

MEDIA STATEMENT - FOR RELEASE ON 28 MARCH 2018

**RELEASED BY CEF (SOC) LTD ON BEHALF OF THE DEPARTMENT OF ENERGY
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1. PRICE CHANGES TO BE EFFECTED ON WEDNESDAY 04 APRIL 2018 IN GAUTENG AND AT THE COAST (INCREASE) / DECREASE

| | <u>Gauteng</u> | <u>Coast</u> | |
|--|----------------|--------------|---|
| 95 ULP & LRP | (72.00) | (62.00) | cents per litre increase in retail price |
| 93 ULP & LRP | (69.00) | (59.00) | cents per litre increase in retail price |
| Both Grades of Diesel 0.05% and 0.005% Sulphur | (65.20) | (55.10) | cents per litre increase in wholesale price |
| Illuminating Paraffin (Wholesale) | 2.30 | 4.90 | cents per litre decrease in wholesale price |

| | | |
|--------------------------------|--------------------------------------|--|
| Illuminating Paraffin (SMNRP) | 6.0 c/l Country Wide | c/l decrease in the Single Maximum National Retail price (SMNRP) |
| Maximum Retail Price for LPGAS | 39.0 cents per kilogram Country Wide | cents per kilogram increase in the maximum retail price |

PRICE CHANGES WILL DIFFER IN MAGISTERIAL DISTRICT ZONES DUE TO THE DIFFERENT TRANSPORT INCREASES IMPLEMENTED INTO THE FUEL PRICE STRUCTURES AND THE REVISED PETROL 95 / 93 BFP OCTANE DIFFERENTIAL - REFER TO PARAGRAPHS 2 & 3 BELOW

2. ADJUSTMENTS TO THE TRANSPORT TARIFFS (ZONE DIFFERENTIAL)

The increases in primary transport cost are attributed to an average annual increase of **3.4 percent** in road transport tariffs and an average increase of **24.819 percent** in pipeline transport costs announced by the National Energy Regulator of South Africa (NERSA) on the 16th of March 2018. Increases in primary transport cost increases will differ in the 54 Fuel Pricing Zones. For example, the transport costs for petrol and diesel will increase by 10.2cpl in Gauteng and 0.1cpl in coastal areas

DJP DECOMMISSIONING

Transnet Pipelines has confirmed that the Durban to Johannesburg (DJP) pipeline will be out of service on 31 March 2018. It means that Zones 5C, 6C, 7C and 8C will now be supplied by road instead of pipeline. The transport costs for petrol and diesel will increase by (between 16,9 c/l in 6C and 25.2 c/l in 5C).

3. ADJUSTMENT TO THE OCTANE DIFFERENTIAL BETWEEN 95 AND 93 BFP OCTANE DIFFERENTIALS

In line with the Working Rules to administer the Basic Fuels Price, the 95 octane (unleaded) grade is the price-marker grade and the BFP-differentials between 95 and 93 octanes will be adjusted on the first Wednesday of each quarter. The price changes to 93 octane includes the adjustment to the differential and therefore the prices of 95 and 93 octanes will differ in each Fuel Price Zone, but also differ between zones due to the adjustment in the zone differentials.

4. FUEL AND ROAD ACCIDENT FUND LEVIES INCREASE

The Minister of Finance, in his Budget Speech on 21 February 2018, announced that the Fuel and the Road Accident Fund levies on petrol and diesel will increase by 22.0 c/l and 30.0 c/l respectively on 04 April 2018. With effect from 04 April 2018, the Fuel Levy in the price structure of petrol and diesel will therefore amount to 337.0 c/l and 322.0 c/l respectively. The Road Accident Fund Levy in the price structure of petrol and diesel will amount to 193.0 c/l with effect from 04 April 2018.

5. ECONOMIC FACTORS AFFECTING THE UNIT OVER/UNDER-RECOVERIES FOR THE PERIOD 02 MARCH 2018 TO 27 MARCH 2018

The average international product prices of Petrol and Diesel increased whilst 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 02 March 2018 to 27 March 2018 was 11.8489 compared to 11.8167 during the previous period. This led to a higher contribution to the Basic Fuel Prices on petrol, diesel and illuminating paraffin by 1.64 c/l, 1.66 c/l and 1.70 c/l respectively.

6. 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 04 April 2018.

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

The Single Maximum National Retail Price for the period 04 April 2018 to 01 May 2018 will be 1 020.0 c/l compared to 1 026.0 c/l for the period 07 March 2018 to 03 April 2018.

8. MAXIMUM LPGAS REFINERY GATE PRICE

The maximum refinery gate price will be R 7 770.97 per metric ton (431.29 c/l), excluding VAT, for the period 04 April 2018 to 01 May 2018. The National Treasury has announced a **VAT increase** from 14% to **15%** effective **01 April 2018**.

9. 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.

