

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER 19

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Dr D T George (DA) to ask the Minister of Finance:

- (1) Whether expected revenue from royalty payments in terms of the Mineral and Petroleum Resources Royalty Act, Act 28 of 2008, has been included in the estimates that are set out in the revised fiscal framework; if so, (a) how much revenue from royalty payments (i)(aa) has been collected and (bb) should have been collected during the period 1 April 2010 up to the latest specified date for which information is available and (ii) is expected in the current financial year and (b) how was the royalty revenue estimate calculated; if not, why not;
- (2) whether royalty income will be included in future revenue estimates; if not, why not; if so, what are the relevant details;
- (3) whether expected revenue from royalty payments over the next five financial years has been projected; if not, why not; if so, what are the relevant details?

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REPLY

- (1) Yes, we publish the expected revenue estimates from both tax and non-tax sources in the annual Budget Review. The expected revenue for mineral and petroleum royalty revenues for 2010/11 can thus be found in Table 5.3 on page 75 of the 2010 Budget Review. In accordance with the international classification of revenues, revenue from mineral and petroleum royalties are regarded as non-tax revenues, as they are a resource rent and not a tax. With regard to the question on the amount of revenue collected, accurate figures can only be made available upon provision of audited statements within six months after the financial year has ended. This tax has only commenced implementation on 1 April 2010, and the amounts that I will provide are unaudited as the financial year has not ended yet. (a) According to SARS, the estimated collections for the current fiscal year as at the end of December 2010 were R3,399 million. (1)(aa) The information for the amount collected at the end of January 2011 will

only be available within 30 days of the end of the relevant month, in line with section 32 of the PFMA. The Member is invited to visit the treasury website at the end of the each month to obtain this public information. I am aware that this amount is currently captured in the line item "Rent on land" under Departmental Revenue (Schedule 1 of the Section 32 report). However, the department will henceforth show the mineral and petroleum royalty collections separately. I want to thank the Honourable Member for this question, as it has alerted the department to the need for making this amendment in its current format, in the interests of full transparency. (bb) As indicated above, page 75 of the 2010 Budget Review indicates that the amount expected during the current year is R3 540 million. We have not updated the projections, but it is highly likely that petroleum royalty revenues for the fiscal year 2010/11 will exceed the estimate as at the time of the 2010 Budget. (b) The royalty revenue forecast is based on estimated mineral sales and macroeconomic projections as published in the 2010 Budget Review.

- (2) Mineral and petroleum royalties are already included in the revenue estimates. See Table 5.3, page 75 of the 2010 Budget Review. It is not clear why the Honourable Member is concerned that this might not be the case.
- (3) No, South Africa works on a Medium Term Expenditure Framework of three years, and so we publish figures for three years and not five years. Refer to the 2010 Budget Review, Table 5.3, page 75.