese ontwikkelingsprogram beskikbaar is.

In 'n poging om die uitwerking van die groot kapitaaluitvloeiing van verlede jaar op die wisselkoers van die rand te versag en ten einde ruimte te skep vir 'n minder beperkende binnelandse monetêre beleid, het die Reserwebank sy uitstaande buitelandse korttermynlenings van R1,6 miljard aan die einde van Junie 1993 tot R5,3 miljard aan die einde van Desember 1993 verhoog. Die totale uitstaande buitelandse lenings van die Reserwebank het op 10 Mei 1994 nie minder nie as R8,5 miljard bedra. Die Regering het ook in Desember 1993 'n verdere bedrag van R2,8 miljard by die Internasionale Monetêre Fonds geleen ten einde die land van voldoende buitelandse reserwes te voorsien om sy betalingsbalansverpligtinge na te kom. 'n Ommeswaai van die groot uitvloeiing van korttermynkapitaal ná die verkiesing in April het die Bank in staat gestel om sy buitelandse verpligtinge weer tot R5,7 miljard aan die einde van Julie 1994 te verminder.

Ten spyte van hierdie lenings het die bruto goud- en buitelandse reserwes, met inbegrip van die buitelandse reserwes in besit van die privaatbanke, in nominale terme marginaal vanaf R10,2 miljard aan die einde van Junie 1993 tot R9,7 miljard aan die einde van Junie 1994 gedaal. Laasgenoemde syfer was gelyk aan die waarde van ongeveer vyf weke se invoer, teenoor 'n normale gerieflike vlak van ongeveer twaalf weke.

Dit moet egter beklemtoon word dat korttermynlenings deur die Reserwebank slegs van 'n oorbruggingsaard is. Die Bank kan nie by 'n program van langertermyn betalingsbalans- of ekonomiese ontwikkelingsfinansiering betrokke raak nie. Alle moontlike pogings moet gevolglik aangewend word om die invloeiing van meer permanente kort- en langtermynkapitaal vir die finansiering van die land se langertermynbehoefte aan te moedig.

Die ondersteuning wat deur die Reserwebank aan die buitelandse valutamark verleen is, was nie voldoende om te voorkom dat die wisselkoers van die rand die afgelope negentien maande wesenlik depresieer nie. Die geweegde gemiddelde waarde van die rand teenoor 'n mandjie van die geldeenheide van Suid-Afrika se vernaamste handelsvennote het sedert die einde van Desember 1992 tot aan die einde van Julie 1994 met soveel as 18,7 persent gedepresieer. Hierdie depresiasie van die nominale waarde van die rand het die inflasiedifferensiaal tussen

"'n Verbetering in die kapitaalrekening van die betalingsbalans kan ... 'n belangrike bydrae lewer tot die aanvulling van die bedrag aan besparing wat vir die finansiering van die nasionale ekonomiese ontwikkelingsprogram beskikbaar is."

Suid-Afrika en die betrokke lande oorskry, met die gevolg dat die *reële* effektiewe wisselkoers van die rand oor dieselfde tydperk met ongeveer 10 persent gedepresieer het.

Die depresiasie mag op kort termyn as 'n matige aansporing dien vir binnelandse produsente wat op die uitvoermark aangewese is, asook vir produsente wat op die plaaslike mark met invoere moet meeding. Die mededingingsvoordeel wat deur 'n depresiasie van die geldeenheid verkry word, sal egter mettertyd deur stygende produksiekoste uitgewis word indien die inflasionistiese uitwerking van sodanige depresiasie nie deur meer beperkende monetêre en fiskale beleidsmaatreëls, asook deur beperkings op stygende loonkoste, onder beheer gehou word nie. In die huidige klimaat van betreklik ongunstige verwagtings oor toekomstige inflasie en aggressiewe eise vir groot loonverhogings, is dit hoogs onwaarskynlik dat 'n depresiasie van die rand enige blywende voordele vir ekonomiese groei sal inhou. Daar is, intendeel, 'n wesenlike risiko dat 'n volgehoue daling in die eksterne waarde van die rand die land maklik in 'n vernietigende spiraal van depresiasie-inflasie-depresiasie sou kon dompel. Die uiteindelijke koste om so 'n bose kringloop te breek, sal vir seker groter wees as enige korttermynvoordele wat 'n volgehoue depresiasie van die rand mag inhou.

In Julie 1994, toe die Reserwebank se netto buitelandse reserwes met R1,5 miljard toegeneem het, het die Bank die geleentheid gebruik om doelbewus in die buitelandse valutamark in te meng in 'n poging om die wisselkoers te stabiliseer. Die rand het vanaf 'n laagtepunt van R3,70 teenoor die VSA dollar op 26 Julie 1994 tot R3,59 per VSA dollar op 16 Augustus 1994 geappresieer. Die Bank het ook voortgegaan om die rand te ondersteun deur termyndekking aan bankinstellings en hul kliënte vir bepaalbare toekomstige verpligtings in buitelandse valuta te verskaf.

Ekonomiese herstel gekoppel met toenemende druk op die betalingsbalans beïnvloed lopende finansiële verwikkelings

Gedurende 1993 het die Reserwebank nie slegs aansienlike bedrae buitelandse valuta aan die buitelandse valutamark voorsien in 'n poging om teen die wind van 'n verswakkende wisselkoers te leun nie, maar het ook die geldmark verruim in 'n poging om 'n oormatige vernouing van die likwiditeit asook 'n moontlike styging van die rentekoerse in 'n baie vroeë stadium van die ekonomiese opswaai te voorkom. Die bystand wat deur die Bank aan die geldmark verleen is, was egter nie oormatig nie en kon in daardie stadium regverdig word deur 'n betreklik lae koers van toename in die geldvoorraad.

Die toestand het egter in die loop van 1993 verander. Die koers van toename in die M3-geldvoorraad, gemeet oor tydperke van twaalf maande, het vanaf 1,9 persent in Julie 1993 tot 7,0 persent in Desember 1993 en tot 15,0 persent in Junie 1994 gestyg. Alhoewel hierdie neigings deur 'n groot

"In die huidige klimaat van betreklik ongunstige verwagtings oor toekomstige inflasie en aggressiewe eise vir groot loonverhogings, is dit hoogs onwaarskynlik dat 'n depresiasie van die rand enige blywende voordele vir ekonomiese groei sal inhou."

ophoping van fondse in die regeringsrekenings by die banksektor gedurende die eerste helfte van 1993 en 'n daaropvolgende vermindering van hierdie saldo's gedurende die eerste helfte van 1994 beïnvloed is, kon die onderliggende veranderende neiging in die koers van toename in die geldvoorraad nie verontagsaam word nie.

Die koers van toename in die bedrag aan bankkrediet aan die privaatsektor, ook oor tydperke van twaalf maande gemeet, het vanaf 8,7 persent in Desember 1992 tot 5,7 persent in Mei 1993 gedaal, voordat dit weer tot 9,7 persent in Desember 1993 en tot 13,2 persent in Junie 1994 gestyg het. Dit is begryplik dat die vraag na bankkrediet tydens 'n ekonomiese herstelfase sal uitbrei, maar langtermyn ekonomiese groei kan natuurlik nie op 'n deurlopende grondslag deur geldskepping uit hoofde van die kredietverlenings-bedrywighede van bankinstellings gefinansier word nie.

Die Reserwebank het, teen die agtergrond van die volgehoue kapitaaluitvloeiing en die depresiasie van die rand se wisselkoers, gedurende die eerste gedeelte van 1994 'n meer neutrale beleidsingesteldheid ingeneem en hom van enige verdere spesiale bystand aan die geldmark weerhou. Die voortdurende daling in die netto buitelandse reserwes het likwiditeit aan die stelsel onttrek en hierdie nuwe beleidsbenadering is feitlik onmiddellik in toenemende geldmarktekorte weerspieël. Die totale akkommodasie wat bankinstellings by die diskontovenster van die Reserwebank benut het, het dienooreenkomstig vanaf R3,9 miljard aan die einde van Februarie 1994 tot R7,1 miljard aan die einde van April gestyg. Geldmarktoestande het daarna betreklik stram gebly en het slegs in Julie matig verruim nadat die land se netto buitelandse reserwes skerp gestyg het.

