

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 2360 [NW2722E]
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2360. Ms N I Tarabella Marchesi (DA) to ask the Minister of Finance:

- (1) What is the breakdown with regard to the current price per liter of (a) petrol and (b) diesel in terms of the (i) cost of petrol or diesel, (ii) fuel levy, (iii) tax and (iv) any other items;
- (2) what amount has been collected by National Treasury through fuel levy (a) in the (i) 2011-12, (ii) 2012-13, (iii) 2013-14 and (iv) 2014-15 financial years and (b) since 1 April 2015;
- (3) whether any amount is ring-fenced for the maintenance of roads; if so, what amount has been spent on maintaining roads (a) in the (i) 2011-12, (ii) 2012-13, (iii) 2013-14 and (iv) 2014-15 financial years and (b) since 1 April 2015?

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REPLY:

The Honourable Member should note that the Department of Energy is responsible for administering the petrol and diesel prices, and also for determining the basic fuel price (BFP). The Minister of Finance is only responsible for setting the levies and any taxes on petrol and diesel. However, to make it easy for the Honourable Member, I will draw from the website of the Department of Energy (http://www.energy.gov.za/files/petroleum_frame.html) to assist in providing a comprehensive response to the question. The starting point in arriving at the domestic wholesale retail selling price of petrol diesel in South Africa is the calculation of the basic fuel price (BFP), and I will draw on the website of the Department of Energy in response to questions 1(a) and (b) (i) (and (iv)), and then provide my own response to the questions on the tax and levies on petrol and diesel.

(1). (i) and (iv) The website of the Department of Energy states that the basic fuel price (BFP) attempts

“to represent the realistic, market-related costs of importing a substantial portion of South Africa's liquid fuels requirements, and it is therefore deemed that such supplies are sourced from overseas refining centres capable of meeting South Africa's requirements in terms of both product quality and sustained supply considerations.

The petrol price in South Africa is therefore directly linked to the price of petrol quoted in US dollars at refined petroleum export orientated refining centres in the Mediterranean area, the Arab Gulf and Singapore. This means that the domestic prices of fuels are influenced by (a)

international crude oil prices, (b) international supply and demand balances for petroleum products and (c) the Rand/US Dollar exchange rate”.

The website goes on to note that there are both international and domestic influences that are added to the BFP to arrive at the final pump prices in the different fuel pricing zones (magisterial district zones). The domestic influences include inland transport costs, wholesale margin, retail profit-margin, the slate levy, and various taxes / levies as listed below. It should be noted that diesel prices are regulated only up to the wholesale level; so the retail price of diesel is not regulated.

(ii), and (iii) Levies on fuels and taxes

The following levies and taxes that apply to liquid fuels in South Africa are provided below:

Table 1: Levy, tax and additional items on PETROL AND DIESEL

Levy	Date first imposed	Amount of levy Fiscal year 2015/16	Objective of the levy
General fuel levy	Early 1980s; Customs and Excise Act, No.91 of 1964 Introduced for the first time around April 1983	255 cent per litre on petrol and 240 cent per litre on diesel	Revenue (net of the refunds) go to the National Revenue Fund, from which they are appropriated to fund government’s general expenditure programmes, including the construction and maintenance of roads and support of public transport. Refer to the annual Budget Review for more information for any specific fiscal year. . Since the abolishment of RSC levies, about one third of the revenue is shared with metropolitan municipalities.
Customs and excise levy	1994; Customs and Excise Act, No.91 of 1964 Introduced in April 1983	4 cents per litre on petrol, diesel and biodiesel. The 4 cents per litre has been fixed since the 1990s.	Included in the Southern African Custom Union (SACU) pool and shared amongst the SACU member countries.
Road accident fund levy	Road Accident Fund Act, No.56 of 1996 Introduced in May 1997	154 cents per litre on petrol, diesel and biodiesel	Provides cover for all road users against injuries sustained or death arising from accidents involving motor vehicles.

Equalisation fund levy	Central Energy Fund Act, No. 38 of 1977; Introduced in January 1979	Zero cents per litre on both diesel and petrol since 1996	The fund was in the past primarily used to smooth out monthly fluctuations in the price of liquid fuels. This was an attempt to try and limit the impact of volatile international crude oil prices and fluctuations in the Rand / US \$ exchange rate on fuel prices. This effort has not been very successful and was ceased about 5 years ago.
Demand Side Management Levy	The Central Energy Fund Act, No. 38 of 1977; Introduced in January 2006	10 cents per litre on 95 Octane petrol in inland areas	Most vehicles in the inland market do not require 95 ULP. In an effort to limit the demand for 95 ULP in the inland area to prevent "octane wastage" and to ensure sufficient supply for motorists who really need it the DSM levy was introduced.
Petroleum Pipelines Levy	The Petroleum Pipelines Levies Act, No. 28 of 2004 Introduced in March 2007	0.15 cents per litre - NERSA	To meet the general administrative and other costs for the functions performed by the Petroleum Pipelines Regulatory Authority.
Slate Levy	The Central Energy Act, No.38 of 1977 Introduced in January 2009	Fluctuates	To finance the balance in the Slate account when the Slate is in a negative balance. If the daily Basic Fuel Price (BFP) is higher than the BFP in the fuel price structure, a unit under recovery is realised otherwise there is an over recovery for the oil companies.
IP tracer dye levy	Central Energy Fund Act, No. 38 of 1977. Introduced in August 1999	0.01 cents per litre	To curtail the unlawful mixing of diesel and illuminating paraffin, an illuminating paraffin tracer dye is injected into illuminating paraffin. An illuminating paraffin tracer dye levy was introduced into the price structures of diesel to finance expenses related thereto.

