



THE ROAD TO INDEPENDENCE

(PART VII)

TEAL FOR THE WESTERN CAPE

**An estimation of money flow
through Western Cape banks
(20 November 2022)**

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Aim

The object of this report is to determine the amount of money flowing through Western Cape banks, or in other words, the Western Cape's Total Economic Activity (TEA).¹ If you would like to jump straight to that information turn to Chapter 9 on page 41.

Chapter One is an overview of the system governing the flow of money through South African banks - the National Payment System (NPS). This is essential to understand how the Total Economic Activity (TEA) data for South Africa is calculated.

Chapter Two explains the TEAL concept and reproduces the Total Economic Activity (TEA) data for South Africa found in the *TEAL report* published on CapeXit's website, data which is now outdated as the *TEAL report* was published in 2010.

Chapter Three is a quick overview of the various methods of payment - or in banking jargon "financial instruments" - used in South Africa.

Chapter Four lists the Total Economic Activity figures obtained from SAMOS (South African Multiple Option Settlement) system.

Chapter Five provides a few pertinent facts about South Africa's 2022/2023 budget.

Chapter Six is an overview of the Western Cape economy.

Chapter Seven provides a few pertinent facts about the Western Cape's 2022/2023 budget.

Chapter Eight lists the amount of money being allocated to the Western Cape treasury by the 2022 Division of Revenue Bill.

Chapter Nine provides estimates of the Western Cape's Total Economic Activity based on the ratio of the Western Cape Province's Gross Domestic Product (GDP) to the South African GDP.

Annex One is a list of banks and other organisations that participate in the South African Multiple Option Settlement (SAMOS) system.

Annex Two documents the origins of the South African Reserve Bank.

Glossary of banking jargon relating to payments and settlements.

¹Nel, Nik, Wally Langschmidt, Graham Robertson, Bob Shambrook and Alton Geils, TEAL (Total Economic Activity levy), (SA Taxation System (Pty) Ltd, 2010)page 4,
https://capexit.org/wp-content/uploads/2021/12/fEAL_TECH.pdf

1 The South African National Payment System (NPS)

In order to understand the flow of money through South African banks, including Western Cape banks, one needs to understand the payment system and the players participating in the payment system.

South African Reserve Bank (SARB)

The Bank for International Settlements describes the central role of the South African Reserve Bank (SARB) in managing the payment system in South Africa:

The SARB ensures the overall effectiveness and integrity of the [South African national payment system] (NPS) and has thus been given the power to govern the entire payment process, from the moment that the payer initiates a payment until the beneficiary receives the money.¹

Assets used to settle interbank transactions

The only assets used to settle interbank obligations by payment system participants are central bank money in the form of either cash or the passing of entries across the books of the SARB.²

International network

The South African Reserve Bank is connected to the following international bodies:

- Bank for International Settlements (BIS)
 - "The Bank for International Settlements in Basel, Switzerland; a private bank owned and controlled by the world's central banks which were themselves private corporations" has been described as the "apex" of a system established by

1 Bank for International Settlements, 'Payment, clearing and settlement systems in South Africa', in *Red Book* (Basel, 2012), 373-393, page 379, https://www.bis.org/cpmi/publ/d105_za.pdf

2 Bank for International Settlements, 'Payment, clearing and settlement systems in South Africa', in *Red Book* (Basel, 2012), 373-393, page 380, https://www.bis.org/cpmi/publ/d105_za.pdf

the bankers(5(to "'create a world system of financial control in private hands able to dominate the political system of each country and the economy of the world as a whole. This system was to be controlled in a feudalist fashion by the central banks of the world acting in concert, by secret agreements, arrived at in frequent private meetings and conferences." ³

- The Bank for International Settlements is described by Wikispooks as 'a highly secretive group of the world's central bankers, based in Basel', This bank is 'inviolable' due to 'a unique legal status', as expressed in

a legal agreement between the Swiss Federal Council and the BIS ... defined as follows:

'1. The buildings or parts of buildings and surrounding land which, whoever may be the owner thereof, are used for the purposes of the Bank shall be inviolable. No agent of the Swiss public authorities may enter therein without the express consent of the Bank. Only the President, the General Manager of the Bank, or their duly authorised representative shall be competent to waive such inviolability.

2. The archives of the Bank and, in general, all documents and any data media belonging to the Bank or in its possession, shall be inviolable at all times and in all places.

3. The Bank shall exercise supervision of and police power over its premises.' (1987)⁴ .

- In summary, 'an immensely powerful international organization that most people have never even heard of secretly controls the money supply of the entire globe.' The Bank for International Settlements 'is essentially an unelected, unaccountable central bank of the world that has complete immunity from taxation and from national laws.'⁵

* The Bank for International Settlements has a Committee on Payments and Market Infrastructures (CPMI), which was formerly known as the Committee on Payment and Settlement Systems (CPSS).⁶ This committee, according to its charter:

3 Goodson, Stephen Mitford, *Inside the South African Reserve Bank: Its Origins and Secrets Exposed*, 2nd edn (London, 2017), page 9.

4 'BIS', Wikispooks (last modified 9 Apr. 2021), [https:// wikispooks.com/wi ki/ Bank_for_International_Settlements](https://wikispooks.com/wiki/Bank_for_International_Settlements)

5 Michael Snyder, 'World Bank Whistleblower Reveals How the Global Elite Rules the World', *Global Research* (30 Sept. 2013), <https://www.globalresearch.ca/world-bank-whistleblower-reveals-how-the-global-elite-rule-the-world/5353130> /

6 Bank for International Settlements, 'CPSS - New charter and renamed as Committee on Payments and Market Infrastructures' (1 Sept. 2014), <https://www.bis.org/press/p14090l.htm>

promotes the safety and efficiency of payment, clearing, settlement and related arrangements, thereby supporting financial stability and the wider economy.

The CPMI does not possess any formal supranational authority. It relies on the commitment of its members [central banks] to carry out its mandate.

(A CapeXit NPO document)

The CPMI sets standards *under the expectation* that they will be fully incorporated into local legal, regulatory and policy frameworks in accordance with each jurisdiction's rule-making process within a timeframe that may be established by the Committee.

CPMI members are *expected* to promote [recommendations issued by the CPMI] and relevant arrangements are encouraged to observe them (emphases added).⁷

- World Bank
- International Monetary Fund
- CLS Bank (CLS is short for Continuous Linked Settlement)⁸
 - Based in New York, this institution specializes in foreign exchange transactions, which it facilitates using its 'unique global multicurrency cash settlement system, known as the CLS System'.⁹ 'The alleged purpose of this system is to mitigate fluctuations in foreign exchange settlement rates'.¹⁰
 - CLS Bank is connected to the settlement systems of member countries, including South Africa's SAMOS system 'and holds accounts at their respective central banks (11)
 - CLS Bank was initiated by the Bank for International Settlements, has Swiss and British registered parent companies, but is essentially controlled by the Federal Reserve Bank of New York.¹²

7 Bank for International Settlements, *Committee on Payments and Market Infrastructure: Charter* (2014), pages 1, 2, 4, <https://www.bis.org/cpmi/charter.pdf>

8 Bank for International Settlements, 'Payment, clearing and settlement systems in South Africa', in *Red Book* (Basel, 2012), 373-393, page 380, https://www.bis.org/cpmi/publ/d105_za.pdf

9 'CLS Group', Wikipedia (last modified 9 Oct. 2022), https://en.wikipedia.org/wiki/CLS_Group

10 Goodson, Stephen Mitford, *Inside the South African Reserve Bank: Its Origins and Secrets Exposed*, 2nd-edn (London, 2017), page 99.

11 'CLS Group', Wikipedia (last modified 9 Oct. 2022), https://en.wikipedia.org/wiki/CLS_Group

12 'CLS Group', Wikipedia (last modified 9 Oct. 2022), https://en.wikipedia.org/wiki/CLS_Group

In December 2004 Deputy governor Ian Plenderleith, who had been seconded by the Bank of England for a three year term to the SARB, organised South Africa's membership of this system. As a result of its membership, South Africa, along with all the other participating countries, has forfeited its own sovereign rights to [exercise] control over its foreign exchange holdings to a British and Swiss company, which is owned by over 80 commercial banks.¹³

Excluded: provincial governments and local authorities

Although the South African Reserve Bank provides 'banking services to the central government' it does not 'provide banking services to provincial governments, local authorities or state enterprises'.¹⁴

Regionalization

Cross-border transactions While the South African Reserve Bank does not serve lower tiers of government in South Africa (provinces and local government), it facilitates 'cross-border transactions' by providing its sophisticated payment services to the rest of Southern Africa and beyond-in the form of a 'cross-border settlement system', the Southern African Development Community Real-Time Gross Settlement (SADC-RTGS) System.

Confusingly, this system was previously known as:

- SADC Integrated Regional Electronic Settlement System, or SIRESS.¹⁵

About the SADC-RTGS

The system has been in operation since July 2013. It is an automated interbank settlement system, which settles payment obligations between participating banks on either real-time or delayed basis. The current system settles payments denoted in ZAR (South African rand). There are considerations to include additional currencies on the system in the near future.¹⁶

13 Goodson, Stephen Mitford, *Inside the South African Reserve Bank: Its Origins and Secrets Exposed*, 2nd edn (London, 2017), pages 99-100.

14 Bank for International Settlements, 'Payment, clearing and settlement systems in South Africa', in *Red Book* (Basel, 2012), 373-393, page 379, https://www.bis.org/cpmi/publ/d105_za.pdf

15 South African Reserve Bank, *National Payment System Department Regulatory and Oversight Report: 1 April 2021-31 March 2022* (Pretoria, 2022), page 18, <https://www.resbank.co.za/content/dam/arb/what-we-do/payments-and-settlements/regulation-oversight-aAd-su!ervision/regulatory-and-oversight-reports/NPS%20Regulatory%20nd%20Oversight%20Report%202022.pdf>

16 South African Reserve Bank, 'SADC-RTGS operations', <https://www.resbank.co.za/en/home/what-we-do/payments-and-settlements/SADC-RTGS>

Membership

Membership comprises 16 countries namely, Angola, Botswana, Comoros, Democratic Republic of Congo, Eswatini, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Tanzania, Zambia and Zimbabwe.¹⁷

The SADC Banking Association's 'secretariat is housed' at the offices of the Banking Association South Africa (BASA).¹⁸

SADC low-value instant payment system Regional integration is proceeding steadily. South African payment clearing house, BankservAfrica has also become involved in the SADC regional banking system, having recently been appointed the scheme manager of the 'low-value instant cross-border payment solution for the SADC region. This is known as the transactions cleared on an immediate basis (iCIB) payment scheme. It ... is available on a 24/7 basis.'¹⁹

Globalist Centralisation The fact that the South African Reserve Bank is delivering settlement services to the greater Southern African region is symptomatic of the globalist bankers' ambition to integrate, centralize and consolidate power into fewer and fewer units: regional, continental, intercontinental and ultimately into a one world government. This is exemplified in the motto of the Southern African Development Community: 'Towards A Common Future'.

'Regional integration' is one of the goals listed in 'Vision 2025', the South African Reserve Bank's strategic action plan.²⁰ At the beginning of 2022, Payments Association of South Africa (PASA) determined that one of its seven focus areas is 'Global harmonisation and regional integration', their official rationale being:

Increasing levels of global standardisation and the common need for anti-crime and anti-terrorism data, and the drive for regional integration of payment systems require resource investment and can require changes to systems and/or processes.²¹

17 South African Reserve Bank, 'SADC-RTGS operations',

<https://www.resbank.co.za/en/home/what-we-do/payments-and-settlements/5ADC:-RiG5>

18 Banking Association South Africa, *Annual Report 2019* (Johannesburg, 2020), page 7,

<https://www.banking.org.za/wp-content/uploads/2020/07/BASA-2019-ANNUAL-REPORT.pdf>

19 South African Reserve Bank, *National Payment System Department Regulatory and Oversight Report: 1 April 2021-31 March 2022* (Pretoria, 2022), page 20, <https://www.resbank.co.za/content/dam/sarb/what-we-do/payments-and-settlements/regulation-oversight-and-supervision/regulatory-and-oversight-reports/NPS%20Regulatory%20and%20Oversight%20Report%202022.pdf>

<https://www.resbank.co.za/content/dam/sarb/what-we-do/payments-and-settlements/regulation-oversight-and-supervision/regulatory-and-oversight-reports/NPS%20Regulatory%20and%20Oversight%20Report%202022.pdf>

20 Payments Association of South Africa, *PASA Integrated Report 2021* (2022), page 6, <https://www.1Yc1sa.org.za/docs/default-source/default-document-library/pasa-integrated-report-2021.pdf?sfvrsn=2>

21 Payments Association of South Africa, *PASA Integrated Report 2021* (2022), page 9, <https://www.pasa.org.za/docs/default-source/default-document-library/pasa-integrated-report-2021.pdf?sfvrsn=2>

Rosa Koire the brilliant and trenchant critic of globalisation and Agenda 21 puts 'regionalization' into perspective:

[13:26] Globalisation, as I said before, it's the standardization of all systems. And that enables central control . . . the harmonization of all systems.

[14:58] Globalisation . . . was impossible to do before computers, so with a computerised system, with a centrally controlled computerised system regionalization is the interim step between what we have now, or what we're leaving, which is the nation state, to the next step up above that which is regionalization and then finally to global.

