

**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER 1668**

**DATE OF PUBLICATION: 16 OCTOBER 2009**

**Mr L W Greyling (ID) to ask the Minister of Finance:**

- (1) How much revenue does he envisage to be raised through the imposition of a 2c/kwh levy on fossil fuel electricity;
- (2) whether this revenue will be ring-fenced to fund renewable energy generation; if not, (a) why not and (b) what will the revenue be used for; if so, what are the relevant details?

NW2124E

**REPLY:**

- (1) The levy will generate an estimated R3.7 billion in 2009/10 (six months) and R5.2 billion in 2010/11.
- (2) No. This revenue will not be ring-fenced for renewable energy generation.
  - (a) There is no legislation authorizing the ring-fencing of funds. More importantly, it is an accepted good fiscal practice that tax revenues should as a rule not be earmarked for specific purposes.
  - (b) The Revenue will accrue to the National Revenue Fund and will be used to fund general government expenditure.

It is nonetheless accepted that the government should support renewable energy generation, demand management and other initiatives aimed at lowering the "carbon footprint" associated with South Africa's energy supply and use. Parliamentary appropriations for funding this purpose has been secured, and will continue to be supported, subject to relevant policy considerations and preparation for deserving project proposals and implementation plans. Revenue derived from the electricity levy will therefore indirectly contribute to funding such initiatives.