



energy

Department:
Energy
REPUBLIC OF SOUTH AFRICA

MEDIA STATEMENT ISSUED BY THE DEPARTMENT OF ENERGY ON THE ADJUSTMENT OF FUEL PRICES EFFECTIVE FROM 07 DECEMBER 2016

DATE: 02 DECEMBER 2016

The Department of Energy informs the public of the fuel price adjustments for December 2016. South Africa's fuel prices are adjusted on a monthly basis, informed by international and local factors. International factors include the fact that South Africa imports both crude oil and finished products at a price set at the international level, including shipping costs.

The main reasons for the fuel price adjustments are due to:

- (1) **The contribution of the Rand/US Dollar** exchange rate. The Rand appreciated slightly against the US Dollar from R13.96 to R13.91, on average, during the period under review when compared to the previous one.
- (2) **The decrease in the prices crude oil**, on average, during the period under review. Russia has been producing at record highs and Iraq and Iran are seeing output grow, while Libya and Nigeria are recovering and are exempt from any OPEC output cut agreement. Generally speaking the market is still oversupplied with a lot of crude in storage, low freight rates and limited demand growth. The market is not expected to clear the current surplus until the latter half of 2017.
- (3) The Minister of Energy has approved the annual adjustment of all the industry margins by 15.20 cents per litre (in total) on petrol and 5.96 cents per litre on diesel and illuminating paraffin, in line with Regulatory Accounting System methodology.

(4) The Minister also approved the wages increases of the forecourt attendants, cashiers and other administration staff by 4.9 cents per litre, in accordance with the Motor Industry Bargaining Council (MIBCO) agreement that was signed on 18 November 2016. This wage increase must be ring-fenced for the forecourt staff salaries only.

Based on current local and international factors, the fuel prices for December 2016 will be adjusted as follows:

1. Petrol (93 ULP and LRP): 20.00c/l **decrease**;
2. Petrol (95 ULP and LRP): 20.00c/l **decrease**;
3. Diesel (0.05% Sulphur): 32.04c/l **decrease**;
4. Diesel (0.005% Sulphur): 31.04c/l **decrease**;
5. Wholesale price of Illuminating Paraffin: 28.04c/l **decrease**;
6. SMNRP of Illuminating Paraffin: 38.00c/l **decrease**; and
7. Maximum Retail Price of LPGas: 17.00c/kg **decrease**.

The fuel prices schedule for the different zones will be published on Tuesday, 06 December 2016.

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