

MEDIA STATEMENT - FOR RELEASE ON 02 SEPTEMBER 2022

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

1. PRICE CHANGES TO BE EFFECTED ON WEDNESDAY 07 SEPTEMBER 2022 IN GAUTENG (INCREASE) / DECREASE

Product:

Both Grades of Petrol 93 & 95 (LRP & ULP)	204.00	cents per litre decrease in retail price
Diesel 0.05% Sulphur	56.34	cents per litre decrease in wholesale price
Diesel 0.005% Sulphur	46.34	cents per litre decrease in wholesale price
Illuminating Paraffin (Wholesale)	82.00	cents per litre decrease in wholesale price
Illuminating Paraffin (SMNRP)	109.00	cents per litre decrease in the Single Maximum National Retail price (SMNRP)
Maximum Retail Price for LPGAS	165.00	cents per kilogram decrease in the maximum retail price

2. ECONOMIC FACTORS AFFECTING THE UNIT OVER/UNDER-RECOVERIES FOR THE PERIOD 29 JULY 2022 TO 01 SEPTEMBER 2022

The average international product prices for Petrol, Diesel and Illuminating Paraffin decreased during the period under review.

The Rand appreciated 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 29 July to 01 September 2022 was 16.7016 compared to 16.8719 during the previous period. This led to a lower contribution to the Basic Fuel Prices on petrol, diesel and illuminating paraffin by 12.97 c/l, 15.63 c/l and 15.90 c/l respectively.

3. SLATE LEVY

The combined cumulative petrol and diesel Slate balances at the end of July 2022 amounted to a negative balance of R 13.168 billion, however, the Department has approved a Slate Levy of 83.28 c/l (increase of 30.66 c/l) to be implemented into the price structures of petrol and diesel with effect from 07 September 2022. This is based on estimated slate cumulative movements of R3.6 billion.

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

The Single Maximum National Retail Price for the period 07 September 2022 to 04 October 2022 will be 2 322.0 c/l compared to 2 431.0 c/l for the period 03 August 2022 to 06 September 2022.

5. MAXIMUM LPGAS REFINERY GATE PRICE

The maximum refinery gate price will be R14 080.06 per metric ton (781.443 c/l), excluding VAT, for the period 07 September 2022 to 04 October 2022.

6. 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). With effect from 07 September 2022, the ranges have increased from R250 million to R500 million and therefore 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 R500.0 million.

7. 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
Movements in external factors				
Movement in International Product Prices	222.420	71.882	61.717	66.237
Movement in Exchange Rate	12.969	15.628	15.829	15.899
BFP Over/(under)-recovery for the period 29/07/2022 to 01/09/2022	235.389	87.510	77.546	82.136

8. 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 25 days from 29/07/2022 to 01/09/2022 (cents / litre) as detailed below

235.389	87.510	77.546	82.136	-
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Cumulative positive/(negative) slate balances end of July 2022 (R-million)

(4 926.387)	(8 241.139)	(8 241.139)	(853.599)	-
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The price adjustments consist of the following elements:

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

235.000	87.000	77.000	82.000	165.000
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Increase in slate levy

(30.660)	(30.660)	(30.660)	-	-
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Rounding

(0.340)	-	-	-	-
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Total price (increase) / decrease

204.000	56.340	46.340	82.000	165.000
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9. REPORT OF THE INDEPENDENT AUDITORS

The report of the independent auditors is available on request.

10.

**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 07/09/2022 TO 04/10/2022 WILL BE AS FOLLOWS:**

Price element	Coast Zone 1A	Inland Zone 9C
Maximum refinery gate price	1 408.006	1 408.006
Primary transport costs	48.825	231.447
Operating expenses	480.094	480.094
Working capital	36.391	36.391
Depreciation	178.163	178.163
Gross margin: Cylinder-filling plant	227.652	227.652
Sub-total (1)	2 379.131	2 561.753
Retail Margin: (15% of Subtotal (1))	356.870	384.263
Sub-total (2)	2 736.001	2 946.016
Value Added Tax (15% Sub-total (2))	410.400	441.902
Maximum Retail Price (Rounded to full cents)	3 146.000	3 388.000

