
GOVERNMENT NOTICES • GOEWERMENTSKENNISGEWINGS

DEPARTMENT OF TRANSPORT**NO. R. 531****19 MAY 2016****PROPOSAL FOR AMENDMENT OF THE DETERMINATION TO IMPOSE FUEL LEVY
ON THE SALE OF AVIATION FUEL**

The South African Civil Aviation Authority in terms of the provisions of section 2(7) of the South African Civil Aviation Authority Levies Act, 1998 (Act No 41 of 1998), intends to amend the Determination contained in Government Notice No R.1665 of 14 December 1998, as amended by Government Notices No. R.932 of 30 July 1999, Government Notice No R.1033 of 27 August 1999, Government Notice No R. 1101 of 9 November 2005; Government Notice No R. 473 of 25 April 2008; Government Notice No R. 163 of 26 February 2010, Government Notice No. R 317 of 8 April 2011, Government Notice No. R. 307 of 13 April 2013, Government Gazette No. R. 1052 of 22 December 2014 and Government Gazette No. R. 1285 of 24 December 2015. Any comments or representations on the proposed amendments should be lodged in writing and sent to Ms. Monica Sonjani or Mr. Sipho Skosana, Private Bag 73 Halfway House, 1685, or e-mail at sonjanim@caa.co.za or skosanas@caa.co.za, on or before **19th June 2016**.

PROPOSED AMENDMENT OF THE DETERMINATION MADE BY THE SOUTH AFRICAN CIVIL AVIATION AUTHORITY TO IMPOSE A FUEL LEVY ON THE SALE OF AVIATION FUEL

1. It is hereby proposed to increase the fuel levy by Consumer Price Index (CPI) related figures for a period of two consecutive financial years commencing on 1 April 2017 and ending on 31 March 2019.

2. MOTIVATION

The South African Civil Aviation Authority ("SACAA") proposes to increase the SACAA Fuel Levy by an annual CPI increase for the 2017/2018 and 2018/2019 financial years commencing on the 1st April 2017. The rate of the increase will be based on the CPI figures as at the date of promulgation of the increase in the Gazette.

The fuel levy is collected by fuel wholesale distributors or agents from sales of aviation fuel/gas with the exemptions being fuel for flights where the passenger safety charge is collected, fuel exports and where bilateral agreements determines exemption. The passenger safety charge is effecting contribution to the funding of the SACAA from the Commercial Sector (scheduled flights) whereas the fuel levy effects contribution from "General Aviation" (non-scheduled flights, cargo flights and other types of flights). This is used to assist SACAA to comply with its statutory mandate, which includes safety and security oversight on various entities and certificate/license holders for the benefit of travelers and other beneficiaries of SACAA services.

The fuel levy was last increased from 13.8 c/l to 14.6 c/l with effect from 1 April 2016.

The Minister of Finance (quoting section 7.3.1 of the Treasury Regulations) requested the SACAA to:

"review, at least annually when finalizing the budget, all fees, charges or the rates, scale or tariffs of fees and charges that are not or cannot be fixed by any law and that relate to revenue accruing to a revenue fund."

SACAA has submitted its Medium Term Expenditure Framework (MTEF) budgets to National Treasury for the 2016/2017, 2017/2018 and 2018/2019 financial years respectively. As part of the MTEF budget submission, SACAA has budgeted for a CPI increase for the 2017/18 and 2018/19 financial years. The CPI rate assumption as provided by National Treasury for the two respective years are 5.9% and 5.8% respectively. However, the final CPI figures as at the date of promulgation of the fuel levy increase will be utilized for the final percentage of the increase.

In order to continue to carry out its mandate of regulating civil aviation and of enhancing civil aviation safety and security as well as overseeing the development of the civil aviation industry, SACAA submits that it is essential that the proposed levy increases be implemented.