

MEDIA STATEMENT - FOR RELEASE ON 01 APRIL 2016

RELEASED BY CEF (SOC) LTD ON BEHALF OF THE DEPARTMENT OF ENERGY

ENQUIRIES: MR J MOKOBANE 082 766 3674

1. PRICE CHANGES TO BE EFFECTED ON WEDNESDAY 6 APRIL 2016 IN GAUTENG AND AT THE COAST INCREASE / DECREASE

	Gauteng	Coast	
95 ULP & LRP	88.00	83.00	cents per litre increase in retail price
93 ULP & LRP	86.00	81.00	cents per litre increase in retail price
Diesel (0.05%) Wholesale	95.70	90.00	cents per litre increase in wholesale price
Diesel (0.005%) Wholesale	97.70	92.00	cents per litre increase in wholesale price
IP Wholesale	57.60	56.00	cents per litre increase in wholesale price

illuminating Paraffin (SMNRP)	76.0 c/l Country Wide	c/l increase in the Single Maximum National Retail price (SMNRP)
Maximum Retail Price for LPGAS	110.0 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 STRUCTURE AND THE REVISED PETROL OCTANE DIFFERENTIAL - REFER TO PARAGRAPHS 2 & 3 BELOW

2. ADJUSTMENTS TO THE TRANSPORT TARIFFS (ZONE DIFFERENTIAL)

Based on the road transport freight rate model of the Road Freight Association (RFA) to transport petrol, diesel and illuminating paraffin as at the end of October 2015 (latest data available), the road transport tariffs in the applicable road transport pricing zones, as well as for transporting fuels by road from pipeline draw-off points to supply depots have been determined. Compared to the RFA rates of 2014 (implemented in April 2015), the 2015 rates (to be implemented in April 2016) have increased by 2.9 percent. The revised road transport tariff increases to be effected on 06 April 2016 into the price structures of petrol, diesel and IP will range from 0.1 c/l to 3.3 c/l.

3. ADJUSTMENT TO THE OCTANE DIFFERENTIAL BETWEEN 95 AND 93 OCTANES

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. ECONOMIC FACTORS AFFECTING THE UNIT OVER/UNDER-RECOVERIES FOR THE PERIOD 26 FEBRUARY 2016 TO 31 MARCH 2016

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

The Rand strengthened against the US Dollar, on average, when compared to the previous period. The average Rand/US Dollar exchange rate for the period 26 February 2016 to 31 March 2016 was 15.4655 compared to 15.7832 during the previous period.

The strengthening of the Rand against the US Dollar decreased the contribution to the Basic Fuels Price on petrol, diesel and illuminating paraffin by 11.30 c/l, 9.98 c/l and 10.24 c/l respectively.

5. 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 06 April 2016.

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

The Single Maximum National Retail Price for the period 06 April 2016 to 03 May 2016 will be 848.0 c/l compared to 772.0 c/l for the period 02 March 2016 to 05 April 2016, this is an increase of 76.0 c/l.

7. FUEL LEVY INCREASES

The Minister of Finance, in his Budget Speech on 24 February 2016, announced that the Fuel levy on petrol and diesel will increase by 30.0 c/l with effect from 06 April 2016.

8. MAXIMUM LPGAS REFINERY GATE PRICE

The maximum refinery gate price will be R 6 987.93 per metric ton (387.83 c/l), excluding VAT, for the period 06 April 2016 to 03 May 2016.

7. 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

8. 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	(65.179)	(70.107)	(72.235)	(65.399)
Movement in Exchange Rate	11.301	9.983	10.096	10.235
<u>BFP Over/(under)-recovery for the period 26/02/2016 to 31/03/2016</u>	(53.878)	(60.124)	(62.139)	(55.164)

9. 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 26/02/2016 to 31/03/2016 (cents / litre) as detailed below	(53.878)	(60.124)	(62.139)	(55.164)	N/A
Cumulative positive/(negative) slate balances end of February 2016 (R-million)	3 716.915	3 713.832	3 713.832	(175.065)	

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	(53.000)	(60.000)	(62.000)	(56.000)	(110.000)
Fuel Levy	(30.000)	(30.000)	(30.000)	-	
Transport Tariff Increases	(5.700)	(5.700)	(5.700)	(1.600)	
Rounding	0.700				
<u>Total price (increase) / decrease</u>	(88.000)	(95.700)	(97.700)	(57.600)	(110.000)

10. **REPORT OF THE INDEPENDENT AUDITORS**

The report of the independent auditors is available on request.

