

MEDIA STATEMENT - FOR RELEASE ON 02 NOVEMBER 2018

**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 07 NOVEMBER 2018 IN GAUTENG (INCREASE) / DECREASE

Product:

Both Grades of Petrol 93 & 95 (ULP & LRP)	0.00	No change
Diesel 0.05% Sulphur	(47.92)	cents per litre increase in wholesale price
Diesel 0.005% Sulphur	(50.92)	cents per litre increase in wholesale price
Illuminating Paraffin (Wholesale)	(28.00)	cents per litre increase in wholesale price
Illuminating Paraffin (SMNRP)	(37.00)	cents per litre increase in the Single Maximum National Retail price (SMNRP)
Maximum Retail Price for LPGAS	61.00	cents per kilogram decrease in the maximum retail price

2. ECONOMIC FACTORS AFFECTING THE UNIT OVER/UNDER-RECOVERIES FOR THE PERIOD 28 SEPTEMBER 2018 TO 01 NOVEMBER 2018

The average international product prices of Petrol decreased while Diesel and Illuminating Paraffin increased 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 28 September 2018 to 01 November 2018 was 14.4892 compared to 14.7899 during the previous period. This led to a lower contribution to the Basic Fuel Prices on petrol, diesel and illuminating paraffin by 16.94 c/l, 18.73 c/l and 18.66 c/l respectively.

3. SLATE LEVY

The combined cumulative petrol and diesel Slate balances at the end of September 2018 amounted to a negative balance of R2.2 billion. In line with the provisions of the Self-Adjusting Slate Levy Mechanism, a Slate Levy of 21.92 c/l will have to be implemented into the price structures of petrol and diesel with effect from 07 November 2018.

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

The Single Maximum National Retail Price for the period 07 November 2018 to 04 December 2018 will be 1 409.0 c/l compared to 1 372.0 c/l for the period 03 October 2018 to 06 November 2018.

5. MAXIMUM LPGAS REFINERY GATE PRICE

The maximum refinery gate price will be R 10 641.77 per metric ton (590.62 c/l), excluding VAT, for the period 07 November 2018 to 04 December 2018.

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). 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.

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
<u>Movements in external factors</u>				
Movement in International Product Prices	6.026	(44.656)	(47.038)	(46.104)
Movement in Exchange Rate	16.939	18.734	18.871	18.659
<u>BFP Over/(under)-recovery for the period 28/09/2018 to 01/11/2018</u>	22.965	(25.922)	(28.167)	(27.445)

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 28/09/2018 to 01/11/2018 (cents / litre) as detailed below

22.965	(25.922)	(28.167)	(27.445)	N/A
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Cumulative positive/(negative) slate balances end of September 2018 (R-million)

(856.991)	(2 110.251)	(2 110.251)	(139.939)	
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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

22.000	(26.000)	(29.000)	(28.000)	61.000
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Slate levy

(21.920)	(21.920)	(21.920)		
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Pump rounding

(0.080)				
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Total price (increase) / decrease

0.000	(47.920)	(50.920)	(28.000)	61.000
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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 07/11/2018 TO 04/12/2018 WILL BE AS FOLLOWS**

<u>Price element</u>	Coast Zone 1A	Inland Zone 9C
Maximum refinery gate price	1 064.177	1 064.177
Primary transport costs	41.148	195.056
Operating expenses	404.949	404.949
Working capital	30.695	30.695
Depreciation	150.149	150.149
Gross margin: Cylinder-filling plant	191.857	191.857
Sub-total (1)	1 882.975	2 036.883
Retail Margin: (15% of Subtotal (1))	282.446	305.532
Sub-total (2)	2 165.422	2 342.416
Value Added Tax (15% Sub-total (2))	324.813	351.362
Maximum Retail Price (Rounded to full cents)	2 490.000	2 694.000

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 07/11/2018 TO 04/12/2018 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	34.000	34.000	67.660	67.660	67.660
Secondary Storage	18.600	18.600	18.600	18.600	18.600
Secondary Distribution	15.900	15.900	15.900	15.900	15.900
Router Differential	0.000	0.000	0.000	0.000	7.400
Retail margin	192.100	192.100	0.000	0.000	0.000
Zone differential in Gauteng	51.700	51.700	51.700	51.700	63.400
IP Tracer levy	0.000	0.000	0.010	0.010	0.000
Fuel levy	337.000	337.000	322.000	322.000	0.000
Customs & excise duty	4.000	4.000	4.000	4.000	0.000
RAF levy	193.000	193.000	193.000	193.000	0.000
Petroleum Products levy	0.330	0.330	0.330	0.330	0.000
Slate levy	21.920	21.920	21.920	21.920	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	0.000	0.000	0.000
Sub-total	878.750	868.750	695.120	695.120	172.960
<u>Contribution to the Basic Fuel Price</u>	<u>829.250</u>	<u>816.250</u>	<u>917.630</u>	<u>925.030</u>	<u>912.128</u>
<u>Retail Price</u>	<u>1,708.00</u>	<u>1,685.00</u>			
<u>Wholesale price</u>			<u>1,612.750</u>	<u>1,620.150</u>	<u>1,085.088</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
07-Jan-15	1 124.00	1 083.00	1028.090	997.490	747.928	697.728	2 011.00	1 829.00
04-Feb-15	1 031.00	990.00	926.090	895.490	645.928	595.728	1 861.00	1 679.00
04-Mar-15	1 127.00	1 086.00	1000.090	969.490	718.928	668.728	2 015.00	1 833.00
01-Apr-15	1 289.00	1 246.00	1122.790	1090.090	743.828	690.828	2 100.00	1 918.00
06-May-15	1 289.00	1 246.00	1117.790	1085.090	738.828	685.828	2 117.00	1 935.00
03-Jun-15	1 336.00	1 293.00	1166.790	1134.090	780.828	727.828	2 217.00	2 035.00
01-Jul-15	1 377.00	1 334.00	1170.790	1138.090	786.828	733.828	2 273.00	2 091.00
05-Aug-15	1 326.00	1 283.00	1094.970	1062.270	716.828	663.828	2 184.00	2 002.00
02-Sep-15	1 257.00	1 214.00	1040.970	1008.270	661.828	608.828	2 069.00	1 887.00
07-Oct-15	1 261.00	1 218.00	1093.970	1061.270	711.828	658.828	2 080.00	1 898.00
04-Nov-15	1 239.00	1 196.00	1084.970	1052.270	709.828	656.828	2 033.00	1 851.00
02-Dec-15	1 240.00	1 197.00	1081.170	1048.470	710.028	657.028	2 029.00	1 847.00
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