

MEDIA STATEMENT - FOR RELEASE ON 28 MARCH 2018

**RELEASED BY CEF (SOC) LTD ON BEHALF OF THE DEPARTMENT OF ENERGY
ENQUIRIES: MRS LERATO NTSOKO 082 459 2788 / MR J MOKOBANE 082 766 3674**

1. PRICE CHANGES TO BE EFFECTED ON WEDNESDAY 04 APRIL 2018 IN GAUTENG AND AT THE COAST (INCREASE) / DECREASE

	<u>Gauteng</u>	<u>Coast</u>	
95 ULP & LRP	(72.00)	(62.00)	cents per litre increase in retail price
93 ULP & LRP	(69.00)	(59.00)	cents per litre increase in retail price
Diesel (0.05%)	(65.20)	(55.10)	cents per litre increase in wholesale price
Diesel (0.005%)	(65.20)	(55.10)	cents per litre increase in wholesale price
Illuminating Paraffin (Wholesale)	2.30	4.90	cents per litre decrease in wholesale price

Illuminating Paraffin (SMNRP)	6.0 c/l Country Wide	c/l decrease in the Single Maximum National Retail price (SMNRP)
Maximum Retail Price for LPGAS	39.0 cents per kilogram Country Wide	cents per kilogram increase in the maximum retail price

PRICE CHANGES WILL DIFFER IN MAGISTERIAL DISTRICT ZONES DUE TO THE DIFFERENT TRANSPORT INCREASES IMPLEMENTED INTO THE FUEL PRICE STRUCTURES AND THE REVISED PETROL 95 / 93 BFP OCTANE DIFFERENTIAL - REFER TO PARAGRAPHS 2 & 3 BELOW

2. ADJUSTMENTS TO THE TRANSPORT TARIFFS (ZONE DIFFERENTIAL)

The increases in primary transport cost are attributed to an average annual increase of **3.4 percent** in road transport tariffs and an average increase of **24.819 percent** in pipeline transport costs announced by the National Energy Regulator of South Africa (NERSA) on the 16th of March 2018. Increases in primary transport cost increases will differ in the 54 Fuel Pricing Zones. For example, the transport costs for petrol and diesel will increase by 10.2cpl in Gauteng and 0.1cpl in coastal areas

DJP DECOMMISSIONING

Transnet Pipelines has confirmed that the Durban to Johannesburg (DJP) pipeline will be out of service on 31 March 2018. It means that Zones 5C, 6C, 7C and 8C will now be supplied by road instead of pipeline. The transport costs for petrol and diesel will increase by (between 16,9 c/l in 6C and 25.2 c/l in 5C).

3. ADJUSTMENT TO THE OCTANE DIFFERENTIAL BETWEEN 95 AND 93 BFP OCTANE DIFFERENTIALS

In line with the Working Rules to administer the Basic Fuels Price, the 95 octane (unleaded) grade is the price-marker grade and the BFP-differentials between 95 and 93 octanes will be adjusted on the first Wednesday of each quarter. The price changes to 93 octane includes the adjustment to the differential and therefore the prices of 95 and 93 octanes will differ in each Fuel Price Zone, but also differ between zones due to the adjustment in the zone differentials.

4. FUEL AND ROAD ACCIDENT FUND LEVIES INCREASE

The Minister of Finance, in his Budget Speech on 21 February 2018, announced that the Fuel and the Road Accident Fund levies on petrol and diesel will increase by 22.0 c/l and 30.0 c/l respectively on 04 April 2018. With effect from 04 April 2018, the Fuel Levy on petrol and diesel will therefore amount to 337.0 c/l and 322.0 c/l respectively. The Road Accident Fund Levy on petrol and diesel will amount to 193.0 c/l with effect from 04 April 2018.

5. ECONOMIC FACTORS AFFECTING THE UNIT OVER/UNDER-RECOVERIES FOR THE PERIOD 02 MARCH 2018 TO 27 MARCH 2018

The average international product prices of Petrol and Diesel increased whilst Illuminating Paraffin decreased during the period under review.

The Rand depreciated against the US Dollar during the period under review, on average, when compared to the previous period. The average Rand/US Dollar exchange rate for the period 02 March 2018 to 27 March 2018 was 11.8489 compared to 11.8167 during the previous period. This led to a lower contribution to the Basic Fuel Prices on petrol, diesel and illuminating paraffin by 1.64 c/l, 1.66 c/l and 1.70 c/l respectively.