11. **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 06/04/2016 TO 03/05/2016 WILL BE AS FOLLOWS**

<u>Price element</u>	Coast Zone 1A	Inland Zone 9C
Maximum refinery gate price	698.793	698.793
Primary transport costs	37.120	175.960
Operating expenses	363.923	363.923
Working capital	27.586	27.586
Depreciation	135.450	135.450
Gross margin: Cylinder-filling plant	173.075	173.075
Sub-total (1)	1 435.947	1 574.787
Retail Margin: (15% of Subtotal (1))	215.392	236.218
Sub-total (2)	1 651.339	1 811.005
Value Added Tax (14% Sub-total (2))	231.187	253.541
Maximum Retail Price (Rounded to full cents)	1 883.000	2 065.000

12. 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 06/04/2016 TO 03/05/2016 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	33.200	33.200	64.700	64.700	64.700
Secondary Storage	18.500	18.500	18.500	18.500	18.500
Secondary Distribution	13.700	13.700	13.700	13.700	13.700
Router Differential	0.000	0.000	0.000	0.000	7.400
Retail margin	161.700	161.700	0.000	0.000	0.000
Zone differential in Gauteng	41.000	41.000	41.000	41.000	57.200
IP Tracer levy	0.000	0.000	0.010	0.010	0.000
Fuel levy	285.000	285.000	270.000	270.000	0.000
Customs & excise duty	4.000	4.000	4.000	4.000	0.000
RAF levy	154.000	154.000	154.000	154.000	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	(0.400)	(0.400)			
Sub-total	721.030	711.030	566.240	566.240	161.500
<u>Contribution to the Basic Fuel Price</u>	540.970	520.970	487.630	493.030	501.128
<u>Retail Price</u>	<u>1,262.00</u>	<u>1,232.00</u>			
<u>Wholesale price</u>			<u>1,053.870</u>	<u>1,059.270</u>	<u>662.628</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
	From 4 January 2006 0,05% Sulphur							
04-Jan-12	1 061.00	1 031.00	1027.690	1007.290	788.428	752.528	2 121.00	1 939.00
01-Feb-12	1 095.00	1 065.00	1026.690	1006.290	785.428	749.528	2 171.00	1 989.00
07-Mar-12	1 123.00	1 093.00	1037.070	1016.670	789.428	753.528	2 207.00	2 025.00
04-Apr-12	1 194.00	1 159.00	1088.970	1064.270	816.028	774.128	2 275.00	2 093.00
02-May-12	1 222.00	1 187.00	1098.370	1073.670	825.028	783.128	2 306.00	2 124.00
06-Jun-12	1 167.00	1 132.00	1073.550	1048.850	804.028	762.128	2 207.00	2 025.00
04-Jul-12	1 082.00	1 047.00	1010.970	986.270	746.028	704.128	2 094.00	1 912.00
01-Aug-12	1 104.00	1 069.00	1025.590	1000.890	761.028	719.128	2 146.00	1 964.00
05-Sep-12	1 197.00	1 162.00	1094.590	1069.890	834.028	792.128	2 275.00	2 093.00
03-Oct-12	1 220.00	1 185.00	1133.750	1109.050	867.028	825.128	2 272.00	2 090.00
07-Nov-12	1 210.00	1 175.00	1143.950	1119.250	870.028	828.128	2 273.00	2 091.00
05-Dec-12	1 201.00	1 166.00	1138.950	1114.250	866.028	824.128	2 238.00	2 056.00
02-Jan-13	1 186.00	1 151.00	1111.370	1086.670	849.028	807.128	2 229.00	2 047.00
06-Feb-13	1 227.00	1 192.00	1129.170	1104.470	875.028	833.128	2 302.00	2 120.00
06-Mar-13	1 308.00	1 273.00	1187.550	1162.850	932.028	890.128	2 420.00	2 238.00
03-Apr-13	1 320.00	1 283.00	1196.610	1170.010	906.228	860.328	2 365.00	2 183.00
01-May-13	1 247.00	1 210.00	1141.050	1114.450	848.228	802.328	2 284.00	2 102.00
05-Jun-13	1 239.00	1 202.00	1137.070	1110.470	849.228	803.328	2 289.00	2 107.00
03-Jul-13	1 323.00	1 286.00	1215.270	1188.670	924.228	878.328	2 418.00	2 236.00
07-Aug-13	1 355.00	1 318.00	1248.230	1221.630	949.228	903.328	2 440.00	2 258.00
04-Sep-13	1 350.00	1 313.00	1262.050	1235.450	974.228	928.328	2 449.00	2 267.00
02-Oct-13	1 330.00	1 293.00	1260.050	1233.450	970.228	924.328	2 409.00	2 227.00
06-Nov-13	1 302.00	1 265.00	1244.850	1218.250	954.228	908.328	2 368.00	2 186.00
04-Dec-13	1 319.00	1 282.00	1254.970	1228.370	970.728	924.828	2 386.00	2 204.00
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