Rentekoerse het oor die algemeen in Februarie 1994 'n onderste draaipunt bereik. Daarna het die opbrengskoerskromme oor die volle looptyd-spektrum na 'n hoër vlak verskuif. Aangesien langtermynkoerse vinniger as korttermynkoerse gestyg het, het die opbrengskoerskromme 'n steil opwaartse helling verkry soos die gaping tussen lang- en korttermyn-rentekoerse vergroot het.

Hierdie verwickelinge het, nadat die Bankkoers ses keer agtereenvolgens vanaf 18 persent in Maart 1991 tot 12 persent in Oktober 1993 verlaag is, 'n verdere verlaging hoogs onwaarskynlik gemaak. Onder toestande van betreklik groot kapitaaluitvloeiinge, 'n depresiërende wisselkoers, stygende vraag na krediet, 'n versnelling in die koers van toename in die geldvoorraad, 'n betreklik groot tekort op die begroting van die algemene owerheid en skynbaar toenemende verwagtings van hoër inflasie, was daar sekerlik geen regverdiging vir wat bloot as 'n kunsmatige verlaging van die Bankkoers geag sou kon word nie. Dit was, intendeel, slegs omdat die monetêre owerhede van mening was dat ten minste sommige van hierdie ongunstige verwickelings (soos byvoorbeeld die kapitaaluitvloeiing en die

"... langtermyn ekonomiese groei kan natuurlik nie op 'n deurlopende grondslag deur geldskepping uit hoofde van die kredietverlenings-bedrywighede van bankinstellings gefinansier word nie."

depresiasie van die wisselkoers), regstreeks verband gehou het met die politieke gebeure tydens die oorgangstydperk en weer gedurende die tweede helfte van 1994 omgekeer sou word, wat die Reserwebank daarvan weerhou het om tot dusver in 1994 'n meer beperkende monetêre beleid te volg.

Botsende verwikkelings tussen stygende vraag na fondse van die privaatsektor en groot leningsbehoefte van regering

Die tekort voor lenings van die sentrale regering het gedurende die afgelope drie fiskale jare wat op 31 Maart 1992, 1993 en 1994 geëindig het, onderskeidelik 4,3, 8,3 en 6,9 persent van die bruto binnelandse produk beloop. Vir die fiskale jaar 1994/95 is hierdie tekort op R29,3 miljard, of 6,6 persent van die verwagte bruto binnelandse produk, geraam.

Tekorte van die regering van hierdie omvang verminder onvermydelik die totale besparing wat vir investering en ontwikkeling in die privaatsektor beskikbaar is en dit verteenwoordig ontsparing deur die regering – in die mate dat die tekorte die betreklik klein bedrag van kapitaalbesteding deur die regering oorskry. Die totale tekort verteenwoordig boonop 'n toevoeging tot totale staatskuld, en ook tot die alreeds hoë rente- en aflossingskoste vir die belastingbetaler. Rentebetalings op die staatskuld beloop in hierdie stadium alreeds 17,2 persent van die totale begrotingsuitgawes, gelykstaande aan 5,6 persent van die bruto binnelandse produk.

In die taamlik gedempte ekonomiese toestande van die afgelope paar jaar, was dit nie vir die regering moeilik om die benodigde fondse op die plaaslike finansiële markte te leen nie. Daar is in die proses weinig van bankkrediet gebruik gemaak en rentekoerse het in die algemeen voortgegaan om in ooreenstemming met die dalende inflasiekoers te daal. Daar kan in der waarheid aangevoer word dat die groot tekorte op die begroting van die regering in hierdie omstandighede 'n mate van stimulering aan die ekonomie verskaf het en gevolglik voorkom het dat die resessie selfs nog verder verdiep het.

Die omstandighede het egter gedurende die afgelope jaar betekenisvol verander. Die ekonomie is nou op 'n nuwe uitbreidingspad, vaste investering deur die privaatsektor is besig om toe te neem en daar is 'n stygende vraag na fondse, soos in die onlangse matige toename in bankkrediet aan die privaatsektor toegestaan weerspieël is. In die omstandighede kan oormatige lenings deur die regering maklik aanleiding gee tot opwaartse druk op rentekoerse en ook 'n verdringing van die privaatsektor, en/of tot die versoeking om 'n gedeelte van die tekort met bankkrediet te finansier. Albei hierdie weë sal weldra die ekonomiese opswaai demp en gevolglik ook die land se vermoë verminder om die huidige welkome uitbreidingsfase vir 'n lang tydperk te handhaaf, net soos met die "stop-gaan"-ondervindings van die sewentigerjare die geval was.

Die Reserwebank se pogings om algehele finansiële stabiliteit ter ondersteuning van volgehoue ekonomiese groei oor die middel- en langer

"Onder toestande van betreklik groot kapitaal-uitvloeiinge, 'n depresiërende wisselkoers, stygende vraag na krediet, 'n versnelling in die koers van toename in die geldvoorraad, 'n betreklik groot tekort op die begroting van die algemene owerheid en skynbaar toenemende verwagtings van hoër inflasie, was daar sekerlik geen regverdiging vir ... 'n ... verlaging van die Bankkoers ... nie."

"Tekorte van die regering van hierdie omvang verminder onvermydelik die totale besparing wat vir investering en ontwikkeling in die privaatsektor beskikbaar is ..."

"Pogings om die ekonomie deur middel van oormatige verhogings van die regeringsuitgawes te stimuleer, kan in hierdie stadium die teenoorgestelde uitwerking hê en kan weer eens tot 'n voortydige beëindiging van die opswaifase aanleiding gee."

termyn te handhaaf, vereis nou doeltreffende koördinasie tussen monetêre en fiskale beleid, selfs meer as wat dit op enige ander tydstip die afgelope vyf jaar nodig was. Pogings om die ekonomie deur middel van oormatige verhogings van die regeringsuitgawes te stimuleer, kan in hierdie stadium die teenoorgestelde uitwerking hê en kan weer eens tot 'n voortydige beëindiging van die opswaifase aanleiding gee. Soos dit dikwels met makro-ekonomiese besluite gebeur, moet die beleidmakers in die huidige omstandighede minder doen ten einde uiteindelik meer te kan bereik. Die Reserwebank verleen derhalwe sy volle ondersteuning aan die pogings van die Minister van Finansies in sy begroting vir 1994/95 waarvolgens meer fondse vir die Heropbou- en Ontwikkelingsprogram voorsien word deur 'n herskikking van bestaande uitgawes, eerder as deur 'n verhoging van die totale regeringsuitgawes.

Drie probleemareas in die ekonomie

Inflasie daal maar inflasionistiese druk duur voort

"Een van die mees verblydende ontwikkelings gedurende die afgelope jaar was die afname in die inflasiekoers. Sowel die produsente- as die verbruikersprysindeks het oor die afgelope jaar teen hul laagste koerse in meer as twee dekades gestyg."

Een van die mees verblydende ontwikkelings gedurende die afgelope jaar was die afname in die inflasiekoers. Sowel die produsente- as die verbruikersprysindeks het oor die afgelope jaar teen hul laagste koerse in meer as twee dekades gestyg. Die omvattende produsenteprysindeks het in 1993 met slegs 6,6 persent en die verbruikersprysindeks met slegs 9,7 persent gestyg. Gemeet oor tydperke van twaalf maande het die koers van verandering in die produsenteprysindeks in Oktober 1993 op 5,4 persent sy laagste vlak van die afgelope agtien maande bereik voordat dit weer tot 7,9 persent in Junie 1994 gestyg het. Op dieselfde basis het die verbruikersprysinflasie 'n laagtepunt van 7,1 persent in April 1994 bereik voordat dit weer tot 7,5 persent in Junie 1994 gestyg het.

