

MEDIA STATEMENT - FOR RELEASE ON 29 MARCH 2019

**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 03 APRIL 2019 IN GAUTENG AND AT THE COAST (INCREASE) / DECREASE

	Gauteng	Coast	
95 ULP & LRP	(131.00)	(126.00)	cents per litre increase in retail price
93 ULP & LRP	(134.00)	(129.00)	cents per litre increase in retail price
Diesel 0.05% Sulphur	(81.70)	(76.30)	cents per litre increase in wholesale price
Diesel 0.005% Sulphur	(82.70)	(77.30)	cents per litre increase in wholesale price
Illuminating Paraffin (Wholesale)	(63.00)	(56.30)	cents per litre increase in wholesale price

Illuminating Paraffin (SMNRP)	(65.00)	cents per litre increase in the Single Maximum National Retail price (SMNRP) (Country Wide)
Maximum Retail Price for LPGAS	(171.00)	cents per kilogram increase in the maximum retail price (Country Wide)

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 **10.96 percent** in road transport tariffs and an annual increase of **10.95 percent** in pipeline transport costs announced by the National Energy Regulator of South Africa (NERSA) on the 16th of March 2019. Increases in primary transport cost will differ in the 54 Fuel Pricing Zones due to the different transport cost increases applied in the 54 pricing zones. For example, the transport costs for petrol and diesel will increase by 5.7 cpl in Gauteng and 0.3 cpl in coastal areas.

In addition to the above, the adjustment to the 95/93 petrol octanes BFP differential will result in different retail petrol price increases applicable to 95 and 93 petrol octane grades in each of the fuel pricing zones.

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

In terms of the Working Rules to administer the BFP, the differentials between 95 and 93 petrol grades are adjusted at the beginning of each quarter. Due to the BFP differential adjustment between the two grades, the price increases to be effected on 95 and 93 will therefore also be different in each of the zones.

4. FUEL AND ROAD ACCIDENT FUND LEVIES INCREASE

The Minister of Finance, in his Budget Speech on 20 February 2019, announced that the Fuel and the Road Accident Fund levies on both petrol and diesel will increase by 15.0 c/l and 5.0 c/l respectively on 03 April 2019. With effect from 03 April 2019, the Fuel Levy in the price structure of petrol and diesel will therefore amount to 352.0 c/l and 337.0 c/l respectively. The Road Accident Fund Levy in the price structure of both petrol and diesel will amount to 198.0 c/l with effect from 03 April 2019.

5. ECONOMIC FACTORS AFFECTING THE UNIT OVER/UNDER-RECOVERIES FOR THE PERIOD 01 MARCH 2019 TO 28 MARCH 2019

The average international product prices of Petrol, Diesel and Illuminating Paraffin increased 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 01 March 2019 to 28 March 2019 was 14.3871 compared to 13.8038 during the previous period. This led to a higher contribution to the Basic Fuel Prices on petrol, diesel and illuminating paraffin by 22.88 c/l, 31.19 c/l and 31.07 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 03 April 2019.

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

The Single Maximum National Retail Price for the period 03 April 2019 to 30 April 2019 will be 1 227.0 c/l compared to 1 162.0 c/l for the period 06 March 2019 to 02 April 2019.

8. MAXIMUM LPGAS REFINERY GATE PRICE

The maximum refinery gate price will be R 9 295.07 per metric ton (515.88 c/l), excluding VAT, for the period 03 April 2019 to 30 April 2019.

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
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Movements in external factors

Movement in International Product Prices	(77.181)	(24.200)	(25.146)	(24.513)
Movement in Exchange Rate	(28.884)	(31.193)	(31.491)	(31.069)

BFP Over/(under)-recovery for the period 01/03/2019 to 28/03/2019

	(106.065)	(55.393)	(56.637)	(55.582)
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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 20 days from 01/03/2019 to 28/03/2019 (cents / litre) as detailed below

	(106.065)	(55.393)	(56.637)	(55.582)	N/A
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Cumulative positive/(negative) slate balances end of February 2019 (R-million)

	1 254.565	(540.785)	(540.785)	(48.242)	
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The price adjustments consist of the following elements:

	<u>c/l</u>	<u>c/l</u>	<u>c/l</u>	<u>c/l</u>	
Average product over/(under)-recovery rounded to the nearest full cent for price (increase) / decrease	(106.000)	(56.000)	(57.000)	(56.000)	(171.000)
Fuel Levy Increase	(15.000)	(15.000)	(15.000)	-	-
Road Accident Fund Levy	(5.000)	(5.000)	(5.000)	-	-
Transport Tariff Increases	(5.700)	(5.700)	(5.700)	(7.000)	-
Price Rounding	0.700	-	-	-	-
Total price (increase) / decrease	(131.000)	(81.700)	(82.700)	(63.000)	(171.000)

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 03/04/2019 TO 30/04/2019 WILL BE AS FOLLOWS**

<u>Price element</u>	<u>Coast Zone 1A</u>	<u>Inland Zone 9C</u>
Maximum refinery gate price	929.507	929.507
Primary transport costs	43.123	204.419
Operating expenses	426.411	426.411
Working capital	32.322	32.322
Depreciation	157.356	157.356
Gross margin: Cylinder-filling plant	201.066	201.066
Sub-total (1)	1 789.786	1 951.081
Retail Margin: (15% of Subtotal (1))	268.468	292.662
Sub-total (2)	2 058.253	2 243.743
Value Added Tax (15% Sub-total (2))	308.738	336.561
Maximum Retail Price (Rounded to full cents)	2 367.000	2 580.000

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 03/04/2019 TO 30/04/2019 WILL BE AS FOLLOWS:**

	<u>Petrol 95 ULP c/l</u>	<u>Petrol 93 ULP & LRP c/l</u>	<u>Diesel 0.05% S c/l</u>	<u>Diesel 0.005% S c/l</u>	<u>Illumi- nating Paraffin c/l</u>
Wholesale margin	34.800	34.800	71.250	71.250	71.250
Secondary Storage	20.900	20.900	20.900	20.900	20.900
Secondary Distribution	14.600	14.600	14.600	14.600	14.600
Router Differential	0.000	0.000	0.000	0.000	7.400
Retail margin	198.000	198.000	0.000	0.000	0.000
Zone differential in Gauteng	57.400	57.400	57.400	57.400	70.400
IP Tracer levy	0.000	0.000	0.010	0.010	0.000
Fuel levy	352.000	352.000	337.000	337.000	0.000
Customs & excise duty	4.000	4.000	4.000	4.000	0.000
RAF levy	198.000	198.000	198.000	198.000	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	889.830	879.830	703.490	703.490	184.550
<u>Contribution to the Basic Fuel Price</u>	723.170	714.170	783.630	791.030	778.128
<u>Retail Price</u>	<u>1 613.00</u>	<u>1 594.00</u>			
<u>Wholesale price</u>			<u>1 487.120</u>	<u>1 494.520</u>	<u>962.678</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
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
02-May-18	1 497.00	1 438.00	1333.830	1285.030	845.088	784.588	2 384.00	2 180.00
06-Jun-18	1 579.00	1 520.00	1418.830	1370.030	927.088	866.588	2 522.00	2 318.00
04-Jul-18	1 602.00	1 543.00	1444.830	1396.030	949.088	888.588	2 559.00	2 356.00
01-Aug-18	1 603.00	1 544.00	1440.830	1392.030	953.088	892.588	2 576.00	2 372.00
05-Sep-18	1 608.00	1 549.00	1440.830	1392.030	953.088	892.588	2 576.00	2 372.00
03-Oct-18	1 708.00	1 649.00	1564.830	1516.030	1057.088	996.588	2 755.00	2 551.00
07-Nov-18	1 708.00	1 649.00	1612.750	1563.950	1085.088	1024.588	2 694.00	2 490.00
05-Dec-18	1 524.00	1 465.00	1467.340	1418.540	951.678	891.178	2 451.00	2 238.00
02-Jan-19	1 401.00	1 342.00	1313.420	1264.620	828.678	768.178	2 319.00	2 106.00
06-Feb-19	1 408.00	1 349.00	1314.420	1265.620	823.678	763.178	2 308.00	2 095.00
06-Mar-19	1 482.00	1 423.00	1405.420	1356.620	899.678	839.178	2 409.00	2 196.00
03-Apr-19	1 613.00	1 549.00	1487.120	1432.920	962.678	895.478	2 580.00	2 367.00