The Table below indicates how the pump price for petrol, and the wholesale price for diesel, is determined for an inland province like Gauteng.

Table 2: Composition of levy, tax and additional items in Gauteng

COMPOSITION OF THE RETAIL PRICE OF PETROL AND THE WHOLESALE PRICES FOR DIESEL IN GAUTENG FOR June 2015		
GAUTENG FUEL PRICES	Petrol 93 ULP	Diesel * 0.05% S
	c/l	c/l
Basic fuel price (BFP)	644.65	638.63
Wholesale margin	33.50	64.70
Service cost recoveries	30.00	30.00
Dealers margin (*)	151.10	N/A
Zone differential in Gauteng	35.30	35.30
Fuel levy	255.00	240.00
RAF levy	154.00	154.00
Customs & excise duty	4.00	4.00
IP Tracer levy	N/A	0.01
Slate levy	0	0
Petroleum Pipelines Levy	0.15	0.15
Rounding	0.3	
Retail price	1 308.00	
Wholesale price		1 166.79

(2) Fuel levy revenue

The money received from the fuel levy is recorded in the relevant audited financial statements every year, and included in the appropriate Budget Review, all made available to Parliament and the public. The figures below are drawn from annual Budget Reviews.

Table 3: Revenue from the General Fuel Levy and RAF

R million	General Fuel Levy (net)*	Road Accident Fund Levy
2011/12 (audited)	36 589.07	16 628.02
2012/13 (audited)	40 320.20	17 621.42
2013/14 (audited)	43 684.65	19 961.98
2014/15 (estimate)	48 466.52	22 038.71
* Net of diesel refunds		

Source: Budget Review

Table 4: Initial estimate of revenue collected since 1 April 2015 to 31 May 2015

2015/16 [#]	8 602.88	4 364.56
Revenue from 1 April 2015 to May 2015		

Source: Statement of the National Revenue, Expenditure and Borrowing as at 31 May 2015 issued by the DG: National Treasury

(3) No, as noted in the Budget Review and other budget documents every year, there is no money received from the fuel levy that is ring-fenced for the maintenance of roads. The building and maintenance of roads is done by departments or agencies in all three spheres of government, and is appropriated in national and provincial laws and municipal budgets. The amounts spent directly by the national government on the maintenance of roads are appropriated from the National Revenue Fund, and the budget information is provided below. A national entity like SANRAL also funds maintenance of certain roads, using budgetary funds and revenue it may collect. The actual funds spent per year on the maintenance of roads requires the Honourable Member to consider the budgets and annual reports of all organs of state involved with road funding in all three spheres of government.

It should also be noted that in 2014/15 R10.19 billion of the net revenue from the general fuel levy was allocated to the eight metropolitan municipalities as a part of a revenue sharing arrangement.

Money from the Road Accident Fund levy is ring-fenced and used by the Road Accident Fund to compensate victims of vehicle accidents for injuries sustained as a result of such accidents. The Road Accident Fund Levy is thus a form of a personal injuries insurance policy. Further information is available from its annual reports.

The tables below are from the 2015 Budget document Estimates of National Expenditure (ENE) and provide an overview of the funds allocated to the National Department of Transport.

Vote 37: National Department of Transport			
Subprogramme: R million	2014/15	2015/16	2016/17
Administration	382.90	399.80	423.50
Integrated Transport Planning	81.20	84.30	89.10
Rail Transport	15 034.60	18 362.00	19 389.60
Road Transport	21 645.30	22 852.10	23 876.20
Civil Aviation	148.30	154.00	162.70
Maritime Transport	110.60	115.40	121.80
Public Transport	11 323.80	11 846.40	12 779.10
TOTAL	48 726.70	53 814.00	56 842.00

Vote 37: National Department of Transport			
Subprogramme: %	2014/15	2015/16	2016/17
Administration	0.8%	0.7%	0.7%
Integrated Transport Planning	0.2%	0.2%	0.2%
Rail Transport	30.9%	34.1%	34.1%
Road Transport	44.4%	42.5%	42.0%
Civil Aviation	0.3%	0.3%	0.3%
Maritime Transport	0.2%	0.2%	0.2%
Public Transport	23.2%	22.0%	22.5%
TOTAL	100%	100%	100%