Die vele nadele van inflasie is in vorige *Presidentsredes* by hierdie vergaderings, in feitlik al die *Jaarlikse Ekonomiese Verslae* wat die Bank die afgelope jare uitgereik het, en in baie openbare toesprake en publikasies deur amptenare van die Reserwebank uitgewys. Hierdie nadele kan by wyse van 'n vrye vertaling van 'n aanhaling uit die laaste bladsye van die *Heropbou- en Ontwikkelingsprogram* soos volg opgesom word: "Oormatige inflasie of ernstige betalingsbalansprobleme ... sal die omstandighede van armes vererger, groei belemmer en veroorsaak dat die HOP misluk".

Een aspek van die inflasionêre proses wat in Suid-Afrika verdere aandag verdien, is die rol van verwagtings. Alhoewel nominale inflasiekoerse oor die afgelope jaar aansienlik gedaal het, het ons nog nie heeltemal daarin geslaag om die inflasie-psigose te breek nie. Dit vereis 'n lang en volgehoue stryd wat nie deur korttermynskommelings in pryse ontspoor mag word nie. Solank inflasie en inflasieverwagtings 'n wesenlike invloed uitoefen op deurlopende besluite om te spaar, te investeer, te produseer of te verbruik, is die stryd steeds aan die gang. Solank Suid-Afrika se

inflasiekoers op 'n vlak aansienlik hoër as dié van ons vernaamste internasionale handelsvennote en mededingers bly, sal die land stygende koste moet beveg om mededingend in internasionale markte te wees. Solank daar inflasie is, ongeag wat die vlak daarvan mag wees, het die Reserwebank 'n verpligting om dit te bestry.

Dit is geen maklike taak nie, veral nie in die huidige ekonomiese klimaat nie. Baie van ons het 'n begeerte om die ekonomie tot verby sy werklike potensiaal op te forseer, en om druk op die monetêre stelsel uit te oefen om eenvoudig deur die skepping van meer geld hierdie begeertes te vervul. Tog stem ons almal saam dat die skepping van meer geld nog nooit 'n wonderkuur vir die bekamping van armoede was nie. In werklikheid demp hoë inflasie wat deur buitensporige toenames in die geldvoorraad gefinansier word nie net ekonomiese groei oor die langer termyn nie – dit diskrimineer ook op onbillike wyse teen die armes deur 'n ongelyke aftakeling van lewenstandaarde.

Ons is gevolglik verplig om op ons hoede te bly in die stryd teen inflasie. Gevaartekens het na vore gekom in die jongste veranderinge in die koers van toename in finansiële groothede soos die geldvoorraad en bankkredietverlening, in veranderinge in sowel die wisselkoers van die rand as in rentekoerse, veral in langtermynkoerse, en in die vorm van die opbrengskoerskromme. Sowel die produsente- as die verbruikersprysindeks het ook onlangs begin om weer opwaarts te beweeg. Indien daar nie nou, in die ná-verkiezings tydperk, 'n doelgerigte terugkeer na 'n meer bestendige oorhoofse finansiële klimaat in die land plaasvind nie, sal die Reserwebank weinig ander keuse hê as om aan die neigings van markkragte toe te gee en 'n meer beperkende monetêre beleid in te stel.

Daar is normaalweg lang tydsloerings in die reaksie van pryse op inflasioneëre impulse van finansiële veranderinge. Makro-ekonomiese ontleders raam dat hierdie tydsloerings so lank as agtien maande tot twee jaar kan duur. Indien die Reserwebank dus sou wag totdat die gemete inflasiekoers 'n onaanvaarbaar hoë vlak bereik het voordat die monetêre beleidsmaatreëls verskerp word, sou dit blyk dat hy heeltemal te lank gewag het. Vroeë en doelgerigte optrede sal nodig wees indien ons nie die vordering wil prysgee wat reeds oor die afgelope paar jaar gemaak is om finansiële stabiliteit in die Suid-Afrikaanse ekonomie te herstel nie.

Multi-faktor produktiwiteit moet verbeter om volgehoue ekonomiese groei te ondersteun

In die byna vergete Normatiewe Ekonomiese Model wat in Maart 1993 as 'n besprekingsdokument deur die Minister van Finansies uitgereik is, word 'n ontleding verskaf van Suid-Afrika se swak prestasie in totale multi-faktor produktiwiteit oor tyd, en ook in vergelyking met die meer suksesvolle ekonomieë in Suidoos-Asië. Insette van sowel kapitaal as arbeid lewer betreklik lae opbrengste in die vorm van uitsette en het aansienlik tot die

"... hoë inflasie wat deur buitensporige toenames in die geldvoorraad gefinansier word (demp) nie net ekonomiese groei oor die langer termyn nie – dit diskrimineer ook op onbillike wyse teen die armes deur 'n ongelyke aftakeling van lewenstandaarde."

"Vroeë en doelgerigte optrede sal nodig wees indien ons nie die vordering wil prysgee wat reeds oor die afgelope paar jaar gemaak is om finansiële stabiliteit in die Suid-Afrikaanse ekonomie te herstel nie."

verswakking van Suid-Afrika se mededingendheid op die internasionale markte bygedra. Noudat Suid-Afrika weer in die internasionale gemeenskap opgeneem en ons produsente al meer aan internasionale mededinging blootgestel word, is dit van die uiterste belang dat ons as 'n volk baie meer mededingend sal raak.

Meer onlangse gegewens is ongelukkig nie beskikbaar nie, maar daar was bemoedigende ontwikkelings in 1993 wat arbeidsproduktiwiteit en arbeidseenheidskoste betref. Die koers van toename in die gemiddelde nominale loon per werker in die sektore buite die landbou het van 15,4 persent in 1992 tot 10,6 persent in 1993 gedaal. Ná uitskakeling van die invloed van inflasie was die toename in die gemiddelde reële loon per werker gedurende 1993 minder as 1 persent.

Hoofsaaklik vanweë tegniese redes, byvoorbeeld die afdanking van werkers, het die gemiddelde arbeidsproduktiwiteit verlede jaar toegeneem in dié opsig dat minder arbeid gebruik is om een eenheid produksie voort te bring. Die kombinasie van betreklik lae loonverhogings enersyds, en van verhoogde uitset per werker andersyds, het tot 'n afname van nie minder nie as 3,0 persent in die reële arbeidskoste per eenheid fisiese uitset in 1993 gelei. Indien hierdie ontwikkeling sou voortduur, hou dit groot belofte vir die land se vooruitsigte op ekonomiese ontwikkeling in.

Daar bestaan onbetwisbare moontlikhede om produktiwiteit in Suid-Afrika verder te verbeter, byvoorbeeld deur beter onderwys en opleiding, die verbetering van dienste soos behuising, gesondheidsorg, vervoer en elektrifisering, die ingebruikneming van meer gevorderde tegnologie en die bevordering van effektiewe mededinging. Met ander woorde, die bereiking van talle van die doelwitte van die Heropbou- en Ontwikkelingsprogram is van die grootste belang, nie net om sosio-politieke redes nie, maar ook ter wille van toekomstige ekonomiese ontwikkeling.

Alhoewel dit mag lyk asof die bogenoemde bedrywighede buite die sfeer van die Reserwebank se monetêre beleidsverantwoordelikhede val, is hulle van deurslaggewende belang vir die bereiking van die gemeenskaplike uiteindelijke doelwit wat deur alle konsekwente makro-ekonomiese beleidsmaatreëls nagestreef word, naamlik die verbetering van die lewenspeil van al Suid-Afrika se mense. Die belangrikste bydrae wat monetêre beleid kan lewer om hierdie doelwit te verwesenlik is om die waarde van die rand te beskerm, want slegs in omstandighede van finansiële stabiliteit en dienooreenkomstige verwagtings sal die voordele van verhoogde produktiwiteit die ware skeppers van rykdom op 'n sigbare en regverdige manier toeval.