11. 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 07/09/2022 TO 04/10/2022 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	45.500	45.500	80.220	80.220	80.220
Secondary Storage	30.700	30.700	30.700	30.700	30.700
Secondary Distribution	17.940	17.940	17.940	17.940	17.940
Router Differential	0.000	0.000	0.000	0.000	7.400
Retail margin	228.800	228.800	0.000	0.000	0.000
Zone differential in Gauteng	67.900	67.900	67.900	67.900	81.900
IP Tracer levy	0.000	0.000	0.100	0.100	0.000
Fuel levy	394.000	394.000	380.000	380.000	0.000
Customs & excise duty	4.000	4.000	4.000	4.000	0.000
RAF levy	218.000	218.000	218.000	218.000	0.000
Petroleum Products levy	0.330	0.330	0.330	0.330	0.000
Slate levy	83.280	83.280	83.280	83.280	0.000
DSML	0.000	0.000	0.000	0.000	0.000
Pump Rounding	(0.200)	(0.200)	0.000	0.000	0.000
Sub-total	1 090.250	1 090.250	882.470	882.470	218.160
<u>Contribution to the Basic Fuel Price</u>	1 247.750	1 204.750	1 513.630	1 533.030	1 542.128
<u>Retail Price</u>	<u>2,338.00</u>	<u>2,295.00</u>			
<u>Wholesale price</u>			<u>2,396.100</u>	<u>2,415.500</u>	<u>1,760.288</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-20	1,616.00	1,552.00	1,462.260	1,408.060	927.728	860.528	2,604.00	2,379.00
05-Feb-20	1,603.00	1,539.00	1,457.260	1,403.060	924.728	857.528	2,603.00	2,378.00
03-Mar-20	1,584.00	1,520.00	1,403.260	1,349.060	856.728	789.528	2,571.00	2,346.00
01-Apr-20	1,396.00	1,326.00	1,269.560	1,209.260	672.828	591.728	2,193.00	1,968.00
06-May-20	1,222.00	1,152.00	1,108.560	1,048.260	449.828	368.728	1,931.00	1,706.00
03-Jun-20	1,340.00	1,270.00	1,130.560	1,070.260	489.828	408.728	2,129.00	1,904.00
01-Jul-20	1,512.00	1,442.00	1,303.560	1,243.260	703.828	622.728	2,577.00	2,352.00
05-Aug-20	1,517.00	1,447.00	1,348.560	1,288.260	742.828	661.728	2,573.00	2,348.00
02-Sep-20	1,518.00	1,448.00	1,327.560	1,267.260	716.828	635.728	2,609.00	2,384.00
07-Oct-20	1,486.00	1,416.00	1,237.560	1,177.260	640.828	559.728	2,589.00	2,364.00
04-Nov-20	1,459.00	1,389.00	1,225.560	1,165.260	655.828	574.728	2,615.00	2,389.00
02-Dec-20	1,446.00	1,376.00	1,245.420	1,185.120	684.688	603.588	2,752.00	2,516.00
06-Jan-21	1,486.00	1,416.00	1,300.420	1,240.120	739.688	658.588	2,708.00	2,472.00
03-Feb-21	1,567.00	1,497.00	1,358.420	1,298.120	798.688	717.588	2,901.00	2,666.00
03-Mar-21	1,632.00	1,562.00	1,412.420	1,352.120	845.688	764.588	2,988.00	2,752.00
07-Apr-21	1,732.00	1,661.00	1,477.620	1,416.120	880.488	798.588	3,036.00	2,801.00
05-May-21	1,723.00	1,651.00	1,446.620	1,385.120	857.488	775.588	2,864.00	2,628.00
02-Jun-21	1,713.00	1,641.00	1,466.620	1,405.120	877.488	795.588	2,721.00	2,486.00
07-Jul-21	1,739.00	1,667.00	1,508.620	1,447.120	913.488	831.588	2,784.00	2,549.00
04-Aug-21	1,830.00	1,758.00	1,564.200	1,502.700	963.488	881.588	3,010.00	2,775.00
01-Sep-21	1,834.00	1,762.00	1,548.980	1,487.480	948.488	866.588	3,104.00	2,869.00
06-Oct-21	1,833.00	1,761.00	1,571.780	1,510.280	980.488	898.588	3,097.00	2,861.00
03-Nov-21	1,954.00	1,882.00	1,719.980	1,658.480	1,125.488	1,043.588	3,387.00	3,151.00
01-Dec-21	2,029.00	1,957.00	1,792.480	1,730.980	1,167.688	1,085.788	3,570.00	3,335.00
05-Jan-22	1,961.00	1,889.00	1,724.680	1,663.180	1,096.688	1,014.788	3,500.00	3,259.00
02-Feb-22	2,014.00	1,942.00	1,804.520	1,743.020	1,197.688	1,115.788	3,376.00	3,134.00
02-Mar-22	2,160.00	2,088.00	1,948.880	1,887.380	1,318.688	1,236.788	3,446.00	3,204.00
06-Apr-22	2,196.00	2,124.00	2,101.440	2,039.940	1,584.688	1,502.788	3,696.00	3,454.00
04-May-22	2,184.00	2,109.00	2,199.440	2,134.240	1,664.288	1,585.088	3,765.00	3,523.00
01-Jun-22	2,417.00	2,352.00	2,309.440	2,244.240	1,820.288	1,741.088	3,714.00	3,472.00
06-Jul-22	2,674.00	2,609.00	2,540.440	2,475.240	1,986.288	1,907.088	3,496.00	3,255.00
03-Aug-22	2,542.00	2,477.00	2,452.440	2,387.240	1,842.288	1,763.088	3,553.00	3,311.00
07-Sep-22	2,338.00	2,273.00	2,396.100	2,330.900	1,760.288	1,681.088	3,388.00	3,146.00