10. 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 | (9.062) | (2.054) | (1.768) | 5.917 |
| Movement in Exchange Rate | (1.638) | (1.658) | (1.671) | (1.698) |
| <u>BFP Over/(under)-recovery for the period 02/03/2018 to 27/03/2018</u> | (10.700) | (3.712) | (3.439) | 4.219 |

11. BREAKDOWN OF PRICE ADJUSTMENT

| | Petrol 95 ULP & LRP | Diesel 0.05 (%) Sulphur | Diesel 0.005 (%) Sulphur | Illuminating Paraffin Wholesale | LPGAS (Gauteng, Zone 9C) |
|--|------------------------------------|------------------------------------|---|--|---|
|--|------------------------------------|------------------------------------|---|--|---|

The price adjustments in (1) above are based on the following actual data:

Average product over/(under)-recovery, measured for the 18 days from 02/03/2018 to 27/03/2018 (cents / litre) as detailed below

| | | | | |
|-----------|----------|----------|-------|-----|
| (10.700) | (3.712) | (3.439) | 4.219 | N/A |
|-----------|----------|----------|-------|-----|

Cumulative positive/(negative) slate balances end of February 2018 (R-million)

| | | | |
|-----------|-----------|-----------|--------|
| 1 845.101 | 1 285.674 | 1 285.674 | 14.559 |
|-----------|-----------|-----------|--------|

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 | (10.000) | (3.000) | (3.000) | 5.000 | (39.000) |
| Fuel Levy Increase | (22.000) | (22.000) | (22.000) | | |
| Road Accident Fund Levy | (30.000) | (30.000) | (30.000) | | |
| Transport Tariff Increases | (10.200) | (10.200) | (10.200) | (2.700) | |
| Price Rounding | 0.200 | | | | |
| <u>Total price (increase) / decrease</u> | (72.000) | (65.200) | (65.200) | 2.300 | (39.000) |

12. REPORT OF THE INDEPENDENT AUDITORS

The report of the independent auditors is available on request.

13.

**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 04/04/2018 TO 01/05/2018 WILL BE AS FOLLOWS**

| <u>Price element</u> | Coast Zone 1A | Inland Zone 9C |
|---|--------------------------|---------------------------|
| Maximum refinery gate price | 777.097 | 777.097 |
| 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) | 1 595.895 | 1 749.803 |
| Retail Margin: (15% of Subtotal (1)) | 239.384 | 262.470 |
| Sub-total (2) | 1 835.280 | 2 012.274 |
| Value Added Tax (15% Sub-total (2)) | 275.292 | 301.841 |
| Maximum Retail Price (Rounded to full cents) | 2 111.000 | 2 314.000 |

14. 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 04/04/2018 TO 01/05/2018 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 | 187.200 | 187.200 | 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 | 0.000 | 0.000 | 0.000 | 0.000 | 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 | | | |
| Sub-total | 851.930 | 841.930 | 673.200 | 673.200 | 172.960 |
| <u>Contribution to the Basic Fuel Price</u> | 596.070 | 581.070 | 601.630 | 607.030 | 620.128 |
| | | | | | |
| <u>Retail Price</u> | <u>1,448.00</u> | <u>1,423.00</u> | | | |
| | | | | | |
| <u>Wholesale price</u> | | | <u>1,274.830</u> | <u>1,280.230</u> | <u>793.088</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 |
| 01-Jan-14 | 1 357.00 | 1 320.00 | 1287.150 | 1260.550 | 1009.728 | 963.828 | 2 442.00 | 2 260.00 |
| 05-Feb-14 | 1 396.00 | 1 359.00 | 1311.350 | 1284.750 | 1021.728 | 975.828 | 2 496.00 | 2 314.00 |
| 05-Mar-14 | 1 432.00 | 1 395.00 | 1338.550 | 1311.950 | 1037.728 | 991.828 | 2 554.00 | 2 372.00 |
| 02-Apr-14 | 1 439.00 | 1 398.00 | 1329.750 | 1299.150 | 1003.228 | 953.028 | 2 532.00 | 2 350.00 |
| 07-May-14 | 1 424.00 | 1 383.00 | 1299.970 | 1269.370 | 984.228 | 934.028 | 2 528.00 | 2 346.00 |
| 04-Jun-14 | 1 402.00 | 1 361.00 | 1276.390 | 1245.790 | 974.228 | 924.028 | 2 501.00 | 2 319.00 |
| 02-Jul-14 | 1 433.00 | 1 392.00 | 1290.390 | 1259.790 | 997.228 | 947.028 | 2 559.00 | 2 377.00 |
| 06-Aug-14 | 1 433.00 | 1 392.00 | 1284.770 | 1254.170 | 990.228 | 940.028 | 2 547.00 | 2 365.00 |
| 03-Sep-14 | 1 366.00 | 1 325.00 | 1259.390 | 1228.790 | 971.228 | 921.028 | 2 439.00 | 2 257.00 |
| 01-Oct-14 | 1 361.00 | 1 320.00 | 1246.390 | 1215.790 | 957.228 | 907.028 | 2 451.00 | 2 269.00 |
| 05-Nov-14 | 1 316.00 | 1 275.00 | 1185.390 | 1154.790 | 905.228 | 855.028 | 2 346.00 | 2 164.00 |
| 03-Dec-14 | 1 247.00 | 1 206.00 | 1132.090 | 1101.490 | 855.928 | 805.728 | 2 221.00 | 2 039.00 |
| 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 |