Die bemoedigende ontwikkelings in arbeidsproduktiwiteit en in die gemiddelde arbeidskoste per eenheid van produksie oor die afgelope jaar, het in 'n klimaat van ernstige resessie plaasgevind. Dit sal jammer wees indien

hierdie gunstige ontwikkelings nou weer gedurende die huidige fase van ekonomiese herstel onder 'n nuwe vlag van voortgesette loongesille tussen werkgewers en werknemers moet verkrummel.

Die valutabeheer-beperking

Oor 'n tydperk van meer as dertig jaar is die Suid-Afrikaanse betalingsbalans deur talle nie-ekonomiese handelinge beïnvloed wat van tyd tot tyd deur ander lande ingestel is om die verloop van sosio-politieke ontwikkelings in die land te verander. Gedurende hierdie tydperk is 'n omvangryke valutabeheerstelsel ingestel om uitwaartse kapitaalbewegings te reguleer. Hierdie beheermaatreëls, wat sowel nie-inwoners as inwoners raak, is ook aangewend om die binnelandse ekonomie te beskerm teen die nadelige invloede van betalingsbalansverwikkelling wat uit nie-ekonomiese faktore voortgespruit het. Vanweë die aard van hul oorsprong, kon sulke verwikkelling nie altyd met behulp van die konvensionele makro-ekonomiese beleidsmaatreëls beheer word nie.

'n Mate van sukses is miskien met die valutabeheermaatreëls behaal in die bereiking van die oorspronklike doelwitte. Soos gewoonlik die geval is met alle regstreekse maatreëls wat oor 'n langdurige tydperk op markbedrywigheide van toepassing bly, het hulle egter ook baie verwringings in die Suid-Afrikaanse ekonomie veroorsaak wat die wisselkoers, die algemene vlak van rentekoerse, die pryse van vaste eiendom en finansiële bates, en selfs lone en salarisse geraak het. Aanpassings in hierdie belangrike ekonomiese veranderlikes wat normaalweg oor die jare heen moes plaasvind, is óf uitgestel óf deur die stelsel van valutabeheer onderdruk, en agterstande wat opgeloop het, sal reggestel moet word sodra die beheer uiteindelik afgeskaf word.

Daar behoort geen ruimte vir enige groot meningsverskil oor hierdie saak te wees nie. Op die lang termyn en in belang van toekomstige ekonomiese groei, moet Suid-Afrika sy buitelandse valutamark vryer maak en na 'n stelsel van 'n enkelvoudige swewende wisselkoers terugkeer, wat slegs deur noodsaaklik geagte inmenging van die Reserwebank beïnvloed word. Sodanige inmenging moet slegs daarop gemik wees om omkeerbare korttermynskommelings in die valutamark uit te stryk.

'n Belangrike stap in hierdie rigting is gedoen toe 'n ooreenkoms in September 1993 met Suid-Afrika se buitelandse krediteurbanke bereik is vir 'n finale herskedulering van die oorblywende bedrag van VSA \$4,5 miljard van die oorspronklike bedrag van \$13,6 miljard wat sedert Augustus 1985 in Suid-Afrika ingevolge 'n reeks tussentydse skuldooreenkomste geblokkeer is. Dié saldo sal ten volle aan die krediteure terugbetaal word in gereelde sesmaandelikse paaientemente tot in 2001.

Wat die oorblywende valutabeheerregulasies betref, is daar nietemin baie uiteenlopende menings oor hoe en wanneer Suid-Afrika van die

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"Op die lang termyn en in belang van toekomstige ekonomiese groei, moet Suid-Afrika sy buitelandse valutamark vryer maak en na 'n stelsel van 'n enkelvoudige swewende wisselkoers terugkeer..."

huidige stelsel na die gewenste stelsel moet oorskakel, en oor watter aanvullende en ondersteunende maatreëls nodig mag wees om hierdie oorskakeling te vergemaklik. In baie ander lande is valutabeheer as 'n onderdeel van 'n omvattende en goedbeplande makro-ekonomiese herstrukturierungsprogram afgeskaf, dikwels in samewerking en met die ondersteuning van die Internasionale Monetêre Fonds en die Wêreldbank. Sulke programme het normaalweg vir 'n gepaste rentekoers- en wisselkoersbeleid voorsiening gemaak, en ook die sentrale bank en die regering tot duidelik gerigte beperkende monetêre en fiskale dissiplines verbind. Die programme wat op sommige lande van toepassing was, het ook beperkings op daaropvolgende loonverhogings ingesluit, en buitelandse finansieringsfasiliteite is beskikbaar gestel om, indien nodig, die betalingsbalans in die oorgangsfase te ondersteun.

Die afskaffing van valutabeheer as 'n maatreël op sy eie, sonder enige ondersteunende hulpmaatreëls, kan ernstige versteurings aan die begin van die oorskakeling veroorsaak en die herinstelling van die ou beheermaatreëls noodsaak, of selfs die instelling van ander nuwe regstreekse beheermaatreëls oor markte tot gevolg hê, wat meer skadelik vir die ekonomie mag wees. Suid-Afrika moet om klaarblyklike redes hierdie roete vermy.

Die tydsberekening van die afskaffing van valutabeheer, veral indien dit sonder die ondersteuning van 'n omvattende aantal makro-ekonomiese maatreëls gedoen sou word, is van deurslaggewende belang. Dit sal byvoorbeeld raadsaam wees om die stap te doen slegs nadat die reëlins vir Suid-Afrika se hertoetreding tot die internasionale kapitaalmarkte gefinaliseer is. Die Reserwebank het ook reeds voorheen gewaarsku dat die aanpassingsproses redelik pynlik kan wees indien die afskaffing van valutabeheer sou plaasvind in omstandighede waar die diskonto tussen die twee wisselkoerse steeds 'n beduidende omvang aanneem, groot bedrae geredelik beskikbare finansiële randsaldo's steeds op deposito by bankinstellings in Suid-Afrika gehou word, en die Reserwebank maar net 'n klein bedrag buitelandse reserwes tot sy beskikking het om die buitelandse valutamark in die oorgangstydperk te ondersteun.

Suid-Afrika is tans besig met die ingewikkelde proses om 'n internasionale kredietgradering van gerespekteerde internasionale graderingsagentskappe te bekom wat die verkryging van toekomstige lenings op die internasionale kapitaalmarkte sal vergemaklik. Die betrokke prosedures sal hopelik voor die einde van vanjaar afgehandel wees en sal nog 'n struikelblok op die weg van Suid-Afrika se herintegrasie in die internasionale ekonomie verwyder.

Sodra Suid-Afrika tot die wêreld se kapitaalmarkte hertoegetree het, sal dit moontlik wees om die land se buitelandse leningsbehoefte oor 'n wyer spektrum van beleggers te versprei. Dit sal die land se groot afhanklikheid van die internasionale bankgemeenskap, wat vir bykans 'n dekade

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geduldig en voortdurend die kapitaalrekening van die betalingsbalans ondersteun het, verminder.

Die Reserwebank bly steeds vol vertroue dat die kapitaalrekening van die betalingsbalans nog verder sal verbeter, en dat meer internasionale likwiditeit beskikbaar sal kom om 'n verantwoordelike program vir die afskaffing van valutabeheer te ondersteun. Intussen sal die wisselkoers van die finansiële rand hopelik ook nader aan dié van die kommersiële rand beweeg, ofskoon dit 'n verdere aanpassing mag verg in die pryse van die onderliggende bates wat deur nie-inwoners in Suid-Afrika gehou word. Meer gunstige omstandighede mag nietemin in die toekoms ontwikkel vir die afskaffing van valutabeheer – indien nie in sy geheel nie, dan ten minste gedeeltelik.

