

2/4/3/10/8

**CONSTITUTIONAL
ASSEMBLY**

THEME COMMITTEE 3

**RELATIONSHIPS BETWEEN LEVELS
OF GOVERNMENT**

Fiscal Analysis

ATTENTION: MARTIN MACKIER
Theme Committee (T.C. 3): Intergovernmental Relations

The Unit for Fiscal Analysis of the Department of Finance was requested to supply information on:

- (i) How much is collected in taxes by each Province.
- (ii) How much each Province received from the Exchequer.
- (iii) What type of taxes are levied at Provincial Government level.
- (iv) What is the relationship between the total amount collected by local authorities in rates and property transfer duty.
- (v) The breakdown of all elements of income of all levels of government (local, provincial and national).
- (vi) What is the profile of combined expenditure of local authorities.

Questions (i) to (iii)

The attached table supplies answers to questions (i) to (iii). The following Provincial own revenue are regarded as "taxes" according to the Manual on Government Finance Statistics of the IMF:

- all licences; and
- betting and totalisator taxes.

Fees and charges, departmental and other income are regarded as "non-tax revenue".

Question (iv)

In 1994/95 total tax revenue of local authorities was R6,7 billion (according to the latest Quarterly Bulletin of the SARB). No break-down of these figures is available. Total transfer duties (collected in the National Revenue Account) in the same year amounted to R1,4 billion.

Question (v)

Details of a breakdown of all elements of income of all levels of government are not available. According to the latest Quarterly Bulletin of the SARB, general government (national, provincial and local governments) collected about R136 billion in tax and non-tax revenues in 1994/95. Of this amount, R118 billion was tax revenue and R18 billion non-tax revenue. The break-down per level of government is:

	National	Provincial	Local	Other*	Total
Tax revenue	105,5	3,8	6,7	2,0	118,0
Non-tax revenue	3,4	3,0	6,9	4,9	<u>18,2</u>
Total current revenue	108,9	6,8	13,6	6,9	136,2

* Extra-budgetary accounts and institutions, social security funds.

Preliminary figures, as published in the SARB Quarterly Bulletin of June 1995.

Details of the national government revenue collections of R108,9 billion are supplied in the tables 1 to 4 in Annexure B of the Budget Review of 15 March 1995.

Question 6

No details are available on the functional composition of local authorities' expenditure. According to the latest Quarterly Bulletin of the SARB, the economic composition of expenditure in 1994/95 was:

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1994/95
R billion

Expenditure on goods and services	10,1
Interest	1,0
Current transfers	<u>0,1</u>
Total current expenditure	11,2
Acquisition of fixed capital assets, stock, land and intangible assets	3,7
Capital transfers	<u>2,0</u>
Total capital expenditure	5,7
Total expenditure	16,8

Note: Preliminary figures

ESTIMATED REVENUE OF PROVINCES: 1995/96

R million	Eastern Cape	Eastern Transvaal	Free State	Gauteng	KwaZulu/ Natal	Northern Cape	Northern Province	North West	Western Cape	Grand Total
Transfer from National Revenue Account:										
Finance	11 579.2	3 858.6	4 715.7	9 949.7	13 370.0	1 585.2	8 375.3	5 449.7	7 509.6	66 393.2
Promoting the RDP 1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Improvement of Conditions of Service 1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total transfers	11 579.2	3 858.6	4 715.7	9 949.7	13 370.0	1 585.2	8 375.3	5 449.7	7 509.6	66 393.2
Own revenue:										
Casino licences								130.0		130.0
Betting tax & totalisator tax		8.5	14.5	105.0	51.5	0.9	6.0	5.5	26.3	218.2
Motor vehicle licences	67.5		80.7	347.0	173.0	31.8	146.1	80.8	172.0	1 098.8
Other licences 2)		74.3	1.1	0.4	2.1	0.1	15.0	4.5	0.1	97.6
Recovery of loans and advances		25.0	6.8	8.6	5.8	1.2		2.6	7.3	57.3
Hospital fees	79.2	39.7	95.0	225.6	108.8	25.3	210.4	39.2	146.4	969.6
Other departmental income	699.4	17.1	49.6	105.4	88.6	3.0	529.3	60.5	41.3	1 572.2
Interest and dividends		2.8	4.5	6.8	171.3	10.0	152.7	58.5		404.5
Other revenue	16.1	11.7	5.9	28.1	84.7	1.1		28.9	3.1	159.8
Total own revenue	862.3	179.0	258.1	826.9	643.7	73.4	1 059.5	408.4	396.5	4 708.0
DRSA loans (concessionary)		32.0			61.0			91.9		184.8

Source: Printed Estimates of Revenue and Expenditure for 1995/96.

1) Details of these transfers will only be available later in the financial year.

2) Game, fish, abnormal load permits, conservation, etc.