6. SLATE LEVY

In line with the Self-Adjusting Slate Levy Mechanism Rules, the Slate levy on petrol and diesel will remain at 0.00 c/l with effect from 04 April 2018.

7. SINGLE MAXIMUM NATIONAL RETAIL PRICE FOR ILLUMINATING PARAFFIN (SMNRP)

The Single Maximum National Retail Price for the period 04 April 2018 to 01 May 2018 will be 1 020.0 c/l compared to 1 026.0 c/l for the period 07 March 2018 to 03 April 2018.

8. MAXIMUM LPGAS REFINERY GATE PRICE

The maximum refinery gate price will be R 7 770.97 per metric ton (431.29 c/l), excluding VAT, for the period 04 April 2018 to 01 May 2018. The National Treasury has announced a **VAT increase** from 14% to **15%** effective **01 April 2018**.

9. PRICE ADJUSTMENT

In terms of the agreed mechanism:

- (a) Price changes are adjusted in such a manner that the over- or under-recovery during the prior month will be corrected in the following month; and
- (b) The unit over- or under-recoveries are rounded up or down to the nearest full cent so that the effect of rounding contributes to the clearing of the cumulative balance of the individual products on the slate.
- (c) In order to manage a negative balance in the Cumulative over/(under) recovery account (the Slate), a Self-Adjusting Slate Levy Mechanism (SLM) was implemented with effect from 7 January 2009 (the SLM is available on the website of the Department of Energy). A Slate levy will only be applicable on all petrol and diesel grades if the Slate balance is negative (cumulative under recovery) by more than R250.0 million.

10. ANALYSIS OF THE ELEMENTS THAT RESULTED IN THE BFP OVER/(UNDER)-RECOVERIES

The over/(under)-recoveries for the period under review were affected by the factors set out below, which can be quantified as follows:

	Petrol 95 ULP c/l	Diesel 0.05% c/l	Diesel 0.005% c/l	Illuminating Paraffin c/l
<u>Movements in external factors</u>				
Movement in International Product Prices	(9.062)	(2.054)	(1.768)	5.917
Movement in Exchange Rate	(1.638)	(1.658)	(1.671)	(1.698)
<u>BFP Over/(under)-recovery for the period 02/03/2018 to 27/03/2018</u>	(10.700)	(3.712)	(3.439)	4.219

11. BREAKDOWN OF PRICE ADJUSTMENT

Petrol 95 ULP & LRP	Diesel 0.05 (%) Sulphur	Diesel 0.005 (%) Sulphur	Illuminating Paraffin Wholesale	LPGAS (Gauteng, Zone 9C)
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The price adjustments in (1) above are based on the following actual data:

Average product over/(under)-recovery, measured for the 18 days from 02/03/2018 to 27/03/2018 (cents / litre) as detailed below

(10.700)	(3.712)	(3.439)	4.219	N/A
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Cumulative positive/(negative) slate balances end of February 2018 (R-million)

1 845.101	1 285.674	1 285.674	14.559	
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The price adjustments consist of the following elements:

c/l **c/l** **c/l** **c/l**

Average product over/(under)-recovery rounded to the nearest full cent for price (increase) / decrease

(10.000)	(3.000)	(3.000)	5.000	(39.000)
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Fuel Levy Increase

(22.000)	(22.000)	(22.000)		
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Road Accident Fund Levy

(30.000)	(30.000)	(30.000)		
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Transport Tariff Increases

(10.200)	(10.200)	(10.200)	(2.700)	
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Price Rounding

0.200

Total price (increase) / decrease

(72.000)	(65.200)	(65.200)	2.300	(39.000)
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12. REPORT OF THE INDEPENDENT AUDITORS

The report of the independent auditors is available on request.

13. **COMPOSITION OF THE MAXIMUM RETAIL PRICES FOR LPGAS AT THE COAST (ZONE 1A)
AND IN THE INLAND AREA (ZONE 9C) IN CENTS PER KILOGRAM
FOR THE PERIOD 04/04/2018 TO 01/05/2018 WILL BE AS FOLLOWS**

Price element	Coast Zone 1A	Inland Zone 9C
Maximum refinery gate price	777.097	777.097
Primary transport costs	41.148	195.056
Operating expenses	404.949	404.949
Working capital	30.695	30.695
Depreciation	150.149	150.149
Gross margin: Cylinder-filling plant	191.857	191.857
Sub-total (1)	1 595.895	1 749.803
Retail Margin: (15% of Subtotal (1))	239.384	262.470
Sub-total (2)	1 835.280	2 012.274
Value Added Tax (15% Sub-total (2))	275.292	301.841
Maximum Retail Price (Rounded to full cents)	2 111.000	2 314.000