Dit is naïef om te glo dat groot hoeveelhede kapitaal op 'n netto basis na Suid-Afrika sal vloei sodra die beperkings op die uitvloeiing van kapitaal afgeskaf word. Valutabeheer is maar net een hindernis in die weg van die buitelandse belegger wat internasionaal rondkyk na lande waar hy sy besparings kan belê. Ander oorwegings, soos sosiale en politieke stabiliteit, ekonomiese lewensvatbaarheid, gesonde fiskale en monetêre beleid en verbeterings in multi-faktor produktiwiteit, is vir die meeste potensiele buitelandse beleggers van selfs nog groter belang.

Die finansiële struktuur

'n Aantal Suid-Afrikaanse bankinstellings is tans besig met programme om verteenwoordiging in die vernaamste internasionale finansiële sentrums te vestig en is ook besig om takkantore en filiale in ander Afrikalande te open. Hierdie "internasionalisering" van Suid-Afrikaanse banke vergroot die verantwoordelikheid van ons regulerings- en toesighoudingsowerhede om gesonde bankinstellings wat doeltreffend bestuur word in die land te bevorder. Die Suid-Afrikaanse banke is nie slegs die bewaarders van die geldvoorraad en van die korttermynbesparings van die Suid-Afrikaanse publiek nie, maar moet nou ook die beeld van 'n gedissiplineerde Suid-Afrikaanse finansiële stelsel na die res van die wêreld uitdra.

Geleenthede ontstaan gevolglik vir die Suid-Afrikaanse finansiële markte om nie net aan die Suid-Afrikaanse publiek dienste te lewer nie, maar ook aan deelnemers vanuit die res van die wêreld wat moontlik mag belangstel. Dit moet egter aanvaar word dat hierdie integrasie in die internasionale finansiële markte, wat na alle waarskynlikheid sal toeneem namate Suid-Afrika se buitelandse valutamark vrygemaak word, ook groter verantwoordelikheid sal meebring om aan internasionale norme en standaarde te voldoen. Deelnemers in die wêreldmarkte is huiwerig om in markte op te tree wat nie goed georganiseer is nie of in omstandighede waarin toesighouding nie nougeset toegepas word nie.

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Die Suid-Afrikaanse reguleringsowerhede het om hierdie redes die ontwikkeling van gepaste verrekenings-, vereffenings-, eienaarsoordrag- en markinligtingstelsels aktief aangemoedig en beklemtoon nou behoorlike risikobestuurstelsels in markte en tussen markte, wat ook kapitaal-toereikendheidsvereistes vir markdeelnemers insluit. Uitgebreide reëlins vir risikobestuur het oor die afgelope jare noodsaaklik geword vanweë die vinnige groei van die Suid-Afrikaanse finansiële markte wat betref die aantal instrumente en deelnemers asook die omsette, en die gepaardgaande hoër potensiaal vir stelselrisiko's, met inbegrip van kruismark-beïnvloedings.

Die daaglikse bedrae wat vereffen moet word het aansienlik toegeneem, hoofsaaklik vanweë die vinnige groei in die aantal transaksies op die finansiële markte. Die daaglikse bedrag wat deur middel van tjeks, as die belangrikste betalingsinstrument, oorgedra word, bereik by geleenthede R60 miljard. Dit het die aandag van die Reserwebank gevestig op die betaalstelsel as sodanig, sowel as op die Bank se eie risikoblootstelling. In die heersende omstandighede sal dit vir die Bank moeilik wees om nie die bankstelsel te ondersteun in die geval van wanprestasie deur 'n verrekeningsbank in die vereffenings-proses nie. Die verrekeningstydperke in die finansiële markte kan tot 14 dae duur en gee aanleiding tot lang en ingewikkelde transaksie-kettings wat, in die geval van wanprestasie, nie binne 'n redelike tydverloop ontrafel kan word nie. Vanweë die ontwrigtende gevolge wat 'n uitgestelde vereffening op die markte kan hê, word die Reserwebank feitlik gedwing om hierdie onaanvaarbare vereffenings- risiko te aanvaar.

Die Bank het gevolglik 'n duidelike belang by die doeltreffende en veilige funksionering van die betaalstelsel en huldig ook die standpunt dat finansiële tussengangers en markdeelnemers verkieslik hul eie krediet- en markrisiko's moet beheer en dat hulle met die Bank moet saamwerk om risiko's in die betaalstelsel te verminder. Die Vereniging van Verrekeningsbanke het die afgelope jaar die inisiatief geneem deur 'n verslag oor betaalstelselrisiko's op te stel. In opvolging daarvan het die Reserwebank die verdere inisiatief geneem om 'n strategiese raamwerk te skep vir die verdere ontwikkeling van die nasionale betaalstelsel wat daarop gemik sal wees om groter doeltreffendheid en risikovermindering teweeg te bring.

Hierdie groter besorgdheid van die Reserwebank oor die risiko's van die finansiële stelsel en oor algehele verrekenings- en vereffeningsreëlins beteken nie dat die Bank nou die besigheidsrisikobestuur van afsonderlike finansiële instellings as van minder belang beskou nie. Die Kantoor van die Registrateur van Banke werk steeds nou met die direkteure, die bestuur en die ouditeure van elke individuele

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instelling saam ten einde risikobestuur op die korporatiewe vlak te verseker.

Die gesonde afstand wat gedurende die afgelope paar jaar ontwikkel het tussen die Kantoor van die Registrateur, wie se belangstelling in die eerste plek lê by die bestuur van risikoblootstellings binne individuele instellings, en die Reserwebank, in sy hoedanigheid as lener in laaste instansie en met 'n groter belang by die voorkoming van stelselrisiko's, word hopelik nou beter begryp. Nóg die Kantoor van die Registrateur nóg die Reserwebank kan egter onder alle omstandighede volledige beleggingsekerheid vir aandeelhouers in, of deposante by, enige spesifieke bankinstelling waarborg. Ten spyte van alle voorsorg deur die Kantoor van die Registrateur, kom daar steeds gevalle van wanprestasie deur bankinstellings voor en ontwikkel omstandighede tot in 'n stadium waar normale Reserwebankbystand by die diskontovenster die toestand nie meer kan red nie. Die owerhede kan dus nie altyd die traumatiese en pynlike proses van likwidasie verhoed nie, nie eens van 'n geregistreerde bankinstelling nie. Die owerhede kan ook nie verantwoordelik gehou word vir mislukkings as gevolg van verkeerde interne besluite, swak bestuur of rampspoedige eksterne gebeure wat soms likwidasie op 'n bank afdwing nie. Deposante by finansiële instellings moet gevolglik gereeld daaraan herinner word dat hulle uiteindelik self die volle verantwoordelikheid dra betreffende besluite wat hulle neem oor waar hulle hul fondse belê.

Verskeie versoeke word tans tot Suid-Afrikaanse bankinstellings gerig om hul bedrywighede in Suid-Afrika uit te brei om aan die minder gegoede gedeelte van die bevolking se behoeftes aan bankdienste te voldoen en om meer fondse vir behuising, uitvoerfinansiering, die landbou en kleinsake-ontwikkeling te voorsien. Die banke het ongetwyfeld verantwoordelikhede in hierdie verband en kan in die loop van hul normale bedrywighede 'n noodsaaklike bydrae tot die uitvoering van die Heropbou- en Ontwikkelingsprogram lewer. Dit moet egter te alle tye besef word dat 'n bank se geloofwaardigheid en voortbestaan oor die lang termyn deur die kwaliteit van sy batebesit bepaal word. Banke moet nie tot oormatige risikoblootstelling gedwing word nie, want dan kan hulle moontlik in die toekoms ook van regeringssubsidies afhanklik word.

