

Notes on national financial accounts

Financial flows for the year 1982 are published in table S-54-55 of this *Bulletin*. A summary of the financial flows for the years 1970-1982, published in the *Supplement* to the *Quarterly Bulletin* of September 1981 and subsequent *Bulletins*, is shown in the accompanying table. This table indicates that total funds raised internally increased from

R5 041 million during 1970 to R45 937 million during 1982, an increase of more than 800 per cent. This growth was markedly faster than that of gross domestic product at market prices, which increased by just over 500 per cent, reflecting an increased general availability of funds and the growing sophistication of the financial system.

Financial flows — Summary table 1970-1982

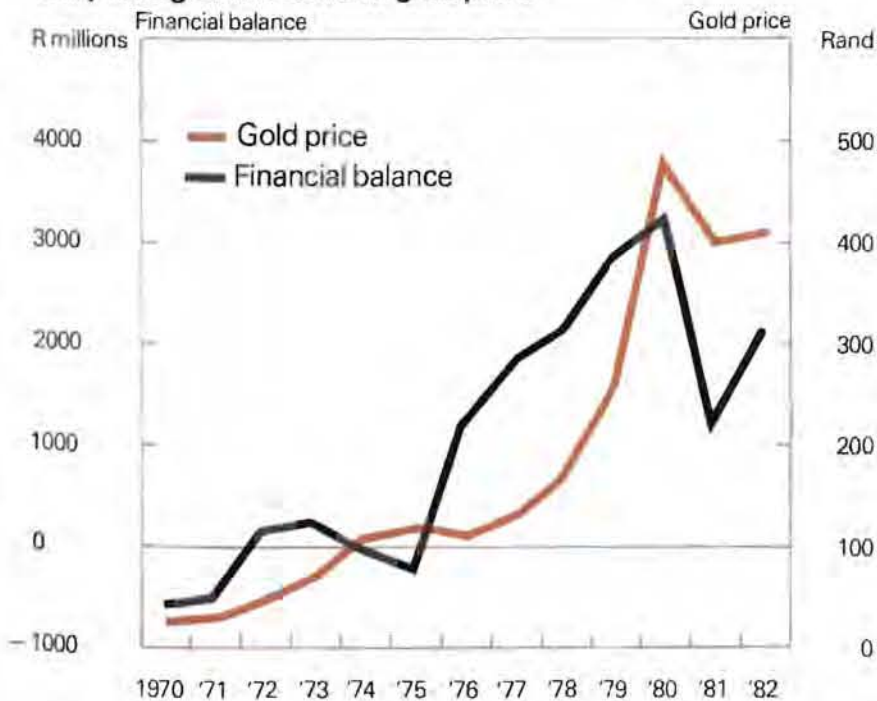
R millions

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
1. General government													
A. Funds raised													
Treasury bills	-65	16	49	178	160	443	37	-159	-154	739	92	-733	318
Bank loans	9	117	-140	16	167	245	248	1	-1	-160	-107	1 112	-1 035
Other loans	99	459	282	21	208	943	1 702	847	886	2 641	390	2 449	1 815
Stocks and bonds	276	461	1 011	591	391	1 278	1 375	2 137	2 441	1 428	1 884	1 680	3 755
Total	319	1 053	1 202	806	926	2 909	2 866	2 826	3 172	4 648	2 259	4 508	4 853
B. Funds supplied	151	625	741	854	1 051	2 321	1 892	1 967	2 626	4 368	3 121	3 921	3 398
C. Financial surplus(+) or deficit(-)	-168	-428	-461	48	125	-588	-974	-859	-546	-280	862	-587	-1 455
2. Public enterprises													
A. Funds raised													
Bank loans	16	-19	25	—	65	136	83	93	145	140	566	2 560	-357
Other loans	487	736	682	621	1 407	2 041	2 278	2 028	2 293	2 113	1 986	2 343	4 957
Stocks and shares	126	256	214	527	328	653	889	841	1 021	1 659	1 134	2 022	2 333
Total	629	973	921	1 158	1 800	2 830	3 250	2 962	3 459	3 912	3 686	6 925	6 933
B. Funds supplied	137	250	103	395	435	801	877	584	1 576	1 284	69	1 445	2 016
C. Financial surplus(+) or deficit(-)	-492	-723	-818	-763	-1 365	-2 029	-2 373	-2 378	-1 883	-2 628	-3 617	5 480	-4 917
3. Non-financial private enterprises													
A. Funds raised													
Bank loans	230	239	102	726	913	526	75	119	590	670	896	1 074	2 728
Other loans	520	889	533	611	1 332	1 457	1 057	720	890	-1 148	-386	1 211	2 380
Shares and debentures	290	366	390	257	284	537	347	387	937	899	1 520	1 077	1 274
Total	1 040	1 494	1 025	1 594	2 529	2 520	1 479	1 226	2 417	421	2 030	3 362	6 382
B. Funds supplied	463	990	1 159	1 834	2 501	2 292	2 639	3 059	4 561	3 321	5 304	4 629	8 535
C. Financial surplus(+) or deficit(-)	-577	-504	134	240	-28	-228	1 160	1 833	2 144	2 900	3 274	1 267	2 153
4. Households, etc.													
A. Funds raised													
Bank loans	93	26	169	558	18	516	220	162	441	695	1 557	2 001	1 958
Mortgage loans	401	393	369	636	635	540	641	633	652	1 089	2 121	1 749	1 200
Other loans	598	650	561	822	1 832	1 558	1 873	1 397	1 948	1 434	3 073	5 793	8 063
Total	1 092	1 069	1 099	2 016	2 485	2 614	2 734	2 192	3 041	3 218	6 751	9 543	11 221
B. Funds supplied	1 403	1 559	1 928	2 344	2 651	3 386	3 214	3 790	4 452	5 447	8 699	9 985	11 706
C. Financial surplus(+) or deficit(-)	311	490	-829	328	166	772	480	1 598	1 411	2 229	1 948	442	485
5. Total funds raised by domestic non-financial sectors	3 080	4 589	4 247	5 574	7 740	10 873	10 329	9 206	12 089	12 199	14 726	24 338	29 389
