

MEDIA STATEMENT - FOR RELEASE ON 28 AUGUST 2020

RELEASED BY CEF (SOC) LTD ON BEHALF OF THE DEPARTMENT OF MINERAL RESOURCES AND ENERGY

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1. PRICE CHANGES TO BE EFFECTED ON WEDNESDAY 02 SEPTEMBER 2020 IN GAUTENG (INCREASE) / DECREASE

Product:

Both Grades of Petrol 93 and 95 (ULP & LRP)	(1.00)	cents per litre increase in retail price
Both Grades of Diesel 0.05% and 0.005% Sulphur	21.00	cents per litre decrease in wholesale price
Illuminating Paraffin (Wholesale)	26.00	cents per litre decrease in wholesale price
Illuminating Paraffin (SMNRP)	35.00	cents per litre decrease in the Single Maximum National Retail price (SMNRP)
Maximum Retail Price for LPGAS	(36.00)	cents per kilogram increase in the maximum retail price

2. ECONOMIC FACTORS AFFECTING THE UNIT OVER/UNDER-RECOVERIES FOR THE PERIOD 31 JULY 2020 TO 27 AUGUST 2020

The average international product prices for Petrol, Diesel and 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 31 July 2020 to 27 August 2020 was 17.2814 compared to 16.8234 during the previous period. This led to a higher contribution to the Basic Fuel Prices on petrol, diesel and illuminating paraffin by 14.99 c/l, 15.12 c/l and 13.42 c/l respectively.

3. INCREASE IN THE RETAIL MARGIN APPLICABLE TO PETROL

The Minister of Mineral Resources and Energy has approved a retail margin increase of 5.3 c/l to be effected in the retail price structures of all octane grades of petrol with effect from 02 September 2020. This increase is necessary to accommodate the wage increases of pump attendants, cashiers and administrative staff at service stations.

4. 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 02 September 2020.

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

The Single Maximum National Retail Price for the period 02 September 2020 to 06 October 2020 will be 899.0 c/l compared to 934.0 c/l for the period 05 August 2020 to 01 September 2020.

6. MAXIMUM LPGAS REFINERY GATE PRICE

The maximum refinery gate price will be R 8 986.89 per metric ton (498.77 c/l), excluding VAT, for the period 02 September 2020 to 06 October 2020.

7. 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.

8. 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	18.387	35.336	35.827	39.173
Movement in Exchange Rate	(14.990)	(15.124)	(15.231)	(13.424)
<u>BFP Over/(under)-recovery for the period 31/07/2020 to 27/08/2020</u>	3.397	20.212	20.596	25.749

9. 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 31/07/2020 to 27/08/2020 (cents / litre) as detailed below

Average product over/(under)-recovery, measured for the 20 days from 31/07/2020 to 27/08/2020 (cents / litre) as detailed below	3.397	20.212	20.596	25.749	-
Cumulative positive/(negative) slate balances end of July 2020 (R-million)	1 158.760	679.438	679.438	87.524	-

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	4.000	21.000	21.000	26.000	(36.000)
Increase on Retail Margin on Petrol	(5.300)	-	-	-	-
Pump rounding	0.300	-	-	-	-
<u>Total price (increase) / decrease</u>	(1.000)	21.000	21.000	26.000	(36.000)

10. REPORT OF THE INDEPENDENT AUDITORS

The report of the independent auditors is available on request.

11.

**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 02/09/2020 TO 06/10/2020 WILL BE AS FOLLOWS:**

Price element	Coast Zone 1A	Inland Zone 9C
Maximum refinery gate price	898.689	898.689
Primary transport costs	45.495	215.662
Operating expenses	446.452	446.452
Working capital	33.841	33.841
Depreciation	166.011	166.011
Gross margin: Cylinder-filling plant	212.125	212.125
Sub-total (1)	1 802.613	1 972.780
Retail Margin: (15% of Subtotal (1))	270.392	295.917
Sub-total (2)	2 073.005	2 268.697
Value Added Tax (15% Sub-total (2))	310.951	340.305
Maximum Retail Price (Rounded to full cents)	2 384.000	2 609.000

12. 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 02/09/2020 TO 06/10/2020 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	35.700	35.700	74.600	74.600	74.600
Secondary Storage	23.000	23.000	23.000	23.000	23.000
Secondary Distribution	15.200	15.200	15.200	15.200	15.200
Router Differential	0.000	0.000	0.000	0.000	7.400
Retail margin	216.900	216.900	0.000	0.000	0.000
Zone differential in Gauteng	63.700	63.700	63.700	63.700	84.500
IP Tracer levy	0.000	0.000	0.100	0.100	0.000
Fuel levy	377.000	377.000	363.000	363.000	0.000
Customs & excise duty	4.000	4.000	4.000	4.000	0.000
RAF levy	207.000	207.000	207.000	207.000	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
Pump Rounding	(0.300)	(0.300)			
Sub-total	952.530	942.530	750.930	750.930	204.700
<u>Contribution to the Basic Fuel Price</u>	565.470	546.470	576.630	581.030	512.128
<u>Retail Price</u>	<u>1,518.00</u>	<u>1,489.00</u>			
<u>Wholesale price</u>			<u>1,327.560</u>	<u>1,331.960</u>	<u>716.828</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
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
01-May-19	1 667.00	1 603.00	1488.120	1433.920	965.678	898.478	2 664.00	2 451.00
05-Jun-19	1 676.00	1 612.00	1521.280	1467.080	973.678	906.478	2 657.00	2 443.00
03-Jul-19	1 581.00	1 517.00	1446.500	1392.300	916.678	849.478	2 524.00	2 310.00
07-Aug-19	1 592.00	1 528.00	1433.210	1379.010	914.678	847.478	2 555.00	2 342.00
04-Sep-19	1 603.00	1 539.00	1459.210	1405.010	938.678	871.478	2 539.00	2 326.00
02-Oct-19	1 621.00	1 557.00	1484.210	1430.010	963.678	896.478	2 556.00	2 343.00
06-Nov-19	1 608.00	1 544.00	1468.210	1414.010	940.678	873.478	2 526.00	2 313.00
04-Dec-19	1 630.00	1 566.00	1453.260	1399.060	922.728	855.528	2 628.00	2 403.00
01-Jan-20	1 616.00	1 552.00	1462.260	1408.060	927.728	860.528	2 604.00	2 379.00
05-Feb-20	1 603.00	1 539.00	1457.260	1403.060	924.728	857.528	2 603.00	2 378.00
03-Mar-20	1 584.00	1 520.00	1403.260	1349.060	856.728	789.528	2 571.00	2 346.00
01-Apr-20	1 396.00	1 326.00	1269.560	1209.260	672.828	591.728	2 193.00	1 968.00
06-May-20	1 222.00	1 152.00	1108.560	1048.260	449.828	368.728	1 931.00	1 706.00
03-Jun-20	1 340.00	1 270.00	1130.560	1070.260	489.828	408.728	2 129.00	1 904.00
01-Jul-20	1 512.00	1 442.00	1303.560	1243.260	703.828	622.728	2 577.00	2 352.00
05-Aug-20	1 517.00	1 447.00	1348.560	1288.260	742.828	661.728	2 573.00	2 348.00
02-Sep-20	1 518.00	1 448.00	1327.560	1267.260	716.828	635.728	2 609.00	2 384.00