Dit moet ook in gedagte gehou word dat banke spesiale instellings is aan wie die spesiale volmag van geldskepping toevertrou is. Deur lenings toe te staan, skep banke deposito's, en deposito's by banke is deel van die geldvoorraad. Van tyd tot tyd ontstaan omstandighede waar dit in die nasionale belang nodig geag word om die geldskeppingsvermoë van bankinstellings aan bande te lê, byvoorbeeld deur die bedrag aan basiese likwiditeit, wat aan banke beskikbaar gestel word deur middel van die opemarktransaksies van die Reserwebank, te beperk en/of deur die

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voorwaardes vir akkommodasie by die diskontovenster van die Bank te verskerp. Indien banke in hierdie omstandigheid verbind is tot die voorsiening van sekere toegewese lenings sal 'n ander tipe verdringing van die res van die privaatsektor onvermydelik word.

Slotopmerkings

Suid-Afrika het die verbeelding van die wêreld aangegryp oor die wyse waarop 'n nuwe en ten volle demokratiese politieke bedeling ingestel is. Die mense van die land het bykans onoorkomelike probleme van sosio-politieke hervorming met vasberadenheid en 'n wil om te slaag aangepak.

Suid-Afrikaners moet nou ook die volgende taak, dit wil sê van ekonomiese heropbou en ontwikkeling, in dieselfde gees aanpak. Ons moet die spel speel met die wil om te wen. Aan die een kant staan die land groot maar nietemin redelike verwagtings van sy mense vir beter lewensomstandighede en 'n beter lewenstandaard in die gesig. Aan die ander kant het ons beperkte bronne om in die behoeftes van die mense te voorsien. Daar is byvoorbeeld slegs beperkte besparings beskikbaar waaruit die nodige finansiering vir die vele dringende ontwikkelingsprogramme en vir die uitbreiding van die beperkte fisiese produksievermoë voorsien moet word.

Hierdie uitdaging bied geen rede tot wanhoop nie – dit is 'n normale toestand in enige land wat in 'n vergelykbare stadium van ekonomiese ontwikkeling verkeer. Dit is in der waarheid waaroor die ekonomie in die finale instansie handel: hoe om maksimale bevrediging van die voortdurend groeiende behoeftes van mense met die beperkte middele tot ons beskikking te bewerkstellig. Die kuns van suksesvolle ekonomiese bestuur is op stuk van sake hoe om maksimum produksie uit beperkte bronne voort te bring, en hoe om te verseker dat die maksimum bevrediging aan al die mense van Suid-Afrika sal toekom.

Daar is geen kitsoplossing vir hierdie makro-ekonomiese uitdaging nie. Suid-Afrikaners moet die illusie laat vaar dat 'n oplossing gevind kan word slegs deur pryse kunsmatig te verander. Ons kan Suid-Afrika nie ryk maak deur slegs die wisselkoers te laat depresieer, of deur rentekoerse te verlaag, of lone te verhoog of deur die skepping van meer inflasie nie. Werklike welvaart kom tot stand deur harde werk, groter doeltreffendheid, verhoogde produktiwiteit en deur meer mededingend as ander lande te wees. Werklike welvaart kan slegs oor dekades en nie binne enkele jare nie geskep word, en enige standhoudende proses van ekonomiese ontwikkeling kan slegs in omstandighede van algehele sosiale, politieke, finansiële en ekonomiese stabiliteit gehandhaaf word.

Teen hierdie agtergrond het die Reserwebank geen ander keuse nie as om voort te gaan met die nastrewing van sy doelwitte vir die handhawing van 'n algeheel bestendige finansiële omgewing, gerugsteun deur gesonde

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en goedbestuurde finansiële instellings wat in doeltreffende en betroubare finansiële markte funksioneer. Dit moet steeds in die jare wat voorlê die hoeksteen van monetêre beleid in Suid-Afrika bly."

In antwoord op 'n vraag van 'n aandeelhouer, meld die voorsitter dat hy die bevindinge steun van 'n studie deur die Departement Ekonomie van die Reserwebank waarin tot die gevolgtrekking geraak is dat Suid-Afrika hom tans nie in 'n sogenaamde "skuldlokval" bevind nie. Die gevaar om in so 'n situasie te beland, is egter groot indien die staatskuld aanhou om teen die huidige tempo te styg.

Na afloop van sy rede stel die voorsitter voor dat die finansiële state en die verslae van die direkteure en ouditeure aanvaar word. Die voorstel word deur mnr A. A. Noëth gesekondeer en deur die vergadering aanvaar.

Op voorstel van die voorsitter, gesekondeer deur mnr M. H. Vosloo, word mnr I. J. Moolman ('n regeringsverteenwoordiger wie se ampstermyn op 30 Junie 1994 verstryk het), ooreenkomstig artikel 6(1)(b) van die Wet op die Suid-Afrikaanse Reserwebank, Wet No. 90 van 1989, met ingang van 1 Julie 1994 tot 30 Junie 1995 as aandeelhoudersverteenwoordiger vir die onverstreke gedeelte van adv C. H. Wiese se termyn (wat met ingang van 18 April 1994 as lid van die Raad bedank het), verkies.

Op voorstel van die voorsitter, gesekondeer deur dr L. A. Porter, word dr J. G. van der Horst en mnr W. F. de la Harpe Beck, wie se ampstermyne op die Raad op 30 Junie 1994 verstryk het, as verteenwoordigers van aandeelhouders op die Raad van direkteure herkies.

Namens die Raad stel die voorsitter vervolgens voor:

- dat die firma Coopers & Lybrand en die firma Deloitte & Touche elk die bedrag van R329 596,80 betaal word vir die audit van die Bank se rekeninge vir die jaar geëindig 31 Maart 1994.

Die voorstel word deur mnr J. J. Fourie gesekondeer en deur die vergadering aanvaar.

- dat die firma Deloitte & Touche en die firma Coopers & Lybrand heraangestel word om die Bank se rekeninge vir die finansiële jaar 1994/95 te audit.

Die voorstel word deur dr D. Konar gesekondeer en deur die vergadering aanvaar.

Mnr B. J. Swart stel 'n mosie van dank voor aan die voorsitter vir sy voorsitterskap en rede.

Die verrigtinge word hierna afgesluit.

**VERSLAG VAN DIE RAAD VAN DIREKTEURE VAN DIE
SUID-AFRIKAANSE RESERWEBANK VIR DIE JAAR
GEËINDIG 31 MAART 1994 TER VOORLEGGING AAN
DIE AANDEELHOUERS OP DIE VIER-EN-SEWENTIGSTE
GEWONE ALGEMENE VERGADERING WAT OP
DINSdag, 23 AUGUSTUS 1994 TE PRETORIA GEHOU IS**

Ooreenkomstig die bepalings van die Wet op die Suid-Afrikaanse Reserwebank, No. 90 van 1989, en die regulasies wat ingevolge daarvan opgestel is, word die bygaande finansiële state van die Bank vir die jaar geëindig 31 Maart 1994, wat op die voorgeskrewe wyse deur die ouditeure nagegaan is, aan die aandeelhouders voorgelê.

Kapitaal

Die Bank se kapitaal van R2 miljoen op 31 Maart 1994 is gehou deur 671 aandeelhouders, waarvan 57,8 persent elk minder as R1 000 besit het.

Reserwefonds

Ingevolge die bepalings van artikel 24 van die Wet op die Suid-Afrikaanse Reserwebank, Wet No. 90 van 1989, is R14,9 miljoen van die netto wins vir die jaar aan die reserwefonds toegewys, as gevolg waarvan die saldo op hierdie reserwefonds tot R129,6 miljoen op 31 Maart 1994 gestyg het.