Total funds supplied by domestic non-financial sectors	2 154	3 424	3 931	5 427	6 638	8 800	8 622	9 400	13 215	14 420	17 193	19 980	25 655
Financial surplus(+) or deficit(-)	-926	-1 165	-316	-147	-1 102	-2 073	-1 707	194	1 126	2 221	2 467	-4 358	-3 734
6. Financial institutions													
A. Funds raised													
Deposits	996	858	1 977	2 997	2 607	3 334	1 747	2 726	4 560	5 206	9 367	7 982	8 771
Bank loans	234	163	-233	-9	209	540	530	161	-516	-427	206	1 440	638
Other loans	63	105	69	80	131	225	255	189	148	220	331	583	535
Other	668	1 061	752	1 361	935	2 015	2 351	2 251	2 832	5 812	5 080	6 705	6 604
Total	1 961	2 187	2 565	4 429	3 882	6 114	4 883	5 005	7 024	10 811	14 984	16 710	16 548
B. Funds supplied	2 019	2 295	2 791	4 524	3 986	6 374	4 919	5 223	7 228	11 560	15 347	17 364	17 362
C. Financial surplus(+) or deficit(-)	58	108	226	95	104	260	36	218	204	749	363	654	814
7. Total funds raised internally	5 041	6 776	6 812	10 003	11 622	16 987	15 212	14 211	19 113	23 010	29 710	41 048	45 937
Total funds supplied internally	4 173	5 719	6 722	9 951	10 624	15 174	13 541	14 623	20 443	25 980	32 540	37 344	43 017
Internal financial surplus(+) or deficit(-)	-868	-1 057	-90	-52	998	1 813	1 671	412	1 330	2 970	2 830	3 704	-2 920
8. Rest of the world													
Financial surplus(+) or deficit(-)	868	1 057	90	52	998	1 813	1 671	412	-1 330	-2 970	-2 830	3 704	2 920

The financing balance of a specific sector reflects the difference between that sector's gross saving plus net capital transfers and its gross capital expenditure on new physical assets. For each sector this financing surplus or deficit on the capital account is carried forward to the financial account. Financial flows from sectors with a financing surplus to sectors with a financing deficit are reflected in changes in the different sectors' financial assets and/or liabilities. For the economy as a whole gross domestic saving, plus the net change in claims of the rest of the world, is equal to gross domestic investment. Likewise, the change in financial liabilities is equal to the change in financial assets.

The financial balances of the main sectors are shown in the accompanying table. The sector "general government" recorded occasional financial surpluses during the period 1970-1982, mostly during years when large unforeseen tax receipts were received from gold mining companies. Mainly owing to the policy of financial discipline pursued by the authorities, the financing deficit of this sector remained relatively low during this period. The sector "public enterprises" exhibited the largest financial deficit throughout the period under review. In view of the large investment programmes undertaken by enterprises such as Sasol, Escom and the South African Transport Services during this period, this development was not unexpected. This sector financed its deficit mainly by borrowing from other sectors. Contrary to the situation in most other countries, the sector "private corporate enterprises" showed a financial surplus during most of the years distinguished. The financial surplus of this sector depended to a large extent on the level of the gold price. This relationship is shown in Graph 1. The mining houses, which are included in this