[34:02] And this is the design of this thing: is it's incremental, it's a global plan that's implemented locally and it's incremental. Because you cannot go from the nation state to a one world governance system in one jump. It's regional. The interim step is regionalization, and that is what we're about to experience now.²²

Standard currency It is not difficult to envisage the day when the Southern African Development Community region (SADC) is required to *have* one currency, akin to the 'eurozone'.



Figure 1.1: 'Regional integration'

SAMOS

The only settlement system in South Africa The South African Multiple Option Settlement (SAMOS) system 'is the only settlement system in South Africa and is owned and operated by the SARB'.²³

SAMOS was introduced by the South African Reserve Bank in 1998.²⁴

22 Koire, Rosa, 'Behind the Green Mask' [podcast], *Guns and Butter* #430 (3 Feb. 2021), <https://soundcloud.com/guns-and-butter-1/rosa-koire-behind-the-green-mask-430>

23 Bank for International Settlements, 'Payment, clearing and settlement systems in South Africa', in *Red Book* (Basel, 2012), 373-393, page 380, https://www.bis.org/cpmi/publ/d105_za.pdf

24 Bank for International Settlements, 'Payment, clearing and settlement systems in South Africa', in *Red Book* (Basel, 2012), 373-393, page 379, https://www.bis.org/cpmi/publ/d105_za.pdf

- 'The SAMOS system is an automated interbank settlement system provided by the SARB for banks to settle their interbank obligations'.
- SAMOS is used for the settlement of all:
 - large-value transactions, also known as 'wholesale' payments.²⁵ According to the Payments Association of South Africa (PASA), the 'high-value payment system facilitates transactions higher than R5 million and serves specialised markets such as the bond, money, and equities market'.²⁶
 - retail transactions, also known as 'small-value' payments.²⁷
 - securities transactions (bond and equity market settlement obligations,²⁸ money market).
 - repurchase agreement (repo) transactions 'that are conducted for monetary policy purposes. Banks can obtain central bank funds via repos'.²⁹
- 'Each settlement participant has an account with the SARB from which interbank settlement obligations are settled. Participants must provide enough funds to ensure that the settlement system functions smoothly. Settlement in SAMOS is considered final and irrevocable'.³⁰
- 'Banks which are not participants in SAMOS may, however, use sponsorship arrangements through other qualifying banks to clear and settle on their behalf'.³¹
- 'SAMOS messages are based on the Society for Worldwide Interbank Financial Telecommunication (SWIFT) standards and message types. All SAMOS participants must be registered at SWIFT and use a SWIFT BIC-8 code'.³²

25 Bech, Morten L., Christine Preisig, and Kimmo Soramaki, 'Global Trends in Large-Value Payments', *FRBNY Economic Policy Review* (Sept. 2008), 59-81, page 70, <https://www.newyorkfed.org/medialibrary/media/research/epr/08v14n2/0809prei.pdf>

26 Payments Association of South Africa, *PASA Annual Report 2020*, page 27, <https://www.pasa.org.za/docs/default-source/default-document-library/pasa-annual-report-2020.pdf?sfvrsn=2>

27 Bech, Morten L., Christine Preisig, and Kimmo Soramaki, 'Global Trends in Large-Value Payments', *FRBNY Economic Policy Review* (Sept. 2008), 59-81, page 70, <https://www.newyorkfed.org/medialibrary/media/research/epr/08v14n2/0809prei.pdf>

28 South African Reserve Bank, 'South African Multiple Option Settlement (SAMOS) system', <https://www.resbank.co.za/en/home/what-we-do/payments-and-settlements/settlement-services>

29 Bank for International Settlements, 'Payment, clearing and settlement systems in South Africa', in *Red Book* (Basel, 2012), 373-393, page 388, https://www.bis.org/cpmi/publ/dl05_za.pdf

30 South African Reserve Bank, 'South African Multiple Option Settlement (SAMOS) system', <https://www.resbank.co.za/en/home/what-we-do/payments-and-settlements/settlement-services>

31 Bank for International Settlements, 'Payment, clearing and settlement systems in South Africa', in *Red Book* (Basel, 2012), 373-393, page 387, https://www.bis.org/cpmi/publ/dl05_za.pdf

32 Bank for International Settlements, 'Payment, clearing and settlement systems in South Africa', in *Red Book* (Basel, 2012), 373-393, page 387, https://www.bis.org/cpmi/publ/dl05_za.pdf

- 'SAMOS operates seven days a week. The settlement day starts at one second after midnight and closes at midnight.'¹³³
- 'Maintenance is done on the SAMOS system every Sunday between 06:00 and 17:00. During this time, SAMOS is not available to participants for settlement.'¹¹⁴
- 'In order to guard against a possible failure of SAMOS, all instructions are mirrored to the SARB's backup site. This site is a fully functional office with full-time business support personnel.'¹³⁵
- 'Large-value interbank transactions are settled one by one' in real-time.'³⁶
- 'Low-value retail payments such as EFT, card, ATM and cheque transactions are settled in batches on a deferred basis.'¹³⁷
- 'Settlement of equity, bond and money market obligations also takes place on a batch settlement basis, at predetermined times throughout the business day.'¹³⁸
- There are many more *retail transactions* than large-value transactions, but in terms of money value, retail transactions account for only 8 per cent, and *large-value payments* account for 92 per cent of the value of transactions settled by SAMOS.'³⁹

Payments Association of South Africa (PASA)

The Payments Association of South Africa (PASA) is the payment system management body that organises, manages and regulates 'the participation of its members in the payment system . . . PASA manages the conduct of its members in all matters relating to payment instructions.'¹⁴⁰ Some further insight into what precisely the Payments Association of South Africa (PASA) does is provided by the South African Reserve Bank:

33 South African Reserve Bank, 'South African Multiple Option Settlement (SAMOS) system', <https://www.resbank.co.za/en/home/what-we-do/payments-and-settlements/settlement-services>

34 South African Reserve Bank, 'South African Multiple Option Settlement (SAMOS) system', <https://www.resbank.co.za/en/home/what-we-do/payments-and-settlements/settlement-services>

35 Bank for International Settlements, 'Payment, clearing and settlement systems in South Africa', in *Red Book* (Basel, 2012), 373-393, page 387, https://www.bis.org/cpmi/publ/d105_za.pdf

36 Bank for International Settlements, 'Payment, clearing and settlement systems in South Africa', in *Red Book* (Basel, 2012), 373-393, page 387, https://www.bis.org/cpmi/publ/d105_za.pdf

37 Bank for International Settlements, 'Payment, clearing and settlement systems in South Africa', in *Red Book* (Basel, 2012), 373-393, page 387, https://www.bis.org/cpmi/publ/d105_za.pdf

38 Bank for International Settlements, 'Payment, clearing and settlement systems in South Africa', in *Red Book* (Basel, 2012), 373-393, page 387, https://www.bis.org/cpmi/publ/d105_za.pdf

39 Bank for International Settlements, 'Payment, clearing and settlement systems in South Africa', in *Red Book* (Basel, 2012), 373-393, page 387, https://www.bis.org/cpmi/publ/d105_za.pdf

40 Bank for International Settlements, 'Payment, clearing and settlement systems in South Africa', in *Red Book* (Basel, 2012), 373-393, page 381, https://www.bis.org/cpmi/publ/d105_za.pdf

In South Africa, consumers and businesses have a choice of more than 15 different payment systems, ranging from low-value card transactions to high-value bond exchange payments. These payment streams all form part of the NPS and are managed by the Payments Association of South Africa (PASA), regulated and overseen by the SARB.⁴¹

(A CapeXit NPO document)

Payment clearing house (PCH) system operators

'Crucially, it is only their own customer-to-customer payments that banks can settle directly with SAMOS (transactions between their own account holders).'⁴² See Figure 2.1 on page 19.

All other payments are cleared by one of the four payment clearing house system operators in South Africa:

- BankservAfrica
- Strate Limited
- Visa
- MasterCard.

BankservAfrica

Clears all non-cash retail payments BankservAfrica is 'an automated clearing house for banking transactions between different banks'.⁴³ More specifically, BankservAfrica clears *all* the interbank transfers of money initiated by 'non-cash payment instruments'⁴⁴ in the *consumer* or *retail* sector (that is, normal everyday payments, not securities or stock exchange related transactions).

Retail payment transactions include EFTs, cheques, and card, internet and ATM transactions.

Payment instructions arising from retail transactions are sent to BankservAfrica through the various payment streams and networks for clearing. At BankservAfrica the payment instructions are sorted and the interbank obligations of

41 South African Reserve Bank, 'Payments and Settlements',
<https://www.resbank.co.za/en/home/what-we-do/payments-and-settlements>

42 BankservAfrica, 'What we do', <https://www.bankservafrica.com/website/about-us/what-we-do>

43 BankservAfrica, 'What we do', <https://www.bankservafrica.com/website/about-us/what-we-do>

44 Bank for International Settlements. 'Payment, clearing and settlement systems in South Africa', in *Red Book* (Basel, 2012), 373-393, page 382. https://www.bis.org/cpmi/publ/d105_za.pdf

the participants calculated. At predetermined times, the interbank obligations are submitted to SAMOS for settlement.⁴⁵

Processes billions of transactions annually BankservAfrica have stated that as 'the largest automated payments clearing house in Africa we clear and process billions of low value card, ATM and EFT transactions annually.'⁴⁶

This statement is confirmed by Bank for International Settlements, whose 'Red Book statistics' indicate that 5.3 billion (5 393138 000) cashless payments were made in South Africa in 2020.⁴⁷

Ownership

The Bank for International Settlements says BankservAfrica is owned by 'the South African clearing and settlement banks'.⁴⁸

BankservAfrica's website provides more specific data about who owns it:

- FirstRand Investment Holdings (Pty) Ltd: 23.125%
- Nedbank Ltd: 23.125%
- Standard Bank of South Africa Ltd: 23.125%
- ABSA Bank Ltd: 23.125%
- Dandyshelf 3 (Pty) Ltd: 7.5%

'Dandyshelf is an investment holding company which owns shares in Bankserv Ltd on behalf of some of the smaller banks in South Africa.'⁴⁹

Shareholders in Dandyshelf 3 include:⁵⁰

- * Access Bank (formerly Grobank/Bank of Athens (South Africa))⁵¹

45 Bank for International Settlements, 'Payment, clearing and settlement systems in South Africa', in *Red Book* (Basel, 2012), 373-393, page 381, https://www.bis.org/cpmi/pubf/d105_za.pdf

46 Economists.co.za, 'BankservAfrica BETI - December 2020 and January 2021' (10 Feb. 2021), <https://economists.co.za/bankservafrie:a-beti-c:lee:ember-2020-and-january=2021/>

47 Bank for International Settlements, 'CPMI_Cashless' [CSV file], *Payments and financial market infrastructures statistics* (Updated April 2022), https://www.bis.org/statistics/full_bis_rb_csv.zip

48 Bank for International Settlements, 'Payment, clearing and settlement systems in South Africa', in *Red Book* (Basel, 2012), 373-393, page 381, https://www.bis.org/cpmi/publ/d105_za.pdf

49 LinkedIn, 'Matthew Coaker: Payments consultant', <https://za.linkedin.com/in/matthew-coaker-016b876>

50 'BankservAfrica', Wikipedia (last modified 16 Mar. 2022), <https://en.wikipedia.org/wiki/BankservAfrica>

51 'Access Bank South Africa', Wikipedia (last modified 13 May 2022), https://en.wikipedia.org/wiki/Access_Bank_South_Africa

- * Bidvest Bank
- * Capitec Bank (has acquired Mercantile Bank, formerly Bank of Lisbon International⁵²)
- * CitiBank
- * Investec Bank
- * Ubank (formerly Teba Bank⁵³)
- * Sasfin.⁵⁴

BankservAfrica's website states: 'We were first established by South Africa's banks to serve South Africa's banks, and that originating purpose is still reflected in our ownership structure today.'⁵⁵

High bank charges Given that BankservAfrica is owned by the banks that it serves, it is interesting to note the following:

Recently [*circa* 2012], an enquiry was launched into the fee structure of the South African banking sector by the local Competition Commission. The enquiry focused on the high bank charges and the lack of transparency thereof, emanating from the market concentration of the four big banks in South Africa. Interchange fees and the

In an independent Western Cape, the financial services industry would have to be tightly governed and monitored by people outside of the financial sector. Are bank charges necessary, given that banks earn money from the interest they derive from investing their clients' money?.

regulation thereof formed part of the enquiry.⁵⁶

Strate Limited

Strate Limited (Strate) is responsible for the settlement of securities in South Africa. Equities, bonds and money market instruments are bought and sold through the stock exchange or in direct transactions between buyers and sellers. Strate then determines the interbank payment obligations arising from these transactions, which are then settled in SAMOS.⁵⁷

52 'Mercantile Bank (South Africa)', Wikipedia (last modified 23 Apr. 2022), [https://en.wikipedia.org/wiki/Mercantile_Bank_\(South_Africa\)](https://en.wikipedia.org/wiki/Mercantile_Bank_(South_Africa))

53 'Ubank', Wikipedia (last modified 25 Sept. 2022), https://en.wikipedia.org/wiki/Teba_Bank_Limited

54 McLeod, Duncan, 'Huge changes coming to South Africa's payments system', *TechCentral* (18 Feb. 2022), <https://techcentral.co.za/huge-changes-coming-to-south-africas-payments-system/207988/>

55 BankservAfrica, 'What we do', <https://www.bankservafrika.com/website/about-us/what-we-do>

56 Bank for International Settlements, 'Payment, clearing and settlement systems in South Africa', in *Red Book* (Basel, 2012), 373-393, page 386, https://www.bis.org/cpmi/pub1/dl05_za.pdf