Note en munte in omloop

Die Bank se nootuitgifte het op 31 Maart 1994 R14 144 miljoen beloop, wat 'n toename van 15,4 persent oor die jaar verteenwoordig, vergeleke met 'n styging van 13,6 persent vir die vorige jaar. Die Bank se muntuitgifte het op 31 Maart 1994 R903 miljoen beloop. Dit verteenwoordig 'n verandering in die rekeningkundige beleid, aangesien die verpligting ten opsigte van munte in omloop nie in vorige jare in die Bank se balansstaat verskyn het nie. Sedert 1 April 1993 word munte vanaf die Suid-Afrikaanse Muntmaatskappy (Eiendoms) Beperk aangekoop en deur die Bank in omloop geplaas.

Die Bank se verpligting ten opsigte van note deur ander banke uitgereik, het gedurende die jaar geen verandering getoon nie en het op 31 Maart 1994 R0,4 miljoen bedra.

Depositorekeninge

Totale deposito's by die Bank het gedurende die jaar van R7 260 miljoen op 31 Maart 1993 na R3 702 miljoen op 31 Maart 1994 afgeneem, dit wil sê met R3 558 miljoen of 49,0 persent. Die saldo op die Regering se lopende

rekeninge het met R3 438 miljoen afgeneem, hoofsaaklik as gevolg van die instelling van belasting- en leningrekeninge by die private banksektor. Die saldo op die depositorekeninge van die banke het met R765 miljoen verminder, terwyl ander lopende rekeninge met R645 miljoen toegeneem het.

Ander laste

Ander laste het gedurende die jaar met R5 950 miljoen toegeneem, naamlik van R5 808 miljoen aan die einde van Maart 1993 tot R11 758 miljoen aan die einde van Maart 1994. Die hoofredes vir die toename is 'n toename in buitelandse lenings van R2 921 miljoen en 'n trekking deur die Regering van 'n IMF-fasiliteit van R2 762 miljoen.

Goudruilooreenkomste

Goud aangewend vir goudruilooreenkomste het gedurende die jaar van 7,9 miljoen fyn onse na 3,3 miljoen fyn onse verminder.

Goudmunt en staafgoud

Die Bank se goudreserwes is op 31 Maart 1994 en 31 Maart 1993 teen onderskeidelik R1 218,23 en R953,03 per fyn ons gewaardeer. Hierdie pryse is bepaal ooreenkomstig artikel 25(1) van die Wet op die Suid-Afrikaanse Reserwebank, No. 90 van 1989, en is bereken teen 90 persent van die gemiddelde van die laaste tien goudvasstellings op die Londense goudmark gedurende genoemde maande. Teen hierdie waarderingspryse het die goudbesit soos op genoemde datums op onderskeidelik R5 895 miljoen en R5 206 miljoen te staan gekom. Die herwaarderingsstransaksies gedurende die jaar is ooreenkomstig artikel 25(3) van die voorgemelde Wet in die Bank se rekeninge geboekstaaf. Die goudvoorraad het met 0,7 miljoen fyn onse, van 5,5 miljoen fyn onse op 31 Maart 1993 tot 4,8 miljoen fyn onse op 31 Maart 1994, afgeneem.

Buitelandse valuta

Hierdie pos wat die Bank se besit aan buitelandse valuta uitgesonderd die goudbesit verteenwoordig, het op 31 Maart 1994 R2 039 miljoen bedra, vergeleke met R2 274 miljoen op 31 Maart 1993.

Totale goud- en buitelandse valuta

Die totale buitelandse reserwes, insluitende goud het op 31 Maart 1994 R7 934 miljoen bedra, vergeleke met R7 480 miljoen op 31 Maart 1993.

Akkommodasie aan banke

Akkommodasie aan banke het R5 314 miljoen op 31 Maart 1994 teenoor R3 852 miljoen die vorige jaar beloop. Die toename was die gevolg van strammer toestande wat gedurende Maart 1994 as in Maart 1993 in die geldmark ondervind is.

Lenings en voorskotte

Die saldo op hierdie rekening het op 31 Maart 1994 R1 689 miljoen bedra, wat R130 miljoen meer was as die saldo van R1 559 miljoen op 31 Maart 1993. Hierdie toename was hoofsaaklik die gevolg van 'n toename in plaaslike lenings toegestaan.

Binnelands geregistreeerde effekte

Die saldo op hierdie rekening op 31 Maart 1994 was R8 977 miljoen, vergeleke met R525 miljoen soos aan die einde van Maart 1993. Die toename is hoofsaaklik die gevolg van die uitreiking aan die Bank deur die Regering van R7 500 miljoen zero-koepoon effekte ter gedeeltelike aflossing van die saldo op die goud- en- buitelandsevalutagebeurlikheidsreserwerekening.

Ander beleggings

Ander beleggings het op 31 Maart 1994 R1 140 miljoen bedra – R593 miljoen meer as die vergelykbare saldo op 31 Maart 1993. Die toename was die netto gevolg van 'n toename van R1 miljard in beleggings in Landbank-promesses en 'n afname van R403 miljoen in terugkooporeenkomste.

Ander bates

Ander bates het gedurende die finansiële jaar met R5 893 miljoen tot R5 584 miljoen op 31 Maart 1994 afgeneem. Die grootste komponent van hierdie saldo was die goud-en-buitelandsevalutagebeurlikheidsreserwerekening, wat deur die Bank vir die rekening van die Tesourie geadministreer word. Die saldo op hierdie rekening het van R8 934 miljoen op 31 Maart 1993 tot R2 190 miljoen aan die einde van die huidige boekjaar afgeneem, as gevolg van die uitreiking van R7 500 miljoen se zero-koepoon effekte waarna reeds hierbo verwys is.

Vaste eiendom en ander vaste bates

Albei hierdie rekeninge het aan die einde van die finansiële jaar nul-saldo's getoon, aangesien alle aankope van vaste bates gedurende die jaar in ooreenstemming met die Bank se rekeningkundige beleid afgeskryf is.

Inkomstestaat

Ná alle uitgawes en voorsiening vir inkomstebelasting en ander verpligtings en gebeurlikhede gemaak is, het die netto wins R149,0 miljoen bedra. Van hierdie bedrag is R0,2 miljoen as dividende aan aandeelhouders betaal, terwyl R14,9 miljoen, gelykstaande aan een-tiende van die oorskot ná dividende, na die reserwefonds oorgeplaas is. Dit het 'n restant van R133,9 miljoen gelaat vir oorbetaling aan die Regering.

Dividende

Die Raad het 'n tussentydse dividend van 5 persent vir die halfjaar geëindig 30 September 1993, en 'n soortgelyke finale dividend vir die halfjaar geëindig 31 Maart 1994, verklaar.

Direkteure

Die volgende veranderings het gedurende die afgelope finansiële jaar in die Raad van direkteure plaasgevind:

Die ampstermyn van prof O.E.H.M. Nxumalo, 'n regeringsverteenvoordiger, het op 30 November 1993 verstryk.

Adv C.H. Wiese, wie se ampstermyn op 30 Junie 1995 sou verstryk, het met ingang van 18 April 1994 as lid van die Raad bedank. Ooreenkomstig artikel 6(1)(b) van die Wet op die Suid-Afrikaanse Reserwebank, Wet No. 90 van 1989, het die Raad mnr I.J. Moolman ('n regeringsverteenvoordiger wie se ampstermyn op 30 Junie 1994 verstryk het), met ingang van 1 Julie 1994 vir die onverstreke gedeelte van adv Wiese se ampstermyn as aandeelhoudersverteenvoordiger aangestel. Aandeelhouders sal versoek word om hierdie aanstelling te bekragtig.

Dit beteken dat daar tans twee vakatures vir regeringsverteenvoordigers op die Raad bestaan.

Dr J.G. van der Horst en mnr W.F. de la Harpe Beck, wie se termyne as aandeelhoudersverteenvoordigers op die Raad op 30 Junie 1994 verstryk het, stel hulself vir herverkiesing beskikbaar.

Ouditeure

Die aandeelhouders sal versoek word om op aanbeveling van die Raad die vergoeding van die ouditeure vir die afgelope jaar se audit vas te stel, en om ouditeure vir die 1994/95-finansiële jaar aan te stel.