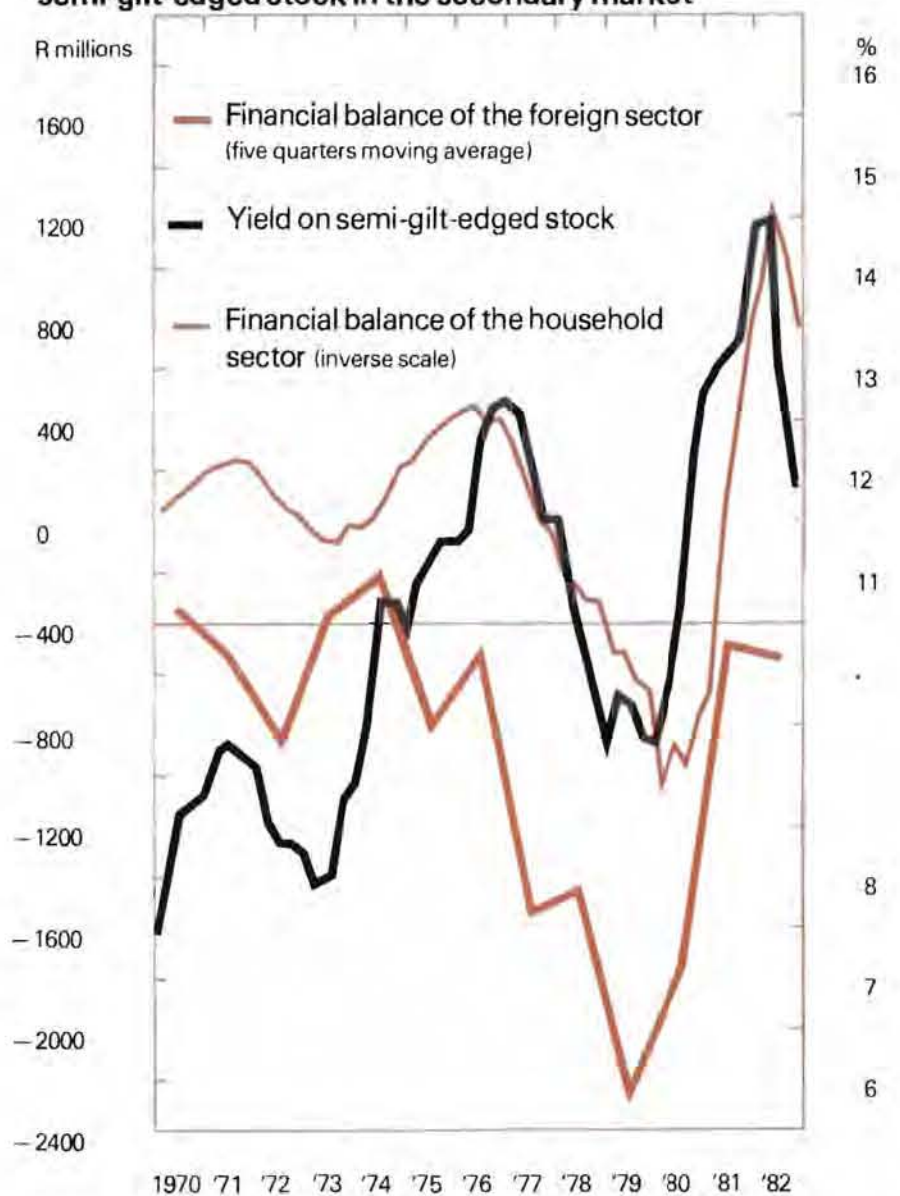
Graph 1: Financial balance of the private corporate business enterprise sector and the average of the daily fixing of the London gold price



sector, were largely responsible for this sector's financial surplus, because a large part of their income derived indirectly from the proceeds of gold sales by their subsidiaries, was retained as undistributed profits.

The financial balance of the sector "households, etc.", as well as that of the sector "rest of the world", play an important part in the domestic financial markets. The household sector, normally being a financial surplus sector, is an important source of funds in the economic system. During the period 1970-1982 this sector employed and obtained most of its funds through the intermediation of financial institutions. Changes in this sector's financial balance, therefore, had a direct influence on interest rate levels in the market. An excess of gross domestic expenditure over gross national product is reflected in a decline in the household sector's financial surplus as well as in a deficit on the current account of the balance of payments and *vice versa*. A decline in the household sector's financial surplus and an increase in the foreign sector's financial surplus will both have a tightening effect on the domestic financial markets. Graph 2 shows the financial balances of the household sector (inverse scale) and the foreign sector

Graph 2: Financial balances of the foreign sector and the household sector and the yield on long-term semi-gilt-edged stock in the secondary market



as well as the yield on long-term semi-gilt-edged stock in the secondary market as indicator of the movement in interest rate levels. The graph shows clearly that during 1981, for example, when gross domestic expenditure exceeded gross national product by a substantial margin, the foreign sector's financial surplus (deficit on the current account of the balance of payments) increased markedly. At the same time the household sector's customary financial surplus declined from R1 948 million in 1980 to R442 million in 1981 – the lowest level recorded since 1974 – while interest rates increased sharply. During the second half of 1982, the foreign sector's financial surplus declined, while the household sector's financial surplus remained at about its 1981 level. In these circumstances, interest rates also turned around. At the end of 1982 they were at substantially lower levels than at the end of 1981.