RULES TO ADMINISTER THE SELF-ADJUSTING SLATE LEVY MECHANISM

1. INTRODUCTION

- 1.1 The Minister of Mineral Resources and Energy (DMRE), on 24 August 2008, approved:-
- The implementation of a self-adjusting Slate Levy Mechanism to finance the cumulative (all petrol and diesel grades) under recovery realised by the South African petroleum industry in respect to daily changes between the Basic Fuels Price (BFP) of all grades of petrol and diesel and the BFP applicable in the petrol and diesel and price structures as announced by the Department of Mineral Resources and Energy in the monthly Fuel Price Media Release;
 - That the Slate levy on petrol and diesel be set to zero once the **cumulative negative** industry Slate balance, as available at the time of the approval referred to above, (money owed by fuel consumers to the South African refining industry) is equal to or less than R250million (two hundred and fifty million Rands); and
 - Once the Cumulative Slate balance is equal to or less than R250.0 million (negative), the Slate levy on petrol and diesel be decreased to zero (0) and the Self-adjusting Slate Levy Mechanism be implemented simultaneously.
 - Due to record high cumulative under recovery as a result of higher international prices of petroleum products, there was a need for DMRE to revise the threshold from R250 million to R500 million and adjust the intervals accordingly. This document was therefore amended in August 2022.
- 1.2 In terms of paragraph 5 of the Working Rules to administer the Basic Fuels Price (BFP) [Date effective: 2 March 2003 (revised 28 October 2005)], the BFP adjustment to be effected will include a **rounding** and a **1.0 c/l Slate adjustment factor**. The rounding mechanism will still remain to be affected, whilst the 1.0 c/l Slate adjustment factor will be terminated simultaneously with the implementation of the Self-adjusting Slate Levy Mechanism. The Working Rules referred to above will be amended accordingly.
- 1.3 **SAPIA** will continue to calculate the Cumulative Slate balances on a monthly basis and distribute these monthly Cumulative Slate Balance templates to CEF (Pty) Ltd and the Department of Minerals and Energy. Cognisance should be taken that after the end of each month, sales volumes must be submitted by “Undertakings” to SAPIA, SAPIA has to collate these sales volumes and do the necessary calculations. The new individual product and Cumulative Slate balance for a particular month will only be submitted to the said institutions approximately two weeks after the end of a calendar month. **For this reason, Slate Levy adjustments, if necessary, to be effected in the petrol and diesel price structures on the first Wednesday of each month will be based on the Cumulative Slate balance available at that time, e.g. fuel price changes to be effected in November 2008 must be**

based on the Cumulative Slate balance as at the end of September 2008.