R.M. du Plooy

Sekretaris

C.L. Stals

President

B.P. Groenewald

J. J. Fourie

J.G. van der Horst

Direkteure

Pretoria

23 Julie 1994

SUID - AFRIKAANSE RESERWEBANK

BALANSSTAAT SOOS OP 31 MAART 1994

Kapitaal aangewend

	Aantekeninge	1994 R'000	1993 R'000
Kapitaal		2 000	2 000
Reserwefonds		129 647	114 769
Note en munte in omloop	3	15 046 982	12 255 402
Depositorekeninge	4	3 702 348	7 260 273
Ander laste	5	11 757 982	5 807 879
		30 638 959	25 440 323

Aanwending van kapitaal

Totale goud- en buitelandse valuta		7 933 870	7 479 722
Goudmunt en staafgoud	6	5 895 130	5 205 741
Buitelandse valuta	7	2 038 740	2 273 981
Binnelandse bates		22 705 089	17 960 601
Akkommodasie aan banke		5 314 174	3 852 160
Lenings en voorskotte	8	1 689 175	1 559 402
Beleggings:			
Binnelands geregistreerde effekte		8 977 145	524 694
Ander	9	1 140 370	547 268
Ander bates	10	5 584 225	11 477 077
		30 638 959	25 440 323

SUID-AFRIKAANSE RESERWEBANK

INKOMSTESTAAT VIR DIE JAAR GEËINDIG 31 MAART 1994

	1994	1993
	R'000	R'000
Netto inkomste ná voorsiening vir belasting, ander verpligtings en gebeurlikhede	148 978	214 643
Dividende	200	200
Oorskot vir verdeling	148 778	214 443
Oordrag na reserwefonds	14 878	21 444
Oorskot betaalbaar aan die Regering	133 900	192 999

R.M. du Plooy
Sekretaris

C.L. Stals
President

B.P. Groenewald
J. J. Fourie
J.G. van der Horst
Direkteure

Pretoria
23 Julie 1994

VERSLAG VAN DIE ONAFHANKLIKE OUDITEURE

Aan die aandeelhouders van die Suid-Afrikaanse Reserwebank

Ons het die finansiële jaarstate uiteengesit op bladsye 32 tot 36 geouditeer. Hierdie finansiële state is die verantwoordelikheid van die Bank se direkteure. Dit is ons verantwoordelikheid om oor hierdie finansiële state verslag te doen.

Ons het ons audit ooreenkomstig algemeen aanvaarde auditstandaarde uitgevoer. Hierdie standaard vereis dat ons die audit beplan en uitvoer om redelike versekering te verkry dat in alle wesenlike aangeleenthede, redelike openbaarmaking in die finansiële state geskied. 'n Audit behels 'n evaluering van die toepaslikheid van die rekeningkundige beleid, 'n ondersoek op 'n toetsgrondslag van bewyse wat die bedrae en openbaarmaking wat by die finansiële state ingesluit is steun, 'n beoordeling van die redelikheid van beduidende ramings en oorweging van die toepaslikheid van die algehele aanbieding van die finansiële state. Ons is van mening dat ons auditprosedures in die omstandighede paslik was om ons mening, wat hieronder weergegee word, uit te spreek.

Na ons mening word die finansiële toestand van die Bank op 31 Maart 1994, en die resultate van sy bedrywighede vir die jaar geëindig op daardie datum, redelik weergegee deur genoemde state op die wyse deur die Wet op die Suid-Afrikaanse Reserwebank, No. 90 van 1989, en die regulasies vereis.

Deloitte en Touche

Coopers en Lybrand

Gesamentlike ouditeure

Pretoria
23 Julie 1994

**AANTEKENINGE TOT DIE FINANSIËLE STATE
OP 31 MAART 1994**

1. Rekeningkundige beleid

Die belangrikste rekeningkundige beleidstoepassings van die Bank, wat ooreenstem met dié toegepas in die vorige jaar (behalwe waar anders aangedui), is:

1.1 Waardevermindering

Vaste eiendom en ander vaste bates word afgeskryf teen die vaste eiendom- en toerustingsreserwe in die jaar van aankoop.

1.2 Beleggings

Binnelands geregistreerde effekte en verwante afgeleide finansiële instrumente word teen redelike markwaarde gewaardeer. Voorheen is dit teen kosprys getoon na aftrekking van 'n beleggingsreserwe.

Ander beleggings word teen kosprys getoon.

1.3 Goudmunt en staafgoud

Goudmunt en staafgoud word waardeer teen 90 persent van die gemiddelde van die laaste tien goudvasstellingspryse op die Londense goudmark voor die jaareinde.

1.4 Munte in omloop

Munte in omloop word met ingang van 1 April 1993 as 'n verpligting op die Suid-Afrikaanse Reserwebank se balansstaat getoon. Munte is voorheen deur die Suid-Afrikaanse Muntmaatskappy (Eiendoms) Beperk in omloop geplaas. Die Suid-Afrikaanse Reserwebank koop vanaf die huidige jaar munte van die Suid-Afrikaanse Muntmaatskappy (Eiendoms) Beperk, waarna dit deur die Bank uitgereik word. Die invloed op die Bank se inkomstestaar vir die huidige boekjaar was om die netto inkomste na belasting met R65 miljoen te verminder.

2. Voorwaardelike aanspreeklikhede

Daar bestaan termynverpligtinge ten opsigte van goudruilooreenkomste en opsietransaksies.

3. Note en munte in omloop

	1994	1993
	R'000	R'000
Note	14 143 619	12 255 402
Reserwebank	14 143 246	12 255 029
Ander banke	373	373
Munte (aantekening 1.4)	903 363	—
	15 046 982	12 255 402

4. Depositorekeninge

Banke se reserwerekeninge	1 586 723	2 418 781
Banke se lopende rekeninge	82 201	15 362
Regering se lopende rekeninge	1 315 194	4 752 825
Ander lopende rekeninge	718 230	73 305
	3 702 348	7 260 273

5. Ander laste

Aandeelhouders – finale dividend	100	100
Oorskot betaalbaar aan die Regering	133 900	192 999
Ander	11 623 982	5 614 780
	11 757 982	5 807 879

6. Goudmunt en staafgoud

Die goudreserwes is soos volg waardeer:

Prysvasstelling soos per aantekening 1.3	R1 218,23	R953,03
Goudbesit in fyn onse	4 839 094	5 462 305
Totale waarde	5 895 130	5 205 741

7. Buitelandse valuta

Lopende rekeninge	360 646	81 616
Termyndeposito's	1 420 719	1 568 446
Korttermynbeleggings	0	233 289
Saldo's by buitelandse banke	1 781 365	1 883 351
Buitelandse geldmarkbeleggings	30 190	3 936
Wissels	0	190 946
Spesiale trekkingsregte	64 920	445
Ander beleggings	145 275	189 411
Opgeloopte rente	16 990	5 892
	2 038 740	2 273 981

	1994 R'000	1993 R'000
8. Lenings en voorskotte		
Buitelandse lenings toegestaan	1 410 549	1 441 034
Binnelandse lenings toegestaan	278 308	38 777
Oortrokkerekening-fasiliteite	318	79 591
	<u>1 689 175</u>	<u>1 559 402</u>
9. Ander beleggings		
Filiaalmaatskappye	123 000	123 000
Terugkoopoooreenkomste	0	402 900
Landbankpromesses	1 000 000	0
Opsies gekoop	150 540	104 928
Opsies geskryf	(135 195)	(83 545)
Ander	2 025	2 025
Beleggingsreserwe	0	(2 040)
	<u>1 140 370</u>	<u>547 268</u>
10. Ander bates		
Goud-en-buitelandsevaluta-gebeurlikheidsreserwerekening	2 190 338	8 933 735
Ander	3 393 887	2 543 342
	<u>5 584 225</u>	<u>11 477 077</u>