14. The annexure attached contains details of the composition of product prices as well as history of the price changes.

ANNEXURE 1

**COMPOSITION OF THE RETAIL PRICE OF PETROL AND THE
WHOLESALE PRICES FOR DIESEL AND IP IN GAUTENG
FOR THE PERIOD 04/04/2018 TO 01/05/2018 WILL BE AS FOLLOWS:**

	Petrol 95 ULP c/l	Petrol 93 ULP & LRP c/l	Diesel 0.05% S c/l	Diesel 0.005% S c/l	Illumi- nating Paraffin c/l	
Wholesale margin	34.000	34.000	67.660	67.660	67.660	
Secondary Storage	18.600	18.600	18.600	18.600	18.600	
Secondary Distribution	15.900	15.900	15.900	15.900	15.900	
Router Differential	0.000	0.000	0.000	0.000	7.400	
Retail margin	187.200	187.200	0.000	0.000	0.000	
Zone differential in Gauteng	51.700	51.700	51.700	51.700	63.400	
IP Tracer levy	0.000	0.000	0.010	0.010	0.000	
Fuel levy	337.000	337.000	322.000	322.000	0.000	
Customs & excise duty	4.000	4.000	4.000	4.000	0.000	
RAF levy	193.000	193.000	193.000	193.000	0.000	
Petroleum Products levy	0.330	0.330	0.330	0.330	0.000	
Slate levy	0.000	0.000	0.000	0.000	0.000	
DSML	10.000	0.000	0.000	0.000	0.000	
Equalisation Fund Levy	0.000	0.000	0.000	0.000	0.000	
Pump Rounding	0.200	0.200				
Sub-total	851.930	841.930	673.200	673.200	172.960	
<u>Contribution to the Basic Fuel Price</u>	596.070	581.070	601.630	607.030	620.128	586.070
<u>Retail Price</u>	<u>1 448.00</u>	<u>1 423.00</u>				
<u>Wholesale price</u>			<u>1 274.830</u>	<u>1 280.230</u>	<u>793.088</u>	

