

# Government won't be cutting fuel levy

By [Vivian Warby](#)

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Government would not consider cutting fuel levies but would instead look at other proposals to bring down escalating fuel prices, Government spokesperson, Themba Maseko said on Thursday, 12 June 2008.

Briefing the media following a post-Cabinet meeting, Maseko said Cabinet discussed the fuel levy proposal and noted that South Africa's levy was a specific tax which was adjusted once a year and which remained constant irrespective of changes to the fuel prices.

He said that this differed from a percentage-based duty that would fluctuate along with the changes in fuel prices.

The current levy on diesel is 111 cents and 127 cents on petrol per litre; the Road Accident Fund Levy is 46.5 cents per litre and the Southern African Customs Union levy is 4 cents per litre.

"These levy amounts remain the same for a full year irrespective of changes in the price of fuel," said Maseko.

He said the meeting resolved that the Ministers of Finance and Minerals and Energy should consult further with a view to identifying the most desirable, practical and possible ways of mitigating the impact of the rising cost of fuel on food prices and other goods and services.

Maseko said that a task team was looking at other ways to make the impact of escalating costs less, particularly on the poor.

"We are looking at for instance the possibility of exempting certain foodstuffs from VAT," he said.

The ministers will present a package of proposals to Cabinet in the near future.

Meanwhile, in his Budget Speech on Wednesday, President Thabo Mbeki said that during the course of 2007, food prices increased by over 10%, hitting the poorest the hardest.

He said that it was mainly driven by global factors and poor weather at home in 2006, the price of a 12.5 kg bag of mealie meal, the staple diet for most South Africans, went from about R37 to R49.

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