57 Bank for International Settlements, 'Payment, clearing and settlement systems in South Africa', in *Red Book* (Basel, 2012), 373-393, page 381, https://www.bis.org/cpmi/publ/dl05_za.pdf

- Strate is the South African central securities depository (CSD).⁵⁸
- 'Strate is a limited liability company jointly owned by the JSE, four domestic banks and one international bank.'⁵⁹
- The South African Financial Instruments Real-Time Electronic Settlement (SAFIRES) system used by Strate since 1999 is modeled on the Swiss system.(iP.
- 'The net interbank obligation of the participating banks is calculated by the SAFIRES systems, and the transactions are submitted for settlement in SAMOS at specific times of the day. Once confirmation of settlement is received from the SARB, Strate then initiates the movement of securities (transfer of ownership).'⁶¹
- 'As Strate does not hold a banking licence, all clearing and settlement services for *cash* must take place through a clearing bank that holds a SAMOS account at the SARB and is a registered member of the appropriate PCH [payment clearing house] (emphasis added).'⁶²
- Strate 'operates as a depository and settlement system under the Securities Services Act.... The Financial Services Board (FSB), the regulatory authority for South Africa's non-banking financial services industry, retains the overall responsibility for the licensing of the CSD (Strate) A formal licence review is undertaken annually by the FSB.'⁶³

Visa and MasterCard

Cards issued by South African banks are affiliated to international payment schemes such as Visa and MasterCard. Depending on card issuer preferences as well as the nature of the transactions, these transactions are cleared and settled by the relevant payment schemes.⁶⁴

58 Bank for International Settlements, 'Payment, clearing and settlement systems in South Africa', in *Red Book* (Basel, 2012), 373-393, page 389, https://www.bis.org/cpmi/publ/dIOS_za.pdf

59 Bank for International Settlements, 'Payment, clearing and settlement systems in South Africa', in *Red Book* (Basel, 2012), 373-393, page 390, https://www.bis.org/cpmi/publ/d105_za.pdf

60 Bank for International Settlements, 'Payment, clearing and settlement systems in South Africa', in *Red Book* (Basel, 2012), 373-393, page 389, https://www.bis.org/cpmifpub1/d105_za.pdf

61 Bank for International Settlements, 'Payment, clearing and settlement systems in South Africa', in *Red Book* (Basel, 2012), 373-393, page 391, https://www.bis.org/cpmi/publ/d105_za.pdf

62 Bank for International Settlements, 'Payment, clearing and settlement systems in South Africa', in *Red Book* (Basel, 2012), 373-393, page 390, https://www.bis.org/cpmi/publ/d105_za.pdf

63 Bank for International Settlements, 'Payment, clearing and settlement systems in South Africa', in *Red Book* (Basel, 2012), 373-393, page 390, https://www.bis.org/cpmi/publ/d105_za.pdf

64 Bank for International Settlements, 'Payment, clearing and settlement systems in South Africa', in *Red Book* (Basel, 2012), 373-393, page 382, https://www.bis.org/cpmi/publ/d105_za.pdf

2 TEA and TEAL

'Our greatest national asset'

The Total Economic Activity Levy (TEAL) is introduced in the *TEAL report* published on CapeXit's website as follows:

Massive amounts of money are continuously being transacted through our banks and financial institutions.

In 1999 a senior official of the SA Reserve Bank described these transactions as '*our greatest national asset*'-at that time the volume was confirmed at 'more than one hundred billion rand per day'.

By 2000 this had increased to one hundred and fifty billion, and in 2003 to about R200 billion per day. Assuming (as does the [SA Reserve Bank) SARB) that there are 220 effective transaction days per year, the annual rand value at that time was about R44 trillion, which looked like this:-

R44 000 000 000 000^{1, 2}

Broad tax base The *TEAL report* goes on to say that TEAL 'broadens the tax base to include all bank (all financial sector) transactions'.³

Secret The *TEAL report* reveals that the flow of money through South Africa's banks was kept secret until the end of 2002:

Crucial to the success of TEAL is the TEA or Total Economic Activity of the country. Until the end of 2002, we were unable to obtain confirmation of the total value of the TEA (the money passing through our banks).

In December 2002 we obtained confirmation from the SA Reserve Bank of the turnover of our National Payments System. These statistics showed that

1 Nel, Nik, Wally Langschmidt, Graham Robertson, Bob Shambrook, and Alton Geils, *TEAL (Total Economic Activity Levy)*, (SA Taxation System (Pty) Ltd, 2010), page 1, https://capexit.org/wp-content/uploads/2021/12/TEAL_TECH.pdf

2 The *TEAL report* is the intellectual property of 'SA Taxation System (Pty) Ltd'.

3 Nel, Nik, Wally Langschmidt, Graham Robertson, Bob Shambrook, and Alton Geils, *TEAL (Total Economic Activity Levy)*, (SA Taxation System (Pty) Ltd, 2010), page 3, https://capexit.org/wp-content/uploads/2021/12/TEAL_TECH.pdf

not only was bank turnover far higher than we had ever estimated, but during the period 1999 to 2002, had actually increased by fifty percent.⁴

Revelation In 1999 the value of transactions passing through the Reserve Bank on a daily basis was hinted at:

In 1999 the 'Financial Mail' published an article which stated that the value of transactions passing through the Reserve Bank (National Payments System) was '*more than R100 billion per day*'. In early December 2002 SA Reserve bank officials confirmed that the level of transactions that had passed through the [National Payment System] NPS during the year, exceeded our 1999 estimates very considerably. In February 2004 we learned the N_PS turnover in 2003 had again grown to R200 billion per day.⁵ •

2010-R365 billion daily The authors of the *TEAL report* estimated that the value of transactions going through the National Payment System (NPS) in 2010 was 'in the order of 365 billion rand daily'.⁶

(A CapeXit NPO document)

Outdated assumptions? The *TEAL report* authors specify that:

the daily [National Payment System] NPS turnover figures do NOT include the following:-

- 1 - Bank transactions between two parties with accounts in the same bank.
- 2 - Internet transactions.⁷

From our research we dispute both of these points:

- Point 1 is incorrect or outdated: 'Ultimately, all payment instructions pass through SAMOS to be settled there. Crucially, it is only their own customer-to-customer payments that banks can *settle directly* [emphasis added] with SAMOS (transactions between their own account holders).⁸ See Figure 2.1 and Figure 2.2.

4 Nel, Nik, Wally Langschmidt, Graham Robertson, Bob Shambrook, and Alton Geils, *TEAL (Total Economic Activity Levy)*, (SA Taxation System (Pty) Ltd, 2010), page 4, https://capexit.org/wp-content/uploads/2021/12/TEAL_TECH.pdf

5 Nel, Nik, Wally Langschmidt, Graham Robertson, Bob Shambrook, and Alton Geils, *TEAL (Total Economic Activity Levy)*, (SA Taxation System (Pty) Ltd, 2010), page 8, https://capexit.org/wp-content/uploads/2021/12/TEAL_TECH.pdf

6 Nel, Nik, Wally Langschmidt, Graham Robertson, Bob Shambrook, and Alton Geils, *TEAL (Total Economic Activity Levy)*, (SA Taxation System (Pty) Ltd, 2010), page 28, https://capexit.org/wp-content/uploads/2021/12/TEAL_TECH.pdf

7 Nel, Nik, Wally Langschmidt, Graham Robertson, Bob Shambrook, and Alton Geils, *TEAL (Total Economic Activity Levy)*, (SA Taxation System (Pty) Ltd, 2010), page 26, https://capexit.org/wp-content/uploads/2021/12/TEAL_TECH.pdf

8 BankservAfrica, 'What we do', <https://www.bankserv africa.com/website/about-us/what-we-do>

- Point 2 is likely outdated because the payment clearing house called BankservAfrica clears all retail transactions in South Africa including Internet transactions.⁹

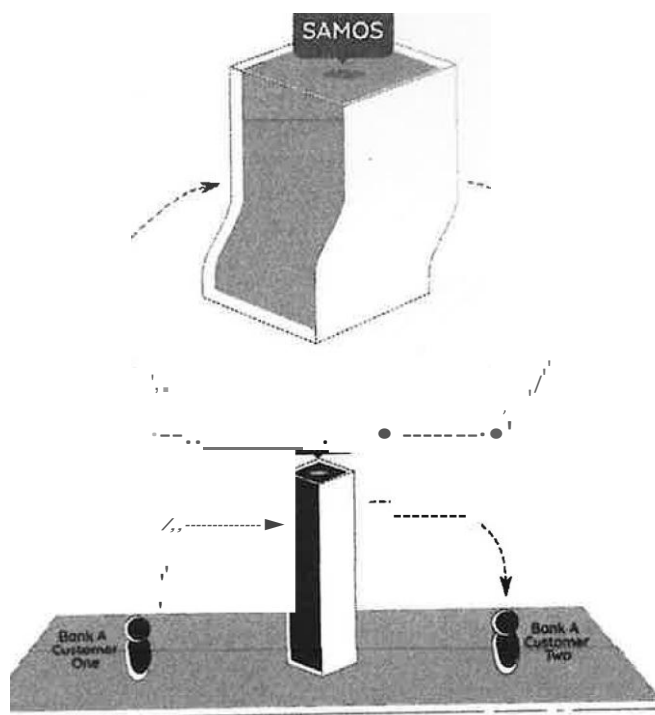


Figure 2.1: A bank can settle transactions between its own customers directly with SAMOS

⁹ Bank for International Settlements, 'Payment, clearing and settlement systems in South Africa', in *Red Book* (Basel, 2012), 373-393, page 381, https://www.bis.org/cpmi/publ/d105_za.pdf

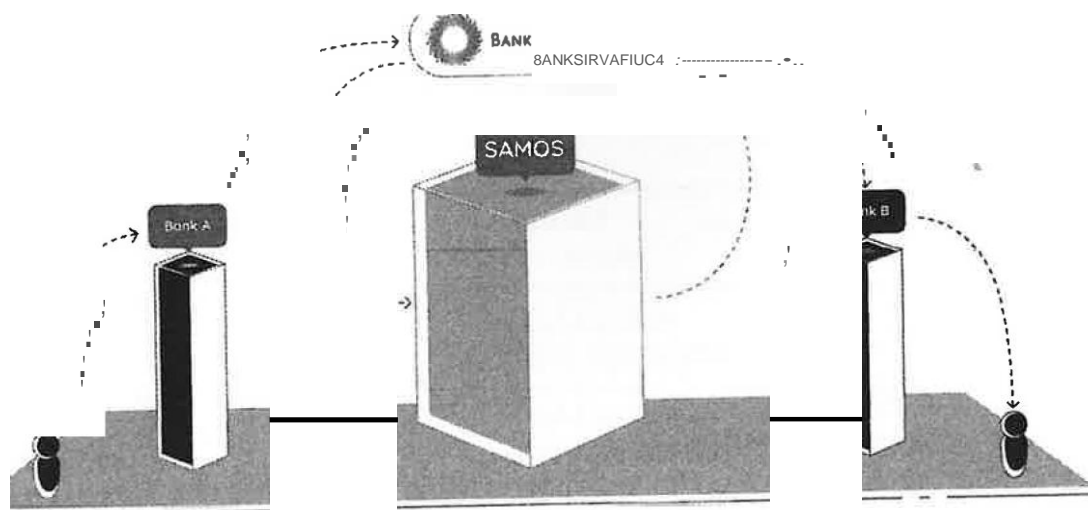


Figure 2.2: BankservAfrica's role in the National Payment System (NPS)

Total Economic Activity figures in the *TEAL report*

Year	Amount per day	Amount per annum*	Source	Page
1999	R100 billion	R22 trillion	<i>Financial Mail</i>	8, 26
2000	R150 billion	R33 trillion	South African Reserve Bank	1
2003	R200 billion	R44 trillion	South African Reserve Bank	1, 8
2010	R365 billion	R80.3 trillion	<i>TEAL report</i> authors	26, 28

* *Amount per annum* is calculated by multiplying the amount per day by 220. *TEAL report* authors worked on the basis that there are 220 transaction days per year. This is probably a very conservative figure, because SAMOS works around the clock, seven days a week, and studying the monthly SAMOS statistics one sees that the monthly breakdown always excludes Sundays and often another day or two, so the monthly SAMOS statistics cover about 25 days, not a full month (SAMOS is not available for settlement on Sundays between 06:00 and 17:00 when it is closed for maintenance).¹⁰ If there were only 220 transaction days, that would work out to 18 days a month (220+12), which *does* not seem realistic

¹⁰ South African Reserve Bank, 'South African Multiple Option Settlement (SAMOS) system', <https://www.resbank.co.za/en/home/what-we-do/payments-and-settlements/settlement-services>

Recent Total Economic Activity figures

The figures in the previous table were taken from the *TEAL report* which was published twelve years ago. In contrast, here are more recent figures provided by the South African Reserve Bank:

Year	Amount per day*	Amount per annum	Source
2020	R687 billion	R151.2 trillion (R151166056759655)	SA Reserve Bank (SAMOS) ¹¹
2021	R708.5 billion	R155.9 trillion (R155875163784110)	SA Reserve Bank (SAMOS) ¹²
June 2021-May 2022	R725 billion	R159.6 trillion (R159547517584767)	SA Reserve Bank (SAMOS) ¹³

* SAMOS statistics provide the amount per annum, so the *amount per day* is calculated by dividing the amount per annum by 220 (*TEAL report* authors worked on the basis that there are 220 transaction days per year).

