

**NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 236 [NW285E]
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236. Adv A de W Alberts (FF Plus) to ask the Minister of Finance:

(a) What levies are currently being imposed on fuel, (b) on what date did each levy that has been introduced come into force, (c) what is the (i) amount and (ii) specified objective of each separate levy, (d) what amount has been recovered by each levy at the latest specified date for which information is available and (e) to what purpose have the funds that were recovered through each separate levy been appropriated?

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REPLY:

(a) The Table below shows the applicable levies imposed on fuel in terms of various pieces of legislation. Currently, petroleum products derived from fossil fuels such as crude oil and coal are classified as fuel levy goods in terms of Part 5A of Schedule 1 of the Custom and Excise Act, No. 91 of 1964. These fuel levy goods are subject to a number of fuel levies and are zero-rated for VAT purposes. It should also be noted that the primary sectors such as fishing, agriculture and mining qualify for refunds on the diesel fuel levy. Rail goods transport and electricity generated for peak supply by two of Eskom's generators using diesel (open-cycle gas turbines) also qualify for the diesel fuel levy refunds. These refunds amounted to approximately R1 billion in 2012/13.

(b) See table below.

(c)(i) and (ii) See table below

(d) See table below.

(e) All levies are collected to fulfill specific purposes as described by the respective objectives and hence appropriated as such. See table below.

Levy	Date imposed	Amount of levy Fiscal year 2014/15	Objective of the levy	Amount collected fiscal year 2012/13 R million
General fuel levy	Early 1980s; Customs and Excise Act, No.91 of 1964	212.5 cent per litre on petrol and 197.5 cent per litre on	Revenue (net of the refunds) used to fund government's general expenditure programmes, including the construction and	40,410

	Introduced for the first time around April 1983	diesel	maintenance of roads and support of public transport. About one third of the revenue is shared with metropolitan municipalities – after the abolishment of the RSC levies.	
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.	929
Road accident fund levy	Road Accident Fund Act, No.56 of 1996 Introduced in May 1997	96 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.	17,621
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.	0
Demand Side Management Levy	The Central Energy Fund Act, No. 38 of 1977; Introduced in January 2006	10 cents per litre	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 motorist who really need it the DSM levy was introduced.	146
Petroleum Pipelines Levy	The Petroleum Pipelines Levies Act, No. 28 of 2004 Introduced in March 2007	0.29 cents per litre	To meet the general administrative and other costs for the functions performed by the Petroleum Pipelines Regulatory Authority.	29

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.	1 605
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.	1
Incremental Inland Transport Cost Recovery levy	Petroleum Products Act, No. 120 of 1977 Introduced in May 2008	3 cents per litre	To finance incremental transport costs related to the alternative mode of transportation of regulated petroleum products and jet fuel from the coast to a set of nominated pipeline zones due to capacity constraints on the pipeline which transports these fuels from the coast to the inland region.	571