

1 December 2021

For attention: Minister of Finance
Minister Enoch Godongwana

By E-mail: mary.marumo@treasury.gov.za & marlon.geswint@treasury.gov.za

Dear Minister Godongwana

REQUEST TO HALT INCREASES TO FUEL LEVIES, RAF AND OTHER FUEL CHARGES

As you may know, OUTA is a public benefit civil action organisation that works for the rational, efficient and uncorrupted use of tax revenues, along with the promotion of efficient finance policies, covering a variety of interventions to achieve our goals.

We write to you in this instance, having witnessed many years of continued increases to the various levies that make up the 'non-fuel' component of the price of petrol in South Africa. Collectively, these have increased by 124% over the past decade, (average 8.5% per annum), amounting to a significant increase to the price of petrol and diesel over time. The impact of these levy increases can be seen by the tables and graphs attached hereto.

The obvious impact of these increases has now taken the total of the 'non-fuel' related cost of petrol to over R10 per litre. This means our fuel price starts off on a high base and when the rand is weak and / or the international oil price are high, we find ourselves in times of excessive petrol prices, the likes of which are now experiencing at over R20 per litre (inland 95 octane).

We hereby sincerely request that the Department of Finance takes note of the plight we face as a nation, as a result of our high petrol prices, which impacts negatively in the cost of living from transportation to the increase in food and other consumer goods. Accordingly, we respectfully ask that your office seriously contemplates the cancellation of increases to the various fuel levies and surcharges for the 2022/23 budget year. In addition, we ask that your team places pressure on the Petroleum retail industry to cut their cloth and justify why there should be any increase to the Retail Margin applied in the coming year, given that this element of the fuel price has increased by over 160% over the past decade (average 9% per annum). The same approach should be applied to every other levy that adds to the cost of petrol.

We trust our request meets with your favourable response, and that you will seek ways to increase Government's process efficiencies and cost saving initiatives to offset the need for fuel levy increases in the coming year. OUTA's team has a number of suggestions in this regard and are willing to engage with you and your teams to explore these, whatever time suits you.

Yours sincerely



Wayne Duvenage
OUTA CEO

ORGANISATION UNDOING TAX ABUSE NPC

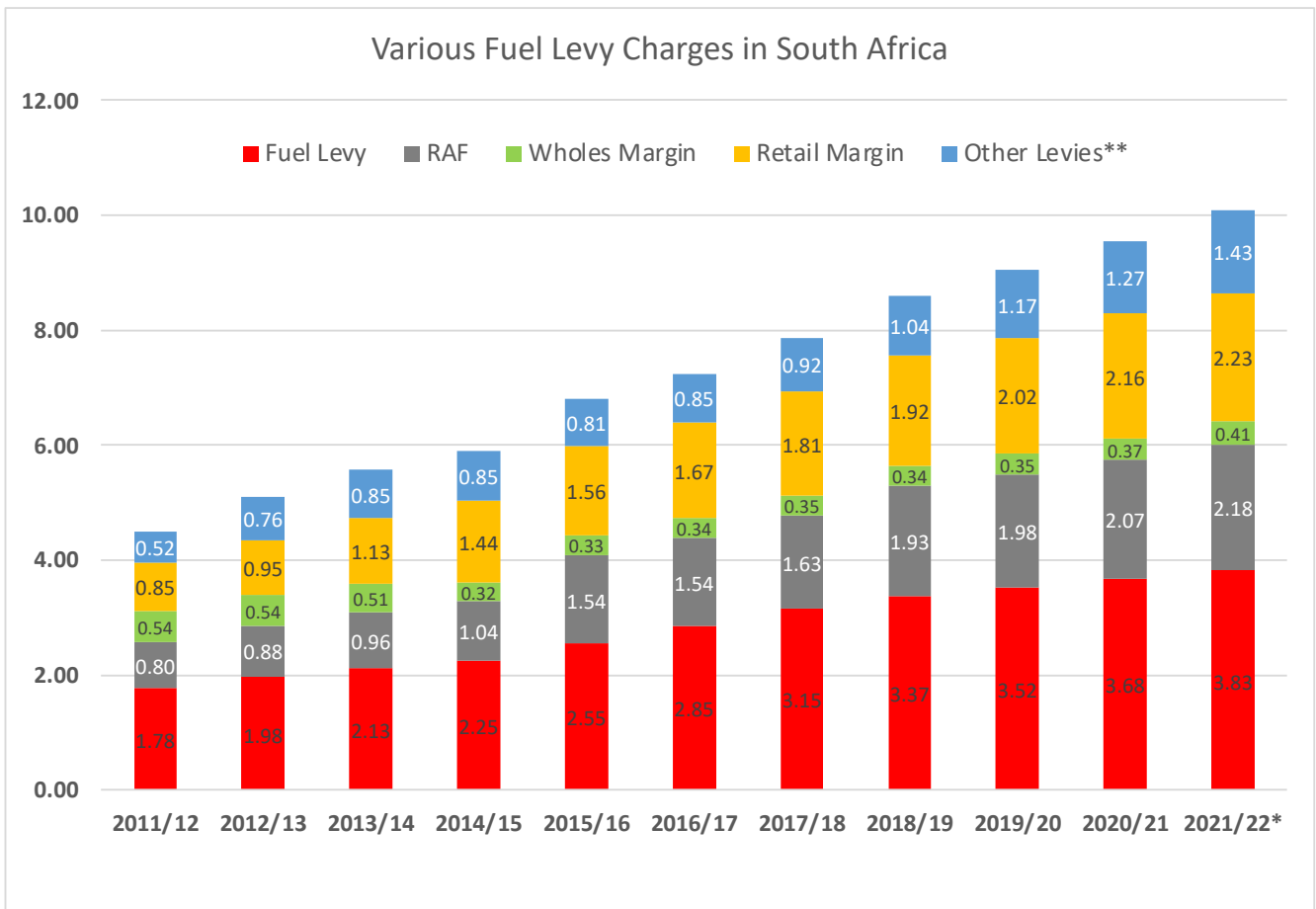
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10-YEAR BREAKDOWN IN NON-FUEL COMPONENTS OF PETROL PRICES IN SOUTH AFRICA



* 2021/22 for first 9 months of the tax year

** Other Levies: Carbon Tax, Transport Cost, PPL, 2ndry Storage, 2ndry Distribution, Slate Levy & DMSL

TABLE OF VARIOUS FUEL LEVIES / MARGIN COMPONENTS IN SOUTH AFRICA												Value Increases		Percentage Increase	
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22*	Ten Years	Ave/a	Ten Yrs	Ave/Annum
Fuel Levy	1.78	1.98	2.13	2.25	2.55	2.85	3.15	3.37	3.52	3.68	3.83	2.06	0.21	116%	7.4%
RAF	0.80	0.88	0.96	1.04	1.54	1.54	1.63	1.93	1.98	2.07	2.18	1.38	0.14	173%	9.1%
Wholes Mar	0.54	0.54	0.51	0.32	0.33	0.34	0.35	0.34	0.35	0.37	0.41	-0.13	-0.01	-24%	-4.1%
Retail Mar	0.85	0.95	1.13	1.44	1.56	1.67	1.81	1.92	2.02	2.16	2.23	1.38	0.14	161%	9.0%
Other Levies**	0.52	0.76	0.85	0.85	0.81	0.85	0.92	1.04	1.17	1.27	1.43	0.91	0.09	173%	9.1%
ALL LEVIES TOTAL	4.49	5.11	5.58	5.90	6.80	7.25	7.86	8.60	9.04	9.55	10.08	5.59	0.56	124%	8.5%