Total Economic Activity Levy (TEAL)

The *TEAL report* anticipates that a Total Economic Activity Levy of 0.55 per cent will be enough for the South African government to finance a 'reasonable budget':

Every time a bank account is accessed and deposits or withdrawals are made, a levy of about 0.55% (fifty five cents per one hundred rand transacted) of the value of each of those transactions is automatically and instantly debited to the account.

Exact rates will depend on circumstances existing from time to time but is unlikely to exceed 80 cents per R100.¹⁴

11 South African Reserve Bank, *Settlement Statistics and Indicators December 2020*, page 16, <https://www.resbank.co.za/content/dam/sarb/what-we-do/payments-and-settlements/settlement-services/samos-statistics/SAMOS%20-%20Stats%20-%20December%202020.pdf>

12 South African Reserve Bank, *Settlement Statistics and Indicators December 2021*, page 4, <https://www.resbank.co.za/content/dam/sarb/what-we-do/payments-and-settlements/settlement-services/samos-statistics/SAMOS%20-%20Stats%20-%20December%202021.pdf>

13 South African Reserve Bank, *Settlement Statistics and Indicators May 2022*, page 4, <https://www.resbank.co.za/content/dam/sarb/what-we-do/payments-and-settlements/settlement-services/samos-statistics/SAMOS%20-%20Stats%20-%20May%202022.pdf>

14 Nel, Nik, Wally Langschmidt, Graham Robertson, Bob Shambrook, and Alton Geils, *TEAL (Total*

Who will set the TEAL levy? A very important question arises: who will determine the TEAL levy in an independent Western Cape? Will there be a referendum whenever a change in the TEAL levy is proposed? Neither the banking nor the broader financial sector should be allowed to have any say in setting the TEAL levy. The weakness of the TEAL system is that if it is abused, citizens could be squeezed even more than they are under the present taxation system, as there will be no way to escape TEAL. TEAL legislation must ensure that the banks cannot charge a 'TEAL service fee'.

Bond market exempted from Total Economic Activity

The Total Economic Activity (TEA) calculations in the *TEAL* report do not include the bond market, because the bond market claims 'they could not trade profitably with the additional cost of TEAL on each of their transactions'.¹⁵ The bond market transactions were subtracted from the Total Economic Activity (TEA) calculations in the *TEAL* report.

The *TEAL* report explains how this was done: 'As there were significant differences between the estimates of the SA Reserve Bank and the Bond Exchange of South Africa **regarding** the value of Bond Market transactions, in the interests of conservatism, we elected to add back the higher of the two estimates.'¹⁶

Note: the Bond Exchange of South Africa (BESA) is defunct and the Johannesburg Stock Exchange (JSE) has taken over its function. It is very difficult for the layman to navigate, let alone understand, the data that is provided on the JSE's websites (<https://www.jse.co.za/> and [https:// client portal .jse.co.za](https://clientportal.jse.co.za/)).

Economic Activity Levy), (SA Taxation System (Pty) Ltd, 2010), page 3,
[https:// capexit.org/wp-content/uploads/2021/12/TEAL_TECH. pdf](https://capexit.org/wp-content/uploads/2021/12/TEAL_TECH.pdf)

15 Nel, Nik, Wally Langschmidt, Graham Robertson, Bob Shambrook, and Alton Geils, *TEAL (Total Economic Activity Levy)*, (SA Taxation System (Pty) Ltd, 2010), page 9,
[https:// capexit.org/wp-content/uploads/2021/12/TEAL_TECH. pdf](https://capexit.org/wp-content/uploads/2021/12/TEAL_TECH.pdf)

16 Nel, Nik, Wally Langschmidt, Graham Robertson, Bob Shambrook, and Alton Geils, *TEAL (Total Economic Activity Levy)*, (SA Taxation System (Pty) Ltd, 2010), page 9, [https:// capexit.org/wp-content/ uploads/2021/12/TEAL_TECH. pdf](https://capexit.org/wp-content/uploads/2021/12/TEAL_TECH.pdf)

3 Financial instruments

Cash

The SARB has the sole right to produce, issue and destroy banknotes and coins in South Africa. The SA Mint Company and the SA Bank Note Company, both subsidiaries of the SARB, are responsible for the minting of coins and printing of banknotes, respectively.

Notes and coin in circulation in South Africa as at the end of December 2006 and December 2010 amounted to R63.6 billion and R82.5 billion, respectively.

Although it is difficult to estimate the value of cash payments, a recent study [*circa* 2012] of consumer spending at major retail institutions in South Africa indicated that cash is still the most prevalent means of payment, accounting for 55% of all transactions by value (88% by volume).¹

Bank for International Settlements' statistical data (so-called 'Red Book statistics') indicates that notes and coin in circulation in South Africa at the end of 2020 amounted to R177.6 billion (R 177 573 000 000).²

(A CapeXit NPO document)

Active promotion of a cashless system

The banking industry has been encouraged to develop payment instruments and systems that include electronic funds transfer (EFT) mechanisms, debit orders, debit cards and credit cards.³

'Nine in 10 transactions in South Africa are still cash based. Only 10% are digital', so BankservAfrica is developing 'new systems' that will make digital transactions 'so

1 Bank for International Settlements, 'Payment, clearing and settlement systems in South Africa', in *Red Book* (Basel, 2012), 373-393, page 382, https://www.bis.org/cpmi/pub1/dl05_za.pdf

2 Bank for International Settlements, 'BIS_Macro' [CSV file], *Payments and financial market infrastructures statistics* (Updated April 2022), https://www.bis.org/statistics/full_bis_rb_csv.zip

3 Bank for International Settlements, 'Payment, clearing and settlement systems in South Africa', in *Red Book* (Basel, 2012), 373-393, page 381, https://www.bis.org/cpmi/pub1/d105_za.pdf

convenient . . . that many of those cash-based transactions will become digital in the coming years'.⁴

The systems that BankservAfrica is developing will enable South Africans to make instant payments from their phones, including from instant messaging apps such as WhatsApp and Facebook Messenger. 'It will become as easy to move money around as it is to send an e-mail or an instant message'. To transfer money you will not need the recipient's bank account number, merely their cell phone number. "'The main objective of the platform is to offer South Africans an alternative to cash.'"⁵

Frustrated by steady popularity of cash One can sense the banking fraternity's irritation with the ongoing popularity of cash as a 'financial instrument' in South Africa, for example in a recent annual report from the Payments Association of South Africa:

However, while most South Africans have access to a bank account, many rely on cash as the primary tool to transact. We saw this trend continue in 2021, with automated teller machines (ATMs) and cash back at point of sale remaining important cash distribution channels for many consumers, specifically grant recipients, who still depend on cash to buy goods and services. As a result, cash as a payment mechanism continued to grow in the past year.

Cash continues to dominate the informal economy. However, it has been well documented that the continuous use of cash causes material costs to society, ranging from lost tax revenues and direct cash handling costs to being a major obstacle to fostering financial inclusion. There- is therefore a need for digital alternatives to cash and to encourage the use of digital payment to achieve more inclusive and sustainable economic growth.⁶

Backup system It would seem sensible to maintain cash and not to rely entirely on electronic payment systems, not only to protect people's privacy (to keep one's purchases private from government and corporate spying) but also to have a backup 'financial instrument' in the event that electronic systems fail, an easily imaginable eventuality in a country hobbled by rolling black outs. In addition, with cash one has the option of storing it and transacting with it outside of the banking system, thereby avoiding bank charges.

4 McLeod, Duncan, 'Huge changes coming to South Africa's payments system', *TechCentral* (18 Feb. 2022), <https://techcentral.co.za/huge-changes-coming-to-south-africas-payments-system/207988/>

5 McLeod, Duncan, 'Huge changes coming to South Africa's payments system', *TechCentral* (18 Feb. 2022), <https://techcentral.co.za/huge-changes-coming-to-south-africas-payments-system/207988/>

6 Payments Association of South Africa, *PASA Integrated Report 2021* (2022), page 26, <https://www.pasa.org.za/docs/default-source/default-document-library/pasa-integrated-report-2021.pdf?sfvrsn=2>

Cashless

According to the 'Red Book statistics' compiled by the Bank for International Settlements, the value of all South African cashless payments in 2020 was R35.1 trillion (R35 195 181700 000).⁷

Non-cash payment instruments

Note: 'All transactions emanating from the use of these instruments (retail transactions) are cleared at BankservAfrica and settled in SAMOS.'⁸

EFT credit: 'EFT credits are the most commonly used payment instruments in South Africa'. They are 'widely used by employers to pay salaries and are increasingly being used by retail customers in place of cheques.'⁹ EFT stands for 'electronic funds transfer'.¹⁰

EFT debit: 'EFT debits are used to collect monthly premiums on insurance policies, mortgage and hire purchase payments, medical aid subscriptions, etc. They provide the payer with a cheap and very convenient means of making recurring payments.'¹¹

Cheques: In 2012 the banking establishment was moving to eradicate cheques:

The current view in South Africa regarding cheques is that they are outdated, expensive to process and vulnerable to fraud. Electronic payments are viewed as safer, technologically more advanced and more cost-effective.¹²

Nine years later: cheques 'are no longer a payment system as of 31 December 2020'.¹³ Payments Association of South Africa (PASA) reveal how the banking system marginalized the use of cheques:

7 Bank for International Settlements, 'CPMI_Cashless' [CSV file], *Payments and financial market infrastructures statistics* (Updated April 2022), https://www.bis.org/statistics/full_bis_rb_csv.zip

8 Bank for International Settlements, 'Payment, clearing and settlement systems in South Africa', in *Red Book* (Basel, 2012), 373-393, page 382, https://www.bis.org/cpmi/pub1/d105_za.pdf

9 Bank for International Settlements, 'Payment, clearing and settlement systems in South Africa', in *Red Book* (Basel, 2012), 373-393, page 383, https://www.bis.org/cpmi/pub1/d105_za.pdf

10 Bank for International Settlements, 'Payment, clearing and settlement systems in South Africa', in *Red Book* (Basel, 2012), 373-393, page 377, https://www.bis.org/cpmi/pub1/d105_za.pdf

11 Bank for International Settlements, 'Payment, clearing and settlement systems in South Africa', in *Red Book* (Basel, 2012), 373-393, page 383, https://www.bis.org/cpmi/pub1/d105_za.pdf

12 Bank for International Settlements, 'Payment, clearing and settlement systems in South Africa', in *Red Book* (Basel, 2012), 373-393, page 383, https://www.bis.org/cpmi/pub1/d105_za.pdf

13 Payments Association of South Africa, *PASA Annual Report 2020*, page 19, <https://www.pasa.org.za/docs/default-source/default-document-library/pa.sa-annual-report-2020.pdf?sfvrsn=2>

Over the past 20 years several initiatives were implemented to promote the adoption of safer digital payment instruments and manage the risks associated with cheques. In 2002, an item limit of R5 000 000 was implemented, which was subsequently reduced

to R500 000 in 2012 and to R50 000 in 2020.

The COVID-19 pandemic accelerated the shift in consumer behaviour away from paper based instrument to contactless, digital payment instruments. The SARB, FSCA, PASA and BASA issued a joint statement announcing the termination of cheque issuing and acquiring by 31 December 2020.

This was an important step in the payments industry's modernisation efforts, because retiring legacy payment instruments improves the safety and efficiency of the National Payment System. Industry efforts and resources can be better directed at establishing modern, digital capabilities that are better suited to servicing South Africa's diverse consumers.¹⁴

Presumably the bankers' dislike of cheques reflects their aggressive push towards a paperless, digital economy.