- 1.4 All reimbursements made by CEF (Pty) Ltd to Undertakings in a particular month must be recorded on the Cumulative Slate Account template in the same month.
- 1.5 In terms of the provisions of the Slate Levy Schedule (as promulgated in the Government Gazette on 4 November 2008):
 - “Undertakings” must deposit the cumulative Slate levy income into a bank account of CEF (Pty) Ltd within 30 calendar days after the end of the Undertaking’s accounting month, e.g. for the month of September 2008, the deposit should be made on or before the last working day of October 2008;
 - CEF (Pty) Ltd will make payments to “Undertakings” within 14 days after the end of a calendar month, e.g. CEF must make a payment before the 14th working day of each month.
 - CEF, based on sales volumes and the unit over/under recovery rates for the different petrol and diesel grades (calculated by CEF), determines the monthly movement in the petrol and diesel Slates of individual Undertakings.
 - Based on the individual Undertaking’s monthly Cumulative Slate contribution by product group, CEF will reimburse the total Slate Levy proceeds as available at that time to individual Undertakings.
- 1.6 The Slate levy on petrol and diesel will be similar at all times. The proceeds of the Slate levy on which product there is a positive Slate balance will not be reimbursed to Undertakings, whilst the proceeds of the Slate levy on which there is a cumulative under recovery, will be utilised for reimbursement until the negative Cumulative Slate balance is equal to or less than R500.0 million. The balance of funds in the CEF account will be administered by CEF and interest on this balance will be credited to the said account.

2. MONTHLY ADJUSTMENT IN THE SLATE LEVIES APPLICABLE IN THE PRICE STRUCTURES OF PETROL AND DIESEL

- 2.1 The Slate levies on petrol and diesel will be adjusted in line with the corresponding cumulative Industry Slate balances as reflected in **Annexure A**.
- 2.2 The Slate levy will always be expressed to two decimal points.
- 2.3 The Slate levy will always be determined on the value of the Slate Account as indicated in **column B (refer Annexure A)**. **Note that the table is to be used as an illustration only.**
- 2.4 There will be no limitation to the negative Slate balance on which the Slate levies will be determined. The ranges will continue to be R500 million, **(equating to ranges of 4,38 cents per litre)**

- 2.5 The annual consumption volumes on which the Slate levy is determined will be adjusted on a bi-annual basis starting on 1 January 2009.
- 2.6 The Slate levy will be based on a period of six months to reimburse the Slate Account balance (refer paragraph 1.3).

ANNEXURE A (REVISED SEPTEMBER 2022)

SELF-ADJUSTING SLATE LEVY MECHANISM

BASED ON ANNUAL VOLUMES (1 JANUARY 2009): 19,000 Million litres FULL

BALANCE RECOVERABLE PERIOD: 6 Months

-500 means the Cumulative Slate account is negative (cumulative under recovery by the industry)

A	B	C
Industry Cumulative Slate Account Balance (Rands Million)	Industry Cumulative Slate Account Balance (Rands Million)	Slate levy (c/l) on petrol and diesel
Positive	-500	0
-501	-1000	4.38
-1001	-1501	8.78
-1501	-2000	13.16
-2001	-2500	17.54
-2501	-3000	21.92
-3001	-3500	26.32
-3501	-4000	30.70
-4001	-4500	35.08
-4501	-5000	39.48
-5001	-5500	43.86
-5501	-6000	48.24
-6001	-6500	52.62
-6501	-7000	57.00
-7001	-7500	61.38
-7501	-8000	65.76
-8001	-8500	70.14
-8501	-9000	74.52
-9001	-9500	78.90
-9501	-10000	83.28
-10001	-10500	87.66
-10501	-11000	92.04
-11001	-11500	96.42
-11501	-12000	100.80

-12001	-12500	105.18
-12501	-13000	109.56
-13001	-13500	113.94
-13501	-14000	118.32
-14001	-14500	122.70
-14501	-15000	127.08
-15001	-15500	131.46
-15501	-16000	135.84
-16001	-16500	140.22
-16501	-17000	144.60
-17001	-17500	148.98
-17501	-18000	153.36

EFFECTIVE SEPTEMBER 2022