

## **MEDIA STATEMENT: FUEL PRICE ADJUSTMENT**

*Issued out on: 28 November 2014*

**THE MINISTER OF ENERGY – MS TINA JOEMAT-PETTERSSON HAS JUST APPROVED THE FUEL PRICE CHANGES TO BE EFFECTED ON WEDNESDAY, 03 DECEMBER 2014**

### **1. Introduction**

The retail prices of both grades of petrol, the wholesale prices of both grades of diesel and illuminating paraffin and the maximum retail prices of LPGas will **decrease** with effect from Wednesday, 03 December 2014.

### **2. Factors contributing to the fuel price changes**

The main contributing factor to the fuel price decreases is the continual drop in the crude oil prices, which fell to about \$80 per barrel, during the period under review (31 October 2014 to 27 November 2014). Other factors that contributed to the fuel prices changes are described below.

#### **2.1 Annual adjustment of the petrol margins**

The petrol margins are adjusted on an annual basis in December. This year, the margins are adjusted in accordance with the implemented Regulatory Accounting System as approved by the Department last year. The margins increased from 198.9 c/l in the previous year to 215.4 c/l this year. The overall margins adjustment increases the petrol price by 12.3 cents per litre after taking into account the 4.2 c/l salary adjustment for petrol attendants that was included in the petrol price in September 2014.

#### **2.2 Changes in the Basic Fuel Price (BFP)**

The average international price of Brent crude oil fell by around US\$7.0 per barrel (bbl) from an average of US\$87.0 /bbl to the current level of US\$80.0/bbl. Since mid-June, Brent oil prices have fallen by more than 30% with panic over abundant supplies in the world economy as a result of rise in output from shale oil and other

unconventional sources and a strong US\$ dollar. The average prices on petroleum products followed that of crude oil during the period under review. The Rand appreciated slightly during the period under review compared to the previous period.

### **2.3 Slate Levy**

In line with the Self-Adjusting Slate Levy Mechanism Rules, the Slate Levy on petrol and diesel will remain unchanged at zero cents per litre effective from 03 December 2014.

## **3. Fuel Price Changes**

3.1 Taking cognizance of the fuel price data, approved fuel margins, and the slate levy of zero cents per litre, the fuel price changes to be effected on 03 December 2014 are as follows:

- Petrol (both grades): 69.00 c/l **decrease**
- Diesel (0.05% sulphur): 53.50 c/l **decrease**
- Diesel (0.005% sulphur): 54.30 c/l **decrease**
- IP wholesale: 49.30 c/l **decrease**
- SMNRP for IP: 66.00 c/l **decrease**
- Maximum LPGas Retail Price: 125.00 c/kg **decrease**

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