Cards: 'Cards are the fastest-growing global non-cash payment instrument, and in recent years have been pivotal to the growth of retail financial services.'¹⁵

Debit cards: 'Debit cards are issued against a demand deposit account, such as a current or savings account. Thus usage of the debit card is restricted to funds held in the particular bank account.'¹⁶

Cheque cards: 'a cheque card is issued against funds held by the customer in a banking account.'¹⁷

Credit cards: 'A credit card is essentially a payment instrument through which purchases can be made utilising credit provided by the issuing bank.'¹⁸

Prepaid cards: 'Prepaid cards are issued against a preloaded balance and distributed mostly by retailers as gift cards.... Many industries in South Africa,

14 Payments Association of South Africa. *PASA Annual Report 2020*, page 27, <https://www.pasa.org.za/docs/default-source/default-document-library/pasa-annual-report-2020.pdf?sfvrsn=2>

15 Bank for International Settlements, 'Payment, clearing and settlement systems in South Africa', in *Red Book* (Basel, 2012), 373-393, page 383, https://www.bis.org/cpmi/publ/d105_za.pdf

16 Bank for International Settlements, 'Payment, clearing and settlement systems in South Africa', in *Red Book* (Basel, 2012), 373-393, page 384, https://www.bis.org/cpmi/publ/d105_za.pdf

17 Bank for International Settlements, 'Payment, clearing and settlement systems i11 South Africa', in *Red Book* (Basel, 2012), 373-393, page 384, https://www.bis.org/cpmi/publ/d105_za.pdf

18 Bank for International Settlements, 'Payment, clearing and settlement systems in South Africa', in *Red Book* (Basel, 2012), 373-393, page 384, https://www.bis.org/cpmi/publ/d105_za.pdf

such as the mining industry, load salaries, loans and commissions onto a prepaid card.¹⁹

Petrol cards: 'Petrol cards are unique to South Africa and Namibia and were developed as a result of local fuel regulations. Until recently customers could only use cash or a petrol card to purchase petrol at filling stations. Customers can now also use debit or credit cards at selected filling stations.'²⁰

E-money: 'In South Africa, only locally registered banks may issue e-money. The money is stored electronically and is a generally accepted means of payment.'²¹

Mobile banking: 'Users can access their banking account via their mobile phone, e.g. for balance enquiries, payments, funds transfers, airtime purchase, etc.'²²

Mobile money transfer systems: 'allow a customer to initiate a payment instruction to a beneficiary who does not have a bank account but owns a mobile phone. The beneficiary, once alerted of the transfer, may collect the funds from selected collection points or ATMs using their mobile phone.'²³

Non-cash payment terminals

Note: All transactions using non-cash payment terminals are cleared at BankservAfrica and settled in SAMOS: 'BankservAfrica is ... responsible for clearing interbank obligations stemming from the retail payments environment. ... Retail payment transactions include ... internet and ATM transactions.'²⁴

Automated teller machines {ATMs}: 'are used extensively to effect numerous banking transactions, eg cash withdrawals, acceptance of deposits, bill payments, funds transfers, balance enquiries, etc.'²⁵

Mini-ATMs: 'Instead of dispensing cash, a mini-ATM issues a paper voucher that may be cashed or used for the purchase of goods at a specific merchant. Mini-ATMs

19 Bank for International Settlements, 'Payment, clearing and settlement systems in South Africa', in *Red Book* (Basel, 2012), 373-393, page 384, https://www.bis.org/cpmi/publ/d105_za.pdf

20 Bank for International Settlements, 'Payment, clearing and settlement systems in South Africa', in *Red Book* (Basel, 2012), 373-393, page 384, https://www.bis.org/cpmi/publ/d105_za.pdf

21 Bank for International Settlements, 'Payment, clearing and settlement systems in South Africa', in *Red Book* (Basel, 2012), 373-393, page 384, https://www.bis.org/cpmi/publ/d105_za.pdf

22 Bank for International Settlements, 'Payment, clearing and settlement systems in South Africa', in *Red Book* (Basel, 2012), 373-393, page 385, https://www.bis.org/cpmi/publ/d105_za.pdf

23 Bank for International Settlements, 'Payment, clearing and settlement systems in South Africa', in *Red Book* (Basel, 2012), 373-393, page 385, https://www.bis.org/cpmi/publ/d105_za.pdf

24 Bank for International Settlements, 'Payment, clearing and settlement systems in South Africa', in *Red Book* (Basel, 2012), 373-393, page 381, https://www.bis.org/cpmi/publ/d105_za.pdf

25 Bank for International Settlements, 'Payment, clearing and settlement systems in South Africa', in *Red Book* (Basel, 2012), 373-393, page 385, https://www.bis.org/cpmi/publ/d105_za.pdf

are deployed in rural areas where there is limited or no access to ATMs and are situated in selected merchant stores.¹²⁶

Self-service terminals (SSTs): 'are devices with the same electronic features and functions as those of an ATM, except that they do not dispense cash.'¹²⁷

Terminals for electronic funds transfer at the point of sale (EFTPOS): 'EFTPOS terminals are located at participating retail institutions to enable consumers to purchase goods and services using either their debit or credit cards. Consumers are also able to withdraw cash at the merchant's EFTPOS terminal.'¹²⁸

26 Bank for International Settlements, 'Payment, clearing and settlement systems in South **Africa**', in *Red Book* (Basel, 2012), 373-393, page 385, https://www.bis.org/cpmi/publ/d105_za.pdf

27 Bank for International Settlements, 'Payment, clearing and settlement systems in South Africa', In *Red Book* (Basel, 2012), 373-393, page 385 https://www.bis.org/cpmi/publ/d105_za.pdf

28 Bank for International Settlements, 'Payment, clearing and settlement systems in South Africa', in *Red Book* (Basel, 2012), 373-393, page 385, https://www.bis.org/cpmi/publ/d105_za.pdf

4 Total Economic Activity: SAMOS

South Africa's Total Economic Activity (TEA), or in other words, the total amount of money settled by the South African Reserve Bank's SAMOS system is provided in the monthly SAMOS statistics published by the South African Reserve Bank.

There does not appear to be any published province by province breakdown of the SAMOS data.

Total value settled through the SAMOS system in South Africa			
Period		Amount	Figure
2006		R59.3 trillion ¹	
2010		R75.6 trillion ²	
2012		R87.7 trillion	R87712756439000 ³
2020		R138.3 trillion	R138315859300000 ⁴
June 2021-May	2022	R159.6 trillion	R159547517584767 ⁵
Aug. 2021-July	2022	R161.5 trillion	R161457007725363 ⁶
July 2022		R13.6 trillion	R13554485291255.80 ⁷

1 Bank for International Settlements, 'Payment, clearing and settlement systems in South Africa', in *Red Book* (Basel, 2012), 373-393, page 387, https://www.bis.org/cpmi/publ/dl05_za.pdf

2 Bank for International Settlements, 'Payment, clearing and settlement systems in South Africa', in *Red Book* (Basel, 2012), 373-393, page 387, https://www.bis.org/cpmi/publ/dl05_za.pdf

3 Bank for International Settlements, 'CPMI_Systems' [CSV file], *Payments and financial market infrastructures statistics* (Updated April 2022), https://www.bis.org/statistics/full_bis_rb_csv.zip

4 Bank for International Settlements, 'CPMI_Systems' and 'CPMLCT2' [CSV files], *Payments and financial market infrastructures statistics* (Updated April 2022), https://www.bis.org/statistics/full_bis_rb_csv.zip

5 South African Reserve Bank, *Settlement Statistics and Indicators May 2022*, page 4, <https://www.resbank.co.za/content/dam/sarb/what-we-do/payments-and-settlements/settlement-services/samos-statistics/SAMOS%20-%20Stats%20-%20May%202022.pdf>

6 South African Reserve Bank, *Settlement Statistics and Indicators July 2022*, page 4, <https://www.resbank.co.za/content/dam/sarb/what-we-do/payments-and-settlements/settlement-services/samos-statistics/samos-stats-2022/SAMOS%20-%20Stats%20-%20July%202022.pdf>

7 South African Reserve Bank, *Settlement Statistics and Indicators July 2022*, page 2, <https://www.resbank.co.za/content/dam/sarb/what-we-do/payments-and-settlements/settlement-services/samos-statistics/samos-stats-2022/SAMOS%20-%20Stats%20-%20July%202022.pdf>

5 South African national budget

This chapter outlines some pertinent data from South Africa's 2022/23 budget, which provides the context for the Western Cape's current financial situation, in contrast to what the Western Cape could achieve as an independent nation with a TEAL system (see Chapter 9 on page 41).

Key data

Expenditure budgeted for 2022/23 The South African government will spend **R2.16 trillion** (R 2 157 267 400 000) for budget year 2022/23.¹

Consolidated revenue forecast Forecast total government revenue (consolidated revenue) for 2022/23 is **R1.8 trillion** (R 1 770 645 100 000).²

Shortfall As the expenditure exceeds the revenue there is a shortfall of **R386.6 billion** (R 386 622 300 000).³

National tax revenue forecast Forecast national tax revenue for 2022/23 is **R1.6 trillion** (R 1 598 447 497 000).⁴

National GDP Forecast national GDP at current prices for 2022/23 is **R6.4 trillion** (R 6 441 300 000 000).⁵

1 National Treasury, *Budget Review 2022*, (Pretoria, 2022), pages v, 215,
<http://www.treasury.gov.za/documents/National%20Budget/2022/review/Ful1BR.pdf>

2 National Treasury, *Budget Review 2022*, (Pretoria, 2022), page 215,
<http://www.treasury.gov.za/documents/National%20Budget/2022/review/FullBR.pdf>

3 National Treasury, *Budget Review 2022*, (Pretoria, 2022), page 215,
<http://www.treasury.gov.za/documents/National%20Budget/2022/review/Ful1BR.pdf>

4 National Treasury, *Budget Review 2022*, (Pretoria, 2022), page 203, 28,
<http://www.treasury.gov.za/documents/National%20Budget/2022/review/Ful1BR.pdf>

5 National Treasury, *Budget Review 2022*, (Pretoria, 2022), page 24,
<http://www.treasury.gov.za/documents/National%20Budget/2022/review/Ful1BR.pdf>

Public-service salaries State employee salaries comprise 31.8 per cent, the largest slice of the 2022/23 budget, that is **R682.5 billion** (R 682 495 300 000).⁶

The consolidated budget has grown from R712.8 billion in 2008/09 to [R2.6 trillion in 2022/23] . . . Much of the growth was absorbed by rising public-service salaries and debt-service costs. [with the result that] spending that supports long-term growth-such as infrastructure investment-now accounts for a smaller proportion of the total.⁷

Debt-service costs-20 cents of every rand 'On average, 20 cents of every rand collected in revenue every year will be needed to pay debt-service costs.'⁸

(A CapeXit NPO document)

Gross loan debt The government's gross loan debt for 2022/23 is **R4.7 trillion** (R 4 692 166 000 000).⁹

The relationship between debt and income tax

Income tax forms an integral part of the usury system and is first and foremost employed to defray the interest on government loans, which represent money which has been created out of nothing by private bankers.¹⁰

Jan Smuts, a 'supporter of what is today known as the New World Order', and appointed minister of finance in 1912, 'was responsible for introducing the Income Tax Act in 1914'.^{11,12}

6 National Treasury, *Budget Review 2022*, (Pretoria, 2022), page 215,
<http://www.treasury.gov.za/documents/National%20Budget/2022/review/Fu11BR.pdf>

7 National Treasury, *Budget Review 2022*, (Pretoria, 2022), page 25,
<http://www.treasury.gov.za/documents/National%20Budget/2022/review/FY11BR.pdf>

8 National Treasury, *Budget Review 2022*, (Pretoria, 2022), page 25,
<http://www.treasury.gov.za/documents/National%20Budget/2022/review/FullBR.pdf>

9 National Treasury, *Budget Review 2022*, (Pretoria, 2022), page 223,
<http://www.treasury.gov.za/documents/National%20Budget/2022/review/Fu11BR.pdf>

10 Goodson, Stephen Mitford, *Inside the South African Reserve Bank: Its Origins and Secrets Exposed*, 2nd edn (London, 2017), page 19.

11 Goodson, Stephen Mitford, *Inside the South African Reserve Bank: Its Origins and Secrets Exposed*, 2nd edn (London, 2017), page 19. /

12 'Taxation in South Africa', Wikipedia (last modified 17 Apr. 2022),
https://en.wikipedia.org/wiki/Taxation_in_South_Africa#cite_note-SarsTaxStats-2

5.2 Personal income tax

5.2.1 Eligible taxpayers

3.3 million SA taxpayers in 2015/16 According to Wikipedia:

In 2015/16 financial year out of a total 33 million eligible taxpayers around 10% or 3.3 million people paid 93% of total income tax collected in that period. Of them, 1.1 million or 3.7% of all income taxpayers paid just under 70% of all income tax collected in that period. This means that South African income tax receipts are highly reliant on a relatively small number of high income taxpayers.[23]

4.9 million SA taxpayers in 2017/18

In comparison, in the 2017/18 financial year the South African population was 56.7 million, of which 4.9 million people (8.6%) were taxpayers. Of these, 1.7 million or 39% of all income taxpayers paid just under 91% of all income tax collected in that period. This means that the tax burden is being spread amongst a larger group than the previous year, but that the tax base is still very small.[2]¹³

Wikipedia's cited sources are:

[23] 'Do we pay too much income tax in South Africa?' (<http://businesstech.co.za/news/wealth/88062/do-we-pay-too-much-income-tax-in-south-africa/>). www.businesstech.co.za. Retrieved 2 September 2016.

[2] 'Tax Statistics' (<http://www.sars.gov.za/About/SATaxSystem/Pages/Tax-Statistics.aspx>) (PDF). SARS. [sars.gov.za](http://www.sars.gov.za). Retrieved 20 January 2019.

5.2 million SA taxpayers in 2020 For the 2020 tax year there were 22.9 million registered taxpayers of which 5.2 million were assessed.¹⁴

The assessed taxpayers [2019/20 tax year] had aggregate taxable income of R1.8 trillion and a tax liability of R407.2 billion.¹⁵

13 'Taxation in South Africa', Wikipedia (last modified 17 Apr. 2022), https://en.wikipedia.org/wiki/Taxation_in_South_Africa#cite_note-SarsTaxStats-2

14 National Treasury and SARS, *2021 Tax Statistics*, (Pretoria, 2022), page 34, <https://www.sars.gov.za/wp-content/uploads/Docs/TaxStats/2021/Tax-Statistics-2021-Main-document-updated.pdf>

15 National Treasury and SARS, *2021 Tax Statistics*, (Pretoria, 2022), page 35, <https://www.sars.gov.za/wp-content/uploads/Docs/TaxStats/2021/Tax-Statistics-2021-Main-document-updated.pdf>

Why don't all registered taxpayers pay tax?