STATISTICS OF PRICE CHANGES

Effective from:	Petrol 95 ULP		Diesel		Illuminating Paraffin		LPGAS	
	Gauteng SA c/l	Coast SA c/l	Gauteng SA c/l	Coast SA c/l	Gauteng SA c/l	Coast SA c/l	Gauteng SA c/Kg	Coast SA c/Kg
01-Jan-14	1 357.00	1 320.00	1287.150	1260.550	1009.728	963.828	2 442.00	2 260.00
05-Feb-14	1 396.00	1 359.00	1311.350	1284.750	1021.728	975.828	2 496.00	2 314.00
05-Mar-14	1 432.00	1 395.00	1338.550	1311.950	1037.728	991.828	2 554.00	2 372.00
02-Apr-14	1 439.00	1 398.00	1329.750	1299.150	1003.228	953.028	2 532.00	2 350.00
07-May-14	1 424.00	1 383.00	1299.970	1269.370	984.228	934.028	2 528.00	2 346.00
04-Jun-14	1 402.00	1 361.00	1276.390	1245.790	974.228	924.028	2 501.00	2 319.00
02-Jul-14	1 433.00	1 392.00	1290.390	1259.790	997.228	947.028	2 559.00	2 377.00
06-Aug-14	1 433.00	1 392.00	1284.770	1254.170	990.228	940.028	2 547.00	2 365.00
03-Sep-14	1 366.00	1 325.00	1259.390	1228.790	971.228	921.028	2 439.00	2 257.00
01-Oct-14	1 361.00	1 320.00	1246.390	1215.790	957.228	907.028	2 451.00	2 269.00
05-Nov-14	1 316.00	1 275.00	1185.390	1154.790	905.228	855.028	2 346.00	2 164.00
03-Dec-14	1 247.00	1 206.00	1132.090	1101.490	855.928	805.728	2 221.00	2 039.00
07-Jan-15	1 124.00	1 083.00	1028.090	997.490	747.928	697.728	2 011.00	1 829.00
04-Feb-15	1 031.00	990.00	926.090	895.490	645.928	595.728	1 861.00	1 679.00
04-Mar-15	1 127.00	1 086.00	1000.090	969.490	718.928	668.728	2 015.00	1 833.00
01-Apr-15	1 289.00	1 246.00	1122.790	1090.090	743.828	690.828	2 100.00	1 918.00
06-May-15	1 289.00	1 246.00	1117.790	1085.090	738.828	685.828	2 117.00	1 935.00
03-Jun-15	1 336.00	1 293.00	1166.790	1134.090	780.828	727.828	2 217.00	2 035.00
01-Jul-15	1 377.00	1 334.00	1170.790	1138.090	786.828	733.828	2 273.00	2 091.00
05-Aug-15	1 326.00	1 283.00	1094.970	1062.270	716.828	663.828	2 184.00	2 002.00
02-Sep-15	1 257.00	1 214.00	1040.970	1008.270	661.828	608.828	2 069.00	1 887.00
07-Oct-15	1 261.00	1 218.00	1093.970	1061.270	711.828	658.828	2 080.00	1 898.00
04-Nov-15	1 239.00	1 196.00	1084.970	1052.270	709.828	656.828	2 033.00	1 851.00
02-Dec-15	1 240.00	1 197.00	1081.170	1048.470	710.028	657.028	2 029.00	1 847.00
06-Jan-16	1 237.00	1 194.00	1005.170	972.470	647.028	594.028	2 074.00	1 892.00
03-Feb-16	1 243.00	1 200.00	943.170	910.470	588.028	535.028	2 075.00	1 893.00
02-Mar-16	1 174.00	1 131.00	958.170	925.470	605.028	552.028	1 955.00	1 773.00
06-Apr-16	1 262.00	1 214.00	1053.870	1015.470	662.628	608.028	2 065.00	1 883.00
04-May-16	1 274.00	1 226.00	1052.870	1014.470	655.628	601.028	2 060.00	1 877.00
01-Jun-16	1 326.00	1 278.00	1128.870	1090.470	717.628	663.028	2 158.00	1 976.00
06-Jul-16	1 334.00	1 286.00	1170.870	1132.470	760.628	706.028	2 170.00	1 988.00
03-Aug-16	1 235.00	1 187.00	1096.870	1058.470	694.628	640.028	2 010.00	1 828.00
07-Sep-16	1 217.00	1 169.00	1048.870	1010.470	647.628	593.028	2 001.00	1 819.00
05-Oct-16	1 260.00	1 212.00	1071.870	1033.470	669.628	615.028	2 059.00	1 877.00
02-Nov-16	1 305.00	1 257.00	1134.870	1096.470	726.628	672.028	2 118.00	1 936.00
07-Dec-16	1 285.00	1 237.00	1102.830	1064.430	698.588	643.988	2 101.00	1 913.00
04-Jan-17	1 333.00	1 285.00	1141.830	1103.430	741.588	686.988	2 207.00	2 019.00
01-Feb-17	1 362.00	1 314.00	1162.830	1124.430	758.588	703.988	2 228.00	2 040.00
01-Mar-17	1 354.00	1 306.00	1160.830	1122.430	750.588	695.988	2 226.00	2 038.00
05-Apr-17	1 330.00	1 281.00	1150.330	1111.630	702.088	644.188	2 125.00	1 937.00
03-May-17	1 379.00	1 330.00	1180.330	1141.630	736.088	678.188	2 221.00	2 032.00
07-Jun-17	1 354.00	1 305.00	1157.330	1118.630	714.088	656.188	2 144.00	1 955.00
05-Jul-17	1 286.00	1 237.00	1097.330	1058.630	657.088	599.188	2 053.00	1 864.00
02-Aug-17	1 305.00	1 256.00	1126.330	1087.630	683.088	625.188	2 092.00	1 904.00
06-Sep-17	1 372.00	1 323.00	1170.330	1131.630	732.088	674.188	2 178.00	1 990.00
04-Oct-17	1 401.00	1 352.00	1212.330	1173.630	771.088	713.188	2 217.00	2 028.00
01-Nov-17	1 405.00	1 356.00	1235.330	1196.630	792.088	734.188	2 234.00	2 045.00
06-Dec-17	1 476.00	1 427.00	1295.630	1256.930	865.388	807.488	2 438.00	2 236.00
03-Jan-18	1 442.00	1 393.00	1273.630	1234.930	837.388	779.488	2 367.00	2 165.00
07-Feb-18	1 412.00	1 363.00	1256.630	1217.930	818.388	760.488	2 344.00	2 142.00
07-Mar-18	1 376.00	1 327.00	1209.630	1170.930	795.388	737.488	2 275.00	2 073.00
04-Apr-18	1 448.00	1 389.00	1274.830	1226.030	793.088	732.588	2 314.00	2 111.00