'Not all of the registered taxpayers are paying tax, e.g. taxpayers with taxable income below the minimum income tax threshold.'¹⁶

¹⁶ National Treasury and SARS, *2021 Tax Statistics*, (Pretoria, 2022). page 42, <https://www.sars.gov.za/wp-content/uploads/Docs/TaxStats/2021/Tax-Statistics-2021-Main-document-updated.pdf>

6 Western Cape economy

6.1 Key data

14 per cent of SA's GDP in 2022 The Western Cape economy represents 14 per cent of the South African GDP (in the first quarter of 2022). This makes it the third largest economy after Gauteng (35 per cent) and KwaZulu-Natal (16 per cent).¹

*South Africa's GDP in the first quarter of 2022 was R4.6 trillion (R 4 603 616 000 000).*²

Western Cape GDP in 2022 (first quarter) The Western Cape's real gross domestic product (GDP) in the first quarter of 2022 was R653.49 billion.³

Consumption spending= 65% of Western Cape GDP 'On average, consumption spending makes up over 65% of GDP' in the Western Cape.⁴

Services sector dominates Western Cape economy The services sector constituted 76 per cent of the Western Cape's economic activity in the first quarter of 2022. And the largest contributor to the services Sector was finance, *real estate and business services* (32 per cent).⁵

1 Wesgro, *An Economic Overview of the Western Cape: 05 September 2022* (Cape Town, 2022), page 2, https://www.wesgro.co.za/uploads/files/Wesgro-Research_Western-Cape-Economic-Overview_2022.09.pdf

2 Stats SA, *Gross Domestic Product: Second Quarter 2022* (Pretoria, 2022), page 8, <https://www.statssa.gov.za/publications/P0441/P04412ndQuarter2022.pdf>

3 Wesgro, *An Economic Overview of the Western Cape: 05 September 2022* (Cape Town, 2022), page 2, https://www.wesgro.co.za/uploads/files/Wesgro-Research_Western-Cape-Economic-Overview_2022.09.pdf

4 Wesgro, *An Economic Overview of the Western Cape: 05 September 2022* (Cape Town, 2022), page 3, https://www.wesgro.co.za/uploads/files/Wesgro-Research_Western-Cape-Economic-Overview_2022.09.pdf

5 Wesgro, *An Economic Overview of the Western Cape: 05 September 2022* (Cape Town, 2022), page 3, https://www.wesgro.co.za/uploads/files/Wesgro-Research_Western-Cape-Economic-Overview_2022.09.pdf

13.5 per cent of SA GDPR in 2019

Gross domestic product per region (GDPR), 'is a statistic that measures the size of a region's economy. It is the aggregate of gross value added (GVA) of all resident producer units in the region'.⁶

Region	Percentage of South Africa's GDPR	GDPR 2019 ⁷	Figure
Johannesburg Metro	13.5%	R611.9 billion	
Cape Metro	9.7%	R440.8 billion	R440 763 900 000
Western Cape	13.5%	R611.9 billion	R611 928 200 000
South Africa	100%	R4.5 trillion	R4 523 573 100 000

6.2 Cape Metro's contribution to the economy (2019)

Region	Contribution to provincial GDPR, 2019	Percentage of provincial GDPR
Cape Metro	R440.8 billion	72.0%
Cape Winelands	R69.6 billion	11.4%
Garden Route	R46.3 billion	7.6%
West Coast	R31.0 billion	5.1%
Overberg	R21.1 billion	3.5%
Central Karoo	R3.2 billion	0.5% ⁸

6.2.1 Cape Town: financial services hub

Cape Town's financial services sector was the largest contributor to GDP in 2016 ... Top insurance companies such as Old Mutual Africa, Santam, Direct Axis, Metropolitan, and Sanlam are headquartered in the Mother City

⁶ 'Gross regional domestic product', Wikipedia (last modified 27 Jan. 2022), https://en.wikipedia.org/wiki/Gross_regional_domestic_product

⁷ Western Cape Government, *2021 Municipal Economic Review and Outlook: Cape Metro* (Cape Town, 2021), page 67, 70, <http://www.westerncape.gov.za/provincia1-treasury/files/atoms/files/CAPE%20METRO%20booklet%20SINGLE.pdf>

⁸ Western Cape Government, *2021 Municipal Economic Review and Outlook: Cape Metro* (Cape Town, 2021), page 35, <https://www.westerncape.gov.za/provincial-treasury/fi1es/atoms/files/CAPE%20METRO%20booklet%20SINGLE.pdf>

too. Not to mention that renowned investment and financial advisers in Cape Town include Allan Gray, Price Waterhouse Coopers and Investec.

Also based in the city are the top 5 banks in South Africa i.e. First National Bank, ABSA, Standard Bank, Nedbank and Capitec. These all have offices within Cape Town CBD, and have extensive fintech services located throughout the metropolitan too. This provides a comprehensive footprint of financial

service providers in Cape Town and the greater Western Cape region.⁹

6.3 Western Cape income tax

The following personal income tax data for the Western Cape is sourced from SARS (2019, 2020) and Wikipedia (2017/18);

Taxable income in Western Cape			
Year	No. of taxpayers	Taxable income	Tax assessed
2017/18	773 927	R773 billion	R53 billion ¹⁰
2019	867697	R298 billion	R66 billion ¹¹
2020	906526	R310 billion	R69 billion ¹²

Note: SARS makes the following distinctions:

The tax year for individuals starts on 1 March and finishes at the end of February the following year. The tax year for companies coincides with the financial year of the company for financial reporting purposes.

A distinction is made between a tax year and a fiscal year. The former is shown as a single year (e.g. 2017) while the latter is displayed with a forward

slash (e.g. 2020/21).¹³

9 Invest Cape Town, 'Financial Services in Cape Town',
<https://www.investcapetown.com/opportunities/financial-services/>

10 'Taxation in South Africa', Wikipedia (last modified 17 Apr. 2022),
https://en.wikipedia.org/wiki/Taxation_in_South_Africa#cite_note-SarsTaxStats-2

11 National Treasury and SARS, *2021 Tax Statistics*, (Pretoria, 2022), page 55,
<https://www.sars.gov.za/wp-content/uploads/Docs/TaxStats/2021/Tax-Statistics-2021-Main-document-updated.pdf>

12 National Treasury and SARS, *2021 Tax Statistics*, (Pretoria, 2022), page 55,
<https://www.sars.gov.za/wp-content/uploads/Docs/TaxStats/2021/Tax-Statistics-2021-Main-document-updated.pdf>

13 National Treasury and SARS, *2021 Tax Statistics*, (Pretoria, 2022), page v,
<https://www.sars.gov.za/wp-content/uploads/Docs/TaxStats/2021/Tax-Statistics-2021-Main-document-updated.pdf>

7 Western Cape provincial budget

R77.383 billion budget including direct charges The province will spend 'R 77.383 billion in 2022/23. This includes the Direct Charges for the remuneration of the members of the provincial legislature of R 50.301 million.¹

Revenue is **R 78.896 billion** 'Total provincial receipts for 2022/23 amount to R 78.896 billion of which the Provincial Equitable Share amounts to R58.367 billion, Conditional Grants amount to R 14.016 billion, Financing amounts to R 3.539 billion, Provincial tax receipts amount to R 522.548 million and Provincial own revenue amount to R 2.451 billion.²

53 per cent of budget spent on salaries Compensation of employees-the largest expense for the Western Cape Government in 2022/23-is 53 per cent of the budget or R40.976 billion, which is an increase of 'R 1.501 billion from R 39.476 billion in 2021/22'.³

1 Western Cape Government, *Budget Overview of Provincial Revenue and Expenditure 2022*, (Cape Town, 2022), page 133, <https://www.westerncape.gov.za/provincial-treasury/files/atoms/files/Western%20Cape%20Overview%20of0/420Provincial%20Revenue%20and%20Expenditure%202022.pdf>

2 Western Cape Government, *Budget Overview of Provincial Revenue and Expenditure 2022*, (Cape Town, 2022), page 119, <https://www.westerncape.gov.za/provincial-treasury/files/atoms/files/Western%20Cape%20Overview%20of0/o20Provincial%20Revenue%20and%20Expenditure%202022.pdf>

3 Western Cape Government, *Budget Overview of Provincial Revenue and Expenditure 2022*, (Cape Town, 2022), pages 136, 15, 135, 120, <https://www.westerncape.gov.za/provincial-treasury/files/atoms/files/Western%20Cape%20Overview%20of%20Provincial%20Revenue%20and%20Expenditure%202022.pdf>

8 Division of Revenue

Provincial government receives two forms of allocations from nationally raised revenue, the equitable share and conditional grants. The equitable share is an unconditional transfer to provinces and constitutes their main source of revenue. ... In addition, they receive conditional grants to help them fulfill their mandates.¹

8.1 Provincial equitable share

About 95 per cent of provincial budgets are funded through transfers from national government. The provincial equitable share, which is used to provide education, health and other services, makes up most of **these transfers**, **Most** services are provided at no or low cost to recipients.²

The provincial equitable share is allocated according to a formula 'based on demand for services and demographic factors that affect this demand, such as the school-age population'.³ In the 2022/23 financial year, R560.8 billion (R560 756 789 000)⁴ is being shared amongst all nine provinces according to the following formula components:

- An *education component* (48 per cent), based on the size of the school-age population (ages five to 17) and the number of learners (Grades R to 12) enrolled in public ordinary schools.
- A *health component* (27 per cent), based on each province's risk profile and health system caseload.
- A *basic component* (16 per cent), derived from each province's share of the national population.
- An *institutional component* (5 per cent), divided equally between the provinces.

1 South Africa, 2022 Division Of Revenue Bill, page 69,
[http://www.treasury.gov.za/legislation/bills/2022/\[B6%20-%202022\]%20\(DoRB\).pdf](http://www.treasury.gov.za/legislation/bills/2022/[B6%20-%202022]%20(DoRB).pdf)

2 National Treasury, *Budget Review 2022*, (Pretoria, 2022), page 72,
<http://www.treasury.gov.za/documents/National%20Budget/2022/review/Ful1BR.pdf>

3 National Treasury, *Budget Review 2022* (Pretoria, 2022), page 72,
<http://www.treasury.gov.za/document/National%20Budget/2022/review/FullBR.pdf>

4 South Africa, 2022 Division Of Revenue Bill, page 31,
[http://www.treasury.gov.za/legislation/bills/2022/\[B6%20-%202022\]%20\(DoRB\).pdf](http://www.treasury.gov.za/legislation/bills/2022/[B6%20-%202022]%20(DoRB).pdf)

- A *poverty component* (3 per cent), based on Income data. This component reinforces the redistributive bias of the formula.
- An *economic activity component* (1 per cent), based on regional gross domestic product (GDP-R, measured by Statistics South Africa).⁵

8.2 Total transfers

Province	Equitable share	Conditional grants	Total transfers
Total transfers to provinces 2022/23⁶			
Eastern Cape	R72 251 000 000	R13 850 000 000	R86 081 000 000
Free State	R311 070 000 000	R5 737 000 000	R39 845 000 000
Gauteng	R120 042 000 000	R26 503 000 000	R146 545 000 000
KwaZulu-Natal	R114 509 000 000	R25 041 000 000	R139 551 000 000
Limpopo	R64 056 000 000	R10 741 000 000	R74 796 000 000
Mpumalanga	R45 962 000 000	R9 060 000 000	R55 022 000 000
Northern Cape	R14 942 000 000	R4 795 000 000	R19 737 000 000
North West	R39 540 000 000	R5 568 000 000	R48 108 000 000
Western Cape	R58 367 000 000	R14 016 000 000	R72 383 000 000
Unallocated		R47 100 000 000	R47 100 000 000
Total	R560 757 000 000	R121 782 000 000	R682 539 000 000

Source of more info

The 'Explanatory Memorandum to the Division of Revenue' lists the provincial and municipal allocations and describes the equitable share formulas.⁷

⁵ South Africa, 2022 Division Of Revenue Bill, page 73,
[http://www.treasury.gov.za/legislation/bills/2022/\[B6%20-%202022\]%20\(DoRB\).pdf](http://www.treasury.gov.za/legislation/bills/2022/[B6%20-%202022]%20(DoRB).pdf)

⁶ South Africa, 2022 Division Of Revenue,Bill, page 69,
[http://www.treasury.gov.za/legislation{bills/2022/\[B6%20-%202022\]%20\(DoRB\).pdf](http://www.treasury.gov.za/legislation{bills/2022/[B6%20-%202022]%20(DoRB).pdf)

⁷ South **Africa**, 2022 Division Of Revenue Bill, pages 60-114,
[http://www.treasury.gov.za/legislation/bills/2022/\[B6%20-%202022\]%20\(DoR8\).pdf](http://www.treasury.gov.za/legislation/bills/2022/[B6%20-%202022]%20(DoR8).pdf)

8.3 Western Cape's contribution to the national fiscus

To put this 'division of revenue' into perspective consider that, according to Wikipedia, in 2020 the Western Cape contributed **R 269.58 billion** (2020) to the national fiscus.⁸

Wikipedia's data is from SARS:

'2020 Tax Statistics' (<https://www.sars.gov.za/w-content/uploads/Docs/TaxStats/2020/Tax-Statistics-2020.pdf>) (PDF). South African Revenue Service. December 2020. p. 50. ISBN 978-0-621-49022-0. Retrieved 14 August 2022.

While the following calculation is not quite accurate because the data is from different years it gives an idea of how much money the Western Cape is *losing* to the rest of South Africa:

- Western Cape contribution to the South African National Treasury: R269.58 billion (in 2020).
- National Treasury gives back to the Western Cape: R72.4 billion (in 2022/23-total transfer comprised of the provincial equitable share and conditional grants), which is only **27 per cent** of what we gave South Africa in 2020.

(A CapeXit NPO document)

⁸ 'Economy of the Western Cape', Wikipedia (last modified 30 Aug. 2022),

https://en.wikipedia.org/wiki/Economy_of_the_Western_Cape

9 Estimating the Western Cape's Total Economic Activity and TEAL revenue

This chapter presents an educated guess of the amount of money flowing through the Western Cape's banks, as there does not appear to be any SAMOS data for individual provinces.

Perhaps the South African Reserve Bank would be willing to provide SAMOS data on a province by province basis if one asked them. Their website says: 'If you have further questions about settlement services, please do not hesitate to contact us.'¹ The South African Reserve Bank can be contacted here: <https://www.resbank.co.za/en/home/contact-us>.

9.1 TEAL Report: example TEAL revenue calculation

The *TEAL report* provides the following example of how TEAL revenue (for South Africa) is calculated:²

Step& to calculate revenue from TEAL	Amount	Figures
TEA (National Payment System (NPS) transactions for 2003)	R44 trillion	R44 000 000 000 000
Bond market transactions	R10 trillion	R10 000 000 000 000
Subtract bond market transaction from National Payment System (NPS) transactions	R34 trillion	R34 000 000 000 000
TEAL will be applied to both sides of transactions, so multiply above figure by 2 To	R68 trillion	R68 000 000 000 000
calculate TEAL revenue (at a rate of	<u>R374 billion</u>	<u>R374 000 000 000</u>
<u>0.55%), multiply above figure by 0.55%</u>		

1 South African Reserve Bank, 'South Africa Multiple Options Settlement (SAMOS) system', <https://www.resbank.co.za/en/home/wpat-we-do/payments-and-settlements/settlement-services>

2 Nel, Nik, Wally Langschmidt, Graham Robertson, Bob Shambrook, and Alton Geils, *TEAL (Total Economic Activity Levy)*, (SA Taxation System (Pty) Ltd, 2010), page 9, https://capexit.org/wp-content/uploads/2021/12/TEAL_TECH.pdf

9.2 TEAL revenue for year June 2021-May 2022 *minus* bond market

9.2.1 Western Cape's TEAL revenue

Using the *TEAL report's* example (see Section 9.1 on the previous page) as a guide, here is an attempt at estimating the Western Cape's Total Economic Activity (TEA) and the amount of income that could be generated by a Total Economic Activity Levy (TEAL) of 0.55 per cent.

Step	TEAL revenue calculation	Figures	Amount
1	TEA (NPS transactions for year June 2021-May 2022)	R159 547 517 584 767	R159.6 trillion
2	Bond market transactions for year June 2021-May 2022 (see Subsection 9.2.2)	R37 200 000 000 000	R37.2 trillion
3	Subtract bond market transactions from TEA	R122 347 517 584 767	R122.4 trillion
4	Western Cape's contribution to SA's GDP	14%	
5	Multiply figure in step 3 by 14% to determine Western Cape's Total Economic Activity	R17128652461867.40	R17.1 trillion
6	TEAL will be applied to both sides of transactions, so multiply above figure by 2	R34 257 304 923 734.80	R34.3 trillion
7	To calculate the revenue from TEAL (at a rate of 0.55%), multiply above figure by 0.55%	<u>R188 415 177 080.54</u>	<u>R188.4 billion</u>

If the above calculation is accurate, TEAL revenue of **R188.4 billion** could have been generated for the Western Cape's treasury for the year June 2021 to May 2022.

In contrast, the current Western Cape Government has a budget of **R77.383 billion** to spend in 2022/3.³ That is less than half (41.07 per cent) of what could hypothetically be generated by a TEAL system.

³ Western Cape Government, *Budget Overview of Provincial Revenue and Expenditure 2022*, (Cape Town, 2022), page 133, <https://www.westerncape.gov.za/provincial-treasury/files/atoms/files/Western%20Cape%20Overview%20of%20Provincial%20Revenue%20and%20Expenditure%202022.pdf>

Bond market data

The only bond market data that was obtainable was the following, provided by an article published by Quantec:

The daily average turnover in the secondary bond market amounted to R3.1 trillion per month, on average, in the twelve months ended May 2022.⁴

R3.1 trillion per month amounts to a R37.2 trillion (R3720000000000) bond market turnover for the year (R3.1 trillionx12).

9.3 TEAL revenue for year June 2021-May 2022 including bond market

Without subtracting the bond market transactions from the Total Economic Activity (TEA), the previous calculation (see Section 9.2 on the preceding page) would look like this:

Step	TEAL revenue calculation	Figures	Amount
1	TEA (NPS transactions for year June 2021-May 2022)	R 159 547 517 584 767	R159.6 trillion
2	Western Cape's contribution to SA's GDP	14%	
3	Multiply figure in step 1 by 14% to determine Western Cape's Total economic Activity	R 22 336 652 461 867.40	R22.3 trillion
4	TEAL will be applied to both sides of transactions, so multiply above figure by two	R 44 673 304 923 734.80	R44.7 trillion
5	To calculate the revenue from TEAL (at a rate of 0.55%), multiply above figure by 0.55%	<u>R 245 703 177 080.54</u>	<u>R245.7 billion</u>

If the above calculation is accurate, TEAL revenue of **R245.7 billion** could have been generated for the Western Cape's treasury for the year June 2021 to May 2022.

In contrast, the current Western Cape Government has a budget of **R77.383 billion** to spend in 2022/3.⁵ That is 31.49 per cent of what could hypothetically be generated by a TEAL system.

4 Quantec, 'South Africa Bond Market-September 2022 Report' (12 Sept. 2022), <https://www.quantec.co.za/post/4380/south-africa-bond-market/>

5 Western Cape Government, *Budget Overview of Provincial Revenue and Expenditure 2022*, (Cape Town, 2022), page 133, <https://www.westerncape.gov.za/provincial-treasury/files/atoms/files/>

9.4 'Reasonable budget'?

The *Teal report* says that a TEAL levy of 0.55 per cent will be enough to finance a 'reasonable budget'. The current Western Cape Government's budget is not 'reasonable' given that it seems focused on assisting 'inward migrants' rather than the core Cape population:

Another challenge is that inward migration into the province means that the growth in learner numbers is exceeding the expansion of schools and teachers. To address this, the largest share of new infrastructure assets budget over the 2022 Medium Term Expenditure Framework has been allocated towards the education department and I know that this is top of mind for [Western Cape Education] Minister Maynier.⁶

Live births and migration patterns drive the younger population in the Western Cape, which impacts on the available education resources. Adequate investment in school infrastructure is pivotal to absorb growing learner numbers and facilitate better learning outcomes. Between 2012 and 2021, growth in learner numbers exceeded the expansion of schools and teachers.... the number of learners increased by 17.5 per cent.⁷

The significance of the threat posed by 'inward migration' to the Western Cape's core population is underscored by the fact that health and education receive the largest share of the 2022/23 budget, two areas particularly burdened by migrants:

The Department of Health ... receives R29.094 billion ... or 37.6 per cent of total expenditures.

The Department of Education ... receives R28.033 billion ... or 36.2 per cent of total expenditures.⁸

t To add insult to injury, it also needs to be borne in mind that much of the Western Cape's revenue comes from the national government, the same government that is providing revenue to all the other provinces, including the Eastern Cape, source of many migrants to the Western Cape. So Western Cape taxes are going to the national government to be

Western%20Cape%20Overview%20of%20Provincial%20Revenue%20and%20Expenditure%202022.pdf

6 Wenger, Mireille, *Provincial Economic Review and Outlook 2022/23: Speech*, (Cape Town, 2022), page 13, <https://www.westerncape.gov.za/provincial-treasury/files/atoms/files/2022%20PERO%20Speech%20-%2020%20September%202022.pdf>

7 Western Cape Government, *Provincial Economic Review and Outlook 2022/23* (Cape Town, 2022), page 84, <https://www.westerncape.gov.za/provincial-treasury/files/atoms/files/2022%20PERO%20Final%20for%20WEB.pdf>

8 Western Cape Government, *Budget Overview of Provincial Revenue and Expenditure 2022*, (Cape Town, 2022), page 13, 1 <https://www.westerncape.gov.za/provincial-treasury/files/atoms/files/Western%20Cape%20Overview%20of%20Provincial%20Revenue%20and%20Expenditure%202022.pdf>

disbursed not only to the Western Cape but also to other provinces such as the Eastern Cape. In other words, Western Cape taxpayers are funding Eastern Cape people, not only in the Eastern Cape but also in the Western Cape ... at the expense of the Western Cape's core population.

Imagine what could be achieved with an increased budget derived from a TEAL levy and that is spent only on the Western Cape's core population!

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Annex 1

National Payment System Department

SAMOS participants

SAMOS Institutions: May 2022

Settlement Banks

Access Bank (South Africa) Limited
Albaraka Bank Limited
African Bank Limited
ABSA Bank Limited
Bidvest Bank Limited
Bank Zero Mutual Bank
BNP Paribas South Africa
Bank of China Limited Johannesburg Branch
Capitec Bank Limited
China Construction Bank Corporation Johannesburg Branch
Citibank N.A.
Discovery Bank Limited
Finbond Mutual Bank
FirstRand Bank Limited
Grindrod Bank Limited
HBZ Bank Limited
Habib Overseas Bank Limited
HSBC Bank pie - Johannesburg Branch
ICICI Bank Limited
Investec Bank Limited
J.P. Morgan Chase Bank, N.A. (Johannesburg Branch)
Nedbank Limited
Sasfin Bank Limited
Standard Chartered Bank - Johannesburg Branch
South African Reserve Bank
State Bank of India
The Standard Bank of South Africa Limited
Tyme Bank Limited
UBANK Limited
VBS Mutual Bank

SA CLS Settlement Banks

ABSA Bank Limited (Member)
 Citibank N.A.
 FirstRand Bank Limited (Member)
 Nedbank Limited (Member)
 The Standard Bank of South Africa Limited (Member)

Designated Settlement System

SADC RTGS
 CLS Bank International

SA SADC RTGS Settlement Banks

ABSA Bank Limited
 Bidvest Bank Limited
Citibank N.A.
 Firststrand Bank Limited
 HSBC Bank pie - Johannesburg Branch
 Investec Bank Limited
NEDBANK LTD
 Standard Chartered Bank - Johannesburg Branch
 South African ReseNe Bank
 Standard Bank of South Africa Limited

Centrcd Bank Collateral management system (SAMOS CoUateral Management)

SARB Financial Markets Department

Payment System Operator (Securities Cash Settlement)

Strate Pty Ltd

Payment System Operator (Retail)

BankseNAfrica
 MasterCard International LLC

Annex 2 Origins of the South African Reserve Bank

The official narrative An information leaflet published by the South Africa Reserve Bank tells us:

In South Africa people started advocating a national bank as early as 1879, stating that this was not only desirable, but in fact necessary. This opinion was voiced repeatedly in later years.¹

Who were those 'people' who already wanted a national bank in 1879? We are not told. We are told that *De Paarl* newspaper advocated for a central bank around 1890-91, that a Frenchman called M Grosclaude called for a national bank in 1911 and that a representative of the Netherlands bank of South Africa called Postmus promoted the idea of a central bank in 1912.²

'Abnormal conditions' The leaflet continues to inform us that 'abnormal conditions' occurred because each province in the Union of South Africa had its own currency and banking laws, specifically with regard to what reserves of gold or legal coin a bank was required to have and how many banknotes could be issued against those reserves.³ World War I is then cited as the catalyst that ended this 'abnormal condition' and led to the creation of the South African Reserve Bank:

This situation remained unchanged until the outbreak of World War I. South Africa's participation in the allied war effort necessitated an embargo on the export of gold to prevent it from falling into enemy hands. Banknotes were still convertible into gold on demand. The disruption caused by the war led directly to the founding of the South African Reserve Bank. (the Bank) and formed part of a more comprehensive set of measures meant to deal with the

1 South African Reserve Bank, *Factors leading to the founding of the South African Reserve Bank* (Pretoria, 2015), page 2, <https://www.resbank.co.za/content/dam/sarb/publications/fact-sheet/fact-sheet/2012/4999/Fact-Sheet-6.pdf>

2 South African Reserve Bank, *Factors leading to the founding of the South African Reserve Bank* (Pretoria, 2015), page 2, <https://www.resbank.co.za/content/dam/sarb/publications/fact-sheet/fact-sheet/2012/4999/Fact-Sheet-6.pdf>

3 South African Reserve Bank, *Factors leading to the founding of the South African Reserve Bank* (Pretoria, 2015), page 3, <https://www.resbank.co.za/content/dam/sarb/publications/fact-sheet/fact-sheet/2012/4999/Fact-Sheet-6.pdf>

unsatisfactory monetary and financial condition (5) of that time. More directly, it came about because of a large illegal outflow of gold from South Africa, which arose in response to the premium that could be earned on gold sales on the London market-after the abandonment of the pegged wartime sterling-dollar exchange rate by the United Kingdom in March 1919. The South African commercial banks therefore had to obtain gold at a premium in London, but pay gold out in South Africa at a par in terms of their obligation to convert their banknotes into gold on demand.⁴

Revisionist history In contrast to this 'official narrative' is Stephen Mitford Goodson's account of the establishment of the South African Reserve Bank. Goodson's version of the 1919 'outflow of gold from South Africa':

South Africa's loss of gold reserves (was as a result of the 23.1% devaluation of the pound sterling from \$4.76 to \$3.66 on 20 March 1919. This devaluation had resulted in the gold price increasing from £4 5s. to £6 7s. per fine ounce. Gold purchased in South Africa could be sold at a premium in London and this led to £2.9 million in gold coins leaving the country between 1 April 1918 and 31 March 1920. Furthermore South African commercial banks were compelled to buy gold at the higher price in order to have sufficient cover for the bank notes they issued. At that time the statutory requirement was that

, bank notes had to have a minimum gold cover of 40%. In order to counter these unfavourable trends, it was deemed advisable to establish a central bank, which would hold all the country's gold reserves.⁵ •

Smuts and Strakosch General Jan Smuts became prime minister in late 1919.⁶ In order to deal with South Africa's loss of gold reserves, Smuts, in 1919, 'consulted' his friend Sir Henry Strakosch 'a Moravian Jew who later converted to High Anglicanism. Strakosch had previously worked for the Anglo-Austrian Bank of South Africa . . . and in 1902 was appointed managing director of Union Corporation in London and later became chairman.'⁷

Strakosch proposes a central bank Strakosch responded to Smuts' request 'by writing a 34 page pamphlet . . . called *The South African Currency and Exchange Problem* dated

4 South African Reserve Bank, *Factors leading to the founding of the South African Reserve Bank* (Pretoria, 2015), page 3, <https://www.resbank.co.za/content/dam/sarb/publications/fact-sheet/fact-sheet/2012/4999/Fact-Sheet-6.pdf>

5 Goodson, Stephen Mitford, *Inside the South African Reserve Bank: Its Origins and Secrets Exposed*, 2nd edn (London, 2017), page 20.

6 Goodson, Stephen Mitford, *Inside the South African Reserve Bank: Its Origins and Secrets Exposed*, 2nd edn (London, 2017), page 19. /

7 Goodson, Stephen Mitford, *Inside the South African Reserve Bank: Its Origins and Secrets Exposed*, 2nd edn (London, 2017), page 20.

5 February 1920.' Strakosch's pamphlet concluded that South Africa should follow the example of the "'great commercial nations"' by "'establishing a Central Reserve Bank"' modeled on the "'Federal Reserve System of the United States of America"''.⁸

(A CapeXit NPO document)

Rushed through parliament A Currency and Banking Bill was introduced and a Select Committee was established to consider not only the bill, but also Strakosch's pamphlet and other pertinent document⁵. The Select Committee was comprised of ten members, five from the ruling party-the South African Party-and five from 3 other parties.⁹ Both the bill and the Select Committee came under heavy criticism: the bill for being rushed through parliament, the Select Committee for not containing anyone with expert knowledge of the subject.¹⁰ 'Strakosch came under persistent criticism for being a foreigner, who had no knowledge of South African banking and economic conditions.' It was said that "'the man who had the last word with the committee was Mr. Strakosch'".¹¹

It appears that there was a deliberate strategy to rush the bill through at the tail end of the parliamentary session, so as to give members as little time as possible to study it.... On 2 August 1920, 69 members of parliament unwittingly committed treason by voting for the Banking and Currency Bill and condemning South Africa to debt slavery in perpetuity.... Finally, it may be noted that after the bank was founded, [Bank of England] Governor Montagu Norman informed the Committee of Treasury in the Bank of England that 'the policy and methods of the new bank should from the outset accord with those of the Bank of England.' Norman thereafter kept in close contact with his former chief accountant, William Clegg, the first governor of the SARB. The SARB was thus placed under constant surveillance in order to ensure that it did not deviate from the exploitative paradigm of usury.¹²

Vassal state As a consequence South Africa

remains a vassal state right up to the present day, and as with almost all other countries of the world, is little more than an administrative convenience of the international bankers. By allowing, through the SARB, private bankers the right to create the nation's money supply as an interest-bearing debt,

8 Goodson, Stephen Mitford, *Inside the South African Reserve Bank: Its Origins and Secrets Exposed*, 2nd edn (London, 2017), pages 2-21.

9 Goodson, Stephen Mitford, *Inside the South African Reserve Bank: Its Origins and Secrets Exposed*, 2nd edn (London, 2017), page 22.

10 Goodson, Stephen Mitford, *Inside the South African Reserve Bank: Its Origins and Secrets Exposed*, 2nd edn (London, 2017), pages 22, 24.

11 Goodson, Stephen Mitford, *Inside the South African Reserve Bank: Its Origins and Secrets Exposed*, 2nd edn (London, 2017), page 24. /

12 Goodson, Stephen Mitford, *Inside the South African Reserve Bank: Its Origins and Secrets Exposed*, 2nd edn (London, 2017), pages 27-29.

the supreme sovereignty of the state has been sacrificed and permanently undermined.... the granting by legislation in 1920 of the right to create the people's means of exchange to commercial banks was an act of treason.¹³

Strakosch, Smuts and Churchill In case there is any doubt as to what kind of <people had ensnared South Africa into establishing a central bank,. Stephen Mitford Goodson provides further illuminating facts about Henry Strakosch:

From 1925-26 Strakosch served on the Royal Commission on Indian Currency and Finance, whose recommendation resulted in the establishment of the Reserve Bank of India on 1 April 1935.

In the 1930s while Winston Churchill was out of office and quite often spent time in sanatoriums recovering from alcoholic binges, he ran into financial difficulties because of his gambling debts and after his stock exchange investments had failed. On 26 March 1936, he had one week in which to settle his debts or lose his treasured home 'Chartwell' in Kent. Strakosch stepped into the breach and paid Churchill's debts. Churchill's tone changed dramatically from the frank and independent one of the 1920s to being servile towards 'other interests'. Strakosch would feed Churchill with exaggerated and often spurious statistics regarding German rearmament in order to promote a

war psychosis. In November 1936, Churchill informed US Brigadier General Robert E. Wood that 'Germany is getting too strong, we must smash her.' Churchill became a bitter enemy of Germany, which had largely abandoned the fraudulent system of usury and reorganised the Reichsbank on state banking lines, in order to serve the needs of all Germany's people.

Strakosch died in London on 30 October 1943 and in his will dated 27 August 1941 he expunged Churchill's debt of £18162. He also left a further £20 000 to Churchill and £10 000 to Smuts, stating in the case of the latter bequest that it was 'as a token of friendship and gratitude reposed in me in connection with the several tasks he has entrusted to me.' These were the only major bequests. In such a manner are 'friends' rewarded for past services rendered.¹⁴

It was also Smuts who had imposed income tax on South Africans in 1914, during his tenure as minister of finance (1912-15¹⁵). Income tax is an 'integral part of the usury system' (see page 31).

Needless to say, neither Smuts nor Strakosch are mentioned in the South African Reserve Bank's information leaflet quoted at the beginning of this annexe.¹⁶

13 Goodson, Stephen Mitford, *Inside the South African Reserve Bank: Its Origins and Secrets Exposed*, 2nd edn (London, 2017), page 129.

14 Goodson, Stephen Mitford, *Inside the South African Reserve Bank: Its Origins and Secrets Exposed*, 2nd edn (London, 2017), pages 31-32. ¹

15 'Jan Smuts', Wikipedia (last modified 16 Nov. 2022), https://en.wikipedia.org/wiki/Jan_Smuts

16 South African Reserve Bank, *Factors leading to the founding of the South African Reserve Bank*

State bank vs central bank Opponents and critics of Strakosch's Banking and Currency Bill favoured a state bank representing the interests of the nation¹⁷ rather than a central bank run by and representing the interests of the usurious money power.

Stephen Mitford Goodson agrees, arguing that merely nationalising the South African Reserve Bank will make no difference, what is needed is a totally different system with a state bank under 'the direct control of the Treasury'.¹⁸ A state bank will provide 'the nation's money supply on a debt free and interest free basis'¹⁹ and all commercial banks and other lending institutions will have to hold at least 100% reserves²⁰-that is to say there will be no fractional reserve banking system. Other aspects of such a system would be 'abolition of income tax and reduction in VAT', no inflation, interest free agricultural loans and interest free housing loans.²¹ He concludes:

The path to economic revival, social upliftment and enduring prosperity can only be achieved if there is a complete overhaul of the financial system-there is no other methodology! "(his alternative monetary system has been precisely delineated and empirically proven to be highly successful in the past."²²

How would TEAL fit into a state bank system? Would a TEAL system have any role in a state bank financial system as espoused by Stephen Mitford Goodson, or is a TEAL system reliant on a central bank financial system? Would TEAL be unnecessary if we took control of our money supply and were no longer required to generate massive amounts of income tax to service government debt? Or would TEAL complement a state bank system, seeing as TEAL does away with all the current convoluted forms of tax. Would a state bank system combined with a TEAL system produce the best outcomes and a prosperous society for the core population of the Western Cape?

The harsh reality is that nations that have set up state banks invariably come under sustained attack from the 'superpowers' controlled by the bankers.²³ So an independent

(Pretoria, 2015), page 3, <https://www.resbank.co.za/content/dam/sarb/publications/fact-sheet/fact-sheet/2012/4999/Fact-Sheet-6.pdf>

17 Goodson, Stephen Mitford, *Inside the South African Reserve Bank: Its Origins and Secrets Exposed*, 2nd edn (London, 2017), pages 24, 25, 26, 27.

18 Goodson, Stephen Mitford, *Inside the South African Reserve Bank: Its Origins and Secrets Exposed*, 2nd edn (London, 2017), page 127.

19 Goodson, Stephen Mitford, *Inside the South African Reserve Bank: Its Origins and Secrets Exposed*, 2nd edn (London, 2017), page 130.

20 Goodson, Stephen Mitford, *Inside the South African Reserve Bank: Its Origins and Secrets Exposed*, 2nd edn (London, 2017), page 131.

21 Goodson, Stephen Mitford, *Inside the South African Reserve Bank: Its Origins and Secrets Exposed*, 2nd edn (London, 2017), page 132.

22 Goodson, Stephen Mitford, *Inside the South African Reserve Bank: Its Origins and Secrets Exposed*, 2nd edn (London, 2017), page 134. /

23 Goodson, Stephen Mitford, *A History of Central Banking and the Enslavement of Mankind*, (London: 2017).

Western Cape would have .to be very careful about how it reforms its banking system. Perhaps a TEAL system would be a first step. Thereafter, when the timing is right in terms of the geopolitical situation, and once alliances have been built with other 'independent' nations, can the independent Western Cape proceed to set up a state bank.

Glossary

Definitions from *Collins Dictionary*

Clear VERB *Banking* to settle accounts by exchanging (commercial documents) in a clearing house.

Clearance NOUN *Banking* the exchange of commercial documents drawn on the members of a clearing house.

Clearing bank NOUN (in Britain) any bank that makes use of the central clearing house in London for the transfer of credits and cheques between banks.

Clearing house NOUN *Banking* an institution where cheques and other commercial papers drawn on member banks are cancelled against each other so that only net balances are payable.¹

Definitions from the Bank for International Settlements

The following information, unless otherwise indicated, is quoted verbatim from the Bank for International Settlements' *GLOSS (Y of terms used in payments and settlement systems)*.²

Automated clearing house an electronic clearing system in which payment orders are exchanged among financial institutions, primarily via magnetic media or telecommunications networks, and handled by a data processing centre.

Clearing/clearance the process of transmitting, reconciling and, in some cases, confirming payment orders or security transfer instructions prior to settlement, possibly including the netting of instructions and the establishment of final positions for settlement. Sometimes the term is used (imprecisely) to include settlement.

Clearing house a central location or central processing mechanism through which financial institutions agree to exchange payment instructions or other financial obligations (eg securities). The institutions settle for items exchanged at a designated time based on the rules and procedures of the clearing house. In some cases, the clearing house

1 Butterfield, Jeremy, Elspeth Summers, Andrew Holmes, John Daintith, Alan Isaacs, Jonathan Law, Elizabeth Martin, eds, *Collins English Dictionary*. 6th edn (Glasgow, 2003).

2 Committee on Payment and Settlement Systems, *A glossary of terms used in payments and settlement systems*, Revised edn (Basel, 2003), https://www.bis.org/cpmi/glossary_030301.pdf

may assume significant counterparty, financial or risk management responsibilities for the clearing system.

Gross settlement system a transfer system in which the settlement of funds or securities transfer instructions occurs individually (on an instruction by instruction basis).

Large-value payments payments, generally of very large amounts, which are mainly exchanged between banks or between participants in the financial markets and usually require urgent and timely settlement.

Net settlement the settlement of a number of obligations or transfers between or among counterparties on a net basis.

(A CapeXit NPO document)

Netting an agreed offsetting of positions or obligations by trading partners or participants. The netting reduces a large number of individual positions or obligations to a smaller number of obligations or positions. Netting may take several forms which have varying degrees of legal enforceability in the event of default of one of the parties.

Real-time gross settlement the continuous (real-time) settlement of funds or securities transfers individually on an order by order basis (without netting).

Real-time transmission, processing or settlement the transmission, processing or settlement of a funds or securities transfer instruction on an individual basis at the time it is initiated.

Retail funds transfer system a funds transfer system which handles a large volume of payments of relatively low value in such forms as cheques, credit transfers, direct debits, ATM and EFTPOS (electronic funds transfer at the point of sale) transactions.

Retail payments are customer (individuals or businesses) payments of *lower* value. Retail payments are based on fiduciary money (notes and coins) or on other payment instruments (payment cards, electronic money, credit transfers, direct debits, cheques).³

Settlement an act that discharges obligations in respect of funds or securities transfers between two or more parties.

³ Banque centrale du Luxembourg (BCL), 'SEPA and Retail Payments',
https://www.bcl.lu/en/payment-systems/systemes_paiement/paiement_masse/index.html